

DANIEL SEMBERYA

TANZANIA: AS MKUKUTA-II DRAWS TO A CLOSE...

IT HAS been said time and again that Tanzania is doing quite well in terms of economic growth. But, what is rarely (if ever) noted is that the drivers of such growth comprise a few sectors of the economy in which a big majority of the people, mostly peasants in the rural parts of the country, are not participants – and, therefore, not direct beneficiaries of such growth.

According to a recent policy brief by the Tanzania Knowledge Network (TaKNet), “under such circumstances, one should not expect to see any significant change in people’s poverty levels and livelihoods.”

TaKNet is a joint initiative by the UN through its joint Programme

What has Dar’s latest econo-growth agenda achieved?

on Capacity Development for Development Management under the ‘One-UN Initiative,’ the Tanzania Government and the Economic & Social Research Foundation (ESRF).

Titled ‘Growth and Poverty Reduction in Tanzania: Why Such a Mismatch?’ the brief contains “views synthesized by Dr. Edward Mashindano” at ESRF.

“As a mitigating factor,” the brief reads in part, “there is a need to deliberately direct investments in sectors in which the majority of the people will participate – such as the

agriculture sector – thus targeting the most vulnerable even as it guarantees proper distribution of income.”

Empirical evidence has it that growth of the rural-based sectors of the economy – including particularly agriculture – is critical and, therefore, necessary if poverty is to be addressed directly and squarely.

Noting that about 80 per cent of the poor live in the rural areas – and that 81 per cent out of that lot live in households where the main activity is agriculture – the briefing stresses

that such a sectoral composition richly deserves greater attention. This is if any economic ‘growth’ worth that epithet is to have an impact upon the poor in particular, and the entire nation in general.

Tanzania’s policies hardly recognize the existence and significance of the informal economy. Yet, the majority of the people have their lives anchored in the informal economy. Economic growth doesn’t take place in the pro-poor sectors.

Over the period 2000 to 2006,

growth of the agriculture sector averaged a mite above four per cent annually. However, Dr. Mashindano notes in his discourse, this rate of growth is not high enough to reduce poverty for the majority of the rural poor.

The current premier national socio-economic development agenda as formulated by the Government, the National Strategy for Growth & Poverty Reduction (Phase II) – popularly known by its ki-Swahili acronym ‘MKUKUTA-II’ – is slated to end this year.

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MKUKUTA states clearly that if poverty is to be reduced by 50 per cent by 2010 as scheduled, then annual growth of the agriculture sector had to be sustained at the minimum rate of ten per cent for a period of at least five years (2006-2010).

In the event, this has never been achieved in the history of the country's agriculture... and obviously cannot be achieved in the remaining months to the end of the MKUKUTA - II implementation!

The agricultural share of contribution to the GDP is also consistently declining. It declined from 30.3 per cent in 1998 to 25.8 in 2007.

Also noting that the formal sector is an area with high poverty levels also the brief stresses that, "if it is dealt with effectively, it's growth could have a direct impact in terms of poverty reduction and improvement of livelihoods.

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In a country of around 19 million-strong workforce

With higher growth rates, Dr. Mashindano says, the informal sector is another area which has a great potential to effectively and sustainably address poverty in Tanzania.

"Poverty reduction (in Tanzania) could be a reality if resources and policies are harnessed towards the deregulation and improvement of the informal economy. "Our policies hardly recognize the existence and significance of the informal economy. Yet, the majority of the poorest of the poor have their lives anchored in the informal economy. Growth in Tanzania does not take place in the pro-poor sectors.

The lack of a boom in commodity growth in Tanzania, where goods and services are produced in large quantities to meet the growing demand of the people, has failed to

scale up their consumption baskets and subsequently, improve the quality of life, Dr. Mashindano synthesizes.

The kind of economic growth "we witness today is based on one or two sectors, namely Mining and Tourism. This growth does not have any significant multiplier effect in the domestic economy, as much of the output from the two sectors leaves the country without making any significant contribution to the host country.

"In mining in particular, there is little indication of the mining growth triggering growth in the local economy and subsequently, reduce poverty and improve livelihoods of the people. Why? Because the mining operations are detached from local supply chains. This detachment affects negatively capacity of the local economy to create jobs and generate additional incomes"

The TakNet brief identifies another factor which hinders the attainment of both the MKUKUTA and the United Nations

Millennium Development Goals (MDGs) as being lack of strategic resource allocation. Owing to short and long-term large financing gaps in Tanzania, there is a clear necessity to be strategic in both resource mobilization and resource allocation if MKUKUTA and the MDGs are to be attained."

Like the case with lack of strategic resource allocation, another area which should also be dealt with thoroughly is the population growth rate and demographic pattern. This is if Tanzania is to be able to explore and gauge the effect of population on poverty reduction initiatives and welfare of the people.

"Unplanned population growth increases the dependence ration of the country and this can easily suppress the effects of growth. Higher population growth rates can be counter-effective in terms of poverty reduction and improvement of the quality of life of a people"