

RESEARCH ON POVERTY ALLEVIATION

Summary of conclusions from recent research and synthesis of key issues on poverty in Tanzania

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1 Introduction

Launched in 2000, the Poverty Reduction Strategy (PRS) is the basis of Tanzania's post-Millennium social and economic development efforts. PRS focuses on: (1) reducing income poverty; (2) improving human capabilities, survival and social well-being; and (3) containing extreme vulnerability among the poor.¹

The Research and Analysis Working Group (R&AWG) is one of four groups that constitute the country's Poverty Monitoring System (PMS). R&AWG is mandated to set the research agenda and to commission and coordinate research related to the PRS, which is currently being revised for a second phase (2004-09). Within this mandate, R&AWG has commissioned a number of studies concerning the nature and extent of income and non-income poverty in Tanzania. In this report we review the most important of these studies:

- Poverty and Human Development Reports (PHDR, 2002 and 2003). The *PHDRs provide much of the factual information on the incidence in income and non-income poverty and trends during the decade of the nineties using inter alia results from Household Budget Surveys undertaken in 1990/91 and 2000/01*
- Tanzania Participatory Poverty Assessment (TzPPA, 2002-03). *TzPPA provides insights into the causes of vulnerability and poverty and the ways in which poverty is experienced, coped with and avoided. TzPPA reports results of intensive qualitative research in 30 communities nationwide, chosen non-randomly to reflect a range of key livelihood variables.*
- Policy and Service Satisfaction Survey (PSSS, 2003-04). *PSSS examines peoples satisfaction with priority social services and views on the impact of a range of government policies. PSSS is based on a survey of 3,000 households, plus focus groups, in seven regions selected non-randomly from the PHDR regional poverty rankings.*

This report is a summary of key findings from these studies. In addition, we refer to findings from other studies that help shed light on key issues concerning the causes, incidence, depth, distribution and trends in income and non-income poverty in Tanzania. The report covers the Mainland only: Zanzibar has its own *Poverty Reduction Plan*.²

We begin with priority non-income-poverty issues,³ namely HIV/AIDS, gender inequalities and discrimination, and the situation of children and other vulnerable groups (**Section 3**). The rationale for identifying these as priority issues is their immense importance for understanding the current impact of poverty in Tanzania and the enormity of the challenge facing policy makers, government, civil society, donor agencies, and the general public in the fight against poverty. **Sections 4 and 5** discuss non-income and income poverty respectively. **Section 6** proposes some research priorities. The following **conceptual framework (Section 2)** attempts to define broad linkages between income and non-income poverty and inequality.

¹ URT (2000c:17).

² Revolutionary Government of Zanzibar (2002). *Zanzibar Poverty Reduction Plan*, Ministry of Finance and Economic Affairs, Zanzibar.

³ These are often referred to as 'cross-cutting' issues. In this section we discuss some cross-cutting issues but not others - culture, governance, natural resources - which we review in other sections.

2 Conceptual framework

Poverty is the normal condition of life for large numbers of Tanzanians, in both urban and rural areas. In 2000, nearly a fifth of the population (19per cent) did not have enough to eat, and more than a third (36per cent) could not satisfy basic consumer needs. *Income poverty* for small farming households in Tanzania is the result of various factors, including: (1) low levels of savings and investment; (2) the limited access to land, capital and technology used in production; (3) the frequently volatile and disadvantageous terms of internal and external trade; and (4) the nature and impact of institutions including market regulation, taxation and property rights. As a result of low levels of output and disposable income, the rural poor suffer from high levels of malnutrition and ill-health. Climate, altitude, soil quality and ease of communications affect the geographical distribution of poverty.

Urban poverty is characterised by high levels of self-employment and employment in small-scale, undercapitalised manufacturing and service industries, and high unemployment.

Income inequality between individuals, households, urban and rural areas, and different parts of the country is a function of the distribution of assets within the population, including land and other natural resources, livestock, capital goods, finance and credit, and social/human capital.

Non-income poverty is largely a function of the quality and distribution of public goods, in particular basic healthcare, education and literacy, domestic water supply and waste disposal. These are provided by the state through taxes, or privately through the market, or collectively through community organisation and mobilisation. Limited access to basic education reproduces illiteracy, which results in poor employment opportunities and impacts negatively on people's health – food insecurity. Unimproved domestic water supply means vulnerability to water-borne diseases. Malnutrition and chronic illness limit the capacity of the poor to produce and process enough food for subsistence purposes, meaning further malnutrition and disease, and so on in a vicious circle.

Human capital - education and skills, social support and information networks and cultural values - strongly influence levels of both income and non-income poverty. Women and girls are particularly vulnerable to both types of poverty as a result of their disproportionate productive and reproductive workloads.

Public policies and performance affect income and inequality. The quality, availability and cost of basic social services influence levels of non-income poverty. Policies that discriminate against the poor, weak policy implementation, and inadequate accountability for public spending serve to reproduce poverty by limiting the quantity and quality of public goods accessible to the poor. Poverty reduction presupposes policies that promote equitable growth and the efficient provision of public goods.

Vulnerability to extreme income and non-income poverty is exacerbated by: environmental factors, macroeconomic conditions, bad governance, ill-health, lifecycle-linked conditions, and cultural beliefs and practices, as well as the advent of new shocks such as the HIV/AIDS pandemic. Poor individuals, households and communities adopt strategies to avoid and/or cope with shocks and stresses related to these factors in different ways, depending on the nature of the shocks and stresses and the assets the poor have at their disposal.

In a context of widespread income and non-income poverty, chronic impoverishing forces and shocks may push individuals, families, vulnerable groups, communities and entire populations to a deeper level of poverty. At the margin, individual and collective survival are at stake. Consequently, the poor are generally risk averse in their livelihood strategies, and exposure to risk can cause households to take sub-optimal investment and income generating decisions that serve to perpetuate poverty.⁴ Nearly half of agricultural production in Tanzania is for consumption rather than sale.⁵

Despite a lack of reliable data on many key poverty-related issues, the information contained in the four documents under review, supplemented by other data sources, allow us to

⁴ Holzmann (2004:44). Livelihoods analysis stresses assets' diversification among both 'rich' and poor.

⁵ PHDR 2002 (R&AWG 2002:69).

draw relatively firm conclusions on income trends and the distribution of poverty, and to suggest directions for further research and analysis.

3.0 Priority issues

In this section we review the relationship between poverty and vulnerability and *HIV/AIDS*, *gender discrimination*, and the *welfare of children* and other *vulnerable groups*.

3.1 HIV/AIDS

Table 1 summarises trends in the prevalence of HIV/AIDS among male and female blood donors (aged 15 years and above) over the last decade.

Table 1: Prevalence of HIV/AIDS among male and female blood donors (%)

Prevalence in	1992		1999		2001	
	Men	Women	Men	Women	Men	Women
15 years and above	5.3	5.9	8.7	12.6	10.4	13.7

Source: NACP, 2003.

Infection rates have doubled for men and increased by over 130 per cent for women. The most recent data for 2002 show a decrease in infection rates for both men (9.1per cent) and women (12.3per cent). This downward trend requires confirmation.

HIV/AIDS is the single most devastating impoverishing force facing Tanzanians (**Box 1**).

Box 1: FACT SHEET on HIV/AIDS

- Tanzania has one of the *higher HIV/AIDS prevalence rates in the world*.⁶
- The country's future social and economic *progress is threatened* by the impact of AIDS.
- AIDS *undermines all sectors* of the economy and is gradually draining the work force.
- HIV/AIDS is the single most devastating impoverishing force facing Tanzanians.
- More than *700,000* Tanzanians are currently suffering from AIDS.
- In 2001, *2.2 million* Tanzanians above the age of 15 were estimated to be HIV-positive. Where, about 1.9 million Tanzanians between 15 – 49 years were HIV-positive⁷.
- The labour force is estimated to be *9per cent lower* by 2015 than it would be in the absence of HIV/AIDS.
- The economy is projected to be *8.3per cent smaller* by 2015 compared to how it would have been without HIV/AIDS, and the GDP will be around 4per cent lower than how it is now.⁸
- HIV infected patients occupy *more than 50per cent* of all beds in urban hospitals.
- The infection rate does not appear to have peaked, and has the potential to undermine the life chance of Tanzanians *under the age of 15*. The rate of infection in this age group will directly affect the country's ability to combat poverty in the coming years.
- Employers are losing many of their more experienced personnel and facing shortages of skilled workers.
- Industries that attract large numbers of migrant workers such as mines are *particularly vulnerable* to the spread of HIV.
- Health facilities are *overstretched*, and not adequately stocked with essential drugs to cater for HIV/AIDS patients.

Source: NACP 2003. ESRF 2003

Men and women who become infected can no longer support their families. ESRF (2003) found HIV/AIDS caused a decrease in household labour supply and productivity. A survey in Kagera showed that a woman whose husband is sick spends 45 per cent less time in agriculture than if he were healthy.⁹ Scarce resources are spent to treat opportunistic infections. Children

⁶ NACP 2003; overall HIV prevalence among blood donors was 11.0per cent in 2001, and 9.7per cent in 2002 .

⁷ MoH/NACP, 2003, Health Sector HIV/AIDS strategy for Tanzania 2003 – 2006.

⁸ Another estimate: GDP will be 15-20per cent lower in 2010 than it would have been without AIDS (Cuddington 1993, World Bank 2002).

⁹ Over et al. 1996, quoted in Guinness & Alban 2000.

often leave school to care for sick relatives and to provide labour. According to a World Bank study,¹⁰ school attendance was cut in half in households that lost an adult female due to AIDS.

The elderly and older children play an increasing role of the burden of caring for HIV/AIDS patients and orphans, generally in conditions of extreme poverty.

The National Policy on HIV/AIDS,¹¹ is by far the best known policy in the country: well over 90 per cent of PSSS respondents had heard of it.¹² The establishment of the Tanzania Commission for AIDS (TACAIDS) in 2001 provides an expression of the commitment to increase priority to the struggle against AIDS, and to move beyond approaching it as a health issue alone.¹³

Though prevention campaigns¹⁴ have succeeded in raising people's awareness, many people still lack factual information about HIV/AIDS, and the urgent need to minimise the risk of transmission.¹⁵ According to TzPPA (2002-03), people have limited access to condoms, or testing and counselling facilities. Altogether, 30-40 per cent of PSSS respondents know of some government services (counselling, blood testing, in-patient treatment and distribution of condoms) in their areas.

According to the Afrobarometer survey, almost three fourths (72 per cent) approve of government efforts to prevent the spread of HIV/AIDS.¹⁶ On the other hand, PSSS respondents were not enthusiastic about the leadership in the fight against HIV/AIDS (58per cent agreed he shows 'strong leadership') and only 41per cent thought the same of other government leaders, with the Ministry of Health (43per cent) faring only slightly better.

Few activities take place at district and community level because local government authorities have limited capacity to develop comprehensive plans, and also because HIV/AIDS spending via LGAs is under-funded, with spending skewed towards those districts and regions fortunate to have donor and NGO projects.

The formal business sector's response to HIV/AIDS has also been slow, selective and sporadic.¹⁷ There is much potential for more involvement of the private sector in the national response to the pandemic. Due to the nature of its enterprises the (even more vulnerable) informal sector has generally failed to respond to the threat of HIV/AIDS.

There are huge funding gaps and concerns that the present HIV/AIDS plans will leave many areas underserved, and that they are dominated by care and treatment, with a strong possibility of prevention remaining underfunded.¹⁸ To date, people living with HIV/AIDS (PLHA) have not been included in formulation of plans affecting them, and not much assistance has been extended to support them.¹⁹ To a large extent, PLHA have survived through their own initiatives, including the recently established national umbrella organisation, the Tanzania Council of People Living with HIV/AIDS.

¹⁰ World Bank 1995, quoted Guinness & Alban 2000.

¹¹ URT 2001a.

¹² REPOA 2003a.

¹³ TACAIDS is not an implementing agency but is involved with effective coordination, advocacy, resource mobilisation, monitoring and evaluation and provision of the right information to the public.

¹⁴ 88per cent of PSSS respondents had seen posters on AIDS prevention (REPOA 2003a).

¹⁵ TzPPA 2002-03 (ESRF 2004).

¹⁶ Chaliga et al 2001:43.

¹⁷ Madihi 1994.

¹⁸ Foster and Mwinyinvua 2004.

¹⁹ Kato 2004.

Box 2: HIV/AIDS funding commitments...

Global Fund Grant: USD 5.4 million for one year.
World Bank TMAP: USD 65 million over five years.
Rapid Funding Envelope: USD 3.4 million.
CDC, five pilot PMTCT programmes rolled out to seven regions.
(GOT/Clinton Foundation draft programme for USD 539 million).²⁰

..... and estimated needs:

USD 100 million p.a. (current shortfall: 53per cent of needs²¹).

Source Foster and Mwinjiva 2004; Swai 2004; TACAIDS 2004

3.2 Gender

- *Progress towards gender equity in economic, social and political spheres is essential for reversing the deepening poverty, rising HIV/AIDS infections and economic deprivation which affect more women than men in Tanzania.*
- *TzPPA (2002/03) finds that the vulnerability of girls and women in the household is related to male control of productive resources and decision-making, backed by the threat or practice of abuse and violence.*
- *Food insecurity, limited access to health and education, and a heavy workload increase women's vulnerability to poverty.*

The following are some of the key consequences of gender discrimination reported in P&HDR, TzPPA, PSSS and other sources.

3.2.1 Socio-economic and cultural consequences of gender discrimination

Lack of control over household resources makes women dependent on men's economic status and decisions. Tanzania Gender Networking Programme (TGNP) (2003) found that female-headed households (FHH) can suffer from stigmatisation and negative moral judgements; but also that women can benefit from being the head of a household by enjoying greater freedom from dominance and violence. Some TzPPA participants felt that FHHs were better-off since they had control of household resources.

HBS shows a significant increase in the proportion of FHH during the nineties,²² but concludes that the overall poverty rate is slightly lower in FHH than in male headed households (MHH). However, a detailed analysis of the HBS data shows that, after adjusting for the size of the household, the percentage of poor FHH is higher than the percentage of MHH for all households except the smallest (two or less).²³

Cultural practices prevent women from inheriting property. The girl child faces more risks compared to young boys both at home, at school and within the wider community: female children are often subjected to early marriages (for example, in pastoral communities). Other retrograde practices include female genital mutilation of infants and withdrawing post-pubescent girls from school and restricting their social mobility to avoid pregnancy. There are no reliable data on trends in the incidence of these practices.

Vulnerability resulting from discriminatory institutions affects different groups of females differently, depending *inter alia* on culture, ethnicity, religion, class, education, and age (see *basic education, the aged* below).

3.2.2 Health consequences of gender discrimination

²⁰ Funds not yet identified.

²¹ Excluding the costs of expanding ARV treatment that is envisaged in the health sector HIV/AIDS strategy (URT 2003a).

²² from 16.4per cent in 1991/2 to 22.9per cent in 2000/1

²³ Macro Gender Policy Group and TGNP (2003).

Women have limited access to quality maternal health care and poor rural women are particularly disadvantaged, resulting in high but underreported rates of maternal mortality and morbidity.²⁴

Box 3 provides some data on maternal health indicators.

Box 3: Trends in maternal health

Maternal mortality for the period 1987 to 1996 was 529 per 100,000 live births, approximately 8,700 maternal deaths per year.

Facility based data are underestimates as many maternal deaths occur outside of health facilities and many women die without their pregnancy being known, including abortions.²⁵

1999: 60 per cent of women had their first birth or were pregnant before their 20th birthday.

According to MoH, early pregnancies and illness and poor nutritional status of pregnant women result in low birth-weight and contribute to the stunting of infants and young children, especially in rural areas.²⁶

Total fertility rate down from 6.3 live births per woman in 1991 to 5.6 in 1999. In 1999, live births were 6.5 per woman in rural areas compared to only 3.2 in urban areas, and 7.8 in the poorest quintile compared to 3.4 in the richest.

The **proportion of births** attended by a doctor, nurse or midwife fell from 44per cent in 1991 to 36per cent in

1999 and the proportion of all births that occurred at a health facility went down from 53per cent to 44per cent.

There are large urban-rural disparities regarding the presence of a skilled attendant at birth(77per cent versus 26per cent), and between the poorest and richest quintiles (27per cent vs. 81per cent). (See **Chart 1**).

The proportion of women **using modern contraceptive methods** rose from 6per cent in 1991-92 to 16per cent in

1999-2000, but the increase is mainly among better off, urban women, who are almost three times more likely to use contraceptives than rural women. Women in the richest quintile are over five times more likely to use a modern contraceptive method than women from the poorest quintile.

Underlying demand and unmet need for family planning services.

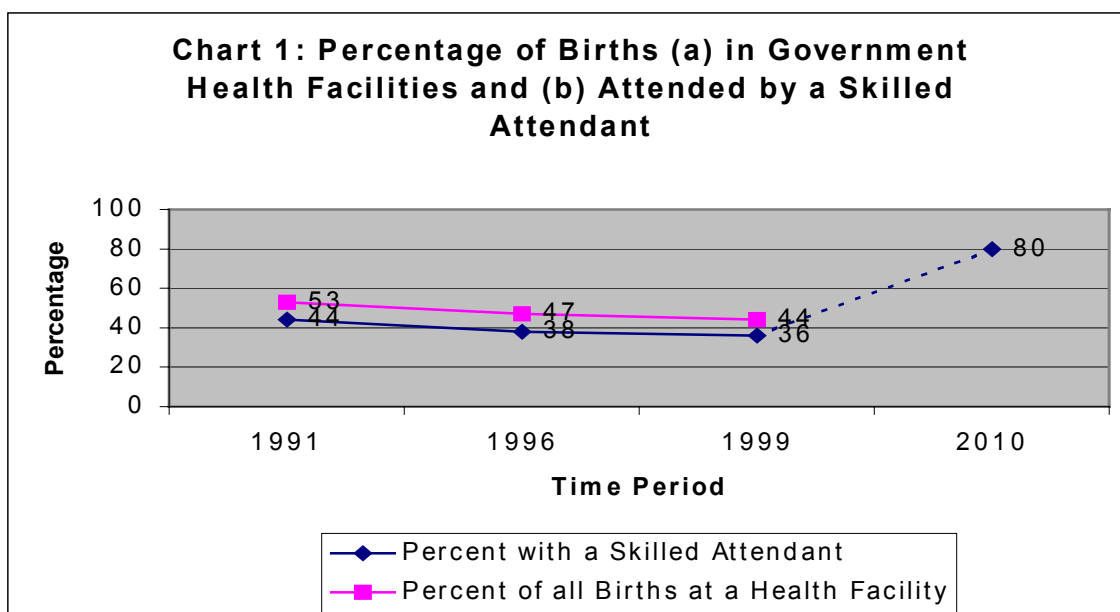
Sources: P&HDR 2002, 2003 (R&AWG 2002, 2003); URT 2003b; WB 2003, in P&HDR 2003 (R&AWG 2003); TRCHS 1999 (NBS 2002)

Chart 1 presents data on the proportion of all births taking place in government facilities, and proportion of births that were attended by qualified staff. The declining trend from 1991 to 1999 makes it increasingly unlikely that the PRS target for 2010 will be achieved.

²⁴ Micronutrient malnutrition is extensive: about 14per cent of women in the high land and nearly 80per cent in coastal areas are anaemic during pregnancy, and nearly 70per cent are vitamin A deficient; about 25per cent of maternal deaths are associated with anaemia (URT 2003b).

²⁵ RCHS/FCI 2000. Community-based studies suggest an under-reporting of maternal deaths of up to 60 per cent

²⁶ P&HDR 2002 (R&AWG 2002):6. About 16per cent of children in 1999 suffered from low birth weight. Stunting measures chronic under nutrition and 44per cent of under fives were moderately stunted in 1999; with those in rural areas twice as likely to be stunted as their counterparts in the urban areas.



Sources: DHS 1991/92, 1996 & TRCHS1999, quoted in P&HDR 2003 (R&AWG 2003):42

Note: broken lines indicate targets set by PRS

Lack of control over reproduction results in unwanted pregnancies and abortions and an increased risk of contracting sexually transmitted infections, including HIV. Violence and threats of violence are emerging as important factors fuelling the rapidly increasing HIV pandemic among women. In a 1999 study at a voluntary HIV counselling and testing (VCT) clinic in Dar es Salaam, men and women described a socially acceptable threshold of violence against women that was believed to be justified under certain circumstances. Situations believed to justify violence included infidelity, disobedience and dissatisfaction with household work. The researchers reported a strong and consistent relationship between women's HIV infection status and their history of violence.²⁷

3.2.3 Constraints related to governance issues

Women are still not participating fully in public life. Women's representation in the civil service was 39-40 per cent in 2000-03; in Parliament it rose from 18 per cent in 1999 to 27 per cent in 2000. Directly elected women hold only 5 per cent of all seats in Parliament; the remaining occupy seats reserved for women, and are nominated by political parties.²⁸

Laws do not sufficiently recognise women's rights to own and inherit property. As noted by TGNP (2003), a number of policy proposals²⁹ focused on improving the position of women have been on the table for some time, but they are yet to become law or policy or to be effectively implemented. Furthermore, FHHs are seldom mentioned in any policies.

TzPPA (2002/03) notes that the government has attempted to address certain cultural practices that contribute to poverty or ill-being through a number of policies and acts,³⁰ but these have not had much success. The legal system has not been able to override customary practices. Widows interviewed in the TzPPA reported being dispossessed of their husband's property, even in instances where the husband had left a will behind instructing the property to be left to their wives.

²⁷The relationship between current history of violence and women's HIV status was highly significant among young women: it was 10 times higher among young (<30 years) HIV-positive women as compared to young HIV-negative women (Maman et al. 2001).

²⁸ P&HDR 2003 (R&AWG 2003).

²⁹ Including policies on access to land, on inheritance, and on child support

³⁰ Marriage Act, Land Law, Sexual Offences Act, and the Affiliation Ordinance

Poor people, and women in particular, often fail to exercise their rights through lack of awareness of their legal rights,³¹ corruption in the legal system, prohibitive costs, and inadequate support from local institutions. Often women choose not to confront the situation in order to reduce conflicts within the household, and the community at large.

Box 4: Women and Gunnysacks

“[One is] not allowed to fight back or defend oneself and, if you do, you will be beaten by the whole community. It is a mistake [to fight a husband] according to the culture: we thus tolerate being beaten like gunnysacks.”¹

Woman research participant, Twatwatwa village, Kilosa district, 2002. TzPPA 2002/03 (ESRF 2004: 141).

(See also *Employment and unemployment, basic education, water and sanitation*).

3.3 Vulnerability and exclusion: children, youth, the aged and disabled

3.3.1 Children

Children constitute another large group of the population among whom highly vulnerable sub-groups both large and small have been identified. The spread of HIV/AIDS combined with pervasive poverty is increasing the numbers of Most Vulnerable Children (MVC) at an alarming rate, stretching the traditional coping mechanisms that once ensured the basic survival, development and protection of children.

The MVC identified in the literature are:

- the *under-fives* (vulnerable to diseases, including HIV/AIDS, malnutrition and inadequate care)
- *child prostitutes, working children* engaged in risky and low paying jobs
- *street children*
- unpaid child *domestic workers*
- children whose parents are *sick and dying of AIDS*
- *orphaned children*
- *child mothers*
- children with *disabilities*³²

Nationally, there is no available information on the number of MVC, but research suggests that about *1.2 million* children aged between 7 and 17 years of age are engaged in the worst forms of child labour.³³ By the year 2000, 1.1 per cent of children under 15 in Tanzania had reportedly lost both parents, 6.4 per cent had no father and 3.5 per cent had no mother.³⁴ According to *Children on the Brink 2002* (and as illustrated in **Chart 2**) the number of AIDS orphans is increasing rapidly: from 271,000 in 1995 to 815,000 in 2001 and the figure will exceed 1 million in 2005, constituting 51 per cent of all orphans.³⁵ The HIV/AIDS pandemic is still growing and the impacts will increase.

TzPPA suggests that the MVC often fail to satisfy many basic needs. Recent studies suggest³⁶ that the MVC, especially AIDS orphans, are often discriminated against within the households. More and more children are having to take on responsibilities beyond their age, including running households, taking care of ailing parents, and working long hours to secure a livelihood. They lack food, clothes, access to school, and medical care.

³¹ For example, many people remain ignorant of their rights under the 1999 Land Act, including women's right to inherit land. (ESRF 2004: 27)

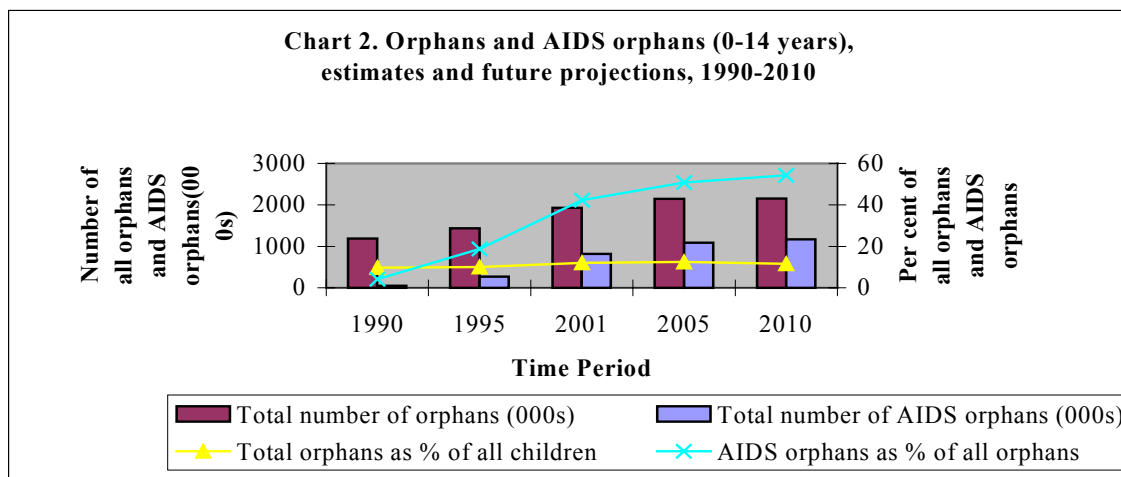
³² Charwe et al (2004), ESRF (2004).

³³ 'Children and Vulnerability' paper presented by MYLDS, October 2003.

³⁴ TRCHS 1999 (NBS 2002).

³⁵ UNAIDS, UNICEF, USAID (2002).

³⁶ ESRF 2003, ESAURP 2002, Evans 2002, Ewald et al. 2004, Garcia 2001, UNICEF 2001, Whitehouse 2002.



Sources: UNAIDS, UNICEF, USAID. 2002. Children on the Brink 2002. A Joint Report on Orphan Estimates and Programme Strategies: 20,23, 26, 29, 32.

In the main, researchers working with children in need of special protection measures throughout the country found caring attitudes of caretakers, often in the face of considerable economic difficulties.

Some of the problems faced by caretakers of orphaned children, especially if they are elderly, chronically ill, or otherwise not self-sufficient included lack of food, lack of skills to handle problems faced by orphaned children, inability to pay school fees and other school requirements, and to afford clothes and health care. It is evident that many households caring for orphans, including those in very poor economic circumstances, are not receiving, or may be unaware that they may qualify for assistance with secondary school and medical fees.

According to TzPPA, support programmes for the MVC are limited and not widely distributed throughout the country. Inadequate grassroots mechanisms to ensure the protection of children have exposed them to abuse within the household, at school and within the community. Direct assistance and services come mainly from non-governmental and community-based organisations. However, through lack of resources, these organisations are unable to provide more than limited services to a limited number of vulnerable children and their families.

There is no National Plan of Action for the most vulnerable children.³⁷ Care for AIDS orphans is a major component of the government's national multi-sectoral strategy for HIV/AIDS, but to date, the goal remains principally on paper; many of the identified strategies have yet to be realised. A draft National OVC Policy Framework for integrating efforts by communities, government institutions, and civil society organisations in the care and support of MVC is now waiting to be finalised. However, there are a number of policies pertaining to children in general, the main one being the Tanzania Children's Statute. There is a revised Children's Act in the offing, based on the four general principles of the UN Convention on the Rights of the Child (CRC) to which Tanzania is a party.

3.3.2 The under-fives

Data on infants and children under five years of age on mortality and nutritional status suggest that the situation has not improved much over the last decade, as shown in **Table 2**. Tanzania's has achieved high rates of immunisation coverage, though trends are disputed (different sources give different figures for 1991 coverage).

Table 2: Trends in infant and child mortality, nutritional status and immunisation coverage (%)

	1991-96	1994-99
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³⁷ Charwe et al 2004.

IMR/1000	88	99
U5MR/1000	137	147
Stunting/100 ³⁸	47 (1991)	44 (1996-99)
Underweight /100 ³⁹	29 (1991)	30 (1999)
Wasting/ 100	6 (1991)	6 (1999)
DTP3 vaccine ⁴⁰	73 (1991)	89 (2002)
BCG	93 (1991)	88 (2002)
Measles	69 (1991)	89 (2002)
Sources: DHS 1991/92, DHS 1996 & TRCHS 1999, EPI, quoted in P&HDR 2003 (R&AWG 2003).		

About two-thirds of all under-five deaths occur within the first year after birth⁴¹. The increase in mortality rates shown in **Table 2** may be partly because of HIV/AIDS.⁴² Compared to infants in the urban areas, those in the rural areas had a *30 per cent higher probability of dying* before their first birthday; infants born to poorest mothers had a *25 per cent higher probability of dying* in the first year of life, compared to infants of mothers from the richest quintile.⁴³ Tanzania is not on track to meet the 2010 target of reducing infant and under-five mortality rates to 50 and 79 per 1,000 live births, unless urgent actions are taken.

3.3.3 Youth

There is growing concern with regards to problems faced by youth, which include lack of access to quality education and health services and information; severely constrained opportunities for employment, and inadequate access to productive resources.⁴⁴ Because of existing cultural attitudes, youths are commonly excluded from the process in which decisions affecting their lives are made - at household, community⁴⁵ and higher levels.

The poor quality of primary education, limited capacity of non-formal education centres to absorb many of the out-of-school children and youths, and limited opportunities for vocational training have left young people ill-equipped to make a living.⁴⁶ The existing curriculum does not prepare students for self-employment and entrepreneurship. P&HDR (2003:27) notes that “school curriculum requires ‘drastic change’ to keep pace with changes in the labour market.”

Sexual activity among adolescents is high, leading to a range of health risks, including HIV/AIDS. In a survey of over 9,000 young people, 50per cent of 15 year-olds reported being sexually experienced and HIV prevalence among 19 year olds was 5per cent and 1per cent among females and males respectively.⁴⁷ Despite high levels of sexual activity, knowledge regarding sexuality and reproductive health in adolescents is limited and access to information and reproductive health services continues to be minimal.

PHD&R (2003) notes that programmes addressing youth needs are limited in scope, leaving the majority without access to adequate information or services; they are mainly based in Dar es Salaam and focused on providing support to those who are addicted (or are at risk of

³⁸ Child malnutrition, stunting in particular, is much worse in the rural than urban areas, and much higher in the poorest than the richest quintiles.

³⁹ Through the decade, one in three children was underweight for his/her age. Fifteen percent of urban and rural household heads in the PSSS survey experienced difficulties in obtaining enough food in the year prior to the survey, and almost a third (29per cent) of the poorest quintile.

⁴⁰ Although overall immunisation levels are quite high, there are large variations between urban and rural areas, between districts, and between the richest and the poorest income quintile.

⁴¹ Approximately 90per cent of all child deaths are attributable to common and preventable illnesses such as malaria, pneumonia, diarrhoea, malnutrition and complications of low-birth-weight; and to HIV/AIDS. (URT 2003b).

⁴² It is estimated that 72,000 infants will be infected annually through mother to child transmission (URT 2003b).

⁴³ TRCHS 1999, quoted in P&HDR 2002 (R&AWG 2002): 28.

⁴⁴ TZPPA 2002-3 (ESRF 2004); P&HDR 2002 (R&AWG 2002); R&AWG undated.

⁴⁵ TZPPA notes that rural youths are usually excluded from management of and access to community resources; the hierarchy is most severe in pastoralist communities.

⁴⁶ P&HDR 2002, 2003 (R&AWG 2002, 2003).

⁴⁷ Obasi et al. 2001.

addiction) to drugs and alcohol. There are however, a number of NGOs that have been at the forefront in providing reproductive health services to adolescents, though many of these have not been well documented, and their effectiveness has not been assessed.

3.3.4 *The aged*

‘...when asked to comment on whether it is “the responsibility of the government to take care of very poor people, who can’t take care of themselves,” 88per cent [of respondents] concurred’⁴⁸

‘... when asked whether “the ability of people to provide for themselves in their old age has gotten better or worse over the last five years ...,” seven out of ten people interviewed ... say the situation is worse than before.’⁴⁹

Box 5: AIDS and the aged

Much of the burden of AIDS deaths is borne by the old. In a survey of 297 orphans in Mawenzi Regional Hospital, 43per cent were cared for by their grandparents.⁵⁰ A study on Children in Need of Special Protection Measures (CNSPM) found that most of the vulnerable orphans were cared for and supported by grandparents and other older caretakers (aged 50-70) who themselves were poor and in need of support. Nearly half (44per cent) of the 1,235 orphans surveyed in Mwanza region were living with a single parent, around one third (31per cent) with a grandparent and around one quarter (24per cent) with other relatives. The vast majority of orphans in Mwanza, Shinyanga, Mara, and Kagera depended on themselves (45per cent), or on their grandparents (44per cent).

Source: Garcia 2001; UNICEF 2001; Whitehouse 2002; ESAURP 2002

Vulnerability to specific illnesses and declining physical vigour characterise old age, but the social and cultural contexts of this vulnerability determine its impact on individual welfare.⁵¹ Though ‘special privileges/dispensations’ are traditionally granted to ‘elders’, poor and sickly old people, and old women in particular, may suffer disrespect, abuse, and worse, including accusations of witchcraft.⁵² Deepening poverty, particularly in rural areas, and the consequences of HIV-AIDS have added to the burden of vulnerability that is the lot of the old.

3.3.5 *The disabled*

The TzPPA defines people with disabilities to be those who are physically handicapped or mentally incapacitated. It does not however, differentiate between varying degrees of vulnerability, or between the different types of disabilities.

According to the TzPPA, the four key impoverishing forces people with disabilities are likely to encounter are socio-cultural (dependence on relatives who may also be poor, and/or who may have negative feelings towards disabilities); governance (poor access to education and health services), and a non-conducive learning environment); economic (limited job opportunities and assets); and health (disabilities require extra care, including medical care). Despite legal provisions meant to protect the disabled, they do not receive the necessary social and economic support to realise their full potential.⁵³

There is no reliable information on the incidence of the different types of disabilities, and no indicators of poverty among people with disabilities to help identify priority issues and develop appropriate intervention strategies. Current programmes targeting the disabled address the following areas: awareness on rights and welfare of the disabled through advocacy (national); support to access credit and establish income-generating activities (national); support for education and health services either through specialized social services or through home-based care systems (in Dar es Salaam and Kilimanjaro).⁵⁴ In the absence of a comprehensive policy

⁴⁸ REPOA 2002a:11.

⁴⁹ Ibid.

⁵⁰ Garcia, 2001. Twenty-sever percent were cared for by their surviving parent, 15per cent by the extended family, 10per cent by older orphans and 5per cent by the community.

⁵¹ ESRF 2004:124-8. Poverty and overwork cause premature ageing.

⁵² TzPPA *ibid.*, page 148.

⁵³ P&HDR 2002 (R&AWG 2002).

⁵⁴ P&HDR 2003 (R&AWG 2003).

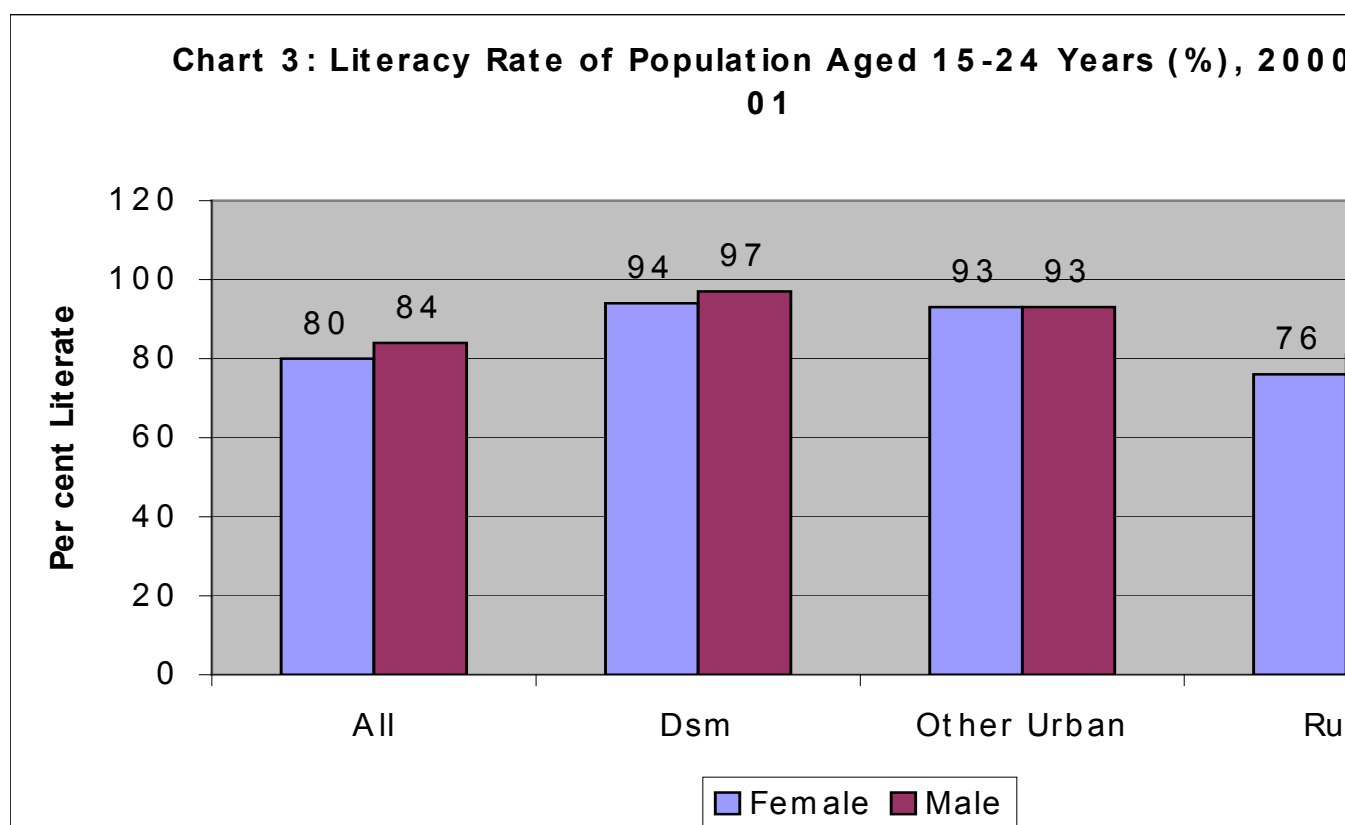
addressing the needs of people with disabilities, existing programme efforts are uncoordinated, poorly documented and unevaluated.⁵⁵ There is no clarity on the most effective or sustainable approach: to isolate people with disabilities, or to integrate them within their communities?

4.0 Non-income poverty: social services, governance and accountability

4.1 Pro-poor service delivery

4.1.1 Literacy and basic education

According to the 2000 HBS, nearly a third (29 per cent) of Tanzanians cannot read and write in any language. The figure for women is 36 per cent and 20 per cent for men. **Chart 3** summarises literacy rates among 15-24 year olds by sex and locality.



Source: HBS 2000-01 (NBS 2002), quoted in PHDR 2003 (R&AWG 2003): 27

Although no reliable trend data exist, it is thought unlikely that Tanzania will meet the PRS target of universal literacy by 2010.

Table 3 presents the main trends in basic education indicators from 1997-2003.

Table 3: Education indicators, 1997-2003

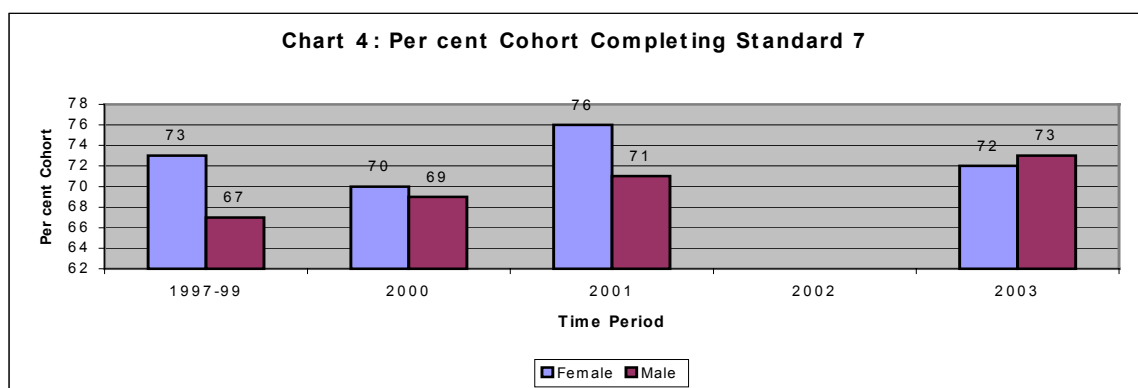
	Year				
	1997-99	2000	2001	2002	2003
Primary net enrolment ratio (per cent)	57	59	66	81	89
Primary gross enrolment ratio (per cent)	78	78	85	99	105
Ratio of girls/boys in primary schools	0.99	0.98	0.97	0.96	0.95
Ratio of girls/boys in primary-Std 1	0.97	0.94	0.93	0.94	0.94

⁵⁵ R&AWG undated.

Ratio of girls/boys in secondary schools	0.84	0.85	0.86	0.84	0.84
Form 1	0.91	0.92	0.96	0.88	0.93
Form 4	0.83	0.84	0.85	0.78	0.80
Form 6	0.57	0.50	0.51	0.47	0.50
per cent of cohort completing std 7	70	70	74	-	72
Female	73	70	76	-	72
Male	67	69	71	-	73
Primary dropout rate (per cent)	5.5	5.6	4.8	-	4.8
Female	4.8	5.5	4.3	-	4.8
Male	6.1	5.6	5.3	-	4.7
per cent students passing PSLE	20	22	29	27	-
Female	14	15	21	20	-
Male	27	29	36	34	-
Transition rate std 7 to form 1 (per cent)	16	16	20	21	19
Female	15	15	19	19	18
Male	16	17	21	22	20
Literacy rate of pop aged 15+	-	71	-	-	--
Literacy rate of pop aged 15-24 (per cent)	-	82	-	-	-
Sources: P&HDR 2003 (R&AWG 2003); 1- MoEC Basic Statistics Education (BSE); HBS 2000-01.					
Note: the targets for 2003 are the revised values given in the Second PRS Progress Report (2000-01), where different from the PRSP.					

Since 2000, there has been considerable progress in Tanzanian primary education. As a result of the Primary Education Development Programme (PEDP)⁵⁶ primary school enrolment grew by 50 per cent from 2000 to 2003. The share of the recurrent budget earmarked for primary education rose from 18 per cent in 1999/2000 to 21 per cent in 2001/02, peaking at 27 per cent in 2000/01. The ratio of primary education to total education spending has also increased from 66 per cent in 1999/00 to 71 per cent in 2001/2.

Under PEDP, many new classrooms have been built.⁵⁷ Children are entering school at an earlier age, and there is an increase in the proportion of children going to school earlier. Both net and gross enrolment rates (NER & GER) have increased by about 30 per cent points, surpassing the PRS target. But quality issues that are central to PEDP have not been adequately addressed. Enrolments have outpaced the hiring of new teachers,⁵⁸ resulting in increasing numbers of students per teacher and larger classes.⁵⁹ There are significant variations between districts.



Source: MoEC (BSE), quoted in PHDR 2003 (R&AWG 2003): 24.

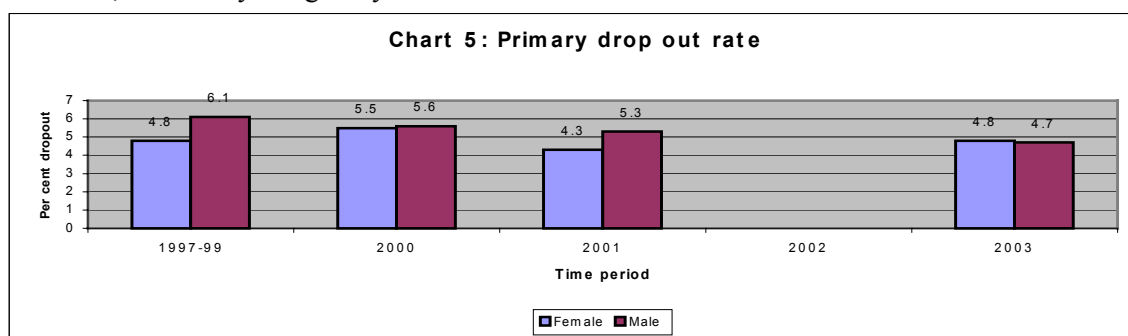
⁵⁶ URT 2001b.

⁵⁷ P&HDR 2003 (R&AWG 2003). In 2001/2, classroom construction accounted for 48 per cent of the total education budget.

⁵⁸ According to MOEC (2002), from 1997 to 2001, teaching staff declined by 3.7 per cent, quoted in P&HDR (2002):86 (R&AWG 2002).

⁵⁹ In 2003, there were 53 primary pupils per teacher, compared to 41 in 2000 (MOEC 2003c).

Charts 4 and 5 show little change in completion and drop-out rates during recent (pre- and post-PEDP) years. The performance of boys seems to have improved relative to girls on both indicators, albeit only marginally.

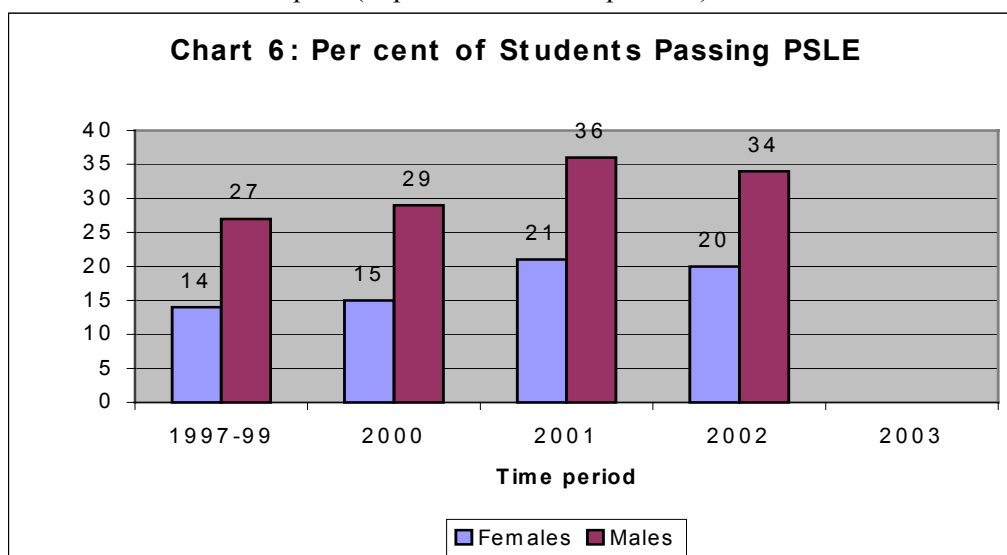


Source: MoEC (BSE), quoted in PHDR 2003 (R&AWG 2003): 24.

The quality of primary school education is still disturbingly poor. As indicated in **Table 3** and **Chart 4**, between 2000 and 2003, only around 70 per cent of the students who enrolled in primary education were able to complete Standard Seven; the rest dropped out. Even though the drop out rate in primary schools has decreased somewhat, the achievement is still low compared to the target of reducing dropouts to three per cent per grade by 2003. The pass rate in the PSLE has improved a little (**Chart 6**), but is still extremely low. Thus, even though there has been a significant improvement

in the transition rate from primary to secondary school, because of high drop out rates and poor PSLE pass rates, the absolute level of transition is still extremely low.⁶⁰

PSSS found that parents are generally pleased with PEDP, with the abolition of school fees and the resultant expansion of enrolments.⁶¹ According to parents, the main achievements of PEDP are improved quality of school buildings (84per cent), fall in the cost of schooling (73per cent) and an increase in the number of classrooms (71per cent). The poor were more appreciative of the cost reduction than the less poor (79per cent versus 71per cent).⁶²



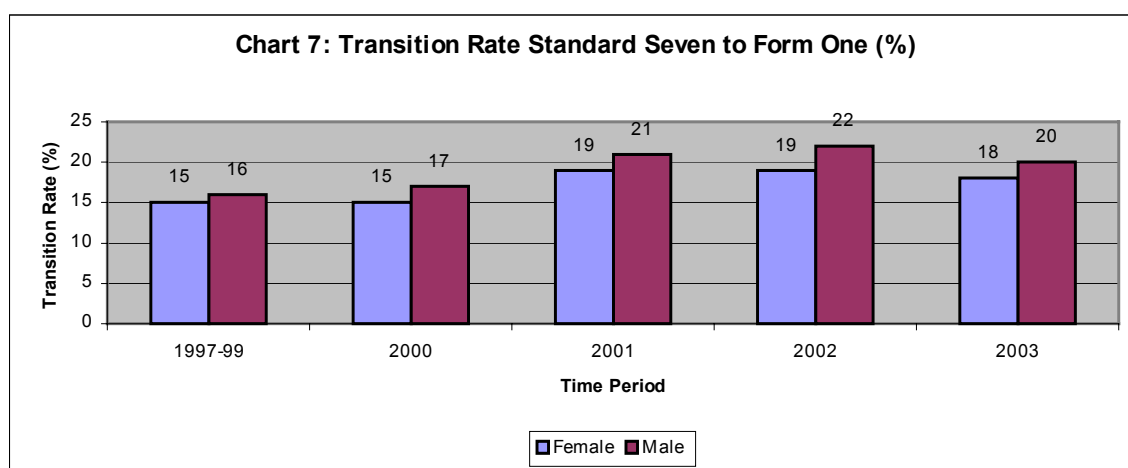
Source: MoEC (BSE), quoted in PHDR 2003 (R&AWG 2003): 24.

⁶⁰ For example, in 2000, only 12per cent of the relevant age group entered secondary schools. The improved transition rate is largely due to the 50per cent expansion of secondary school places between 1997–2003, though the capacity is still not large enough to absorb all those who pass the PSLE.

⁶¹ REPOA 2003a.

⁶² Ibid., page 21. Question: ‘In the last three years, have you noticed any significant changes in the following?’ Options: improvement, the same, deterioration, DK. Text figures indicate ‘Improvements’.

However, close to half (45 per cent) of all parents are concerned about poor examination performance, and around 40 per cent mention shortage of teachers, lack of textbooks and large classes⁶³ as constituting ‘major problems’ facing the basic education system. When asked what the government should do to improve the education system, over 90 per cent said providing more textbooks was ‘very important.’ The main problems identified affect poor parents more than the better off, in particular poor examination results. Lack of clean water and toilets is also of concern, in particular to poor, rural parents, while a third of all parents are concerned with the transparency in the expenditure of funds.



Source: MoEC (BSE), quoted in PHDR 2003 (R&AWG 2003): 26.

Despite the slightly higher cohort survival rates observed for girls in 2000 and 2001, boys enjoyed a 14-15 percentage higher PSLE pass-rate than girls (2000-2002). There are concerns regarding the performance (and retention) of girls during the last years of primary education, and throughout secondary education. Overall, female students represent only 46 per cent of the secondary student population, and although the gender gap in transition rates is not large, by Form Six only about one in three students is female. This appears to have worsened since the late 1990s.

Box 6: On accountability

“...councils and schools are responsible to give information about funds that have been received and their expenditures on council notice boards, school notice boards and public places where community gatherings take place. It is now obligatory for each citizen to know how much money has been received in council or school and how has that been spent.”

Source: President Benjamin Mkapa, during the national launch of classrooms built under Primary Education Development Programme, September 2002, Mtopwa, Newala. Cited by Joseph Mungai, MOEC Budget Speech for 2003/2004.

Most teachers and school committees are unable to play their role in quality assurance and monitoring effectively. Information regarding the amount and timing of transfers is not readily available.⁶⁴

Poverty and inequality. An important finding of the 2000/01 HBS is that enrolment for children in the poorest households may have declined over the 1990s. Only 50 per cent of children aged from age 7 to 13 from the poorest households were in school compared to 66 per cent from better off households. This is supported by PSSS findings: over a quarter (28 per cent) of the respondents knew of people who could not afford to send their children to school, but a

⁶³ In a study in Kinondoni District, the average number of pupils per classroom space in sample schools rose from 126 in 1999/2000 to 171 in 2000/2001, and decreased to 145 and 130 in the two subsequent years; sample schools had a range of 40 to 60 pupils per stream (TCDD 2003).

⁶⁴ TEN/MET 2003.

third of the poorest quintile (32per cent) compared to a quarter of the least poor.⁶⁵ The Afrobarometer survey shows that nearly a third (31per cent) reported that their children went without school for at least some period in the past year. Over half (59per cent) said that they turn to the family for support: to borrow school fees, or for some form of home education, but 41 per cent lack any recourse in a crisis.⁶⁶

4.1.2 Health status and services⁶⁷

National estimates after 2000 are not available, but based on the demographic and health surveys of the 1990s and sentinel surveillance sites, there appears to have been very little progress towards improved health outcomes, or in health service provision.⁶⁸ Health spending as a proportion of the total budget has increased from 7.5 per cent in FY2000 to 8.7 per cent in FY2003, but these figures are still low in relation to projections in the PRS and to the Abudja commitment of 15 per cent⁶⁹.

There exists a huge burden of disease across all age groups⁷⁰. Malaria continues to be the number one cause of mortality and morbidity nation wide; other important diseases are acute respiratory infections, waterborne diseases, skin conditions and upcoming chronic diseases such as hypertension and diabetes. HIV/AIDS rates are still on the increase. Eight out of ten children die at home and six of them without any contact with formal health services.

Following are some of the key obstacles faced by poor people in accessing health care.

Access: Health services are often not accessed by the very poor, and by women in particular. Key obstacles are health care charges, long distances to facilities, inadequate and unaffordable transport systems, poor quality of care, and poor governance and accountability mechanisms. There have been improvements in the availability of drugs, but some continuing deficiencies and particularly the cost of drugs still make them unavailable to many poor people. The shortage of skilled providers, while a serious concern to all actors in the sector including government, continues to persist. Discrimination against clients who are not able to pay and poor referral systems all result in poor quality of care.

Health care charges: Revenue generated by cost sharing has not necessarily impacted positively on quality of health care. User fees are not the only charges; other costs include transport costs, other “unofficial” costs including bribes, payments for drugs and supplies and time spent away from productive activities which is particularly critical for people living in poverty. Health care charges have placed an impossible financial burden on the poorest households; many fail to access primary care when they need it most and many more fail to obtain the necessary referral for more skilled care.

People do not always know what they are supposed to pay, and which payment demands are legitimate or illegitimate. Official charges are not necessarily affordable. “Unofficial” charges are still in place, and exemption and waivers have not been effectively implemented. The quality of care in public facilities has not necessarily improved even with the additional funds generated from user fees.

The Community Health Fund may have improved the quality and range of services. However, the scheme is not necessarily beneficial the very poor. Many have reported they are not able to afford the joining fees and therefore pay for treatment on a case-by-case basis.

⁶⁵ REPOA 2003a.

⁶⁶ Similar findings have been cited by Ewald et al. (2004), TCDD (2003), and Whitehouse (2002).

⁶⁷ This section is based on Women’s Dignity Project (2004, forthcoming).

⁶⁸ P&HDR 2002 (R&AWG 2002).

⁶⁹ Spending on primary and preventive services rose from 35per cent in FY1999 to 54per cent in FY2001, with a significant increase in spending on drugs and supplies (34per cent of FY2001 budget) (NGO Policy Forum 2003).

⁷⁰ URT 2003a.

The cost of healthcare was the third most serious household problem identified by PSSS. Nearly three-quarters of respondents thought healthcare had become less affordable during the last five years. Many respondents know people who have been denied services through inability to pay. Many observers fear that extending cost-sharing to the dispensary level will only serve to further exclude the poor from access to government health services. Revenue generated by cost sharing has not necessarily impacted positively on quality of health care services.

Participation and decision-making: Community participation is very limited in regards to determining health care priorities, deciding where funds should be allocated, and monitoring expenditures. This is a problem across priority sectors, not only in health. It is due in part to a general lack of knowledge about rights and recent reforms. More importantly though, reliable mechanisms are not in place for discussing issues of concern at the village level and then raising these concerns to the district level for action.

Governance and accountability: Health consumers express dissatisfaction with critical governance issues such as abuses of power, financial mismanagement and corruption. While there exist some cases of health users and authorities working together, systems are generally not in place to ensure that services respond to the priority needs of beneficiaries. Adequate management systems have not been instituted to ensure appropriate collection of fees and allocation of these locally-generated resources. Government has recently begun to publish information on priority sector allocations for each district; this is an important development in enabling people to monitor public funds earmarked for critical services. Because this information is not disaggregated below the district level, however, it is not possible to monitor expenditures at the village or facility level.

Exemptions and waivers: Exemptions, and in particular waivers, are not systematically implemented and are not effective as a means of protecting vulnerable social groups and the poorest of the poor. Even if official fees are exempted or waived, the poor and vulnerable still end up having to pay for drugs, transport, small charges (e.g. cards, materials), and bribes. The exemption scheme is poorly implemented partly because accountability mechanisms are not in place, and because health service providers are not following procedures that are often unclear to them to begin with. But an equally important factor is the low uptake and lack of insistence on free services by the poor, primarily because they are not aware of their rights. A lack of clear criteria and policy guidelines for identifying people who are eligible for waivers has resulted in ad hoc decisions, without clear records or follow-up.

How poor people cope: Many poor households have fallen deeper into poverty as they end up using their limited and critical assets to pay for treatment. They use meagre savings (if they have any) and sell their crops, animals, land and their labour. Those who can, borrow money or take a loan, or bond their assets. They are often forced to reduce their food intake and to take their children out of school in order to pay for treatment. These strategies to pay for care drive poor people deeper into poverty and increase their vulnerability significantly.

Health care seeking behaviour and choice of providers: Typically, poor people's incomes are sufficient for subsistence only. They are frequently forced to resort to self-treatment, seek ineffective alternatives, or report much too late for care, often with fatal consequences. Many resort to traditional healers. If people can afford treatment at all, government facilities are normally the only option, especially in rural areas, as they may be close by and possibly less expensive. The overall feeling, however, is that if money can be found it is best to spend it at mission facilities which are generally known for staff commitment and availability of quality drugs and tests, but perhaps most importantly, for their willingness to defer payment and start treatment if necessary.

4.1.3 Water and sanitation

PHDR (2002) notes an overall improvement (+22per cent) in the use of improved sources of drinking water over the 1990s', but a slight deterioration in Dar es Salaam (-3per cent).⁷¹ Still nearly half the mainland population (44per cent) use drinking water from unsafe sources. This is true for more than half the rural population (54per cent).

Two out of five PSSS respondents named breakdowns in water supply as a major problem, a third complained that their supply was not clean or treated, and 28 per cent complained about the time taken to reach the nearest supply point. Only 12 per cent complained about price, but two-fifths in Dar es Salaam.⁷²

TzPPA list water-related impoverishing forces: inadequate access to water can (1) cause a fall in productivity, (2) increase household expenditures; (3) lead to increased social conflict; and (4) poor quality affects ill health.⁷³ PSSS respondents were asked whether the availability, quality and cost of their domestic water supply were improving, staying the same, or getting worse. About a quarter of all household heads said quality was improving, nearly one in five (18 per cent) said it was getting worse. A fifth said water availability was improving, the same proportion that it is deteriorating. Water is getting cheaper for 14 per cent of the sample, but getting more expensive for over a fifth (21 per cent).

A fifth of rural households said water quality is improving and a fifth say it is getting worse. The availability of water has deteriorated for 22 per cent of Dar es Salaam residents and 23 per cent in rural areas. In the last three years the cost of domestic water has increased for 38 per cent of Dar respondents and 13 per cent of rural respondents.⁷⁴

Between 1991 and 1999, the percentage of households taking 30 minutes or less to collect water fell from 88 per cent to 64 per cent in urban households and from 75 per cent to 66 per cent, in rural households; conversely, households taking more than two hours increased from 2 per cent to 19 per cent in the urban households, and from 7 per cent to 12 per cent in the rural households.

4.1.4 Roads

PRS proposed the rehabilitation of 4,500 km of rural roads in twelve, poor regions by 2003, with an emphasis on community-based routine maintenance, but this did not happen.⁷⁵ TANROADS figures show that trunk roads enjoy better routine maintenance than regional and local authority roads, and paved more than unpaved. Periodic maintenance (more substantial repairs) was insignificant.⁷⁶

PSSS asked if respondents had noticed improvements in the quality of the roads they use regularly (Table 4).

Table 4: Perceptions of trends in local road maintenance and repair (%)

	Dar es Salaam	Other towns	Rural areas
No significant change	41	40	43
Improvement	46	43	33
Deterioration	13	17	24
Total	100	100	100
Q6.4. 'Overall, what do you think of the quality of the roads you use regularly? In the last three years, have you noticed: ...'			

⁷¹ PHDR 2002 (R&AWG 2002) :38, using HBS data for trend analysis. Little change is reported in other urban areas.

⁷² REPOA (2003a), Qs 5.5-9.

⁷³ TzPPA 2003 (ESRF 2003):45.

⁷⁴ REPOA 2003a:34 and additional analysis. Problems with water supply are documented in Table 6.4.1, page 33.

⁷⁵ PHDR 2003 (R&AWG 2003):14. Weak coordination between LGAs and TANROADS, and management changes were mentioned as causes. PSSS found insignificant levels of community involvement in road maintenance.

⁷⁶ Ibid., pages 15-16.

A third of respondents witnessed improvements while over two-fifths saw no change. Dar es Salaam respondents were more likely to identify improvements than other urban and (especially) rural respondents. Rural respondents were the most likely to identify deterioration in the state of the local roads infrastructure.

Finally, 42-46 per cent of Dar es Salaam respondents noting improvements in ease of reaching the nearest market, health facility and primary school, compared to 40-44 per cent in 'other towns' and only 24-26 per cent in rural areas.⁷⁷

Despite 'pro-poor' policies in road maintenance and repair, rural areas seem to be slipping further behind the towns in terms of ease of communications and transport.

4.2 Governance and accountability

Box 7: TzPPA on Governance

'In some cases, "governance" ... directly contributes to people's impoverishment and prevents people from managing a range of other shocks and stresses.' ... the most significant governance-related impoverishing forces were: (a) inappropriate taxation and (b.) corruption that impeded access to critical social services/entitlements.'

Source: TzPPA (2003: Chapter 7).

The documents under review emphasise the importance of improving governance and accountability as means of addressing both income and non-income dimensions of poverty. The contract between tax payers and government is that revenues collected will provide public goods in ways that balance efficiency and equity. Collecting and spending tax revenues effectively and efficiently are therefore key components of 'good governance.' Misuse of public resources for personal or group gain - corruption - undermines the government's contract with tax payers.⁷⁸ This section summarises findings on taxation, budget performance and corruption. Sectoral governance issues are discussed in the appropriate sections.

4.2.1 Taxation

At about 12 per cent of GNP, Tanzania's tax-GDP ratio is relatively low by regional standards.⁷⁹ Yet businesses and participants in focus groups regularly complain about the punitive nature of the tax regime. TzPPA, PHDR (2003), the LADDER research program and a number of other sources describe the impact of taxes, fees, and levies on incentives and income in the rural economy.

Although the government has attempted to reign in overenthusiastic local government revenue collection practices, it has not solved the problem of overtaxing commercial agriculture and livestock keeping.^{80 / 81}

PSSS found that cesses, taxes and deductions constituted a 'major problem' for one female headed household in five in the rural sub-sample, and 17 per cent of male household heads.⁸² There is a general agreement that taxes on export crop are excessive and the tax regime inefficient.⁸³

⁷⁷ Ibid., page 37.

⁷⁸ The very poor cannot expect to use taxation as a means of leveraging government. The discourse of accountability to the poor comes from the rights approach and the concept of citizens' entitlements.

⁷⁹ If statistics are to be believed, the ratio fell from nearly 20per cent in 1983 to only 10per cent in 1988, and has been more or less stagnant since then. (REPOA 2002:7). Fjeldstad (2003:166) reports a rise to 12per cent of GDP in 1997 and a fall to 10per cent thereafter. REPOA argues that foreign aid in the form of grants substitutes for tax revenue (ibid., page 21). This is one criticism of aid, as discussed above.

⁸⁰ 'Poverty Policy Week participants noted that, although the government had removed many local government taxes, many "nuisance" taxes remain and that the taxes abolished under the 2003/04 budget still continue to be collected by some local authorities.

⁸¹ Summary of ESRF's Poverty Policy Week Workshop on Vulnerability, page 2.

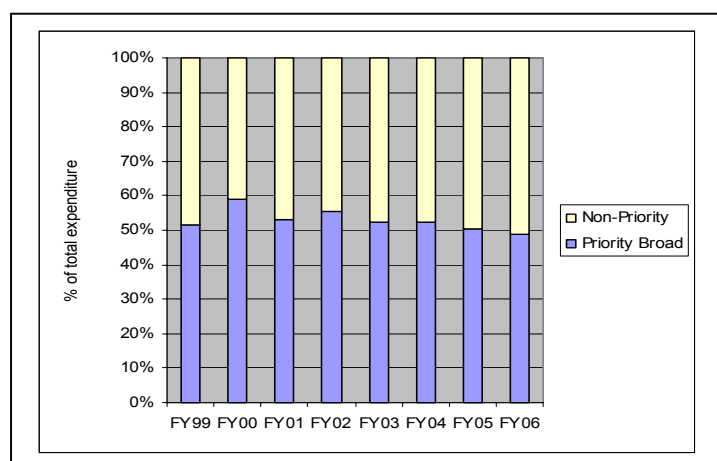
⁸² PSSS ibid., table 6.6.1, page 39.

⁸³ See Cooksey (2003) and Baffes (2004). Despite reforms, taxes on cotton amount to over 20per cent of producer prices, leading to widespread evasion. Recent tax impositions of nearly 20per cent of farm-gate prices on cashew production in the south east of the country contradicted an agreement that local

4.2.2 Budgets and expenditure

The Tanzanian government and donor agencies have put a lot of effort into improving the efficiency of budgetary planning and finance in order to refocus spending towards the ‘pro-poor’ sectors, discussed above. Yet there is worrying evidence that, although ‘pro-poor’ spending has increased significantly under the PRS, ‘non-pro-poor’ spending has increased just as much (Chart 8).

Chart 8: Share of priority and non-priority expenditures in total discretionary expenditures, FY99- FY06



This was the conclusion of the External Review of the 2003 Public Expenditure Review. The projection of this trend to FY06 threatens to undermine the Medium Term Expenditure Framework (MTEF) which guides both PER and PRS. Moreover, money budgeted often does not reach the intended beneficiaries, which is one reason why PSSS found little evidence that services were improving under PRS.

An expenditure tracking study undertaken by REPOA and ESRF found that *more than half* of the non-salary expenditure in the health sector did not reach the intended facilities.⁸⁴ The annual report of the Controller and Auditor General (CAG) documents unauthorised and improper expenditure on a huge scale.⁸⁵ Rarely do these reports lead to the return of monies misused or disciplining the officials responsible. Translating social sector spending into more and better social services for the majority poor presupposes more transparency in budgeting and finance and much more downward accountability at the local level.

4.2.3 Corruption

Corruption in public administration is reported to undermine confidence in government and take basic services away from the poor, who need them most. While Tanzania’s ranking in Transparency International’s Corruption Perception Index has improved in recent years, the majority popular perception is that corruption remains a major problem. Half the PSSS sample (51per cent) agreed with the statement ‘there is not much proof that the government is serious about fighting corruption’, whereas four out of ten respondents thought the government was ‘really doing its best to fight corruption.’ For Dar es Salaam respondents, the figures were 56 per cent and 39 per cent respectively. Whereas half (52per cent) of all respondents thought the level of corruption was increasing, less than a third (30per cent) thought that it was declining. Over half (59per cent) of the respondents in the highest income quintile gave the first answer, and 43 per cent of the poorest.

governments would only tax up to 5per cent of farm-gate prices. This excludes virtual taxes imposed by the Cashew Board of Tanzania.

⁸⁴ This and other tracking exercises have not led to a great deal of public mobilisation on the ‘demand’ side of services, as happened for example in Uganda, where major improvements in efficiency have occurred as a result of publishing evidence of abuse in local government service delivery. For a review of tracking activities including examples of best-practice, see Sundet (2004).

⁸⁵ CAG Report for FY2001/02 reports ‘unvouched and improperly vouched expenditure’ of Shs 49 billion, more than USD 50 million, of which Shs 20 billion was ‘wholly unvouched.’ (page 9).

PSSS found that one sample household in five in Dar es Salaam had been asked to pay a bribe by a police officer in the previous year. The wealthiest group was also the most vulnerable to police bribery. Nationwide, seven per cent of households had been asked to pay a bribe by a health worker or legal officer in the previous year.

TzPPA highlights corruption as a major violation of ‘good governance’ and a factor that makes people even more vulnerable to poverty (**Box 78**).

Box 8: TzPPA on corruption

‘the publicly advocated theoretical ideals of ‘good governance’ ... are violated in practice. Non-democratic systems of governance, lack of participation by local communities in making decisions that affect their lives, and the scourge of corruption continue to challenge governance processes at local level.’⁸⁶

‘With regard to corruption, it was noted that the priority issues in the current PRS have little direct relevance for people’s lives. The forms of corruption that impoverish them most are (a.) extortion to access critical social services/entitlements and (b.) the abuse of power by police. The corruption most frequently mentioned by participants in the TzPPA was that in the health sector.’

‘One of the biggest impediments people experience to improving their lives is a continuing lack of Government transparency and accountability – in other words, the ‘powerlessness’ of ordinary people. Public participation in governance is largely limited to workshops and consultative meetings in rubberstamp preordained decisions.’⁸⁷

Sources: TzPPA, ESRF’s Poverty Policy Week Workshop on Vulnerability

Finally, the 2002 Human Rights Report prepared by the Legal and Human Rights Centre (2003) maintains that ‘corruption among public officials has increased and is adversely affecting the economy. ‘Instead of improving social service standards the government has entered into some very costly projects of benefit to only a small fraction of Tanzanians.’

5.0 Income poverty and inequality: causes, incidence and trends

5.1 Poverty and inequality

The results from HBS reveal an aggregate of 14 per cent fall in the incidence of food poverty between 1990 and 2000 and an 8 per cent decline in basic needs poverty. For Dar es Salaam, the figures indicate 43 per cent and 36 per cent improvements in food and basic needs poverty respectively. By historical standards, GDP growth has been impressive only during the last few years, but PSSS suggests a rising overall poverty trend in this period, with relatively minor spatial differences.

‘Poverty levels are still high and do not show signs of significant decline particularly in rural areas. Thus the prime focus of poverty reduction initiatives should be rural, directing efforts towards pro-poor growth.... Also of concern is growing inequality.’⁸⁸

5.1.1 Income poverty

PHDR (2002)⁸⁹ reports a sound macroeconomic performance in recent years that is not reflected in significant reductions in the incidence of food or basic needs poverty. Since 1995, GDP growth has outstripped population growth, though only modestly.⁹⁰ **Table 5** summarises trends in the incidence of poverty during the 1990s.

One in five Tanzanians suffers from food poverty, and more than a third are below the ‘basic needs’ poverty line. Two out of five rural Tanzanians fail to satisfy their basic needs. The main conclusions drawn from HBS data are a significant decline in income poverty between 1991 and 2000 in Dar es Salaam (-43per cent) but little change in other urban and in rural areas.

⁸⁶ TzPPA (2003:74).

⁸⁷ Summary of ESRF’s Poverty Policy Week Workshop on Vulnerability, *ibid.* Health sector corruption is documented in the section on healthcare.

⁸⁸ Servacius Likwelile, ‘Poverty and Human Development Report 2002’, *Breakfast Debate*, April 4, 2003.

⁸⁹ PHDR 2000: 66- 67.

⁹⁰ Per capita GDP grew by +1.5per cent p.a. from 1995-01. Wuyts (2003:2)

Table 5: Trends in poverty and inequality 1991-2000 (per cent change)

	Dar es Salaam	Other urban areas	Rural areas	Tanzania mainland
Food poverty	↓	↓ 3	↓ -13	↓ -14
Basic needs poverty	↓ -36	↓ -10	↓ 5	↓ -8
Inequality	↑ +17	↑ +3	no change	↑ +3

Sources: Household budget surveys 1991/92-2000/01, P&HDR 2002, page 68

PSSS investigated perceptions of trends in household income and welfare during the last 1-3 years. Some of the key results are summarised in **Table 6**.

Table 6: Households welfare trends (%)

	Poorest quintile	Least poor quintile	Dar es Salaam	Tanzania mainland
Difficulty feeding household last year	29	5	15	15
Satisfied with household income	15	48	36	29
Household head satisfied with job	25	50	37	33
Household worse off than last year	62	38	49	52

Source: PSSS, Table 4.3.1, and additional analysis

More than half the respondents declared they and their households were worse off now than one year ago and similarly for three years ago, that is, during the period of accelerating GDP growth. These figures are hardly commensurate with a *reduction* (albeit a small one) in the incidence of income poverty, as revealed by the HBS trend analysis. The figures for Dar es Salaam are incompatible with the HBS findings of quite a large fall in poverty levels in the town. Most respondents were convinced that the rate of inflation was rising rather than falling.

5.1.2 Income inequality

PHDR (2000:67-8) concludes that in the nineteen-nineties:

- Dar es Salaam experienced a significant increase in income inequality
- There was little or no change in income inequality in other urban and rural areas
- In both 1990 and 2000 the poorest 20 per cent of the population had only 16 per cent of the purchasing power of the richest quintile.

Yet 70 per cent of PSSS respondents said the gap between rich and poor was widening, with little variation in opinions across urban and rural research sites.⁹¹ **Box 9** presents the public view on the distribution of benefits of government economic reforms.

Box 9: Who benefits from economic reforms?	Per cent
➤ A minority of Tanzanians have benefited, for most people life is harder than before	48
➤ A minority of Tanzanians have benefited, for most people life is the same as before	42
➤ All Tanzanians have benefited more or less equally	10

Source: PSSS. Question: 'Opinions differ on who benefits from government economic reforms. Which statement corresponds closest to your own view?'

⁹¹ 63 per cent of respondents in the Global Attitudes survey (REPOA 2002:10) thought the gap between rich and poor had grown worse over the last five years.

In both male and female-headed households and urban and rural sites, the majority view is that only a few benefit from economic reforms, most people have remained poor, and many were getting poorer than before. Moreover, this opinion was shared by ‘rich’ and ‘poor’ alike.

Table 6 shows that the poor are six times more likely than the rich to find difficulty feeding their households, and were less than one third as satisfied with household income. Other welfare indicators showed similar large disparities between rich and poor. Yet two out of five of the *richest* quintile said their household income had deteriorated over the past three years. It appears that many of the least poor PSSS respondents do not include themselves among the beneficiaries of macro-economic progress.

Overall, there is a significant difference between the picture of trends in inequality presented by the quantitative and the qualitative records.

5.2 Macro-micro linkages

‘Pro-poor’ economic growth spreads the gains of macro-economic stabilisation, increased saving, investment, and GDP growth across the economically active population. PHDR (2002:68) concludes that ‘the benefits of economic growth have not been equally shared...’ The documents under review examine a number of possible explanations for the apparent failure of stabilisation and growth to benefit the poor.

Box 10: Lack of positive macro-micro linkages

‘Changes in the levels of poverty do not reflect the good macroeconomic performance of the 1990s. This has raised questions about the macro-micro linkages for poverty reduction in Tanzania.’

Source: PHDR 2002:vii

First, the benefits of growth are spread very unevenly, with a small group of the population taking most of the cake. Second, growth is not evenly distributed across extractive, manufacturing and service sectors, but is concentrated in the first (mining) and the last (tourism) with little investment in manufacturing, including agro-processing. Some argue that investment in the large-scale mining sector has compromised the livelihoods of small- and medium-scale miners of the ‘informal’ type, and that over-generous tax breaks to the mining companies have reduced tax flows to the treasury. (This last argument is rarely quantified). Structural adjustment has led to a fall in employment in both the manufacturing and public sectors. This would lead to a certain amount of unemployment and poverty. Third, the ‘linkage’ for pro-poor growth in primary production is the income effect of producing for markets, but global market for Tanzanian products are depressed. Prices are volatile and generally low. An additional explanation is that state failures in regulation and taxation undermine this income effect. In the following sections we examine overall employment trends, trade and aid, and some key economic sectors.

5.3 Employment and unemployment

Table 7: Unemployment rates by age group and location, 2000/01 (%)

Age group	Dar es Salaam	All Urban	Rural Areas	Tanzania Mainland
13-34	36	22	3	6
35-64	8	5	1	2
65+	9	3	2	3
All ages	26	15	3	5
1991 ILFS	22	11	2	4

Source: Integrated Labour Force Survey 2000/01: 74. Total (all ages) includes 10-17 year olds.

Table 7 reports recent unemployment rates from the Integrated Labour Force Survey (ILFS) using a standard international definition. Reworking ILFS figures, we arrive at a ‘usually active’ Mainland population aged 15 and above of 15.7 million, of which 950,000 are unemployed, giving an unemployment rate of just over 6 per cent. Among 18-34 year olds, 18 per cent of females and 14 per cent of males are unemployed, and for 35-64 year olds the figures are 8 per

cent and 11 per cent respectively.⁹² During the nineteen-nineties unemployment rates rose from 22 per cent to 26 per cent in Dar es Salaam (+18per cent), from 6 per cent to 10 per cent in other urban areas (+67per cent) and remained constant in rural areas (2per cent).⁹³ Sectoral employment trends are discussed below.

ILFS results indicate that farming, livestocking and fishing have declined in relative importance as sources of livelihoods, from 73 per cent of the population in 1991 to just 63 per cent in 2000.⁹⁴ Employment in government and parastatals accounted for 2.5 per cent of all employment in 2000 compared to 5.2 per cent in 1990. Sectors that increased in relative importance over the decade of the nineties include unpaid family help in business (1.8per cent to 8.5per cent), housewife/domestic worker (3.6per cent to 6.2per cent), self-employment without workers (0.3per cent to 6.1per cent), and private sector employment (2.0per cent to 4.1per cent).

Box 11: Unemployment in PSSS, TzPPA

‘Lack of work’ was considered a major household problem by half the respondents to the PSSS questionnaire. This response was given by 59per cent of the Dar es Salaam sub-sample, 52per cent of those living in other urban areas, and by 49 per cent of rural respondents. This pattern suggests that rural unemployment is a far more serious concern than is revealed by the ILFS.

‘The problem of unemployment was also mentioned as a grave concern to TzPPA participants.’ ‘[Urban and rural] youth have been particularly hit by dwindling employment opportunities.’

Sources: PSSS 2003:7, TzPPA 2003:69.

The 2002 population census results should shed more light on these crucial issues. We may conclude that population growth has outstripped the aggregate rate of job creation over the last decade, with unemployment among young adults more than twice the rate of the working population as a whole.

5.4 Globalisation, trade and aid

According to official statistics, Tanzania’s trade deficit averaged US\$720m a year between 1992 and 2001, varying from a high of US\$920m in 1992 to a low of US\$784m in 2001.⁹⁵

PHDR (2003) argues that the terms of trade for export crops improved between 1990-93 and 1994-99 by over 20 per cent.⁹⁶ According to TzPPA, ‘global terms of trade punish Tanzanian producers by consistently degrading the value of their outputs and raising the cost of inputs.’⁹⁷ Moreover, ‘As a result of globalisation, macroeconomic decisions made by other countries (such as their choice to subsidise local agricultural production) are increasingly being felt by ordinary Tanzanians as shocks and stresses.’⁹⁸ ‘TzPPA participants observed two major ... processes: unpredictable or fluctuating prices and low producer prices compared to what people have been getting or expect.’⁹⁹ President Mkapa’s views on globalisation are summarised in **Box 12**.

Box 12: Challenges of Globalisation

‘We cannot ... blame globalisation for all our difficulties and our poverty. The solution to the impact of globalisation begins at home. As a nation we have many things we have to do before we can benefit from globalisation. ... education is one of them. The young people we are preparing to lead the development of our nation need to build the capacity to compete in production and employment. We are struggling to create a conducive environment to make globalisation beneficial to all countries. But we also have to appreciate that the fate of our country lies in our hands. **The world outside can survive**

⁹² ILFS (2002:22).

⁹³ PHDR 2002:15 citing ILFS.

⁹⁴ HBS 1991 and 2000 cited in PHDR 2002:14. The data in this section should be treated with care. For example, ILFS found that ‘traditional agriculture’ accounted for 84per cent of all employment in 1991/92 and 81per cent in 200/01, which is incompatible with the large relative decline in rural employment cited above.

⁹⁵ Economic Survey 2002, page 64.

⁹⁶ Based on a 1992 weighted index of 100 for coffee, tobacco, cotton and cashew. Original source: URT/WB 2000.

⁹⁷ Summary of ESRF’s Poverty Policy Week Workshop on Vulnerability, page 2.

⁹⁸ TzPPA (2003:20).

⁹⁹ Ibid., page 64.

without us. I, however, do not believe we can survive without that world.'
 '... we found out that the vast majority of people desire to be a part of, and to have a stake in the benefits offered by, the globalisation process.'
 'We put the case for a better balance between economic development, social development and environmental protection. We seek a better balance between globalisation for profit, and globalisation for people. The plea the Commission is making is that the poor must be brought from the margins into the mainstream. The process must be inclusive. The weakest economies and communities need special and differentiated help.'

Sources: State of the Nation Address by President Mkapa to the Parliament of the United Republic of Tanzania, Dodoma, 12 February 2004. Emphasis in the original.
 Remarks by President Benjamin William Mkapa at the launch of the report of the World Commission on the Social Dimension of Globalisation, London, 24 February 2004.

The Global Attitudes survey (2002:8) found a growing awareness of globalisation: two thirds of respondents agreed that 'trade and business ties between Tanzania and other countries [have] increased today compared to five years ago.' A large majority (82 per cent of respondents) considered these growing trade and business ties 'as a good thing.'¹⁰⁰ This source supports President Mkapa, but not the results of the TzPPA.¹⁰¹

Trade-poverty linkages have been relatively ignored until recently, yet they are arguably among the most important keys to poverty reduction in Tanzania.¹⁰² **Table 8** presents trends in Tanzania's exports of goods between 1996 and 2002.

Table 8: Earnings from the export of goods 1998–2002 (USD million)

	1996	1997	1998	1999	2000	2001	2002
Export crops	436.3	435.3	356.3	301.2	292.8	231.1	206.1
Minerals	55.9	51.1	26.4	73.3	177.4	302.2	383.8
Manufactures	122.8	111.3	35.7	30.1	43.1	56.2	65.9
Other	147.7	170.1	170.2	138.8	149.9	186.9	246.8
Total	763.8	752.6	588.6	543.4	663.2	776.4	902.6

Source: Diagnostic Trade Integration Study 2003:13 citing Economic Survey 2002¹⁰³

Tanzania's long-term dependence on agricultural exports as the main source of foreign exchange earnings came to an abrupt end at the turn of the century. Between 1998 and 2002, agricultural products fell from 60 per cent of export value to just 23 per cent, while minerals (mostly gold) rose from 4 per cent to 53 per cent.¹⁰⁴ The implications of this dramatic turn-around in the composition of exports merit further analysis.

Year-on-year price volatility is a source of shocks to farmers and traders in agricultural commodities and inputs, while declining terms of trade reduce incentives to the same actors over the longer term.¹⁰⁵ Agricultural terms of trade dropped by half between 1987 and 2001, while overall terms of trade fell by nearly 30 per cent. Between 1987 and 2001, exports of Tanzania's

¹⁰⁰ REPOA, October 2002:8. This source also points out that the *concept* of globalisation is not widely known among the Tanzanian public, which might appear contradictory.

¹⁰¹ Particularly **Chapter 6** on Macroeconomic Conditions and Vulnerability.

¹⁰² The Ministry of Industry and Trade argues that this is the most important linkage from the poverty reduction point of view. To establish a coherent development strategy, all economic sectors must be viewed together, and their interrelations articulated.

¹⁰³ See Tourism below for a critical comment on Tanzania's trade figures.

¹⁰⁴ Mineral exports were worth just 13 per cent of traditional exports in 1996, and 186 per cent in 2002.

¹⁰⁵ Price volatility could be dampened through ad valorem taxes, but most taxes are by weight. Crop boards promote the expansion of production irrespective of long-term price trends.

main cash crops grew by 3.6 per cent per annum on average, while the purchasing power of these exports fell by 1 per cent per annum.¹⁰⁶

Box 13: Trade Policy

‘[t]he report¹⁰⁷ shows how the poverty profile and production structure of Tanzania create large opportunities for poverty to be reduced through trade-related economic growth. However, this would require rapid agricultural growth oriented towards exports, where the direct impacts and income multipliers would be particularly strong. That has not occurred: Tanzania’s agricultural exports have performed very much worse in aggregate than those of Ethiopia, Kenya and Uganda – countries that have a crop mix and natural environment comparable to Tanzania’s. This helps to explain why rural poverty rates did not decline significantly during the 1990s, and sets a big challenge to policy makers who hope to do better for the country’s poor in the present decade. ‘...the opportunities created by existing reciprocal and preferential trade agreements are running well ahead of the country’s ability to take advantage of them.’

Source: Ministry of Industry and Trade (2004b:45, 2004a:5-6).

Foreign aid plays an increasingly central role in total spending as aid agencies move away from stand-alone projects towards budget support, yet the implications of PRS in terms of deepening aid dependency have not been addressed. Although aid, which currently averages about USD 1 billion per annum, yields positive results in terms of building infrastructure, boosting government spending, increasing investor confidence and covering the trade gap, too much dependency on aid has a number of potentially serious negative consequences. Comparative research suggests that: (1) aid crowds out investment; (2) substitutes for local taxes; (3) provides perverse incentives to governments not to reform; (4) undermines local accountability; (5) carries heavy transaction costs; (6) distorts public sector incentives; (7) encourages corruption; and (8) creates foreign debt.¹⁰⁸ Policies to reduce aid dependency are not yet in place, and are not part of the mainstream public policy debate (See **section 6.0**).

5.5 Environment and natural resources¹⁰⁹

A large proportion of Tanzanians depend on land and other natural resources for all or part of their livelihoods. Moreover, ‘more than 75 per cent of the resources used by the rural poor in Tanzania come from “freely” available natural resources.’ Most analyses focus on how the rural poor degrade forest, land and water resources through destructive farming practices, overgrazing and over-harvesting forests for fuel wood, charcoal-making, tobacco curing and house construction.

Non-sustainable use of forest resources reflects inadequate regulation and controls, but, more importantly, in many instances ‘the rural poor see no reason to conserve or sustainably manage this seemingly endless resource.’¹¹⁰ Participatory forest management (PFM), which is official policy and the objective of considerable donor project support, has potential to ‘improve the management of forest resources and increase the benefits to local communities.’ ‘... over 500 villages directly own and manage forest reserves in five regions. ... about 350,000 ha is under some form of community management. ... the empowerment of village communities to manage their forest resources has not led to destruction, but to better management.’¹¹¹

There is much less discussion in the existing literature ‘on how much environmental degradation is the result of the actions, and inactions, of influential individuals, and public and private institutions.’¹¹²

¹⁰⁶ Wuyts (2003:8,10). This makes the slope out of poverty steeper. It does not follow that there is a more attractive alternative slope, of course.

¹⁰⁷ Ministry of Industry and Trade (2004a).

¹⁰⁸ See Cooksey 2004 for a summary.

¹⁰⁹ NRM issues are also addressed under agriculture, livestock and fishing.

¹¹⁰ Korongo and REPOA (2003:24).

¹¹¹ *Ibid.*, (2003:25).

¹¹² *Ibid.*, (2003:7-8,10) argue that ‘those entrusted in enforcing rules and regulations also have a substantial burden of blame to answer.’ ‘In many areas there are neither traditional nor modern controls over the

TzPPA's discussion of 'the environment and vulnerability' covers climate, natural resource degradation, pollution, wild animals, insect plagues and crop/livestock diseases. Climate means weather-related shocks: droughts and floods. PSSS found that 70 per cent of rural households considered unreliable rainfall a major problem facing their households.¹¹³ Lack of water for irrigation purposes was a major problem for 72 per cent of the rural sub-sample, making this the second most important problem after the price of farm inputs. Pests, crop and animal diseases and wild animals were considered a 'major problem' by 63 per cent of the sub-sample.

Box 14: Land shortages ... and surpluses

'There is ... growing pressure on land as population increases and land becomes scarce.'

'There are areas where forest destruction, soil erosion and coastal zone degradation are accelerating at an alarming rate. Elsewhere there are vast areas of undisturbed wilderness in near-pristine condition.'

Sources: TzPPA, Korongo and REPOA 2003

Compared to some of its neighbours, Tanzania's viable cultivation frontier is far from being reached, so that 'land shortages' as mentioned in **Box 14** are only a phenomenon of areas with well-established populations, cultivation traditions and investments in infrastructure and immobile property. The state is still in the process of divesting ownership of large areas of farms and ranches that are largely undeveloped. Granting 'radical title' to own land and to use land as loan security are hugely controversial policies.

TzPPA mentions 'diminishing access to land for farming in some areas, and to [traditional] rangelands for livestock grazing' as 'limiting factors' related to 'impoverishing forces' (high cost of land). The 'immediate cause' is the increase in the market value of land.¹¹⁴ Given that landlessness is one of the strongest predictors of rural poverty,¹¹⁵ the growth of land markets would seem to be heralding a new rural class structure of landed and landless. Historically, this is a normal form of development, and justified *if* alternative employment opportunities existed in the local or wider economy to absorb the newly landless class.

PSSS found that similar proportions of poor and non-poor rural respondents (32 per cent and 34 per cent of the bottom and top quintiles) considered land shortages a 'major problem', whereas 23 per cent of the poorest and 34 per cent of the best off thought the same of 'land fragmentation'. These are hardly dramatic findings, indicating that the process of rural class differentiation based on unequal land, livestock and other asset ownership is not yet particularly advanced.

TzPPA make the point that unpredictable and unreliable rains are a major source of shocks in areas dependent on rain-fed agriculture.¹¹⁶ Even in 'normal' years, there are months when food is in short supply as a result of the seasonal nature of agriculture.¹¹⁷ These months are also associated with above-average malnutrition, morbidity and mortality due to disease (malaria, cholera and/or typhoid).

A number of press reports quote opposition party leaders claiming that there have been unacknowledged cases of starvation in certain localities because local officials denied the severity of the situation, claims denied by the local and national authorities. Famine relief is, of course, a major 'safety net' activity for government.

exploitation of the environment and a quasi-anarchical pattern of resource use which benefits an elite few and bypasses most of the poor.'

¹¹³ PSSS (2003:39). There was little difference between the richest and poorest quintiles.

¹¹⁴ TzPPA, page 60.

¹¹⁵ The LADDER research programme demonstrate empirically the strong correlation between land and livestock ownership and wealth.

¹¹⁶ TzPPA 2003:35, on maize and rice. A related issue: the government's fertiliser policy (universal availability) takes no account of the unreliability of rainfall and thus the risks for farmers investing in chemical inputs. Past inorganic fertiliser use has relied heavily on farmers not repaying their input loans to cooperative unions.

¹¹⁷ TzPPA 2003:36.

TzPPA argues that intra-household diversification is a means of reducing the risk attached to over-reliance on food production for self-consumption or sale.

5.6 Sectoral analysis

Here we summarise relevant trends in agriculture, food security, livestock, fisheries, manufacturing, mining and tourism. Overall, it is difficult to reconcile the evidence on sectoral growth, exports and contributions to GDP. According to available statistics, whereas agricultural production is said to be growing at around 5 per cent a year, agriculture's contribution to GDP is more or less stagnant at around 50 per cent, but employment in agriculture is declining significantly in relative importance, and export volumes are falling over time. This implies a significant increase in labour productivity (yields per labour input) and diversification in rural employment, the sources of which are unclear, as described below.¹¹⁸ Mining trends are clearer, with rapid growth in production, sector contribution to GNP, exports, and foreign exchange earnings. However, relatively few jobs have been created in the modern mining sector, and many artisanal miners have lost their claims and their livelihoods. Tourism is said to have expanded rapidly in the nineties, as has its contribution to GDP, but the enormous increase in earnings is not reflected in the balance of trade.

5.6.1 Agriculture

Agricultural production is said to be growing at 5 per cent a year, meaning approximately 2 per cent per capita in real terms.¹¹⁹ There are two contrasting views on the poor performance of most¹²⁰ export crops during the nineties. The 'anti-liberalisation' view states that market liberalisation has undermined smallholders' livelihoods *inter alia* by abolishing input subsidies and guaranteed markets for produce. The 'pro-liberalisation' view argues that export crop liberalisation has not been fully implemented, and stresses the disincentive effects of current state market regulation practices on small-holders. For those advocating this view, the agricultural crisis originated in the pre-liberalisation period of inefficient state marketing monopolies. There is common ground between these two views that taxes, levies and cesses are too high and inconsistent, and constitute major disincentives to producers, traders and potential investors. **Table 9** gives some examples of the two contrasting positions.

Table 9: Some statements on liberalisation from PHDR and TzPPA

Pro-liberalisation	Anti-liberalisation
'Despite some initial and short run negative effects of the reforms on agricultural development, the policy environment for private investment is now more favourable, and is expected to generate sustainable agricultural growth in the long term.' PHDR, 2002:70	'Economic reforms ... have not significantly improved the wellbeing of ordinary (especially rural) people. Global terms of trade punish Tanzanian producers by consistently degrading the value of their outputs and raising the cost of inputs.' ¹²¹
'Despite the policy orientation towards a fully liberalized marketing system, there are still significant actions which constitute anti-market intervention. Two main areas in which currently applied policies should be reviewed are; (a) the operation of crop boards; (b) the practice of intervening in food exports. PHDR 2003:124	'As a result of globalisation, macroeconomic decisions made by other countries (such as their choice to subsidise local agricultural production) are increasingly being felt by ordinary Tanzanians as shocks and stresses.' TzPPA:20

¹¹⁸ Investment in agriculture, including FDI, is also low.

¹¹⁹ The population growth figure is just under 3per cent, but the agricultural growth figure is a subjective assessment by district-level agricultural officials. Policy-makers are waiting for results from the on-going agricultural census/survey to get a better idea of production trends and the performance of the government in providing services. The results from PSSS below suggest declining services and productivity.

¹²⁰ Of the main traditional crops, only cashew exports rose rapidly and consistently during the 1990s.

¹²¹ Summary of ESRF's Poverty Policy Week Workshop on Vulnerability.

‘... it is important to underline that, in reality, the situation during the period prior to the reform cannot be described as smooth riding for the people. In fact, the reforms had been preceded by a deep economic crisis.’ TzPPA:60	‘National macro-economic decisions (such as the privatisation of parastatal industries, the elimination of subsidies for agricultural inputs, the introduction of cost-sharing into the health care system and a reduction of agricultural/livestock extension officers) impact on employment levels, the profitability of rural livelihoods, the cost of accessing crucial services, etc.’ TzPPA:20
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Sources: PHDR and TzPPA 2003

PSSS investigated perceived trends in the quality of services provided by the government and the private sector. **Table 10** gives the responses by the top, middle and bottom poverty quintiles. With the exception of taxes, cesses and other deductions, a large majority of farmers see service quality deteriorating.

Table 10: Trends in agricultural and livestock services (‘getting worse’ by quintile)

	Poorest quintile	Middle quintile	Best off quintile	All farming households		
				Better	Worse	per cent worse*
Cost of inputs	62	58	62	3	61	92
Cost of credit	55	48	54	2	51	96
Availability of credit	52	46	51	3	50	94
Prices for crops/livestock	51	45	51	16	48	75
Performance of crop boards	49	41	44	3	45	94
Performance of co-ops	52	40	46	6	45	88
Availability of inputs	41	47	45	11	44	80
Extension services	47	40	38	10	41	80
Private buyers’ performance	44	38	46	16	41	72
Market information	46	34	39	8	39	83
Taxes/cesses/deductions	28	21	24	43	24	36

Source: Adapted from PSSS Table 6.6.2¹ *‘Per cent worse’: negative as a proportion of total assessments.

Despite their poor past record, some surviving cooperative unions continue to borrow from commercial banks under an Export Credit Guarantee Scheme.¹²² Cooperative policy in the epoch of liberalisation is described in **Box 15**.

Box 15: Cooperatives

The Government has decided to assist and empower cooperatives with infusion of capital through **Export Credit Guarantee Schemes**, which enable them to borrow money to finance crop purchases and export. Under this arrangement, in 2002/03, **CRDB** loaned cooperatives **Shs. 10.1 billion**. In 2003/04, the cooperatives were loaned **Shs. 16.3 billion** by **CRDB** and **Kilimanjaro Cooperative Bank**.¹²³

Source: State of the Nation Address by President Mkapa to the Parliament of the United Republic of Tanzania, Dodoma, 12 February 2004. Emphasis added.

Both TzPPA and PSSS focus groups found farmers lamenting the passing of the cooperative-marketing board monopoly of agricultural marketing, but PSSS did not find a majority of farmers supporting such a monopoly. While a quarter choose the cooperative marketing option, two-thirds preferred a mixed system or a private monopoly. Significantly, 70

¹²² If the loans remain unpaid, the Bank of Tanzania makes good the loss to the lending banks.

¹²³ A number of primary cooperative societies have acquired substantial agricultural input credits and have improved their sale price tremendously by selling direct to the auction rather than through the union or private middlemen.

per cent of the poorest quintile preferred the non-cooperative options, compared to 61 per cent of the best-off quintile.¹²⁴

5.6.2 Food security

15 per cent of farming households suffered from food insecurity during the year prior to the PSSS survey, as did similar proportion of Dar es Salaam and other urban households.¹²⁵ The shocks caused by last year's drought on domestic water supply, crops and livestock constitute two of the five major problems faced by households during that period.¹²⁶ In many districts hit by the drought,¹²⁷ the authorities have continued with the policy of ordering inter-district trade in maize to cease, thus rendering the market ineffective as a means of balancing food surpluses and deficits.¹²⁸ Commercial imports and food aid have made up the food deficit. Another government response has been to invest in the 'rehabilitation' of a large number of small-scale irrigation schemes. The poor past record of such schemes is, of course, the reason why they now need rehabilitating.¹²⁹ Local governments continue passing by-laws obliging farmers to grow certain drought-resistant crops, even though farmers are already risk-averse, or 'shock-conscious'.¹³⁰

5.6.3 Livestock

Tanzania has the third largest livestock population in Africa (nearly 18 million cattle), but the level of commercialisation of meat and dairy products is extremely low. Pastoralism is not the constraint, as 'most livestock are now in the hands of agro-pastoralists and mixed farmers who would respond to market improvements and opportunities. This situation can have a positive environmental impact as well as increase income for poor mixed farmers and livestock keepers.'¹³¹ As with agriculture, excessive and regressive taxation and lack of effective regulation and support services reduce the incentives to invest in commercial livestock and dairy farming.¹³² These factors, rather than dumping of European Union milk and meat surpluses under 'free trade' conditionalities, are arguably the main constraints on the development of the sector.

Livestock-keepers are extremely vulnerable to drought, when they are forced to sell cattle at a fraction of the usual price and buy grain at higher than normal prices.¹³³

5.6.4 Fisheries

Both freshwater and sea fishing are important sources of employment and export revenues. According to the Fisheries Division, fish exports were worth over US\$94 million in 2002, of which Nile Perch accounted for US\$76 million (80per cent).¹³⁴ Many illegal trawlers fish in Tanzania's territorial waters. By 2001 there were an estimated 15,500 fishing vessels on Lake

¹²⁴ Conclusion: FG/qualitative results are unreliable because they reflect the views of the best-off farmers, not the poorest.

¹²⁵ October 2002 to September 2003, a period of drought. Food insecurity is defined as 'always or often' having difficulty feeding the household.

¹²⁶ PSSS 2003:7. Household impact ranked 4th and impact on agriculture 5th out of 15 problem areas.

¹²⁷ Dodoma, Shinyanga and Tabora were among the worst hit regions.

¹²⁸ The middleman is seen as exploiting shortages rather than helping to solve the problem. The Ministry of Agriculture and Food Security controls the food aid and the allocating of import licences.

¹²⁹ TzPPA saw 'rare' evidence of irrigation systems or dams.

¹³⁰ On the other hand, farmers are also under pressure to continue growing export crops even when they consider this a waste of time and money (coffee, cotton), and might well benefit more from growing food crops.

¹³¹ Korongo and REPOA (2003:24). LADDER and other livelihoods research shows a close relationship between wealth rank and livestock ownership.

¹³² TzPPA, Korongo and REPOA, LADDER. According to Korongo and REPOA (2003:24): 'An effective partnership between the Government's policy makers, private sector service providers, processors and traders, and livestock owners could have a dramatic and sustainable impact.'

¹³³ TzPPA, pages 3940.

¹³⁴ Fisheries Department statistics cited by the Economic Survey 2002, page 161. Just under \$5million were collected in taxes.

Victoria, employing 56,000 fishermen.¹³⁵ The deplorable social relations of production in the large-scale fresh-water fishing industry are described by Gibbon.¹³⁶

5.6.5 Manufacturing

According to the Economic Survey (2002:183), the formal industrial sector accounted for 8.4 per cent of GDP in 2002 compared to 8.6 per cent in 1992, and 9.1 per cent in 1986. Estimated employment in the industrial sector stood at 137,000 in 1998 and 180,000 in 2002. The period under consideration is one in which much industrial capacity was privatised, but no breakdowns are available for industrial production by ownership (state versus private). Manufactured goods fell from 16 per cent to only 7 per cent of all goods exported between 1996 and 2002 (**Table 8** above).

Small and medium-enterprises have developed as part of the process of ‘informalisation’ following the adoption of SAPs in the mid-1980s. Yet, according to the Economic Survey (2002:88) only 6 per cent of the employed population works in the informal sector, which perhaps reflects a very restrictive definition of what constitutes the ‘informal’ sector.¹³⁷

5.6.6 Mining¹³⁸

Minerals accounted for 53 per cent of goods exported in 2002. One reason adduced for the failure of relatively rapid GDP growth to translate into poverty reduction is the concentration of investments in mining and tourism, where the investments are localised and income effects small or modest. Modern mining generates natural resource rents but is not ‘pro-poor’ in the direct sense of creating significant employment opportunities. Indeed, highly labour-intensive artisanal mining – that is said to employ up to a million people¹³⁹, and produced an estimated 17 tonnes of gold in 2001 - is seriously threatened by the FDI that has poured into the sector in recent years.

5.6.7 Tourism

PHDR 2002 reports that ‘nominal earnings’ from tourism were US\$120m in 1992 and US\$739m in 2000.¹⁴⁰ This makes tourism Tanzania’s major foreign exchange earner by far. By 2000, services (especially tourism) accounted for almost half of total export earnings.¹⁴¹ The ‘nominal earnings’ appear to only represent spending by tourists in the country, and do not include income to international tour operators and airlines.¹⁴² However, total income from services in 2000 is reported as US\$644m, substantially less than the nominal earnings for tourism.¹⁴³

5.7 The spatial dimension of poverty

PHDR ranks Tanzania’s regions on a composite Human Development Index (HDI) consisting of a weighted average of life expectancy, literacy and income per capita, yielding a national HDI of 0.483. Dar es Salaam (0.734) and Kilimanjaro (0.603) are outliers at the top end of the scale;

¹³⁵ TzPPA, page 41.

¹³⁶ Gibbon 1997.

¹³⁷ Medium and large companies can also be found in the informal sector, at least half-way in. A recent study of the ‘Uhuru corridor’ between Dar es Salaam and Mbeya found one million SMEs, the large majority involved in individual food preparation and vending or small retailing, with minimal capital and meagre value added.

¹³⁸ This section takes liberally from Cooksey 2004.

¹³⁹ ESRF comes up with a more conservative estimate of ‘over 100,000 workers’ (PHDR 2002:77). The big mines have a major impact on employment, infrastructure and social service development in their immediate hinterlands.

¹⁴⁰ PHDR 2002:74.

¹⁴¹ According to Wuyts (2003:5), services accounted for 43-48per cent of export earnings.

¹⁴² Expenditure per tourist increased from nearly US\$600 in 1992 to nearly \$1,500 in 2000. (PHDR 2002:75) citing Kweka (2001). It is unclear where income from tourism is reported in Tanzania’s balance of payments.

¹⁴³ President’s Office 2002:64.

Rukwa and Shinyanga have the lowest HDIs with 0.390 and 0.394 respectively. Twelve regions have HDIs between 0.40 and 0.49, meaning that errors in the data can influence relative rankings for most of the 20 Mainland regions. It is doubtful whether compiling district level HDIs would yield useful results given the costs involved.

For national planning and budgetary purposes, it is important to have district-level data for health and education. Spending by district needs to be computed using population distribution and poverty indicators. Ideally, this information would be used to make pro-poor spending adjustments.¹⁴⁴ This may not be an easy task, since it challenges vested interests.

The urban-rural dimension of poverty is highly significant. HBS/PHDR and other sources show that in general urban areas suffer from less income and non-income poverty than rural areas. Resource allocation on basic social services is skewed towards urban areas. The political dimension of 'urban bias' has been well established in the literature, and should not be underestimated as an 'anti-pro-poor' force.

¹⁴⁴ The government is planning to introduce formula-based health and education spending.