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Brussels, 14-20 May 2001

Country presentation

by

**THE GOVERNMENT OF THE UNITED REPUBLIC
OF TANZANIA**

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THE UNITED REPUBLIC OF TANZANIA

**ACTION PROGRAMME FOR THE DEVELOPMENT OF THE
UNITED REPUBLIC OF TANZANIA
2001 – 2010**

**Presentation of the Government of The United Republic
of Tanzania to the Third United Nations Conference on
the
Least Developed Countries,
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NOTE

This report has been prepared by the President's Office, Planning Commission, following consultations with members of the National Preparatory Committee consisting of Vice President's Office; Ministries of Agriculture and Food Security; Marketing and Co-operatives; Water and Livestock Development; Community Development, Women Affairs and Children; Finance; Foreign Affairs and International Co-operation; Industry and Trade; Regional Administration and Local Government; the Bank of Tanzania; Chamber of Commerce, Industry and Agriculture; Researchers from the University of Dar es Salaam; Tanzania Private Sector Foundation, Confederation of Tanzania Industries; Tanzania Federation of Co-operative Unions; Tanzania Investment Centre; NGOs (including the Tanzania Gender Network Programme) as well as Local Development Partners. Technical support was provided by the European Union. The report has been approved by the Government.

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ACRONYMS AND ABBREVIATIONS

ADB	African Development Bank.
AIDS	Acquired Immune Deficiency Syndrome.
AERC	Africa Economic Research Consortium.
BOT	Bank of Tanzania.
CAS	Country Assistance Strategy.
CAC	Command and Control.
CEDAW	Convention on the Elimination of all forms of Discrimination Against Women.
COMESA	Common Market for Eastern and Southern African.
EAC	East African Community.
EDS	Export Development Strategy.
EMIS	Education Management Information System.
EPZ	Export Processing Zone.
ERP	Economic Recovery Programme.
ESAF	Enhanced Structural Adjustment Facility.
ESRF	Economic and Social Research Foundation.
ESAP	Economic and Social Action Programme.
EAC	East African Community.
EU	European Union.
FDI	Foreign Direct Investment.
GDI	Gender - related Development Index.
GDP	Gross Domestic Product.
GSP	General System of Preferences.
HDI	Human Development Index.
HIPC	Highly Indebted Poor Countries (Initiative).
IDA	International Development Agency.
IF	Integrated Framework.
IFEM	Inter Bank Foreign Exchange Market.
IMF	International Monetary Fund.
INSET	In-service Training.
ISIC	International Standard Industrial Classification.
IRP	Integrated Roads Project.
ITC	International Trade Centre.

JITAP	Joint Integrated Technical Assistance. Programme to Selected Least Developed and other African Countries.
KBO	Kagera (river) Basin Organization.
LDCs	Least Developed Countries.
MDV	Minimum Dutiable Value.
MTEF	Medium Term Expenditure Framework.
MTS	Multilateral Trading System.
M3	Extended Broad Money.
NESP	National Economic Survival Programme.
NEMC	National Environmental Management Council.
NGO	Non-Governmental Organization.
NPES	National Poverty Eradication Strategy.
NSSD	National Strategy for Sustainable Development.
OC	Other Charges.
ODA	Official Development Assistance.
OGL	Open General License.
OAU	Organization of African Unity.
PCB	Prevention of Corruption Bureau.
PRESENT	Pre-service Training.
PRBS	Poverty Reduction Balance Support.
PRSP	Poverty Reduction Strategy Paper.
REPOA	Research on Poverty Alleviation.
RPFB	Rolling Plan and Forward Budget.
PTA	Preferential Trade Area.
SADC	Southern Africa Development Community.
SAP	Structural Adjustment Programme.
SIDA	Swedish International Development Agency.
SIDP	Sustainable Industrial Development Policy.
SNPA	Substantial New Programme of Action.
STIs	Sexually Transmitted Infections.
TANROADS	National Roads Agency .
TAS	Tanzania Assistance Strategy.
TAYOA	Tanzania Youth Awareness Trust Fund.
UN	United Nations.
UNCTAD	United Nations Conference on Trade and Development.

UNDP	United Nations Development Programme.
UNHCR	United Nations High Commission for Refugees.
UNICEF	United Nations Fund for Children.
URT	United Republic of Tanzania.
US\$	United States Dollar.
U5	Under Five (Years).
WMA	Wildlife Management Area.
WTO	World Trade Organization.
VAR	Vector Auto-regression.
VAT	Value Added Tax.

1. INTRODUCTION: ECONOMIC STRUCTURE AND GROWTH POTENTIAL OF TANZANIA

1.1 Preamble

The future development of Tanzania is to be guided by Vision 2025 which presents the national vision and aspirations for economic and social development. Strategies towards achieving the goals are articulated in various Government documents. These strategies include the National Poverty Eradication Strategy (NPES) focussing on poverty eradication, the Poverty Reduction Strategy Paper (PRSP) developed in the context of the HIPC Initiative which looks at strategies for implementing NPES in the medium term with a budgetary frame for 2001/02 - 2003/04 and the ongoing exercise for Tanzania Assistance Strategy (TAS) aiming at giving indications of priority areas for external support. This Action Programme for the Development of the United Republic of Tanzania is consistent with existing policies, and looks beyond the medium term.

The Action Programme reflects Tanzania's determination to build up productive capacities, competitiveness and increasing domestic resource mobilization for development finance needs. It is prioritized with a focus on poverty eradication and costed modestly to reflect resource scarcity. Its implementation will take place in a more stable and predictable macroeconomic environment and improved governance compared to previous programmes.

1.2 Overview: The Development Path

The United Republic of Tanzania, comprising of Mainland Tanzania and Zanzibar has a population of 31.6 million based on 1988 population census (of which 2.5 percent reside in Zanzibar). With a per capita income of around US \$270 (1999) Tanzania is among the poorest nations in the world.

The record of economic performance was good in the 1960s and early 1970s before experiencing a crisis of unprecedented depth and breadth in the 1980s. The crisis manifested itself in poor performance in almost all economic indicators as well as leading to deterioration in social sectors in both qualitative and quantitative terms.

The Government responded to the crisis, first through home-grown stabilization and adjustment programmes which included the National Economic Survival Programme (NESP, 1980 – 1981) mainly targeting revival of exports and the Structural Adjustment Programme (SAP, 1982 – 1985) with a much broader agenda of restructuring economic activity and rationalizing the public sector, including the civil service. These attempts, however, were mild compared to the extent of the crisis. A much more radical programme was needed to address the crisis and attract more international support measures. It is in this environment that the Economic Recovery Programme (ERP I, 1986/7 – 1988/9) was adopted.

These efforts and initiatives received support of the international community through the Consultative Group managed by the World Bank.

Adoption of ERP I ended a long period of stalemate on the issue of adopting IMF/World Bank conditionalities mainly emanating from differences in interpreting the causes of the crisis as to whether they were caused by domestic factors or by external factors.

By the end of ERP I, signs of recovery began to show in Gross Domestic Product (GDP) growth, inflation and increased capacity utilization in manufacturing. However, economic growth continued to be limited by inadequate domestic savings and investments in physical infrastructure notably transport, marketing and processing; a high rate of inflation mainly due to failure to control money supply as well as unsatisfactory supply response and distribution bottlenecks; weaknesses in the agricultural marketing system, processing and transportation as well as a weak balance of payments position due to deterioration in export commodity prices, rising imports prices, high debt service obligations and a slow recovery of the export sector.

A successor programme to ERP I, the Economic and Social Action Programme (ESAP), also known as ERP II, was adopted in 1989 spanning to 1991/92. At the end of the programme, the rate of inflation had declined significantly, procurement and marketing of agricultural crops particularly of food crops had been liberalized, though formidable challenges remained in improving delivery of social services and bringing the rate of inflation to single digits. After ERP II, the major focus of the subsequent programme, the IMF's supported Enhanced Structural Adjustment Facility (ESAF) beginning 1996/97 has been the consolidation of earlier recovery efforts aimed at ensuring a stable macroeconomic environment, efficient resource allocation, increased growth of production and more participation of the private sector in economic activities.

1.3 Structure of the Economy and Performance in the 1990s

The adjustment programmes pursued towards the end of the 1980s had a profound effect on policy making in the 1990s as well as performance of the economy, though the structure of the economy remained largely unchanged (see Appendix IV). Agriculture remains the mainstay of the economy accounting for close to 50 percent of GDP in real terms. Taking 1999 as an example, agriculture accounted for 48.9 percent followed by wholesale, retail trade, restaurants and hotels 16.1 percent, construction 8.8 percent and manufacturing 8.3 percent. In terms of real GDP growth, the rate remained at positive levels throughout the 1990s at an average of 4 percent in 1990s (see Appendix V). The general improvement in economic performance is attributed to a host of reform measures adopted since the late 1980s, much of which were carried on and refined in the 1990s. The wave of reforms in the 1990s have been both intensive and extensive covering all aspects of the economy. These reforms include financial sector reforms, privatization of parastatals, civil service reforms and institutional reforms like establishment of the Tanzania Revenue Authority.

1.4 Constraints and Challenges in the 1990s

On the domestic front Tanzania faced a number of constraints and challenges. These include poor record of social indicators like the Human Development Index (HDI), wide spread poverty and increasing income inequality, HIV/AIDS, low domestic resource mobilization, low level and unresponsive development of basic infrastructure for moving the country from a digital divide to a digital opportunity, overwhelming supply side constraints (low productivity in agriculture and low level of human resources development) and environmental degradation.

Externally the debt overhang remained a serious constraint. Debt servicing obligations diverted the much needed resources for enhancing economic growth and improving delivery of social services.

1.5 Potentials for Growth

There are a number of areas that can be identified as potential growth “centres” once the right mix of policies is pursued. These include agriculture (once transformed to a modern and commercial sector), manufacturing (once investments are stimulated into export of manufactures), mining (private sector initiatives) and tourism (aggressive promotion of the unique tourist attractions). Implementation of these programmes will lead to a higher competitive edge in world trade.

1.6 Objectives and Organization of the Report

This report provides an Action Programme for Tanzania’s development agenda for the next decade (2001 – 2010). An assessment of the constraints and opportunities is made in order to have a realistic (prioritized) programme of action. The report is organized into four sections. The first section provide introductory remarks. In section two, economic performance of Tanzania in the 1990s is discussed and analysed, as well as assessing the factors that have facilitated or constrained development. In section three, examples of success stories are provided followed finally by the Programme of Action, in section IV.

2. TANZANIA'S PERFORMANCE IN THE 1990s

2.1 Performance

2.1.1 Overall Economic Performance

The various reform programmes implemented since the 1980s (see section 1.1) could not achieve the targets set. It was thus prudent that Tanzania stays the course of reforms into the 1990s in order to finish the "uncompleted agenda". Targets set for 1990s were largely not achieved as shown in Table 2.1. Except for real GDP growth during ERP I & II period, no other target was achieved.

Table 2.1 Tanzania: Selected Quantitative Economic Benchmarks for the 1990s

Area	Policy document	Target		When Achieved
		Value	Date	
1. GDP real growth	ERP I & ERP II RPF 1996-99	5% p.a.	1990	1990 and 1991 Not achieved
		6% p.a.	1998	
2. Inflation	ERP I & ERP II	Less than 10%	1990	January, 1999
3. Money Supply (M3)	ERP II	8%- 10%	1990	Only in 1996
4. Capacity Utilization in Manufacturing (average).	ERP I & ERP II	60% - 70%	1990	Only in 1997

Source: Compiled from official Government statistics.

In setting (or retaining) targets for the 1990s two issues had to be taken into consideration; enhancing the policy framework and translating the targets of the various international fora into achievable targets. Important Conferences (the resolutions of which have been ratified by Tanzania) include in the area of social development (e.g. universal primary education by 2015: Jomtien 1990, Beijing 1995, Copenhagen 1995), economic development (e.g. reducing the proportion of people living in extreme poverty by at least 50 per cent by 2015: Copenhagen 1995).

On the domestic policy framework a number of initiatives (in terms of policies and actions) were taken and implemented in many areas. To increase competitiveness of exports, for example, exchange controls were further dismantled through enactment of the Foreign Exchange Act in 1992 which created a more relaxed atmosphere for international trade and payments and introduced a managed float exchange rate regime. This facilitation was further enhanced in 1996 by accepting the obligations of Article VIII Sections 2, 3 and 4 of the IMF's Articles of Agreement committing the government to a free and open exchange system with no restriction on current account payments and transfers. To attract more Foreign Direct Investments (FDIs), the Tanzania Investment Act, 1997 was enacted outlining provisions and incentives for investment in areas of national priority. This Act repealed a 1990 Act which was not attractive enough.

A comparison of the 1990 and 1999 situation is provided in Table 2.2 with regard to achievements vis a vis the benchmarks (Table 2.1).

Table 2.2 Achievement in Selected Economic and Social Benchmarks in Tanzania in the 1990s

Target/Benchmark	1990 Situation	1999 Situation
GDP real growth 5% - 6%	5	4.8
Inflation: Single digit	32	7.9
Growth of Money Supply (M3) 8% - 10%	40	17.0
Life expectancy at birth	52	48

Source: Compiled from official Government statistics

Though not all indicators are shown in Table 2.2 the main conclusion is more important: that some key targets were not achieved. This again calls for reinvigoration of policies and programmes in year 2000 and beyond (the basis for a new Action Programme).

Table 2.3 shows performance in selected indicators. It is evident from the Table that the results for the 1990s are mixed.

Table 2.3 TANZANIA: SELECTED INDICATORS ON ECONOMIC PERFORMANCE 1990-1999

Indicators/Years	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Population (mill.)	23.9	24.6	25.3	26.0	26.7	27.5	28.3	29.1	30.0	31.1
Real GDP growth (%)	5	6	4	4	3	3.6	4.5	3.5	4.0	4.8
Per Capita income (US \$) (nominal)	160.9	180.7	167.0	149.2	156.2	176.9	210.3	235.6	257.0	270.0
Per Capita real GDP growth (%)	2.2	3.2	1.2	1.2	0.2	0.8	1.7	0.7	1.2	2.0
Openness (M+E/GDP)	24.4	27.7	40.5	44.3	43.8	41.5	33.5	27.2	25.4	22.8
Agricultural GDP (%) real	47.9	48.2	48.0	49.3	49.6	50.7	50.6	50.1	49.1	48.9
Industrial GDP % (real) +	16.9	16.5	16.2	15.5	15.6	14.7	16.6	15.6	16.5	16.6
Inflation rate (%) ++	32	34	24	24	27	27.4	21	16.1	12.8	7.9
Gross domestic Savings/GDP (%)	-0.6	-0.6	-2.4	-3.1	-1.2	0.8	5.4	6.2	6.0	2.2
Gross domestic investments/GDP (%)	26.1	26.3	27.2	25.1	24.6	19.8	16.6	14.9	15.0	15.5
Growth in Money Supply (M 3)*	43.3	26.9	42.7	39.3	35.5	32.2	8.7	13.3	10.8	17.0
External cover rates (%)	28.8	28.0	31.6	34.1	39.8	50.1	64.8	61.4	53.4	38.1
External debt service (%)**	-	-	-	-	-	44.1	40.8	36.4	40.2	27.9
Debt Service as % of exports***	33.0					16.5	17.3	17.5	16.2	17.4
Foreign Direct Inv. US\$ mill.	0.0	0.0	12.0	20.0	50.0	150.0	148.5	157.8	172.2	183.8
Services as % of total exports	43.8	29.3	29.7	41.4	44.6	46.1	41.3	39.6	47.7	54.2
Foreign reserves (weeks of imports)	6.8	8.2	12.4	6.0	9.5	6.6	11.3	16.5	13.4	18.0

KEY: + Defined to include manufacturing, Mining & quarrying, energy and construction.
 ++ Annual average. By September-end 2000 it had declined to 5.7% (from 5.8% in June 2000)
 * Currency in circulation outside banks + bankers' reserves + time deposits + savings deposits + foreign currency deposits
 ** As % of Government recurrent revenue. Reliable data available from 1995.
 *** As % of total exports for financial year, (where 1994 = 1993/94)

SOURCES: BOT (Various)
 URT (1999)
 URT/World Bank (1999, 2000) Openness, and External cover rates, Manufacturing ratios computed from BOT (1999 a. b. and 2000) and Real per capita growth rate, 1990 – 1994 from URT (1996) Economic Survey;
 URT (2000) Economic Survey for Services

Indicators which show unambiguous improvements are inflation rate, growth in money supply, and Foreign Direct Investment. Mild performance is shown in real GDP growth, per capita income, agricultural GDP, services in total exports and external cover rates. Deterioration are marked in manufacturing GDP and domestic investments. It is in these two latter categories (mild performance and deterioration) that interventions are most needed while at the same time strengthening the achievements in the first group.

Performance of main contributors to GDP (agriculture; wholesale, retail trade, restaurants & hotels; construction and manufacturing) and the potential sectors (mining and financial services) is shown in Table 2.4. It is evident from the Table that both categories of sectors have not been able to show sustained and steady up-ward trends. It is only agriculture and mining that maintained positive growth rates throughout the 1990s while the rest of the sectors recorded negative growth rates.

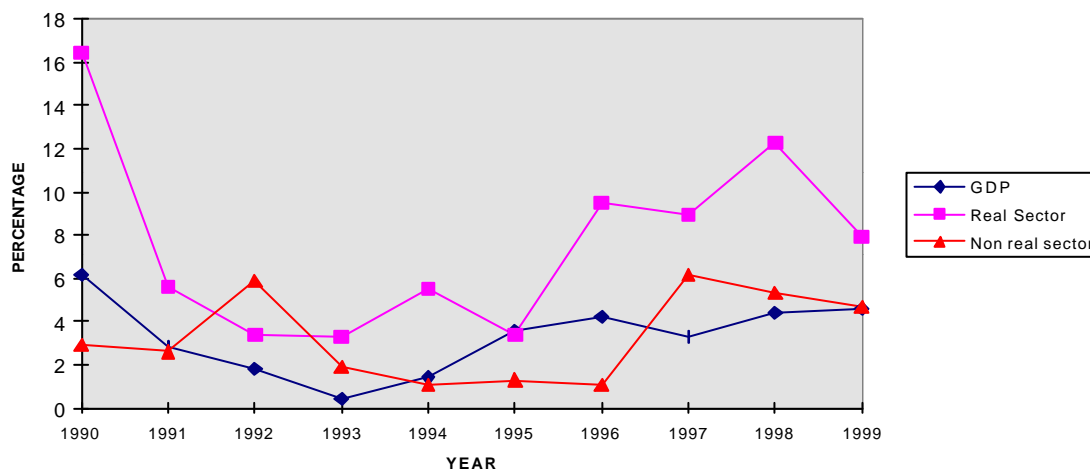
Table 2.4 GROWTH OF MAIN AND POTENTIAL SECTORS IN TANZANIA: 1990-99 (% REAL)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Agriculture	6.7	4.2	0.4	3.0	2.4	6.6	4.5	1.5	2.3	4.1
Wholesale, retail, tourism	7.4	2.5	-0.7	-0.4	1.1	3.5	3.5	5.0	4.7	6.0
Construction	37.7	-8.8	6.6	-17.7	1.3	-18.9	9.4	10.0	12.0	9.7
Manufacturing	4.1	1.9	-4.0	0.6	-0.2	1.6	4.8	5.0	8.0	3.6
Mining	16.5	11.7	7.7	8.2	15.0	11.7	9.6	17.1	27.4	9.1
Financial Services	0.7	0.1	4.3	6.1	2.4	-1.4	-1.7	11.5	7.7	3.6

Source: Appendix V

As reflected in Table 2.4 (and Appendix IV) it is the real sector that explains the sustained positive real growth rates in GDP. This is clearly depicted in Figure 2.1.

Figure 2.1 GROWTH OF GDP, REAL AND NON REAL SECTORS IN TANZANIA 1990 - 1999 (%)



The graphical display was verified by an attempt to investigate the association econometrically. Growth of the real sector explained 66 per cent of the changes in real GDP growth and was significant at the 1 per cent level (see Appendix III). Despite this fact, the real sector especially agriculture which is the mainstay of the economy is still facing serious constraints. A reversal of the high decapitation rate in this sector (at around 90 per cent) will greatly improve agricultural performance which will in turn improve GDP growth.

2.1.2 Export and Import Performance

As shown in Table 2.3, export performance was sluggish in the 1990s, able to cover less than 50 per cent of imports (except for 1995 - 1998). Table 2.5 shows growth rates of exports and imports in the 1990s. Overall exports grew at a rate twice that of imports yet the growth rate has been insufficient to cover the import bill because of sheer size of imports. In addition, the increase of consumer goods imports from 8.1% in 1990 to 47.8% in 1999 is constraining further the domestic capacity for production and exports.

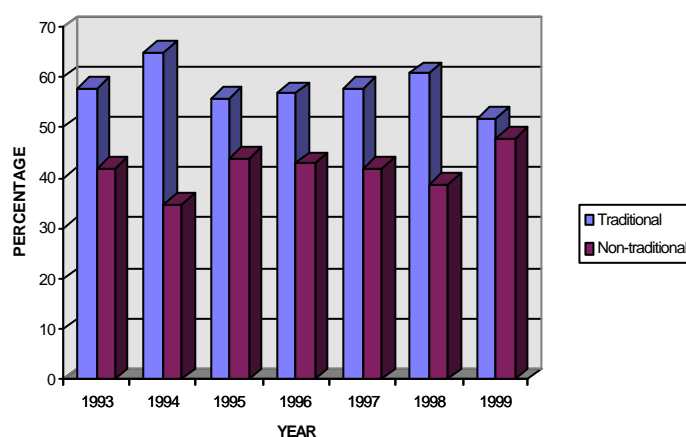
Table 2.5 GROWTH OF EXPORTS AND IMPORTS IN TANZANIA: 1990 - 1999 (%)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	1990-99
Exports	2.4	5.3	10.1	34.0	25.0	35.0	2.8	-4.2	-9.7	5.0	10.4
Imports	5.0	8.3	-7.5	19.5	-0.1	18.1	-5.2	-4.0	20.9	3.0	5.2

Source: Computed from URT (Various), Economic Survey.

The structure of exports is still dominated by traditional agricultural exports (coffee, cotton, sisal, tea, tobacco and cashewnuts) though non-traditional exports (petroleum products, minerals, manufactures and others) have shown an upward trend, increasing from around US\$ 200 million in 1990 to US\$ 262.10 million in 1999. The composition in recent years is depicted in Figure 2.1. Non-traditional exports rose marginally from 41.7% of total exports in 1993 to 48.4% in 1999.

Figure 2.2 : SHARE OF TRADITIONAL AND NON-TRADITIONAL EXPORTS IN TANZANIA: 1993 - 1999



The poor performance of exports is attributed to low production and uncompetitiveness brought about by high costs of production, low quality of products; as well as market related weaknesses (low promotion, unsupportive infrastructure, etc).

Tanzania's integration in the multilateral trading system

Tanzania's trade policy is in draft form (as of November 2000). The country is among the first twelve LDCs receiving assistance of the Joint Integrated Technical Assistance Programme (JITAP) to enable the country come to grips with World Trade Organisation (WTO) arrangements in order to assess her opportunities in the world trading system and initiate mitigative measures for her full integration in the world trade. Tanzania is active in regional groupings and multilateral trade arrangements.

In November, 1999 the East African Community (EAC) Treaty was signed with Tanzania as a founding member (others are Kenya and Uganda), aimed at creating a Customs Union and a Common Market in East Africa, with an ultimate Monetary Union and political federation. The Treaty covers many other areas such as infrastructure and services, investments in industrial activities, development of human resources, science and technology, agriculture and food security, tourism and wildlife, e.t.c. Achievements to-date include full convertibility of the currencies of member countries and creation of common internal passports while mechanisms for free movement of people and capital are on the drawing board.

In order for Tanzania to gain more from regional groupings a number of critical issues are pointed out to be addressed, with a view to enhancing competitiveness. Such issues include the tax regime, expensive and unreliable supply of utilities and poor infrastructure.

International and regional groupings

Most notable is membership in the Lome Convention which has granted Tanzania better access to the EU market compared to some of Tanzania's potential competitors. The EU is the most important market for Tanzania's exports

Regional trade, now contributing about 20% of Tanzania's trade has a bright future given current initiatives towards harmonization of tariff and dismantling cross-border trade non-facilitative administrative arrangements.

Another area of success has been implementation administered under regional co-operation arrangements projects and national projects of regional impact. Such projects include various projects under Southern Africa Development Community (SADC), the Kagera River Basin Organisation, Dar es Salaam Port Development, Rusumo/Isaka road, electricity and telecommunication projects linking Tanzania with Zambia and with Uganda as well as regional roads linking Tanzania with her neighbours. Funding of such regional projects and national

projects of regional impact has been possible through external assistance beyond what Tanzania could afford individually.

In addition to direct gains from trading within the region, the initiatives at regional level are intended to facilitate competition at the global level.

2.1.3 Performance in Social Indicators

Despite commendable achievements in a number of macroeconomic aggregates, performance in social indicators does not show the same picture.

Table 2.6 TANZANIA: SELECTED SOCIAL INDICATORS; 1990 AND 1999

	1990	1999
Life expectancy (years)	52.1	48
HDI rank	126	157
Illiteracy rate	15.5	35.5
Of which female	21	45.7
Male	10	21.2
Primary School Performance		
Gross Enrolment rate	74	77.1
Net enrolment rate	54	57.1
Drop-out rate	4.7	6.6
Maternal mortality per 100 000 live births	530	529
Infant mortality rate (per 1,000 live births)	102	99
Moderate malnutrition U 5 (%)	29	44
U5 Mortality rate per 1000	144	150

Sources: ADB, African Development Report 1994
World Bank (various)
URT (various)
URT (2000) Reproductive and Child Health Survey, 1999

As shown in Table 2.6, performance in social indicators has been generally poor between 1990 and 1999, notably in life expectancy, HDI rank, illiteracy levels and moderate malnutrition for U5s. Moderate improvements are noted in reducing maternal mortality rate.

One of the main explanations for poor performance, is the lack of capacity by government while private provision has not caught up fast and extensively.

2.2 Assessment of Factors that have Facilitated or Constrained Tanzania's Development in the 1990s

The development process of Tanzania in the 1990s had a number of opportunities and constraints some being of domestic and others of external nature.

2.2.1 Domestic opportunities and constraints

(a) Opportunities:

(i) *Peace and stability:*

Social and political stability create favourable conditions for economic agents to interact rationally as well as investments to flourish. This stability played a major role in ensuring two successful transitions in the country: adoption of economic reform programmes in 1986 and the swift shift to political pluralism in 1995. Though enhancing good relations with neighbouring countries is one of the strategies Tanzania has adopted towards ensuring internal stability, the problem of refugees from Burundi, the Democratic Republic of Congo and Rwanda in Kagera and Kigoma regions in Western Tanzania is far reaching even with some mitigative measures on the ground. The initial shock of refugee influx was provided by the arrival of some 500,000 refugees in Kagera region in 1994 in addition to those already there.

(ii) *Policy reforms:*

A number of reforms instituted in the 1990s (or carried over from the late 1980s) have been implemented. These include trade liberalization, financial sector reforms, privatization, civil service reforms, decentralization, measures against corruption and tax reforms. Staying the course of reforms has helped Tanzania improve efficiency and weave out ills that impede growth. Though by 1999 the outcome of these reforms has been mild (economic growth, exports etc) or not achieved (poverty reduction) signs of a better future are emerging.

(iii) *Governance:*

The ushering in of political pluralism in 1995 provided Tanzania with an additional "watch dog" in policy formulation, decisions on implementation of policies and the way the public sector is run. There has been an improved participation in decision making by the civil society, grassroot levels through decentralization policy. Freedom of press is high and the mass media have been especially watchful of government actions. Economic governance has greatly improved through instituting civil service reforms and enforcing accountability. The fight against corruption has been intensified through economic reforms and the empowerment of the Prevention of Corruption Bureau (PCB). Understanding that promotion of good governance requires deliberate and sustained efforts based on a holistic approach, the Government has adopted the National Framework on Good Governance with emphasis on efforts to:

- promote participation of the people in decision making for social, political and economic development;

- promote the private sector without neglecting the importance of an effective regulatory framework;
- cherish the principles for constitutionalism, rule of law and administration of justice and protection of human rights;
- promote gender equality;
- build the culture of accountability, transparency and integrity in the management of public affairs;
- promote and observe the positive principles of electoral democracy; and
- build capacity of the public service to deliver public services efficiently and effectively.

(iv) *Improved mainstreaming of women in development:*

Tanzania has ratified the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW). The 1990s have witnessed an improvement in incorporating the concerns for women in the country's development agenda - partly in response to pressure from the civil society. The levels of integration have included policy and decision making (e.g. with preferential seats for women in Parliament) as well as on the economic front with targeted support and deliberate policies to address gender imbalance. The results have included increased share in total employment (at 33 per cent). Such a spirit has also permeated the area of schooling at all levels where deliberate policies to increase female participation are being implemented e.g. at Universities. Women constitute about 52 per cent of the population in Tanzania. If fully integrated in the development process, women are certainly going to contribute significantly to national development. The 2000 Policy on Women and Gender Development incorporates the concerns of women in sectoral policies, ensure gender sensitive plans and programmes and guarantee equitable distribution of resources.

(v) *Protection and conservation of the natural environment:*

Having ratified the Rio Convention, Tanzania stands committed to environmental conservation. Political commitment has included placing environmental concerns with the Vice President's Office, second in rank to the President's Office while a number of institutions have been set to regulate and protect the environment like the National Environmental Management Council (NEMC). A National Environmental Policy was formulated in 1997 and a number of sector policies were reviewed taking into consideration environmental concerns. A Cleaner Production Centre has also been established to prevent pollution and minimise water, chemical and energy

consumption by industries. Areas that still need to be improved include the legal framework to reinforce the Command-and-Control instruments and capacity building in monitoring and working out market-based instruments to regulate environmental usage. Though liberalization has led to increased harvesting of natural resources, mitigative measures such as afforestation have been stepped up in close co-operation with development partners.

(vi) *Private sector development:*

The private sector is expected to take the lead in economic development. Government measures intended at promoting private sector participation have included (in addition to those mentioned under governance), the regulatory framework, special incentives for investments, increasing accessibility to finance through reforms in the financial sector and exchange rate, offering special certificate of incentives under the investment Act and liberalization of the domestic trade regime. The Tanzania Private Sector Foundation has been established as well as the National Business Council. Both organs are intended to promote private sector participation in the economy and facilitating consultation with Government. In addition, the Programme for Business Environment Strengthening in Tanzania (BEST) addresses remaining constraints to private sector participation.

(b) Constraints:

(i) *Uncertainty and high decapitation rate in agriculture:*

The low level of productivity in agriculture (prevalence of hand hoe technology), under funded extension services, poor credit and marketing systems are areas that continue to receive policy interventions in order to arrest unsustainable agricultural practices (both in terms of crop production and livestock keeping) beyond the carrying capacity. The high rate of decapitation (about 90%) can easily be reversed through policies in favour of agriculture. Additional investments in infrastructure and further institutional reforms will greatly improve productivity in agriculture. Low productivity is also caused by vagaries of weather (drought, floods), emigration of the youth from rural areas e.t.c. Strategic interventions are being formulated to reverse the trend.

(ii) *Poor state of infrastructure:*

Much of the infrastructural system in Tanzania (physical: roads, railways; supportive: water, electricity, telecommunications) is in poor state. This has affected both agricultural production (limited marketing channels) and industrial production (interruptions in the supply of electricity and water).

(iii) *Rapid spread of HIV/AIDS:*

The rapid spread of AIDS has led to withdrawal of active labour force; has reduced life expectancy to only 48 years and has led to a large number of

orphans. From 3 reported cases in 1983 HIV/AIDS cases rose to 75,565 in 1993 and 103,185 in 1997. Currently it is estimated that there are 365 HIV/AIDS patients per 100,000 inhabitants. About 50 percent of hospital beds are occupied by HIV/AIDS - related patients. Prevalence is highest at age 30-34 (10.1 percent). The government has responded to the HIV/AIDS tragedy through campaigns to raise awareness, forming the National HIV/AIDS Control Programme, establishing a unit in each Ministry and each government department for the purpose of creating awareness among employees and identifying other necessary actions that might help to contain the spread of HIV/AIDS as well as requiring political leaders to campaign against HIV/AIDS whenever they address political rallies. NGOs have joined in the war against HIV/AIDS and are participating actively, as well as development partners. The economic cost of the disease is enormous, both at the individual level (self, relative) and the nation at large (through hospitalization, caring for orphans, lost working days and other forms of resettlement and rehabilitation). Apart from HIV/AIDS, malaria (the leading killer disease for infants and under-five children), anaemia and pneumonia are also deadly.

(iv) *Low domestic resource mobilization:*

Domestic mobilization of resources has not only been low in the 1990s, but has actually fallen. See Table 2.3. In view of the narrow and weak tax base, the government has taken several initiatives in order to improve domestic resource mobilization. Apart from administrative reforms (creation of the Tanzania Revenue Authority) the introduction of Value Added Tax (VAT) which have greatly improved revenue collection (almost two-fold since introduction) other measures have included rationalizing customs duties and administrative measures like strengthening PCB. Other measures to improve resource mobilization include reforms in the financial and banking sector. Despite these efforts, the level of domestic resources is still low compared to development programmes. Support from the international community is still needed.

(v) *Low level of human skills:*

This has partly been brought about by past low spending in education especially higher education. A sizeable proportion of active labour force can not be employed in jobs where demand for skills is high. Urban unemployment is high due to an influx of low skilled migrants from the rural areas. Women are particularly disadvantaged in terms of access to high level training and hence their employment in low skill jobs. The government has responded with a comprehensive programme for education and training addressing issues of priority, access and quality as well as gender balance.

- (vi) *Weak industrial base:*
 This has been a result of both history and recent policies that do not protect domestic industries from cheap imports; as well as high cost of energy, poor physical and economic infrastructure and lack of investments in high technology lines. Government response has been through granting special incentives and anti-dumping measures such as "Minimum Dutiable Value" enforcement. Special export incentives have been offered for exports of manufactures and efforts are underway to establish Export Processing Zones.

2.2.2 External Opportunities and Constraints

- (a) Opportunities:
- (i) *Sustained cooperation with development partners:*
 The reform period has witnessed increased and improved dialogue with both multilateral and bilateral development partners. This interaction has been sustained throughout the reform programmes. A positive outcome of such sustainability is the potential for increased inflows (ODA), thus reversing the declines being experienced.
- (ii) *Poverty Reduction Balance Support (PRBS) (formerly Multilateral Debt Relief Fund, MDF):*
 Since its launching in 1997 this fund has attracted an increasing number of bilateral donors' contributions. Counterpart funds are being channeled into Education and Health sectors. As of year - end 2000 the support had reached over US\$ 120 million, being contributions from the UK, Sweden, The Netherlands, Ireland, Denmark, Finland, Norway and Switzerland.
- (iii) *HIPC eligibility:*
 Tanzania qualified under the Enhanced HIPC Initiative on April 4th 2000 (see Box 2). The relief proceeds will be channeled to social services delivery, agriculture, roads, HIV/AIDS programmes. The relief in the medium term is shown in Table 3.3.

Table 3.3 HIPC RELIEF IN TANZANIA

	2000/1	2001/2	2002/3	2003/4
HIPC relief, TShs. Billion	10.5	42.6	43.9	55.0
HIPC Relief from IDA & IMF as % of GDP	0.2	0.6	0.5	0.6

Source: World Bank (2000) Table 1 p.9

Full enjoyment is conditional upon fulfilling many conditions. Paris Club creditors have also provided relief over three years. This will ease pressure on government spending given the shorter maturity period nature of Paris Club debts.

The gains from the enhanced HIPC initiative are well acknowledged. However the impact of debt servicing obligations, with a significant burden of multilateral debt, on government budget will continue stressing resource balances as the government is forced to continue borrowing externally given the low level of domestic resource mobilization. A more effective approach to the country's debt problem is needed in order to have a major impact. Actions such as outright cancellation and emphasis on non debt creating external flows will greatly ease pressure on government expenditure.

(iv) *Foreign Direct Investments 1992-1999:*

The flow of FDIs has improved considerably in the post 1993 period. From an average of US \$ 3 million per annum between 1987 and 1992, FDIs increased to US \$ 20 million in 1993; US\$ 150.9 million in 1995 and to US\$ 183.8 million in 1999. FDIs constituted 13.6 per cent of domestic investments in 1998, higher than the average of 8.3 per cent for Africa and 7.7 per cent world average. The upsurge of FDIs is due to increased credibility of the good macroeconomic policies being pursued in Tanzania, especially with respect to investment climate.

(v) *Regional groupings:*

Tanzania is party to a number of regional and international groupings, mainly for economic objectives. Membership in regional groupings include the Southern Africa Development Community in which Tanzania signed the Treaty in August 1992. The ultimate goal of SADC is to attain regional economic integration, to be approached via sectoral protocols. Eight of such protocols have been signed on water use, drug trafficking, minerals development, energy, education and training, trade, tourism and simplification of immigration procedures. Two others are under preparation. The trade protocol entered into force on January 25th 2000 while implementation commenced on September 1st, 2000.

(b) Constraints:

(i) *External debt overhung:*

As at 31st December 2000, the total external debt committed was US\$ 7,603.2 million; US\$ 6,428.2 million disbursed, while committed undisbursed debt stood at US\$ 1,175.0 million. The profile of disbursed outstanding debt by creditor category was 55.6% multilateral, 37.1% bilateral, 4.4% commercial sources and 2.9% other private creditors. By borrower category the government accounted for 93.1%, public corporations 2.8% and private sector 4.1%. Balance of payments support received 24.9% of the total debt disbursed, followed by transport and telecommunications sector, 16.6%; agriculture,

15.8%, energy and mining, 13.0%, industries, 6.6%; social welfare and education, 5.1%; finance and insurance, 2.0%, tourism, 1.3%. and other sectors 14.7%. Key debt indicators for the 1990s point to debt unsustainability (Table 3.1). The debt to GDP ratio is well above the internationally recommended ratio of 50 per cent or less.

Table 3.1 KEY INDICATORS OF THE EXTERNAL DEBT BURDEN IN TANZANIA: 1990 - 1999
(%)

	1990	1995	1996	1997	1998	1999
Debt/GDP	141	117	95	85	103	91
Debt Service/Exports	33	16.5	17.3	17.5	16.2	17.4
Debt Service/Government recurrent revenue	29.9	44.1	40.8	36.4	40.2	27.9

Sources: UNCTAD (1999)

World Bank (2000)

Own computation for 1998 and 1999 Debt/GDP ratios.

The area where the debt burden is felt most is with respect to service as a ratio of government recurrent revenues. The ratio was highest in 1995 (44.1 per cent) declining to 27.9 per cent in 1999. Since debt service is first charge, after accommodating salaries (which take about 30 percent of revenue), the portion of discretionary expenditure remains only at around 40 per cent (1999). Reflections on social services expenditure are more telling. Health expenditure is at only 12.9 per cent and education at 12.2 per cent of debt servicing expenditure. A 10 per cent cap on servicing rate, and redirecting this "saving" to social services translates into:

- doubling primary education enrolment and primary health care recurrent budgets,
- expansion of education and health budgets by 60 percent,
- increased gross enrolment in primary school to 85 percent.

The government has responded to the debt burden through instituting a debt management strategy that looks at the totality of debt from borrowing/contracting to monitoring use in order to avoid past mistakes which led to accumulation of arrears. Other measures include active participation in the Paris Club and HIPC eligibility.

(ii) *Declining ODA and high technical assistance component:*

Aid has been crucial in financing government development expenditure, settling debt obligations and balance of payments support. In general terms ODA declined between 1990 and 1997 from US\$ 1175 million to US\$ 963 million, as shown in Table 3.2. A modest increase is noted between 1995 and 1997.

Table 3.2 OFFICIAL DEVELOPMENT ASSISTANCE TO TANZANIA 1990 – 1997

	1990	1995	1996	1997
Net disbursements (US\$ mill)	1175	882	894	963
Selected ratios: <u>1996 – 1997</u>				
Aid/GDP (%)	13.4			
Aid/imports (%)	42.3			
Aid per capita (US\$)	30.1			
<u>1990 – 1997</u>				
Per capita ODA US\$	36.5			
Technical asst/ODA	8.6%			
Bilateral ODA 65.6% of which				
68.3% grants				
Multilateral ODA 34.4% of which				
12.4% grants.				
Source:	UNCTAD (1999)			
	Soludo (2000)			

The composition of technical assistance has policy implications. In the past, forms of technical assistance were associated with considerable outflow of resources (back to the originating countries) and a large part of it replaced, rather than complemented domestic human resources. An Area which needs improvement is on prompt disbursement of the commitments.

(iii) *International Trade:*

The world trade environment has witnessed increasing globalisation and liberalisation and is currently in its fifth year of implementing the new trading rules introduced under the Uruguay Round of Multilateral Trade Negotiations and monitored and enforced by the World Trade Organisation. The UN system has an important role to play in assisting LDCs to meet the challenges of globalisation and implementation of WTO commitments. Tanzania joined WTO as a founding member on 1st January, 1995. Increased trade liberalisation at global level, growing regional integration and autonomous trade liberalisation by many developing countries have created challenges for promoting economic growth and sustainable development. The new world trade environment is encouraging policy changes in developing countries including changes in industrial and trade policies due to increased competition in international markets for those countries whose access was hitherto facilitated by preferential tariffs such as the General System of Preferences (GSP), the Lome Convention and sub-regional trade arrangements such as those within the framework of SADC, EAC e.t.c.

Tanzania has not been able to take full advantage of opportunities in external markets due to the structure of her export base. Exports of agricultural products in unprocessed or semi-processed forms constitute around 60 per cent of total exports. Experience with high reliance on agricultural exports (declining terms of trade, susceptibility of output to weather changes, etc) led Tanzania into mounting strategies towards diversification into non-traditional

exports in an effort to overcome supply -side constraints. Trade policies, though have been pursued coherently. For Tanzania to benefit from the world trade system she has to seriously address the issue of competitiveness. Areas of such potentials include mineral exports, manufactures and tourism.

The government has come up with many initiatives addressing:

- Supply constraints especially physical infrastructure as well as costly and unreliable utility services; capacity constraints in production.
- Support services in trade (information, financing, technical, packaging etc.).
- Technology to effect diversification especially into export of manufactures.
- Export culture (non adherence to standards and delivery schedules).

These initiatives include the Joint Integrated Technical Assistance Programme (JITAP) and the Integrated Framework for Trade (IF).

2.2.3 Vulnerability to shocks

There have been quite a number of negative shocks that affected Tanzania's development efforts in the 1990s, both internal and external in nature. Natural disasters included successive years of drought and the El Nino rains which devastated the physical infrastructure in most parts of the country and threatened food security in most villages. Domestically drought had negative consequences on hydroelectric power translating into lost output in manufacturing exemplifying high vulnerability. Other potential areas of vulnerability include low level of technology and instability in external markets (terms of trade and financial markets) and the problem of refugees.

Tanzania is constrained by being the safe haven of displaced persons in the Great Lakes Region due to limited resources and being hard pressed with own domestic agenda of poverty reduction. Tanzania has continued to play host to refugees from Burundi, the Democratic Republic of Congo and Rwanda. The general negative impacts have included:

- (a) Degradation of natural environment through deforestation and removal of soil cover as well as due to overgrazing caused by increased livestock population brought by refugees;

- (b) Increased destabilization of animal life in game parks especially through poaching;
- (c) Damage to the physical infrastructure by increased activities of transportation (e.g. frequency and weight of vehicles not accommodated in the initial design of roads, bridges, etc).
- (d) Increased stress on social services delivery especially health and education due to the use of such facilities for housing refugees (as transit centres). The teaching and learning process suffered most.
- (e) Increase in social vices manifested in increases in sexually transmitted diseases, crime, as well as new livestock diseases, etc.
- (f) increase in food prices;
- (g) deterioration in sanitation and water pollution as well as decreased water supply as catchment areas became disturbed.

The government is investing considerably in disaster preparedness in order to avert disasters in future. These have included areas of food security, swift interventions and tranquillity in refugee-originating countries.

3. EXAMPLES OF SUCCESS/BEST PRACTICES IN TANZANIA

3.1 Preamble

The constraints that Tanzania faced in the 1990s could have had more serious effects in terms of economic growth (implosion of the production possibilities frontier) and social tranquility. Despite facing such odds the country recorded a number of success stories in many areas such as a smooth transition to multiparty system, successful implementation of economic reforms (privatization etc.) and instituting a good governance (promotion of democratic participation, local government reforms etc.). Two examples of the effect of good economic management are exchange rate convergence and HIPC eligibility.

3.2 Exchange rate convergence without fuelling inflation

Exchange rate convergence is desired for the main reason that existence of multiple exchange rates misallocate resources. Further with exchange rate convergence, a country gains competitiveness. Convergence entails devaluation. The processes towards convergence started in the 1980s with introduction of the Own Funds window in July 1984; adoption of "true" reforms in July 1986 (ERP I) with a substantial devaluation of the Tanzanian shilling and reintroduction of the Open General Licence (OGL) in February, 1998.

Key phases in the 1990s were:

April, 1991	Enactment of the Banking and Financial Institutions Sector Act, which allowed both local and foreign private banks to Operate in the country.
March, 1992	Enactment of the Foreign Exchange Act replacing the Exchange Control Ordinance. Foreign exchange bureaux allowed.
April, 1993	First forex bureau starts operation. It helped diversify the sourcing of foreign exchange.
July, 1993	Weekly Foreign Exchange Auctions introduced. Forex bureaux allowed to participate.
August, 1993	Weekly foreign exchange auctions extended to Commercial banks and non-bank Financial Institutions. Exchange rate convergence achieved (official and bureau). Forex auctions extended to also include commercial Banks.
June, 1994	Interbank Foreign Exchange Market (IFEM) introduced to replace weekly forex auctions.

Surrender requirements on proceeds from traditional crops (except coffee) were abolished. Later lifted for coffee (December).

November, 1995

Full currency convertibility for the three East African Countries (Kenya, Tanzania and Uganda) achieved.

July, 1996

Participation in IFEM confined to commercial Banks and non-bank financial institutions. Forex bureaux limited to over-the-counter money changers for travel purposes only Tanzania accepts obligations of Article VIII, sections 2, 3 and 4 of the IMF's Articles of Agreement, committing itself to a free and open exchange system.

October, 1999

Single bill of entry introduced as a new measure for documentation of export transactions.

One indicator of success in convergence is the level of the parallel market premium (and hence forex on demand). From a peak of 477 per cent in 1985 (and forex on demand 33.9 per cent) the premium fell to 5.3 per cent in 1993 (forex on demand reached 100 per cent). By 1995 the premium was less than 1 per cent.

The debate around convergence is concerned with the controversy of a trade-off between convergence and inflation (via fiscal deficits) as the government realizes more revenue through taxing exporters. Convergence denies the government of these revenues. This has been the experience of Sierra Leone, Somalia, Zambia etc. Inflation in Tanzania has declined steadily from high rates of over 30 per cent to 5.8 percent by July, 2000. The country has been able to achieve both convergence and low inflation through simultaneous lowering of government spending, raising revenue, pursuing credible fiscal reforms and reducing inflationary financing of the budget. Such has also been the experience of Uganda.

3.3 Eligibility for the Highly Indebted Poor Countries (HIPC) Initiative.

TANZANIA BECOMES ELIGIBLE FOR THE HIPC INITIATIVE

Tanzania qualified under the Enhanced HIPC Initiative on April 4th 2000.

Tanzania's gains are as follows:

First phase involving 2001-2003 and targeting both bilateral and multilateral debt components: From:

IMF: US \$ 17.97 million (2000 - 2001)

IDA (World Bank): US \$ 37.5 million (2001)

Second Phase (final decision upon fulfilling the conditions in Phase I)

IMF: US \$ 152 million (total) for next ten years.

IDA: US \$ 1.2 billion (total) for next twenty years).

Ceteris paribus, Tanzania will benefit by US \$ 100 million annually from the multilateral creditors. This enjoyment, however is conditional upon fulfilling many conditions like continuing to pursue strong economic adjustment policies and good governance.

Tanzania qualified because of having a good track record of performance, pursuing strong adjustment and reform programmes and having in place policies that promote sustainable growth and aim at poverty eradication.

The relief is to be targeted at improving the delivery of social services.

Challenges remain in a number of areas like improving debt management and watching closely on debt creating component of foreign inflows.

4. PROGRAMME OF ACTION FOR TANZANIA : 2001-2010

4.1 The Vision, Mission and Strategies

The Programme of Action for Tanzania (2001-2010) is a stepping stone to the long term vision (Vision 2025) from which sectors derive their missions. This Vision, basically a determination to disentangle Tanzania from the scourge of poverty, states what Tanzania of 2025 should be: a nation imbued with five main attributes:

- high quality livelihood by all Tanzanians,
- peace, stability and unity,
- good governance,
- a well educated and learning society, and
- a competitive economy capable of producing sustainable growth and shared benefits (a strong, diversified, resilient and competitive economy which can effectively cope with the challenges of development and which can also easily and confidently adapt to the changing market and technological conditions in the regional and global economy).

The targets to be achieved by year 2010 are as follows:-

Economic Indicators:

- Increasing the share of the manufacturing sector (narrowly defined to mean ISIC 3) from current 8.4 per cent to 20 percent,
- Real growth rate of the economy at between 8 per cent and 10 percent,
- Increased income per capita to between US\$ 300 and US\$ 500.

Poverty Reduction:

- Proportion of the population below the food poverty line at 16 percent,
- Proportion of the population below the basic needs poverty line at 29 percent,
- Reduction of absolute poverty by 50 percent by year 2010).

Social Indicators:

- Achieve a literacy rate of 90 per cent,
- Access to clean and safe water by 90 percent of the population within 400 metres distance,
- Maternal mortality rate of 100-200 percent 100,000 live births (currently 529),
- Reduced severe malnutrition to 2 percent (currently 6 per cent),
- Reduced infant mortality rate by 50 percent,
- Reduced under-five mortality rate by 50 percent,
- Achieve an unemployment rate of less than 10 percent.

Economic Infrastructure:

- Rehabilitation of 15,000 kms. of rural roads to all weather standards.

4.2 Priority Areas

Given the lessons from the opportunities and constraints faced in the 1990s, the Programme of Action accords priority to the following:

- Areas and actions that have major impact on poverty reduction and development of human resources.
- Actions which would reverse the high rate of decapitation in agriculture and improve performance in manufacturing and domestic investment. The objective is to enhance growth in order to realize the growth target of 8 to 10 percent.
- Additional investments in infrastructure to promote high growth rates and to realize the benefits at community levels.
- Interventions for improving competitiveness and promoting exports.

Areas and sectors identified for coverage under this action programme are:

4.2.1 The Real Sector

(a) Agriculture

The problems facing this sector as presented in sub-section 2.2 call for a multi-pronged approach. The Vision for the sector by year 2025, is agriculture transformed from traditional subsistence to one which is modern and commercial. It is the type of agriculture that ensures food security and eradicates malnutrition; protects the environment, is remunerative and thus alleviates poverty; reduces wastage by improving the transportation, storage and processing of agricultural products; and one that stimulates and responds to demand. The ultimate goal is to have an agricultural system/production which improves or raises the standards of living of the rural poor. Significant improvement of productivity is singled out as key to the vision. The Rural Development Strategy being developed addresses the problems of the sector in an integrated and holistic manner for effective reduction of poverty in rural areas. The Agricultural Sector Development Strategy (ASDS) (draft) addresses similar issues.

Current Situation:

Agriculture is the lead sector in the economy, with strong linkages with other sectors. It is highly diversified (export crops, food grain, livestock, fishery, forestry products), although small holder farming dominates production, which is largely for subsistence. Export of agricultural produce is predominantly in unprocessed or semi-processed forms.

Current Constraints:

Among the serious constraints, facing agriculture are:

- The low level of both production and productivity.
- Poor rural infrastructure.
- Vulnerability on rainfed agriculture.
- Poor technology.
- Lack of basic inputs such as fertilizers to farmers.
- Limited capital and access to financial services by farmers.
- Inadequate funding for the sector that does not match its contribution towards GDP.
- Inadequate data for effective planning.
- Lack of clear regulations and guidelines for food aid.
- Lack of experts and incentives to those employed in the sector.
- Inadequate support services (extension, research etc).
- Weak co-operatives systems and market arrangements.
- Multiple taxes.

Current initiatives :

There have been many initiatives directed at increasing agricultural output since the early years of independence. Recent initiatives are contained in the Agricultural and Livestock Policy of 1997 and the agriculture sector development strategy.

Programme of Action:

The sector is targeted to grow at a minimum of 5 percent per annum in real terms between 2000 and 2005. Increased productivity is to be realized through improved crop husbandry and adoption of high yield - enhancing technologies with emphasis on quality and agricultural diversification.

Specific actions will be directed at the following areas:

Production: Improved research and extension, improved small scale irrigation and promoting water harvesting programmes, promotion of improved seeds, fertilizer inputs, veterinary services, agricultural information services, plant protection and provision of incentives for importation of appropriate and affordable agricultural machinery and implements.

Harvesting and processing

Creating a conducive environment for the promotion of small scale and ultimately large scale agro-processing industries in order to increase value added before exporting, construction/rehabilitation of small scale storage facilities and enhancing food security.

Marketing: Policies related to agricultural marketing, increasing market access and support to grassroot initiatives for improving marketing.

Infrastructure: Investments in rural roads, water supply, transportation, storage, communication and electrification.

Investment: Policies that encourage private investment in agriculture and in rural infrastructure and that promote access to capital and financial services to farmers (50 percent of farmers by year 2010).

Legal Framework: Improving current legal framework with respect to land tenure, marketing and taxation policy.

Irrigation: Increased utilization of irrigation.

Mechanization: Promotion of the use of improved farm implements and machinery.

Land conservation: Land use planning.

(b) Manufacturing:

Current Situation:

The manufacturing sector is still relatively small in terms of various indicators. Over the past ten years the sector's annual average contribution to GDP has been around 8 percent, an annual average growth rate of less than 1 percent and an average capacity utilisation of less than 50 percent. Performance of the sector has not been satisfactory (in terms of growth and contribution to GDP) given the magnitude of investments that have gone into the sector. Despite recent restructuring programmes, much of the sector is not performing and it is only few industries in the beverages subsector that push the aggregate performance indicators like level of capacity utilization for the manufacturing sector as a whole.

Constraints:

The sector faces a number of constraints related to dumping (of imports), limited access to financial services, poor supportive infrastructure (for packaging, exporting), high cost of production due to highly priced inputs especially power, unreliable supply of utilities (electricity and water) thus impinging on competitiveness, weak complementarity with agriculture and low export dynamism.

Current initiatives:

These are contained in the Sustainable Industrial Development Policy (SIDP) 2020 with emphasis on:

- Rehabilitation and consolidation of existing industrial capacities through financial, capital and management restructuring (privatisation programme).
- Establishment of capacities in areas with clear potential for gaining competitive advantage through the process of learning and application of efficient technologies, particularly in export manufacturing and processing industry to support agriculture and mining.

The next 10 years of the policy period will focus on using the domestic capital and capability earned over the first two phases to go into full fledged investments in basic capital goods industries. Such industries are necessary for the sustainability and consolidation of the industrial structure developed through capacity revival and creation over the first two phases. It is envisaged that the first two phases will have developed firstly the basis for credit worthiness of the economy and secondly the

necessary techno-economic base required for actualization of the iron and steel industry.

Programme of Action:

The proposed interventions in this sector are aimed at improving competitiveness, increasing linkages with other sectors, boosting up investments and increasing export of manufactures. The strategies include:

- Development of export processing zones or industrial parks with basic infrastructure provided in order both to attract industrial investments and increase competitiveness.
- Improving complementarily with other sectors such as agriculture, mining and tourism through supplying necessary inputs, tools, and other services (packaging, product design etc).
- Encouraging and supporting the development of small and medium enterprises in order to increase industrial output and employment.
- Strengthening of institutions that provide support services such as quality control, research and development etc.
- Promoting and sustaining an export culture.
- Development of term finance instruments.

(c) **Mining:**

Current Situation:

Though the contribution of mining (and quarrying) sub-sector to GDP is low at 2.1percent (1999) its growth rate is around 9.1 and thus has the potential of improving contribution to the target level of 10%. Activities are mainly dominated by artisanal miners and low technology processes which have negative effects to the natural environment. Recent reforms in the sector and the new code have opened up the sector to FDI, and initial response has been very positive in terms of both FDI inflows and output.

Constraints:

The main constraint is one of limited access to capital needed to improve the level of technology in use. Other problems relate to poor processing and lack of effective monitoring of output, environmental destruction, pollution of ground and surface water, encroachment on farming land and lack of frequent review on the rate of royalties paid by miners.

Current initiatives

Programmes of action and policies are in place to support private sector initiatives especially for artisanal miners. Areas of intervention include encouragement of domestic mineral processing especially for gold and gemstones in order to increase the value added of exports, protection of the environment and strengthening the capacity for management and monitoring. The Government introduced a Mineral Sector Policy with the objective of attracting and enabling the private sector to take a lead in exploration, mines development and marketing. In 1997 the Government enacted the financial laws, which provide for various fiscal incentives to investors in the mining sector. Some of the fiscal incentives for mining include full exemption of import and excise duty and value added tax on equipment related to mineral exploration and development, repatriation of incomes, recovery of all capital expenses and exemption from withholding taxes on goods and technical services directly related to mining.

Programme of Action:

The activities to be carried out include:

- Assessment of past mining environmental damages and implementing rehabilitation programs.
- Public awareness programmes in environmental management issues.
- Improvement of social infrastructure in mining areas (occupational health, labour conditions and micro-credits, etc).
- Awareness campaigns on proper mining and processing technologies which are environmentally friendly.
- Improvement of information management system and infrastructure.

- Establish a gemstone training facility (gemstone center) in the country which will equip Tanzanian nationals with lapidary and stone carving skills.
- Frequent review on the rate of royalties with the aim of encouraging more investments into the sector.

(d) Tourism:

Current situation:

Tourism is among the sectors with great potential for growth. The country has 804 km of unpolluted beach areas. In addition, there are beautiful waterfalls, large rivers, hot springs, marine parks, national parks and antiquities which offer outstanding attractions for tourists. Tanzania's competitive strength in tourism lies in the abundant and diverse wildlife, the spectacular landscape and scenery, unspoiled environment and friendly people. In the last decade, the receipts from tourism registered an average growth rate of 6 percent per annum.

Constraints:

Inadequate number and quality of amenities, services and basic facilities in rural areas (where tourist attractions are situated) constrain development of suitable tourist programs. There is need for easier international air access, higher quality accommodation and lower operational costs. The basic facilities that need to be improved are water and power supply, transport (roads and airstrips), communication, accommodation, trained local guides, promotional materials as well as entertainment and consumer products.

Current Initiatives

In order to develop the tourism sector, strategies that will be followed include :-

- Development of the Southern Tourism Circuit in order to exploit the unutilized potentials.
- Encouraging the development of sustainable and quality tourism that is culturally, socially acceptable, ecologically friendly and environmentally sustainable.
- Promotion of international and regional co-operation in tourism.
- Provision of conducive environment for private sector lead role in provision of tourism services and goods.
- Promoting community participation.
- Improving key infrastructure for tourism including transport, communication and information technology .

Programme of Action:

Sector specific programmes include improvement in tourism-related infrastructure, aggressive marketing, and strengthened capacity for management and promotion of local community participation in tourism development. The activities include establishment of Wildlife Management Areas (WMAs) involving local communities, establishment of co-management strategies for inland and marine waters and conservation and development of Olduvai Gorge site.

(e) Trade:

Current Situation:

Tanzania's gains in international trade have not been very encouraging, though a great potential exists. This is partly due to the low level of skills and general low level of development.

Constraints:

Constraints to smooth trade fall into three categories:

i) Supply side constraints

Poor physical infrastructure such as roads, railways and airports are a big hindrance to efforts to boost international trade. In the modern world, efficient and timely delivery of goods to markets is one of the key functions of success. Roads leading to production centres and tourist attractions are in bad shape. Other utilities such as electricity, telecommunications and water are highly priced and are also in short supply and often erratic. Other constraints in this category include; unavailability of land with the necessary infrastructure for investors, and lack of cold storage facilities at airports and sea ports for exportable perishables.

ii) Trade support services constraints:-

Constraining factors include absence of export credits, insurance and guarantee schemes for export trade. The absence of financial guarantee schemes is compounded by weak international trade techniques and knowledge among the trading community. Information regarding overseas markets is disjointed and often times lacking. As such formal contracts between Tanzania exporters and their importers abroad are rarely forged. For optimal impact in export trade the Government realises that there is urgent need to improve the regulatory and financial environment to empower businessmen through correct and timely information and attractive financial arrangements.

iii) Ineffective participation in the Multilateral Trading System (MTS)

Current initiatives:

Of the three major constraints, some good ground has been covered in addressing Tanzania's ineffective participation in the MTS. There is an extensive programme, the "Joint Integrated Technical Assistance Programme (JITAP) designed to address this shortfall.

On the supply side constraints the Government with the support of partners in development is implementing a programme which covers the power sector, railways, roads, telecommunications, ports, petroleum sub-sector, in the medium term. Other initiatives include support to the privatisation process, mineral sector development and financial institutions development.

Programme of Action:

In view of the foregoing constraints and current initiatives being pursued, Tanzania has opted for the exploration of export possibilities in the context of sub-sectors with high potential for enhanced performance in line with Vision 2025. The Vision has as one of its strategies an export- led economic growth. The Government has prepared programmes which specifically address the problems of international trade focusing on increasing exports quantity-wise as well as qualitatively. The umbrella programme is the Export Development Strategy (EDS) with smaller programmes. The two sister programmes are the Joint Integrated Technical Assistance Programme which basically addresses the problems of effective participation in MTS, and the Integrated Framework (IF) for Trade Development which focuses more on problems associated with support services. The specific programmes are:

- i) Export Development Strategy (EDS) review and Trade Development.
- ii) Development of Economic Processing Zones (EPZs).
- iii) Capacity building for export promotion.
- iv) Promotion of transit trade.
- v) Promotion of Trade in Services.

4.2.2 Transport and Communication:

Transport, Communications and Meteorology sector plays a vital role in day-to-day social economic development activities. It is a key facilitator of the productive, commercial and administrative sectors.

The existing transport and communications infrastructure includes roads, railways, air, maritime, telecommunications, postal, meteorology and pipeline. Currently, transport and communications sectors contributes about 12% to the export earnings of the country. It is hoped that in the next ten years the contribution will increase quantitatively and qualitatively.

(a) Road system:

Current situation:

This subsector has strong externalities in the economy. The road network consists of about 84,900 km categorized into trunk (10,300), regional (24,600) and district (50,000) roads. About 70 percent of freight is carried by road. The state of the road system leaves a lot to be desired as only 5 percent is paved. Out of the total road network, 72,200 km are earth roads on which agricultural marketing depends. Much of these roads (73 percent) are impassable during rainy seasons while paved and gravel roads need serious maintenance.

Constraints:

The main constraint facing this subsector is inadequate financing and low capacity of local contractors which has led to a backlog in maintenance and rehabilitation works.

Current initiatives:

Since 1991 a programme for rehabilitation, the Integrated Roads Project (IRP) has been in operation directed at restoring the deteriorated network with encouraging results. The proportion of paved trunk road restored improved from 15 percent in the pre - IRP period to 59 percent by year 2000 while for regional roads the corresponding percentages are 10 percent and 15 percent respectively. Other initiatives have included establishment of a Road Fund, the National Roads Agency (TANROADS) and Road Fund Boards, encouragement of private sector participation and initiatives under regional co-operation, especially under the East African Community.

Programme of Action:

Activities in the road subsector are to be concerned with construction of roads and bridges, rehabilitation/regrading/upgrading. Maintenance/reseal and design/supervision. Priority has been placed on maintenance of rehabilitated/upgraded road network, implementation of priority rehabilitation and upgrading projects and rural roads under the jurisdiction of local governments. Rehabilitation and maintenance is to cover 6,636 km out of a total of 85,000 km of trunk, regional and district roads in the first three years. For 2010, the target is to have 50 percent of rural roads, feeder roads and other rural infrastructure in good condition and well maintained. In addition capacity building for local private sector will be emphasized.

(b) **Other Transport and Communications System:**

Current situation:

Railway transport has two lines totalling about 3,570 km operated by Tanzania Railways Corporation-TRC (2600 km) and Tanzania-Zambia Railway Authority-TAZARA (970 km within Tanzania). TRC (of a 1 m gauge) and TAZARA (of 1.067 m gauge) are linked at Kidatu and the Dar es Salaam port interface points. Together, the railways link 14 of the 20 regions on the Mainland, and neighbouring countries including Zambia, Democratic Republic of Congo, Burundi, Rwanda, Uganda and Kenya. TRC is owned by the Government, while TAZARA is owned jointly by Tanzania and Zambia on 50/50 basis. The railway services are not efficient enough to complement the road transport and therefore need to be improved to meet increasing demand. A number of reasons contribute to inadequate performance of railways: incompatibility of the two rail tracks for easier service interchange, low availability of locomotives, wagons, and spare parts, and poor utilisation due to weaknesses in management.

Airports are facing a number of critical problems including inadequately maintained runways, aprons, terminal buildings and facilities; poor state of navigation facilities and fire fighting equipment; weak planning and management; and lack of funds for acquiring necessary equipment. This detracts the growth of aviation sub-sector. Air transport services too are facing a number of problems, including inadequate skilled manpower and poor deployment of the existing ones; inadequate frequency; high domestic fares due to low traffic; inadequate inter-line facilitation; and lack of investment capital.

Maritime transport has major sea ports of Dar es Salaam, Tanga and Mtwara, and other smaller ports of Kilwa, Lindi, Mafia, Pangani and Bagamoyo which are managed and operated by Tanzania Harbours Authority (THA). Inland water transport with ports in lakes Victoria, Tanganyika and Nyasa is managed by Marine Services Company Ltd. Dar es Salaam Port, which is the biggest port, has 11 berths of which 8 are for break-bulk (6,400,000 tonnes) and 3 for containers (120,000 TEUS). The port also has an oil jetty with a capacity of handling larger tankers of up to 40,000 DWT. The challenge for the port of Dar es Salaam is that of attracting greater traffic from its hinterland inside Tanzania and from neighbouring land locked countries.

The telecommunications network is facing problems of old and dilapidated equipment and plants and is heavily congested with a tele-density of about 0.50 telephones per 100 population and the penetration factor of about 2%. The level of postal services in the country is not adequate due to poor infrastructure. Meteorological infrastructure and equipment are in a poor condition. The pipeline infrastructure and plants are aged. Mass media institutions face a number of problems ranging from financial constraints to technical problems.

Current initiatives :

In recognition of the importance of good transport and communications infrastructure for a sound social economic performance, a number of measures were initiated in mid 1980s which include implementing the restructuring policy that endeavoured in undertaking rehabilitation/maintenance and upgrading works. These works were carried out under programmes for Integrated Roads (IRP), the Railway Restructuring (RRP), Airports Rehabilitation (ARP), Port Modernisation (PMP), and Telecommunications Restructuring (TRP). The goal for improvements is to increase the sector's efficiency from the existing level of below 50% to an average of over 80% by year 2010. Other initiatives include the privatisation programme that focuses on increased public-private sector partnership, formation of regulatory bodies, and implementation of local capacity building plans.

Programme of Action:

Programme activities underway put more emphasis on investing in the rehabilitation, maintenance and upgrading of transport and communications infrastructure and existing facilities to enable speedy realisation of the objectives and goals of the identified priority sectors such as education, health, water, agriculture, manufacturing, tourism, mining, energy, and good governance. The overall goal is to make all parts of the country accessible for improved social and economic activities and the associated services and to enhance transit trade by improving transport and communication infrastructure.

With regard to mass media, emphasis will be on strengthening their capacity. Both public and private mass media have the responsibility of informing and entertaining the public. The private sector is active in this sector, but its concentration, particularly in television networks, is on commercially viable centres and programmes. Thus, the area coverage of television broadcasting in Tanzania is minimal, covering two regions in the Mainland, (Dar es Salaam and Coast) Zanzibar and Pemba and parts of three other regions of the Mainland. The government has the role of ensuring equitable access to television services to all the people in Tanzania, the objective being to educate and to mobilise the public for socio-economic and cultural developments. In order to fulfil this objective, the National Television produces programmes that deal with health (trachoma disease, water borne diseases, HIV-AIDs, etc.), civics, gender and community participation. This requires implementation of the 2nd phase of the National Television Programme whose target is to cover fully the remaining eighteen regions of Mainland Tanzania.

(c) **Water Sector**

Current situation:

By year 2000 only about 48.5 percent of the rural and 68 percent of the urban population had access to clean and safe drinking water; while sewerage coverage stood at only 10 percent.

Constraints:

These relate to under-funding, low participation of beneficiaries and limited private sector involvement.

Current Initiatives:

At the policy level, initiatives have involved reforming and restructuring the organizational and institutional framework. The role of the Government has moved from being a direct provider to promoting, regulating and monitoring of providers and other actors and consumers to active participants in the development and provision of water and sanitation services. In addition the sector has been opened up to non-governmental actors and providers.

Where transboundary resources are concerned an integrated development and management approach is adopted. This approach is reflected in the Nile Basin water resources management programme, the Songwe river (with Malawi), the Lake Victoria Environment Management Project (with Kenya, Uganda and Tanzania) and the Kagera Basin Organization.

Specific targets are: implementation of the 2000 Water Policy according to plan. This implies improving the achievements in provision of adequate, safe and clean water in rural areas from 48.5 percent in 2000 to 55 percent by 2003 and further to 85 percent by 2010.

Programme of Action:

Medium term strategies are aiming at accelerating the provision of safe water supply and sanitation services to the majority of the population in a sustainable manner. Emphasis has been put on developing human resource for water management (policy and planning), rehabilitation of hydrometeorological and hydrogeological networks, developing water sources and rehabilitating malfunctioning or inoperative water schemes, conservation of water sources, water quality monitoring and putting in place a management framework which involves the stakeholders (users and providers). The strategies for ensuring sustainability involve private sector participation, empowering communities and promoting partnership among stakeholders. These actions are to cover both rural water supply and urban water supply and sewerage.

(d) **Energy**

Current situation:

The energy sector covers non-commercial primary energy sources (mainly wood fuels) accounting for 92 percent of the final energy consumption; and commercial energy (petroleum, natural gas, hydroelectricity, coal and geothermal) accounting for 8 percent (0.8 percent electricity and petroleum fuels 7.2 percent).

About 85 percent of the energy is consumed in the rural areas where the majority of Tanzania's live. Access to electricity by the rural population is only 1 percent. Wood-based fuels account for over 90 percent of total national energy use in the country. The annual consumption rate is about 40 million cubic metres which is far above the annual sustainable yield of woody bio-mass estimated at 24.3 million cubic metres. This threatens the natural environment.

Constraints:

The main constraint faced is inability, financewise, to diversify to an energy consumption pattern which reduces environmental degradation but meets the demand for domestic and industrial use.

Current initiatives:

These are based on the need to ensure that energy options are sustainable, appropriate, affordable, of good quality and are environmentally sound. Most of the initiatives, however, have been taken on a pilot basis and in isolation. The level of success is still very low. A pilot project is in the process of starting in Dar es Salaam on Integrated Environmental Management. The project is concerned with conservation options.

Programme of Action:

The envisaged programmes aim at curbing the over exploitation of woodfuel through a number of measures: introduction of efficient wood to energy conversion technologies, that is, improved charcoal production methods, efficient wood and charcoal stoves; increased energy efficiency in agricultural processing, small enterprise projects and small scale industries; introduction of bio-mass waste burning stoves, introduction and dissemination of biogas technology, introduction and dissemination of coal briquettes and stoves; extension of rural electrification schemes and development and promotion of other renewable energy sources such as solar, wind, mini-hydro, geothermal plants e.t.c. With respect to commercial energy the programme aims at developing reliable, economically accessible and appropriately priced energy supplies for economic growth while ensuring environmental sustainability.

(e) **Land:**

Current Situation:

A new land policy (1995) is being implemented. Salient features of the policy include proclamations that:-

- All land in Tanzania is public land vested in the President as trustee on behalf of all citizens.
- Equitable distribution of and access to and by all citizens is the principle.
- Security of rights of tenure to peasants and herdsmen is ensured.
- Full, fair and prompt compensation shall be paid when land is acquired within the due process of law.

The land tenure system is intended to:-

- facilitate generation, accumulation and investment of capital particularly in rural agrarian and pastoral sectors;
- facilitate use of land by peasant and pastoral community for attaining food self-sufficiency and production of surpluses for domestic and export markets;
- protect Tanzanians from landlessness and consequent social disruption, and;
- ensure that land use is environment friendly.

The Land Act (1999) and the Village Land Act (1999) have been enacted to enforce the land policy. The following are some of the salient features of the Acts:-

- All land has value.
- Land rights shall be secured in the Constitution.
- Women are entitled to acquire land in their own right not only through purchase but also through allocation.
- All forms of land tenure (public land, right of occupancy and customary tenure) exist side-by-side, none is superior to the other under the law.

Constraints:

- Shortage of planned land.
- Massive growth of unplanned areas.

- Wide breach of land use regulations by developers and inability of the public authorities to enforce regulations.
- Emergence of parallel land delivery system.
- Lack of proper information system.

Current initiatives:

- Preparations to operationalize the new land laws. This includes preparation of forms and regulations, translation of the Village Land Act from English into Swahili, printing of sufficient copies of the Acts, forms and regulations for the public and officials; and public education campaigns.
- Completion of village demarcations and surveys country-wide to facilitate land administration, planning, dispute settlements, revenue collection etc.
- Preparation of base maps for urban and rural land use planning.
- Improvement of land records and establishment of a proper, up-to-date information system that would improve service delivery to customers and improve land revenue collection.

Programme of Action:

The short to medium term programmes are:

- To improve system for managing service delivery and security of ownership with a view to facilitating access to surveyed and serviced land.
- To improve the revenue collection system in order to increase revenue collection by 31 percent.
- To improve village land use plans and to demarcate villages.
- To establish an integrated and automated land information system (register and database).
- To improve overall infrastructure for land management.
- To survey plots and carry-out township mapping as part and parcel of land planning.
- To enforce the Human Settlements Development Policy.

4.2.3 Cross-Sectoral Issues

(a) Governance:

Current Situation

The Government of Tanzania has given governance issues high priority as it is aware that the continuing development problems in the country could be associated with deficiencies in management in the public sector that are reflected in financial management, corruption, low level service provision, tax evasion and unnecessary bureaucratic procedures.

To face these problems, the Government of Tanzania has embarked upon several comprehensive reforms which have a fundamental impact on the relations between citizens and the government, between the private and public sector, between central and local levels of government, on the performance of the public sector regarding the provision of basic services to the people, as well as accountability in public service.

Current Initiatives:

The Government has issued a Framework on Good Governance that provides an overview of governance related reforms in the country and points out the focus areas for continued attention. The main objective of the framework is to help facilitate improved co-ordination of the various governance reforms and to identify specific areas for a targeted approach in supporting good governance initiatives. The various reforms can be summarised into the following main categories:

- the shifting of management responsibilities and production functions from the state sector to the private sector and the increasing role of market forces;
- devolution of powers, finances and a decentralisation of local authority personnel from central ministries to local councils (urban and district) through a Local Government Reform Programme in order to strengthen public participation and political accountability at the lower levels of Government;
- streamlining ministries and other Government agencies to make them cost-effective and improving the management of Government through a Public Service Reform Programme (PSRP);
- attacking financial mal-practice in the public sector, such as corruption and bribery, by identifying their root causes and through a targeted approach to strengthening overall accountability and transparency; and

- sector ministries reorganisation and reform programmes aimed at increased effectiveness and efficiency in service delivery.

The main stated objective for governance-related interventions is to build a Tanzanian society that observes the rule of law, protects human rights and which is peaceful and dynamic socially and economically. Future strategies will therefore focus on:-

- promoting participation of the people in decision making for social, political and economic development;
- promoting the private sector without neglecting the importance of an effective regulatory framework;
- cherishing the principles for constitutionalism, rule of law and administration of justice and protection of human rights;
- promoting gender equality;
- building the culture of accountability, transparency and integrity in the management of public affairs;
- building capacity of the public service to deliver public services efficiently and effectively; and
- promoting and observing the positive principles of electoral democracy.

Programme of Action:

Specific actions relate to curbing corruption, strengthening of the Prevention of Corruption Bureau (PCB), raising public awareness on good governance, introduction of civic education, and strengthening the judiciary. Targets for 2003 include speeding up primary court decisions, raising the ratio of decided cases from 63 percent to 80 percent, reducing average time taken to reach court decisions to 18 months and raising the allocation for operational requirements in the judiciary from 50 percent to 100 percent. With regard to civil service emphasis will be placed in accelerating pay reforms with a view to improving the incentive structure and curbing corruption.

(b) Natural resources and Environment:

Current Situation:

The Natural Resources sector comprises of renewable natural resources such as forests and bee-keeping, fisheries (fresh, marine and minor water bodies), wildlife and antiquities.

- Tanzania has about 33.5 million hectares of forest and woodlands. The forests and woodlands offer habitat for wildlife, bees (bee-keeping), unique natural ecosystem and genetic resources. Bio-energy is the main source of fuel of rural as well as urban population and accounts for 92 percent of total energy consumption in the country. Forestry accounts for 2 percent to 3 percent of GDP and 10 percent of exports.
- The fisheries sector contributes about 2 percent of GDP and 10 percent of export earnings. Statistics show that only about 50 percent of the estimated potential is exploited.
- The wildlife of Tanzania is a unique natural heritage and resource that is of great importance nationally and internationally. Its importance lies both in the biological value of the species and habitats found in Tanzania. Tanzania wildlife protected area covers 28 percent of the total land area of which 19 percent is devoted to wildlife in protected areas (National Parks and Game Reserves) where no human settlement is allowed. The rest of the areas, wildlife co-exist with humans.

Constraints:

- Woodlands are under enormous pressure from expansion of agricultural activities, livestock grazing and other human activities.
- Fisheries sector faces problems of lack or inadequate capital for investment, expensive fishing gears and inputs, lack of quality assurance system and poor infrastructure.
- Wildlife conservation faces many challenges like illegal use of wildlife resources. Poor agricultural practices like shifting cultivation, cutting trees and burning, loss of wet lands and water catchment areas which contribute to wildlife habitat shrinkage.

Current Initiative:

- There have been various initiatives directed at conserving forest resources sustainably. The most current initiatives are stipulated in the revised National Forestry and Bee-Keeping Policy documents that emphasize the participation and involvement of individuals, local communities and private sector in the development and management of forestry and bee-keeping resources.

Other current initiatives to boost the sector include revisiting forest and bee-keeping legislation with the aim of making it conform to the new policies. The new legislation is to become operational by 2001.

- Fisheries resources managed through the Fisheries Act. No.6 of 1970.
- Future emphasis is on involving stakeholders (fishing communities) in fisheries resource management, for example, the Lake Victoria Environment Management program through which community-based resource management has been introduced.
- Wildlife Management Areas (WMAs) are being established in order to involve the local community in the management and utilization of wildlife resources in a sustainable manner. WMAs will be owned by village(s) and they may, if they wish, enter into business with hunting block operators or tourist hunters.

Programme of Action:

Priority areas for intervention in the sector include the implementation of the following projects:

- Improving the institutional and regulatory environment for natural resources management.
 - Establishment of Wildlife Management Areas and development of land use plans.
 - Capacity building for local communities and wildlife personnel.
 - Re-investment in Game Reserves.
- i) During the first three years, interventions will be directed at implementing the National Action Programme to combat desertification, human resource and institutional strengthening. Other efforts will focus on soil and water conservation, energy efficiency programmes and development of alternative energy sources, conservation of degraded lands, environmentally sound practices for small scale mining activities, development of waste management strategy in urban areas and promotion of reuse and recycling of waste.
- Human resources development and institutional capacity building will be pursued for the development of general competence in environmental management and natural resources utilization. This will include :-
- ii) Strengthening of local authorities by empowering community committees.
 - iii) Training of personnel at various levels to improve functional capabilities.

(c) **Community Development and Gender Issues:**

Current Situation:

Community development takes place in an environment of poverty and vulnerability of certain sections of the society. Actions in this area aim at promoting sustainable community - based and community-focused development in order to improve quality of life. This basically involves capacity building to the communities, to enable them understand their problems and potentials and hence direct their own development. Eventually communities will be able to assume an increased role and control of their own social-economic development process.

Current Constraints:

Poor capacity in terms of technical know how; resources and organizational systems is the main constraining factor.

Current Initiatives:

These have included establishment of policies on community development and the development of women and children as well as development of a sub-programme targeting the reduction of gender imbalances.

Programme of Action:

The objectives for 2000 - 2010 are:-

- To build the capacity of both women and men for effective community participation in the socio-economic development process.
- To enhance public awareness through advocacy on community matters.
- To support and monitor gender mainstreaming initiatives in policies and programmes.
- To promote the use of appropriate technologies by communities both men and women.
- To empower women socially and economically.
- To promote children's rights.

4.2.4 Social Services:

(a) Education and Training

Current situation:

Declining enrolment at primary level, low transition rate to secondary level and even lower transition rate to tertiary level, increasing wastage at almost all levels are the critical issues in the delivery of education, in addition to inadequate physical infrastructure and teaching materials. Additional issues include high costs of tertiary level education, poor quality of teaching staff and teaching environment at lower levels, inadequate quality assurance, low internal and external efficiency and inadequate emphasis on adult education and vocational training.

Constraints:

The expansion of delivery is hampered by insufficiency of resources both public and private.

Current Initiatives:

These involve casting wider the net of partnership in delivery in order to improve the private - public mix. At the level of policy, initiatives have included the Education and Training Policy, Education Sector Development Programme, Comprehensive Pre-Education Programme; Comprehensive Secondary Education Programme and Vocational Training and Establishment of Community Education Funds.

Programme of Action:

The specific actions for the sector include expanding enrolment at all levels, expanding infrastructure, improvement in the quality of staff and increasing relevance in the curriculum. Universal literacy is targeted by 2010. Targets for 2003 include increased gross enrolment in primary education to 85 percent; transition rate of primary to secondary level from 15 percent to 21 percent; reduced drop-out rate from 6.6 percent to 3 percent; increased net primary school enrolment from 57 percent to 70 percent and increased secondary education gross enrolment from 5 percent to 7 percent (of those aged between 14-17 years).

For the medium term (2000/2001 - 2004/2005) the focus will be on:

- Increase resource flow to the sector.
- Increasing enrolment and retention by improving the teaching - learning environment at all levels.

- Strengthening the management capacity at all levels (national, district and institutional).
- Improving the Education Management Information System (EMIS).
- Controlling the spread of HIV/AIDS/STDs through the education system at all levels of education.
- Strengthening adult education and vocational training.

At the primary level the specific programmes involve constructing and rehabilitating classrooms, increased supply of textbooks and other teaching-learning materials, enhancing teacher competence (In-Service Training - INSET), expansion of Complimentary Basic Education Training (COBET) and Integrated Community Based Adult Education (ICBAE), reduction of high drop out rate for girls, improving school inspection services, capacity building in management, administration and financial management, school mapping, teaching audit and sensitizing the school youth on HIV/AIDS and provide counselling.

Additional specific programmes at the secondary level include support to girl students from poor/disadvantaged families, support for girl students to opt for science subjects. At the level of teacher training specific programmes will include rehabilitation of physical facilities, enhancing the teaching competencies of college tutors and improving the Pre-Service Training (PRESET) programme. With regard to higher education the specific programmes include providing funding for research activities, construction of a multi-purpose science complex and increasing equitable access.

(b) Health:

Current situation:

Access to health services is low due to limited facilities (infrastructure and equipment) low and expensive availability of medicines, limited number of personnel e.t.c. affecting almost all levels of delivery: primary health care, preventive and curative services, MCH services as well as at the referral level. Quality of services is low.

Constraints:

These include inadequate financing, supply side factors (personnel, medical supplies and equipment), HIV/AIDS, poor infrastructure and problem of infections or communicable diseases such as malaria.

Current Initiatives:

They include the Health Sector Reform, Health Policy, Community Health Fund, introduction of Civil Service Health Insurance, Basket Health Financing and rehabilitation of health infrastructure.

Programme of Action:

Priority actions include rehabilitation of the health infrastructure, promotion of private-public partnerships, manpower development, improving management and introduction of health insurance services. Specific actions on HIV/AIDS include implementation of a multisectoral HIV/AIDS policy and improving primary health care services.

The following specific targets have been set:

Immediate (by 2003):

- increase percentage of children under 2 years immunized against measles and DPT from 71 percent to 85 percent
- 75 percent of districts to be covered by an active HIV/AIDS awareness campaign,
- increased coverage of births by trained personnel from 50 percent to 80 percent,
- reduced infant mortality rate from 99 per 1000 to 85 per 1000,
- reduced maternal mortality from 529 per 100,000 live births to 450,
- reduced under - five mortality from 150 per 1000 to 127 per 1000,
- reduced malaria case fatality for under five children from 12.8 percent to 10 percent,
- reduced prevalence of stunting from 43.4 percent to 20 percent,
- reduced prevalence of wasting from 7.2 percent to 2 percent

2010:

- reduced infant mortality rate from 99 per 1000 in 1999 to 50 per 1000,
- contain seropositive rate in pregnant women from 5.5 – 23 percent to 6-27 percent,
- reduced maternal mortality to 265 per 100,000,

- restored life expectancy to 52 years,
- decreased malaria inpatient case fatality rate for under-five children to 8 percent.

The specific action include:

- Restoration/rehabilitation of existing infrastructure including provision of equipment.
- Strengthening delivery of primary health care service in order to enhance efficiency and effectiveness.
- Establishing an enabling environment for the private sector (including NGOs) to participate fully in the provision of health services.
- Strengthening the legal and regulatory framework to ensure quality and curb unethical practices.
- Promoting alternative health financing arrangements such as health insurance for civil servants and community health funds.
- Implementing human resource programme to train adequate health staff to manage services.
- Promoting preventive care through public health education and community participation.
- Reducing infant and maternal mortality and increasing life expectancy through the provision of adequate and equitable maternal and child health service, promotion of adequate nutrition, control of communicable diseases.
- Sensitisation of communities on common preventable health problems and improving the capabilities at all levels of society to assess, analyse problems and to design appropriate actions through genuine community involvement.

4.3 Costing of Priorities

The Programme of Action is drawn on the basis of various existing initiatives in policy and sectoral programmes, with emphasis on priorities within priorities. The programme is phased in three periods 2001 - 2003; 2004 - 2005 and 2006 - 2010. For the first phase, both the priorities and costings are much more clearly seen given that the same are based on Government policy documents such as the PRSP and Sector Strategy Papers. The proposed long term actions and programmes which are in line with the Tanzania Development Vision 2025.

Appendix I

**SUMMARY OF INDICATIVE BUDGET AND CASH FLOW
REQUIREMENTS BY SECTOR AND PROGRAMME
(US\$ MIL.)**

SECTOR	SECTOR/MINISTRY DEPARTMENT	2001	2002	2003
1. Agriculture	Ministry of Agriculture and Food Security	46.1	48.4	51.3
2. Manufacturing	Ministry of Industries and Trade	11.0	11.6	12.2
3. Mining	Ministry of Energy and Minerals	4.0	4.2	4.4
4. Trade	Ministry of Industries and Trade	0.6	1.5	1.2
5. Roads	Ministry of Works	166.7	185.0	175.0
6. Water	Ministry of Water and Livestock	112.5	119.7	105.4
7. Energy	Ministry of Energy and Minerals	27.6	29.1	30.8
8. Communication	1) Ministry of Communications and Transport 2. Prime Minister's Office	13.4	16.5	3.3
9. Education	1) Ministry of Education and Culture 2) Ministry of Science, Technology and Higher Education	230.0	225.0	222.0
10. Health	Ministry of Health	167.5	175.9	185.9
11. Lands	Ministry of Lands	10.4	10.9	11.5
12. Natural Resources, Environment and Tourism	1) Ministry of Natural Resources and Tourism 2) Vice President's Office	12.4	16.0	11.0
13. Community Development	Ministry of Community Development, Women and Children Affairs	5.4	6.0	6.6
14. Governance	Ministry of Justice and Constitutional Affairs	9.4	9.8	10.4
15. Total Requirements		817.0	859.6	831.0
16. Less own Funds (*)		41.2	43.7	50.0
17. Add Debt-service		151.2	168.3	248.7
18. Less Projected ODA Commitments		683.3	643.4	467.7
Unfunded gap		243.7	340.8	562.0

* Excluding Recurrent Budget Financing projected at US\$ 1,542.2 million in 2001/2, \$1,608.4 million in 2002/2003 and \$ 1,784.1 in 2003/4.

Appendix II

INDICATIVE BUDGET OF THE PROGRAMME OF ACTION FOR TANZANIA (2001-2010) IN US\$ MILLION

SECTOR/ACTIVITIES	2001-2003	2004-2005	2006-2010	TOTAL 2001-2010
1. Agriculture:				
1.1 Strengthening Research and Extension Services	20.5	10.0	6.0	36.5
1.1 Provision of Plant Protection Services	13.0	-	-	13.0
1.2 Farmers Environmental and Resource Management	2.2	-	-	2.2
1.3 Expansion and improvement of irrigation farming	36.5	2.5		39.0
1.4 Mechanisation services	40.0	1.6	1.1	42.7
Subtotal	112.2	14.1	7.1	133.4
PRSP	33.6	-	-	33.6
Total Agriculture	145.8	14.1	7.1	167.0
2. Manufacturing:				
2.1 Development of Export Processing Zones	5.5	7.0	4.3	16.8
2.2 Enhancing Technical Diffusion & Competitiveness	3.0	2.0	-	5.0
2.3 Production Development and Diversification	3.0	4.0	-	7.0
2.4 Development of Packaging Technology	1.0	-	-	1.0
2.5 SME Development Support	3.7	5.0	8.5	17.2
2.6 Bridging Finance for Ongoing Projects	2.3	1.6	-	3.9
2.7 Strengthening Bureau of Standards	1.0	0.5	0.3	1.8
2.8 Private Sector Support	11.5	5.5	2.8	19.8
2.9 Improving industrial statistics	3.8	2.2	1.8	7.8
Total Manufacturing	34.8	27.8	17.7	80.3
3. Mining				
3.1 Environment management	1.6	1.4	3.0	6.0
3.2 Improvement of social infrastructure around the Mining areas.	4.7	3.8	6.5	15.0
3.3 Improvement of Technology and equipment	2.0	2.5	3.5	8.0
3.4 Establishment of Gemstone facility	3.0	2.0	5.0	10.0
3.5 Capacity building	1.3	1.2	2.5	5.0
Total Mining	12.6	10.9	20.5	44.0
4. Trade:				
4.1 WTO Awareness Creation	1.0	0.8	-	1.8
4.2 Export Financing and Guarantee	2.0	1.0	-	3.0
4.3 Development of IF – Focal Point	0.3	-	-	0.3
Total Trade	3.3	1.8	-	5.1
5. Roads:				
5.1 Trunk Roads				
(i) Construction of Roads	11.7	10.7	15.3	37.7
(ii) Construction of Bridges	5.0	3.4	-	8.4
(iii) Rehabilitation of roads	63.5	52.5	93.4	209.4
(iv) Upgrading of roads	-	45.1	84.4	129.5
(v) Maintenance/Reseal	-	16.6	31.1	47.7

SECTOR/ACTIVITIES	2001-2003	2004-2005	2006-2010	TOTAL 2001-2010
(vi) Design/Supervision	11.0	14.0	7.0	32.0
Sub total trunk roads	91.2	142.3	231.2	464.7
5.2 Rural Roads				
(i) Construction of Roads	39.4	23.0	7.8	70.2
(ii) Bridges	2.8	4.2	-	7.0
(iii) Regravelling	66.9	52.0	34.7	153.6
(iv) Maintenance/Reseal	1.3	0.7	-	2.0
(v) Design/Supervision	5.5	5.5	1.0	12.0
Sub total rural roads	115.9	85.4	43.5	244.8
PRSP	319.6	-	-	319.6
Total rural roads	435.5	85.4	43.5	565.4
Total Roads	526.7	227.7	274.7	1029.1
6. Water:				
6.1 Human Resource Development	8.1	1.5	-	9.6
6.2 Institutional Capacity Building	1.0	1.1	0.8	2.9
6.3 Water Resource Management	8.0	4.5	6.0	18.5
6.4 Urban Water Supply and Sewerage	119.1	71.6	71.6	262.3
6.5 Rural Water Supply	46.8	154.6	124.8	326.2
6.6 Water Utilization, Control and Regulation	1.6	2.5	3.2	7.3
Sub total	184.6	235.8	206.4	626.8
PRSP	153.0	-	-	153.0
Total Water	337.6	235.8	206.4	779.8
7 Energy:				
7.1 Rural Electrification	85.2	29.7	67.5	182.4
7.2 Renewable Energies	2.3	2.7	2.8	7.8
Total energy	87.5	32.4	70.3	190.2
8 Communication:				
8.1 Development of Mafia Jetty	0.8	0.9	1.0	2.7
8.2 Rehabilitation of Aerodromes	6.6	11.0	7.5	25.1
8.3 Rail Gauge Change and Improvement of Telecommunication	2.2	1.7	1.8	5.7
8.4 Tanga, Arusha, Musoma, Jinja Railway	0.8	0.5	1.6	2.9
8.5 Meteorology equipment	10.8	14.5	12.2	37.5
8.6 National Television	22.4	-	-	22.4
Total Communication	32.2	14.5	12.2	59.9
9 Education:				
9.1 Improvement of teaching and learning environment	228.5	262.5	335.0	826
9.2 Strengthen Administration and Financial Management System	45.6	58.1	134.0	237.7
9.3 Improvement of Education Management System	1.8	-	-	1.8
9.4 Control of HIV/AIDS/STI in the education system	2.1	2.4	2.6	7.1
Sub total Education				

SECTOR/ACTIVITIES	2001-2003	2004-2005	2006-2010	TOTAL 2001-2010
PRSP	278.0	323.0	471.6	1072.6
Total Education	399.0	-	-	399.0
	677.0	323.0	471.6	1471.6
10 Health:				
10.1 Procurement of Drugs	47.8	57.3	61.3	166.4
10.2 Essential Medical Supplies	9.9	11.9	14.2	36.0
10.3 Essential Hospital equipment and reagents (diagnostic equipment, X-ray inclusive)	11.7	14.1	15.6	41.4
10.4 Immunisation	2.1	2.5	2.8	7.4
10.5 Utilities for hospital and Training Institutions	0.4	0.4	0.5	1.3
10.6 Strengthening referral hospitals – provide PHC units with drugs, equipment and trained staff	8.0	9.6	11.5	29.1
10.7 Define the referral hospitals – functions of secondary and tertiary curative services.	23.9	19.6	12.1	55.6
10.8 Counterpart funds for earmarked projects/activity (CHF, NHI, HSDP, ORET and ADB)	5.9	1.8	1.8	9.5
10.9 Malaria Control	4.8	5.7	5.7	16.2
10.10 Immunization of 2 years for 71% to 75% including IMCI	29.8	22.7	19.1	71.6
10.11 Human Resources Development	10.1	9.1	9.1	28.3
10.12 HIV/AIDS awareness campaigns	13.6	13.6	11.0	38.2
10.13 Environmental; Health	2.2	1.6	1.6	5.4
10.14 Rehabilitation of medical facilities	29.2	175.1	175.1	379.4
Sub total Health PRSP	199.4	345.0	341.4	885.8
Total Health	329.9	-	-	329.9
	529.3	345.0	341.4	1215.7
11 Lands:				
11.1 Strengthening Land delivery system and Security Ownership	0.3	0.1		0.4
11.2 Village Land Use Plans	0.6	0.3	1.7	2.6
11.3 Village Demarcation	0.2	0.2	-	0.4
11.4 Land Management Information System	3.0	-	-	3.0
11.5 Land Planning/Survey of Plots	25.7	26.1	53.8	105.6
11.6 Township Mapping	-	1.1		1.1
11.7 Formulation of Legislation for the Enforcement of the Human Settlement Development Policy	2.4	0.4	0.5	3.3
11.8 Rehabilitation of Buildings	0.6	2.2	0.1	2.9
Total Lands	32.8	30.4	56.1	119.3
12. Natural Resources, Environment and Tourism				
12.1 Establishment of Productive and Community based Wildlife Management Schemes	0.1	0.1	0.1	0.3
12.2 Establishment of Community based Management schemes for Inland Water Fisheries and Marine Waters.	3.8	3.0	4.1	10.9
12.3 Conservation (Olduvai Gorge)	1.8	1.4	1.4	4.6
12.4 Promotion of tourism (Community/Cultural Tourism, Ecotourism)	0.3	0.9	2.9	4.1
12.5 Environment Conservation/Protection	33.4	32.9	59.2	125.5

SECTOR/ACTIVITIES	2001-2003	2004-2005	2006-2010	TOTAL 2001-2010
Total Natural Resources, Environment and Tourism	39.4	38.3	67.7	145.4
13. Community Development				
13.1 Improving training institutes	5.0	4.0	3.5	12.5
13.2 Awareness creation and support (Women and Children programmes)	13.0	17.3	15.3	45.6
Total Community Development	18.0	21.3	18.8	58.1
14. Governance				
14.1. Judiciary (PRSP)	29.6			29.6
GRAND TOTAL	2507.6	1323.0	1564.5	5395.1

TANZANIA: FACTS AND FIGURES

Political Independence:	9 th December, 1961
Form of Government:	Union Government, the United Republic of Tanzania.
Political System:	Pluralist
Population, 1999:	31.6, million (estimates) .
HIPC Eligibility:	April 4 th , 2000.
Currency:	The Tanzanian Shilling. Exchange rate: approximately T.shs. 800= US\$ 1 (Nov. 2000)
Inflation rate:	5.5% (Dec. 2000)
Agricultural GDP,	T.shs. million at factor cost, 1992 prices. Mainland 770509 (1999)
Real GDP growth, 1999:	Mainland 4.7%
Per capita GDP (US \$), 1999:	270
Total Revenue/GDP, 1998/99:	Mainland 12.1%
Total govt. exp/GDP, 1998/99:	Mainland 11:1%
Primary School enrolment as % population, 1998:	17.4
Gross enrolment rate 1998:	76.5%
Net enrolment rate 1998:	57%
Drop-out rate 1998:	17%
Higher education students per 100,000 inhabitants, 1999:	47
Higher education Gross Enrolment Ratio, 1999:	0.27
Maternal mortality per 100,000 live births 1999:	529
U-5 mortality rate (1999) per 1000	150
Moderate malnutrition U5 (%) (1999)	44

**ASSOCIATION OF GROWTH OF GDP WITH GROWTH IN
REAL SECTOR - ECONOMETRIC RESULTS**

**GROWTH OF THE REAL SECTOR IS A SIGNIFICANT
DETERMINANT OF GDP GROWTH IN TANZANIA**

An analysis was carried out in order to associate growth of GDP with growth in the real sector econometrically. A simple regression equation was estimated for the period 1980 - 1999, using the Ordinary Least Squares (OLS) method (Mbelle 2000).

Model: $RGDPG = \alpha + \beta RESG + e_i$

Where

$RGDPG$ = real GDP growth

α = Constant

β = coefficient

$RESGD$ = growth of the real sector

e_i = error term

The following results were obtained

$RGDPG = 0.79 + 0.32 RESG$

(3.92)

Adj. R-square 0.66; DW = 1.9; F = 15.4

Where (3.92) is the t-statistic.

These results show that changes in the growth of the real sector explain 66 per cent of the changes in GDP growth. RESG is significant at the conventional test levels (1%).

These findings (Box above) are similar to those by Luvanda (2000) which reported that real sector variables significantly explained business cycles (output changes) in Tanzania, using a structural Vector Autoregression (VAR) model for the period 1965 to 1995. The variables were subjected to co-integration tests.

APPENDIX V

STRUCTURE OF REAL GDP IN TANZANIA 1990 - 1999 (%) (at factor cost)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
SECTOR										
A: MONETARY										
Agriculture	26.6%	26.9%	26.6%	27.3%	27.5%	28.3%	28.4%	27.9%	27.4%	27.3%
Crops	18.4%	18.7%	18.3%	18.8%	18.9%	19.8%	19.9%	19.4%	19.1%	19.1%
Livestock	4.5%	4.5%	4.5%	4.6%	4.6%	4.6%	4.5%	4.5%	4.4%	4.4%
Forestry & Hunting	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.2%
Fisheries	2.4%	2.4%	2.5%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
Mining & Quarrying	0.9%	1.0%	1.1%	1.1%	1.3%	1.4%	1.5%	1.7%	2.0%	2.1%
Manufacturing	8.8%	8.7%	8.2%	8.2%	8.1%	7.9%	8.0%	8.1%	8.4%	8.3%
Water and Power	1.5%	1.6%	1.5%	1.6%	1.6%	1.6%	1.7%	1.7%	1.7%	1.7%
Power	1.3%	1.4%	1.4%	1.4%	1.4%	1.4%	1.5%	1.5%	1.5%	1.5%
Water	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Construction	4.8%	4.3%	4.5%	3.7%	3.7%	2.9%	3.0%	3.2%	3.5%	3.6%
Wholesale, retail & Hotels	16.3%	16.2%	15.8%	15.7%	15.7%	15.7%	15.6%	15.8%	15.9%	16.1%
Transport & Communication	4.6%	4.6%	5.2%	5.2%	5.1%	5.3%	5.1%	5.2%	5.3%	5.4%
Finance, Insurance, real estate & business services	5.7%	5.5%	5.7%	6.0%	6.0%	5.7%	5.4%	5.9%	6.1%	6.0%
Finance & Insurance	3.8%	3.6%	3.6%	3.9%	4.0%	3.7%	3.4%	3.8%	4.0%	4.0%
Renting	1.6%	1.6%	1.7%	1.8%	1.7%	1.7%	1.7%	1.7%	1.8%	1.7%
Business Services	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Public Administration & Other Services	8.7%	8.9%	9.2%	8.8%	8.7%	8.2%	8.0%	7.9%	7.8%	7.7%
Administration	6.0%	6.2%	6.4%	5.9%	5.7%	5.2%	4.9%	4.9%	4.8%	4.6%
Education	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%	1.1%
Health	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	0.6%	0.6%
Other Services	1.1%	1.1%	1.1%	1.2%	1.2%	1.2%	1.2%	1.3%	1.3%	1.3%
Less imputed bank service charges	-4.4%	-4.3%	-4.5%	-5.0%	-5.3%	-4.8%	-4.2%	-5.0%	-5.2%	-5.1%
Total Monetary	73.5%	73.4%	73.3%	72.6%	72.4%	72.2%	72.4%	72.4%	73.0%	73.1%
B: NON MONETARY										
Agriculture	21.3%	21.3%	21.4%	22.0%	22.1%	22.4%	22.2%	22.2%	21.7%	21.6%
Crops	17.0%	17.0%	17.0%	17.5%	17.6%	17.9%	17.7%	17.8%	17.4%	17.3%
Livestock	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.1%	2.1%
Forestry & Hunting	1.9%	1.9%	1.9%	2.0%	2.0%	2.0%	2.0%	1.9%	1.9%	1.9%
Fisheries	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Construction	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Residential Houses	4.3%	4.3%	4.4%	4.5%	4.6%	4.5%	4.5%	4.5%	4.4%	4.4%
Total Non-Monetary	26.5%	26.6%	26.7%	27.4%	27.6%	27.8%	27.6%	27.6%	27.0%	26.9%
Total (GDPfc): A + B	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Bureau of Statistics

APPENDIX VI

GDP GROWTH 1990 - 1999 (%) , (at factor cost)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
SECTOR										
A: MONETARY										
Agriculture	6.7%	4.2%	0.4%	3.0%	2.4%	6.6%	4.5%	1.5%	2.3%	4.1%
Crops	8.5%	4.8%	-0.6%	2.9%	2.4%	8.1%	5.0%	0.7%	2.3%	4.6%
Livestock	3.0%	2.7%	2.7%	2.7%	1.4%	2.7%	2.7%	2.7%	1.9%	3.5%
Forestry & hunting	2.8%	2.7%	2.7%	2.9%	2.7%	2.7%	2.7%	3.7%	1.2%	2.0%
Fisheries	2.9%	2.9%	3.0%	4.4%	3.9%	4.0%	4.1%	3.8%	3.5%	3.2%
Mining & Quarrying	16.5%	11.7%	7.7%	8.2%	15.0%	11.7%	9.6%	17.1%	27.4%	9.1%
Manufacturing	4.1%	1.9%	-4.0%	0.6%	-0.2%	1.6%	4.8%	5.0%	8.0%	3.6%
Water and Power	7.9%	11.1%	-1.3%	0.9%	2.0%	6.1%	11.1%	2.2%	5.5%	3.9%
Power	9.9%	12.6%	-1.8%	0.7%	2.0%	6.8%	12.4%	2.3%	6.0%	4.0%
Water	-3.1%	1.1%	2.5%	2.0%	1.8%	1.6%	1.6%	1.7%	1.8%	3.0%
Construction	37.7%	-8.8%	6.6%	-17.7%	1.3%	-18.9%	9.4%	10.0%	12.0%	9.7%
Wholesale, retail & hotels	7.4%	2.5%	-0.7%	-0.4%	1.1%	3.5%	3.5%	5.0%	4.7%	6.0%
Transport & Communications	0.5%	2.7%	14.2%	0.1%	0.9%	5.9%	1.1%	4.9%	6.2%	5.8%
Finance, insurance, real estate & business services	0.7%	0.1%	4.3%	6.1%	2.4%	-1.4%	-1.7%	11.5%	7.7%	3.6%
Finance & Insurance	1.1%	-3.6%	3.2%	8.0%	4.6%	-5.2%	-5.4%	16.5%	9.0%	4.3%
Renting	-0.7%	8.8%	7.0%	2.5%	-3.0%	6.6%	4.6%	3.8%	5.1%	2.2%
Business Services	3.2%	3.3%	3.5%	3.5%	4.5%	5.0%	6.0%	1.2%	6.0%	4.2%
Public Administration & Other Services	3.0%	5.0%	5.6%	-3.9%	-0.1%	-2.7%	1.6%	3.2%	2.7%	3.5%
Administrations	2.1%	5.3%	5.7%	-7.3%	-2.2%	-6.3%	0.0%	2.0%	1.5%	1.9%
Education	6.4%	3.2%	7.0%	3.5%	4.7%	3.6%	3.8%	3.7%	6.6%	3.6%
Health	4.7%	4.3%	3.3%	3.8%	3.6%	3.7%	3.7%	5.1%	2.4%	3.2%
Other Services	4.3%	5.2%	5.1%	4.7%	4.2%	5.1%	4.9%	6.3%	4.0%	9.5%
Less imputed bank services charges	2.7%	1.5%	4.7%	11.9%	7.9%	-5.4%	-10.0%	23.5%	8.6%	3.4%
Total Monetary	7.1%	2.8%	1.6%	-0.6%	1.2%	3.2%	4.6%	3.2%	4.9%	4.9%
B: NON MONETARY										
Agriculture	4.0%	2.8%	2.3%	3.2%	1.8%	4.9%	3.1%	3.7%	1.4%	4.1%
Crops	4.3%	2.8%	2.1%	3.3%	1.7%	5.5%	3.2%	4.0%	1.4%	4.4%
Livestock	3.0%	2.7%	2.7%	2.7%	1.4%	2.7%	2.7%	2.7%	1.9%	3.5%
Forestry & Hunting	2.8%	2.7%	2.7%	2.9%	2.7%	2.7%	2.7%	2.1%	1.2%	2.7%
Fisheries	2.9%	2.9%	3.0%	4.4%	3.9%	4.0%	4.1%	2.8%	3.5%	3.0%
Contraction	2.1%	2.1%	2.1%	2.0%	2.0%	2.0%	1.9%	1.9%	2.0%	4.6%
Residential Houses	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	2.8%	4.7%
Total non monetary	3.8%	2.8%	2.4%	3.1%	2.0%	4.5%	3.1%	3.6%	1.7%	4.2%
Total (GDPfc): A + B	6.2%	2.8%	1.8%	0.4%	1.4%	3.6%	4.2%	3.3%	4.0%	4.75%

Source: Bureau of Statistics

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