Inclusion of Small-Scale Farmers in the Spice Value Chain in Zanzibar, Tanzania

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Disclaimer:

This document represents part of the author’s study programme while at the Institute of Social Studies. The views stated therein are those of the author and not necessarily those of the Institute.

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<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ASSP</td>
<td>Agricultural Service Support Programme</td>
</tr>
<tr>
<td>BDS</td>
<td>Business Development Services</td>
</tr>
<tr>
<td>CDO</td>
<td>Capacity Development Organization</td>
</tr>
<tr>
<td>COE</td>
<td>Centre of Excellence</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GNU</td>
<td>Government of National Unity</td>
</tr>
<tr>
<td>GVC</td>
<td>Global Value Chain</td>
</tr>
<tr>
<td>HBS</td>
<td>Household Budget Survey</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agriculture Development</td>
</tr>
<tr>
<td>IFOAM</td>
<td>International Federation for Organic Agriculture Movement</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>ISS</td>
<td>International Institute of Social Studies</td>
</tr>
<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
</tr>
<tr>
<td>OCGS</td>
<td>Office of the Chief Government Statistician</td>
</tr>
<tr>
<td>PMCA</td>
<td>Participatory Market Chain Approach</td>
</tr>
<tr>
<td>PPP</td>
<td>Public Private Partnerships</td>
</tr>
<tr>
<td>RGoZ</td>
<td>Revolutionary Government of Zanzibar</td>
</tr>
<tr>
<td>SVPO</td>
<td>Second Vice President’s Office</td>
</tr>
<tr>
<td>TAZOP</td>
<td>Tanzania Zanzibar Organic Producers</td>
</tr>
<tr>
<td>ZACPO</td>
<td>Zanzibar Cloves Producers Organization</td>
</tr>
<tr>
<td>ZOSG</td>
<td>Zanzibar Organic Spice Growers</td>
</tr>
<tr>
<td>ZSGPR</td>
<td>Zanzibar Strategy for Growth and Poverty Reduction</td>
</tr>
<tr>
<td>ZSTC</td>
<td>Zanzibar State Trading Corporation</td>
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</table>
Abstract

The overall purpose of this paper is to investigate whether small-scale farmers are included or excluded in the spice chain in Zanzibar, Tanzania. The paper addresses a problem of poor governance model of spice industry. In specific, the paper analyses the roles of key actors (government, private sector spice companies and producer organizations/NGOs) in governance and regulation of spice chain with respect to the inclusion of small farmers. The paper gives overview of spice industry in Zanzibar, including its organization and actors involved.

The paper employed qualitative approach and methods in primary data collection (fieldwork in Zanzibar) such as focus group discussions with small-scale farmers and key informant interviews with buyers and exporters of spices (both government and private companies) and other relevant institutions by collecting their views and experiences on research topic. It also employed review of the literature on the relevant concepts and learning case studies from other developing countries.

As a result of analysis of data collected during fieldwork, the major findings shows that the regulation and governance of spice industry in Zanzibar does not promote inclusion of small-scale farmers. For example, the farmers are excluded from accessing profitable markets, support services and interaction with other actors within and outside the industry/chain. The study also revealed the farmers become less embedded in their networks or producer organizations for the active and profitable participation in spice business; and the capabilities of the farmers in spice production and marketing are low due to lack of learning of new knowledge.

The paper concludes by exploring factors determine inclusion of small-scale farmers and possible solutions for more embeddedness or improving social relationships among the farmers in spice industry in context of Zanzibar. It also suggests future research on a problem of cloves smuggling which is practiced by the farmers.
Relevance to Development Studies

A previous study (Murphy 2012: 21) highlights that under the context of globalisation “small-scale producers will need to think through both the global and national context, to understand where policy-makers are coming from, and to think through their own position in their local context”.

It is therefore expected that the findings of this study will add value by helping the Revolutionary Government of Zanzibar and development planners in formulation of strategies or policy that can enhance profitability of spice industry in Zanzibar. The findings will also help the small-scale to position themselves in lobbying and advocacy their needs and interests in spice farming development through the key actors as discussed in this paper towards their livelihoods improvement.

Keywords
Spice, Zanzibar, Value Chain, Small-Scale Farmers, Inclusion
Chapter 1
Introduction

This research paper focuses on the inclusion of small-scale farmers in spice chain in Zanzibar, Tanzania. This is relevant because the small-scale farmers contribute over 50% to the economy of Zanzibar through production and marketing their spices (especially cloves), but they remain economically poor despite spices are high-value products (Temu, Temu 2005: 2) and they are not well informed about opportunities and risks around agricultural value chains. In specific, the paper analyses the role of key actors in governance of spice chain with respect to the inclusion of small farmers. In Zanzibar context, spice production and export is governed by the two key actors, the Zanzibar State Trading Corporation (ZSTC) for cloves and private companies such as TAZOP for other spices. In this regard, the paper poses argument whether the small-scale farmers are included or excluded in the chain. The paper conceptualized key concepts as being reviewed in chapter 2 in developing a conceptual framework to analyse a reality of inclusion by the small-scale farmers. The main question for the paper is what factors determine small-scale farmers’ inclusion in spice chain in Zanzibar? This chapter one introduces a topic and presents background (section 1.1), statement of research problem (section 1.2), relevance and justification (section 1.3), objective/purpose of the study (section 1.4), research questions (section 1.5), methodology in data collection (section 1.6), and how the paper is structured (section 1.7)

1.1 Background

At global level, the global value chain (GVC) in agriculture sector operates in the ‘context of globalization’. It links the developing countries in ‘broader agribusiness and agri-food systems’, targeting production, processing and consumption of particular agricultural commodities in taking into consideration on agri-food standards and regulations (Raji 2013, COE 2011, Gereffi et al. 2001). Agriculture value chain is considered important because it strengthens market integration and relationships under a spirit of ’competitiveness of the agro-food business’, link small producers to the emerging national and international market opportunities and improve collaborations between producers and other actors in the chain, including suppliers, traders, processors and final consumers (Webber and Labaste 2010). Value Chain Development also can facilitate public-private partnerships, offer employment opportunities and support the development of poor people (ILO 2009) through spice production for the case of this study.

The world spice production trend shows that “India is the largest producer of spices, contributing to 86 per cent of total world production”, followed by other countries with production percentage in the brackets like China (4%), Bangladesh (3%), Pakistan(2%), Turkey (2%), Nepal (1%), and other countries (3%) such as Sri lanka. These figures are only for export “does not include internal consumption in the producing” (Samaratunga 2007). These figures shows that the international market for spices is concentrated by one producer (India) and other developing countries have a hard time getting in the market. It is noted that the demand for organic products in the USA and European markets is increasing to US$ 54.9 billion in 2009 with high profitability or price premium (Kledal et al. 2012). This could be great opportunity for the developing countries like Tanzania.

1 ZSTC is agency owned by the Revolutionary Government of Zanzibar http://www.zstcznz.org/
2 TAZOP is organic spice export company, established in May 1999 by the local entrepreneur
In Tanzania, there are number of different agriculture chains which are dominated by different actors. They are important to the economy and livelihoods of people. This paper is looking at one of those chains, named as spice value chain. The word spice is referred collectively meaning cloves, black pepper and cinnamon as selected spices for this research paper. They are selected for discussion on their inclusion of small-scale farmers and because they are the first in priority grown and exported to Europe, United State of America and in other countries’ markets through the two key actors mentioned above. Spices are grown in some regions on Mainland Tanzania and in Zanzibar.

Zanzibar was very famous in spice production and trading for centuries, thus why is popularly known as “Spice Islands”. It is documented that in the 16th and by the mid-19th century, Zanzibar became one of the largest producer and exporter of cloves (Zanzibar website 2013; Zanzibar spice 2013). In fact, spices, especially cloves still remain as identification of Zanzibar (Zanzibar website 2013; Zanzibar spice 2013). The meaning of spice is not available in many articles reviewed. However, Wikipedia web (2013) defines spice as “a dried seed, fruit, root, bark or vegetative substances primarily used for flavouring, coloring or preserving food”. But also, spice can be used for medicinal purposes as appears in many countries around the world (Shelaby 2011), and therefore, “spice up your life” (Bazillian 2013).

Generally, the spices are high-value products. They can also be an input in manufacturing other products. For example, cloves can be value added to essential oil, perfume, ketchups, sweets and tooth pastes; black pepper to black pepper powder and bodywash (Spice 2013); and cinnamon to cinnamon powder, cinnamon tea bags, cinnamon essential oils, and medicines, for examples for diabetes, stomach pain and treatments and digestive aid (Eman 2012). This could be an opportunity for the small-scale farmers. In context of Zanzibar, agriculture sector (cloves as important spice, in particular) has potential to the economy and livelihoods of people as appear in many Sub-Saharan countries. The sector contributes 27% to Zanzibar’s GDP and over 50% of foreign exchange earnings; it employs 60% of the labour force (ARIF 2011). Agriculture sector through spice sub-sector also contributes to the development of tourism sector (a leading economic sector) via ‘spice tours’. About 56,000 to 100,000 foreign visitors arriving in Zanzibar annually visited spice farms (Zanzibar website 2013). Spices under the agriculture sector and its related products are among priority sectors as stipulated in Zanzibar Export Development Strategies document (ARIF 2011)

In context of Zanzibar, small-scale farmers are defined as persons who earn their living and that of their family by practicing subsistence agriculture through growing crops (food and cash crops) such as spice and rearing animals like chicken, goats and cows. Their capital base is small to invest in large scale agriculture because they get low profits from selling agriculture products. This definition confirmed with literature that defines small-scale farmers as among people in rural community for “whom farming is a major livelihood activity”, holds land of two or less hectares, represent roughly 85% of the world’s farms, they lack access to inputs, technologies, credit and information, and majority are “living in poverty” (Murphy 2010). The paper argues that these farmers, especially in spice industry played an important role towards Zanzibar recognition as “spice island”, but majority live in income poverty. The researcher thought this problem has relation on the way the spice industry is governed as explained earlier and thus why the paper pose assumption where small-scale farmers are included or excluded in the chain.
Several scholars have written about inclusion of small-scale farmers in the agriculture value chains in different angles (Hospes and Clancy 2012, Devaux et al. 2009, Tschinkel 2011), (Beuningen and Knorringa 2009, Coles 2011). However, in this paper, inclusion is defined and analysed in terms of learning process and experience of the farmers gained within their networks or outside the networks by analysing the role played by the key actors in governing the spice chain. The models relevant to this study formulated by other Authors (Greijn 2013, Knorringa and Beruningen 2009) are adopted.

Based on the current governance structure of spice industry in Zanzibar, cloves are controlled by the national government through the Zanzibar State Trading Corporation (ZSTC). Farmers are required to sell their cloves only to ZSTC, not to other markets as a government strategy to control foreign exchange earnings. The government also provide agricultural extension and fee clove seedlings to farmers. Other spices like black pepper and cinnamon (for a case of this study) are sold to the spice private sector companies such as TAZOP Company. This Company buy certified organic spices from the farmers through contract agreements and then the spices are exported to Europe and United States of America. The structure also experienced different traders or market channels in place, where spices are not sold to ZSTC and TAZOP alone, but also to other channels like middlemen (intermediaries), through spice tours (tourists visited in Zanzibar) and other traders (Akyoo, Lazaro 2007, INTERMAECOS 2009). In addition, the governance structure involves NGOs/producer associations in promoting the participation of small-scale farmers in the chain through networks. However, the structure also experienced clove smuggling, where some farmers sell their cloves outside Zanzibar illegally. What follows next, is a statement of the research problem.

1.2 Statement of the Research Problem

This paper is addressing a problem of poor governance model of spice industry in Zanzibar. The earlier studies (Akyoo, Lazaro 2007; Internaeicos 2009) conducted in Tanzania related to spice industry have identified spice chains dominated by the government through Zanzibar State Trading Corporation for cloves in one hand, and private companies for other spices like black pepper and cinnamon on the other hand. The studies were mainly focused in agricultural marketing information, profiling spices grown in Tanzania, and documenting actors involved, including the small-scale farmers. As research gap, those studies have less researched on the position of the small-scale farmers (as primary producers) in the spice chain and their relationships with other key actors are unknown. It is not understood to what extent other actors are willing to support the small-scale farmers? And thus the decision to conduct this research arose.

Also, the studies (Akyoo, Lazaro 2007; Internaeicos 2009) found the governance structure of spice industry in Zanzibar allow segmentation of market channels which mainly offer lower prices to farmers leading majority of them suffering from income poverty and poor living condition. The spices, however, are high-value crops that can be value-added (processed) into other products (Temu, Temu 2005: 2), and they can give higher prices and provide significant income generation for the producers’ (Fernondez-Stark, Bomber 2012). As a result, some farmers involved in cloves smuggling (selling cloves outside the Zanzibar illegally to look for profitable market opportunities) which prevailing for many years. What is the relevance of this paper? It follows next.
1.3 Relevance and Justification

This paper is relevance because the economy of Zanzibar is largely depends on agriculture, especially spice crops, more particularly cloves. Other spices grown include chillies, cinnamon, black pepper, ginger, cardamom and nutmeg. Smallholder agriculture is counted among the main economic activities for the people of Zanzibar for their food security and livelihood. Zanzibar is recognized internationally as the “Spice Islands”. The Spices still remains as a major export, and “from the 19th century to the mid-1970s, Zanzibar exported a large proportion of the world’s supply of cloves” ((Zanzibar website 2013).

The relevance and justification of the paper is also seen because spice farming remains as strategy for local economic development and poverty reduction, and hence they play a role to the livelihoods of the smallholder and poverty reduction at large (ILO 2009). The study findings will help the policy makers and development planners in formulation of strategies or policy that can enhance profitability of spice industry in the context of Zanzibar. In order to realize this relevance and justification, the next section talks about objectives or purpose of the paper, and then research questions and methodology for data collection in order to meet the objectives.

1.4 Objectives/purpose of the study

The paper has two objectives:
(a) To identify factors to effective inclusion of small-scale farmers in spice value industry.
(b) To explore how public/private buyers of selected spices are committed and involved in promoting the engagement of small-scale farmers in spice industry.

1.5 Research Questions

Main question
What factors determine small-scale farmers’ inclusion in spice chain in Zanzibar?

Sub-questions
(i) What does inclusion means on small-scale farmers’ perspective in context of Zanzibar?

(ii) In what ways do the key actors (government, private sector companies and NGOs/producers organizations) play roles in spice chain in terms of governance/regulation, networks, embeddedness and learning with respect to inclusion of small-scale farmers?

(iii) How small-scale farmers in spice chain are linked with other actors outside the chain?
1.6 Methodology

This research paper employed qualitative approach. Data was gathered through both primary and secondary sources. For the primary data, a six-week field research was conducted in Zanzibar between July and August 2013 using focus group discussions, individuals’ interviews and key informants’ interviews (refer details under 1.5.2). These methods are appropriately chosen because they allowed sharing experience, thoughts and perspectives with respondents on their natural environments. For example, survey could require administering questionnaires and majority of farmers are illiterate (they don’t know how to write and read) and they could require more time which was limited.

(O’Leary 2009): 113,114) cited that the qualitative approach can be applied when looking at “multiple perspectives and realities through the study of a small number of in-depth cases”. She further clarified conducting research in natural settings (realities) will help to “truly explore and understand the interactions, processes, lived experiences, and belief systems that are part of individuals, institutions, and cultural groups”. However, O’leary has cited that qualitative research might not be credible unless standards for credibility are followed. These standards include managing subjectivities; using appropriate methods; ‘true essence’ has been managed; broad applicability of findings; and ability to verify research processes. Some strategies for achieving credibility as suggested by O’leary were utilized during data collection, including triangulation and tried my best to minimize using power as a researcher. Also, issue related to gender (representation from both sex) was considered.

For the secondary source, the data were collected through literature/documents review sourced via articles in international journals, books from the ISS library, previous Masters Theses, websites and some technical reports from Zanzibar. The review was so helpful because it deeper researcher understanding on the existing knowledge on the topic discussed in this paper. Also, some case studies as experiences from other developing countries on related agricultural value chains development were reviewed and incorporated in the paper. A brief description of the study area follows in next section.

1.6.1 Study Areas

Zanzibar is made up of two Islands (Unguja and Pemba). However, my study was focusing in Unguja Island because in terms of spices and other issues like people and their culture they put similar. More specifically, the study was conducted in three districts of North B (“Kaskazini B”), Central (“Kati”) and Western (“Magharibi”). The villages involved were Kijichi, Kizimbani, Dole, Chuini, Mwakaje, Mwachealale, Donge and Uzini. These specific study areas were selected because of their easy accessibility, and famous in spice growing, especially for the selected spices for this study (cloves, black pepper and cinnamon. But above all, the two Islands are similar in terms of people and their culture.
1.6.2 Data Collection Methods employed

Primary data were collected through seven separate focus groups with a total of 50 small-scale farmers with a mixture of gender (average of 7 respondents per group), six in-depth individual interviews with farmers via mobile communications. These farmers have failed to attend the focus group discussions due to other commitments, and six key informants' interviews with management and/or senior officers of relevant organizations to this study, include Ministry of Agriculture and Natural Resources, Zanzibar State Trading Corporation (ZSTC), Tanzania Zanzibar Organic Producers limited (TAZOP), Zanzibar Cloves Producers Organization (ZACPO) and Zanzibar Organic Spice Growers (ZOSG) to learn their experiences on spice industry and clarify some critical issues raised by the farmers during focus groups. The key informants’ interviews were also used as triangulation technique to this study.

All focus groups and key informants interviews were conducted in Kiswahili language as national language in Tanzania for effective communication with respondents. The checklists were prepared to guide the interviews (Appendix 2). The interviews were also recorded by using Digital Voice Recorder and then transcribed. A summary of respondents to this study is presented in the table 1 below, not by their names to ensure confidentiality.

Table 1: Summary of Respondents to the study

<table>
<thead>
<tr>
<th>Type of respondents</th>
<th>Respondents</th>
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<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Focus groups with spice farmers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farmers from North A district</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Farmers from West district</td>
<td>15</td>
<td>8</td>
</tr>
<tr>
<td>Farmers from Central district</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>Sub-total</td>
<td>31</td>
<td>19</td>
</tr>
<tr>
<td>Key informant interviews with relevant organizations/actors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public/Private companies (buyers/exporters)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government (Ministry of Agriculture and Natural Resources)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NGOs/Farmers’ Organizations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual interviews with farmers through telephone communications</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Sub-total</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Own compilation
1.6.3 The fieldwork research process

The process of research was started by requesting Research Permit from the Second Vice President’s Office (SVPO) as formality laid out by the Government to any researcher wanted to undertake research activities in Zanzibar. I obtained the permit on the 1st week of July after making close follow-up (Appendix 1).

Introduction of the research design followed through the Ministry of Agriculture and Natural Resource with the aim to explain the objective of the research and my plan to meet respondents (farmers and selected relevant institutions). Through this introductory meeting, I was understood that the first three spice crops grown in Zanzibar are cloves, black pepper and cinnamon. Then, I decided to change turmeric (as indicated in my research design) to cinnamon.

The research did preparations (2nd week of July) for the focus group discussions with farmers in the rural areas. The selection of these farmers was done in collaboration with Agricultural Extension Officers and Leaders of two Farmers’ Organizations (Zanzibar Cloves Producers Organization-ZACPO and Zanzibar Organic Spice Growers-ZOSG). I explained them my plan to have meetings/focus groups with farmers growing the selected spices (cloves, black pepper and Cinnamon) preferably with gender consideration and their willingness to share experience, thoughts and perspectives on spice farming business.

The research conducted focus groups with farmers in different localities such as Kijichi Kizimbani, Donge, Uzini, Mwakaje and Mwachealale with overall purpose to understand farmers’ views about their inclusion in the spice chain. These localities are very famous in growing the selected spices. It was open-ended discussions with a guiding of checklist (Appendix 2). The discussions were held in Kiswahili as a national language, recorded using Digital Voice Recorder (DVR) and then transcribed. In some cases (Donge and Uzini), the discussions was assisted by colleagues, whom played a role of asking farmers questions as per the checklist I gave them before, simultaneous, I was probing some questions to get more information from the farmers.

Then, conducted individual farmers’ interviews through mobile communication to six farmers who failed to participate in the focus group discussion due to other commitments.

The research moved to key informants’ interviews with the selected relevant institutions for my study, to start with the Tanzania Zanzibar Organic Producers Ltd (TAZOP) as buyer/exporter of organic spice, where I met the Managing Director, with the overall purpose to understand experience of the company in spice business and challenges ahead, and how do they support the small-scale farmers. The interview was held in Kiswahili, recorded by using DVR and then transcribed and then transcribed.
The key informants’ interview continued to the Zanzibar State Trading Corporation (ZSTC) as buyer/exporter of cloves, where I met with Director for Procurement and Supply. My initial purpose was to collect some statistics/data on clove prices and export, but then it changed being interview on issues related to processing and export of cloves to which countries, and also she clarified issue of ‘high government spending on fighting cloves smuggling as raised by the farmers during focus group discussions. She finally provided me data on clove prices and export since year 1964 to 2013.

The key informants’ interviews were followed by the two NGOs/Farmers’ Organizations, namely Zanzibar Cloves Producers Organization (ZACPO) and Zanzibar Organic Spice Growers (ZOSG) where I had interview in two separate days. The overall purpose was to understand how they embedded and support spice farmers (their members), especially in advocating for their rights and interests. With ZACPO, I met with Deputy Executive Director. With ZOSG, the interview had with Principal Secretary. The interviews were held in Kiswahili as a national language, recorded by using DVR and then transcribed and then transcribed.

The final (fifth) key informants’ interview was held in the Ministry of Agriculture and Natural Resources, where I met with Deputy Principal Secretary for Agriculture. The overall purpose was to learn the role of the government in spice industry, how they think they including farmers in the spice chain and get clarification of some issues raised by the farmers during focus groups. The interview was held in Kiswahili, recorded by using DVR and then transcribed and then transcribed.

In completion of each step (focus groups and key informants interviews), the researcher started analysing data collected, but he did not managed to complete the analysis in Zanzibar because it was the ‘fasting month of Ramadhani’ and due to family problems. The researcher came back to the ISS on 30th August, 2013 and continued analysis with the help of recorded materials using Digital Voice Recorder, which I uploaded to my laptop to facilitate the process. The analysis is based on the categories/themes as to be reflected in chapter 4.

1.6.4 Limitations

During the research process, the researcher has encountered some limitations include:

(a) Unavailability of data on production of spice crops selected for this research. Only data for purchase and export of cloves made available

(b) Getting farmers (respondents) for focus group discussions were so hard because of fasting month of “Ramadhani for Muslim community which accounts about 99% in Zanzibar. The farmers were only made available during morning period (9.00 to 11.30).

(c) Spent more time in translating information collected from the field from Kiswahili to English.

1.7 Structure of the paper

Chapter 2 presents literature reviewed on key concepts for the study, and the conceptual framework which guides the study. Chapter 3 presents gives an overview of spice industry in Zanzibar Chapter 4 presents analysis whether the small-scale farmers are included or excluded in spice chain/industry, and hence this chapter will provide answers to the research questions for this paper. Chapter 5 is meant for conclusion and summarizes answers to the research questions and makes suggestion for further study.
CHAPTER 2:
Concepts and a Conceptual Framework of the Study

This chapter reviews literature on nine concepts, which are then conceptualized into conceptual framework (section 2.10) to guide the analysis of data collected during fieldwork in chapter four. The main concepts are value chain, governance in value chain, upgrading of value chain and inclusion of small-scale farmers. Other concepts are embeddedness, scale, networks, regulations and learning. The concepts are reviewed as follows:

2.1 Concept of Value Chain

The value chain is defined as a range of “activities involved in the design, production and marketing of a product” (Reji 2013: 28). Sometime, it refers adding value of each activity before the product reach consumers. It involves horizontal and vertical relationships between multiple actors in the chain. (Tschinkel 2011:74). Reji (2013: 28) identified approaches to various chains discussed in the literature, include filiere approach, global value chain (GVC) approach, network and clusters, Porter’s Diamond Model, global commodity chain, national innovations systems and supply chain management. This paper links to GVC approach because spices from Zanzibar are produced and exported abroad. In wide perspective, “value chains have been accepted as an effective way of focusing on measures to improve the scale and impact of private sector investments, which include the investments made by smallholder farmers themselves” (Nedelcovych, Shiferaw 2012).

Also, value chain facilitates inter-linkages, trading and market-based interventions, increase productivity, and sustainable incomes growth (Shriver, Abdallah 2012). The studies have also pointed out that value chain facilitates linking small producers to other actors in the chain, including suppliers, traders, processors and final consumers (Haggblade et al. 2012, Kaplinsky and Morris 2001, Weber 2008, Markelova et al. 2009, Helmsing and Vellema 2012, Tschinkel 2011: 106-108) identified some advantages of the value chain approach includes: helps for analysing and understanding trade in the era of globalization; improving competitiveness; clarify issues of governance and power; and is embedded in the society.

This concept will help to analysis how spice value chain in Zanzibar is organized and how small-scale farmers are linked/connected with other actors outside the chain to benefit opportunities of the chains as literature suggests. The next section talks about concept of governance in value chain.

2.2 Governance in Value Chain

The Authors (Humphrey and Schmitz 2000): 20-22) defined the concept of governance in value chains “has something to do with the exercise of control along the chain”, taking example of the way supermarket control over the agricultural products supply chains in various countries through specifying “type of product they wish to buy but also processes such as quality systems that need to be in place”. In fact, the supermarket increasingly controls the whole production system that includes what, how, when and how much is to be produced. Governance as “a central concept to value chain analysis” implies “coordination of economic activity” within the existing governance structures (for example spice production and marketing for the case of this pa-
per). It also involves market power relation, hierarchy and scale/levels or positioning of actors in the chain (Gereffi et al. 2001). Effective coordination can help “in addressing institutional and knowledge gaps of smallholders within chains” (Tschinkel 2011): 107, 114; (Helmsing and Vellem 2011). At local level the governance is exercised in the forms of horizontal integration, where there is close relationships among firms or actors (Haggblade et al. 2012, Gereffi et al. 2001).

For power relations among actors in the value chain, literature has identified two types of governance in value chain, namely, producer-driven and buyer-driven. This study is only interested on buyer-driven model because I want to investigate in what ways buyers of spices, especially international buyers through local buyers/exporter are supportive to small-scale farmers. Literature is pointed out that the buyer-driven model is controlled by the buyer’s interest on the type and amount of products required. Buyer allocates funding and technical assistance to facilitate the process and committing producers, processors, exporters and other key actors in the chain, especially in the case of “contract farming”. This farming involves specify type of production, where quality, quantity and timing of product delivery is mostly considered under the contracting formality between producer and the buyer (Miller and Jones 2010): 29-33)

In terms of hierarchy and levels, the governance of value chain is exercised in different levels (scale) and can be linked with a concept of upgrading. For example, at the local level, the governance of the chain can be promoted through clusters, where groups of farms work together as a ways of small-scale farmers’ inclusion. This means, inclusion and upgrading of small-scale farmers might be encouraged by promotion of clusters. It also mean, we need to understand the government process within chains (Laven 2010).

In summary the literature on the governance of value chains have clarifies this concept is about:
- Coordination of the whole chain either through horizontal or vertical perspectives, that is at local level (by using cluster approach coordination) or at global level (using network form of coordination through global value chain approach) respectively. Identifying the opportunities and constraints within the chain is part of coordination.
- Power relations among actors in the chain and position of each actor can be determined.
- Hierarchy. It is normally applied in vertical coordination of the value chain, in the sense that global buyers use power of finance, know-how and voice to force the small producers at the local/grassroots level to produce particular agricultural commodities. This is called buyer-driven value chain.
- Levels or scale of coordination the chain as discussed in bullet one above.

This paper looks at what ways the key actors as buyers/exporters/advocates (government, private sector companies and NGOs/producers organizations) play their roles in the governance of spice chain with respect to inclusion of small-scale farmers. A concept of upgrading follows in the next section.
2.3 Upgrading of Value Chain

Earlier studies (Kaplinsky and Morris 2001, Giuliani et al. 2005, Kiemen and Beuchelt 2012), (Giuliani et al. 2005: 552-553) discussed upgrading in value chain in terms of four different types include: process, product, functional and inter-sectoral chain upgrading, which aimed in improving the “competitive position in global value chains” by the firms. However, a study by (Laven 2010) comes up with argument that the earlier studies on upgrading were mainly “concentrated on small-scale industries in developing countries” and they are complementary to each other. The author gives example “in the case of agricultural commodities the introduction of organic processes of production generates a new category of products (for example organic coffee). Laven asked “should this be considered product or process upgrading”? In digesting this question, this Author suggested as quoted from another author is better to focus in assessing “the ability of producers to create and control the value”.

A focus of this paper, however, is on ‘social upgrading’ looking at how small-scale farmers engaged on spices production and marketing are structurally embedded or becomes more inclusive in the spice industry in Zanzibar. And thus why the earlier studies have come up with another term of “inclusive upgrading” in value chain, which refers the embeddedness of the local producers in the community and how they are supported in the chain. However, the literature have pointed out that the “results of upgrading are often unequally distributed in the chain”, powerful actors are more benefiting or gaining (profit) as compared with weaker actors like small farmers. Some farmers are excluded from the chain because they failed in meeting the compliance of standards, for example (Laven 2010): 28-29). This author has looked at how governance structure support or hinder ‘more inclusive’ upgrading. The next section discusses a concept of inclusion of small-scale farmers in value chain as a central concept to this paper.

2.4 Inclusion of small-scale farmers

Previous studies (Hospes and Clancy 2012: 221-243) discussed inclusion in terms of ‘social inclusion policy’ (what the policy intends), for example, looking at the role of national government in regulating and supporting Biofuel Production Programme in Brazil. On other hand, they discussed the inclusion in link with value chain pointed out that the concept can be conceptualized between ‘institutions and capacities in the local business system’, and partnerships (‘voluntary and collaborative arrangements between actors’). They argues that inclusion of small-scale in value chains can facilitate implementation of development goals (MDGs), and also facilitate solving key institutional constrains faced by the small producers/farmers include lack of technology and knowledge, limited access to financial capital (credit), absence of markets and disorganized of farmers. They argues solving these and other constraints faced by the small farmers working in partnerships between public agencies, NGOs, private sector (business) and farmers.

Hospes and Clancy further cited that the concept of inclusion differs in various contexts. They gave example of Brazil, means “giving income and employment opportunities to family farmers”. In other contexts, inclusion is judged in terms of compliance of standards and empowerment of community (Beuningen and Knorringa 2009). The compliance of standards is linked with quality and safety of products and easy access to international markets (Vandemoortele et al. 2009). Inclusion is also defined in terms of providing market information and formation of producers’ organizations for collective action (Bitzer and Jeroen van Wijk 2012, Barrett et al.
The collective action is explained in terms of “increasing the participation of the poor in the market place” (Mwangi and Kimathi 2006). In other context where organic agriculture is practiced, inclusion involves provision of price premium, knowledge, skills and increased income for the farmers (Panneerselvam et al. 2012). Furthermore, inclusion is interpreted in terms of participation of smallholder producers in the fair trade system (Coles 2011).

While, (Vandemoortele, Rozelle et al. 2009) thought that the inclusion of small producers in value chain can be achieved through increased in productivity and maintaining quality products, arguing without considering quality aspect, the small producers cannot get “sales in global markets”, especially under this globalising world of technological development and increasing public quality requirements. The authors gives example in “rise of supermarkets in Southern Africa failed to help small producers who were almost completely excluded from dynamic urban markets due to quality and safety requirements”. More scholars have described inclusion in terms of effectiveness of public policies, targeting the role of governments in the policy formulation and implementation, which are responsive of challenges of smallholder farmers in environment of liberalized free markets and trade (Berdegué, Biénabe et al. 2008).

Other scholars have identified constraints to smallholder inclusion in value chains; include limited technology, poor access to credit, and weak producer organizations (Harris et al. 2001). Other constraints are related to linking local producers to the profitable markets (Knorringa and Helmsing 2008, Knorringa 2010, Naudé 2008). Existing of high competition to international markets for small and medium-sized producers from developing countries, they seem to be excluded access opportunities of the chain. However, these producers require playing a competitive role in the markets, giving the examples of beekeeper producers in Nicaragua and small producers in Peru whom exporting honey in Europe and organic fruit and vegetable selling to supermarkets in their country respectively? (Fernandez-Stark et al. 2012): 6, 35). In order to ensure that inclusion of small-scale farmers is achieved, will require institutional arrangements foster “productive and sustained inclusion of small farmers” in the value chain (Zapata et al. 2010).

We have learnt from the literature on the concept of inclusion that small producers (as individuals) are embedded in the society them live (Hospes and Clancy 2012), Krippner 2002). It is necessary, therefore, to understand the concept of embeddedness as discussed in the next section.

2.5 Embeddedness

The literature (Hospes and Clancy 2012): 30) defines embeddedness as social relationships. This concept supports ‘the assumption that inclusion in an economic activity, such as value chain, is good for and wanted by the targeted people’. The concept involves “the interpersonal relations between actors and levels of trust” and power in value chains. Other scholars (Krippner 2002): 775-784) pointed out that embeddedness involves human action due to their positions in the society. It geared to neutralize those actions and positions because individuals are embedded on their society and they have equal rights and opportunities. He adopted the argument from Granovetter who popularized the concept of embeddedness as initially developed by Polanyi in 1985 that “social action is embedded in networks of on-going social relations”. He (Krippner 2002) gave example of transactions of products for market, involves social relations between producers and buyers.
Others (Bair 2008) argued that ‘embeddeness is a powerful concept’ because this concept plus ‘networks’ paradigm ‘emphasis on individuals as social actors connected through interpersonal relations such as through buyer-driven or producer-driven chains. Similarly, (Ghezzi and Mingione 2007): 2-4) also discusses the concept of embeddedness pointing out that the social actors can only be interpreted in relation to their ‘institutional and cultural contexts’, which differ from one country to another. They further clarified that the embeddedness can be analysed in contexts of market exchange.

The Jones (2008: 84-86) noted that the concept of embeddedness is connected to power and knowledge in relation to economic activity through actor-network theory concerning social influence and action. It can help to resolve a problem of power and inequality in the society, and ‘understanding the relationship between the economy and its actors on the one hand, and society and territory on the other’. In practice, the Author argues that the concept of embeddedness ‘is social invisible’ because majority of associations and groups of actors that influence the outcome of economic activity are excluded. He added that power and agency should fit within the framework of embeddedness because it is an impotent concept in ‘understanding how the global economy has developed’

More (Hess 2004:165-182) looks at the concept of embeddedness in terms of political, cultural and structural perspectives or elements of society. He quoted Polanyi, the founder of the concept, that ‘social relations are embedded in the economic system or market exchange’. He further clarifies embeddedness is about ‘personal relations and structure (or networks) that generate trust among actors in the chain or as is termed ‘network embeddedness’ The next section talks about concept of scale.

2.6 Concept of scale

It is also learned from the literature (Hospes and Clancy 2012): 30-33), scale is about levels/dimensions of governance of the chain (horizontal and vertical dimensions), it also involves network theory/connectivity/linkage because the small farmers are embedded or form part of the community, they should be connected into different levels or scale in terms of interaction and accessing opportunities. Other scholars (Gereffi et al. 2001) defined scale in terms of positioning of actors in the chains. Hospes and Clancy further clarified that this concept can be used to determine ‘spheres of influence, power and connectivity’. In this paper, scale is used to assess the levels of governance of spice chain, which may or may not allow farmers to voice their interests. A concept of networks follows in next section.

2.7 Concept of Networks

The literature (Marsh and Smith 2000) described networks as “structure which constrain and facilitates agents (it members”. Most networks are involved in policy advocacy process to limit policy actions which are not in favour of their members. “They are organizations which shape attitude and behaviour”. Power relations always exist within the networks or/and “within the broader socio-economic and political context”. They gives example of “the agricultural policy network in Britain” which operates since 1930s. A lesson here is that the successful operation of the networks always depends on the social-political context they operate. Kicrtet (1997) also found this lesson is valid, but he argues the government should not dominate the operation of
the networks. It should take her steering role in the angle of public management to governance, targeting the involvement of other actors in the development process.

In some cases, the network facilitates collective action in marketing agricultural products. The defined collective action is defined as “voluntary action taken by a group to pursue common interests or achieve common objectives” (Devaux et al. 2009). Some successful cases could be learned from the literature. For examples: Fischer (2012) presented cases from India, Ethiopia, Costa Rica, Kenya and Zambia, where the smallholder farmers become successful in collective action and institutional support. In India, for example, “marketing cooperatives for grapes reduced transaction costs and contributed to a better bargaining position of smallholders vis-à-vis foreign traders”, while in Kenya and Zambia, “green bean growers organized in farmer groups were able to enter markets in Europe”. Halbach (2011) drawn experience on successful collective action of farmers through Strengthening Dairy Value Chain in Bangladesh, a project funded by Gates Foundation, implemented from 2007 to 2011 to develop dairy sector. Herbel and Haddad (2012) highlighted some factors contributed to the successful collective action by small-scale producers include relationships and empowering or building capacities of members, for example in market transactions (bargaining power) and lobbying to policy-makers. The next section talks about concept of regulations.

2.8 Regulations

Literature defined regulations in terms of public and private standards, for example, “compliance with International Standards is vital for entry into globalized production network” (Nadvi 2008). However, there is an argument that the quality standards for food products are burden for small producers in developing countries. Compliance with standards is costly, resulting in exclusion from high-standard markets by the producers at national and international levels, and this “has a positive effect on income distribution and poverty” among the small farmers in the value chain. Some authors suggested further research to examine the position of small farmers in the chain and willingness of other actors to support the farmers. Also to examine the policy position “to identify the institutional and structural requirements” that allow farmers to benefit from high quality standards markets (Chemnitz et al. 2007). The research gap for this paper is built alongside the first suggestion to examine the position of small scale farmers and willingness of other actors. The last concept of learning follows in the next section.

2.9 Concept of learning

Learning is a process to “enhance local competence”. In this case, the competencies include organization of the producers and collective marketing. In the development, the capability of producers is important element and “localized capabilities or experienced-based knowledge” are most important for the engagement in economic activity, spice like production and marketing, for the case of this paper. Learning collectively through producer organization is mostly recommended, taking example in South Africa where producers advocated for protection in markets, and now “markets very heavily protected”. This is so-called learning by doing (Helmsing 2001).
Learning from other countries’ experience, is also drawn from Dutch dairy farming, a case study written by Katrien (2012). This has a number of lessons for developing countries like Tanzania (Zanzibar). As introduction of this case study, Katrien wrote and quoted “50 years ago agriculture in the Netherlands was quite similar to agriculture in many other (developing) countries today”. Today in dairy farming development in the Netherlands is realized. But what are factors for success in the Netherlands dairy farming, which they can be learned in facilitating the agricultural value chains development, more specific spice chain development for this study.

Katrien identifies some factors or secrets of success that can be learned from her case study including having a conducive policy environment and policies that “guarantee increased income for the farmers” with particular attention market protection, access of credit, land use/ownership and other supports to local knowledge and farmer-driven initiatives. The government through the Ministry of Agriculture sometimes developed “restrictive policy measures” against control the dairy surpluses; booking system for dairy farmers; and use of manure”, to mention few examples.

Other factors or secrets of success learned from Katrien’ case includes major government investment in agriculture; effective research-extension-farmer linkage and interaction; easy access to credit; protected market with fixed prices; strong and wide network of dairy farmers; and successful technology development (research and innovation). These made possible following the “model of agricultural development” developed in the Netherlands. As a result, today experienced “high production rates and increased export of dairy products. The Netherlands become famous dairy producers”, despite some dilemmas or side-effects reported in relation to “social, environment, economic, and animal wellbeing’. Katrien conclude her case by posing a challenging question to most developing countries, “what would happen in developing countries, for example, if a majority of the smallholder farmers would have to stop farming and move to the urban centres?

Based on Katrien’ case, I can argue that there are good lessons that can be reflected to a case of this study “spice value chain development”, especially in linking to some results obtained from focus group discussions with farmers during fieldwork on issues related to market governance for spice and cloves smuggling. It was found during fieldwork that the market for spice is segmented; farmers sell their spices to different market channels – to the government through ZSTC, to the middlemen, to the tourists through spice tours, and to other traders. In addition, there is no market protection mechanism established as we have learned from Katrien’ case

This paper will utilize this concept of learning by researching how the small farmers in spice chain are organized and learn. They learn through their networks, outside the chain or both. The nine concepts described above are then developed into a conceptual framework as discussed in the next section.
2.10 A Conceptual Framework of the Study

This conceptual framework for the paper is aimed to analyse the governance process of spice industry/chain and inclusion of small-scale farmers in the chain through understanding in what ways the key actors (government, private sector companies and NGOs/producer associations) governed/regulated the spice industry with respect to inclusion of small-scale farmers. And also, understanding in what degree do the networks in spice industry exist and how the small-scale farmers are embedded in the networks in terms of learning, collaboration and interaction with other actors within and outside the chain. In developing this framework, the ideas were adapted and modified from the conceptual framework by the earlier study (Tallontire 2007), which was focused in “understanding private standards initiatives in agri-food chain in developing countries”, and more specifically looked at “horizontal and vertical dimensions of governance” and relationships of players involved. The framework by Tallontire specifies local level analysis of the governance of value chain which matches to this study.

The framework also adapted two models relevant to this study with conceptualization of smallholders’ inclusion. The first model (Knorringa and Beuningen 2009) for sustainable development and poverty reduction, which suggest improving the capacities and enhancing empowerment of the smallholders through interactive environment of different actors. The model documented HIVOS’ experience in Kenya and South Africa on “strengthening the voice and livelihoods of smallholders for poverty reduction and sustainable development”. The model also talks about un-balanced top-down attitude with a bottom-up attitude and regulatory reforms that facilitate the integration of small-scale producers.

Other model (Greijn et al 2013) on “Innovative financing for inclusive agricultural development” published by the Capacity Development Organization (CDO). The model talks about the inclusiveness of small farmers through financial support, arguing that the private sector can play a crucial role in this regard, and hence emphasizing a need for public-private sector partnerships (PPP) which was introduced early 1990s. This implies that the private sector can be a source of funds for value chain development, giving example of successful initiative on “development of honey chain in Ethiopia” started in 2006, where now export has increased from 0 to 400 tonnes. They argue inclusion of farmers can be done through value chain/producer organizations and/or multi-actor engagement.

The earlier study (Gereffi 2001) found the governance is a key concept in value chains, which can help to recognise the positioning of actors in the chains. Other study (Trienekens 2011: 57-72) also highlighted that the relationships in agricultural value chains is coordinated and upgraded through existing governance structures in different contexts where the chains operate. This paper intends to analyse a concept of governance/regulation to understand to in what ways the spice industry is regulated or governed by the key actors. For example, literature talks about this concept in different forms, for example through promoting private standards for quality and safety in agri-food system as way to encourage inclusion of smallholders in accessing global market opportunities (Nadvi 2008, Henson and Humphrey 2010, Tallontire 2007); in terms of multi-stakeholder initiative trying to encourage participation of small producers (Sabate 2009); and in terms of networks trying to promote inclusion of small producers through collective action (Devaux et al. 2009).
The previous studies (Hospes and Clancy 2012) pointed out that inclusion of small farmers in value chain depends on various factors and in different contexts. In context of this paper, the inclusion will be analysed in terms of concepts of embeddedness and scale of farmers through their networks for collective action. Even the previous studies (Markelova et al. 2009, Murphy 2010) suggest the government should support the collective action of farmers. Analysis will focus in three questions, which provides a kind of conceptual re-formulation of the research questions for this paper presented in section 1.5.

(a) How are farmers embedded in networks?
(b) How does learning of farmers take place through their networks?
(c) How are farmers linked with other actors outside the chain?

The analysis of these questions will help to determine factors of small-scale farmers’ inclusion in the spice chain.

With the concept of scale of farmers through their network, analysis will focus in understanding how they vertical and horizontal collaborate, interact and link with other actors within and outside the chain to access opportunities necessary for the development of spice industry.

For a concept of learning, this paper will analyse it as key element of inclusion based on researching how the small farmers in spice chain learn new knowledge for the improvement of their capabilities and empowerment in spice production and marketing? They learn through their networks, their experience or linking outside the chain. Earlier study (Helmsing 2001) emphasized this concept of learning as most important in the development of value chains. The small farmers learned and become empowered in the production and improve quality of their incomes.

A conceptual framework (Figure 1) for this paper shows how different concepts for analysis interact. Basically, a central concept is networks where the small-scale farmers are embedded or not through learning processes. The roles played by the key actors are also related to other concepts through governance/regulation of spice chain with respect to inclusion of farmers. The inclusion will also be analysed in terms of how the farmers are linked or connected with other actors (termed scale). Generally, these concepts are inter-linked one another either positively or negatively as presented diagrammatically in Figure 1.
2.11 Conclusion

This chapter presented the concepts reviewed from the literature and then employed for the study. The chapter also presented a conceptual framework to guide analysis of data collected during fieldwork in Zanzibar in chapter four. The next chapter presents overview of spice chain.
CHAPTER 3: Overview of Spice Chain in Zanzibar

This chapter gives an overview of spice industry in Zanzibar. The first section describes the context of the study area in terms of the historical background; politic, economic and culture; land ownership for agriculture; income poverty level; agriculture sector; and policy environment. Section two clarifies the meaning and historical perspective of the spice in Zanzibar. The third section describes production process and organization of spice chain. The fourth section presents information about actors in spice chain. The fifth section explains social relations of spice production and marketing. The last section concludes.

3.1 Description of the Context

Zanzibar is one part of the United Republic of Tanzania maintains its autonomous government (the Revolutionary Government of Zanzibar-RGoZ) for internal affairs. It comprised of two major islands of Unguja and Pemba as shown in Map 1. The islands are located about 35 km and 60 km (40 miles) off the coast of mainland Tanzania with a total land area of 1,666 km square and 988 km square respectively. According to the 2012 population census, Zanzibar has a total population of 1,303,569 people with growth rate of 2.8% per annum (OCGS, population census 2012).

Source: MACEMP - Marine and Coastal Environment Project,
3.1.1 Historical background

Historically, Zanzibar was a common place for ‘slave trade’ in 19th century and was colonized from 17th to 19th century with Portuguese, Sultans of Muscat and Oman (Arabs), Germany and British. The RGoZ was entered in power following the Revolution of 1964. It formed union with Tanganyika to realize the United Republic of Tanzania in April 1964.

3.1.2 Politics, Economic and Culture

Politically, Zanzibar has five regions, 10 districts and a total 285 wards (“Shehia”). The islands operate under the multi-parties political system with the Government of National Unity (GNU) since November 2010. The GNU means a government with shared power of “political parties winning a seat or seats in the Zanzibar House of Representatives”. Economically, Zanzibar depends on tourism and agriculture sector, mainly through cloves production as major source of foreign exchange earnings. Culturally, there are different cultural and ethical groups in Zanzibar today, includes Arabs, Asians (Indians and Pakistanis), Comorians, and Shirazis “. The majority (99%) of Zanzibar residents practice the Islamic faith which reflects also their lifestyle and culture” (Zanzibar website 2013).

3.1.3 Land ownership for agriculture

For the ownership of land, 43% of people own the land for agriculture in the rural areas. However, 15% of the households own less than 1 acre of land for agriculture, 78% own less than 3 acres of land, and 6% own 4 or more than acres (OCGS, HBS 2009/10 p. 79-80). In fact, land in Zanzibar is very scarcity due to small land area of the Islands and rapid growing of population.

3.1.4 Income poverty level

For income poverty among the people, Zanzibar is reported still a major problem. Available statistics shows that 37.9% of rural population engaged in agriculture (crop and livestock keeping) as economic activity. It is also documented that “49% of the Zanzibaris did not meet their daily basic needs (in 2005) and 44% could not in 2010” (OCGS 2010 p 60, 99). This means the small-scale farmers in the rural areas are most affected by income poverty. Table 1 below is showing level of poverty in for 10 districts of Zanzibar, the first five for Unguja Island and another five for Pemba Island. The three selected districts for the study, 'Kaskazini B' (North B), ‘Kati’ (Central) and ‘Magharibi’ (Western) are highlighted with blue colour.
Table 1: Poverty Headcount Ratio and Poverty Gap by District

<table>
<thead>
<tr>
<th>District</th>
<th>2004/05</th>
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<th>2009/10</th>
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<tr>
<td></td>
<td>Food Poverty Headcount</td>
<td>Food Poverty Gap</td>
<td>Needs Poverty Headcount</td>
<td>Needs Poverty Gap</td>
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<td>Food Poverty Gap</td>
<td>Needs Poverty Headcount</td>
<td>Needs Poverty Gap</td>
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<tr>
<td>Kaskazini &quot;A&quot;</td>
<td>12.18</td>
<td>2.01</td>
<td>53.3</td>
<td>13.28</td>
<td>7.23</td>
<td>1.57</td>
<td>48.43</td>
<td>10.03</td>
</tr>
<tr>
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<td>12.06</td>
<td>2.15</td>
<td>48.28</td>
<td>11.99</td>
<td>8.78</td>
<td>1.46</td>
<td>42.25</td>
<td>9.4</td>
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<td>Kati</td>
<td>8.35</td>
<td>1.17</td>
<td>45.66</td>
<td>10.65</td>
<td>8.47</td>
<td>1.5</td>
<td>39.85</td>
<td>9.21</td>
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<tr>
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<td>9.73</td>
<td>1.45</td>
<td>53.79</td>
<td>12.91</td>
<td>3.86</td>
<td>0.69</td>
<td>30.5</td>
<td>5.77</td>
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<td>Magharibi</td>
<td>9.54</td>
<td>1.73</td>
<td>38.57</td>
<td>9.79</td>
<td>7.3</td>
<td>0.69</td>
<td>31.24</td>
<td>6.87</td>
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<td>28.25</td>
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<td>Wete</td>
<td>23.83</td>
<td>4.73</td>
<td>70.79</td>
<td>21.27</td>
<td>25.74</td>
<td>5.49</td>
<td>61.83</td>
<td>19.08</td>
</tr>
<tr>
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<td>74.23</td>
<td>25.25</td>
<td>27.7</td>
<td>4.76</td>
<td>74.59</td>
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<tr>
<td>Chake Chake</td>
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<td>56.83</td>
<td>15.24</td>
<td>19.11</td>
<td>4.55</td>
<td>52.01</td>
<td>14.68</td>
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<tr>
<td>Mkoani</td>
<td>7.26</td>
<td>0.93</td>
<td>42.08</td>
<td>9.38</td>
<td>21.46</td>
<td>4.48</td>
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<tr>
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<td>13.09</td>
<td>13.04</td>
<td>2.48</td>
<td>44.41</td>
<td>11.41</td>
</tr>
</tbody>
</table>

Source: Household Budget Survey, 2009/2010, Table 7.4, pp. 101

3.1.5 Agriculture sector

In context, like in many other developing countries, agriculture sector has economic potential to Zanzibar and people's livelihoods. Cloves only contribute over 50 per cent to foreign exchange earnings. The sector generates employment to over 70 per cent of the 96,000 rural farm households (OCGS 2002). In Zanzibar, agriculture also contributes to the development of tourism sector (a leading economic sector) through ‘spice tours’. About 56,000 to 100,000 foreign visitors arriving in Zanzibar annually visited spice farms (Zanzibar website 2013).

3.1.6 Policy Environment

The policies for the purpose of this research include the vision 2020, which was developed by in 2000 with overall objective to eradicate absolute poverty among citizen in Zanzibar. The government again in 2006 formulated the Zanzibar Strategy for Growth and Poverty Reduction (ZSGPR) policy as a medium term plan for the implementation of the Vision. The government also formulated the Zanzibar Agriculture Sector Policy in 2002 with overall goal to “to promote sustainable development of the agricultural sector for economic, social and environmental benefits for its people”, and in particular, “to promote the production and export of spices and essential oil crops and reduce the dependency on cloves as the main source of foreign exchange”. The policy has identified agriculture as among supporting sectors in local economic development in Zanzibar for generating incomes and sourcing of foreign exchange earnings.
The policy environment in Zanzibar targets to achieve social and economic development of her people on line with implementation of Millennium Development Goals (MDGs). The policy also emphasizes Public-Private Partnerships (PPP) in key sectors such as education, health, water supply, tourism and agriculture for the economy and people development (ZSGRP 2000).

3.2 Meaning and historical perspective of spices in Zanzibar

The meaning of spice is little defined in the literature. However, Wikipedia web (2013) defines spice as “a dried seed, fruit, root, bark or vegetative substances primarily used for flavouring, coloring or preserving food”. But also, spice can be used for medicinal purposes as appears in many countries around the world (Shelaby 2011), and thus why 'spice up your life” (Bazillian 2013).

Historically, Zanzibar is popularly known as “Spice Islands”. In the 16th and by the mid-19th century, it became one of the largest producer and exporter of cloves (Zanzibar website 2013; Zanzibar spice 2013). In fact, spices, especially cloves represent as symbol of Zanzibar (Zanzibar website 2013; Zanzibar spice 2013) and are potential for economy and livelihoods of people.

3.3 Production Process and Organization of the Spice Chain

3.3.1 Production Process

As discussed in earlier chapters, the majority (over 70%) of small-scale farmers derived their livelihoods from subsistence agriculture by growing cash and food crops, spice being one of the cash crops. Farmers mainly use family labours, where number ranges from 3 to 5 per households to carry out field activities manually, including planting and post-harvest operations (such as drying). However, in some cases, wage labour can be applied, for example in harvesting of black pepper and cloves, and weeding/slashing of spice farms. No machines like tractors is used in spice production

Production process of spice involves a number of activities as presented in Figure 2, which include planting, weeding, harvesting, post-harvest operations, storage and marketing. No chemical fertilizers and herbicides are used in spice farms, most are grown organically by default. Planting is done every year during heavy rains (March/April) and in a few cases during short rains (Oct/November), and some farmers re-plant the dyed seedlings for examples for cloves due to draught and/or termites attacks. Spice production relies on rainfall, no irrigation is undertaken. The government, for example, provides free clove seedlings to farmers every year as motivation for them to engage more in clove production.

Harvesting of spices is carried out between July and October for cloves, December and February for black pepper and cinnamon. Harvesting involved in-season and off-season periods, where in off-season the market demand and prices becomes higher.
3.3.2 Organization of Spice Chain

During fieldwork, it has been also learned how the spice chain is organized in terms of production system, for example, some farmers grow spice conventionally (organically by default) like cloves and other spice, and some spice are certified organically produced without using of fertilizers and pesticides initiated through local spice private companies (as buyers and exporters). Farmers who produce certified organic spice are institutionalised /registered through private sector spice companies like TAZOP. Other farmers contracted by the company are from Tanzania Mainland (Tanga, Morogoro, and Kigoma). The company control them through Internal Control System (ICS), which defined as “quality assurance system that allows an external certification body to delegate the periodic inspection of individual group members to an identified body or unit within the certified operator” (IFOAM 2013). Farmers sell their spice to this company at a price not indicated in the contract but theoretically is termed as “premium price” and then the spices are exported to Europe and the United States of America. Farmers are required to comply with EU organic standards (Akyoo, Lazaro 2007: p 6-10)

Some farmers grow organic spice but there are selling through other channels like middlemen and/or through spice tours (tourists visited in Zanzibar) and other market opportunities. Most farmers under this category belong under the Zanzibar Organic Spice Growers (ZOSG) as local NGO. During fieldwork, it has been also learned that other farmers under conventional spice production sell spices to conventional buyers/traders, include urban markets.

In the case of cloves, farmers produce conventionally (organically by default) under full control by the government. The farmers are required to sell their cloves to ZSTC (government-owned company) and they have no right to sell to any other markets. Going against this order is treated as clove smuggling, which is not allowed in Zanzibar. The government support clove farmers in terms of stable market access, free clove seedlings, and extension services, as is evaluated later in chapter 4.
Figure 2: Activities involved in spice chain for selected spice crops

<table>
<thead>
<tr>
<th>Activities</th>
<th>Cloves</th>
<th>Black pepper</th>
<th>Cinnamon</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Production</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Planting</td>
<td>March/April</td>
<td>March/April</td>
<td>March/April</td>
</tr>
<tr>
<td>• Weeding</td>
<td>Dec – Feb</td>
<td>Dec – Feb</td>
<td>Dec – Feb</td>
</tr>
<tr>
<td>• Harvesting</td>
<td>July – Oct</td>
<td>Jan – March</td>
<td>Dec - March</td>
</tr>
<tr>
<td>• Post-harvest operations</td>
<td>July – Oct</td>
<td>Jan – March</td>
<td>Dec - March</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Warehouse</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Storage</td>
<td>July - Oct</td>
<td>Jan - March</td>
<td>Dec - March</td>
</tr>
<tr>
<td>• Post-harvest operations</td>
<td>July - Oct</td>
<td>Jan - March</td>
<td>Dec - March</td>
</tr>
<tr>
<td>(drying and grading)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Marketing</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Selling to buyers</td>
<td>July - Dec</td>
<td>Jan - March</td>
<td>Dec - March</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Export</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Export abroad</td>
<td>Any time</td>
<td>Any time</td>
<td>Any time</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5. Processing</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Processing</td>
<td>Done abroad</td>
<td>Done abroad</td>
<td>Done abroad</td>
</tr>
<tr>
<td>(Zanzibar process clove essential oils)</td>
<td>(Zanzibar process cinnamon essential oils)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6. Consumption</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Consumption</td>
<td>Any time</td>
<td>Any time</td>
<td>Any time</td>
</tr>
</tbody>
</table>

**Source:** Own compilation
3.4 Actors in Spice Chain

The major players/actors in spice chain in Zanzibar are categorized into three groups and their roles as shown in the table 3, actors in conventional spice (cloves only); actors in conventional spice (for other spices); and actors in certified organic spice (Intermaecos 2009:33, Akyoo, Lazaro 2007:14).

Table 3: Actors for spice chain and their roles

<table>
<thead>
<tr>
<th>Actors</th>
<th>Roles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Actors in conventional spice (cloves only)</td>
<td></td>
</tr>
</tbody>
</table>
| Farmers / Producers                         | ● Production of cloves  
                                         | ● Selling cloves to ZSTC                                           |
| National Government (as buyers and exporter through ZSTC) | ● Infrastructure  
                                         | ● Policy formulation and enforcement  
                                         | ● Support farmers with clove seedlings and other materials like mats and sacks  
                                         | ● Research, Training and extension services  
                                         | ● Purchase of cloves  
                                         | ● Warehouse / storage facilities  
                                         | ● Exporting to different countries  
                                         | ● Processing clove stem to clove stem oils through Weni clove factory |
| Export market/ International buyers, include supermarkets | ● Buying cloves from Zanzibar  
                                         | ● Spice processing                                                   |
| Farmers’ organization like ZACPO            | ● Lobbying and Advocacy for policy changes                            |
| Consumers                                   | ● Consumption of cloves                                              |
| 2. Actors in conventional spice (for other spice) |                                                                      |
| Farmers / Producers                         | ● Production of spice  
                                         | ● Selling spice to different market channels                         |
| Whole and Retail traders and Middlemen      | ● Buying spice from farmers                                           |
| Processors                                  | Weni and Mwakaje processing factories for essential oils of cloves stem and cinnamon |
### 3. Social relations in agriculture/spice production

This section presents about social relations in agriculture, including spice production as one of the economic activities for the rural small-scale farmers in Zanzibar, majority (about 60%) are women, but in spice industry, more men than women. As discussed earlier, social relations can also refers as embeddedness. The presentation is based in terms of division of labour or tasks at household level (on farm and in home) between men (or husbandry), women (or wife) and children, including marketing activity as spice get further commercialized.

According to a study on “the problems of agricultural development in the clove areas” (Walsh 1995) conducted in Zanzibar, the division of labour for agriculture in general, including spice production involved women, which does most of the work in rice and cassava cultivation, specifically weeding and harvesting sometimes in helped by their children and husbandries. Also, they work at home preparing food (cooking) and looking after children. Some women/wives whom employed in the public or private sectors, they help their husband in the fields only at the weekends.

While men mainly involved in land preparation and selling agricultural products to market, including spices and other crops like cassava. They are also mainly involved in spice tours business, which provide high returns as reported during the fieldwork. However, both men and

---

<table>
<thead>
<tr>
<th>Actors</th>
<th>Roles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers</td>
<td>• Consumption of spice</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Actors in certified organic spice</td>
<td></td>
</tr>
<tr>
<td>Farmers / Producers</td>
<td>• Production of spice</td>
</tr>
<tr>
<td>Private spice companies as buyers and exporters</td>
<td>• Selling spice to private companies or different market channels</td>
</tr>
<tr>
<td>Tourists, Middlemen and other markets</td>
<td>• Buying organic spice from farmers</td>
</tr>
<tr>
<td></td>
<td>• Grading</td>
</tr>
<tr>
<td></td>
<td>• Bulking and exporting spice</td>
</tr>
<tr>
<td>Export market/ International buyers, include supermarkets</td>
<td>• Buying cloves from local companies</td>
</tr>
<tr>
<td></td>
<td>• Spice processing</td>
</tr>
<tr>
<td></td>
<td>• Spice selling to consumers</td>
</tr>
<tr>
<td>Consumers</td>
<td>• Consumption of spice</td>
</tr>
</tbody>
</table>

Source: Fieldwork own Compilation as modified from studies by Akyoo and Lazaro (2007) and Intermaecos (2009)
women participates more in politics. In the context of Zanzibar, politics affected many individuals in the society for decades.

A study by Walsh clarifies that children help in fetching water, cutting firewood, cooking, weeding and harvesting in cassava and rice fields together with their mothers and sometimes their fathers.

Further clarified that ‘labour pooling and exchange’ in agriculture activities is also practiced in Zanzibar. It is a kind of cooperation between households especially in sowing (broadcasting), weeding and harvesting rice either men or women. For example, ‘people without rice plots might be invited along during harvesting, men or women, and obtain a portion of the harvest in return’.

The study by Walsh pointed out that a lot of young men have left their villages to urban areas to do other business out of farming/agriculture, which generates more “accumulative money”

In some cases, experienced hired labour (working for others) for performing heavy agricultural tasks including land preparation. It also applied in spice production, taking example of clove picking and black pepper harvesting. In cloves picking is a good source of income for most young people in Zanzibar during clove harvesting season. While in harvesting black pepper, only experienced people are hired because involves expertise. Normally, farmers had planted black pepper using jackfruit and/or coconut trees as supports. As a result, harvesting of the pepper become hard (not any person can able to harvest) because the pepper “had grown high up into their supports”.

As far as division of labour in marketing of crops/spices, men are more involved. For example, they sell cloves to the market centers built by the ZSTC close to the rural areas, and also they sell other spices to different market channels. The study by Walsh described above, noted that “before Revolution of 1964, people kept the cloves in sacks up to 100 in their home stores, but this free market disappeared after the Revolution”. This facilitating clove smuggling as reported by the farmers during the fieldwork.

Most of agriculture activities (land preparation, weeding, harvesting) are traditionally done using hand hoes. There is no mechanization in growing most of crops in Zanzibar with exception of rice. This is due to topography of the Islands, where about 60% is coral rag areas (areas with stones with pockets of soil). The government is helping the process through tractors service, which is only available in rice cultivation areas (a flat land without stones) for ploughing and harrowing. Farmers are only pay a subsidized price for fuels (about 20 liters per acre). There is no tractor service for spice production, in particular.

Generally, looking at the division of labour on perspective of gender relation, the study by Walsh points that the men/husband is the principal decision maker at the household level, and in some cases a joint decision making is made between men (husband) and women (wife). However, the study found that the men have different sources of incomes than the women do.

The social relation in agriculture is also relating to land ownership through inheriting, borrowing or renting. Farmers (both men and women) use the government and non-government land for agriculture activities such as spice production. For example, some farmers grow spices using borrowed land from a neighbor and/or relative with a condition not to plant permanent crops like clove trees or black pepper or cinnamon. It is only allowed growing short-term crops like ginger, turmeric and cardamom. Some farmers planted spices and other tree crops using the government land without official authorization. Farmers could lose their trees when government
decided to utilize this land through the establishment of development projects in agriculture or other sectors. Taking example of government land at Kijichi and Kizimbani areas, where the government initiated a coconut plantation project and agricultural research station respectively, but some farmers already occupied the land for spice production. These areas are very famous for spice tours business.

3.6 Conclusion

This chapter three (3) presented broadly the overview of spice industry in Zanzibar. It has been learned that the spice chain is controlled or governed with major actors, including national government, private sector companies and producer associations/NGOs. And this has poses an argument whether the small-scale are included or excluded in the chain. The next chapter four will analyse a reality of this argument.
CHAPTER 4:
Inclusion or Exclusion of small-scale Farmers?

This chapter analyses the argument whether the small-scale farmers are included or excluded in spice industry in Zanzibar. The chapter therefore will provide answers to the research questions for this paper outlined in chapter 1. The analysis is based on the data collected during fieldwork and the previous researches. The conceptual framework presented in chapter 2 (section 2.10) is guiding the analysis. The sub-headings for analysis include: What does inclusion means? (section 4.1); In what ways the key actors governed or regulated the spice industry in Zanzibar? Does promote inclusion of small-scale farmers? (section 4.2); and in what degree do the Networks exist and small farmers are embedded in spice industry? (section 4.3). And the last section 4.4 presents conclusion for the chapter

4.1 What does inclusion mean?

In the light of previous research, we have learned in chapter two that a concept of inclusion is described in different factors and contexts. For examples (just to mention a few), in terms of compliance of standards so that the farmers can easy get access to international markets and empowerment of community (Beuningen and Knorringa 2009); in terms of market information and producers’ organizations for collective action (Bitzer and Jeroen van Wijk 2012, Barrett et al. 2001); in terms of provision of price premium, knowledge, skills and increased income of the farmers (Panneerselvam et al. 2012); in terms of participation of smallholders in fair trade (Coles 2011); in terms of increased in productivity and maintaining quality products (Vandemoortele, Rozelle et al. 2009); and in terms of effectiveness of public policies (Berdegué, Biénabe et al. 2008). And the opposite of these factors is judged as exclusion.

During fieldwork, the small-scale farmers were asked to what does inclusion means to them? They responded by saying that:

The government and other organizations should be supportive to us in terms of training, extension services, credit, market linkage and land ownership so that we comfortably participated and sustained the production of spice for our livelihoods improvement and economy of the country at large

Considering the meaning of inclusion from the farmers’ perspective as noted during fieldwork and previous research, there is disconformity, they are not supporting to each other. In this view, the research found that the spice small farmers in Zanzibar have narrow perspective on the meaning of inclusion, and this could have negative implication to the farmers by limiting their opportunities within and outside the spice chain.

4.2 The key Actors: Do they promote inclusion of small-scale farmers?

As highlighted in the background of this paper, the spice industry in Zanzibar is governed and regulated through the three key actors, namely national government, private sector companies and NGOs/producer associations. In this section, these actors will be analysed to understand their roles played in governance/regulation of the industry and how do they promote inclusion of small-scale farmers.
4.2.1 Governance/regulation of spice industry by National Government

As discussed in chapter two, the previous researches indicates that the governance is “central concept to value chain analysis”, it is about coordination and power relations between different actors (Gereffi et al. 2001). Other Scholars ((Tschinkel 2011: 233-234) suggests the roles and responsibilities of the government and/or government agencies in governance of agricultural value should include: export promotion through participation in national and international exhibitions; building infrastructures; formulating and creating enabling environment (policies) that can give incentives to participation of private sector and farmers’ organizations and that encourage partnerships and cooperation with other actors; and facilitation of a transparent environment (part of good government). Moreover, governance in terms of supporting small-scale to get organized and access to support services and protective regulation (Murphy 2010)

More recent studies (Shah and Shah 2009, Shizong 2010) clarifies a need for the government to shift its system of enhancing cooperation and working together with other actors in development (private sector and civil society) and citizens being at the centre. This will facilitate in becoming more “accountable, responsible and responsive”. They argue, the government should change her system of top-down and monopoly governing to more participatory and interactive system, which can be refer as “changing from government to governance”. Other authors (Blanc and Kledal 2012) presented experience of Brazilian organic food systems driven by supermarket chains, mentioning that the constraints to inclusion of smallholder farmers were identified in relation to governance of the systems; power relations between different actors, including NGOs, faith-based organizations and public-related agencies

Based on the fieldwork, the research found that the RGoZ takes steering role in spice sub-sector/agriculture sector governance, especially with cloves, not other spices like black pepper and cinnamon because they are produced in smaller quantity. The governance fieldwork found that the governance of spice industry and agriculture sector at large by the government is done in the areas of coordination through national committee which meet annually; building infrastructure such as main and rural roads which connected a whole Zanzibar, and more specific to help farmers to bring their products to market in town; formulation of policies include agricultural sector policy of 2002, Zanzibar Agricultural Marketing Policy of 2012, and Zanzibar Export Development Strategy (2009-2015). The government enforces the implementation of these policies through development programmes and projects such as Agriculture Support Service Programme (ASSP) funded by IFAD.

Moreover, the RGoZ is governing spice industry through provision of research and extension services to farmers. The research activities are carried out through Kizimbani Agricultural Research and for the extension services is provided by extension agents who stationed at the rural areas close to farming community, and more extension workers are trained annually via Kizimbani Agricultural Training Institute (KATI). The fieldwork found that the agricultural extension services provided by the government are weak; the existing extension agents are not knowledgeable enough and hence not visiting farmers as expected. This has implication to lack of improved knowledge by the farmers could lower productivity of spices. This issue of poor extension services was also supported by the government during key informant interview in the Ministry of Agriculture and Natural Resources quoted saying that:
It is true that extension service to farmers is weak, but the Ministry is in process of reviewing the curriculum on Farmer Field Schools (FFS) on spice crops especially cloves in order to impart knowledge to young farmers generation, and as alternative of extension services. The schools act as good practical learning environment to farmers close to their localities.

On the issue of spice marketing being part of governance, the fieldwork found that the government through ZSTC buy cloves from the farmers as per grades (1 to 3), which are normally settled, based on international markets prices of cloves. For example, in 2000/2001 season the price was Tsh 1,000 (1st grade) and 500 (3rd grade); in 2010/2011 was Tsh 4,000 and 2,000; in 2011/2012 was Tsh 15,000 and 14,000; and in 2013 was Tsh 14,000 and 10,000 (source: ZSTC). The government also produced and distributed to farmers with more than 1,000 free clove seedlings annually as incentive. Other farmers growing other spices complained during focus group discussions about lower prices received when selling their spices through middlemen, private sector companies and other small traders.

In summary according to literature, the roles of government in value chains governance are well stipulated as analysed above. What have come up from fieldwork research is that the RGoZ and its ZSTC agency is governing the spice sub-sector, especially cloves through different modalities include coordination through national committee; provision of research and extension services; building of infrastructure; buying and exporting cloves; offering free cloves seedlings and fair price for cloves to farmers; policies formulation; re-planting of aged clove trees; and fighting against cloves smuggling.

Considering the above two realities (literature and fieldwork findings), it is clear that there are conformity in few governance issues like infrastructures; creation of enabling environment (policies) and support services (extension, training). But also observed many disconformities on major issues in spice chain governance in Zanzibar and possible with negative implication to inclusion of small-scale farmers as described in the next paragraphs. These include:

The issue of Agricultural extension and training services – they are provided by the RGoZ and shown not effective according to farmers. However, the literature suggests they could be provided through private sector under Business Development Services (BDS) and/or NGOs/producer associations. Issue is related to dialogue/stakeholders meetings. The fieldwork evidenced no meetings organized so far. This implies that the governance of spice chain is not transparent. No integration and sharing of information and concerns with other actors as literature suggests. Another issue is cloves smuggling. Despite fair price given to farmers as from 2011 as explained earlier, cloves smuggling still take place in Zanzibar. The objective of this study, however, was not meant in investigating this issue.

Issue of partnership and cooperation (working together) among actors of spice chain, also was found not be exit. The government is committed more on cloves and other actors (private sector companies) are dealing with other spices in terms of monitoring production and export marketing. During fieldwork, it was realized poor cooperation in spice chain. For example, data for export of other spices (black pepper and cinnamon) were only made available in TAZOP (private sector company), but they were not available in the government agencies like ZSTC, Ministry of Agriculture and Natural Resources, Ministry of Trade, Industry and Marketing and OCGS. Also, reported different uncoordinated market channels for spices and farmers are mostly affected in getting lower prices.
**Issue of export promotion** as literature suggests, for spices is only done through private sector companies (TAZOP) which participated about three times in fair trade abroad (Germany, Japan). Moreover, there is no business development service (BDS) in place to support active participation of small farmers in the value chains. The farmers need access to finance and training (entrepreneurial and social skills trainings), for example. The social skills training include leadership, negotiations and teamwork, communication and conflict management (Furnandez-Stark, Bamber, Gereffi 2012). And **issue of low price** paid to farmers in selling their spices facilitate smuggling, as experienced in cloves business for many years.

All this suggests that the governance structure of spice industry especially cloves sub-sector does not promote inclusion of small-scale farmers due to many disconformities with literature, including lack of partnership and interaction among chain actors, poor access to support services by the farmers, uncoordinated market channels, which offer lower price for other spices\(^3\), and generally the farmers feels not enough included in the chain.

### 4.2.2 Governance/regulation of spice industry by Private sector companies

The production and marketing of other spices like black pepper and cinnamon for the case of this study is governed and regulated through private sector companies. For the purpose of this study, the discussion only based to Tanzania Zanzibar Organic Producers (TAZOP) Company as buyer and exporter of other spices as explained earlier. The Company was established in 1999 is governing spice chain in terms of promoting standards for quality and safety. The Company buying spices from the farmers, drying them; maintain them in the warehouses, transportation and export to the international markets.

The previous research (Donovan 2011: 49-53) argues that the private sector should takes lead in coordinating two common practiced governance structures or market mechanisms in value chains, namely, buyer-driven chains and producer-driven chains by facilitating its power in technology, finance, farm inputs and information. Moreover (Donovan 2011: 41-42) identified the roles of private sector in agricultural value chain governance include linking the smallholder producers to market for their agricultural products, including high-value markets for organic products. In Colombia, as good example, the smallholders producing “fresh tomatoes and green peppers” were assisted with credit, technical assistance and infrastructures development. As a result, their net income had increased. As bad examples but good for learning purpose, in Costa Rica, “farmers were squeezed out of international markets due to a competitive and high-risk market environment”, and in Honduras, farmers were pushed out of shrimp farming due to low production level. In both two bad examples, it means that “no formal contractual linkages were made”.

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\(^3\) Implies all spices grown in Zanzibar like black pepper, cinnamon, ginger, turmeric, and chillies; with exception of cloves where farmers started to receive better prices since 2011.
Based in fieldwork, despite the efforts made by TAZOP Company in linking farmers to certified organic export market, the fieldwork found that the farmers are in dilemma of market access through this Company because during key informant interview with this company, reported to have partnership challenge with their sister company based in abroad. As a result, they are no longer buy spice from the farmers.

From the above, it could be conclude that the governance/regulation of spice industry, in particular other spices under the control of private sector companies also does not promote inclusion of small-scale farmers possible because the companies are small and not strong enough in terms of finance and other resources. They lies on partnerships with their sister companies which not sustainable.

4.2.3 Governance/regulation of spice industry by producer associations/NGOs

According to literature (Mangnus and Piters 2007: 19-26) producer associations can play an important role in encouraging participation of small-scale farmers (their members) in horizontal integration, for example through collective marketing for enhancing economic benefit of their members, mainly through contract agreements with buyers. Producer organizations “may support contract farming”. Most producer associations are poor in financial resource and hence failed to “act as a full-fledged producer organization in business collaborations”.

In Zanzibar context as revealed during fieldwork, the governance/regulation of spice industry by NGOs/producer associations is only practiced through encouraging participation of small-scale farmers for income generation and improving their livelihoods. In fact, during fieldwork, it was reported that the producer associations, particularly ZOSG and ZACPO, for the case of this study, are not active or supportive in advocating and defending the interests of their members (the small-scale farmers). During focus group discussions, some farmers/members of these associations gave views for not being benefited for being a members of these associations and feeling exclude.

4.3 Networks and embeddedness for small-scale farmers

As highlighted earlier in chapter two (section 2.7) that the networks normally involved in policy advocacy process (Marsh and Smith 2000), and their successful operations depends on social-political context they operates (Kietext 1997). They can facilitates collective action (Devaux et al 2009) as happened in India, Ethiopia, Costa Rica, Kenya, Zambia and Bangladesh (Fischer 2012, Halback 2011). This section analyses how are small-scale farmers embedded in the networks and society in Zanzibar in terms of social relationships; how learning of new knowledge and experience takes place through networks; and how farmers are linked with other actors outside the chain (or their networks)?

4.3.1 How are farmers embedded in networks and society in Zanzibar?

We have learnt from the case studies presented in section 2.7 that the embeddedness or social relationships among farmers through their networks is successfully implemented in some developing countries like Costa Rica, Kenya, Zambia and Bangladesh. In case of spice production in Zanzibar, why small-scale farmers are feeling not enough included in the spice chain? What are
the major problems on social relations? This section analyses those problems in reflecting to presentation on social relations in section 3.5 and responses from the farmers’ during fieldwork.

The first problem relates to commercial pressure in spice business. The fieldwork found that farmers in Zanzibar have failed to deliver quantity of organic spices like black pepper and cinnamon as market require because they worked individually, no collective market undertaken as experienced from case studies in other countries. And thus why the TAZOP Company is also buying spices from the contracted farmers on Mainland Tanzania to feel a market gap. The Company requires about 8 tons of spices annually, but less than 4 tons are made available from individual farmers in Zanzibar.

The second problem relates to un-equal division of labour at household level. It was reported during fieldwork that women’s workloads is higher than men, they perform more tasks on farms and in home, but their income is lower than men. Women usually undertake sowing, harvesting, post-harvest operations like drying, firewood collection and fetching water with the help of their children, cooking and taking care of children. While men only involved in land preparation, including holes digging for spice planting and selling spices. Some households use hired labours for weeding and harvesting (clove and black pepper).

Also, a problem of un-coordinated and un-regulated spice tours. During fieldwork, it has been found that the spice tours give high returns to some individual spice farmers if compared returns of selling spices using other market channels. However, the tours are not well regulated by the government or private sector or farmers associations. As a result, only few innovative individual people benefited from the spice tours operation.

Moreover, a problem related to lack of land ownership by the farmers. The land ownership is one of the requirements learned from the farmers for them feeling included in the chain. However, the fieldwork noted that some farmers grow spices using inheriting and/or borrowing land either from the government land or from neighbours and relatives. During focus group discussions, farmers pointed out by saying that:

_We are currently growing spices by using government land and some of us we use family land from our die parents. The land of this type is not sustainable_

4.3.2 How learning of farmers takes place through their networks?

The previous studies (Wenger 1998, Mezirow 2000) talks about “a social theory of learning” and defined learning as a process of acquiring new knowledge necessary to improve capabilities and change behaviours of individuals. Those studies pointed out that learning can occur through our own experience in the engagement or participation in economic activities. This is sometime called “learning by doing”. The recent study (Megerssa et al. 2013) also indicates various sources of information and learning include extension advice, training, demonstration farms, leaflets and radio programmes through a study on farmers’ knowledge and attitude towards quality and identifying socio-economic and institutional factors related to coffee quality in Ethiopia. The results of the study indicate that coffee farmers have better access and use of market information.
Learning through experience on participatory market chain approach (PMCA) can be drawn from Peru and Bolivia (Devaux et al. 2008). It has found that the PMCA is a “stakeholder platforms” on potato production and marketing. Small potato producers are meeting with other actors such as market agent and agricultural service providers “to identify common interests, share market knowledge and develop new business opportunities”. The platforms are benefit to all actors, especially smallholder potato farmers because it enhances their bargaining power. For example, in Bolivia, the PMCA developed new products for sale in Supermarkets, and hence created as new approach for linking farmers to market, and also helped better organization of farmers’ associations. In Peru, also potato producers were linked to the Supermarkets through the application of PMCA, which facilitated the linkage to other actors including processors, wholesalers, researchers and NGOs. A secret of success factors to this approach include institutional arrangement to facilitate PMCA platforms and collection action for producers.

Based on fieldwork, the study found the small farmers engage on spice production and marketing in Zanzibar only learned through their experiences and not through other sources like agricultural extension service provided by the government, training, exchange study tours and/or interaction with other actors in the chain. The fieldwork found if compared to what previous studies and experiences from other developing countries as analysed above. What has realized during fieldwork as commented by the farmers is that: “we have not seen any village extension officer visiting us”. And also, learning of farmers through interaction with other stakeholders/actors in spice industry does not exist. This is a big disconformity which excludes farmers within spice chain in terms of learning process. The learning through networks of spice farmers does not take place effectively as literature suggests it could be. This means that social networks in agriculture sector are not connected and Public Private Partnerships are not effective despite the policy environment in Zanzibar allows. On the other words, this has a negative implication that the small-scale farmers feel dis-connected to learning environment and not conducive political context in place.

4.3.3 How farmers are linked with other actors outside the chain?

The previous research (Fernandez-Stark, Bamber, Gereffi 2012: 15-16)) emphases a need for horizontal and vertical linkage or collaboration building between small producers and other actors of the value chain as inclusion strategy for producers which could help “to provide opportunities to add value to their products (upgrading)” and establish interactions and information sharing with other actors of the chain so as they can manage common problems and access new market opportunities through collective actions.

Based on fieldwork, the research found that farmers are linked with tourism sector through “spice tours business” and that they are getting high profits. Some farmers through their organization (ZOSG), have secured a new market opportunity for organic spices in Germany. This was reported during key informant interview with ZOSG leader who quoted saying that:

Members of our association are making profit in spice business through spice tours, where a person/tourist pay 5 US$ as entry fee when visiting a particular farm. Farmers also sell spice to tourists at a higher price of Tsh 60,000 per kilogram for black pepper or cinnamon compared to the normal price of Tsh 4,000 to 6,000 per kilogram. They have also secured a new market opportunity for organic spices in Germany through “Lacon GmbH Company”. The company has agreed to purchase black pepper from the current price of 6,000 Tsh to 14,000 Tsh; and cinnamon from 4,000 Tsh to 8,000 as from September 2013
Again, a point to do with linking farmers outside the chain, specifically with spice tours, which offer new market opportunity. This paper argues that having a clear roles, system and formality in governance not necessary is going to make better. On the other worlds, formal governance does not matter to inclusion of small-scale farmers. But there are some cases with great opportunity. For example, some farmers are making more money from spice tours, despite that the tours are not well regulated. The regularize system of involvement of farmers in spice tours should be in place and functioning.

### 4.4 Conclusion

This chapter has analysed a reality on the small-scale farmers’ inclusion or exclusion in spice chain. Insights (major findings) from the analysis show that the small-scale farmers have narrowed their inclusion in the chain due to shortage of knowledge and understanding on the opportunities and risks obtained in value chain for income generation and their livelihoods improvement.

The chapter also observed a number of disconformities on governance/regulation of spice industry in Zanzibar such as lack assessing profitable markets, poor support services, and lack of interaction with other actors, that confirm the current situation does not promote inclusion of small-scale farmers. The chapter also analysed some major problems on social relations that contributed to farmers feeling not enough included in the spice farmers, including

It is also found that farmers does not benefit from selling their spice through private sector companies like TAZOP. Currently, the Company found facing partnership challenge with their sister company and this affecting the small-scale farmers income. Similarly, found that the networks of farmers through producer organizations like ZOSG and ZACPO does not encourage active participation of farmers in spice business. Farmers become less embedded through these networks and they lack many opportunities in terms of training, market information, credits, market linkage and so on

The spice tours found to provide better return to farmers, but found no regulation in the place against this initiative. However, spice farmers’ lack learning of new knowledge and therefore their capabilities in the production and marketing of spice become low. For example, no interaction forums among actors of spice industry organized so far. The analysis also found that farmers are not linked effectively with other actors and hence they miss opportunities.

Finally, the chapter realized the continued cloves smuggling takes place and its implication to the governance of the chain. In this regard, this chapter highlighted key research findings. The next last chapter is conclusion.
CHAPTER 5:
Conclusion

This paper presented a model in relation to inclusion of small-scale farmers in spice chain through their networks and how other actors are supportive of farmers in the industry. The paper posed an argument whether the farmers are included or excluded in the chain because the governance of the chain is regarded as ineffectively controlled by different actors. The paper also analysed evidence to do with process of inclusion (in chapter four) by looking at different views for smallholders’ inclusion in agricultural value chains as literature suggests and based on the findings of the fieldwork. Now, let come back to the main question to do with this paper, what factors determine small-scale farmers’ inclusion in spice chain in Zanzibar?

The results of this study conform to previous studies by identifying five factors determine inclusion of small-scale farmers. These factors are:

- Participatory governance of spice industry/ chain involving all actors/stakeholders
- Empowerment of farmers through provision of support services— access to profitable market, credit, training and extension, and information sharing
- Existence of strong producer organizations (networks) to ensure the embeddedness of farmers and advocate and defend for their interests
- Continues learning process by farmers to enhance their understanding and capabilities
- Effective government policies that promote the inclusion of farmers

In reflecting on the conceptual framework for this paper developed in section 2.10, it informs that the concepts have close relationships. Taking example of networks, it implies that if the capacity of the networks in lobbying, advocacy and linking the farmers is high, the small farmers could be well embedded and receive benefits from other actors within and outside the chain in terms of learning and support services to improve their social relationships, trust and performance in spice production. However, the paper found the existence of weaker networks in the context of Zanzibar. Also, we can learn that the concepts of networks, embeddedness, learning and scale are closely interacted. In addition, the key actors (government, private sector companies and farmers associations/NGOs) responsible for the governance and regulation of the spice chain require working in partnerships and close cooperation and collaboration, and ensure the inclusion of the farmers by exercising the factors for inclusion highlighted above

This paper highlights the main problems related to social relations (embeddedness of farmers) in chapter four. The paper argues that those problems contributed to small-scale farmers feeling not enough included in spice chain. Possible solutions might relate to:

First, forming cooperative of spice farmers in Zanzibar, and by so doing, the farmers can be integrated together and it might be a way of encouraging better scale and improve provision of support services (inputs, extension, training, market information) to them in collective manner, instead of servicing individual farmers. The earlier study (Magnus and Piter 2007) describes cooperative as “producer organization” with a purpose “to provide services to its members with regard to inputs, outputs and marketing”. “Members normally pay contribution and economic benefits are distributed according to the members’ level of economic activity in the cooperative”.

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Second, it might involve gender training to do with a problem of division of labour within household. This will facilitate equal distribution of tasks between members of the households, and hence reduce workloads to women.

Third, the government might regularize the spice tours in order to facilitate more small-scale farmers’ participation in the tours for better returns and income poverty reduction. The linkage between tourism and agriculture sectors will also be strengthened for the Zanzibar economy development.

Fourth, might involve review of the current land use system in Zanzibar, to enable allocation of land to young generation (both males and females) for them to engage in organic spice production for self-employment and income generation. As we have learned from this study that the organic spices have high demand to international markets. This suggestion conform to earlier study (Mohamed 2003: 33) conducted in Zanzibar, which recommends to the government to “ensure security of land ownership by the majority of small-scale agricultural producers”, where lands they use are insecure.

In conclusion, the paper suggests future research on cloves smuggling which is practiced by the farmers illegally. It will help to find out it main courses, implications to the actors of spice industry and community at large, and how it can be avoided.
Appendix 1: Research Permit

REVOLUTIONARY GOVERNMENT OF ZANZIBAR

SECRETARY
ZANZIBAR RESEARCH COMMITTEE
P. O Box 239
Tel: 2230808
FAX: 2233788

RESEARCH/FILMING PERMIT
(This Permit is only Applicable in Zanzibar for a duration specified)

SECTION

Name: ISSA I. MAHMOUD
Date and Place of Birth: 20 NOV, 1994
Nationality: TANZANIAN
Passport Number: AB 105421
Date and Place of Issue: FEB 2006, ZANZIBAR
Date of arrival in Zanzibar: 1ST JULY, 2013
Duration of stay: N/A
Research Titles: “INCLUSION OF SMALL-SCALE FARMS IN SPICE VALUE CHAINS: A CASE OF ZANZIBAR, TANZANIA ”
Full address of Sponsor: NUFFIC, KORTENAEKADE 11, 2518 AX THE HAGUE, THE NETHERLANDS.

This is to endorse that I have received and duly considered applicant’s request I am satisfied with the descriptions outlined above.

Name of the authorizing officer: MWANAISHA A. KHAMIS
Signature and seal:
Institution: Office of Chief Government Statistician
Address: P. O Box 2321
Zanzibar
Date: 01/07/2013
Appendix 2: Focus groups and Key informants’ Interview Guide/Checklist

1. **FOCUS GROUP DISCUSSIONS WITH SPICE FARMERS**
   - Introduction of study (objective and for academic purpose)
   - Why growing spice, in particular cloves, black pepper and cinnamon
   - Meaning of inclusion by the farmers in Zanzibar context
   - What benefits in spice production and marketing
   - Are farmers members of any groups or networks dealing with spice business
   - Where do farmers sell spices
   - Income gain from selling their spices
   - What benefits in terms of support services farmers received of being members of farmers associations like ZACPO, ZOSG.
   - What support services received from the government (ZSTC and Ministry of Agriculture, for example) and private sector companies like TAZOP
   - Are farmers linked/connected with other actors outside the spice chain
   - What major constraints in spice production and marketing

2. **KEY INFORMANTS INTERVIEWS WITH PRIVATE SPICE COMPANIES AS BUYERS/EXPORTERS OF SPICE**
   - What support services are given to small-scale farmers growing black pepper and cinnamon
   - Is there forums of interaction with government and other actors to share key challenges/issues in spice industry
   - How the private sector companies govern spice production and marketing in Zanzibar
   - What feelings of the private spice companies on the presence of government-owned agency (ZSTC) in cloves business
   - What regulations/standards are used in spice production and marketing and their affordability to farmers
   - Challenges ahead spice sub-sector development in Zanzibar

3. **KEY INFORMANTS INTERVIEWS WITH NGOs/PRODUCER ASSOCIATIONS**
   - What support services are given to small-scale farmers growing spice who are members of the association
   - How the associations defend the interests of small farmers (their members) on issue of marketing of spices
   - Any comments to regulations/standards formulated by the government and private sector for the development of spice sector in Zanzibar
   - Comments for spice sub-sector development in Zanzibar
4. KEY INFORMANTS INTERVIEWS WITH RELEVANT GOVERNMENT INSTITUTIONS

- How the government is committed/involved in spice sub-sector development
- What support services are given to small-scale farmers growing black pepper and cinnamon
- On what basis the prices for selected spices is decided by the government
- Is there forums of interaction (information sharing and discussing concerns) with other actors in spice industry
- Getting clarification to any points rose by the farmers during focus group discussions and/or raised by the private sector companies and NGOs/farmers associations during key informant interviews with them.
Appendix 3 Pictures of the selected three spices for this study

Cloves

Black Pepper

Cinnamon
Appendix 4 Pictures during focus group discussions with farmers and key informant interview with ZOSG leader

Focus group discussions with farmers at Uzini village

Focus group discussions with farmers at Mwakaje village

Key informant interview with ZOSG leader
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