

PART IV: CONCLUSION

CHAPTER

11

Conclusion to the 2007 PHDR

Each chapter of this report offers specific conclusions and recommendations. Here, a brief synopsis of the overall implications of the report's findings is provided, in accordance with the Research and Analysis Working Group's mandate to highlight policy implications of research.

Today, Tanzania has strategic opportunities to exploit its considerable natural and human resources while facing the challenges of managing these resources to accelerate economic growth and reduce poverty. To achieve these development outcomes, this Poverty and Human Development Report calls for a clear, coherent and prioritised growth strategy. Such a strategy should identify potential growth drivers based on an accurate analysis of their comparative and competitive advantages for Tanzania within the global context.

The call for a focused growth strategy is based on the assessment of recent trends in macroeconomic and social indicators for Tanzania, as well as public opinion of overall progress towards the goals of MKUKUTA. The core macroeconomic indicators show moderate levels of growth from 1995-2003 and a relatively strong macroeconomic context. Yet further analysis reveals that, despite steady increases, the growth trajectory since the mid-1990s has been slow. In addition, key macroeconomic indicators - inflation, fiscal deficit, and trade balance - are showing signs of slow slippage originating from as early as 2002/03. Credit to the private sector also remains limited to a small number of firms, the spread between lending and savings rates remains high, and foreign direct investment continues to be heavily concentrated in the natural resource sector with minimum spillover to other parts of the economy.

With respect to social services delivery, progress has been made in some areas with public opinion showing appreciation of gains, particularly in education. However, major challenges persist. The quality of education continues to be a major concern, and achieving broad-based equity in educational outcomes and meeting the needs of vulnerable children will require concerted efforts. In the health sector, there is no indication of any improvement in maternal mortality since the early 1990s. Moreover, neonatal mortality - which is closely linked to poor maternal outcomes - remains stubbornly high and now accounts for nearly half of all infant deaths. In the area of water and sanitation, MKUKUTA and MDG targets are unlikely to be achieved.

This assessment does not mean Tanzania has taken the wrong path in recent years in the management of the economy and the priority given to public investments in the social sectors (i.e. education, health, water). Rather, the direction chosen was necessary given the state of national development at the start of the new millennium. Prudent fiscal and monetary policies were put in place combined with expansion of basic social services and implementation of key public sector reforms. These actions provided the foundation for a step up in growth, yet it is important to recognise that further strategic choices are now needed in order to increase the pace of growth and development.

To start, review and adjustment of macroeconomic fundamentals are needed in light of new data to avoid further slippage. In addition, trends in public spending, which have required steady increases in social sector investments since 2001, may now need to focus upon effectiveness and efficiency gains in the provision of basic services.

In this way, human development will remain the necessary foundation of national development. Yet it is important to address the question: What strategic investment choices are needed in the social sectors to support Tanzania's growth agenda? Investment in the social sectors needs to be increasingly linked and aligned with the priorities in the national growth strategy so that any initiatives are mutually reinforcing. Growth, therefore, needs to provide the context for future social service development. In summary, this new path of public financing should ensure basic levels of social service provision for the entire population supplemented by strategic investment choices at higher levels that underpin the growth agenda. Public/private partnerships are likely to be an important modality for implementing strategic choices in the social sectors.

The central message overall is that strategic choices need to be made, and prioritisation is essential if growth is to be accelerated and sustained. Other countries' experiences, as well as our own, inform us that these choices must be made.