

Wine Industry in Tanzania and Its Sustainability: Qualitative Insights From Family-Owned Wine Processing Enterprises Owners

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Abstract

This chapter uses interview-based qualitative research of data collected in Tanzania to examine the challenges encountered by family-owned winery. The qualitative technique of key informant interviews with family-owned winery owners was used as the methodology for reaching the study objective. The findings show that Tanzanian family-owned wineries face the following challenges: winery coordination is poor, wineries are a developing industry with financial limitations, poor processing machineries, insufficient investment in human capital and strategic accounting practices. Wineries also pay little attention to employ business plans. In conclusion, this study suggests that family-owned wineries alone cannot eliminate the existing challenges and make a remarkable industrial journey toward sustainability. The wine processing industry is a capital-intensive project that requires financial support from the government, non-governmental organizations, financial institutions, and private investors, among others. Future research ideas are also suggested.

Chapter Preview

Introduction

Tanzania's wineries were established as a result of the country's long history of productive viticulture. As a result, the sustainability of grape agriculture and its value chain depends significantly on the wine processing sectors. Historically, the top three wine-producing nations in the world have been Spain, China, and France (OIV, 2018). In Africa, Tanzania is the second country for grape production after South Africa (Kalimang'asi et al., 2021; OIV, 2017). Currently, Tanzania produces 15,513 tons of grapes annually, up 11% over the previous year's production of 13,754 tons in 2020–2021 (URT, 2022). It is expected that Tanzania would have a successful, cutting-edge, and effective wine industry sector after 80 years of successful viticulture. This is due to various efforts of the Tanzania government in promoting the industrial

sector, including the adoption of the Sustainable Industrial Development Policy (SIDP) 1996-2020, which aimed to further the sustainable development of the industry sector.

Furthermore, to support efforts to fulfil the SIDP objective of bringing the economy to a sustainable industrial development state, the government launched the Integrated Industrial Development Strategy (IIDS) 2025 in 2010 (Msami & Wangwe, 2016). To increase per capita nominal income to USD3,000 by 2025, from an estimated United States dollars (USD) 1,109 in 2019, the strategic interventions articulated in the first and second Five Year Development Plans for the years 2011/2012 to 2020/2021 are also intended to transform and align the nation's production and export structure with global demand and production patterns. Also, the establishment of agricultural banks, such as the Tanzania Agricultural Development Bank (TADB), has improved access to financial services and made it possible for small grape processing businesses to get low-cost loans (URT, 2019). The establishment of the Tanzania Engineering Design and Production Organization (TEMDO) is another example of how the government has promoted the creation of accessible grape processing equipment for small grape processing businesses (URT, 2019). These are the particularly recent initiatives Tanzania has taken to enhance the expansion and competitiveness of the industrial sector, including technology, innovation, and infrastructure.

Nevertheless, Tanzania has also made a series of attempts in the past to strengthen the industrial sector. Among them was the establishment of the Tanzania Industrial Research Development Corporation (TIRDO) in 1978 to aid the Economic Recovery Program (ERP). TIRDO's responsibilities include conducting industrial research, providing business advice, and promoting the use of both technology and local resources. After years of being heavily dependent on the agricultural sector, these efforts have elevated the industrial sector to a significant position in the economy, though Tanzania is still primarily an agrarian economy despite this. Economic data included in the National Data of Tanzania Mainland of 2013-2019 by the National Bureau of Statistics show that the industrial sector makes substantial contributions to GDP (31.1%), followed by the services sector, which made the highest contributions (40.0%), while agriculture, forestry, and fishing shares are roughly (28.9%) (URT,2021). The contribution of the industrial sector to the economy has increased to become the second sector after the service sector which has been dormant for a long time falling from 53.2% to 40%, while agriculture, forestry, and fishing increased from 26% to 28.9% throughout between 1970 to 2019. This information makes it abundantly evident that Tanzania's industrial sector contributes significantly to the country's economy. It's a sector that should not be ignored.