

Sectoral Policies, Performances and Employment Implications in Tanzania

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Table of Contents

LIST OF TABLES.....	III
APPENDICES.....	IV
LIST OF ABBREVIATIONS.....	V
ACKNOWLEDGEMENT	VII
EXECUTIVE SUMMARY	VIII
1. INTRODUCTION	1
2. AGRICULTURAL RELATED POLICIES AND THE SECTOR'S PERFORMANCE AND EMPLOYMENT	4
2.1 THE ROLE OF THE AGRICULTURAL SECTOR.....	4
2.2 THE SECTOR'S PERFORMANCE DURING PRE-REFORM ERA.....	4
2.3 REFORMS AND AGRICULTURAL PERFORMANCE.....	6
2.3.1 Overall Performance.....	6
2.3.2 Sub-Sector Performance.....	8
2.4 TRENDS IN AGRICULTURAL EMPLOYMENT AND PRODUCTIVITY .	10
2.4.1 The Overall Profile of the Labour Force in Tanzania.....	10
2.4.2 Agricultural Employment.....	11
2.4.3 Agricultural Productivity.....	12
2.4.4 Current Programmes.....	13
2.5 THE AGRICULTURAL POLICY	13
3. POLICIES AND THE PERFORMANCE OF THE TANZANIA'S MANUFACTURING SECTOR,	15
3.1 THE ROLE OF THE MANUFACTURING SECTOR.....	15
3.2 INDUSTRIAL PERFORMANCE IN THE PRE-REFORM PERIOD	15
3.3 REFORMS AND INDUSTRIAL PERFORMANCE	16
3.3.1 Reforms.....	16
3.3.2 Industrial Sector Performance.....	17
3.4 RECENT TRENDS IN INDUSTRIAL EMPLOYMENT AND PRODUCTIVITY.....	20
3.4.1 Industrial Employment.....	20
3.4.2 Productivity.....	21
3.5 INDUSTRIAL POLICY	22
4. POLICIES AND THE PERFORMANCE OF THE TOURISM SECTOR	22
4.1 THE RESOURCE BASE AND ROLE OF TOURISM.....	22
4.2 MACRO-ECONOMIC POLICY ENVIRONMENT AND THE TOURISM SECTOR'S POLICY.....	23

4.3.	PERFORMANCE AND ECONOMIC BENEFITS OF TOURISM.....	24
4.3.1	Tourist Arrivals and Foreign Exchange Earnings.....	24
4.3.2	Employment in Tourism.....	27
5.	CONSTRAINTS TO IMPROVE PRODUCTIVITY AND COMPETITIVENESS.....	27
5.1	PREAMBLE.....	27
5.2	CONSTRAINTS WHICH CUT ACROSS ALL SECTORS	27
5.3	CONSTRAINTS SPECIFIC TO SECTORS.....	28
5.3.1	CONSTRAINTS HAMPERING IMPROVEMENT IN AGRICULTURAL PRODUCTIVITY	28
5.3.2	Constraints hindering Industrial Competitiveness.....	29
5.3.3	Constraints to Tourism Sector's better Performance.....	31
6.	POLICY MEASURES AND FACTORS FOR GROWTH, COMPETITIVENESS AND EMPLOYMENT CREATION	31
6.1	POLICY MEASURES AND FACTORS FOR ALL SECTORS.....	32
6.2	POLICY MEASURES AND FACTORS TO SPECIFIC SECTOR	33
6.2.1	Agricultural Sector.....	33
6.2.2	Industrial Sector.....	35
6.2.3	Tourism Sector.....	35
7.	SUMMARY, POLICY RECOMMENDATIONS CONCLUDING REMARKS	37
7.1	SUMMARY.....	37
7.2.	POLICY RECOMMENDATIONS	38
7.3	CONCLUDING REMARKS	39

iii
TABLES

Table 1:	Gross Domestic Product (%) and Wage Employment (Number and % in Tanzania (US \$ Millions)).....	2
Table 2:	Agricultural Sector Performance in Tanzania (1976-1985) (%) (1976 Prices).....	5
Table 3:	Agricultural Sector Performance in Tanzania (1986-1996) (%) (1976 Prices).....	7
Table 4:	Performance of the Manufacturing sector in Tanzania: 1986-1996 (1976 Prices).....	18
Table 5:	Employment Trends in Tanzania's Manufacturing Sector, (1987-1997)	20
Table 6:	Tourist Arrivals and Foreign Exchange Earnings in Tanzania (Selected Years).....	25

Appendices

Appendix 1:	Distribution of Commercial Bank's Domestic Lending (in Percentage).....	40
Appendix 2:	Food Crop Production (000'tons) (Selected Seasons).....	40
Appendix 3:	Trends and Distribution in Labour Force	41
Appendix 4:	Formal Wage Employment by Sector	42
Appendix 5:	Availability and Distribution of Farm Inputs 1993/94	42
Appendix 6:	Comparison of Tourism Business in Selected African Countries for the year 1996 and 1997.....	43
Appendix 7:	Earnings and Number of visitors by purpose in 1995.....	43
References.....		44

LIST OF ABBREVIATIONS

WTO	-	World Tourism Organization
RETOSA	-	Regional Tourism Organization of Southern Africa
COMESA	-	Common Market for Eastern and Southern Africa
SADC	-	Southern African Development Community
EAC	-	East African Cooperation
MIGA	-	Multilateral Investment Guarantee Agency
ATA	-	African Travel Association
TATO	-	Tanzania Association of Tour Operators
ATTO	-	Association of Tanzania Tour Operators
TASOTA	-	Tanzania Association of Travel Agents
AATTA	-	All African Travel and Tourism Association
TAHOA	-	Tanzania Hunting Operators' Association
TAHA	-	Tanzania Hungers Association
TAHKA	-	Tanzania Hotel Keepers' Association
URT	-	United Republic of Tanzania
TNTB	-	The Tanzania National Tourist Board
NPT	-	The National Policy on Tourism
TTC	-	Tanzania Tourist Corporation
NGO	-	Non-Governmental Organization
PSRC	-	Parastatal Sector Reform Commission
RPFb	-	Rolling Plan and Forward Budgeting
EIA	-	Environmental Impact Assessment
UN	-	United Nations
GDP	-	Gross Domestic Product
NESP	-	National Economic Survival Programme
SAP	-	Structural Adjustment Programme
ERP	-	Economic Recovery Programme
EASP	-	Economic and Social Action Programme

IFEM	-	Interbank Foreign Exchange Market
VAT	-	Value Added Tax
NIPPA	-	National Investment Promotion and Protection Act
TIC	-	Tanzania Investment Centre
PSRC	-	The Parastatal Sector Reform Commission
NAP	-	The National Agricultural Policy
NLP	-	The National Livestock Policy
ALP	-	The Agricultural and Livestock Policy
SIDP	-	Sustainable Industrial Development Policy
BIS	-	Basic Industry Strategy
CTI	-	Confederation of Tanzania Industries
TEXMAT	-	The Textile Manufacturer's Association of Tanzania
RPED	-	Regional Programme on Enterprise Development.

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EXECUTIVE SUMMARY

Tanzania like many other developing countries is concerned with creating more employment opportunities for her people. The country's population growth rate is quite high at 2.8% per annum, as is also the case for the country's labour force which is growing annually at 3%. Thus, the challenge for creating more employment opportunities is so critical as there are about 700,000 new job seekers annually who enter the country's labour market. These have to seek employment in the various sectors of the economy.

The policies pursued in Tanzania from the mid 1960s to the mid 1980s involved restrictions and controls and direct state investments in all sectors of the economy. Such policies were largely responsible for the economic stagnation and sharp deterioration of living conditions particularly between the late 1970s and the mid 1980s. Reforms implemented since 1986 has generally enabled most sectors to arrest the economic declines and achieve positive and higher output growth, better export performances and increase employment opportunities. In this study only three sectors, namely agriculture, industry and tourism are discussed mainly because of the requirement specified in the Terms of Reference and because of their importance in the economy (in terms of contribution to GDP and potential in employment creation) and because of their linkages.

It has been found that the three sectors have in general improved their output and export performance during reforms. Their performance on employment creation, however, has so far been rather mixed. Wage employment in agriculture for instance has with the parastatal reforms (uncomplete) dwindled substantially but the sector remains the most important, in terms of employing most Tanzanians. The trends in manufacturing wage employment show a fluctuating trend which, generally, is increasing slightly. Employment trends in tourism are showing some potential for increasing particularly as the private sector is increasing its role in the various activities of the sector. The sector has large untapped potentials and so could become an important source of employment. It is however, also noted that these three sectors continue to face some constraints which are of a general and specific nature to each other. These constraints are contributing to the less output growth, to low productivity and to un-competitiveness. All these in turn limit the sectors' abilities to create more employment.

The various constraints can be dealt with at macro-level but this also requires effective implementation of sectoral policies. Emphasis on sectoral policies is, however, only re-emerging in the 1990s after a long time of almost being neglected. Thus, implementation of the Sustainable Industrial Development Policy (1996), Agricultural and Livestock Policy (1997); and the National Tourism Policy (draft, 1997), together with the National land Policy (1995) and environmental policies, is crucial for sustainable development and employment provisions by these sectors. Apart from effective implementation of these policies, it is also recommended among other things that there is need for improvement of infrastructural facilities, and for technological development appropriate for growth and environment protection. There is also need to indulge in various training activities, foster private sector development, improve tax management and engage in vigorous marketing and promotion efforts. All these can lead to growth and hence further stimulate employment creations.

Sectoral Policies Performances and Employment Implications in Tanzania

I. Introduction

Tanzania is a low-income country with a per capita income estimated from the Household surveys being currently put at US\$ 220. Growing by 2.8% annually since 1978, the country's population was estimated at 29.1 million people by 1997.

From the mid 1960s to the mid 1980s the country pursued policies for economic growth and development based on restrictions and controls, and direct state investments in commercial concerns in all sectors of the economy (World Bank, 1991). These policies together with a series of external shocks, led to economic stagnation and sharp deterioration of living conditions during the late 1970s and early 1980s.

For a decade now, Tanzania has been implementing reforms and thus moving from a command to a market economy. The incentive system has been restructured and the restrictive and pervasive state control regime has been largely phased out. Parastatal reforms are not yet complete but the role of private sector is expanding. However, macro-economic management is still inadequate (Bol, D.; Luvanga, N., and Shitundu, J., 1997). Ndulu and Wangwe (1997) also provides a comprehensive overview of the growth promoting policies adopted since the mid 1980s.

Performance in the short-run has differed amongst sectors as some sectors have recorded good performances, others stagnations and others decline. It is however, expected that in the long-run reforms will lead to higher and sustainable economic growth, increased employment opportunities and sustainability of livelihoods.

Studies on employment issues during reforms in Tanzania were done only in the later phases of reforms. Thanks partly to the continuous pressure by advocates of the "human face" of adjustment and the influence of the 1995 UN Conference on Social Development in Copenhagen (Bol, 1995). Such studies include Mans (1994), World Bank (1994a), World Bank (1995b), Mjema and Shitundu (1996), Wangwe (1996) among others. These studies show that in general reforms have led to negative as well as positive impact on labour markets.

Sectoral policies are important in terms of how different sectors respond to different macro-economic policies for improving production and employment opportunities. In the 1970s for instance, sectoral policies were given considerations. In the 1980s, however, there was absence of such policies to follow up on the macro policies with concrete targets. And in the 1990s, sectoral policies are again being re-emphasized (Mbelle, 1998). This paper reviews how the macro-economic policies and sectoral policies have been influencing economic growth, employment and sustainability of livelihoods, particularly in agriculture, manufacturing and tourism sectors.

The three sectors are analyzed, firstly in line with the given Terms of Reference and secondly because of their importance to the Tanzanian economy. The three sectors together contributed between 60% and 70% to GDP, annually during the 1976-1994 period. However, under the new role, in a liberalized environment, the government is not going.

Table 1: Gross Domestic Product (%) and Wage Employment (Number and %) in Tanzania,(US \$ Millions)

	Sector	GDP (1997) %	Wage Employment (1991)	
			Number (000')	%
1.	Agriculture	46.8	38.9	4.6
2.	Mining	1.2	3.2	0.4
3.	Manufacturing	6.9	112.0	13.1
4.	Public Utilities	1.7	12.3	1.4
5.	Construction	4.4	61.3	7.2
6.	Trade (including Tourism)	13.2	135.9	15.9
7.	Transport	5.1	81.2	9.5
8.	Financial Services	13.3	110.2	12.9
9.	Public Administration (including other services)	10.6	299.0	35
10.	Imputed Bank Services	-3.2	-	-
	Total	100	854	100

Source : Bureau of Statistics (1998)

: Wage Employment: Labour Force Survey (1990/91)

Agriculture is by far the most important sector of the Tanzanian economy contributing over 45% to GDP (Table 1). It leads in employment, exports, food provision and contribution to GDP (Sofia, 1994; Semboja and Wangwe, 1995). The manufacturing sector is also an important sector in terms of its contribution to country's export earnings, GDP (Semboja and Wangwe, 1995) and wage employment (about 13.1) (Table 1). And tourism being part of "Trade" activity is growing fast as an important sector. Recently the tourism share in the country's export earnings rose considerably (Bol, Luvanga and Shitundu, 1997). The three sectors have greater potentials for increasing economic growth, employment opportunities and improving sustainability of livelihoods.

Thirdly, the three sectors are analysed because of their linkages. The agricultural sector for instance supplies raw materials such as cotton, food, fruits among others, to the industrial sector and also acts as a market for industrial goods including agricultural inputs (including farm implements). Thus, growth of these two sectors depends on each other for market and supply of inputs. At the same time the two sectors are linked indirectly. For a long time the industrial sector has been depending on the foreign exchange generated by the agricultural sector for its imported industrial inputs. The two sectors are also linked to tourism, which uses food and industrial goods from the two sectors. Foreign exchange generated by tourism sector can in turn among others be used by the two sectors. In this way expansion in one of the three sectors results not only in increased employment opportunities within the sector itself but also in the other two sectors to which it is linked as it stimulates a lot of activities which produce goods and services required by the other two sectors.

This paper is divided into seven major parts. The first is this introduction. The second part analyses the trends and performance of the agriculture sector for the last two decades. The reform policies and existing policies for the sector, trends in productivity output and employment are analyzed. The third part of the paper deals with policies, output trends and performance and employment trends in the manufacturing sector in the last decade. The fourth part deals with tourism sector's contribution to the national economy including employment creation. Related policy measures in the sector are also analyzed. The fifth part deals with the constraints to improve productivity and competitiveness in the three sectors while the six parts analyses the policy measures

and factors for growth, competitiveness and employment creation. Finally some concluding remarks are given in part seven of the paper.

2. *Agricultural Related Policies and the Sector's Performance and Employment*

2.1 The role of the Agricultural Sector

Agriculture's importance and dominance in Tanzania is more likely to continue well into the 21st century (Msambichaka and Naho, 1995). The sector is expected to continue contributing a larger share (over 45%) to the country's GDP, employing most (about 80%) Tanzanians, generating a substantial proportion (about 70%) of the country's foreign exchange earnings and providing food to most Tanzanians, (The Agriculture and Livestock Policy, 1997).

The agricultural sector also has forward and backward linkages with the rest of the sectors in the economy (Banda, 1997). Accordingly, agricultural growth stimulates the growth of other sectors like agro-based industries. For instance agriculture is closely tied with industrialization for industries processing and adding value to agricultural products e.g. cashewnuts. The growth of trade, transport and financial sectors may also be stimulated by the agricultural growth. Thus, both the demand for agricultural products and the supply of the inputs and services to the agricultural sector can be improved. In addition, the performance of many other sectors depends also on the foreign exchange earned by the agricultural sector.

2.2 The Sector's Performance during Pre-Reform era

Between the early 1960s and 1970, agricultural production in Tanzania grew rapidly. However, compared to the 1960s, the agricultural growth declined during the 1970-85 period (Kaduma, 1994). The decline was caused by policy factors as well as drought and foreign exchange shortages.

Table 2: Agricultural Sector Performance in Tanzania, 1976-1985 (%) (1976 Prices)

Year	Agricultural GDP Growth	Agricultural Export Growth	Share in Total GDP	Share in Exports
1976			41.8	
1977	1.15		42.1	
1978	1.66		40.5	
1979	0.76		45.6	
1980	3.88		40.2	
1981	0.99		40.8	61.15
1982	1.35	-25.66	41.1	60.62
1983	2.85	-2.74	43.3	64.50
1984	4.01	9.45	43.6	69.02
1985	6.00	-26.84	44.2	68.42

Source: National Accounts (various), Bank of Tanzania Economic and Operation Report (various).

According to Table 2, during the 1977-79 period the growth of agricultural production averaged about 0.1% only per annum, in real terms. Abolition of the cooperatives in 1976 led to marketing problems which in turn contributed to this poor performance of agriculture. Due to good weather, performance improved in 1980 when the sector's real growth rate was 3.9% being higher than the country's real GDP growth rate of 3%. However, between 1981 and 1983, drought and foreign exchange shortages led to low (averaged at 1.7% per annum) growth rates in the sector and yet this was higher than the average real GDP growth rate of 0.8% per annum. The other sectors of the economy were more negatively affected by the crisis of the early 1980s.

In 1984 and 1985 the agricultural real growth rate rose to 4.0%, and 6.0%, respectively, largely due to improved weather. Again these rates were higher than the corresponding real growth rates of GDP which was 3.4%, and 4.5% for the respective years. The sector's share to total GDP averaged 42.5%, for the 1976-79 period. Later during the 1980-85 crisis period, this share declined only slightly to 42.2% because other sectors of the economy also performed poorly.

The share of agriculture in total exports was large averaging at 64.7% annually during the crisis period despite the fact that export crop production recorded a negative growth rate averaging

about -7.9% per annum during the period. The other sectors of the economy were worst affected by the crisis. The economic crisis made farmers concentrate on food production to meet domestic needs and hence allocated fewer resources to cash crop production. Despite this concentration, poor performance in food crop production continued. Kaduma (1994), for instance, points out that, while during the 1960s Tanzania was producing surplus food in most crops, the growth rate of food crop production was low (2.9%) in the post 1970/71 period and could not support fully the population which was increasing at 3.3% annually and also could not cater for improved nutritional standards.

2.3 Reforms and Agricultural Performance

The crisis which persisted during the early 1980s prompted reconsideration of the country's approach to agricultural price and marketing policy formulation e.g. return to the cooperative marketing system, end of the per-territorial pricing system, de-confinement of crop formerly under state control (Msambichaka and Naho, 1995). These earlier reforms, however, never tackled the fundamental problems of declining resources and limited institutional capacity to invest and manage the enlarged public enterprise and of running and controlling the cooperatives. As a result the sector's performance continued to deteriorate (Banda, 1997). These earlier reforms failed mainly due to lack of financial support from donors and the small domestic financing capacity (Harnevik, 1993; Bagachwa et al, 1994).

Reforms implemented in the agricultural sector since 1986 include further price and market reforms, introduction of export incentives, financial sector reforms and parastatal reforms (Banda, 1997). These reforms resulted in improved agricultural performance.

2.3.1 Overall Performance

The overall agricultural performance during reforms is summarized in Table 3 below.

Table 3: Agricultural Sector performance in Tanzania: 1986-1996 (%) (1976 prices)

Year	Agricultural GDP Growth	Agricultural Export Total Growth	Share in in GDP	Share Total Exports
1986	5.73	33.39	45.8	75.25
1987	4.40	-23.07	45.6	57.95
1988	4.48	11.43	45.8	60.28
1989	4.58	-4.91	46.1	56.10
1990	6.61	-5.60	47.0	51.16
1991	9.55	-1.72	48.7	55.16
1992	3.46	17.01	48.7	58.31
1993	6.86	10.67	49.9	58.32
1994	0.36	31.48	48.6	64.86
1995	5.5	13.87	49.1	56.16
1996	4.0	16.63	48.7	58.73

Source: National Accounts (various), Bank of Tanzania Economic and Operation Report (various)

During the 1986-1993 period the agricultural sector growth averaging about 5.7% annually, in real terms, as shown in Table 3, was higher than both the average (4.1%) real GDP growth rate for the period and the corresponding agricultural growth rates for the 1980-85 period. Good weather and implementation of the reforms contributed to the improvement. In 1994 however the agricultural growth rates declined drastically to only 0.4% compared to that of GDP which was 3.0% in real terms. Bad weather in 1993/94 affected negatively the agricultural sector. Compared to 1994 the agricultural sector real growth rate in 1995 and 1996 rose substantially to 5.5% and 4.0%.

As a result of the sector's faster growth rate the sector's share to GDP rose to 47.2% per annum for the 1986-1993 period (Table 3), being larger than the corresponding shares of 42.5% and 42.2% for the 1976-79 and 1980-85 periods, respectively (Table 2). The sector's share to GDP rose even further to 49.1% and 48.7% in 1995 and 1996 years, respectively.

The share of agricultural exports in the country's total exports, however, dropped during reform compared to pre-reform era. It fell from the 1981-85 period average share of 64.7% and the 1986 share of 75.3% to the average share of about 57.7% annually for the 1987-1996 period.

The decline of the sector's export share is partly explained by the rapid increase, of the share of non-traditional exports particularly manufactured products and minerals. The lower world prices for some of the crops particularly before 1994 contributed also to the declining share of agriculture in total exports. However, since 1994 the export prices of coffee and cotton increased substantially leading to increased agricultural export earnings from the lowest in 1991 (US\$ 197.84 million) to US\$ 336.84 million, US\$ 383.55 million and US\$ 447.34 million in 1994, 1995 and 1996, respectively. Between 1994 and 1996 the sector's share in total exports increased ranging between 56% and 65% compared to 51% in 1990, for instance.

2.3.2 Sub-sector Performance

2.3.2.1 Food Crops

In general, during reform, food crop production levels have been exceeding consumption requirements of all commodities with the exception of wheat and rice and in some years maize. All these have been imported from time to time when they are in short supply. The demand for potatoes also has been exceeding the production levels (See Appendix 2). Overall, there has been improvement in food production in Tanzania. Recent statistics show that food crop production dominates the agricultural sector, contributing 55% to the agricultural GDP (Semboja and Wangwe, 1995). However, the aggregate national food availability in Tanzania is not that of plenty, but that of critical balance between production and needs. The problem of malnutrition due to inadequate food supplies to some households is still there (Kaduma, 1994). Thus, efforts towards increasing food production are still very much needed.

Banda (1997) notes that food production in the country continues to face several problems and that people are more attracted to cash crop production due to their increased profitability. Such problems must be solved if food production is to increase in the country.

2.3.2.2 Export Crops

Cash crop production recovered from the negative growth rates recorded during the crisis period to a growth rate of 2.4% per annum during the reform period. Reforms in trade and foreign exchange regime, which liberalized imports and provided incentives (forex retention) for the production of cash crops contributed to the improvement in growth.

Total production of export crops, for instance, stood at 230,500 tons in 1994/95 season, representing an increase of about 5% from the 220,400 tons produced in the 1993/94 season (Economic Surveys). Major crops, which increased their production, include coffee, made tea and cashewnuts. The good performance in these crops was attributed to better prices offered by competing traders leading to improved crop husbandry as well as better coffee picking. Coffee producer prices ranged between Tshs 500 to Tshs 800 per kg compared to Tshs 100 to Tshs 240 per kg offered in the previous season. Better weather and the rehabilitation of the tea farms and factories throughout the country are also other contributing factors. In contrast to this, production in lint cotton, tobacco and sisal declined due to excess rainfall; and frequent power cuts, liquidity problems, and unreliable markets for sisal products.

However, while good weather improved input supply and better prices contribute to increased production of export crop there are still several problems. These problems need to be solved if cash crop is to increase its share to agricultural GDP from the current 8% (Semboja and Wangwe, 1995). Further, while there are opportunities for coffee and tea if we add value to these crops we face tariffs in export markets. It is therefore important to focus also on high value agricultural crops including processed fruits if we want to increase substantially export earnings from agricultural cash crops.

2.3.2.3 Livestock

The majority of producers in the livestock sub-sector are (like in crop production) small and medium scale subsistence producers. Many Tanzanians depend on livestock and livestock products for their livelihoods. Out of the estimated 3.7 million households in the country 3% are pastoralists and 7% are agro-pastoralists (Economic Survey 1997).

The livestock sector generates almost one-quarter of the total contribution to the agricultural GDP out of which beef accounts for 40%, milk for 30% and dairy products for 30%. The sector also provides animal traction for cultivating agricultural land and rural transport. (Semboja and Wangwe 1995).

The performance of the sector has not succeeded to satisfy the increasing demand for milk and meat. Thus, Tanzania imports 50% of the dairy products and the country's per-capita consumption of milk stand at 20 litres being lower than that for Kenya (44 litres), Africa (35 litres) and World (105 litres) (Banda, 1997). The sector faces many constraints, which contribute to the less than satisfactory performance.

2.4 Trends in Agricultural Employment and Productivity

2.4.1 The Overall Profile of the Labour Force in Tanzania

Tanzania's labour force defined as the economically active persons in the 15 to 64 plus years age group has been growing almost continuously. Between 1960 and 1993 the country's labour force growth rate averaged at 2.8% annually and is projected to be 3.0% annually during the 1993-2000 period, being higher than the country's annual population growth of 2.8% (World Bank 1995c).

Employment and population information from the key sources in the country i.e Population Census (1998), Labour Force Survey of 1990/91 and World Bank (1995b) is inadequate and inconsistent partly due to methodological and measurement problems (Bol, 1995).

Tanzania's labour force (estimated) rose from 7.8 million in 1978 to 9.8 million people in 1988 and to 10.1 million by 1991 (Appendix 3). Unemployment is estimated, nationally at around 4 % of the labour force. The unemployment figure of about 0.4 million people or 4 % of the labour force is according to Bol (1995) an underestimation. He instead reports a figure close to 1 million or 10% of the labour force. Most (about 84%) of the labour force is found in rural areas although the share declined consistently in the years 1978, 1988 and 1991. In rural areas also underemployment is so prevalent. Further, in terms of gender, female dominate rural labour force while male dominate in urban areas.

Most of the people are engaged in agriculture and work on smallholdings as self-employed or unpaid family workers. Only a little over 10% of the labour force is engaged in wage employment (Appendix 3). The majority (about 60%) of these in turn are engaged in formal sector. The informal sector is, however, said to be underestimated (by about 30% contribution to GDP unrecorded) (Bagachwa and Naho, 1994).

Formal wage employment grew by almost 3% annually between 1966 and 1980s, with a total of 854,000 people by 1991 (Appendix 4). In the 1990s, however formal wage employment does not appear to have grown significantly and has been unable to absorb all the new job seekers who are estimated at around 400,000 to 600,000 per annum (World Bank, 1996). In fact the figures put by some other estimates are higher. The 1992 figures released by the Ministry of Labour and Youth Development, for instance gives an estimate of about 700,000 people looking for employment each year (URT, 1993a).

2.4.2 Agricultural Employment

Agriculture is the mainstay of the Tanzanian economy. Over 80% of the Tanzanians depend on the sector for its livelihoods. About 85% of the work force was still engaged in agriculture in 1991 having declined from about 90% (or 7.02 million people) in 1978 to about 80% or 8.18 million people in 1991 (Appendix 3). The sector's dominance in employment is, thus, declining. This is partly explained by increased rural-urban migration and shift to better paying non-farm activities. Thus, if agricultural employment is to be increased there is need to promote traditional crops such as coffee and tea as well as other high value crops such as fruits and vegetables. This would help to retain youth in rural areas. This needs to be supported by the improvement in agricultural technology and to remove other constraints to agriculture.

Large-scale agriculture dominated Tanzania's formal wage employment with 44.9% share in the 1966-82 period. However, since the early 1980s there has been a drastic shift to the service sector, public administration and manufacturing sectors (Appendix 4). The agricultural sector share of formal wage employment, thus, dropped to 17.1% in 1984 and to only 4.6% by 1991. In absolute terms, agricultural formal wage employment increased marginally from a total of 116,475 in 1986 to 117,745 employees in 1989 before falling drastically to only 38,900 employees in 1991.

By 1991 agricultural formal wage employment represented only 35.6% of its 1985 level. This decline is partly attributed to the collapse and restructuring of parastatal large-scale farms.

The declining agricultural wage employment is a negative process in terms of increasing employment. However, some of the closed large-scale farming is being broken to small-scale farmers. This in turn is a positive process in terms of farm employment and income growth. There is need for a study in this area so as to establish the concrete impact of the two moves that is collapse of large scale farms and allocation of plots to small scale farmers.

2.4.3 Agricultural Productivity

Due to lack of accurate employment data it is quite difficult to analyse the agricultural labour productivity changes. Msambichaka and Naho (1995) have instead analyzed changes in crop yields during reform period.

During the pre-reform period, the productivity of maize and paddy production, for instance, were high reaching an annual average growth rate of 11% and 17%, respectively. During reform period, however, productivity for paddy production stagnated while that for maize actually dropped on average by 2.5% per annum. Productivity for maize production in 1993/94 was lower than that obtained in 1983/84 (Msambichaka and Naho, 1995). The World Bank (1996) notes that agricultural productivity in Tanzania is still low, citing maize yield in the country as being about a third of world average. The yield of paddy, too, dropped drastically by 57% and 50% in 1990/91 and 1991/92, respectively. The yields were also lower than those obtaining in 1989/1990.

On the other hand the yield of cassava for instance dropped by 1.7% per annum in the 1983/84 - 1985/86 period but increased considerably by 7.6% per annum during the reform period.

Overall, agricultural productivity in Tanzania is still low despite the various reforms implemented e.g. devaluations and price decontrol (with higher producer prices). More efforts towards solving technological problems will enhance agriculture productivity.

2.4.4 Current Programmes

Various programmes are expected to complement the efforts of raising productivity, employment opportunities and incomes of farm and non-farm activities. The World Bank (1996)

and Banda (1997) cite such labour intensive programmes as infrastructural construction and improvements of rural roads, irrigation projects, water supply projects afforestation and credit schemes for rural women. These programmes if implemented properly can enhance broad-based growth while providing additional employment opportunities and income for unskilled rural labour. NGOs are increasingly participating in implementation of the various programmes.

Despite the potentials which those programmes have, their impact is limited by numerous problems. For instance the Integrated Road programme II is supposed to deal with rural roads (60,000 kilometers). However, the speed of the programme holds little hope for the rural people as only 4,500 kilometers of the rural road network are expected to be rehabilitated in the programme and out of these only 1300 kilometers have been identified on the basis of agricultural selection. This inadequate performance is due to the fact that rural roads maintenance and rehabilitation was left to the poorly equipped district councils (have little financial resources).

The slow speed of implementation is also noted in the National Agricultural and Livestock Research Programme (NALRP) which was expected to assist extension services to design and remove constraints and strengthen services. The National Agricultural Extension Programme (NAEP II) is also progressing slowly due to inadequate funding.

Another programme, the Credit Scheme for Productive activities for women in Tanzania (since 1991) is being implemented in Dar es Salaam and Tanga regions but faces problems i.e. poor women were not identified and targeted and most loans were not demand driven thus resulting into loan recovery problems. In addition, operating costs tend to exceed, by far, operating revenues in most programmes and this causes concern for their sustainability.

Finally the Dutch funded programme (DRDP) covering 4 districts in Shinyanga region and all districts is Bukoba has together with the farming systems research programme been performing well and hence stimulating rural employment.

2.5 The Agricultural Policy

During the pre-reform period, the agriculture sector (like other sectors) was operating in a policy environment characterized by massive state interventions and controls. The major principles for socialism and self reliance as stated in the 1967 Arusha Declaration dominated the various efforts to develop agriculture. The agricultural production, organization, credit provision, distribution of inputs and supply of social services were all state led and controlled. This is a situation which

prevailed even in 1983 when the National Agricultural Policy (NAP) and the National Livestock Policy (NLP) were adopted by the government (Kaduma, 1994; Banda, 1997). The overall, result, was poor performance of the sector which was reflected in persistent food shortages, increased food imports and declining production and exports of cash crops, particularly during the mid 1970s to mid 1980s period.

In general, both NAP and NLP were not effectively implemented. However, the two policies provided fundamental guidelines and strategies for future policy of the sector. Most of the objectives of the NAP and NLP continued to be valid but needed revision to conform to the macro-economic policies, which are market economy, based with a greater role of the private sector.

The Tanzania Agricultural Sector Memorandum (1994) analyzed the impact of reforms on the agricultural sector while a new Agricultural and Livestock Policy (ALP) was adopted in 1997 after consolidating into one document the NAP and NLP of 1983. The policy (ALP) reflect changes of macro-economic environment (reforms) and the fact that agriculture operates in a delicate natural environment which requires proper management and protection. It (ALP) also considers the existence of a new National Land Policy (NLP) (1995) which seeks that farmers have to change the way they use land for crops and livestock.

The ALP states the objectives of the sector and constraints to growth and gives some policy statements and instruments for carrying out agricultural activities in conformity with the new land and environment policies. The policy (ALP), thus, gives guidance for the proper and balanced use of natural resources and defines sectoral responsibilities for environmental management. Agriculture depends on environmental resources which are thus critical for the long term sustainability of agriculture and sustainability of livelihoods.

The creation of an effective regulatory framework required for protecting the environment, guaranteeing quality of agricultural products and looking after health and sanitary standards is, however, essential. Human and financial resource shortages may constraint implementation of these aspects (Banda, 1997). Thus speed and effective implementation of the ALP will assist the sector improve its performance in a sustainable manner and hence continue to be the major provider of employment to most Tanzanians.

3. *Policies and the Performance of the Tanzania's Manufacturing Sector*

3.1 The Role of the Manufacturing Sector

The early industrialization efforts in the post-independence Tanzania aimed basically at addressing the unfavorable balance inherited from the colonial era in which industrial development was limited from the colonial era. At independence there were only 220 firms dealing in smiting, weaving, wood works and pottery (Rweyemamu, 1973).

In terms of development, industrialization was expected to pioneer structural transformation into a self-sustaining one and to get technical progress, create employment opportunities and foster linkages in the economy.

During the late 1970s to the mid 1980s (crisis) period the GDP of all sectors of the economy declined. Manufacturing was among the worst hit sectors. Reforms implemented since 1986 were expected to restore the sector's growth, employment generation and competitiveness. Less optimal achievements have been recorded. Mbelle (1998) notes that despite the various efforts Tanzania is no more industrialized by the 1990s than she was two decades ago. Between 1989-1994 the sector contributed about 10% to GDP, accounted for only 18% of total wage employment and only 14-20% of the country's foreign exchange earnings (Semboja and Wangwe, 1995).

3.2 Industrial Performance in the Pre-Reform period

In the manufacturing sector in Tanzania positive growth rates (averaging 9% per annum) persisted throughout the 1961-76 period (Mbelle, 1998). In the subsequent period up to 1986, the sector's growth rates declined and recorded negative growth rates in all years except in 1978, 1979 and 1984. The sector also recorded negative growth rates of value added during the period (Lall, 1992).

The contribution of manufacturing sector to GDP rose almost steadily from 1961 peaking in 1976 (13%) and thereafter declined steadily to 7.9% by 1987.

In general, during the 1980-1985 crisis period the sector was characterized by gross inefficiencies, low (20-30%)(and sometimes negative) output growth, low capacity utilization rates, low productivity and poor export performance (Mjema and Shitundu, 1995; Mbelle and Shitundu,

1997). This period is also referred to as the period of de-industrialization in Tanzania (World Bank, 1996). The poor performance was attributed to internal factors such as the highly regulated environment (in terms of policies and institutions) in which the sector was operating as well as the external factors. All these contributed to severe shortage of foreign exchange and hence failure to import the much needed industrial input imports.

In response to the crisis, the government of Tanzania launched two “home-grown” programmes, first the National Economic Survival programme (NESP, 1981-82) and then the Structural Adjustment Programme (SAP, 1982-1985). The two programmes, however, failed to arrest decline in the industrial sector and to improve capacity utilization. The failure was mainly due to lack of donor support and the small domestic financing capacity.

3.3 Reforms and Industrial Performance

3.3.1 Reforms

The relevant reforms to industrial sector as implemented since 1986 include the exchange rate reforms, that is devaluations and foreign exchange auctions which has facilitated the achievement of a unified, more competitive market determined exchange rate.

Other related reforms include tariff reduction, reduction of the number of sales tax rates and introduction of the value added tax system (in July 1998). The licensing and export import trade procedures have been streamlined and the industrial sector is expected to benefit through reduced transaction costs. The export incentives including the 1986 export retention scheme and the 1988 duty draw back scheme. Administrative problems and small budget allocation however, has limited the effectiveness of this scheme.

In addition the National Investment Promotion and Protection Act (NIPPA) of 1990, was revised in 1992 and 1994 and is now known as Tanzania Investment Center (TIC). Its aim is to improve the investment climate and attract both foreign and local investors. By 1996 about 52% of the projects approved (not commenced) were manufacturing projects. Tanzania is also a signatory to the Multilateral Investment Guarantee Agency (MIGA) framework which gives further guarantee especially to foreign investors.

Finally the structural reforms in the 1990s include allowing private banks, reforming and privatizing the insolvent and inefficient state owned banks. As a result the share of loans to the productive sectors (agriculture, manufacturing, mining and tourism) more than doubled. (Appendix 1). And the parastatal sector reforms had by the end of June 1998 divested 202 parastatals (out of over 400 parastatals).

3.3.1 Industrial Sector Performance

The implementation of reforms has helped to arrest the declining trend and initiated positive growth in the manufacturing sector. The sector's performance during reforms is summarized in Table 4.

Table 4: Performance of the Manufacturing Sector in Tanzania: 1986-1996
(1976 prices)

Year	Manuf.GDP Growth	Manuf.Export Growth	Share in Total GDP	Share in Total Exports	Share in NT Exports	Average Capacity Utilize
1986	-4.05	19.21	7.9	11.29	45.45	
1987	4.52	61.13	7.9	18.14	42.96	
1988	7.06	14.44	8.1	19.38	48.79	
1989	7.68	26.76	8.4	24.04	54.77	
1990	-2.54	-2.94	7.8	22.54	46.15	
1991	11.51	-20.75	8.3	19.60	43.72	50
1992	4.30	-8.68	8.3	16.17	38.79	38
1993	2.06	-19.00	8.1	11.84	28.40	50
1994	-3.82	48.08	7.6	15.83	42.19	46
1995	1.5	41.88	7.4	16.0	36.49	
1996	4.7	1.43	7.5	14.55	35.25	48

Source: Economic Survey (various years) and National Accounts.

According to Table 4 during the 1987-1989 period, manufacturing real output growth rate recovered and improved substantially from a -4.1% in 1986 to an average growth rate of 6.4%. This rate was higher than that of national GDP (3.7%) and of the agricultural sector (4.5%). The trade and exchange rate reforms reduced the anti-export bias and made Tanzania's exports cheap as well as increasing the availability of foreign exchange for industrial imports. In this case, manufactured exports growth made a substantial recovery from the -15.1% growth rate during the 1980-85 period (Mjema and Shitundu, 1995) and recorded an average real growth rate of 30.4% per annum during ERP I period. The sector's share in total exports also rose consistently, from 11.3% in 1986 to 24.0% in 1989. The corresponding share in non-traditional exports also increased from 45.5% in 1986 to 54.8% in 1989.

Capacity utilization in the manufacturing sector which was as high as 75% by 1975 fell drastically to an average of between 20 and 30% during the crisis period of the early 1980s.

However, improved availability of foreign exchange for the importation of industrial inputs resulted into the improvement of capacity utilization to between 30-40% during ERP I period.

The good performance attained during ERP I period was, however, not sustained during the ERP II era. The sector's real output growth slowed down to an average of 4.4% per annum during ERP II. This rate was also less than the corresponding rates for GDPs and agricultural sector and the 6% targeted real growth for the sector for the 1988/89-1991/93 period. During ERP II also manufactured exports real growth rates declined to an annual average of -10.8%. And capacity utilization continued to be low.

Finally during the post reform period (1992-1996) the performance was mixed. The sector's real output growth declined initially from 4.3% in 1992 to 2.1% in 1993 and to -3.8% in 1994 before recovering again to 1.5% and 4.7% in 1995 and 1996, respectively. The share of manufacturing to GDP, also declined from 9.1% per annum in the 1986-1993 period to 7.6% in 1994 and further to 7.4% and 7.5% in 1995 and 1996, respectively.

During the same period, manufactured exports growth made a dramatic recovery from negative growth (-19%) in 1993 to 48.1 and 41.9% in 1994 and 1995, respectively. The recovery could be explained partly by the better management of the exchange rate though the steam was lost in 1996 as the corresponding real growth rate declined to only 1.4%. The share of manufacturing in total exports followed a more or less similar trend. And the dominance of manufacturing exports in non-traditional exports existed throughout the period (Mbelle, Ndulu and Semboja, 1998 and Mbelle, 1998). Capacity utilization continued to recover and recorded an average of between 38 and 50% during the 1991-96 period which however, was less than the 60% target by 1989.

According to Table 5, manufacturing employment increased from 111,056 people in 1987 to 127,287 people in 1997. This represents an overall growth of 14.6% for the 1987-1997 period. However, as the annual growth rates in the table indicate, there has been fluctuations involving decline from 2.2% annual growth in 1988 to 1.2% growth in 1989 before rising to 4.5% growth in 1990 and declining and stagnating in 1991 and 1992 (1.2% growth). A rise again to 2.3% growth in 1993 was followed by three years of (1994, 1995 and 1996) successive decline in employment growth rates. In fact in 1996 a negative growth rate was recorded before rising again in 1997 to positive (2%) growth.

3.4 *Recent Trends in Industrial Employment and Productivity*

3.4.1 *Industrial Employment*

Manufacturing employment in Tanzania rose almost continuously between the early 1960s and the early 1980s despite the fact that the pursued import substitution industrialization encouraged capital intensive technologies (Rweyemamu, 1973; Semboja, 1976; and Ndulu et al, 1987). Import substitution industrialization continued to be the focus until very recent. The state led economy during that period resulted into creation of highly protected industrial parastatal firms. These firms used the cost plus pricing system which tended to protect even inefficient firms. In this way firms afforded to have unjustified higher employment levels. The share of manufacturing informal wage employment more than doubled from 7% (annual average for the 1966-82 period) to 18% in 1984. Even the crisis, which persisted in the country in the early 1980s, did not result into substantial reduction in manufacturing employment. In fact formal wage employment in the sector did not follow a falling trend observed in the sector's real GDP growth rate during crisis. Manufacturing formal wage employment, which in 1986 stood at 123,334 people, increased to 127,287 people in 1997.

Table 5: Employment Trends in Tanzania's Manufacturing Sector 1987-1997

Year	Number of Employees	Annual Growth Rate (%)
1987	111,056	-
1988	113,537	2.2
1989	114,870	1.2
1990	119,977	4.5
1991	121,374	1.2
1992	122,773	1.2
1993	125,655	2.3
1994	125,920	0.2
1995	126,052	0.1
1996	124,794	-1.0
1997	127,287	2.0

Source : Economic Survey (Various Issues)
: Last column - Own Calculations

This rather mixed picture is due to, first, the incomplete implementation of the parastatal sector reform and hence continue existence of some inefficient industries which have been keeping unjustified higher levels of employment. At the same time there are some good performers like Tanzania Breweries Ltd., Tanzania Cigarette Company among others who with privatization (mainly

joint ventures arrangements) have restructured their capital and management, rehabilitated their plants and improved their working capital injection and hence increased their production as well as their employment levels. In addition, a number of cottage industries have come up during reforms and hence contributing to increase in industrial employment. On the other hand, however, the prolonged “depression” of the 1980s (i.e. foreign exchange constraint and inefficiencies) has made some industries close down and hence reduce their output and employment.

Despite the noted trend in industrial employment, it is observed that overtime growth in industrial employment has been limited. It is important to focus on export-oriented industrialization, which may increase industrial employment substantially.

3.4.2 Productivity

The formal wage manufacturing employment was on average, about 11 percent higher during the 1987-90 period compared to the 1980-84 period. The sector’s real value added had only reached its 1980 level in 1990 although the sector restored an annual growth of 4 percent during the 1986-1991 period. Both the value added and employment stagnated since that time and capacity utilization dropped below 50% again in 1992 (Economic Survey, 1992). This means that labour productivity in manufacturing, which still declined by about 10% during the two periods (pre and during reform) also did not improve afterwards. The lower productivity meant a further squeezing of (real) wages which declined by 80% during the 1980s although the decline was slower under SAP because of efforts to restore some profitability to the sector (Bol, 1995).

Semboja and Wangwe (1995) note that Tanzania has had lower labour costs compared to Kenya. They, however, caution that at the global level the importance of lower labour costs as a basis of international competitiveness has been declining. Instead the importance of competitiveness based on technological change has been gaining ground. Production costs arising from the high costs of infrastructural facilities like electricity are also major factors behind lack of competitiveness of Tanzanian firms.

To cope with increase competition internationally we need to establish a strongly competitive industrial sector and this requires putting more emphasis on human resource development.

3.5 Industrial Policy

The Ministry of Industry and Trade launched the Sustainable Industrial Development Policy (SIDP) for Tanzania (1996-2020) (1996). Two factors prompted the launching of SIDP: first the end of the Basic Industry Strategy (BIS) (1975-1995) and hence the need to have a new long-term vision (See also Mbelle, 1998). In reality, the BIS may be performed in the first five years only and from there was not effectively implemented. Secondly, the phasing out of government major role in productive activities and the subsequent new relationship i.e for “harmonious partnership” and “strategic alliance” between the government and private sector.

The main mission of SIDP is to contribute towards the achievement of the national long-term development goals (including employment generation) and to enhance sustainable development of the industrial sector. This includes sustainable economic growth and improvement of the external balance and equitable development.

Mbelle and Shitundu (1997) points out that while the policy is timely, the strategies lack action programmes. And the chronic problems of infrastructural inputs and financing aspects have not been adequately addressed. The SIDP like the BIS lacks sub-sector specific policies. Given these deficiencies of SIDP, it will be difficult to achieve quickly (within a period of 15 years) issues of rehabilitation and consolidation of existing capacities, creating new capacities, and creating capital goods industries. Further, while the Environmental Impact Assessment (EIA) for new projects is incorporated in SIDP, concrete measures for implementation are lacking. Overall if SIDP is to contribute effectively to sustainable industrial development then questions of human resources development, technology and environment, must be dealt adequately.

The noted deficiencies of SIDP and its late implementation (started only recently after almost 10 years of Reform Implementation) contribute to the observed mixed performance of industrial sector in terms of output, export (import substitution strategy dominated Tanzania’s industrialization until recently and employment.

4.0 Policies and the Performance of the Tourism Sector

4.1 The Resource base and Role of Tourism

Tanzania has one of the richest and most diverse habitat, plant and animal species. About 247,000 square kilometres (or 25% of the total area) is set as protected areas including forest

reserves, 13 national parks, 22 game reserves and several other conservation areas. Other tourist attractions include mountain Kilimanjaro (the highest mountain in Africa, astride the equator (3% South) but permanently snow-capped), long (804 Kilometers) coastline and of-shore islands, historical ruins, rift valley, lakes, archaeological treasures and Tanzania's culture and traditions (The National Tourism Policy (draft; 1997)).

The available tourist activities range from game viewing safaris, and beach holidays to mountain climbing, sightseeing, game hunting and photographic safaris. These activities provide employment opportunities including commercial tourist enterprises such as hotels and tour operators. While there are no reliable figures, the National Tourism Policy (Draft, 1997) estimates that in 1996 the sector directly employed 25,000 people, contributed about 7.5% to the GDP and 25% to export earnings. The World Bank (1996), and The National Tourism Policy (Draft, 1997) note that tourism is growing in Tanzania though much of the potential is underutilized.

In terms of linkages, the tourist activities provide a potential for industrial and agricultural growth. Products from these sectors are used as input e.g. food, bedding, transportation, in the tourism sector.

This section of the paper reviews the sector's performance, constraints and development and promoting factors, which can make the sector, contribute more to the country's economy.

4.2 Macro-economic Policy Environment and the tourism Sector's Policy

In the pre-reform period tourism the Tanzania Tourist Corporation (TTC) and its 13 subsidiary parastatals, in terms of policy, development directions and investment, dominated development in Tanzania. In 1969, the TTC took over from another parastatal the Tanzania National Tourist Board (TNTB) which was established in 1962 to Coordinate tourism activities in the country.

The adopted reform policies such as, exchange rate reforms, trade and industrial policy reform, export incentives, financial sector reforms, monetary policy reforms and parastatal reforms changed the environment in which the tourism sector operated. To conform to a new reformed environment the National Policy on Tourism (NPT) (1991) was adopted.

The thrust of the NPT (1991) was to boost investment in the tourism sector by attracting local and international entrepreneurs and publicizing Tanzania's tourist attractions.

In 1993 the Tanzania Tourist Board (TTB) replaced the TTC. Officials from the board and the private sector has since then been publicizing Tanzania's tourist attractions, locally and abroad

especially in Europe, North America, Canada, Australian and South Africa. They have also been participating in various international trade and tourism promotion fairs abroad. The board is also improving cooperation with NGOs.

The exercise for divestiture and privatization of tourist hotels and tour operators is continuing. e.g. Kunduchi Beach hotel and New Safari Hotel in 1997, and later on Kilimanjaro Hotel and other TTC subsidiary companies.

A draft for the National Tourism Policy was prepared in 1997. The policy seeks to encourage the development of sustainable quality tourism, which is culturally and socially responsible, ecologically friendly, environmentally sustainable and economically viable, and to market Tanzania as a good tourist destination. The policy emphasizes the increasing role of the private sector with the government playing the catalytic role of providing and improving the infrastructure and creating an enabling environment for investment. The draft also has specific tourism policy strategies for product development and marketing, for environmental aspects, for cultural aspects, for international and regional cooperation, for land management, for infrastructural development, employment and human resource development, community participation, investment incentives, financing, competition and legislation and institutional participation. It is expected that these strategies will contribute to the achievement of the projected minimum of 900,000 tourists arrivals by the year 2010 per annum and a 15% contribution to the country's GDP.

4.3. Performance and Economic Benefits of tourism

4.3.1 Tourist Arrivals and Foreign Exchange Earnings

The number of tourists arrival has been increasing since the mid 1980s.

According to the Bureau of Statistics, in 1972 there were 198,239 tourist visitors. For the subsequent few years the number was fluctuating only slightly. By 1976 the number peaked to 234,766 tourists. This was just prior to the crisis, which culminated in the break up of the East African Community in 1977, which led to a sharp fall (by 68%), from 234,766 tourists in 1976 to only 75,614 tourists in 1977. For almost ten years since 1977 the number of tourists continued to be below the 1977 number ranging only between 40,943 in 1978 and 60,976 in 1986. This low number of tourist visitors was partly a result of the domination by the inefficient parastatals especially the TTC and its subsidiary companies, including hotels and tour operators. In addition, a sharp

deterioration in infrastructure and other services coupled with the overvalued exchange rate discouraged tourists to visit the otherwise rich tourist attractions in Tanzania during the 1977-1986 period.

With reforms, since 1986, the Tourist Policy in 1991, the formation of TTB in 1993, liberalization and greater role of the private sector the performance of the tourist sector has been improving in terms of both tourist arrivals and foreign exchange earnings.

Table 6: Tourist Arrivals and Foreign Exchange Earnings in Tanzania
(Selected Years).

Year	Arrivals (000's)	Earnings (US \$ Mill.)	Earning per Arrival (US \$)	Average Tourist Expenditure
1980	51	18	353	-
1986	61	-	-	-
1989	139	60	432	-
1990	153	65	425	-
1991	187	95	508	508
1992	202	120	594	594
1993	230	147	639	639
1994	262	192	733	733
1995	294	258	878	878
1996	331	322	973	988
1997	458	392	856	-

Source: Economic Intelligence Unit (1991 - 1996)

: Bureau of Statistics (1980, 1986 - 1990)

: Economic survey for 1997 (1998).

According to Table 6, the number of tourist arrivals more than doubled from 51,000 tourists in 1980 to 139,000 by 1989. And the foreign exchange earnings also more than tripled from US \$ 18 million in 1980 to US \$ 60million in 1989. In the 1990s both tourist arrivals and foreign exchange earnings increased substantially. The tourist arrivals almost tripled from 153,000 tourists in 1990 to 458,000 in 1997. The foreign exchange receipts from tourism rose by an average of 29.5%, annually, from US\$ 65 million in 1990 to us \$ 392 million by 1997 (more than six times higher). The adopted reform measures and the increased role of the private sector explain much of the increase particularly during the 1990s. The privatization of most commercial tourist enterprises, such as hotels and tour operators, has resulted in a marked increase in capacity (number of beds, chartered aircraft

etc), especially in the northern circuit, and improvement in the quality of services offered (World Bank 1996).

Between 1980 and 1987 the number of tourist hotels in the country increased by about 39% from 125 to 174 hotels. However, in the 1990s some state-owned tourist hotels have been closed down. At the same time there are increased wood carvings activities and a number of private tourist hotels are being established, (including those diversitied), hence the increased tourist business and employment levels. Exact number of employers. are, however, not known (Mjema, Shitundu and Nyoni, 1998).

The number of tourist hotels decreased from 254 hotels in 1996 to 238 in 1997 and hence reducing the number of rooms available from 7,800 rooms in 1996 to 6624 rooms in 1997. This was mainly due to some hotels being disqualified from international standards. The number of bednights, however, increased slightly from 1,464 nights in 1996 to 1,652 in 1997. (Economic survey, 1998). This was due mainly to an increase in bednights by Tanzanian visitors as well as by foreign visitors. The average number of days spent in the country by each tourist increased from 3.4 in 1996 to 3.6 days in 1997. The improved tourist services and goods and the increased days spent in the country by each tourist contributed to the increased average tourist expenditure from US \$ 508 in 1991 to US \$ 988 in 1996. The overall impact being also seen in the increased earnings per tourist arrival from US \$ 353 in 1980 during crisis (shortages and poor Services) to US \$ 973 (peak) in 1996. Thus, the tourist foreign exchanges earnings increased during the reform period leading to increased share of the sector in the country's export earnings (estimated at 25% in 1996) (The National tourism Policy draft, 1997).

4.3.2 Employment in Tourism

The National Tourism Policy (draft, 1997) estimates that about 25,000 people were directly employed in tourism in Tanzania. Besides such scanty data, it is not known exactly how many people are employed in the sector. However, employment opportunities have, in general, been expanding with the growing number and sizes of the various activities in the sector, particularly with liberalization and increased role of the private sector in the 1990s. Such expanding activities include tourist hotels, guesthouses, motels, curio shops, game parks and attractive "sites" and tour operating forms.

5. *Constraints to improve Productivity and Competitiveness*

5.1 Preamble

A review of the performance of the three sectors during reforms show that the three sectors still need to further improve their productivity's and competitiveness so as to not only increase output and exports but also employment levels. It is therefore important to identify factors, which hamper productivity and hinder competitiveness of the three sectors. There are factors, which cut across all sectors, as well as factors, which are specific to each sector.

5.2 Constraints which Cut Across All Sectors

- (i) Infrastructural problems which include:
 - Dilapidated transportation and communication facilities (particularly roads)
 - Inadequate and expensive banking services contributing to financing problems particularly lack to small-scale farmers and other economic activities in the industrial and tourism sectors.
- (ii) Problems related to policy environment including:
 - Lack of policy coordination among institutions for example the Tanzania Revenue Authority (TRA) refusing to honour certificates of incentives issued to firms by the Tanzania Investment Center (TIC). There are also problems of coordination amongst various ministries; the private sector and NGOs involved in various development activities in the sectors.
 - Continued existence of unfavorable tariff and taxation policies (too many and too high taxes)
 - Excessively restricted circulation of money in the economy. This, however, should not mean that the economy should be flooded with money. A more reasonable level of money supply should be adopted so that lack of does not become a serious constraint to productive activities.
- (iii) Shortage of capital and shortage of skilled labour
- (iv) Problems related to Capacity building:

- Lack of institutional and technical capabilities and low motivation. In agriculture this has led to inadequate and weak research and extension services while in industry (particularly at firm level) it has led to failure to upgrade products and to improve quality control and to diversify.
- (v) Poor marketing:
- In agriculture for instance the disastrous effects of abolishing the cooperatives in 1976 are still there despite some so far unsuccessful efforts undertaken in 1984, 1991 and recently to revive the cooperatives. Further, the private sector allowed to buy crops during reforms is very unreliable. In tourism the problem is inadequate publicity and promotion (campaigns) abroad.
 - The problem is also related to poor quality control systems, processing and packaging
- (vi) Late adoption of sectoral policies
- (vii) Low and unsustainable investment directed to the sectors and private sector development.

5.3 Constraints Specific to Sectors

5.3.1 Constraints hampering Improvement in Agricultural Productivity

The decline of export crop production between the 1970s and the mid 1980s coupled with the decline in the international prices of the traditional export crops caused the real value of the Tanzania exports to drop drastically. Food crops and livestock have not fared well either.

Tanzania also is still far from the production levels, which are possible with existing technologies and available resources. The adopted reforms have reversed the declining trends but still there are occasional food shortages and potentials of the sector for export growth is not yet exhausted. There is also need for environmental protection.

The Agriculture and Livestock Policy (1997), Banda (1997), World Bank (1996), Semboja and Wangwe (1995) among others, point out the constraints that hamper improved agricultural production. These include:

(a) Constraints related to Factors of Production

- i. Declining productivity of the available land. Only 3.4 million hectares or 34% of the 10 million hectares which are suitable for crop production, are cultivated annually (Banda, 1997). In the absence of technological change coupled with rural population increase most of the 3.4 million hectares are over-cultivated and hence decline in the quality of land and the subsequent declining productivity.
- ii. Unreliable weather (including erratic rains which are poorly distributed).
- iii. Only 40% of the over 60 million hectares are used for grazing as the rest (60%) are infested with tsetse flies (Banda, 1997). Over-stocking and poor range management practices cause seasonal shortage of good quality grass and hence the problem of inadequate and poor nutrition to livestock as well as environmental degradation.
- iv. Low awareness of the importance of environmental resources in rural areas poses a great threat to sustainable crops and livestock production.
- vi. Lack of guarantee security land tenure and appropriate mechanism for land acquisition leading to conflicts between farmers and livestock keepers.

(b) Constraints related to Availability of Intermediate Inputs

- Inadequate and delayed supply of the basic inputs such as fertilizer seeds and insecticides, veterinary drugs, vaccines, (Appendix 5).

5.3.2 Constraints hindering Industrial Competitiveness

A review of the performance of manufacturing sector in Tanzania during reform show that some few industries have improved their output growth, productivity and market competitiveness and thus firming up their sales both in the local and export markets. According to Economic Survey (1998) products with remarkable sales performance include beer, cigarettes, soft drinks, bottled water, cables and other electrical products, radio, batteries, tyres and textiles. The increase in the sales of these products is mainly attributed to improved quality, efficient distribution systems and increased vigorous advertisement. All these following successful restructuring (joint venture arrangements).

The majority of industries, however, have not managed to improve their output growth, productivity and market competitiveness. Failure to compete also has recently been the concern of the Confederation of Tanzania Industries (CTI), the Textile Manufacturers' Association of Tanzania (TEXMAT), the Edible Oil Manufacturers Association and sugar factories. These have been demanding protection due to unfair competition and tax evasion.

In general, constraints, which continue to hinder competitiveness, include:

- (i) higher costs of production mainly due to depreciation of a shilling relative to other currencies, low utilization of industrial capacities, aging machines and equipment of plants, relatively high interest rates and inadequate, expensive and erratic power supply.
- (ii) Bad pricing in domestic industries as well as in institutions responsible for the provision and supply of energy, water, communication and banking services.
- (iii) Rapid rise in producer prices of certain agricultural products (due to liberalization policies) have made certain industries (e.g textile firms who had initially diversified to local input use fail to buy the now more expensive local raw materials.
- (iv) Inability to source finances outside the formal domestic financial institutions. Firms with limited possibilities of raising and attracting finance from outside the domestic formal financial institutions have faced an acute capitalization problem. Non-bankable activities have not gained access to the liberalized financial sector credit. On the other hand activities, which seem still viable easily attract joint ventures and benefit from foreign capital in terms of rehabilitation. Such cases include Tanzania Breweries Limited and Tanzania Cigarette Company.

5.3.3 Constraints to Tourism Sector's better Performance

Despite showing growing trends particularly in terms of the increasing number of tourist arrivals and foreign exchange earnings, in the 1990s, the tourism sector in Tanzania continues to face several constraints which contribute to the under-utilization of the sector's potentials. URT (1991),

Lyogello (1993), Okoso-amaa (1995), Semboja and Wangwe (1995), The National tourism Policy (1997) Economic Survey (1997) and Mjema, Shitundu and Nyoni (1998) cite the following specific constraints:

- (i) Poor services rendered in some tourist hotels
- (ii) Lack of diversification and heavy dependence on the northern circuit. This makes Tanzania not utilize effectively the coastlines for beach holidays and the Southern circuit where the Ruaha National Park has a very large number of elephants and the Selous Game Reserve has the largest wildlife. The Southern Circuit has, therefore, very high potential for hunting and could earn the country more foreign exchange because hunting (in Tanzania) has highest foreign exchange earning per tourist compared to other tourist activities (See appendix 7).
- (iii) Small domestic tourism mainly due to low income, low education, inadequate special incentives for local demand.
- (iv) Lack of awareness and appreciation of tourist attractions by the community including negative cultural values.
- (v) Poor coordination and land management for tourism development.
The National Land Policy is yet to be implemented fully.
- (vi) Lack of adequate tourism statistical information,

6.0 Policy Measures and Factors for Growth, Competitiveness and Employment Creation

With reforms (Since 1986) the three sectors have registered some recovery in terms of output and exports. Reforms have so far removed controls, deregulated investments, and improved the incentive system but not managed to remove all the above mentioned constraints which limit the sectors' productivity and competitiveness. These constraints have an effect of limiting the ability of the three sectors to create more employment opportunities.

In the longer-term growth of the three sectors is key to sustained economic growth, job creation and poverty reduction (World Bank, 1996). However this would require efforts to remove the noted constraints including correcting those policies and strategies badly deployed during the

reform period. It would also require designing of work programmes, implementation timetable, financing modalities and incorporating fully those missed aspects (such as new technologies and technological capabilities, human resource development and environmental considerations and infrastructural development).

There are policy measures and factors, which apply to all three sectors and some others, which are more specific to a particular sector.

6.1 Policy Measures and Factors for all Sectors

These include:

- (i) Develop infrastructural facilities with emphasis on power and telecommunications. The private sector has increased its role in telecommunication, for instance but more needs to be done in power, including to enhance the efficiency of Tanzania Electricity Supplies Company (TANESCO), reduce transmission and distribution losses from about 22% to an acceptable range, speed up the introduction of private provision of power generation and emphasize flexible pricing, to bring tariff rates in line.
- (ii) Enhance cooperation with neighbouring countries to facilitate intra-regional trade (such as COMESA, SADC, EAC). And increase participation in international organizations such as WTO, RETOSA, MIGA and ATA.
- (iii) Further ease regulatory obstacles such as the cumbersome licensing procedures, and tax structure.
- (iv) Encourage agricultural, industrial and tourism business enterprises to participate in the stock exchange market (the DSE) for resource mobilization.
- (v) Promote and support private sector development including joint venture arrangements.
- (vi) Provide mechanisms for quality control for the various products and services from the three sectors.
- (vii) Improve marketing efforts including strengthening cooperatives, and increasing advertisements and publicity promotion and provision of accurate and adequate statistical information of the sectors.

- (viii) Establish more training facilities for specific occupations. And further reorganize the present business and technological institutions.
- (ix) Remove confusions in the implementation of various policies. And speed up implementation of the sectoral policies for tourism, agricultural and industrial sectors. Where necessary refine the sectoral policies by incorporating fully the missing important aspects.
- (x) Accelerate and complete the financial and parastatal sector reforms in all the three sectors.

6.2 Policy Measures and Factors to Specific Sectors

6.2.1 *Agricultural Sector*

The majority of Tanzanians will continue to earn their livelihood on agriculture. The sector for instance is expected to absorb most of the new job seekers who are entering the labour market at the rate of about 700,000 people each year. Some of the retrenchees also look for agricultural employment.

The World Bank (1996) points out that although agricultural employment is likely to keep pace with rural population growth, the quality and quantity of these opportunities will depend on the level of agriculture and rural sector development as a whole. Banda (1997) further notes that the potential for increased total output and productivity and employment in the agricultural sector exist but these require efforts to remove the major constraints facing the sector. These include:

- i. The intensification of production on already cultivated land through technology adoption and innovation (e.g. using irrigation and fertilizer) should be encouraged to increase output and productivity. In particular the problem of agricultural sector depending on rainfall, which is unreliable and inadequate in certain times, must clearly be solved by encouraging farmers to engage also in weather tolerant crops and by going into irrigation especially small-scale irrigation. There is need also to solve problems related to poor research and extension services, inadequate marketing services, and inadequate and late availability of farm inputs. The intensification may not have immediate effects on the demand for labour on farms, but increased labour productivity and increased returns can create off-farm business

opportunities and provide employment to job seekers. Thus, policies, which encourage the adoption of improved technologies, must be emphasized.

- ii. Focus on smallholders is quite important since it will involve the majority of people who live in rural areas and depend on agriculture for their livelihood. This has positive implications for faster broad-based growth.
- iii. The National Land Policy (1995) which aims at promoting and ensuring a secure land tenure system; encouraging the optimal use of land resources and facilitating broad based social and economic development without endangering environment, must be implemented.
- iv. Efforts must continue to maintain and sustain environmental development by preventing degradation of environmental resources. This is important for sustainability of agricultural activities.
- vi. The establishment of institutional arrangements which will ensure productivity and the growth of employment and farming and non-farming rural activities. Labour intensive rural programmes should be encouraged and sustained for both growth and employment creation purposes.

Thus, sustainability of livelihoods of the majority of Tanzanians depends on the effective implementation of the agricultural policy, which directs the benefits of growth to the rural population. In Tanzania, the Agricultural and Livestock Policy (1997) if implemented properly can contribute to sustainable agricultural development and sustainability of livelihoods particularly when implementation of the National Land Policy (1995) and the overall environment policy go along with it. Given the dimension of rural poverty sustainable agricultural development offers great potential to employment creations and improvement of rural income levels and has a significant impact on poverty reduction.

6.2.2 Industrial Sector

Manufacturing competitiveness depends on dynamism to penetrate markets through quality and less expensive goods and adhering to delivery schedules. Policy requirements and factors to foster competitiveness in the sector include:

- (i) Limiting tax exemptions and further tightening of customs, management of VAT and import taxes would rationalize industrial incentives and provide a level field to compete with imports.
- (ii) Provision of adequate zoning laws and certainty of land tenure.
- (iii) Effective implementation of policy measures identified in the 1998/99 budget:
 - The VAT as introduced in July, 1st 1998
 - Depositing duty draw back funds in a special account instead of the general account of the government where the money has been used for other purposes thus discouraging exporters.
 - Further tariff reforms which were expected to commence in December, 1998; low tariffs to be imposed on raw materials and investment goods, high for finished goods and mid-way for semi in finished goods.
 - Pre-shipment inspection to be introduced for textile raw materials and further reduction of duty particularly in line with the regional integration arrangements.

6.2.3 Tourism Sector

In the period between the 1960s and 1980s Tanzania's tourism was dominated by inefficient parastatals and was operating in a distorted (controlled) macro-economic policy environment. A development policy for tourism also was almost non-existent and the role of the private sector was quite minimal. The result was gross under-utilization of the sector's potential and poor performance in terms of small contribution to GDP, few employment opportunities and small foreign exchange earnings.

Reforms implemented since the mid 1980s and in particular during the 1990s have led to an increasing role of the private sector. The performance is, as a result, improving but still under-utilizing the sector's potentials (Mjema, Shitundu and Nyoni, 1998 and the National Tourism Policy (draft),

1997). In future the aim is to maximize the contribution of tourism to the country's development through increased foreign exchange earnings (making tourism a major foreign exchange earner in the 21st century) and increased employment opportunities. Another objective is to ensure the conservation of tourist attractions and preservation of the environment so as to have a sustainable development of the tourism sector.

Against the above constraints and objectives, the following specific factors and policy measures are important for increasing the contribution of tourism in the Tanzanian economy:

- (i) Improving physical facilities such as hotel buildings, facilities and structure to international standards but with reduced costs.
- (ii) The promotion of environment-friendly tourism by creating environmental awareness among tourists and local communities and supporting conservation programmes. Speedy implementation of the overall environment policy which takes into account the Environmental Impact Assessment (EIA) for tourist investments is quite important for sustainable tourism.
- (iii) Enhancing and promoting tourism which is not too damaging in terms of cultural values and national identity.
- (iv) Increasing community participation through education and sensitization so that communities appreciate and value tourist attractions.
- (v) Strengthening the provision and maintenance of law and order and ensuring the safety and security of residents, visitors and the tourist attractions. This will also reduce problems of poaching and encroachment in reserved tourist areas. Greater transparency in the public management of hunting is also important.
- (vi) Creation of a coordinating body which will act as a forum at the national level involving all parties engaged in tourism including the various associations of the tourism business community e.g. TATO, ATTO, TASOTA, AATTA, TAHOA, TAHA, THKA among others.

Most of these factors and policy measures are mentioned in the National Tourism Policy (draft, 1997). Therefore what is important is to speed up the completion of this policy followed with effective implementation. In this way most of the constraints to the sector will be dealt with.

However, as Semboja and Wangwe (1995) correctly mention, both the government and the TTB lack the adequate resources and have a limited capacity to implement and solve these constraints. Thus, more reliance will be placed on the private sector. The government will be required to continue with the creation of the enabling legal and administrative environment for private sector to invest in new facilities and to undertake the rehabilitations.

Tourism, as noted above, is increasingly becoming an important sector in Tanzania. If the above policy measures are implemented, then utilization of the sector's potentials will increase tremendously and hence the sector will be able to earn the country more foreign exchange, will raise substantially its contribution to GDP, more incomes will be obtained and more employment opportunities will be created. In this way more people will depend directly on the sector for their livelihood in terms of (incomes and employment). Others will depend on the sector indirectly through the stimulation of other sectors linked to tourism such as agriculture for provision of food and beverages and industrial and infrastructure activities for industrial goods and services.

7.0 *Summary, Policy Recommendations and Concluding Remarks*

7.1 *Summary*

The main objective of this paper was to analyse the sectoral policies and performance of the major sectors in Tanzania's economy ie. agriculture, manufacturing (excluding small and micro enterprise) and tourism, with emphasis on growth, employment generation and sustainability of livelihoods.

Reforms implemented during the last decade helped the country to recover from very low growth rates of about 0.9% per annum during the 1980-1998 period to about 4.1% during the 1986-1996 period. It is noted in the World Bank (1996) that with such growth of about 4% percent employment could grow at 3.0 to 3.5% per annum. In absolute numbers, an additional 240,000 to 280,000 jobs per year could be generated. However, this will not reduced unemployment substantially, or absorbs all the new job seekers.

The prospects for employment growth in Tanzania vary widely by sectors. However, the three sectors, agriculture, manufacturing and tourism have large unexhausted potentials for increasing further their output growth and employment opportunities. Most of the labour force in the country is engaged in the agriculture sector. The agricultural growth rate of about 5% during reforms (1986-

1996) has contributed to raising household incomes and reducing the incidence of poverty (See World Bank, 1996).

However, while agriculture is still central in terms of output and employment generations, it is susceptible to drought condition and other constraints. Further, even if agriculture were to perform at its best it will not be able alone to raise the overall real GDP growth rate and achieve significant reduction in poverty. Strong performance in non-agriculture sector particularly manufacturing and tourism will be required so as to raise the overall GDP growth rate, create more employment opportunities, raise incomes to the majority and hence reduce poverty significantly. Both manufacturing and tourism (as well as agriculture) have increased their performance and still have large potentials for further improvements. In addition the three sectors have forward and backward linkages potentials, between them. And they are also focusing on export promotion activities. Such activities can link well with the rest of the economy and initiate widespread output and employment growth.

To be sustainable, however, such growth has to take into account environmental issues and the achievement of broad-based growth i.e. involving many people.

7.2. Policy Recommendations

In order to have sustainability of growth and livelihood the following crosscutting policy issues are recommended:

- (i) Proper land utilization through effective implementation of the National Land Policy (1995)
- (ii) Implementation of environmental policies including Environment Impact Assessment,
- (iii) Improving the infrastructural facilities
- (iv) Improving the availability of cheap and reliable power and water supplies
- (v) Promoting technologies development appropriate for growth and environment protection,
- (vi) Encouraging domestic resource mobilization i.e. the use of the stock exchange Market (e.g. DSE).
- (vii) Training and promoting human resource development which cater for specific needs of the sector(s), and motivating the trained people e.g. extension officers.

- (viii) Fostering private sector expansion including speedy completion of parastatal sector reforms by encouraging joint venture arrangements and provision of market information
- (ix) Remove all policies, which impede competitiveness
- (x) Engaging in vigorous marketing and promotion efforts
- (xi) Improving and strengthening tax management in the country.
- (xii) Speedy and effective implementation of sectoral policies.

7.3 Concluding Remarks

While the overall macro-economic environment have improved substantially in Tanzania, it is important to effectively implement specific sectoral policies which offers specific strategies to deal with sector's specific problems and promotion of sustainable development.

Renewal of the importance of sectoral policies for the three sectors (SIDP (1996), ALP (1997) and Tourism (1997) in the 1990s is a late but a very welcome move. If effectively implemented these policies together with the National Land Policy (1995) and environmental policies should ensure sustainable growth, increased employment opportunities and sustainability of livelihoods.

Appendix 1: Distribution of Commercial Banks domestic lending (in percentage)

	1980-85	1986-90	1991/94	1995	1996	1997
	(Average share of Total)					
Production	13.0	24.0	31.8	51.9	60.3	56.3
Agricultural						
Production	4.6	7.2	8.8	14.6	21.7	22.3
Mining and						
Manufact.	8.1	16.4	21.3	34.8	35.6	30.2
Tourism	0.2	0.4	1.7	2.5	3.0	3.8
Others	87.0	76.0	68.2	48.1	39.7	43.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: The Bank of Tanzania, Economic Bulletin, and various issues

Appendix 2: Food Crop Production (ooo 'tons) (Selected seasons)

Crop	1990/91		1992/1993		1994/1995		1995/96		1996/97	
	Product ion	Demand	Product ion	Demand	Product ion	Demand	Product ion	Demand	Product ion	Demand
Maize	2331.4	22235.0	2634.0	2432.0	2567.0	2557.0	2663.0	2539.0	1879.0	2568.0
Paddy	624.6	431.0	600.0	629.2	722.0	401.0	734.0	412.0	528.0	450.0
Sorghum/ Millet	750.2	834.0	857.0	859.0	838.0	912.0	1239.0	913.0	1151.0	976.0
Wheat	83.7	143.0	78.0	146.3	75.0	118.0	84.0	118.0	80.0	118.0
Beans	424.6	323.0	508.0	325.0	378.0	473.0	475.0	351.0	360.0	367.0
Cassava	1556.4	1494.0	1790.0	1535.0	1492.0	1013.0	1498.0	1131.0	1425.0	1234.0
Potatoes	290.8	487.0	234.0	499.0	432.0	420.0	420.0	482.0	653.0	450.0
Banana	750.0	1517.0	797.0	531.0	440.0	641.0	641.0	465.0	539.0	

Source: Ministry of Agriculture, Livestock Development and Cooperatives:

Appendix 3: Trends and distribution in Labour Force

	1978	1988	1991
Labour Force (million)			
annual growth (%)	7.8	9.8	10.1
LF as % of population	45	42	43
LF as % of working population 90	85	87	
Employed (million)	7.7	9.7	9.7
Unemployed (million)	0.1	0.1	0.4
Labour Force (million)			
Urban	1.0	1.5	1.6
Rural	6.8	8.3	9.5
Own account workers (million)	6.9	8.6	8.4
Urban	0.5	0.8	0.7
Rural	6.4	7.8	7.7
Wage Employment (million) 0.8	1.1	1.3	
Formal urban	0.3	0.5	0.6
Informal urban 0.1	0.2	0.2	
Formal rural	0.2	0.2	0.2
Informal rural	0.2	0.2	0.3
Labour force (%)			
in Agriculture	90		81
in Industries	3		7
in Services	7		12

Source: Population Censuses 1978 and 1988, Labour Force Survey, 1990/91

Appendix 4: Formal Wage Employment by Sector

	1966-82		1984		1991	
	Average No. of '000 employees	%	No (000)	%	No (000)	%
Agriculture	165.0	44.9	108.3	17.1	38.9	4.6
Mining	7.5	2.0	5.1	0.8	3.2	0.4
Manufacturing	26.6	7.2	115.0	18.3	112.0	13.1
Public Utilities	5.1	1.4	27.2	4.3	12.3	1.4
Construction	39.3	10.7	34.2	5.4	61.3	7.2
Trade	18.9	5.1	46.9	7.4	135.9	15.9
Transport	25.9	7.0	61.4	9.7	81.2	9.5
Financial Services		0.4	16.5	2.6	110.2	12.9
Public Administration (Include. Other services)	78.3	21.3	217.9	34.4	299.0	35.0
Total	366.6	100	633.4	100	854.0	100

Source: Background to the Budget, 1967/68 and 1985, and Labour Force Survey 1990/91 (1991 figures include formal self-employment of a little over 50,000)

Appendix 5: Availability and Distribution of Farm Inputs 1993/94

Farm Input	Distribution		Demand	Availability
1. Improved seeds (Tonnes)	12,800	5,006	3,500	
2. Fertilizers (Tonnes)	185,000		203,273	116,415
3. Insecticides (Tonnes) (Litres)				
4. Farm Implements				
(i) Tractors		1,800	370	N/A
(ii) Tractors plough	1,800		370	N/A
(iii) Oxfam plough		40,000	11,354	11,354
(iv) Ndimi za Plau		400,000	248,320	227,371
(v) Minyororo		300,000	25,407	318
(vi) Hand hoe		2,500,000	997,324	776,371
(vii) Panga		1,200,000	147,506	145,289
(viii) Mashoka		350,000	138,263	32,887
(ix) Ox-harrow		30,000	1,999	N/A
(x) ox-Ridges		21,000	222	202
(xi) Ox-Planters		21,000	2	2
(xii) Ox-cultivators	21,000	N/A	N/A	
(xiii) Magunia		30,000,000	15,000,000	13,000,000
(xiv) Herssian cloth		5,700	2160	1,000

Source: MOAL, 1994.

**Appendix 6: Comparison of Tourism Business in Selected African Countries for
the year 1996 and 1997**

Country	1996		1997	
	Number of Tourists (000)	Earnings US \$ Million	Number of Tourists (000)	Earnings (US \$ Mill.)
South Africa	4,944	1,995	5,530	2,297
Tunisia	3,885	1,436	4,263	1,540
Morocco	2,693	1,387	3,115	1,200
Mauritius	487	466	536	504
Kenya	907	493	750	502
Tanzania	331	322	458	392
Reunion	339	N.A.	368	273
Ghana	298	239	325	266
Zimbabwe	1,743	219	1,894	250
Namibia	405	265	410	210
Botswana	707	178	728	181

Source: World tourism Organization 1997 and 1998 as quoted in Economic Survey for 1997 (1998 p.156).

Appendix 7: Earnings and Number of Visitors by purpose in 1995

Purpose of Visit	Number of Visitors	Earnings US \$ Million	Earnings per Tourist US \$
Holiday/Vacation	70,000	84	1,200
Hunting	600	21	35,000
Business	40,000	11	275
Conference	5,000	5	1000
Tour	40,000	20	500
Others	115,400	24	208
Total	169,000	165	976

Source: Economic survey for 1997 (June, 1998)

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