

Tanzania Country Analysis

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1. Introduction

Tanzania is experiencing its second major transition in 40 years. The first, at independence, entailed the disconnection from the Imperial system and the establishment of a national economy, structure and identity. The second, which we witness today, concerns political reforms and a renewed integration into the global economic system. This transition is probably the more difficult, partly since the first was not fully implemented, partly because some of the gains from this transition are less immediate and have political costs. The incomplete transition left Tanzania with an overburdened and weak civil service, a heavy debt burden, an inefficient and unsustainable agriculture sector and a narrow industrial base, resulting in persistent poverty levels, which add to the difficulties of implementing and managing the current process of change.

The main components of the second transition are the macro-economic and political reforms, the shift from state organised to private sector led economic growth, including the creation of conducive conditions for trade and investment, and efforts to maintain regional and national political stability. It also contains targeted efforts to reduce poverty and stimulate pro-poor growth through the extended Highly Indebted Poor Countries (HIPC) initiative and the related Poverty Reduction Strategy. The new transition is on the right track, which is evidenced by a positive GDP growth in recent years. Although the growth has generated only minor increases in per capita income, and the effects on poverty levels have thus been limited, the reforms have laid the foundation for a renewed effort to fight poverty. To be successful in this respect, Tanzania however needs to achieve a more substantial economic growth.

Development assistance plays a major role in the Tanzanian economy and aid dependence is high, both from a financial and a mental point of view. During the last four years, there has been a determined process to change this relation between Tanzania and its development partners. It has been manifested in initiatives such as the Nordic-Tanzania Partnership, and the wider partnership between Tanzania and its donors established the following year. The new partnership has succeeded above all on a macro level, and Tanzania has taken the lead over processes such as the Public Expenditure Review and in negotiations with the World Bank and IMF. However, much remains to be done before the new attitudes and work methods are assimilated by the lower levels of the administration and the society.

The radical transition that Tanzania is now undertaking must be allowed to take time and will certainly meet temporary setbacks. However, there is a firm commitment to the reforms at highest political level and Tanzania can exhibit an impressive track record on macro-economic stability during the second half of the 1990s. While the initial reforms were mainly driven by external actors, the government is now defining the aims and co-ordinating the process through the formulation of the Tanzania Assistance Strategy (TAS). The reform processes in themselves need further support, as do the efforts to establish conditions for pro-poor economic growth and poverty reduction.

The country analysis 1996 discerned a paradox between Tanzania's abundant natural resources and her prevalent poverty. In this analysis, this perspective is further deepened and the paradox between positive macro-economic development and stagnant and in some respects deteriorating living conditions for the majority is explored.

The analysis takes its point of departure in a profile of poverty in Tanzania. In doing so, it follows the structure of the Tanzania Assistance Strategy which highlights poverty reduction as the main development goal for the next twenty years. This is followed by a review of the human right situation in Tanzania in general and of the poor in particular. Special attention is given to the situation of women, children and youth.

2. Poverty in Tanzania

2.1 Causes and consequences of poverty

After independence, Tanzania opted for a socialist-oriented model for development. Although pursued with the best of intentions, the centrally planned economy did not bring development and prosperity to the people. Massive development assistance and loans were provided by the international community to support the economic and political path embarked on by Tanzania. However, inefficiencies and administrative allocation of resources crippled the economy and growth did not take off. The private sector contracted and agricultural development staggered. A heavy debt burden began to strangle the economy. Low growth rates and the ensuing lack of financial resources by the government resulted in declining service levels to the people in terms of access to education, health and other social services. The policies of the past resulted in more poverty, rather than less.

Who are the Poor in Tanzania?¹

- rural farmers in areas with poor natural conditions;
- cultivators and pastoralists in marginal areas;
- landless households in areas with land scarcity;
- disabled people with restricted social networks;
- young people without access to land;
- women in female-headed households
- urban dwellers in the informal sector

The present government has with great determination moved away from the centrally planned economy of Tanzania's first decades of independence. During the 1990s there have been substantial achievements in terms of macro-economic reforms and continuing internal unity and stability in a time of political change. However, Tanzania is still one of the poorest countries in the world, and only a small part of the population has so far been able to benefit from the new opportunities opened up by the reforms¹. Life is particularly difficult for the 80 percent of the population dependent on agriculture for survival. Tanzania is entering the new millennium with 16 out of 30 million citizens living in absolute poverty.

The Faces of Poverty

The 51 percent of the population which is classified as living in absolute poverty in Tanzania is not a homogeneous group. There are considerable differences within regions, communities and households. The general pattern is that widespread poverty exists in areas where rain-fed agri-

¹ TAS, 2000, p. 2. See also the 1998–99 World Development Report.

culture is practised on meagre and marginal land. The main problem for the average farmer may be summarised as low productivity from small holdings (average 0.9 hectares) cultivated with limited inputs under occasionally unfavourable conditions and often with methods which are unsustainable in the long-term.²

Landlessness is an increasing problem for the poor living in or adjacent to urban centres or in large villages. The elderly, women and youth seem to be particularly affected in this regard. Gender analyses show that men usually control most of the vital resources and the flow of income in the household which makes the women more vulnerable.

HIV/AIDS is perhaps the greatest threat against all development efforts in Tanzania at national, community and individual levels. The estimates of numbers of people with HIV infection range from 1,5 million to 10 percent of the population, i.e. about 3 million. The poor run a greater risk of being infected and families where one or more of the economically productive develop AIDS are likely to experience increased poverty because incomes decline at the same time as resources are diverted to coping with the illness and to meet funeral costs.

The lives of the poor are also affected by the corrupt behaviours and practices of civil servants and political leaders. Corruption is rampant in all sectors of the public and political establishment. Petty corruption in the police force, the judiciary, the immigration service, the health services and education services negatively effect the daily lives of the poorer segment of the population. This, together with grand corruption which drains the society of needed resources, hits the poor harder than the well off since many are unaware of their rights and unable to defend themselves through the legal system.

In sum, to be poor in Tanzania is to have few or no choices³ – it means no security, neither in financial nor in legal nor in social terms. The poor are denied the recognised basic human rights. For this to change, the government needs to start translating the positive macro-economic development into a pro-poor economic growth, involving amongst other things a transparent and efficient redistribution of wealth and resources. The potentials of the poor majority of the population will not be released unless they are empowered both economically and politically. All poverty reduction efforts will be unsustainable unless the poor are enabled to take charge of their own lives.

The TAS recognises the importance of creating an environment for the citizens to participate effectively in national development activities. Empowerment of grass roots institutions and communities is an important step towards promoting democratic systems, improving accountability and restore the confidence. After years of suspicion and attempts to control, the Government today recognises the importance of a strong civil society, although this new recognition is not yet acted upon in a consistent manner.

2.2 Institutional capacity for poverty reduction and good governance

Poverty eradication has been the main goal for the Government of Tanzania since independence in 1961, and there has been no shortage of policies which put poverty reduction at centre stage. The most recent one – Vision 2025 – establishes that the overriding goals to be achieved are:

² Tanzania, Agriculture and the World Bank, an OED review, 1998.

³ *Voices of the Poor*, and *Human Development Report for Shinyanga*.

- a society in which there is high quality livelihood;
- peace, stability and unity;
- good governance;
- a well educated and learning society; and
- a strong and competitive economy.

Vision 2025 is being concretised in two related strategy papers, the TAS and the Poverty Reduction Strategy Paper (PRSP) which is being developed as part of the HIPC debt relief package agreed with IMF and the World Bank in April 2000. The TAS establishes poverty reduction as the core issue for international co-operation and the PRSP sets out the actions to be taken.

The Government recognises, through the TAS, that in order to achieve the poverty eradication goals it must forge a strong partnership with the poor to empower them to participate in designing and implementing poverty reduction programmes and improve access of the poor to basic social services, financial services and markets. Tanzania's development co-operation partners have been requested to adopt the TAS initiative as a basis for formulating country strategies and as far as possible adopt joint action approaches and give the support in the form of program budget support rather than project type support.

Institutional and Human Capacity

Policy development is reflected in the changing institutional environment. The legacy of the one-party era and state-controlled economy is slowly fading and new laws and institutional frameworks are being established to allow the central and local government, civil society, NGOs, the development co-operation partners, the private sector and individual initiatives to each play a role in poverty reduction. However, a major constraint in Tanzania continues to be the low degree of policy implementation. This is not only due to the material and mental aid dependency which constrains implementation, but also to inefficient administrative routines and management problems. These constraints need to be removed through a major capacity development and the formation of a new social capital in Tanzania, focussing in particular on public service employees at both central and local level, but also on entrepreneurs in the private sector and on the leadership of NGOs and different interest based organisation.

Major constraints in public service in general, and the central Civil Service in particular, are their hierarchical structures with extreme concentration of power, access to information and material resources at the top. The decision making process is top-down and the top management is male-dominated. The corporate culture discourages initiatives to improve institutional and individual performance. Frequent transfers of individuals minimise the identification with the institution and the system. These weaknesses make the institutions extremely dependent on individual competence and performance, which is easily undermined when key individuals leave the service or are moved to new posts.

Capacity development efforts at central and local levels have mainly been concentrated to technical and other professional levels, while the managerial level has been neglected. The result is a cadre of managers and decision-makers who lack the visions or interests to make use of or develop the capacity actually existing among the staff. The institutional capacity problem starts already at basic education level. The school system is authoritarian and children are not taught to think and act independently. For there to be a sustainable change in work place cultures, the culture of the classroom will also need to be tackled. The problems also have to be tackled in higher education so that the universities can produce graduates with the potential to

be creative and learn new management styles, and so that research findings can be linked back into development.

Structural Reforms

Structural reforms of the public services have been ongoing since the mid-1980s, but most of the reforms have taken place during the 1990s. The achievements made so far include a reduction of the civil service by one third, a financial sector reform, an on-going pay reform, privatisation of so far around 200 of 400 parastatals. Currently Tanzania is carrying out a Public Service Reform, a Public Financial Management Reform and a Local Government Reform. Although they are mutually supportive there is an obvious risk that the demands on key departments managing the reforms may be too high for efficient, steady progress to be made.

The public service reform is essential for the provision of basic social services to the poor. The first phase until 1999 was mainly concerned by the quantitative side (downscaling). The second phase, which commenced in January, 2000, focuses on efficient delivery of public services. According to the TAS, this phase will include the implementation of performance management systems linked to ministerial and departmental strategic plans and performance budgets. The objective is to ensure that resources are allocated on the basis of monitorable concrete priority outputs or outputs in accordance with the stated macro economic policies and strategies. This new approach will start with the Ministries of Health, Education, Agriculture and Water. The reforms will provide opportunities to introduce a more demand-designed service, which may support poverty reduction measures.

The Local Government Reform, ongoing since 1996, aims to decentralise management of staff and budgets from central to district level, and to make the authorities more accountable to people at the grassroots level. Besides its potential to promote more effective use of available resources, the reform may also assist in increasing popular participation and putting poverty reduction on the agenda at local level. However, there is potential resistance to the reform both in the central sector ministries and at the local level especially among local civil servants concerned about their job security and promotion opportunities.

3. Democratic culture and human rights

The situation in Tanzania has deteriorated during the last decade as regards the enjoyment of economic and social rights such as health, education, shelter, food and employment. Not enough has been done to protect people's rights to basic social services, and to generally accepted human rights.

3.1 Human rights

Democratisation has led to a stronger emphasis on human rights issues and Tanzania has ratified the most important international conventions and rules on human rights. Few, however, have been incorporated in national legislation. This is a serious obstacle to improving the human rights situation in the country especially as knowledge about the Conventions is very limited. Traditional and national laws restrict the rights of widows and divorcees to their home,

land and children. Many local customs and practices tend to further mute the voice of the poor, especially of women and youth in their contacts with the authorities. The high rate of corruption and low level of legal literacy means that the poor rarely know their rights and can not afford to access social services.

The poor in Tanzania usually lack security in legal and social terms. They lack political resources and power to influence their living conditions and future life. The voice of the poor is not heard in national economic policy making. One of the findings in the Tanzanian Participatory Poverty Assessments (PPAs) and similar studies⁴ is that good community, and national, leadership and governance are among the priorities the poor mention. Without good governance, poor people will continue to be invisible and rarely invited to participate in decision making.

More than half of Tanzania's population consists of children. Tanzania's Child Development Policy (1996) identifies the rights of the child to survival, development, protection, participation and not to be discriminated against. However, the right of participation is not elaborated in the policy. This flaw has triggered off a revision only three years after the adoption of the policy. Among the specific threats against the rights of the child can be mentioned the practice of corporal punishment in the schools, the expulsion of pregnant schoolgirls (half of the girls become mothers before the age of 18), sexual abuse of children, and exploitative child labour, for example in the mining and plantation areas and more widely in agriculture and the informal sector.

3.2 Education

The education system is in a severe crisis, both in financial and institutional terms. The state's lack of capacity and financial resources to fund social services has seriously affected the poor. Inefficiencies in resource allocation and management of the system at central, local and school levels contribute to the low quality of education offered to children and adult learners.

The TAS recognises that the education sector in Tanzania is probably the sector most seriously affected by the economic difficulties and the ensuing reforms in the 1980s⁵. It is estimated that only 7–8% of the national budget is allocated to the education sector. Half of the government's overall contribution to education is collected from the parents in the forms of fees and "voluntary contributions". The development budget for education is entirely dependent on contributions from the donors.

Primary school gross enrolment rate is about 75 percent but less than 60% of children complete primary school. Adult literacy is declining and although it was estimated to be about 70% in 1997 there is a lot of uncertainty about this figure. Secondary and tertiary enrolment rates are among the lowest in the world. There is a geographical dimension to the problems in the education sector. In urban areas, particularly Dar es Salaam, few new schools have been built despite a rapidly increasing urbanisation. In the poorer parts of the city, a couple of hundred of children may be in one room with one teacher. In the rural areas, the main problems are lack of education materials and a shortage competent and motivated teachers.

The introduction of cost-sharing schemes has been particularly devastating for the poor. The opportunity costs are too high for poor parents and often choices have to be made regarding

⁴ *Voices of the Poor; Human Development Report for Shinyanga*, and preliminary data from the PRSP zonal consultations in Tanzania, April, May, 2000

⁵ TAS, 2000, p. 7

which, if any, of the children shall be educated. This can be particularly negative for girls. Although enrolment in primary school is roughly gender equal, the drop out rate for girls is far higher than for boys. There are many contributing factors to this situation other than conscious parental choice, for example the domestic labour of girls, cultural practices and attitudes, teenage pregnancies and early marriage. The nutritional and health problems of children also affect attendance and achievement in school.

Since 1996, efforts have been made by the Government, with the support from donors, to elaborate an Education Sector Development Programme (EdSDP). The EdSDP is however still not in place. The difficulties encountered include the multitude of ministries and other institutions involved in education, with little serious effort made to coordinate the development of the system and use government and development cooperation funds effectively.

3.3 Health

Malaria is still the major health problem in the country with clear poverty and gender dimensions. It is difficult for poor people, living in poorly constructed houses or shelters and in areas with poor drainage systems and without means to buy bed-nets or nets for the windows, to protect themselves.

Infant and maternal mortality have increased since the early 90s while attendance rates at health facilities have decreased. One reason for this is the introduction of cost-sharing schemes, for example the demand that expectant women provide the gloves, soap, towels and other utensils needed during labour – costs which the poor may not be able to meet. This is just one example of how poor people are denied the right to good health services.

Another major health hazard in Tanzania is inadequate access to safe water for domestic use, which contributes to the spreading of cholera, diarrhoea and other serious waterborne diseases. A further problem, especially for children, is malnutrition: in 1996, more than 40 percent of Tanzanian children under five years of age were classified as stunted (low height for age).⁶

The number of cases of tuberculosis is on the increase in Tanzania⁷ and the disease, which has an opportunistic occurrence with HIV/AIDS, is higher among men than women. It is also clearly associated with poverty and the deteriorating situation indicates a decline in the health service delivery system.

HIV/AIDS is a multi-sectoral problem, but it is also a specific serious threat to the health services. Demand for health services is rising at the same time that death of personnel due to AIDS, increased absenteeism, stress and demoralisation among health care staff is increasing.

3.4 Legal framework

The Tanzanian legal system is pluralistic and consists of statutory, religious and customary laws. People in general have little knowledge of the law and legal rights, and there is no legal aid available to the poor. The system has been relatively independent when exercising its powers, although the top personnel are appointed by the President, but in general the system is inefficient, under-financed and plagued by corruption and low morale. It is highly unequal and

⁶ PRSP draft, July 2000

⁷ NIMR, 2000, p.19

favours those who can buy their rights or pay their way out of being sentenced. It is the poor who over-crowd the prisons and suffer from the poor human rights situation for those in detention.

In general, the religious and customary laws promote the security and interests of men at the expense of women, and contribute to the insecurity which women live under in Tanzania. Some of the new statutory laws like the 1998 Sexual Offences Special Provision Act and the 1999 Land Act and Village Land Act protect the rights and security of women (and in the first case also the rights of children), but women and men, adults and children, are generally unaware of their new rights and obligations.

With more than one hundred different ethnic groups, there are many minorities in Tanzania. However, two groups can be specifically mentioned as being discriminated against: pastoralists and hunter-gatherers. The discrimination is particularly obvious when it comes to territorial rights and in the maintenance of law and order. These groups have been denied the conventional rights to land titles, often on the grounds that they do not cultivate their land. There is also a tendency from colonial times that law enforcers practice collective rather than individual punishment against these groups.

A Legal Sector Reform has been formulated but it is not yet agreed upon or financed and there is a shortage of qualified legal staff to implement the reform.

3.5 Civil society and popular participation

One of the basic rights concerns the right to take part in the decision-making processes that affect one's own life. The Government has committed itself in the TAS to pursuing policies and strategies that motivate all the citizens to participate and contribute to national development. If implemented this approach will necessitate a radical shift away from the tradition of top-down authority-based attempts to organise the life of the people, particularly the rural population.

Information is another basic human right and a prerequisite for participation in social, political and economic development. Since the early 1990s media has been opened up to private entrepreneurs and there is a proliferation of privately owned newspapers, radio and television stations. However, accessibility to private media is limited by legislation which restricts private radio and television broadcasting to a 25 km radius, and by poor transport infrastructure which limits the distribution of print media to the rural areas. Consequently, access to information is largely an urban phenomena. Despite the restrictions, the media is taking on an increased role in mediating between civic society and government, in reporting on the misuse of power, on corruption and is contributing to the democratisation process.

A positive development is the rapid establishment of new kinds of organisations for popular participation. A particularly vibrant set of organisations are those concerned with the promotion of culture, from fine art to drama, music, the written word and the physical national heritage. On an everyday basis, people in both rural and urban areas have traditionally organised themselves to solve the immediate problems, either by establishing Community Based Organisations (CBOs) or by participating in more or less informal networks. Much of the right of participation is acted out through arenas and procedures at local levels. For the poor, membership of local organisations provides a safety net in times of hardship.

The civil society thus provides space for participation, promotion and protection of human rights and could become a breeding ground for a culture of democracy in the country. However, it will take time before the civil society can fully play this role due to the very narrow mem-

bership base of NGOs and the limited resource mobilisation which make them extremely dependent on international support. A further problem is that almost all major NGOs are based in Dar es Salaam and have difficulties to reach the grassroots they are expected to serve or mobilise. Private sector organisations face similar problems of concentration to Dar es Salaam, and low capacity to develop viable organisations in most other parts of the country.

Some NGOs have found ways to lobby the Parliament, and some NGOs and representatives of the private sector have also been able to participate in consultations around new national policies such as the NGO policy, which is expected to be adopted during 2000, and national strategies such as the TAS and the PRSP. Representatives of both the private sector and the NGO community have been invited to participate in the development of the TAS.

4. Pro-poor growth

Increased economic growth is a necessary condition for successful poverty alleviation in Tanzania. The concept of pro-poor growth is used here in the sense of economic growth which benefits the poor in terms of how the actual size of the growth rate compares to population growth, how it is distributed among the people, and how the poor themselves can be productively involved in and further contribute to the growth.

4.1 Macro-Economic Development

In recent years, macroeconomic development in Tanzania has shown a positive trend. Growth rate has averaged 4% during the last fifteen years and is now approaching 5%. In the last five years, inflation has gone down from over 30 percent to around 6 percent per annum. Due to tight fiscal policies, there have been small or no deficits in the government budget since 1996. The Tanzania shilling has had a relatively stable development, even though in real terms it has appreciated, with negative effects on exports. There are some persistent problems. Real interest rates are still high and the spread between lending and borrowing rates has increased since 1994. The trade balance, which used to show a positive trend, has worsened during the last couple of years, due to adverse weather conditions and worsened terms of trade for Tanzanian export products.

The growth rate in 1999 of 4,5–5% was a high figure for Tanzania, but given a population growth of almost 3% it is not enough for poverty alleviation. Per capita income remains very low, at about USD 240 in 1999⁸. For Tanzania to reach the threshold for defeating absolute poverty in 2025, an increase in the rate of growth to 7 percent is a minimum⁹. The private sector, including the agricultural sector, is today looked upon as the engine for achieving the desired growth rates.

⁸ Tanzania Country Assistance Strategy, World Bank, June 8, 2000

⁹ Danielsson A and Mjema G, Tanzania 1999-Obstacles to Private Sector Growth, Sida Country Economic Report 2000:4.

4.2 Public finances

Since 1996 the government has followed a strict fiscal regime under a cash budget system which is an efficient tool for keeping the budget in balance but does not allow for a long-term planning of government expenditures. A more long-term planning for the priority sectors is done under the Medium Term Expenditure Frameworks in the annual Public Expenditure Review exercise. However, the actual implementation of the budget still depends on the availability of revenue funds.

The reforms carried out to make revenue collection more effective and to widen the tax base have been fairly successful. Despite a high level of tax evasion, revenue collection during 1998/99 was 99 percent of what had been planned. However, this corresponds to around 12 percent of GDP which is very low figure by international comparison. The TAS presents the vision that revenue will be raised to 15% of GDP in the near future.

Prioritised expenditures are payments on the external debt, running costs for the Office of the President and salaries of government employees. As of December, 1999, the external debt amounted to 7.3 billion dollars, while the domestic debt was 1,1 billion dollars. The servicing on the debt burden is a severe constraint on the government budget and reduces the government's room for manoeuvre to increase allocations to social sectors and poverty reduction measures. Even with balance of payments support easing this burden, more than 20 percent of the revenue collected goes straight to servicing the foreign debt. The share of the social sectors in the present budget has, however, increased in terms of allocations and actual disbursements to exceed thirty percent of the budget.

Tanzania reached its decision point under the enhanced HIPC Initiative in April 2000, and expects to reach its the completion point in mid 2001. The net present value of the full debt relief will be more than USD 2 billion. The Government has declared that the debt relief will enable it to increase its spending on the social sectors as part of its poverty reduction measures. However, it will take careful planning and tight monitoring to translate the HIPC funds into improved social services on the ground. The effects of the full relief on the government budget may be roughly equivalent to the present relief through the multilateral debt fund. In that case, a net relief of the government's debt burden can only be achieved if bilateral donors, after the completion point, continue to provide balance of payments support to Tanzania.

4.3 Employment

Overall employment creation in Tanzania has not kept up with labour force growth. Overall, the labour force in Tanzania can be characterised as fairly young, with an estimated 50 percent under the age of 30, an age structure which the HIV/AIDS pandemic is likely to further accentuate. It is estimated that about 30 percent of the labour force is either unemployed or underemployed¹⁰. This situation denies many citizens the right to a decent and productive life, and condemns the poor to a life without opportunities, security and empowerment.

The economic reforms undertaken by government have had significant short-term implications for employment. The civil service reform has entailed retrenchment of a substantial number of government workers. The parastatal reform process has resulted in significant restructuring of public enterprises with an overall decrease in employment although some companies have

¹⁰ Danielsson

positively contributed to job creation following privatisation. Furthermore, the liberalisation measures have increased competitive pressure on remaining parastatals and the emerging private sector, thus affecting existing employment levels and potential job creation.

Tanzania is heavily dependant on agriculture as a source of employment, accounting for about 80% of total employment. The large majority is subsistence-oriented farmers. Wage labour is not common in agriculture and it is estimated that only about 7% of the total work force is engaged in wage employment. The participation by women in the wage employment is fairly low, which might reflect the fact that they are restricted by family duties and by lower educational levels.¹¹

Approximately 700,000 people, mainly youths, enter the labour force each year. This compares unfavourably with the about 20,000 to 30,000 jobs that are created and/or vacated each year in the private and public sectors. As a consequence of the labour force growth and the parallel decline or stagnation in formal sector job creation, the informal sector has emerged as an important source of employment opportunities and income generation. It has been suggested that one third of the labour force in Dar es Salaam is found in this sector, which largely consists of non-wage labour.¹² Throughout the country, an estimated 90 percent of the unemployed youths are unable to find formal wage employment. The Government recognises that curbing youth unemployment is necessary in order to maintain macroeconomic and political stability.¹³

Children are protected by the legal system against exploitative labour in hazardous work, for example in factories, underground work in the mines or work during night hours.¹⁴ But the legislation gives only limited protection since children are rarely formally employed and the agricultural sector is excluded. Children working as domestic servants, in artisan mines or on plantations, and those on the street sometimes work under exploitative and hazardous conditions.

Faster economic growth is necessary for increased labour absorption and the pattern of growth is important for the creation of employment opportunities. Labour intensive sectors such as agriculture are likely to be of greater importance than more capital intensive sectors such as mining. The task of creating employment opportunities for the un- or underemployed will essentially lie with the private sector. Therefore the government should pursue its intention to further improve the environment for private business and foreign investments in the country. The agricultural sector needs particular attention, for example the provision of extension services and other inputs to enhance growth and fully exploit the sector's potential for job creation. Supporting the informal sector might also prove beneficial as although this is the sector of last resort for the unemployed, it provides livelihoods for many of the poor. Labour legislation and the roles of the trade unions will need to be reviewed and modernised to fit in with employment provided by mainly the private sector.

4.4 Private Sector Development

The shift towards a pro-market approach to economic development has entailed a gradual change in the government's role from that of provider to that of facilitator and regulator. The government now sees the private sector as the engine of economic growth, and efforts are being made to encourage the emergence of a strong private sector able to create jobs and wealth for

¹¹ Wangwe et al

¹² Wangwe et al

¹³ TAS, 2000, p. 4

¹⁴ Makaramba p. 44.

the people. The sector is also seen as an important source of increased government revenue through the payment of taxes – revenue that may be used for further investments in infrastructure, health and education to the benefit of the vast majority of Tanzanians.

Prospects for private sector led growth

To promote the redistribution of roles between the state and the private sector, reforms have focused on reducing and rationalising government activities and on creating a conducive environment for private sector growth. Measures relating to the former include privatisation of state-owned companies, down-sizing of the civil service and improved public financial management systems. Reforms relating to the latter include liberalisation of the financial sector to improve access to financial services, trade liberalisation to improve competition in the goods market, dismantling of marketing boards, and streamlining of the investment code to facilitate both local and foreign investments¹⁵.

The reforms have improved the prospects for private sector led growth but there are still a number of constraints including a weak legal and institutional framework, poor infrastructure and high cost of utility services, weak governance structure, a complex taxation system, inefficient bureaucracy, and corruption. The financial sector is still not performing satisfactorily. Although the number of private banks and non-bank financial intermediaries have increased, access to financial services has not improved for small and medium-scale enterprises. The high interest rate spread indicates a lack of efficient financial markets and limited competition in the banking sector.¹⁶

Credit and savings systems are virtually non-existent in the rural areas, which severely affects the smallholders' ability to produce and market their outputs. The collapse of the co-operative marketing and financial systems compound the problem. Growth in the agricultural sector is further hampered by inadequate access to extension services, poor utilisation of research findings, and a general decline in the use of improved seeds, fertilisers and agro-chemicals. In addition, land rights are insecure and markets are poorly developed. The lack of rural infrastructure (transport, power, water) adds to the difficulties.

The current low enrolment rate and quality of education reduces the quality and competitiveness of the Tanzanian workforce and constitutes a serious long-term constraint for private sector development and economic growth. In addition, the legacy of Tanzania's socialist past has created a non market-based culture, where the government has difficulties in understanding the needs of the private sector, and where the private sector itself has difficulties in putting demands on government and in understanding the fundamentals of successful business development. Entrepreneurial training and good quality business development and support services are needed, but lacking.

However, the private sector is currently organising itself into interest groups to be able to more efficiently dialogue with the government on issues affecting the private sector. The government is becoming increasingly responsive to these interest groups, and a forum for dialogue, the National Business Council, has recently been formed. The informal sector and the smallholder farmers are, however, still poorly organised, and their ability to influence policy is limited.

¹⁵ Danielsson et al

¹⁶ Lindahl et al, Danielsson et al

Prospects for growth in economic sectors

Potential growth sectors in the economy include agriculture, mining, tourism, and manufacturing.

Agriculture accounts for 60% of GDP and 80% of the export earnings. Farm practices are however primitive and the productivity is low. The sector has been growing somewhat faster than the other main sectors of the Tanzanian economy, but the productivity gains expected from the liberalisation of prices, marketing and input supply are largely unfulfilled. An increase in productivity and a shift of production away from subsistence to markets are likely to contribute to economic growth with a direct impact on poverty but this transition will take time. Tanzania is still largely lacking the institutions necessary to support agriculture development in a liberal, private-enterprise economy such as functioning markets, social and material infrastructure and a stable legal and regulatory framework.¹⁷

The mining industry is growing fast due to an accelerated inflow of foreign direct investment, which in turn is a consequence of favourable changes in the investment policy for this sector. Large-scale mining is capital intensive and relies to a large extent on imported inputs. Its impact on employment is thus likely to be fairly limited. However, it triggers new investment in infrastructure and increases local demand for agricultural produce in the mining centres. As the mineral resources are mainly found in remote areas with poor infrastructure the ensuring investments in infrastructure facilities might have an important impact on the lives of the rural poor and prove to benefit agricultural production and marketing.

Tourism is rapidly growing, relatively labour intensive industry. If well directed, it can be both a major source of export earnings and an engine of growth, which benefits the poor and rural communities. It is a potential source of non-farm employment in the rural areas and might have considerable multiplier effects in supply of food, handicraft production, transport, construction, etc. Factors that constrain the development of the sector include poor infrastructure, comparatively low service levels and, to a certain extent, the memory of Tanzania's tourist trade's performance when run by the state.

Manufacturing has picked up somewhat in recent years. Expansion should have a positive impact on job creation and can contribute to value-added through improved linkages between agriculture and the food-processing industry. However, the legacy of protectionism, nationalisation and the import substitution strategy is plaguing the sector and makes it non-competitive in the liberalised economy. In many cases the quality of products is not high enough to compete internationally and poor infrastructure and high energy costs are adding to the problems of the industry, further reducing its competitiveness.

The informal sector is a growing area. The sector is hampered by a lack of management capacity and skilled and experienced labour, poor access to utility services, and limited access to competitive financial services, including both savings and credits. Complex rules and regulations and taxation issues are disincentives which make entrepreneurs reluctant to move into the formal sector.¹⁸

Government priorities

The TAS recognises the role of the private sector as the engine of growth and states that the government is committed to continue to improve the business environment in order to catalyse

¹⁷ Lindahl et al, World Bank report

¹⁸ Wangwe and Tsikata

participation of private initiative in all aspects of social and economic life. Priority will be given to improving the administrative, legal and regulatory frameworks and to abolishing tax impediments to private sector growth. In addition, improved dialogue with the private sector will be promoted, for example through the National Business Council, and efforts will be made to improve economic infrastructure services, which include transport and communication, power, water and financial services.

Agriculture is identified as a major potential contributor to both economic growth and poverty alleviation. It is recognised that many of the constraints to the sector's development are of a non-agronomic nature. These include the quality of rural infrastructure, access to rural financial services, land ownership and governance. Measures to promote the sector include continued sound macro-economic policies to motivate investments in agriculture by both smallholders and commercial large-scale farmers, consolidation and deepening of agricultural reform, streamlining of taxation on produce and implementation of the new Land Act. More emphasis will be put on developing the rural road network. In addition, support provided to the rural communities by private operators, CBOs and NGOs will be encouraged, as will the development of rural based co-operatives and the creation of peasants and farmers associations.

The priorities set forth in the TAS are relevant to private sector development and pro-poor growth. Whether the government will have the capacity to carry them through remains to be seen. Some of the reforms and improvements can be implemented without any great cost in financial terms. However, they will require considerable political commitment and a change in the mind-set of the public sector. Other measures will need additional financing and Tanzania will be largely dependent on her development partners for the implementation of these.

4.5 Infrastructure

Poor development of infrastructure is still a major constraint to economic growth in Tanzania. The high costs and low quality and accessibility of utility services such as water, power, transport and telecommunications constitute an important deterrent to private sector-led growth and to a development pattern that also involves, enables and benefits the poor.

The poor, particularly in the rural areas, still have limited access to utility facilities and normally pay higher prices for the services, for example buying from water vendors, than do the non-poor. This is a critical problem for a pro-poor growth agenda, as poor people have limited access to facilities that would promote their integration into the market economy, increase their income opportunities and improve their standard of living in terms of access to basic services.

However, innovations in technology and in the management of markets have created scope for introducing competition and for developing new products and methods for delivering infrastructure services, which, if properly managed, might prove to benefit the poor in terms of both accessibility, adaptability and affordability. New developments to this effect are taking place in the energy and telecommunication sectors. In addition, Tanzania today is moving towards a wider application of commercial principles in the utility sector and towards an increased involvement of users where commercial and competitive behaviour is constrained. These actions are likely to lead to an increase in private involvement and finance, and to a reduction of activities remaining with government. The reforms undertaken at macro-economic level has promoted this development, and constitute a precondition for continued and increased private investments in the utility sector.

Constraints that might limit the prospects in this respect include the poor regulatory and legal framework governing the new forms of public-private partnerships (PPPs), and the lack of agencies or boards overseeing the market and ensuring fair competition and a level playing field to the benefit of consumers, producers and to the economy at large.

The Government recognises that the road network is a major means of integration of markets and people, and essential for promoting rural development and for stimulating investments, national and local, as well as other income and employment generating activities. The current poor status of the roads is one of the most limiting factors to agricultural growth. However, changes at institutional level are being undertaken to improve the situation. The TAS emphasises support to enhance local capacities, mainly under the Local Government Reform. This might provide new opportunities for local initiatives, which in turn will assist in opening up rural areas for improved agriculture, small-scale mining and rural tourism.

Priority is given in the TAS to the energy sector which is recognised as an important prerequisite for economic growth and poverty reduction. Only 10 per cent of the population (mainly in the urban areas) has presently access to electricity through the national grid. Poor people in rural areas account for about 85 per cent of the energy consumption. This implies high demand on fuel wood for domestic and economic purposes, which puts heavy pressure on the forest resources, especially in densely populated rural areas and near the urban centres.

The recently elaborated energy policy provides scope for positive changes in the provision of energy services to the people and thus for the promotion of a more rapid and balanced socio-economic development. Measures that are specifically mentioned in the TAS include the set-up of a Rural Energy Agency and strengthening of the newly established Rural Energy Fund. Successful efforts in this area will enable poor people in rural communities to expand economic activities and improve their quality of life through access to lighting and other appliances. In addition, it will provide environmental benefits for all income groups.

The liberalisation of the telecommunications sector has already had a dramatic effect. The telephone density will increase to (a still low) 0.6 telephones per 100 inhabitants when the current Telecommunications Restructuring Project is finalised during 2001, but many people, particularly in the rural areas, will remain excluded from access to the services. However, recent studies show that contrary to common belief, rural networks can be commercially viable if planned, marketed and rolled-out in a manner which captures their full revenue potential. This requires some degree of liberalisation also in basic telecommunication services, commencing in rural areas.¹⁹ This is unlikely to happen until the national exclusivity granted in connection to the privatisation of TTCL expires.

The TAS does not specifically deal with telecommunications. It also gives fairly little attention to Information Technology (IT). Fast flow and cheap and easy access to information appears highly relevant for Tanzania. However, there are significant challenges linked to the integration of IT in the socio-economic environment in Tanzania. The technical infrastructure is limited and there is a lack of an enabling policy framework and an absence of strategic plans for innovations and technology transfer. Efforts have been made to initiate a process for the elaboration of a National Information and Communication Infrastructure (NICI) Policy but little has as yet materialised in this respect.

¹⁹ Andrew Dymond, Report in Annex to WB Aide Memoire 1998

Rural water supply is given special attention in the TAS. It is estimated that less than a third of the population has access to clean and potable water. There are geographical and gender inequalities in the access to water which places a high burden on women in rural areas. The TAS proposes a rethinking in the water supply strategy away from the state as the main provider. In the future the private sector, local institutions and communities will be empowered for the development, operation and maintenance of their water supply systems. This will be supported by revised legislation that will allow community groups and their organisations to assume ownership of water supply schemes.

4.6 Trade Development

The economic future of Tanzania largely depends on how well the country will be able to adapt and become properly integrated into the global economy. Open economies in which trade liberalisation is combined with fiscal discipline and good governance, enjoy higher growth rates than do more closed economies. Moreover, in labour-intensive economies like Tanzania's, the redistribution of income following trade liberalisation tend to be higher in the agricultural sector where the poorer strata of the population are found.²⁰

The Government recognises that an open economy and improved trade performance is essential to help secure sustainable economic growth. During the period of reforms, a number of trade liberalisation measures have been undertaken. Foreign exchange allocation, imports licensing, confinement, restrictive payment arrangement and the fixed exchange rate, which distorted and restricted market-oriented trade operations, have been liberalised. In addition, prices have been deregulated and the roles of co-operatives and marketing boards are being re-examined. However, the measures undertaken have not yet led to an increase in exports commensurable with imports. The trade balance gap has in fact widened during the past 4–5 years.

Tanzanian exports are dominated by agricultural commodities, which account for more than 60 percent of the total. This makes Tanzania's trade performance dependant on weather conditions and on the development of the agricultural sector at large. The decline in export revenue in the recent past reflects this dependency, as well as a general decline in world market prices for primary commodities. The manufacturing sector is still relatively weak, and few local companies are export-oriented. It appears, however, that tourism and transit trade could turn into robust export performers in the future. Mineral exports also have a potential to grow in importance. Strategic initiatives, involving policy changes, institutional strengthening, infrastructure development and investment in human capacity, are required if these sectors are to realise their export-potential, and if the trade liberalisation measures undertaken are to eventually translate into an efficient instrument for poverty alleviation.

²⁰ Trade Liberalisation and Poverty, Bussolo and Lecomte, ODI, 6: December 1999

5. The Political Context

The maintenance of peace and political stability is essential for successful poverty reduction. The current political setting in Tanzania is characterised by three major factors: the transition to a multi-party democracy, the fragile geopolitical surrounding with war and tension in the Great Lakes area and in the Democratic Republic of Congo (DRC), and the Zanzibar situation including the Union construction.

5.1 Political development

The transition to multi-party democracy began during the first half of the 1990s with the preparations of the first multi-party elections in 1995. Except for the elections, the democratic culture and representative democracy are still weak. The ruling party dominates the political debate and the opposition is in an unfavourable situation. Sometimes even harassment has taken place. The opposition parties are small and preoccupied with personal rather than political issues. So far they have shown little initiative in terms of formulating substantive political alternatives.

The government is collaborating with international partners to prepare for the forthcoming multi-party elections in October 2000. This includes reforms of the national electoral commission, civic education and fair access to the media.

The conflict-ridden political situation close to Tanzania's borders is a threat to continued peace and stability in the country. Tanzania is hosting the largest refugee population in Africa, estimated by the Government to be nearly one million including the non-registered refugees, which leads to severe stress on the local social and natural resources. The refugee situation also brings political conflicts and increased social insecurity to the affected areas.

Tanzania is widely recognised as a major force in the efforts to establish peace, security and stability in the region. Tanzania plays a vital role in hosting the Burundi Peace Talks and the country played a major role in the negotiations of the Lusaka Agreement regarding the situation in DRC.

Shortcomings regarding good governance and respect for human rights in Zanzibar has created special problems for the Union construction. The international community holds the Union Government accountable for the violations of human rights on Zanzibar. The Union Government, on its side, has referred to the problems as a specific Zanzibari issue. The construction of the Union continues to be debated and questioned on both Zanzibar and the Mainland. The current leaders on Zanzibar have tried to find new international partners after the withdrawal of much of the donor support.

It is difficult to see if the Union will be strengthened or weakened in the near future. Economically Zanzibar is still dependent on mainland Tanzania by way of trade and cash transfers to such an extent that without the Union the security and economic survival of Zanzibar is in question. Recent decisions within CCM to not allow the incumbent President to run for a third term of office, and the selection of a moderate politician, Amani Karume, as the CCM presidential candidate in Zanzibar, might prove to stabilise the situation and pave the way for a period of reconciliation.

5.2 Regional and global perspectives

Tanzania is a member of the WTO and of three regional trading blocks; SADC, EAC and COMESA, although a withdrawal from the latter is possible²¹. This inclusion into regional and global networks entails both challenges and opportunities. Changes or reviews will have to be made of both legislative frameworks and of domestic regulations to forge the global and regional integration. Competitive pressure will increase, at the same time as new markets, technologies, knowledge and contacts develop.

The EAC Treaty was signed in November 1999 by Tanzania, Uganda and Kenya. Tanzania ratified the treaty in July 2000, as the last country of the three member states. Prioritised areas in the treaty include the promotion of trade, investments, joint ventures and other forms of economic and political co-operation and dialogue. Tanzania's comparative advantages include abundant natural resources, rich minerals, potential for export of electricity and potential for tourism. However, competition will be harsh, especially from Kenya. Increased trade integration may lead to lower prices of goods and commodities, which will be beneficial for ordinary people, but in the short run may lead to bankruptcy of enterprises that cannot compete effectively. The EAC will also provide a forum for discussion of shared problems such as the serious problem of Lake Victoria's environmental degradation. However much attention the EAC is currently receiving in Tanzania, the potential of the SADC co-operation should not be underestimated as compared to EAC. Regional efforts to establish stability and co-operation will only succeed if respect and joint values are established. Media has a central role in promoting regional and global exchange of information and ideas, as an engine in the development of democracy, human rights, women empowerment and peace. Likewise, cultural exchange can increase mutual understanding and respect and help to establish a regional identity.

Lake Victoria

During the last 2–3 years the EAC has worked towards building up a broad partnership-based co-operation framework regarding sustainable development around the Lake Victoria Basin. Lake Victoria is the second largest inland lake in the world and is also one of the world's largest fresh water resources. The development potential of the area is threatened by escalating poverty and an alarming environmental degradation, and ecological as well as human well-being is declining. The destruction of the basin's wetlands has resulted in loss of bio-diversity and a decreased filtering effect on the water entering the lake via watercourses. The cities around the lake do not have the capacity to take care of the rising quantities of sewage, garbage and industrial waste. Water quality rapidly deteriorates and quality and quantity of fish decrease. The introduction of alien species like the Nile Perch and the Water Hyacinth has led to the extinction of many indigenous species. The water hyacinths reproduce in such quantities that they block shores and harbours, making fishing and transport by boat nearly impossible along some parts of the shoreline. Unsustainable and dangerous fishing methods have led to further degradation of the lake and possess a serious threat to public health.

²¹ WTO = World Trade Organisation, SADC = Southern Africa Development Community, EAC = East African Community, COMESA = Common Market for Eastern and Southern Africa

6. Crosscutting issues affecting sustainable development

6.1 HIV/AIDS – a neglected threat

The HIV/AIDS epidemic is a serious threat to Tanzania's development, both socially and economically, and potentially also in respect of stability, peace and security in the region. In 1997, the number of HIV infected in Tanzania was estimated at 1,5 million, out of whom 50 percent live in poor or very poor conditions. Women are generally infected at a younger age than men. The additional demand for health services may range from between 3,5% and 11,5% for an estimated HIV prevalence of 10 percent among the adult population.²² The epidemic in Tanzania has already led to lower income per capita, local food shortages and higher child mortality. The ESRP analysis show that average life expectancy has declined from 52 to 50 years.

The threat of HIV/AIDS has long been under-estimated by the Government in terms of its impact on the country's development but has now begun to take the AIDS threat seriously. In preparation for the budget for 2000/01 the Ministry of Finance instructed all line ministries to make allocations for how to handle HIV/AIDS within their sectors, and the issue figured prominently at the Consultative Group (CG) meeting, which took place in Dar es Salaam in May, 2000. The President is now making stronger statements publicly on the HIV/AIDS threat and the need for changes in behaviour patterns.

6.2 Corruption

The report of the Presidential Commission on Corruption in its report from 1996 shows that corruption is widespread in all sectors both in central and local government. Petty corruption affects poor people most directly, since it denies them the right to the services they need and are entitled to. Grand corruption involves high-level officials and civil servants who are accumulating their wealth through bribes and misuse of funds, for example in public procurement and tendering, thus draining the state of resources which could be used for development and redistribution. This kind of corruption also opens up the doors for inefficient producers and providers to deliver their sub-standard service and products, which adds on to the total costs to society at large.

There is political commitment at the highest level to combat corruption and in November 1999 the Government launched a National Anti-corruption Strategy and an Action Plan endorsed by the Cabinet. However, the legal system has no power to deal with it and poor people, who are the main victims, have few or no possibilities to take action against corrupt behaviour. A major problem is that the judiciary is one of the most corrupt sectors. The rich can buy their rights while the poor lack both confidence in and access to the legal system.

²² Rosensvärd and Rådö, December 1999

6.3 Environmental degradation

Tanzania is rich in natural resources, which are the key to economic development and poverty eradication. However, there are many problems including unsustainable land management practices, pollution and depletion of water, deforestation, destruction of ecosystems, threatening the environment and there people's livelihoods. Women are particularly negatively affected by environmental destruction as collecting water and fuel wood becomes increasingly difficult and time consuming. Urban populations are also suffering. Rapid urbanisation is putting stress on public utilities in urban areas and leading to environmental and health problems.

Parts of Tanzania are showing signs of the adverse effects of fragile ecosystems being threatened by human activities, of which unsustainable agriculture and livestock keeping practices and over utilisation and mismanagement of water resources are the most obvious ones. Extensive consumption of fuel wood in combination with growing pressure on land and other natural resources from the increasing population, has in many places led to land degradation and rampant deforestation. The coastal areas, lakes and the marine resources are under heavy pressure due to exploitation and even direct destruction, for example dynamite fishing on the coral reefs.

The national capacity regarding environmental management and co-ordination is weak. A number of policies and regulations exist within different sectors which, directly or indirectly, affect the management of the environment and natural resources. However, these documents are poorly co-ordinated and do not come under a common umbrella of environmental legislation. The sector laws are often unclear and not adhered to. Likewise, the enforcement of existing laws and regulations is also weak and ad hoc. At present the National Environment Management Council (NEMC) is the lead national advisory and co-ordination body for the environment in Tanzania.

6.4 Urbanisation

Tanzania has been, and is still to a large extent, a rural society. According to the last census (1988) Tanzania has approximately 300 villages and towns with more than 5.000 inhabitants. Fifty percent of the urban population lives in towns with a population ranging from 10.000 to 50.000. The pattern however is changing rapidly. In Tanzania the urban population has grown from approximately 5 percent in the mid 60's to about 25 percent of the total population in 1995. Dar es Salaam is attracting the largest part and is estimated to have about 3 million inhabitants. The urban population is growing with approximately 7% per year, compared to 3 percent for the whole country, and the urban population is expected to reach 50 percent of the total by 2025.

In the larger towns and cities, 70 percent of the population live in unplanned settlements with rudimentary and erratic provision of basic infrastructure such as roads, water, sewage systems, electricity, garbage collection, and social services. In Dar es Salaam less than 5 percent of the population is connected to a central sewer network. 75 percent depend on on-site sanitation arrangements and the remaining 20% lack even elementary sanitation facilities. Lack of basic services like clean water, sanitation and garbage disposal is a serious health hazard with, for example, outbreaks of cholera during times of extreme drought or floods. The situation and problems in the small towns also need to be addressed, particularly in view of their importance for the agricultural hinterlands. The areas surrounding the urban centres cannot on a sustainable basis satisfy urban needs for water, energy, and raw materials. An integrated approach to

urban and rural planning is needed but so far little has been done by Tanzania to address the problems of the ongoing rapid urbanisation.

6.5 Gender equality

Much of the social network in Tanzanian communities is organised on the lines of the traditional dominance of men and the subordination of women, and of the rights of adults at the expense of youths and children. It is based on assumed male virtues, characteristics and potentials, and a devaluation of assumed female characteristics and tasks. Women's opportunities are more restricted than men's when it comes to education and training, formal and informal employment, political life, and access to credit. Women live under greater insecurity than men, when it comes to legislation as well as physical well being and personal integrity. Domestic violence is common, not only against women but also against children.

The socio-culturally acceptable opportunities open for women are more restricted than those open for men. Of those in paid employment, few manage to enter managerial, decision- and policy-making positions. One of the reasons is that the stereotypes common among both women and men portray women as less suitable to lead. Women's stereotyped responsibility is to take care of the household, particularly the children and they are thereby disadvantaged in the labour market by multiple obligations and the stereotype of men as "breadwinners".

The subordinated position of women mutes their voice in many spheres of public life and in political processes. Democracy has not yet given women, or youth, a major influence in the decisions, which affect their life. Although women constitute the majority of the population, women rarely contest for elected posts. Only 5 percent of the candidates in the 1995 parliamentary election were women. Amongst the MPs only five are under the age of 35 years. The total number of elected women was eight compared to 230 men.

Political empowerment of women is one of the Government's post-Beijing commitments. One of the activities is to change regulations and take affirmative action to include women in decision making. New laws like the 1998 Sexual Offences Special Provision Act, and the 1999 Land Act and Village Land Act are today among the most gender sensitive and protect the rights and security of women. However, these and other legislation will only be effective if people are informed about their rights and obligations and have the capacity to demand and defend them.

The TAS recognises the need for a structural change concerning decision-making and political empowerment. However, institutional reforms are not enough to change the imbalance in political power, as the basic causes behind the unequal empowerment are deeply embedded in the socio-cultural set-up. The process of changing biases and beliefs will take a long time, and must include all levels of the society. Women and men need to be mobilised for joint decision making at household level and in local government affairs as well as in regional committees and in parliament. Little, however, can be achieved unless men and women change their most basic attitudes and behaviours.

7. Development co-operation

Tanzania is a major development co-operation partner for many donor countries. The total external assistance to Tanzania amount to around USD 1 billion annually, including both grants and loans. Foreign assistance accounts for about a third of the total government budget and nearly all of the development budget. Bilateral donors accounted for 52 percent of the assistance in 1998. The top five bilateral donors (in order of the size of disbursements in 1998) were Japan, Netherlands, Sweden, Denmark and Germany. Top five multilateral donors in the same year were AfDB, World Bank, World Food Programme, IMF and UNHCR.²³

Most bilateral donors, EU, the World Bank and the IMF make the same positive assessment of Tanzania's commitments to economic and structural reforms, and there is no doubt that Tanzania is firmly on track in its programmes with the IMF and World Bank. There is a general willingness among donors to move towards an increased share of budget support and sector programme support in their programmes with Tanzania, on the condition that there are clear sector policies in place and that there is accountability and transparency in government financial management.

The heavy donor involvement in Tanzania has had partly adverse effects such as financial and mental aid dependence and lack of ownership of development programmes. With the recent development of a "new partnership" between Tanzania and its donors, the situation is slowly changing. The TAS and PRSP processes are significant indicators of this partnership. Close donor co-ordination is taking place both on an overall level and in a number of sectors. Examples of fora where Sweden is actively participating in co-ordination are the working groups for the TAS and the Public Expenditure Review, and the education sector development programme. There is not a close donor co-ordination taking place within the EU group, since this would be duplicating the more general co-ordination taking place in the local DAC group.

Since 1995 Tanzania has been in the forefront of the international debate on, and the move towards, a more modern partnership-based development co-operation. The Helleiner report was one of the inspiring forces behind the Nordic-Tanzanian Partnership Agreement in September 1996. During 1997, partnership "benchmarks" were established through the identification of 18 concrete steps towards a more mature partnership-based co-operation. The steps identified and subsequently measured and followed up include i.a. information on actual and planned aid flows to Tanzania; increased prioritisation and rationalisation of donor assistance; movement towards better co-ordinated sector-wide approaches; increased government leadership and opening up of the PFP and PER processes; development of standardised information, accounting and reporting systems; and modalities of aid co-ordination and effectiveness of technical assistance (TA). In most of these areas concrete and tangible progress has been made resulting in enhanced ownership and increased Tanzanian capacity to deal with partners and development assistance.

At the most recent Consultative Group meeting Tanzania in May 2000, it was concluded that impressive and consistent progress has been made on increasing government ownership and on building stronger relations between the government and donors. The Tanzanian government urged donors to harmonise the modalities of their interventions – including pooled funding

²³ UNDP Development Co-operation Report for 1998 – Tanzania, UNDP, December 1999.

and common procurement arrangements, monitoring and reporting requirements. It was also emphasised that major efforts were needed by partners to accelerate the channelling their assistance through the government budget. It was further agreed that an independent group would be established to conduct periodic assessments of progress in increasing Tanzanian ownership of development programs, and the quality of partnership between government and partners.

Several development partners, including Sweden, have stepped up efforts in the last 2–3 years to support private sector development and to create the necessary conditions for an increased commercial exchange with Tanzania. This is part of the wider objective of partnership-based co-operation, where the aim is to increasingly complement the aid flows by commercial financial flows between equal parties.



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