

**The Country Study for Japan's Official
Development Assistance
to the United Republic of Tanzania**

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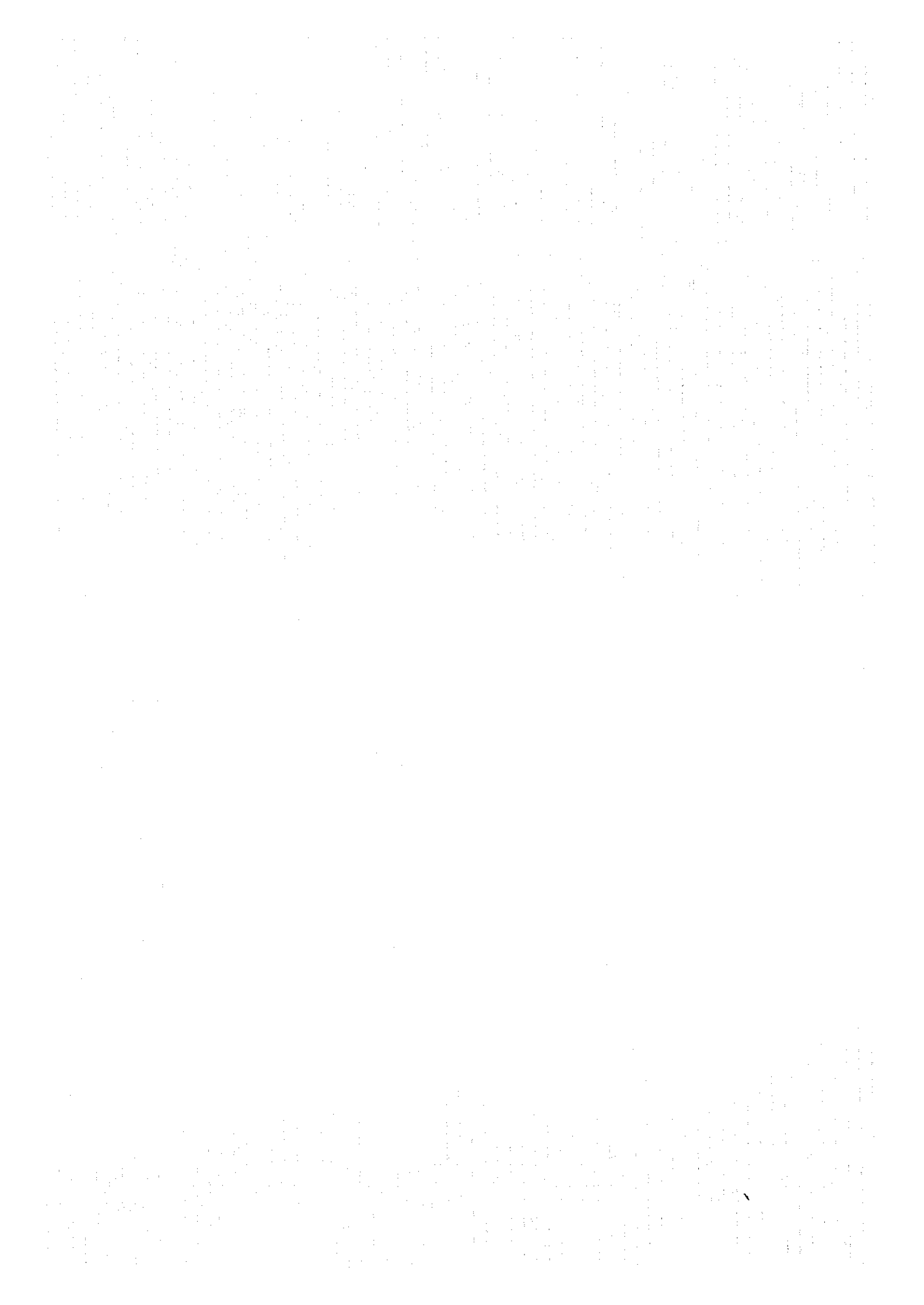
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**The Committee on the Country Study
for Japan's Official Development Assistance
to the United Republic of Tanzania**

**Organized by
Japan International Cooperation Agency**

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「タンザニア」国別援助研究

タンザニア国別援助研究会では、「タ」国の困難な状況と東南部アフリカ諸国における同国の指導的立場、民主化や構造調整政策を着実に推進していること、さらには、わが国のDAC新開発戦略の6つの重点的実施国の一つであることなどに鑑み、「タ」国の開発を進めるための方策はどうあるべきかを検討することを目的として、1996年6月より検討を進めた。この検討過程においては、「タ」国の開発の現状を認識するために、経済政治・社会概況の把握、現在直面している主要開発課題の抽出、主要援助国・国際機関の対「タ」国援助の動向などの把握を行った上、援助の取り組み方をまとめた。

- わが国の援助のあり方

わが国の対アフリカ援助は、ODA大綱、アフリカ開発会議（TICAD）、対アフリカ支援イニシアティブにみられるように、よりBHNIに視点を置く援助政策が打ち出され、さらに、DAC新戦略を念頭に置きつつタンザニアの援助を考えると、国家の基盤となる人的資源開発を視座に置き、分野、地域あるいは援助形態に多角的発想を駆使し、21世紀に向けた中・長期展望を策定することが最も必要とされていることから、以下の4点を対タンザニア援助の考え方と位置付けた。

- (1) 人間開発と持続可能な開発
- (2) 構造調整に対する支援
- (3) 経済インフラと社会インフラ
- (4) 地域から国家レベルへの援助

- 援助の重点分野

構造調整による経済政策の転換によって、現在のタンザニアでは、社会セクターが最も大きな影響を受けている。わが国の援助にあたっては、転換期にあるタンザニアの経済状況の改善を支援することと併せて、社会セクターに対する支援を重点として実施すべきであり、以下の内容を重点分野とした。

- (1) 小規模農業開発
 - 1) 農業生産性向上
 - 2) 農民金融、農業協同組合等への制度面支援
- (2) 流通機構の整備
 - 1) 地方道路整備
 - 2) 穀物倉庫、市場などの施設整備
- (3) 零細企業への支援
 - 1) マーケティングを含む産業政策
 - 2) 企業家育成のための人材養成
- (4) 保健・医療・人口対策
 - 1) 地域保健システム確立
 - 2) エイズ対策
 - 3) 人口抑制
- (5) 社会参加促進のための基礎教育充実
 - 1) コミュニティーに配慮した小学校施設整備
 - 2) 教育行政、教育財政、学校運営などにかかわる人材育成
 - 3) 理数科などを中心とした教科教育
 - 4) 教員、女性指導者育成
- (6) 持続可能な環境開発
 - 1) 森林保全
 - 2) 地方の給水
 - 3) 都市環境整備
 - 4) ビクトリア湖水域保全
- (7) 政府行政能力の向上
 - 1) 公務員制度、地方自治制度の改革
 - 2) 行政機構の組織・制度教科

- 援助実施上の留意点

タンザニアの組織と人的資源の脆弱性及び援助の効率的運営の視点から以下の7点を実施上の留意点とした。

- 1) 総合的アプローチ
- 2) 地域間協力への配慮
- 3) ローカルコスト負担
- 4) 政策対話の促進
- 5) 援助体制の改善
- 6) 他ドナーとの協調
- 7) 住民参加の促進



Country Study for Japan's Official Development Assistance to Tanzania

In June 1996, the Committee on the Country Study for Japan's Official Development Assistance to Tanzania began to consider the best approach to development in Tanzania in light of the nation's difficult circumstances, leadership position among the countries of Southern and Eastern Africa, steady promotion of democratization and structural adjustment policy, and designation as one of the six model countries of Japan in the implementation of the new development strategy of DAC. In formulating an approach to development, it was necessary to fully grasp the current state of development in Tanzania. To do this, the Committee studied the nation's economic, political and social situation, identified the major development issues it currently faces, and studied the trends among other bilateral and multilateral donors in Tanzania.

- Thinking behind Japanese Assistance

Japanese assistance to Africa places priority on basic human needs as reflected in Japan's ODA Charter, the Tokyo International Conference on Africa Development (TICAD), and Japan's Initiatives on Assistance to Africa. Bearing these in mind together with the new development strategy of DAC, when considering assistance to Tanzania it is essential to focus on human resources development, which forms the foundation of a nation, to integrate sectoral, regional and scheme-based aid, and to formulate a medium- to long-term outlook for the 21st century. The following four points summarize Japanese thinking on aid to Tanzania.

- i) Human development and sustainable development
- ii) Support for structural adjustment
- iii) Economic infrastructure and social infrastructure
- iv) Aid from the regional to the national level

- Priority Sectors in Aid

In Tanzania, economic policy changes under structural adjustment are exerting their greatest impact on the social sector. In addition to supporting improvements in the economic conditions of Tanzania during this transition period, Japanese aid should therefore place priority on support for the social sector. In this light, the following priority sectors have been identified.

- (1) Small-scale agricultural development
 - i) improvement in agricultural productivity
 - ii) system support for farmer financing and agricultural cooperatives
- (2) Development of the distribution structure
 - i) development of rural roads
 - ii) development of facilities for crop storage, markets, etc.
- (3) Support for micro industries
 - i) Industrial policy, including marketing
 - ii) HRD for development of entrepreneurs
- (4) Health, medical care, population measures
 - i) Establishment of rural health system
 - ii) HIV/AIDS measures
 - iii) Population control
- (5) Enhancement of basic education to promote community participation
 - i) Establishment of primary school facilities in consideration of communities
 - ii) HRD related to educational administration, educational finance, school management, etc.
 - iii) Curriculum education centered around science and mathematics
 - iv) Training of teachers, female instructors
- (6) Sustainable environmental development
 - i) Forest conservation
 - ii) Rural water supply
 - iii) Improvement of urban environment
 - iv) Conservation of Lake Victoria area
- (7) Improvement of government administrative capacity
 - i) Reform of civil servant system, local government system, etc.
 - ii) Strengthening of administrative institutions

- Points of Consideration in Aid Implementation

The following seven points need to be considered in recognition of the weak institutions and human resources of Tanzania and with a view to more efficient management of aid.

- i) Integrative approach
- ii) Inter-regional cooperation
- iii) Assistance in covering local costs
- iv) Promotion of policy dialogue
- v) Improvement of aid structure
- vi) Coordination with other donors
- vii) Promotion of participatory approach





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This report is based on the discussions and findings of the Committee on the Country Study for Japan's Official Development Assistance to the United Republic of Tanzania organized by the Japan International Cooperation Agency (JICA). Opinions expressed in the report are those of the members of the Committee and do not necessarily reflect those of JICA and its affiliated organizations.

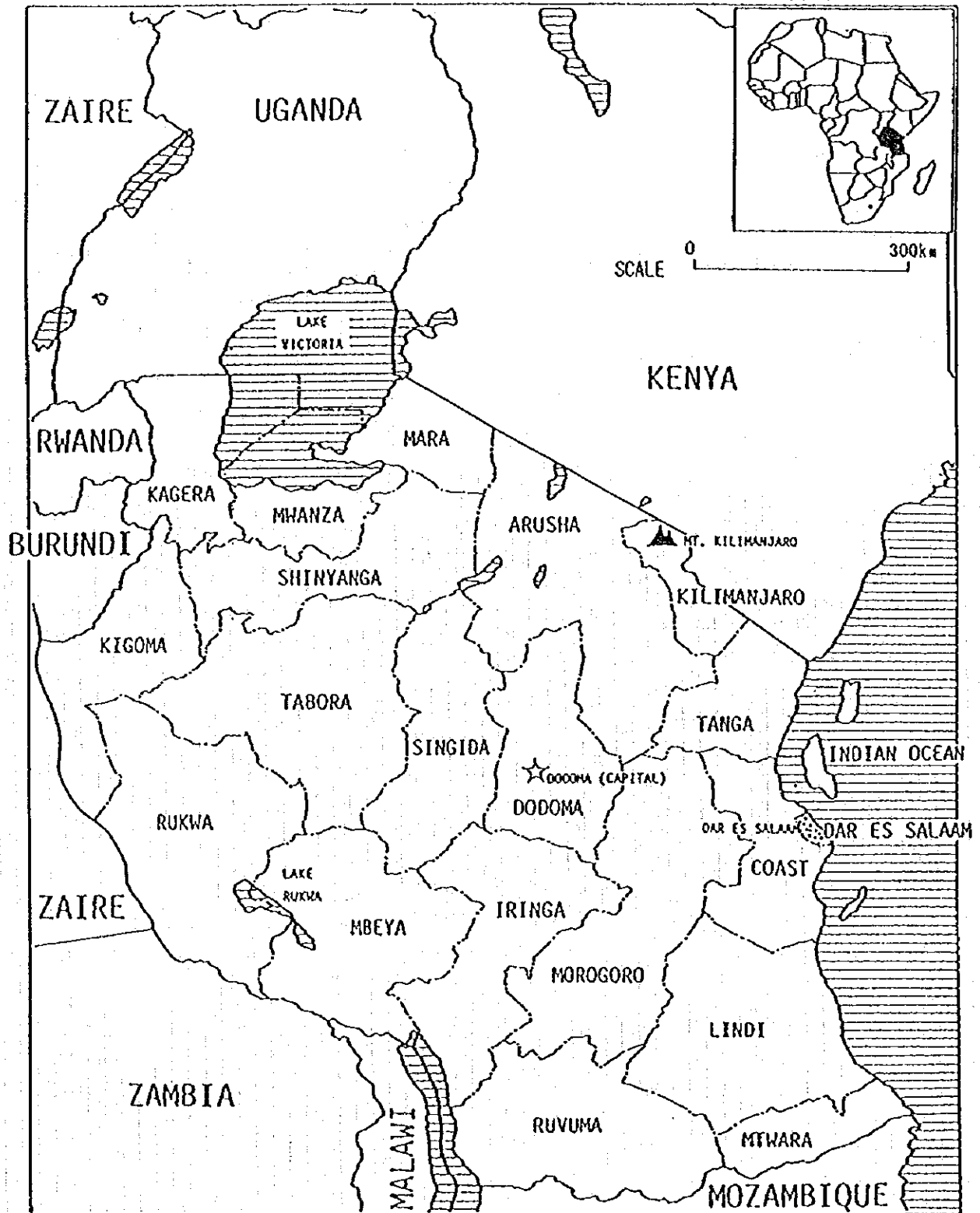
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UNITED REPUBLIC OF TANZANIA



Source: JICA Medical Cooperation Dept., Report of the Implementation Study Team for the Maternal and Child Health Services Project in the United Republic of Tanzania, 1994.

Foreword

The international community today faces a multitude of entirely new and complicated difficulties stemming largely from the geopolitical developments of recent years—the collapse of the Cold War climate in particular. Tanzania and many other countries across Africa have seen their economies falter in the wake of slumping international commodity prices and protracted debt burdens. The problems of rapid population growth remain unresolved, and poverty in Tanzania will increase towards the turn of the century.

To shed the last vestiges of its socialist economic system, in 1990 Tanzania launched its Second Economic Recovery Programme, and in 1993 adopted a “Rolling Plan and Forward Budget”. With these actions, it effectively embarked on a policy of structural adjustments comprising reforms to the *parastatal* system and to the frameworks for investment and market distribution. Between 1989 and 1992 real GDP growth averaged around 4 percent per annum, signaling an upswing in the economy. Over the past two to three years, however, the country has been confronted by a ballooning budget deficit as well as a slump in exports, and as a result, the economy has tumbled back into a renewed downswing.

As to be expected, the situation inside Tanzania remains bleak, with around 60 percent of the entire population now living under conditions of absolute poverty. The structural adjustment process in the meantime has burdened consumers with more of the costs associated with public services in the fields of health care and education, in turn heightening fears about the impact on life within the average household.

In effect, Tanzania has been confronted with a new set of economic and social strains—some domestic, and others international in their origin. Aside from that, Tanzania commands a respected position of leadership among the countries of southeastern Africa; is pushing forward with its efforts in democratization and structural adjustment; and is one of the priority countries chosen for assistance under the new DAC development strategy. In view of these realities, we explored suitable strategies for the promotion of Tanzania's development advance, the mission assigned to the Study Group upon its creation in June 1996.

To improve its awareness of the situation in Tanzania, the Study Group sought to identify domestic economic, political, and social conditions, and investigated trends in the aid Tanzania has received from leading donors and multilateral institutions to address selected development hurdles. On that basis, the Study Group then sought to draw up an effective strategy for the provision of aid.

I would like to pay tribute firstly to the members of the Committee for their valuable contributions to the compilation of this report, and to express my appreciation to the concerned agencies in the Ministry of Foreign Affairs and other related ministries for their support, and to every member of the Task Force for their dedicated assistance. I would also like to express my deep gratitude to the Embassy of Japan in Tanzania and the JICA Tanzania Office for their generous support.

In closing, it is my earnest hope that this report will be used to the maximum

possible extent by JICA, ministries, and other institutions with an interest in providing assistance to Tanzania, and that it can make a contribution to the further development of the friendly ties between our two countries.

March 1997

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Summary

1. Background and Tasks for Development

Tanzania has been an independent nation for 35 years. Yet despite the dedicated efforts of its government and people, and despite aid from various multilateral institutions and other donors, its economy is in a worse state now than it was two decades ago. Real income has declined, prices have languished for the country's key export crops, and the country's foreign debt has surged. Several factors are considered directly responsible for the weakened economy. They include certain political and economic policy choices made following independence, a rapidly growing population, climate anomalies, and a deteriorating conditions for trade in the international market. However, economic stagnation and decline have also been observed in various other sub-Saharan countries regardless of the political or economic policy courses chosen. In fact, the problems confronting many modern African countries seem highly analogous.

In the early years following independence, favorable weather conditions allowed Tanzania to register annual economic growth averaging over 6 percent. In 1967, President Nyerere issued the Arusha Declaration, which placed the financial, commercial, and agricultural sectors under government control, nationalized major corporations, and sought to transform the country into a socialist state. In the meantime, scattered peasant settlements were reorganized into agricultural communal villages, and the policies of *ujamaa* socialism went into full effect. The government placed priority on advances in social services, and achieved major improvements in education and the supply of drinking water. However, structural weaknesses in the economy lurked beneath the surface. Public investment became increasingly inefficient, exports and domestic savings dwindled, public confidence in the government evaporated, exchange rate controls were stiffened, and the black market thrived. Throughout most of the 1970s, a combination of external factors put the economy on a rapidly deteriorating course. They ranged from the first oil shock and poor weather conditions (1973-1974) to the breakup of the East African Community (1977) and the costs stemming from a war with Uganda (1978-1979).

The early 1980s saw the government become increasingly dysfunctional. Donors, moreover, were not impressed by its efforts to deal with the economic crisis, and as a result, the volume of aid flowing into the country ebbed significantly during the first half of the decade.

In 1981, the government launched a National Economic Salvation Programme (NESP), the first in a series of major efforts in economic reform. The economy, however, demonstrated little or no significant improvement.

In 1986, President Mwinyi launched an Economic Recovery Programme (ERP) that

had the goal of encouraging the private sector to become more actively involved in the country's economic affairs. Conservative opposition and a poor understanding of economic liberalization and the transition process effectively delayed the implementation of reforms under the program at the outset. However, as more reform-minded technocrats and academics took up positions within the new government, the country began to demonstrate progress in the arenas of deficit reduction and macroeconomic stabilization. The ERP was modeled on a World Bank's Structural Adjustment Programme and agreements with the IMF. In 1987, the World Bank, the IMF, and other donors resumed aid to Tanzania. The program itself bundled together several objectives, including exchange rate adjustments, the liberalization of imports, improvements to the agricultural distribution system, assorted steps in deregulation, producer-oriented incentives designed to spur heightened agricultural output, institutional reforms to the country's fiscal, monetary, and interest-rate structures, and actions to balance the allocation of domestic resources. The second phase of the ERP got under way in 1989. In 1993, the government embarked on a new series of public investments under a Rolling Plan arrangement. The new Mkapa administration that assumed power in 1995 sustained these recovery initiatives, and is now putting together a new medium- and long-term development program geared to the 21st century.

Tanzania suffers institutional weaknesses of virtually universal scope: in its public and private sectors, at the national and local government levels, and in urban and rural areas. In certain respects, it would appear that socialist doctrine has left the country in a state of organizational and institutional disarray.

Deficiencies in the provision of social services have reached serious proportions. For many citizens, access to basic social services has become extremely difficult.

The government has been striving under its Economic Recovery Programme to lay new economic infrastructure through public works spending, although progress has been slow. Underdeveloped infrastructure has become a bottleneck to the country's economic vitality.

These factors have in turn heavily impacted output in the agriculture sector, a key economic base that otherwise should be expected to serve as a driving force for the alleviation of poverty.

Given this array of problems, the conditions of poverty now evident in Tanzania should come as no surprise. To survive under these conditions, segments of the population have been forced to utilize available resources without adequate planning, in turn triggering a variety of environmental problems. Tanzania currently has an estimated per-capita GNP of US\$90 (1993). Furthermore, 50 percent of all households live below the poverty line, and 36 percent of those households live under extreme poverty.

At a donor meeting in 1996, the Tanzanian government announced that the drive to eradicate poverty would be one of the key challenges of national development. To that end, it has placed policy priority on measures to boost food production for domestic consumption, create jobs, assist workers in the informal sector, and secure improvements in education, health care, and nutrition. Indeed, since practically all the country's problems are rooted in poverty, unless they address the question of poverty itself, development strategies will be neither sustainable nor effective in bringing about fundamental progress.

Though civil war has been a reality for many other African countries over the years, Tanzania has laid down a track record of comparative political stability. Elections have been the basis for presidential succession. On the other hand, balloting irregularities in the 1995 elections suggest that Tanzanian democracy is still in its formative stages. To be sure, it is still too early to say whether democracy will ultimately take firm hold in Tanzania or not. If Tanzania is to establish a genuine and lasting democracy, it will also need to pursue various reforms in its political and administrative structures as well as in their operation. In particular, it must assure political and administrative transparency, weed out corruption and graft, abide by the rule of law, and uphold the ideal of equal opportunity for all. In the process, moreover, it will be expected to offer educational programs that can help citizens assume a role of leadership in building a "democracy from the bottom up", and cultivate a political ethic that esteems the ideal of a free and pluralistic mass media.

2. Aid Trends

The Tokyo International Conference on African Development (TICAD) (cosponsored together with the UN in October 1993) and the Ninth United Nations Conference on Trade and Development (UNCTAD 9; held in South Africa in April 1996) were two events that exemplify recent trends in Japanese aid to Tanzania and other African countries. The TICAD forum culminated in the Tokyo Declaration, which called for actions to assist the development of those African countries striving to democratize their political systems and liberalize their economies. The Declaration has six key underpinnings: (i) steps in political and economic reform led by the initiative of developing countries themselves, (ii) economic development driven by stimulation of the private sector, (iii) regional cooperation and integration between African countries, (iv) a disaster prevention both caused by naturally and artificially, and an understanding of the value of urgent disaster relief, (v) the adaptation of Asian development models to the African setting, together with expanded South to South cooperation, and (vi) broad-based international assistance involving NGOs and other organizations, for solutions to the AIDS epidemic, environmental issues, and problems of women.

Foreign Minister Ikeda announced Japan's Initiatives on Assistance to Africa at the UNCTAD 9 forum. That initiative calls for a second Tokyo International Conference on

African Development (TICAD II), with a target year of 1998, increased levels of assistance in the field of primary education, training programs in Japan for 3000 African trainees over the next three years, and active backing for a polio-eradication program led by the African Office of the World Health Organization.

These recent movements in the arena of African aid are strongly echoed in "Shaping the 21st Century: The Contribution of Development Cooperation", the DAC-New Development Strategy that carried through on Japan's initiative at a DAC high level meeting in May 1996. Four themes central to this new DAC strategy--poverty alleviation, universal primary education, health care (maternal and child health care), and environmental protection--all have a bearing on conditions in Tanzania and most other African countries. In fact, of the six countries slated for priority assistance under the DAC-New Development Strategy, four are in Africa. Tanzania is one of those designated countries and is currently being considered as a target for the implementation of DAC programs coordinated with British ODA and aid from other concerned donors.

Japan has given Tanzania top ODA priority in sub-Saharan countries, and on that basis has for some time supplied it aid primarily in the form of grant aid and technical cooperation. In 1995, Tanzania received \$124.3 million in Japanese ODA, the second-largest amount received by any sub-Saharan country after Kenya. As a recipient of Japanese grant aid alone, Tanzania ranks first among sub-Saharan countries, and is in ninth place worldwide.

As a donor country to Tanzania, Japan's record has not always been outstanding. However, among DAC members it was the fifth-ranked donor to Tanzania in 1992 (\$71 million) and the second-ranked in 1993 (\$88.8 million). Furthermore, it continued expanding its level of assistance to 148 million in 1994, an amount that positioned it as Tanzania's top donor. If multilateral organizations are also compared, this figure is second only to the amount provided to Tanzania by the World Bank (\$172.3 million).

On a cumulative basis, Sweden was the top-ranked bilateral donor of aid over the five-year span from 1990 through 1994. Japan was ranked fourth, following Denmark and Norway. One explanation for this is that many Scandinavian-styled socialist countries have been firm supporters of the African-styled socialist policies that emerged when Nyerere was president. To better coordinate their aid programs for the country, these Scandinavian countries have held meetings in Tanzania, and in November 1996 initiated a high-level policy dialogue with the Tanzanian government.

However, the amounts of aid extended by donors like Sweden and Norway have been following a downtrend attributable to symptoms of aid fatigue in recent years. In the meantime, moreover, most other donors have not been increasing their aid amounts to Tanzania. As these trends suggest, Japanese aid has grown increasingly vital to Tanzania, a country that still relies on foreign aid to finance as much as 40 percent of its fiscal budget.

3. Japanese Aid Policy

3.1 Basic Themes

On the surface, it would be easy to conclude from the foregoing analysis that various natural forces as well as political and economic factors--both internal and external--have prevented Tanzania from achieving many of the development objectives it committed itself to once it gained independence. Nonetheless, it is not possible to ignore certain inherent problems that Tanzania shares in common with other African countries.

The Cold War forced many independent developing countries in Africa to be involved in the competition for aid. However, this created a scarcity of assistance for serious undertakings in human resources development or the promotion of national infrastructure. The result emerged as a polarization in human resources, with basic reading, writing, and arithmetic for the masses and programs of higher education and training reserved for a handful of elites. This state of affairs has factored strongly behind the institutional weaknesses that many African countries have suffered.

For Tanzania, the past 30-odd years have been a long and winding course that would appear to have placed it right back to the developmental starting point. However, politically, socially, and economically, the problems confronting the country today are far more complicated than they were 30 years ago. Moreover, donor strategies have been evolving; in particular, recent years have seen donor emphasis shift to participatory approaches and the cultivation of aid partnerships. In exploring Tanzania's development assistance needs against this complicated backdrop of change, it seems imperative above all to put the focus of attention on human resources development as a key foundation for nation-building, to assume a multifaceted approach regarding the targeted sectors, regions, and types of aid, and to act on the basis of a medium- and long-term development visions for the next century.

As underscored by Japan's own ODA charter, by the Tokyo International Conferences on African Development (TICAD), and by Foreign Minister Ikeda's announcement of Japan's Initiatives on Assistance to Africa, Japanese aid to the continent has been driven increasingly by aid policies oriented toward the fulfillment of basic human needs. What is more, that aid is growing in volume terms. Japan is today the top donor for seven of the 47 countries in Africa, and for some years now has been one of the major donors of aid to Tanzania. In the process, it has been working to improve the quality of aid extended, and as one measure to that end has sought to supplant its request-based philosophy with a stress on closer policy dialogue.

Japan considered Tanzania a priority country for the implementation of the DAC-New Development Strategy. As a leading donor, Japan should be aware of its role as a proponent of that new strategy. Additionally, it should explore measures for aid to Tanza-

nia while fully bearing the objectives of the new strategy in mind.

On that understanding, we have adopted four fundamental viewpoints regarding aid to Tanzania, as follows.

- 3.1.1 Human Development and Sustainable Development
- 3.1.2 Support for the Structural Adjustment Process
- 3.1.3 Assistance for Improving in Economic and Social Infrastructure
- 3.1.4 Assistance from the Regional to National Level

3.2 Priority Areas for Japan's Aid

Social services have suffered significantly as a result of the shift to structural adjustment-oriented economic policies in Tanzania. The development budget as well as current account outlays have all been reduced. Tanzania's economy has reached a turning point. Japanese aid, therefore, should emphasize measures to foster an economic revival and assist the country's ailing social sector. In keeping with the basic philosophy set out in section 3.1 above, we recommended that the priorities of Japanese aid be focused in the following areas.

- 3.2.1 Small-Scale Agricultural Development
 - 3.2.1.1 Support for Gains in Agricultural Productivity
 - 3.2.1.2 Support for Capacity Building of Farm Credit Organizations and Agricultural Cooperatives
- 3.2.2 Development of Distribution System
 - 3.2.2.1 Construction of Rural Road Networks
 - 3.2.2.2 Development of Grain Silos, Marketing Centers, and Other Facilities
- 3.2.3 Fostering of Small-Scale Enterprises
 - 3.2.3.1 Support for Effective Industrial Policies and Marketing
 - 3.2.3.2 Training Programs for Fostering Entrepreneurs
- 3.2.4 Health Care and Measures Promoting Population Control
 - 3.2.4.1 Support for the Establishment of District Health Management Systems
 - 3.2.4.2 AIDS Countermeasures
 - 3.2.4.3 Population Control
- 3.2.5 Enhancement in Basic Education for the Advancement of Social Participation
 - 3.2.5.1 Community-Oriented Assistance for the Improvement of Primary School Facilities
 - 3.2.5.2 Support for Training Programs for Personnel Involved in School Administration, Financing and Management of Schools

- 3.2.5.3 Assistance for Curriculum Formulation with Particular Stress on Science and Math Education
- 3.2.5.4 Support for Training of Teachers and Women Leaders

- 3.2.6 Sustainable Environmental Development
 - 3.2.6.1 Forest Preservation
 - 3.2.6.2 Improvement of Rural Water Supplies
 - 3.2.6.3 Improvement of Urban Living Conditions
 - 3.2.6.4 Protection of the Basin of Lake Victoria

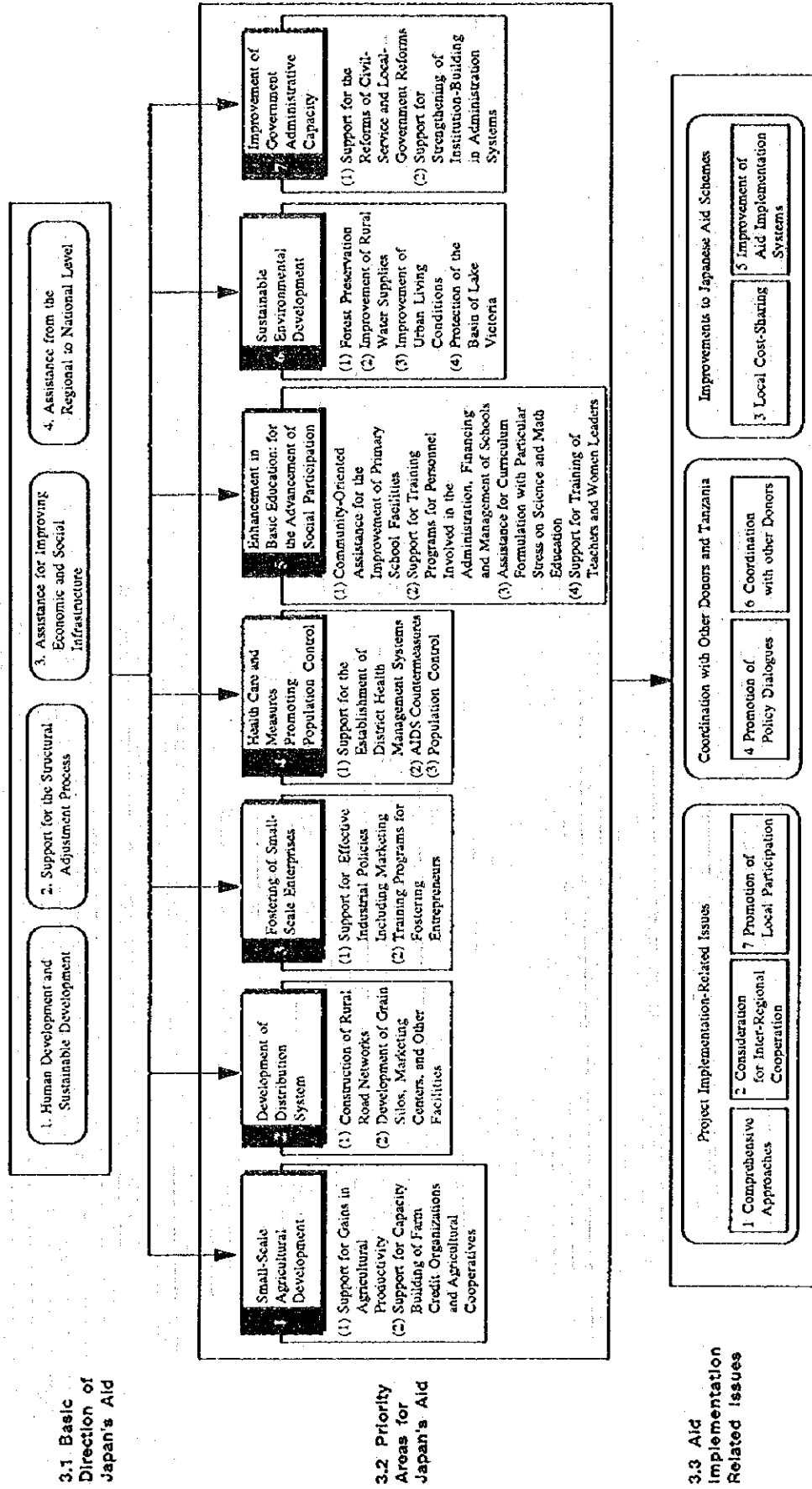
- 3.2.7 Improvement of Government Administrative Capacity
 - 3.2.7.1 Support for the Reforms of Civil Service and Local Governance Systems
 - 3.2.7.2 Support for Institution-Building in Administrative Systems

3.3 Aid Implementation-Related Issues

Practically every point for consideration stressed in the "Report of Regional Study for Development Assistance to Sub-Saharan Africa", released by JICA in 1991 applies as stated to Tanzania. Therefore, to avoid needless repetition, we have listed below seven implementation-related issues that deserve extra attention from the perspective in addressing weaknesses in the institutional structures and personnel resources and efficient management of aid which should be the foundation for Tanzania's ongoing national development.

- 3.3.1 Comprehensive Approaches
- 3.3.2 Consideration for Inter-Regional Cooperation
- 3.3.3 Local Cost Sharing
- 3.3.4 Promotion of Policy Dialogues
- 3.3.5 Improvement of Aid Implementation Systems
- 3.3.6 Coordination with Other Donors
- 3.3.7 Promotion of Local Participation

Japanese Aid to Tanzania



1. Background and Tasks for Development

1.1 Background for Development

1.1.1 History of Development

Tanzania has been an independent nation for 35 years. Yet despite the dedicated efforts of its government and people, and despite aid from various multilateral institutions and other donors, its economy is in a worse state now than it was two decades ago. Real income has declined, prices have languished for the country's key export crops, and the foreign debt has surged. Several factors are considered directly responsible for the weakened economy. They include certain political and economic policy choices made following independence, a rapidly growing population, climatic anomalies, and a deteriorating condition for trade in the international market. However, economic stagnation and decline have also been observed in various other sub-Saharan countries regardless of the political or economic policy courses chosen. In fact, the problems confronting many modern African countries seem highly analogous.

Tanganyika (mainland) gained its independence from Britain in 1961. In 1964, it merged with Zanzibar to form the United Republic of Tanzania. The country covers an area of 942,800 square kilometers (of which inland water bodies account for 61,500 square kilometers). Together with the island of Pemba, Zanzibar comprises about 2,000 square kilometers, including around 800,000 people in Zanzibar. The population is currently growing at a rate of 3%. Although relatively high in urban districts, Tanzania's population numbered an estimated 28 million in 1995, with an average density of only 31 people per square kilometer. About 80% of the working-age population is engaged in traditional, small-scale farming for domestic consumption, and only 8% of the working-age population are formally employed.

Agriculture is the cornerstone of the Tanzanian economy; in 1994, agricultural output accounted for about 50% of GDP. Tanzania is endowed with a highly diversified ecosystem. The chief commercial crops for export include coffee, tea, cotton, cashew nuts, tobacco, sisal, and pyrethrum. Maize, rice, wheat, cassava, legumes, banana, and various cereal grains are the main food crops. Though manufacturing accounts for only a small share of GDP, mining and tourism are considered to bear significant development potential. The service sector commands importance as a source of employment for the labor force. Still, with a per capita GDP of around US\$90, Tanzania is one of the least developed countries (LLDCs). Since these figures might not include the values of subsistence production which are unrecorded in official statistics, actual economic conditions seem to be understated.

In the early years following independence, favorable weather conditions allowed Tanzania to register annual economic growth averaging above 6%. Though the economic policies changed gradually to controlled policies, they remained largely market-based. In

1967 President Nyerere issued the Arusha Declaration, which placed the financial, commercial, and agricultural sectors under government control, nationalized the major corporations, and sought to transform the country into a socialist state.

Another outcome of the Arusha Declaration was that it disillusioned many Indian and Pakistani merchants and disenfranchised them of their economic interests, and various state-run corporations (*parastatal*) were set up in their place. In the meantime, scattered peasant settlements were reorganized into agricultural communal villages, and the policies of *ujamaa* socialism went into full effect. The period from 1967 to 1973 saw annual GDP growth average just under 5%; during this same span, Tanzania received extensive amounts of foreign aid. The government placed priority on advances in social services, and achieved major improvements in education and the supply of drinking water.

However, structural weaknesses in the economy lurked beneath the surface. Public investment became increasingly inefficient, exports and domestic savings dwindled, public confidence in the government evaporated, exchange rate controls were stiffened, and the black market thrived. Through most of the 1970s, a combination of external factors put the economy on a rapidly deteriorating course. They ranged from the first oil shock and poor weather conditions (1973-1974) to the breakup of the East African Community (1977) and the costs stemming from a war with Uganda (1978-1979).

With the start of the 1980s, Tanzania's GDP growth decreased with each passing year. While expanded food-crop production just barely managed to hold growth in agricultural output at a pace of 2%, industrial output slipped rapidly and factory operating rates fell below 25%. Between 1981 and 1983 in particular, the country proved unable to maintain or manage the function of basic infrastructure, which caused the deterioration of the transportation system. The flow of imports narrowed sharply, and chronic shortages of basic supplies reached epidemic proportions nationwide. The export slowdown, combined with a rising burden of foreign debt, further undermined the country's balance-of-payments status. These pressures, together with soaring inflation of over 30%, brought the economy to the brink of collapse.

In early 1983, the government moved to control the widespread black market. In the process though, it ended up stifling the entrepreneurial spirit of the private sector, merely aggravating the shortages of basic goods in return. As it happened, the government had also lost much of its effectiveness, and its economic strategies to tackle the economic crisis did not earn much appreciation among aid donors. The volume of aid accordingly decreased quickly during the first half of the 1980s. In 1981 the government announced a National Economic Salvation Programme (NESP) that sought to promote exports, reduce imports, expand food output, and cut back fiscal expenditures. The shilling was devalued by 10% in March 1982.

In 1983, the government initiated a three-year program of structural adjustments

designed to rescue the stalled economy. Essentially planned by the government itself, the program incorporated various initiatives aimed at pushing output back up to 1978 levels, improving the quality of public investments, reducing the inflation rate, balancing the budget, rationalizing public expenditures, and providing new incentives to producers. However, failed exchange rate policies frustrated the government's efforts to win new aid from foreign donors, and as a result, the country made virtually no progress toward improving its balance of payments status.

In 1986, Nyerere's successor, President Ali Hassan Mwinyi, launched an Economic Recovery Programme (ERP) that had the goal of encouraging the private sector to become more actively involved in the country's economic affairs. Conservative opposition and a poor understanding of economic liberalization and the transition process effectively delayed the implementation of reforms under the program at the outset. However, as more reform-minded technocrats and academics took up positions within the government, the country began to demonstrate progress in the arenas of deficit reduction and macroeconomic stabilization. The ERP was modeled on the World Bank's Structural Adjustment Programme and agreements with the IMF. In 1987, the World Bank, the IMF, and other donors resumed aid to Tanzania.

The program itself bundled together several objectives, including exchange rate adjustments, the liberalization of imports, improvements of the agricultural distribution system, assorted steps in deregulation, producer-oriented incentives designed to spur heightened agricultural output, institutional reforms in the country's fiscal, monetary, and interest rate structures, and actions to balance the allocation of domestic resources. The second phase of the ERP got under way in 1989. In 1993 the government embarked on a new series of public investments under a Rolling Plan arrangement. The new Mkapa administration that assumed power in 1995 sustained these recovery initiatives, and is now putting together a new medium- and long-term development program geared to the 21st century.

Due to several factors, Tanzania is prioritized as one of the big recipient countries of Japanese aid in Africa. For one, it has assumed an active role as a leader among the nations of eastern and southern Africa. In addition, it has pushed forward with various programs in structural adjustment since 1986. It has moved to democratize, as demonstrated by multiparty general elections held in 1995. Not least important, Tanzania has maintained exceptionally close and friendly ties with Japan.

In terms of aggregate Japanese aid, Tanzania stands out as the top-ranked recipient of grant aid in sub-Saharan Africa, is the region's sixth-largest recipient of loan assistance, and is second only to Kenya as a recipient of technical cooperation. Recent years have witnessed a deepening dialogue between Japan and Tanzania on assistance themes. In 1994, Japan sent the High Level Mission on Economic and Technical Cooperation to the country, and in 1995 sponsored a seminar on "Tanzanian development and the future

direction of Japanese aid”.

Tanzania has also cultivated close ties with its neighbors, as evidenced by efforts to resume the cooperation in East African countries now that the Cold War has ended. Though Nyerere is a pivotal figure in those efforts, it also should be noted that Tanzania has been actively engaged in the task of mediating an end to civil strife in Burundi and Rwanda, and has provided safe havens for refugees from the fighting in those countries.

1.1.2 Progress of the Economic Recovery Programme

1.1.2.1 Financial Policy

Under its Economic Recovery Programme, Tanzania followed a set of policies designed to lift fiscal revenues and scale back current development-related outlays. One of the medium-range goals was to slash budget deficit financing from the domestic banking sector. Measures to boost revenue included action to improve the efficiency of tax collection, expand the tax base through promoting economic activity, and ensure that the shilling was not overvalued against other currencies. As a result of these efforts, by 1993 tax revenue measured 23.5% of GDP, and the share of aid from donor nations also increased. In 1993, Tanzania adopted a multiyear budgeting arrangement based on a three-year Rolling Plan for the FY 1993/94; this allowed it to determine the priority on public investment and demonstrate modest gains in its fiscal condition.

Despite these improvements, however, fiscal policy continued to suffer from a number of structural weaknesses. For example, the country was heavily dependent on external resources for its budget source, had implemented many unsustainable development projects, and depended on the indirect taxation of domestic products for the bulk of its fiscal revenue. In addition, income and import tax evasion had become widespread as the losses incurred by the *parastatal* continued to pile up. Nonetheless, the decision to scale back bank financing for the fiscal deficit in 1990 demonstrated a clear expression of the government's commitment to financial reform.

One element of the drive for financial reform is a program aimed at overhauling the civil service sector. This program comprises four areas: personnel management, cutbacks in civil servant payrolls, improvement of wage structures, and comprehensive rationalization backed by assessments of each ministry's organization and efficiency. On the personnel management front, Tanzania has been working to set ceilings on the size of civil service personnel and put together more efficient measures of personnel management regulations. As to reducing payrolls, it cut the civil servant work force by about 50,000 as of 1995. In addition, now it is planning to factor commuting and transportation allowances into their salaries. However, these de facto pay cuts have already undermined the morale and will to work of many public employees.

1.1.2.2 Trade Liberalization

At the height of the debt crisis it faced from 1970 through much of the 1980s, Tanzania implemented a set of stiff restrictions and tariffs aimed at curbing the flow of imports. Though low tariff rates applied to imports of intermediate and capital goods, imported consumer goods faced high tariff rates and all imports were subject to a sales tax. However, trade was eventually liberalized under the Economic Recovery Programme—and for imports in particular, tariff rates have come down significantly as a result.

As one action to ease domestic shortages of basic goods and materials, in 1984 the government introduced a framework for personally financed imports. In effect, this allowed individuals to utilize foreign currency in their possession—acquired legally or not—for the purpose of importing certain listed consumer, intermediate, or capital goods. Soon the list was widened to include practically every conceivable item, enabling personally financed imports to grow rapidly, close to 40% of total imports.

This individual financing-based approach was supplanted in 1987 by an "Open General License (OGL)" framework. It allocated foreign exchange on an order-of-application basis for the purpose of importing designated items on a merchandise list covering agriculture, transportation, and other categories. Under the agreement with the World Bank, this commodity list was gradually widened to include virtually all types of intermediate and capital goods.

Compared to imports, the government was not as enthusiastic about liberalizing exports. However, as a step to promote exports through legal channels, it introduced a program for export-derived foreign currency holdings. Basically, in 1988 it established a system that allowed exporters to hold foreign currency receipts of up to 50% on nontraditional exports and 10% on traditional export items, bypassing the process of having the funds exchanged by the central bank. Since then, these restrictions have been almost completely liberalized.

Trade liberalization was one of the underpinnings of the Economic Recovery Programme. As it happens, the government acted on its own financial program, and engaged in supplemental imports in a bid to offset domestic shortages of basic goods and materials. However, aid donors were the main force behind the initiatives to liberalize imports, promote competition in imports, and lower customs tariffs. Though the import industry was opened up and became market-oriented, the liberalization of exports itself had to wait until steps were taken to deregulate the agricultural sector's distribution system.

1.1.2.3 Exchange Rate and Monetary Policies

The Tanzanian government objected strongly to IMF and World Bank recommendations to devalue its currency. For that reason, the early 1980s saw the official exchange

rate reach close to tenfold the market exchange rate, creating a parallel money market in the process. When it launched its ERP, however, the government took action first, and continued to devalue in several stages thereafter. By 1991, the official rate measured only 50% more than the market rate. In 1992, Tanzania announced a new foreign exchange control law and set up centers for unrestricted foreign exchange, effectively allowing the exchange rate to be driven by market forces. Policies to unify exchange rates were enacted in 1994.

Under the structural adjustment program, monetary policy had the goals of stemming growth in the money supply, keeping credit growth within an annual range of 15% to 20%, and curbing the inflation rate to a level of 10% or less. In reality, the money supply widened at a rate of 34.6% between 1986 and 1992 (six-year average). These factors were caused by the heightened lending to marketing boards, cooperatives, and other institutions in the agricultural distribution sector. Domestic credit widened 43% per annum between 1987 and 1989, significantly outstripping the 32% target. Over that same period, the central government had most of its debt payments financed by foreign aid. In 1992 and beyond, the government began relying heavily on banks to finance the foreign debt, and as a consequence, the money supply ballooned sharply. In short, the effort to manage the money supply not only failed, but the government managed to cut inflation back (from its 1984 peak of 36.1%) no further than 22.1% (1992).

Prior to the Economic Recovery Programme, most banks in the country were nationalized. They included the top commercial bank, the National Bank of Commerce (NBC), the main agricultural bank, Cooperative and Rural Development Bank (CRDB), and several others focused in specific service sectors such as housing loans and development financing. Furthermore, participation by new entrants was restricted. By the late 1980s, all but a few banks had reached the point of bankruptcy. The central bank proved ineffective in playing its monitoring role yet offered commercial banks easy access to refinancing, which weakened their motivation to collect on outstanding debts and expand their deposit reserves. Accordingly, many banks continued to furnish loans with little or no concern about the solvency of their borrowers. By the end of 1987, two-thirds of all bank financing was being used to service debts run up by a *parastatal* of agricultural products. Worse, weaknesses in the credit system and internal management, delay of the judicial process, and political influences among other factors all combined to hamper efforts by commercial banks to collect on their loans or liquidate loan collateral.

Acting with financial support for its structural adjustments from the World Bank and IMF, in 1991 the government set up a Loan and Advances Realization Trust (LART) and began the task of helping the banking sector recover its debts. In the meantime, it also moved to deregulate interest rates, to strengthen the banking laws as well as supervising and monitoring the central bank, to open the market to commercial banks, and to restructure existing banks. Other than the central bank's influence over the minimum deposit rate and ceiling loan rate, interest rates in general were deregulated. Addition-

ally, headway was made toward restructuring and downsizing the NBC, abolishing the practice of overdraft banking, and giving private commercial banks wider access to the marketplace.

Though the government effectively offset the liabilities of the commercial banking sector by issuing treasury bonds worth more than 100 billion shillings, only a fraction of liabilities were considered recoverable. This has fueled fears that the bond issues could essentially aggravate the public debt.

1.1.2.4 The Relaxation of Prices and Other Market Controls

Following the Arusha Declaration, distribution in the agricultural sector was placed under a centralized system of compulsory government controls. In 1987, steps in deregulation of the distribution system allowed individual agricultural cooperatives and regional cooperative associations to market crops directly to private merchants. Crop distribution was then deregulated entirely the following year. These actions had the effect of boosting food crop output and generating dramatic improvements in the country's food self-sufficiency; in turn, black-market prices for most crops fell. The deregulation of the grain trade in turn prompted the government to alter its price policies and eventually abandon official prices for most consumer goods altogether. In 1991, the minimum-producer-price system was essentially transformed into price guidelines for farmers. Ultimately, market forces became the key determinant dictating the prices farmers actually received for their produce.

The liberalization of the distribution system for export crops was tightly intertwined with the restructuring and reform of the country's *parastatal*. However, political entanglements, among other factors, delayed that process for some time. Most of the domestic distribution system for tea, coffee, cotton, cashew nuts, tobacco, pyrethrum, and other traditional export crops was in the hands of the cooperatives. In July 1990, the government reformed the *parastatal* responsible for exports, assigning to them various roles in export crop distribution, including quality control, the disclosure of market information, and the managing and monitoring of bidding procedures. In addition, restrictions on the flow of agricultural capital inputs were abandoned, thus the agricultural distribution system was almost entirely liberalized.

In 1994, price controls in the industrial sector remained in effect for only three categories of goods: sugar, fertilizer, and petroleum products. The market for practically everything else—whether imported or domestically produced—was completely liberalized. As a result, the textile industry was wiped out, and other relatively uncompetitive domestic industries have since faced a crisis situation.

1.1.2.5 *Parastatal* Reforms

The *parastatal* were the government's principal means of managing and controlling

the activities of increasingly modernized economic activities. First, private companies were either nationalized or placed under the control of the *parastatal*, through which government investments were then executed. Though as many as 410 different *parastatal* were in operation by 1988, in general they did not play a significant role in promoting the country's economic growth or in bringing about needed economic reforms.

Inadequate managerial competence has been cited as the main reason for the public sector's poor performance in the economic arena. However, several additional factors also deserve attention, including excessive government interference, distorted price mechanisms, inappropriate strategies of capitalization, shortages of foreign exchange, and a dearth of circulating capital.

Other factors also apparently had an impact. For one, inconsistencies characterized the Economic Recovery Programme and the government's targets. Currency devaluations stemming from the liberalization of trade steeply inflated the price of imported goods, which in turn added heavily to the country's shilling-denominated debt burden. Finally, heightened competition in the domestic marketplace put the *parastatal* at a disadvantage, thus further frustrating their plans.

In 1992, the government set up a Presidential *Parastatal* Sector Reform Commission that had the mission of improving the efficiency and trimming the fiscal burden of the public sector. It then embarked on a program of reforms and privatization that had several objectives: liquidating, leasing, or breaking up certain *parastatal*, encouraging broader private-sector participation in their management and ownership, improving their operating efficiency, and having them reduce their debt burden and operate on tighter budgets without public financing.

However, in view of the absence of a suitable social security framework, together with delays in the effort to establish an attractive circumstance for private investment, it is anticipated that this program of reform will need much time to demonstrate results. It is questionable, particularly as to who is going to invest in this reformed corporate sector. Tanzania lags in the arena of national capital formation. Market penetration by Asian (i.e., Indian and Pakistani)—and more recently South African—business interests has prompted fears that these groups will eventually dominate the domestic economy. Another problem is that privatization needs to be pursued carefully, at a pace that is in step with the economic level of the country. If the enterprises strongly in the public interest are privatized too rapidly, Tanzania's socially powerless or disadvantaged groups could ultimately be shut out, with no access to the services those enterprises provide.

1.1.2.6 Social Policy

Following independence, Nyerere posted impressive inroads in the social development arena on a policy platform that sought to stamp out three specific problems: poverty,

illiteracy, and disease. By the end of the 1970s, the platform had succeeded in satisfying the basic social needs of its citizens. Particularly noteworthy was its achievement in the arena of national integration, something then comparatively rare in Africa. Conversely, due to weaknesses in the economy and the government administrative capacity, this explosive growth in social services evidently came at the expense of sustainability and quality. In any event, the start of the 1980s saw the government strive to improve social services with donor assistance and NGO's efforts by allowing the public to assume some of the associated burden of expense. Additionally, in 1989, it decided to incorporate various social sector improvements into its Economic Recovery Programme, and worked to expand public expenditures for that purpose. Since then, however, social expenditure has been shrinking under retrenchment finance the government introduced to squeeze the fiscal deficit. Indeed, many action programs have yet to be implemented, allowing certain social problems to become more pronounced as a consequence: for instance, population pressures and AIDS, together with tandem declines in literacy rates, school attendance rates, and health and sanitary services. It is readily apparent that the sacrifices imposed by the structural adjustment process are one factor behind this decline in social services.

1.1.3 Situation in Zanzibar

Though an integral part of the republic, Zanzibar has autonomy over its own internal affairs. Under the 1977 constitution, diplomacy, military security, and foreign exchange are the responsibilities of the national government. Zanzibar was brought into the controlled economy in the 1960s. Through the 1980s, it suffered essentially the same trend of economic deterioration that had been witnessed earlier in Tanganyika—that is, on the mainland. That economic downswing was aggravated in particular by a slump in the international price of clove, Zanzibar's principal commercial crop. In 1988, Zanzibar's government launched an Economic Recovery Programme of its own, two years later than the program undertaken on the mainland. This programme comprised steps in tax reform, an abolition of government rice subsidies, liberalization of trade in all crops except clove, currency devaluation, and real increases in the prices paid to crop producers, but implemented no public sector reforms. Due to changes in the investment law, however, the flow of foreign investment has been increasing lately, and the tourist industry is also beginning to thrive.

Zanzibar's economy is heavily dependent on clove and therefore easily influenced by fluctuations in clove output. The clove harvest was poor in 1988, to the extent that GDP growth measured only slightly above 1% that year. On the other hand, in 1991 GDP increased almost 5% thanks to a bumper clove crop Zanzibar recorded the year before. In 1986, Zanzibar registered a better economic index number than did Tanganyika. From 1987 through 1990, the situation was reversed. This declining position of economic importance and power relative to the mainland has been cited as one of the factors fueling the island's independence movement.

Traditionally an agrarian economy, in 1995 Zanzibar set up the Zanzibar Free Economic Zone Authority (Zanfreza), and, emulating Mauritius, took steps to lure in more foreign companies. As of last count, 112 foreign corporations had operations going in Zanzibar. However, the tax exemptions that had been put together as incentives to lure in such foreign investment ended up not only encouraging the smuggling of goods to the mainland, but also thwarting attempts to increase tax revenue. Currently, tourism is considered by investors to be an industry with strong development potential.

In 1988, Zanzibar registered an even higher inflation rate than did the mainland; prices for most essential consumer goods rose 49%, and trended above 40% for some time thereafter. In 1991, the inflation rate fell to a level of 26%, but since then has shown signs of heading up again, underscoring the fact that it is not entirely back under control. Other than in 1989, when exports of clove expanded, Zanzibar had been running a chronic trade deficit. According to the 1977 constitution, the island's foreign currency is supposed to be under central government control, but in reality it is controlled by the People's Bank.

The agricultural sector accounted for 48% of Zanzibar's GDP in 1991; almost all of that was attributable to clove output. Since then, the share of GDP provided by clove has been slipping, partly due to competition with Brazil and other relatively new clove-producing countries, and partly due to a sharp decline in international prices. The languishing clove market was one of the reasons Zanzibar agreed to a Rolling Plan. Since 1991, Zanzibar has shown a measure of success in leveraging a recovery in clove output with higher purchase prices, among other incentives. Nonetheless, fluctuations in output have been erratic. Though output measured around 15,000 metric tons in 1991, it tumbled to less than 2,000 tons the following year. Zanzibar has about 50,000 coconut trees planted, but their copra output has also proven highly erratic; efforts to restore those groves are now under way.

Zanzibar also exports seaweed products to China, and produces red pepper as well for commercial export. Efforts to cultivate cardamom and vanilla are currently making headway, and tobacco and rubber are also now in production. Food crops account for about 60% of all land under cultivation. Maize, sweet potato, banana, cassava, rice, and assorted cereal grains are raised for domestic consumption. In fishery, annual catches have been falling, a trend that underlines the need for steps in modernization.

In the manufacturing sector, Zanzibar had 113 factories operating in 1988. Despite the free-zone policies, however, much of the manufacturing sector is still state-owned. Most state factories have fared poorly, and have exceptionally low operating rates.

In 1990, 40,000 tourists visited Zanzibar. Furthermore, the number of tourists from countries outside Africa has been climbing. Investments in hotels and other accommodation facilities are expanding, however, and tourism is considered to be an industry with

major development potential. Ironically, due to improved transportation links with the mainland, the average number of days spent by a tourist in Zanzibar is falling.

1.2 Perspective on Development Tasks

1.2.1 Development Following the Structural Adjustment Programme

First and foremost, Tanzania suffers institutional weaknesses of virtually universal scope: in its public and private sectors, at the national and local government levels, and in urban and rural areas. In certain respects, it would appear that socialist doctrine has left the country in a state of organizational and institutional disarray. For instance, entrenched socialist influences have undermined the effectiveness of the program to boost fiscal revenue as well as the ability of the government to draft development policy in a timely manner. It is urgent that Tanzania establish the institutional foundations for a new society based on democratic principles, and develop human resources capable of efficiently running those structures.

Social services count as a second critical problem area. Many citizens do not have easy access to those services. Worse, some services have deteriorated in quality compared to the standards achieved during the socialist era. From a budgetary perspective, the government does not have enough fiscal resources to provide all citizens access to social services. Steps to restore and improve education, health care, water utilities, and other social services are now urgent.

Third, though the government has been striving under its Economic Recovery Programme to lay new economic infrastructure through public-works spending, progress has been slow. Underdeveloped infrastructure has become a bottleneck to the country's economic vitality; breaking this vicious cycle will accordingly demand new steps in infrastructure development.

Fourth is the poor productivity of the agricultural sector, Tanzania's economic cornerstone. Though it should be a driving force for the alleviation of poverty, agriculture has continued to falter. While the three problems just outlined above have obviously been factors, it should also be noted that Tanzanian agriculture itself is easy to be influenced by natural conditions. On top of that, international price trends and other external factors beyond the country's control have effectively hampered productivity gains. This is also a sector that has been heavily impacted by the economic reform process. Sustainable development strategies that are adapted to the new economic system will therefore be imperative.

It is understandable that poverty in Tanzania is a manifestation of all these pressures combined. To survive under conditions of poverty, however, Tanzania has utilized its resources without careful planning, triggering various environmental problems in the process.

Measured in terms of macroeconomic stability, the Economic Recovery Programmes and Structural Adjustment Programmes have begun to show signs of gradual headway. Still, it will be some time before most citizens are able to reap any of the benefits. In the meantime, the public is forced to accept cuts in social services as the price that must be paid for macroeconomic stability. Given the complex nature of the problems now burdening Tanzania, a cross-sectoral approach will be essential as an assistance strategy, particularly for the social service sector. Since the problems are nationwide in their scope, no single aid donor will be able to address them in their entirety. Instead, it will be imperative for NGOs and aid donors to coordinate their programs and on that basis share in the task of addressing each area that has development priority. Furthermore, aid strategists should realize that in contrast to the situation in certain Southeast Asian countries, inflows of private investment cannot readily be expected to power economic development in Tanzania anytime soon.

One recent development is an undertaking in East African regional cooperation that Tanzania has been pursuing with two other countries: Uganda and Kenya. To that end, it has already set up a secretariat in Arusha, and is now exploring the possibilities for cooperation in several fields: e.g., mail services and communications; the coordination of fiscal and monetary policies, including those for currency convertibility, regional trade; and the rationalization of settlement systems and investment terms. Additional areas for this cooperation have to do with the streamlining of emigration and immigration procedures and cross-border flows of merchandise, inhabitants, and laborers within the three countries. As an informal sector, cross-border trading generates no tax revenue. To remedy this situation, it will be crucial for each country to integrate such trading into normal channels rather than striving to curb it outright. Regional cooperation will be essential, in dealing with problems that no single country can resolve on its own. As it happens, most of the borders dividing the African continent into individual countries were not framed by Africans themselves. This historical reality has in many cases set the stage for conflicts along ethnic lines. Exploring strategies for aid to Africa will arguably demand a constant focus on the regional cooperation theme.

1.2.2 The Democratization Process: Current Conditions and Future Tasks

1.2.2.1 General Elections and the Beginning of the Democratization Process

Though the African continent has often been a setting for conflict and civil war, Tanzania has established a record of comparative political stability. Elections there, moreover, have served as the vehicle for presidential succession.

Tanzania celebrated its 35th year of independence in December 1996. Tanganyika and Zanzibar achieved their independence in 1961 and 1963, respectively, and then merged in 1964 to form the United Republic of Tanzania. The republic maintains a dual government structure, that is, the Tanzanian government and the government of Zanzibar. In

years past, the President of Zanzibar served simultaneously as Vice-President of the United Republic of Tanzania. Under constitutional amendments enacted in 1992, Zanzibar's president is now assigned a cabinet post of the United Republic of Tanzania. Nyerere, popularly known as the founding father of Tanzania, was an advocate of *ujamaa* (familyhood) socialism. With the passage of the Arusha Declaration in 1967, Tanzania began putting the policies of *ujamaa* socialism into active practice. Around the mid-1980s, it changed course and moved onto a liberalization-oriented path. This shift toward political democratization and economic liberalization became even more clearly defined once the Cold War reached its end in the early 1990s. Nyerere retained much of his political influence even after stepping down from the presidency. Yet while his influence has been a positive force for Tanzanian stability and unification, in some respects it has also functioned as a developmental encumbrance, for Nyerere has not entirely abandoned his socialist temperament.

In May 1992, the constitution was amended, Tanzania was transformed into a multiparty political system and ended an era of one-party dictatorship by the CCM (revolutionary party). The new multiparty system has contributed to the country's ongoing democratization. In years past, CCM dissidents faced expulsion from the party as well as bans on political activity. The multiparty system, however, has allowed them to form opposition parties and stay politically active. Overall, the democratization process in Tanzania has been engineered largely by external forces, in that it echoes international movements such as the end of the Cold War and democratization movements across Africa at large, and responds to demands made by the country's aid donors. On the other hand, it has also been limited as a process of "democratization from the top down" led by the CCM, which still has overwhelming control of the government. Another point to bear in mind is that Tanzania is still at the trial and error stage with the democratic policymaking process as principled on the notion of debate and dialogue between the ruling and opposition parties. Consequently, that process so far has been confusing constructive criticism with faultfinding and recrimination. Even so, government recognition of freedom of speech and of the press counts as a major step forward.

The first general elections under the new multiparty framework were held in 1995. Candidates were registered for 13 parties in all, including the CCM, NCCR-Mageuzi, CUF, and CHADEMA. A National Election Commission (NEC) was responsible for the election program, party and voter registration, ballot preparations, and the task of ballot counting. The CCM fielded Science and Technology Minister Benjamin Mkapa as its presidential candidate. The opposition NCCR initially nominated a former CCM party official, Murema, but CUF resistance prevented Murema from becoming the opposition's number one candidate. In terms of funding, experience, and personnel, the CCM was better prepared than the opposition for the election campaign. It was also organized on a nationwide scale, whereas the opposition parties were still organizationally weak. Not least importantly, the CCM was positioned to exploit the government apparatus, some-

thing the opposition could not match.

Elections in Zanzibar for the president and national assembly seats were then held, and the race between the CCM and the CUF proved close. While the results on Zanzibar Island ended up virtually a draw, the CUF grabbed an overwhelming majority of the vote on Pemba Island. Assured of the outcome, at one point the CUF declared victory. Nonetheless, Nyerere interceded, and the NEC ultimately declared the CCM the winner. Needless to say, the CUF rejected that outcome.

Next came the elections for the president and national assembly seats on mainland Tanganyika. The initial vote took place on October 29, but many irregularities were reported around the country, and it was also evident that numerous election violations had been committed. Consequently, another ballot was held on November 19 and limited to the capital, Dar es Salaam. The opposition parties protested and ultimately boycotted the second poll. Hence, assured of victory and a continued hold on power, the CCM took 80% of all national assembly seats, and Mkapa was elected the country's next president.

1.2.2.2 The Mkapa Administration and Democratization

Since Mkapa is Tanzania's third president, following Nyerere and Mwinyi, his administration has been termed the "third phase" administration. The Mkapa Cabinet started out with a new lineup, including Vice-President Juma, Prime Minister Sumaie, Finance Minister Mubilinyi, and Foreign Minister Kikuwete. Though the lineup of obscure ministers has given the administration a fresh face, some observers have described it as an administration of "political nobodies."

Anti-corruption measures count as the biggest challenge confronting the Mkapa administration at present. Political nepotism emerged as a serious problem for the Mwinyi administration. That reality was highlighted during the latest presidential elections. One of the opposition party candidates, Murema, had achieved prominence by blowing the whistle on cases of corruption during his days as a CCM official. That recognition had earned him broad popular support. Hence, given the choice of Prime Minister Musuya, Finance Minister Kikuwete, and Science Minister Mkapa, the CCM opted for Mkapa as the candidate who could project the cleanest image. The Mkapa administration is currently waging a high-profile anti-corruption campaign; a presidential commission (Chairman Warioba) on corruption issues has already issued its report. As it happens, former President Mwinyi also waged an "iron fist" war against corruption in the early days of his administration, but that campaign ultimately fizzled and produced no lasting results. By contrast, Mkapa has effectively staked his administration's political future on the success of his own anti-corruption crusade.

After assuming the presidency, Mkapa was seated as CCM party chairman, and he became a leader of both the ruling party and the government in fact as well as in name.

However, the burning issues now for both Mkapa and the CCM have to do with internal party reforms and whether Mkapa will be able to exercise his authority over the senior party powerbrokers. In the meantime, the principal task for the opposition parties will be to take stock of their defeat in the general elections and organize themselves into more powerful and effective political machines. To be sure, they have already begun to take tangible action to that end, e.g., by sweeping the by-elections and solidifying their organization at the local level. In the process of reorganizing themselves, some of the parties now appear to be on the verge of splintering as a result of factional bickering. It remains to be seen whether any opposition party will eventually gain enough clout to seriously vie with the CCM.

The political crisis in Zanzibar has been serious and long-standing. Its fundamental roots radiate from animosities on four different levels: between Zanzibar and mainland Tanganyika, between Zanzibar Island (Ungja) and Pemba Island, between the ruling CCM and opposition CUF parties, and between Africans and Asian or Arab ethnic groups.

In one sense, the outcome of the 1995 elections was the final straw. The CUF rejected the official results announced by the election commission, NEC, and consequently does not recognize Salmin Amour as the legitimate president of Zanzibar. The Amour administration, for its part, has resorted to various oppressive tactics in response: for instance, by forcefully deporting CUF supporters to Pemba from Ungja or demolishing their homes. With no promising options open, Tanzanian President Mkapa has had little choice but to assume a "wait and see" posture on the Zanzibar issue. Also, though the British Commonwealth tried to mediate, no serious breakthroughs derived from that effort. In effect, the Zanzibar problem remains Tanzania's Achilles' heel.

1.2.2.3 Democratization Issues

Basically, as a conditionality for aid, Tanzania deserves considerable credit from a governance standpoint for the headway it has made so far on the democratization path. Nonetheless, revelations of corruption and graft, and of election irregularities and violations, have raised doubts about Tanzania's abilities in governance, even prompting a few donor countries to vent criticism in no uncertain terms. During the Consultative Group Conference that convened in July 1996, some donors including the Netherlands, Sweden, and Finland announced plans to suspend aid to Zanzibar.

Clearly, democracy is materializing in Tanzania, but only time will tell whether it takes a firm and lasting hold. At present, the CCM still has an overwhelming grip on the reins of government. Though at first glance a multiparty democracy appears to be taking shape, in reality the monolithic CCM faces nothing more than a sprinkling of small and weak opposition parties. While some observers have dubbed this a "dominant party system," a more accurate portrayal might be that of a Gulliverian giant against twelve Lilliputian midgets.

In short, Tanzania now has a multiparty system, but only in a strictly superficial sense. In fact, a dominant majority of the bureaucrats running the government's administrative apparatus are CCM members. For example, state governors are not elected but appointed by CCM executives. Though it is ostensibly a multiparty democracy, Tanzania still follows laws and practices hailing from the days of one-party rule. To be sure, the current situation is in many respects inconsistent with the multiparty paradigm. As an essential condition for democracy, it will be necessary for Tanzania to abandon the practices and revise the laws on which its one-party system was based.

On top of that, if it is to establish a genuine and lasting democracy, Tanzania will also need to pursue various reforms in its political and administrative structures as well as in their operation. In particular, it must assure political and administrative transparency, weed out corruption and graft, abide by the rule of law, and uphold the ideal of equal opportunity for all. In the process, moreover, it will be expected to offer educational programs that can help citizens assume a role of leadership in building a "democracy from the bottom up," and cultivate a political ethic that esteems the ideal of a free and pluralistic mass media.

1.2.3 Poverty Alleviation and Rural Development

1.2.3.1 Conditions of Poverty at Present^{Note1}

One contrast with the socialist era is that shops now have an abundance of merchandise and the economic indicators appear, at least on the surface, to be improving. On the other hand, as a result of its steps in currency devaluation, Tanzania has experienced a steady year-on-year decline in per capita GNP. In addition, it has been reported that the country now has a high unemployment rate and the living environment is deteriorating.

Tanzania currently has an estimated per capita GNP of \$90 (1993)^{Note2}, one of the lowest among less developed countries (LLDCs). Furthermore, 50% of all households live below the poverty line, and 36% of those households live in extreme poverty^{Note3}.

Various measures of poverty exist in addition to per capita GNP, for instance, average life expectancy, and indicators of health, nutrition, and education. Average life expectancy in Tanzania is 52 years, a life span that falls short of the 62-year average for the developing world, and far shorter than the 77-year average for the industrialized countries. Also, some diseases that have been virtually eradicated worldwide are still common in Tanzania. Malaria, for instance, is the cause of 50% of all deaths. HIV/AIDS has recently emerged as one of the leading health issues. Though the infant mortality

Note1 World Bank, *Poverty Profile*, 1993.

Note2 UNDP, *Human Development Report* 1995, 1995.

Note3 Figures based on World Bank definition of poverty line for Tanzania.

rate stands at 7 (per 1000) in the industrialized countries, in Tanzania it currently measures 105. The child mortality rate, moreover, stands at 167 (per 1000), which is the highest level in east Africa. The maternal mortality rate stands at 200 (per 10 million live births), a high level compared with the average for the industrialized countries.

The high maternal mortality rate in particular reflects the inadequacy of Tanzanian health services and health care infrastructure. About 25% of the entire population suffers from various symptoms of malnutrition; anemia, iodine deficiency, vitamin A deficiency, and other nutritional disorders are prevalent^{Note 4}. Daily per capita calorie intake measures 2,021 Kcal, which is actually higher than the average for Africa at large and not significantly less than the average for the country's neighbors. However, in terms of nutritional balance, the typical diet in Tanzania is unbalanced in nutrition and lacks protein. This is believed to be one factor behind the high incidence of nutritional disorders among adult women and the high percentage of underweight infants. Another indicator is the literacy rate. Though it measured about 90% in the 1980s, it has been declining since then, and is now around 68%. Among the lowest income groups, it averages an even lower 59%.

The Tanzanian economy's structural dependence on agricultural output has been cited as one of the primary reasons for these conditions of poverty. About 80% of the entire population is engaged in farming activities; agriculture and poverty are tightly interrelated. It therefore seems crucial that Tanzania strive to boost farm productivity, find and cultivate new commercial crops for export, and in other ways effectively develop its agricultural sector.

It will be necessary to identify those areas of the country where poverty has become most pronounced, define priority areas for assistance, and put together poverty-alleviation programs to help them. Poverty is heavily concentrated in the rural areas. That is, about 60% of the rural population lives below the poverty line, compared to 39% of the urban population. Kigoma, Shinyanga, Lindi, and Ruvuma are the four most impoverished regions. Conditions are especially serious in Shinyanga and Lindi, where around 90% of all households live below the poverty line.

At a donor meeting in 1996, the Tanzanian government announced that the drive to eradicate poverty would be one of the key challenges of national development. To that end, it has placed policy priority on measures to boost food production for domestic consumption, create jobs, assist workers in the informal sector, and secure improvements in education, health care, and nutrition.

^{Note 4} Vice President's Office of Tanzania, National Poverty Eradication Policy, Sept. 1996.

In view of the foregoing synopsis, practically all Tanzanian development hurdles in the arenas of education, health care, and labor seem closely bound to measures in poverty alleviation. To put it another way, any development strategy that does not recognize poverty as the root cause of most of the country's ills will be neither sustainable nor successful in bringing fundamental and lasting solutions. Therefore it is essential that poverty alleviation be embraced as a common theme for all sectors, as gains in education and health care are to help create improved labor conditions and thereby contribute to serious economic growth.

1.2.3.2 Improved Agricultural Productivity and the Development of Rural Institutions

As indicated earlier, following its independence, Tanzania demonstrated powerful gains in agricultural productivity under the *ujamaa* policies of former President Nyerere. These gains, however, were eventually influenced by an array of forces. These range from shifts in agricultural policy that accompanied Tanzania's transition from a socialist economic system to a market economy, the acceptance of IMF and World Bank structural adjustment programs, price fluctuations in the international farm commodity market, the breakup of the East African Community, local political tensions highlighted by a war with Uganda, the oil crisis, and conditions of severe drought.

Currently, 84% of the working-age population is engaged by the agricultural sector. Among 3.5 million farmers, the vast majority are peasants who own an average 0.9 ha of farmland; 93% own farmland tracts of less than 2.0 ha.

The agricultural sector now faces a multitude of problems. The failure of the agricultural *parastatal*, coupled with the breakup or consolidation of the agricultural cooperatives, has left the credit system for farmers in a deprived state. In addition, barriers in the labor market, together with the disarray in property stakes as a result of forced relocation to *ujamaa* village cooperatives, have effectively locked many peasants into a low-productivity cycle. Rather than pursuing technical innovations, many farmers have demonstrated a tendency to opt for strategies of income growth that are heavily dependent on expanded cultivation or cattle overgrazing. The expanded cultivation of marginally productive farmland has stoked a number of concerns: the threat of declining productivity and the outlook for sustained cultivation; soil erosion, forest depletion, and other forms of environmental degradation; and the diversion or drain-off of valuable water resources from inhabited areas. By some accounts, an end to government subsidies for fertilizer purchases in 1995 effectively added momentum to the trend among many farmers to expand their land under cultivation.

Farm infrastructure development counts as yet another major hurdle. In particular, the construction of access roads to key markets would have the effect of bringing down prices for many consumer goods and farm inputs while conversely buoying price levels for

farm produce. Local road density and income levels are strongly interrelated. Needless to say, improved access to market information and heightened competition by private merchants could also be expected to have an impact on crop prices. All the same, improved market access will likely provide farmers with opportunities for work in nonfarm sectors. That in turn can naturally be expected to multiply the chances for nonfarm-derived income and contribute to the alleviation of rural poverty^{Note5}.

In an underdeveloped market economy still in the throes of structural adjustment, Tanzania's agricultural sector has been thrust onto unstable ground. Wrestling free from the clutches of poverty will demand steps to effectively bring the rural sector into the market economy, i.e., by putting together farm organizations equipped with business and managerial expertise, and developing the institutional foundations for their operation. Additionally, comparative studies of conventional farming practices in Tanzania will be valuable to search for low-cost strategies of small-scale agricultural development that are well-suited to Tanzania's circumstances.

1.2.3.3 Assistance Programs for Women

The 1967 Arusha Declaration sought to raise the status of women by placing emphasis on democratic principles, relief from exploitative practices, and the assurance of equality between the sexes^{Note6}. Tanzania's constitution^{Note7} itself contains explicit guarantees of sexual equality and respect for human rights. Yet despite these guarantees—both in policy and as set forth in the constitution—Tanzanian women still command a relatively poor social and economic status.

The Ministry of Community Development, Women's Affairs, and Children is the chief agency for various services and activities provided by the government for women. However, its programs have not achieved any demonstrable gains in dealing with the realities of inequality. Indeed, despite the constitutional provisions and the government's own efforts, most women still live under conditions of inequality, and for a number of noted reasons. For one, women have been discriminated against by custom and as a result of traditional values. For another, disparities highlight the allocation of resources between men and women at the national level as well as within the family unit. Additionally, women are responsible for most of the labor performed within the home. On top of this, the public in general has not gained much familiarity with or understanding of the ideas behind the Women in Development (WID) issues that otherwise have been drawing

Note5 World Bank, Tanzania Agriculture Sector Memorandum, 1994.

Note6 Danida, Danida's plan of action for development assistance to women, Country Programme Tanzania, Ministry of Foreign Affairs, 1989.

Note7 Enacted in 1977, amended in 1992.

widened international attention for some years now^{Note8}. This lack of familiarity has effectively limited efforts to have WID goals or concepts integrated into government policies or programs at the local or community level.

The fact is, though, that women perform a highly significant share of the labor in Tanzania, and are an indispensable part of the agricultural labor force. As mentioned earlier, about 80% of the country's working-age population is engaged in farming activities. That includes fully 98% of all rural women. Indeed, women have in many respects become a key pillar of the agricultural sector. Not only that, but they are typically engaged in both the crop-growing and household work routines associated with farming activities, and hence spend substantially more of their time engaged in productive and reproductive labor than do men. Nonetheless, men still make most of the decisions concerning cash-crop management and other matters with a bearing on the household budget; by contrast, while women actually shoulder a significant share of the work burden, they have virtually no decision-making powers. Women also have limited access to banking services, and only 15% have ever utilized credit^{Note9}. Though a growing percentage of women participate in agricultural cooperatives, that percentage is still small. Not least significantly, Tanzania still enforces laws on land ownership that clearly discriminate against women^{Note10}.

National programs and laws demonstrate relatively few benefits for women. Even those programs that do incorporate explicit benefits usually show little effectiveness in practice, an outcome that seems to point to problems with the policymaking process. In fact, the Tanzanian government itself concedes that WID concepts have yet to penetrate into the policymaking process, that little has been done to identify the problems of women, and that programs to improve the social status of women have been too weak from the start^{Note11}.

Tanzania is an agrarian country in which women fulfill a significant work role. Whether the country strives to develop new industrial sectors or not, it seems safe to say that agriculture will continue to be its most important economic base in the future. How-

^{Note8} The fundamental idea behind the Women in Development movement is that women should be recognized not merely as beneficiaries of development, but also as active agents in the development process. For women to assume a role as active agents, it is considered vital that they be provided with better educational opportunities, training for economic independence, easier access to information, and given stronger representation in decision-making processes. WID themes and ideas made headway in conjunction with a series of UN-led undertakings aimed at improving the status of women, and under the aegis of several UN development decades that have been advocated or proclaimed since the 1960s. JICA, Report of Study on Development Assistance for Women in Development, 1991.

^{Note9} FAO Women and Population Division, Women in Development Service. See note 2 above.

^{Note10} Land Reform Commission documents.

^{Note11} Ministry of Community Development, Women Affairs, and Children, Policy on Women in Development in Tanzania, Tanzania, March 1992.

ever, given that women are a pivotal unit of the agricultural labor force, Tanzania cannot expect to register much developmental headway unless it takes serious action to improve their status. To achieve social and economic equality between women and men, the first challenge will be to pursue systematic reforms in those government institutions that are responsible for drafting Tanzania's development programs and legal code. The fact that few women are actively involved in the policy implementation stage has itself created a situation that obstructs the effective implementation of policies designed to benefit women^{Note12}. Steps to improve the social status and quality of life for Tanzanian women should conceivably start with a drive to integrate WID concepts into the policymaking process for each sector of concern to women, and run government institutions in a manner that demonstrates appreciation for women's opinions and perspectives.

1.2.4 Human Development as a Foundation for National Development

Launched in 1967, Nyerere's policies on education for self-reliance had a strong impact on education in Tanzania. As such, they marked a major shift from education for personnel training after national independence in 1961 to educational programs designed to help the country's citizens and farmers become economically self-reliant.

This turning point in educational policy also had a strong influence on the world community at large in the latter 1960s, and in particular, helped set the stage for the cultivation of nationalistic approaches to the educational process. Around this point in time, Tanzania made Swahili the sole language for instruction at the elementary school level, thus implementing national education policies that effectively distanced the country from the language of its former suzerain state.

Later, under policies for universal primary education introduced in 1974, villages were encouraged to establish their own seven-year primary school systems. By the early 1980s, this drive to make primary education universally accessible had reached critical mass, in the process lifting the school attendance rate to 96% (FY 1983)^{Note13}. Compared to its neighbors, Tanzania was politically stable; this factor, too, can be credited with enabling the country to make tangible headway in the development of its educational system.

Yet, for all the emphasis on primary education, efforts to develop secondary and higher education proved relatively meager. These stages were essentially modeled on the British system. Secondary education comprised a four-year O level and a two-year A level;

^{Note12} See note 1 above. According to data for the 1980s, 6.5% of all women at the village level were involved in government programs and none were engaged in budget administration or project planning.

^{Note13} Ministry of Education and Culture and Ministry of Science, Technology, and Higher Education, The Tanzania Education System for the 21st Century. Report of the Task Force, 1993, p. 58.

additionally, various institutions of higher education had been set up, including the University of Dar es Salaam. Since the secondary and more advanced levels of education were based on boarding systems, facility limitations kept the number of new student admissions extremely low. Private schools account for about 50% of the students enrolled in secondary programs; the language of instruction is English.

Though vocational and technical education programs exist from the secondary education level, they are run by government ministries and agencies other than the Ministry of Education and Culture. In addition, programs at the advanced educational level tend to be offered through technical schools affiliated with various government ministries. Efforts to streamline and consolidate these programs have become another challenge.

In effect, Tanzania has followed a dual-track educational policy, with primary education as a national education, and the secondary or higher education for the elite and for professional training purposes. In certain respects, this feature remains deep-rooted even today.

However, the budget crisis that emerged in the late 1970s dealt education a severe blow. By 1995, the net attendance rate in primary education had fallen to 77.6%, and the number of grade repeaters and dropouts had multiplied. So far during the 1990s, Tanzanian students have on average demonstrated scholastic performance at least ten points lower than that of their peers in neighboring countries. There are several explanations for this situation. Socially, poverty has had an impact, along with a general disenchantment with education itself. Environmentally, school infrastructures have deteriorated and the morale of teachers has declined. With its heavy emphasis on primary education, the Tanzanian approach to educational development has proved increasingly ineffective under the strains of economic crisis.

As a measure to help rebuild the educational system and achieve quantitative and qualitative refinements, in 1993 a task force group of officials from various education-related government institutions unveiled "The Tanzanian Education System for the 21st Century." On that basis, in 1995 the Ministry of Education and Culture introduced a "Education and Training Policy." These education reform policies were comprehensive ones with several general substances, in particular, administrative decentralization, cost-sharing, and the revitalization of the private sector.

One finding of a field survey conducted in December 1996 was that several schools at the secondary education level had made considerable progress under the reform drive, e.g., by adopting coeducational programs, abandoning boarding systems, and improving the collection of tuition fees. By contrast, budgetary difficulties had stalled basic improvements at many primary schools, including measures to improve the standard of teachers by revising their qualifications, supply textbooks, and renovate school facilities and furni-

ture. Since most primary schools were administered by the rural communities they served, it was apparent that their situation correlated with worsening conditions of rural poverty. Though most aid donors have concentrated their assistance in the field of primary education, it appears the task of developing the primary education system has approached its toughest stage yet.

1.3 Principal Development Tasks

1.3.1 Administrative Reform

1.3.1.1 Problems with the Civil Service System

With its transformation into a political and administrative democracy, Tanzania has put emphasis on the adoption of democratic ideals, the establishment of good governance, and efficiency streamlining measures for the political and administrative institutions. In particular, attention is now focused on the task of overhauling the civil service system.

The Tanzanian civil service has been through four distinct developmental phases. The first phase (1961-1966) coincided with Tanganyikan independence; at that time, the new government sought to improve the benefits for civil servants, and limit positions in the civil service only to Africans. The second phase (1967-1981) came on the heels of the Arusha Declaration; under the policies of *ujamaa* socialism, action was taken to redress wage gaps. The third phase (1982-1985) was a period of administrative reform at the local government level. *Ujamaa* policies for communal villages were shelved, and the formerly (during the second phase) abandoned frameworks for local government administration were brought back into operation. In the fourth and current phase (since 1986), Tanzania has embraced policies for structural adjustment, and to that end it has been pursuing steps in administrative reform, particularly for its civil service system.

In 1962, just after gaining independence, Tanganyika laid out fundamental provisions for the civil service system in its constitution and civil service law. The civil service law stipulated that civil servants be "permanent government employees eligible for retirement pensions". In effect, this implied that unskilled workers would not be considered regular civil servants. However, the 1970s and 1980s saw the public sector and the administrative institutions grow increasingly bloated, a trend that fueled heightened government hiring of unskilled workers as well as a steady expansion in civil servant payrolls. In 1989, the government ultimately abolished from the civil service law the provision that civil servants be permanent, pension-eligible employees.

In 1961, Tanganyika had 90,000 civil servants on its payroll. With time, their ranks burgeoned: to 140,000 in 1971, 220,000 in 1981, 300,000 in 1988, and on up to 370,000 in 1992. This amounted to an average annual growth rate of 4.5%, a pace substantially outstripping the corresponding 3% rate for the country's population. Several factors figured strongly behind this uptrend. For one, the country's social and economic develop-

ment strategies fueled public sector growth. For another, more personnel were needed to run the educational, health care, and other social services. Between 1961 and 1993, the government employee payroll expanded 395%. In the meantime, employee payrolls in the education system, health care, and other areas of the social service sector alone ballooned 1,134%.

This explosion in civil service payrolls conversely fostered a decline in the percentage of skilled employees and capacity deterioration, poor productivity, and inefficiency. From the late 1970s through most of the following decade, however, the country's economy faltered, leaving the national budget unable to sustain the inflated civil service payroll any longer. In the mid-1980s, the government embarked on an economic recovery program and eventually followed it up with an agreement to implement World Bank and IMF-devised policies for structural adjustment. This set the stage for the government to launch efforts in administrative reform as a step toward overhauling its fiscal and administrative institutions. More specifically, the task boiled down to one of consolidating and liquidating elements of the public sector with large deficits, and slashing the civil service payroll. In effect, public sector reforms provided the basis for the government's drive to overhaul the civil service system.

1.3.1.2 Civil Service Reforms

Tanzania launched its Civil Service Reform Programme (CSRP) in July 1991. As part of that process, for the next two years various surveys and studies were performed with UNDP financing. As its core objective, the program was designed to downsize and manage the scale of the civil service, with an eye to weeding out redundant personnel and boosting overall productivity. In FY 1992/93, the government initiated a series of CSRP-backed payroll cuts aimed at reducing the size of the civil service by 50,000 workers over the next three years. That goal was achieved in June 1995.

In FY 1993/94, the government launched a Public and Parastatal Reform Project (PPRP), this time with financing from the World Bank. This marked the start of a drive to overhaul and privatize *parastatal* operations in a bid to improve their efficiency and reduce their burden on the fiscal budget. In particular, it comprised actions to liquidate or lease selected *parastatal*, encourage broader private sector participation in their management and ownership, and improve their efficiency as business ventures. The CSRP addressed five themes: (i) evaluations of organizational structure and efficiency, (ii) pay scale reforms, (iii) personnel management and administration, (iv) manpower development, and (v) payroll cuts and personnel reassignments. To pursue objectives in these five areas, the government put together a detailed three-year action plan. However, so far it has not been able to effectively mobilize its skilled employees and other resources to that end; efforts to attain CSRP goals have accordingly fallen far behind schedule. Furthermore, it became evident that steps to overhaul and strengthen local government frameworks would have to be carried out simultaneously if any headway were to be made

toward reforming the civil service system at the national government level. For that purpose, in FY 1993/94 the government added a sixth objective to its CSRPA agenda for action: local government reform.

The CSRPA Secretariat established within the Civil Service Department of the President's Office is the agency immediately responsible for directing efforts in civil service reform. Additionally, the CSRPA steering committee of the principal secretary from each government ministry and agency has been established. Ministerial Reform Committee (MRC) chaired by the principal secretary are responsible for carrying out program directives with task force assistance.

For the ensuing two-and-a-half years, program activities were pursued from two angles, with general matters addressed at the civil servant level, and specific matters addressed at the cabinet minister level. In December 1995, the government held a special workshop for program evaluation and future planning. In March 1996 the workshop's findings were released in a report, "Civil Service Reform Programme, Vision, Strategy, and Action Plan 1996-1999." That paper provides a detailed progress report on the program's action plans, sector by sector, as outlined below.

(i) Evaluations of organizational structure and efficiency

Steps to gauge organizational efficiency were initiated in March 1994. The initial schedule called for evaluations of the four main ministries by December 1994, the health and education ministries by March 1995, and all other ministries and agencies over the following two years from that point.

(ii) Pay scale reforms

The action plan for efforts in pay scale reform is designed to streamline government pay scales, namely, by setting wage levels according to work experience and ability, cutting or factoring in extra allowances, and improving general pay scale transparency. Specific measures will involve allowance cuts, adjustments in salary policies, salary control and salary budgets, occupational ratings and pay scales, merit-based pay scales and incentive programs, and evaluations of the pay scale reform process.

(iii) Personnel management and administration

In June 1991, the government adopted a framework designed to manage and limit the number of new government employees. In July 1992, the President announced an effective freeze on the hiring of all types of public employees except for those engaged in the educational, health care, law-enforcement, and penal areas. Developing a healthier system for personnel management has been declared the primary goal.

(iv) Manpower development

The programs for manpower development have been driven by several objectives,

ranging from improvements in government capacity and the promotion of gains in top management skills to the introduction of provisions on gender, strengthened training programs and facilities, the consolidation of government-owned training facilities, and strengthened private training facilities at the local or district levels. The government drafted these manpower development projects with the help of the UNDP.

(v) Payroll cuts and personnel reassignments

In 1991, the government announced plans to remove around 50,000 workers from its civil service payroll by FY 1994/95. This measure had the effect of reducing the payroll from 355,000 in FY 1992/23 to 310,967 as of January 1996. However, in terms of the fiscal budget, the corresponding benefits have not been as impressive. Incidentally, the government has also called for cuts that would reduce the national government employee work force by 15,000 over a two-year span.

(vi) Local government reform

The purpose of action in this area is to consolidate the structural reform process at the national and local government levels and foster the development and advancement of local government infrastructure. In particular, the objective is to overhaul regional administrative structures and encourage efforts at the district level to centralize administrative routines and achieve independent, self-reliant operations from a budgetary standpoint. These efforts have been linked together with a concurrent drive in regional decentralization.

Nonetheless, the overall reform process has not demonstrated as much progress as initially anticipated. One reason is that Tanzania lacks the social security nets and financial means to push through with planned personnel cuts. Another is the slow pace of investment by the private sector. In addition, many government institutions have fallen behind in the task of drafting specific plans for organizational restructuring. It therefore appears that any far-reaching accomplishments in the arena of administrative reform will demand considerable time.

Having liberalized its economy, Tanzania now faces the urgent task of establishing efficient government administrative structures commensurate with its economic scale. However, there is a danger that the quest for smaller government will increase the ranks of the unemployed, undermine public services, and shut the door on the poor and otherwise socially disadvantaged. Indeed, too rapid reforms could cause social upheaval. That prospect illustrates the need for effective sectoral monitoring and caution at the implementation stage.

1.3.1.3 Steps to Boost Effective Administrative Capacity

As illustrated by the drive to reform the civil service system, it is essential that Tanzania achieve institutional refinements and improve the abilities of its administrative

personnel to execute policy in a timely and careful manner if it is to boost the efficiency of the government administrative institution. At present, the Tanzanian administration system faces a number of personnel-related problems, as outlined below.

First is personnel management, namely with respect to the hiring and placement of civil servants. Inadequacies in its frameworks for managing and measuring the qualifications of new employees were some of the factors that spurred the numerical expansion of Tanzania's civil service sector. In particular, because the hiring of lower level public employees was at the discretion of personnel managers at the regional level and in each ministry, many employees obtained their jobs as a result of personal connections, while others with permanent employee status were actually promoted from temporary positions subject to relatively lax screening criteria. Also, while the National Public Service Commission ostensibly had central control over the hiring of upper echelon civil servants, the regional governments and ministries wielded significant powers in that area as well, and actively sought to influence the selection process. Furthermore, the Public Service Commission does not maintain its personnel records in a systematic way, and in certain respects communications between each ministry and between central and local government institutions tend to be poor. These factors, too, have interfered with the task of placing employees in suitable positions.

Second is the decline in civil servant morale and incentives. During the days of *ujamaa* socialism, civil servants enjoyed a position of social prestige as leaders in the country's development. However, to squeeze the wage gap with workers in the private sector, the government had to keep civil servant salaries low. Though various allowance-based incentives existed, workers in specialist or upper echelon positions lost their incentives. Not only that, but the inflationary streak of recent years has severely eroded civil servant pay in real terms, and as a consequence, many specialists have found it necessary to take up sideline jobs simply to keep up with the cost of living. It is anticipated that competition between public and private sector for capable personnel will intensify as the country's private sector expands in the years ahead. To improve its administrative capabilities, not to mention secure qualified personnel and avert brain drain, the government will likely find it highly worthwhile to overhaul its wage structures for civil servants.

Third, to train capable personnel, it will be essential to implement effective training programs and establish adequate facilities for that purpose. During the economy's transition period, Tanzania must introduce new training programs for the personnel who will assume key management and monitoring positions. At present, not even on-the-job training is pursued in any systematic fashion, nor does the country have enough suitable training facilities.

The CSRP incorporates measures to deal with the above issues. However, as seen with the institutional reforms discussed earlier, little serious progress has been made so

far. In the years ahead, efforts in administrative reform will be expected to bring improvements in capability despite limited government scale. Nonetheless, to make any headway and offset its budget difficulties, the government will have little choice but to depend on foreign aid for most of the financing the reform process is likely to demand. Above all, steps to bolster the awareness of civil servants themselves will be paramount. The transition to a political and economic system based on a multiparty democracy and free market principles means that civil servants can no longer be treated as privileged workers. Indeed, civil servants will find themselves under increasing pressure to assume the reformers role and actively strive to improve their own skills and efficiency.

1.3.2 Rural Development and Industry

1.3.2.1 Rural Development and the Eradication of Poverty

To overcome poverty and ensure that its agricultural sector continues growing faster than population growth, Tanzania must take several steps. It must scrap outworn policies from the socialist era, deal with the unsuitable agricultural policy and the inefficiencies of its public sector, and take action to develop the still-backward market for farm produce. In addition, it must craft frameworks that will help bring the farm population into the market economy to continue offering incentives for production.

As measures to provide farmers stronger production incentives, it will be vital to improve rural infrastructure and social services. Better access to suburban markets can be expected to lower the price of many consumer goods and agricultural inputs, while effectively buoying prices for farm products. As such, it will have an unquestionably positive impact on crop-growing operations. On top of that, better market access will also provide farmers more opportunities to diversify their sources of income, for instance, through employment outside the agricultural sector^{Note14}. These potential benefits underscore the importance of action to upgrade available means of transportation, particularly local road networks.

On the other hand, the crisis of national finance and structural adjustment policies have slashed budget outlays for welfare services and shifted much of the associated cost burden to their intended beneficiaries. These reforms have created additional strains for the rural farmers while steadily pushing education, health care, and other social services farther out of reach. However, improving the literacy rate and educational levels will be crucial to the task of harnessing new technologies, for upgrading cultivation techniques, and for multiplying the opportunities for employment outside the agricultural sector.

Securing safe drinking water will free up much of the labor hitherto expended for water retrieval, help alleviate poverty, and otherwise improve the quality of life. In the years ahead, AIDS together with malaria and other diseases will likely deal an increas-

^{Note14} World Bank, Tanzania Agriculture Sector Memorandum, 1994.

ingly heavy blow to farm output. Effective health care services will for this reason become even more important^{Note15}.

Tanzania has been working to downsize and consolidate the agricultural cooperative system under a new cooperative law it enacted in 1991. In the meantime, more private banks have been going into business as part of the trend in financial liberalization. Small farmers, however, have only limited access to credit, and the rural credit system itself remains in shambles. Accordingly, it is believed that an independently managed farm-cooperative credit system, if established, would allow farmers to purchase farm implements, improved seed strains, farm chemicals, fertilizer, and other inputs in a more timely fashion, and contribute to the efficient market circulation of such goods. Educational programs and legislative initiatives in institution-building will be essential if that system is to be managed on a sound and sustainable basis^{Note16}.

As to agricultural modes, irrigation-based farming offers more stable yields than is possible with rain-dependent methods. Irrigation is also an effective method for the expansion of paddy acreage and the cultivation of vegetables and flowers. Nonetheless, technical assistance at the rural level will be needed if small farmers are to become involved in irrigation-based farming activities. Moreover, it seems advisable that farmers' organizations (cooperatives) be put together to serve as domestic pipelines for the acceptance and utilization of such assistance^{Note17}.

1.3.2.2 Sustainable Rural Economies

The collection and disclosure of information on farm product demand and supply trends, merchandise categories, volume, and domestic market prices will be necessary if Tanzania is to improve the benefits for rural farmers who have been brought into the market system. This can be expected to encourage the cultivation of new vegetable products for the suburban marketplace, as well as a diversification into oilseed and other nontraditional crops for commercial export.

In addition, the intensification and effective utilization of research and development programs will be essential to the goal of developing small-scale agriculture for rural farmers who would otherwise be facing the difficult task of coming up with new techniques by themselves. Though livestock-drawn cultivation techniques are pervasive, Tanzania has yet to develop inexpensive, efficient, and easy-to-operate farm implements. The development of implements that are well-adapted to the local terrain would conceivably help upgrade the backward state of Tanzanian agriculture.

^{Note15} See note 1.

^{Note16} United Republic of Tanzania, The Rolling Plan and Forward Budget 1995/96-1997/98, 1995.

^{Note17} See note 5.

Steps to improve crop transport and storage capacity can be expected to buoy market prices for many types of produce and provide farmers with stronger incentives to produce more. However, repeated steps to boost productivity will not provide enough extra income to rescue many farmers from the clutches of poverty. In fact, incomes in the secondary and tertiary sectors are comparatively better, a factor that has been drawing more farmers into nonfarm lines of work despite gains in agricultural productivity. This trend in turn has fueled demand for measures to diversify farm household income through financing and other forms of assistance for crop-processing ventures and similar, derivative industrial pursuits.

Forestry output measures no more than 1% of the total agricultural output. Nonetheless, population growth rates and the resulting expansion in areas for habitation or crop cultivation have, together with heightened firewood consumption, fostered indiscriminate and heavy deforestation. This trend has placed the country's valuable forest resources in serious jeopardy. What Tanzania needs, therefore, is to adopt an agro-forestry approach that will help protect its natural environment and assure the country a continued supply of those wood-derived fuels now considered in danger of becoming scarce in the years ahead. Community-based forestry programs should be the primary vehicle for action in this area, and given emphasis as integral units of the rural development process.

In the fishery industry, Lake Victoria has been seriously polluted by industrial waste effluent and the farm chemical and fertilizer runoff that drains in from local river basins. Also, coral reefs off the coast fronting the Indian Ocean have been severely damaged by fishing operations that use dynamite to stun their catch. Many of the fish harvested from Lake Victoria are for commercial export to Japan. Japan therefore must support sustainable development projects and stronger regulations that are in the interest of both promoting investment and protecting the environment^{Note18}.

1.3.2.3 Agricultural Development: A Cornerstone of the National Economy

Traditional crops for export account for about half of Tanzania's export earnings. The country could significantly influence its own macroeconomic development by engaging in export promotion campaigns designed to strengthen the international competitiveness of those traditional crops as well as new commercial crops for export. With that point in mind, the government abandoned its regulated exchange rate system for the shilling in 1993^{Note19}. However, it has also been asked to further liberalize the production and sales of export crops, privatize the *parastatal* engaged in the processing of pyrethrum and cashew nuts, and put an end to *parastatal* intervention in the market for agricultural

Note18 See note 5.

Note19 The Economic Intelligence Unit, Ltd., Country Profile Tanzania Comoros, 1995-1996, 1996 UK.

inputs. There are expectations, moreover, that government institutions can play a valuable role in gathering information on international commodity price trends and conducting research on new crop strains as well as encouraging their widened cultivation.

Kigoma, Rukwa, Mbeya, and Ruvuma have better access to the markets of neighboring countries than to the major consumer markets inside Tanzania itself. Maize exports to the landlocked countries of eastern and southern Africa have for that reason become economically important to these border regions. However, due largely to problems with the domestic distribution system, Tanzania currently has to import food supplies particularly for the people in urban areas. From the perspective of food security, the country urgently needs to develop the software side, such as better market information, distribution and inventory control, and seriously upgrade its trunk road network.

Steps to put more energy into agriculture-related surveys and research, and into the dissemination of their findings, will also be vital. Having opened the door to market forces, the government has turned its emphasis to management of the farm economy, research, and the dissemination of research findings. Inadequate and unreliable information has seriously impaired the policymaking process; that is why improvements in research capacity are so essential. What is more, many citizens will benefit from diffusing popular products, and it is believed a boom to the overall economy could also be anticipated. As one example, the heightened cultivation of disease-resistant strains of arabica coffee could bring a pronounced increase in national income. Developing countries that have accomplished gains in the field of agriculture have research budgets equivalent to 1.5% of their farm output (in value terms), on average. Viewed in that light, by some accounts Tanzania needs to double its own current level of research funding.

Instead of striving for innovations in technology, most farmers in Tanzania are suffering from environmental degradation; they rely heavily on overgrazing and putting more acreage into cultivation as ways to boost their income. The fear is that these practices will ultimately place the productivity and sustainable nature of crop and livestock farming in jeopardy. Furthermore, it is believed that the recent end to government subsidies for purchases of fertilizer will prolong these trends.

A more desirable approach would be to expand cultivable farmland in areas that actually have significant potential, and in a manner that is environmentally sound. That approach, however, will call for extra research. Tanzania will find it essential to open up farmland in areas with high productive potential, and contribute to an investment climate favorable to the introduction of large-scale agriculture. In addition, several other problems must also be addressed: namely, the development of basic infrastructure, and the disarray and ambiguities surrounding land and water rights as a result of socialist policies that placed rural citizens in village cooperatives. To avert disputes over land and water, Tanzania must draft and enact effective laws on land and water rights. Though the

government has already begun taking steps in this direction, at the preliminary stage it will be necessary to conduct land and water supply surveys.

Measures to stimulate the labor market will also be called for if the country is to secure the employment of the labor force. As steps to that end, it will be essential to establish suitable wage structures, assure worker access to modes of transportation, and lower the associated costs. Furthermore, training programs designed to foster higher labor productivity and job suitability will also be needed^{Note20}.

1.3.2.4 Tourism

Much hope has been pinned on tourism as a valuable resource for the acquisition of foreign currency. Tanzania's abundant national parks and wildlife preserves, Zanzibar's Arab world, and the beach resort zones on Zanzibar and along the coast line with the Indian Ocean all have significant potential. Currently, though, tourism accounts for only around 2% of Tanzanian GDP, a share that testifies to its relatively untapped state. Several factors can be cited for the lack of progress in developing the country's tourism industry: e.g., poor advertising and publicity, lagging transportation and communications infrastructure, and inadequate management.

During Nyerere's tenure as president, developing the tourism sector was not considered an objective compatible with the spirit of *ujamaa* socialism. Accordingly, for quite some time the country made no serious attempt to build hotels or pursue work on other elements of its tourism industry infrastructure. Since the start of the 1990s, though, several hotels have sprung up around the country, and development momentum has been gradually mounting. In 1996, the government began revising its tourism-related policies on the basis of an Integrated Tourism Master Plan that had been drawn up by an Irish consulting firm. This has fed expectations of stronger headway in the development of the country's tourism industry. The task of developing tourism will demand inputs ranging broadly from the training of human resources for the service trades to infrastructure projects for improved transportation and communications. Since the country as yet has no major domestic capital sources, expectations have focused on foreign aid and investment.

Wildlife safaris are currently the biggest attraction in the field of tourism in Tanzania. Safaris, however, do not keep tourists in the country for a long period. This underlines a need for the development of beach resorts and other attractions that will encourage tourists to stay in the country for extended periods. While tourism is, after all, one path that development can take, adequate attention must be devoted to environmental protection precisely because tourism in Tanzania will be so heavily dependent on the country's natural attributes. It is advisable that Tanzania strive to develop its tourism industry in a fashion that does not impact its rich natural heritage or life for its people.

Note²⁰ See note 5.

1.3.3 Mining and Manufacturing Sectors

1.3.3.1 The Development of Manufacturing Sectors Linked to Agriculture: Fostering Small-Scale Enterprise

From the Arusha Declaration of 1967 to the beginning of its structural adjustment initiative in the early 1980s, Tanzania adopted a wide variety of socialist policies, including the nationalization of foreign-capitalized companies and government intervention in economic affairs. Under the banner of *ujamaa* socialism, the government during this period placed policy emphasis on agriculture. However, like many other African countries, for its economic self-reliance, Tanzania also implemented government-driven import substituting industrialization, particularly in core industries such as metal processing and machinery manufacturing. Eventually, that approach saddled the country with a costly and inefficient economic structure. However, in exploring future industrialization paths, one point that must not be overlooked is that Tanzania's approach was conditioned on sacrifices by agriculture as its core industrial sector. In particular, the government did not reinvest in agriculture enough of the capital that this core sector actually generated; instead, it frequently opted to invest in various large-scale yet inefficient projects in industrialization. On top of that, incentives and other forms of preferential treatment were reserved for industrial sectors that depended on imports, even on a foreign exchange allocation basis. Agriculture, by contrast, was largely neglected.

Though it need not be reiterated, agriculture remains Tanzania's core industry even today. Not only that, but agricultural development will probably continue to be the driving force for the country's economic development in the future. Given that perspective, instead of forcing the agricultural sector to make sacrifices, future efforts in industrialization should conceivably be based on policies that allow for sectoral coexistence or mutually complementary relationships. Several reasons suggest small-scale industrial ventures will be a key element of future industrialization policy, (i) they do not have to rely heavily on imports for sources of raw materials, (ii) they can be expected to boost employment capacity. Furthermore, (iii) their products tend to be well-suited to the needs of farmers and other low-income groups, (iv) their markets are often limited to vicinal areas, which eases or cancels the impact from infrastructural bottlenecks and, lastly, (v) their activities can be developed over broad areas.

In 1973, Tanzania established a Small Industries Development Organization (SIDO) for the cultivation of small-scale enterprises. Based on SIDO classifications, a very small firm has 1-4 employees; a small-scale firm, 5-9; a medium-scale firm, 10-49; and a large firm, 50 or more.

In Tanzania, small-scale enterprises can be found in a wide range of fields: from sewing, milling, and woodworking to leather production, car repair, lumber, concrete fabrication, electric repair, and brewing. Nonetheless, they also face many problems, some of which are listed as follows.

First is the problem of how to secure raw materials. Since many small firms often compete with large companies, those that depend on imports of raw materials are sometimes unable to secure needed supplies due to fluctuations in the exchange rate.

A second problem is financing resources. Compared to larger companies, small firms often find it hard to obtain funds from banking institutions. Procuring needed funding is even harder for small businesses active in rural areas. Even SIDO has demonstrated a tendency to furnish more loans to borrowers based in the cities.

The third major problem is that of retaining enough manpower. Many small firms, particularly those that do not operate factory facilities and that are family-managed, have difficulty securing workers on a stable basis. Also, some small firms in rural areas employ farmers in their factories as temporary workers during the slack farming season. During busy farming seasons, these businesses have difficulty hiring enough workers, and consequently have to tolerate significant fluctuations in their facility operating rates on an annual basis.

Management issues are a fourth problem. In particular, some companies are lax in managing their financial books, a task usually considered fundamental for a sound business operation. Technology transfers to small businesses in the years ahead will likely have to be bundled with supplementary training in proper accounting practices.

Fifth is the issue of assistance to very small firms. To date, assistance measures for very small firms in particular have not been adequate. In the years ahead, Tanzania will need to set up new frameworks of support for very small firms, or have them organize themselves into independent, self-supporting associations.

Sixth is the problem of equipment repairs and the supply of spare parts. Small rural firms are in general less mechanized than those based in the cities; as such, they are not as directly impacted by shortages of parts. They regularly find it difficult, however, to obtain spare parts locally, and for that reason often send buyers into the cities to find what they need. It will conceivably be necessary to set up workshops throughout local areas that can perform simple repairs and manufacture basic parts.

The seventh issue is the marketplace. Most of the merchandise produced by small ventures is consumed in local areas. While small firms in urban areas likely face the problem of competition with large-scale rivals, rural-based small firms have access to a very limited market.

1.3.3.2 Assistance to the Informal Sector

An increasing number of researchers and business people across Africa now concur with the view that the industrial structure of most African countries can be thought of in terms of a formal sector and an informal sector. That is not to say, however, that any clear or uniform criteria for classification have been established to distinguish between the two.

What is meant by the term "informal sector"? There is no general answer to this question. Whereas some academics insist that the informal sector comprises company units of less than ten workers, others contend that these units comprise less than six workers. Another condition for classification is that these corporate units have no permanent factory facilities. Obviously, different analysts have their own definitions for the term, "informal sector." Nonetheless, there appears to be a consensus on at least some of the defining features. The informal sector consists of enterprises that (i) are small in scale, (ii) are almost completely ignored by government statistics, (iii) have no factory facilities (at least on a permanent basis), (iv) are capable of setting up businesses with relatively marginal amounts of capital and technology, and (v) are typically owned and run by individuals or families.

Companies in the informal sector enjoy several advantages. In particular, (i) they are easier to manage than companies in the formal sector, (ii) utilize mostly techniques that can be learned from experience, (iii) create many jobs because they are heavily labor-intensive, (iv) are amenable to partnerships because they do not need advanced technologies or lots of startup capital, and (v) are unsurpassed in terms of allowing workers to exercise their initiative.

In Tanzania, especially in Dar es Salaam, the informal sector comprises ventures in various trades demanding minimal capital and utilizing techniques that are easy to master: e.g., in lumber processing, tailoring, leather work, metal processing, and food processing.

The vast majority of small-scale enterprises discussed in the preceding section are a part of Tanzania's informal sector, and tend to face much the same problems. However, several additional problems for the informal sector in particular are outlined below.

First of all, labor productivity in the informal sector tends to run below the average for small enterprises in the formal sector. This points to a need for the adoption of appropriate technologies and other steps to boost productivity.

Second, it is far more difficult for businesses in the informal sector to obtain loans from banks. This is one reason why such businesses have little choice but to rely on private loans from relatives and friends.

Thirdly, businesses in the informal sector receive almost no legal or formal government protection. To assist the sector in the years ahead, study should be devoted to new protective frameworks or legal measures.

Fourth, though women constitute a significant share of the labor force in the informal sector (e.g., in brewing and food-processing ventures), the government has not done enough on the policy front to protect or support them. Consequently, women in the informal sector are frequently exploited or intimidated by other people in positions of social power. In exploring ways to assist the informal sector, policymakers need to fully realize that many women are active participants in the economy, and on that realization, aim for measures that facilitate and promote the participation of women in the economy.

Lastly, infrastructural bottlenecks stifle economic activity in the informal sector. Future projects to develop water systems and road infrastructure will conceivably impart an enormous economic stimulus in this area.

1.3.4 Infrastructure

1.3.4.1 Infrastructure Development and the Eradication of Poverty

Per capita income in Tanzania has always been low. However, following the implementation of its structural adjustment program, the country adopted policies of fiscal austerity and trimmed public sector payrolls. These actions have increased unemployment and eroded many social services, thus making life much harder for the socially disadvantaged, namely the poor.

As is the case with other African countries, rural areas account for a larger percentage of people living below the poverty line than do the cities. Most people in poverty face a set of abominable living conditions. They are more exposed to the effects of flooding, droughts and other natural disasters, have nutritionally poor diets, face difficulty in obtaining supplies of safe drinking water, are characterized by a high incidence of cholera and other communicable diseases attributable to unsanitary conditions, and have poor access to effective health care and medical services.

Though the population growth rate in the cities has been dramatic, the job opportunities have not kept pace. This state of affairs has fostered the creation of slums overflowing with jobless people, and is a factor behind the uptrend in the ranks of the urban poor.

In view of these conditions, Tanzania clearly faces an array of infrastructural hurdles in the fight against poverty. The country needs improved social infrastructure for homes, public health and sanitation services, water and sewerage utilities, and education. The rural areas in particular are in need of water-resource development projects (especially groundwater projects with an emphasis on access to the water source) for the provision of safe drinking water supplies, as well as projects for the improvement of agricultural

access roads and other facets of transportation infrastructure that have a direct influence on rural life. Addressing these hurdles will in turn demand a participatory approach to assistance that coordinates the efforts of Tanzanian government institutions with those of aid donors and NGOs, and that seeks active participation from the people targeted in the groups.

1.3.4.2 Infrastructure Development and Urbanization

For some time now, the population growth rate in the capital city, Dar es Salaam, has been growing far faster than the population nationwide. So far, Tanzania has pursued a number of priority projects for core infrastructure improvements in the capital, which are designed to accommodate sustained growth due to urbanization. For one, it has launched an urban road development program including the formulation of a master plan and road-paving projects. Additional projects have been started in the area of communications and transmission-grid infrastructure for improved communications services, heightened generation capacity, and a reduction in the length of hydroelectric power brownouts stemming from low river-water levels. However, more has to be done.

In fact, though supplies of drinking water are absolutely essential to urban life, the country has yet to put any tangible development projects in motion. Consequently, urban life has been adversely affected by frequent water stoppages and shortages. Countermeasures are urgently needed in this area.

Urbanization has also confronted the country with several other, new challenges, including the need for improved urban waste disposal and sewer systems as well as suitable urban development strategies for suburban zones. Indeed, many issues now deserve to be addressed in addition to those in the arena of core infrastructure.

Nonetheless, most of the national and municipal institutions responsible for these projects do not as yet possess enough capability in the areas of organizational management or project implementation. Material assistance alone will therefore not be sufficient. Instead, it must be bundled together with personnel training and other forms of soft-type skills development support into medium- and longer-term packages of assistance for the improvement of project implementation frameworks.

1.3.4.3 Infrastructure Development for the Development of Industrialization

In spearheading future drives in industrialization, Tanzania will need to establish and reinforce its systems for the supply of essential goods to urban and rural areas, facilitate a smoother flow of goods from producers to consumers, and thereby help stimulate its domestic industrial sectors. To that end, infrastructure projects must be focused on road and communications links between cities and productive rural areas, and steps taken to improve distribution and ensure an uninterrupted supply of essential goods. Additionally, Tanzania will need to lay the infrastructural groundwork for urban industri-

alization and develop and expand those port and harbor facilities that can be expected to vastly improve the flow of goods to other areas nationwide as well as exports to neighboring countries.

1.3.5 Population and Health Care

1.3.5.1 Development of Health Care and Sanitation Services at the Local Area

Following its independence in 1961, Tanganyika began working to establish a full range of effective health care services. With the Arusha Declaration of 1967, Tanzania embraced the concepts of Primary Health Care (PHC) early on, and sought to expand and improve the provision of health care services at the local area^{Note21}. Decentralization-oriented policies which the country enacted in 1972 and 1982 laid the core foundations for the health care service infrastructure as it stands today. Reforms undertaken in 1982, moreover, effectively reshuffled the responsibilities of health care administration. Essentially, the national government assumed control over hospitals at the district level and up, while district governments were given administrative control over other facilities further down the institutional ladder (e.g., health centers and dispensaries). Also, as yet another step in post-independence reform, in 1993 the government instituted a new framework that shifted more of the health care cost burden onto the shoulders of the beneficiaries.

Having been put through these reforms, Tanzanian health care policy can now be summarized in terms of three fundamental objectives: (i) to provide a healthy life for all Tanzanian citizens, (ii) to provide health care services adapted to local needs, and (iii) to utilize traditional medical treatments by the health care system. Tanzania has made steady progress in lowering the mortality rate for children under five, particularly the infant mortality rate, a group that accounts for a relatively large fraction of the overall mortality rate. In 1954, child mortality stood at 190 (per 1000 births), yet gradually fell to 167 by 1964, 137 by 1975, and 115 by 1985. These gains appear to be attributable in large measure to the widespread rural implementation of effective treatments for curable diseases, as based on preventive inoculation programs and the Essential Drug Delivery system.

Still, owing to budgetary shortfalls and administrative snags, Tanzania failed to demonstrate enough progress toward the accomplishment of its stated goals. In 1993, that realization prompted the initiation of a health ministry-led program of sectoral reforms aimed chiefly at overhauling health care services at the district level. As indicated earlier, health care services provided to the public had been free of charge. This, however, conversely blocked private-sector penetration into the health care market. In that light, the introduction of the "Cost Sharing" system therefore stands out as a singularly note-

^{Note21} Ministry of Health, Proposal for Health Sector Reform, December 1994, p. 5.

worthy event.

As a result of the 1982 reforms to the framework for health care services at the district level, the present distribution system of primary health care has caused various obstacles^{Note22}.

It has already been pointed out that the national and district governments now share the task of district-level health care administration. More specifically, the national government assigns District Administrative Officers to district hospitals, while district governments assign District Executive Directors to health care facilities under their jurisdiction below the district-hospital level. One problem is that the actual affairs of district-level health care administration are the responsibility of yet another class of officials: District Medical Officers. Needless to say, coordination between these three groups of administrators has not always been smooth. For instance, to provide critical health care services, District Medical Officers, who provide health care services within the districts, are obligated to submit reports to District Administrative Officers and District Executive Directors. This requirement actually frustrates the prompt and effective delivery of such services.

The administration of regional hospitals is yet another source of confusion. One goal of the health-sector reform has been to limit the authority of regional hospitals while according more authority to hospitals at the district level. However, regional hospitals long provided health-care services to municipalities and towns, and in that sense served a role comparable to their counterparts in rural districts. When the field surveys were performed, it was not clear how these former regional hospitals had been renamed or in what fashion they were being managed in terms of personnel placements and budgeting.

Accordingly, as implied by the discussion on health care sector reforms, it seems essential that the powers of District Medical Officers be heightened if the key to the provision of local health care services—namely, primary health care—is to find full implementation at the district level. Effectively fostering the dissemination of primary health care, moreover, will arguably demand coordinated action in various other sectors: e.g., for improved educational levels, the supply of potable water, and better living environments. As it happens, PHC commissions have already been set up at the national, regional, and district levels. As far as the task of improving local health care services is concerned, actively harnessing the capabilities of those commissions will be vital, along with the earlier-mentioned need to strengthen the powers of District Medical Officers.

^{Note22} Health Sector Reform Group, Ministry of Health, Strategic Health Plan 1995-1998, February 1995, p. 5.

According to Ministry of Health statistics (Zanzibar not included), in 1994 Tanzania had four referral hospitals including Muhimbili Medical Center, two specialized hospitals, 17 regional hospitals, 152 district hospitals, for a total of 175 hospitals (including District Designated Hospitals whose function has been changed to missionary hospitals), 276 health centers, and 3,014 dispensaries nationwide. In 1996, the number of hospitals increased to 195, health centers 302, and dispensaries 3,500: all increases illustrate the country's headway in striving to improve local health care services through an emphasis on PHC principles. However, budget-induced shortages of medical equipment and supplies, facility deterioration, and deficient electricity and water infrastructure have all evolved into serious problems at the local level. It is therefore urgent that steps be taken to address these problems and develop and improve local health care facilities for PHC reinforcement^{Note23}.

The Ministry of Health comprises six departments: planning, hospital services, preventive services, national food control, training, and nursing. Its budget for FY1996 was 4.16 billion shillings (about ¥830 million), an amount equal to 3.62% of the total national budget. Of that amount, 71.5% came out of foreign aid. In fact, foreign aid supplied 42% and 91%, respectively, of the budget appropriation for hospital services and preventive services.

1.3.5.2 Maternal and Child Health (MCH) Issues

In 1971 a national MCH committee was set up within the Ministry of Health. In 1973 Tanzania instituted a Young Child Protection Programme in five regions, including Dar es Salaam, as a pilot project backed by UNICEF aid. This eventually prompted the start of an MCH program nationwide. These undertakings incorporated initiatives in immunization, nutrition, education, pre- and post-natal care, infant growth monitoring, and the treatment of minor disorders, and as such, yielded an immense improvement in MCH indicators.

The programs were subjected to a review in 1992, and as a result, the country decided to continue assigning MCH issues top priority. Tanzania still has some of the world's worst statistics for infant mortality, prenatal infant mortality, and maternal mortality. A relatively high percentage of households in the southern and western regions of the country live below the poverty line. Those areas have been characterized by pronounced levels of malnutrition and other conditions of poor health. In general, the situation is worse in rural areas than it is in urban areas. However, Tanzania is now witnessing the appearance of various new, urban-centered MCH problems that are a product of overpopulation.

The immunization rate for most vaccines has ranged between 65% and 85%, which is rather good. In fact, Tanzania was the first African country to meet Extended Programme

^{Note23} Ministry of Health, *Health Statistics Abstract 1996*, June 1996, p. 8.

of Immunization (EPI) targets. However, recently these levels have apparently been deteriorating due to the country's economic predicament and snags in the physical distribution system. Tanzania, however, declared a National Immunization Day in 1996; survey findings suggest that the polio immunization rate reached almost 100% in the Tanga district.

Buildings and medical equipment at many health centers and at referral hospital facilities across the country have become a serious problem. Supplies of essential drugs and prophylactic medical gloves are often impossible to obtain. In addition to this, the number of pregnant women who give birth at health centers and other general patients are now on the decline. Though the Muhimbili Medical Center pediatrics wing and neonatal intensive care unit are among the most prestigious university-affiliated hospital facilities in Tanzania, they lack the ability to treat patients on the basis of accurate diagnostic examinations, and hence cannot as yet be described as providing an adequate educational environment for first-rate doctors and medical students. Also, compared to other African countries, hospital and health-center construction in Tanzania has been confronted with a more urgent need for additional infrastructural enhancements, e.g., in the supply of water and electricity.

1.3.5.3 AIDS Issues

In 1983, Tanzania reported three cases of AIDS, all in the Kagera. By 1986, AIDS patients had been reported in all states. According to reports submitted under the National AIDS Control Programme (NACP), on a cumulative basis, AIDS patients nationwide totaled 25,503 by the end of 1990, and 81,498 by the end of 1995. However, health care infrastructure in local areas is still technically and financially ill-prepared to perform AIDS tests. Consequently, the actual number of people inflicted with AIDS is estimated to range somewhere between four- and six-fold the reported number: or, in cumulative terms, around 400,000 cases as of the 1995 year-end.

As it happens, 7.8% of all men and 9.4% of all women who donated blood in 1995 tested positive for HIV. Estimates based on those statistics put the number of HIV-positive adults nationwide at around 1.2 million, or 8% of the adult population of 15 million. If additional statistics on HIV infection by age group are factored into the equation, 1,125,749^{Note24} of the country's 27,558,757 citizens (1995 census estimate), or 4% of the entire population, are estimated to be infected with HIV. In addition, around 10% of the urban population and from 3% to 5% of the rural population are now assumed to be infected with HIV.

As in other sub-Saharan countries, at least 90% of all HIV infections in Tanzania are heterosexually transmitted. Other noteworthy pathways include transovarial trans-

^{Note24} Ministry of Health, NACP HIV/AIDS/STD Surveillance Report No. 10, December 1995, p. 30.

mission from mothers to their fetuses, and contaminated medical equipment. According to NACP reports, HIV-1 is the only strain assumed to be prevalent in Tanzania. Only a few cases of HIV-2 infection were reported in the northwestern reaches of the country in 1989^{Note25}.

Implementing effective programs for the fight against AIDS will demand better diagnostic AIDS tests as well as the collection of useful epidemiological data, including statistics on HIV infection rates. Since 1990, Tanzania has been conducting census surveys of pregnant women and blood donors. Obstetric clinics in 11 of the country's 20 regions have performed sampling surveys on HIV infection, and the information so gathered is analyzed and collated by NACP epidemiological departments. In conjunction with its surveillance activities, the NACP has put together a strategy of several specific AIDS countermeasures: e.g., for the prevention of HIV infection through sex, blood transfusions, or childbirth; for strengthened social support to HIV-infected persons; and to curb the social and economic losses associated with HIV infection and the outbreak of AIDS^{Note26}.

To be sure, AIDS has dealt a heavy blow to Tanzanian society on many fronts: in terms of the burden posed by AIDS-related medical costs to the national budget; the loss of manpower of workers who formerly contributed an important role in economic activities and the proliferation of "AIDS orphans."

Therefore, as intervention programs are designed to set the stage for implementation of the above-outlined strategy, Tanzania urgently needs to take steps in Sexually Transmitted Disease (STD) control to prevent HIV infection, introduce measures to protect high risk groups from contracting HIV (e.g., drug abusers), launch the Information, Education and Communication (IEC) program at the community level, and institute tougher screening procedures for blood donors^{Note27}. Also, because many health professionals are still not well-versed in ways of obtaining safe blood supplies, actions to heighten their awareness in that respect should be pursued in tandem with community education campaigns designed to provide citizens with essential knowledge for the prevention of HIV infection.

Accordingly, the NACP should continue to cooperate actively with UNAIDS (Joint United Nations Programme on HIV/AIDS) and aid donors on the implementation of such intervention programs.

^{Note25} The estimates for the entire population are from the Ministry of Health, Health Statistics Abstract 1996, June 1996, p. 90. Other data are from the source listed in note 24.

^{Note26} Ministry of Health, National AIDS Control Programme WORKPLAN AND BUDGET 1996-1997, November 1995, p.5.

^{Note27} Japanese Ministry of Foreign Affairs, Economic Cooperation Bureau, JICA Project Formulation Study Dept. "Report of Survey Team for the Formulation of Population and AIDS Projects for Tanzania and Kenya" July 1996.

1.3.5.4 Family Planning and Population Issues

Tanzania conducts a national census about once every decade. Its total population numbered 12.3 million in 1967, 17.5 million in 1978, and 23.01 million in 1988^{Note28}. In other words, the population almost doubled in the space of only 20 years. Furthermore, as a result of the steady population influx into the cities, Tanzania's urban population accounted for 18% of the national total by 1988. The total fertility rate during this period consistently measured 6 or above, while the infant mortality rate correspondingly fell. These trends in unison helped spur strong population growth^{Note29}. Assuming a population growth rate of 2.8% (the average for the period from 1978 to 1988), Tanzania's population in 1996 was estimated to be 28.4 million, and 32.1 million in the year 2000^{Note30}. Population pyramids for Tanzania are the classic shape for a developing country, with the base 0 to 4 age group accounting for almost 20% of the total population and each group higher up the pyramid accounting for successively less in 1991/92. Over the first 20 years from the point it began taking census statistics, Tanzania sustained essentially this same pattern^{Note31}.

Needless to say, the effects of such rapid population growth on Tanzanian society have by no means been small. The strains have clearly surfaced in various areas, including health care services and education.

Family planning concepts took hold in Tanzania quite some time ago; Tanzania Family Planning Association (UMATI) was set up in 1959. In its early years, UMATI focused its family planning programs in urban areas. With time, it gradually expanded its activities and introduced programs to rural areas. The MHC program initiated under government leadership in 1974 emphasized steps to promote family planning on a widespread scale^{Note32}. In 1984, Tanzania launched a family planning program with UN Population Fund (UNFPA) assistance.

Though a 1987 review of the program's effectiveness acknowledged that the contraceptive use rate had risen, it also underlined deficiencies in the quality and quantity of program field workers, and in terms of assistance-framework logistics. In 1989, the country embarked on a new, five-year family planning program that sought to raise the contraceptive use rate to 25%. This was followed in 1992 by the government's endorsement of a national measure calling for steps to curb population growth and enhance programs of maternal and child health care.

^{Note28} Bureau of Statistics, Planning Commission, Demographic and Health Survey 1991/1992, June 1993, p. 2.

^{Note29} JICA Medical Cooperation Dept., Country Medical Assistance File: Tanzania 1994 1994, p. 32.

^{Note30} See source in note 23, p. 90.

^{Note31} JICA Medical Cooperation Dept. (1994).

^{Note32} Source in note 29, p. 70.

Surveys conducted in 1991/92 found that 9.5% of all women and 14.9% of all men practiced some form of contraception, traditional methods included. Follow-up surveys taken in 1994 discovered significant increases for both women and men: to 17.8% and 24.7%, respectively. At the time of the 1992 poll, 67% of all health care facilities nationwide offered family planning services, a percentage suggesting that steady improvements had been made.

However, judging from contraceptive use rates alone, it is difficult to maintain that family planning practices and ideas have taken hold on an adequately broad scale. Attitudes toward family planning vary from region to region, but one universal problem is the lack of reliable information on the benefits and shortcomings of each contraceptive method. In striving to carry family planning practices to the community level, attention must be given to various factors, including local customs and economic circumstances. On that understanding, it seems crucial that the government, UMATI, and private sector organizations (e.g., NGOs) work together and come up with family planning programs that incorporate a focus on regional development.

With assistance from a Japanese NGO, the Japanese Organization for International Cooperation in Family Planning (JOICFP), in 1983 UMATI launched an integration project in two Kilimanjaro villages to curb parasitic infections, foster improvements in nutrition, and promote family planning practices. Integration projects (IPs) of this kind have since been extended to 117 different villages in three regions: Kilimanjaro, Morogoro, and Mwanza. Reviews conducted in 1988 by the UNFPA, IPPF, and JOICFP found that contraceptive use rates had risen significantly above the national average in those areas where the IPs had been launched, and credited the locally tailored IP strategies for their effectiveness in this respect.

As these findings suggest, NGO-led assistance will arguably be essential to the future of family planning in Tanzania. Indeed, it will be imperative to aid family planning ventures by merging IP strategies and other relevant NGO-based expertise with forms of assistance at the administrative level. Government assistance on the administrative side will be desirable precisely because most NGOs are not prepared to handle the project monitoring and assessment roles on their own.

Tanzania is a male-dominated society where traditional polygamous marriage customs still prevail. Male attitudes have naturally had a strong impact on the effort to popularize family planning practices. Under government policy, family planning is now considered to be an integral part of the drive to improve maternal and child health care. Nonetheless, it will conceivably be essential in the years ahead to also link it to issues concerning empowerment and heightened roles for women in Tanzanian society.

Currently, the UNFPA, USAID, Britain, Germany, the Netherlands, and various

other donors are actively assisting NGO-led efforts to promote family planning practices in Tanzania. Steps to clarify donor role-sharing arrangements and encourage effective coordination between the Ministry of Health, donors, and NGOs will therefore be increasingly vital^{Note33}.

1.3.6 Education and Human Resources Development

1.3.6.1 Education and Human Resources Development for Poverty Eradication

In 1974, Tanzania enacted a policy of Universal Primary Education that named compulsory school attendance for children of all grade levels the top priority of the drive to develop its educational sector. As an outcome of that policy emphasis, the primary school attendance rate reached 98.3% in 1986, the highest level in Africa at the time. However, the government was unable to keep pace with the resulting upsurge in school students, either in terms of building enough school facilities or training enough teachers. These shortcomings have drawn attention to facility deficiencies and poor levels of scholastic achievement—conditions that even today have yet to be addressed.

Stagnated economic conditions during the 1980s strapped the government's budget for education. By 1993, the primary school attendance rate and the literacy rate had slipped, down substantially from its level in the 1980s.

The social service sector has been reorganized considerably since Tanzania embarked on its structural adjustment program in the latter 1980s. To offset the consequent budget shortfalls, the government has begun emphasizing that private schools be set up with financing from the private sector, and is striving to have the general public assume more of the education cost burden. While these policies have spurred an increase in the number of schools in areas that have enough financial resources, private financing has been difficult to obtain in other areas where economic conditions are not as bright. This has prompted concerns that regional gaps in education could widen in the years ahead.

Standard I is the term used for the first year of Tanzanian primary school. The dropout rate for Standard I averages 6.3% (1992/93), and the percentage of pupils who actually finish primary school is considered to be rather small. About 15% of all students attended secondary school; in 1989, total enrollment in the country's universities numbered about 1,500, and at other institutions of higher education, 21,535 (1989). One conclusion that can be drawn here is that access becomes increasingly limited as one moves higher up the educational level.

The economic circumstances of the pupils' households strongly affect the low attendance and high dropout rates. As mentioned earlier, the country has turned to policies

^{Note33} See note 27.

that call on citizens to assume more of the education cost burden from the primary school stage. The poorer a family is, the heavier that burden will be, and as a result, to make ends meet the parents will more than likely have their children engage in wage labor rather than let them pursue what is perceived to be an expensive education. This conceivably is the mechanism behind falling school attendance rates and the increase in the percentage of students who eventually drop out. The situation is particularly bleak for women. Though the percentage of girls who attend primary school has improved, to 49.1%, the comparable figures for those who go on to the secondary grades and higher levels are 44.7% and 24.3%, respectively (all 1992 figures)^{Note34}.

Clearly, Tanzania faces a mountain of hurdles in the arena of educational development. An education endows students with the basic knowledge and information they need for life as adults. Once harnessed and transmitted to others, that knowledge and information allows societies to mature and economies to thrive. Gaining a more advanced education affords one a wider range of career choices as well as opportunities for improved income^{Note35}. Moreover, as various data have persuasively shown, the educational level of women has an influence on such factors as infant mortality and child nutrition in the home, as well as the penetration of family planning practices into the community^{Note36}.

In two policy papers, *The Tanzanian Education System for the 21st Century* (1993) and *Education and Training Policy* (1995), the government made the following points about the role of education in development: education is a process that endows individuals with the essential knowledge and expertise to adapt well to their surroundings and cope effectively with continuously changing social, political, and economic trends; it is also a means of helping individuals realize their full potential. Though it also voiced a commitment to stronger undertakings aimed at developing and refining the education system, tangible actions have yet to come.

Nonetheless, several initiatives will conceivably be vital if the country is to alleviate poverty and foster economic gains in the years ahead. For instance, it will be worthwhile to enlarge literacy programs for adults who have already left their formal schooling behind, lift the transition rate from primary to secondary school, broaden the opportunities for a secondary school education, and reinforce the technical and science curricula and career training programs for engineering students who will be the future foundation for industrialization. Additionally, as indicated earlier, the government's drive to have consumers assume a larger burden of the tuition costs actually hurts poor families more, in that it limits their access to educational services. That reality suggests more accommodat-

^{Note34} Ministry of Education and Culture, *Education and Training Policy*, February 1995, p. 19.

^{Note35} World Bank, *Education and Its Relation to Economic Growth, Poverty, and Income Distribution*, World Bank Discussion Papers 46, May 1990, p. 66.

^{Note36} The United Republic of Tanzania, *Social Sector Strategy*, November 1994, pp. 9-10.

ing or flexible policies will be essential.

Though the task of refining and upgrading the education system will demand an enormous investment in time and money, from a long-range development perspective this rates as a challenge deserving top priority.

1.3.6.2 Sustainable Development in the Education Field

Comparative political stability has been the norm in Tanzania since the earliest days of its independence. As a strong and charismatic leader, former President Nyerere should be largely credited for that achievement. In particular, his decision to make Swahili the formal language for school classroom instruction proved especially effective in fostering the country's gains in nationalism.

Indeed, education can and does function as an important vehicle for national unification and infrastructure development. Presently, Tanzania still faces education budget constraints that are one legacy of its economic decline; for that reason, it currently depends on foreign aid to finance most of its education-related programs and services. During the 1970s, the country earmarked between 15% and 20% of its total budget for outlays to the education sector. Between 1987 and 1992, that share narrowed to 12.3%, and in the process, development priority shifted to projects in the fields of secondary and higher education^{Note37}.

Steps to upgrade the education system happen to be a pivotal element of basic national development. However, the overdependence on foreign aid could set the stage for foreign interference in the country's education-policymaking affairs. This is one reason Tanzania should strive to tap internal sources of funding for its education budget as soon as it can.

Following independence, Tanzania embarked on a fast track development course that had the side effect of bloating its public sector. The consequent uptrend in personnel costs was one of the key factors behind the deterioration in national finances. In the education sector, for instance, the number of public employees literally exploded: from around 11,000 in 1961 to 126,000 by 1993^{Note38}. Obviously, in coming years Tanzania will face the crucial task of restructuring its education budget in combination with efforts to downsize and reshuffle the personnel in its education sector.

At present, several ministries and agencies have overlapping control over the development budget for education and education program formulation. The Ministry of Education and Culture (MOEC) handles the affairs of primary and secondary education, whereas

^{Note37} The United Republic of Tanzania, The Status Report on Education in Tanzania, June 1992, p. 3.

^{Note38} The United Republic of Tanzania, Civil Service Reform Programme, November 1994, p. 1.

the Ministry of Science, Technology, and Higher Education (MOSTHE) oversees the country's higher education and science engineering education. The Ministry of Labor and Youth Development runs vocational training programs, and the Ministry of Community Development, Women Affairs, and Children is in charge of education programs for girls and women. This situation has seriously aggravated the difficulty of formulating and implementing education development policies and programs in a coordinated and cohesive fashion.

Efficient and effective programs will be indispensable to the task of pushing forward with efforts to develop and refine the education system within limited fiscal boundaries. To that end, it will be worthwhile to cultivate qualified human resources for those ministries and agencies directly involved in the educational development process.

Measures to reinforce Tanzania's abilities in educational administration will also be essential if the country is to productively utilize its limited financial resources for sustainable development programs in the education field while protecting the national identity of its people.

1.3.7 The Environment-Sustainable Utilization of Natural Resources

Tanzania's environmental problems must be addressed from a perspective that places emphasis on balancing the goals of development with the needs of environmental conservation. This was the position underlined by the National Environmental Action Plan that the country enacted in 1994. Indeed, striking an effective balance between environmental protection and sustainable forms of resource use is considered to be the principal hurdle Tanzania now faces on the economic development path.

Another problem that must be addressed within the environmental context is the increasingly heavy strain that population growth has placed on the country's natural resources. In earlier times, when its density was still comparatively thin, Tanzania's population engaged in farming activities, raised livestock, and logged forest tracts in consonance with the environment. Eventually, the strains of population growth frustrated environmentally sound human activities, and the resulting deterioration in productivity fueled conditions of poverty. Poverty in turn became a force for additional population growth and environmental degradation, thus completing the link for a vicious cycle: i.e., of population growth, environmental degradation, and poverty followed by more population growth, more environmental degradation, more poverty, ad infinitum. An awareness of the importance of programs to restrain the pace of population growth will be essential if Tanzania is to escape this vicious cycle.

The above-cited National Environmental Action Plan comprises five core policy objectives: (i) the establishment of an environmental assessment framework, (ii) the development of an environment-related legal system, (iii) the formulation of appropriate incen-

tives, (iv) the establishment of environmental standards, and (v) the promotion of the people's participation. Moreover, six environmental issues have been assigned top priority for attention: (i) topsoil depletion, (ii) poor access to safe water supplies in urban and rural areas, (iii) pollution, (iv) the shrinkage of wildlife habitats, (v) the environmental deterioration of coastal and freshwater areas, and (vi) forest depletion. The Tanzanian government faces the urgent necessity of putting together and implementing tangible programs aimed at dealing with these issues. The institution responsible for administering such programs is the Department of Environment within the Vice President's Office. Though it was restructured in 1995 and as a result has been given more authoritative weight, this department still does not appear to manage enough capabilities. In effect, the National Environmental Management Council, an advisory body to the government on environmental issues, needs to coordinate and share its role and functions with the Department of Environment.

Forest and wildlife conservation counts as the environmental challenge of top priority in Tanzania today. For environmental protection purposes, more than one-quarter of the country's national territory has been set aside in national parks and game reserves, a scale that is impressive even by African standards. To be sure, Tanzania has built steadily on its record in the field of environmental protection in general since the days of the Nyerere administration, when that goal was essentially transformed into one of national policy by the Arusha Declaration. Tanzania's abundant biodiversity is not only a priceless natural asset, but also a potentially valuable resource for tourism, an industry that can be expected to bring in much-needed foreign exchange. In striving to properly manage its national parks and game reserves, the country will face the necessity of protecting its flora and fauna as well as the vast savannah and other forest and grassland habitats in which they live. In the meantime, it will also need to pursue environmentally sound approaches to the development of its tourism industry.

For local inhabitants, these parks and reserves and other undeveloped areas of the country are not only a source of firewood and lumber, but also of edible fruit, medicinal plants, and other non-lumber products. Also, certain small animals are hunted as "bushmeat," an important source of protein. In effect, the forest is an inseparable element of life and subsistence for many rural inhabitants in Tanzania. This is why, rather than fencing off forest reserves or pushing through with tree-planting programs on the basis of top-down or outside decisions, it will be so important to pursue strategies of forest preservation or restoration that accord an active role to the local inhabitants most closely in touch with the forest. Needless to say, this is not an observation that applies to Tanzania alone. Additionally, in areas where forest depletion has been caused by the strains of population growth and resultant patterns of overlogging of firewood or the encroachment of farmland under cultivation, it will be necessary to apply a multifaceted set of environmental countermeasures. These will include steps to improve soil fertility, programs of agricultural or rural development aimed at lifting local standards of living, and family

planning programs designed to slow the pace of population growth.

Water pollution, urban pollution, and other issues in the environmental sanitation field together constitute a relatively new challenge for Tanzania. The polluted waters of Lake Victoria and urban pollution in Dar es Salaam stand out as noteworthy problems in this respect. In view of the likelihood that these problems will intensify as more of the country's population concentrates in urban areas and industrialization proceeds, it seems advisable that Tanzania seek healthier approaches to development shaped by an appropriate set of policies for urban planning, public sanitation, and industrial activity.

The environment has become a global issue. In other words, the environmental problems now confronting Tanzania are actually global-scale problems that the international community must address together. Wildlife resources are a priceless natural asset for the entire planet. Yet if one of the world's poorest countries—Tanzania—can assume a leading role in the protection of those resources, it should be possible for the world's industrial countries (who benefit from environmental protection efforts) to look beyond technical and financial forms of assistance and also explore measures in debt relief for Tanzania.

As indicated by the discussion above, environmental issues in Tanzania cannot be addressed from a purely environmental perspective alone. In practically every dimension of development, the quest for a proper balance between the needs of development and the need for sustainable, long-term paths to growth demands a perspective that is much more broadly based.