

**Opening remarks by the ambassador of the Kingdom of the Netherlands,
dr. Ad Koekkoek, on the occasion of the 16th REPOA annual workshop, 30 March 2011.**

Honourable Prime Minister, Mizengo Pinda

Honourable Chair of the REPOA board, professor Esther Mwaikambo

Honourable Executive Director of REPOA, professor Samuel Wangwe

Honourable deputy PS of Finance, dr Servacius Likwelile

Dear guests, mabibi na mabwana, habari za asubuhi?

Let me begin by saying I am happy to be allowed to make some opening remarks on this 16th annual workshop of REPOA. The Netherlands have supported REPOA from the very beginning, a long time ago, and I am happy this workshop has become an annual tradition. I liked having the honour of making opening remarks last year, and I like it again.

Furthermore, I want to congratulate professor Wangwe who as the new executive director of REPOA has the difficult job of following in professor Semboja's footsteps. Professor Semboja built up REPOA. I wish professor Wangwe lots of success, and I have no doubt things will go very well. The more so, as I understand that REPOA will try to play a more policy oriented role in future. Aiming for policy discussions on the basis of qualitatively well based research, looking at the impact of policies. Tanzania needs that, I think. Tanzania needs well informed discussions on the social and economic policies that are being proposed and executed by government.

In the last three years the REPOA workshops were organized around the theme of *Growth and Development in Tanzania*. The concern behind this choice is as relevant today, as it was three years ago. The follow up theme of this year *Productivity, Employment, and Socio-economic Security* makes the constituent items of *Growth and Development* more clear, more distinct. To achieve growth in per capita income you need productivity increases. It is as

simple as that. In order to achieve equity, to fight poverty, you need to reach as many people as possible. So you need to increase employment possibilities. You need jobs to be created. Because having a job is having an income. Socio-economic security comes in where the dynamics of productivity growth and concomitant sectoral changes leave people, hopefully temporarily, without means of supporting themselves. It is not easy to shape this in a situation where unemployment is hardly an option for people. It points to the importance of the informal sector. Together, employment and socio-economic security make up the greater part of human security.

I have taken the liberty of choosing a few subjects that in my mind are crucial to the theme of this year. They are crucial because they are the drivers of the necessary change, or they are the factors most inhibiting change. They are familiar to all of us. But they have to be stressed time and again. To increase productivity you need technological change, that is you need new technologies, and you need people capable of working with them. Tanzania cannot and should not develop all of these by itself. They can be bought on the world market, they can be imported through capital goods or through foreign investment, they can be taught at universities. Or any combination of these. But you have to be open for this. There are lots of opportunities for research here, and for discussion. But in my mind, the direction ought to be clear.

To increase employment you need labour intensive growth. In Tanzania, this first and foremost means growth in the agricultural sector. It means growth in tourism, and probably also in labour intensive industries. Keep in mind that as productivity increases in agriculture people will move elsewhere, and they need jobs elsewhere. How do you achieve all of this? The government has sensibly focussed strongly on agriculture in its budgets of the last few

years. Has that already brought the expected results? Do farmers produce more? Are they more productive? Has agroprocessing been stimulated? Again, interesting areas for research and discussion. Has the government done the right things? Provided the right kinds of support and facilitation? Are the farmers really free to choose how they want to produce, what they want to produce and for whom? The farmers are the entrepreneurs on whom everybody in Tanzania depends for strong economic growth, for income and employment creation.

Recently, the English newspaper The Economist presented its view on what the coming years might bring for Tanzania. The basic message was that Tanzania could and probably would achieve 6 – 8 % growth per year, based on the experience of the last 10 years. Respectable, very respectable, but not enough in my mind. Look at what the past ten years did for equity in Tanzania. The most common measure for this, the Gini coefficient, hardly budged. Of course, there is more to equity than the Gini coefficient, but nevertheless, nobody is very happy about developments in equity in Tanzania.

The Economist also said that growth could easily, well easily??, be 10 %! Imagine what 10 % growth, especially 10 % of the right kind of growth could do for the country and for the ordinary Tanzanians. But The Economist of course cautioned that for that to happen some challenges were to be adequately addressed. And we all know which challenges!

Infrastructure, Energy, and the Business Climate. Infrastructure means roads, ports etcetera. Energy simply means power for businesses to run on. And the business climate means allowing entrepreneurs, be they small or big, be they local or foreign, the space to operate, to not be bothered by bureaucracy, and there still is a lot of unnecessary bureaucracy.

Remember, businesses create jobs, governments don't. Again, research into this would be very enlightening. Research into the facts, research and discussions about the implications.

And of course corruption, there is the issue of corruption. Among other things, having too many regulations, or having non-transparent regulation, makes corruption easy, it invites corruption; apart from the moral dimension it also impedes efficient development, because it sends the wrong signals to investors.

Directly following from the above: Tanzania needs to integrate into the world market, both as an outlet for its products and as a supplier of technologies in the wide sense referred to before. The East African Community is a very good stepping stone for this. The speedier this integration happens on the ground, really happens, the better it is.

Finally, population. As long as population growth is as fast as it is today, almost 3%, Tanzania will have great difficulty in keeping up social services and employment. So something has to be done about it. Send all girls to school, keep them there. Upgrade Tanzanian family planning. And probably other things as well. Again research and discussion is needed here, but above all, urgent action is needed.

Mabibi na mabwana. Excuse me, for being so simple in my messages. I prefer to see the forest for the trees. And excuse me for having a one track mind: choose a few priorities, focus and implement. Making plans and policies is only the beginning of development. As the saying goes in the Netherlands: paper is patient.

Asanteni sana.