Every proposal must be judged by the criterion of whether it serves the purpose of development – and the purpose of development is the people.

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THE ECONOMIC TRANSFORMATION TANZANIA WANTS

Introduction

Immediately after Independence Tanzania leadership identified three 'enemies' of development in ignorance, disease and poverty. The development that the regime was after was therefore aiming at realizing a society that exhibited the absence of abject poverty to be manifested in a population with long and healthy life (high life expectancy), knowledge (education and skills), and a decent standard of living (high income and purchasing power or command over economic resources). The three areas in which the enemies are premised happened to be the three key indices for the Human Development Index (HDI) that were developed by Amartya Sen in 1990 – as it has been discussed in Chapter One of this report. In the same Chapter it has been remarked that Tanzania has made some inroads in health and education as far as these indices are related to the HDI. These successes include a rise in life expectancy, reduced maternal mortality, reduced infant mortality and a reduced incidence of HIV/AIDS. In education, enrolment has gone up nearly in all levels but there have been concerns about quality and lack of gender parity in some levels; only that the quality is raising concern.

Chapter Two delved on the economic transformation that is taking place in Tanzania and showed that Tanzania's economy has been growing at a relatively high rate for the past ten to fifteen years. This growth has, nevertheless, not translated into significant reduced poverty. As such the growth has not led to commensurate higher human development. Not only that, but the growth has not created commensurate employment opportunities. It has also been observed that while the structure of the economy has changed, there are four characteristics that do not augur well with a successful growth when looked at from a successful transformation perspective. These are the lack of employment creation and the presence of the phenomenon of jobless growth in the non-agricultural sectors whereby the output growth witnessed in industry and services was primarily driven by productivity growth rather than the expansion of employment opportunities; agricultural productivity that has remained very low; the unfolding economic transformation has not diversified the economy thereby moving labour from low to higher productive activities, i.e. between sectors to higher value activities (for example, from agriculture to manufacturing) and within sectors (for example, from subsistence farming to high-value crops); and the challenge of ensuring that employment and rising productivity are translated into improving wages and enhanced social provisioning.

In this chapter we are looking at the economic transformation Tanzania is yearning for as depicted in the policies, plans and development frameworks across time. The aim is to map out the main policies and strategies that have been tried in order for Tanzania to realize Human Development, the pitfalls and challenges encountered, and thereafter, proposals for ways forward. For purposes of that discussion we look at three distinct periods: 1961 – 1985 (Nyerere period); 1985 – 2000 (economic restructuring period) and 2000 – to date (poverty reduction prominence period). The point we intend to put forward is that despite multiple policy initiatives and strategies overtime, and the impressive economic growth seen in the past fifteen years, Tanzania has not been able to significantly change the poverty status of the

majority of her people mainly due to inappropriate policies, policy slippages and adverse implementation conditions. The danger about this trend is that Tanzania will not realize the goals set for the MDGs in 2015 nor those of the TDV 2025 (Mkenda, 2014). As noted earlier, when it comes to Human Development, the values that were held high immediately after Independence and those in the current HDI are similar and this fact justifies a claim that the search for Human Development in Tanzania started with her attaining political Independence.

Premises for Economic Transformation for Human Development

While economic transformation can occur in a country, its linkage to a resulting Human Development is not automatic (Bandara et al, 2014; Kilama and Wuyts, 2014). For Human Development to occur there is a need for deliberate policy decisions and implementation strategies that direct resources to the requisite sectors, most importantly the social sector. Bandara et al (op. cit) single out quality education and a healthy population as key inputs to conditions which are necessary for the nexus between economic transformation (growth) and Human Development to be established. As it has been explained in the previous chapters, the economic growth Tanzania has witnessed in the past two decades has not translated into tangible poverty reduction to many. This means the economic growth Tanzania has achieved is not 'quality growth'. The HDR 1996 identifies the dimensions through which quality economic growth can be gauged. "Good" or quality economic growth is growth that promotes human development in all its dimensions – growth that:

- Generates full employment and security of livelihoods.
- Fosters people's freedom and empowerment.
- Distributes benefits equitably.
- Promotes social cohesion and cooperation.
- Safeguards future human development.

For the purposes of this report, generation of employment and security of livelihoods are at the most critical ones. The others complement this dimension in that they are related to governance and the sustainability of communities and economic systems now and for the future. If an economy can provide these two – employment and security of livelihoods, it probably has the other qualities. Literature indicates that there are links that are necessary for an economy to be of quality. The links have to do with health and education – that a healthy and well educated population is likely to steer a country to economic growth. According to the 1996 HDR, in order to build these links in an economy there is a need for two processes to occur. First, the government should accumulate human capital through investment in health, education, nutrition as well as research and development. Second, the people should be given chance to contribute to the economic development by participating in the political and economic processes in their country. The latter point is also stressed in Chapter One where it is stated that this participation has to be in the political, economic and control over resources.

Box 3.1: Strong Links for Growth with Human Development

• *Strong link s-* In countries in this category both economic growth and human development have advanced rapidly, reinforcing each other through policy links. Resources generated by economic growth have financed human development and created employment, while human development has contributed to economic growth. Among the most prominent examples in this category are the high performing Asian economies: Hong Kong, Japan, Malaysia, the Republic of Korea and Singapore. Some industrial countries are *also* here-such as Spain and Portugal-as is Botswana.

Source: UNDP, Human Development Report, 1996

These links can be strong or weak. Where they are strong then the prospects of an economy to grow while human development is also pursued are high. Given what is happening with the economic transition Tanzania is witnessing, she does not have strong links, and therefore the observed mismatch between economic growth and the general poor human development status.

Building strong links depends on several factors (UNDP, 1996; Bandara et al, 2014). The most critical though is the pattern of public expenditure – what is termed 'human development efficiency'. This is determined by looking at how well countries translate income into human development. At the centre of all this are government public expenditure policies. First, there is the public expenditure ratio which is the percentage of the national income that goes into public expenditure. Second, there is the social allocation ratio which is the percentage of public expenditure earmarked for social sectors of health, education, water etc. Third, there is the social priority ratio which is the percentage of social expenditure devoted to basic social services such as primary health care and basic education. The more basic social services the government funds the more likely that the poor and vulnerable will be covered as opposed to funding the likes of higher education or referral hospitals. For instance, equal access to education for all is the best way to ensure open access to jobs and through that, social mobility and the economic empowerment of all people. If the social priority ratio is low, economic growth – even if high – may not generate significant improvements in human development, so development would be uneven. Similarly, if income distribution is slanted, many households will not have the ability to properly feed, educate and attend to health needs of their members, again slowing down human development. For indebted countries like Tanzania, the public expenditure ratio could be low because of, among others, debt servicing.

Conditions for Building Strong Links

There is prescription for strengthening the links where they are weak though (UNDP, 1996). Firstly, the country in question must ensure there is equity in the distribution of resources. As a nation strives to attain higher rates of economic growth, it is imperative that the benefits of such growth are shared equitably and broadly across different sections of the population and across different geographical locations. Tanzania is not trekking this route at the moment, nor has it in the past. At most, what is ensuing now in Tanzania is a growing chasm between the

haves and the have-nots. There is a small group of conspicuous spenders and a huge group of those who can hardly afford a decent meal a day. While some urban dwellers could afford only one meal a day, some Tanzanians were sending their children to study abroad, shop abroad, get medical treatment abroad, and construct posh houses worth billions of shillings.

The pool of unemployed youth and which is now exposed to Western life after the liberalization of the media, and the conspicuous spending by a few Tanzanians created a very good breeding ground for discontent and crime. Such a situation is not conducive for economic activities. According to the plans and strategies put into place towards 2025, this income gap needs to be narrowed if not eliminated. At least there is a need to make sure that every person is given an equal chance to reap the benefits of the economic growth that may be realized over time; this is more so when one considers the new resources discovered in Tanzania including natural gas. As it is stressed in the development discourse, it is the quality of growth that matters. There is therefore, a need for deliberate policies by the government to oversee a fairer distribution of resources in Tanzania.

Secondly, the government has to have a priority social spending. This will allow the government to provide such services as basic education and basic primary health care thereby covering the majority of its people. Tanzania did this in the 1970s and 1980s and the results include her enlisting then as a country that had high indices in health and education, although the quality was questionable then and even now. The current liberalization of the education sector has led to class type education where the children of the rich attend private schools which are better supplied (materials and staff) while those of the poor attend public schools which suffer inadequacies due to low budgetary allocations – partly as a result of rapid expansion in public schools.

Thirdly, there is need for the creation of opportunities for people to earn income. Basically, this point is about the creation of employment, and where possible, to have full employment. To be sustainable, growth must expand the opportunities for work – and when people are employed (or self employed) there is direct contribution to human development. For this to happen, it depends on the rate of growth and on its pattern. It depends on (i) what is produced – primary or processed goods; (ii) by whom – how educated and how technology-friendly they are; and (iii) how – on the composition of output and the technology used. The policies for reform in Tanzania have tended to take away jobs rather than creating them – as will be discussed under the period of restructuring under President Mwinyi.

Fourthly, the government has to make it possible for the people to access the productive assets of land, credit and appropriate infrastructure. There have been efforts by the government to make people able to access credit but the financial institutions have not been very receptive especially for the poorer people in society. Efforts like the Property and Business Formalization Programme aimed at, among other things, enabling owners to access credit in financial institutions. The government has also created windows to access development finance through micro-finance arrangements like through TASAF, Presidential funds, and the Constituency Development Funds. There have also been efforts to strengthen

the Ministry responsible for land as well as decentralizing land administration to fasten the process of surveying thereby making it possible for land owners to use it as collateral for accessing financial resources. These efforts have proved to be lacking in coverage, consistency and pace.

Fifthly, there has to be good governance. Governance problems that Tanzanians are facing include pervasive corruption, abused human rights, opaque government institutions, lack of accountability, to mention some. These are a bottleneck to the strength of growth-human development linkages. Good governance in this context would include opportunities for people to participate in planning and implementing programmes and projects; this is addressed in the decentralization effort which is also yet to be completed as per plans.

Sixthly, it is emphasized that the presence of community action is crucial as well – civil society organizations being active and allowed to operate without undue obstruction. Civil society organizations provide some kind of checks and balances on government power and on the private sector, but they also can contribute to the strengthening of the two. Examples would include the help they can give in monitoring the environment, checking social and political abuse, running of economic activities. When it comes to participation, civil society organizations become the training grounds for their members in the first place, and at a higher level i.e. in state politics etc. members become more confident and they participate with higher efficiency and effectiveness. Civil society organizations often speak for the vulnerable and the poor in society. In some cases they managed to help members and the wider community overcome market failures and weaknesses as would be the case with cooperatives. The government selectively allows the operations of CSOs; it however becomes non-compromising when it feels that its power is being challenged (Mallya, 2009).

Links Weakening Conditions

Just as there are factors that strengthen the links between growth and human development, there are others that weaken those which are in place. One such factor is government mismanagement of the economy. Paradoxically, policies with good intentions can lead to distortions in the economy. For instance, if the regulatory regime is strict and enforces minimum wage in the private sector it is likely that this will discourage job creation or employers may desist from taking on more employees. Much as such a policy is meant to safeguard the welfare of the already employed, it may also work the other way round, and become an excuse for employers not hiring new employees. Policies that discourage investments and employment-generating production are bad for the linkages between growth and human development. Tanzania government issues guidelines with regard to minimum wage but they are widely disregarded by private sector employers – probably leading to the so called ‘working poor’.

Another hold back factor is corruption. Corruption muddies the waters for the worst. There are three compound problems that lead to corruption in society. The first is the presence of a weak or absence of political competition creating arrogant politicians due to their monopoly of power. This is complicated by the presence of muzzled mass media and whereby

investigative journalism is missing. The second is the existence of a weak civil society which does not have the capacity to vitalize the demand side in governance. A weak civil society can be an outcome of a country's history or government policies towards civil society in general. The third is the presence of a sluggish economic growth leading to scarce public goods and services; this, in turn presents the opportunity to the public service to 'exploit' service seekers.

The consequences of corruption are so severe to human development. Firstly, corruption leads to waste of resources through such pilfer routes as capital out flow, fake projects, mis-directed skills and even discouraged foreign aid. Secondly, corruption leads to undermined governmental efficiency and reduced governmental capacity. These are direct outcomes of diverted and wasted resources thereby leading to the government's inability to deliver according to plans. Thirdly, corruption undermines the government's legitimacy – as a government fails to deliver, it loses the justification to be the custodian of powers including powers to tax, and in the worst scenario, this can lead to political instability and turmoil. If a government is not delivering the public can resort to disobeying it, culminating in disorderliness. Disorder is one of the worst enemies of economic growth and the twin aspect of human development, as plans and implementation are thrown into disarray.

A third source of weak linkage is low technology and the use of archaic means of production. Tanzania is a case in point. In the 1970s Tanzania's human development efficiency was very high in that the social priority ratio was high leading to social services particularly education and health becoming a priority and high indices were realized. But because of this weak link – low technology in the productive sectors – the economy, which was heavily dependent on agriculture, could not shoulder the burden imposed on the government by her policy of universal primary education and expanded primary health care. This situation led to the late 1970s and 1980s crisis in the services and the subsequent reforms. During that period the problem was a situation of good human development with poor growth; the economic transformation in the making has turned this the other way around. The problem now is that we have poor human development with good economic growth. In the following sections we are going to discuss the effort, policies and strategies Tanzania has tried to achieve Human Development from Independence to date.

Policy and Human Development during the Nyerere Regime

No single person has had as much influence over the destiny of Tanzania as Julius Nyerere, the country's first president. As he is referred to as the 'father of the nation', during his regime he placed his imprint on policy and development from a very early point on. Being the first nationalist leader there were a lot of expectations of him and the national leadership following the promises given during the pre-Independence campaigns. The first years of Independence witnessed a campaign for people to work hard for their development. Agriculture was stated as the mainstay of the economy. In 1961 a three-year development plan was put in place to address the three 'enemies' of development as identified earlier. In 1964 a five-year plan was prepared whose content included the goals of raising life

expectancy, raise literacy rates as well as raising per capita income. A subsequent five-year plan (1969 – 1974) focused on mechanization of agriculture and industrialization, among others. A third plan (1975 – 1980) was disrupted by the economic difficulties experienced by the country and hence hardly implemented. All these plans were in place side by side with the Arusha Declaration which introduced *ujamaa* as the development framework in Tanzania. Some hallmarks of *ujamaa* and his regime include the concentration of power at the centre and in the hands of few, mostly in the single party; an emphasis on agriculture as the mainstay of the economy and therefore his rural development strategy; the nationalization of what was considered major means of production. Others include efforts towards education for self-reliance; and some basic industrialization.

The above hallmarks had varied implications on human development. The concentration of power at the centre denied the people the chance to participate in development planning. This denial of people's participation has seen projects that are not owned by the beneficiaries thereby becoming a failure, among other effects. Participation was further curbed by the decentralization policy of 1972 which abolished the Local Government Authorities in favour of deconcentrated government whereby central government officers were brought closer to the people. When issues of expertise were factored in their development planning relationship with the people, the former had the upper hand over the people. Having noted the mistake made, Local Government Authorities were reinstalled in 1982 and reforms are being implemented even now so that participation can be enhanced.

The rural development strategy as per the Arusha Declaration brought with it policies that were detrimental to the human development objective. Orders came from above as was the case with the villagization programme as a rural development strategy which in the end disrupted production and the way people organized production in their localities (Hyden G. 1980: 119; Coulson, A., 1982: 246; and Chazan N. et. al., 1988: 251). The government's emphasis on agriculture as the mainstay of the economy did come with other disruptive implementation strategies, the villagization programme apart. Every village was to be a designated cooperative society whether this 'cooperative society' was economically viable (and voluntary) or not. As a result regional cooperative unions were created ending up draining resources from peasants to run their bureaucracies. Most Unions became so indebted that the government abolished them in favour of nationwide Crop Authorities. The latter were no better when it came to draining peasants resources so that they could operate (Maliyamkono et. al., 1990: 5 – 6). This state of affairs led to many people in the rural areas to reverting to subsistence living abandoning cash crop cultivation to the detriment of the economy – and their human development (Hyden, 1980, 2005). The state was becoming irrelevant to them (Riddell, 1992).

In an experiment which came as advice from the World Bank, the transformation approach was used in rural development. It envisaged fast results if peasants were collectivised into scheme in selected fertile areas and be facilitated with machinery and other inputs. This approach was against the improvement approach which was to provide extension services to peasants so that they gradually improve. Some 74 schemes were planned but by 1965 end

there were 20 only. Hopes for transformation of the rural sector through these schemes, however, soon faded. Besides heavy overcapitalization the schemes were haunted by insufficient planning and problems with infrastructure, especially water (Lundqvist, 1981). The settled peasants felt that they were deprived of the freedom they enjoyed outside the schemes (Coulson,1982) and Chambers (1969) concluded that the schemes had to come to an end because they were overambitious, they ignored gradualism among other tactical mistakes.

With life in the rural areas becoming harder and harder, the rural-urban migration was inevitable. But in the urban centres jobs were not easily available either; many people were idling in urban centres as a result. In 1983 in a desperate measure, the government decided go for extra-economic coercion – that such idlers should be deported to their places of origin so that they can be gainfully deployed (Shaidi, 1984). The Human Resources Deployment Act of 1983 was enacted to that effect. The Act did, among other things, define work as any lawful income generating occupation through which a person obtains his livelihood and that agriculture was the major source of income for the majority of the people of Tanzania. In Section 17 of the Act the Minister was empowered to make for smooth and coordinated transfer of the unemployed people to their home districts or usual residence. Other coercive measures included minimum acreage cultivation, unpaid participation in 'development' work, getting allocation of basic commodities subject to doing this or that etc. (Gibbon, 1992). The Act was declared unconstitutional by the Nyalali Commission in that in a number of ways it violates the rights and freedoms of movement of residence, and at the same time curtailing the right of choice of any work by encouraging forced labour and allowing arrests and detention without trial. Whereas urbanization is a part of the recipe for economic transformation, the government policy was reversing this by sending people back to the village.

Education for Self-Reliance (ESR) in the context of the Arusha Declaration emphasised that primary schooling was a cycle of learning, rather than a selection mechanism for advancement to secondary education. Primary education was expected to be a preparation for the life which the majority of children will lead. Similarly the function of secondary schools was to prepare people for life and service in the villages and rural areas of Tanzania. Nyerere considered the school curriculum needed changing to make the content of individual subjects more relevant to Tanzanian children. This would involve productive work on farms and in workshops, an amalgam of theory and practice. These beliefs formed the basis of educational policies for nearly two decades and emphasised rural development at a time when ever increasing numbers of young people were migrating to the towns in search of jobs in the relatively better paying formal sector. Fortunately in the early 1970s there were factories which hired primary school leavers as was the case in textile factories. The driving force for political action was a growing crisis in the education system caused by the success of the government's policies in increasing primary enrolment and the subsequent raising of peoples' aspirations. Primary school entry had risen significantly since independence, but there had been little increase in secondary capacity.

The policy of ESR was therefore be perceived as a political yet pragmatic response to defuse the emerging conflict between the ideology of the state anxious to stem urban migration and the expectations and aspirations of Tanzanian families who perceived that educational progression was the vehicle through which their children gained passage from rural, low paid agricultural employment to urban, relatively well paid employment in a public organization. What needs to be noted here is that the anti-urban stance in policies was maintained in this case.

With regard to industrialization, the second FYDP championed the implementation of two strategies, the Basic Industrial Strategy (BIS), a plan designed to develop a domestic, resource based industry to cater for the country's needs and more immediately; and the creation of a Small Industries Development Organisation (SIDO) to stimulate small-scale industries. Central to both the BIS and SIDO were the tenets of national self-reliance and rural development respectively. In particular the role of the SIDO was to assist and promote the establishment of units which employed simple, labour intensive technologies which utilise locally available human and material resources (Skarstein & Wangwe 1986). SIDO represented a concerted effort by the government to promote informal sector type enterprise in the rural areas.

Box 3.2: Nyerere on Industrialization

Our emphasis on money and industries has made us concentrate on urban development. We recognize that we do not have enough money to bring the kind of development to each village which would benefit everybody. We also know that we cannot establish an industry in each village and through this means erect a rise in the real incomes of the people. For these reasons we spend most of our money in the urban areas and our industries are established in the towns.

Yet the greater part of this money that we spend in the towns comes from loans. Whether it is use it to build schools, hospitals, houses or factories, etc., it still has to be repaid. But it is obvious that it cannot be repaid just out of money obtained from urban and industrial development. To repay the loans we have to use foreign currency which is obtained from the sale of our exports. But we do not now sell our industrial products in foreign markets, and indeed it is likely to be a long time before our industries produce for export. The main aim of our new industries is 'import substitution' – that is, to produce things which up to now we have had to import from foreign countries.

It is therefore obvious that the foreign currency we shall use to pay back the loans used in the development Or the urban areas will not come from the towns or the industries. Where, then, shall we get it from? We shall get it from the villages and from agriculture. What does this mean? It means that the people who benefit directly from development which is brought about by borrowed money are not the ones who will repay the loans. The largest proportion of the loans will be spent in, or for, the urban areas, but the largest proportion of the repayment will be made through the efforts of the farmers.

Source: J. K. Nyerere, 1967, The Arusha Declaration

SIDO's brief was to promote and develop small-scale industries employing between 10 and 70 employees. Four advantages of the SIDO strategy were envisaged. The first concerned the

limited availability of capital. Small-scale industry required less capital and therefore appeared to represent feasible propositions. The second and third were both associated with rural development and the villagisation programme. Finally, the placing of industries in rural areas would enhance the local economy, provide employment throughout the year and develop technical skills within the villages. This was a great idea but some infrastructures were lacking in many rural areas. One lacking key input into that strategy was electricity; this led to a grand policy slippage as small scale industries ended up being urban based. The failure was in part due to structural difficulties in the public sector that resulted in a lack of co-ordination and the above mentioned lack of electrical power in most rural areas. In addition, Skarstein & Wangwe (op. cit.) remark that, SIDO and the BIS represented two conflicting ideological strategies, the former biased towards production by the masses, the latter to mass production. Politically, SIDO represented an ideological solution, but was not popular with either senior administrators seeking quick-fix, fast track development, or international donors who preferred to fund large *turn-key* projects. By its very nature, the concept of import substitution aligns itself towards capital intensive technologies ending up creating few jobs while needing large capital.

The nationalization of some sectors including the few existing industries was a big enough scare to investors. The corollary of this policy is that private capital was not protected and as a result several unhelpful outcomes were witnessed. The industrialization strategy as outlined in the second five-year plan would have attracted investors and definitely increase employment opportunities but as a result of this policy it was dealt a dent. Tanzania ended up in Import Substitution Industrialization – a strategy which was criticized for not having the potential to link agriculture – which was designated as the mainstay of the economy - and industry. The Arusha Declaration itself was not very enthusiastic about industrialization as Nyerere believed that Tanzania did not have the finances nor did she have the know-how (Nyerere, 1967). Nationalization also discouraged investors in other areas such as construction and services. All this would have reduced employment opportunities.

The Nyerere period culminated in shortages of basic commodities as the factories could not buy inputs because of shortage of foreign exchange; black markets sprung in nearly all aspects from foreign currency exchange, common goods for daily use, export crops, to purchasing of services such as tickets for travel. This made life very hard for the common person. Corruption set in and this made access to basic services very difficult for the majority who could not dance to the tune of the day. The government was losing legitimacy and self-help civil society organizations mushroomed to assuage the difficult conditions people were experiencing. Human Development was stopped and in some aspects it was on the retreat in such areas as literacy. On the higher stage, the Three Five-Year Development Plans relied heavily on external financing which did not come forth as expected, resulting in poor implementation and non-fulfilment of the goals set (Mjema, 1989; Amani, 1987).

Policy and Human Development during the Restructuring Period

The last five years of his presidency Nyerere was embroiled in a tussle with the international financial institutions which were advising that Tanzania changes policy while he was not ready to take any of that. He however yielded as he was resigning from active politics in 1985. The policies of liberalization that followed and whose implementation was overseen by President Mwinyi are well documented about how they reversed some human development gains in education, health, incomes and so on. (Mkandawire et. al., 1992: 22 – 26; Wagao, 1992; and Commander, 1989) The government was no longer in charge of policy and a lot was dictated by aid givers both multilateral and bilateral (Green, 1986). For one, Nyerere yielded to the pressure from the Scandinavian aid givers. The Structural Adjustment and Stabilization Policies' instruments of fiscal, monetary and exchange rate policy negatively affected economic activities that are critical to Human Development. There were several conditions to which the government had resisted but then had yielded including devaluation, liberalization of crop marketing, liberalization of export and import trade, and removal of subsidies to peasant farmers. More reforms were to follow in the late 1980s and early 1990s. These include:-

- 'rolling back' the state in line with the World Bank's paradigm shift in the mid-1980s (see World Bank's Berg Report 1981, for example);
- end of 'free' services and the introduction of user fees in some social services;
- freezing of wages and employment in the public sector;
- retrenchment of public sector workers in the attempt to control the wage bill;
- one big subsidy consumer – the parastatal sector – was also put under restructuring in view of trimming it down – but the sector had many performance problems (Nellis, 1986).

Looked at critically, none of the above measures is pro-Human Development advancement especially to the poor and vulnerable. Freezing employment and divesting the parastatal sector dealt a big blow to those expecting to be employed and earn an income. The introduction of user fees and removal of agricultural subsidies put the peasants and other poor groups in a difficult position; the latter even led to drop in agricultural production because the peasants could not afford fertilizers and other agricultural inputs. Retrenchment was effected even in sectors that needed more employees like in education and health. Overall the policies acted completely contrary to the requirements for the enhancing of human development.

Within the same timeframe, an alliance between politicians and businesspersons saw an emerging group of rich people with conspicuous spending while at the same time the peasants were languishing in poverty thanks to the neglect of the agricultural sector by the Mwinyi regime. With the emerging patterns of accumulation, businesspersons started to seek political office especially vying for legislative seats, while at the same time politicians launched a silent campaign to accumulate wealth either by cooperating with business or through graft. This possibility was opened up by the Zanzibar Resolution of 1991 in which CCM opened the doors for politicians to do business and accumulate wealth contrary to the provisions of the Arusha Declaration's leadership code. The levels of graft, and corruption in general, were at such a high level by 1995 when the third phase government came to power. The results of this included the fact that the government was not collecting taxes, work ethics disappeared in the public service and the resulting under-funding of services provided by the government.

This led to the erosion of the legitimacy of the government, something which had to be addressed by the Mkapa regime through the Warioba Commission on corruption in 1996. The Commission's findings and recommendations did not, however, affect the levels of corruption and little was done in terms of action against corrupt officials because of what official explanation anchored on lack of hard evidence that could lead to successful prosecution!

On the political front, the return to multi-party politics in 1992 was initially perceived as a challenge by CCM, but once it realized that the opposition parties were not as strong as they thought, and led by individuals they had worked together in CCM before, this fear soon abated. By the time the first multi-party election was held in 1995, CCM's hegemony was confirmed, although its candidate was a relatively unknown person, Benjamin Mkapa. CCM in 1995, however, was quite a different organization than it a decade or two earlier. Its attraction lay in control of public goods allocation. Political leaders preferred it, not for ideological reasons, but because it provided entry to material goods and valuable services. At the same time, officially CCM had given up its control of the economy. It accepted an almost total retreat from direct involvement in the economy, although for revenue purposes it retained some economic ventures, some of which the Nyalali Commission had proposed that they be reverted to the government. By and large, however, the economy was liberalized and by 1995 it had begun to function much like markets elsewhere in the world. The regime trumpeted what it called 'economic diplomacy' which simply meant wooing foreign investors to come and invest in Tanzania; the Tanzania Investment Centre was established in 1997 in order to facilitate the processes involved. To date, society as a whole has not significantly benefitted from foreign investments especially those in the extraction industry where big investments have been committed and some politicians and citizens question the rationale of having them here.

Policy and Human Development in the Poverty Reduction Period

The Mwinyi regime did little as far as poverty reduction was concerned and therefore, little improvement in Human Development. Tanzania is now striving to attain higher rates of economic growth whose benefits will be shared broadly across different sections of the population and across different geographical locations. To many Tanzanians, the economic growth experienced in the past two decades has not translated into tangible reduction of poverty. At most, what is ensuing now is a growing chasm between the haves and the have-nots. Whereas there is a need to make sure that every Tanzanian is given an equal chance to reap the benefits of the economic growth that may be realized over time, the question is whether the strategies put to work are facilitating that. During the whole process of adjusting, liberalizing and privatizing, concern for the poor was pushed into the background. Growth was the priority and the other things would follow. Policy-makers under pressure from donors acquiesced to this thinking (Hyden and Mmuya, 2008) and the consequences to the poor were immediate. Suspended subsidies to peasants, frozen salaries and employment, devalued currency, divested factories leading to layoffs, deliberate retrenchment as a downsizing government strategy, introduced user charges and fees, and many more were

unleashed onto the economy. This was a price that had to be paid for long-term stability and growth. The situation then called for the establishment of safety nets for the weak, poor and vulnerable in the new service-provision setting. Many did not work as it has been shown by Mujinja and Kida (2014) with regard to health, for example. Overall, the austerity measures taken to curtail public spending in conjunction with the above measures led to the deterioration of social conditions, especially of health and education (Lipumba, 1990).

Towards the end of the millennium the successor phase of government was seriously engaged in preparing policies and strategies for addressing poverty. Tanzania developed several locally-derived strategy papers and policy initiatives in her effort to combat poverty. This process started well before the country became eligible for debt relief under the enhanced Highly Indebted Poor Countries (HIPC) Initiative. The major strategy papers include the National Poverty Eradication Strategy (NPES) of 1998, the Tanzania Development Vision 2025 (TDV 2025) document for Mainland Tanzania (released 1995 and launched in 1999), the Tanzania Assistance Strategy (TAS) of 1999, the Medium Term Expenditure Framework (MTEF) of 1998 and the Public Expenditure Review (PER) starting 1995/6. The NPES set a wide range of more specific poverty reduction targets. Its overall aim was to reduce abject poverty by 50 per cent by 2010 and eliminate abject poverty by 2025. Among the priority sectors targeted in the NPES were education, health and nutrition, water and sanitation, agriculture, employment creation and income generation.

The TAS served as a guide to the development cooperation with the development partners. The central idea in the TAS had been to improve the effectiveness of aid. The twin processes of the Medium Term Expenditure Framework (MTEF) and the Public Expenditure Review (PER) were also instrumental in the overall policy framework for poverty reduction, as the government begun to prioritize pro-poor expenditure and to track the efficiency and effectiveness of deployed public resources.

With the official demise of the Arusha Declaration in 1991, Tanzania did not have a clear development framework or an ideology for rationalizing development policy decisions. In the course of the decade politicians became conscious of this lacuna. It was therefore decided to create a vision that would direct the development effort. The Tanzania Development Vision 2025 (TDV 2025) was therefore developed. Initially, TDV 2025 was designed to be operationalized through a series of five year development plans. Invariably, the publication of the Poverty Reduction Strategy Papers (PRSP) [in the National Strategy for Growth and Reduction of Poverty (NSGRP I) whose Swahili acronym is MKUKUTA I], in 2005, and the second one (MKUKUTA II)] in 2010 somehow confounded the operationalization of the TDV 2025 as were launched in more or less the same time. The NSGRPs were developed with the Vision in mind, however, and as such, they have a wide area of overlap when it comes to the general strategies for enhancing services in health, improving education, and reducing poverty in Tanzania. In some instances the papers have acted as the policy framework for socio-economic decision making, including planning.

It is envisaged that Tanzania's development aspirations as outlined in the TDV 2025, she will have transformed into a middle-income country by 2025, characterized by high quality livelihood; peace, stability and unity; good governance; a well educated and learning society; a competitive economy capable of producing sustainable growth and shared benefits; and a diversified semi-industrialized economy with a substantial industrial sector.

In review of the Vision between 2009 and 2011 it was noted that there was urgent need to address implementation challenges in the areas of prioritization as well as monitoring and evaluation. It was also acknowledged by the government in the LTPP, since its launching in 1999, TDV 2025 had no formal instrument for its operationalization. Consequently, efforts to evaluate progress made in achieving the targets of Vision 2025 were scattered. A renewed implementation framework for the remaining 15 years of TDV 2025, through this LTPP, was thus imperative.

Box 3.3: LTPP Goals

The main thrust of LTPP is to achieve the objectives of Vision 2025, the main ones being:

Attaining a High Quality Livelihood: The aim is to ensure that the creation of wealth (and its distribution) are inclusive in order to achieve equity and to reform all discriminative forms of wealth creation and sharing. The investments that have been made and continue to be made in education and learning should have created a critical mass of highly qualified and educated people;

Attaining Good Governance and Rule of Law: the ultimate goal is to embrace a culture of accountability, rewarding performance and doing away with all vices in the course of creating and sharing wealth. The high level of human capital will have become an important source of growth and will be able (i) to propel Tanzania to self-reliance, and (ii) to generate a positive mind-set and a culture of hard work, entrepreneurship, creativity, innovativeness and ingenuity. Finally, peace, stability and unity are the important ingredients in this endeavour.

Building a Strong and Competitive Economy: as technological and market conditions change, the country must be able to adapt efficiently and effectively. By 2025, Tanzania should have created a strong, diversified and resilient competitive economy.

Source: Long Term Perspective Plan

The LTPP thus provides an interpretation of the country's development direction intended in Vision 2025, by providing a more focused guidance to the growth and development process to transform Tanzania into a middle-income country; better coordination and harmonization of the development and poverty reduction process; a strategic anchor for other supporting strategies, such as macroeconomic stability, good governance, industrial development, human resource development, technological development, etc., which in the past had received inadequate attention; and a platform for a development dialogue beyond short- and medium-term perspectives, by being the link between the country's long-term Vision and the Five Year Development Plans (FYDPs) and the Annual Development Plans (ADPs).

Planned Path to Achieving TDV 2025 Objectives

The path to realizing the TDV 2025 targets requires a strategic socio-economic transformation. This will be facilitated a series of three five year development plans. These plans will build upon each other and chart out a development path, making use of Tanzania's opportunities and addressing the challenges. The envisaged socio-economic transformation will be addressed in depth through the three strategic Five Year Development Plans (FYDPs), as briefly discussed below.

First FYDP (2011/12 – 2015/16): Unleashing the Growth Potential

The first FYDP has been addressing the main constraints to Tanzania's growth. These infrastructure bottlenecks, particularly in energy, ports, feeder roads, railways, and other constraints related to skilled labour, science, technology and innovation, information and communication technology (ICT), the general business environment and the productivity in agriculture will be addressed. There have been sector reforms as well as cross-cutting reforms before the plan many of which have been addressing some of these constraints. It is also expected that investments in these areas will prepare the economy to efficiently tap into its rich natural resources (natural gas, iron, coal and minerals), by starting developing the country's primary industry. In order to establish a strong and effective system to oversee, monitor and evaluate the implementation of its development plans particularly the FYDP I the government introduced the Big Results Now (BRN) Initiative based on Malaysian's Big Fast Results approach. The initiative hinges on: prioritization; detailed implementation and monitoring tools; and accountability for performance. In this regard, therefore, six sectors were identified and prioritized as the national key results areas (NKRAs). These include Agriculture, Transport, Energy, Water, Education and Resource Mobilisation. Employment opportunities are also expected to be generated through the first-round effects of the decrease in the country's bottlenecks.

Second FYDP (2016/17 – 2020/21): Nurturing an Industrial Economy

Once the country will have tackled its growth constraints, it will be able to further develop its industrial sector, mainly based on the value-addition of the increased primary products following the implementation of LTPP FYDP I. Therefore, the second LTPP FYDP will focus on transforming the country's resources through the development of the industrial sector. The focus will be on natural gas based/fuelled industries, agro-processing industries and medium-technology industries. With these developments employment opportunities are expected to be created having a positive effect on human development. Government public expenditure is also expected to grow thereby allowing the government to have a higher social expenditure ratio.

Third FYDP (2021/22 - 20225/26): Attaining export Growth and Competitiveness

The rapid development of the country's industrial sector will lead to a significant increase in production, which will have to translate into a larger focus on new markets in order to further ensure the country's socio-economic development. Therefore, the third LTPP FYDP will

focus on improving the competitiveness in all sectors, especially the manufacturing and services ones. The improvement in competitiveness will facilitate export oriented growth, and significantly increase Tanzania's share of international trade. The target will be to transform Tanzania into the manufacturing hub of East Africa, whilst making sure all the gains made from the previous plans in terms of social services, business environment, infrastructure and productivity are promoted further.

The linkages between these three plans are crucial, as the success of each of these plans depends upon the level of successful implementation of previous plan. For example, the removal of bottlenecks such as power shortage, lack of high-quality rural roads and limited skill-training institutions envisaged during the first FYDP is necessary for the manufacturing-oriented growth during the second FYDP. The broad-based growth that will follow from a manufacturing-oriented growth during the second FYDP will have positive externalities across the economy and will in turn help in considerably reducing poverty and inequality. This broad-based growth will pave way for the economy to focus on enhancing the competitiveness of all sectors and fuel export growth during the third FYDP.

In terms of successful economic transformation and good growth, the three plans are expected to transfer labour from agriculture into urban-based industries as well as into SMEs both in rural and urban settings. This will therefore change the structure of the economy shifting it from the overwhelming agrarian nature to a more mixed economy – a favourable feature for Human Development.

The Economic Transformation in the making: Some Issues for Consideration

The Search for Balance

The achievement of Human Development requires resources – financial, infrastructural and human. This implies that the economy should be strong enough to facilitate the acquisition of these inputs in adequate quantities and quality. This is where economic growth and the needed transformation come in. The planning documents in Tanzania have touched on both the economic and the social aspects of development. The MKUKUTA, for example, comprises the two strands of 'economic growth' and 'reduction of poverty'. Similarly, the other policy documents would put forward intentions with regard to the two aspects of economic growth and human prosperity. Chapter Two addressed the issues of the Economic Transformation in the Making in Tanzania.

The challenge many developing countries face in the development process is to have the right balance between the pursuance of economic growth and pursuance of quality human development. The idea is to pursue socio-economic transformation that is balanced. As far as Human Development is concerned, the critical issue for Tanzania is whether the economic transformation in the making is aligned to goals of the TDV 2025 and whether she is on course to attaining those goals with the policies, plans, programmes and projects which are being pursued and implemented.

Three issues arise here when it comes to this implementation infrastructure under LTPP and the first FYDP. First, given that resources are scarce and priorities are many, maintaining the balance between growth and human development will always be tricky. The issue of leadership is therefore critical here. As long as financial and other resources are needed to facilitate the progress towards human development, the inclination towards growth over human development will always be tempting and presumably seem rational. This is where leadership will have to play its role so that a balance is struck. This is clearly acknowledged elsewhere when it is stated that 'putting the economy on a pro-poor growth path will require deliberate and calibrated policy interventions. In this regard, it is important that clear indicators and targets are established so that the nature of future growth can be closely monitored' (URT, 2011). Second, if the private sector is to be the lead actor, values related to human development are not likely to be high on the agenda because that is not a main concern for that sector. The priorities set for the first FYDP (infrastructure; agriculture; industrial development; human capital development; and tourism, trade and financial services) are obviously inclined much to growth than human development but that may not be the greatest concern. The greater concern is that the plan has so many strategic interventions to the extent that, even if the financing was not a problem, the institutions identified as the implementers (MDAs, RSs, LGAs etc.) do not have the capacity to see them through.

The third issue is that the human development aspect as included in the five priorities – human capital and skills development – is only being sought in order for a person to become a better object in the process of pursuing growth rather than anything else. This is different from, for example, prioritizing reduction of maternal and infant mortality, provision of education, or strategies for increasing life expectancy. On the same footing, if one looks at the strategic interventions under this priority, many of these have to do with improving tertiary educational institutions, especially those which deal with the impartation of science and technology skills.

The Underlying Constraints for Achieving the Goals of the TDV 2025

There are drawbacks that have been identified as hindering the attainment of the stated objectives of interventions as designed by the government. Well articulated plans and programmes have often than not failed to deliver. Reasons for the underperformance have been given by different stakeholders. For one, the DfID identified lack of operational detail in plans and policies across all levels; lack of prioritization; lack of tools for monitoring delivery and performance; and lack of accountability as bottlenecks. These problems have, however, been under government scrutiny also under such interventions as the use of strategic planning, the introduction of OPRAS, public service reforms, and the resolve to practice good governance at the work place. There are other bottlenecks of an underlying nature which we may cite here.

The first issue has to do with the lack of a clear guiding ideological framework is necessary for the making and implementation of policies in any polity. For Tanzania, such a framework was explicit during the Arusha Declaration years as was embedded in the *Ujamaa* philosophy. The Declaration was quite comprehensive in addressing matters related to how

the development process should be pursued. For instance, the Declaration had features like the Leadership Code which is necessary in running a government particularly when it comes to such vices as corruption and conflict of interest. With this vacuum, policies and plans are made but can be interpreted differently by those meant to implement or operationalize them. Tanzania, as she is now, does not have a clearly and openly stated philosophy underlying and guiding economic policy decisions. There is an assumed one – free market economy – but it was never explicitly declared as the one in operation. The retention of the word *ujamaa* and that the economy is following socialist principles in the current constitution (URT 1977, Article 9) is testimony to this indecision. But the economic system in operation is mainly for growth and wealth creation. As a result, while in the developed capitalist states there is an elaborate social protection regime, in Tanzania such a system is yet to be in place and the few safety nets available cover only a small percentage of those in need.

A second area is the inadequacies in the public administration system, a concern also raised by the first FYDP of the LTPP. There are limitations with regard to professionalism and probity which are crucial in realizing the TDV 2025. The public service is the conveyor belt for the goods and services expected of the Vision. Its diligence, commitment, and efficiency are necessary for that realization. The Government has been implementing reforms in an attempt to increase the capacity and efficiency of the service since early 1990s. Some of these reforms were ushered in by the International Financial Institutions at the peak of economic crisis in the mid-1980s.

Box 3.4: The Ideal State Model and Public Service for Achieving TDV 2025 Goals?

The Tanzania Vision 2025 also embraces the above model. It is averred that the state recognizes "individuals and the private sector as the central driving forces for building a strong, productive and renewing economy". The state should therefore "facilitate", and "regulate", and "influence" only. However, history shows that the laid-back Anglo-American State Model and its attendant public service characteristics, is not suitable to bring countries like Tanzania out of poverty, at a desired pace.

Most countries that have made phenomenal developmental break-through did not have the Anglo-American State Model. They rather had what Johnson (1982) and Pempel (1982) have called a Developmental State. These countries had certain political and economic goals, conditions, instruments and policies which made development possible. These were economically interventionist states. All these countries had a politically defined and enforced conception of economic development to which everybody had to be committed to. The State pursued state-directed and state-centric development strategies. These strategies were neo-mercantilist. The State did not displace market mechanisms, but realized that markets are not natural. The State consciously created markets. There was close cooperation of the public and private sectors, an interchange of personnel and information. The State was there to instil a developmentalist mentality in the private sector. The State intervened in the financial markets: controlled banking or a large sector of banking industry, was able to direct funds, administer interest rates, used incentives and tax policy to affect the action of firms and sectors. The private sector was in a position of "response dependence", one did not have to respond, but if one did, the results were tremendous.

The public service in such a Developmental State had several characteristics: was strong and powerful, led by the economic bureaucracy concentrated in a planning agency like MITI in Japan, EPB in South Korea and CIECD in Taiwan. Such bureaucracies were insulated, not open to demands and influence from critical powerful groups in the polity.

Mukandala, R. S. (2013) 'Envisioning the Ideal Tanzanian Public Service', A paper presented at the Conference on Unleashing The Role of Public Service in the Implementation of the Five Year Development Plan (2011/12 – 2015/16)" (Dar es Salaam: PO-PSM).

In the light of the lessons learnt from the implementation of these reforms[1] which neither improved service delivery nor had any significant impact on poverty reduction, Tanzania decided to adopt reform strategies focusing on measures geared at (i) strengthening systems and processes with a view to enhancing efficiency, effectiveness, accountability and transparency in Government[2]; (ii) developing and strengthening infrastructure to improve access to service delivery in specific sectors; and (iii) promoting democracy and good governance.

Apart from the reforms focusing on the public service (CSRP and later PSRP) the Government has taken other measures in the attempt to make delivered services better and more accessible with the formulation of some policies including the Public Service Management and Employment Policy, the Public Service Act No.8 of 2002, the Medium Term Pay Policy, the Public Procurement Act No.21 of 2004 and the establishment of Executive agencies. These policies aimed at the restoration of meritocratic principles in the public service, increasing effectiveness in service delivery and reducing waste and pilferage in public procurement.

Overall, there has been improvement in some systems and government has been in a better position to deliver services but there is a lot to be desired in the current public service. The successful reform in the public service, therefore, is necessary for the attainment of TDV 2025.

The third issue has to do with the capacities of the regulatory agencies. Liberalization comes with many challenges some of which need special institutions to handle. With the free market economy Tanzania has seen challenges related to illegal workers and immigrants, fake or counterfeited commodities, below-standard imports, overpricing, environmental degradation, and so on. All these negatively affect the poor and vulnerable more than the better off in society. This state of affairs leads to the need for strong regulatory regimes. The problem with these regimes in Tanzania is that they may not have the competence needed to beat the perpetrators of these unwelcome appendages of liberalization (Hoffman, 2013: 22). In some cases high tech equipment is needed, in some high levels of professionalism is needed, and in some patriotism should be at hand. In Tanzania where corruption is common, the regulatory bodies may not function as they should and the net consequences will impact on the goals of the TDV 2025. As it is now there are foreigners doing work and businesses that the law does not allow, like retail trade.

Decentralization is the last issue we would mention here. This is a deliberate change in the organization of government involving the transfer of powers, resources and/or functions from the centre to units of government administration at lower levels. It is "a political strategy which aims at, *inter alia*, the promotion of peoples participation in the initiation, planning,

[1] These are popularly known as cost containment reforms.

[2] These started early 1990s in CSRP and later turned into PSRP, sector-specific reforms and liberalization of politics.

and implementation of development programmes, greater equality in resource allocation, and more accountability of public administrators to the local representative organs" (Maeda, 1987). Decentralization stimulates local development – hence national development. It also enhances flexibility in programme implementation; efficiency in government operations as it shortens decision-making cycles; and coordination at the levels to which powers have been decentralized. Also centrally imposed plans and projects have proved to be doomed to failure (Tordoff, 1984: 150). Tanzania has formulated a policy of Decentralization by Devolution and enacted the Local Governments Authorities Acts (both rural and urban types) as a means to garner the advantages that come with decentralization.

The aspect of people's participation is central in this arrangement. To ensure that plans emanate from grassroots, the Government has decided to apply the Opportunities and Obstacles to Development (O & OD) method to be used by LGAs. The introduction of O & OD is founded upon the political commitment to use participatory planning in the LGAs as a means to engender more rapid economic and social development. The Local Government Reform Program (LGRP) mentioned earlier in this chapter was initiated so as to address bottlenecks hampering effective decentralization and the operations of the LGAs.

Decentralization by Devolution has not, unfortunately, been attained. At the core of the problems the LGAs are facing is the issue of lack of autonomy. This lack of autonomy is first and foremost linked to their dependence on the central government financially. This state of affairs makes LGAs unable to plan and implement own development programmes without seeking ascent from the centre, or deliver services to the people with a free hand. It would seem, therefore, that the long term vision to do away with this problem is to have concerted support to local economic development and growth as a means to enhance the autonomy and sustainability of the LGAs.

Shortcomings in Policy Management

The management of the policy process in Tanzania has been found to be faulty in some ways and action needs to be taken to address this. A Government report on the assessment of the reform programmes that have been going on in Tanzania for the past 20 years identified three areas of concern (URT, 2013). The first is that there are problems of policy coherence and there is no capable institution to handle this problem at the moment. The report called for ensuring that coherence if sought and maintained between policies especially during implementation and when there are conflicting goals or objectives then resolution to be sought in time. Second is the lack of comprehensive M&E frameworks and systems to provide overall guidance on government business as well as national development strategies and policies. Third, the government's communication system is not working for furthering the development effort. Many stakeholders indicated that the Government communication strategy is weak and ineffective. This undermines its ability to drum up its successes as well as defusing unjustifiable criticisms. The good news is that the government has seen this shortcoming in the management of policy and a project aimed at alleviating the problem has been initiated.

The 'Big Results Now' (BRN) Initiative

Tanzania has made steady progress in economic growth and modest human development over the past two decades. However, although the economy has been on course, the pace of progress has not been sufficient to deliver the level of improvement Tanzanians would want to realize when it comes to growth and poverty reduction. If the country is to realize the objectives as delineated in the different policies – the main one being to become a Middle Income Country by 2025 – she needs to accelerate its progress through more efficient delivery and implementation of bigger, better defined results, focusing on prioritized areas. In an attempt to deliver better results and in a faster pace, therefore, the Big Results Now initiative was adopted and it has identified six areas of the economy for the first phase expected to end in 2015, four of which are directly linked to high livelihood cluster, and therefore, human development.

Education

BRN will address a range of causes of low performance, such as overcrowded classrooms (average 1:70 student per class ratio against the norm 1:40 in primary schools), lack of teachers, lack of basic teacher skills, and inadequate attention to learning needs of lower performing students. The aim is to achieve an increase in pass rates from 31% to 60% the national PSLE exam, and 44% to 60% the national CSEE exam. Wider benefits include effects of improved girls` education on family health, infant nutrition, higher family education achievements, greater agricultural productivity and lower fertility rates.

Water

BRN will support rehabilitation of over 16,000 water points, reaching 5.3 million people by 2015 and help secure additional funding for new water projects reaching an additional 4.9 million people. Beneficiaries include women and girls living in rural areas who frequently need to walk long distances in order to collect water. In addition, improved access will provide greater opportunity for girls to attend school, and provide teachers with stronger incentives to accept postings in remote areas, contributing to improved equity. Health benefits are also significant.

Agriculture

BRN is expected to support conclusion of 20-25 commercial agriculture initiatives, leveraging $6 billion of private commercial investment over the next 6 years. Impacts include increased incomes for rice and maize farmer incomes of approximately 50% by 2015.

Energy

BRN will help ensure timely delivery of the Tanzania`s gas pipeline project by contributing to completion of commercial negotiations, ensuring that temporary port and road facilities are in place, and reinforcing the project implementation and monitoring team. From October 2014 the pipeline is expected to reduce power generation costs. Down the line environmental degradation could be reduced with changed household energy sources.

The implementation of the BRN initiative is underway. The results are yet to be seen but if things work it could be the fresh start for policy implementation in Tanzania. However, the BRN's priorities and those of the FYDP and MKUKUTA II are not completely congruent which could cause confusion to implementing agencies.

Conclusion

The Economic Transformation Tanzania wants as defined in the TDV 2025 is facing challenges. These are challenges related to the environment in which it is being carried out, the ideological and philosophical framework in which it is located, the resources (financial, human, material) that are available for mobilization for the effort, and the required leadership for such a transformation. The twin Economic Transformation in the Making is also facing challenges in that the liberalized economic space poses many challenges to new and smaller economies including penetration of markets, competing with seasoned and experienced actors from developed economies and finding it difficult to have a niche on which to anchor one's economy. While the economic transformation we want needs Tanzania to have a strong economy, the way the economic transformation on the ground and its performance do not point to Tanzania attaining the TDV 2025. It would seem that there is need for reorienting the management of state affairs towards a more interventionist bend to contain the challenges emanating from other actors in the field especially when implementing the very well designed three FYDPs of the LTPP. Some issues need to be addressed for Tanzania to be better positioned to move towards the TDV 2025.

First, the liberal state model that Tanzania has adopted as the means to organize her economy as well as manage other societal activities is facing difficult conditions to make an impact given the trajectory the world system finds itself at the moment. The private sector which should be at the heart of economic activity is still nascent in Tanzania. The cut throat competitive world of today is unlikely to favourably accommodate Tanzania's economy to the extent that the goals of the TDV 2025 can be realized. This is why it would be advisable that some measured state intervention of some kind be introduced to co-exist with some of the key elements of a liberal democratic state such as competitive politics and the pursuance of good governance. With regard to the TDV 2025 goals, especially High Quality Livelihoods, the nascent private sector apart, Tanzania is not well prepared yet to take on the roles that go with such a system such as caring for those who are likely to be outcasts of a market economy. The social protection institutions on the ground are ill-prepared for such a task.

Related to this point also is the fact that there is ambivalence when the political leadership does not clearly say whether the liberal state model is the one in operation – and own it. The constitution pronounces one thing while the actual situation on the ground is different. The role of a guiding ideological and philosophical is lost in such a situation and can lead into indecision at critical times by managers of the transformation process.

Second, for some two decades Tanzania has been restructuring. In development terms, restructuring is not fundamentally going to challenge the status quo, and thus it is often within reach with resources available. This is so because restructuring is in most times evolutionary, entailing continuous learning and offering chances for corrective measures to be taken along the way. Transformation on the other hand is and can be 'traumatic', is likely to be a forced, reactive change using multiple initiatives on different fronts, and often in a relatively short space of time. One key player in a transformation in economic management is the public service.

Tanzania's public service is under reform. The same public service is required to deliver the goods and services under the on-going economic transformation. The public service that can handle a transformation must have certain characteristics. These include but not limited to being well trained and highly skilled. They also need to be well motivated and well led, adequately resourced, functioning in well thought-out organizational systems. Is this the case with Tanzania's public service? Many see it as the 'business as usual' type, and when other problems of corruption, inefficiency, waste, non-responsiveness and lethargy are put into the matrix then the chances for the delivery off the TDV 2025 look bleak. The Executive Agencies is one case in point in that the expected private-sector techniques, down to business and motivation have not materialized in many. The ministerial and departmental staff are not much better off.

Third, implementation and even monitoring and evaluation have been identified as weak points in the policy cycle. Several factors were identified as contributing to this predicament including a lack of operational detail in plans and policies across all levels; a lack of prioritisation; lack of accountability and lack of performance monitoring. These need to be addressed in every plan, policy and programme for better results.

Fourth, the Government interventions aimed at facilitating the achievement of Human Development need to have some key characteristics. One, they need to be consistent in that there are programmes that start and stop even before significantly impacting on the human development indices. Two, there is need for wider coverage. Most of the interventions have an urban bias while the majority of the target population lives in rural areas. Three, the pace of implementing some of these interventions is not encouraging. The remaining years before 2025 suggest that things have got to be done in a speedier way.

Lastly, the question of leadership in a transformation is critical. Transformation requires knowledgeable, highly trained and skilled leaders that are highly committed and motivated. In situations of a quest for rapid change and transformation, such a leadership must be transformational implying that they can easily convey a clear vision of the group's goals (or correctly interpret the one in place), they have passion for the work ahead, and the ability to make the rest of the followers feel recharged and energized. This type of leadership would also impact on the creation of the links between growth and human development because the choices made on allocation of resources investment are critical for translating growth into human development. For an economy-wide transformation there is need for many such leaders; Tanzania does not seem to have them in adequate numbers at the moment.

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