

**FROM POLICY -ENGINEERED DEVELOPMENT TO THE
POLICY OF NO POLICY:
The Influence of Policy Reform of the 1990s on Poverty
Alleviation in Tanzania¹**

David S. Kapinga*

ABSTRACT

Tanzania's rural sector is one of the most researched in Africa. The country's bias toward the rural sector contrary to the spirit of the 1950s and 1960s, and particularly its adoption of ujamaa, attracted interest from both the west and the East. A casual scan through much of the literature on Tanzania shows that most commentators were of the opinion that the country's development was heavily influenced by the ruling party's propensity for formulating public policies particularly on rural development. Rural development as a multi-sectorial approach to the alleviation of rural poverty has always emphasized state intervention. But policy reforms initiated by the international Financial Institutions (IFIs) since the mid-1980s and particularly in the 1990s discouraged direct state investment in both the productive and social services sectors. This paper looks at the implications of such policy reversal on poverty alleviation in rural Tanzania. Using the implementation of the village producer cooperatives policy (VPCs) of 1985, this paper argues for enhanced state participation in rural people's endeavours for self-development. State participation includes the formulation of appropriate policies and development strategies on the basis of the current international economic and political situation and the rural people's felt needs and aspirations.

* David S. Kapinga is a Senior Lecturer in Development Studies at Sokoine University of Agriculture

INTRODUCTION

Towards the end of the 1970s, the world economy sank into deep crisis. Third World Countries, Tanzania inclusive, were more severely hit than developed countries. Both internal and external causes have been cited as having been responsible for the economic crisis in Tanzania (CCM, 1981; Nyerere, 1982; Green, 1985; Singh, 1986; Ndulu, 1987; Maliyamkono and Bagachwa, 1990; Founou-Tchuigoua, 1990; Biermann and Cambell, 1987).

The economic crisis facing the Third World hit countries of all political and ideological persuasions: capitalists oriented; socialist oriented such as Tanzania; and mixed economies. Although causes differed between regions and countries, political and economic theorists identified one major cause: policy failure. Third World countries were said to pursue policies which resulted in their perpetual poverty and underdevelopment: (i) general uncountable governance enabled leaders to use resources to reward loyal followers, that is, the state was seen as an instrument of the economically, hence politically, dominant class for the economic exploitation and political subjugation to the peasantry; (ii) administrative controls imposed by governments caused additional market imperfections, leading to lower producer prices which acted as a disincentive to producers; (iii) a large and inefficient public sector; (iv) maladministration and malpractice in the public sector; subsidizing ailing, loss making parastatals (and cooperatives in the case of Tanzania); and (v) heavy investment in non-directly productive enterprises (particularly social services).

Collectively, these problems are said to have led to balance of payment crisis; deficit budgets which caused heavy borrowing from commercial and state banks, donors and International Financial Institutions (IFIs), the World Bank and the International Monetary Fund (IMF).

Problems of state and economic management were also interpreted as a conspiracy of state, parastatal and cooperative bureaucrats in alliance with politicians to engender their rent-seeking activities (corruption, theft and embezzlement of public funds, misuse of public property, etc) and exploit poor peasants (see for example Shivji, 1976).

The solution proposed is policy reforms which includes democratization (the introduction of multi-party system), the down scaling of the government (through the retrenchment of public sector workers) and its economic activities (liberalize markets and privatize public sector enterprises); remove restrictions on the private sector; and reduce spending on non-directly productive activities such as social services. These propositions were grabbed by the IFSs and bilateral and multilateral donors. Hence the Structural Adjustment Programmes (SAPs) being implemented all over sub-Saharan Africa since the mid-1980s.

This paper attempts to assess the impact of such policy reversal on poverty alleviation strategies in rural Tanzania. An attempt will be made to show what free market means in the context of rural Tanzania. Most examples are drawn from rural development actors and institutions, particularly cooperatives. The general conceptual framework and some of the data are based on a study on rural development policy implementation undertaken by the author in Morogoro and Kilombero Districts of Morogoro Region, and Mbinga and Songea Districts of Ruvuma Region between 1993 and 1995.

The paper is organized as follows: section two defines what we mean by "policy -engineered development" and "the policy of no policy". Section three discusses some positive elements of economic liberalization to the rural sector. Section four discusses the problem of implementing policy reforms and their impact on poverty alleviation in the rural areas. Section five makes general conclusions; and section six makes some recommendations.

2. Policy Engineered Development and the Policy of No Policy

Much of the literature on Tanzania's development, particularly in the post-Arusha Declaration period emphasizes how public policies have played a big role in guiding implementers. There are claims that the party in Tanzania had a decisive role in economic management. It has been claimed that it proclaimed policies and effectively controlled the actions of agencies of policy implementation (see for example Goulbourne, 1979; Erikcksson, 1991; Shivji,

1992; Mukandala, 1995). Some of the claims are gross exaggerations. For example, Ericksson claims that CCM appointed parastatal chief executives; or that all important offices in the nation, were occupied by party members (Mukandala, 1995:55).

Leaving along exaggerations and actual policy outputs, it is fair to say that Tanzania had elaborate rural development policies since independence. Possible point of disputation is whether it is wise to drop the whole idea of having rural development policies owing to a past experience of policy failure. This is the problem tackled in this paper.

The expression "the policy of no policy" is our interpretation of "laissez faire" :market economy; free market economy; free enterprise or an economy in which the actions of the government are kept down to an absolute minimum. It means governments and the law should not interfere with business, finance or even the conditions of the people. We have decided to examine what free market means to poverty alleviation because since the rise of studies on agrarian transformation, rural development and poverty alleviation in the 1950s, rural development has always been interventionist. In this country, state support has for a long time been seen by the people as a human right, and the basis of the regimes legitimacy. Consequently, the issue is both economic and political.

2. Positive Elements of Economic Liberalization to the Rural Sector

2.1 Relaxation of market controls

The main objective of structural adjustment programme is to make economies more competitive. The abolition of pan-territorial prices and uniform producer prices benefitted cooperative unions in remote areas. The dismantling of inter regional road blocks and permitting private traders to buy produce according to prevailing market conditions benefitted food crop produces.

The permission granted to private traders to compete with cooperatives and states marketing organs in the purchase and marketing of export crops benefitted farmers in the early period of liberalization. As we show below, the scenario has changed dramatically, exhibiting clear signs of the existence of an imperfect market.

One positive aspect of such cut-throat competition brought by economic liberalization was the rapid haulage of crops from the villages and the prompt payment of producer prices by cooperative unions (See Kapinga 1996: 350 for data coffee in Mbinga District).

2.2 Escalation in informal sector income generating activities (IGAs)

From the literature and casual observation, economic liberalization has led to a rapid increase in informal sector IGAs (Maliyamkono and Bagachwa, 1990; URT, 1991; Booth et al. 1993; Sepalla, 1996); Non-Governmental (NGOs) and other forms of civil society organizations. The rural economy has diversified to the extent that off-farm earnings account for between 30%-50% of rural household incomes.

The rapid growth in informal sector IGAs is not exclusively the product of economic liberalization, although it has provided a more enabling environment. Recent discussions about the country's economic problems have differentiated between official and unofficial economies. Maliyamkono and Bagachwa (1990) argue that during the economic crisis it is the official economy which was in distress. Diversification was forced upon peasants by the low producer prices offered by official markets, credit purchases, particularly by cooperative unions, and opportunities existing in the informal sector.

2.3 Creating an enabling environment for the formation of member owned and managed cooperatives

Although in the initial phase cooperatives have shown inability to compete with private traders and many of them are either dormant or have been liquidated (See Appendix 1), in the long run peasants will realize the importance of cooperatives as their economic and political instruments. The instability of the market, particularly price fluctuations and profit motives of private traders, will make peasants realize that their interests as a class can only be safeguarded and enhanced by their own organizations-cooperatives. The form of rural cooperatives likely to predominate in the future will be the **Twikinde-type**:² cooperation in activities which could benefit from scale economies, mainly input purchasing and processing; the use of agricultural machinery; transportation to the market; construction and maintenance of infrastructure (for example irrigation channels, tobacco barns), etc.

3. Some observed negative aspects of economic liberalization to the rural sector

Although ten or five years might be too short a period to warrant a serious impact study of macro-policies, there are certain aspects in the process of policy implementation which outputs become too glaringly out of tune with policy objectives or expectation to be simply ignored or glossed over. A quick review helps policy makers to make necessary adjustments, or even to try other options. Recently, President Jerry Rawlings of Ghana, the IFIs' first model in the implementation of SAPs Sub-Sahara Africa condemned these institutions for their insensitivity to the plight of the poor.

Proponents of economic liberalization contend that short-run rigidities associated with structural reforms lead to temporary economic problems, including welfare losses. It is expected that such losses are recovered in the future. Nowzad (1983) states that economists are unpopular to politicians they advice because of their failure to accurately predict future economic out-turns.

A little over ten years since the adoption of structural adjustment programmes and five years since the liberalization of internal and external trade, the cut-throat competition between cooperative unions and private traders has not ensured producers a consistently rising income even in nominal terms as demonstrated by the examples below.

3.1 The impact of removal of subsidies on agricultural inputs

With the exception of a few areas (Arusha, Mbeya, Iringa, Rukwa, Ruvuma), most Tanzanian peasants do not use chemical fertilizers, pesticides and herbicides in food crop production. In Songea, where farmer dependence on chemical fertilizers is very high, the researcher observed reduced acreage, particularly under tobacco, because they could not afford the sudden price hike. Farmers were very explicit in their choice of intensive as opposed to extensive farming. They cultivated just that land for which they could afford fertilizers. Fertilizer prices had shot up from Tsh. 2700 in 1992/93 to TShs.5800 - 6500 in 1993/94 and between TSh. 8000 and 15000 in 1994/95, depending on the seller and distance from Songea town. At Naikesi and Mputa villages in Songea District, one speculator bought a 50 kg. bag of fertilizer from the villages' cooperative society at Tshs 6500 and loaned it to farmers at TShs.15,000 repayable after harvest.

Increased fertilizer prices are also recorded to have led to a fall in the consumption of the commodity in Mbeya and Rukwa Regions. In Rukwa Region their use had dropped from 10177 tons in 1986/87 to 1700 tons in 1994/95. In Mbeya Region, fertilizer sales had declined from 3000 tons in 1992 when a 50 Kg. bag cost TShs. 3000 to 20000 tons in 1994 when it cost between TShs. 13041.50 (TSP) and TShs. 16450 (DAP).

In addition to high prices, in Rukwa Region, decline of input supply was also ascribed to the dismantling of the national distribution system which relied on crop authorities/boards and regional trading companies. Private traders were not attracted due to the region's poor transportation infrastructure

3.2 Imperfect competition and its consequences

In a free market economy, benefits accrue to the economy as a whole and individuals if there is perfect competition. That is, when with each industry, each firm produces an identical product; each firm and individual consumers pursue their own material objectives; there is no restriction on what a firm or individual can buy or sell, there is perfect information; there are no externalities.

This is a very hypothetical state even to developed economies, but it is less achievable in developing economies such as that of Tanzania. Since the adoption of a free market economy cases indicative of imperfect competition have increased both in number and variety. Major areas have been the fixing of producer prices between different buyers, and the tendency by buyers to choose to buy crops from areas where it is cost-effective. This is pure economic rationality. In the past, to ensure all crops were bought, particularly those whose production was promoted by the state itself, marketing boards, crop authorities and cooperative unions were compelled to penetrate even very remote areas of difficult terrain, hence accessibility. They incurred economic loss but brought to remote area economic and social benefits. This poses the problems as to whether policy decisions should be made purely on economic logic.

In the period 1992-1998, producer prices, particularly of export crops, have fluctuated between years and buyers. For example, in 1994, while a kilogram of parchment coffee was selling for TShs. 1040 in Kilimanjaro (Kilimanjaro Native Cooperative Union), it was selling for between TShs. 600 (for the Mbinga Cooperative Union-MBICU) and TShs. 850 (for private traders) in Mbinga District (Kapinga, 1996). Signs of a negative impact of removal of official protection and financial support or the quarantening of bank loans, began to show immediately competitive marketing was introduced in 1992. Stiff competitions of parchment coffee in 1993/94 and 1994/95 respectively out of a total production of 6000 and 9000 tons in the respective years. Competition was also experienced in the use of the MBICU-owned coffee pulper at Mbinga town and in the use of village storage facilities.

In order to outmanoeuvre other buyers, during 1994/95, MBICU fixed a producer price of TShs. 1000 for a kilogram of cherry or parchment. The union and primary societies had agreed that payment to members should have been effected after the crop had been auctioned so as to avoid bank borrowing at high interest rates. But owing to competition and farmer's immediate cash needs, producers sold much of their crop at a lower price than the previous season: Tshs.600 a Kg MBICU suffered the problem of lower purchases and a loss of TShs. 600 million in uncollected input credits which would have been deducted from debtor's sales. Undoubtedly, some debtors sold their produce to private traders in order to evade input credit repayment.

The problem of marketing also afflicted food crop producers. In Mbinga and Songea Districts, the marketing of grain, particularly maize, was problematic in the remote villages. The poor state of roads made private traders avoid them. Cooperative unions had stopped purchasing grains and legumes; and SAP reforms had limited the operations of the National Strategic Grain Reserve (NSGR) which was fixed at about 1000000 tons a year for the whole country. In the two districts, there were stocks of maize from the previous season (1992/93). At Mlale National service camp, there were 1500 bags; and one commercial farmer in Mbinga District had to seek the assistance of the Regional Commissioner so that the NSGR could buy his produce (Kapinga, 1996:348).

Another problem is the low producer prices offered by private traders. For example, in Songea District maize is bought from peasants for as low as TSh. 4000 - 4800. In Songea Town it is sold at Tsh 6000 - 6500 (*Nipashe, 26 May, 1998*). But the price in towns in other regions ranges between TShs. 7500 and TShs. 15000. Certainly handling and transportation cannot account for the price differential between farm gate prices and consumer prices.

Recently, conflicts between farmers, cooperative unions, private traders and marketing board concerning the fixing of producer prices for cotton and tobacco have been reported in the media. After the Shinyanga Regional Cooperative Union (SHIRECU) had fixed the price at TShs. 200

for a kilo of seed cotton, the General Meeting of Nyanza Cooperative Union (NCU) adopted the same price against the protest by private buyers and management. It has been reported that while private buyers have threatened to boycott buying the crop, the General Manager of NCU has threatened to resign if the price of TShs. 170 per kg. which has been accepted by both private traders and management is not approved by the Union (*Nipashe, May 27, 1998*).

In the case of flue-cured tobacco, farmers and cooperatives in Tabora Region refused to accept a 20 per cent decrease in price over 1996/97 which had been caused by a fall in prices in the world market. After struggling for a few months for an acceptable producer price, it was only late in May 1998 that a compromise was reached. Cooperative and the Tobacco Marketing Board accepted a 13 percent decrease.

It has also been reported that in Tandahimba and Newala District about 6000 tons of cashew nuts of the 1996/97 season have not been bought. In Songea District, cashew nut farmers of Sasawala Division have threatened to stop growing the same crop because 200 tons of the 1996/97 season's production have not been bought.

Problems encountered in the productive sectors, particularly agriculture, have made commerce (including petty trade), to be very attractive to investors. Economic liberalization encouraged speculation and the avoidance of risks reminiscent in productive enterprise. Booth (1991) shows how the Kinga business people of Iringa amassed wealth much more quickly than even commercial farmers who had to purchase imported inputs, tools and machinery at exorbitant prices owing to devaluation of the Tanzania Shilling.

3.3 Turning the Country into a dumping place for ineffective and dangerous chemical inputs

Historical experience has shown that during its primitive (formative) stage capitalism is ruthless and insensitive to human suffering. The "get-rich-quick" syndrome of the new entrepreneurs engenders corruption and failure to observe production and consumer standards. During the short period of economic liberalization, there have been complaints about the importation and sale of consumables which are harmful to humans, animals and plants. Recently, the Tanzania Pesticides Research Institute (TPRI) confirmed people's concern over the importation of an ineffective pesticide, Acetilic Super (UHURU, May 5, 1998)

Marketing and other problems cited above suggest the need for mediation or intervention of an agent usually associated with the provision of the public good-the state. During the primitive phase of capitalist development the regulatory functions of the state become too crucial to ensure the security of producers, consumers, workers, employers property owner etc. Our legislators have a big task to perform.

4.4 Scaling down government activities and its implications to poverty alleviation

Since the 1950s when serious study on the causes of rural poverty started, prescriptions by development economists have always included the central position of the state. The state's involvement is at the following levels: policy, planning, extension services, rural credit, infrastructure, and social services delivery which is distributional in character.

The plan action adopted by the World Conference on Agrarian Reform and Rural Development held in Rome in July 1979 did not only recognize the need for interdisciplinarity in tackling rural poverty, but it called upon government to formulate policies and design strategies for the eradication of poverty. Focus should be the attainment of growth with equity, redistribution of economic and political power, and people's participation.

(i) Policy reform and social services delivery

The introduction of user fee in education, health services delivery and water supply has negative effects on rural population, particularly women and children (Vuorella, 1992); Lugalla, 1995). These services helped to ensure equity as the state could plan and allocate resources to areas most in need, a virtue which the market does not have.

In Songea Urban District, a fall in producer prices has led to a fall in secondary school enrolment as parents cannot afford to pay school fees for their children who have been selected to join Form one at Mptitimbi, Namabengo and Namtumbo Secondary Schools. Affected students have left for towns to seek employment (RTD, 30.5.98)

(ii) Policy reforms and extension services

Scaling down government economic activities has included the retrenchment of agricultural and livestock extension agents and cooperative staff. Further, extension methods which reduce the government's financial obligations and shift the producers, have been suggested. In the literature there are propositions that the private sector and civil society organizations (NGOs, Local/ community organizations, cooperatives) should replace the state in the provision of agricultural and livestock extension services. The proposals include: (1) the decentralization or privatization of extension services (Lassalle and Mattee, 1995; Rivera, 1996); (2) reducing financial burden on the state by retrenching extensions staff and directing extension services to a few crops, and that farmers should be charged for the services rendered (Rivera, 1996).

Structural reforms proposed include the transfer of responsibility to the private sector and the "third" sector or civil society (NGOs, local/ community organizations, cooperatives); deconcentration of staff from the centre to field offices; devolution of extension responsibility to, or (Rivera, 1996: 153-4); and to use progressive farmers in the dissemination of agricultural technology.

These approaches have the advantage of building local technical capacity, greater cost effectiveness and enhanced efficiency as local experts will have greater familiarity with the local context (Rivera, *ibid*).

The proposals about the privatisation and devolution of extension services appear attractive, but their application should be very carefully worked out to avoid the problem of over-generalization, that is conditions obtaining in different countries are uniform or similar. Account should be taken of the low levels of market activity and cash incomes of most poor peasants.

In the short run, privatization of extension services will only benefit rich farmers or 'real adopters' and consign the majority of the poor peasants into technological limbo. This will not only enhance income stratification, but it will limit agricultural development in general and induce a bias towards cash crops which can meet the higher costs. Although inputs should under normal conditions, be obtainable at market prices, where 'livelihood protection' justifies, a subsidy can be considered.³

Reform which aim at increasing the technical capacity close to the farming communities (through deconcentration, devolution and farmer participation) are most welcome because development: the state, the private sector and civil society their potential, their implementation should be carefully planned and sequenced. This calls for the involvement in the policy or decision process of all the stakeholders, including decentralized state agencies to 'hold the ring'.

Further, lessons from the failure of the political leadership and village level participation to solve development problems may serve as a useful reference for NGOs which are being promoted as substitutes of the state in participatory rural development. NGOs have to assist the village from below without the advantages of the state which stem from its role as resource allocator and policy maker.

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

We have argued that policy reforms have in the short run hit small holders in terms of increased costs of production; uncertainty in marketing their produce; erratic and fluctuating producer prices; erratic and fluctuating producer prices; and cost sharing in education, health and water supply. Let us hope that these losses are temporary as we are persuaded to believe.

Further, we maintain that since the emergence of development theory in the 1950s, rural development strategies recommended have always been interventionist. Nothing theoretically and practically substantive has happened since the 1950s which justifies non-intervention of the state in the rural sector. In fact there is another school of thought, which argues that the state has many useful economic functions to perform (Apter, 1992; de Janvry and Sadoulet, 1993; Castello, 1994, Green, 1996; Leys, 1996); what is needed is to reform it, particularly if it can create a bureaucracy which is capable of designing and implementing effective economic policies (Hyden, Green, 1996).

5.2 The impasse of "generalizations".

Development literature has suffered from generalizations which were based on a few studies. As we have noted in this study, in the dominant neo-liberal and peasant populist literature, Africa's rural development problems are mainly ascribed to the poor quality of state intervention in the economy.

The tendency to political and theoretical determination has left Third World Countries with limited scope for independent policy making. They are compelled to operate within a given policy frame which has been defined by the external environment: global policies which regulate political and economic activities such as international trade and technological transfers which are dictated by the international division of labour. Internal policy making capacity is limited to addressing short-term interests.

This scenario is manifested by the standard prescriptions made by the IFIs and donors (for example the SAPs) which tend to assume that societies or communities are homogenous and their problems are the same; or similar problems have same causation, hence they need the same treatment. The tendency has been for global theory to support new practises which are not based on any rigorous and tested local investigations and trials.

5.3 The need for rural development policy intervention

Concerning Tanzania, we argue for the need for external intervention in the rural sector if the majority of the Tanzania peasantry are to benefit from advances in agricultural technology.

The need for state intervention was expressed by the people themselves in village, district and regional level interviews. They complained about (1) the negative consequences of the abandonment of **Siasa ni Kilimo Competitions**, and suggested the need for another policy which could encourage competition in development between villages; (2) the tendency by private traders to evade paying crop cess to village governments and District Councils, showing that the administrative regulations in force were not effectively enforced; (3) poor extension services; and (4) poor supply and high prices of agricultural inputs, suggesting the need for a clear policy either on the provision of such crucial services or research and advice on cheaper alternatives.

We strongly suggest the need for rural development policy interventions, particularly in poor countries. The nature and extent of such interventions will vary depending on objective conditions obtaining in each country and locality. Any intervention should recognize the need for people's participation in the policy process, and adherence to the principle of self-reliance. That is, assistance should be programmed and phased out gradually leaving the people to manage their affairs sustainably.

5.4 Participatory development

There is a need to find ways of ensuring there is popular participation in the planning system in the wake of multipartyism. Research surveys and Rapid Rural Appraisals (RRAs) which help to identify special need of poor people in different localities such as marketing, transport and communications, rural credit, input needs and supply, are recommended. These will help to target interventions to those who need the support.

5.5 Enhancing the Spirit of Self-Reliance

It is the responsibility of technocrats, administrators, politicians and academicians to regularly remind the people's that their development is their sole responsibility. Exogenous agencies, including the state, can only be supportive and complementary or supplementary. Hypocrites who hoodwink the people by promising them manna if they assume political power should be exposed and ridiculed. There are few crimes which parallel the use of the poor as fodder for greedy politicians. Politics ought to be developmental rather than mere gimmick

(This article was received in January, 1999)

NOTES

- ¹ A paper presented at a workshop on Rural Development: Putting the poor First; the case for poverty Alleviation, held at Sokoine University of Agriculture, June 1-2, 1998
- ² Twikinde Malimbichi Mgeta (the Kiluguru vernacular for "let us pull together in fruit and vegetable production in Mgeta" is a model cooperative supported by the Upper Mgeta Horticultural Development Project (UMHODEP), a research and extension project in the Faculty of Agriculture, at the Sokoine University of Agriculture, Morogoro. It deals in input supply (particularly vegetable and fruit seeds, and agrochemicals), transportation and marketing.

Agriculture is a subsidized sector the world over. In developed countries, sometimes farmers are advised to destroy their crops at a compensation so as to maintain high producer prices. The European Commission has a special agricultural price stabilization fund to cushion farmers in member countries against downward price fluctuations or calamities such as the mad-cow disease which had devastating effects on some British livestock keepers in 1995/96.

REFERENCES

- Bagachwa, M.S.D and Naho, (1995) "Estimating the Second Economy in Tanzania", *World Development*, 23,8,1387 - 1400.
- Biermann, W. (1988) "Tanzania Politics Under IMF Pressure." In: Hodd, M. (ed.) *Tanzania After Nyerere*, London and New York: Printer.
- Biermann W. and Campbell, J. (1987) "The chronology of Crisis in Tanzania, 1974-1986". Paper prepared for the IFAA Conference on Africa, the IMF, and the World Bank, City University, London.
- Booth, D. (1985) "Marxism and Development Sociology: Interpreting the Impasse", In: Stuart Corbridge (ed. 1995), *Development Studies: A Reader*, London, New York, Sidney, Auckland: Edward Arnold.
-(1991) "Timing and Sequencing in Agricultural Policy Reform: Tanzania", *Development Policy Review*, 9,4
-(1994) "How far beyond the Impasse? A provisional summing up". In "Booth, D. (ed.) *Rethinking Social Development*, op cit.
-(1995) "Institutional Reform and Adjustment: Perspectives from social theory", University of Nottingham, (mimeo).
- Booth, D. Lugangira, F. Masanja, P. Mvungi, A. Mwaipopo R., Mwami, J. and Redmayne, A. (1993) *Social, Economic and Cultural change in contemporary Tanzania: A people oriented focus*. Swedish International Development Assistance.
- Chenery, H et al. (1974) *Redistribution with Growth: Policies to improve income distribution in developing countries in the context of economic growth*, Washington D.C. : World Bank and Institute of Development Studies, University of Sussex, Oxford University Press.

- Coldham, S. (1995) "Land Tenure Reform in Tanzania: Legal Problems and Perspective." *Journal of Modern African Studies*, 33,2,227-242.
- Costello, M.J. (1994) "Markets and the State: Evaluating Tanzania's program of state-led industrialisation", *World Development*, 22,10,1511-1520.
- Coulson, A. (1992) "The Contribution of Economists to Rural Development in Tanzania," In Forster and Maghimbi, *The Tanzanian Peasantry: Economy in Crisis*, Aldershot: Avebury.
- CCM (1981), *The Chama cha Mapinduzi Guidelines*, Dodoma: CCM Department of Propaganda.
- De Janvry, A and Sadoulet, E. (1993) "Markets, State and Civil Society Organizations in Latin America Beyond the Debt Crisis: The context for rural development", *World Development*, 21,4, 659-674.
- De Janvry, A, Sadiyketm E. and Thorbecke, E. (1993) "Introduction" Special Issue on Non Governmental Organisations. *World Development*. 21, 4, 565-575.
- Ericksson, G. (1991) *Economic Programmes and Systems'Reform in Tanzania*, Stockholm: Stockholm School of Economics.
- Founou- Tchuigoua, B. (1990) "Agricultural Development Without Delinking: Lessons to be Drawn." In: Hamid Ait Amara and Founou - Tchuigoua, Bernard (eds.). *African Agriculture: Critical Choice: Studies in African Policatal Economy*. Tokyo UNU Press and London: Zed Books.
- Gibbon, Peter and Raikes, Phil, (1995) *Structural Adjustment in Tanzania, 1986-94: A report on an assessment of structural adjustment in Africa*, Copenhagen. The centre for development Research for the Danish Ministry of Foreign Affairs.
- Goulbourne, H. (1979) "The Role of the Political Party in Tanzania since the Arusha Declaration". In Goulbourne, Harry (ed.) *Politics and State in the Third World*, London, Basingstoke: Mcmillan.
- Green, R.H (1996) "Poverty, Basic Service, Survival and Development in Sub-Saharan African: some issues of public services professionalism, productivity and pay". *Development*, 2, 48-52.
- Hartmann, J. (1988) "President Nyerere and the state" In: Hodd, M. (ed.) *Tanzania After Nyerere*, op. cit.

- Hyden, G. (1980) **Beyond Ujamaa in Tanzania: Underdevelopment and an uncaptured peasantry**, London, Ibadan, Nairobi: Heinemann.
- ILO (1982) **Basic Needs in Danger: A basic needs oriented development strategy for Tanzania**, Addis Ababa: ILO.
- ILO (1988) **Distributional Aspects of stabilisation Programmes in the United Republic of Tanzania**, International labour organization.
- Kapinga, D.S. (1996) "Political Process, Professionals and the Uncaptured Peasantry: The case of village producer cooperatives in Tanzania, 1985 - 1995", unpublished Ph.D Thesis, University of East Anglia.
- Kashufiza, A.K. and Mbiha, E.R. (1995) "Structural Adjustment and the Performance of the Agricultural Sector in Tanzania, 1980-1990". In: Forster, Peter and Maghimbi, Sam (eds) **The Tanzanian Peasantry: Further studies**, Aldershot: Avebury.
- Kawawa, R.M (1975) **Madaraka Vijijini (Decentralisation of Power to the Villages)**, Dar es Salaam: Government Printer.
- Kiondo, Andres (1992) "The Nature of Economic Reform in Tanzania." In: Campbell, Horace and Stein, Howard (eds) **Tanzania and the IMF: The Dynamics of Liberalisation**, Westview Press.
-(1995) "Politico-economic developments". In: Strom, Gabriele Winai, (ed), (1995), **Change in Tanzania: 1980- 1994**, Stockholm: SIDA
- Leys, C. (1996) **The Rise and Fall of Development Theory**, Nairobi: East African Publishing House; Bloomington and Indianapolis: Indiana University Press, London: James Currey.
- Lugalla, Joe L.P. (1995) "The Impact of Structural Adjustment Policies on Women's and children's Health in Tanzania. *Review of African Political Economy*, 63,45-53.
- Malima, K.A. (1986) "The IMF and World Bank Conditionality, the Tanzania Case", In: Lawrence, P (ed) **World Recession and the Food Crisis in Africa**, London and Boulder, Colorado: James Currey and Westview.
-(1992) "Speech by the Minister for Finance Introducing to the National Assembly the Estimates of Public Revenue and Expenditure for the Financial year 1992/ 93 on 18 June, 1992". Dar es Salaam: Government Printer.

- Maghimbi, S. (1995) "The Conflict between the state and Grassroots-based Institutions in Tanzania's Rural Development", In: Forster, p. and Maghimbi S. (ed) op.cit.
- Maliyamkono, T.L. and Bagachwa, M.S. D. (1990) **The Secoud Economy in Tazania**, London: James currey.
- McHenry, Jr. Dean E. (1979) **Tanzania's Ujamaa Villages: The Implementation of Rural Development Strategy**. Berkeley: Institute of International Studies, University of California.
-(1994) **Limited Choice: The Political Struggle for Socialism in Tanzania**, Boulder, Colorado and London: Lynne Reiner.
- Mukandala, R.S. (1995) "State power and Political Institutions" IN: Winai, S.G. (ed). **Change in Tanzania, 1980 - 1994**, Stockholm: Swedish International Development Agency
- Ndulu, B (1987) **Stabilsatin and Adjustment Policies and Programmes: Country Study 17, Tanzania**, World Institute for Development Economic Research.
- Nyerere, J.K. (1962) "Ujamaa: The Basis of African Socialism." In: Nyerere, J.K. (1968) **UJAMAA: Essays on Soclliasm**: Dar es Salaam, Nairobi, London, New York: Oxford University Press.
-(1968), **Freedom and Socialism**, Oxford: Oxford University Press.
-(1973) **Freedom and Development**, Oxford: Oxford University Press.
-(1977) **The Arusha Declaration Ten years After**: Dar es Salaam Government Printer
-(1986) "An Address by J.K. Nyerere", address delivered at the Institute of Social Studies, The Hague. 19 March, 1985, **Development and change**, 17,387 -397
- Putterman, L. (1995) "Economic reform and Smallholder Agriculture in Tanzania: A Discussion of Recent Market Liberalization, Road Rehabilitation, and Technology Dissemination efforts", **World Development**, 23,2,311-326.
- Roy-Campbell, Z.M. (1992) "The politics of Education in Tanzania: From colonialism to liberalization". In: Campbell, H. and Stein, H (eds) op.cit.
- Samoff, J. (1992) "Theory and Practice in the Analysis of Tanzanian Liberalisatin: A comment." in campbell and Stein, op. cit.

- Sarriss, A. H. and Tinos, P. (1995) "Consumption and Poverty in Tanzania in 1976 and 1991: A Comparison Using Survey Data." **World Development**, 23, 8.
- Schatz, S.P. (1996) "The World Bank's Fundamental Misconceptions in Africa". **Journal of Modern African Studies**, 34, 2, 239, - 247.
- Seppala, P. (1996) "The Politics of Economic Diversification: Reconceptualising the Rural Informal Sector in South-east Tanzania". **Development and change**, 27, 3, 557,578.
- Stein, H. (1992) "Economic Policy and the IMF in Tanzania: Conditionality, conflict and convergence", In: Campbell, H. and convergence", In: Campbell, H. and Stein, H. (eds.) op. cit.
- Singh, A. (1986) "Tanzania and the IMF: The Analysis of Alternative Adjustment Programmes" In: **Development and Change**, 17, 425 - 454.
- Shivji, I.G. (1976), **Class Struggles in Tanzania**, New York: Monthly Review and Dar es Salaam; Tanzania publishing House.
-(1992), "The Politics of Liberalisation in Tanzania: The crisis of ideological hegemony,"in Campbell, H. and Stein, H. (eds.) op.cit.
- Van Arkadie, B (1986). "Some Realities of Adjustment: An Introduction,"**Development and change**, 17,371 - 81
- Vuorela, U. (1992) "The Informal Sector, Social Reproduction and the Impact of the Economic Crisis on Women". In: Campbell, H. and Stein, H (eds.), op. cit.
- URT (1991) " **Informal Sector Study: A report prepared for the planning commission and the Ministry of labour and Yourth Development**", Dar es Salaam: Government Printer.

Coming up with effective strategy or strategies and being able to implement them successfully remains one of the main challenges facing managers in all walks of business life.

In many cases company owners, chief executives, top managers, planners, consultants and low level managers are concerned about:

- Value of money,
- The development and marketing of new products and service
- Flexibility; whether or design, manufacture or service delivery or in organizational structure
- Management style

Often less emphasis seem to be on the fact that failure or success of any strategies depends on managers who are entrusted with different duties and responsibilities. These people have got their own **personality traits** which influence **what they think** and **how they think**, **what they feel** and **how they feel**, how they behave and the influence of their own behaviour on others, and vice versa.

Hucznski and Buchanan examine personality as the total pattern of characteristic ways of thinking, feeling, and behaving that constitute the individual's distinctive method of relating to the environment(Hucznski and Buchanan, 1985:93).

It covers our attitudes, perceptions, communication and motivation to mention just a few. A point of interest here is that for example taking business decisions basing on the "identified" strengths, weaknesses opportunities, and threats is very subjective in the sense that it depends on;

- Who defends the strengths and weaknesses

WHY MANAGERS' PERSONALITY MATTERS IN SUCCESS OR FAILURE OF BUSINESS STRATEGIES

Josephat Itika*

ABSTRACT

The role of Managers' personality in success or failure of business strategies has been approached from strategic management perspective.

The author is putting a case that business strategies may succeed or fail due to managers strengths, weaknesses, needs and interests which constitute their personality.

Managers personality characteristics seem to matter not only in ambiguous and unpredictable decision making situations but also what managers need as individuals or groups out of their businesses. These needs may not necessarily be "rational". Behavioural assessment for managerial posts and human resource management strategies focused on nurturing personality are advised.

1. INTRODUCTION

Today's managers face different degree of complexities, changing pressures and opportunities. That is, they must ensure the efficient use of resources and at the same time, the long term effectiveness of the organisation in which they work in. Effectiveness in a changing environment includes being able to identify the right things to do in the future. The products and services to offer, the appropriate technologies to exploit, the best procedures and structures to introduce and the most appropriately, qualified people to employ. Managers need as well flexibility and adaptability necessary for change to be achieved. In short, this is what strategic management is all about [Certo and Paul (1991: 5- 25)].

* Mr. J. Itika is a Lecturer at Institute of Development Management Mzumbe.

- Who says that these are the opportunities and these are the threats and why ?
- Who says this should be the plan of action and not any other plan?
- Who says this is how the strategies should be implemented and controlled? and
- Who are the implementers and controllers.

One could go further that, the words strengths, weakness opportunities, risks, leadership, commitment, accountability, flexibility, innovation, aggressiveness etc cannot mean the same to all managers. The main reasons is in essence that the whole process involves people who have different personality characteristics which influence what they believe, what they say, and what they do. Soft systems theory has contributed greatly on the use of critical heuristic processes but its application in strategies management to unfold "rational" deceptions in management decisions is still peripheral. (Jackson, 1991).

Experience suggests that managers and even employees vary considerably in the extent to which (as individuals) let say exercise their discretionary powers of demonstrate initiative in accomplishing certain duties and responsibilities. This can be compared for example with the judgement used by a sales representative in deciding when and how to approach a client or by a researcher not noting an unusual results in his or her process scientific enquiry.

2. WHAT DOES THE LITERATURE TELL US?

The work of Camal & Maxwell (1989:69) develop the same idea that in our organizations, members of different interest groups are not totally rational people. They are not fully aware of their own interests (which are still less

completely identical with various groups) and do not have complete information. Therefore they often "muddle through" aided by the fortuitous nature of some events and making considerable use of their own intuition. The emphasis here is that a company may formulate "excellent" strategies but fail to provide the kind of strategic management system needed to drive them into the guts of the company. What one could further argue is that what matters for the success or failure of a strategy is more of who are involved in the process rather than how effective the process may be. Hardy emphasizing on attitude as part of one's personality and its significance on business strategies has the following to comment:

"Real business success requires an attitude which accepts that improvements are always possible. It is an attitude which searches for and find the opportunity, makes sure it is worthwhile and suited to the business and then works skillfully positively and vigorously to develop and exploit it"(Hardly,1987: 7).

This idea seem to expand MC Clland's theory of motivation - need for achievement (1971) as a personality indicator for successful managers. On the other hand, in business circles a strategy may be tempered by selfish interests and hence fail to bear good fruits. A research made on small and medium enterprises in Tanzania (World Bank, 1993:76) showed that the establishment and expansion of small business was adversely hindered by tax and license officials. The personalities were accused for making things difficult for small businessmen in anticipation of getting "side payments". In another case, An observer (1993:36) explains a situation in which a manager feared to fire an incompetent employee because simply she belonged to a certain nationality to which the boss's manager belonged. Moreover the manager needed a support of the boss in order to achieve certain personal objectives. He therefore feared the risk involved and failed to act accordingly.

In Tanzania where the Government is thrusting on trade liberalization and privatization, the role of individual managers' or groups' personality for success cannot be over emphasized. The following quotation from the reporter of the Daily News; provides an insight in this argument;

"While officials are dilly dallying as to who is responsible for putting off the fire on the mountain, the fire continues to rage fiercely and can be seen in broad day light razing the beauty of Africa's beauty". (Daily News, September 28, 1993)

Here the whole issue could be centered around perception in the sense that the officials could have perceived the questions of responsibility differently and that is why no one was ready to accept responsibility to extinguish fire the result of which led to great loss to the tourist industry and the environment.

The role of individuals can further be illustrated by the incident described in the Sunday News Paper, In that text, the Reporter (1993), "Mrema orders BECCO to pay Engineer", the following facts can be noted;

- BECCO terminated the project manager for Moshi Rural roads and hence risking to lose millions of money unnecessarily.
- BECCO had been reluctant to follow the project manager's technical and managerial advice for reasons known to themselves.
- BECCO failed to act on the principal secretary to the Ministry of Works order to redo the road project.

These are weaknesses which could be avoided through managerial action.

3. STRENGTHENING STRATEGIC BUSINESS MANAGERS

From what so far has been discussed the following could alleviate business problems arising from personality weaknesses.

Qualifications for managerial jobs should not depend so much on the technical competence of an individual in his or her field but further more on the *totality of personality strengths and weaknesses*. As Horton; (1991:4) points out, elements such as interests, ambition, stress, ethical beliefs and the relationship between personal characteristics and the job ought to be deeply examined. The objective is to minimize obvious personality weaknesses which may contribute to failure of a business. Basing on the idea that corporate strategy revolves around people, the whole process of recruiting, retaining, training, development, motivating, caring for and rewarding, should be more qualitative in order to build a desired personality.

4. CONCLUSION

The success of business strategies in the future will largely depend on how people within and without the organization relate to the set of standards by which we judge what is to be done, why, how and for what purpose.

Infact, business men should be more aware of the reality that their success depends significantly on not only what they think, feel and believe and hence do but also the reciprocal relationship from others with whom they interact.

(This article was received in January, 1999)

REFERENCES

- Carnal C & Maxwell S: (1989) **Management Principles and Policy** London: ICOSA Publishing Co.
- Daily News**, September 28, 1993
- Hardly I (1987) **Successful Business Strategy: How to win in the Market Place**. Worcester Built Sons
- Huczynski A & Buchanan D: (1985) **Organizational Behaviour** London: Prentice Hall
- Jackson, M(1991) **Systems Methodology for the Management Science**. London: Plenum
- Observer (1993) 'The Manager's Dilemma' **Management Today**, January
- Observer (1994) 'The Shadow Side' **Management today**, September,
- McClelland, D(1971) **The Achieving Motive in Economic Growth**. New York: McGraw Hill
- Paul J & Certo S. (1991) **Strategic Management: Concepts and application** 2nd ed.; McGraw Hill inc
- Sunday News** September 26, 1993
- The World Bank (1993) 'Obstacles to Developing Indigenous Small and Medium Enterprises. An Empirical Assessment'; Volume 7

**TRANSFORMATION OF STATE OWNED ENTERPRISES
(SOES) IN REFORMING SOCIETIES:
THE CASE OF TANZANIA SOES**

Leticia M. Warioba*

ABSTRACT

The paper presents a discussion on the role of state owned enterprises (SOES) in a reforming society. The conception here being that some state owned enterprise like Tanzania Railways Corporation (TRC), Tanzania Harbours Authority (THA), Referral Hospitals such as Muhimbili Medical Centre (MMC), Water Authorities such as Dar es Salaam Water and Sewerage Authority (DAWASA) etc. will for some good reasons remain state owned for some time to come in future.

Both global and national forces of change and their impelling impact on SOES are critically examined. Apparent in the content and context of presentation is the fact that, the change which are taking place reflect a dire shift to market economy formulas as opposed to centrally planned economies with socialist biases of the former Eastern Europe block. Many countries in the developing world, Tanzania being no exception, seem to be taking specific measures to transform and put in place policies in the direction of global social, political and economic reforms. In the light of these changes the performance of SOES in Tanzania is assessed.

In this connection the causes of poor performance of SOES are revealed and a proposal given that if SOES in reforming societies are to survive, they have to be adaptive and active in order to cope with the reforms taking place. They also definitely need deliberate government push and support for transformation.

* Leticia M. Warioba is a Lecturer in Public Policy and Management at the Institute of Development Management (IDM) Mzumbe, Tanzania

1. INTRODUCTION

During the late 1980s and early 1990s there was a significant change in the policies of international development organization and donor countries. The changes had partly to do with the collapse of the planned economy of Eastern Europe and also a general shift in Western industrial countries towards more market oriented economic strategies which was enhanced by the belief that, the role of the state should be limited, and institutions must take a greater responsibility for their own welfare. Further, the emphasis was more focused on democratic development and human rights as a critical part of development in all countries.

In this connection, during the last 12 years, the economic and political context in Tanzania has changed dramatically. The country started her economic recovery programmes in cooperation with IMF and the World Bank way back in 1986, and the consequences started being highly apparent since 1990, especially in a more liberalized economy, parastatal reforms and transparent strategies of reducing government expenditures. During this period also, the single party era came to an end, with its consequences on increasing political competition within the emerging multiparty framework and in a liberalized labour movement. (Mmbaga and Baguma 1982).

2. Tanzania Government Policies

Main government policy objectives are to stimulate growth, reduce inflation and to strengthen the country's balance of payment position. Stability and balance in fiscal and monetary policies is a precondition for obtaining these goals, and the government is trying to put emphasis on a careful control and reduction, of public expenditures.

The parastatals (SOES) reform is a part of the government strategy for reduced expenditures. The Parastatal Sector reform Commission (PSRC) has been created which in its master plan from 1993 suggested 128 parastatal organisations for privatisation or liquidation. (Mwapachu, 1983)

The main objective of this process is to optimize the use of resources under new ownership and management, and is expected to result in a positive impact on public finances. A civil service reform programme is being implemented, as a consequence of the government recognizing the fact that the civil service had become over extended and that the fiscal base cannot support the present numbers of civil servants at realistic rates of remuneration. The functional areas of the government are therefore reduced, with a corresponding reduction of the civil service manning levels. (Ntukamazina, 1994)

Hence privatization and liberalization of the economy are the main government policies aimed at forming the basis for a more vital and expanding productive and commercial sector of the economy. These policies imply a radical shift of the Tanzania economic structure.

The direct involvement of the public sector in productive and commercial activities is progressively being reduced, preparing ground for a greater role of the private sector. A review has been effected since 1990 covering amendments of companies ordinance and investment Act, to remove remaining obstacles to private sector participation in the economy. Confidence is now bestowed upon the private informal sector, expected to contain considerable potentials for employment creation and as an engine for economic growth.

Since 1990 the government has also made determined efforts to attract inflows of foreign private capital into the Tanzania economy. The banking industry has been liberalized following enactment of the Banking and Financial Institutions Act, 1991. The currency regulations are relatively lax, enabling exporters and importers of goods to retain the full value of their foreign exchange earnings. The internal and external trade liberalization includes marketing of food and cash crops.

State owned enterprises in Tanzania exists in all sectoral and functional areas of the economy, including transport, communication, energy, water, agriculture, industry, commerce, natural resources, health and education. In the Tanzanian conception of parastatal organisations, SOEs were defined as semi autonomous institution which were not an integral part of the government but were wholly or mainly financed and controlled by the government. At least 50% of the share capital of such organizations was owned by the government.

The advent of the Arusha Declaration in 1967 in the country marked the history of SOEs in Tanzania. It was the declaration of intent committing the country to pursuing socialism and central planning as a strategy for social, economic and political development. The declaration brought with it a massive nationalization of the strategic institutions in the economy, and, of course, the creations of state of owned enterprises to pursue specific goals and objectives in the economy. For instance the Board of Internal Trade Companies, Tanzania Breweries Ltd, and Tanzania Cigarette Company Ltd. were created as foreign exchange earners, employment creators, and profit making for economic development in the country. (Mwapachu, op. cit). By 1967, there were less than one hundred SOEs, but by 1990, the number had increased beyond four hundred.

As in many other developing countries, SOEs were created with the prime objective of realizing the objectives of independence, especially in the areas of self-reliance, price stabilization, employment, public investment and contribution to the country's Gross Domestic Product (GDP). SOEs were expected to be self financing. The practice however has been to the contrary. The need for SOE's to finance persistent gaps between savings and investment has added greatly to public deficits. Direct budgetary subsidies to SOEs by government had substantially increased central government deficits. Their performance and achievements in general had fallen short of expectation.

In general, SOEs have been characterized by a lack of financial control and discipline, inadequate management, poor product quality, high cost structure, lack of market effort, rigid financial policy and overtrading. (Maastricht 1989) (See Table I, Appendix I, II, III & V).

Taking into account the social, economic and political changes which are taking place in Tanzania which calls for immediate steps to reduce government expenditures, there is a great need for the remaining State Enterprises to redefine their roles, and institute internal or external based recovery measures so as to maintain pertinence in a reforming environment. Thus in order to survive and improve performance in a changing society, SOEs have no alternative but to re-examine their financial control behaviour, acquire a cultural re-orientation and put more weight on commercialization of their activities in order to minimize the impact of budgetary constraints currently facing them. Externally, measures connected with deregulation, shift toward market structures i.e. competition, market oriented financing and pricing for efficiency have got to be deliberately supported and effected by the government if the roles of SOEs are to be re-adjusted to suit a reforming society. Equally important, is the need for these enterprises to adopt new technology, be innovative and costs conscious. (Saha and Sarris, 1991)

2. CRITICAL ANALYSIS

A critical review of the problems of the Tanzania public enterprises would serve to determine the nature and orientation of readjustment and retraining needed. The problems may be considered from two points of view, namely, external and internal.

2.1 External Pressures

a. Lack of Systematic Approach

It would appear that the parastatal sector had been established, enlarged and re-organised from time to time without a clearly defined policy or systems framework either for the sector per sector or in relation to the private sector.

The majority of problems which affected parastatals seem to have stemmed from this basic problem.

b. Ambiguous Sectoral goals

Ambiguity in goals leads to uncoordinated planning and control; while the auditors look at financial propriety and commercial performance, the party stresses on political and social control, the parent ministries emphasize bureaucratic control, the board of directors focus on views of workers, state house directive or anything which is of current interest, and the treasury looks for financial results. Because of this incongruent list of expectations from parastatals, leaders of parastatals felt that they were often driven from pillar to post, made answerable to numerous bosses and to shoulder impossible responsibilities. In this context, the practice of indiscriminate formation of probe committees had been extremely count-productive. It would have been very useful if all those interested in controlling parastatals had made up their minds at some time as to who should do what, why and according to which order of priorities.

c. Political intervention

It is known that in socialist countries SOEs are the major instruments of the party and the government for facilitating economic and social transformation. But ad-hoc as opposed to systematic intervention of the politicians in managerial and commercial aspects of parastatal operations, at various levels has caused serious problems. For example, when some parastatals were established they were directed to deal with a political commissar earmarked for the enterprise. These commissars became over assertive and were ultimately withdrawn. It has not been uncommon for the regional leaders to issue directives to the branches or subsidiaries of national parastatals without reference to their head offices or holding corporations. At times competent chief executives of parastatals located in the regions and districts had become victims of political intervention with a system whose operations have to be governed by business management criteria.

Though political intervention, has gradually been minimized, parastatals are aware that their success or even survival would depend more on pleasing those who they presume have excessive powers than on their professional managerial performance. (see Table III).

d. Lack of resource base and criterion for the allocation of resources.

As too many parastatals had been established within a short span of 9 to 12 years since 1967, the available resource base has been spread thinly over numerous and uncoordinate activities. This has led to undercapitalisation of most of the parastatals. Such under capitalization has compounded the effects of marco-economic measures such as devaluation, reduction of bank credit facilities, increase in interest rates and demand of 100% cash over to utilize whatever foreign exchange is allocated. This has affected the liquidity level of the majority of parastatals.

Regarding the criteria for the allocation of these limited financial resources either directly through government or bank financing or indirectly through pricing, a great deal of ambiguity is noted. For instance, it is easier for enterprises with political support such as cooperatives, or national interests as Tanzania Electric Supply Company (TANESCO), or Usafiri Dar es Salaam (UDA- this was a state owned transport company serving city of Dar es Salaam) to secure local funding easily than for smaller parastatals. Sometimes within one ministry cinderella treatment is extended to parastatal in one sector, while the ministry brings sufficient pressure on the government to properly capitalize enterprises in which there is scope for external investment.

.e. Problems of parent ministries

Parent Ministries have generally failed to manage the parastatal sector. There are cases where projects have been either established or excessive capacity has been created without proper feasibility studies. But for the specific activities such as:

- (i) Constitution of the board of directors.

- (ii) Recommendations of names to the state house regarding:
 - i) Chairmen of the boards, and
 - ii) Chief executives, and
- (iii) Approval of the annual budget of parastatals

the powers of parent Ministries are ill-defined. There are some chief executives of parastatals who work so closely with ministers, permanent secretaries, and ministerial executives that the line of distinction between the operational authority of the ministry and that of the parastatals which seem to operate almost independently of their parent ministries as the latter are generally pre-occupied with their routine work. The point to be noted in this regard is that tailor-made management systems relevant to the management of parastatals by the parent ministries have not been evolved.

Regarding boards of directors, it is seen that appropriate criteria are not being borne in mind by the parent ministries. For example, some ministries constitute boards of directors for their operating parastatals while this is taken care of by the holding corporations in some cases. The strengths and weaknesses of the Boards vis-a-vis the policy and strategy requirements of the parastatals are not given due weight by the parent ministries. For example, some boards sadly lack expertise in financial management or marketing. Some boards lack people with practical experience in parastatal management.

Continuity of management is one of the principles which is often ignored while reconstituting the Board of directors of parastatals. Some board are changed too frequently that the experienced members of the board do not cultivate any personal attachment to the parastatals.

Regarding the appointment of the chief executives of parastatals, the state house decides basing on the recommendations of the parent ministry which are in turn related to the recommendations of the board of directors. The primary quality required in a chief executive is leadership ability coupled

with a sound knowledge/experience in management. It is seen that some Boards do not take this responsibility seriously and restrict their attention only to those whom they knew within their parastatal or to those who have applied for the job. The parent ministries, again due to their narrow horizon, restrict their attention to the candidates recommended by the board and those within their knowledge or sector. The state house has undoubtedly a wider horizon but in spite of its best intentions, it is sometimes seen that those appointment as Chief executives of some parastatals fail completely. Fundamental principles such as continuity of board and management, behavioural implications and even technical skills are sometimes ignored.

Regarding the review of the performance of the chief executives of parastatals by their parent ministries, it is regrettable to note that the whims and fancies of ministry and permanent secretaries seem to play a greater role than professional analysis of managerial performance.

It would therefore be obvious that parent ministries need to pay greater attention to a professional approach to their role regarding parastatals and need considerable assistance in this direction.

f. Holding Corporations.

Some holding Corporations Lack management systems and experience in effective management. Next to the parent ministry, is the effectiveness and alertness of holding corporation that determine the sense of direction and even survival of an operating parastatals. Some holding corporations interfere in the legitimate operational authority of their subsidiaries and some have abdicated their role regarding the planning and control of the operations of their subsidiaries. It would appear that there should be less debate on the need for holding corporations than on the need to administer them properly and objectively. Operating parastatals should have some clear guidelines regarding the authority and responsibility of their boards in relation to those of the boards of their holding corporations. (Mwapachu, op. cit)

2.2 Internal Problems

a. Lack of Commitment

The major problem of parastatals is that the commitment of managers and employees to the legitimate tasks and responsibilities of their enterprises is decreasing rapidly. Mainly due to inflation and meaninglessness of financial savings, people tend to work for satisfactions outside the scope of their work, while at the same time holding on to their roles in parastatals either to earn a basic wage, for housing, for transport or for social respectability reasons.

b. Poor Motivation

Chief executives of parastatals find it increasingly difficult to motivate managers, supervisors and workers. As salary scale trail far behind cost of living, as the margin available to parastatals to provide fringe benefits to employees diminishes, chief executives fail as there is a limit to their leadership abilities in guiding and motivating employees.

Lack of commitment and poor motivations is clearly demonstrated by Mbeya Textile Mill Limited whose Policy was to sell cotton wastes and rejected clothes to workers at a concession price for which the workers earn high profits when they sell the rejected materials to the public. Although this was seen as an incentive to the workers, it actually contributed to poor quality of products and resulted in more generation of cotton wastes and rejects, as it earned them extra incomes. The workers made sure that such commodity did not get out of stock, so the workers did all they can do and even tempered with the machines settings and operations so as to produce as much cotton wastes and rejects as possible. As a result the quality of the products suffered.

See the Table below which shows the increase of cotton wastes and Rejects.

TABLE: 1

**MONTHLY PRODUCTION (YARN) AND WASTE GENERATION FOR
THE YEAR 1990 TO 1993**

	1990			1991			1992			1993		
	PROD TONS	WASTES	% WASTES	PROD	WASTES	% WASTES	PROD.	W/TES	% W/TES	PROD	W/TES	% W/TES
JAN	28.9	4.1	14.2	50.1	11.3	22.6	27.2	4.1	15.1	4.3	0.9	20.9
FEB	26.8	5.1	19.0	11.6	1.1	9.5	11.6	2.0	17.2	17.3	3.1	17.9
MAR	51.6	8.3	16.1	28.2	6.3	22.3	31.4	5.8	18.5	18.6	2.7	14.5
APR	36.6	5.4	14.8	26.7	5.2	19.5	24.4	4.7	19.3	4.4	0.9	20.5
MAY	47.2	7.7	16.3	38.4	8.4	21.9	17.1	3.0	17.5	14.4	2.9	20.1
JUNE	48.2	9.0	18.7	7.4	1.6	21.6	15.2	2.7	17.8	9.0	1.5	16.7
JULY	53.5	9.5	17.8	-	-	-	16.4	2.8	17.1	18.5	2.0	15.9
AUG	78.1	17.2	22.0	29.1	5.9	20.3	25.6	4.0	15.6	15.7	2.3	14.7
SEPT	73.2	15.7	21.5	19.0	3.9	20.5	22.5	3.7	16.4	16.7	1.9	14.4
OCT	78.0	17.0	21.8	13.7	2.7	19.7	33.7	5.8	17.2	23.6	2.9	11.9
NOV	69.5	15.5	23.3	12.1	2.3	19.0	24.5	4.3	17.6	23.2	2.8	12.1
DEC	67.0	14.7	21.9	25.8	4.0	15.5	12.7	2.0	15.8	27.4	3.0	10.0

Source - Monthly Production Record Files - Mbeya Tex
(From MBA Thesis by N. Bandiye - 1994)

From the table, one can note that the Percentage of wastes kept on rising instead of decreasing. This definitely will affect the quality of product. From this, one can conclude that the aim of the workers were to make sure that there was always an availability of wastes and rejected clothes, hence extra income for them. But if the workers were committed and motivated definitely the situation would have been different.

c. Lack of Capital

Financial requirements of business enterprises may be seen from three points of view, as permanent capital, loan capital, and working capital. The technical term that describes the proportion and magnitude of the above components in relation to enterprise is capital structure. The fact is that the majority of parastatals started without proper capital structure and this has caused havoc in the parastatals started with some assets taken over from nationalized operations. But such assets did not include permanent working capital. Thus from the time they commenced their commercial operations such parastatals have had to depend on borrowing in all forms and subsidies from the government. At the same time, due to political pressures they had to expand their operations both in terms of products/services handled and geographical territories covered. For instance UDA (Usafiri Dar es Salaam), had to charge low prices (not commercial) and subsidized fare for children. As a result it has been difficult for the company to replace its vehicles when required to do so. (see the table II and III).

TABLE 2. Frequency of change of fare and of prices of transport inputs

Year	Change in fares	Frequency of change in transport inputs
1985	0	2
1986	1	2
1987	0	1
1988	1	2
1989	1	1
1990	0	1
1991	2	1
1992	1	1
1993	2	1
1994	0	1
Total	8	13
Average	0.8	1.3

Source Nelly B. Kyejo - unpublished MBA Thesis 1994 pg 52

This table shows the number/times, fares changed in each year. The frequency is based on adults passenger fares on which the company depends most for generating income. It also shows the number of times prices of transport inputs changed in each year too.

From the table one can note that the frequency of change in transport of inputs is more than that of fares. The main reason of this is that fares are set basing on historical data which is out of date.

It takes a long time for a request for fare increase to be approved by the concerned organs. Thus by the time the fare is approved it is already out of date. Research done by N. Kyejo indicates that it took almost 8 months for a request to be considered.

TABLE 3. Lost Revenue in TShs. per year due to unsubsidized children Fares

YEAR	1990/91	1991/92	1992/93	1993/94
Total Passenger	19,600,000/-	11,200,000/-	17,600,000/-	14,500,000/-
% age of child passengers	21/-	14/-	16/-	28/-
Fare				
Adults	15/-	30/-	30/-	30/-
Children	5/-	5/-	5/-	20/-
Total children passengers	4,116,000/-	1,568,000/-	2,616,000/-	4,060,000/-
Total would be Revenue from children (if charged like adults)	61,740,000/-	47,040,000/-	84,480,000/-	284,200,000/-
Revenue from children	20,580,000/-	7,840,000/-	14,080,000/-	81,200,000/-
Revenue cost	41,160,000/-	30,200,000/-	70,400,000/-	203,000,000/-

Source Nelly B. Kyejo - MBA Thesis 1994

From the table above, one can note that in 1990/91 the total number of passengers served for the years was 19,600,000/= if all passengers were adults the total amount which would have been generated would have been 294,000,000/=. In the same year 41,160,000/= was lost as result of serving a total of 4, 116,000 children. From the table above one can conclude that services provided by UDA was underpriced. This being the case it is obvious that it is not possible to get profit thus difficult to replace its vehicles. We can say that it lacked operating or working capital.

d. Poor Financial Control

Financial Management in SOEs has generally been very poor for a variety of reasons, some of which include unreliable accounts, poor document control, lack of accounting systems, stock losses and poor internal control, undiscipline and even corruption in liquidity management etc.

Poor Financial management compounds the problems of undercapitalization. Even in the cases of Tanzania Electricity Supply (TANESCO), The Then National Bank of Commerce, The National Urban Water Authority (NUWA), the level of collections is far below desirable standards. This is due to the worsening liquidity of their clients. But the Chief reason is that traditions of cash or treasury management are not being upheld (see Appendix II, III, IV and V).

e. Inappropriate Technology

Technology has become as important for efficiency in business management as resources. A random survey would reveal that due to inadequate plans and funds for rehabilitation, the level of technology in the local industries is below acceptable standards. Technology has enabled the developing world not only to stabilize itself, but compete effectively in international markets. For example, the textile, and jute Industry in India, would not have realized the present standards if it were not for the massive investment in rehabilitation in the post war period. This thrust on technology has placed India in a position of confidence even in the supply of textile machinery, sugar technology, computer software etc. to other developing countries.

It is obvious that the mining, agricultural, meat packaging, food processing and other consumer good industries, particularly those entrusted to established SOEs can benefit considerably from a technological revolution which is long overdue. Joint ventures, international participation and modernisation programmes are the measures to attract technology. Without appropriate technology, Tanzania industries would not be able to meet the standards of the local or international markets.

f. Trade liberalisation

Trade liberalisation has generally been hailed by the consumers because the range and quality of goods available have widened. But on the other hand liberalization has left the parastatals completely stranded. An example is the Morogoro Industrial Complex which had more than 10 industries. At present most of them are not operating, only few privatised ones are operating. These include Moproco, Canvas, and Tobacco Processing Company. If liberalization had been implemented along side parastatal reforms the impact on the parastatal sector would have been beneficial, not negative. For instance the regional trading companies and local industries have to compete in the market with traders selling imported goods from Taiwan, Honkong and the Middle East. In this instance the very means of trade are denied to the parastatals because:

- (i) they lack foreign exchange, and
- (ii) they have to keep 100% records for all transactions
- (iii) most industrial units were established using crude or obsolete technology to produce for the local market; hence their products are not competitive quality wise, in the world market. they still need protection
- (iv) unlike the private sector, parastatals have to adhere to several government regulatory policies which inhibit their competitiveness. (see Table II & III)

g. Lack of foreign exchange

It is generally accepted that the greatest problem of developing countries is lack of foreign exchange. This applies to all parastatals. It must be admitted that the National Economy Recovery Programme in Tanzania highlighted this problem, but the remedial measures have not been effective. When foreign exchange was indeed made available it was already too late because:

- (i) by then the liquidity of the key SOEs had already worsened,
- (ii) the National Bank of Commerce had reduced the level of lending to the level of lending to SOEs.
- (iii) the surplus cashflow from liberalisation of trade had flown to the private sector from the pockets of the consumers and
- (iv) the 100% cash cover requirement to raise letters of credit was imposed.

These four factors coupled with unrepresented devaluation and hike in interest rates have virtually slashed the availability of foreign exchange to parastatals. Lack of liquidity has created a new problem of affordability in addition to availability of foreign exchange.

2.3 Readjusting role through reforms

In order to rationalize and improve the accountability, performance and resources portfolio of the parastatals, there is a need for structural reforms which would reorientate the SOEs to fit in the changing environment. The reforms are necessary step. Perhaps the pertinent questions is on the modalities and techniques of reforms. As it would appear two basic approaches are implicit in the reforms. These are privatization and/or commercialization. It is evident that most developing countries face almost similar problems, in implementing privatization or commercialization programmes.

As cited above, the poor performance of most public enterprises in Tanzania and the drain on resource which this generated was the basis of the skepticism that emerged about their role in economic development. As the country became increasingly besieged by economic difficulties, it became clear that dissipation of resources through public enterprises could not be sustained. By late 1980s, Tanzania had some programmes on public enterprise reform in place, typically in conjunction with broader efforts of economic adjustment and restructuring.

2.4 Privatization vs commercialization

Privatization must in principle be distinguished from commercialization of public enterprises. Privatization essentially represents the transfer of ownership from the public to the private sector while commercialization represents a policy framework that allows government-owned enterprises to run their affairs on sound business principles (see 2.2(b) Reform programmes around those concepts are being designed to reflect the economic priorities and the social and political realities. The reform programme currently being undertaken is based on some studies of the public enterprises in the context of an economic liberalization and adjustment programme aimed at providing valuable insights on which general options of privatization and commercialization is hoped to produce optimal results. Under privatization, these options include: partial or full transfer of ownership via

- a. public offer of shares
- b. private placement of shares,
- c. management buy out,
- d. debt-equity swap
- e. deferred public offer,
- f. liquidation of the company through the break up and/or sale of its assets

Under commercialization which implies greater operating autonomy for public enterprises the options include:

- (i) contracting out
- (ii) deregulation of monopolies and oligopolies and
- (iii) performance contracts
- (iv) joint ventures

In regard to the techniques on technical arrangements for privatization and commercialization, an implementing agency, by the name, Parastatal Sector Reform Commission (PSRC) has been formed which seems to be having clearly defined responsibilities for privatization and commercialization. This is independent of the civil service and with no vested interest in the status quo. Experience so far has shown that, in cases of privatization, the valuation of enterprise assets is a difficult and tricky undertaking. In the Tanzania experience, the net worth of the enterprises discounted at the present value is found to be a reliable basis on which to proceed. Where the enterprises have intangible assets such as good will or consumer confidence, this also is taken into account in the valuation process. The experience so far in Tanzania shows that public enterprises reform and private sector development is a long and complex process. Because of this the implementing agency should plan its work within a realistic time frame and learn from its experience as the programme proceeds. As learning occurs, as much flexibility as possible should be brought to bear on implementation of the privatization and commercialization programme.

For Privatization and Commercialization to succeed, certain conditions are required.

- There must be political support at the highest level of government for the programme. Where necessary appropriate legislation should provide the legal basis of the programme.

- Every effort must be made to explain the programme of privatization to the general public. It is noted that if transparency in the transfer of asset is to be maintained, the publicity aspect to the programme should not be underestimated.
- Consultations with employees of the enterprises to be directed is also necessary for transparency and probity. Where feasible, employees should be encouraged to assist the process of designing the modality and strategy of investment and its implementation. As privatization usually results in redundancies, efforts must be made to retain redundant staff and workers and/or provide satisfactory compensation packages. Efforts should be made to mitigate other undesirable social consequences to privatization.
- Successful privatization requires a financial infrastructure to capital markets, banks, brokerage houses, accountants, lawyers and a stock exchange (to facilitate secondary trading of stock or as a mechanism for raising new capital). While this infrastructure is under developed in most African countries, its development must be given priority as part of an overall strategy of private sector development. In this regard, it is seen that, privatization is not an end in itself, but a part of the overall process of accelerating efficiency, productivity and economic transformation in Tanzania.
- As the private sector assumes its rightful role as the main vehicles of entrepreneurship, initiative, and innovation in Africa economies, governments must strengthen their policy making and regulations, capacities to ensure that fair practices are maintained and that employees and consumers are adequately protected. However, commercialization would succeed if the following conditions pre-vail.

- Full autonomy must be granted to the management to pursue objectives that have been agreed upon in advance. The autonomy of the enterprise must be fully backed at the highest level of government.
- The supervisory relationship between the enterprise and government must be clearly defined.
- Management must be recruited on merit professionally competent, and competitively compensated.
- Prior to commercialization, the enterprise must be properly restructured and placed on a sound financial footing.
- And finally, performance targets must be established in advance for each enterprise and managers and other employees recorded for reaching or exceeding targets.

3. CONCLUSION

If SOEs in reforming societies have to survive and thrive, there has to be a deliberate reorientation of the attitude of the staff; structures, technology and administrative procedures and arrangements at both government and organisation levels, in this regard privatization and commercialization should be seen as an end in themselves, but be pursued as an integral part of the economic adjustment and restructuring, public sector re-organization and private sector development. As an on going process of economic management, the overall objective should be to facilitate the transformation of the economy.

A far fetched implications of these changes points to the fact that enterprises to reposition themselves, to take stock of the nature and extent of the transformations and their impacts, in order to win and penetrate the new business environment. These institutions have to reexamine their mission, goals and vision. Much specifically, they have to be both active and adaptive in acquiring new technological and scientific innovations in a competitive business set up.

These changes will be successful if the process of re-adjustment and restructuring is conducted with the utmost transparency and probity. Those affected by the change need to be involved in the planning and implementation of the change. It also requires full support of the policy makers and it has to be preceded by careful studies and systematic plans of implementation.

(This article was received in January, 1999)

REFERENCES

- Bandiye N. (1994) "Problems of Quality Management in Textile Industries: The Case of Mbeya Textile Mill," Unpublished MBA Thesis.
- Kyejo N. (1994) " Investigation on the causes of Failure by Public Transport Companies to Replace their Vehicles. The Case of UDA, DSM" , Unpublished MBA Thesis.
- Makendi J.V (1998) " Factors that contributed to the National Bank of Commerce Failure to realize Defaulters Mortgaged Properties: The Case of NBC Mshindo Branch Iringa", MBA Thesis.
- Malale R.K. (1993) "Factors Affecting Collection of Receivables from Government Departments and Public Organizations in a Utility Company", A Case of TANESCO Bukoba Branch, MBA Thesis.
- Mmbaga W.D.S and R. Baguma (1982) **The Tanzania National Economic Survival Programme, Proceedings of a Workshop**, Mzumbe-Morogoro: RAP
- Mwapachu J.V. (1983) **Management of Public Enterprises in Developing Countries: The Tanzania Experience**. New Delhi: Oxford & IBH. Publishing Company
- Mwigune L.K. (1994) "Factors Affecting the Performance of Parastatal Organizations in Tanzania : The Case of National Steel Corporation" ,Unpublished MA Thesis.
- Ntukamazina D. (1994) "The Civil Service Reform in Tanzania: Rationale Progress, Problems and Prospects", Civil Service Department, Tanzania.
- Sahn D. and A. Sarris (1991) "Structural Adjustment and the Welfare of Rural Small holders: A Comperative Analysis from Sub-Saharan Africa", EDI, Development Studies, the **World Bank**
- Workshop Participants (1989) "A report on General Management for State Enterprises", RVB, Maastricht, Netherland.

APPENDIX I**THE PERFORMANCE OF NATIONAL STEEL CORPORATION
FOR TEN YEARS i.e. 1982 - 1992**

Year	Plan of Sales in tons	Actual Sales in tons	Variance	% of deviation from plan
1982	10440	4125	-6315	-60.5
1983	12000	5066	-6934	-58.8
1984	5066	3000	-2066	-40.8
1985	7870	8808	938	11.9
1986	12800	11400	-1400	-10.9
1987	13820	11515	-2305	-16.7
1988	11400	4860	-6540	-57.4
1989	4062	6256	2194	54.0
1990	6240	6960	720	11.5
1991	10500	9574	-926	-8.8
1992	12846	13413	567	4.4

Source: L. K. Mwiguna- MPA Thesis, 1994

APPENDIX II

CREDIT COLLECTION - TANESCO - BUKOBA

CONSUMER	OUTSTANDING '000' TSHS. AS 31.12.92	BILLING '000' TSHS FOR 1992	DISCONNECTIONS
RM - Prisons	394.9	451	1
Bukoba Prison	363.2	359	1
OMUmwani Sec School	0	58	1
Rugambwa Sec. School	893.9	1478.9	1
Hekima Sec. School	16.9	43.5	1
CCM Milling Machine	14.2	14.2	1
Kagera Retco	640.0	1803.8	1
RTC - Kagera	9.0	40.9	1
NIC	73.9	203	1
SIDO DUDECO	220	181.5	1
OTTU	1.6	4.1	1
NHC	2.2	9.6	0
Coffee Tree In	309.3	543.7	1
TANICA	3861.9	10803	0
CRDB	11.2	82.2	0

Source: Malele K.P.- MBA Thesis, 1993 , pg 41

APPENDIX III

LOAN RECOVERY RATE AS AT 30TH SEPTEMBER, 1997

CUSTOMER CODE	AMOUNT BORROWED	EXPIRY DATE	BALANCE AS AT 15/3/1996	BALANCE AS AT 30/9/1997	RECOVERY RATE %
01	3,000,000.00	30.09.95	8,658,254.55	8,658,254.55	0%
02	5,993,000.00	30.09.95	5,129,846.65	5,129,846.65	0%
03	2,930,000.00	30.09.95	4,090,714.50	4,090,714.50	0%
04	5,950,000.00	30.09.95	6,706,004.15	4,338,000.00	35.3%
05	11,100,000.00	30.09.93	13,511,412.65	12,791,412.65	5.33%
06	640,000.00	30.09.98	906,971.10	906,971.10	0%
07	800,000.00	30.09.98	2,918,215.55	2,918,215.55	0%
08	3,200,000.00	30.09.93	4,822,688.70	4,822,688.70	0%
09	160,000.00	30.12.89	594,824.00	594,824.00	0%
10	100,000.00	30.10.89	352,840.75	352,840.75	0%
11	800,000.00	09.01.92	-	1,205,870.60	10.4%
12	120,000.00	30.09.92	1,345,870.60	72,273.55	34.5%
13	3,000,000.00	31.04.94	-	3,212,752.65	5.6%
14	1,174,400.00	31.03.91	110,273.55	1,067,022.05	0%
15	610,000.00	30.06.95	-	371,520.05	65%
16	240,000.00	25.08.88	3,402,752.65	1,489,640.80	0%
17	120,000.00	31.10.92	-	150,570.10	0%
18	120,000.00	30.09.92	1,067,022.05	134,769.75	0%
19	44,000.00	31.01.92	-	31,460.45	32%
20	3,000,000.00	31.07.92	1,061,520.05	3,024,797.40	56%
21	2,008,163.25	31.06.92	-	3,381,140.85	1.17%
22	20,000,000.00	30.06.94	1,489,640.80	20,128,923.50	0%
23	13,200,000.00	31.08.94	12,239,812.65	1,764,812.65	856%
24	2,000,000.00	31.05.94	150,570.10	236,707.80	74.7%
25	600,000.00	31.03.92	-	367,043.50	57.7%
26	2,000,000.00	30.09.93	134,769.75	1,943,573.05	22%
27	4,000,000.00	30.06.94	-	454,793.00	39.7%
28	800,000.00	30.10.91	46,299.75	602,351.20	35.4%
29	800,000.00	20.09.91	-	141,888.30	7.86%
30	640,000.00	21.03.93	6,864,797.40	334,224.60	30.5%
31	100,000.00	-	-	192,793.50	2.5%
32	1,200,000.00	31.01.93	3,421,140.85	2,626,308.60	0%
33	800,000.00	30.11.92	-	1,848,913.30	0.54%
34	640,000.00	30.06.90	20,128,923.50	783,460.55	0%
35	400,000.00	31.07.92	-	395,746.30	24.7%
36	800,000.00	31.08.94	12,239,812.65	515,815.50	2.83%

Source: Makend S. - MBA Thesis, 1998

APPENDIX IV

*VISITS MADE TO VERIFY THE EXISTENCE OF MORTGAGED
PROPERTIES BEFORE LENDING*

CUSTOMER CODE	VISIT MADE	NO VISIT MADE
01	-	-
02	-	-
03	-	-
04	-	-
05	-	-
07	-	-
08	-	-
09	-	-
10	-	-
11	-	-
12	-	-
13	-	-
14	-	-
15	-	-
16	-	-
17	-	-
18	-	-
19	-	-
20	-	-
21	-	-

22	-	-
23	-	-
24	-	-
25	-	-
26	-	-
27	-	-
28	-	-
29	-	-
30	-	-
31	-	-
32	-	-
33	-	-
34	-	-
35	-	-

Source Makendi S.- MBA Thesis, 1998.