Tanzania Human Development Report **2017**

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United Republic of Tanzania

Social Policy in the Context of Economic Transformation

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Economic and Social Research Foundation
51 Uporoto Street (Off Ali Hassan Mwinyi Road),
Ursino Estates P.O Box 31226, Dar es Salaam, Tanzania
Tel: (+255) 22 2926084 - 9
Mobile: +255-754 780133, +255-655 780233, Fax: +255-22 2926083
Emails: esrf@esrf.or.tz OR info@esrf.or.tz
Website: http://www.esrf.or.tz, http://www.thdr.or.tz

United Nations Development Programme
Tanzania Office
182 Mzinga way, Off Msasani Road Oysterbay
P. O. Box 9182, Dar-Es-Salaam, Tanzania
Tel (+255) 22 2112576 +255 686 036 436
UNDP Resident Representative & UN Resident Coordinator Office:
Tel: +255 686 036 436 +255 686 036 436
UNDP Country Director Office:
Tel: +255 0686 036 475 +255 0686 036 475
Email: registry.tz@undp.org
Website: http://www.tz.undp.org

Government of the United Republic of Tanzania
Ministry of Finance and Planning
Treasury Square Building
18 Jakaya Kikwete Road
P.O.Box 2802,
40468 Dodoma
Te: +255 26 2963101
Tel: +255 26 2963109
Website: http://www.mof.go.tz

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Preface

In 1990, UNDP's first global Human Development Report (HDR) introduced the Human Development Approach as a new way for understanding and advancing human well-being. The vision of that first HDR was to see development as a "process of enlarging people's choices". By putting the lives of the people at the centre of development and economic thinking, that report and those that followed brought a revolutionary change in the conceptualization of development and the way world leaders consider poverty and injustice. During the past 25 years, the global Human Development Reports have been complemented by over three dozen regional and sub-regional and more than 700 national HDRs. These reports are strategic advocacy tools created through a process of active engagement within countries and across regions in addressing cutting-edge issues and articulating people's priority needs. They provide an important source for innovation and advancement in development policies and practices.

The Tanzania Human Development Report (THDR) 2017 is the second national report for Tanzania. The theme of this year's report is "***Social Policy in the Context of Economic Transformation in Tanzania"*** which was purposefully chosen to build on the ideas put forward by THDR 2014. In recent years, Tanzania's approach to economic development has placed renewed emphasis upon the importance of economic transformation in driving poverty reduction and prosperity. The term "economic transformation" refers to a structural change in the economy, characterized by a lesser contribution to GDP from the agricultural sector and greater contributions from the industrial and service sectors, and accompanied by a demographic transition from high birth and death rates to low birth and death rates. In light of the importance of economic transformation accorded in Tanzania, THDR 2014 addressed the theme ***"Economic Transformation for Human Development"***. A major premise of THDR 2014 was that for economic transformation to work for human development, the transformation process must go hand-in-hand with the creation of decent jobs, income growth and social provisioning. THDR 2017 therefore aims to build on the previous report by analyzing the space of social policy and social provisioning in Tanzania's ongoing process of economic transformation.

The report comprises four chapters and a statistical annex. The first chapter provides a snapshot of the status and progress of human development in Tanzania. The second chapter discusses the space of social policy in economic transformation. The third chapter offers a historical perspective on the integration of social and economic policies in Tanzania's policy landscape since the country's independence. The fourth chapter then assesses the challenges that need to be confronted and opportunities to be tapped by Tanzania's Government to make social policy not only an end but a means for achieving sustained economic transformation *with* human development. The statistical annex provides a rich overview of key indicators/indices of social, economic and human development.

THDR 2017 was produced under the aegis of the UNDP Human Development Initiative, which was explicitly designed to draw upon local expertise and to seek widespread nationally-based consultation and feedback from actors within the field of development policy and action, including government institutions. With funding from UNDP, the report's production engaged a network of scholars from the national research and university systems. The Economic and Social Research Foundation (ESRF) was the implementing partner for the THDR project, working in close collaboration with key partner institutions, including the National Bureau of Statistics (NBS), the Office of the Chief Government Statistician Zanzibar (OCGS), and the Department of Economics at the University of Dar es Salaam (UDSM). The project manager and secretariat of the THDR initiative carried out the day-to-day activities in the report's production in close collaboration with a core team composed of experts from the UNDP, ESRF, NBS and UDSM. In addition, a broader working group, composed of 35 experts drawn from a variety of national institutions and development agencies, provided further support, feedback and guidance throughout the production process. This process involved commissioning 11 background papers, which constituted the

core materials for developing the final report. In parallel, diversified data on key indicators/indices of human development were collected and compiled to produce the statistical annex. We would like to express our gratitude to the following authors of the THDR 2017 background papers:

Paper No. 1: "Status and Progress of Human Development in Tanzania" by Prof. Haidari Amani, Dr. Tausi Kida and Mr. Danford Sango

Paper No. 2: "Status and Progress of Human Development in Zanzibar" by Dr. Flora Kessy and Ms. Mashavu Omar

Paper No. 3: "Population Dynamics and Social Policy"by Prof. Haidari Amani, Prof. Alfred Agwanda and Mr. Ahmed Makbel

Paper No. 4: "Situating Social Policy in Socioeconomic Transformation: A Conceptual Framework" by Prof. Marc Wuyts and Dr. Hazel Gray

Paper No. 5: "Aid Dependency in Financing Space for Social Provision in Tanzania: A Macro Perspective" by Prof. Marc Wuyts, Mr. Desmond Mushi and Dr. Tausi Kida

Paper No. 6: "Social Policy in Historical Perspective: Shifting Approaches to Social Provisioning" by Dr. Jehovaness Aikaeli and Prof. Humphrey Moshi

Paper No. 7: "Social Policy, Gender and Labour" by Prof. Razack Lokina, Dr. Joyce Nyoni and Prof. Godius Kahyarara

Paper No. 8: "Health as a Productive Sector: Integrating Health and Industrial Policy"by Prof. Maureen Mackintosh and Dr. Paula Tibandebage

Paper No. 9: "Social Protection: Safety Net or Vehicle for Transformation?" by Dr. Flora Myamba and Dr. Sheshangai Kaniki

Paper No. 10: "Education Foundations of the Development of Skills and Productive Capabilities" by Prof. Suleman Sumra and Dr. Joviter Katabaro

Paper No. 11: "Water, Sanitation and Hygiene in Tanzania: Access, Policy Trends and Financing" by Dr. Flora Kessy and Mr. Richard Mahali

We would sincerely like to thank Dr. Tausi Kida, Executive Director of ESRF, for her leadership, technical guidance and coordinating role throughout the preparation and production of the report. Special appreciation is also due to Professor Marc Wuyts (ISS) for his intellectual guidance throughout the process. Special thanks are further due to the core THDR team for their technical inputs and commitment throughout the process. Along with Dr. Tausi Kida and Prof. Marc Wuyts, this team was composed of Mr. Amon Manyama (UNDP), Dr. Jehovaness Aikaeli (UDSM), Dr. Kenneth Mdadila (UDSM), Mr. Ahmed Markbel (Prime Minister's Office), Mr. Irenius Ruyobya (NBS), Mr. Deogratias Mutalemwa (ESRF), Dr. Hazel Gray (University of Edinburgh UK), Prof. Samuel Wangwe (ESRF), Dr. Christian Shingiro (UNDP), Ms Kristina Weibel (UNDP) and Dr. Rogers Dhliwayo, former economics advisor for UNDP Tanzania.

Our sincere gratitude goes to the report's drafting team, composed of the following experts: Prof. Haidari Amani, Dr. Tausi Kida and Mr. Danford Sango (chapter 1); Dr. Hazel Gray (chapter 2); Prof. Samuel Wangwe, Dr. Josaphat Kweka and Prof. Marc Wuyts (chapter 3); Prof. Samuel Wangwe and Dr. Josaphat Kweka (chapter 4); and Dr. Kenneth Mdadila and Mr. Irenius Ruyobya (statistical annex)[1]. The preparation of the statistical annex benefited greatly from the active support given by the national statistical offices of both Tanzania Mainland and Zanzibar. In this regard, we are indebted to Dr. Albina Chuwa, Director General of the NBS, and Ms. Mayasa Mwinyi, Chief Government Statistician of the Revolutionary Government of Zanzibar, for their support in preparing THDR 2017.

THDR 2017's preparation benefited greatly from the feedback and guidance provided by the 35 members of the THDR Working Group, who were mostly senior officials drawn from diverse professional and occupational backgrounds.

More specifically, members came from the following offices: the Parliament of Tanzania, Ministry of Finance and Planning, Planning Commission, Ministry of Health, Community Development, Gender, Elderly and Children, Ministry of Education, Science and Technology, Tanzania Commission of Science and Technology (COSTECH), NBS, OCGS, UNDP, ESRF, UDSM, REPOA, UONGOZI Institute, International

1. The views expressed in this report are those of the authors, and do not represent the views of UNDP, the United Nations or any of its affiliate organizations.

Labour Organization (ILO), The World Bank, World Health Organization (WHO), UNICEF, Children's Dignity Forum and HelpAge International. We would like to extend our gratitude to the members of the THDR Working Group for their unwavering support throughout the report's preparation. Furthermore, we also thank Mr. Jonathan Hall from Human Development Report Office (HDRO) for technical support and guidance.

We thank Mr. Danford Sango (ESRF) and Mr. Yasser Manu (ESRF) for their technical and administrative roles as members of THDR secretariat. We would also like to thank Ms. Margareth Nzuki and the entire Knowledge Management team at ESRF for their support in disseminating the report. Further thanks to Mr. Chris Daly, Principal–Daly Consulting, for editing the final manuscript. We would further like to express our gratitude to Mr. Nicolai Schulz for his contribution to the summary report and Mr. Rashid Chuachua for translating the summary report from English to Kiswahili. Special thanks also to the contemporary Tanzanian artist, Mr. Haji Chilonga, for the vivid painting he produced to serve as the report's cover page.

Finally, we are grateful for the wisdom and guidance provided by Hon. Dr. Ashatu K. Kijaji, Deputy Minister for Finance and Planning during ESRF's 5th National Conference on "Social Policy in the Context of Economic Transformation in Tanzania" held on 29 November 2016. The theme for this national conference drew its inspiration from THDR 2017, and the conference involved presentations and discussions on the report's 11 background papers.

From all of these efforts, it is our sincere hope that the report will provide readers with a deeper understanding of the vital role that social policy can play in achieving economic transformation with human development in Tanzania.

Mr. Doto Mgosha James
Permanent Secretary,
Ministry of Finance and Planning,
United Republic of Tanzania

Mr. Alvaro Rodriguez
Resident Coordinator
of the UN System and UNDP Resident
Representative in Tanzania

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List of Abbreviations

AIDS	Acquired Immune Deficiency Syndrome
ATE	Association of Tanzania Employers
BMI	Body Mass Index
CSEE	Certificate of Secondary Education Exam
DCF	Development Cooperation Framework
DHS	Demographic and Health Survey
DIT	Dar es Salaam Institute of Technology
DPs	Development Partners
ECD	Early Childhood Development
ESR	Education for Self-Reliance
ESRF	Economic and Social Research Foundation
ETP	Education and Training Policy
EYS	Expected Years of Schooling
FYDP	Five Year Development Plan
GBS	General Budget Support
GDI	Gender Development Index
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
GII	Gender Inequality Index
GNI	Gross National Income
GoT	Government of Tanzania
HDI	Human Development Index
HDRO	Human Development Report Office
HIV	Human Immunodeficiency Virus
ICT	Information and Communications Technology
IFIs	International Financial Institutions
ILO	International Labour Organization
IMG	Independent Monitoring Group
IMR	Infant Mortality Rate
ITN	Insecticide-Treated Net
JAST	Joint Assistance Strategy for Tanzania
LTPP	Long Term Perspective Plan
MIS	Malaria Indicator Survey
MOFP	Ministry of Finance and Planning
MPI	Multidimensional Poverty Index
MYS	Mean Years of Schooling
NBS	National Bureau of Statistics
NCDs	Non-Communicable Diseases
NER	Net Enrolment Rate
NESP	National Economic Survival Programme
NHIF	National Health Insurance Fund
NIR	Net Intake Rate

NRW	Non-Revenue Water
NSSF	National Social Security Fund
ODA	Official Development Assistance
OPHI	Oxford Poverty and Human Development Initiative
PMO–LYED	Prime Minister's Office–Policy, Parliamentary Affairs, Labour, Employment, Youth and the Disabled
PMO	Prime Minister's Office
PPE	Pre-Primary Education
PQTR	Pupils per Qualified Teacher Ratio
PRS	Poverty Reduction Strategy
PRSPs	Poverty Reduction Strategy Papers
PSLE	Primary School Leaving Examination
PSPF	Public Service Pension Fund
RGoZ	Revolutionary Government of Zanzibar
RTD	Rapid Diagnostic Test
SAP	Structural Adjustment Programme
TACAIDS	Tanzania Commission for AIDS
TDV	Tanzania Development Vision
U5MR	Under-Five Mortality Rate
UK	United Kingdom
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNRISD	United Nations Research Institute for Social Development
US	United States
USD	United States dollar
VETA	Vocational Education and Training Authority
VICOBA	Village Community Bank

Executive Summary

The Human Development Approach and Key Indices

In 1990, UNDP's first global Human Development Report introduced the Human Development Approach (HDA) as a new way of understanding and advancing human well-being. Founded on Amartya Sen's capabilities theory of development, the HDA views development as a process of expanding people's freedom and enhancing their capabilities. It encourages policy makers to look beyond monetary metrics of poverty and pay greater attention to the things that people intrinsically value.

To provide a means to measure, compare and analyze progress in human development outcomes within and across countries, the 1990 report introduced the Human Development Index (HDI). The HDI measures a country's average achievement across three basic dimensions of human development: i) a long and healthy life, as measured by life expectancy at birth; ii) knowledge, as measured by educational indicators; and iii) a decent standard of living, as measured by income per capita. In 1995, the Gender Development Index (GDI) was introduced to add a gender-sensitive dimension to the HDI.

To expand on the analysis of human development—and to overcome limitations in the HDI and GDI—UNDP's 2010 Human Development Report introduced the Multidimensional Poverty Index (MPI) and the Gender Inequality Index (GII). The MPI assesses ten weighted indicators of human development across the same three dimensions as the HDI (health, education and standard of living). An individual is identified as "MPI poor" if the person is deprived in a third or more of the ten indicators, and in severe poverty if the person is deprived in 50 percent or more of the ten indicators. By identifying people experiencing greater intensity of poverty, i.e., a higher number of overlapping deprivations, the MPI can contribute to the design of policies and programmes and the effective allocation of resources. Similarly, the GII was developed to better capture gender disparities in human development by assessing three critical dimensions for women's well-being: reproductive health, empowerment (which includes education attainment as well as political representation at the national level) and labour market participation.

The Tanzania Human Development Report 2017

The Tanzania Human Development Report (THDR) 2017 is the second national report for Tanzania. The theme of this report is "***Social Policy in the Context of Economic Transformation in Tanzania.***" As for the inaugural report published in 2014, the first chapter of the report analyzes the **current status of human development in Tanzania**. Based on the most recent data available, results for the four key human development indices (HDI, MPI, GDI and GII) are presented for Tanzania Mainland (and its regions) and for Zanzibar. Income poverty headcounts from the most recent household budget surveys are also discussed. The report then analyzes the indicators used to calculate the HDI and MPI so as to more closely examine the **drivers of human development outcomes** for the country. The relationship between **population dynamics in Tanzania**, particularly the very high rates of population growth and urbanization, and human development is also discussed.

Building upon the analysis of THDR 2014 which focused on ***"Economic Transformation for Human Development"***, the three thematic chapters of this year's report examine the role of, and space for, social policy in Tanzania's ongoing process of socio-economic transformation. The second chapter presents a **conceptual framework** that explains the vital link between social and economic policy in achieving economic transformation *with* human development. The third chapter offers a **historical perspective on the integration of social and economic policies** in Tanzania's policy landscape since the country's independence. To conclude the report, the fourth and final chapter assesses the challenges that need to be confronted and opportunities to be tapped by Tanzania's Government

to make social policy not only an end but a means for achieving sustained economic transformation with human development. The report cogently argues that to achieve Tanzania's ambitious development goal to become a semi-industrialized, middle-income country by 2025 will require the strategic integration of economic and social policies.

Status and Progress of Human Development in Tanzania

Since independence, human development has been central to Tanzania's development process. The late Mwalimu Julius Nyerere, Tanzania's first President, identified poverty, ignorance and disease as the main development challenges facing Tanzania. He understood development as a process of removing various 'un-freedoms' and argued that freedom and development are intimately and intricately linked. Fundamentally, Nyerere and Amartya Sen agreed that development should be people-centred and enhance the capabilities of people to live long and fulfilled lives through improved health, education, living standards and livelihoods.

Most official policy during the first decade following independence echoed Nyerere's perception of human development, which shows that Tanzania has long defined national development in a manner consistent with the human development approach developed by Amartya Sen and championed by UNDP since 1990. Today, over 50 years on from independence, Tanzania's current National Five Year Development Plan 2016/17–2020/21 (FYDP II) seeks to nurture industrialization for economic transformation and human development with the main objective of accelerating progress towards the Tanzania Development Vision 2025. The plan explicitly acknowledges the linkages between human development and economic growth. And through its linking of social and economic priorities alongside environmental concerns, the Plan echoes the integrated and indivisible goals of the 2030 Agenda for Sustainable Development.

Grounded in the understanding that economic growth is a necessary but not a sufficient condition for development, the FYDP II emphasises the importance of industrialization-led structural transformation for human development. Under the plan the government aims to improve the country's HDI score[2] to 0.600 by 2025/26. To offer guidance for policy makers in reaching this target, THDR 2017 analyzed the current status of human development in the country. Headline results for key human development indices along with important findings on the indicators that are driving Tanzania's human development outcomes are summarized below.

Results for key human development indices

Tanzania has made significant progress in human development evidenced by the improvement in its Human Development Index (HDI) score from 0.371 in 1985 to 0.531 in 2015, which represents an increase of 43.1 percent over this 30-year period. Based on its 2015 score, Tanzania ranks above the sub-Saharan African average of 0.518. Yet, the country remains within the category of countries with low levels of human development, ranked 151 out of 188 countries globally. Localized analysis[3] further shows that regional differences within Tanzania are significant. For example, HDI values range from a high of 0.75 in Kilimanjaro region to a low of 0.44 in Kagera region.

Results for the MPI mirror that of the HDI; rates of multidimensional poverty have declined but remain high. The proportion of the population experiencing multidimensional poverty declined from 64 percent in 2010 to 47.4 percent in 2015, and extreme poverty declined from 31.3 percent in 2010 to 17.7 percent in 2015. Improvements in all MPI indicators were recorded over this period. However, the increases in access to electricity as well as rates of ownership of assets (including mobile phones, radios and motorcycles) are the most important factors explaining the decline in multidimensional poverty between 2010 and 2015. This trend is in line with national targets, as indicated in the FYDP

2 The HDI value measures the level of human development in a country, ranging from 0 for low human development to 1 for high human development.

3 For methodological reasons, the index values for Tanzania in UNDP's global reports and the localized index values computed for the THDR 2017 cannot be directly compared.

II, to reduce the MPI to 38.4 percent by 2020/21 and ultimately to 29.2 percent by 2025/26. Again, significant regional disparities persist. On one end of the scale, 66 percent of the population in Rukwa region are living in multidimensional poverty compared with 12 percent in Dar es Salaam region. In the case of Zanzibar, the data show that the proportion of MPI poor has declined from 43.3 percent in 2010 to 26.3 percent in 2015 and that extreme poverty has almost halved from 16.6 percent to 8.5 percent over the same period.

Income poverty data from national household budget surveys for Tanzania Mainland indicate significantly lower levels of poverty than the MPI analysis. The income poverty headcount-i.e., the proportion of people living below the basic needs poverty line-for Tanzania Mainland stood at 28.8 percent in 2012, while the proportion living in extreme poverty-i.e., the proportion of people below the food poverty line-was 9.7 percent. However, regional disparities remain largely unchanged. Dar es Salaam, Kilimanjaro and Arusha are the three regions with the lowest proportions of households below the poverty line, while the three regions with the highest proportions of households below the poverty line are Kigoma, Geita and Kagera. In the case of Zanzibar, basic needs poverty declined from 34.9 percent in 2009/10 to 30.4 percent in 2014/15, while extreme poverty declined only marginally from 11.7 percent to 10.8 percent during the same period. Arguably, this more limited progress is partially the result of hikes in global food prices. As a net importer of food, increases in food prices can result in substantial declines in welfare in Zanzibar.

Results for the Gender Development Index (GDI)[4] and the Gender Inequality Index (GII) both indicate that women are more likely than men to suffer a lack of human development due to inequalities in access to education, health services and economic opportunities. The GDI score for Tanzania Mainland for 2015 is 0.864 while the value for Zanzibar is 0.849. These scores indicate that Tanzania is doing well in closing the gender gap, especially in life expectancy and access to primary and lower secondary education. However, as measured by GDP per capita (a proxy indicator for per capita gross national income) women's standard of living still significantly lags their male counterparts in both Tanzania Mainland and Zanzibar.

With respect to the GII, Tanzania dropped four places to 129th out of 188 countries in UNDP's latest global Human Development Report. Disaggregated by the dimensions and indicators used to calculate the GII, a more nuanced picture can be drawn. Progress has been made in increasing the representation of women in Parliament, achieving gender parity at the primary level of education, increasing women's labour force participation, and extending life expectancy. However, marked disparities were recorded for the proportion of women in decision-making positions at the regional and local government levels, and in senior and middle management occupations, where men account for 82.6 percent of the positions compared to 17.4 percent for women. Gender-based inequalities also persist in access to and control of productive and financial resources, and time poverty remains a significant burden for most Tanzanian women. Further concern results from the increase in the percentage of adolescent women who have commenced childbearing, which has increased from 23 percent in 2010 to 27 percent in 2015. As these results strongly indicate, further interventions to promote gender equality and women's empowerment are needed to secure the fundamental rights of women and unleash women's full potential to contribute to Tanzania's social economic transformation.

The driving forces behind human development in Tanzania

To identify the principal factors driving human development in Tanzania, component indicators of the HDI and MPI indices were analyzed. Some of the notable findings were as follows:

- **GDP per capita** for Tanzania Mainland has been increasing steadily over the last decade to 1,918,929 Tanzanian shillings (TZS) in 2015, up from TZS 1,025,038 in 2012. Income levels ranged widely from a high of TZS 3,035,543 per capita in Dar es Salaam region to a low of TZS 1,075,268 per capita in Kagera region.

4 The closer the ratio is to 1, the smaller the gap between women and men.

- Over the period from 2002 to 2012, **life expectancy at birth** increased by almost 9 years for men (from 51 years to 60 years) and by almost 13 years for women (from 51 years to 64 years). Average life expectancy for Mainland Tanzania is 61.7 years and for Zanzibar it is 65.7 years. These increases are attributed to improvements in a number of variables, including declining child mortality rates, stabilized HIV/AIDS levels, improved nutrition and hygiene, increased access to safe drinking water, and effective birth control and immunization.

- **Childhood mortality**, which is one of the component indicators for the health dimension in the MPI, has declined considerably over the last 25 years. For example, the under-five mortality rate has fallen from 141 deaths per 1,000 live births in 1990 to 67 deaths in 2015-16. Declines are due to continued improvements in the healthcare sector, especially in maternal and child health, and, more specifically, in immunization and malaria prevention initiatives. However, despite marked improvements in controlling and reducing the number of cases, malaria continues to be a major cause of morbidity and mortality.

- Again, despite improvements, rates of **under-nutrition among Tanzanian children** remain a serious and widespread concern. Data from the Tanzania Demographic and Health Survey and Malaria Indicator Survey (TDHS-MIS) 2015–16 found that 34 percent of children under five years of age were stunted, 14 percent were underweight or too thin for their age, and 5 percent were wasted or too thin for their height. Moreover, the prevalence of wasting—a sign of acute malnutrition—has remained virtually unchanged between 1999 and 2016. Data further show substantial disparities in nutritional status among children by region and household wealth. For example, the rate of stunting among young children ranged from 15 percent in Dar es Salaam region to 49 percent in Njombe region, and children from very poor households are three times more likely to be chronically malnourished than children from better off households. These high rates of chronic under-nutrition are driven not only by poverty and food insecurity but also by poor infant and young child caring and feeding practices at the household level.

- **Education** is one of the major drivers of human development and one of the key dimensions of both the HDI and MPI. Education plays a key role in building human capability in general as well as for developing skills and technological capabilities in the workforce, which are essential for economic transformation. According to the 2012 Population and Housing Census, the **expected years of schooling (EYS)** for a child in Mainland Tanzania was 8.9 years and for a child in Zanzibar was 10.8 years. Again, variations in EYS among Mainland regions are marked. The EYS for a child in Tabora region is 6.2 years, which is over five years less than the expected years of schooling for a child in Kilimanjaro region (11.4 years).

- Data from the THDS-MIS 2015-16 indicate that the **percentage of the population without formal education** has been decreasing over time. In 2015, around 24 percent of females and 19 percent of males in 2015 had no formal education. **School completion rates**, however, remain extremely low; around one third of the population in Tanzania have completed primary school but less than one in ten Tanzanians have completed secondary education. Notably, children in urban areas are four to five times more likely to have finished secondary school than children in urban areas. **Failure rates in the Primary School Leavers' Exam (PSLE)** also remain substantial; only 67.8 percent of Tanzania Mainland students who sat the PSLE in 2015 passed. These data strongly indicate that many young people either do not complete primary school or finish the primary cycle without having acquired the expected level of skills and knowledge in the primary curriculum.

- To measure people's **living standards**, the multidimensional poverty index assesses six household-level indicators: availability of clean and safe water, access to sanitation facilities, ownership of assets, type of cooking fuel used, access to electricity, and type of flooring in the dwelling. Recent trends for these indicators are

encouraging but much remains to be done to improve living standards for the majority of Tanzanians. For example, the percentage of households with **access to improved sources of drinking water** increased from 54 percent in 2010 to 61 percent in 2015-16. However, by residence, only half of rural Mainland households (49 percent) have access to an improved source of water compared with 86 percent of urban Mainland households and 98 percent of households in Zanzibar. And, while slowly declining, the proportion of households with **access to acceptable sanitation facilities** is low. Overall, 55 percent of households use an unimproved toilet facility and 10 percent of households have no toilet. Nationally, about one-quarter of households (23 percent) have **electricity**. Again, the urban-rural divide is vast; 56 percent of Tanzania Mainland urban households have electricity compared with 5 percent of Tanzania Mainland rural households. Around one in two households in Zanzibar are connected to electricity (47 percent).

Population dynamics and human development in Tanzania

The report also highlights the huge development challenges posed by Tanzania's rapid population growth and urbanization. In the last 35 years, the country's population has almost tripled to 50.1 million (2016 estimate). At 2.7 percent per annum, the national average population growth rate is one of the fastest in the world and translates to a net addition of 1.2 million people each year. At the present rate, Tanzania's population is projected to reach 67 million in 2025 and 89.2 million by 2035.[5]

This rapid growth poses a great challenge to the Government's capacity to meet the demand for public infrastructure and facilities, housing, employment and social services, particularly in the areas of education, health and water supplies. For example, the 2014 Integrated Labour Force Survey (ILFS) reported that, between 2006 and 2014, the working-age population (15 years and above) grew by 4.8 million persons to 25.8 million, with most of this increase occurring in urban areas. These huge increases in the labour force have significant policy implications for job creation and skills development, especially given that young people make up 55 percent of the working population. To decelerate the supply of new entrants into the labour force, Government efforts will be needed to promote reductions in the population growth rate in tandem with economic strategies to create decent jobs.

5 Provisional estimates based on projections from the 2012 Population and Housing Census.

The Role of Social Policy in Economic Transformation

As mentioned above, the three thematic chapters of this year's report examine the role of, and space for, social policy in Tanzania's ongoing process of socio-economic transformation. The second chapter sets out a conceptual framework to explain the links between social and economic policy in the pursuit of economic transformation *with* human development. It argues that social policies must be actively considered to reconcile the goals of economic transformation with desired social outcomes.

Broadly defined, social policy encompasses a range of policy instruments that affect the way that people secure their livelihoods through collective and individual efforts. Social policies address the overlapping goals of delivering protection, redistributing wealth and income, and facilitating social reproduction and caregiving. Economic performance and production are directly affected by all of these different policy objectives. Yet, social policy has numerous indirect effects that are often overlooked. These include: encouraging new paths of innovation; reducing risk and uncertainty surrounding investment; providing financial resources for investment; as well as the more widely recognized impact on improving human capital formation through investment in health and education.

To take one example, expanding social protection through contributory systems (e.g., pension funds) or non-contributory systems (e.g., cash transfers) is a direct way of reducing poverty and marginalization. But, in addition to the direct benefits, these systems can influence economic transformation in several important ways. First, the protective aspects of

social policy—which allow household to address their immediate needs—also promote household resilience by enhancing real incomes as well as levels of education, by allowing poor families to send their children to school. Second, at the level of the household and individual, social protection can alleviate risk and promote investment in new and potentially more productive economic activities. Third, additional household income will likely lead to an overall increase in demand, thereby stimulating national economic growth. Finally, contributory social protection systems, such as pension funds, can play—and historically across the world have played—a wider transformative role by providing financial resources for domestic investment, such as the development of new manufacturing facilities. The expansion of contributory systems can also contribute to the deepening of the financial sector, thereby increasing the supply of long-term capital and reducing the cost of capital.

In addition to physical investments, human capital development is an essential aspect of the industrial and structural transformation of the economy. Technological transformation of production is at the core of the drive for industrialization, and using new technologies effectively requires technological capabilities. Not surprisingly, countries that have successfully (and rapidly) industrialized have invested heavily in their education systems, with strong focus on technical and vocational education to support the needs of expanding industries. Social spending on education and health, together with a range of other social policies that address protection, social reproduction and redistribution, plays a key role in developing skills and technological capabilities of the workforce. Thus, social policy has a role in promoting innovation and the expansion and diffusion of technological capabilities necessary for transforming the idea of industrialization into reality.

In addition to their impact on supply-side factors, social policies have an equally important but frequently overlooked role within the demand side of the economy. Effective demand has important implications for industrialization. For example, industrialization can have considerable effects on prevailing patterns of demand within an economy. More specifically, it can occur at the expense of the living standards of the poor. Growth through industrialization tends to lead to growing demand for essential goods, in particular, food. When the domestic agriculture sector lacks the dynamism to supply this increased demand, and increased imports of essential goods are curbed to avoid trade imbalances, demand surpasses supply, resulting in inflation of prices for essential goods. While this negatively affects the living standard of the whole population, it does so most severely for the poor, given that a large percentage of their income is spent on essential goods. Hence, social policies must be seen as necessary solution to correct these imbalances, rather than as a detrimental form of present consumption that may hinder long-term growth.

Social policy can also play a key role in translating needs into sources of effective demand. In the early post-independence period, within the Basic Industry Strategy, social goals were explicitly linked to the types of industries that were needed to meet them. For example, the provision of health care requires goods and services as inputs to production, including medicines, medical supplies and equipment, as well as other basic supplies such as packaging and cleaning materials. Hence, using public funds for health care procurement can support industrialization by offering opportunities for industrial and commercial investment within the domestic economy. This provides a further illustration of how social policy and economic transformation can go hand-in-hand.

In many ways, therefore, social policies can be transformative when they play a role in shaping the type of economic activities, pace and content of innovation, and patterns of consumption that emerge as growth occurs. Moreover, economic policies—and not just traditionally defined social policies—can have a significant impact on social outcomes. This means that social and economic policies are inherently mutually constitutive; social policies have far-reaching economic implications and economic policies will inevitably play a considerable and direct role in determining social outcomes. Consequently, a successful integration of social and economic policies is required to steer Tanzania onto a development path where human needs are fulfilled over time.

Integrating Social and Economic Policies: The Changing Emphases in National Policy Frameworks since Independence

The report's third chapter provides a historical perspective on the integration of social and economic policies in Tanzania's policy landscape since the country's independence. It demonstrates that integrating social and economic policy is not new to Tanzania, but the nature and extent of interaction has differed markedly depending on changing policy regimes in Tanzania. Lessons from the past were identified by analyzing the integration of economic and social policy across four periods: 1) From independence to the Arusha Declaration (1961-66); 2) from the Arusha Declaration until the economic crisis (1967-1985); 3) the period of structural adjustment from 1986 to 1996; and 4) the period from 1996 to 2016 during which the Tanzanian government has worked to re-assert its control over the national development agenda.

Independence to the Arusha Declaration (1961-66)

Following independence in 1961 the government concentrated on the Africanisation of the public sector and measures to stimulate economic growth. The structure of the economy in terms of production relationships, ownership, and the priorities of commodities were still oriented to the industrial countries with a focus on consumer luxuries and exports of raw materials or the primary processing of bulky products for export. Moreover, colonialism had promoted a differentiation and compartmentalization of society along racial and economic lines. The prevailing policy framework emphasized private sector development, and the economy was heavily reliant on the largely foreign-owned private sector, foreign direct investments, and aid. Notably, the government did not fundamentally question the critical issues of inequality in income and wealth distribution in society or the division of labour along racial lines or the lopsided structure of the economy.

Rather, priorities were aimed towards transforming agriculture using modern agricultural techniques to achieve high productivity. This approach involved moving some of the farming population from their traditional villages to new villages or settlement schemes to fast-track introduction of socio-economic transformation, on the assumption that the smallholder farmers were poor because of lack of capital and technology. However, this approach, proved largely unsuccessful, creating a privileged group and further social differentiation as well as limited economic results due to its high and unsustainable costs. It became increasingly clear that structural change and economic transformation were necessary to change the distorted economic and social structures. These lessons were important in informing the Arusha Declaration in 1967.

The Arusha Declaration until the economic crisis (1967-1985)

The Arusha Declaration made an ideological shift and enunciated the principles of socialism and self-reliance to address prevailing conditions for development following independence. Enshrined in the Arusha Declaration was the concept of people-centred development. It was interpreted broadly to include social and economic liberation with human dignity, equality and freedom of the individual, equality of opportunity across all races, and the commitments to reduce income and wealth differentials in society and to fight against corruption.

The policy-making stance of the late 1960s and 1970s emphasized collective ownership of the major means of production through the nationalization and expansion of public enterprises. For agriculture and rural transformation, the new approach chosen was that of villagization (*ujamaa* in Kiswahili which translates as 'familyhood'), that is, the creation of villages through the voluntary, self-reliant activities of the people themselves. Ujamaa had a dual economic and social focus: to achieve viability as economic units and to achieve social development as village communities. During this period under the leadership of President Nyerere, social concerns were integral to the government's economic transformation and industrialization policies.

Adopted in 1975, the Basic Industry Strategy (BIS) was designed to achieve structural change

and self-reliance. Industrial production was largely nationalized and emphasis was placed on industries directed towards meeting domestic demand, especially the basic needs of the population, including social services such as health, education and shelter, while providing intermediate and capital goods in the economy. Therefore, industries prioritized under the BIS included textiles, shoes, pharmaceuticals, paper and other educational materials. Health policy, which entailed the provision of free medical services for all citizens, was integrated with industrial policy. Industrial development incorporated requirements for the health sector, such as pharmaceuticals and other supplies. In education, the policy of Education for Self-Reliance (ESR) of 1967 also served a dual role: facilitating acquisition of knowledge and skills for addressing societal challenges or meeting requirements of the labour market, while at the same time instilling societal values that were fundamental in nation building.

However, the outcome of villagization as a basis for harnessing economies of scale was not realized. Collective farms were not as productive as envisaged. Indeed, productivity in farms under the villagization programme was lower than productivity in private peasant farms in the 1970. Although the period from 1967 to 1980 witnessed considerable progress in both social and economic indicators, an economic crisis was building up during the late 1970s, which reduced the ability of the Government to maintain economic and social service delivery.

The role of effective demand and consumption in shaping economic outcomes in Tanzania was also underplayed under the premise that the main constraints facing Tanzania resulted from the supply side. The focus on investment outweighed attention to recurrent expenditures that would ensure adequate utilization of capacity that had been created. Industrial investment quadrupled over the 1968–79 period, which had a significant impact on the economic development of the country. However, the rapid expansion in industry (as well as in social provisioning) led to the situation in which capacity creation went hand-in- hand with falling capacity utilization.

From 1967 to the early 1980s, Tanzania aimed to become more independent from aid, seeing this as a necessary means to move towards self-reliance. However, the share of foreign aid in project financing increased as funds from the Tanzania Investment Bank (TIB) declined. Over time, the pace and sequencing of project implementation was increasingly influenced by the availability of foreign finance rather than national priorities. In the early 1980s, the share of multilateral aid had risen, which brought about increased policy conditionality. As the economic crisis gained momentum in the late 1970s and early 1980s, the socialist development model came under increasing stress and pressure to change course. While the government strongly resisted changes to its policies, the failure of the economic system and the ability to deliver goods and services increasingly undermined its credibility. By 1986, as the political legitimacy of the government was being put into question and the risk of collapse had grown considerably, the Tanzanian government yielded to international pressure and adopted the Structural Adjustment Program (SAP) package as part of the Economic Recovery Programme (1986-89).

Reform and structural adjustment (1986 to 1996)

The period of reform and structural adjustment programmes from 1986 to 1996 saw a separation of social and economic policies. The first generation of reforms, under the ERP (1986-89), focused on "getting the prices right" via liberalization and general macro-economic reforms, including reforms in trade policy, exchange rate devaluation, removal of price controls and the removal of subsidies. This was followed by a second generation of reforms, which focused on institutional reforms in the form of civil service reform, privatization and governance. In the case of social sectors, reforms were characterized by the introduction of cost sharing. This implied that households had to meet part of the cost of social services. In effect the introduction of user fees meant that the poor and marginalized were denied access because they could not afford to pay the set fees.

While the reforms increased access to additional external support, the SAPs neglected how social outcomes would be affected by radical reform and adjustment. Essentially, the reforms did not have

any instruments to empower poor people and to enable them to exploit potential opportunities within a market economy. Furthermore, the fiscal regime neither provided for a progressive impact on a pattern of public expenditure that favoured the needs of the poor, such as meeting their basic needs, nor created opportunities for enhancing access to public services and resources, such as land and finance, that were required to support production.

The logic behind the SAP policy package was that policies to promote economic growth and structural change must be prioritized to create wealth first before it can be spent on consumption in general and social expenditure in particular. The main implication of this approach is that in order to enhance growth, consumption needs to be restricted through demand restraint, particularly by cutting government consumption and social spending. The policy was driven by the perceived trade-offs between social and economic development and between equity and efficiency.

This period was characterized by weak economic and deteriorating social indicators. The whole decade remained a dark period in terms of growth and social provision until arrangements for Heavily-Indebted Poor Countries (HIPCs) commenced in 1996.

Re-asserting control of the national development agenda (1996-2016)

In the most recent period (1996-2016), the government has worked to re-assert its control over the national transformation agenda. Central to these efforts, long-term development visions were put in place to provide guidance on the country's development pathway. The Tanzania Development Vision (TDV) 2025 and Zanzibar Vision 2020 embody the country's aspirations to achieve economic transformation *with* human development. Inequality and poverty are key issues in both visions, to be addressed through generating high and inclusive economic growth. In education, priority is accorded to the promotion of a learning society in which a culture of creativity, innovation and entrepreneurship are encouraged consistent with the improvement of capabilities needed for competitiveness.

Vision 2025 and Vision 2020 were designed to be operationalized through a series of five-year development plans starting in the year 2000. However, implementation was postponed by discussions with international financial institutions about debt relief linked to poverty reduction. This process led to the adoption of a series of poverty reduction strategy papers (PRSPs): the PRSP 2000/01-2002/03, and the first and second phases of the National Strategy for Growth and Reduction of Poverty in Tanzania Mainland (MKUKUTA I 2005/06-2009/10 and MKUKUTA II 2010/11-2014/15) and the Zanzibar Strategy for Growth and Reduction of Poverty (MKUZA I and II) (URT 2005 and 2010). These PRSPs were derived from the Comprehensive Development Framework (CDF) developed by the World Bank in 1999. Compared to the first and second generation of structural reforms, the CDF claimed to consider all elements of development—social, structural, human, governance, environmental, economic and financial. However, in practice, participation remained quite limited and the content of PRSPs was dominated by social sectors as the key to eliminating poverty, reducing inequity, and improving opportunities for people.

For the period from 2000 to 2015, Tanzania performed well in terms of economic growth, with GDP growing at an average rate of 6.6 percent. However, serious concerns remained, including a lower than envisioned growth rate, persistent inequalities and modest poverty reduction, and little transformation of the economy. These facts, in combination with its 2009 review of the implementation of Vision 2025, convinced the Government that the time had come to revert to long-term planning. The result was the formulation of the Long Term Perspective Plan 2011/12–2025/26 (LTPP), which is to be implemented through a series of three five-year development plans (FYDPs). Each plan has a theme to underpin the thrust and priority of interventions. The Five-Year Development Plan II (2016/17–2020/21), which is currently being implemented, carries the theme of 'nurturing industrialization for economic transformation and human development'. The thrust of the FYDP II presents an opportunity to achieve economic transformation (through industrialization) that is

associated with high levels of human development. Zanzibar is currently formulating MKUZA III, which is expected to balance both economic and social policies to achieve Vision 2020.

Overall, the historical analysis of the integration between social and economic policy in Tanzania since independence in 1961 shows that economic policy alone is not sufficient for achieving the desirable level of human development. Rather, as has been accepted in principle and incorporated in the FYDPs, social policy objectives should be pursued as an integral part of the development policy. Conversely, implementing social policy merely as an "add-on" to economic policies, such as occurred during the period of structural adjustment in Tanzania, risks creating economic growth that fails to improve the living standards for the majority of the population. Therefore, the task that remains is how to manage the integration of economic and social policies in practice during the implementation phase of FYDP II and beyond.

Social Policy as a Means and End of Economic Transformation for Human Development: Key Messages for Implementation of FYDP II

As the analysis in TDHR 2017 has shown, people-centred development has been the lynchpin of Tanzania's development policy since independence and, in recent years, the country has made considerable progress in key indicators of human development. Tanzania has recorded a significant reduction in the proportion of the population that is living in multidimensional poverty from 64 percent in 2010 to 47 percent in 2016. Furthermore, between 2007 and 2012, Tanzania recorded a reduction in income poverty from 34.9 percent in 2007 to 28.2 percent in 2012. These promising results indicate the early signs of pro-poor growth.

Overall, indicators of income, health and education have improved significantly. However, disaggregated analysis reveals stark disparities in human development by region, by residence (urban versus rural), and by household wealth status. Recent reversals in key education indicators after a decade of progress combined with the substantial number of Tanzanians reaching employment age annually are also significant challenges. Therefore, the Government will need to determinedly pursue its roadmap for development.

Based on the report's findings, the following key messages are offered for the consideration of government policy makers and development stakeholders for achieving sustained economic transformation with human development in line with the FYDP II and the Sustainable Development Goals.

Key messages:

- ***Success in industrialization with human development will be more likely to occur if objectives are anchored in an appropriate social policy.***

Perhaps *the* core policy challenge for the Government of Tanzania is to define the path of industrialization to maximize human development outcomes. Drawing lessons from the Basic Industry Strategy (1975-1995), it is both possible and desirable to prioritize both structural change and self-reliance by strengthening industries that meet the population's basic needs (particularly health, education and shelter) and produce relevant industrial goods, such as agricultural inputs, vehicles and implements, solar panels and bicycles in rural areas, as well as supplies, tools and other equipment for micro-, small- and medium-sized enterprises (MSMEs).

- ***Agricultural transformation deserves high priority in the development agenda.***

With 70 percent of the population still residing in rural areas, the issue of agricultural transformation remains a central concern for creating Tanzania ya Viwanda (an Industrial Economy). Industrialization that is supportive of human development will need to unlock the productive potential of rural areas and maximize backward and forward linkages between agriculture, manufacturing and the services sector as a way of reducing rural poverty.

- ***Economic growth needs to be achieved in an environmentally sustainable manner.***

FYDP II recognizes that economic growth needs to be achieved in an environmentally sustainable manner, thereby highlighting the integration of environmental concerns in addition to the economic and social. This added linkage is vitally important. It is widely documented that the unsustainable use

of natural resources and environmental degradation inhibits future economic growth, exacerbates multidimensional poverty over time, and undermines the achievement of key goals such as poverty reduction and food security, particularly in rural areas.

- ***A balance must be struck between the creation of new productive capacity (through development expenditure) and the effective utilization and maintenance of existing capacity (through recurrent expenditures).***

One of the major factors that precipitated the crisis of the early 1980s was the imbalance between the allocation of resources for new investments and allocation of resources for maintaining the country's existing productive capacity. The risk of a return of this imbalance needs to be managed carefully. Effective utilization of existing facilities can be explored, including adoption of low-cost construction of facilities, for example, by leveraging citizens' self-help initiatives.

- ***For economic transformation to improve human well-being, the social service needs of the growing population must be anticipated and mechanisms put in place to enhance the economic productivity of the population.***

Population dynamics, labour force development and spatial development all have immediate and long-term implications for development policy. Tanzania's population is growing rapidly, and rural-urban migration offers many opportunities but also presents considerable governance challenges at all levels. However, through the innovative integration of social and economic policy, it is possible to harness the country's demographic dividend to jumpstart economic transformation.

To inform the Government's agenda for socio-economic transformation, an analytical framework for integrated population-development planning will be essential. The challenges of rapid urbanization and its influence on spatial development will also require that greater attention be paid to integrated rural-urban planning and strengthening urban-rural linkages, for example, through the establishment of economic development corridors.

- ***Education is the foundation of economic transformation and human development.***

To accelerate development and benefit from opportunities provided by globalization and regional integration, Tanzania needs to ensure its workforce is competitive by providing its young people with the knowledge, skills and capabilities that are appropriate for the global labour market of the 21st century. As stressed by the FYDP II, educational gains need to be consolidated by strengthening school management, inspection and standards. The acquisition of specialized skills is also vital to enhance the competitiveness of the national labour force in general and to meet the specific skills requirements within priority industries. This will necessarily include identifying the skills needed, determining the appropriate skills mix, and addressing any skills mismatch by ensuring that training is demand-driven. For example, domestic capabilities need to be developed to forge productive links to the country's large infrastructure and energy investments.

- ***The health sector in Tanzania can be more economically and socially productive if health policy and industrial policy are more closely integrated.***

The health sector is economically and socially important as a major service sector, a location of investment, a generator of employment and income, a sector for skilled training and employment, and a location for industrial growth. Hence, increasing the depth and breadth of domestic economic linkages between health services, and industrial and commercial suppliers can both strengthen economic development and improve health care. Presently, domestic demand for medicines in Tanzania is largely met by imports. Therefore, the report recommends prioritizing the support for domestic industrial firms that are producing pharmaceuticals and medical supplies, and adopting selective import protection policies for the industry. Deliberate steps are needed to increase public sector procurement from local manufacturers and encourage donor support for the domestic pharmaceutical industry.

- ***Empower women and promote gender equality to close gender gaps in human development.***

Equal educational opportunity for girls and women is critical for achieving gender equality, reducing child mortality, delaying marriage and generating female leaders. In recent years, the Government has made great strides in improving access to education for girls, most notably in primary and lower secondary. However, women's representation at higher levels of education is still low, which significantly limits their chances of securing higher-level and better-paid positions. Therefore, eliminating the gender gap in

education and skills development should be given high priority. At the same time, their participation in more technical subjects needs to be encouraged to better equip them for the labour market. There needs to be a more systematic extension of the training provided by governments and employers, and of technical training schemes supported by multilateral donors, with particular focus on enhancing opportunities for women. In addition, other efforts to enhance women's economic opportunities are needed, including in the agricultural sector, which remains one of the most important areas of women's work. As stressed by the FYDP II, there is a need to formalize land ownership rights and enhance women's access to finance and technologies. Also, more diagnostics are needed to provide insights on the constraints that women and men face in realising their economic opportunities

In addition, expanding social protection is a direct and well-documented way of promoting human development, reducing poverty and marginalization and closing the gender gap, thereby securing the fundamental rights of women and their families.

- ***Socially and economically inclusive policies and programmes are needed that target excluded and marginalized groups***

In Tanzania, inequalities in incomes, wealth and opportunities were major issues characterizing the post-independence period in the 1960s. Today, the country's society is still characterized by large inequalities between social groups, which will need to be addressed in the process of the country's economic transformation and human development. At the policy level, the Government will need to capture and utilize disaggregated data to better identify and target people who are left behind. Policies and programmes will need to include productive social protection so as to promote human development, eradicate poverty (for example, by linking public works and livelihoods) and contribute to transformation. Gender equality initiatives should also be accorded deliberate priority to promote inclusive development.

- ***The state has a strategic role to play in national transformation***

Experience has demonstrated that successful countries did not pursue transformation by relying exclusively on the free play of market forces. Rather, states had a notable role in ensuring that economic growth led to desired social transformation. By rolling back the state during the period of structural adjustment, Tanzania abandoned the role of the state in economic transformation. In the future, therefore, the Government will need to play a strategic facilitative role in regulating market forces, addressing market failures, providing public goods upon which the market relies, maintaining macroeconomic stability, and implementing policies that improve the business environment. In turn, an institutional framework will be required that ensures that sectors or ministries do not work in silos but operate as one coordinated entity.

- ***Political will, committed leadership, and community ownership matter in achieving sustainable economic transformation with human development***

The experience of the past shows that political will and committed leadership matter in achieving economic transformation with human development. Most notably, the visionary and committed leadership of Mwalimu Julius Nyerere, the first President of Tanzania, enshrined people-centred development in the national policy framework and he was able to inspire and rally other leaders and actors to implement development programmes. Similarly, recent initiatives by the Tanzanian government to encourage community participation and ownership of development programmes are promising, and processes to mobilize citizens to contribute to local initiatives need to be institutionalized to further enhance their sustainability.

1.

Status and progress of human development in Tanzania

1.1 Introduction

Tanzania's current National Five Year Development Plan 2016/17–2020/21 (FYDP II) seeks to nurture industrialization for economic transformation and human development with the main objective of accelerating progress towards the Tanzania Development Vision 2025 (URT 1999 and 2016a). The plan explicitly acknowledges the linkages between human development and economic growth and thereby echoes the integrated and indivisible goals of the 2030 Agenda for Sustainable Development. It is grounded in the understanding that economic growth is a necessary but not sufficient condition for development. The conceptual framework, therefore, also recognizes the integral role that social policy must play in shaping the content and nature of industrialization and the pattern and pace of growth and structural transformation.

> *The envisaged transformation in Tanzania Development Vision 2025 is a process that is industry/manufacturing sector-led, facilitates building of a diversified competitive economy and yields desirable human development outcomes. FYDP II as the lynchpin to this process builds the foundation for the requisite structural change and socially inclusive development process. FYDP II does this by embracing the symbiotic link between industrialization and human resources development…* (URT 2016a, 37)

The Tanzania Human Development Report 2017 (THDR 2017) explores this important link between economic transformation and human development in Tanzania by examining the role of, and space for, social policy in the process of socio-economic transformation. The report provides information on the current status of human development in Tanzania and offers recommendations on how to integrate economic transformation and human development outcomes as envisioned in the current national development framework.

This chapter provides the foundation for the analysis in later chapters of the report by examining the status of human development in Tanzania using two standard indicators: the Human Development Index (HDI) and the Multidimensional Poverty Index (MPI). Other important yardsticks used in the report include the Gender Development Index (GDI), the Gender Inequality Index (GII), and the poverty headcount from the most recent household budget surveys. In addition, the chapter outlines key components and drivers behind the HDI and MPI in Tanzania and discusses the linkages between population dynamics and human development.

1.1.1 The meaning and context of human development

The human development approach (HDA) was introduced in 1990 with the publication of UNDP's first Global Human Development Report (GHDR). That report's *"concept and measurement of human development"* had the explicit purpose of shifting the focus of development economics away from national income accounting towards people-centred policies. The basic tenet of the human development approach is the simple notion that people should be at the centre of development, and that development must enlarge people's choices and increase their well-being.

The human development approach is founded on Amartya Sen's capabilities theory of development, which sees development as a process of expanding people's freedom and enhancing their capabilities to lead the kind of lives they value (Sen 1999). The HDA distinguishes between the instruments for achieving development and the ends of development. It encourages policy makers to look beyond achievements in income and pay greater attention to the ends of development that are intrinsically valued by people. Human development manifests itself in a long and healthy life, being knowledgeable, and having a decent standard of living. Seen from

this viewpoint, human development is less about increasing GDP per capita and more about removing obstacles such as illiteracy, ill health, lack of access to resources and/or lack of civil and political freedoms.

Over the past 26 years of its existence, the human development approach has proved to be a powerful conceptual framework for informing policy choices in many areas, such as poverty reduction, sustainable development, gender inequalities, governance and globalization (Fukuda-Parr 2003). It is also important to note that the meaning (definitions) and emphasis of the HDA have evolved to reflect changes in the nature of challenges facing societies. In 1990, advocacy for human development emphasized state action, particularly provision of public services, especially in health and education. The 1990 Human Development Report stated that:

Human development is a process of enlarging people's choices. The most critical of these wide-ranging choices are to live long and healthy lives, to be educated, and to have access to resources needed for a decent standard of living (UNDP 1990, 1).

In later years, the HDA has focused more on advocating for issues, such as gender equity, which emphasizes the importance of expanding the capabilities of all individuals including women. In emphasizing freedom to choose, the 1995 Human Development Report specifically recognized the injustice of gender inequality stating that:

Human development is a process of enlarging the choices of all people not just for one part of society. Such a process becomes unjust and discriminatory if most women are excluded from its benefits (UNDP 1995, 1).

Following the technological revolution in the late 1990s and early 2000s, the Human Development Report reminded policy makers to ensure that technologies were used as an instrument of bringing about social and economic development. Hence, the HDA approach in the 2001 report was described as follows:

The most basic capabilities for human development are to lead long and healthy lives, to be knowledgeable, to have access to resources and to be able to participate in the life of the community (UNDP 2001, 9).

1.1.2 The Human Development Index

The first Human Development Report introduced the Human Development Index (HDI). The HDI measures a country's average achievement across three basic dimensions of human development (UNDP 1990). The three dimensions are:

1) A long and healthy life, as measured by life expectancy at birth;
2) Knowledge, as measured by two indicators—Expected Years of Schooling (EYS) for children and Mean Years of Schooling (MYS) among the adult population; and
3) A decent standard of living, as measured by Gross National Income (GNI) per capita in purchasing power parity terms in U.S. dollars.

Therefore, the HDI is a summary measure of human development but at the same time recognizes and emphasizes the multidimensional aspect of well-being. Valuably, the HDI can be used to measure and analyze progress in human development within and across countries over time and to constructively discuss and enhance development policies and programmes. The three dimensions used in the computation of the HDI in UNDP's Global Human Development Reports are summarized in box 1.1.

Box 1.1:

Human Development Index (HDI)

HDI has three basic dimensions, namely:

- HEALTH: Life expectancy at birth
- KNOWLEDGE: Expected Years of Schooling (EYS) and Mean Years of Schooling (MYS)
- INCOME: Gross National Income (GNI) per capita in purchasing power parity terms in U.S. dollars

It is important to note that modifications were made in the calculation of the HDI values for Tanzania as compared to the standard HDI reported in the global reports. First, income performance in the THDR 2017 is captured by Gross Domestic Product (GDP) instead of Gross National Income. This modification was necessary as data were not available to measure GNI at the regional level in Tanzania. Nonetheless, GDP provides a good proxy for GNI. Second, educational attainment in the computation of the HDI in the global reports includes two components, namely: Expected Years of Schooling (EYS) and Mean Years of Schooling (MYS). Again, due to the unavailability of data, calculation of the education index values for the HDI in this report does not include the Mean Years of Schooling indicator. Hence, the education dimension is entirely captured by Expected Years of Schooling. For these methodological reasons, the HDI values for Tanzania in UNDP's global reports and the HDI values computed for the THDR 2017 cannot be directly compared. These differences will need to be taken into account in the interpretation of the findings in section 1.3.1 of this report.

1.1.3 The Multidimensional Poverty Index

Most countries of the world define poverty in a one-dimensional way, using income or consumption levels. However, people's perception and experiences of poverty extend well beyond income. Frequently, poverty manifests as a lack of education, housing and/or employment, poor health, disempowerment, vulnerability and insecurity. Headline money metric measures of poverty have traditionally ignored the multidimensional characteristics of poverty. In response, the Human Development Report 2010 introduced the Multidimensional Poverty Index (MPI), which complements monetary measures of poverty by considering the overlapping deprivations experienced by individuals (UNDP 2010).

The index assesses 10 fundamental indicators (sub-components) of human development across the same three dimensions (components) as the HDI: education, health and standard of living (Box 1.2). The MPI measures both the incidence of non-income multidimensional poverty (the headcount of those in multidimensional poverty) and the associated intensity of poverty (the relative number of deprivations that people experience at the same time) as follows:

- The 'multidimensional poverty headcount' refers to the 'percentage of the population with a weighted deprivation score of at least 33 percent, i.e. the percentage of people experiencing deprivations in 33 percent or more of the 10 weighted indicators.

- The 'population in severe poverty' refers to the 'percentage of the population with a deprivation score of 50 percent or greater', i.e., the percentage of people experiencing deprivations in 50 percent or more of the 10 weighted indicators.

Through use of the concept of weighted deprivation, the status of people below the poverty line can be more comprehensively understood and addressed. If data are available, results can also be produced by region, ethnicity and other groupings as well as by dimension and indicator, making it an invaluable tool for policy makers. By identifying people experiencing the greatest intensity of poverty, the MPI can contribute to the effective allocation of resources and the monitoring and evaluation of policy interventions. Findings can also be used to strategically address specific Sustainable Development Goals (SDGs). The MPI can also be adapted to the national level using indicators and weights that are relevant to regional or country contexts. It can be adopted for national poverty eradication programs, and can be used to study changes over time.

Box 1.2:

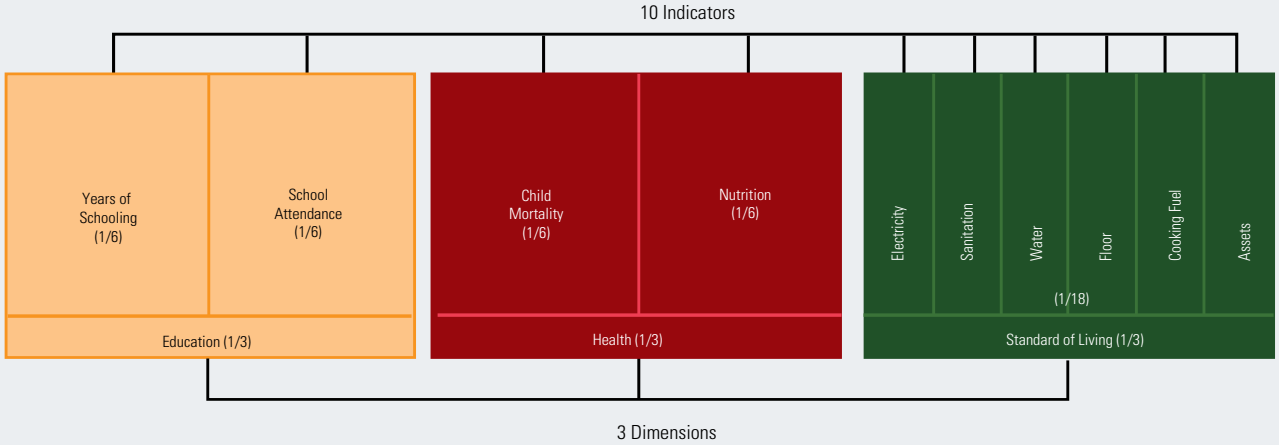
Multidimensional Poverty Index (MPI)

The Multidimensional Poverty Index (MPI) assesses 10 indicators of human development across three dimensions, namely, education, health and standard of living. The indicators are:

Health: Nutrition and child mortality,

Education: Years of schooling and school attendance,

Living Standards: Type of cooking fuel, sanitation availability of clean and safe water, access to electricity, type of floor and ownership of assets.



MPI measures the extent to which individuals are deprived in terms of these three components and subcomponents. The first exercise in computing MPI for Tanzania was done in 2011 using Demographic and Heath Survey data from 2010 using Alkire-Foster Method developed by Oxford Poverty and Human Development Initiative (OPHI). THDR 2017 has computed MPI using Demographic and Health Survey and Malaria Indicator Survey (TDHS-MIS) 2015–16 data using the same methodology (see the statistical annex).

Source: OPHI (2013)

1.2 Tanzania and the Human Development Approach

Since independence, human development has been central to Tanzania's development process. The late Mwalimu Julius Nyerere, the first President of Tanzania, identified poverty, ignorance and disease as the main development challenges facing Tanzania, a position that has been reinforced by subsequent policy documents. Mwalimu Nyerere understood development as a process of removing various 'un-freedoms' and argued that freedom and development are intimately and intricately linked:

Freedom and development are completely linked together as are chicken and eggs! Without chickens you get no eggs; and without eggs you soon have no chickens. Similarly, without freedom you get no development, and without development you very soon lose your freedom...For the truth is that development means the development of people. Roads, buildings, and increases of crop output, and other things of this nature, are not development; they are only tools for development. A new road extends a man's freedom only if he travels upon it (Nyerere 1973).

Most official policy during the first decade of independence echoed Nyerere's perception of human development, which shows that Tanzania has long defined national development in a manner consistent with the human development approach currently championed by UNDP. In 1967, Tanzania adopted the Arusha Declaration, which pronounced socialism and self-reliance as the guiding principles of the country's social and economic development. The declaration acknowledged the primacy of people-centred development, and the importance of enhancing human capabilities in promoting social and economic development. The Arusha Declaration stated explicitly that development strategies, programmes and policies should focus on the improvement of the lives of the majority of people (TANU 1967). To achieve that objective, the state played a major role in providing key social

services, such as health services, education, and safe and clean water to the majority of people in both rural and urban areas. As a result of the implementation of development policies and strategies, Tanzania recorded significant achievements in the provision of social services.

A sharp reversal in policy focus followed the people-centred policy approach to social and economic development that characterized Nyerere's era. In particular, policy reforms, especially those that were prescribed during the structural adjustment period in the 1980s and 1990s, placed greater emphasis on economic reforms and viewed the social dimension of development as consumption with little economic imperative. Recently, as noted above, there has been yet another reversal; the current national development framework in Tanzania now treats social and economic policies as mutually constitutive as opposed to additive. FYDP II with its theme of 'nurturing industrialization for economic transformation and human development' affirms that a comprehensive approach to economic transformation is required. And through its linking of social and economic priorities alongside environmental concerns, the Plan echoes the integrated and indivisible goals of the 2030 Agenda for Sustainable Development. Consequently, the plan has adopted the HDI and MPI as two of the indicators for monitoring the status and progress of human development and poverty reduction in Tanzania.

1.3 Status of human development in Tanzania

This section presents the status and levels of poverty in Tanzania, not only from an income consumption point of view but also from a human development perspective using the Human Development Index (HDI) and the Multidimensional Poverty Index (MPI). These two indices are complemented by the Gender Development Index (GDI) and the Gender Inequality Index (GII). A measure of income poverty, namely, the poverty headcount from the national household budget survey, is included for comparative purposes. Results are presented for Tanzania Mainland (and regions) and for Zanzibar.

1.3.1 Human Development Index

HDI scores for 2015 from the 2016 Global Human Development Report

With a HDI score of 0.531 for 2015 in UNDP's Global Human Development Report, Tanzania was ranked 151 out of the 188 countries assessed, which places it within the category of countries with low levels of human development (UNDP 2016a).[6] However, it is important to note that Tanzania's HDI score is above the average of 0.505 for countries in the low human development group and above the average of 0.518 for countries in Sub-Saharan Africa. Notwithstanding the fact that levels of human development in Tanzania are still low, the country has recorded significant strides in improving human development indicators over the past three decades. Between 1985 and 2015, Tanzania's HDI value has increased from 0.371 to 0.531. This represents an overall increase of 43.1 percent over this 30-year period, which equates to an average annual increase of about 1.44 percent (UNDP 2015). FYDP II aims to improve Tanzania's HDI value to 0.570 by 2020/21 and to 0.600 by 2025/26 (URT 2016a, 64).

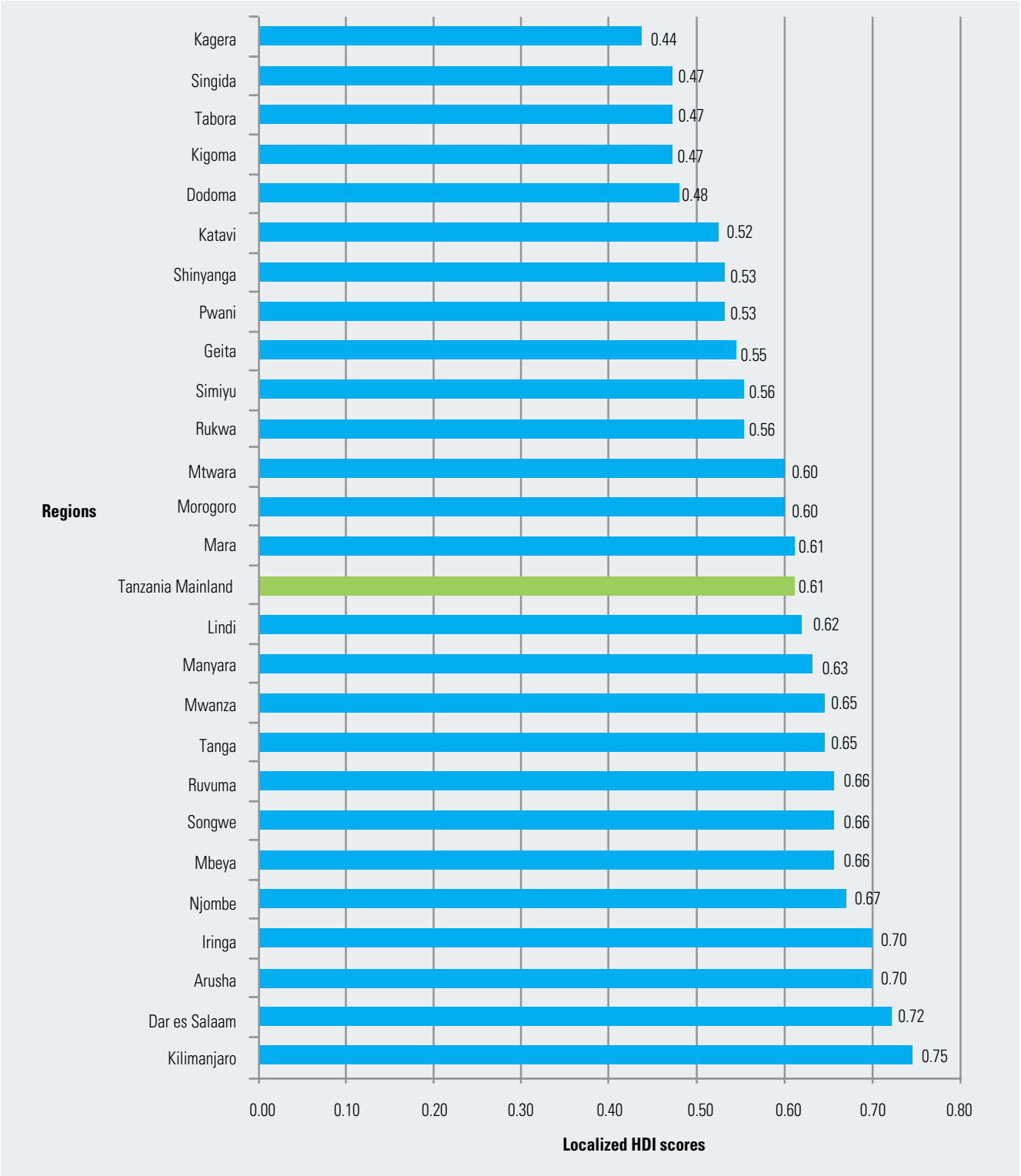
Localized HDI scores for 2015 from the analysis completed for THDR 2017

Based on the most recent data sources available, the localized HDI score for Tanzania Mainland for 2015 is 0.614, which is a small decrease from the HDI value of 0.627 for 2010 which was reported in THDR 2014 (ESRF, UNDP and MOF 2015). Looking at regional differences, HDI values range from a high of 0.75 in Kilimanjaro region to a low of 0.44 in Kagera region. Figure 1.1 shows that Kilimanjaro, Dar es Salaam, Arusha and Iringa are the four highest-ranking regions for the HDI in Mainland Tanzania whereas Kagera, Singida, Tabora and Kigoma are the four regions with lowest levels of human development. The detailed results of the analysis can be found in Table A2 of the Statistical Annex.

6 HDI classifications are based on HDI fixed cut-off points, which are derived from the quartiles of distributions of the component indicators. Cut-off points in the GHDR 2016 are HDI of less than 0.550 for low human development, 0.550–0.699 for medium human development, 0.700–0.799 for high human development and 0.800 or greater for very high human development (UNDP 2016a, 193)

Figure 1.1:

Ranking of regions in Tanzania Mainland by localized HDI scores, 2015

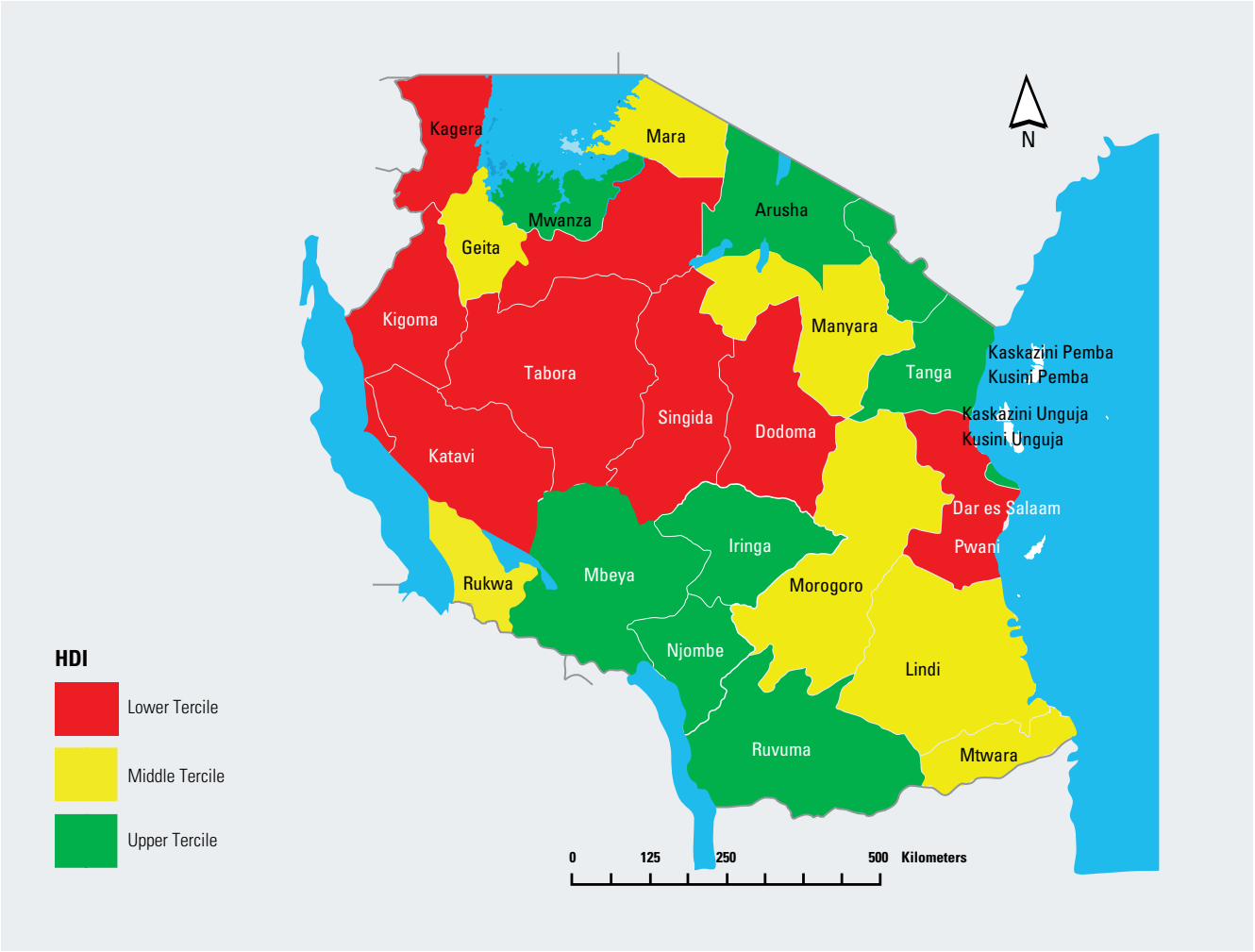


Source: Calculated for THDR 2017 based on data from various sources and years. For detailed source information see Table A2 in the Statistical Annex.

To show the geographical distribution of human development outcomes in Tanzania, the regional HDI scores were divided into three terciles to indicate low, middle and upper levels of human development (Map 1.1). The map shows that human development in Tanzania has a strong spatial dimension with several clusters of regions with similar levels of human development.

Map 1.1:

Status of poverty in regions of Tanzania, by category of localized HDI scores, 2015



Source: Calculated for THDR 2017 based on data from various sources and years. For detailed results and source information see Table A2 in the Statistical Annex.

1.3.2 Multidimensional Poverty Index

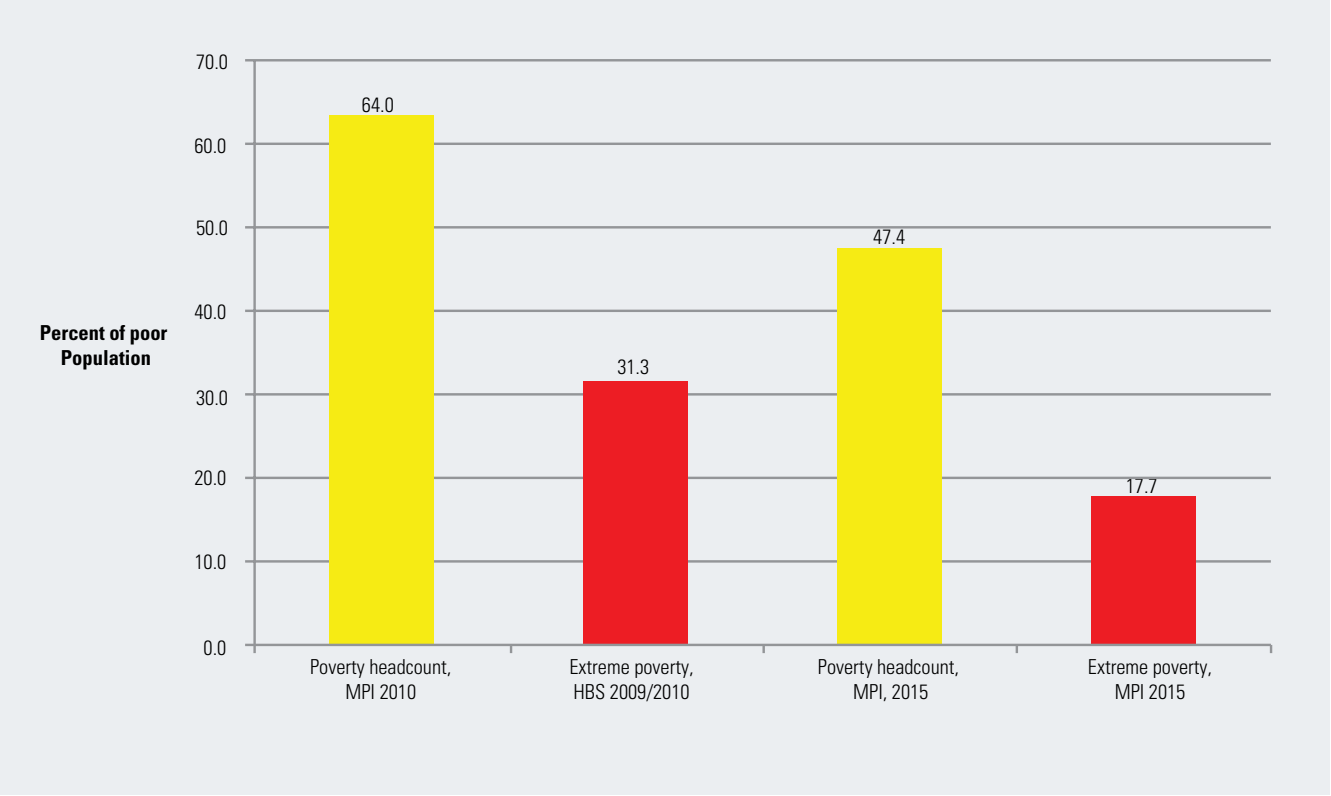
As described earlier, the Multidimensional Poverty Index is a measure designed to capture the extent of deprivation that individuals face with respect to their standard of living, education and health. Results of the MPI analysis for Tanzania Mainland and Zanzibar[7] reveal a significant decline in the incidence of multidimensional poverty in Tanzania from 64 percent in 2010 to 47.4 percent in 2015 (Figure 1.2). Generally, notable improvements in all multidimensional poverty indicators have been recorded for this period. Increase in access to electricity and improvement in the rates of ownership of assets (including mobile phones, radios and motorcycles) are the most important factors explaining the decline in multidimensional poverty between 2010 and 2015. This trend is in line with national targets, as indicated in the FYDP II, to reduce the MPI to 38.4 percent by 2020/21 and ultimately 29.2 percent in 2025/26.

Results further show a marked decline in severe poverty from 31.3 percent in 2010 to 17.7 percent in 2015. The factors behind these declines in the MPI are examined in Section 1.4.

7 Multidimensional Poverty Index values were calculated based on data from the Tanzania Demographic and Health Survey (TDHS) 2010 (NBS and ICF Macro 2011) and the Tanzania Demographic and Health Survey and Malaria Indicator Survey (TDHS-MIS) 2015-16 (MoHCDGEC et al. 2016). Data for the poverty headcount for Tanzania Mainland are obtained from the Household Budget Survey 2011/12 (NBS 2014) whereas data for the poverty headcount in Zanzibar are obtained from the Household Budget Survey 2014-15 for Zanzibar (OCGS 2016). For detailed results see Table A5 of the Statistical Annex.

Figure 1.2:

Status of poverty in Tanzania Mainland, 2010 and 2015, based on localized MPI analysis

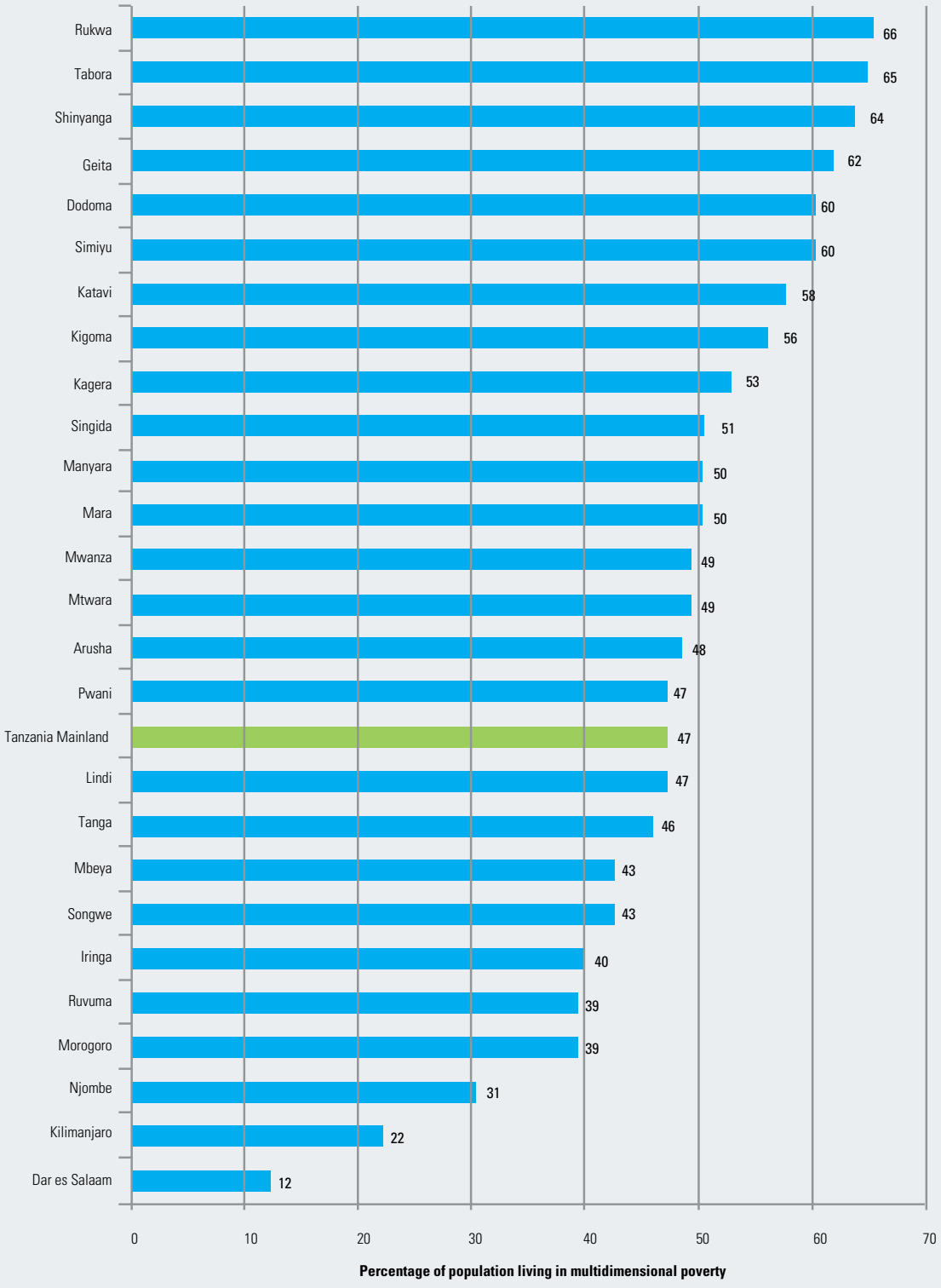


Source: Calculated for THDR 2014 and 2017 based on data from TDHS 2010 (NBS and ICF Macro 2011) and the TDHS-MIS 2015–16 (MoHCDGEC et al. 2016). For detailed results see Table A5 in the Statistical Annex.

While the MPI analysis shows a general decline in poverty across the country, Figure 1.3 shows significant regional disparities in the proportion of people living in multidimensional poverty, ranging from 12 percent in Dar es Salaam to 66 percent in Rukwa. Other regions with high levels of MPI poor include Tabora, Shinyanga and Geita, whereas some of the regions with the lowest poverty levels include Kilimanjaro, Njombe and Morogoro. Regional variations in poverty are also presented in Map 1.2 by dividing MPI values into upper, middle and lower terciles.

Figure 1.3:

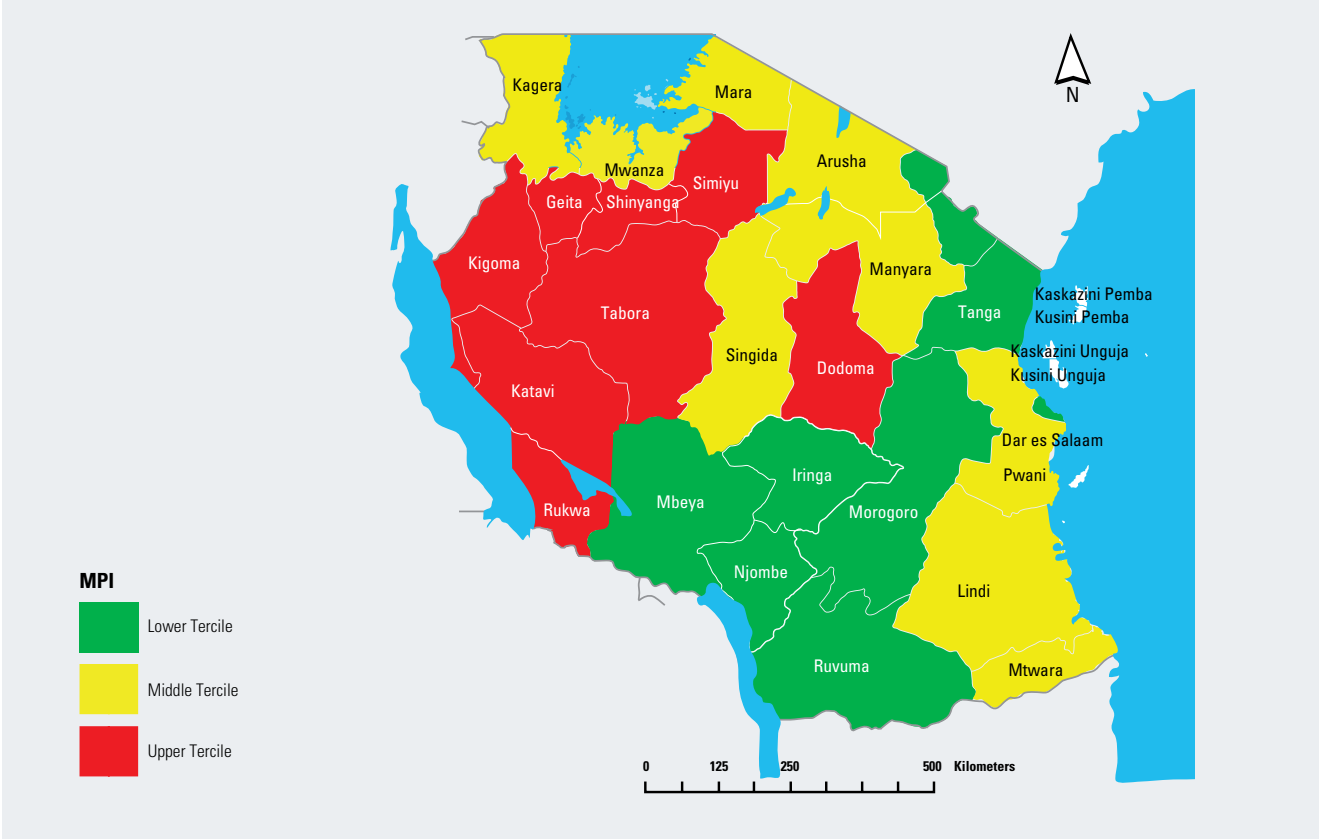
Poverty headcount ratios in Tanzania Mainland regions, 2015, based on localized MPI analysis



Source: Calculated for THDR 2017 based on data from TDHS-MIS 2015–16. For detailed results and source information see Table A5 in the Statistical Annex.

Map 1.2:

Regions of Tanzania Mainland, by category of localized MPI values, 2015

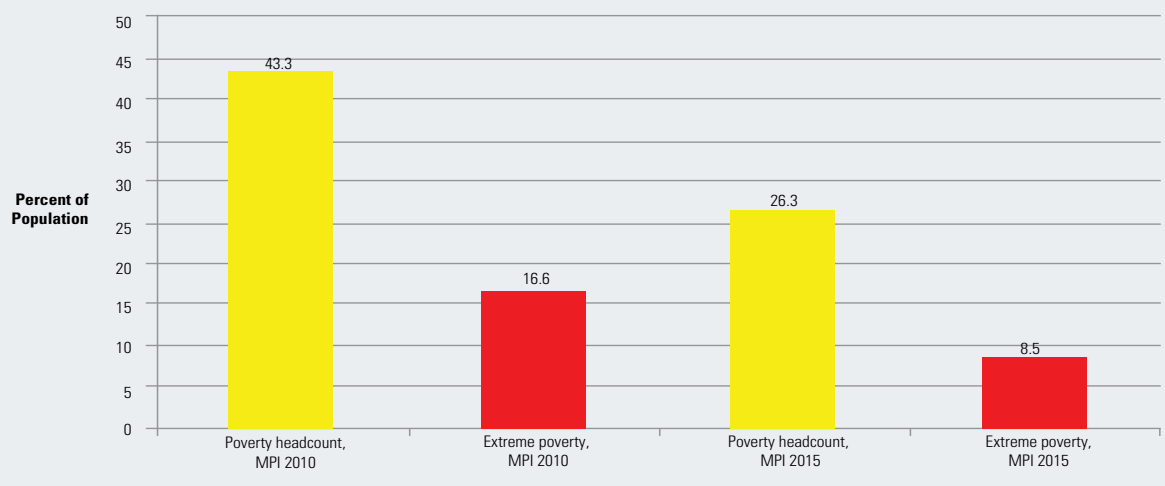


Source: Calculated for THDR 2017 based on data from TDHS-MIS 2015–16. For detailed results and source information see Table A5 in the Statistical Annex.

In the case of Zanzibar, data show that the poverty headcount ratio as measured by MPI has declined from 43.3 percent in 2010 to 26.3 percent in 2015, and that extreme poverty has declined from 16.6 percent in 2010 to 8.5 percent in 2015.

Figure 1.4:

Status of poverty in Zanzibar, 2010 and 2015, based on localized MPI analysis



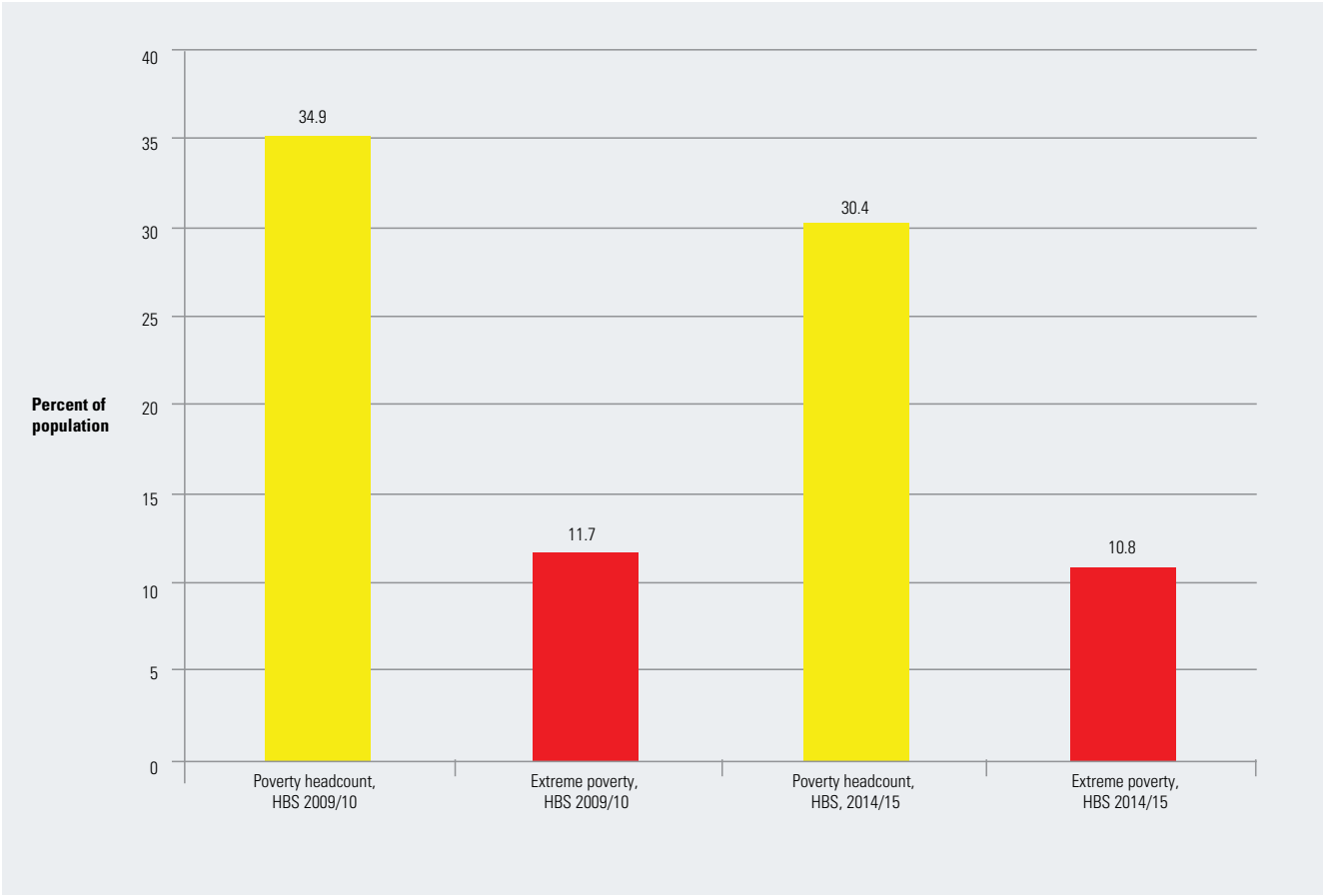
Source: Calculated using data from the TDHS 2010 and TDHS-MIS 2015–16

1.3.3 Income poverty

The most recent data on income poverty in Tanzania Mainland are drawn from the 2011/12 Household Budget Survey (HBS) conducted by the National Bureau of Statistics (NBS).[8] At that time, the income poverty headcount-that is, the proportion of people living below the basic needs poverty line-was 28.8 percent.[9] The proportion of people experiencing extreme poverty, i.e., those living below the food poverty line, was 9.7 percent.

Figure 1.5:

Status of income poverty, Tanzania Mainland, 2007 and 2011/12



Sources: Calculations based on data from HBS 2007 (URT 2009a) and HBS 2011/12 (URT 2014a)

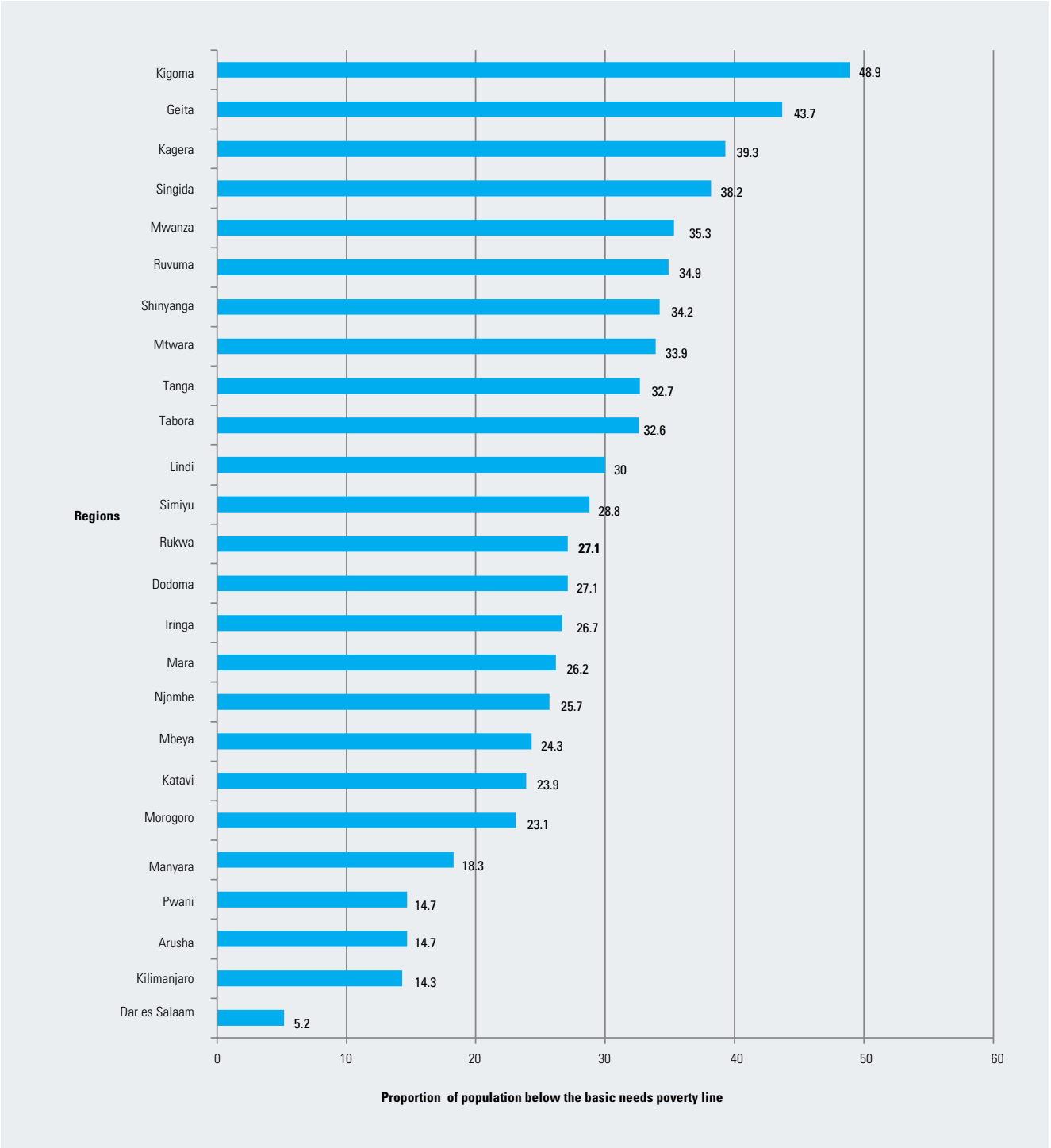
Data on regional variations in income poverty in Mainland Tanzania are presented in Figure 1.6. The figure shows that Dar es Salaam, Kilimanjaro and Arusha are the three regions with the lowest proportions of households with consumption expenditure below the basic needs poverty line, while the three regions with the highest proportion of households below the basic needs poverty line are Kigoma, Geita and Kagera.

8 At the time of producing THDR 2017, preparation of HBS 2017/18 was at the fieldwork stage.

9 FYDP II aims to reduce the proportion of the people living below the basic needs poverty line to 19.7 percent by 2020/21 and to 12.7 percent by 2025/26.

Figure 1.6:

Income poverty headcount ratios for Mainland Tanzania regions, 2012

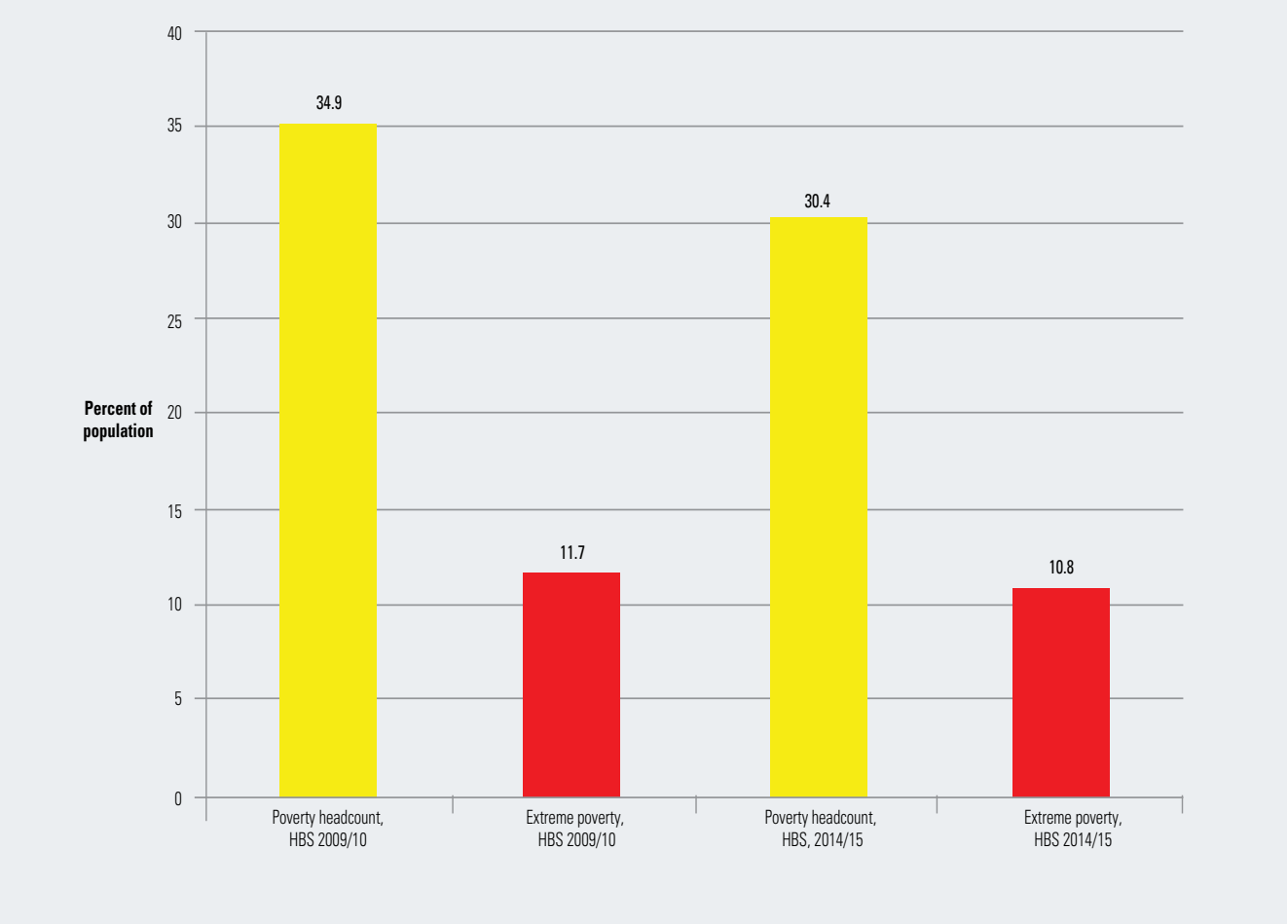


Source: URT 2015f

In the case of Zanzibar, the proportion of the population living in basic needs poverty declined from 34.9 percent in 2009/10 to 30.4 percent in 2014/15 while extreme (food) poverty declined only marginally from 11.7 percent to 10.8 percent over the same period. The insignificant decline in extreme poverty is partially due to the increase in the cost of food items, a phenomenon observed globally towards the end of the 2000s. Zanzibar is a net food importer, hence, increases in food prices can result in substantial declines in welfare.

Figure 1.7:

Status of income poverty in Zanzibar, 2009/10 and 2014/15



Source: Calculated based on data from the Zanzibar Household Budget Survey (HBS) 2009/10 (OCGS 2012) and HBS 2014/15 (OCGS 2016)

1.3.4 Gender Development Index (GDI)

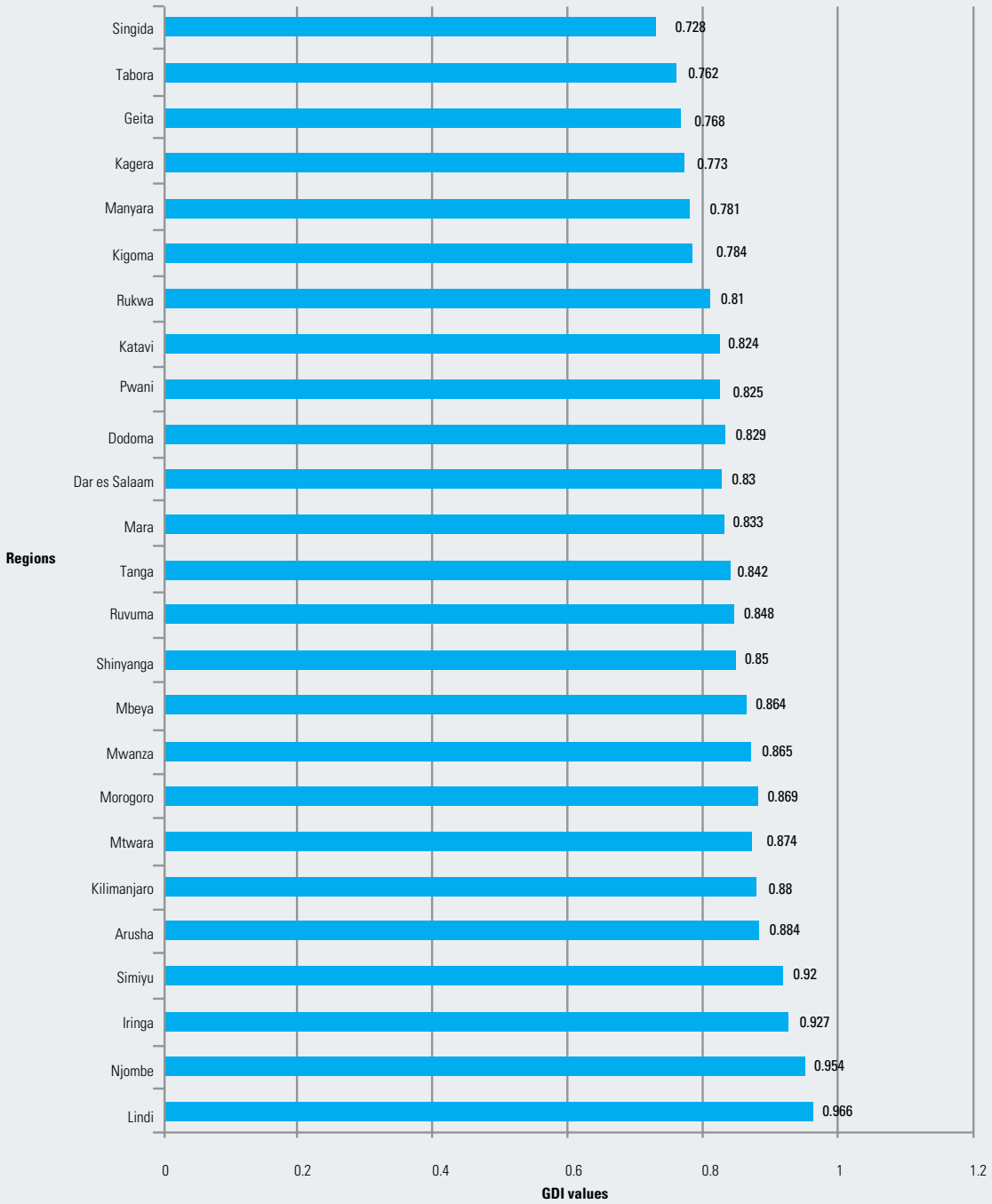
Women are more likely than men to experience lower levels of human development due to inequalities in access to education, health services and economic opportunities. To capture this gender gap, the Gender Development Index adjusts HDI scores for gender inequalities. The closer the ratio is to 1, the smaller the gap between women and men. As for the HDI and MPI, national and regional GDI values were calculated for this report. The detailed results of the analysis can be found in Table A3 of the Statistical Annex.

The GDI for 2015 for Tanzania Mainland is 0.864 while the value for Zanzibar is 0.849. These results indicate that Tanzania is doing well in closing the gender gap, especially with respect to reducing the gap in expected years of schooling between girls and boys. Data collected for the GDI also reveal that the average life expectancy of women (63.7 years) in Tanzania Mainland exceeds that of men (59.7 years). Similarly, average life expectancy for women in Zanzibar is 67.1 years compared with 63.3 years for men. However, when it comes to standard of living, measured by GDP per capita, women are still significantly lagging behind their male counterparts in both Tanzania Mainland and Zanzibar.

While gender inequalities are observed across all Mainland regions, the gender gap as measured by the GDI is smaller in some regions than in others. As Figure 1.8 shows, Lindi, Njombe and Iringa are the three regions with the least gender disparities whereas Singida, Tabora and Geita are the three regions with the biggest gender gaps in terms of education, health and standard of living.

Figure 1.8:

Gender Development Index values for Mainland Tanzania regions, 2015



Source: Calculated for THDR 2017 based on data from various sources and years. For detailed results and source information see Table A3 in the Statistical Annex.

1.3.5 Gender Inequality Index (GII)

The Gender Inequality Index reflects gender-based inequalities across three dimensions of human development: reproductive health, empowerment and economic activity. Reproductive health is measured by maternal mortality and adolescent birth rates. Empowerment is measured by the share of parliamentary seats held by women and the relative percentages of men and women aged 25 years and above that have reached secondary education. Economic activity is measured by the labour market participation rate for women and men. The GII can be interpreted as the loss in human development due to inequalities in opportunities between women and men across the three GII dimensions. A low GII value indicates low inequality between women and men, and vice-versa. National and regional GII values were calculated for this report. The detailed results of the analysis can be found in Table A4 of the Statistical Annex.

The GII value for Tanzania for 2015 as measured by UNDP's 2016 Global Human Development Report is 0.544, ranking the country 129 out of 188 countries, a fall of four places from the year before (UNDP 2016a). Looking at the various dimensions of the GII, data show that 37 percent of parliamentary seats in the National Assembly are held by women while the number for the Zanzibar House of Representatives is 31 percent. An important factor contributing to this progress has been the implementation of temporary special measures to promote the representation of women in the Parliament.

At the household level, women's participation in decision making was assessed by examining data from the TDHS-MIS 2015–16, which asked female respondents (in this case, married women aged 15-49 years) whether they made decisions alone or jointly with their husbands (MoHCDGEC et al. 2016). The survey collected data on decision making with respect to three important areas: (1) major household purchases; (2) the woman's own health care; and (3) visits to the woman's family or relatives. The findings were that:

- 35 percent of women participated in all three decisions;
- about 18 percent did not participate in any of the three decisions;
- less than half (46 percent) participated in decisions on major household purchases;
- about 6 in 10 (58 percent) participated in decisions to visit their families and relatives;
- around 7 in 10 women (72 percent) participated in decisions on their own health.

When it comes to education, the percentage of women with at least secondary education is 7.4 percent for Tanzania Mainland and 38.4 percent for Zanzibar, compared with 12.3 percent and 44.6 percent, respectively, for their male counterparts. Data also show that female participation in the labour market is 69.2 percent compared with 81.4 percent for men for Tanzania Mainland. The gender gap in labour force participation is considerably wider for Zanzibar (42.6 for women versus 77.7 percent for men). Economic growth leading to new employment opportunities in higher productivity sectors such as manufacturing, trade, hotels and food services, has contributed to increases in women's participation in the labour market (URT 2015e).

However, while women form a large proportion of the labour force in agriculture, the yields per hectare are still lower on land worked primarily by women compared with yields on land worked by men. Gender-based inequalities also persist in access to and control of productive and financial resources, which inhibit agricultural productivity and reduce food security (UN Women 2015). As a result, women are relatively poorer. Time poverty remains a significant burden for most Tanzanian women; on average, women spend 13.6 percent of their time per day on unpaid care work compared to 3.6 percent for their male counterparts. This reduces the time they have available for income-generating activities,

19 Urbanization is the increase in the population of urban localities in proportion to the region's rural population.

which affects the well-being of individual women, their households and communities (URT 2015e).

With respect to the indicators for reproductive health, the maternal mortality rate in Tanzania has declined in recent decades due to improvements in maternal health services but remains high at 434 deaths per 100,000 live births for Tanzania Mainland and 350 deaths per 100,000 live births for Zanzibar (URT 2015a). Rates of child marriage and adolescent pregnancy also remain challenges. For example, the adolescent fertility rate10 in Mainland Tanzania is 82.7 births per 1,000 women and 36.5 births per 1,000 women in Zanzibar (URT 2015b). The most recent data available from the TDHS-MIS 2015-16 indicates that 27 percent of women aged 15-19 years have commenced childbearing, i.e., have either had at a birth or are pregnant, up from 23 percent in 2010 (MoHCDGEC et al. 2016).

As these results strongly indicate, further interventions to promote gender equality and women's empowerment are needed to secure the fundamental rights of women and unleash their potential to contribute to Tanzania's social economic transformation.

1.4 The driving forces behind human development in Tanzania: Discussion of key dimensions of the HDI and MPI

This section analyzes the factors that are driving the state of human development in Tanzania. The following key dimensions of the Human Development Index and Multidimensional Poverty Index are examined:

- National income through analysis of GDP per capita at national and regional levels;
- Health indicators, including life expectancy, child mortality and nutrition;
- Education and skills development, including years of schooling, enrolment, attendance and transition rates, and adult literacy; and
- Living standards, including sanitation facilities, access to improved water sources, access to electricity, type of cooking fuel used, rate of ownership of important assets and type of flooring in dwellings.

1.4.1 Income and human development

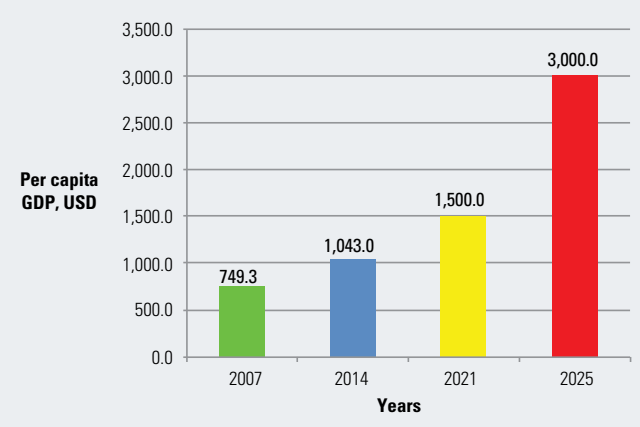
National income is an important parameter for analyzing the status of poverty, well-being and overall development. It is one of the three dimensions used to calculate the HDI. The UNDP estimates income differentials between countries based on Gross National Income (GNI) per capita. However, given constraints in the national data, the THDR 2017 uses Gross Domestic Product (GDP) per capita.[11]

The GDP per capita for Tanzania Mainland is Tanzanian shillings (TZS) 1,918,929. Regionally, the highest GDP per capita of TZS 3,025,543 was recorded in Dar es Salaam region. Other regions in the top five for GDP per capita were Kilimanjaro, Arusha, Iringa and Ruvuma. The lowest income was recorded for Kagera region with GDP per capita of TZS 1,075,268. Other lower-income regions included Singida, Kigoma, Dodoma and Tabora (URT 2016b).[12]

Figure 1.9 shows trends and long-term targets for per capita income. By 2014, Tanzania had reached GDP per capita of USD 1,043 with the target of reaching USD 3,000 to achieve the goal of the Tanzania Development Vision to attain the status of a middle-income country by 2025.

Figure 1.9:

Trends and targets for per capital income, 2007 to 2025



Source: FYDP II (URT 2016a)

10 The adolescent fertility rate refers to the number of births per 1,000 women aged 15-19 years.

11 GDP is the sum of value added by all domestic producers in the economy. It represents the monetary value of all goods and services produced within an economy during a specified period, usually a year, before the provision for consumption of fixed capital. It is a common practice to express GDP on a per capita basis. Per capita GDP is obtained by dividing GDP by the total population in a given year. It shows how much of the country's total income each person would earn if divided equally.

12 See Table A5 of the Statistical Annex for data for all regions.

1.4.2 Health

Life expectancy

Life expectancy at birth is a summary measure of overall mortality across all age groups and one of the indicators used to calculate the HDI. The most recent data for Tanzania are from the 2012 Population and Housing Census (URT 2015a). Life expectancy is substantially higher in Zanzibar (65.7 years) compared with Tanzania Mainland (61.7 years). There are significant variations in life expectancy across Mainland regions. Manyara region has the highest life expectancy of 68.2 years, followed by Arusha, Kilimanjaro, Singida and Simiyu regions. The region with the lowest life expectancy is Njombe (53.0 years). Other regions with lower life expectancy are Iringa, Katavi, Kagera and Rukwa regions.

As shown in the Table 1.1, average life expectancy over the period from 2002 to 2012 increased by almost 9 years for men (from 51 years to 60 years) and by almost 13 years for women (from 51 years to 64 years). In percentage terms, average life expectancy among men rose by 17 percent and among women by 25 percent over this 10-year period. In Tanzania Mainland, the increase in life expectancy is primarily driven by the improvement in rural areas; average life expectancy (across both sexes) increased by 27 percent in rural areas (from 49 years to 63 years) compared with 6 percent in urban areas (from 56 years to 60 years). In Zanzibar, life expectancy in rural areas rose slightly more (14 percent) than in urban areas (12 percent). One explanation for this phenomenon is that the urban poor are increasingly segregated and excluded from accessing healthcare services (Kida 2012).

Table 1.1:

Life expectancy at birth in Tanzania, 2002 and 2012

	Life Expectancy at Birth, 2002			Life Expectancy at Birth, 2012		
	Total	Male	Female	Total	Male	Female
Tanzania	50.9	51.0	51.0	61.8	59.8	63.8
- Rural	50.0	49.9	50.4	62.4	60.3	64.4
- Urban	56.8	55.8	58.8	59.7	57.7	61.7
Tanzania Mainland	50.4	50.8	51.0	61.7	59.7	63.7
- Rural	49.4	49.4	51.2	62.6	60.6	64.6
- Urban	56.4	55.5	58.8	59.9	58.0	61.8
Zanzibar	59.0	59.7	60.3	65.2	63.3	67.1
- Rural	58.7	58.0	59.9	65.5	64.0	66.9
- Urban	56.8	55.5	57.8	64.9	62.2	67.6

Source: URT 2015a

Factors contributing to the general increase in life expectancy in Tanzania over this period include declines in child mortality, stabilized HIV/AIDS levels, improved nutrition and hygiene, increased access to safe drinking water, and effective birth control and immunization.

However, despite marked improvements in controlling and reducing the number of cases, malaria continues to be a major cause of morbidity and mortality. Children under five years of age are at highest risk, followed by pregnant women, who are four times as likely to experience complications of malaria as non-pregnant women. Pregnant women, especially those pregnant for the first time, lose some immunity and are once again susceptible to the disease. Malaria in pregnancy is associated with adverse health outcomes for both mother and child, including anaemia, pregnancy loss, low birth weight and neonatal mortality. Data also show that malaria prevalence (based on malaria rapid diagnostic tests) is higher among rural children (18 percent) than urban children (4 percent), and that children from poor households are disproportionately affected (MoHCDGEC et al. 2016, 272).

Though Tanzania has managed to stabilize the HIV/AIDS epidemic, it still contributes to lower life expectancy. A comparison of the data from the 2007-08 and 2011-12 Tanzania HIV/AIDS and 12

Child mortality

Child mortality rates are fundamental indicators of a country's socio-economic situation and one of the health indicators used to calculate the MPI. The trends in the Under-Five Mortality Rate (U5MR)[13] and the Infant Mortality Rate (IMR)[14] are presented in Figure 1.10. The data clearly show that childhood mortality has declined considerably over the last 25 years. For the five-year period preceding the THDS-MIS 2015-16, the U5MR declined to 67 deaths per 1,000 live births and the IMR to 43 deaths per 1,000 live births (MoHCDGEC et al. 2016). This decline is due to continued improvements in the healthcare sector, especially in maternal and child health, and, more specifically, in immunization and malaria prevention initiatives.

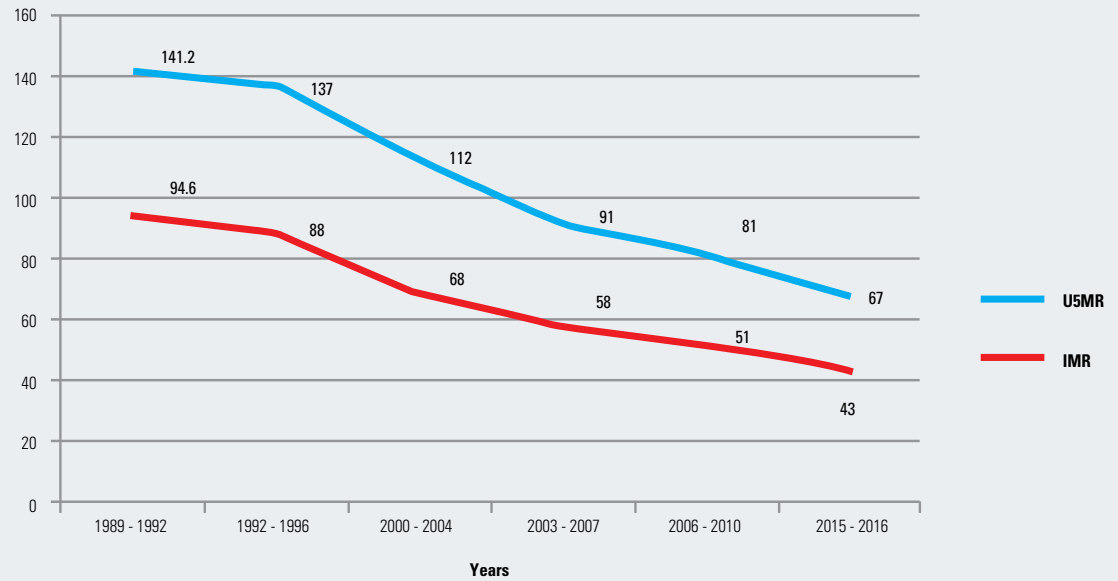
Nutrition

Under-nutrition has a huge impact on human, economic and social development. It is a serious underlying factor in child and maternal mortality, a major cause of poor educational performance and low economic productivity, and a driver for intergenerational poverty and inequality. Hence, nutrition is one of the indicators used to calculate the health dimension of the MPI.

In Tanzania, the nutritional status of children has improved since 1991–92 when half of all children under five years of age were stunted or too short for their age. The latest data available from the 2015–16 TDHS-MIS found that one in three children (34 percent) under five years of age were stunted (MoHCDGEC et al. 2016). Stunting is an indication of chronic under-nutrition, and it is

Figure 1.10:

Trends in child mortality in Tanzania, U5MR and IMR, 1990 to 2016



Source: Calculated for THDR 2017 based on DHS data from various years

13 The probability of dying between birth and exactly five years of age, expressed per 1,000 live births
14 The probability of dying between birth and exactly one year of age, expressed per 1,000 live births

more common among children who were very small at birth (51 percent), those with a thin mother (40 percent), and those from the poorest households (40 percent). In addition, 14 percent of young children were underweight or too thin for their age, and 5 percent were wasted or too thin for their height. As for stunting, the percentage of underweight children has steadily declined over the last two decades. However, the prevalence of wasting, a sign of acute malnutrition, has remained virtually unchanged between 1999 and 2016.

The data further show substantial differences in nutritional status among children by region and household wealth status. The rate of stunting among young children ranged from 15 percent in Dar es Salaam region to 49 percent in Njombe region. Furthermore, inequities in nutritional status persist. Children from very poor households are three times more likely to be chronically malnourished compared to those from better off households. All three indicators of poor nutrition are highest among children in the lowest wealth quintile and lowest among children in the highest wealth quintile.

The high rates of chronic under-nutrition among children are driven by poverty and food insecurity, but also by poor caring and feeding practices for infants and young children at the household level. Although there are many ways to address malnutrition among children, the greatest impact can be observed from targeted interventions during the first 1,000 days of life (from conception to two years), also called the 'window of opportunity'. Key interventions include immunizations, supplementary feeding of pregnant mothers, and growth monitoring of children under five years of age.

1.4.3 Education/Knowledge and skills

Education is one of the major drivers of human development. Education and training play a key role in building human capability in general as well as for developing skills and technological capabilities in the workforce, which are essential for economic transformation. Decline in the quality of education has negative implications for human development and reduces the contribution of human capital to growth. Thus, policies are needed to expand access to quality education at all levels in an inclusive way. Education is a key component of both the HDI and MPI as measured by indicators for years of schooling and school attendance. The current analysis, however, goes beyond these two indicators, which measure access to education, to discuss the quality of education and its implications on human capabilities. The discussion commences with results for adult literacy, expected years of schooling and levels of educational attainment. This is followed by the examination of key indicators for pre-primary, primary and secondary education.

Adult literacy

Based on data from the 2012 Population and Housing Census, 73 percent of women and 83 percent of men in Tanzania are literate. The rate of literacy is higher among urban dwellers (89 percent of women and 94 percent of men) compared with rural dwellers (70 percent of women and 78 percent of men). Again, there are marked regional disparities in adult literacy. Among men, literacy rates range from 65.5 percent in Tabora region to 97.6 percent in Dar es Salaam. Among women, literacy rates vary from 52.9 percent in Tabora region to 94.8 percent in Dar es Salaam (URT 2015c).

Expected years of schooling

According to data from the 2012 Population and Housing Census, the expected years of schooling (EYS)[15] for Tanzania Mainland and Zanzibar are 8.9 years and 10.8 years, respectively (URT 2015c). Again, variations in EYS among Mainland regions are marked. The expected years of schooling for a child in Tabora region is 6.2 years, which is over five years less than the expected years of schooling for a child in Kilimanjaro region (11.4 years).

Educational attainment

The percentage of the population with no formal education has been decreasing over time. Data from the TDHS-MIS 2015–16 indicate that around 24 percent of all females and about 19 percent

of all males in Tanzania had no formal education (MoHCDGEC et al. 2016). However, once girls and boys enter school, their completion rates are similar. Around one third of the population in Tanzania have completed primary school (32 percent of both females and males) but less than one in ten Tanzanians have completed secondary education (females 7 percent; males 8 percent). Less than 2 percent of students go on to higher education. Overall, the median number of years of schooling[16] completed in Tanzania is 4.5 years among females and 5.1 years among males.

There are significant urban-rural differences in educational attainment. Primary school completion rates for boys residing in urban and rural areas in Tanzania Mainland are almost the same, however, a smaller proportion of girls in rural areas finish their primary education (urban females, 36 percent; rural females, 31 percent). The disparity in access to secondary education by residence is more marked. Children in urban areas are four to five times more likely to have finished secondary school. For example, 15 percent of females in urban areas have completed secondary school compared with 4 percent of females in rural areas.

Educational attainment also differs with levels of wealth. The median number of years of schooling steadily increases by about one or two years of schooling for each increase in the wealth quintile, from 1 or 2 years among children in the lowest wealth quintile to 7 years among children in the highest wealth quintile.

Data from 2012 Population and Housing Census reported the proportion of the population with at least some secondary education by regions (URT 2015c). Dar es Salaam (33 percent) was the best performing region. Arusha, Kilimanjaro, Mwanza and Iringa were ranked in the top five regions in the country. In contrast, the lowest proportion was found in Simiyu, where only 7 percent of the population had at least some secondary education or higher. Singida, Lindi, Mtwara and Ruvuma regions were the other regions ranked in the bottom five Mainland regions.

Pre-primary education

As per the new Tanzania Education and Training Policy (ETP) of 2014, participation in pre-primary education (PPE) and early childhood development (ECD) is intended to promote the overall personality development of a child, fostering his/her physical, mental, moral and social characteristics and capabilities, thus, building—through well-directed play and pleasurable activities—a readiness to commence primary school (URT 2014c). Under the new policy, children's education in Tanzania starts with one year of compulsory pre-primary education (PPE) for children aged 5 years.[17]

Table 1.2 presents GER18 and NER19 data for pre-primary education for the period from 2009 to 2016. The data show that enrolment rates in pre-primary peaked in 2012 but then steadily declined over the next three years. In 2016, the GER more than doubled in comparison with earlier years, which was due to the change of pre-primary education from two years (for children aged 5 and 6 years) to one year (for children aged 5 years). As a result, the base for calculation of the school-age population for the GER was halved from two years to one year. The GER of 102.5 percent shows the high capacity to absorb the school-age population in pre-primary education. Dar es Salaam region recorded the lowest proportions of children enrolled in pre-primary education in 2016 (NER 25.7 percent; GER of 45.1 percent) (URT 2016d).

15 Expected years of schooling (EYS) refers to the number of years of schooling that a school-age child is expected to receive if the prevailing patterns of age-specific enrolment rates persist throughout the child's life. EYS is also known as schooling life expectancy.

16 Number of years of schooling completed by half of the population.

17 Under the previous policy (ETP 1995), pre-primary education was for two years for children aged 5-6 years (URT 1995).

18 The Gross Enrolment Ratio (GER) is the total number of pupils/students enrolled in a given level of education expressed as a percentage of the corresponding school-age population.

19 The Net Enrolment Ratio (NER) is the school-age pupils/students enrolled in a given level of education expressed as a percentage of the corresponding school-age population.

Table 1.2:

Trends in the pre-primary Gross Enrolment Rate (GER) and Net Enrolment Rate (NER), 2009 to 2016

Year	NER	GER
2009	37.2	38.5
2010	37.5	39.5
2011	42.4	44.5
2012	41.8	39.9
2013	35.5	37.3
2014	33.4	36.9
2015	33.3	35.9
2016	45.7	102.5

Source: URT 2016c

In 2016, the total number of children enrolled in pre-primary education in different regions varied from 19,228 pupils (1.2 percent) in Katavi to 125,973 pupils (8.1 percent) in Kagera region (URT 2016d). With respect to gender parity in pre-primary enrolment, data show that all regions attained gender parity in enrolment except for Dodoma, Shinyanga, Singida and Songwe.

In 2016, about 54.8 percent of new entrants enrolled in Standard I had some pre-primary education (URT 2016c). However, according to ETP (2014)[20], all pupils aged 5 years should have pre-primary education, and children should be enrolled in Standard I when they are 6 years of age.

This implies that sensitization on the importance of pre-primary education as the foundation for primary school is required. The enrolment capacity of pre-primary schools also needs to be enhanced. Positively, the proportion of children enrolled in Standard I, who are under 7 years of age, as per the new policy, has increased from 4 percent in 2014 to 17 percent in 2016.

Primary education

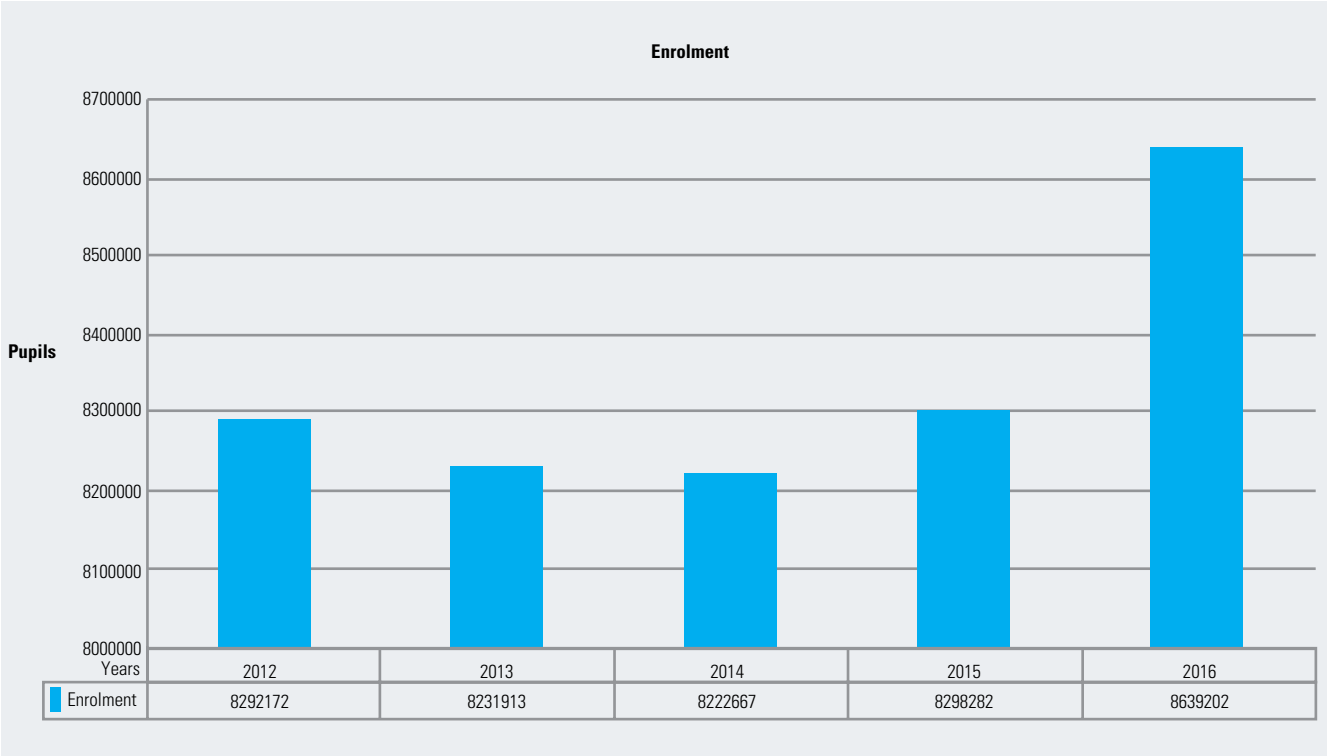
Tanzania has continued to expand access to primary education. However, dropout rates and failure rates in the Primary School Leavers' Exam (PSLE) both remain high, indicating that many young people either do not complete primary school or finish the primary cycle without having acquired the expected level of skills and knowledge in the primary curriculum. Key indicators to measure the status of primary education are examined below.

Total enrolment: Since 2002, primary education in Tanzania has, in large part, been free, though parents have continued to contribute to some expenses. Following provision of "free" primary education, the Net Enrolment Rate jumped from 59 percent in 2000 to 94 percent in 2011. Then, in 2016, the Government made primary education totally free. Subsequent to that announcement, total enrolments again increased substantially as shown in Figure 1.11. In 2016, the total number of children enrolled in primary schools in Tanzania increased to 8.64 million, up 4 percent from the previous year. However, the net enrolment rate, which had reached 94 percent in 2011, has declined to 85.8 percent in 2016 (URT 2016c). This means that 14.2 percent of children aged 7 to 13 years (or around 1.313 million children) were not enrolled in school in 2016.

20 According to the Education and Training Policy of 2014, the structure of the formal education and training system in Tanzania has changed from a 2–7–4–2-3+ structure to a 1–10–2-3+ structure, that is; 1 year of compulsory pre-primary education; 10 years of compulsory basic education (6 years Standard I-VI and 4 years of lower secondary); 2 years of secondary advanced level education (Form 5 and 6) and 3 or more years of higher education. The official school attending ages are now: 5 years for pre-primary, 6–11 years for primary education, 12-15 years for lower secondary, 16-17 years for upper secondary and 18–21 years for higher education. However, data for primary education in this report are based on the old structure, which was 7 years (Standard I-VII) and the corresponding official school-attending ages for primary were 7-13 years.

Figure 1.11:

Total enrolments in primary education (Standards I-VII) in Mainland Tanzania, 2012–2016



Source: URT 2016c

Net Intake Rates (NIR)[21]

Apart from providing free and compulsory basic education, further interventions such as providing school meals need to be introduced so as to attract more pupils to school, especially from poor families. Comparison of the NIR by region shows that the highest net intake rate (NIR) was observed in Mwanza Region (93.7 percent) and the lowest in Dar es Salaam (49.2 percent).

School attendance: Two rates are used to assess school attendance, namely, the Net Attendance Ratio (NAR)[22] and the Gross Attendance Ratio (GAR)[23]. According to data from the 2015–16 TDHS-MIS, 76 percent of primary school-aged children (7 to 13 years) were attending primary school (MoHCDGEC et al. 2016). Within this age group, attendance among girls (78 percent) was higher than boys (73 percent). In 24 of the 30 regions, primary school attendance was higher among girls than boys.

There is also a sizeable and growing urban-rural difference in the NAR; about 86 percent of primary school-aged children in urban areas attended school, compared with 72 percent in rural areas. The corresponding attendance data for 2010 were 88 percent in urban areas and 78 percent in rural areas, which indicates that the urban-rural gap has widened in recent years. In addition, the NAR increases steadily and dramatically by household wealth. School-age children from the wealthiest households (91 percent) are much more likely to attend primary school than children from the least wealthy households (59 percent).

A substantial proportion of pupils attending primary school fall outside the official age range for primary schooling as reflected in the difference between the NAR and GAR. The GAR is 90 percent, implying that for every 76 pupils aged 7 to 13 years attending primary school, a further 14 pupils were attending school who were either younger than 7 years or older than 13 years. Given that the GAR falls below 100 percent, this also

21 The Net Intake Ratio refers to the percentage of pupils/students enrolled in a first grade of a given level of education who reach final grade of that level.

22 The NAR for primary school is the percentage of the primary school-age (7-13 years) population that attends primary school. The NAR for secondary school is the percentage of the secondary school age (14-19 years) population that attends secondary school. By definition the NAR cannot exceed 100 percent.

23 The GAR for primary schools is the total number of primary school students, of any age, expressed as a percentage of the official primary school-age population. If there are significant numbers of over-age and under-age students at a given level of schooling, the GAR can exceed 100 percent.

indicates that not all children who should be attending primary are in school.

Based on the Gross Attendance Ratios for males (89 percent) and females (91 percent), the Gender Parity Index (GPI[24]) for primary school is 1.03, which indicates that slightly more girls than boys are attending primary school. Differences in both the NAR and GAR across regions of Tanzania Mainland are substantial, indicating continued marked spatial disparities in children's access to education. For example, the primary NAR ranged from 59 percent in Tabora region to 92 percent in Kilimanjaro region.[25]

Dropout and completion rates: Data on completion rates and dropout rates raise concerns about the performance of the primary school system. In 2016, only 47.3 percent of 13 year-old children completed Standard VII, which implies that 52.7 percent of this cohort had dropped out of school before completing the primary cycle. Between 2012 and 2015, a total of 344,496 pupils dropped out of primary school. Of these, about 45.4 percent were females and 54.6 percent males (URT 2016c). Based on the data for the 2015 school year, the main cause for dropout in primary schools was truancy[26] (96 percent).

Pass rates in the Primary School Leaving Examination (PSLE): Data from BEST 2016 indicate an increasing trend in the overall pass rate on the Primary School Leaving Examination (PSLE) over the last three years from 50.6 percent of students who sat the exam in 2013 to 67.8 percent in 2015 (URT 2016c). By region, the highest pass rate was recorded in Katavi (85.0 percent) and the lowest rate in Tabora (50.5 percent).

Transition rates from primary to secondary school: Apart from the first fifteen years after independence, the transition to secondary schools has generally shown a positive trend (Figure 1.12). Of important note, the transition rate has shown a strong upward trend over the last three years (2013 to 2015) with a near gender balance at entry.

Secondary education

Figure 1.12:

Transition rates from primary education to secondary education 1961–2015 (selected years)

Source: URT 2016c, Table 2.8

24 The gender parity index (GPI) measures the sex-related differences in school attendance rates and is calculated by dividing the GAR for females by the GAR for males. A GPI of 1 indicates parity; less than 1 indicates a gender disparity in favour of males and greater than 1 indicates a gender disparity in favour of females i.e. a higher proportion of females than males attend that level of education.

25 Regional data for other educational indicators can be found in Table 7 of the Statistical Annex.

26 Truancy refers to staying away from school without good reason, i.e., unexplained absenteeism.

Total enrolments: In 2016, a total of 1.676 million students were enrolled in lower secondary school (Forms I to IV), marginally higher than the 1.648 million reported in 2015. However, much lower proportions of children attend secondary school in Tanzania. And, as reported for primary education, the net enrolment ratio (NER) for secondary education in Mainland Tanzania has exhibited a steady downward trend in recent years. The NER in lower secondary school (Forms I to IV) in 2016 was 33.4 percent, down from 37.6 percent in 2012 (URT 2016c).

School attendance: Similarly, the net attendance ratio for all grades of secondary school based on data from the 2015-16 TDHS-MIS shows that far fewer children attend secondary school. Overall, 29 percent of children of any age were attending secondary school (MoHCDGEC et al. 2016). By sex, the GAR was 30 percent for girls and 28 percent for boys, indicating little gender disparity in access to secondary school. The urban-rural divide for secondary school is wider than primary school. Young people in urban areas are much more likely to be attending secondary school than their peers in rural areas; only 20 percent of children of any age in rural areas attended secondary school compared with 48 percent of their urban peers. But the most striking difference in the secondary school GAR is across wealth quintiles. The GAR increases steadily and dramatically for secondary schooling from 7 percent of children in the lowest wealth quintile to 54 percent in the highest quintile, indicating that children from the wealthiest households are almost eight times more likely to attend secondary school than children from the poorest households.

Pass rates in the Certificate of Secondary Education Exam (CSEE): Recent pass rates in Kiswahili in Certificate of Secondary Education Exam (CSEE) were high (69.7 percent in 2014 and 77.6 percent in 2015). However, the pass rates in Basic Mathematics were much lower (19.6 percent in 2014 and 16.8 percent in 2015), indicating a clear need to strengthen teaching and learning outcomes to improve numeracy. By sex, the performance of boys was higher than girls in all subjects except for Kiswahili in which girls outperformed boys (URT 2016c).

Dropout rates in secondary schools: Based on BEST data, dropout rates are higher in lower secondary. For example, among the 61,488 students who dropped out of secondary school in 2015, almost two thirds left school in Forms 1 and 2 (URT 2016c). By sex, 48.5 percent of the dropouts in 2015 were females and 51.5 percent were males. By region, the highest dropout rates were reported in Rukwa (9.3 percent), Mtwara (6.5 percent), Geita (6.2 percent) and Tabora (5.9 percent). The better performing regions were Dar es Salaam (1.0 percent), Arusha (1.6 percent), Kilimanjaro (1.7 percent), Mbeya (2.2 percent) and Njombe (2.2 percent).

Again, the major reason for dropout in secondary school was truancy (93.2 percent). Pregnancy was given as the reason for 5.6 percent of the dropouts. In these cases, unless supported to remain in school, the opportunities for young women to complete their education may be severely limited, which, in turn, can lead to future job and financial insecurity and fewer opportunities for socio-economic advancement. Adolescent pregnancy can also have serious health effects. Pregnancy and childbirth complications are the second highest cause of death among 15–19 year-olds globally (WHO 2014). Given the significant and disproportionate impact of pregnancy on young women, age-appropriate sexual and reproductive health education (for both boys and girls) should be provided within primary and secondary education to encourage delayed sexual initiation and prevent unintended pregnancies as well as sexually transmitted infections, including HIV. Legal and social protection mechanisms are also needed to prevent early marriages and protect young women from unwanted or coerced sex.

Quality of primary and secondary education

As described above the trend in primary school pass rates over recent years has been improving, and the pass rates for Kiswahili in the secondary exam are relatively high. However, a significant proportion of students did not pass the exams. Moreover, the pass rates in mathematics in the CSEE are very low. These results point to challenges in the present quality of education in Tanzania, which have negative implications on Tanzania's human development and reduces the potential contribution of human capital to growth. In turn, the quality of education is directly related to the quality of teaching and learning.

While there are many factors that contribute to quality of education, the current analysis focuses on the pupil-teacher ratio (PTR). The PTRs in Tanzania Mainland remain high; it has improved from 52:1 in 2006 to 43:1 in 2016 (URT 2016c), slightly less than the recommended

PTR of 45:1 (URT 2009b). However, such large class sizes affect to the ability of teachers to provide adequate instruction and supervision. In secondary schools, the student teacher ratio (STR) is less than the recommended ratio of 30:1 (URT 2014c). However, for both primary and secondary school there are significant variations in teacher numbers by region and by school. In the case of Zanzibar, no data are available on pupil-teacher ratios in primary schools. However, information on the class-pupil ratio shows that class sizes have been declining from 1:68.5 in 2008 to 1:51 in 2015 (Kessy and Omar 2016).

Skills development

Besides enrolments and quality of education in primary and secondary schools, other important factors in building human capabilities for economic transformation relate to skills development. According to the 2014 Integrated Labour Force Survey, one important aspect of the skills gap in Tanzania relates to the low levels or lack of soft or behavioural skills, which negatively affect labour productivity (URT 2016f). The study also points to a mismatch between the demand for and supply of skills domestically. This is related both to the type and quality of skills that graduates acquire at vocational training institutes, technical colleges and universities. For example, about 80 percent of the occupations available, including occupations that will be in demand in next three to five years, are based on science and mathematics. Yet, these are the subjects with the lowest pass rates in Form IV and Form VI exams.

The Global Competitiveness Report for 2007/2008 produced by the World Economic Forum further indicates that 15.7 per cent of the factors contributing to the difficulty of doing business in Tanzania were due to problems associated with labour. These included an inadequately educated workforce, poor work ethic and restrictive labour regulations (ATE 2011). The Government of Tanzania is taking measures to address these labour-related issues. These measures include preparing a skills development strategy and implementing a five-year skills development programme to improve work-related skills as prepared by the Prime Minister's Office—Labour, Youth, Employment and Persons with Disabilities (PMO-LYED).

1.4.4 Living standards

To measure people's living standards, the multidimensional poverty index assesses six household-level indicators: availability of clean and safe water, access to sanitation facilities, ownership of assets, type of cooking fuel used, access to electricity, and type of flooring in the dwelling. Recent trends in each of these indicators are discussed in the sections below.

Drinking water

According to the 2015-16 TDHS-MIS, 61 percent of households in Tanzania have access to an improved source of drinking water.[27] By residence, 86 percent of urban Mainland households, 49 percent of rural Mainland households, and 98 percent of households in Zanzibar have access to an improved source of drinking water. Access to improved sources of water in Tanzania has improved since the 2010 TDHS (from 54 percent to 61 percent).

Fetching drinking water is a time-consuming chore, especially for women and girls, who are the ones most often responsible for fetching water. On average, 4 in 10 households (40 percent) spend 30 minutes or longer (round trip) to fetch drinking water (Mainland rural 52 percent; Mainland urban 19 percent and Zanzibar 14 percent). Women and girls, particularly in rural areas, are affected by the long distances to clean water sources, which reduces the time they have available for educational or income-generating activities.

Household sanitation facilities

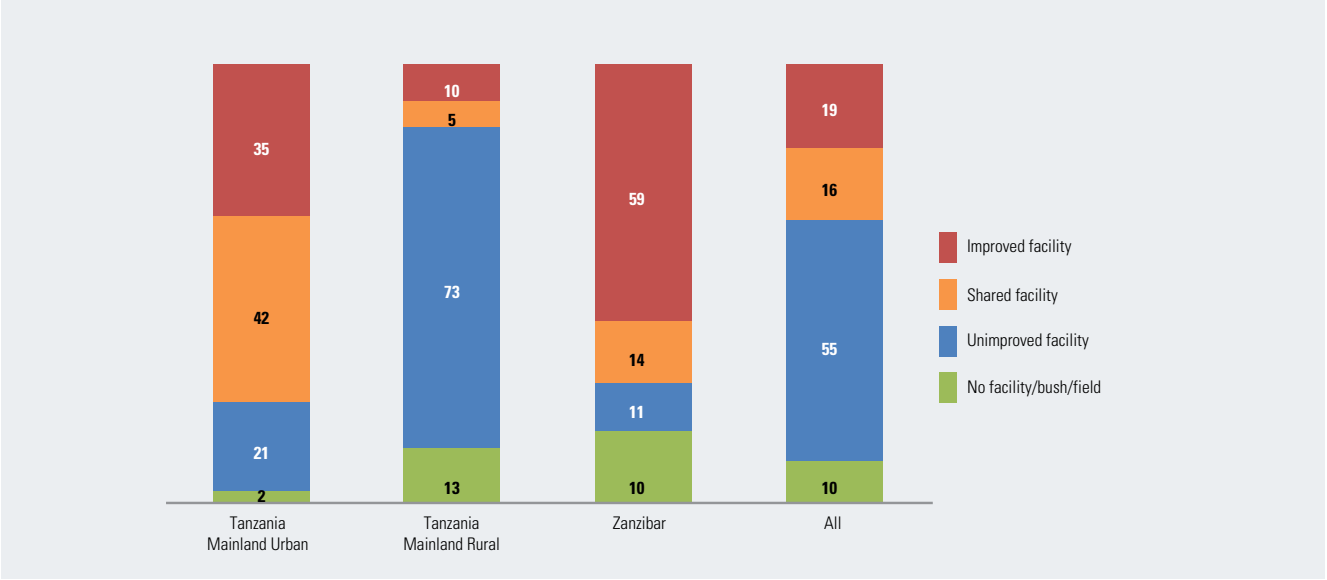
Based on data from the 2015–16 TDHS-MIS, only one in five households in Tanzania (19 percent) use improved, non-shared toilet facilities,[28] up from 13 percent in 2010 (MoHCDGEC et al. 2016, NBS and ICF Macro 2011). Along with hand washing, the use of improved non-shared facilities helps prevent contact with human waste, which reduces the transmission of cholera, typhoid and other diseases. Shared toilet facilities of an otherwise acceptable type are used by a further 16 percent of households.

27 Improved drinking water sources include piped water, public taps, standpipes, tube wells, boreholes, protected dug wells and springs, rainwater and bottled water.

However, while slowly declining, the proportions of households that use unimproved toilet facilities or do not have access to a toilet are still in the majority. Overall, 55 percent of households use an unimproved facility and 10 percent of households have no toilet (Figure 1.13). As the data show, the urban-rural divide in access to household sanitation is huge; 86 percent of Mainland rural households use an unimproved facility compared with 23 percent of Mainland urban households. In Zanzibar, a considerably higher proportion of households use improved, non-shared facilities (59 percent), but almost one in five households (17 percent) has no access to a toilet at all.

Figure 1.13:

Household toilet facilities by residence (% of households)



Source: MoHCDGEC et al. (2016, 23)

Household wealth and ownership of assets

The availability of durable consumer goods is a robust indicator of a household's socio-economic status. The 2015–16 TDHS-MIS captured information on the ownership of a selection of household items, each of which has important benefits. For example:

- Access to a radio or television exposes household members to information and ideas;
- Access to a refrigerator prolongs the wholesomeness of food;
- Having a means of transport allows greater access to services, including those outside the local area, and expands opportunities for income-generating activities; and
- Owning a (mobile) phone enables household members to easily communicate among themselves and with outsiders, such as clients, services or officials.

According to data from the 2015–16 TDHS-MIS and 2010 TDHS

- About 8 in 10 households (78 percent) own a mobile phone (up from 46 percent in 2010);
- About half (52 percent) own a radio (down from 60 percent in 2010);
- One in five (20 percent) own a television (up from 13 percent in 2010);
- Only 9 percent of households own a refrigerator (up from 6 percent in 2010); and
- A bicycle is the most common means of transport, especially among households in Zanzibar (52 percent) and in Tanzania Mainland rural areas (43 percent).

28 Includes any non-shared toilet of the following types: flush/pour flush toilets to piped sewer systems, septic tanks, and pit latrines; ventilated improved pit (VIP) latrines; pit latrines with slabs, and composting toilets.

Rates of ownership of each household item are substantially higher among households in Tanzania Mainland urban areas and in Zanzibar than among households in Tanzania Mainland rural areas (MoHCDGEC et al. 2016, NBS and ICF Macro 2011).

Based on their levels of asset ownership as well as housing characteristics, such as access to drinking water and toilet facilities, households are given scores to indicate their level of wealth. These scores are then categorized into five national wealth quintiles. Results from the 2015–2016 TDHS-MIS show significant wealth disparities between urban and rural areas in Tanzania Mainland. Almost nine out of ten urban households (88 percent) are in the two highest wealth quintiles, while eight out of ten rural households (80 percent) are in the three lowest wealth quintiles. In Zanzibar, four out of five households are in the two highest wealth quintiles (MoHCDGEC et al. 2016).

Energy use

Cooking and heating with solid fuels—including charcoal, firewood, straw, shrubs and grass—can lead to high levels of indoor smoke and a complex mix of health-damaging pollutants. The 2015–16 TDHS-MIS found that more than 9 in 10 households in Tanzania (94 percent) use some type of solid fuel for cooking, mostly wood (66 percent) and charcoal (27 percent). The results indicate that over the last five years, the use of wood (74 percent in TDHS 2010) has decreased but the use of charcoal (21 percent in TDHS 2010) has increased. However, there are significant differences in the solid fuel mix used by urban households in comparison with rural households. In urban areas, 63 percent of households use charcoal and a further 20 percent use wood. In rural areas, only 9 percent of households use charcoal compared with 89 percent that use wood for cooking (MoHCDGEC et al. 2016, NBS and ICF Macro, 2011).

Nationally, about one-quarter of households (23 percent) have electricity. But, again, the urban-rural divide is vast; 56 percent of Tanzania Mainland urban households have electricity compared with 5 percent of Tanzania Mainland rural households. Around one in two households in Zanzibar are connected to electricity (47 percent). Access to electricity has increased in all three areas; the 2010 TDHS estimated that 3 percent of Tanzania Mainland rural households, 45 percent of Tanzania Mainland urban households, and 35 percent of Zanzibar households had electricity, respectively. Nationally, less than 1 percent of households use electricity for cooking.

Based on data from the 2011–12 Household Budget Survey, kerosene/paraffin is the most widely used fuel for lighting in Tanzania. Overall, 61 percent of households in Tanzania used this fuel for lighting (URT 2014a).

Type of flooring in dwelling

Earth and sand are the most common flooring materials in Tanzania (57 percent), followed by cement (38 percent). Earth or sand flooring is used in three-quarters of Tanzania Mainland rural households (77 percent), while cement is the most common flooring material in Tanzania Mainland urban households (69 percent) and in Zanzibar (60 percent).

1.5 Population dynamics and human development in Tanzania

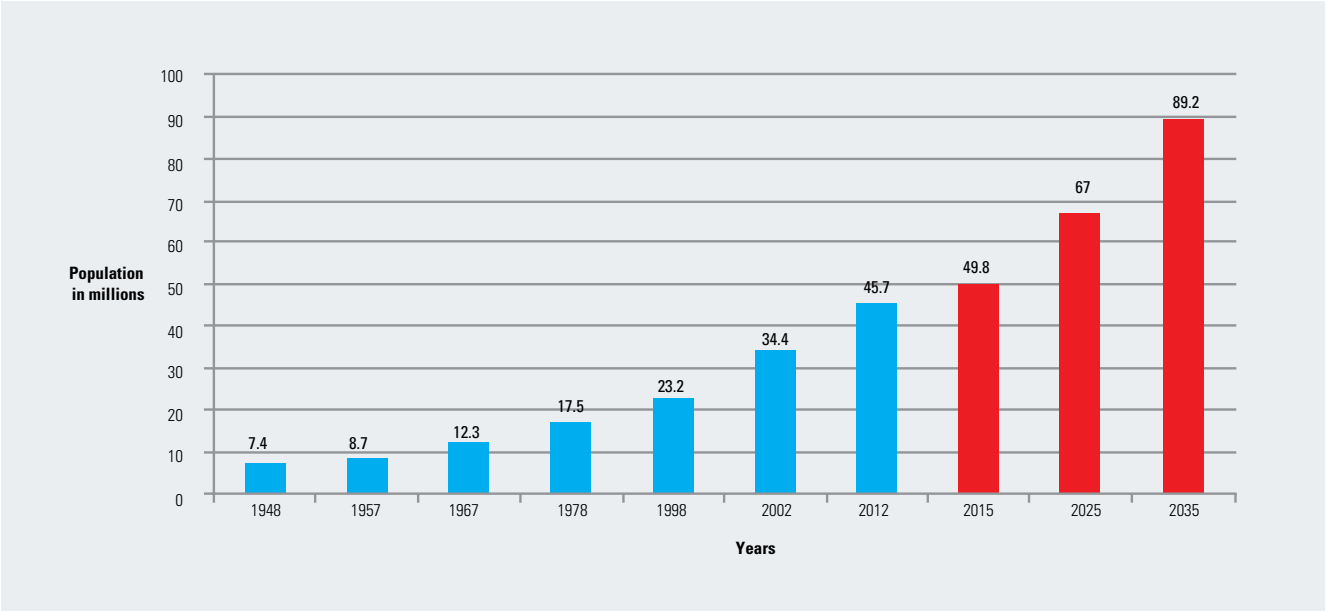
Tanzania's very high rates of population growth and urbanization are key development challenges facing the country. Based on data from the 2012 Population and Housing Census, Tanzania's population almost tripled in the 35 years between 1967 and 2012 (URT 2013a). In 2016, the population is estimated to have reached 50.1 million. By area of residence, about 30 percent of the Mainland population lives in urban areas. In Zanzibar, nearly half of the population lives in urban areas and the population density is high at 530 persons per square kilometre.

At 2.7 percent per annum, the national average population growth rate is one of the fastest in the world and translates to a net addition of 1.2 million people each year (Otieno, Amani and Makbel 2016). This high growth rate is mainly due to continued

high birth rates in conjunction with rapidly declining death rates. At the present rate, Tanzania's population is projected to reach 67 million in 2025 and 89.2 million by 2035 (Figure 1.14). The growth rates show regional variations from below 2 percent in Kilimanjaro and Lindi regions to 5.6 percent in Dar es Salaam.

Figure 1.14:

Population of Tanzania (1948–2035)a



Source: Data from national censuses for 1948 through 2012. Data for 2015 and later years are provisional estimates from NBS based on projections from the 2012 Population and Housing Census.

The persistently high level of fertility poses a great challenge to the Government's capacity to meet the demand for public infrastructure and facilities, housing, employment and social services, particularly in the areas of education, health and water supplies. For example, the 2014 Integrated Labour Force Survey (ILFS) reported that, between 2006 and 2014, the working-age population (15 years and above) grew by 4.8 million persons to 25.8 million, with most of this increase occurring in urban areas (URT 2015e). These huge increases in the labour force have significant policy implications for job creation and skills development, especially given that young people make up 55 percent of the working population. To decelerate the supply of new entrants into the labour force, Government efforts will be needed to promote reductions in the population growth rate in tandem with economic strategies to create decent jobs.

1.5.1 Population age-sex structure

Based on data from the TDHS-MIS 2015-16, Figure 1.15 shows the distribution of the population in Tanzania by five-year age groups, disaggregated by sex (MoHCDGEC et al. 2016). The broad base of the pyramid illustrates that Tanzania's population is young, which is typical of countries with low life expectancy and high fertility. This age-sex structure of the Tanzanian population has remained largely constant over the past decade. About half of the total population is under 17.5 years. The percentage of children under 15 years of age has remained at similar levels (47 percent) and that of population aged 65 years and over has remained at 4 percent since the 2004–05 TDHS (NBS and ORC Macro 2005).

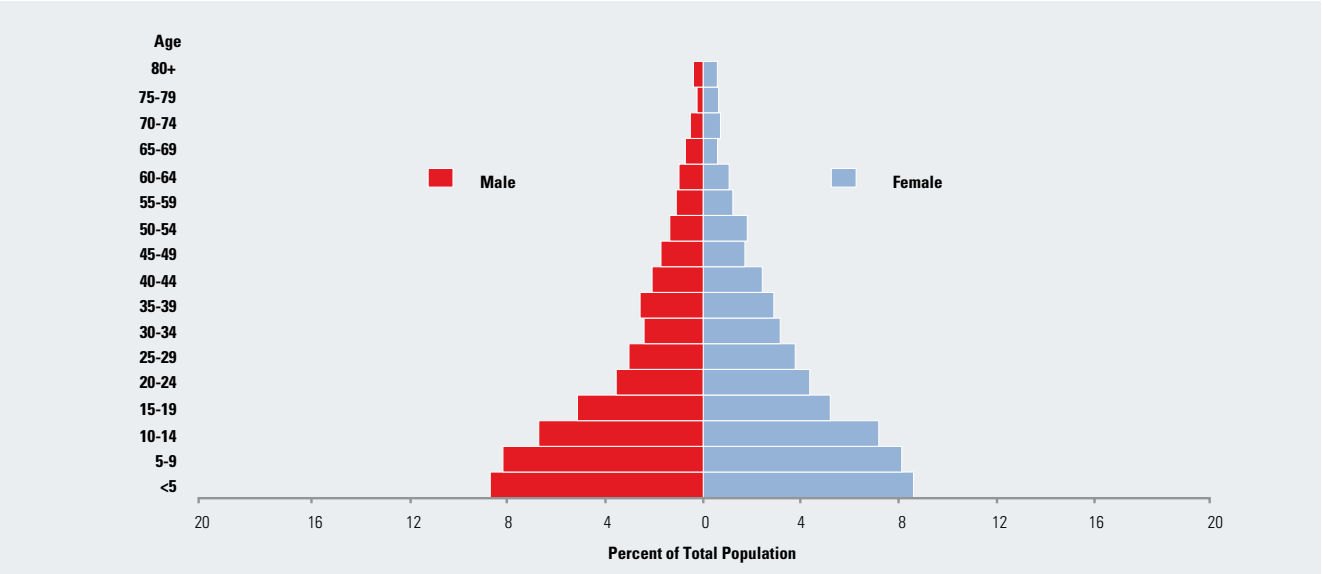
The population aged 60 years and above is about 2.5 million, and constitutes around 5.6 percent of the

total population. Though a relatively small segment of the population, elderly people have become an increasingly conspicuous cohort not only in terms of their caring role for HIV/AIDS orphans but also their health and social service needs. The total number of elderly Tanzanians is increasing due to increases in life expectancy, but the proportion of elderly people in the overall population has been declining marginally in Mainland Tanzania. However, this decline in Zanzibar has been substantial.

Based on data from the 2015–16 TDHS-MIS, the average household size in Tanzania is five people (mean size of 4.9). Tanzania Mainland urban households are slightly smaller (4.3 people per household) than Tanzania Mainland rural households (5.1 people per household) and those in Zanzibar (5.4 people) (MoHCDGEC et al.2016). Women head 25 percent of all households. The 2004–05 TDHS also estimated the average household size to be 4.9 people and found one-quarter of households to be female-headed (NBS and ORC Macro 2005).

Figure 1.15:

Percent distribution of household population



Source: MoHCDGEC et al. (2016, 25),

The overall population pyramid hides demographic and reproductive inequalities between rural and urban areas as well as between Dar es Salaam and other urban areas. It also conceals differences based on wealth. These are discussed in the next two sections.

Age-structure of the population in rural and urban Tanzania and the in-migration factor

Tanzania's high rate of urbanization is highly associated with inter-regional migration. A 2013 study revealed that migration in Tanzania from both rural areas to urban areas and from towns to cities is dominated by young adults aged between 25 to 34 years (29 percent) and adults aged between 35 and 64 years (61 percent) (Msigwa et al 2013). Young people typically move with their parents while older parents are also coming to the city to join their children who had migrated previously. Furthermore, inter-regional migration is dominated by young adults without skills (98.5 percent) compared to those with skills (1.6 percent). Most young migrants have completed primary education but only a few have completed secondary education.

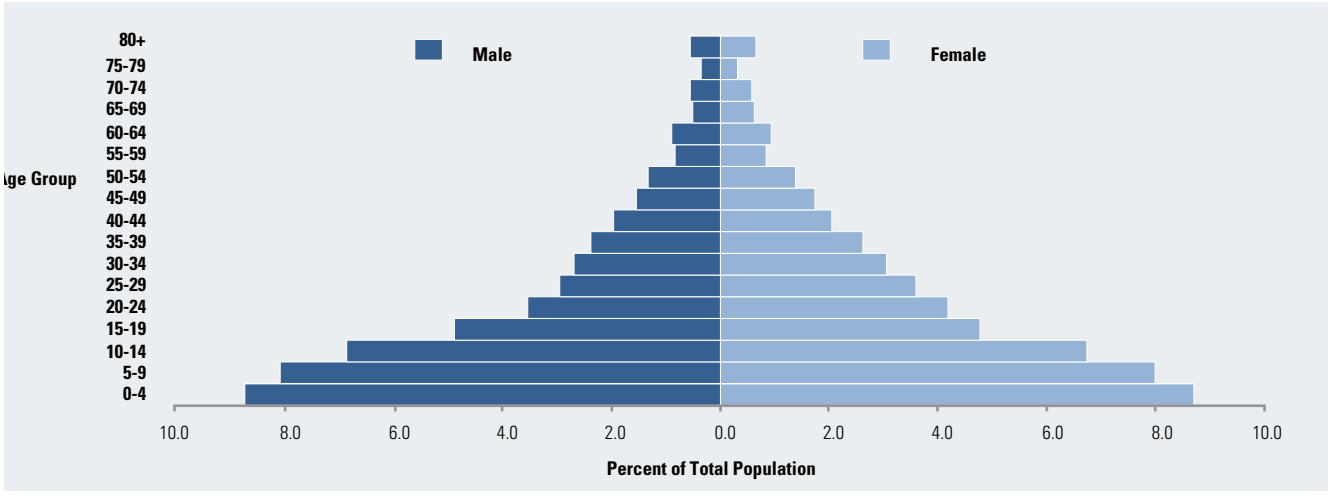
Figure 1.16 shows the population pyramids by five-year age groups for three areas of Mainland Tanzania: rural areas, urban areas and the Dar es Salaam region. The broad bases of the pyramids in rural areas and urban areas are indicative of the high fertility and mortality rates and a youthful age structure. This is particularly evident in rural areas where over 15 percent of the population is under

10 years of age. These shapes are representative of the age-sex composition of many other African countries. However, the pyramid for Dar es Salaam has a different structure. It shows a noticeable bulge for the age bracket from 15 to 29 years, which indicates in-migration from other regions. Box 1.3 provides additional detail on the rapid urbanization of Dar es Salaam.

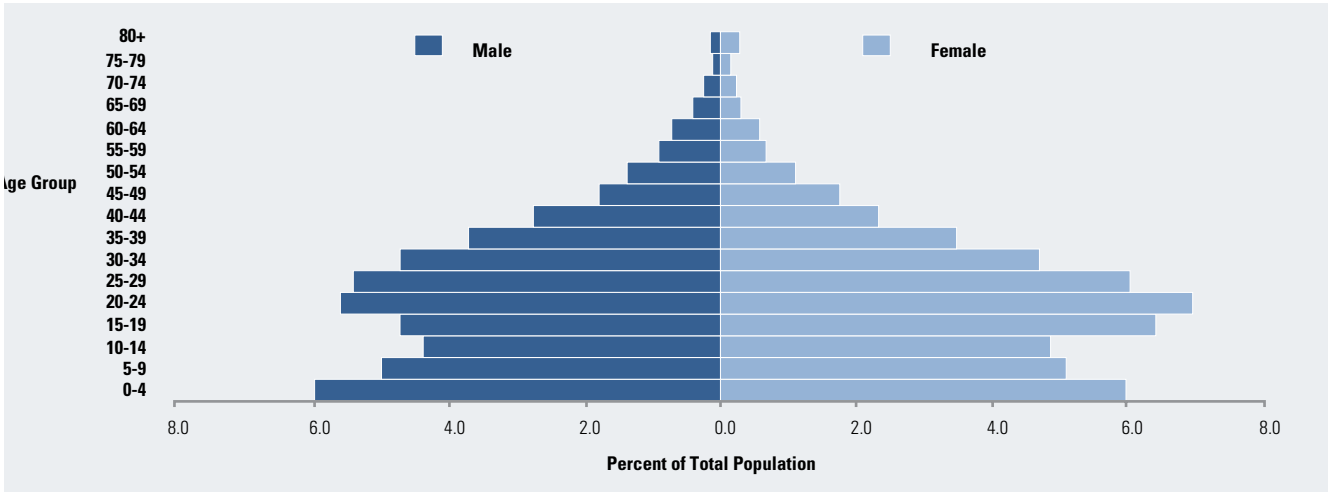
Figure 1.16:

Population pyramids for Tanzania, by areas of residence, 2012

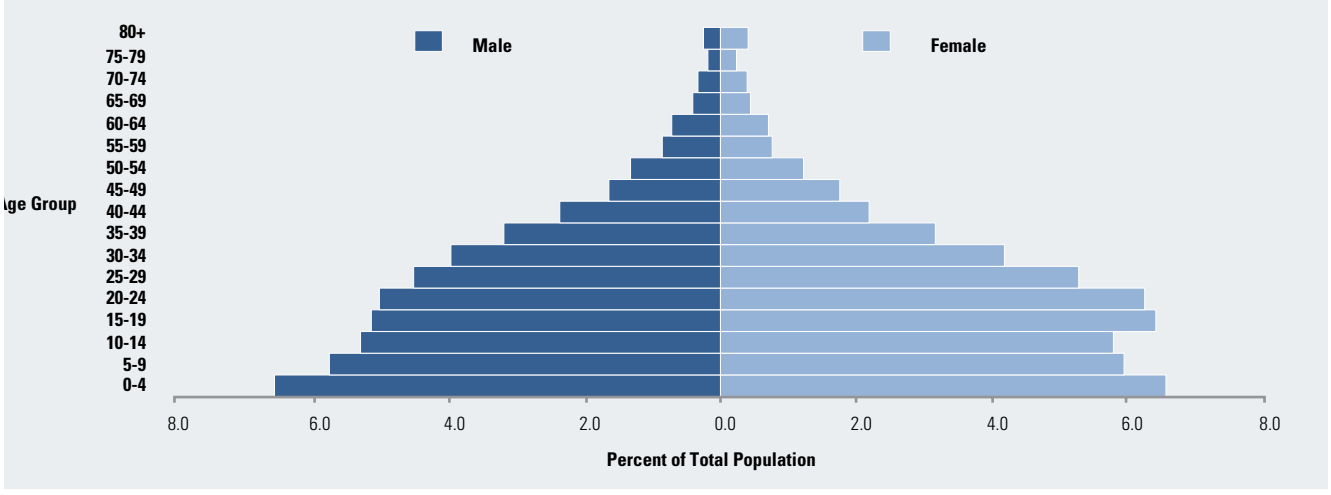
Mainland rural



Mainland urban



Dar es Salaam region



Source: URT 2013a and 2013b

Box 1.3:

The demographics of urbanization: The case of Dar es Salaam

Dar es Salaam is Tanzania's most populous city and, in recent years, the third-fastest growing urban agglomeration in Africa. According to the African Development Bank, the city's present population—estimated at 5.6 million people—is expected to expand by more than 85 percent through 2025, and could reach 21.4 million people by 2052. The city will likely achieve 'megacity' status—i.e., 10 million residents or more—by the early 2030s.

Although the proportion of Dar es Salaam relative to Tanzania's total urban population is expected to plateau in the near future, it masks the rate of growth. The city's annual growth rate in population is expected to reach 8 percent in 2020 and over 9 percent in 2025. This rapid population growth is largely due to in-migration and less to natural population increase.

Dar's rapid urban growth has outstripped the capacities of planning authorities to cope with the enormous pace of expansion. Additionally, formal planning in Dar es Salaam is very limited; the latest approved Master Plan dates back to 1979. And between 1999 and 2015 the city had no Master plan. A new City Master Plan was to be effected in June 2016 as the earlier plan was failing to meet the current needs of the city. As a consequence, urban growth in Dar es Salaam has been driven by the informal residential location decisions of both the urban poor and medium- and high-income groups. Informal settlements have absorbed large proportions of residents leading to rapid urban sprawl into the unplanned periphery of the city and the emergence of informal sub-centres in peri-urban areas.

Notwithstanding the comparative industrial and commercial advantages and the associated centripetal attractions of urban areas, the breakneck speed of urbanization in Tanzania faces a number of challenges, which, given limited preparedness and planning, could have a choking effect on future development. Some of the challenges include:

- Poverty, manifested mostly in 'income poverty' as a result of unemployment
- Poor infrastructure and poor urban transportation accompanied by traffic congestion.
- Poor housing: In most of the unsurveyed fringes of the city, accommodation is highly congested, building construction is unplanned and squatter living is the norm. These conditions multiply the risks of health hazards (for example, infectious diseases, malnutrition and malaria) as well as crime (house-breaking and drug abuse).
- The likelihood that future construction will invade public open spaces, such as school grounds, playgrounds, undeveloped areas and public reserve plots.

Source: ESRF (forthcoming)

Urbanization is by no means bad *per se*. It can be the catalyst for economic, cultural and societal development. Well-managed cities are both efficient and effective, enabling economies of scale and network effects while reducing the impact of transportation on climate. As such, an urban model can make economic activity more environmentally-friendly. Further, the proximity and diversity of people can spark innovation and create employment.

Moreover, cities have the potential to offer better living and working environments for poor people. While the working environment should determine their opportunities for income—and worker productivity increases strongly and systematically with city size—the living environment should determine opportunities for recreation and socialization, better quality housing, and access to public goods and services. Cities have the potential to reap major economies of scale and improvements in both living and working conditions. And cities like Dar es Salaam should enable cost-effective delivery of essential services. High-quality public services are far more cost-effective in dense cities than those provided to a dispersed population. For example, it costs almost three times as much to provide piped water in sparsely populated areas. More urbanized countries that enjoy these economies of scale and scope also appear to have achieved lower poverty rates as well as higher levels of GDP per capita, which increases their ability to improve the quality of infrastructure and services and expand access to services for poor households.[29]

29 For example, from 1970 to 2006, China and India each produced an average 6 percent increase in per capita GDP for every 1 percent increase in urban population. Vietnam and Thailand exhibited 8 percent and 10 percent increases, respectively. On the other hand, cities in the Philippines have not generated the same high rates of economic growth or reductions in poverty that were realized in China, India, Vietnam and Thailand. This has been attributed to the nation's archipelagic geography, highly fragmented structures for spatial and infrastructure planning, and poor metropolitan governance.

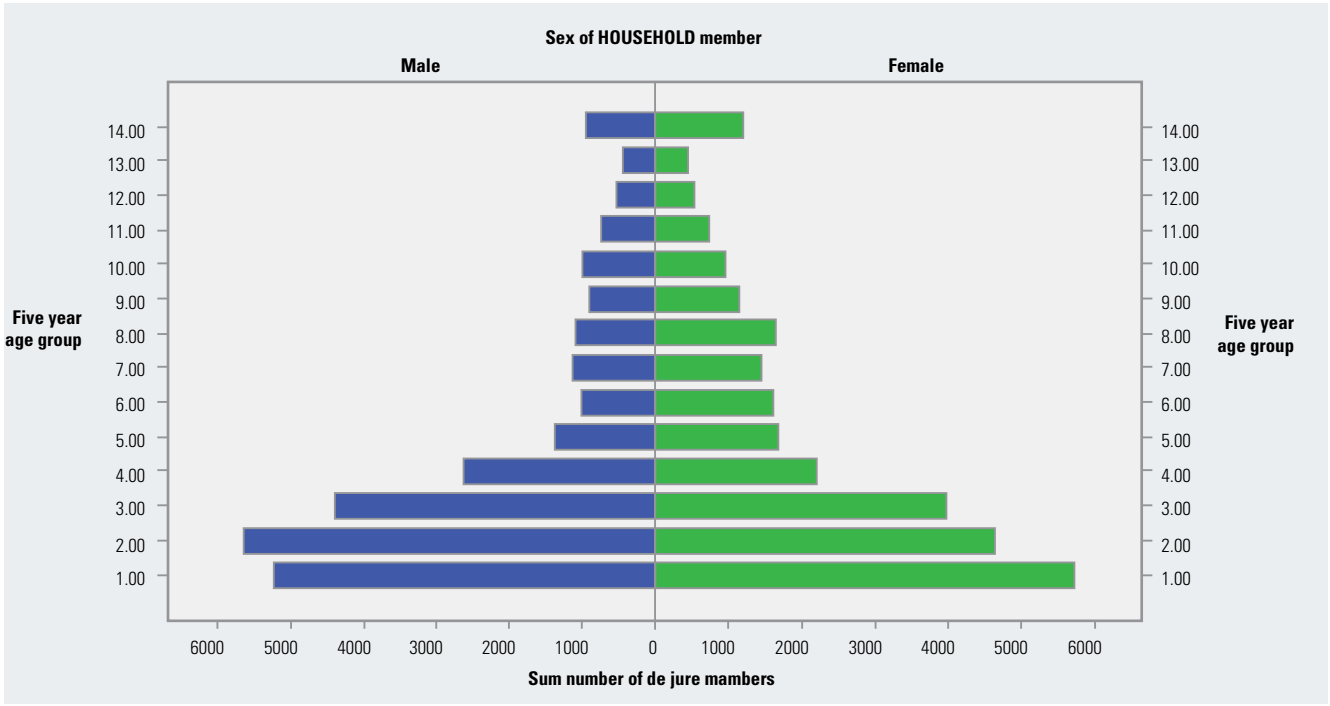
Age-structure of the population by wealth

Though the population of Tanzania is generally youthful, further examination of figure 1.17 shows that the age structure of the poorest and richest quintiles are different. The pyramid for richest quintile shows a structure typical of societies that have started experiencing rapid changes in birth and death rates, while the one for the poorest quintile reflects high childhood dependency.

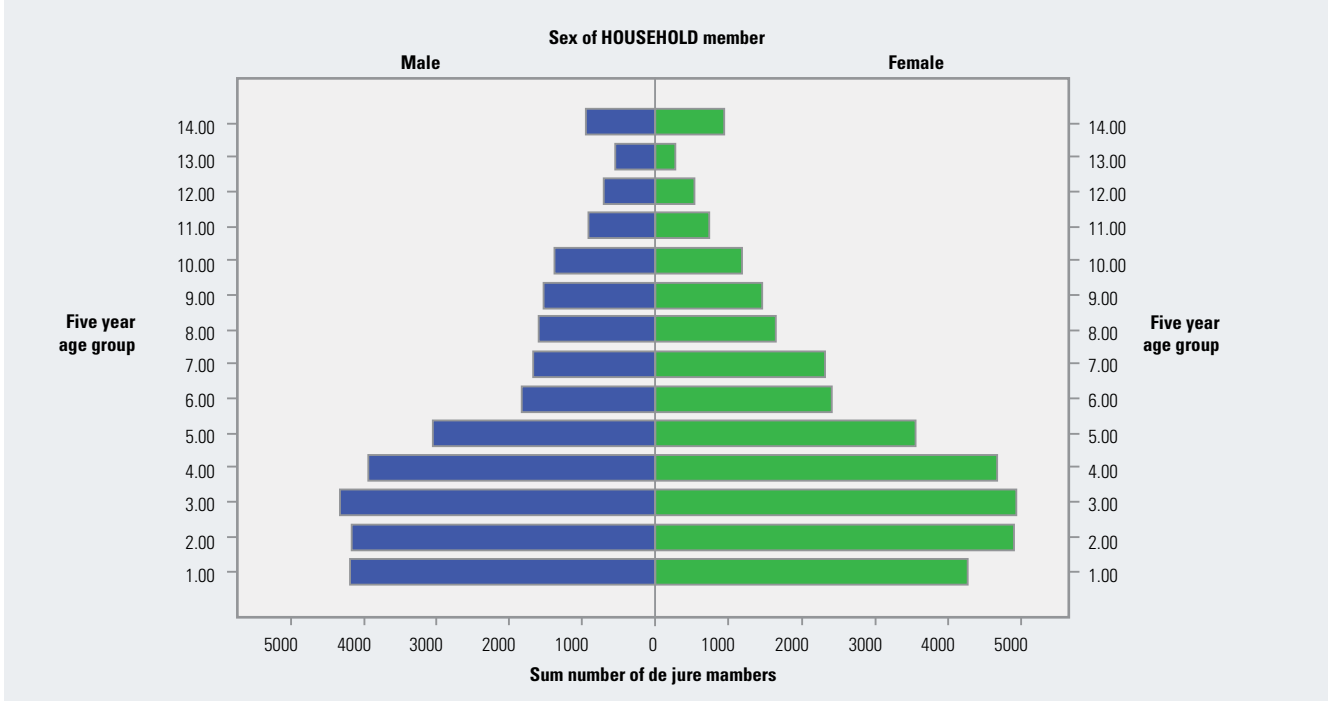
Figure 1.17

Population pyramids for Tanzania, by household wealth, 2010

Lowest wealth quintile



Highest wealth quintile



Source: Computed from Tanzania Demographic and Health Surveys 2010 data set

Attention is drawn to two related factors. First, poverty rates in urban areas are lower than rates in rural areas mainly due to rural-to-urban migration, which is particularly strong for people of working age, especially the younger cohorts of the labour force. As people of working age leave for towns and cities, the worker-to-dependent ratio falls in rural areas (fewer workers feeding the same number of dependents) and increases in urban areas (more workers feeding the same number of dependents). Second, this suggests that, overall, the richer quintile of the total population is more urban-based while the poorer quintile is more rural-based.

1.6 Conclusion

The analysis in this chapter has demonstrated that people-centred development has been the lynchpin of Tanzania's development policy since independence and, in recent years, the country has made significant progress in key indicators of human development. Between 1985 and 2015, Tanzania's Human Development Index score increased from 0.371 to 0.531, representing an increase of 43 percent over this 30-year period. Based on its current HDI score, Tanzania's level of human development is above the average for countries in Sub-Saharan Africa. In addition, Tanzania has recorded a significant reduction in the proportion of the population that is living in multidimensional poverty from 64 percent in 2010 to 47 percent in 2016. Furthermore, between 2007 and 2012, Tanzania recorded a reduction in income poverty from 34.9 percent in 2007 to 28.2 percent in 2012. These findings are in line with an assessment of poverty in Tanzania conducted by the World Bank, which concluded that early signs of pro-poor growth are starting to emerge in Tanzania. In sharp contrast to the period from 2001 to 2007, poor households were found to have benefitted disproportionately from economic growth during the period from 2007 through 2011/12 (World Bank 2015).

Notwithstanding these achievements, poverty remains widespread in Tanzania and the country is characterized by low levels of human development. Therefore, the Government needs to continue to follow its roadmap for development towards the achievement of the objectives set out in the FYPD II and the Sustainable Development Goals. In particular, policies and programmes will need to:

- **Safeguard the country's achievements recorded during the past 15 years of high economic growth,** thereby avoiding a repeat of the situation in the 1980s when the economic crisis in Tanzania significantly eroded the achievements in human development made during the 1960s and 1970s.
- **Consolidate and improve Tanzania's growth performance to achieve the target set in the Tanzania Development Vision.** The current growth performance of around 7 percent is good, but the country needs to attain growth rates of between 8 and 10 percent to attain the status of a middle-income country by 2025.
- **Consolidate and improve Tanzania's performance in economic transformation.** Tanzania should make greater and environmentally sustainable investments in industrialization with strong links to the agricultural sector given that this sector remains the principal source of employment and livelihoods for the majority of the population.
- **Strengthen the provision of social services and close the gender gap to underpin higher levels of human development**. To achieve key targets in the education, health and water sectors, it will be necessary to formulate and implement broad social policies that address key population dynamics and gender inequalities. The overall objective is to put in place the resources needed for the improvement of human well-being and the provision of public services, which will contribute to human development, create employment opportunities to meet the requirements of a growing labour force, and resolve social and economic tensions over the distribution of income and wealth. Priority should be given to nurturing a well-educated and healthy population with a specific focus on enhancing women's access to health care and higher education, which can only be achieved through concerted efforts to improve essential public services, infrastructure and housing in rural, peri-urban and urban areas.

An analytical framework for integrated population-development planning will be essential to inform

the Government's agenda for socio-economic transformation. In broad terms, this framework will comprise:

- **A comprehensive inventory of demographic and related socio-economic data, including an assessment of data quality and gaps.** A core purpose of this exercise will be to determine if sufficient data are presently generated by population censuses and sample surveys, and adequately analyzed to enable its utilization in sector planning.

- **Preparation of detailed demographic estimates and projections.** For any macro planning exercise, it is essential to have reliable data on population and labour force size (including sex-age composition, and rural-urban and regional distributions), and fertility, mortality and migration rates. Disaggregated data will also be needed for specific population groups that require special development efforts, for example, youth, the elderly and people with disabilities.

- **Translation of population dynamics into estimates for sectoral planning.** Population dynamics profoundly influence planning in all key development sectors and areas—including education, health, agriculture, housing, employment, gender, migration and urbanization. In turn, population dynamics are themselves affected by the economic and social changes brought about by sectoral programming. Thus, the planning exercise should begin by identifying and assessing population needs in different social and economic areas, taking account of the prevailing and projected demographic and socio-economic situation. This would logically lead to establishing priorities by sector, which will, in turn, determine the allocation of resources under varying budget constraints.

2.

The place of social policy in economic transformation

2.1 Introduction

In recent years, Tanzania's approach to economic development has placed renewed emphasis upon the importance of economic transformation in driving poverty reduction and prosperity. Economic transformation is now seen as key to achieving the aspiration of the Tanzania Development Vision 2025 (TDV) to become a middle-income and semi-industrialized country by 2025 (URT 1999). Following a review of the implementation of the TDV conducted in 2009 and 2010, the Government of Tanzania developed the Long Term Perspective Plan (LTPP) 2011/2012–2025/2026 to help steer Tanzania's efforts towards achieving the aspirations of the Vision (URT 2012). In turn, implementation of the LTPP is sequenced in three five-year development plans (FYDPs), each with a specific theme to underline its thrust and priority interventions. The theme of the current (second) Five Year Development Plan 2016/17-2020/21 (FYDP II) is 'nurturing industrialization for economic transformation and human development' (URT 2016a).

Under FYDP II, sustainable economic transformation is seen to involve a number of interrelated structural changes including a shift away from low-productivity activities in traditional agriculture towards the expansion of productive capacities and employment opportunities, in particular through the growth of the industrial sector. These changes in the structure of the economy are also associated with a wider demographic shift that is already under way, with lower levels of fertility and mortality accompanied by increasing urbanization (Otieno, Amani and Makbel 2016).

A strong set of assumptions are embedded within this approach to development that concern the relationship between economic transformation and human development. Historically, this path of socio-economic structural change has been associated with improvements in human development through rising wages and employment as well as increasing the pool of resources available to the state through taxation to invest in social policies and collective goods. However, as argued in the Tanzania Human Development Report 2014, whether the process of economic transformation currently unfolding in Tanzania will lead to the same improvements in human development is uncertain (ESRF, UNDP and MOF 2015). This is because economic transformation can occur along a number of different trajectories, some of which, but not all, lead to growth-induced human development. The THDR 2014 focused on the crucial importance of the changing nature and extent of employment opportunities in providing opportunities for a higher standard of living for Tanzanians. However, another critical aspect that was identified in that report was the role of social policy in reconciling economic goals with desired social outcomes. Thus, the renewed focus on economic transformation calls for a careful consideration of the space for social policy within Tanzania's development vision.

The purpose of this chapter is to set out a conceptual framework that explains the links between social and economic policy in the pursuit of economic transformation and human development. It starts by clarifying the multiple roles of social policy and explores how these different aspects can combine to have a transformative impact. The chapter argues that social policy can play a critical role in mediating between needs and consumption that shape patterns of demand in an economy. This approach to economic transformation also helps to answer probing questions about the content of demand itself and how production should respond to demand. The types of demand that emerge over time are an important factor shaping the pace and character of the industrialization process. The chapter further argues that the way that an economy addresses human needs as economic growth and

structural change occur is best addressed by a more purposive engagement between social policy and processes of domestic production.

The chapter then moves on to explain how economic policies have a critical impact on social outcomes. This means that in order to improve human development and enhance economic transformation, economic policy needs to be formulated in ways that take account of its dynamic and cumulative impact on wellbeing and livelihoods. The chapter addresses the practical implications of this approach to social policy within the planning process, and considers the overlapping institutional arenas in which social provisioning occurs in Tanzania. To conclude, the chapter argues that the space for social policy in economic transformation requires an all-encompassing approach that addresses the different mechanisms of production, consumption, demand and delivery associated with social provisioning. These different institutional mechanisms need to be taken into careful consideration when mainstreaming social policy into policies to promote industrialization and economic transformation.

2.2 The purposes of social policy

For the purposes of the current analysis, "*social policies*" are defined as the *"collective interventions in the economy to influence the access to and the incidence of adequate and secure livelihoods and income"* (Mkandawire 2004, 1). Social policies impact on livelihoods directly by providing a mechanism for redistribution and by protecting the vulnerable from the vagaries of the market. However, they also have a broader role to play in production, innovation and economic change that is often overlooked in traditional economic approaches. Social policy can play an important role in shaping the nature of economic transformation.

In the last two decades, policy debates have often framed social policy as referring to a set of social sectors while economic policy has been similarly confined to areas that are defined as economic. This has not done justice to the transformative potential of social policy. As Mkandawire argues, "*in the context of development, there can be no doubt that the transformative role of social policy needs to receive greater attention than it is usually accorded in the developed countries and much more than it does in the current focus on 'safety nets' "* (ibid, 1).

The argument that social policy can play a much greater role in the process of transformation is not new. Indeed, the early development economists, who argued for the importance of economic transformation, also saw the importance of social policy, not as an end result but as a constitutive part of economic transformation (Rweyemamu 1976, Myrdal 1968) and this perspective has been promoted by a number of international institutions, most notably by UNRISD (2016) and UNDP (2016). Social policies can be transformative when they play a role in shaping the type of economic activities, pace and content of innovation, and patterns of consumption that emerge as growth occurs. A further important observation is that economic policies, and not just traditionally defined social policies, can have a significant impact on social outcomes. This means that social and economic policies are inherently mutually constitutive; social policies have far-reaching economic implications and economic policies will inevitably play a considerable and direct role in determining social outcomes. Consequently, a successful integration of social and economic policies is required to steer Tanzania onto a development path where human needs are fulfilled over time.

Higher economic growth in Tanzania over the past two decades has already been associated with a process of structural change as output, people and resources have moved away from traditional agriculture towards services and industry. While poverty has fallen in the last two decades, the pace of this reduction has been relatively slow (ESRF et al. 2015). Thus, in Tanzania's recent phase of preparation and launch of FYDP II, the role of social policy in facilitating an industrialization process that enhances human development gained greater attention. Practical questions have emerged about how to integrate social and economic policies together in the planning process. This intention is clearly ambitious and timely, but there is still considerable contention and debate reflecting differences in underlying frameworks for understanding the role of social policy in economic transformation.

2.2.1 Is there a trade-off between social and economic policy?

While social policy is universally recognized as being important for achieving a basic level of social stability and progress, a number of influential perspectives have viewed it as having secondary importance in bringing about economic transformation. For example, one conventional perspective suggests that social policies are expensive and can only be afforded after a country has attained a certain level of wealth. An extension of this argument is that too much emphasis on social policy early in a process of structural change may be actually detrimental to economic transformation creating a trade-off between social and economic policy (Okun 1975). A less extreme version of this argument is that while social policies may indeed be necessary to achieve certain limited goals such as social protection and some level of redistribution, there is still a need to prioritize economic development in the early stages of economic transformation.

Such a perspective receives support from neoclassical economic growth models that focus on the supply-side constraints on economic growth. For example, in the growth model of Robert Solow (1957), long-run growth is determined by population growth and exogenous technological change. In the short run, however, growth is determined by the rate of savings. Savings determines the rate of investment. Investment in the factors of production, labour and capital, determine the rate of growth. Consumption, and government expenditure in particular, are assumed to cause a leakage from savings and hence lead to lower levels of investment over time.[30] In addition, government expenditure is assumed to distort market signals and crowd out private sector investment. Hence, in this approach, there is a negative trade-off between redistribution through social policy and economic growth.

These ideas were very influential in the framing of social policies from the 1990s. Despite growing concerns about poverty, social policies were seen as an addition to the core activities of the government in fostering a prosperous society by promoting market liberalization. They were considered as a 'residual category' (Tendler 2004) where social safety nets were targeted primarily towards the most vulnerable groups in society. The problem with these narrow approaches is that they were quite ineffective at addressing the root causes of poverty and marginalization over time. A major shortcoming with this narrow approach to social policy is that the social context of economic transformation is inherently complex and involves changes that affect the individual, family, community and society. Hence, a dichotomy between policies that affect the economy and policies that affect social provisioning is unhelpful.

In Tanzanian policy making, the emphasis on a separation between social and economic policy is partly informed by the perception that the economic problems that emerged towards the end of the Ujamaa period under President Nyerere were a result of an excessive focus on social concerns and redistribution over a focus on economic growth and efficiency. There are a number of reasons, however, to question this argument. Social concerns certainly did occupy a central place within macroeconomic policy making during the era of Ujamaa. However, conceptually, the social and the economic were not perceived as two separate spheres, and social concerns were not addressed simply by an attention to a narrowly defined set of social sectors (Wuyts and Gray 2016). The dominant intellectual framing of the time is evident from the words of Justinian Rweyemamu, Tanzania's leading economist and chief architect of Tanzania's Basic Industry Strategy (1973). He writes:

As such, development is seen not only as a process of accumulation, i.e., augmenting the output capability of the Tanzania economy, but also as a transformation of the institutional structure of our society. Tanzania's development, therefore, requires the introduction of activities that are basic needs oriented (food, habitat, health, education, communication, and transport), favouring endogenous and innovative process and which take into cognisance environmental potentials and limits (Rweyemamu 1976, 275).

The interpretation of Tanzania's Ujamaa period as one in which social policies were prioritized over economic policies is, therefore, conceptually inaccurate (Wuyts and Gray 2016). The constitutive framing of social and economic policy is also evident in the way that social policies were addressed during

30 The problem with this view is that the econometric evidence on the relationship between government consumption and economic growth is inconclusive (Rodrik 2001). Keynesian-inspired theoretical approaches suggest that savings may actually be determined by the level of investment rather than the reverse (Eatwell and Milgate 2011). There is considerable econometric support for this perspective (Rodrik 2001).

the period of rapid industrialization in East Asia. In particular, social policies played an extensive role in the experience of rapid industrialization and economic development in East Asia in ways that are not well captured by the conventional economic approaches to social policy (Midgley and Tang 2001, Mkandawire 2004). Fortunately, theoretical developments within mainstream economics as well as other approaches such as Keynesian, heterodox and institutional economics provide a different conceptual basis on which to examine the relationship between economic transformation and social policy. As Ha Joon Chang argues "*social policy, if well designed, can be much more than a safety net and significantly contribute to productive development*" (2002, 1). The next section explains in more detail how social policy shapes economic transformation.

2.2.2 The roles of social policy in economic transformation

Broadly defined, social policy encompasses a range of policy instruments that affect the way that people secure their livelihoods through collective and individual efforts. Social policies address the overlapping goals of delivering protection, redistributing wealth and income, and facilitating social reproduction and caregiving. Economic performance and production are directly affected by all of these different policy objectives. Yet, social policy has numerous indirect effects that are often overlooked. These include: encouraging new paths of innovation; reducing risk and uncertainty surrounding investment; providing financial resources for investment; and the more widely recognized impact on improving human capital formation through investment in health and education (Mkandawire 2007). In Tanzania, all of these different roles are evident over the period since independence but as Mkandawire argues *"although these different roles always work in tandem and synergistically, the weight given to each of these elements of social policy has varied widely across and within countries over time"* (2004, 1). This section sets out the links between social policy and economic transformation in four key areas: social protection, redistribution, social reproduction (care giving) and, finally, production.

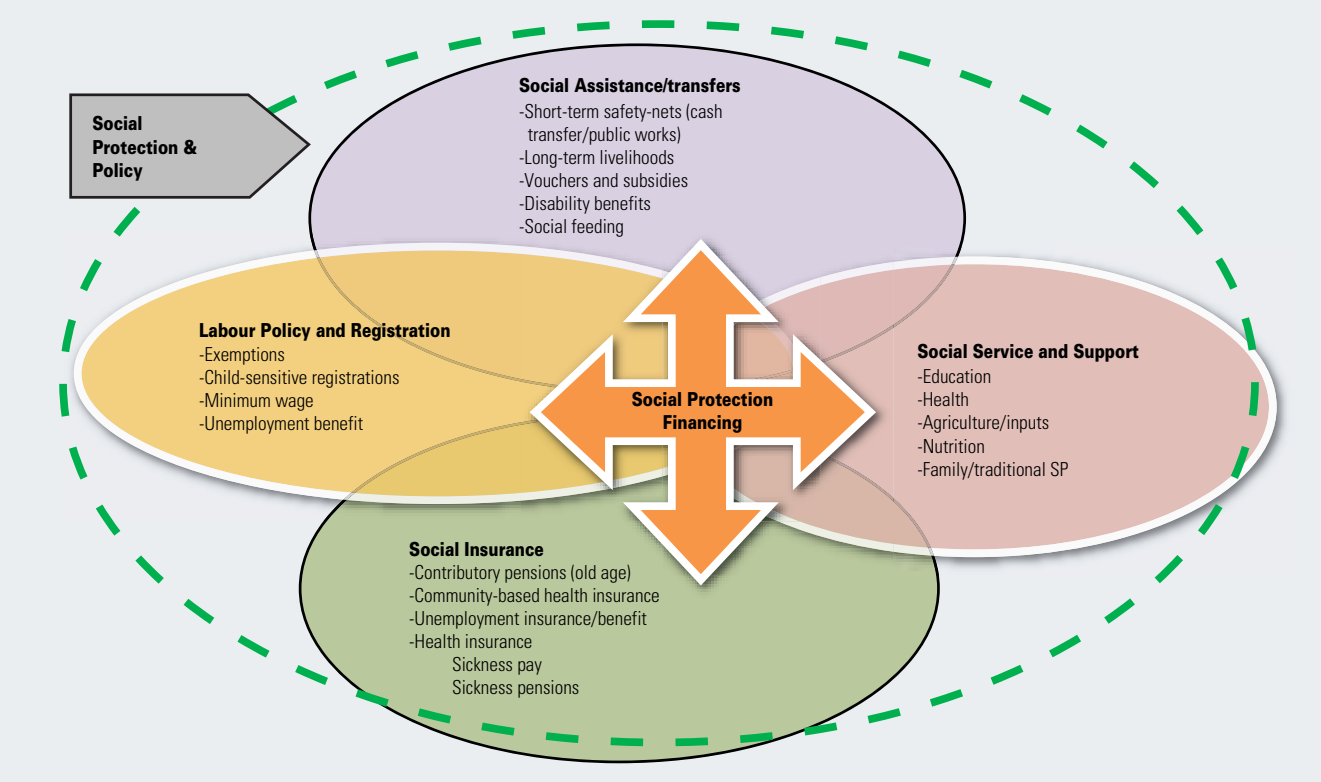
Social protection

Tanzania has adopted a definition of social policy that refers to a range of public actions carried out by multiple stakeholders—the state, civil society, private sector and donors—that address risk, vulnerability, discrimination and chronic poverty (URT 2003). Social protection is concerned with providing support to vulnerable members of society who cannot depend on their own labour to sustain an adequate livelihood. This includes specific groups such as children, the elderly, disabled, displaced, the unemployed and the sick. Traditionally, in Tanzania, support was provided by families and communities. However, within the prevailing context of social upheaval caused by economic change and urbanization, many of the traditional systems of protection have been eroded while the public provision of protection is still inadequate for many of the most vulnerable members of society (Myamba and Kaniki 2016).

Within the realm of formal social protection, systems can be either contributory, such as the pensions system, or non-contributory, such as cash transfers. Conditional cash transfers (CCTs), which have been a focus of international policy and research, are a fairly recent addition to social protection instruments in Tanzania. In 2012, the Government introduced the Productive Social Safety Net (PSSN) programme covering the whole country. Research on the impact of cash transfer programmes on poverty is under way in Tanzania. However, a rigorous review of 201 studies on the impact of cash transfers in a wide range of countries provides evidence of their positive impacts on different aspects of human development, for example, by reducing monetary poverty, increasing household food expenditure, improving school attendance, and increasing the uptake of health services (Bastegli et al. 2016). Other forms of transfers include in-kind transfers of food and agricultural inputs. Protection is also provided by subsidies or public works programs as well as social insurance schemes such as pension schemes and health insurance. In addition, social protection may be delivered through targeted social services and measures that promote social equity. Figure 2.1 summarizes the main components of social protection within Tanzania.

Figure 2.1:

The main components of social protection in Tanzania



Source: Myamba and Kaniki (2016, 7)

Expanding social protection is, therefore, a direct way of reducing poverty and marginalization. The protective aspects of social policy—such as cash transfers that allow household to address their immediate needs—also promote household resilience by enhancing real incomes and levels of education by enabling poor families to send their children to school. At the level of the household and the individual, social protection can alleviate risk and promote investment in new economic activities. Social protection systems that transfer wealth to the poor can enhance domestic demand and, therefore, stimulate growth. Thus, social security systems play an important indirect role in generating economic transformation.

Contributory social protection systems can also play a wider transformative role by providing financial resources for domestic investment. These systems involve contributions by individuals, firms and the Government into funds that provide support at times of vulnerability, for example, when an individual is elderly or sick, or during periods of unemployment. Social security funds operating in Tanzania Mainland include the LAPF Pensions Fund, the PPF Pensions Fund, the Public Service Pension Fund (PSPF), the National Social Security Fund (NSSF), the GEPF Retirement Benefits Fund, and the National Health Insurance Fund (NHIF). While the primary intention of these institutions is to adopt a stable investment strategy that can benefit its members, this can also entail investment strategies that align with broader objectives of economic transformation. Social Security Funds have decided to embark in supporting industrialization according to FYDP II. The ongoing investments by NSSF and PPF in sugar production in Mkulazi and Mbigiri in Morogoro region is one such initiative. Another example is the decision by the PSPF to sponsor the Agave Syrup Factory in Tanga as part of strategic efforts to promote domestic pharmaceutical industries (URT 2016a). By expanding these kinds of initiatives, protective social policy institutions can directly support growth in the manufacturing sector by supplementing bank finance and enhancing productivity growth within the economy (Bijlsma

et al. 2014, Hu 2005, Schmidt-Hebbel 1999, Impavido 2001). By taking on some of the risks of investing in new manufacturing activities, social security funds can support investment in innovation and, therefore, facilitate economic diversification and help align the flow of investment funds towards realizing the aspirations of Vision 2025.

The expansion of contributory systems also has positive ramifications for the development of the financial sector. In particular, these institutions have been associated with deepening the financial sector, increasing the supply of long-term capital and reducing the cost of capital (Impavido and Musalem 2000). These positive impacts have been demonstrated in high-, middle- and low-income countries. However, the transformative capacity of these funds is presently limited given their extremely low coverage at around 9.2 percent of the total population. Thus, the role of social investment funds in promoting economic transformation is, as yet, quite limited. Public expenditure on social protection as a percentage of GDP in Tanzania was just 0.15 percent of GDP compared to Ethiopia (0.7 percent), Malawi (0.4 percent) and Kenya (0.3 percent) (Hagen-Zanker and McCord 2010, Myamba and Kaniki 2016).

Redistribution

Another well-recognized role of social policy is to provide a redistributive mechanism to ensure that the benefits of growth can be spread widely. The main social policy instruments to achieve redistribution are fiscal policies that determine taxation and expenditure. Redistribution can have a direct impact on poverty by raising the incomes of the poor. Further, since the global financial crisis of 2008, there is growing recognition of the potentially positive impact of redistribution on dynamic processes of economic development. In particular, redistribution can help to address rising inequality as an economy expands. Growing inequality can impinge on industrialization by reducing aggregate demand, by generating political instability and by raising the long-term costs of social policies. On the other hand, well-designed redistributive fiscal policies can lead to a higher share of income among lower- and middle-income households. This tends to have a positive effect on aggregate demand as lower-income groups spend more on domestic consumption as their incomes increase.

A challenge for Tanzania is that individual and household income inequalities have been rising since the mid-1990s (Belghith and Zeufack 2015). Experience in middle- and high-income countries suggests that rising inequality led to unsustainable borrowing by households to maintain living standards (Seguino 2010, 179). Another facet of this problem is the question of the functional distribution of income. The functional distribution of income reflects the share of national income going to wages, profits and interest payments rather than to individuals or households. In Tanzania, the share of wages in total income appears to have fallen over the 2000s as indicated in the falling share of total household consumption in GDP (Wuyts and Kilama 2014). This can lead to constraints on the growth of aggregate demand that can, in turn, hamper the drive for industrialization.

Redistributive social policies can play a role in addressing these negative trends. Younger, Myamba and Mdadila (2016) found that Tanzania redistributes more than expected given its relatively low income. Overall, they find that indirect taxes increase inequality and fall heavily on the poor but direct taxes and in-kind benefits help to reduce pressures for inequality created by indirect taxes. Nevertheless, the trends towards rising inequality suggest the need to think through the relationship between redistribution and industrialization in the Tanzanian context. Redistribution can play a key role in generating the conditions for sustainable economic transformation.

Social Reproduction

Economies are maintained by production and by social reproduction. 'Social reproduction' refers to 'the activities of caring needed to sustain human life'. As Susan Himmelweit (2013) argues *"how any society manages caring for its people has important effects on its economy."* The activities of caregiving and social reproduction usually occur within the household in Tanzania. Most of this work within the domestic sphere is undertaken by women and is unpaid, for

example, raising children, looking after the elderly and sick, and sustaining the household. However, where caring activities are unpaid, this work can lead to poverty and social exclusion. These impacts may, in part, be mitigated through formal social policies that directly affect caregiving, for example, through the provision of childcare, or indirectly through social protection initiatives such as cash transfers or pensions.

The quality and amount of care provisioning has direct effects on the nature of economic transformation not least because it is an important contributor to overall productivity in an economy (Antonopolous and Hirway 2010). At the same time, economic transformation leads to changes in both labour markets and the organization of households that have a knock-on effect on the provision of care within the household and in the demand for formal paid care provisioning (Folbre 2006). The quality and amount of care can decline over a period of industrialization given that substantial shifts in the distribution of paid and unpaid work are occurring. Without proper attention, this can lead to greater long-term social costs as industrialization proceeds. On the other hand, promoting high-quality social provisioning of care as the economy expands can enhance overall productivity and the links between economic and human development.

Production

The technological transformation of production is at the core of the drive for industrialization. Absorption and mastery of new technologies leads to growing productivity, which, in turn, offers a route to higher growth, structural change and improved living standards over time. Using new technologies necessarily requires 'technological capabilities', which may be defined as 'the ability to scan, assess, select, use, assimilate, adapt, improve and develop technology that is appropriate to changing circumstances' (Dahlman and Nelson 1995). Industrial capabilities involve physical investment, human capital and technological effort (Nelson 1981).

Social policy has a role to play in all of these aspects of transformation in production. Human capital development is a well-recognized outcome of social spending on education and health. Even within neoclassical economic approaches, the importance of education and skills is recognized by New Growth Theory (sometimes called Endogenous Growth Theory), which posits that growth results from endogenous processes of investment inhuman capital, innovation and knowledge (Krugman 1991, Grossman and Helpman 1994). However, the ways that human capital and skills are developed and the types of policies that are needed to foster human capital are not very well explained within these theories as they focus primarily on the role of effective markets and relative prices in driving investment in human capital. Assimilating and adapting technologies is not a simple task. Other approaches to industrialization, such as evolutionary and institutional economics, provide a stronger foundation for examining skills and human capital formation by emphasizing individual, firm-level and societal contexts in which successful capability development occurs.

Historically, countries experiencing rapid industrialization invested heavily across their education systems. In particular, successful countries placed a strong focus on technical and vocational education to support the needs of expanding industries. Primary and secondary education were egalitarian and provided the fundamental skills of literacy and mathematics (Sumra and Katabaro 2016). Investment in universities was also important, particularly for generating indigenous research and development capabilities. With the renewed focus on industrialization, Tanzania's FYDP II emphasizes the need for improvement in formal skills training across key priority sectors. Beyond policies that are specifically focused on education and skills training, however, a range of other social policies that address protection, social reproduction and redistribution, play a key role in developing skills and technological capabilities in the workforce. As Lall (1992) points out, skills are generated not just by formal education and training but also through on-the-job experience. In this regard, investment decisions at the firm-level are vitally important. Social policy has a role to play here, too, by reducing risk and uncertainty of firm-level investment strategies. For example, Mkandawire (2007) argues that social policies can

help to improve coordination between workers and employers to reduce job turnover and raise the benefits of firm-level skills investment. He goes on to argue that they are critical for underpinning broader social contracts in which the interests of workers and firm owners are better aligned, thus facilitating long-term planning and investment strategies. Hence, social policy has a role in promoting innovation and the expansion and diffusion of technological capabilities necessary for industrialization.

2.3 Linking demand and needs through social policy

While the potential of social policy to influence economic transformation has been more widely recognized, there has been a tendency to frame its impact merely in terms of the supply side of the economy. However, it can have a profound impact on the path of industrialization through its effects on patterns of demand and consumption. The reason why these channels have been overlooked reflects the general tendency to downplay the role of demand in economic growth and industrialization. Since the period of structural adjustment beginning in the 1980s, macroeconomic policies have tended to focus on the supply side and ignore the requirements of effective demand and the implications for consumption of economic growth. Even before this, during the period of Ujamaa, the role of demand and consumption were not adequately addressed within economic planning, leading to deleterious consequences for the process of industrialization, as outlined in chapter 3 of this report.

The downplaying of demand was due to the prevailing assumption that economic development was primarily constrained by supply-side factors. For example, Stewart argues that "*more expenditures by government or consumers would not raise output and employment—it merely raises prices and imports, for it is not effective demand that is lacking, but factors on the supply side*" (Stewart 1972, as quoted in Townsend 2004, 42).

Neoclassical economics assumed that demand automatically adjusts to the level of output, hence, constraints on growth only exist on the supply side of the economy. From a Keynesian perspective, however, effective demand is critically important for determining the level of employment and the total output of an economy. Investment is the independent variable that adjusts output to meet the level of effective demand (Keynes 1936, Robinson 1937). It is our contention that effective demand has important implications for today's strategy of industrialization in ways that also impact upon the relationship between social policy and economic transformation.

In the first place, industrialization inevitably has implications for the prevailing patterns of demand within an economy. Kalecki (1963) made the important point that growth through industrialization leads to growing demand for essential goods, in particular, food, which can have a positive impact on agricultural growth. However, historical experience indicates that institutional constraints on agricultural dynamism have hindered the effective expansion of agriculture in response to growing food demand. Growing demand for essential goods can also be met by increased food imports, which, in turn, can lead to external imbalances. If the supply of essential goods does not keep pace with demand, this will inevitably lead to inflation in the price of necessities. Thus, investment and economic expansion itself can affect the price of essential goods in general and food in particular. As the share of essential goods in total consumption is greater for poorer social groups, this means that industrialization can occur at the expense of the living standards of the poor. In this case, the assumed links between economic transformation and human development are undermined.

Second, an industrial investment strategy will inevitably have implications for recurrent expenditure. Successful industrial investment strategies cannot be achieved simply by increasing capital expenditures without addressing the necessary increase in recurrent cost associated with investment. Here, it is important to distinguish between the multiplier effects and the recurrent expenditure effects of investment. A multiplier effect of investment refers to the increase in final income arising from an injection of spending. It depends on the propensity to consume out of income. However, the recurrent implications of an

investment are the ongoing resource costs required to service that investment. All investment brings in its wake a demand for consumption. However, particular attention needs to be paid to the fact that public investment strategies, often underpinned by expanding development expenditures, inevitably lead to additional recurrent expenditure demands. Questions of demand and consumption cannot simply be treated as an afterthought of successful investment strategy. This also has implications for the way that social policies are addressed within the planning for industrialization. They have often been seen as a form of present consumption that has negative implications for long-term growth. However, once it is recognized that consumption is an inevitable part of industrialization, the analytical flaws in the argument that social policies can only be addressed once a country grows rich become apparent. Attention to social policy cannot be put on hold until a time where Tanzania has become a middle-income country; social policies are essential now for successful economic transformation and need to be addressed simultaneously with industrial policy.

2.3.1 What is demand actually made of?

An export-oriented industrialization strategy is based on harnessing the powerful forces of demand within the global economy. However, domestic demand can also play a role in generating industrialization. In Tanzania, most manufactured goods are presently consumed within the domestic economy. Even with an expansion of the share of manufactured goods in total exports, the proportion of manufactured goods consumed within the domestic economy will remain high for some time. The re-evaluation of the role of demand in economic transformation opens up another set of questions that requires a deeper understanding of the characteristics of domestic demand, rather than just its level. As Srinivas argues:

It is thus particularly important to understand the nature of demand in industrialising economies, where markets are especially various, complex, and uncertain while technological capabilities on the supply side are being rapidly built. While these economies may well be compared internationally on the supply side, their demand sides are diverse and sectorally distinct (…). In the seminal 'catch-up' literature …, the emphasis has been on building technological capabilities through satisfaction of demand, without too much probing of the choice of the 'demand' to satisfy (2014, 80).

The idea that consumption and demand can be related directly to human development is based on the assumption that there is a link between human needs and patterns of consumption. However, it is necessary to be clear on the causal mechanisms that translate human needs into effective demand and consumption. The relationship between needs, effective demand and consumption often goes unexamined in economics. This is due to the assumption by mainstream economic theory that consumption patterns, and, hence, patterns of demand, reflect subjective preferences of individuals rather than underlying needs (Bugra and Irzik 1999). The implications of this assumption are that *"the strict adherence to consumer sovereignty largely excludes policy-oriented investigations of the relationship between human needs and consumption"* (ibid. 193). There are of course many social, cultural and economic drivers that shape patterns of consumption (Veblen 1995, Fine 2002). The multiple forces shaping consumption mean that, in many cases, needs are not well reflected in patterns of consumption. Nevertheless, social policy can play a key role in translating needs into sources of effective demand.

Interestingly, the conceptual framework for the basic industrialization strategy of the 1970s paid far more attention to linkages between the pattern of industrialization and the need to achieve greater convergence between demand and needs, as Rweyemamu made clear:

To begin with, the selection of activities must be guided by Tanzania's basic needs at the present conjuncture (food, habitat, health, education, communication and transport) and the known available resources. The satisfaction of basic needs requires at least in an indirect way that most of these activities are appropriately defined. The output of the engineering industries is required in the production of machinery that is subsequently used in the reproduction of all our basic needs. Consider food, for example. Tanzania's food consists essentially of cereal grains, vegetables, meat, fish, and fruits. The production of each of these foods at a marketable level requires the use of machines: agricultural

implements, machinery to produce fertilizers, seeds, insecticides, fishnets, slaughter houses, etc. The same is true for housing where machinery is involved in basic construction and furniture making. Health, education and communication also use machinery in the provision of such basic inputs as hospital ware, books, communication equipment, transport equipment, etc.

… However, there are a number of important interrelations. … Chemical industries have extremely high linkages in an industrial system and are used in the production of basic goods in various ways: pharmaceuticals, fertilizers, preservatives, paints, dyes, etc. [Rweyemamu 1976, 279–280]

What is clear is that Rweyemamu linked social goals explicitly to the types of industries that were needed to supply them. Thus, it is not surprising, for example, that pharmaceutical industries emerged in Tanzania during this period.

However, it is important to note that the type of activities that should be followed by the state to promote a path of industrialization that links social and economic outcomes do not necessarily entail a return to the state-led industrialization strategies of the 1960s and 1970s. In this regard, the health sector provides a good contemporary example of how links between production and social policy objectives can be made. As Mackintosh and Tibandebage (2016) demonstrate, public expenditures on health can support industrialization. The provision of health care requires goods and services as inputs to production, including medicines, medical supplies and equipment, as well as other basic supplies such as packaging and cleaning materials. Healthcare procurement, therefore, offers opportunities for industrial and commercial investment within the domestic economy. Indeed, the potential to link health and industrialization more closely through the expansion of the pharmaceutical sector is recognized in FYDP II.

The health sector can also play an important role in stimulating research and innovation, thereby promoting industrial capabilities across the wider economy. An expanding health sector can also have positive macroeconomic impacts. For example, wages and salaries are a major component in health spending and, therefore, health service employment can support domestic demand through the multiplier effect. Similarly, aid flows that support the sector can help to boost employment and demand. In Tanzania, there has been a sharp upward input trend in the demand for pharmaceuticals since 2009, and an expansion of domestic production would help to reduce the dependence of the country's healthcare system on imports. Thus Mackintosh and Tibandebage argue that *"[i]ncreasing the depth and breadth of economic linkages between health services, industrial and commercial suppliers within the Tanzanian economy can strengthen economic development while improving health care."* (2016, 7)

2.4 The social implications of economic policy

The main conclusion from the preceding discussion is that social policies not only affect social development but can be an important vehicle for economic development. Another observation that emerges from this conceptual framework is that economic policies can also be an important vehicle for attaining social objectives. On the other hand, economic policies can sometimes unintentionally undermine social objectives and make social policy much less effective in improving human wellbeing. This perspective is particularly important when it comes to the relationship between employment, productivity and pay. This relationship constitutes a key mechanism linking economic transformation with poverty reduction and human development. The assumption underpinning the focus on economic transformation is that, as labour moves from lower-productivity activities—in traditional agriculture and in the informal economy—to higher-productivity activities, wages should rise.

However, economic transformation can occur on the basis of a number of different combinations of employment growth and productivity growth within and across sectors. For example, productivity growth in industry can ensure that industry's share of total GDP grows but this can occur without a commensurate increase in labour flowing into the sector. Similarly, the share of the agricultural sector in total GDP can fall as a result of rising productivity in

industry and services but can remain the sector with the largest share of employment. This leads to a path of jobless growth, where output and labour are not moving together, as occurred in Tanzania over the past decade (ESRF et al. 2015). The deeper problem with this type of economic transformation is that it can create a path of growth where poverty remains persistently high and the dynamics of growing inequality are embedded within the growth process itself. It is difficult and costly to try to correct this inherent driver of inequality through social safety nets alone.

While productivity growth offers the scope for increasing wages, intervening processes of wage determination mediate how higher productivity is translated into wage growth. The relationship between productivity growth and wage growth started to break down in the 1980s across the world. In Tanzania, too, real wages have grown at a slower rate than productivity growth (Islam, Kinyondo and Nganga 2015). However, Vietnam is one country where a growing divide between productivity and wages has not occurred. In contrast, increases in real wages went hand–in-hand with a massive expansion of labour moving into manufacturing. This was partly the result of successful minimum wage policies as well as the specific characteristics of manufacturing growth (Gray 2018).

Another important way in which the economic and social aspects of employment require a constitutive approach is that wages have two dimensions: wages are a cost of production but wages are also a source of livelihood (Wuyts 2001). As a cost of production, the level of nominal wages is important for securing competitiveness and influences the possibilities of achieving a labour-intensive industrialization path. Employers will be concerned with the product wage, which depends on the difference between the nominal wage and the nominal price of the products they are selling. However, for workers, the most important factor in determining their livelihoods is the level of the real wage. If real wages are not increasing, livelihoods will not necessarily improve as employment opportunities expand. Both aspects of the wage—as a cost of production and as a source of income—matter in determining the pace and outcome of industrialization and illustrate the importance of considering economic and social objectives simultaneously.

The type and quality of employment opportunities that become available as the economy expands are critical in shaping the social outcomes of a process of economic transformation and have multiple implications for the effectiveness of social policy. One of the most important features of economic transformation in Tanzania has been the rapid expansion of the informal sector. The informal sector is defined as the economic activities that fall outside formal taxation and regulation. The informal sector involves large sections of the working population relying on a portfolio of activities ranging from various forms of part-time and casual wage labour to self-employment.[31] In addition, there has been an expansion of informal employment within the formal and household sector. Three quarters of all paid and self-employed persons outside agriculture are in informal employment (75.9 percent).The distribution of informal employment varies between different groups in society, with a significantly higher proportion of females (81.7 percent) than males (71.7 percent) (Lokina et al. 2016). The 2014 Integrated Labour Force Study (ILFS) revealed that eight out of every 10 youth (82 percent) are in vulnerable employment (URT 2015f). The proportion of youth in vulnerable employment is highest in rural areas (94 percent) followed by other urban areas (70 percent) and in Dar es Salaam (40 percent). Structural change and industrialization do not necessarily lead to a smaller informal sector over time. Indeed, informal employment is particularly prevalent in some industrial sub-sectors, for example, mining and construction (Bryceson et al 2014, Wuyts and Kilama 2014, ESRF et al. 2015).

The size of the informal economy and, in particular, the prevalence of vulnerable employment is not simply determined on the supply side of the economy. The informal sector is made up of various activities that involve insecure and precarious forms of wage employment, where the distinction between being employed or being unemployed is not clear cut. The growth of the informal sector is also driven by high levels of underemployment and unemployment that results, in part, from a lack of demand in the economy.

Thus, in considering the relationship between economic and social policies, it is important to recognize that, in addition to informal and vulnerable types of employment, unemployment also exists and is

31 In statistical categories and in economic discussion, these tend to be too readily lumped together as 'self-employment' and often remain hidden in labour force summaries since many of the activities concerned are classified as 'secondary activities' and thus left out of aggregate totals (Wuyts and Kilama 2014, Rizzo, Kilama and Wuyts 2015).

particularly high among certain groups. For example, in 2014, the unemployment rate was higher among women (12.3 percent) than men (8.2 percent), and differences in levels of unemployment between men and women were greater in urban areas (table 2.1). Among youth (aged 15 to 35 years) unemployment was 11.7 percent down from 13.2 percent in 2006 (URT 2007, URT 2015f). Table 2.1 presents data on unemployment in rural and urban areas. It shows that differences between men and women in terms of their experiences of unemployment are greater in urban areas.

Table 2.1:

Unemployment rate of people aged over 15 years, by sex and area, Tanzania Mainland, 2014

Sex	Area				
	Dar es Salaam	Other Urban	Urban total	Rural	Total
	%	%	%	%	%
Male	11.3	7.2	8.5	8.0	8.2
Female	32.2	12.5	18.2	8.9	12.3
Total	21.5	9.9	13.4	8.4	10.3

Source: Integrated Labour Force Survey (ILFS) 2014 (URT 2015f)

The economic and social policy challenges in the labour market are dynamic and are affected by patterns of population growth and the population profile (Otieno et al. 2016). In Tanzania, the labour force is set to increase as the share of the population of working age expands. Tanzania could benefit from a 'demographic dividend' where the window of opportunity of having a large working population with fewer dependents is met with adequate jobs for those entering the labour market. However, if new entrants are not absorbed into jobs, the social costs of this demographic phenomenon could outweigh the economic benefits. The growth of the labour force and the inclusion of women into the formal labour market also have significant effects on social reproduction and the burden of work. Thus, it is necessary to re-think how social policies interact with these processes of labour and demographic change.

The Five Year Development Plan 2016/17–2020/21 calls for the development of the capabilities of labour as the cornerstone of driving industrialization. However, policies that focus on skills development to promote human capital need to take into account the actual pattern of labour flows and the dynamics of demographic change as a starting point. Frequently, economic policies that target formal labour are seen as separate from social policies that aim to promote the entrepreneurial capabilities of the poor. The National Employment Policy (2008) focuses on quality employment and promoting self-employment opportunities. FYDP II calls for a focus on "undertaking reforms/review of the current social support and protection schemes such as the Cash Transfer scheme under TASAF to eliminate risk of creating dependence among the able-bodied."

These approaches are based on the idea that people in the informal sector will be able to address their own poverty by acquiring better skills to use the resources around them. Yet, a narrow social policy agenda—one that does not take into account the underlying labour market conditions—may not be sufficient to address the demand-side drivers of informality, low wages and poverty. While social protection and cash transfers are certainly an important instrument of social policy, economic policy can also be an important instrument for social development in its own right. As Ghosh (2011) argues *"an economic strategy that generates more and better paying employment in good conditions may be the best 'cash transfer' programme of all, since it would give the poor access to jobs that provide more income and more dignity"* (2011: 855).

The predominance of informality in the labour market also has implications for how social policies can be effectively delivered. For example, in recent years, formal security schemes have opened up to the private and self-employed working in the informal sector. However, general coverage is still low; by 2011/12, only 4 percent of the entire population was covered (Myamba and Kaniki 2016). Other forms of social policy that could address the quality of employment include targeted use of public employment schemes that reduce insecurities inherent in these labour arrangements.

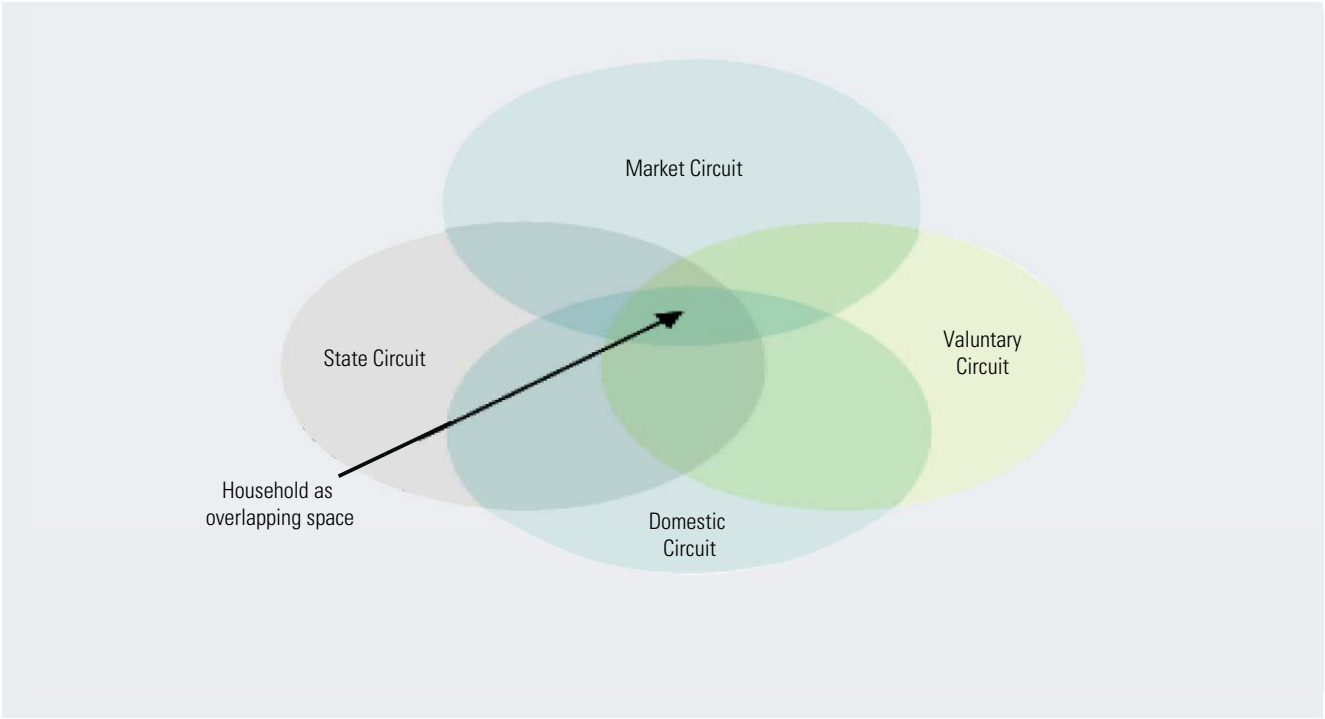
However, the scope to use economic and employment policies to achieve social ends is very different today than in the past. Trade liberalization and financial global integration have removed some of the levers of macroeconomic management that could have been used as a form of "social policy by other means" (Mishra 2004). While the parameters of economic policy making have changed over time, the social implications of different economic policies need to be considered in order to prevent a situation where persistent failure in attaining social goals becomes embedded within the specific dynamics of growth itself.

2.5 The institutional context of social policy

So far in this chapter, we have argued that social and economic policies should be considered as mutually constitutive in planning for a process of economic transformation that improves human wellbeing over time. This does not mean, however, that social policies should take precedence over economic policies, nor that economic policies should precede social expenditures. While hard choices and policy trade-offs will still need to be made, given constraints on resources, successful planning needs to identify bundles of social and economic policies that achieve desired outcomes in tandem. Srinivas (2016) argues that successful integration of social and economic policy involves 'problem solving' in three different arenas: production, consumption and demand, and delivery. The definition of social policy provided in the introduction to this chapter implies that systems of social provisioning occur through numerous overlapping social institutions. These include households, families and communities as well as markets, firms and the state. All of these institutions can be involved in different ways at each stage of the social provisioning process from production to demand, and, finally, to delivery. These social institutions vary enormously across and within countries in terms of their specific histories as well as the cultural, economic, political and power relations in which they operate. There are also important distinctions between these different institutional contexts, in particular between the *"market-based capital accumulation (the commodity economy) on the one hand, and non-market-based social reproduction (the unpaid care economy), on the other"* (Elson 2002, 1). Figure 2.2 presents the overlapping institutional circuits of social provisioning that exist in Tanzania.

Figure 2.2

Overlapping institutional circuits of social provisioning



Source: O'Laughlin (2005)

These institutional circuits contain different social hierarchies that need to be taken into account when planning for social provisioning. Households remain at the core of the different interlocking institutional forms yet none of these social institutions are static. Non-institutional forces such as demographic change and population growth interact and transform existing institutions. Similarly, changing patterns of care needs and caregiving shape demands on all of these social institutions. At the same time, belief systems and ideologies influence which types of institutions are preserved and which are created. Many of Tanzania's traditional social institutions are in flux. However, the direction of change in social institutions is not inevitably one that promotes well-being and human development.

Here, social policy can play a supportive role during these institutional transitions but social policy itself can also transform social hierarchies. For example, specific gender relations underpin many of the systems of care provisioning that occur. But, as Orloff (1996) points out, social policy interventions affect gender relations as much as gender relations shape the character of social policy. However, just as economic transformation can occur along many different paths, with different social implications, social institutions can also change in ways that reinforce or create rigid hierarchies rather than challenging them.

For example, in East Asia, many gendered social policies served to maintain a flow of low-wage female labour and promote rapid growth in manufacturing by reinforcing the gendered segmentation of the labour market (Seguino 2002). Social policies were often implicitly involved with creating this flow of low-paid labour by restricting women's rights to work after having children, and, therefore, limiting their ability to coordinate through collective action to push for higher wages (Seguino 2002). Subsuming social policy within a narrow economic agenda can therefore have negative implications, not only for livelihoods but also for other aspects of capabilities and freedom. Whether the primary focus is on economic transformation or social provisioning, there is a need to be much more explicit about the social objectives of development, the purpose of which, as Nyerere eloquently expressed, is ultimately to enhance human freedom.

2.6 Conclusion

This chapter provides a conceptual framework that explains the importance of social policy to the process of economic transformation in Tanzania. It argues that social and economic policies are mutually constitutive. Social policies not only affect social development but can be an important vehicle for economic development. Moreover, economic policies can be an important way to achieve social development. This chapter explained the multiple roles that social policies play in shaping economic transformation, emphasizing their combined impact through protection, redistribution, social reproduction and production on social and economic outcomes. It also argued the importance of recognizing that the role of social policy extends beyond the more conventional attention to supply-side factors. Indeed, social policies have a key role to play on the demand side of the economy. They are vital for linking needs to patterns of effective demand and consumption. In addition, economic policies, in themselves, are powerful forces that shape social outcomes. Thus, social and economic spheres are not distinct but need to be treated holistically in order to support a process of industrialization that leads to improvements in human development over time.

The objective of becoming a middle-income country through economic transformation and industrialization is at the core of Tanzania's development vision. It must be recognized, however, that attaining middle-income status will not automatically entail social prosperity and poverty reduction. Currently, 73 percent of the world's poor live in middle-income countries (World Bank 2016). Levels of poverty and human development vary considerably across middle-income countries. For example, the rate of poverty is nearly ten times as high in Pakistan as it is in Costa Rica—36.8 percent compared to 3.9 percent at a poverty line measured as USD 3.10 per day (World Bank 2016). Differences in the ways that social and economic spheres are integrated in the policy process play a part in shaping these very different social outcomes of becoming a middle-income country. For example, Costa Rica has adopted a broad and universal approach to social policy that has been effective at

reducing poverty (Sanchez-Ancochea and Martinez Franzoni 2013).

In addition, it is worth emphasizing that adopting an integrative approach to social and economic policy does not imply a return to the policies of the past. Globalization and economic liberalization have fundamentally changed many of the levers of macroeconomic policies that existed previously. Nor does it entail abandoning careful macroeconomic planning, as priorities between different policy objectives will still be necessary. In many ways, however, the approach set out in this chapter opens up the opportunity for new creative thinking rooted in Tanzania's existing experience and institutions. A constitutive approach to social and economic policy entails addressing bundles of policies that achieve social and economic objectives simultaneously. It also involves considering the different components of production, demand and consumption and delivery that make up social provisioning. Such an approach is vitally important for the realization of Tanzania's development ambitions.

“In the context of development, there can be no doubt that the transformative role of social policy needs to receive greater attention than it is usually accorded in the developed countries and much more than it does in the current focus on ‘safety nets’ ”

Mkandawire, T. ed. 2004. Social Policy in a Development Context. Palgrave-Macmillan, U.K.

3.

Integrating social and economic policies - the changing emphases in national policy frameworks

3.1 Introduction

The basic tenet of THDR 2017 is that a fundamental relationship exists between social and economic policy, which is critical for achieving socio-economic development. This relationship is not new to Tanzania but the extent and ways in which social policy have been integrated with economic policy have undergone considerable change over time. This chapter discusses the integration of social and economic policies within national policy frameworks, and analyzes the changing emphases of this integration since independence. It reviews how the role of, and space for, social policy and its relationship with economic policy have evolved over time with changing policy regimes in Tanzania. It also examines the role of social policy in the light of lessons that can be drawn from past successes, failures and silences in defining the role and the space of social policy in socio-economic transformation.

The analysis in the chapter is organized into four time periods. The first period from independence in 1961 to 1966 largely set the stage for the Arusha Declaration of 1967. The second period from 1967 to 1985 begins with the Arusha Declaration and runs up to the economic crises that beset the country in the late 1970s and early 1980s. During this period, the policy framework essentially addressed the socio-economic challenges of the immediate post-independence period, and the interaction between social and economic policy was largely constitutive. The third period from 1986 to 1996 was characterized by policy reforms that largely severed the relationship between social and economic policy. Initially, social policy was marginalized. Then, over time, elements of social policy began to be accommodated as add-ons. Over this period, Tanzania was implementing a series of economic programmes primarily determined by international financial institutions (IFIs). It was during this span of time that social policy was narrowly interpreted in terms of social sectors rather than in terms of its integration with economic policy. The fourth period from 1996 to 2016 was characterized by initiatives taken by the Government to define its own development agenda in which the integration of social and economic policy was gradually becoming constitutive. However, this transition took place within a context of managing the tension between donor dependence and efforts by the country to attain full sovereignty and ownership of its development agenda.

3.2 Post-independence conditions and initiatives, 1961-66

Following independence in 1961 the government concentrated on the Africanisation of the public sector and measures to stimulate economic growth (Bigsten and Danielsson, 1999). The structure of the economy in terms of production relationships, ownership, and the priorities of commodities were still oriented to the industrial countries with a focus on . consumer luxuries and exports of raw materials or the primary processing of bulky products for export (Ruhumbika, 1974).

In agriculture, the plantation system that had been introduced produced a very narrow range of commodities—sisal, coffee and tea—for the export market. The introduction of these export crops created reserve areas for supplying labour, a process that precipitated class differentiation and regional inequalities. The regions which produced cash crops for exports were more developed than the regions which supplied food and labour (Rweyemamu 1973).

The post-independence period also inherited the social differentiation and compartmentalization of society along racial lines that had been established during colonialism. These classes along racial

lines were reinforced by economic and social discrimination. On the social front, the provision of education and health facilities and services expressed this discrimination. On the economic front, discrimination was manifested in a racial salary structure and the issuance of business and trade licenses along racial lines. It is argued that the erosion of people's self-confidence and creativity, and the diminishment of their culture and history were further consequences (Nyerere 1968). Mwalimu J.K. Nyerere expressed this situation as one in which Africans were made to have grave doubts about their own capabilities, the reversal of which was to become one of the major concerns of his classic work *Education for Self-Reliance* (Nyerere 1968).

Within the African community there was disunity and tribalism. Thus, soon after independence, President Nyerere, within the framework of the ruling party TANU, adopted an Africanization policy and commitment to national unity, which espoused the principles of national identity, unity and cohesion among all Tanzanians. In turn, this led to the adoption of several nation-building initiatives with priority on building social integration and national unity. However, Africanization carried along with it wide inequalities in earnings. Africans who took up positions, which had been left by Europeans, inherited their high salary scales. In addition, the inherited social policies favoured market policies in which the market determined wages, and the pay structure reflected wide wage differentials, a situation which subsequently raised concerns and actions to reduce these inequalities.

As mentioned earlier, the division of labour that was created during the colonial period led to a structure of production that was biased in favour of consumer luxuries and against production of intermediate and capital goods. It favoured capital-intensive techniques and had limited linkages, especially to the traditional agricultural sector. In addition, the structure of production fostered lopsided development geographically, and set up uncompetitive oligopolistic structures leading to a structure of the economy that was not integrated (Rweyemamu 1973). The guiding policy framework in the early post-independence period emanated from the World Bank and the Arthur D. Little reports of 1961, which emphasized private sector development without specifying the ownership and product mix.

The policy and strategy arising from these reports was expressed in the Three Year Development Plan (1961-63) and the first Five Year Development Plan (1964-69). The two plans essentially left the economy in the hands of the private sector (which was largely foreign) and reliant on foreign aid and foreign direct investment. Foreign aid and investment were accepted without conditions, which reflected a high degree of optimism on capital flows from outside as goodwill in mending international relations. Based on this assumption, the development strategy was not geared to critically appraise the impact of foreign relations on policies. The plans did not question the issues of inequality in income and wealth distribution in society or the division of labour along racial lines or the lopsided structure of the economy.

During this period, the country was overwhelmingly rural with about 95 percent of the population residing in rural areas where poverty was widespread. Hence, the Government put special emphasis on rural development with a view to improving the quality of life in rural areas. The Government prioritized agriculture and rural transformation in recognition that Tanzania was largely a rural and subsistence economy at the time of independence.

Initially, the policy focus was predominantly economic with the Government implementing various initiatives and programmes to support productivity growth in agriculture and rural transformation. The Government experimented with several approaches to agricultural and rural development. In the first five years following independence the Government adopted the 'Transformation Approach' on the recommendation of the World Bank (World Bank 1961). This approach involved moving some of the farmers from their traditional villages to new villages or settlement schemes to fast-track socio-economic transformation, on the assumption that the smallholder farmers were poor because of their lack of capital and technology. The rationale of this approach was to transform agriculture by introducing the technical, social and legal systems that allowed the use of modern agricultural techniques to achieve high productivity

based on investment of capital (BOT 1982, 76). Many of the settlements were over-capitalized and the result was the creation of a privileged group in a farming system which was not sustainable. This type of agricultural transformation failed on the grounds of cost in replicating it throughout the country. Even if it had succeeded it would probably have led to further social differentiation in agriculture.

The improvement approach in the agricultural sector, which is based on demonstration effects from progressive farmers, also did not yield the expected outcomes due to lack of participation from the peasants themselves and because it was too demanding in terms of capital beyond the capabilities of the people (Cliffe and Cunningham 1973).

Lessons and concerns from these agricultural transformation experiences were taken up in the Arusha Declaration (TANU 1967). In his address to the TANU Conference in May 1969, President Nyerere confirmed that the transformation approach had been mistaken and had proved to be too expensive for a poor country like Tanzania, while falling short of economic and psychological results (BOT 1982, 76). It is against this background that 'villagization' was adopted as an approach that could be implemented within the means of the peasants in Tanzania.

Industrial development in the first five years after independence essentially reflected the existing social and economic structure with the bulk of industry still owned by Europeans and Asians and producing either for urban consumption or for export. The national economic agenda was focused on growth with little attention to structural change or ownership and the colonial pattern of import substitution was continued (largely processing and simple consumer goods).

Structural change and economic transformation was necessary to change the distorted economic and social structures. In the process of industrialization during the first half of the 1960s, an important socio-economic concern began to emerge over the absence of any significant local entrepreneurial class that posed the problem of how to gain local control of the industrialization process.

In short, the initial conditions in the post-independence period exhibited social and economic differentiation in key sectors of the economy and sustained a lopsided structure of the economy. As a consequence, this period was characterized by persistent poverty and inequalities. These considerations influenced the timing and content of the Arusha Declaration and the type of development policy framework that followed.

3.3 Responses of the Arusha Declaration: Constitutive social and economic policy (1967-1985)

As noted in the preceding section, the Arusha Declaration in 1967 was a response to the challenges of the early post-independence period. The Declaration made an ideological shift and enunciated the principles of socialism and self-reliance to address prevailing conditions for development following independence. Particular attention was directed towards eradicating poverty, ignorance and disease (i.e., the three major enemies of development), promoting national unity, and redressing social and economic differentiation and other forms of social and economic injustice.

The policy-making stance of the late 1960s and 1970s emphasized collective ownership of the major means of production through the nationalization and expansion of public enterprises. This approach was seen as a way to promote economic empowerment of the weaker groups in society, while self-reliance was expected to promote utilization of local resources as primary endowments in production. Enshrined in the Arusha Declaration was the concept of people-centred development (PCD), which became a running theme through the post-independence Nyerere period. The principle of people-centred development was interpreted broadly to include: social and economic liberation with human dignity, equality and freedom of the individual; equality of opportunity across all races; and a commitment to reduce income and wealth differentials in society and fight against corruption. These principles guided to a large degree the initiatives employed to integrate social and economic policy. These initiatives covered many sectors but for the purpose of demonstrating the nature of interaction between social and economic policy this section examines five key areas:

1) Agricultural and rural transformation;
2) Industrialization;
3) Education;
4) Convergence of demand and needs; and
5) Aid relationships.

In each case, the central objective of the analysis is to show the character of the integration of social and economic policy in Tanzania.

3.3.1 Agricultural and rural transformation

The experience with agricultural transformation initiatives in the early post-independence period indicated the pitfalls of relying on capital-intensive transformation and the risks of accentuating social and economic differentiation. In response to the experiences of agricultural and rural transformation during the first half of the 1960s, a development approach known as 'villagization' was adopted in Tanzania. The logic behind villagization was that—akin to the ideal African traditional family—the village was largely a self-contained economic and social unit that provided and shared the basic necessities of life on the basis of mutual respect and obligation. Under the Ujamaa ('familyhood' in Kiswahili) policy, which was set out in the Arusha Declaration of 1967, the initial approach was to establish villages through the voluntary, self-reliant activities of the people themselves.

From the economic point of view, Ujamaa villages were viewed as entities where people would cooperate directly in small groups and where these small groups would cooperate together for joint enterprises. It was envisaged that these villages would be a viable institutional arrangement to facilitate the provision of socio-economic services to the people, and to stimulate agricultural growth and transformation through common ownership of property and the obligation of working together to tap economies of scale. Villagization had a dual economic and social focus: to achieve viability as economic units and to achieve social development as village communities. The Ujamaa policy envisaged that undertaking farming and other economic activities on a communal basis would generate surpluses that would enable improvements in the people's quality of life through the provision of essential social services—such as education, health care and water supply—as well as improved physical infrastructure.

At the pace that villagization was first implemented, it was expected that 80 percent of the population would reside in Ujamaa villages by 1980 (BOT 1982, 23). Nyerere had envisaged a process of gradualism, with people moving after they had been persuaded of the benefits of moving into villages. However, in 1973, the decision was made to accelerate the pace of moving into villages with a view to achieving full villagization by 1977. The rationale was to avoid the risk of further rural differentiation and pre-empt the risk of counter-revolution as the richer farmers were lagging behind in relocating to village communities. As a result, 10 million peasants had moved into village communities by 1976.

Contrary to the emphasis Nyerere had placed on consultation and involvement of the people, the villagization program was undermined by inadequate consultation with the villagers on the program and its benefits, resulting in an undemocratic and bureaucratic manner of enforcing the programme. The Government designed the legal framework for the village through the Ujamaa Village Act of 1975, which gave the village communities legal status and power to act decisively on matters relating to villages as entities and to overall development.

The outcome of villagization as a basis for harnessing economies of scale was not realized. Collective farms were not as productive as envisaged. Indeed, productivity in farms under the villagization programme was lower than productivity in private peasant farms in the 1970s (Collier and Wangwe 1986). Although the period from 1967 to 1980 witnessed considerable progress in both social and economic indicators, an economic crisis was building up during the 1970s, which reduced the ability of the Government to maintain economic and social service delivery.

Exports of cash crops were meeting a large share of the import bill for industrialization and infrastructure. However, at the time of preparing the Basic Industry Strategy (BIS), which was adopted in 1975, it was projected that this strategy would be even more demanding in terms of foreign exchange requirements. This implied that faster growth in agricultural exports was needed in order

to finance industrialization. This complementary role of agriculture and the export of cash crops was recognized. In this context, it was envisaged that an agricultural development strategy, which would meet the requirements of industrialization, would have to be developed during the Third Five Year Development Plan (1976-1981). However, the Third Five Year Development Plan was partially implemented due to the economic crisis of unprecedented depth and intensity experienced during the mid-1970s. The demands of industrialization in terms of raw materials, investment funds and foreign exchange outstripped what agriculture could provide. Some scholars argue that the share of farm gate prices declined because of demands of industrialization (for example, Edwards 2014), while others point to the lack of an incentive system, weak public investment to support agriculture, and inefficient marketing arrangements as key contributing factors (BOT 1982).

Agricultural marketing was negatively affected by the abolition of cooperative unions in 1976, which were replaced by parastatal crop authorities that had high operational costs. As a result, the difference between global commodity prices and the prices paid to farmers continued to widen. This led to peasants reducing the production of crops which had to be sold through crop authorities (mainly export crops) and reverting to production of food crops and other products which could be sold directly to markets. For example, in Zanzibar, some clove farmers abandoned their farms while others set them on fire owing to the low prices offered. Additionally, the Zanzibar State Trading Corporation (ZSTC) had a monopoly on the marketing of cloves, which led to the massive smuggling of cloves to Mombasa.[32]

Although agriculture continued to be the main sector contributing to real output and the key generator of foreign exchange, investment in the sector declined by 37 percent between 1976 and 1981 (Ndulu and Hyuha 1984). The bulk of agricultural investments went to state farms instead of being directed to public expenditure to support smallholder private farmers who form the vast majority of the country's population. Consequently, under-investment in smallholder agriculture contributed to poor performance in agriculture, hence reduced foreign exchange earnings. In turn, the shortage of foreign exchange manifested in low capacity utilization of many industries as well as delays in completion of investment projects (Wangwe 1983).

In addition to the poor performance of the agricultural sector following the launch of the Arusha Declaration, concern was expressed over inequalities between regions and the over-concentration of economic activities in Dar es Salaam. This challenge was subsequently addressed through both economic and social policies. In particular, the Second Five Year Plan (1969-1974) identified nine towns outside Dar es Salaam as potential growth poles for dispersing industrial activities across the country in order to reduce regional inequalities. Intra-regional inequalities were also addressed through regional integrated rural development programmes (Belshaw 1979).

With respect to agricultural pricing, the Government adopted the policy of pan-territorial pricing, again with the goal of promoting regional equality. The policy aimed to increase deliveries of food surpluses to Dar es Salaam from other areas of the country, but it also dramatically changed the spatial structure of food production in Tanzania. In 1974, the Government adopted pan-territorial pricing for maize, rice, wheat, tobacco, cashew nuts and pyrethrum. The Government had established the National Milling Corporation—as part of the nationalization of large private flour mills—to implement this function as well as to create food reserves and import food during periods of shortage, for example, in 1974 to avert famine. Under the policy, each year, the cabinet would announce uniform producer prices for respective crops across regions regardless of location and other factors. When crop authorities took over, they applied pan-territorial pricing as part of the regional equalization policy.

The result of this policy was the opening up of new producing areas far from Dar, leading to major increases in transport costs and a reduction of total deliveries (Raikes 1986). These areas popularly known as the 'Big Four'—Iringa, Mbeya, Ruvuma and Rukwa—are often referred to as the 'traditional' maize surplus areas of Tanzania. But this situation was largely brought about by pan-territorial pricing. It achieved regional equity while it dramatically changed the productive capacity of the big four producers of maize. Large quantities of wheat are also produced in these regions. As Raikes (1986) commented:

32 Positively, the recent reforms introduced by ZSTC over the period from 2010 to 2013 have included a deliberate policy to increase clove prices paid to farmers (over 80 percent of the world price), which has led to a significant reduction in smuggling.

Where most of the other [Ujamaa] policies considered here have been expensive failures, pan-territorial pricing has been an expensive success. Pan-territorial pricing clearly involved major costs. But one encounters a major inconsistency in the thinking of critics like the World Bank. On the one hand, they are highly critical of the policy and have pressed for its repeal. On the other hand, they accept the new spatial structure which it has generated, and implement policies in its support.

In many ways, pan-territorial pricing—which clearly combined economic and social aims, including the aim of redressing the regional distribution of income derived from agriculture—can be seen as an example of what used to be called *the infant-industry argument* inasmuch as it created a new spatial structure of food production capabilities which long outlived the demise of the policy that gave rise to it. Data in Table A2 of the statistical annex, for example, show that these four regions all rank among the top twelve regions with respect to GDP per capita (Iringa ranks second, Ruvuma fourth, Mbeya sixth, and Rukwa eleventh). These outcomes show that the initial impetus in developing these regions, which was in part due to the impact of the policy of pan-territorial pricing, radically changed the regional distribution of marketed food production and the characteristics of regional inequalities in Tanzania.

Agricultural and rural transformation through the Ujamaa policy did not succeed and was abandoned in 1985. Some scholars attribute this failure to deviation in practice from Nyerere's socialist policies rather than a failure of the policies themselves (for example, Edwards 2014). Following this argument, the failure of villagization was not the failure of socialism. Instead, it reflected the failure to involve the people in the whole initiative contrary to what Nyerere was standing for (Nyerere 1967). However, the regime that emerged gave little space to important stakeholders in the policy-making process. Key social groups such as mass organizations (trade unions, farmers' cooperatives, and youth and women's organizations) had either been weakened or had been co-opted into the single-party system or into the ruling bureaucracy as the state consolidated its gaining control over organized groups in society. For instance, the state machinery made the decision to ban the Ruvuma Development Association which is regarded by some scholars as having been a genuine socialist organization (Ibbott 2014).

As can be seen from the foregoing discussion, the various policy initiatives towards agricultural and rural transformation demonstrated a simultaneous concern with economic and social needs. However, there is no evidence of full integration between economic and social policies. For instance, while the model community schools—which had been designed to facilitate community development and agricultural transformation—were established, they did not spread through the country beyond pilot schools. The intention to integrate economic and social policies was expressed but this was not followed up in practice to make sure it was realized. The next section will discuss early initiatives to promote industrialization.

3.3.2 Industrialization

Social policy occupied a central place within macro policy-making during the Ujamaa period. Social concerns were integrated into economic transformation in general and industrialization in particular. Tanzania's first industrial policy, the Basic Industrialization Strategy (BIS), which was adopted in 1975 demonstrated the Government's constitutive approach to economic and social policy. The strategy was designed to achieve structural change and increase self-reliance. Emphasis was placed on industries that were directed towards meeting domestic demand, especially the basic consumer needs of the population while providing intermediate and capital goods in the economy. Emphasis was also put on small-scale industries, especially agro-based industries, which were seen to offer the greatest employment and income-generating opportunities (Wangwe and Rweyemamu 2004). Exports were to result from an extension of the domestic market.

Implementation of the Arusha Declaration put the major means of production under state control through nationalization, and subsequent public investments in the industrial sector were largely driven by considerations of human development. This development strategy was more in line with the basic needs strategy which was adopted in 1970 as the second UN Development Decade incorporating

basic needs issues of employment, education and health which placed a strong emphasis on equity in its multi dimensions (WESS, 2017). It was believed that meaningful democracy for the majority of the people, who are poor, must meet their basic needs such as shelter, clothing, food, education, health care, and clean and safe water. Therefore, industries prioritized under the BIS included textiles, shoes, pharmaceuticals, paper and other educational materials. Investments to enhance access to goods and social services were driven by government investment programmes underpinned by the people-centred approach and facilitated by considerable inflows of aid, especially in the 1970s. In order to ensure that industry was spread out to the whole country, the Government established the Small Industries Development Organization (SIDO) in 1973, which was supposed to promote small industries throughout the country, including in rural areas. Health policy was also integrated with industrial policy. During the socialist era in Tanzania, the Government assumed full responsibility for meeting the health needs of citizens through the provision of free medical services under its "*health for all*" policy approach. Industrial development incorporated requirements for the health sector such as pharmaceuticals and other supplies. A universal primary health care plan, which served the population with basic health care services, was adopted, and investments were made in personnel and facilities leading to coverage for a large proportion of population, including in the rural areas, through healthcare centres and dispensaries (Sansa 2010, Tungaraza 1990).

In this regard, Mackintosh and Tibandebage (2017) argue that the health sector can be leveraged as an economically productive sector with strong linkages to the industrial sector. The authors note that strengthening synergies between health and industrial policy can yield mutual benefits between health care and industrial development. This was observed in practice in the BIS (1975-1995) which was formulated and implemented to address economic and social challenges in an integrated manner. In fact, Tanzania made considerable achievements in human development—notably in the fields of education, health and social services—during the Ujamaa period.

3.3.3 Education

In the education sector, Nyerere's Education for Self-Reliance (ESR) policy in 1967 served the dual role of facilitating acquisition of knowledge and skills for addressing societal challenges or meeting requirements of the labour market, while, at the same time, instilling societal values that were fundamental in nation building and in shaping the quality of life. As can be seen, the first role relates to an economic policy concern while the second is a social policy concern. The concept of Education for Self-Reliance was communicated to elders through adult literacy programmes in the 1970s and enrolments in primary education increased many-fold, leading to universal primary education in 1977 and the expansion of secondary and tertiary education (Mandalu 2016, Sansa 2010).

Education policy and programmes stressed Tanzania's common history, culture and values, and inculcated students with a strong sense of national and Pan-African identity and political education. Universal primary education and adult education programmes were prioritized. A broader adult education programme was launched with a view to enhancing the understanding of Tanzanian society and the challenges of development and nation building as well as providing basic skills with special attention on capabilities to facilitate agricultural and rural transformation. To be relevant and meaningful to Tanzania's predominantly rural-based population, adult education initiatives focused on the acquisition of basic principles of modern agriculture and necessary knowledge and skills to address fundamental challenges such as malnutrition and soil degradation.

Mobilization of the people was carried out through the use of slogans and campaigns, which were communicated mainly through radio. These campaigns aimed to implement the concept of people-centred development, by providing avenues for the people to put into practice economic and social policies. The radio became a basic good but one which most poor Tanzanians could not afford. Since part of the campaign depended on people's access to radio, the Government subsidized simple radios that were made available to groups of farmers, either free or for a very small amount.

Education for Self-Reliance attached great importance on the integration of classroom knowledge into practical life skills. For instance, primary and secondary schools engaged in agricultural production to supplement school budgets (Assey 2014) and each school was required to meet 25 percent of its catering bill (Galabawa 1990). Vocational education was encouraged, again with the intention to provide practical skills for development. Vocational education and training initiatives included agriculture and craft programmes and the development of post-primary technical centres, pre-vocational secondary schools and technical colleges. Hence, at all levels, the policy of Education for Self-Reliance addressed both the pressing economic concern of teaching the skills needed for development while addressing the overarching social concerns of what kind of society the country wanted to create and what national values to instil.

Similarly, in Zanzibar, reforms in education began soon after the 1964 Revolution. In September 1964, the Revolutionary Government of Zanzibar (RGoZ) announced that it would offer free education for all, regardless of race, colour, ethnicity and gender. Since then, the Government has prioritized the improvement of infrastructure, increased enrolments and the provision of quality education.

3.3.4 Convergence of demand and needs

As argued in chapter 2 of this report, social policy can play a critical role in mediating between needs and consumption, and can have a profound impact on the path of industrialization through its effects on patterns of demand. For example, redistributive social protection systems that transfer wealth to the poor can enhance demand for essential goods, in particular, food, which can have a positive impact on agricultural growth. In contrast, growing inequality can impinge on industrialization by reducing aggregate demand, generating political instability and raising the long-term costs of social policies.

To facilitate access to basic needs, the Government adopted a price control policy during the Ujamaa period. In 1971, the National Price Control Advisory Board was set up to oversee prices of a limited number of manufactured products. Subsequently, the Price Control Act of 1974 was enacted, which aimed to limit the monopoly pricing power of domestic producers, and allowed the Government to exercise considerable price control in the manufacturing sector (Mongi 1980). Priority was placed on protecting the poor from monopoly prices.

The Government also made significant contributions to the welfare of the population through the direct funding of basic services as health, education and water, and through the provision of subsidies on basic goods such as food. Price control measures were designed to perform two functions: 1) to establish reasonable price structures on a national basis; and 2) to ensure that prices were compatible with and conformed to the principles of socialism, i.e., met the economic, social and political aspirations of the people of Tanzania (Rice 1979).

Convergence of demand and needs was inhibited as the role of effective demand and consumption in shaping economic outcomes in Tanzania was underplayed. It was conceptualized that the main constraints facing Tanzania resulted from the supply side, notably a lack of productive capacity rather than from the demand side, notably a lack of effective demand. As a result, resource allocation focused on increasing investments with less attention on the recurrent expenditure that would be needed to sustain them.[33]

The focus on investment outweighed attention to recurrent expenditures that would ensure the adequate utilization of capacity which had been created. A trade-off emerged between investment and consumption and between capacity creation and capacity utilization. The balance between capacity creation through new investments and capacity utilization through recurrent expenditures was not managed well during this period (Wangwe, 1979, 1983).The investment ratio—the share of gross capital formation in GDP—was exceptionally high during the second half of the 1970s, reaching a high of 31 percent in 1980. Moreover, this period witnessed the rapid expansion (admittedly from a very low starting point) of industrial productive capacity. Industrial investment nearly quadrupled over the period from 1968 to 1979, while value added nearly doubled. Most interestingly, employment in industry increased nearly three-fold over the same period (BOT 1982, 114).

33 Apparently, Investment engenders consumption in a double sense. First, the production of investment goods implies an increase in employment and the consequent increase in income can boost consumption. Second, investment increases productive capacity which, once it becomes operational, generates a stream of consumption and industrial backward linkages within the economy.

However, a salient feature of this process of rapid expansion in industry as well as in social provisioning, was that *capacity creation* went hand-in-hand with falling *capacity utilization*, a problem that became particularly acute in the late 1970s and early 1980s (Wangwe 1983; Lipumba, Ndulu, Horton and Plourde 1988; Wuyts 1994). This contradiction came about as a result of the adverse interplay of supply constraints—including the foreign exchange constraint—with demand effects fuelled by the process of rapid accumulation. The relationship between the growth in development expenditures and its effect on the growth in recurrent expenditures was not handled prudently. Boosting the growth in development expenditures while restraining the expansion of recurrent expenditures, for example, can bring forth a similar conflict between increased *capacity creation* going hand-in-hand with falling *capacity utilization*, particularly within the arena of social provisioning such as health or education.

3.3.5 Aid in the context of self-reliance

From 1967 to the early 1980s, Tanzania followed a socialist path to development and the policy of self-reliance. As part of this policy, the Government aimed to transition away from aid dependence to independence. Aid was to be accepted only on the understanding that it was necessary to help Tanzania move towards self-reliance. Therefore, the role of aid was to enable Tanzania to build the capacity to stand on its own feet and be economically independent. However, the challenge of high levels of aid dependence was observed in the Arusha Declaration.

> *How can we depend upon gifts, loans, and investments from foreign countries and foreign companies without endangering our independence? How can we depend upon foreign governments and companies for the major part of our development without giving to those governments and countries a great part of our freedom to act as we please? The truth is that we cannot. (TANU 1967, 12)*

For most of the 1960s and 1970s, assistance for investment projects comprised more than two thirds of total aid. During the 1970s, most of the aid flows to Tanzania came from bilateral sources. Multilateral donors contributed an average of 10 percent annually. It has been asserted that, during this period, the most preferred form of aid was project aid, and that most aid financed social projects and programs (Edwards 2014). In fact, aid was much more diversified between economic and social projects and programmes. Disaggregated by sector, most of the aid in the 1960s and the early 1970s was directed to the agricultural and transport sectors. During the second half of the 1970s, emphasis shifted from agriculture towards industry and energy. Donors—both bilateral and multilateral—supported Tanzania's development approach without imposing policy-based conditionalities. Tanzania's sovereignty, autonomy and ownership of its development agenda were left virtually intact despite the high level of aid dependence. Indeed, an important characteristic of aid in the early period (up to around 1980) was that aid followed the national development agenda.

However, the share of foreign aid in project financing increased as funds from the Tanzania Investment Bank (TIB), which had been the main source of project finance in the 1970s, declined (BOT 1982, 120). And, from the early 1980s, the share of multilateral aid in the country's overall finances rose substantially. This marked the beginning of policy conditionality and the consequent erosion of the high level of sovereignty and flexibility in the use of aid to meet the national development agenda. As the share of aid in the country's finances rose, many donors started to require Tanzania to show its commitment by contributing a share of project finance, and the influence of multilaterals institutions in policy formulation, particularly the World Bank and International Monetary Fund (IMF), increased considerably. At project level, the increase in the share of foreign aid had three consequences: 1) project implementation was delayed as the domestic finances of donor countries were also becoming more limited; 2) the choice of technology became increasingly driven by the source of foreign finance; and 3) the pace and sequencing of project implementation increasingly influenced the availability of foreign finance rather than national priorities (BOT 1982, 120).

As the economic crisis gained momentum in the late 1970s and early 1980s, the socialist development model came under increasing stress and pressure to change course. The Tanzanian leadership resisted

pressure to change its policies in the first half of the 1980s. However, as the leadership was resisting pressure from the international community to change policies, the economic system was failing to deliver goods and services, and the political regime was gradually losing its credibility. The Government found itself in a serious dilemma. Yielding to pressure from the international community would not only amount to losing the achievements made along the socialist path but also mean eroding its sovereignty and independence. However, by continuing to hold onto the economic system which was not delivering, the Government risked losing legitimacy on the domestic front.

The process of adopting reforms was characterized by protracted policy debates in the first half of the 1980s. In response to the crisis, Tanzania introduced a series of home-grown recovery programmes including the National Economic Survival Programme (1981-82) (NESP) and the Structural Adjustment Programme (1982-85). The NESP was based on the mobilization of domestic resources and did not rely on foreign aid. However, it failed to turn around the economy largely because it did not trigger the inflow of foreign aid. The subsequent programme sought to try to strike a compromise with the IFIs.

In 1982, an independent team of experts was appointed to make proposals which would form the basis for negotiating with the IFIs. The report was prepared but it fell short of attracting agreement with the IFIs partly because domestic policy changes did not go far enough and partly because the IFIs and the donor community had become dominated by global neoliberal policies.

The Tanzanian Government tried to convince the donors to switch their aid towards balance of payments support, in particular, towards financing of recurrent imports given the shortage of goods and the low utilization of existing productive capacities that the country were experiencing due to the foreign exchange constraint. However, it did not succeed and donors reacted with curtailed aid. It is in this context that progressive home-grown reforms towards the mid-1980s were adopted. These reforms included relaxing hard controls, for example, the partial liberalization of trade and prices, partial import liberalization in the form of an own-funded import scheme and retention of export earnings. But despite these internally initiated reforms, the IFIs stuck to their structural adjustment programme (SAP) package as the condition for reaching an agreement. Implementation of home-grown programmes was further impaired because external support was not forthcoming. Without the support of donors, implementation faltered and the crisis continued unabated.

Two major lessons emerge from this experience. Home-grown initiatives did not succeed partly because they were perceived not to be in line with the standard policy package. The home-grown package excluded a priori some policy instruments such as currency devaluation and price controls. However, when steps were taken by the Government in 1982 and 1983 to modestly devalue the currency, the IMF was not satisfied. Nyerere believed that the operations of parastatals, which had become a burden to the economy, could be improved through reforms that could make them operate more commercially and price controls could be made more efficient. In addition, he felt that expenditures on social services could still be left under the Government's control to decide on how much and where to cut these expenditures. The second lesson is the importance of recognizing the position and role of aid in the economy, in particular, that high levels of aid overall or by sector cannot be reduced abruptly but only through careful phasing out to ensure a smooth exit.

The key finding with respect to aid relationships in the socialist era is that project finance was allocated to economic and social services, and aid was channelled to priority sectors according to the national development agenda. For instance, Sweden was supporting health, sanitation and water projects under the Health Through Sanitation and Water (HESAWA) programme, education projects like Kibaha Education Centre, and domestic industrialization through the Scania lorries assembly plant in Kibaha as well as the Sister Industry Programme with Small Industries Development Organization SIDO (Havnevik, Skarstein and Wangwe, 1985). Donor support facilitated the integration of social and economic policies rather than undermining that relationship. The phase that was to follow demonstrates the changed role of donors that contributed to severely disrupt the integration between social and economic policy.

3.4 Policy reforms and the structural adjustment programmes, 1986-96

Ultimately, in 1986, as the risks of economic and political collapse had grown considerably, the Government yielded to international pressure and adopted the first generation structural adjustment programme package within the Economic Recovery Programme 1986-89 (ERP). This was followed by a second generation of reforms, which focused on institutional reforms in the form of civil service reform, privatization and governance.

Social concerns were included in the SAP packages but only as 'add-ons'. In general, the structural adjustment period from 1986 to 1996 was characterized by the separation of social and economic policies. The decision to adopt the SAP reforms was essentially a shift from a socialist system to a market system. This decision was only made after considerable domestic resistance to the external pressure from IFIs on Tanzania to shift its domestic economic and social policy stance.

3.4.1 The first generation of reforms: Getting prices right

The first generation of reforms essentially focused on 'getting prices right'. Under the ERP from 1986 to 1989, macro-economic policy reforms were emphasized, including reforms in trade policy, exchange rate devaluation, removal of price controls and the removal of subsidies.

Policy reforms under the SAP released more donor resources. However, donor aid in this period switched dramatically away from project support towards import support, in particular, the funding of recurrent imports to kick-start the economy. In other words, once the Government agreed to the SAP packages donors agreed to provide the much needed balance of payment support. The shift to funding recurrent imports also explains why the consumption quota, i.e., private consumption as a percentage of GDP rose steeply during this period from 58 percent in 1976 to 86 percent in 1987 (Wuyts and Kilama 2014a).

While the reforms increased access to additional external support, the social dimensions of the adjustment programmes did not receive enough policy attention. The adoption of the SAP package had implications on the interaction between economic and social policy. Social policy was downplayed as expenditures on social provisioning were subject to cuts as part of the adjustment. The SAP policies had no strategies for taking care of the social dimensions of adjustment. This deficiency was well articulated in the UNICEF study "Adjustment with a Human Face: Protecting the vulnerable and promoting growth" that made a case for adjustment that addressed the social dimensions and showed concerns for poverty reduction (Cornia, Jolly and Stewart, 1987).

In response to criticism, the IFIs introduced the Economic and Social Action Programme 1989-1992 (ESAP) that included some social initiatives, but critics argue that these were introduced as 'add-ons' and fell short of integrating economic and social policies (UNDP 2000).

The adoption of SAPs was perceived as a defeat to Ujamaa ideology, marking the shift from an interactive relationship between social and economic policy during the 1970s. The SAP policy package was dominated by the promotion of efficiency in the productive sectors while social policy concerns were paid less attention. Macro-economic and related policy reforms did not consider the objective of poverty reduction and management of inequalities, which is essential for achieving pro-poor and inclusive growth. The reforms did not have any instruments to empower poor people and enable them to exploit potential opportunities within a market economy. Furthermore, the fiscal regime neither provided for a progressive impact on a pattern of public expenditure that favoured the needs of the poor, such as meeting their basic needs, nor created opportunities for enhancing access to public services and resources, such as land and finance, that were required to support production.

The logic behind the SAP policy package is that policies to promote economic growth and structural change must be prioritized to create wealth first before it can be spent on consumption in general and social expenditure in particular. The main implication of this approach is that in order to enhance growth, consumption needs to be restricted

through demand restraint particularly by cutting government consumption and social spending. The policy was driven by the perceived trade-offs between social and economic development and between equity and efficiency.

The economic crisis started deepening in the first half of the 1980s as a consequence of domestic policy inadequacies and external factors, such as war with Uganda, the breakup of the East African Community (EAC), the global oil crisis and deteriorating terms of trade. This was also a period of falling international assistance as aid was being withheld until the Government signed an agreement with the International Monetary Fund. Even after adopting the SAP policy package, the whole decade remained a dark period in terms of growth and social provision until recovery started in 1996. Proponents of the reform agenda carried out over this period argue that growth may have been low key during this period, but that these reforms were nevertheless necessary to point the economy in a different direction, thus leading up to the period of sustained growth from the late 1990s onwards.

However, the experiences of Vietnam, for instance, shows that it is possible to undergo reform without experiencing low growth for a whole decade. Having introduced reforms in 1986—the same year as Tanzania adopted the SAP package—Vietnam's annual rate of GDP growth over the period 1990 to 2000 was 7.9 percent, which was exceeded only by China's 10.6 percent (Thoburn et al. 2007).

3.4.2 The second generation of reforms - institutional reforms

The second generation of reforms focused on reforming the country's institutional framework, which was considered to be necessary to support and facilitate the efficient working of the market. Reforms were intensified in the late 1980s, further severing the links between economic and social policy. A series of policies were implemented to roll back the state. These included:

- removing price controls and subsidies on agricultural and basic consumer goods such as maize flour;
- ending the free provision of social services and introducing user fees;
- freezing wages and employment in the public sector;
- retrenching public sector workers, including workers in the health and education sectors, in the attempt to control the wage bill; and,
- the restructuring of parastatals.

By and large, these policy reforms did not consider social concerns. The poorest of the poor were left far outside the workings of the formal economy, but nonetheless subjected to the impacts of macro-economic policies concerned with terms of trade, exchange rate management and inflation. In addition, the economy experienced slower growth in agriculture upon which the majority of the poor population relied for their livelihoods.

Public service reforms took place partly against the backdrop of maladministration and partly as a result of political patronage having contributed to the bloating of the civil service. Public sector ethics had been eroded in many respects and civil service regulations had been eroded considerably (URT 2004). Public service reforms included: organizational restructuring; reviewing the management of civil servants; improving the conditions of service, including pay reform; and enhancing accountability in public financial management. The civil service reforms introduced decompression of wages and salaries, i.e., the deliberate elevation of senior-level staff pay to higher multiples of lower-ranked employees, which resulted in greater inequality among civil servants. This aspect of civil service reform represented a reversal of the situation in the 1960s and 1970s when inequalities in the civil service had been addressed through salary compression.

Another important component of reform was divestiture of public enterprises. Experience has shown that where privatized firms were not subjected to selling in competitive markets and where they were not properly regulated, inequalities tended to increase (Williamson 2003). In the case of Tanzania, an initiative was taken in the early 1990s to form a Privatization Trust which would take care of

the interests of the domestic entrepreneurs in the privatization exercise. However, the Trust was not operationalized. Therefore, privatization did not address wider economic and social policy issues that are involved in supporting domestic entrepreneurs to participate effectively in the process.

In the case of social sectors, reforms were characterized by the introduction of cost sharing, which is a form of user fees. This implied that households had to meet part of the cost of social services. In effect the introduction of user fees meant that the poor and marginalized were denied access because they could not afford to pay the set fees.

In general, social policy was made residual during this period. But the effects were nevertheless dramatic and profound given the shift in emphasis towards diversification in social provisioning and the introduction of user fees. Private sector participation in the provision of social services was encouraged more explicitly. Alongside these changes, donor focus shifted from import support towards budget support, a process that would culminate in the arrangements for Heavily-Indebted Poor Countries (HIPCs) commenced in 1996. In turn, the budget support precipitated the Poverty Reduction Strategy Paper (PRSP) and National Strategy for Growth and Reduction of Poverty (MKUKUTA) programmatic approach, under which the separation between economic and social sectors became more rigid and pronounced. The HIPC initiative, therefore, came with its own pre-packaged set of aid policies, which consolidated the juxtaposition of the economic versus the social, and brought tensions with the Government's decision to revert to socio-economic planning and transformation.

3.5 Initiatives to re-assert the transformation agenda and sovereignty, 1996-2016

3.5.1 The rise of development visions

The Tanzania Development Vision (TDV) 2025 and Zanzibar Vision 2020 articulate Tanzania's aspirations to realize national development with economic transformation and human development (URT 1999a, RGoZ 2000). Economic transformation is envisaged to comprise the modernization of agriculture towards higher productivity and the transition to a semi-industrialized economy with inter-sectoral linkages. Average annual growth targets were set—between 8 percent and 10 percent for Tanzania Mainland, and between 9 percent and 10 percent for Zanzibar—to attain middle-income status by 2025 for Tanzania Mainland, and by 2020 for Zanzibar.

The continued pervasiveness of inequalities in the country is raised as a major concern in both visions, and both give priority to attaining high quality of life and high human development. Poverty is to be addressed through policies that entail wide participation in generating high and shared growth. The disadvantaged position of the majority of Tanzanians and other vulnerable groups in society is to be addressed through economic empowerment by undertaking affirmative action programmes to empower these groups. In education, priority is accorded to the promotion of a learning society and learning organizations in which a culture of creativity, innovation and entrepreneurship are encouraged and developed consistent with improvement of capabilities that are needed for improved competitiveness.

Vision 2025 and Vision 2020 were designed to be operationalized through a series of five-year development plans starting in the year 2000. However, soon after the Government had produced the key development agenda documents, implementation was postponed by discussions with IFIs about debt relief linked to poverty reduction. This process led to the adoption of a series of poverty reduction strategy papers (PRSPs): the PRSP 2000/01-2002/03, and the first and second phases of the National Strategy for Growth and Reduction of Poverty[34] in Tanzania Mainland (MKUKUTA I 2005/06-2009/10 and MKUKUTA II 2010/11-2014/15) and the Zanzibar Strategy for Growth and Reduction of Poverty (MKUZA I and II) (URT 2005 and 2010).

34 The National Strategies for Growth and Reduction of Poverty (NSGRPs) are commonly known by their Kiswahili acronyms, MKUKUTA in Tanzania Mainland and MKUZA in Zanzibar.

3.5.2 HIPC, PRSPs and the tension with implementation of the national development visions

The period of implementation of the PRSPs in Tanzania represents a later stage of the policy reform process by IFIs which started in the mid-1980s. PRSPs were based on debt relief and derived from the Comprehensive Development Framework (CDF) that was developed by the World Bank in 1999. The role of the IMF and the World Bank had become increasingly important in providing a seal of approval before donors made decisions on aid flows. A trigger of funds for debt relief was tied to the adoption and implementation of specified policy reforms. These reforms were to be reflected in national PRSPs as a formal attempt to integrate poverty concerns in the policy-making processes of indebted countries.

The CDF was designed to encompass a set of principles to guide development and poverty reduction, including the provision of external assistance. Poverty Reduction Strategies (PRS) underpinned by the CDF were considered to be the way forward to enhance country ownership, participation and the achievement of the Millennium Development Goals. Compared to the first and second generation reforms under the structural adjustment programme, the CDF aimed to consider all elements of development: social, structural, human, governance, environmental, economic and financial. However, in practice, participation remained quite limited and the content of PRSPs was dominated by social sectors as the key to eliminating poverty, reducing inequity and improving opportunities for people (URT 2008).

The underlying principle of the PRSPs was to make development strategies more responsive to the needs of the poor by taking into account the multidimensional nature of poverty. PRSPs were supposed to address all aspects of poverty, including incomes, human capabilities (e.g., education and health), empowerment (in terms of command over resources), authority to make decisions and governance (including fighting corruption, ensuring responsiveness to the needs of the poor and promoting accountability). PRSPs became the foundation of the lending programmes with the IMF and World Bank under the HIPC debt relief initiatives.

Although the CDF advocated a holistic, long-term vision of the country's development agenda, in reality, it consisted of short-term (three-year) PRSPs and precluded the revival of five-year development plans as envisaged by the Tanzania and Zanzibar Development Visions. A major challenge that undermined ownership was the condition that the Boards of the IMF and World Bank had to approve a country's PRSP before a lending programme and debt relief could be agreed with the Bank and Fund, respectively. The implication is that countries prepared PRSPs in line with the format provided by the World Bank and IMF. In Tanzania, the first PRSP was endorsed in November 2000 and the process of preparing five-year plans to implement Vision 2025 was shelved. This ushered in a period of tension between the Government's resolve to implement the national development agenda and the priorities of donors that strongly linked poverty concerns with policies and programmes for key social sectors, in particular, education, health, and water and sanitation.

The second generation of PRSPs—MKUKUTA in Tanzania Mainland and MKUZA in Zanzibar—were designed to address poverty with two new considerations, which are relevant to the integration of social and economic policy. First, the coverage of the strategies was expanded to comprise three major clusters of desired outcomes for development: growth and reduction of income poverty (Cluster I); improvement of quality of life and social well-being (Cluster II); and governance and accountability (Cluster III). While the inclusion of growth concerns under Cluster I was directed at enhancing economic policy, the cluster's separation from the two other clusters of outcomes demonstrated the continued separation of economic and social policies rather than their integration. Economic policy was supposed to take care of growth while social policy was responsible for resource allocation to key social sectors. Second, the strategy was outcome- and results-based rather than sector-based in the sense of relying on identifying a few priority sectors. Although five-year implementation periods for MKUKUTA were adopted, these strategies fell short of the five-year development plans envisaged by the Government.

3.5.3 Growth with modest poverty reduction and economic transformation

Over the period of 15 years from 2000 to 2015, Tanzania performed well in terms of economic growth, with GDP growth averaging 6.6 percent. However, this rate of growth raises concerns in three respects. First, it has fallen below the targeted rate of 8 percent to 10 percent envisaged by Vision 2025, which was deemed necessary to eradicate poverty and attain the status of a middle-income economy by 2025.[35] Second, growth has not been sufficiently shared, resulting in persistent inequalities and only modest poverty reduction, with the percentage of people living below the national poverty line in Mainland Tanzania declining from 37 percent in 2001 to 28.2 percent in 2012 (URT 2014a).[36] Third, the structure of the economy has not undergone sufficient economic transformation as envisaged in Vision 2025 (Wangwe and Mpango 2007).

3.5.4 Development cooperation

As discussed earlier in this chapter, the politics of aid in Tanzania and the manner and degree to which donors have influenced national economic and social policy have evolved significantly over the last two decades. Much progress has been made in adopting the national development agenda and transitioning away from the high level of aid dependence and accompanying erosion of sovereignty that characterized the period from 1986 to 1996. However, the ongoing tension between adoption of the national development visions and aid relationships has been manifested in changing modalities.

The agreement reached in 1997 following recommendations of the Helleiner Report (1995) marked the beginning of a formal demand to regain autonomy and ownership of the development agenda. It was agreed that monitoring of donor relationships was beneficial but needed to be institutionalized. As a result, in February 2002, the Government and donors jointly appointed the Independent Monitoring Group (IMG) led by the Economic and Social Research Foundation (ESRF), a local policy research institute. Subsequently, in 2006, the Government launched the Joint Assistance Strategy for Tanzania (JAST) to define its policies regarding aid management and relationships with its development partners consistent with the Paris Declaration of 2005.

Since 2010, the vigour of policy dialogue between the Government and the donors has subsided. However, during this period, a significant shift in the distribution of overseas development assistance (ODA) between different modalities has occurred. The share of general budget support (GBS) has declined while the share of direct project funding (on-budget and off-budget) has increased (Wuyts, Mushi and Kida, 2016). Project aid now also incorporates the financing of recurrent activities, particularly within the area of social provisioning. As a result, balance of payment/budget support through foreign aid has become a structural feature rather than a temporary arrangement as was intended during the structural adjustment period. This has implications for the Government's room to manoeuvre in setting policy priorities and in managing public expenditures.

From the perspective of government finance, however, the relative importance of (on-budget) aid dependency clearly decreased, particularly from 2013/14 onwards. The decline appears to have been due to the narrowing of the gap between domestic revenues and total government expenditures and the shift of foreign financing of the government deficit away from concessionary aid-related financing towards non-concessionary borrowing. However, this decline does not necessarily reflect a similar reduction in aid in terms of total disbursed dollars values. Indeed, total disbursements of aid did not reveal any clear downward trend since 2010/11 (Wuyts, Mushi and Kida, 2016).

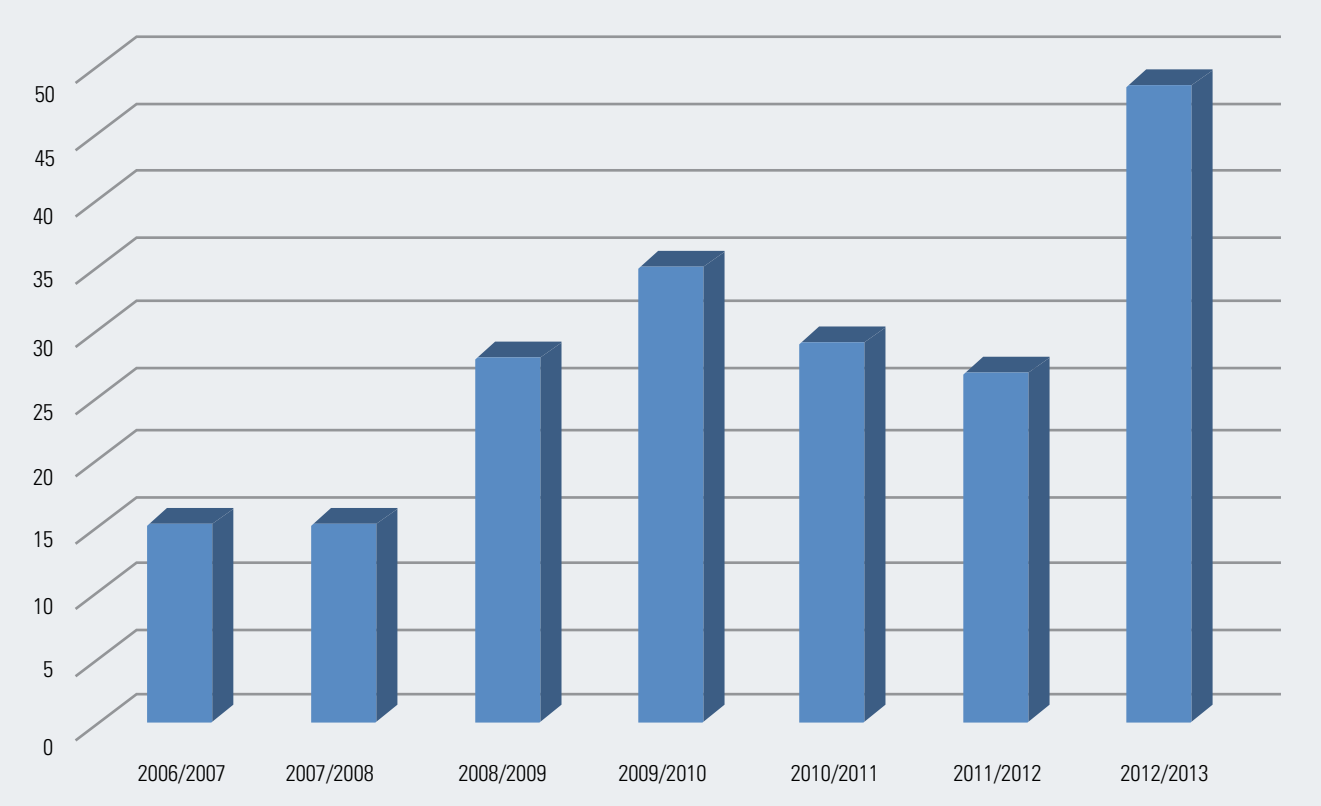
In the context of the balance and interaction between social and economic policy, it is interesting to note that, aid modalities have been changing significantly, with donors putting emphasis on support to social sectors as a proxy for social policy. As figure 3.1 illustrates, the share of non-GBS ODA aid allocation to the three major social sectors—health, education and water—has increased significantly, a sign of rising aid dependence in social provisioning.

35 In Zanzibar, economic growth of 7 percent has been achieved compared to target of between 9 percent and 10 percent envisaged in the Vision 2020.

36 Poverty is also still pervasive in Zanzibar. Basic needs poverty rate declined from 34.9 percent in 2009/10 to 30.4 percent in 2014/15, while food poverty declined only marginally from 11.7 percent reported in 2009/10 to 10.8 percent during same period (Kessy and Omar 2016).

Figure 3.1:

Social sector aid as percentage of total ODA



Source: Wuyts, Mushi and Kida (2016)

The changes towards donor financing of the social sectors has its origins in the World Bank and IMF under the PRSP framework, which increased emphasis on investment in social provisioning (ESRF et al. 2015). This trend continued through to MKUKUTA I and II. Vertical programmes have been supported mostly through aid, and are mostly prevalent in the health sector (Mujinja and Kida 2014).In recognition of the changes that have taken place in the past decade, the new Development Cooperation Framework (DCF) is revisiting the overall objectives and principles of development partnership as well as commitments by the various parties supporting Tanzania's development over the medium term consistent with the national development agenda. It also takes into account the ambitious partnership for effective development cooperation launched at the Fourth High Level Forum on Aid Effectiveness which took place in Busan, Korea in 2011. On the Tanzania side, the DCF takes note of recent major changes in the economy, including the discovery of major gas reserves, more determined engagement in public-private partnership (PPP) opportunities, and the increasing application of information and communication technologies (ICTs) nationally.

Going forward, the policy of reducing aid dependency will need to address not only the levels of aid but also the processes of transformation. Three ongoing challenges remain. The first challenge is to ensure the effectiveness of project aid and its integration into the development agenda. The second challenge is maintaining the ownership of the development agenda while accessing needed assistance. The third and final challenge, which Mwalimu Nyerere raised in the 1970s, is how to use aid to build the capacity of the people and the country to be self-reliant .

3.5.5 Return to medium-term and long-term plans

Following independence in 1961 the country was overwhelmingly rural; about 95 percent of the population resided in rural areas. In response, the

Government developed long-term and medium-term plans to bring about structural transformation of the economy.

The second long-term perspective plan was planned to cover the period 1981-2000 and was supposed to be implemented beginning with the Fourth Five Year Development Plan (1981-1986). However, its implementation was interrupted by the economic crisis of the early 1980s. As described above, short-term economic recovery programmes were implemented in response to the crisis but these programmes were driven by a different logic of structural transformation that was embedded in the structural adjustment programmes directed by the World Bank and IMF from 1986.

In 2009, the Government carried out a review of implementation of Vision 2025 that strongly indicated the need to revive long-term planning. The result was the formulation of the Long Term Perspective Plan 2011/12-2025/26 (LTPP), which is to be implemented through a series of three five-year development plans (FYDPs). Each plan was given a specific theme to underline its thrust and priority interventions. FYDP I spanned the period 2011/12 to 2015/16 (URT 2011). FYDP II covers the period from 2016/17 to 2020/21 (URT 2016a), and FYDP III will span the period from 2020/21 to 2025/26.

Currently being implemented, FYDP II has the theme 'nurturing industrialization for economic transformation and human development'. In other words, it aims to achieve economic transformation through industrialization that is associated with improvement in the level of human development. The social policy targets under the plan have been uniquely termed as 'interventions for human development'. The plan gives priority to promoting growth with equity, i.e., one that requires a holistic and sustainable human development policy framework that is pro-people, pro-jobs and pro-nature (environment).

The Revolutionary Government of Zanzibar is currently formulating MKUZA III, which is also expected to balance both economic and social policies in order to achieve the economic and social targets of Vision 2020. As on the Mainland, the integration of economic and social policies is slated to occupy a central position in the policy-making process during this period.

3.6 Conclusion

Presented in an historical perspective, the analysis in this chapter has shown that the nature and significance of the interaction between social and economic policy has undergone considerable change since independence in 1961. This interaction has varied in form, context and extent in different policy regimes and political landscapes (ideological, economic, social, institutional and political economy). Likewise, the role of aid has been significant but it, too, changed considerably through the different epochs, often involving management of the tension between donor dependence and efforts to attain sovereignty and ownership of the development agenda.

This chapter has argued that there is a fundamental relationship between social and economic policy, which is critical in achieving socio-economic development and transformation in Tanzania. The main lesson drawn from the SAP period from 1986, during which the focus was more on economic growth, is that economic policy alone is not sufficient for achieving the desirable level of human development. That is, social policy objectives should be pursued as an integral part of the development policy, rather than a distinct strategy for providing social services.

The integration of economic and social policy has been accepted in principle and incorporated in the FYDPs. Therefore, the issue that now needs to be addressed is how to manage the integration of these policies in practice during the implementation phase. To inform this important development objective, this chapter has identified important issues that are likely to arise in the years ahead. These will now be discussed in greater depth in chapter 4.

“……development is seen not only as a process of accumulation, i.e., augmenting the output capability of the Tanzania economy, but also as a transformation of the institutional structure of our society. Tanzania’s development, therefore, requires the introduction of activities that are basic needs oriented (food, habitat, health, education, communication, and transport), favoring endogenous and innovative process and which take into cognizance environmental potentials and limits”.

Rweyemamu, J. F. 1973. Underdevelopment and Industrialization in Tanzania. A Study of Perverse Capitalist Industrial Development. Oxford University Press, Oxford.

4.

Social policy as a means and end of economic transformation for human development

4.1 Introduction

Building on the analysis in the first three chapters, this chapter identifies and assesses the challenges that need to be confronted and opportunities to be tapped by Tanzania's Government during implementation of the second Five Year Development Plan and the Sustainable Development Goals to make social policy not only an end but also a means for achieving sustained economic transformation and human development.

4.2 Challenges and opportunities for Tanzania's transformation

4.2.1 Industrialization

Since the theme of FYDP II is 'nurturing industrialization for economic transformation and human development', the challenges and experiences of the country's industrialization in the 1970s have important lessons to offer. Significantly, the Basic Industry Strategy (1975-1995) was designed to achieve economic and social outcomes in an integrated manner. The BIS prioritized both structural change and self-reliance, with a focus on strengthening industries that met the population's basic needs (particularly health, education and shelter) and produced intermediate and capital goods for the domestic economy.

At the time of independence, around 95 percent of the population resided in rural areas. Therefore, the Government placed special emphasis on policies to promote agricultural and rural transformation so as to improve the quality of life for the majority of Tanzanians. Today, a large share of the population (70 percent) still resides in rural areas and poverty is still most pervasive and severe among rural households. Hence, the issue of agricultural transformation remains a central concern for creating *Tanzania ya Viwanda* (an Industrial Economy) and deserves high priority in the development agenda. Industrialization that is supportive of human development will therefore need to unlock the productive potential of rural areas and maximize backward and forward linkages between agriculture, manufacturing and the services sector as a way of reducing rural poverty. The sector needs to be modernized to achieve higher productivity and to keep pace with industrialization. Indeed, one challenge that slowed down the implementation of the BIS in the 1970s was the failure to develop a complementary development strategy for agriculture that enabled the sector to meet the demands of industry for raw materials and foreign exchange.[37] This concern is still valid today.

Success in achieving industrialization with human development is also more likely to occur to the extent that its objectives are anchored in an appropriate social policy. Here, again, the experience of post-independent Tanzania is instructive. During that period, Government policy was guided by the principle of people-centred development; the central objective of all policies was to accelerate progress in human development. In the aftermath of the structural adjustment period, the Government attempted to recover a similar focus but this was less successful because post-reform policies and programmes (including MKUKUTA) were designed with a categorical distinction between the social and economic sectors. Resource allocation, monitoring and evaluation of outcomes for MKUKUTA I and II were reported separately for economic and social clusters as though the two were separable (URT 2005 and 2010). As a result, the interaction between social and economic policies took an additive rather than constitutive approach.

37 Agriculture was by then the main source of foreign exchange.

Positively, the Tanzania Development Vision 2025 and the current Five Year Development Plan re-affirm the dual objective of industrialization to accelerate economic transformation *and* improve human development outcomes in Tanzania (URT 1999 and 2016a). FYDP II also recognizes that economic growth needs to be achieved in an environmentally sustainable manner, thereby highlighting the integration of environmental concerns in addition to the economic and social. This added linkage is vitally important. It is widely documented that the unsustainable use of natural resources and environmental degradation inhibits future economic growth and exacerbates multidimensional poverty over time. In Tanzania, the country's wealth of natural resources is fundamental for its economic and social development. However, the unsustainable use of the environment and natural resources is decreasing the economic and social benefits they generate, thus undermining the achievement of key goals such as poverty reduction and food security, particularly in rural areas.

The conceptual framework of FYDP II recognizes the integral role that social policy must play in shaping the content and nature of industrialization and structural transformation especially in shaping the pattern and pace of growth and transformation. However, the persistent policy challenge is defining the path of the industrialization agenda so as to maximize human development outcomes. Conceptually, what is needed is a "theory of change" such that industrialization meets the conditions of economic competitiveness while improving the quality of people's lives.

Again, drawing lessons from the design of the Basic Industry Strategy, it is possible to adopt an approach to industrialization that prioritizes products that meet basic consumer needs as well as provide relevant industrial goods for Tanzanians living in rural areas (such as agricultural inputs, vehicles and implements, solar panels and bicycles) and for micro-, small- and medium-sized enterprises (MSMEs) in urban centres (tools for their work). For instance, Simiyu region is developing the capacity to produce hospital supplies, such as bed sheets and gauze, using locally-grown cotton. It is also produces chalks from local raw materials to meet the requirements of education. Such programmes demonstrate that linkages can be identified and value chains strengthened such that industrial development supports desired economic and social outcomes. Moreover, industrialization can help to address the persistent gender disparities in incomes and employment opportunities in Tanzania. Appropriately designed strategies can favour production of industrial goods that reduce the burden of labour and domestic work of women while promoting activities and technologies that raise their productivity and incomes.

Tanzania's development experience also highlights the importance of striking a balance between the creation of new productive capacity (through development expenditure) and the effective utilization and maintenance of existing capacity (through recurrent expenditures). One of the major factors that precipitated the crisis of the early 1980s was the imbalance between the allocation of resources for new investments and allocation of resources for maintaining the country's existing productive capacity. The productive capacity that had been created was underutilized following shortages of foreign exchange to finance imported inputs. The risk of a return of this imbalance needs to be managed carefully. Several ways of more effective utilization of existing facilities can be explored, including adoption of low-cost construction of facilities, for instance, by leveraging citizens' self-help initiatives.

4.2.2 Population dynamics, labour force and spatial development

Population dynamics, labour force development and spatial development all have considerable policy implications for economic transformation and human development. Tanzania's population is currently estimated by the NBS in 2016 to be about 50.1 million and growing at a rate of 2.7 percent per annum. The proportion of the population in urban areas is 30 percent in Tanzania Mainland and 50 percent in Zanzibar. Rural-urban migration offers many opportunities but also presents a considerable governance challenge at all levels, as it significantly influences population growth rates and unemployment rates between rural and urban areas. In Tanzania, in-migration has accounted for around half of the increase in urban population between 1978 and 2012. For economic transformation to improve human well-being, the social service needs of the growing population must be anticipated and the mechanisms to enhance the economic productivity

of the population need to be put in place (Otieno, Amani and Makbel 2016).

The labour market provides an important link between population dynamics, economic transformation and social development through providing opportunities for productive and remunerative employment. The challenge lies in developing policy responses that: i) promote jobs-oriented economic growth; and ii) strengthen the capabilities and employability of people. The latter response will require human capital investments and the enhancement of social protection systems particularly for young people (Otieno, Amani and Makbel, 2016). The Government will need to pay close attention to the domestic market as well as the export market, so that labour-intensive production is viable and competitive, based initially on low wages and low-cost wage goods, such as food, essential manufactured goods, and basic social services.

Through the innovative integration of social and economic policy, it is possible to harness population dynamics to propel sustainable development, for example, by reaping the country's demographic dividend to jumpstart economic transformation, facilitate integrated rural-urban planning and strengthen urban-rural linkages. The challenges of rapid urbanization and its influences on spatial development will require that greater attention is paid to growth poles in the country and how they are linked to the rural economy. This implies a new approach to economic transformation that creates productive cities and urban centres with linkages to the rural economy. Innovative integration of social and economic policy will be needed to explore options for harnessing existing transport corridors and transforming them into economic development corridors (Daima Associates 2017). Good governance in managing these corridors will be critical for transformation to occur. This will include the planning of locations to tap comparative advantages, ensuring active roles of all stakeholders, improving the investment climate and promoting skills development.

4.2.3 Education and skills development

Mwalimu Nyerere's Education for Self-Reliance (ESR) policy in 1967 served a dual role. First, education facilitated acquisition of knowledge and skills for addressing societal challenges or meeting requirements of the labour market. Second, education played the role of instilling societal values that are fundamental in nation building and in shaping the quality of life. One lesson from that experience is that, in order to cope with the skills and technological demands of industrialization, the Government will need to pay special attention to the kinds of education that will enable Tanzanians to control the industrial development process.

Education is also central to the realization of the 2030 Agenda for Sustainable Development. It is both a goal in and of itself as well as a means for attaining all of the other SDGs. Education is, therefore, not only an integral part of sustainable development, but also a key enabler for it. Hence, the Government will need to ensure quality education for all. To accelerate development and benefit from opportunities provided by globalization and regional integration, Tanzania needs to develop its workforce to be competitive by providing its young people with the knowledge, skills and capabilities that are appropriate for the global labour market of the 21st century (Amani, Kida and Sango 2016).

Whereas the Millennium Development Goals were centred on increasing access to education, the SDGs have gone a step further by addressing the quality of learning in schools. This is consistent with the experience of Tanzania where great progress was made in increasing school enrolments since 2000 but, at the same time, the quality of education and learning outcomes at primary and secondary levels were poor. Moreover, the decline in educational quality has a differentiated impact, with the poorest among the population receiving the lowest quality of education. Left unchecked, this situation has the potential to increase social polarization, manifested in widening disparities in access to quality education and decent jobs (Sumra and Katabaro 2014).

Positively, FYDP II stresses both the economic and social dimensions of education and skills development:

Education and skills development are major inputs to human development in terms of building human capability. Furthermore, education and training are essential for economic transformation by providing skills and generation of technology and workforce that can be deployed to change country's endowments from comparative advantages to competitive advantages (URT 2016a, 65).

It mentions the country's achievements to date in increasing enrolment at different levels of education but highlights the need to consolidate educational gains by strengthening school management, inspection and standards. In particular, it calls for increasing the quantity and quality of specialized skills to raise the competitiveness of the national labour force in general and to meet the specific skills requirements within priority industries. This will necessarily include identifying the skills needed, determining the appropriate skills mix, and addressing any skills mismatch by ensuring that training is demand driven. For example, domestic capabilities need to be developed to forge productive links to the large infrastructure and energy investments, such as the construction of the country's standard gauge railway and the building of pipelines and plants for liquefied natural gas.

FYDP II also promises to support the provision of: i) skills, including entrepreneurial skills; ii) joint/group savings and investment, such as Village Community Banks (VICOBA), and Community Savings and Credit Cooperatives (SACCOS); iii) extension services; and iv) counselling for the able-bodied poor to engage in productive activities. However, there is little discussion of how the actual patterns of labour flows will be managed, particularly towards the informal sector, which involves large sections of the working population who rely on various forms of self-employment and part-time or casual wage labour. Presently, in statistical analyses and in economic discussions, these activities tend to be too readily lumped together as 'self-employment'. They often remain hidden in labour force summaries since many of them are classified as 'secondary activities' and, therefore, left out of aggregate totals (Wuyts and Kilama 2014b, Rizzo, Kilama and Wuyts 2015). Appropriately capturing these data will reveal an important social dimension of the labour situation in Tanzania given that many of these activities involve insecure and precarious forms of wage employment and conditions. The task ahead is to open this 'black box' in the labour market and identify the kinds of skills that are needed to transform from low-productivity to high-productivity activities with decent wages and security, possibly in formalized enterprises.

4.2.4 Health as a social and productive sector

The interpretation that health is a social sector rather than a productive sector blurs the fertile interaction between health and industrial policy. The health sector is often viewed as a purely social sector. However, this interpretation underplays its role as a productive sector in the transformation process. Health policy can strongly influence industrial development, and industrial policy can influence the quality and reliability of health services. Indeed, Mackintosh and Tibandebage (2016) argue that health care in Tanzania could be much more economically and socially productive if health policy and industrial policy were more closely integrated. Increasing the depth and breadth of domestic economic linkages between health services, industrial and commercial suppliers within the Tanzanian economy can both strengthen economic development and improve health care. It is demonstrated that the health sector is economically important as a major service sector, a location of investment, a generator of employment and income, a sector of skilled training and employment, and a location for industrial growth. Recognizing that health policy strongly influences industrial development and that industrial policy influences the quality and reliability of health services points to the importance of considering the interaction of the two sectors in the transformation process.

Currently, domestic demand for medicines in Tanzania is largely met by imports, suggesting room for domestic production. The Medical Stores Department (MSD), the public wholesaler, is an important buyer of both medicines (and other essential supplies) and the private market has also been expanding in recent years. However, a key reason for the loss of market share for domestic manufacturers is the direct international procurement by donors of large volumes of medicines and supplies through a particular aid modality known as 'vertical programmes'. The market for health supplies has been growing but again the share of domestically manufactured supplies has been falling. This has been attributed to a variety of factors including: increased competition from imports; problems in sustaining manufacturing competitiveness through upgrading and cost reduction; procurement practices in all sectors that create barriers to market entry for local firms; and domestic policies that

reinforce manufacturers' disadvantage vis à vis overseas exporters and local importers (Mackintosh and Tibandebage 2016).

Other African countries, such as Ethiopia and Ghana, are seizing the opportunities offered by their growing domestic healthcare markets to develop local capability in manufacturing pharmaceuticals and other medical supplies. They have formulated industrial policies to strengthen their manufacturing capabilities. These experiences demonstrate that it is possible to put in place a policy framework to achieve more positive interaction between health and industrial policy. In this way economic and social policy can work together to strengthen and deepen economic linkages to improve health services and public health, and to increase employment and development of the manufacturing sector (Mackintosh and Tibandebage 2016).

Action should be taken to prioritize support for industrial firms producing pharmaceuticals and medical supplies as a strategy for realizing a vibrant health sector and to adopt a selective import protection policy for the pharmaceuticals industry. Furthermore, there should be a deliberate move to ensure that public sector procurement is more supportive of local manufacturing and re-design aid relationships to support the development of the pharmaceutical industry. Most importantly, action should be taken to support the pharmaceutical industry to engage in continuous technological learning and upgrading. Finally, government intervention should facilitate access to the requisite skills for the pharmaceutical industry and fill the current skill gaps through innovative public-private sector collaborations and subsidization of training in scarce skills for the industry.

4.2.5 Empowering women and promoting gender equality

Gender equality is an important dimension to consider within the process of integrating economic and social policy and it is central to the realization of the Sustainable Development Goals and targets. It is both a goal in itself as well as a means for attaining all of the other SDGs, including sustainable environmental management, good governance, and inclusive growth. The relationship between gender and policy is complex and interactive. Gender relations shape the character of policy interventions on the one hand, and policy interventions influence gender relations on the other. Achieving gender equality has been central in the fight against poverty and in improving incomes and human development. Moreover, social policies interact with labour market dynamics as demonstrated by employment creation, education and social protection programmes.

In Tanzania in recent years, the Government has made great strides in improving access to education for girls. However, the success in achieving gender parity in enrolments has been achieved more notably at lower levels of education. But evidence shows that the chances of gaining paid employment and senior positions are significantly higher for those with higher education. This suggests that gender inequality at higher levels of education will restrict women's access to higher-level and better-paid positions, thereby limiting desired gender outcomes. Therefore, economic transformation for human development must address the constraints that girls face in pursuing education at upper secondary and tertiary levels. Economic hardship, early marriage and adolescent pregnancies are among the factors that still prevent girls from completing the full cycle of schooling. This problem is compounded by existing social norms and attitudes that favour boys' education. Consequently, women are more likely than men to be engaged in vulnerable employment with weak regulations and limited social protection due to differences in education, issues of time poverty and mismatch of skills (UNDP 2016b, URT 2015e).

Eliminating the gender gap in skills development should be given high priority. Equal educational opportunity for girls and women is critical for achieving gender equality, reducing child mortality, delaying marriage and generating female leaders. On the one hand, sustained efforts have to be made to retain women within the educational sector and ensure that more women have access to and complete higher education; and on the other, to promote their participation in more technical subjects that equip them better for the labour market. In addition, vocational training can ensure the continuous upgrading of skills to reflect changing skill requirements on the labour market. There needs to be a more systematic extension of the training provided by governments and employers, and of technical training schemes supported by

multilateral donors, with particular focus on enhancing opportunities for women. At the same time, legislative changes are needed to ensure decent work for all. As stressed by the FYDP II, other key factors to enhance women's economic opportunities, including in the agricultural sector which remains one of the most important areas of women's work in Tanzania, include to formalize land ownership rights and enhance women's access to finance and technologies. Also, more diagnostics are needed to provide insights on the constraints that women and men face in realising their economic opportunities.

Economic empowerment and inclusivity that reduces gender gaps is largely driven by the design of social protection mechanisms. Expanding social protection is a direct way of reducing poverty and marginalization and closing the gender gap, thereby securing the fundamental rights of women and their families. For long-term sustainability of gains, the social protection framework should contribute to increasing human capital and promoting investments in economic activities. Social protection systems that transfer resources to the poor can enhance domestic demand and investment, therefore, stimulate growth, thus playing an important indirect role in generating economic transformation.

4.2.6 Accelerating growth and reducing poverty and inequality

Past experience suggests that there is need to safeguard the country's achievements recorded during the past 15 years of high economic growth, thereby avoiding a repeat of the situation in the 1980s when the economic crisis in Tanzania significantly eroded the achievements in human development made during the 1960s and 1970s. Accelerating Tanzania's growth performance to achieve the target set in the Tanzania Development Vision of between 8 and 10 percent is good for attaining the status of a middle-income country by 2025 as well as for accelerated poverty reduction if that growth is broadly shared in society. Accelerating Tanzania's performance needs to be accompanied with economic transformation. This should be done by making greater investments in industrialization with strong links to the agricultural sector given that this sector remains the principal source of employment and livelihoods for the majority of the population.

The 2016 Human Development Report highlighted that - despite tremendous success in the last 25 years - progress continues to leave many people behind, with systemic, often unmeasured, barriers to catching up (UNDP 2016a). In almost every country, different groups face disadvantages that often overlap and reinforce each other, increasing vulnerability, widening the progress gap across generations, and making it harder to catch up as the world moves on. Women and girls, rural dwellers, indigenous peoples, ethnic minorities, people with disabilities, migrants and refugees are among those systematically excluded by barriers that are not purely economic, but political, social and cultural as well.

In Tanzania, inequalities in incomes, wealth and opportunities was one of the major issues characterizing the post-independence period in the 1960s. Today, the country's society is still characterized by large inequalities between social groups, which will need to be addressed in the process of country's economic transformation and human development.

At the policy level, too much attention is placed on national averages, often masking enormous variations in people's lives and livelihoods. In order to achieve inclusive growth and human development, the Government will need to examine more closely who has been excluded and why. Disaggregated data and evidence will need to be captured to enable the Government and its development partners to better identify people who are left behind and put in place socially and economically inclusive policies and programmes that target excluded and marginalized groups.

These policies and programmes will need to include social protection and gender equality initiatives. Here, Myamba and Kaniki (2016) argue for the need to make social protection affordable, and to embrace the concept of *productive* social protection so as to eradicate poverty (for example, by linking public works and livelihoods) and contribute to transformation. Furthermore, integrating gender in the social and economic transformation should be accorded deliberate priority to promote inclusive development.

4.2.7 The role of the state and the institutional framework

In the early post-independence years, it was clear that addressing the country's initial development challenges could not be left solely to the market. Government intervention was inevitable. However, during the structural adjustment period in the 1980s, the Government adopted free market policies and rolled back the state and thereby abandoned the role of the state in economic transformation.

The role of the state is crucial in regulating market forces, addressing market failures, providing infrastructure and social services upon which the market relies in the production of goods and services, maintaining macroeconomic stability, and planning and coordination. The state is also responsible for designing and implementing policies to improve the business environment for private investments with a view to promoting competitiveness over time. For the state to play these strategic facilitative roles will require an institutional framework that ensures that sectors or ministries do not work in silos but operate as one coordinated entity. Intensive dialogue and engagement of stakeholders will be essential for building and enhancing trust, ensuring information flow and managing expectations during the country's transformation.

4.2.8 Leadership and political will

The experience of the past shows that political will and committed leadership matter in achieving economic transformation with human development. Most notably, the visionary and committed leadership of Mwalimu Julius Nyerere, the first President of Tanzania, enshrined people-centred development in the national policy framework and he was able to inspire and rally other leaders and actors to implement development programmes. Similarly, one of the key reasons for the success of Singapore is that effective leadership was matched with policies to ensure the economic and social welfare of its citizens.

Clearly, the ownership and sustainability of development programmes are more evident where communities are directly involved, for example, by contributing monetary or in-kind support to facilitate implementation. The recent initiative by the Tanzania's fifth-phase Government in mobilizing citizens to contribute to local development—such as contributing desks for primary and secondary schools, cleaning their environment, and instilling discipline and accountability—are encouraging beginnings and indications of how much the mobilization of the population can achieve. These initiatives need to be institutionalized to further enhance their sustainability.

4.3 Conclusion

As the analysis in this and preceding chapters has highlighted, Tanzania can valuably learn from its own rich development experiences as well as those in other countries that have integrated economic and social policy objectives to achieve structural transformation. Notably, in countries that have been successful, the State played a central role in ensuring that economic growth led to the desired social outcomes. Importantly, too, the approaches adopted were inclusive and participatory; mechanisms were utilized to ensure that social services targeted the majority of the population, and processes for economic transformation sought to involve all citizens. High levels of expenditure on basic social services were sustained, all the while with strong linkages to productive activities. These successes demonstrate that structural transformation with high levels of human development is possible provided that economic and social priorities are appropriately integrated and resources are strategically and efficiently allocated.

Perhaps, most significantly, people-centred development was the foundation of Government policy during Tanzania's post-independence period. The dual objective of all policies, including the Basic Industry Strategy, was to achieve structural change *and* self-reliance. Positively, the current Five Year Development Plan re-affirms this dual purpose of industrialization to accelerate economic transformation *and* improve human development outcomes in Tanzania. And through its linking of social and economic priorities alongside environmental concerns, the Plan echoes the integrated and indivisible goals of the 2030 Agenda for Sustainable Development.

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Statistical Annex

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Reader's Guide

The 12 statistical tables provide an overview of key aspects of human development in Tanzania. The tables comprise composite indices and other development indicators prepared using data collected for THDR 2017. The annex presents technical notes on how indices and other development indicators for this report were computed.
Tables A1 to A11 compare human development achievements across regions of Tanzania Mainland. Regions are ranked by their 2015 HDI value. There are 26 regions in Tanzania Mainland, but HDI values (and rankings) are available for only 21 regions. The remaining five regions—Katavi, Njombe, Simiyu, Geita and Songwe—are relatively new administrative divisions (established in March 2012) and systems are not yet in place to collect data for all indicators, including those used for computing the components of the HDI. When data for these regions were available, the relevant indicators were computed. In some cases, estimates were made based on the achievements of neighbouring regions. Details of how these estimates were calculated are provided in the Technical Notes section. In each table, when data were available, a row has been added for Zanzibar.

Sources and definitions

ESRF, in collaboration with the Department of Economics (DOE) at the University of Dar es Salaam (UDSM), the National Bureau of Statistics (NBS), Dar es Salaam, and the Office of the Chief Government Statistician (OCGS) Zanzibar, collected data for the THDR 2017. The data came from local institutions and agencies with the mandate and expertise to collect national/regional/district-level data on specific indicators. Definitions of indicators and the data sources are given at the bottom of each table, and full source details are provided in the statistical references.

Discrepancies between regional and national estimates
Regional-level estimates, which can be summarized as a national figure, may differ from what is reported for Tanzania in the global Human Development Report (HDR). This possibility can be explained by two main factors. First, the data used in the HDR are harmonized to allow for comparability across countries. Second, most of the indicators in THDR, the country-level report, are computed in a local context, which involves localizing the formulas used in computation of the indicators.
Human development classifications

To compare the human development performance of regions, HDI scores were classified into terciles—high, medium and low levels of human development—based on the distribution of scores across the 21 regions included in the ranking. Therefore, these classifications are relative to the domestic context. The 7 regions with the highest scores were classified as having a high level of human development, the next 7 regions were classified as having a medium level of human development, and the7 regions with the lowest HDI scores were classified as having a low level human development.

Regional notes

Geita, Simiyu, Katavi, Njombe and Songwe regions are not included in the ranking. Their reported scores for indices where information was unavailable are estimates based on the average weighted scores of the regions they were once a part of. For instance, the estimates for Geita are average weighted scores from Mwanza, Shinyanga and Kagera. The weights are based on the contribution of the old regions (Mwanza, Shinyanga and Kagera) to the total land area of the new region (Geita). Further details are presented in Technical Note 5.

Symbols

A dash between two years, e.g. 2012–2015, indicates that the data are from the most recent year available in the period specified. A slash between years, e.g. 2012/2015, indicates an average for the period specified. Growth rates are average annual rates of growth between the first and last years of the period indicated.

Statistical Tables

Table A1 shows the ranking of regions of Tanzania Mainland based on their localized HDI scores. **Tables A2 to A5** present data on the following four composite human development indices and their components: the Human Development Index (HDI), the Gender Development Index (GDI), Gender Inequality Index (GII) and the Multidimensional Poverty Index (MPI). **Tables A6 to A12** include data on a wide set of indicators measuring human development. The Inequality-adjusted Human Development Index (IHDI) is normally included in UNDP's global human development reports. However, constraints in the data available for capturing regional-level inequalities in HDI component indicators made it impossible to construct regional IHDIs. For this reason, the IHDI is not included in this report.

Table A2 presents the HDI and its three component indicators: life expectancy (health), expected years of schooling (educational attainment) and income. There are two modifications to the HDI presented in this report as compared to the standard HDI reported in the global HDR. First, income performance is captured by Gross Domestic Product (GDP) because it is not possible to capture Gross National Income (GNI) at the regional level in the Tanzanian context. Second, educational attainment in the standard HDI formula comprises Expected Years of Schooling (EYS), which is measures schooling life expectancy, and Mean Years of Schooling (MYS), which represents the average educational attainment of the adult population. Regional-level information for the MYS was not available, resulting in the exclusion of this indicator in the computations of the local HDI. The education index therefore is computed based on EYS alone. This might have affected the regional ranking in education attainment and thus the final HDI. However, the EYS as a flow variable provides a good measure of trends in progress, unlike the MYS which is a stock variable, changing slowly overtime. Nevertheless, on policy cycles, Tanzania puts attainment in primary and secondary education among its key priorities. The HDI computed in this report takes this fact into account. The regions in **Table A2** and the rest of the tables are ranked according to their HDI scores. The difference between rank by GDP and HDI indicates whether a region is efficient in converting its income into the social outcomes of improved education and health. Non-income HDI provides a means of comparing regions entirely on the social indicators of HDI.

Table A3 presents results for the Gender Development Index (GDI), which measures discrepancies in HDI by gender. The table shows HDI data estimated separately for women and men. The ratio of the data point for men divided by the corresponding data point for women is the GDI. A GDI value approaching 1 implies a smaller gap between women and men in terms of HDI, but does not necessarily imply that the region is performing well in terms of human development. The table also presents the HDI indicators (health, education and income) disaggregated by gender. **Table A4** shows results for the Gender Inequality Index (GII), which measures discrepancies between women and men on education, participation in labour market and in political representation at the national level. A GII value approaching 1 implies higher inequality between women and men, in favour of men.

Results for the Multidimensional Poverty Index (MPI) are presented in **Table A5.** MPI is a measure designed to capture the overlapping deprivations that individuals face in standard of living, education and health. It captures both the incidence of non-income multidimensional poverty (the headcount of those in multidimensional poverty) and the associated intensity (the relative number of deprivations that people experience at the same time). The table presents findings on proportions of the population that are experiencing different levels of deprivation, including the percentage of the population presently experiencing multidimensional poverty, the percentage of people who are vulnerable to multidimensional poverty, and the percentage of the population presently experiencing severe multidimensional poverty.

Table A6 captures command over resources at the regional level. It comprises information on GDP standardized by population (GDP per capita), regional shares of national GDP, tax revenues disaggregated by their types (i.e., customs, VAT and income taxes) and regional shares of total tax collected. Indicators in this table can be used to analyze how the variation in economic activities across regions is associated with overall human development.
Table A7 presents data on selected indicators for child health, maternal health and adult health, while **Table A8** presents standard indicators for education performance, including net and gross enrolment ratios, and school examination pass rates, along with their associated gender ratios. The table also includes educational attainment of the adult population. Table A9 comprises information on women's participation in decision-making, particularly in regional and district administration and politics. Table A10 presents data on household conditions and environmental variables.

Table A11 pertains to population indicators. Data presented include the regional distribution of the country's population, population structure, urbanization, and average annual growth rates (which capture the direction of the change in population), population density, age dependency ratio, fertility rate and sex ratio. The table also includes migration indicators. Generally, the table describes characteristics of Tanzania's population at the regional level. Labour indicators for the country are presented in **Table A12.**

HDI ranks for Tanzania Mainland regions, 2015

TABLE 1

Region	HDI Rank
Kilimanjaro	1
Dar es Salaam	2
Arusha	3
Iringa	4
Mbeya	5
Ruvuma	6
Tanga	7
Mwanza	8
Manyara	9
Lindi	10
Mara	11
Morogoro	12
Mtwara	13
Rukwa	14

Region	HDI Rank
Pwani	15
Shinyanga	16
Dodoma	17
Tabora	18
Kigoma	19
Singida	20
Kagera	21
Geita	
Simiyu	
Njombe	
Katavi	
Songwe	
Zanzibar	

Note: Geita, Simiyu, Njombe, Katavi and Songwe regions are not included in the ranking due to the unavailability of data necessary for computing their HDI scores. Nonetheless, the report presents some estimates of the composite indices (HDI, GII, GDI and MPI) for these regions

TABLE **2**

Human Development Index Values and its Component Data, 2015

Rank	Region	HDI[a]	Life Expectancy	EYS	GDP per Capita	Non-Income HDI	GDP per Capita Rank minus HDI Rank
		Value	(Years)	(Years)	(Tshs)[b]	Value	
		2015	2012	2012	2015	2015	2015
1	Kilimanjaro	0.746	67.4	11.39	2,387,031	0.707	2
2	Dar es salaam	0.721	59.5	10.32	3,025,543	0.614	-1
3	Arusha	0.704	67.6	9.79	2,322,031	0.657	1
4	Iringa	0.697	55.6	10.80	2,845,393	0.596	-2
5	Mbeya	0.656	58.3	9.92	2,301,974	0.593	1
6	Ruvuma	0.655	60.3	9.01	2,415,486	0.579	-1
7	Tanga	0.650	64.4	9.78	1,936,701	0.634	2
8	Mwanza	0.646	62.5	9.70	2,004,353	0.617	-1
9	Manyara	0.633	68.2	8.35	1,930,722	0.610	-1
10	Lindi	0.620	63.8	8.75	1,901,044	0.595	0
11	Mara	0.612	60.9	9.70	1,776,538	0.606	2
12	Morogoro	0.602	62.4	8.45	1,870,508	0.576	-1
13	Mtwara	0.602	63.5	8.61	1,792,305	0.589	1
14	Rukwa	0.555	58.4	7.43	1,840,724	0.514	-2
15	Pwani	0.533	60.3	8.88	1,403,185	0.575	2
16	Shinyanga	0.532	59.8	7.47	1,596,344	0.524	-1
17	Dodoma	0.479	64.4	7.85	1,188,343	0.568	1
18	Tabora	0.472	60.8	6.24	1,380,413	0.485	-2
19	Kigoma	0.472	62.2	8.42	1,152,553	0.573	1
20	Singida	0.468	67.1	7.94	1,113,241	0.588	1
21	Kagera	0.437	57.6	8.80	1,075,268	0.553	-2
	Geita[c]	0.545	63.3	7.27	1,609,763	0.540	
	Simiyu[d]	0.555	64.7	7.39	1,624,905	0.553	
	Njombe[e]	0.670	53	10.34	2,845,393	0.562	
	Katavi[f]	0.523	57.4	6.38	1,840,724	0.470	
	Songwe[g]	0.656	58.3	9.92	2,301,974	0.593	
	Mainland	0.614	61.7	8.86	1,918,928	0.585	
	Zanzibar	0.637	65.7	10.84	1,632,000	0.677	
	Tanzania	0.614	61.8	8.92	1,904,582	0.587	

NOTES

1. HDI values computed in this report are in a local context, therefore, are not comparable with HDI values reported in global HDRs.
2. Figures are based on current market prices
3. HDI is a weighted estimate of the HDIs for Mwanza, Shinyanga and Kagera regions.
4. HDI is a weighted estimate of the HDIs for Shinyanga and Mwanza regions.
5. HDI is a weighted estimate of the HDI for Iringa region.
6. HDI is a weighted estimate of the HDI for Rukwa region.
7. HDI is weighted estimate of the HDI for Mbeya region.

DEFINITIONS

Human Development Index (HDI): A composite index measuring average achievements in three basic dimensions of human development: a decent standard of living, a long and healthy life, and knowledge. HDI values range from zero (low) to one (high).

Expected Years of Schooling (EYS): Number of years of schooling that a school-age child is expected to receive if the prevailing patterns of age-specific enrolment rates persist throughout the child's life. EYS is also known as schooling life expectancy.

Gross Domestic Product (GDP) per Capita: Sum of gross value added by all producers in the economy (the region in this context) plus any product tax minus any subsidies not included in the value of the product, expressed in current market prices, divided by total population.

Non-income HDI: HDI value computed based on its social dimensions – education and health. GDP per Capita Rank minus HDI Rank: Difference in rankings between GDP per capita and HDI. A positive value means that a region is ranked higher according to HDI than according to GDP.

Life Expectancy (LE) at Birth: Number of years a new-born infant is expected to live if prevailing patterns of age-specific mortality rates at the time of birth remain constant throughout the infant's life.

MAIN DATA SOURCES

Column 1: THDR team computations based on data from URT (2013a) and URT (2015a) and URT (2015c).

Column 2: URT (2013a).

Column 3: THDR team computations based on URT (2015c).

Column 4: URT (2015a).

Column 5: Calculated based on data in columns 2 and 3.

Column 6: Calculated based on data in columns 1 and 4.

TABLE 3

Gender Development Index, 2015

HDI Rank	Region	Gender Development Index (GDI)		Human Development Index (HDI)a		Life expectancy		Expected Years of Schooling (EYS)		Estimate Gross Domestic Product per capitab	
		Ratio of female and male HDI	Rank	Value		Years		Years		TZS	
				Female	Male	Female	Male	Female	Male	Female	Male
		2015	2015	2015	2015	2012	2012	2012	2012	2015	2015
1	Kilimanjaro	0.880	4	0.696	0.791	68.6	66.3	11.33	11.47	2,023,101	2,775,650
2	Dar es Salaam	0.830	13	0.649	0.782	61.8	57.3	9.84	10.95	2,216,280	3,877,812
3	Arusha	0.884	3	0.660	0.747	69.4	65.9	9.62	10.03	1,993,795	2,670,948
4	Iringa	0.927	2	0.669	0.722	57.9	53.3	10.86	10.78	2,470,445	3,251,142
5	Mbeya	0.864	8	0.606	0.701	60.2	56.4	9.68	10.24	1,899,330	2,739,347
6	Ruvuma	0.848	10	0.598	0.705	61.7	59.0	8.87	9.19	1,914,744	2,945,824
7	Tanga	0.842	11	0.591	0.702	65.4	63.4	9.68	9.95	1,592,769	2,301,606
8	Mwanza	0.865	7	0.598	0.691	64.7	60.4	9.29	10.17	1,718,355	2,301,230
9	Manyara	0.781	18	0.539	0.690	69.6	66.8	8.55	8.18	1,348,470	2,505,634
10	Lindi	0.966	1	0.595	0.616	66.6	61.2	8.10	8.22	1,848,759	1,957,824
11	Mara	0.833	12	0.554	0.665	63.0	59.0	9.07	10.43	1,513,040	2,053,453
12	Morogoro	0.869	6	0.557	0.641	64.4	60.4	8.35	8.57	1,586,093	2,163,219
13	Mtwara	0.874	5	0.560	0.641	65.2	61.9	8.60	8.68	1,550,393	2,063,086
14	Rukwa	0.810	16	0.491	0.607	61.0	56.0	7.11	7.84	1,442,095	2,263,826
15	Pwani	0.825	15	0.479	0.581	60.8	59.7	8.79	9.04	1,218,969	1,595,284
16	Shinyanga	0.850	9	0.486	0.571	62.5	57.1	7.29	7.70	1,351,798	1,851,679
17	Dodoma	0.829	14	0.428	0.517	68.0	60.8	7.93	7.80	1,028,860	1,356,255
18	Tabora	0.762	20	0.399	0.524	63.5	58.2	6.04	6.48	1,092,984	1,676,025
19	Kigoma	0.784	17	0.412	0.526	64.0	60.5	7.94	8.97	1,019,206	1,294,964
20	Singida	0.728	21	0.383	0.526	68.4	65.8	8.02	7.90	929,235	1,301,222
21	Kagera	0.773	19	0.374	0.484	59.8	55.5	8.72	8.92	939,019	1,216,790
	Geita[c]	0.768		0.465	0.605	64.9	61.7	6.97	7.61	1,244,290	1,982,630
	Simiyu[d]	0.92		0.533	0.580	66.1	63.3	7.13	7.72	1,572,173	1,682,103
	Njombe[e]	0.954		0.653	0.684	56.7	49.4	10.40	10.32	2,477,330	3,261,933
	Katavi[f]	0.824		0.466	0.565	61.0	53.9	6.06	6.74	1,440,012	2,248,944
	Songwe[g]	0.848		0.598	0.705	61.7	59.0	8.87	9.19	1,914,744	2,945,824
	Tanzania Mainland	0.864		0.567	0.656	63.7	59.7	8.68	9.09	1,623,805	2,229,985
	Zanzibar	0.849		0.579	0.681	67.1	63.3	10.84	10.88	1,372,376	1,909,002
	Tanzania	0.867		0.579	0.668	63.8	59.8	8.75	9.15	1,700,651	2,120,262

NOTES

1. HDI computed in this report is in local context and, therefore, not comparable with HDI values reported in global HDRs.
2. Since gender-disaggregated GDP per capita information is unavailable, the reported figures are estimates. See the technical notes for more details.
3. HDI is a weighted estimate of Mwanza, Shinyanga and Kagera regions' HDIs.
4. HDI is a weighted estimate of Mwanza and Shinyanga regions' HDIs.
5. HDI is a weighted estimate of Iringa region's HDI.
6. HDI is a weighted estimate of Rukwa region's HDI.
7. HDI is a weighted estimate of Mbeya region's HDI.

DEFINITIONS

Gender Development Index (GDI): A composite measure capturing discrepancies in human development achievements between women and men in health, education and living standards. The technical notes provide details on how the GDI is computed. Ratio of Female to Male HDI: Ratio of female to male HDI scores.

Human Development Index (HDI): A composite index measuring average achievements in three basic dimensions of human development – a decent standard of living, a long and healthy life and knowledge. HDI ranges human development scores from zero (low) to one (high).

Expected Years of Schooling (EYS): Number of years of schooling that a school-age child is expected to receive if the prevailing patterns of age-specific enrolment rates persist throughout the child's life. EYS is also known as schooling life expectancy.

Estimated Gross Domestic Product (GDP) per Capita: Derived from the ratio of female to male earnings, female and male shares of economically active population and GDP (in 2012 prices). See technical notes for details.

MAIN DATA SOURCES

Columns 1 and 2: Calculated based on data in columns 3 and 4.

Columns 3 and 4: THDR team computations based on data from URT (2013a), URT (2015a), URT (2015b) and URT (2015c).

Columns 5 and 6: URT (2013a).

Columns 7 and 8: Computations based on URT (2015c).

Columns 9 and 10: Estimates based on URT (2015a), URT (2015b) and URT (2014a).

TABLE 4

Gender Inequality Index, 2015

HDI Rank	Region	Gender Inequality Index	Maternal Mortality rate (%)	Adolescent Fertility Rate	Seats in National Parliament (2015)			Population with at least secondary education (25years and older)		Labour Force Participation Rate (15 years and older)	
		Value	Deaths per 100,000 live births	Births per 1000 women aged 15-19 years	% Female	%Male	Total (Number)	% Female	%Male	% Female	%Male
		2015	2012	2012	2015	2015	2015	2012	2012	2012	2012
1	Kilimanjaro	0.665	283	43.2	38.5	61.5	13	10.3	14.6	70.8	78.6
2	Dar es Salaam	0.649	499	37.7	65.2	34.8	23	24.9	32.3	51.9	80.5
3	Arusha	0.691	585	45.5	46.2	53.8	13	13.3	18.4	63.4	77.9
4	Iringa	0.674	292	53.7	46.2	53.8	13	6.3	11.7	74.9	81.1
5	Mbeya	0.784	776	90.4	20.0	80.0	15	5.8	11.2	71.1	79.7
6	Ruvuma	0.736	365	93.7	30.0	70.0	10	4.5	8.2	79.1	86.1
7	Tanga	0.740	593	77.2	33.3	66.7	15	5.6	9.5	73.9	82.7
8	Mwanza	0.700	305	87.6	46.7	53.3	15	7.2	12.9	63.5	76.2
9	Manyara	0.686	376	70.2	54.5	45.5	11	4.3	6.8	61.1	81.5
10	Lindi	0.757	456	98.9	27.3	72.7	11	2.7	5.7	78.7	86.0
11	Mara	0.749	362	119.4	33.3	66.7	12	4.6	11.2	73.2	78.6
12	Morogoro	0.743	415	98.2	28.6	71.4	14	6.0	9.8	73.7	84.4
13	Mtwara	0.769	579	99.6	25.0	75.0	12	3.0	6.2	80.0	86.0
14	Rukwa	0.766	860	93.7	44.4	55.6	9	3.5	8.2	76.1	83.7
15	Pwani	0.755	687	79.8	30.8	69.2	13	6.0	10.0	65.5	83.4
16	Shinyanga	0.744	259	96.8	25.0	75.0	8	4.2	8.9	64.0	79.9
17	Dodoma	0.740	512	94.0	35.7	64.3	14	4.3	7.5	70.7	82.0
18	Tabora	0.747	330	127.1	33.3	66.7	15	3.1	6.2	63.5	79.8
19	Kigoma	0.724	248	82.2	30.0	70.0	10	3.0	7.3	81.0	83.0
20	Singida	0.754	468	90.2	27.3	72.7	11	3.1	5.8	68.5	82.8
21	Kagera	0.719	391	78.3	38.5	61.5	13	4.5	9.0	80.6	85.1
22	Geita	0.746	289	125.0	33.3	66.7	9	2.7	6.7	71.7	82.1
23	Simiyu	0.731	187	101.3	27.3	72.7	11	2.2	5.5	71.1	79.4
24	Njombe	0.738	788	50.9	33.3	66.7	9	4.5	9.0	80.7	82.9
25	Katavi	0.780	670	140.3	33.3	66.7	6	2.8	6.5	67.4	81.6
26	Songwe[a]	0.784	..	..	100	0	1	..	..	..	..
27	Mainland	0.725	434	82.7	37.0	63.0	306	7.4	12.3	69.2	81.4
28	Zanzibar	0.698	350	36.5	31.1	68.9	74	38.4	44.6	42.6	77.7

NOTES

GII is the weighted estimate for Mbeya region

DEFINITIONS

Gender Inequality Index:
A composite index capturing discrepancies in achievements between women and men in reproductive health, empowerment and the labour market.

Maternal Mortality Ratio:
Ratio of the number of maternal deaths to the number of live births in a year, expressed by 100,000 births.

Adolescent Fertility Rate:
Number of births to women aged 15-19 years per 1,000 women aged 15-19 years.

Labour force participation rate:
Proportion of a region's working age population engaged in labour market, through either working or actively looking for work, expressed as a percentage of regional working-age population.

Seats in National Parliament:
Proportion of seats held by women in the parliament, expressed as percentage of total seats

Population with at least secondary education:
Percentage of the population aged 25 years and above that has attended some secondary education.

MAIN DATA SOURCES

Columns 1 and 2: THDR team computations based on URT (2015f); URT (2015h); and URT (2016b), Regional Statistics Offices

Column 3: URT(2015f)

Column 4: URT (2015h)

Column 5 to 7: URT (2016b), Regional Statistics Offices

Column 8 and 9: URT (2015c)

Column 10 and 11: URT (2015d)

TABLE 5

Multidimensional Poverty Index, 2015

HDI Rank	Region	MPI rank	Multidimensional Poverty Index (MPI=H x A)	Incidence of poverty (H)	Average intensity across poor (A)	Population vulnerable to poverty	Population in severe poverty	Contributions of deprivation to overall poverty		
								Standard of living	Health	Education
			Value	(%)	(%)	(%)	(%)	(%)	(%)	(%)
			2015	2015	2015	2015	2015	2015	2015	2015
1	Kilimanjaro	2	0.092	22.2	41.7	27.9	5.5	62.6	23.9	13.5
2	Dar esSalaam	1	0.046	12.2	38.0	18.0	1.0	50.4	32.4	17.2
3	Arusha	12	0.221	48.4	45.6	20.0	17.1	59.1	19.4	21.6
4	Iringa	6	0.174	40.0	43.6	27.8	8.6	58.5	21.9	19.6
5	Mbeya	7	0.185	42.6	43.4	34.6	12.7	59.5	16.0	24.5
6	Ruvuma	5	0.171	39.4	43.3	36.1	8.4	56.0	22.4	21.5
7	Tanga	9	0.212	46.0	46.0	26.8	16.3	55.5	20.7	23.8
8	Mwanza	14	0.228	49.0	46.6	26.6	20.6	55.7	20.5	23.8
9	Manyara	16	0.244	50.4	48.4	32.9	23.2	57.2	18.3	24.6
10	Lindi	10	0.214	47.2	45.3	32.6	14.3	54.9	15.7	29.5
11	Mara	13	0.222	49.8	44.6	33.0	16.1	63.0	18.1	19.0
12	Morogoro	4	0.169	38.8	43.6	32.9	9.3	58.0	13.7	28.3
13	Mtwara	11	0.215	48.6	44.3	33.3	14.1	54.4	20.3	25.3
14	Rukwa	24	0.326	65.5	49.8	23.0	31.4	54.9	17.8	27.3
15	Pwani	8	0.208	47.4	43.9	34.1	13.1	55.8	18.8	25.4
16	Shinyanga	23	0.310	63.8	48.5	26.5	28.4	53.5	19.8	26.7
17	Dodoma	20	0.285	60.5	47.1	25.5	24.2	59.0	16.1	24.9
18	Tabora	25	0.331	65.0	50.9	25.5	33.7	51.2	15.6	33.2
19	Kigoma	19	0.277	56.2	49.3	23.9	25.2	53.6	23.0	23.3
20	Singida	15	0.241	50.6	47.6	30.0	20.9	54.4	22.7	22.9
21	Kagera	17	0.246	52.9	46.5	29.4	19.8	55.6	23.4	21.1
	Geita	22	0.291	62.0	46.9	23.2	25.0	51.2	17.1	31.8
	Simiyu	18	0.276	59.5	46.4	28.3	22.6	54.5	20.5	25.0
	Njombe	3	0.125	30.6	40.7	32.3	5.1	57.8	18.3	23.9
	Katavi	21	0.286	57.9	49.4	24.6	27.6	51.3	16.8	31.9
	Songwe[a]	7	0.215	48.6	44.3	33.3	14.1	54.4	20.3	25.3
	Mainland		0.220	47.4	45.5	27.7	17.7	55.6	20.2	24.1
	Zanzibar		0.118	26.3	42.5	26.0	8.5	48.4	25.4	26.1
	Tanzania		0.217	46.8	45.4	27.6	17.4	55.4	20.4	24.2

NOTES

MPI is the weighted average of Mbeya region.

DEFINITIONS

Multidimensional Poverty Index (MPI):
Percentage of the population that is multidimensionally poor, adjusted by the intensity of deprivation.

Incidence of poverty (H):
Percentage of the population with a weighted deprivation score of at least 33.3%. The measure is known as the multidimensional poverty headcount.

Average intensity across poor (A):
Average intensity of poverty experienced by people in multidimensional poverty. The measure is also known as intensity of deprivation of multidimensional poverty.

Population vulnerable to poverty:
Percentage of the population at risk of suffering multiple deprivations. This includes those with a deprivation score of 20–33%.

Population in severe poverty:
Percentage of the population with a deprivation score of 50% or greater.

Contribution of deprivation to overall poverty:
Percentage of the Multidimensional Poverty Index attributed to deprivations in each dimension.

MAIN DATA SOURCES

Columns 1 and 2: MoHCDGEC et al. (2016).

Column 3 to 9: Computations based on data on household deprivation in health, education and standard of living from the 2015–16 Tanzania Demographic and Health Survey-Malaria Indicator Survey (MoHCDGEC et al. 2016).

TABLE 6

Command over resources

HDI Rank	Rank GDP cap	Region	Gross Domestic Product (GDP)		Tax collections				Share of regional total tax			Regional share	
			Total (million TZS)	Per capita	Income tax (million TZS)	VAT (million TZS)	Customs (million TZS)	Total (million TZS)	Income tax (%)	VAT (%)	Customs (%)	GDP (%)	Total tax (%)
			2015	2015	2015	2015	2015	2015					
1	4	Kilimanjaro	4,126,036	2,387,031	48,021	31,419	75,362	154,802	31.02	20.30	48.68	5.19	1.10
2	1	Dar es Salaam	15,631,679	3,025,543	1,054,333	778,125	5,195,410	7,027,867	15.00	11.07	73.93	19.68	49.75
3	5	Arusha	4,271,447	2,322,031	137,820	174,109	71,095	386,024	35.70	45.10	18.42	5.38	2.73
4	2	Iringa	4,816,738	2,845,393	33,789	27,050	522	61,360	55.07	44.08	0.85	6.06	0.43
5	6	Mbeya	6,761,610	2,301,974	24,734	17,539	83,870	126,143	19.61	13.90	66.49	8.51	0.89
6	3	Ruvuma	3,544,392	2,415,486	7,595	5,119	46	12,760	59.52	40.12	0.36	4.46	0.09
7	8	Tanga	4,235,095	1,936,701	31,015	24,462	57,981	113,458	27.34	21.56	51.10	5.33	0.80
8	7	Mwanza	8,452,013	2,004,353	66,556	43,117	50,285	159,958	41.61	26.96	31.44	10.64	1.13
9	9	Manyara	3,026,366	1,930,722	9,820	5,508	0.0	15,328	64.07	35.93	0.0	3.81	0.11
10	10	Lindi	1,690,403	1,901,044	4,687	2,533	186	7,406	63.28	34.21	2.51	2.13	0.05
11	14	Mara	3,335,364	1,776,538	11,146	12,498	76,842	100,486	11.09	12.44	76.47	4.20	0.71
12	11	Morogoro	4,453,211	1,870,508	45,294	18,721	1,332	65,347	69.31	28.65	2.04	5.61	0.46
13	13	Mtwara	2,362,928	1,792,305	12,590	17,851	94,453	124,895	10.08	14.29	75.63	2.97	0.88
14	12	Rukwa	3,180,865	1,840,724	6,904	4,560	1,810	13,274	52.01	34.35	13.64	4.00	0.09
15	16	Pwani	1,644,962	1,403,185	18,305	9,672	7,720	35,696	51.28	27.09	21.63	2.07	0.25
16	15	Shinyanga	5,389,294	1,596,344	19,401	15,209	4,159	38,769	50.04	39.23	10.73	6.78	0.27
17	18	Dodoma	2,635,574	1,188,343	37,384	10,714	637	48,735	76.71	21.98	1.31	3.32	0.34
18	17	Tabora	3,453,511	1,380,413	10,587	11,720	5	22,312	47.45	52.53	0.02	4.35	0.16
19	19	Kigoma	2,635,574	1,152,553	7,786	3,595	1,386	12,766	60.99	28.16	10.85	3.32	0.09
20	20	Singida	1,635,873	1,113,241	4,907	3,238	0.0	8,145	60.24	39.76	0.0	2.06	0.06
21	21	Kagera	3,580,745	1,075,268	10,722	12,259	20,566	43,548	24.62	28.15	47.23	4.51	0.31
-	-	Geita[a]	..	..	..	..	..	..	-	-	-	-	-
-	-	Simiyu[a]	..	..	..	..	..	..	-	-	-	-	-
-	-	Njombe[a]	..	..	..	..	..	..	-	-	-	-	-
-	-	Katavi[a]	..	..	..	..	..	..	-	-	-	-	-
-	-	Songwe[a]	..	..	..	..	..	..	-	-	-	-	-
-	-	Tanzania Mainland	90,863,681	1,918,928	5,022,119	3,361,688	5,743,667	14,127,474	35.55	23.80	40.66	114.38	100.00
-	-	Zanzibar	2,308,000	1,632,000	21,377	180,258	88,546	290,180	7.37	62.12	30.51	-	-

NOTES

GDP and tax information for the region was not available.

DEFINITIONS

Gross Domestic Product (GDP):
Sum of gross value added by all producers in the economy (region in this context) plus any product tax minus any subsidies not included in the value of the product, expressed in current market prices.

GDP per capita:
GDP divided by population. It represents the average resources available to each individual in the population.

Regional share of GDP:
Percentage contribution of a region to the total GDP (national GDP).

Total tax:
Sum of income, VAT and customs taxes.

Income tax:
Tax on gains and profits from business, employment and investments of individuals, corporations and other entities operating in the economy.

Customs tax:
Indirect tax levied on imports or exports in international trade.

Value Added Tax (VAT):
Consumption tax charged on taxable goods and services whenever value is added at each stage of production and at the final stage of sale.

Regional share of total tax:
Percentage contribution of a region to the total tax collected in the country.

MAIN DATA SOURCES

Columns 1 and 2: URT (2015a).

Columns 3 to 6: TRA (2015).

Columns 7 to 9: Computations based on data from TRA (2015).

Column 10: Computations based on data from URT (2015a).

Column 11: Computations based on data from TRA (2015).

TABLE 7

Health indicators

Region	Immunization coverage		Child nutrition status			Maternal health				HIV prevalence rate		Proportion covered by health insurance	
	DPT	Measles	Stunted	Wasted	Under weight at birth	Delivered by skilled provider	Delivered in health facility	Maternal Mortality Ratio	Antenatal visits (4+)	Women	Men	Women	Men
	(% aged 12–23 months)		(% under 5 years of age)		(%)	(% aged 15–49 years)			(%)	(% aged 15–49 years)		(% aged 15-49 years)	
	2015	2015	2015	2015	2015	2015	2015	2012	2015	2012	2012	2015	2015
Kilimanjaro	97.7	95.7	29.0	3.1	9.5	95.5	91.4	283	54.5	4.9	2.2	22.9	23.4
Dar es Salaam	95.4	94.2	14.6	4.7	8.0	94.7	94.2	499	73.8	8.2	5.3	10.3	9.9
Arusha	97.4	83.8	36.0	6.5	10.5	56.5	55.5	585	49.9	3.9	2.3	11.1	18.3
Iringa	95.8	91.9	41.6	3.6	6.0	93.3	92.8	292	56.8	10.9	6.9	10.3	10.3
Mbeya	95.7	86.2	37.7	4.7	2.1	65.4	64.9	776	46.0	11.0	6.7	9.6	11.2
Ruvuma	96.9	90.1	44.4	2.6	9.5	85.9	85.5	365	43.4	9.1	4.1	7.1	7.4
Tanga	92.2	90.1	39.4	3.4	7.4	68.4	66.8	593	62.5	3.5	0.7	9.2	8.8
Mwanza	87.0	87.8	38.6	4.3	8.6	54.2	53.3	305	42.1	4.7	3.7	3.9	3.8
Manyara	97.1	87.2	36.0	6.4	4.7	47.5	47.5	376	54.6	2.7	0.3	10.4	8.5
Lindi	88.4	90.2	35.2	1.2	11.1	80.4	80.8	456	53.3	4.3	1.1	10.3	8.3
Mara	92.0	88.0	29.2	4.1	6.3	50.6	50.4	362	48.9	5.2	3.5	6.6	2.0
Morogoro	90.9	90.4	33.4	6.0	7.5	77.9	75.2	415	71.5	5.3	2.1	12.2	7.9
Mtwara	89.9	88.5	37.7	3.2	13.0	82.0	81.3	579	50.2	6.0	1.5	5.0	8.7
Rukwa	84.6	87.0	56.3	5.3	5.0	65.3	64.2	860	46.4	6.8	5.5	7.7	8.0
Pwani	92.1	84.3	30.0	4.3	10.6	83.5	83.1	687	70.5	9.2	2.1	9.7	3.4
Shinyanga	72.0	68.6	27.7	3.3	6.9	62.7	60.6	259	50.4	8.1	6.6	8.8	6.3
Dodoma	98.6	98.4	36.5	5.5	7.0	69.3	69.1	512	57.9	2.1	3.7	16.3	18.1
Tabora	69.1	70.6	27.9	3.5	3.0	54.4	52.2	330	39.1	5.8	4.5	4.2	6.8
Kigoma	90.2	88.7	37.9	6.0	5.3	46.7	46.1	248	21.2	4.5	2.0	12.6	21.3
Singida	91.9	86.2	29.2	4.7	5.8	62.8	61.8	468	53.1	4.5	1.8	15.8	16.0
Kagera	95.0	97.4	41.7	2.3	5.0	47.0	45.4	391	46.7	5.5	4.1	6.1	8.0
Njombe	97.5	89.9	49.4	1.3	6.0	85.5	86.5	788	49.9	15.4	14.2	8.6	10.9
Katavi	67.7	60.9	38.8	3.4	5.4	46.0	45.9	670	32.7	5.3	6.7	3.5	7.8
Simiyu	83.9	73.9	33.3	5.0	4.9	41.9	40.4	187	39.1	4.3	2.7	5.2	4.1
Geita	80.2	79.0	40.5	6.2	3.7	49.1	47.5	289	37.9	5.7	6.7	5.8	3.5
Songwe[a]	95.7	86.2	37.7	4.7	2.1	65.4	64.9	776	46.0	11.0	6.7	9.6	11.2
Mainland	88.9	85.9	34.8	4.4	6.8	63.5	62.5	434	50.6	6.3	3.9	9.2	9.7
Zanzibar	93.4	89.4	23.5	7.1	10.0	68.8	66.0	350	52.9	1.1	0.9	3.4	3.5
Tanzania	89.0	86.0	34.4	4.5	6.9	63.7	62.6	432	50.7	6.2	3.8	9.0	9.5

NOTES

Takes exact values for Mbeya since was part of that region during the survey.

DEFINITIONS

Immunization coverage for DTP: Percentage of one-year-olds who have received three doses of the combined diphtheria, tetanus toxoid and pertussis (DTP) vaccine.

Immunization coverage for measles: Percentage of one-year-olds who have received at least one dose of a measles vaccine.

Stunted: Proportion of children under five years of age whose height-for-age Z-score is below minus two standard deviations from the WHO reference point.

Wasted: Proportion of children under five years of age whose weight-for-height Z-score is below minus two standard deviations from the WHO reference point.

Underweight at birth: Percentage with reported birth weight below 2.5 kilograms.

Maternal Mortality Ratio: is the death of a woman while pregnant or within 42 days of termination of pregnancy, irrespective of the duration and site of the pregnancy, from any cause related to or aggravated by the pregnancy or its management but not from accidental or incidental causes.

Delivered by skilled provider: Proportion of births delivered by a doctor/assistant medical officer, clinical officer, assistant clinical officer, nurse/midwife, or MCH aide.

Delivered in health facility: Proportion of births delivered at referral hospital, hospital, health centre or dispensary.

Proportion covered by health insurance: Percentage of population aged 15-49 years with health insurance from any of the following: social security; other employer-based insurance; mutual health organization/community-based insurance; and private purchase

Antenatal visits: Percentage of women aged 15–49 years with live births who made at least four visits for antenatal care.

HIV prevalence rate: Percentage of the population aged 15–49 years who are infected with HIV.

MAIN DATA SOURCES

Columns 1 to 7: MoHCDGEC et al. (2016)

Column 8: URT (2015f).

Column 9: MoHCDGEC et al. (2016)

Columns 10 and 11: TACAIDS et al. (2013).

Columns 12 and 13: MoHCDGEC et al. (2016)

TABLE 8

Educational indicators

Region	Pre-school participation	Enrolment and performance			Gender Parity Index (GPI)										Adult literacy		% with at least secondary
	NER	GER	NER	Pass rate (PR)	GER	PR	PLR	PQTR	PQTR	PTR	PLR	PCR	PCR	PDR	% aged 15+years		% aged 5+ years
		Prim	Prim	Prim	Prim	Prim	Prim	Pre-prim	Prim	Sec	Prim	Prim	Sec	Prim	Male	Female	
	2016	2016	2016	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2012	2012	2012
Kilimanjaro	55.1	82.9	77.5	80.1	0.976	1.113	0.962	118	30	17	26	40	36	3	94.4	90.3	18.1
Dar es Salaam	25.7	79.5	76.6	83.2	0.996	0.980	0.953	33	34	20	64	74	45	5	97.6	94.8	32.6
Arusha	37.7	85.5	79.2	79.7	0.988	0.997	0.919	68	32	16	35	53	44	4	84.5	76.7	24.1
Iringa	58.6	104.1	93.9	73.3	1.025	0.945	0.968	100	37	15	31	53	34	4	88.4	76.1	15.8
Mbeya	53.4	98.8	89.2	57.1	1.021	0.897	1.022	135	41	18	47	67	39	4	86.6	75.7	14.4
Ruvuma	51.1	95.7	89.0	68.4	0.976	0.937	1.022	161	43	15	47	56	37	4	88.3	80.8	9.5
Tanga	59.7	98.6	90.1	76.7	1.019	1.018	0.961	126	41	16	50	67	37	4	85.5	74.8	13.0
Mwanza	46.5	106.8	99.2	82.1	1.032	0.814	1.026	120	47	18	79	98	53	6	84.7	75.5	15.7
Manyara	26.7	78.9	74.5	59.2	1.048	0.968	1.031	109	40	16	33	63	37	4	76.8	68.4	10.9
Lindi	43.8	97.0	91.7	61.7	1.043	0.818	1.000	156	41	16	48	52	33	4	76.1	61.0	8.8
Mara	79.8	123.7	99.7	60.9	0.992	1.030	0.942	139	49	19	67	91	39	6	87.2	75.2	12.1
Morogoro	42.1	93.8	86.7	60.1	1.027	0.937	0.964	153	41	14	56	74	39	5	82.2	72.0	13.2
Mtwara	59.5	102.6	95.5	68.4	1.044	0.928	1.000	202	43	17	47	61	40	4	77.9	65.0	9.2
Rukwa	63.3	94.0	84.5	55.3	1.022	0.705	0.905	213	50	17	60	93	36	7	78.8	61.8	11.5
Pwani	38.3	119.5	99.8	63.1	1.029	0.915	0.981	75	38	14	53	66	36	5	80.9	66.9	14.8
Shinyanga	45.4	93.7	87.7	63.8	1.048	0.78	1.000	201	46	17	72	75	46	5	75.4	62.1	11.5
Dodoma	36.5	84.7	79.2	53.6	1.127	0.900	1.054	221	45	15	58	77	34	6	73.5	62.0	11.8
Tabora	36.9	85.1	76.1	50.5	1.015	0.808	0.940	209	44	17	66	89	37	6	65.5	52.9	10.6
Kigoma	45.6	82.5	72.5	54.0	0.987	0.582	0.952	179	51	18	82	103	37	5	82.7	70.2	9.6
Singida	41.8	86.9	83.5	58.4	1.085	0.901	0.978	169	48	16	45	74	35	5	79.6	68.0	8.4
Kagera	54.8	82	76.1	76.8	1.014	0.918	0.964	183	42	17	55	76	37	5	81.5	72.5	12.0
Geita	52.2	109.3	99.9	78.5	1.008	0.748	0.932	147	47	18	101	116	48	7	75.7	60.5	9.8
Simiyu	46.4	92.5	87.6	61.2	1.069	0.601	1.011	236	47	18	89	91	39	7	74.3	60.4	6.9
Njombe	70.6	106.8	99.1	75.7	1.023	1.029	0.962	291	39	13	26	48	37	3	88.1	76.8	11.9
Katavi	34.0	89	80.2	85.0	0.997	0.699	0.958	99	51	20	70	102	40	5	73.6	58.3	9.6
Songwe	..	..	..	..	1.038	..	..	..	..	17			37	4	..	..	..
Mainland	46.7	93.5	85.6	67.8	1.023	0.880	0.963	131	42	17	53	73	40	5	83.2	73.1	16.0
Zanzibar	25.4	103.1	84.2	78.1	0.979	1.160	0.853	26	38	21	..	77	52	3	88.3	80.7	84.6

NOTES

A. Prim refers to primary education.
B. Sec refers to secondary education.
C. Figures are standardized by sex ratio obtained from 2012 National Census Report.

DEFINITIONS

Gross enrolment ratio (GER): Specific level of education, regardless of age, expressed as a percentage of the eligible official school-age population corresponding to the same level of education in a given school year.

Net enrolment ratio (NER): Enrolment of the official age group for a given level of education expressed as a percentage of the corresponding population.

Pass rate (PR): Proportion of pupils who passed the Primary School Leaving Examination (PSLE) out of the total number who sat the exam.

Gender parity index: Ratios of female to male values of a given indicator. Example: GERfemale/GERmale. A value greater than 1 indicates better performance for females than males.

Pit latrine ratio: Average number of students per latrine at primary level in a given year.

Pupil-teacher ratio (PTR): Average number of students per teacher at a specific level of education in a given year.

Pupil-qualified teacher ratio (PQTR): Average number of students per qualified teacher at a specific level of education in a given year.

Pupil-classroom ratio (PCR): Average number of students per classroom.

Pupil Desk Ratio: Average number of students per desk

Adult literacy: Percentage of population aged 15 years and above who can both read and write.

Population with at least secondary education: Percentage of population aged 5 years and above with at least some secondary education.

MAIN DATA SOURCES

Columns 1 to 4: URT (2016a).

Columns 5 to 7: Computations based on data from URT (2016a).

Columns 8 to 14: URT (2016a).

Columns 15 to 17: URT (2015c).

TABLE 9

Representation of women in decision-making positions

Region	Members of Parliament		Regional Commissioners		Regional Administrative Secretaries		District Commissioners		District Administrative Secretaries		Councillors		Involvement in household expenditure decisions
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2015
Kilimanjaro	5	8	0	1	1	0	0	6	2	4	72	156	54.2
Dar es Salaam	15	8	0	1	1	0	1	2	0	3	39	103	60.6
Arusha	6	7	0	1	0	1	0	6	1	5	56	158	29.5
Iringa	6	7	1	0	1	0	0	4	0	4	52	117	60.4
Mbeya	3	12	0	1	1	0	2	3	1	4	91	174	59.8
Ruvuma	3	7	0	1	0	1	4	4	0	8	65	170	55.3
Tanga	5	10	0	1	1	0	6	2	1	7	92	213	36.8
Mwanza	7	8	0	1	0	1	4	3	2	5	67	188	27.9
Manyara	6	5	0	1	0	1	1	4	2	4	49	139	25.9
Lindi	3	8	0	1	0	1	1	5	0	6	60	142	27.9
Mara	4	8	0	1	0	1	1	8	1	7	61	175	23.7
Morogoro	4	10	0	1	0	1	3	3	6	0	86	188	69.1
Mtwara	3	9	1	0	0	1	2	7	0	9	80	177	42.7
Rukwa	4	5	0	1	0	1	0	3	1	2	27	68	58.2
Pwani	4	9	0	1	1	0	2	4	4	2	57	124	59.2
Shinyanga	2	6	0	1	0	1	2	1	0	3	53	118	47.6
Dodoma	5	9	0	1	1	0	3	4	4	3	82	201	77.9
Tabora	5	10	0	1	1	0	3	4	0	7	20	181	40.1
Kigoma	3	7	0	1	0	1	1	5	2	4	58	135	29.3
Singida	3	8	0	1	0	1	2	3	0	5	57	134	58.9
Kagera	5	8	0	1	0	1	2	5	0	7	69	180	36.2
Geita	3	6	0	1	0	1	1	3	0	4	37	83	36.6
Simiyu	3	8	0	1	0	1	2	1	0	3	34	85	31.8
Njombe	3	6	1	0	0	1	2	2	0	4	47	97	70.7
Katavi	2	4	0	1	0	1	0	3	0	3	27	55	44.6
Songwe	1		1	0			1	2	0	3	29	74	59.8
Mainland	113	186	4	22	8	16	46	97	27	116	1,467	3,635	46.3
Zanzibar	23	51	0	5	1	4	2	8	2	8	63	129	35.9
Tanzania	136	237	4	27	9	20	48	105	29	124	1,530	3,764	46.0

NOTES

Includes both special seat members as well as those elected in constituencies.

Regional Administrative Secretary (RAS): Person in charge of day-to-day administrative activities in the Office of Regional Commissioner.

DEFINITIONS

Members of Parliament: Representatives of the citizens from various political parties in the National Parliament either through special seat selection or through election in constituencies.

District Commissioner: Principal representative of the government in the district appointed by the President. He/She is subject to the directions, guidance or instructions of the Regional Commissioner of his/her region.

Regional Commissioner: Principal representative of the government in the region appointed by the President of the United Republic. Those for Zanzibar are appointed by the President of Zanzibar.

District Administrative Secretary: Person in charge of day-to-day administrative activities in the Office of District Commissioner.

Councillors: Representatives of the citizens from various political parties at ward level.

Involvement in Household Expenditure Decisions: Percentage of women aged 15-49 years who make decision on household major purchases either by themselves or jointly with their husband.

MAIN DATA SOURCES

Columns 1 to 12: URT (2016b)

Column 13: MoHCDGEC et al. (2016)

TABLE
10

Household conditions and environmental indicators

Region	Improved water sources	Improved sanitation facilities	House materials			Cooking fuels			Sanitation	Forest and woodland (% of total area)
			Roof	Floor	Walls	Electricity	Charcoal	Firewood	No toilet	
	2012	2015	2015	2015	2015	2015	2015	2015	2012	2014
Kilimanjaro	82.7	53.1	99.5	69.2	78.8	2.0	11.8	77.8	9.1	48.6
Dar es Salaam	79.8	89.3	99.8	97.0	99.4	7.2	73.5	6.7	6.2	32.5
Arusha	78.0	49.6	78.9	54.7	65.2	2.0	16.0	60.5	2.6	43.5
Iringa	54.0	30.6	83.4	52.2	73.9	0.7	18.0	79.3	3.1	52.1
Mbeya	55.2	30.0	81.7	45.5	96.9	1.1	23.8	72.8	10.0	70.6
Ruvuma	60.9	27.8	68.5	37.1	91.1	0.4	17.6	80.3	1.0	74.6
Tanga	48.4	31.0	73.3	48.5	49.7	1.1	19.2	77.1	3.4	47.9
Mwanza	56.7	33.4	74.1	41.8	86.0	0.8	34.9	61.8	21.3	14.3
Manyara	49.3	18.7	62.1	22.1	51.6	0.4	13.5	82.8	0.3	45.5
Lindi	33.2	16.7	53.4	23.8	46.4	0.5	12.7	84.9	3.0	77.2
Mara	29.5	24.3	74.6	38.7	74.2	0.6	18.3	78.5	19.6	15.7
Morogoro	63.6	31.8	70.9	40.0	63.2	1.5	28.7	67.2	7.9	63.6
Mtwara	34.4	14.8	49.0	23.2	61.7	0.4	11.2	86.6	0.6	41.4
Rukwa	41.9	19.0	60.9	34.0	94.3	0.2	23.3	75.4	2.7	41.2
Pwani	49.6	32.3	70.4	39.9	35.3	1.0	28.9	67.2	0.2	58.7
Shinyanga	40.8	24.7	63.7	39.6	96.1	0.9	26.2	71.0	3.8	17.1
Dodoma	53.8	20.1	71.9	22.7	73.0	0.5	16.5	80.8	20.6	32.8
Tabora	25.1	16.5	50.6	24.7	83.9	0.4	21.4	76.8	6.1	61.2
Kigoma	37.1	15.1	66.6	20.3	85.9	0.3	17.5	80.7	15.0	60.4
Singida	38.6	14.4	62.9	26.8	89.8	0.5	13.6	82.3	18.4	45.7
Kagera	60.6	15.8	83.6	26.4	48.4	0.4	13.3	84.9	8.8	54.3
Njombe	42.3	25.1	86.9	45.9	94.3	0.5	14.9	83.4	13.5	37.0
Katavi	49.9	21.8	61.8	31.1	86.6	0.4	30.1	68.3	16.8	82.7
Simiyu	34.1	12.3	81.6	17.1	99.2	0.2	9.0	89.2	12.3	18.0
Geita	82.7	20.1	79.2	29.2	89.3	0.3	30.8	66.9	12.3	48.1
Songwe[a]	..	..	..	..	..	..	..	..	..	..
Mainland	53.9	19.0	74.7	42.2	77.5	0.5	27.1	66.4	7.5	54.6
Zanzibar	84.7	61.0	85.4	76.6	72.2	1.3	30.3	62.5	19.3	40.1
Tanzania	..	20.1	75.0	43.1	77.4	0.5	27.2	66.3	..	..

NOTES

Data is unavailable for this new region

DEFINITIONS

Improved water sources: Includes piped and protected water sources

Improved sanitation facilities: Includes flush to piped sewer system, flush to septic tank, flush to covered pit, ventilated improved pit latrine, and pit latrine that are washable with lid.

Roof: Proportion of houses with roof built using durable materials including: iron sheets, tiles or concrete

Floor: Proportion of houses with durable and washable floor made of parquet or polished wood, vinyl or asphalt strips, ceramic tiles, terrazzo, cement/concrete or carpet

Walls: Proportion of houses with durable walls made of cement/concrete, stone with lime/cement, sun-dried bricks/ mud bricks, baked bricks, or cement blocks

MAIN DATA SOURCES

Column 1 and 9: URT (2014a)

Columns 2 to 8: Computations based on MoHCDGEC et al. (2016)

Column 10: URT (2015i)

TABLE
11

Population trends

Region	Population (millions) 2016 estimates	Proportion of population by age groups				Migrated persons as percentage of non-migrants (%)							
	Population	0–4 years (%)	5–14 years (%)	15–64 years (%)	65+ years (%)	In-migrants	Out-migrants	Average Annual Rate	Density	Median age	Age Dependency Ratio	Total Fertility Rate	Sex Ratio (M/F)
	2015	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012
Kilimanjaro	1,762,528	11.7	26.2	55.1	7.0	10.8	38.8	1.8	133	20.6	81.4	4.3	94
Dar es Salaam	5,460,351	12.1	19.5	66.3	2.1	114.4	13.6	5.6	3920	22.7	50.8	3.6	95
Arusha	1,887,542	14.8	26.9	55.1	3.2	23.0	18.0	2.7	50	18.5	81.5	5.9	94
Iringa	983,577	13.7	28.3	53.6	4.4	11.5	29.2	1.1	28	18.5	86.5	4.6	92
Mbeya	3,016,184	15.6	27.4	53	4.0	11.4	9.5	2.7	50	18.1	88.8	5.1	92
Ruvuma	1,497,546	14.9	28.1	53	4.0	6.6	11.5	2.1	24	18.4	88.7	4.9	94
Tanga	2,233,340	14.9	28.5	51.8	4.8	8.9	25.0	2.2	84	18.2	93.0	5.7	94
Mwanza	3,125,995	18.0	28.7	50.3	3.0	16.5	22.7	3.0	330	16.3	98.9	6.7	96
Manyara	1,619,737	17.6	29.5	49.1	3.8	17.9	9.6	3.2	36	16.2	103.6	6.3	101
Lindi	896,347	13.0	26.3	54.4	6.3	10.6	29.8	0.9	13	21.1	84.0	4.6	92
Mara	1,927,230	19.0	30.6	46.9	3.5	6.6	17.9	2.5	88	15.0	113.2	7.0	93
Morogoro	2,442,025	14.6	26.7	54.4	4.3	22.4	21.0	2.4	34	19.1	83.8	4.9	97
Mtwara	1,333,343	13.3	25.2	54.8	6.7	5.0	20.1	1.2	80	21.8	82.4	4.1	89
Rukwa	1,141,712	19.7	30.7	47.0	2.6	10.5	11.6	3.2	50	14.7	112.9	7.3	94
Pwani	1,199,732	14.0	25.9	53.9	6.2	34.9	43.2	2.2	37	20.2	85.6	4.7	96
Shinyanga	1,669,302	18.4	29.2	49.1	3.3	21.3	42.8	2.1	88	16.0	103.8	6.1	96
Dodoma	2,266,171	16	29.5	49.6	4.9	8.7	26.8	2.1	54	17.0	101.5	5.5	95
Tabora	2,573,483	18.6	29.8	48.1	3.5	26.3	16.8	2.9	34	15.6	107.9	7.0	97
Kigoma	2,342,338	19.3	29.5	47.5	3.7	5.2	18.0	2.4	63	15.6	110.4	7.3	94
Singida	1,502,718	17.4	29.6	48.3	4.7	12.5	21.9	2.3	31	16.3	107.0	7.4	98
Kagera	2,793,673	18.3	29.4	48.8	3.5	8.5	10.1	3.2	110	15.9	105.0	6.4	96
Geita	1,930,183	19.6	30.9	47	2.5	33.9	11.8	2.6	97	14.7	112.9	8.5	98
Simiyu	1,702,423	19.9	31.4	45.5	3.2	6.8	15.0	1.8	68	14.4	119.7	7.9	92
Njombe	724,927	13.3	28.6	53.5	4.6	7.4	23.5	0.8	34	18.6	87.0	4.2	88
Katavi	641,702	19.8	29.7	47.9	2.6	55.8	10.1	3.2	14	15.2	108.7	7.4	98
Songwe	..	..	..	..	..	..	..	..	..	..	..	..	..
Mainland	48,600,727	16.2	27.6	52.3	3.9	..	..	2.7	49	18.0	91.7	5.5	95
Zanzibar	1,458,059	15.6	26.9	54.7	2.8	3.9	3.8	2.8	593		83.0	5.2	94
Tanzania	50,052,965	16.2	27.6	52.3	3.9	..	..	2.7	51	17.8	91.5	5.5	95

DEFINITIONS

Age group 65+ years: Percentage of the population aged 65 years and above in the total population.

Age dependency ratio: Ratio of the sum of the population aged 0–14 and aged 65 and older to the population ages 15–64.

Population: De facto population in a region as per 2012 census.

Age group 0–4 years: Percentage of the population aged 0 to 4 years in the total population.

Age group 5–14 years: Percentage of the population aged 5 to 14 years in the total population.

Urban population: De facto population living in areas classified as urban according to the criteria used in 2012 Census.

Fertility rate: Number of children that would be born to each woman if she were to live to the end of her child-bearing years and bear children at each age in accordance with prevailing age-specific fertility rates.

Average annual rate: Average annual exponential growth rate for the period specified.

Sex ratio: Number of males in the population per number of females.

Density: Number of people per square kilometre.

Age group 15–64 years: Percentage of the population aged 15 to 64 years in the total population.

Median age: Age that divides the population distribution into two equal parts—that is, 50% of the population is above that age and 50% is below it.

In-migrants: Proportion of population migrated from other regions different from original place of birth

Out-migrants: Proportion of population migrated to other regions different from original place of birth

MAIN DATA SOURCES

Column 1: MoHCDGEC et al. (2016)

Column 2 to 11: URT (2014a).

Column 12: URT (2015h)

Columns 6 and 7: URT (2015e)

Column 13: URT (2013b)

TABLE
12

Labour indicators

Indicator	Rural		Urban		Dar es Salaam		Tanzania Mainland		
	Female	Male	Female	Male	Female	Male	Female	Male	Total
Labour Force Participation Rate (%)	87.7	92.1	82.3	86.8	71.5	81.3	84.2	89.4	86.7
Unemployment (%)	8.9	8.0	18.2	8.5	32.2	11.3	12.3	8.2	10.3
Employment (by sector) (%)									
Agriculture, forest and fishing	..	..	..	..	..	..	69.9	64.0	66.9
Mining and quarrying	..	..	..	..	..	..	0.4	1.7	1.1
Manufacturing	..	..	..	..	..	..	2.6	3.6	3.1
Construction	..	..	..	..	..	..	0.1	4.0	2.1
Services[a]	..	..	..	..	..	..	27.0	26.7	26.8
Employment (by occupation) (%)									
Legislators and administrators	0.0	0.4	0.4	1.0	1.2	2.0	0.2	0.7	0.5
Professionals	0.0	0.5	0.7	2.3	2.5	4.3	0.4	1.3	0.9
Technician and associate professionals	1.3	1.0	3.6	4.3	5.1	3.8	2.3	2.1	2.2
Office clerks	0.0	0.1	1.9	0.8	4.1	2.5	0.9	0.5	0.7
Service workers and shop sales workers	3.3	3.3	21.5	18.2	28.0	25.7	10.1	9.5	9.8
Agricultural and fishery workers	88.8	84.6	41.5	34.2	4.3	3.6	69.4	63.2	66.3
Craft and related workers	1.2	4.1	5.9	16.6	5.4	24.5	2.8	9.4	6.1
Plant and machine operators and assemblers	0.0	1.8	0.4	8.8	0.8	16.7	0.2	5.2	2.7
Elementary occupations	5.1	4.3	24.1	13.9	48.7	16.9	13.7	8.1	10.9
Employment in informal sector (%)									
Primary activity	11.8	14.1	25.6	21.2	13.6	13.6	51.1	48.9	100.0
Secondary activity	37.2	41.7	10.4	9.4	0.5	0.7	48.1	51.9	100.0
Mean Monthly Income (TZS ,000)									
Paid employees	254.6	230.3	236.2	329.0	321.5	473.5	265.6	328.9	308.1
Self-employed	99.8	175.6	147.6	294.5	238.1	511.0	144.3	279.6	215.5

NOTES

Includes: Wholesale and retail trade; repair of motor vehicles and motor cycles; transportation and storage; accommodation and food service activities; education; administrative and support service activities; Human health and social work activities

MAIN DATA SOURCES

Rows 1 to 24: URT (2015g).

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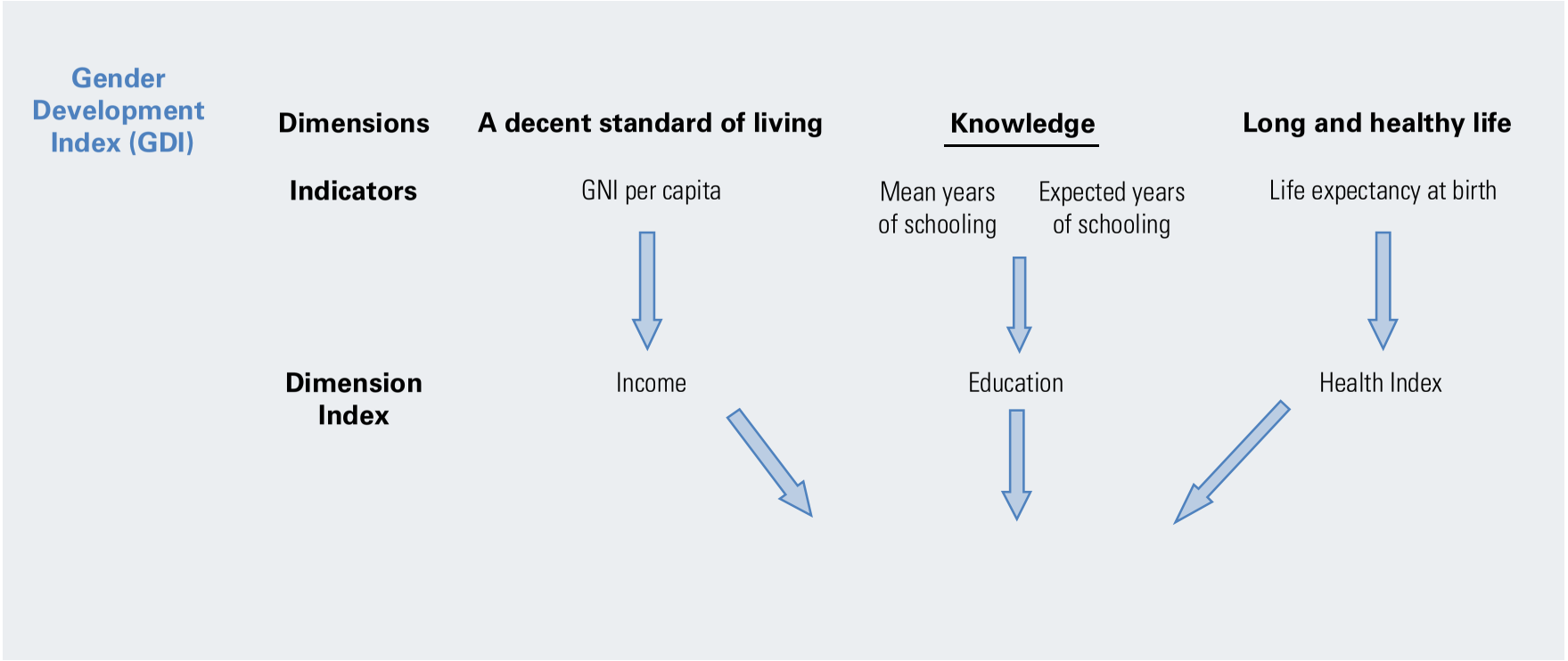
http://hdr.undp.org/sites/default/files/hdr14_technical_notes.pdf

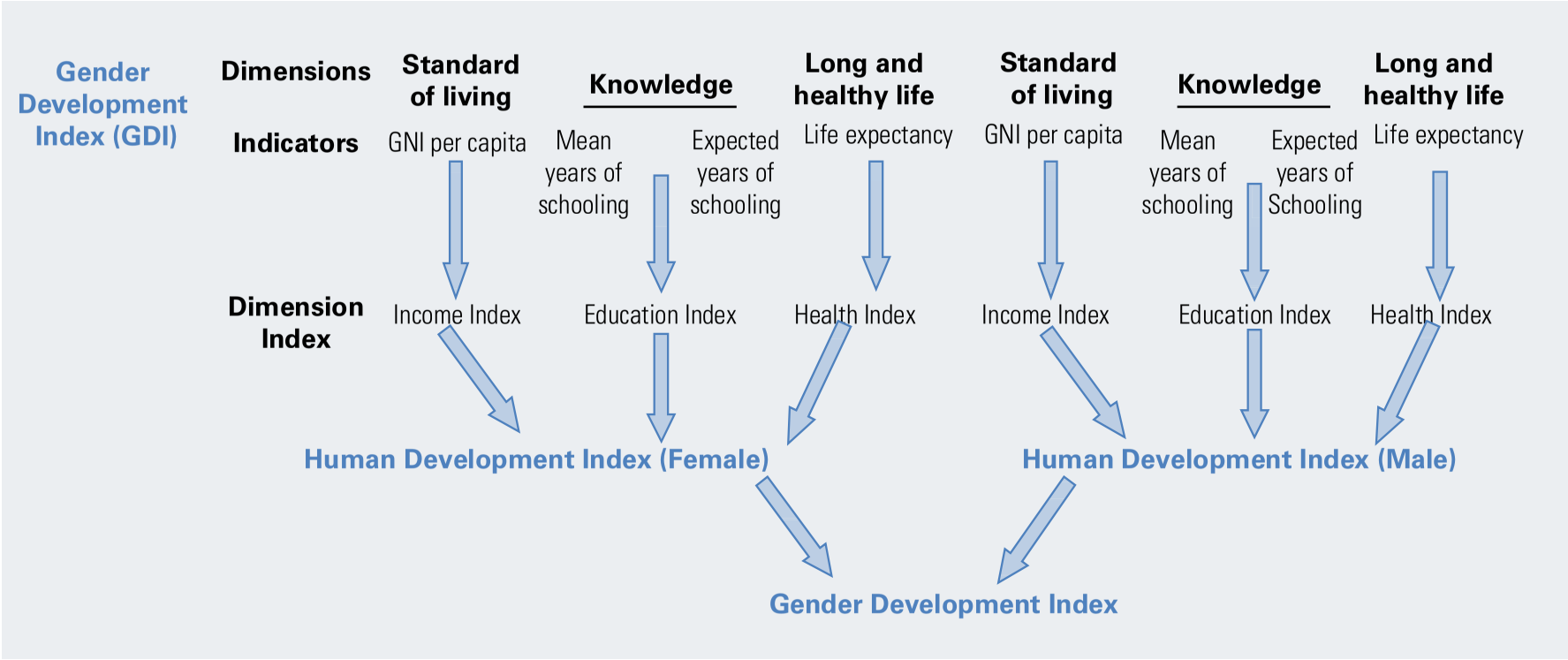
A: Computation of the Indices – Graphical Presentation

Human Development Index (HDI)



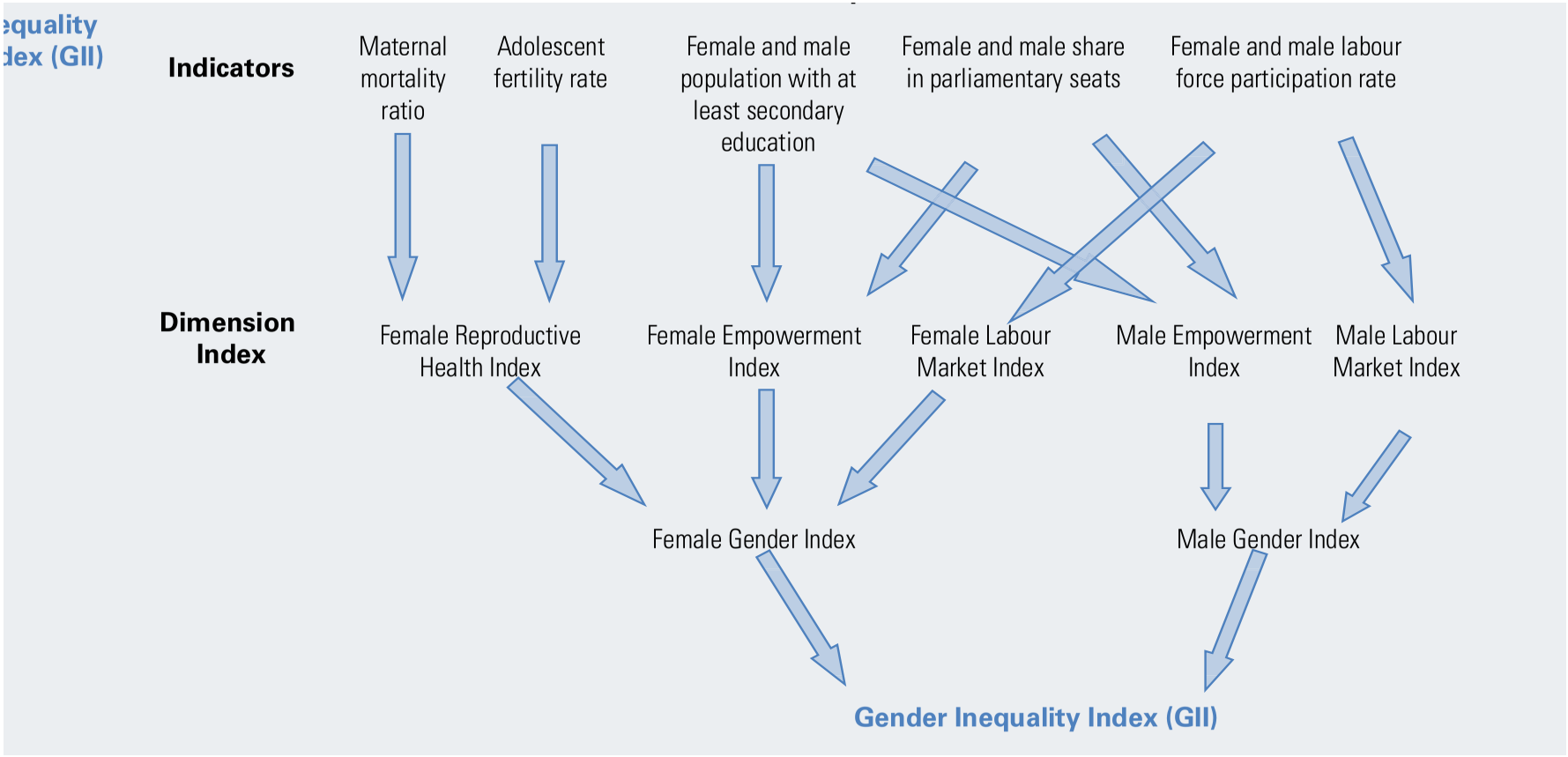
Source: UNDP 2014b

Gender Development Index (GDI)



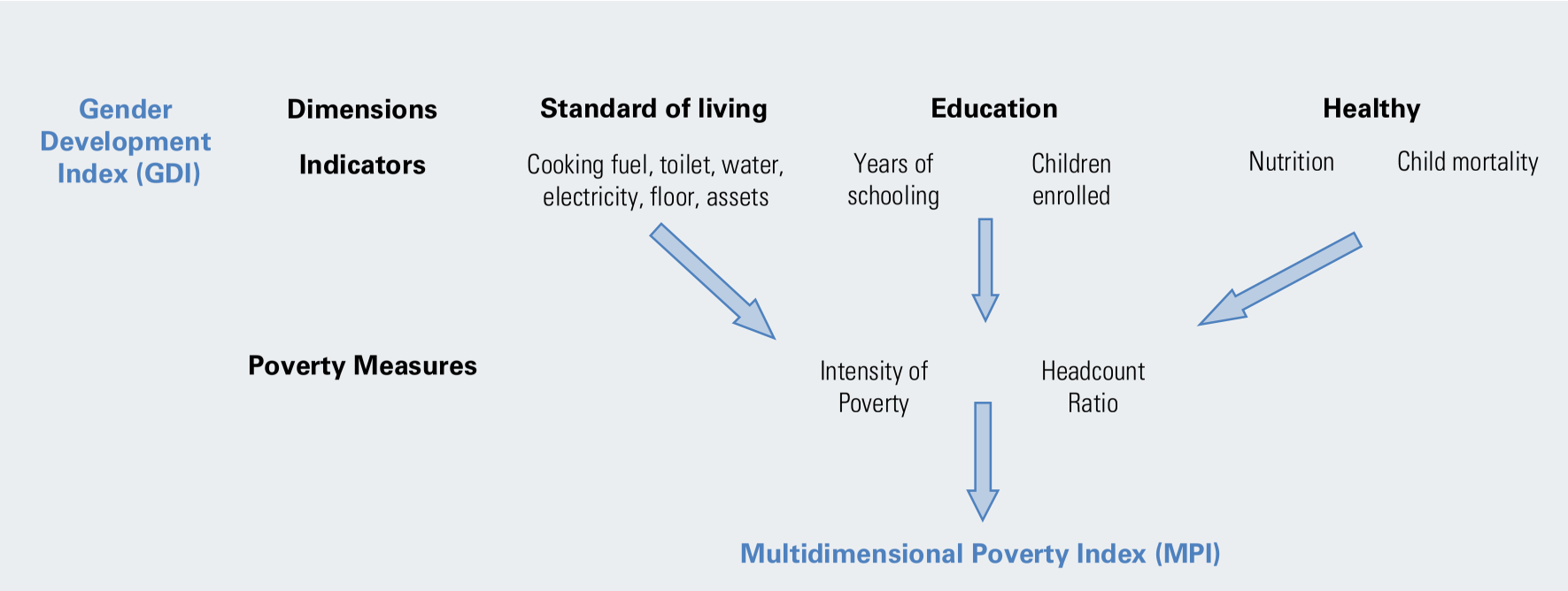
Source: UNDP 2014b

Gender Inequality Index (GII)



Source: UNDP 2014b

Multidimensional Poverty Index (MPI)



Source: UNDP 2014b

B: Computing the Indices – Methodology and Modifications

Technical Note 1: Human Development Index

The Human Development Index (HDI) is a summary measure of key dimensions of human development (UNDP 2014a). It measures a country's achievements in three dimensions of human development: a decent standard of living, access to knowledge and a long and healthy life. HDI is a generalized mean of the normalized indices from each of these three dimensions. In this report, the focus is on regional variations. Hence, regional-level HDI values are calculated. This technical note describes the steps and assumptions used to compute regional HDI scores, and the data sources.

Steps to compute the Human Development Index

Two steps are involved in computing HDI.

Step 1: Creating the dimension indices

The process starts with setting goalposts (maximum and minimum values) so that the indicators are transformed to indices with a 0 to 1 threshold. The maximum is normally supposed to be the highest observed in a time series (in the THDR 2017 context, 2008–2015). The minimum is supposed to be what is considered a subsistence level. In this report, the computation of income and education indices follows this standard practice, where goalposts are set locally based on 2008–2015 time series information for the respective indicators (i.e. GDP per capita and schooling information). For the health index (constructed from life expectancy information), the report follows the 2013 HDR goalposts, with a maximum of 83.6 years and a minimum of 20 years to have comparison with estimates in THDR 2014. Based on local goalposts for life expectancy, some regions such as Iringa were unrealistically penalized in their final HDI score (and hence their rank) because of being highly affected by HIV/AIDS-related mortality. Using HDR goalposts provided scores that are considered to be more realistic.

Once the goalposts are defined, sub-indices are computed via the following formula:

1.

$$Dimension\ Index = \frac{actual\ value - minimum}{maximum - minimum}$$

Note that when computing education indicators, it is first necessary to compute MYS and EYS indices, and then aggregate the two to reach the final education index. Details follow hereafter.

Computing the sub-indices

Education Index

The education index comprises Mean Years of Schooling (MYS) and Expected Years of Schooling (EYS), which collectively measure people's access to knowledge.

(i) Mean Years of Schooling (MYS)

Using Barro and Lee's (2010) formula, MYS is computed as:

2.

$$s_t = \sum_{a=1}^{A} l_t^a s_t^a$$

Formula (2) says that mean years of schooling at regional level (s_t) is the sum of the number of years for adults aged 25 years and above in a region, weighted by the population share of adults in the total adult population. After obtaining the MYS, formula (1) is applied for computing the MYS index.

Goalposts for the Human Development Index calculated for THDR 2017

Indicator	Maximum	Minimum
Life expectancy (years)	83.6	20.0
Mean Years of Schooling*	..	..
Expected Years of Schooling	17	0
GDP per capita (mil. TZS)***	1.734	0.450

Notes: *Information was unavailable, and this statistic was thus excluded in HDI computations. GDP per capita is used instead of GNI per capita due to the unavailability of regional data for the latter. ***GDP serves as a proxy for GNI in this report's context; The GDP figure for establishing the benchmark was obtained from the 2015 global Human Development Report.

(ii) Expected Years of Schooling (EYS)

EYS is simply the sum of age-specific net enrolment rates. The standard formula for EYS computation is given as:
3.

$$eys_a^t = \sum_{i=1}^{n} \frac{E_i^t}{P_i^t} + \sum_{l=level\_education} \frac{E_{unknown}^t}{P_{age\_of\_level\_l}^t / D_l}$$

In (3), EYS is the sum of age-specific enrolments plus the non-age-distributed enrolment rate, which is multiplied by the duration of that level of education. Age-specific enrolment information was unavailable in our context, but information on NER for primary, O-level and A-level education was available. Formula (3) collapses to:

Computing EYS involved multiplying the NER of the three levels of education with their respective durations, i.e., 7 years for primary school, 4 years for O-level, 2 years for A-level and 4 years for university level. Then the products were summed to obtain EYS, which was plugged into formula (1) to obtain the EYS index. Enrolment in tertiary education was excluded due to the lack of regional-level information. However, NER at this level of education is very minimal and thus does not greatly affect the EYS estimates in this report.
4.

$$\sum_{l=level\_education} \frac{E_{unknown}^t}{P_{age\_of\_level\_l}^t / D_l}$$

(iii) Final Education Index(EI)

Since the MYS index is not computed in this report, the education index constructed is entirely based on the EYS index:
5.

$$Education\ Index = \frac{Regional\ EYS - minimum\ EYS}{maximumEYS - minimumEYS}$$

Health Index

The Health Index (HI) is constructed using information on life expectancy at birth. The minimum and maximum values are defined above in the goalposts table. As in the case of education index, formula (1) is applied in the computation of the final health index.

Income Index

Based on a new approach by the UNDP for computing HDI, the Income Index (II) is constructed using information on GNI. However, that information is not available at the regional level in Tanzania. A close proxy to this indicator is GDP, and regional information for this variable is available. The natural logarithm of GDP per capita by regions is thus used in computing the final income index. The logarithm accounts for income's limited ability to create human capabilities – i.e. beyond a certain level, income becomes redundant in enhancing further human development. Formula (1) is applied using local goalposts.

Step 2: Aggregating the sub-indices to produce the Human Development Index

HDI is the geometric mean of the income, education and health indices:
6.

$$HDI = \sqrt[3]{II * EI * HI}$$

Technical Note 2: Gender Development Index

The Gender Development Index (GDI) measures inter-gender differences in achievements in three basic dimensions of human development: education, measured by female and male mean years of schooling for adults aged 25 years and above and female and male expected years of schooling for school-age children; health, measured by female and male life expectancy at birth; and living standard (command over resources), which is measured via estimates of earned income for women and men.

Steps to compute the Gender Development Index

There are four steps involved in computing GDI.

Step 1: Estimating female and male earned incomes

As has been suggested by UNDP (2014b), the share of the wage bill is calculated for each gender. The female share of the wage bill (S_f) is given as:
7.

$$S_f = \frac{W_f / W_m * EA_f}{W_f / W_m * EA_f + EA_m}$$

where W_f / W_m is the ratio of female to male wage, EA_f is the female share of the economically active population and EA_m is the male share of the economically active population.

The male share of the wage bill is given as:
8.

$$S_m = 1 - S_f$$

Estimated female earned income per capita is derived from GDP per capita using formula (9):
9.

$$GDPpc_f = GDPpc * S_f / P_f$$

Formula (9) says that the estimated female GDP per capita is a product of GDP per capita and the ratio between the female share of the wage bill (S_f) and the female share of the population
($P_f = N_f / N$).

Estimated male earned income per capita is obtained analogously:
10.

$$GDPpc_m = GDPpc * S_m / P_m$$

To construct the female and male HDIs, we follow procedures similar to those involved in computing the gender combined HDI (as in Technical Note 1), and we proceed as follows:

Step 2: Normalizing the indicators

With the exception of life expectancy, the rest of the indicators (income and education) are on a scale of 0 to 1 using the same goalposts as used for HDI. Adjustments are made to reflect the biological advantage women have over men in survival health. Particularly, the life expectancy goalpost (83.6 years) which was used in constructing the HDI is multiplied by a female factor and a male factor respectively to arrive at a gender-specific life expectancy at birth. The gender factor for females is simply the ratio between females and males in the total population ($GF_f = N_f / N_m$), while the gender factor for males is taken as the ratio between males and females in the total population ($GF_m = N_m / N_f$).

After defining the minimum and maximum values, the sub-indices (income, health and education) are computed via formula (1).

$$Dimension\ Index = \frac{actual\ value - minimum}{maximum - minimum}$$

Step 3: Computing the female and male Human Development Index values

The female and male HDI values are the geometric means of the income (II), health (HI) and education (EI) sub-indices:
11.

$$HDI_f = \sqrt[3]{I_f * E_f * H_f} \quad \text{and}$$

$$HDI_m = \sqrt[3]{I_m * E_m * H_m}$$

Step 4: Compute the Gender Development Index

GDI is the ratio between female and male HDI values (UNDP, 2014a):
12.

$$GDI = \frac{HDI_f}{HDI_m}$$

Technical Note 3: Gender Inequality Index

Goalposts for the Gender Development Index for THDR 2017

Indicator	Maximum	Minimum
Life expectancy (years)		
Female	88.06	21.07
Male	79.36	18.99
Mean Years of Schooling	..	..
Expected Years of Schooling	13	0
GDP per Capita (mil. TZS)	1.734	0.450

Notes: Information on MYS was unavailable, and this statistic was thus excluded in HDI computations. The maximum value for EYS is capped at 13 since EYS was computed based on primary, O-level and A-level net enrolment rates. GDP per capita is used instead of GNI per capita since there are no GNI data at regional level, at least in Tanzania. Goalposts for life expectancy are derived based on life expectancy goalposts in the 2013 Human Development Report.

The Gender Inequality Index (GII) captures the gender-based discrepancies in reproductive health, empowerment and labour market. The GII shows the loss in terms of human development possibilities due to gender differences in achievements on these dimensions. The index ranges between 0 and 1. Zero indicates absence of inequality while one indicates either gender group performs poorly in all measured dimensions.

The GII is computed using the association-sensitive inequality measure introduced by Seth (2009). Computation of the index involves aggregation of the dimensions using geometric means, calculated separately for men and women, and then these means are aggregated using harmonic mean across genders (UNDP 2014b).

Steps to compute the Gender Inequality Index

Five steps are involved in calculating the GII:

Step 1: Treatment of Zero and Extreme Values

It is not possible to calculate a geometric mean from a zero value. The minimum value is thus set to be 0.1%, for all component indicators, to allow computations. In empowerment scenario for instance, zero representation of women in parliament is coded 0.1%. Even if women are not represented in the parliament but still they have some political influence.

Step 2: Aggregating across dimensions with each gender group, using geometric means

This practice makes the GII association sensitive. For female gender, the aggregation is done using the following formula:
13.

$$G_F = \sqrt[3]{\left(\frac{10}{MMR}.\frac{1}{AFR}\right)^{1/2}.(PR_F.SE_F)^{1/2}.LFPR}$$

For male gender, the formula is:
14.

$$G_M = \sqrt[3]{1.(PR_M.SE_M)^{1/2}.LFPR_M}$$

Step 3: Aggregating across gender groups, using a harmonic mean

Harmonic mean is used to aggregate the female and male indices and results to equally distributed gender index.
15.

$$HARM(G_F, G_M) = \left[\frac{(G_F)^{-1} + (G_M)^{-1}}{2}\right]^{-1}$$

The harmonic mean of geometric means within groups captures the inequality between women and men and adjusts for association between dimensions (UNDP, 2013b; 2014b).

Step 4: Computing the Geometric mean of the arithmetic means for each indicator

Computation of inequality involves aggregating female and male indices giving them equal weights and then aggregating the indices across dimensions:
16.

$$G_{\overline{F},\overline{M}} = \sqrt[3]{\overline{Health}.\overline{Empowerment}.\overline{LFPR}}$$

Where: $\overline{Health} = \left(\sqrt{\frac{10}{MMR}.\frac{1}{AFR}} + 1\right)/2$

$$\overline{Empowerment} = \left(\sqrt{PR_F.SE_F} + \sqrt{PR_M.SE_M}\right)/2$$

and $\overline{LFPR} = \frac{LFPR_F + LFPR_M}{2}$

Note: Health dimension should not be interpreted as an average of the corresponding female and male indices but as half of the distance from the norms established for the reproductive health indicators (UNDP, 2013b).

Step 5: Computing the Gender Inequality Index

Comparing the equally distributed gender index to the reference standard gives the GII as:
17.

$$GII = 1 - \frac{HARM(G_F, G_M)}{G_{\overline{F},\overline{M}}}$$

Technical Note 4: Multidimensional Poverty Index

The Multidimensional Poverty Index (MPI) measures multiple deprivations at the individual level in standard of living, education and health. It uses micro data from

household surveys (or census) in such a way that all the indicators needed to construct the MPI must come from the same survey/census. See Alkire et al. (2011) for more details on the MPI.

MPI Methodology

The index comprises 10 indicators of deprivation which are assigned weights. Each individual is assigned a score based on his or her household's deprivation in the MPI indicators. MPI dimensions (standard of living, education and health) are equally weighted, each assigned with a maximum score of 33.3%. The maximum MPI score is thus 100%, indicating a maximum level of deprivation. Health and education dimensions each comprise two indicators. Each of the indicators in these dimensions is given a maximum score of 16.7% (or 33.3/2). The standard of living comprises six indicators. Dividing the total dimensional score by six means that each indicator is worth 5.6% (i.e., 33.3/6).

Steps to compute the Multidimensional Poverty Index

Step 1: Identifying the multidimensionally poor

The deprivation scores for each household are summed to obtain the household deprivation, c. To distinguish between poor and non-poor a cut-off point of 33.3% is used. This is equivalent to one third of the weighted indicators. A household is considered to be multidimensionally poor if its deprivation score is 33.3% and above, vulnerable to poverty if its score is greater or equal to 20% but less than 33.3%, and severely multidimensionally poor if the score is 50% or higher.

For instance, take a hypothetical household with the following deprivation characteristics: has a school-age child who is not attending school, has a member who is malnourished, and in the list of standard of living indicators the household lacks electricity and has a dirt floor. For such a household, the deprivation scores will be 44.4%, obtained by (16.7%+16.7%+5.6%+5.6%). Members of this household are considered to be multidimensionally poor.

The 10 deprivation indicators and their scores for the MPI dimensions are as follows:

EDUCATION	Years of Schooling: Having no household member who has completed five years of schooling.	16.7%
	Child School Attendance: Having at least one school-age child who is not attending school.	16.7%
HEALTH	Nutrition: Having at least one household member who is malnourished	16.7%
	Child Mortality: Having had one or more children die.	16.7%
STANDARD OF LIVING	Electricity: Household has no electricity.	5.6%
	Drinking Water: No access to clean water (according to MDG definition) or water is more than 30 minutes' walk.	5.6%
	Sanitation: Lack of access to adequate sanitation (according to MDG definition), or the toilet is shared among households.	5.6%
	Flooring: If the floor is dirt, sand, or dung.	5.6%
	Cooking Fuel: Household uses dirty cooking fuel (dung, charcoal, or wood)	5.6%
	Assets: If a household does not own more than one of the following: radio, bicycle, motorcycle, refrigerator, television or telephone; AND does not own a car, truck or similar motorized vehicle.	5.6%

Step 2: Computing the MPI

The MPI value is the average of the deprivation scores c (above the cut-off point, i.e. 33.3%) for the population (for the regions, in the context of this report). It is computed as a product of two measures: multidimensional headcount ratio and the intensity of poverty. Before arriving at the final MPI, the headcount ratio (H) and the intensity of poverty (A) are computed.

The headcount ratio (H)

The headcount ratio (H) is the share of people who are multidimensionally poor (q) in the total population (n). Headcount ratio is computed as follows:

$$H = \frac{q}{n}$$

Intensity of Poverty (A)

The intensity of poverty (A) captures the proportion of the weighted component indicators in which, on average, poor people are deprived. It takes the sum of deprivation scores (c) for poor households and divides the figure by the number of people who are multidimensionally poor (q):

19.

$$A = \frac{\sum_1^q c}{q}$$

Multidimensional Poverty Index

A product of headcount ratio (H) and intensity of poverty (A):

20.

$$MPI = H.A$$

Contribution of Dimensions

The percentage contribution of dimension j (where j is education, health or standard of living) to the multidimensional poverty index is given as:

21.

$$\%Contr_j = \left[\frac{(\sum_1^q c_j)/n}{MPI}\right].100$$

Technical Note 5: Estimates of Regional Development Indicators

Development indicator (e.g. HDI and MPI) estimates for the new regions (Geita, Simiyu, Njombe, Katavi and Songwe) are computed via the following formula:

22.

$$EDI^{new} = \sum_{i=1}^{N} w_i D_i^{old}$$

The estimate of a development indicator for a new region is equal to the weighted sum of that development indicator for the previous regions. For example, Geita (a new region) resulted from Mwanza and Kagera (previous regions). The estimate of Geita's HDI is equal to the sum of the weighted HDIs for Mwanza and Kagera. The weights are the proportions of land size contributed by the previous regions in forming the new region. A better weighting would have been based on population share, since the context here is human development. However, population tends to be dynamic, and hence it is difficult to capture population contributions overtime.

Regional weights

Geita	Mwanza	0.25
	Shinyanga	0.58
	Kagera	0.17
Simiyu	Mwanza	0.07
	Shinyanga	0.93
Njombe	Iringa	1.00
Katavi	Rukwa	1.00
Songwe	Mbeya	1.00

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At present, Tanzania's development is influenced by three major frameworks: namely, Tanzania's Development Vision 2025, the Long Term Perspective Plan 2011/12–2024/25 and National Five Year Development Plan 2016/17–2020/21. The underlying aspiration of these frameworks is to ensure that Tanzania becomes a middle income country (MIC), with a high level of human development and annual per capita income of more than USD 3,000 by 2025. A major defining feature of Tanzania's development during this period will be transformation of the economy from low agricultural productivity to a semi-industrialized economy, coupled with a significant and dynamic service sector.

The Tanzania Human Development Report (THDR) 2017 is the second national report for Tanzania. The theme of THDR 2017 is ***"Social Policy in the Context of Economic Transformation in Tanzania"*** which was purposefully chosen to build on ideas put forward by THDR 2014. A major premise of THDR 2014 was that for economic transformation to work for human development, the transformation process must go hand-in-hand with the creation of decent jobs, income growth and social provisioning. THDR 2017 therefore aims to build on the previous report by analyzing the space of social policy and social provisioning in Tanzania's ongoing process of economic transformation.

".....the envisaged transformation in Tanzania Development Vision 2025 is a process that is industry/ manufacturing sector-led, facilitates building of a diversified competitive economy and yields desirable human development outcomes. FYDP II as the lynchpin to this process builds the foundation for the requisite structural change and socially inclusive development process. FYDP II does this by embracing the symbiotic link between industrialization and human resources development"

~ NFYPII, page 37, chapter 1

".....in the context of development, there can be no doubt that the transformative role of social policy needs to receive greater attention than it is usually accorded in the developed countries and much more than it does in the current focus on 'safety nets' "

~ Mkandawire, chapter 3

".....development is seen not only as a process of accumulation, i.e., augmenting the output capability of the Tanzania economy, but also as a transformation of the institutional structure of our society. Tanzania's development, therefore, requires the introduction of activities that are basic needs oriented (food, habitat, health, education, communication, and transport), favoring endogenous and innovative process and which take into cognizance environmental potentials and limits"

~ Rweyemamu, chapter 3

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