

TOPIC 1 Promotion Of Life Skills

Life skills are the means through which a person can live well in a society. They are the ways an individual can properly manage his/her life and that of other people. Promotion of life skills is of great importance in modern societies because of the prevailing socio-economic, political and cultural changes that have been accelerated by scientific and technological advancements. The undergoing changes require good leadership, teamwork, positive relationships, self-worth and self-confidence from members of societies or communities so as to survive in this competitive world.

Good Leadership, Team Work, Positive Relationship, Self-Worth and Confidence

Importance of Good Leadership, Teamwork, Positive Relationship, Self-Worth and Confidence Qualities

Explain the importance of good leadership, teamwork, positive relationship, self-worth and confidence qualities

A leader is a person who guides or directs others in a group, an institution, a company, a village or a country. Good leadership refers to proper leadership which adheres to the important characteristics of a good leader.

Characteristics of a good leader

The following are the Characteristics of a good Leader:-

A good leader should be a task-oriented or people-oriented leader. The task oriented leader will place emphasis on training and performance with the ultimate aim of achieving and winning. He/she should be able to identify the community goals or specific targets. The leader then should be able to impart these goals to his people and commit them to work hard and intelligently to achieve the desired community goals.

A good leader should not simply issue orders for people to follow, but he/she should be able to instill good characteristics to them which will make it possible to achieve the stated goals.

A good leader should have confidence, determination and perseverance. There will be many complex issues that must be addressed by the leader; therefore the leader should be bold enough to encounter such situations.

A good leader should be able to create an ideal situation that will encourage his/her people to perform. The leader should be ready available for his/her people and they should be free to approach him/her for consultations.

A good leader should be able to identify good opportunities that can be utilised to achieve the stated community goals. The leader has to be optimistic that opportunities can be exploited to yield the intended goals. Good leaders should have a vision which they work towards. Good leaders know where they are heading and lead their people towards the same vision. Good leaders are not passive people. They are usually extremely passionate in whatever they are doing.

Good leaders should be wise if they are to be successful. Being a leader often means that crucial decisions will have to be made at one point. Having wisdom to make a right decision is most important in ensuring success. Good leaders have compassion for their followers. While they understand they have a goal to pursue, they constantly look back and care for the people that are following them. They are not selfish people who only think about their own needs and luxuries; they also must care for the people who are

working for them. In Africa, for instance, we have Mzee Nelson Mandela, the former president of the republic of South Africa and leader of ANC. Mzee Mandela is the one of the few African leaders who possesses such kind of leadership characteristics.

Good leaders should be charismatic, attractive to the people through their good personalities. This can be through the way they speak. They are extremely well-versed in public speaking and they can influence and inspire people with the things that they say. A good example of such kind of a leader is the late Mwalimu Julius K. Nyerere. The former president of Tanzania.

Good leaders must be persistent in the attempt of meeting their goals. They realise that the goal to success is not simple; despite that, they see that the benefit of reaching the goal are greater than that of the setback that they will experience.

Good leaders should have integrity. They mean what they say, and they say what they mean. They are people who keep their promises and they do not play the two-faced political game that a lot of others do.

Good leaders must be ready to pursue their dreams until they become true. The fears are real, but the courageous leader pursues them despite the fears. Good leaders are extremely disciplined in their pursuit of their goals. While most people would be easily discouraged, good leaders make sure they achieve their goals.

In our community where good leadership is practiced, a leader adopts a participatory approach in decision-making. A good leader will always consult his/her people before any important decision is made. For instance, in an institution like a school, a good leader should recognize that his/her employees are more than just employees; they are also the people to be involved in making decision.

Leadership styles

Leadership styles have been classified on the basis of how leaders use their authority. There are four leadership styles, namely dictatorial, autocratic, democratic and laissez-fair leadership.

Dictatorial leadership, this is the type of leadership governed by a dictator that is dominated by fear, threats, disgrace, and frequent dismissal of the workers.

Autocratic leadership. This type of leadership is characterised by central authority. All the powers are controlled by one individual; a leader can give or withhold rewards or punishments.

Democratic or participative leadership. This type of leadership involves the leader consulting the subordinates on the proposed actions and decisions and encourages their participations.

Laissez-fair leadership. This is the type of leadership where the leader is really not in control. The leader is only consulted if information is required, and he/she can make only a small contribution. This type of leadership gives chance for the subordinates to decide on their own.

Importance of good leadership

The following are some of the importance of good leadership in a community

Earns trust from the people by involving them in decision-making. Hence they can work together with their leaders to achieve their goals.

Increases efficiency and effectiveness in a community, as people are satisfied with their leaders work or performance.

Enhances public relations in a community. The positive image of a leader enhances public relations that will lead to the achievement of community goals.

Enhances people's confidence, especially when leaders are transparency and accountable to their decisions.

Reduces conflicts in a community. With good leadership neither the people nor the leaders shall be involved in conflicts. The community do have proper channels to forward their problems through democratic ways based on decision making-making procedures.

Activity 1

What kind of leadership is practised in Tanzania? Support your answers with vivid examples.

Good Leadership, Teamwork, Positive Relationship, Self-Worth, Confidence Qualities

Demonstrate good leadership, teamwork, positive relationship, self-worth, confidence qualities

Leadership can be defined as interpersonal influence exercised in a situation and directed through the communication process towards the attainment of specified goal. Leadership does not mean power, prestige, wealth or great education but refers to initiative and willingness to serve mankind and showing a real concern to others.

Teamwork

A team comprises any group of people with a common purpose. A group in itself does not necessary constitute a team. However there are many components that up a team like managers and agents. Teamwork is a joint action done by a group of people (team) with a common goal. The notion of teamwork does not mean that the individual is no longer important, it means that effective and efficient teamwork goes beyond individual accomplishment. The most effective teamwork is produced when all individuals work together to achieve a common goal.

To effectively achieve the goals of an organisation, all the people should combine their efforts. If everyone does his/her job well, and then it increases what the team can accomplish. Teamwork has to be recognised by everyone knowing that great things happen if individuals work together as one unit. Everyone has a unique role, but each individual role must be recognised and appreciated.

For instance, at school both teachers and student are supposed to live and work as a team. This will help in building student discipline and academic performance. However, this can only be achieved through participation of students and teachers in school governance.

Teamwork is something that must be a high priority and must be given constant attention. Every player must understand how important for them to work together if they want to be successful. Each player must be dedicated to the whole team and be ready to act unselfishly. When challenges arise the team need to have the resources, accountability and commitment to deal with them in a constructive and positive manner.

Aspects of teamwork

A good and strong leadership is essentially for successful teamwork. While each teamwork member will be encouraged to share thought and opinions as well as skills, the leader will be responsible for the final decisions and implementations that are made. A leader should be strong and confident as well as competent in his/particular area of expertise.

Goal-setting is an essential part of teamwork. A team should set its goal for easy accomplishment of a task. A team cannot work well and achieve its goal if it does not have well-defined goals to be achieved. It is also very important for team members to understand their roles and responsibilities. The team leader can make it possible by defining the purpose in a clear-cut manner in the beginning of the formation of the team.

Communication is another important part of teamwork. The team members must communicate all aspects of a project and be willing to listen to each other. The lines of communication should be open at all times and to all team members. Teamwork can be very successfully if everyone is willing to accept one another and work together for the good of the group.

The team must have a unified commitment. This does not mean team members must agree on everything. It means that all individuals must be directing their efforts towards the goal. If an individual's efforts are going towards his/her personal goals, then the team will confront this and resolve the problem.

The team must have a result-driven structure. The team should be allowed to operate in a manner that produces results. It is often best to allow the team to develop the structure.

The team must have high standards that are understood by all. Team members must know what is expected of them individually and collectively. Vague statements such as "positive attitude" and "demonstrated efforts" are not good enough.

The team must have competent members. In the education settings this can be taken to mean that the problem given to the team should be one that the members can tackle given their level of knowledge and skills.

The team must have a collaborative climate. It is a climate of trust produced by honest, open, consistency and respectful behaviour. With this climate team perform well and without it they will fail.

Conflict resolution. Conflict will rise no matter how teams function together. The best way to counter conflict is to have structured method of conflict resolution. Team members should be able to voice their concerns without fear of offending others. Instead of avoiding conflict, it's better to resolve them quickly. It's often advised that the team leader should sit with conflicting parties and help to work out their differences without taking sides and try to remain objective if possible.

COMPOUNDS OF TEAM BUILDING

The most important compound for team building is the selection of participants to be in a group or team. The team leader usually looks specific things from the members in order to ensure success in the group or team projects. It's very important to have members that have confidence and are able to build trust among other participants. Most importantly, the participants must have a positive attitude at all times.

Training on how to work together is also a very important compound of teamwork. A team must know how to work together in order to be productive and successful. If a team can work together, It will be able to resolve issues that are standing on the way to accomplish a goal. Working together may not come easily at first, but with proper training and mutual communication the team will be able to adapt quickly.

Balanced skills set. When creating teamwork, it is important to have balanced skills sets. One way to achieve this is by having experts in different fields. If some members provide some of their theoretical skills, for example, individuals that are knowledgeable about the course materials are confused about technology part of it. On the other hand the individual may fill that the technical side of the problem is more important than the theoretical side of it. By combining both sides, the team can come up with the solutions that benefit everyone.

Allocation of roles within the team is one of the elements needed for team building. Assigning roles to team members help them to know the team's place. Each member should be assigned a role that is clearly defined. This will facilitate easily decision making and will ensure the completion of the task assigned within the required time

Harmonizing personalities. The personality of some one play a bigger role on how the team performs. The leader must understand the kind of people and personality they need to have in order to gain success from the team group. For instance someone who shows supportiveness is dedicated to the team's success. The person who takes more responsibility, is very easy to work with and listen attentively to the ideas of other people.

Importance of teamwork

Large, ambitious plans usually require people to work together. Thus, team work has become an important concept for work organisations. Effective teams are necessary if the industry is going to realise good and sustainable results.

Teamwork can make more effective and efficient use of labour and prove productivity by maximizing the different strength and skills of team members, encouraging team members to undertake a wide range of tasks and making team members accountable to customers.

Teamwork improves quality and encourages innovation of product or services. Innovation has been the outcome of many team works initiatives. Involvement of team members/workers in productive activity through team work contributes a lot to the improvement of the quality of products and various innovations.

In an institutions like a school, students learn to work together in many ways. They learn to rely on each other and take advantage of every opportunity they have. Most often high-performing students in exams experience the benefit of teamwork at school. They consistently perform better than others, especially by attending group discussions.

Positive relationships

Positive relationships can be defined as the state of having meaningful, loving, supportive and cooperative relationships between two or more people. It is not difficult to establish meaningful, loving, loving, supportive and cooperative relationships.

Principles for developing positive relationships

In order to develop positive relationship, someone needs to understand the following principles of human behaviour;

Time and patience. Building positive relationship is like building a house; it take a lot of time and patient to accomplish likewise to understand human life it take time and it need patient to cope with them.

Applying the principle of brotherhood and allowing others to become more responsible.

Allowing people to make choices

Every human behavior has a social purpose. It should be notes that some people misbehave they are searching for self-attention and some look for revenge

Changing your negative behavior can most effectively influence the negative behavior of others.

Someone _ s positive relationship are influenced by his/her positive actions, thus people must appreciate others peoples positive _ s positive behavior.

Avoiding retaliation if offended; instead express good will. You will improve the quality of relationship. Retaliation stimulates further violence.

Avoid finding faults in others; focus on their strength and not their weaknesses

Show strong confidence in your team members; this will develop their confidence.

If the members lack strong confidence, focus on their past legitimate successes.

If it is difficult to speak to a busy person, communicate with him/her through your loving actions

Withdraw from conditions that can easily lead to power struggle.

Importance of positive relationships

Positive relationships are important in maintaining a sense of good among ourselves. A destructive relationship is not always good because it leads to various problems such as abuse. It _ s obvious that people needs positive relationships, because they need to be supported, comforted and have fun.

Positive relationships are important and are a source of success in every area of life as they enhance love, family happiness, business success and spiritual fulfilment.They also promote good principle that ensures success to everyone, partners, family, friends and work colleagues. This means that there is a need to identify key principles and techniques that attract positive relationships because they heal any relationship issues.

Positive relationships enlighten the people on how to make a right decision in relationships, communicating better, enjoying greater intimacy and confidence.

Self-worth

Self-worth refers to a feeling of confidence in yourself that you are a good and useful person. It's a favourable estimate or opinion of oneself. Worth refers to how much we value something, how important it is for us and how much priority we give it compared to other things.

Self-worth is a measure of our unconditional self-love. High self-worth means loving ourselves unconditionally in all areas of our lives. To have a higher degree of self-worth, we must love ourselves even when we make mistakes.

Self-worth is frequently based on our feelings of worth in terms of our skills, achievements, status, financial resources or physical attributes. This kind of self-worth often cultivates an independence and arrogant attitude. When we find ourselves not measuring up to societal criteria for worth, we suffer serious consequences.

Our self-worth depreciates dramatically. The illusion of being successful and admired gives way to disillusionment as our possessions and achievements that once nourished our souls fail to satisfy our appetite. To satisfy every individual experience, hunger, thirst, fatigue and so forth, we are conditioned to get food, drinks or rest. By getting these things we will achieve an acceptable self-worth. Nothing depreciates self-worth faster than regret, anger or fear.

Aspects of self-worth

Taking good care of yourself shows you really do love yourself unconditionally. This is a sign of self-worth. If you love yourself wholeheartedly, you will prioritize your time and resources to reflect the relative importance of each part of yourself. You will have to create some balance in your time and life so that you can take good care of your body and main interest and needs. Spend time and money on activities wisely.

Importance of self-worth

Self-worth is a vital belief for empowering oneself. A valid sense of self-worth is necessary in order to attain love, peace, joy, power and a sound mind. A valid sense of self-worth eliminates the possibility of committing suicide. Without self-worth, doubts and fears about our very existence will persist and will destroy dreams and vision and undermine our greatest accomplishments.

Self-confidence

Self-confidence is a belief in one's own abilities to do things and be successful. People with high self-confidence typically have little fear of the unknown. They are able to stand up for what they believe in, and have the courage to risk embarrassment, such as delivering a presentation to a large group of people.

Aspects of building self-confidence

Although many of the factors affecting self-confidence are beyond your control, there are a number of things you can do to build self-confidence. These are

Dressing style. Clothes affect the way someone feels about him/herself. It changes the way you feel about yourself and interact with other people. If you dress well, you will feel confident in all places; however, if you dress improperly, you will feel shy and lose confidence.

Good posture. By practising good posture you will automatically feel more confidence. Stand up straight, keep your head up and make eye contact. You will make a positive impression on others and instantly feel more alert and empowered.

Walking fast or quickly also builds one's self-confidence. One of the easiest way to tell how a person feels about him/herself is to examine his/her work. Is it slow, tired, painful or energetic and purposeful? It is believed that people with confidence walk fast or quickly. They have places to go, people to see and important work to do.

Listening to motivational speeches. Another way of building self-confidence is listening to motivational speeches. You can feel this need by creating personal commercials. Write a short speech that highlights your strengths and goals. Then recite it in front of a mirror aloud whenever you need a confidence boost.

Compliment other people around you and refuse to engage in criticizing them. When we think negatively about ourselves, we often project that feeling on to others in the form of insults and gossip. To break this cycle of negativity, get in the habit of praising other people. In the process, you will become more liked and build more self-confidence. By seeing the best in others, you indirectly bring out the best in yourself.

Make efforts to speak up in a group discussions. During group discussions, many people never speak up because they are afraid that people will judge them for saying something wrong. By making efforts to speak up at least once in every group discussion, you will become a better public speaker, more confident in your own thoughts, and recognised as a leader by your peers.

Sitting in the front row helps in building self-confidence. In schools, offices and public assemblies around the world, people constantly strive to sit at the back rows. Most people prefer sitting at the back because they are afraid of being noticed. This reflects a lack of self-confidence.

Physical fitness has a huge effect on self-confidence. If you are out of shape, you will feel insecure, unattractive and less energetic. By working out, you improve your self-appearance, energise yourself and accomplish something positive. Having the discipline to work out not only makes you feel better; it creates positive momentum that you can carry throughout the rest of the day.

Importance of Self-confidence

Self-confidence is essential to success in many aspects of the individual's life. It is the key factor in business success. This is because a confident person knows how to balance risk. He/she can borrow money from banks to run the business and pay back the debt.

Self-confidence involves doing what you believe to be right decision, even if others criticise you for it, being willingly to take risks and go to the extra mile to achieve better things, admitting your mistakes and vowing to learn from them.

Self-confidence also allows an individual to increase his/her level of control in situations that are important. As your self-confidence grows your excitement and energy will help you to be in control. People may have confidence in other people or forces beyond their control. For instance, one might have confidence that he/she will pass well the final exams. Self-confidence enable an individual to gain confidence from both happiness and sadness.

Self-confident is generated not only in achievement, ability and success but also from adversity and failure. It is difficult to understand happiness unless you have experienced sadness. You cannot appreciate light unless you have been in the dark.

Self-confident also promotes individual's personality in terms of dressing and communication skills. Good and attractive dressing and communication skills affect the way someone feels about him/herself. It changes the way you feel about yourself and interact with other people.

Exercise 1

A. Answer the following questions by writing 'T' for correct statement and 'F' for incorrect statement.

People with high confidence typically have a lot of fear of the unknown, but stand up for what they believe in.

Self-worth is a valid sense of attaining joy, power or peace.

Oversleeping is one of the aspects of building self-confidence

People who always prefer to sit at the back have an aspect of self-confidence

Doing what you believe to be right even when others criticise you shows you are less confident.

Self-confident can be supported on how one wears.

People with self-confident walk slowly

Positive relationships enlighten us in choosing and strengthen our relationships with our spouse, children and companies.

Team work is only found in places where there are educated people

Good leader always seek for leadership

Exercise 2

B. Answer the following questions.

Write short notes on the following terms; Good leadership Teamwork

Explain the importance of good leadership

Mention and explain the leadership styles 'Teamwork is important for any organisation to achieve its goals'. Discuss.

With concrete examples, examine the quality of good leadership in Tanzania.

Explain the importance of self-confidence

C. Answer the following questions by filling in the blanks with the correct answer.

----- is the state of having meaningful love, supportive and cooperative relationships between two or more people.

----- means faith in one's own abilities.

A total measure on how one values himself/herself and gives priority to his/her own needs and happiness is -----

----- is interpersonal influence implemented in a situation and directed through the communication process so as to achieve specified goals.

TOPIC 2

Concept of Economic Development

Economic development is the increase in economic growth and the distribution of the goods and services among the people. It also refers to an increase in production and quality.

Meaning of Development

Explain the meaning of development

Development is a process to improve the lives of people in a country. This involves not only raising living standards, for instance goods and services, but a promotion of self-esteem, dignity, respect and people's freedom to choose and to take control of their own lives.

Types and Levels of Development

Identify types and levels of development

There are two levels of development, namely individual and national development. **Individual or personal level** refers to the increase of material well-being of a person like a good house, car and clothes. Also greater freedom of expression, worship, increased human skills and the ability to produce goods and services in a larger quantity. This aspect also includes the educational level of a person.

National or community level refers to the improvement in social, economic, cultural and political affairs of a community or country. It involves the provision of better health services and water accessibility. Political development at the national level involves aspects of good governance, rule of law and human rights.

Types of development

There are two categories of development, namely **economic development** and **social development**. It is very important to discuss the concept of economic development in modern times because there is no country that can increase the welfare of her people without economic development. Within a country, there is a gap in the living standards of the people. There are people who live a luxurious life while others face hunger. Similarly, most countries in the world today are poor; only one third of the countries are rich. The poor countries have to raise the standards of living of their people. These countries must be developed economically.

There is another concept in development, which is **economic growth**. Economic growth is an increase in the productive potential in an economy. In other words, it is the quantitative increase in goods and services produced in a country in a specified period of time. Economic growth increases the Gross Domestic Product (GDP). The GDP is the actual economic growth.

Meaning of Economic Development

Explain the meaning of economic development

Economic growth is the rate of expansion of national income or total volume of production of goods and services of a country. Many developing countries have somehow achieved reasonable economic growth but there is less economic development. In Tanzania for instance, there is a rise in economic growth every year, yet the lives of majority of the people are not improved. In this situation you will find an increase in the GDP, but the living conditions of the people continue to deteriorate.

Indicators of Economic Development

Identify indicators of economic development

Indicators of economic development are also known as measurements or criteria for testing the degree of economic development of a country. The most frequently used indicators are per capita income of a country, birth rates, population growth, life expectancy, literacy rates and energy consumption. Others are rural-urban migration, unemployment and poverty.

Indicators of Economic Development in Relation to Tanzania

Appraise the indicators of economic development in relation to Tanzania

Activity 1

Find the per capita income of the people if the GNP is Tsh.56 208.4 billion and the total population is 40.7 million.

Per Capita Income

Per capita income of a country is the average income of the people of a given country in a particular year. It is calculated by dividing the total annual income of the country by the population of that country. The total annual income of a country is also referred to as the Gross National Product (GNP) or the Gross Domestic Product (GDP). It is always given in monetary terms.

Per capita Income= Gross National Product (Total Annual Income of the Country)/Total Population of the country

Per capita Income = GNP/Total Population of the country

per capita =28 212.6/ 40.7

per capita income =**Tsh. 693 185**

This indicator is considered to be the best single indicator of economic well-being. The International Bank for Reconstruction and Development (IBRD), more commonly known as the World Bank, classifies countries into three groups according to their Gross Domestic Product (GDP) per capita.

Classification	GDP per Capita	Number of Countries
Low Income	\$635 or less	40
Middle Income	\$636 to \$5, 710	65
High Income	More than \$5, 710	22

Source: World Bank Report 2000

Birth rates

Birth rate is the ratio of total live births to total live births to total population in a specified community or area over a specified period of time. The birth rate is often expressed as the number of live births per thousand of the population per year. This is the easiest way of distinguishing developing countries from developed countries. The birth rate in low-income countries as a group is 30 per thousand, twice that of developed countries at 14 per thousand.

Region	Estimate mid 1992	Birth Rate	Death Rate per 1000	% Natural increase	Doubling Time Years	% Aged 15/65 +
World	5 420	26	9	1.7	41	33/6
More developed	1224	14	9	0.5	148	21/12
Less developed	4196	30	9	2	34	36/4
Africa	654	43	14	3	23	45/3
Asia	3207	26	9	1.8	29	33/5
Latin America	453	28	7	2.1	34	36/5

Source: World Bank Report 2000.

Population growth

This is an increase of population. In developing countries, the population growth is higher compared to the developed countries. Over the last 50 years, world population has grown very rapidly compared to any previous time. World population growth needs to be studied in order to understand its impact on the process of development.

The reason of population growth in developing countries is the high birth rate. Birth rates remain high even though death rates have fallen. This is because a larger proportion of girls get married at a tender age. They have children, and they have more years in which to have children.

Many governments in the world, including Tanzania's, have established policies aimed at slowing the growth of population. For instance, in Tanzania there is a birth control programme known as *‘Nyota ya Kijani’*. The aim is to ensure fewer children per family,

so that poverty can be reduced. In this regard, the government will be able to provide adequate social services to the people.

Life expectancy

This is the average number of years newborn babies can be expected to live if health conditions stay the same. Life expectancy is lower in developing countries compared to undeveloped countries. In developed countries, the deaths of children under the age of five accounts for 1.3% of all deaths, while in developing countries the figure is 10.5%.

The most commonly used indicators of life expectancy are:

Person/Population per hospital bed, Medical care is very scarce in poor countries and that is why the death rates are high in these countries. The governments have to improve the quality of available health care and the number of people per doctor and hospital beds. In Tanzania, there is a shortage of doctors and hospital beds. There are cases where three patients share a single bed.

Calories deficiency is a cause of malnutrition. Our bodies do not have sufficient food to provide energy and to maintain good health.

Protein per day. Types of food and the quantity are important in the maintenance of good health. Lack of protein will cause malnutrition. Malnutrition affects future productivity of a population – the ability to work effectively.

Population per physician. In developing countries, physicians attend more patients than in developed countries. This is because there are fewer physicians in developing countries.

The infant mortality rate. This is the number of live-born babies who do not survive to their first birthday out of each thousand babies born in total. The reasons for premature

death include poor quality of drinking water and sanitation. Also, inadequate nutrition for pregnant women and infants. Another reason is poor health care provision. Many people fall victim to polio, measles, diphtheria, tetanus, tuberculosis, whooping cough, flu, diarrhea, pneumonia, typhoid, cholera and malaria.

Literacy rates

Literacy is the ability to read and write. Literacy has strong connections with education, openness to change and labour productivity. Literacy is an objective of development.

Energy consumption

The consumption of energy in a country is highly correlated to the degree of industrialization. The poorest countries use very little energy, while the richest industrial countries use a lot of energy. The most common energy used by poor nations like Tanzania is firewood. Industrialized countries use gas, solar energy, and hydroelectric power and coal because they need more energy for their industries. Energy consumption indicates the level of development of a country.

Rural – urban migration

People in developing countries tend to migrate from rural to urban areas. Cities in these countries grow rapidly. The purpose of migration is to get employment. Most of these migrants remain unemployed and are subjected to poverty.

Unemployment

This is a situation whereby able and mentally fit people in a country are jobless and/or do not have formal jobs. There is a high rate of unemployment in developing countries and it is a serious matter in our societies, particularly among the youth in urban areas. The high level of unemployment may result in civil unrest, fall of standards of living, increased

crime like drug abuse, robbery, prostitution, theft and loitering. The other effects are child labour to subsidize family income, separation of families and increased number of street children.

Poverty

Poverty refers to the state of being poor. Poor people are those who fail to enjoy better living conditions in the society they live in; they are unable to meet the basic needs of life, which are food, clothes and shelter. Poverty is the most distinguishing feature between developing countries and developed ones. In this standard, two in five people living in developing countries are absolutely poor. This type of poverty has been eradicated in developed countries. Poverty is a hindrance to economic development.

Apprising the indicators of economic development in relation to Tanzania.

Tanzania is gradually developing due to implementation of modern technology in many production activities like industries and small scale businesses. We are observing many businessmen and women in many places. The government has established Export Processing Zones (EPZ). The act to establish EPZ was enacted in April 2002 and became effective in March 2003. The main objectives of EPZ are to attract and promote investment for export, increase foreign exchanging earnings and increase employment opportunities. These aimed at attracting and encouraging the transfer of technology and promoting the processing of local raw materials for export.

Currently, eight companies have been licensed as EPZ developers (two in industrial parks, six in single factory units), ten licensed as EPZ operators, five in textiles/ garments, one in mineral processing/jewellery, one in fruit processing, three in reconditioning mechanical, electrical and electronic devices.

Main sectors for EPZ investment are textiles, agro-processing, leather processing and manufacture of leather products. Others are fish processing, lapidary (gold, diamond and gemstones, including the famous Tanzanite), wood products, electrical appliances, and information and communication technology (ICT). This will solve the problem of unemployment, raise the GDP of our country and reduce the rate of poverty.

In Tanzania, agriculture is the backbone of our economy. With the introduction of the policy 'Kilimo Kwanza', the number of people involved in this sector will increase. New labour force involved in farming will be utilized accordingly; this will solve the problems of malnutrition and increase life expectancy.

Activity 2

By using the indicators of economic development, assess the economic development of your community (village/street). Present your findings in the class.

Factors for Economic Development

Identify factors for economic development

Economic development is the change or increase in the economic growth and the distribution of the increased goods and services among the population. For production to increase there must be land, labour, capital, infrastructure, entrepreneurship, technology, education and good governance.

Land; Land is a natural resource which includes the surface of the earth, lakes, rivers and forests. It also includes mineral deposits below the earth. Land provides space where production can take place. Industries that depend on land include all extractive occupations such as farming, mining, quarrying and fishing. All these economic activities contribute a lot to the national income. Land is a valuable factor. The value of land depends on location and fertility. The value of land may depend on what one is going to

use it for. For instance, land in Tanzania is valuable to agriculturists and those who want to invest in estates, while in United Arabs Emirates land may have no value to an agriculturist but it is valuable to an industrialist who needs oil for industries.

Labour; Labour refers to human resource, the basic determinant of which is the nation's population. It is any mental (intellectual) or physical efforts of human beings made for any material benefit. Labour is the primary factor of production. It is labour that organizes the other factors of production. Labour is an important factor of production because it utilizes other natural resources that are available in production. Without labour, land and capital, nothing can be produced. It supervises the production of commodities. It applies technical know how in the production process.

Capital; Capital means all man-made productive assets. Capital is used to help produce other materials. Examples of capital are tools, machines and buildings. Capital increases the productivity of land and labour. Money is used to purchase goods for further production. Capital may be classified into fixed and working capital. Fixed capitals include things like farms, machinery, tractors, and factories. Working capital is used in a single act of consumption, for instance raw materials, goods – in – process and fuel. Capital is important in production because it enables investment. Investments include the building of factories, power stations and the making of tools and implements. If more investments are established, production will increase. Thus, economic development will increase.

Infrastructure; Infrastructure is the whole web of facilities which need to be in place for productive industry to flourish. Infrastructure includes roads, railways, gas, schools, electricity, telephones, water, sewerage systems and others. Infrastructure is important for economic development. The goods produced have to be transported from the production place to the marketing area. If supply will be low then sales will not be good. Telephones are important to reduce movement of labour during the marketing process.

Roads must be passable throughout the year. Poor infrastructure leads to poor development.

Entrepreneurship Land;labour and capital need to be organized in order to produce. The person who organizes the business is known as an entrepreneur. An entrepreneur is a person who is responsible for the profit and loss of the business. He/she is the risk taker. An entrepreneur is important in economic development because he or she provides the funds necessary to bring together the other factors of production. The entrepreneur has to employ labour, buy or rent land and arrange capital. He or she bears the risk of the business. Entrepreneurs make some important decisions regarding the business like what to produce, where to locate the enterprise, and decide on the type of the business organization which may be a partnership or a corporation.

Technology; Technology is the way people use resources to meet their needs and wants. This includes tools, machines, materials, techniques and the process used to produce goods and services to satisfy their needs. Technology is composed of hardware, software and technical know – how. Hardware is the physical structure and logical layout of equipment or machinery that is used to carry out the required needs. Software is the knowledge of how to use the hardware in order to carry out the required needs. Technical know-how is the learned or acquired skills. The level of output of a firm depends on the quality and quantity of inputs in the existing state of technology. When technology is high, production increases. The level of production in Tanzania is low due to poor technology. For instance in agriculture, despite having fertile and vast land, we cannot produce enough food to satisfy our needs and get surplus for export because of the poor technology we are using in production. In the mining sector, foreign investors have been invited to extract our wealth because we do not have appropriate technology. The availability of technology affects the rate of growth. It increases the

productivity of capital and labour and the creation of new products. Lack of or technology causes poor production of goods and services and underdeveloped.

Education; Education is a vital aspect in production. The quality of labour is a major source of potential growth. Efficiency of labour depends very much on education and training. A worker must have basic skills of reading and writing. They are important to the functioning and productivity of an economy. Developing countries have made a huge effort to provide universal Primary Education for all children. Education is very important in the production process, because it reduces the expenditure on the foreign labour. It improves the efficiency of human labour. In Tanzania, the education system trains job seekers rather than job creators. This has led to massive unemployment among the educated people in the country. One of the reasons is that there is low rate of industrial expansion and agricultural modernization.

Good governance; Governance refers to the exercise of power of the state in managing the country's social and economic resources. It also relates to accountability, rule of law, transparency and citizen participation. The government is responsible to see that there is peace in the country so that people perform their duties harmoniously. If there is no political stability in the country, the level of production will decrease. The government plays a vital role in economic development. It has to provide a conducive environment to the citizens to engage in production. The government establishes policies that will favour people to invest. The government should encourage people to participate in economic activities by supporting them financially. The government must enact good policies which will favour the workers in terms of good salaries and a favourable working environment. It should also create favourable conditions for the functioning of markets, operation of private firms, employment of civil society and community-based organizations in the country.

Activity 3

Referring to features of good governance and its significance, discuss how good governance is practiced in Tanzania.

Importance of Each Factor of Economic Development

Illustrate the importance of each factor of economic development

The importance of each factor of economic development

Land; Land provides space where production can take place. Industries that depend on land include all extractive occupations such as farming, mining, quarrying and fishing. For instance, land in Tanzania is valuable to agriculturists and those who want to invest in estates, while in United Arabs Emirates land may have no value to an agriculturist but it is valuable to an industrialist who needs oil for industries.

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important to reduce movement of labour during the marketing process. Roads must be passable throughout the year. Poor infrastructure leads to poor development.

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government establishes policies that will favour people to invest. The government should encourage people to participate in economic activities by supporting them financially.

The Role of Financial Institutions in Economic Development

Financial institutions are organizations which deal with financial services, advice, assistance or support to individuals, companies and the public at large. They are established by the public and registered by the authorities. Financial institutions may be private or the publically owned. The types of financial institutions found in Tanzania are banks, insurance companies, and social security institutions. Others are loan-giving institutions and, savings and credit cooperative societies (SACCOS).

Banks; A bank is an organization that provides financial services like storing and lending money to people or institutions. In Tanzania, there are two main types of banks, namely Central Bank and Commercial Banks.

Central bank; The Central Bank of Tanzania (BoT) was established following the decision to dissolve the East African Currency Board (EACB) and the establishment of separate central banks in Tanzania, Kenya, and Uganda. In December 1965, the National Assembly passed the bill of the establishment of the Bank of Tanzania. The Bank was opened by the first President of Tanzania, the Late Mwalimu Julius K. Nyerere, on 14th June, 1966.

The central bank is a national financial heart. The bank is independent from direct government influence when carrying out desirable monetary policies aimed at stimulating economic activities in the economy. The Central Bank of Tanzania carries out its responsibilities in close cooperation with the government, and in particular the Treasury which is primarily concerned with the financial policies of the government. The

head is BoT is the Governor, who is appointed by the Presidents of the United Republic of Tanzania.

The Role of Different Financial Institutions in Economic Development

Analyze the role of different financial institutions in economic development

The Bank of Tanzania has important subsidiary central banking functions. The bank has the sole right to issue notes and coins in Tanzania for the purpose of directly influencing the amount of currency in circulation outside banks, thereby providing the economy with sufficient but if possible non- inflationary liquidity.

The functions of the Central Bank of Tanzania in economic development

The central bank is a bankers _ bank. This function includes the acceptance of deposits to act as prudential reserves for these banks (that is the minimum reserves), the willingness to discount commercial and government paper, and the commitment to act as lender of last resort to these banks. It also involves the provision of central clearance facilities for inter-bank transactions.

The central bank is the banker and the fiscal agent of the government, and may be the depository of the government. It makes temporary advances to the government through its overdraft facility, subject to repayment within 180 days and through purchases (direct or re-discounting) of treasury bills issued by the government, which mature not later than 12 months from the date of issue. The total amount outstanding at any time of advances made in this manner shall not exceed one eighth the average budgeted revenues of government (average of the actual collected revenues of the previous three fiscal years, excluding loans, grants, other forms of economic aid, and all borrowing, whether short-or long-term).

The central bank may advise the government on any matter relating to its functions, powers, and duties. It may also be requested to advise the government on any matter related to the credit conditions in Tanzania or any proposal, measures, and transactions relating thereto.

The central bank is the depository of the official external assets of Tanzania, including gold and foreign currency reserves. Guarding international reserves may imply the determination of buying and selling rates of gold and foreign exchange in foreign exchange markets and /or the buying and selling of reserve assets for the purpose of sustaining the national currency's external value. It also includes reserve management, with a view to the prudential investment of the funds, with due regard to safety, liquidity and profitability and external debt management.

The central bank is the supervisor of banks and financial institutions. In general, this activity involves ensuring that commercial banks and other financial institutions conduct their business on a sound prudential basis and according to the various laws and regulations in force. It includes the supervision of banking conduct and the licensing of financial institutions. According to the banking and Financial Institutions Act of 1991, and the new BoT Act, the main responsibilities of the Bank of Tanzania are:

Implementation of prudential controls concerning capital adequacy, liquidity, concentration of credit and risk diversification, asset classification and provisioning, and prohibited activities.

Licensing of banks and financial institutions.

Facilitation and monitoring of Deposit Insurance Fund, the purpose of which is the protection of small depositors.

Modification and monitoring of the minimum reserve requirements and foreign exchange exposure.

The central bank promotes financial development. This refers to the establishment of an effective financial system, with the aid of which financial transactions minimum amount of cost and time involved. In this connection, the central bank has to be a facilitator of advanced clearing and transfer systems. It also implies that the necessary banking services, as for example deposit facilities and loan facilities, are made available. Included here is also the availability of certain specialized institutions, which could be represented, for example, by an industrial development bank and/or an agricultural development bank and micro-finance institutions, and the facilitation of a money market, a capital market, and a foreign exchange market.

Commercial banks

Commercial banks are established for the purpose of earning profit through accepting savings, and utilizing these savings of their customers to extend loans and advance on which they charge interest. These banks attract the public to deposit by giving interest rate on those deposits once made with them. All the commercial banks are controlled by the Central Bank of Tanzania (BoT).

Some of the commercial banks operating in Tanzania are National Bank of Commerce (NBC), National Microfinance Bank (NMB), Tanzania Investment Bank (TIB), Akiba Commercial Bank (ACB), Standard Chartered Bank (SCB), Stanbic Bank (SB), Habib African Bank (HAB), Diamond Trust Bank (DTB), Exim Bank (EB) and Cooperative Rural Development Bank (CRDB).

The functions of commercial banks in economic development

The following are some of the functions of commercial banks in economic development:

Advise their customers on issues concerning investment, trade and how to run them.

Act as trustees, and can also keep valuable documents like wills, certificates and gold. Hence they ensure safe custody.

Provide foreign exchange to customers and help their customers in carrying out foreign trade.

Offer the facility of standing order where they make regular payment to a customer's creditor on behalf of insurance premium and electricity bills.

Facilitate withdrawal of money on current accounts any time by the use of a cheque.

Offer bank draft facility to different persons in the economy, especially the traders.

Extend loans to several individuals and companies that are engaged in agriculture, ranching, mining, industry and trade. In so doing, the economy of a country grows.

Facilitate deposits of money. The commercial banks pay interest rates on the deposits.

Condition and Procedures for Getting Services from Each Financial Institution

Point out the condition and procedures for getting services from each Financial Institution

There are common conditions and procedures for getting services from the commercial banks. Any person maybe a member of any bank he or she wants to join. A person has to take an introductory letter from his or her employer or from the local government officials where he or she lives. He or she will present the letter to the authority concerned in the bank. A special form will be given for filling in his or her particulars and the type of account he or she prefers. The applicant must provide the name of a referee. When the bank has approved the application it will open an account for its new customer. The

customer will be given an account number. There are various types of accounts such as savings account, current account and fixed deposit account.

The customer may take a loan as per bank regulations. The purpose of a bank loan is to provide the borrower with a lump sum of money to facilitate various undertakings. To get a loan a person will make a formal application to the bank. He or she might be interviewed by the manager. The manager has the authority of deciding whom it is safe to lend to. When asking for the loan from the bank, the bank may ask for collateral security. It is something given by the customer to guarantee the payment of the loan, the customer would be required to repay the loan by regular installments over an agreed period of twelve, eighteen, twenty-four or thirty six months.

The Strengths and Weaknesses of Each of the Financial Institutions

Assess the strengths and weaknesses of each of the financial institutions

Strengths of commercial banks

Commercial banks have the following strengths in their contributions over the economic development of the country. They provide

Easy access of services from the automated Teller Machines (ATM). This makes it easier for customers to access the bank services all the time.

Security to their customers.

Investment advice, management of investments, buying and selling of investments.

Safe custody of valuables (night safes).

Cash dispensers.

Loans to their customers who want to run businesses, build houses, and buy cars, for improving their living standards.

Weaknesses of commercial banks

Apart from those mentioned strengths of commercial banks, there are some weaknesses too, including:

Loans repayment interest rate is high. Many people are discouraged from taking loans because of high interest rate. For instance, some banks charge up to 36% interest rate.

Bureaucracy in taking loans from the banks. The filling in the application form and the maturity of the loan takes a lot of time.

Referees and collateral security is a hindrance to many customers. Due to this requirement, not everybody can get loans.

Low account interest rates. Owners of the accounts in the banks are paid little interest annually. This discourages people to deposit their money in commercial banks.

Activity 4

“The central Bank of Tanzania is the mother bank of the banks in the country.”
Discuss.

Savings and Credit Cooperative Societies (SACCOS)

These are organized groups in which members contribute capital through savings. The money collected from members is used to open various ventures and profits obtained used to pay interest to the saver. Members can borrow money and return it with an interest within the agreed time. This might be six, twelve, eighteen or twenty-four months.

In Tanzania, SACCOS are developing and becoming very popular. Different people including workers have established SACCOS for the purpose of raising their living standards and eradicating poverty. Membership of the SACCOS is voluntary. The members know each other and conduct meetings regularly. In fact, it is family of its kind.

Principles of SACCOS

SACCOS members are bound with the following principles:

All members get fixed interest on their capital contributed.

They get dividends according to their contribution annually.

Members have equal voice each has one share one vote.

If one wants to withdraw his or her membership from the society, his/her money is refunded after submitting his/her letter of resignation.

Leaders are elected in a democratic way.

Importance of SACCOS in economic development.

Members can take loans for investment in various economic activities which improve their living standards as well as the national income. They will be able to satisfy their daily needs such as paying school fees for their children and constructing houses.

Members can also borrow money for starting businesses.

Conditions and procedures for getting services from SACCOS

SACCOS provide a number of services to their members, like banking services. Any member who deposits his savings and assets can withdraw them in time of need.

SACCOS provide loans to their members. Money given as loans is collected from the members of that SACCOS. SACCOS may take loans from other banks or buy shares from

different firms and companies. Through their shares they get dividends, which are usually shared among the members according to their contributions. To get any services from SACCOS one must be a member.

There are forms given to the applicants to fill in how much they want to borrow and how they will refund. The applicant must be sponsored by other members. He or she should list the property which will be confiscated in case he or she fails to pay back the loan.

There is a committee which goes through each applicant's request, examining the behaviour of the member carefully to find out if he or she can reimburse the loan. The committee then concludes whether to give or not to give the loan. Loans are utilized for various purposes such as construction of houses, starting a business, emergencies, paying school fees, livestock keeping and buying fishing implements.

Strengths of SACCOS

SACCOS have the following strengths in their contributions to the economic development of the country.

They give loans to their members.

They provide education of entrepreneurship that is how people can start business.

They create employment opportunities for the members.

They establish various social and economic ventures such as purchasing land or building a dispensary.

They provide financial assistance to members who are widows.

Weaknesses of SACCOS

Apart from those mentioned strengths, SACCOS have the following weaknesses:

There is bureaucracy in processing the loans.

There is favoritism in the provision of loans; other people are denied loans without genuine reasons.

There are not enough educated personnel to run SACCOS.

There are various conflicts in many SACCOS between the members and their leaders.

Funds are not properly managed by the members.

Many SACCOS are dormant. There are members who take loans and do not pay them back hence causing suffering to those who deposited their money in the society.

Insurance companies

Insurance companies are financial institutions that deal with managing risk of a firm or business, people and their properties. There are mainly three types of insurance, namely life insurance, health insurance and liability insurance.

Life insurance is a kind of insurance that guarantees a specific sum of money to a designated beneficiary upon the death of the insured, or to the insured if he or she lives beyond a certain age.

Health insurance is an insurance against expenses incurred through illness of the insured.

Liability insurance insures property such as automobiles and professional/ business mishaps.

In Tanzania there are many insurance companies. Some of them are national Insurance Corporation (T) Ltd, Reliance Insurance Co.Ltd, Zanzibar Insurance Corporation, Jubilee Insurance Co.Ltd, Tajack Insurance Co.Ltd and Prudential Insurance.

Importance of insurance in economic development

The following are some of the importance companies in economic development:

They restore loss because they take you back to the condition you were in before the disaster.

They cover disasters that might affect the individual (protection).

They reduce losses from auto accidents on the roads and fire. In running a business or any production activity mishaps may occur, thus it is advisable to insure against uncertainties that might occur.

Strengths of insurance services in Tanzania

Insurance services have the following strengths in their contributions to the economic development of the country.

Many clients have been compensated in case of loss of poverty.

In other types of insurance, for instance life insurance, the insured is paid back his or her contributions with interest at the end of the contract.

Weaknesses of insurance services in Tanzania

Apart from those mentioned strengths of insurance services, there are some weaknesses too, including:

Insurance services are not accessible in rural areas.

There is a need to educate Tanzanians on the importance of insurance services.

Many insured people complain that insurance companies delay to compensate them in case of a loss.

The procedure to get compensation takes a long period of time.

There are unfair methods applied by some of the insurance companies to avoid full and timely compensation for the insured asset.

Social security institutions

Tanzania, like many other countries in the developing world, has strong informal social security and formal social security systems. Informal social security systems are such as Village Community Banks (VICOBA) UPATU, UMASIDA and VIBINDO. These are locally formed by people in their areas or community for the aim of helping each other in socio-economic issues.

The formal social security systems found in Tanzania are the National Social Security Fund (NSSF), Parastatal Pension Fund (PPF), National Health Insurance Fund (NHIF), Local Authorities Provident Fund (LAPF) and Public Service Pension Fund (PSPF).

NSSF offers social security coverage to employees of the private sector and non-pensionable parastatal and government employees. **PSPF** provides social security protection to employees of the central government under pensionable terms, while **PPF** offers social security coverage to employees of both private and parastatal organizations. **LAPF** offers social security coverage to employees of local government and the **NHIF** offers health insurance coverage to pensionable employees of the central government.

The Social Security Regulatory Authority (SSRA)

Social Security Regulatory Authority (SSRA) is a regulatory and supervising body of the functions of all social security schemes in the country. It was created under the Social Security Regulatory Authority Act, 2008, which President Jakaya Mrisho Kikwete assented to in June 2010 and which became operational in September 2011. The authority has the

role of ensuring the funds are sustainable, protect interests, increase coverage and reduce the burden to the government.

Functions of Social Security Regulatory Authority (SSRA)

The following are some of the functions of Social Security regulatory Authority in economic development:

Register all managers, custodians and social security schemes.

Regulate and supervise the performance of all managers, custodians and social security schemes.

Issue guidelines for the efficient and effective operations of the social security sector

Protect and safeguard the interests of members.

Create a good environment for the promotion and development of the social security sector.

Advise the minister concerned on all policy and operational matters relating to the social security sector.

Adopt the conventional broad guidelines applicable to all managers, custodians and social security schemes.

Monitor and review regularly the performance of the social security sector.

Initiate studies, recommend, coordinate and implement reforms in the social security sector.

Appoint an interim administrator of schemes, where necessary.

Strengths of social security institutions

Social security institutions have the following strengths in their contributions over the economic development of the country.

Provide security to their member's contributions.

Doing business by giving loans to firms associations and individuals with interest

Invest in the construction of houses for accommodations in town and sell some of them to individuals.

They give benefits to the members when they retire.

Assist members when in trouble such as sickness or treatment to expectant mothers.

Refund expenses incurred during the funeral of their member to the family concerned.

Weaknesses of social security institutions

Apart from those mentioned strengths of social security institutions, there are some weaknesses too, including:

Poor record-keeping as some members sometimes complain that their contributions are not shown on the respective records.

Delays when giving services to the members, it takes about six months to get benefits when a member retires.

Education to the members is inadequate because most of them are now well informed about their rights and contributions.

Some employers do not provide the correct contributions to the concerned social security scheme.

Some social security institutions are not giving loans to the members especially when a child wants to go to school and other development activities.

Money value always fluctuates which causes a negative impact to members since it affects their purchasing power.

Loan – giving institutions

There are several financial institutions like banks, finance companies and private money lenders, which provide loans to people. The loan taken will depend on the purpose for which it is to be taken. There are various types of loans which are available like commercial lending, house-building loans, home financing and mortgage financing.

The financial resources of a person help him or her to ascertain whether it is a rational decision to take a loan. The loan should be taken at reasonable interest rates. The person needs to compare the interest rates from multiple lenders. The repayment of loans is dependent on the prevalent interest rates of the market.

The time of the actual repayment of the principal amount should be decided in advance. A favourable adjustable rate protects a person from being in trouble in future. Any lending agency will be interested to know your creditability, if you will be able to pay monthly installments or not.

Strengths of loan institutions

Loan-giving institutions have the following strengths in their contributions to the economic development of the country.

People who take loans from these institutions establish petty businesses which raise income to their families.

Education provided is free of charge to all members. They are trained on how to invest and spend money wisely.

When members sit together and train, they form unity among themselves. They sit in groups of five, six, seven or ten.

Weaknesses of loan-giving institutions

Apart from those mentioned strengths of loan-giving institutions, they loans and put their guarantors in trouble.

The interest imposed on the loan is very high.

The loans given are small in quantity and cannot finance a large investment.

Activity 5

Debate topic: "Loan-giving institutions are a burden rather than a help to the people."

The role of Government in Economic Development

The government formulates policies which aim at attaining economic development. The government creates good conditions for all sectors of the economy. For instance, in agriculture, the government provides storage facilities for crops produced in rural areas.

The Role of Government in Economic Development

Explain the role of government in economic development the farmers on modern methods of production and how to look after their harvests. It also provides subsidized pesticides, fertilizers and equipment such as sprayers, hoes and power tillers in rural areas. The government encourages farmers to join cooperative societies and gives them loans.

The government encourages society to have a culture of saving and investing. The culture and habit of saving and investing generates wealth for individuals, households, communities and the nation, in the same vein, a culture of wealth creation and accumulation for development must also be reinforced by a culture of maintenance to prevent unnecessary loss of capital stock.

The government promotes a broad human development strategy; it encourages the society to upgrade itself and improve its productivity. The government creates an incentive system that encourages and rewards individuals, groups, and firms to embrace initiative, creativity, innovation and excellence. This transformation is reflected in the education system, training institutions, and recruitment and promotion process.

The government provides a good environment for actors to effectively harness domestic resources in order to attain competitiveness in their diverse economic activities.

Competence and competitiveness, as driving forces, are realized through sound macroeconomic policies, adequate and reliable infrastructural development, quality education, effective utilization of domestic resources, higher productivity and strengthening of the capacity to effectively anticipate and respond to external changes. The government also has a duty of providing security and favourable environment for investors in the country.

Effectiveness of the Government in Economic Development

Assess the effectiveness of the government in economic development

The government plays an important role in economic development. For instance in the 1980s the government adopted the policy of trade liberalization, which led to the mushrooming of commercial activities in Tanzania. Many local and foreign investors started investing in this sector. Since then, the commercial sector has been expanding tremendously.

Areas where the government has been ineffective in economic development

Apart from the mentioned effectiveness of the government in economic development, there is some ineffectiveness too. Some of this ineffectiveness is:

Signing weak contracts with investors which do not consider the national interests, for instance mining contracts and privatization of Tanzania railway Cooperation (TRC) to Tanzania Railway Limited (TRL).

Poor tax collection where the government loses a lot of money due to unnecessary tax exemptions and tax avoidance.

Failure to control inflation. The increase in inflation is attributed to a combination of exogenous shocks. Some of the exogenous shocks include the hike in global oil and food prices, the decrease in demand and price of primary exports in the world market. Other shocks include extreme weather conditions, which adversely affect agricultural produce and power supply, and consequently inhibit the growth of other sectors of the economy.

The poor transport system affects the economic development of Tanzania. For instance, traffic jams in cities is due to poor infrastructure and city planning.

Inefficiency of power supply. The government has failed to make proper use of the available waterfalls, natural gas, coal and uranium to solve the power problems in the country hence affecting economic production in various sectors like industries.

Lack of good governance and accountability shows the inefficiency of the government in spearheading economic development. There has been rampant corruption in Africa which hinders economic development.

Dependence on foreign aid to finance the budget of the nation affects the economic development of the country especially where the aid is not given on time. For instance, the government prefers the General Budget Support (GBS) as one of the sources of external financing modalities. The GBS contributed Tshs.4 billion in 2008/2009 budget.

The Role of the Private Sector in Economic Development

The private sector in an economy is formulated under government policies but owned individual or privately. Although the private sector provides services to the public, it aims at maximizing profits. In a private sector there are two components, namely the formal and the informal sectors.

Components of the Private Sector and Importance of the Formal Sector in Economic Development

Identify components of the private sector

The private sector in an economy is formulated under government policies but owned individual or privately. Although the private sector provides services to the public, it aims at maximizing profits. In a private sector there are two components, namely the formal and the informal sectors.

The formal sector

The formal sector encompasses all jobs with normal hours and regular wages, and is recognized as income sources on which income taxes must be paid. This sector is composed of all those private firms established legally by the registrar of companies. Their businesses are legally performed, opened at an area known publicly. They pay tax and other duties to the government. Examples of businesses undertaken in the formal sector are industries, agriculture, commerce and trade, transport and communication. The owners of these sectors of the economy follow rules and communication. The

owners of these sectors of the economy follow rules and regulations established by the government.

Importance of the formal sector in economic development

The formal sector plays a significant role in economic development.

Provides employment opportunities to skilled, semi-skilled and unskilled labour. People are employed according to their skills in a particular job. Thus, their living standard increases.

Helps to mobilize aid from foreign countries and international organizations like the International Monetary Fund (IMF) and the World Bank.

Increases income to the country as owners of the firms pay tax to the government. The tax is utilized by the government in various development projects in the country.

Brings in foreign exchange, skilled power and capital.

Encourages competitions because of the existence of the formal sector.

Creates availability of goods and services which are of good quality due to competition.

Provides support to the people who have been affected by disasters.

The informal sector

The formal sector has many names; some of them are invisible sector, non-planned activities and unstructured sector. Others are informal economy, people's economy, one-person enterprise and urban subsistence sector.

The informal sector or economy as defined by governments, scholars or bank is the part of an economy that is not taxed, monitored by any form of government, or included in

any Gross National Product (GNP). Examples of people who engage in the informal sector are water sellers, street vendors, buckers and shoe shiners.

In developing countries, around 70% of the potential working population earns its living through the informal sector. They define the sector as that type of sector where people earn a living self-employment and they are not on anyone's payroll. Most of them live and work in this sector not because it is their wish or choice but because they have no chance of being hired by an employer from the formal sector.

In describing this sector, one should bear in mind that the formal economy is not a deviation of the formal economy. The sector shows the initiative of people who have failed to get formal employment engaging in various economic activities to earn a living.

Characteristics of the informal sector

The formal sector involves economic activities that are not regulated by labour or taxation laws or monitored for inclusion in the Gross Domestic Product (GDP) estimates.

There are two types of the informal sector activities, namely coping strategies (survival activities) and unofficial earning strategies (illegality in business). Coping strategies include casual jobs, temporary jobs, unpaid jobs, and subsistence agriculture.

Importance of the Informal Sector in Economic Development

Illustrate the importance of the informal sector in economic development

Though most of the activities in this sector are performed illegally, they contribute to the economic development of our country. The following is the importance of the informal sector in economic development:

Provides jobs which reduce the unemployment problem

Generates income for individuals linked to these activities.

Helps to alleviate poverty.

Bolsters entrepreneurial activity.

Helps to bring commodities to the customer's doors. This helps those customers who stay away from the city center.

Make easier the supply of goods and services since the exchange takes place on the same day.

Contributes income to the local government.

Problems Facing the Informal Sector

Analyse the problems facing the informal sector

Apart from the mentioned importance of the informal sector in economic development, there are some problems too. Some of those problems are:

Many jobs are low-paid and the job security is poor.

There are no proper places set for them to conduct their businesses.

Lack of transportation means. For instance, "Machinga" guys walk long distances to sell their goods.

Some of the businesses do not address the issue of hygiene.

Lack of enough capital which limits the expansion of the businesses.

Lack of warehouse for traders to keep their stock or commodities.

Lack of creativity among the members due to low levels of education.

They are not recognized by the authorities and therefore there is no freedom in doing their businesses.

No fringe benefits from institutional sources because the activities are not recognized.

Absence of trade union organization.

Ways of Improving the Informal Sector

Propose ways of improving the informal sector

The informal sector may be improved in several ways. Some of these include the following:-

The government should recognize the sectors by registering all the owners of these businesses.

Proper places should be located where people can operate their activities comfortably

People should be educated on how to conduct their activities properly and the importance of cooperation and unity. If they are united it will be easier for them to get loans from financial institutions.

Health officers must visit these areas to inspect and educate people on all issues relating to health.

TOPIC 3 Indicators of Poverty

Meaning of Poverty

Define poverty; Poverty refers to a situation where a person cannot attain the minimum level of well-being. The concept of well-being can be applied to different dimensions like consumption, income, education and other basic needs.

Poverty is characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information.

Poverty is also characterized by lack of income and productive resources to ensure sustainable livelihoods, hunger and malnutrition, ill health, limited or lack of access to education and other basic services. Poverty also includes homelessness and inadequate housing, social discrimination and exclusion.

It is also characterized by lack of participation in decision making and civil, social and cultural life.

The main poverty line used in the Organization for Economic Cooperation and Development (OECD) and the European Union is based on “economic distance” - a level of income set at 60% of the median household income. This states as follows:

In 1985, a poverty line set as US \$ 14.40 a day per person. This was suggested for industrialized countries like the USA.

By 1987, a poverty line set at US \$ 2 a day per person. This was suggested for Middle East and North African countries.

In 1990, a poverty line set as US \$ 4 a day per person. This was suggested for Latin America.

In 1990, a poverty line set as US \$ 4 a day per person. This was suggested for Eastern Europe and Commonwealth independent countries.

In 2008, a poverty line set at US \$ 1.25 a day per person. This was suggested for sub-Saharan African countries.

The International Poverty Line gives us a convenient way of understanding the state of poverty. However, it is a very blunt instrument for measuring a complex phenomenon. This is because:

It does not take into account the cost of living differentials within countries. US \$ 1 will buy different amounts of goods in urban and rural areas. For instance, food may cost more in urban areas.

It does show who lives in permanent poverty and who lives in temporary poverty.

It does not consider the distribution of income within the household. Distribution of income is sometimes affected by gender.

It only values goods which are delivered in the market. In many poor countries people grow and rear food and animals respectively for their own consumption.

Different Levels and Types of Poverty

Point out different levels and types of poverty

Levels of poverty

The assessment of levels and trends of poverty is complicated by the lack of consistent information and absence of officially recognized poverty lines. This problem has forced some studies to develop and use their own lines. Thus, the lower lines denote basic food needs based on specific assumptions about eating habits, nutritional requirements and cost, while the upper lines cover in addition to such food requirements, and other essential needs such as clothing, housing, water and health. A poverty line of US \$ 1 per

day in real terms has been used by the World Bank to facilitate comparison with other countries.

The situation and level of poverty varies among community members and can be grouped into three categories depending on the degree of dependency and possession of valuable assets.

The first group consists of those who have no money or possessions and have lost hope. They do not have enough food and in most cases depend on charity for survival. They are unable to sustain themselves. Most of these people are either too old or young and handicapped to work. Within this group also is a small fraction of the less poor who consist of few families - mainly single parents, widows and women married to irresponsible alcoholic husbands. They have inadequate standards of living and are often the most vulnerable in society. For those families, meeting the most basic needs is a daily struggle. These people are the source of cheap labour in communities.

The second group consists of people who can meet their basic needs but do not have sufficient income to have any surplus income. This group comprises of many workers who are being paid low or insufficient salaries – a salary which enables them to meet only their basic needs.

The third group consists of the rich. At a village level, a rich person has all the material necessities of life such as adequate food to feed their children properly and live in good houses made of bricks and roofed with corrugated iron sheets. They are able to assist others or hire their labour. They have a reliable source of income either from livestock or agriculture. They produce in surplus and possess valuable assets such as radios, television, bicycles, and motorcycles, and have money to purchase basic essentials like clothes.

The World Bank has set the International Poverty Line at an expenditure level of \$ 1 for every person a day. This figure represents the minimal amount on which a person is considered to be living in absolute poverty, if his or her income falls below this line. By this measure, at the present time about 1.2 billion people are living below this line calculated using purchasing power abilities which take into account difference in prices of goods in different countries, and allows us to compare poverty levels internationally. However, if someone is below the poverty line it is probably the person is living in a community without access to clean water, but this is not always the case and some countries have managed to reduce elements of human poverty than income poverty.

A developing country is a nation where the average income is much lower than in industrial nations; where the economy relies on a few export crops, and where farming is conducted through primitive methods.

Types of poverty

Absolute and relative poverty, Absolute (extreme) poverty refers to a set standard which is consistent over time and between countries. The World Bank defines extreme (absolute) poverty as living on less than US \$1.25 per day, and moderate poverty as less than US \$ 2 a day. It estimates that in 2001, 1.1 billion people had consumption levels below US \$ 1 a day and 2.7 billion lived on less than US \$ 2 a day.

Relative poverty views poverty as socially defined and dependent on social context, hence relative poverty is a measure of income inequality. Usually, relative poverty is measured as the percentage of population with income less than some fixed proportion of median income. Relative poverty measures income inequality rather than material deprivation or hardships. The measurements are usually based on a person's yearly income and frequently take no account of total wealth.

Indicators of Poverty

Identify indicators of poverty

The indicators of poverty include high rates of morbidity and mortality, prevalence of malnutrition, illiteracy, high infant and maternal mortality rates, low life expectancy, poor quality housing, and inadequate clothing, low per capital income and expenditure, as well as poor infrastructure. Others include high fertility rates, lack of access to basic services such as safe water, food insecurity and poor technology. These features can be used to identify poor and non-poor individuals, households or communities. An individual, household or community found to be characterized by some or all of these features can be identified as being poor.

Most elements of indicators of poverty are mainly based on economic considerations. Consequently, many of these indicators are quantifiable. Recently, the definition of poverty has been further broadened. The new definitions incorporate problems of self-esteem, vulnerability to internal and external risks, exclusion from the development process and lack of social capital. The new definition of poverty captures the qualitative aspect of socio-economic well-being. A combination of the quantitative and qualitative definitions of poverty are utilized to identify who the poor are and the extent of their poverty, where they live and what they do for a living. These definitions also influence the design of pro-poor policies for economic growth, public expenditure, safety net programmes and tools for assessing the impact of programmes and projects on poverty reduction.

Generally poverty is a result of many and often mutually reinforcing factors including lack of productive resources to generate material wealth, illiteracy, prevalence of diseases, natural calamities such as floods and drought, and man-made calamities such as wars.

At the international level, an unequal economic and political partnership, as reflected in unfavourable terms of trade and other transactions for developing countries, is also a

major cause of poverty in these countries. Some causes of poverty are not direct, for example traditions and norms which hinder effective resource utilization and participation in income – generating activities.

Poverty is one of the global problems that have hindered socio-economic and political development of many societies.

Different Indicators of Poverty to the Tanzanian Situation

Relate different indicators of poverty to the Tanzanian situation

The Tanzanian economy is heavily dependent on agriculture, which accounts for about 50 percent of the gross Domestic Product (GDP). Agriculture provides 85 percent of exports, and is by far the largest employer. Lack of technical know-how, agricultural input, capital, unpredictable climate and unreliable markets contribute to low levels of output.

Lack of clean and safe water in a community is one of the major indicators of poverty. Tanzanian statistics show that by 1993, this service was provided to 75 percent of urban dwellers compared to only 46.4 percent of those living in the rural areas. As discussed earlier, more than 70 percent of Tanzanians reside in rural areas; therefore the majority of the population has no access to clean and safe water. Women and children are the most affected citizens. Traditionally, women have the role of fetching water for the family; they have to walk many kilometers looking for water. Currently, community members rely on swamps and other dirty water sources, which are mostly used by cattle and wild animals.

It is estimated that up to 1977, 73 percent of Tanzanians had basic literacy skills. However, this has been declining year after year. For example, in 1993 it had declined to

63 percent, while only 68 percent of all children of school going age were enrolled in primary schools.

The main reason for the decline is the introduction of the cost-sharing system in the 1990s whereby every family was required to pay school fees and other school-related costs, which were previously covered by the government. As a result of the poverty in the country, many rural families found it difficult to meet the costs. This partly contributed to the increased number of illiterate cases and school dropouts in the country.

The per capita income of Tanzania is estimated at about \$ 250 per year. Through experience the \$ 250 would not last for more than three months in a normal Tanzanian family which in most cases includes children and members of the extended family.

The situation of family income, particularly in rural communities, is probably worse today because most families are heavily dependent on agriculture which in turn is affected by unpredictable rainfall, lack of capital, agricultural inputs and unreliable market. This has led to a higher rate of poverty among rural communities, and distorted the traditional Tanzanian support system.

There is a common belief that traditionally, the extended family in Tanzanian societies provides social and economic support for its family members in times of need. This has shown a high degree of self-reliance in the past in coping with other social disasters including famine, drought and economic hardships. Under this system, majority of the family members spend their resources supporting and caring for a person in need. However, as result of poverty, members of the extended family find it difficult to meet the traditional obligations for all members of their extended family and in some cases, even their children.

Inadequate health services are another sign of poverty in the country. Most illness are associated with poverty. In Tanzania, poor health services have been responsible for the

prevalence of infectious diseases such as diarrhea, malaria, and tuberculosis. For example, according to Health Statistical Abstract (1977) there was one hospital bed per one thousand people.

A high mortality rate is another sign of poverty. According to the Health Statistical Abstract (1977), the average life expectancy at birth in Tanzania is 50 years compared to life expectancy of 77 years in developed countries. The infant mortality rate is 96 per 1 000 live births compared to 7 in developed countries.

Women– to-women marriages are another classic example of poverty situations in rural communities. This behavior is common in the northern part of the country, in areas including Tarime and Serengeti districts in particular. Through this, rich women choose young women from poor families and pay their bride price in terms of cash or materials, such as land, cows or crops, to their parents. The rich women later identify any man of their choice to be boyfriends of the chosen young women so that they can reproduce. The offspring then belong to the husband who in this case are the rich woman. The poor families, including their married daughters, get involved in this system because of the economic hardship they experience. This puts poor women at risk of being infected with HIV and AIDS.

Activity 1

Critically examine the types and levels of poverty in Tanzania.

Causes and Effects of Poverty in Tanzania

The Causes of Poverty in Tanzania

Analyze the causes of poverty in Tanzania

The incidence of poverty varies greatly across the country but is highest among rural families living in arid and semi-arid regions that depend exclusively on livestock and food crop production. People of the central and northern highlands are nutritionally the most deficient, while coastal and southern highlands zones register the severest levels of poverty. From the point of view of policy and strategy design, no region is significantly better off than other and very poor by any international standard.

Poverty is caused by both internal and external factors. Whereas the internal causes can be clustered into economic and social factors, the external factors relate to international trade, the debt burden and refugee issues.

Internal Causes of Poverty

A poor agricultural sector contributes to poverty in a country. Failure in the agricultural sector contributes to the increase of poverty. It is claimed that though agriculture is the backbone of the economy, the support given to the sector over the years has not been relative to its importance. This is indicated by poor rural infrastructure, lack of modern farm equipment, lack of fertilizers and pesticides at reasonable prices, low prices for agricultural produce, and lack of irrigation schemes.

A low level of science and technology has contributed to poverty in Tanzania. The use of scientific and technological knowledge in production helps to increase the economy of an individual country. In Tanzania, poor and/or inappropriate technology is still being used; this leads to low productivity in all sectors of production. For instance, a majority of farmers are still using hand hoes. This act has contributed a lot to the increase of poverty in Tanzania.

Government taxes contribute to poverty. Increasing taxes without considering people's ability to pay contributes to the increase of poverty in Tanzania.

Lack of self-motivation to perform one's duties due to laziness and irresponsibility has contributed a lot in increasing poverty. At the government level, officials do not deliver relevant services and goods to the people as required. This habit has hindered many people in implementing their various projects; for instance the issue of land and right of occupancy.

Mismanagement of public funds that could develop the common people, this is done by the government officers and top leaders who ought to set a good example. As a result, our country loses a lot of public funds through mismanagement. For instance, government officers and politicians are paid big allowances and use very expensive cars.

Common and communicable diseases such malaria, diarrhea, pneumonia, TB and anemia are the main causes of death in Tanzania. Children younger than five years old are the most affected. Explosion of diseases such as HIV and AIDS, cholera and typhoid have increased the poverty problems. The government and family members are spending a lot of money for curative and preventive measures- money which could have been used to finance the agricultural and industrial sectors is used to fight such diseases.

Education, Majority of people of Tanzania, like other Africans are uneducated; this limits their ability to participate in the development of their country's profitably. For instance, FAO's 1974 report on the state of food and agriculture shows that Africa's annual population growth from 1952 was 2.2% while food production growth from 1952 to 1962 was 0.0%. World Bank's Development Report of 1982 shows that Africa's annual population growth from 1960 to 1970 was 0.1%. The same report by the World Bank shows that Africa's annual population growth from 1970 to 1980 was 1.1% while food production growth dropped by 1.1%. This low percentage in food production in relation to high increase percentage in population growth indicates ignorance and lack of technical know-how.

External Causes of Poverty

External debts burden. The government spends the little resources it has to pay external debts.

Unequal exchange in international trade has contributed to poverty in Tanzania. The developed or rich countries control the "world market" and developing or poor countries have no say in the world market as they are economically poor. Tanzania is one of the developing countries, so the prices for her imported and exported goods and goods are fixed by rich countries. The prices offered to the goods from developing countries are very low but are high for those from developed countries. This imbalance of trade has forced poor countries like Tanzania to remain poor. This trade relationship is difficult to break.

Activity 2

Suggest some possible measures which can be taken by the Tanzanian government to reduce or alleviate internal causes of poverty to her people.

The Effects of Poverty in Tanzania

Analyse the effects of poverty in Tanzania

There is widespread poverty in Tanzania, which has contributed to numerous effects. At present, about 38 percent of people living in rural areas are classified as poor. This progress is reflected in the United Nations Development Programme's Human Development Index for Tanzania, which rose from 0.3% in 1991 to 0.4% in 2002.

Poverty in Tanzania is more common in rural areas. About 85 percent of the country's poor people live in rural areas and rely on agriculture as their main source of income and livelihood. According to the Household Survey of 2000/01, some 20 percent of rural

people live in extreme poverty and about 39 percent are considered poor. Within the agriculture sector, food crop producers are generally poorer than cash crop farmers, but both operate under cyclical and structural constraints, and are subject to frequent natural calamities (drought and flooding) and lack market linkages, inputs, credit and irrigation water.

Income inequality for rural areas has remained more or less constant and is rooted in inequitable access to productive assets, including land, financial services, livestock and education. According to a poverty profile survey of rural households, the percentage of the rural population producing food for home consumption has dropped by 10 percent in the last decade. Fewer rural households have access to safe drinking water, primary education and medical treatment. There is also clear evidence that poverty increases with the distance from markets, drinking water supplies and health clinics.

Observations show that poverty has caused a lot of socio– economic and political effects in Tanzania, such as:

Increase in illiteracy; normally, poor societies fail to send its children to school. There are so many cases of parents failing to pay school fees for their children after they have been selected to join secondary schools.

People cannot afford to use modern equipment and machinery such as electric or gas cookers. Hence, they rely on cheap sources of energy like charcoal and firewood, which causes deforestation.

Lack of modern agricultural machinery such as tractors forces people to use hand hoes which leads to low agricultural yields.

Increase in illness. Poverty in local communities has contributed to the increased number of malnutrition and infant mortality, disruption of Tanzanian traditional support systems and the spread of HIV and AIDS in the country.

There is an increase of criminal acts such as robbery, prostitution, drug abuse, and theft. Many people are forced to indulge themselves in these social evils because of poverty.

Poor people cannot afford a balanced diet; this leads to malnutrition and failure to engage in economic activities for development.

Activity 3

Why do you think poverty in Tanzania is more common in rural areas?

Strategies for Poverty Alleviation in Tanzania

Strategies in Place for Poverty Alleviation in Tanzania

Analyze the strategies in place for poverty alleviation in Tanzania

The United Republic of Tanzania is the only country in Africa, and perhaps in the world, that within a span of 40 years has gone through rapid and radical transformations - from a colonial system to a system linking rural households to social services and to a market economy - without sacrificing basic democratic ideals and social equanimity.

During the process, all of the country's social, political and economic institutions underwent drastic transformations to adjust and conform to rigid national guidelines and priorities. Such changes seriously affected the economy, and resulted in a gradual and protracted decline of all growth indicators during the 1970's and 1980's. Since then, the country has recovered significantly mainly through the implementation of various structural adjustments and restructure programs led by the government with the help of a coalition of donors.

The strategies suggested by the international community to alleviate poverty in this country, at grass-root level in particular, have been ineffective. This is mainly because the

poor people were not involved in the designing, implementation, or evaluation of the poverty reduction strategies. However, a way forward should be a strategy which seeks full representation of the poor and other stakeholders in the designing, implementation, monitoring and evaluation of the poverty alleviation strategy. The strategies should address the actual needs of the poor communities and target them directly.

After independence in 1961, Tanzania developed different strategies and policies to alleviate poverty such as the Arusha Declaration of 1967, in which the Government nationalized all means of production such as land, industries and mining. In 1986, the government embarked on Structural Adjustment Policies (SAPs) including trade liberalization, public sector reform, elimination of price controls and established monopolies, multiparty system and good governance. These strategies were suggested by the international community and were set as a condition of accessing loans and other assistance.

Despite all these efforts, the situation of poverty in Tanzania is worse than it was in the 1970s. The International Monetary Fund's (IMF) findings conclude that poverty in Tanzania has stagnated, and that some social indicators have worsened, but that the main characteristics of the poor have remained unchanged.

One of the intervention measures suggested by the government of Tanzania is; Introduction and implementation of social and economic policies which address the issue of poverty both at national and individual level, This may necessitate increased state intervention in education and other social welfare services, and the creation of an enabling environment for private investment in the production sector.

In addressing the key challenges in strategizing to reduce pervasive poverty, Tanzania prepared and adopted Development Vision 2025 in the year 1999 and National Poverty Eradication Strategy (NPES) in 1997 which spell out a vision for the society with object poverty and improved social conditions. The NPES that was adopted in 1997 aimed at

providing guidance to all stakeholders in identifying, formulating, implementing and evaluating their poverty.

The overall goal of NPES was to provide a framework to guide poverty eradication initiatives in order to reduce absolute poverty by the year 2025. For achieving the goals of NPES, the government identified five key sectors, namely education, health and nutrition, water, agriculture and rural roads.

The NPES has identified three areas of strategic interventions, namely creating an enabling environment for poverty eradication, building the capacity for poverty eradication and eradicating poverty. The strategy has also spelt out roles at various levels for poverty eradication initiatives. This vision 2025 is in line with the international developing goal.

Strategies to eradicate poverty are viewed as instruments for channeling national efforts towards broadly agreed objectives and specific inputs and outputs. The elaboration and implementation of the strategy are fundamentally an ongoing process. While a wide variety of key interventions have already been launched, the preparation of strategies for certain sectors such as agriculture and education are still under way. The implementation of reforms aimed at shifting the responsibility of formulating and monitoring poverty reduction intervention by districts, municipalities, and communities at the grass roots.

The fight against poverty is nationwide. The government's role is to ensure that its people are free from poverty and live a decent life including putting in place an enabling environment for all stakeholders to effectively participate in poverty eradication activities. The government should also strengthen good leadership and coordination mechanisms for poverty eradication initiatives.

The government recognizes the role of the private sector in poverty eradication. The private sector has a role of creating employment opportunities by increasing investments. The private sector needs to invest in the provision of social services, provision of credit facilities and dissemination of information on poverty eradication efforts. Non – Governmental Organizations (NGOs) have the ability to contribute

effectively in poverty eradication efforts because their activities are based at the grass roots. Non-Governmental Organizations play a role of sensitizing people and expand participation of beneficiaries in poverty eradication.

The National Poverty Eradication Strategy (NPES) recognizes the important role of donors and other stakeholders; hence they are included in the implementation of poverty eradication plans and programmes.

People are the main stakeholders in bringing about decent living conditions. It is their duty to denounce poverty and carry out efforts to eradicate it. At different levels, people themselves have to identify the available resources at their disposal and direct them into poverty-eradication programs.

Therefore, the strategies for poverty alleviation in Tanzania are;

The Arusha Declaration of 1967, whereby the Government nationalized all means of production.

In 1986 the government embarked on Structural Adjustment Policies (SAPs), including trade liberalization, public sector reform and elimination of price controls.

Tanzania prepared and adopted the Development Vision 2025 and the National Poverty Eradication Strategy (NPES) in 1999.

Effectiveness of the strategies in place for Poverty Alleviation

Assess the effectiveness of the strategies in place for poverty alleviation

The effectiveness of the strategies in place for poverty alleviation rests with Tanzanians as well as their government. As far as the effectiveness of the strategies is concerned, some significant changes have been observed. These include:

Agricultural output has grown at 3.7 percent per annum since 1990.

Mining has begun to generate higher output as a result of the investment undertaken by multinational corporations.

Social service sectors like health and education have expanded rapidly since the 1990s due to government consideration of them as a priority sector, as well as the expansion of the private sector into social service sector.

The government is paying more attention to cross-cutting issues like environment, gender, HIV and AIDS, employment, and malaria and restructuring local government. Policy formation and strategy are more transparent than before.

Ineffectiveness of the strategies in place for poverty alleviation

The vision 2025 strategy projected a future free of poverty and characterized by good governance and the rule of law. But the document did not provide a strategy of how to achieve them. The National Poverty Eradication Strategy of 1997 defined areas for economic growth, income levels, primary education, literacy, access to water and sanitation, unemployment, mortality and health and infrastructure. This strategy failed to specify priorities among many planned activities. It did not incorporate the costs and targets to be made.

The Poverty Reduction Strategy Paper (PRSP) was a strategy for poverty reduction with the country's own ongoing processes and agenda. The shortcoming of PRSP was the lack of concrete operational guidelines and costing of interventions. The proliferation of poverty-eradication strategies made it harder for officials and other stakeholders to see the PRSP differently compared to previous attempts.

Exercise 1

Answer the following questions.

Briefly explain the main types of poverty.

Mention any five indicators of poverty.

Explain why ignorance is believed to be one of the reasons for poverty in Tanzania.

Describe the external causes of poverty in Tanzania.

Alleviation and eradication of poverty do not demand only internal support but also the external push. Discuss.

Despite Tanzania being endowed with natural resources it is still poor. Elaborate.

Show the impacts of poverty on socio-economic development in Tanzania.

Debts burden in Tanzania can be avoided. Discuss.

How can good leadership and government help to alleviate the poverty problems in African countries?

Suggest strategies that the Tanzanian government can take to alleviate poverty