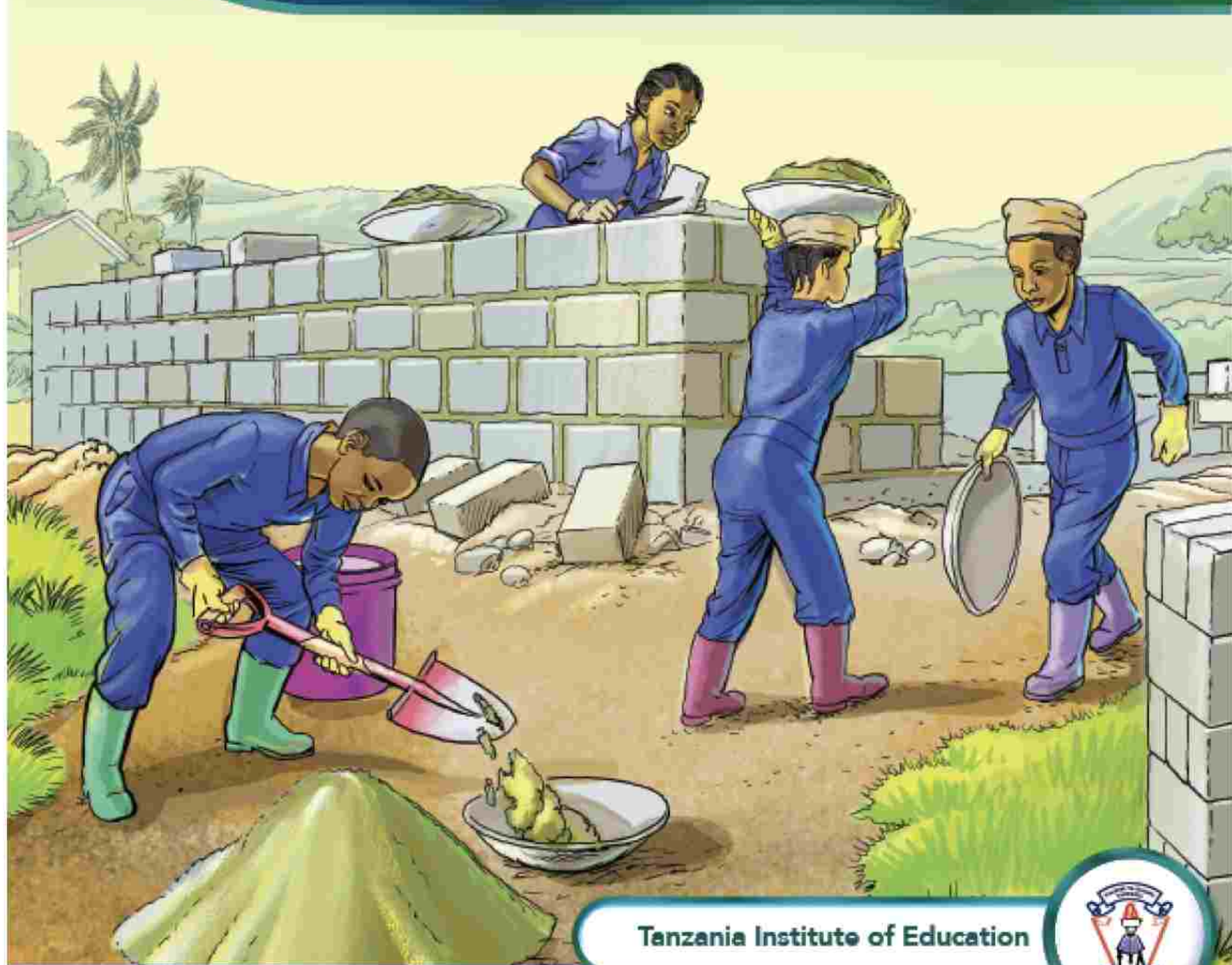


Civics

for Secondary Schools

Student's Book

Form Three



Tanzania Institute of Education



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Civics

for Secondary Schools

Student's Book

Form Three

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF EDUCATION,
SCIENCE AND TECHNOLOGY

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Dr Lyabwene M. Mtahabwa
Commissioner for Education

Tanzania Institute of Education

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Abbreviations and Acronyms

AfDB	African Development Bank
BoT	Bank of Tanzania
BRT	Bus Rapid Transit
CBO	Community Based Organisation
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
DAS	District Administrative Secretary
DED	District Executive Director
DEO	District Education Officer
DSE	Dar es Salaam Stock Exchange
EAC	East African Community
EFTs	Electronic Funds Transfers
EWURA	Energy and Water Utilities Regulatory Authority
FBO	Faith Based Organisation
FGM	Female Genital Mutilation
GDP	Gross Domestic Product
GNI	Gross National Income
GNP	Gross National Product
HAT	Historical Association of Tanzania
HDI	Human Development Index
ICT	Information and Communication Technology
IMF	International Monetary Fund
IPP	Independent Power Producer
LGAs	Local Government Authorities
LHRC	Legal and Human Rights Centre
MDGs	Millennium Development Goals
MPC	Monetary Policy Committee
NIMR	National Institute for Medical Research
NPS	National Payment Systems
NSGRP	National Strategy for Growth and Reduction of Poverty
NSSF	National Social Security Fund
NWB	National Water Board

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PCI	Per Capita Income
PO-RALG	President's Office Regional Administration and Local Government
PSSSF	Public Service Social Security Fund
REA	Rural Electrification Agency
REB	Rural Energy Board
REF	Rural Energy Fund
REO	Regional Education Officer
SACCOS	Savings and Credit Cooperative Societies
SDGs	Sustainable Development Goals
SGR	Standard Gauge Railway
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TAA	Tanzania Association of Accountants
TANESCO	Tanzania Electric Supply Company
TAREA	Tanzania Renewable Energy Association
TASAF	Tanzania Social Action Fund
TCRA	Tanzania Telecommunications Regulatory Authority
TGNP	Tanzania Gender Networking Programme
TIB	Tanzania Investment Bank
TPA	Tanzania Ports Authority
UPE	Universal Primary Education
URT	United Republic of Tanzania
UTI	Urinary Tract Infection
WAMAHAZA	Chama cha Waandishi wa Habari za Maendeleo Zanzibar
ZECO	Zanzibar Electricity Corporation
ZPC	Zanzibar Ports Corporation

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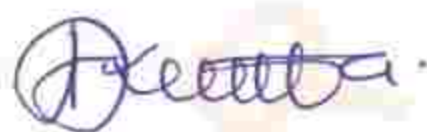
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Dr Aneth A. Komba

Director General

Tanzania Institute of Education

Preface

This textbook, *Civics for Secondary Schools*, is written specifically for Form Three students in the United Republic of Tanzania. The book is prepared in accordance with the 2005 Civics Syllabus for Ordinary Secondary Education Form I-IV, issued by the then Ministry of Education and Vocational Training.

The book consists of eight chapters, namely, Promotion of life skills, The concept of development, Social development, Economic development, Provision of social services in Tanzania, The role of government, private sector and civil societies in socio-economic development, The role of financial institutions in economic development and Poverty eradication in Tanzania. Each chapter contains illustrations, activities, exercises and revision questions. You are encouraged to do all the activities and exercises together with other assignments provided by your teacher. Doing so will enhance your understanding and promote the development of the intended competencies.

Tanzania Institute of Education

Chapter One

Promotion of life skills

Introduction

Every society needs to make deliberate efforts to encourage and cultivate social values, knowledge and individual ability to solve problems. This helps individuals to behave well, control and manage themselves in various situations in an acceptable manner. In this chapter, you will learn about the concept of life skills, and five key life skills namely: leadership, teamwork, positive relationship, self-worth, and self-confidence. In addition, you will learn about the 21st Century Skills including critical thinking, communication, innovation, collaboration, and information and media literacy. The competencies developed will enable you to develop adaptive and positive behaviour to deal effectively with day to day life challenges.

The concept of life skills

A skill is the ability of an individual to apply mental and physical power to perform a task. It can also be defined as the ability to use knowledge for executing or performing a specific task. In line with this, life skills are abilities that are necessary and desired by a person in order to fully participate in everyday life. During this industrial and information technology era, the world has benefited much from adopting different life skills which have been relevant in performing various tasks towards the development of the individual, society and the world in general. The life skills that have been of great importance in the civilisation of the society include leadership, teamwork, positive relationship, self-worth, and self-confidence. These skills are briefly discussed below.

Leadership

Leadership is an act of influencing others towards realising and achieving specific goals or objectives. The goals may be for the individual, group, institution or the nation. A leader is a person who guides or directs others in a group, an institution, a company, or a particular geographical area such as a village or a country, to attain specific goals.

Qualities of good leadership

Best leaders have a set of strong leadership qualities which help them to interact positively and successfully with the people they lead such as: employees, team members, clients and members of the community. A good leader must have the following qualities: integrity, vision and planning ability, accountability, decisiveness, problem solving, communication and negotiation skills, self-confidence and flexibility. Each of these qualities are briefly discussed below.

Integrity: Refers to being honest, trustworthy and reliable. Integrity helps leaders to practise what they preach and be accountable for their actions and inactions. Integrity enhances public trust of the leader. Examples of integrity include refraining from sharing with other people confidential information of the people you lead, remaining honest to your partner, avoiding gossiping, following through the promises you make and admitting mistakes.

Vision and planning ability: Vision refers to imagination about the ideal future or what you want the future to look like, while planning refers to setting goals (vision and mission) or objectives and actions to achieve them. A good leader should have proper vision and ability to set a plan, articulate the vision and passionately own it, and be able to persistently follow the vision to successful completion.

Accountability: It is the act of being answerable or responsible. A good leader should be accountable or responsible for his or her decisions, actions and therefore be expected to explain himself or herself when asked about such matters. A good leader must abide by principles of ethics when working in order to gain trust from people. For example, they should admit to mistakes by telling those who are affected, and help them with problem solving.

Decisiveness: Refers to the ability to make decisions quickly and effectively. A good leader must be able to make good and timely decisions while observing principles of ethics. Decisions that are delayed and made without following ethical principles can lead to pain, loss and violation of rights.

Problem solving: A good leader should have problem solving skills that would help members of the society to address their challenges quickly, efficiently and effectively. A good leader should provide solutions to challenges facing his or her organisation, society or nation.

Communication and negotiation skills: It is the ability to impart or exchange information by speaking, writing, or using any other medium of communication. On the other hand, negotiation means the ability to hold a discussion aimed at reaching

an agreement. A good leader must be able to communicate with the organisation about institutional goals effectively. Leaders must be able to listen and communicate with a wide range of people across roles and social identities, to capture and convey messages effectively.

Self-confidence: This is an attribute of one's skills and abilities; a good leader must possess a sense of confidence. Such confidence enables the leader to improve self-esteem that may lead to the mastering of community or organisational objectives. Also, self-confidence helps the leader to endure in times of setbacks.

Flexibility: This refers to willingness to change or to compromise while leading a diverse team. A leader must be able to respond quickly, especially in an increasingly complex work environment. A flexible leader can draw people into conversation and ensure that everyone is respected and allowed to share their views. Leaders must be able to respond quickly in an increasingly complex work environment.

Creativity and innovation: Creativity refers to the tendency of recognising ideas, alternatives or possibilities that may be useful in solving problems. On the other hand, innovation means coming up with a new idea, device or method. A good leader must think of different methods that will be used to solve challenges in a particular area. They should be able to introduce new and innovative ideas and ways of performing activities effectively in the society or an organisation.

Importance of good leadership

The importance of good leadership includes the following:

Reduces conflicts: Organisations and communities with good leadership have proper channels to forward and resolve problems in democratic ways based on consensus building and collective decision making procedures. Hence, this helps to reduce conflicts in the organisations or communities.

Promotes clear vision: Good leadership enables an individual to possess high levels of ambition and traits coupled with clear vision of where they want to take their communities or nations. This is coupled with the presence of security and freedoms available in a particular society that allow individuals to exercise their thoughts without breaking laws.

Promotes social and economic development: Good leadership inspires people to work hard and to be self-motivated to bring individual, social and economic development in the community or country.

Promotes efficiency and effectiveness at work: As people become satisfied with their leader's work or performance, they too work hard in their stations or offices; this increases productivity and economic strength. Leadership ensures activities are conducted efficiently and effectively to reduce costs and increase productivity. Moreover, when people are happy with the existing leadership, they tend to work harder.

Ensures peace and security: Good leadership overcomes conflicts and promotes peace and security. Leadership ensures good mechanism of tracing signs that may lead to conflict and eventually disturb peace in a community or an organisation.

Communicates with community: Good communication is a key element to any successful leadership. If leaders communicate with their communities, the community members will cooperate effectively with openness, honesty and trust with their leaders. For instance, members can report anything that seems to be a threat to the nation. Through effective communication, flow of information will enhance development processes.

Strengthens unity and stability in the community: Good leadership enables leaders to be close to their people, it brings the community members together and builds a stable community, it enables a community live with peace and harmony. Also, it helps to maintain unity of the community.

Influences the behaviour of others: Good leaders influence subordinates with their leadership abilities. They bring them under their control in such a way that they invest their best efforts to achieve the goals of the organisation. Good leaders always get good results through their followers.

Enables achievement of goals: Good leadership plays a remarkable role of fulfilling the needs and requirements of others towards achieving the set goals of individuals and those of the organisation. When a leader takes care of the needs of the employees, the latter will willingly accept their leader. Consequently, the employees will work with complete dedication and enthusiasm.



Activity 1.1

With the help of your subject teacher, prepare and conduct a role-play on characteristics of a good leader. Then, discuss with your fellow students the relationship between the characteristics of a good leader and the reality in your society.

Teamwork

DO NOT DUPLICATE

In accomplishing our daily life goals, teamwork is inevitable. Teamwork is therefore, the collaborative effort to achieve a common goal or to complete a collaborative task in the most effective and efficient manner. In teamwork, individual strengths and skills are joined through collective efforts to achieve shared goals. Figure 1.1 shows workers working collaboratively to construct a house.



Figure 1. 1: *Teamwork*

The major aspects of teamwork

These include commitment, interdependence, open communication, accountability, goal setting and conflict resolution. Each of these is briefly discussed below:

Commitment: The team must be highly dedicated to delivering quality services or products and not preoccupied with personal issues that might interrupt its objective. The team must facilitate and nurture positive and cooperative working relationships in order to develop a final quality product.

Interdependence: Team members depend on each other and the success of work is based on each of the team member's contribution. Because of individual differences and abilities to perform, a team must combine individual effort and support one another.

Open communication: There must be mutual and clear communication among team members. Team members must communicate in all aspects to ensure a common understanding of institutional or community goals.

Accountability: Team members must be aware of the role of everyone in the team and be responsible for assigned tasks and outcomes of their actions and inactions.

Goal setting: In teamwork, goals are established in a collaborative way. This means that every individual is fully involved and engaged in the process of setting goals.

Conflict resolution: Team members should always strive to find solution to their conflicts peacefully. For successful conflict resolution, individuals working in a team should consider the use of different strategies such as negotiation, mediation, arbitration and mitigation.

Importance of teamwork

The importance of teamwork in our daily lives include the following:

Brings people together: Teamwork brings people from different backgrounds and levels of experience to work together. Such situation provides room for sharing, growth and learning from each other.

Increases effectiveness: Teamwork provides room for people with different ideas, creativity, outlooks, opportunities, competencies and problem solving approaches to work together and enhance effectiveness.

Increases productivity: Teamwork allows shared workload, and this reduces the burden on a single individual. The work may be distributed to team members based on interests and competencies; such action motivates the people to work more skilfully and more competently.

Enhances communication: Teamwork allows communication which is key to the success of any set of objectives. Good communication enhances common understanding of the goals of an organisation and leads to the completion of activities as planned.

Promotes innovation: Teamwork improves the processes of production and the quality of products and services. Teams are good at making initial improvements on production techniques and products.



Activity 1.2

Prepare two activities: one academic activity and the other one extracurricular activity. Assess how teamwork can facilitate the accomplishment of the selected activities. Present your findings in class for discussion.

Positive relationship

DO NOT DUPLICATE

A positive relationship is a state of having meaningful, loving, supportive and cooperative bonds or connections between people. A positive relationship with others makes life more enjoyable, productive and worth living.

Qualities of a positive relationship

A positive relationship requires the following qualities:

Mutual respect: Mutual respect is the situation whereby people value one another, their ideas, contributions or inputs. Mutual respect among members of a community creates a suitable environment for people to live and work together.

Trust: Refers to the confidence, acceptance, and appreciation of others, groups or institutions. Trust helps people to work together effectively and to benefit from each other.

Empathy: This is the ability to recognise and relate to other people's emotions and thoughts. This is a value that is central and essential in building positive relationships in the society. Empathy helps people to live together in peace and harmony and to spend their efforts for the good of their community.

Mindfulness: Being mindful means being careful with one's words, actions and inactions. Unexamined spoken words, actions and inactions can be harmful in building positive relationships.

Diversity: This is a situation where people of different backgrounds, races, classes, ethnicity, or religious affiliations are able to live together as human beings regardless of their differences.

Effective listening: This refers to listening and understanding what we hear. It enhances another person's self-esteem; it makes them feel supported and valued. Listening and understanding what others communicate is important in developing relationships and hence successful interaction.

Importance of positive relationship in society

Positive relationship has the following importance in the society:

- (a) It helps community members to live and work together peacefully;
- (b) It promotes mental health of individuals and society by living a happy life without stress;
- (c) It enhances cooperation among people in the society regardless of their differences;

- DO NOT DUPLICATE
- (d) It provides space for people to work together for their own development;
 - (e) It values humanity first instead of self or group interests; and
 - (f) It allows people of different background to support each other.

Self-worth

Self-worth is the internal sense of being good enough, valuing oneself as being worth of love and belonging. It is an emotional outlook that determines how and what you feel about yourself in comparison to other people; it is a direct measure of how you value and regard yourself in spite of what others may say about you.

Importance of self-worth

The importance of self-worth includes the following:

Determines work performance: A strong sense of self-worth in the workplace can affect one's job performance in different ways. For example, self-worth leads to self-confidence, which is the feeling of trust in your abilities, qualities and judgment.

Influences work engagement: Recognizing self-worth can increase your engagement at work, leading to higher productivity and improved relationships with co-workers. Employees who value their self-worth tend to experience better focus and can find work more fulfilling.

Helps in decision making: Your sense of self-worth helps you to trust your own judgement and make better decisions, which is an important leadership quality that can help you to advance in your career. Self-worth can give you confidence to run meetings, support other team members and have greater autonomy at work.

Determines psychological wellbeing: Self-worth protects us from different types of mental illness and emotional problems such as depression, anxiety, and relationship challenges.

Promotes problem solving abilities: Self-worth helps us in solving problems confidently. When you have positive self-worth, you are more likely to accept the challenges you face in life. This strengthens your ability to use your intelligence and your social connections to solve the challenges.

Makes one more resilient during setbacks: When you feel good about who you are, you will not consider yourself a failure even after something you have attempted did not succeed. You do not consider the failure to be your identity. When bad things happen, you deal with them and move on; when you fail, you accept the failure and find an alternative.

Helps to reduce risky behaviours: Self-worth helps individual to avoid risky behaviours such as drug and alcohol abuse, self-harm, and smoking. People who value themselves are always determined and focused to achieve a bright future. Such people will mostly be involved in positive thinking on how to endure and avoid risky practices.

Self-confidence

Self-confidence is a belief in one's own abilities to do things and become successful. It refers to the appreciation of the qualities that you have and believing that you are worthy of all the good things in your life.

Importance of self-confidence

The importance of self-confidence include the following:

Develops one's personality: Individuals who do not have self-confidence easily get convinced that they lack proper qualities after getting negative criticism from others. But those with self-confidence do not lose sight of their qualities even when they are criticised.

Vital for success: Self-confidence affects performance, as it makes one trust the way a person does things. The level of confidence you have affects your educational goals and achievements. When you lose self-confidence, you may give up hope, dreams and plans. This then results in poor academic performance and, eventually, hardships in life.

Improves one's self-worth: The more self-confident you are, the more you value yourself and your capabilities, which makes you have faith in yourself.

Improves one's peace of mind: Self-confidence releases a person from self-doubt and fear. Ultimately, this translates into greater peace of mind and a less stressful life.

A motivational agent: Self-confidence helps in building an everlasting sense of accomplishment of a set goal. It helps to overcome setbacks and helps one to get where he or she wants to be in life.

Makes one to be resilient: Self-confidence gives one the ability to cope with setbacks and failure. Self-confidence does not mean you will not sometimes fail, but rather you will be capable of handling challenges.



Activity 1.3

With the help of your subject teacher, visit the local authority's office within your locality, then discuss with your host different good leadership qualities demonstrated by leaders in that office and how such qualities help them in solving problems. Present the findings in your class for discussion.

Exercise 1.1

1. Reflecting on your school and society challenges, discuss how good leadership and positive relationship can be used to solve problems.
2. Why are self-worth and self-confidence necessary qualities for an individual to mitigate daily life challenges?
3. Using two examples from your school context, explain the concepts of leadership and teamwork as they occur in your school's daily life.

The 21st Century skills

The 21st Century skills are necessary for adapting to the current changing world and adding value to an individual in order to become competitive in the current world. The term 21st Century skills refer to a broad set of knowledge, skills, work habits, and character traits that are believed to be critically important to succeed in today's world. The 21st Century skills are required by an individual for holistic development so as to contribute to progress and development at personal level, community, nation and the world at large. One of the differences between the skills prior to and those of the 21st Century is the huge advancement in information and communication technologies. The 21st Century skills can be examined from the perspectives of literacy skills, learning skills and life skills. Figure 1.2 illustrates these skills.

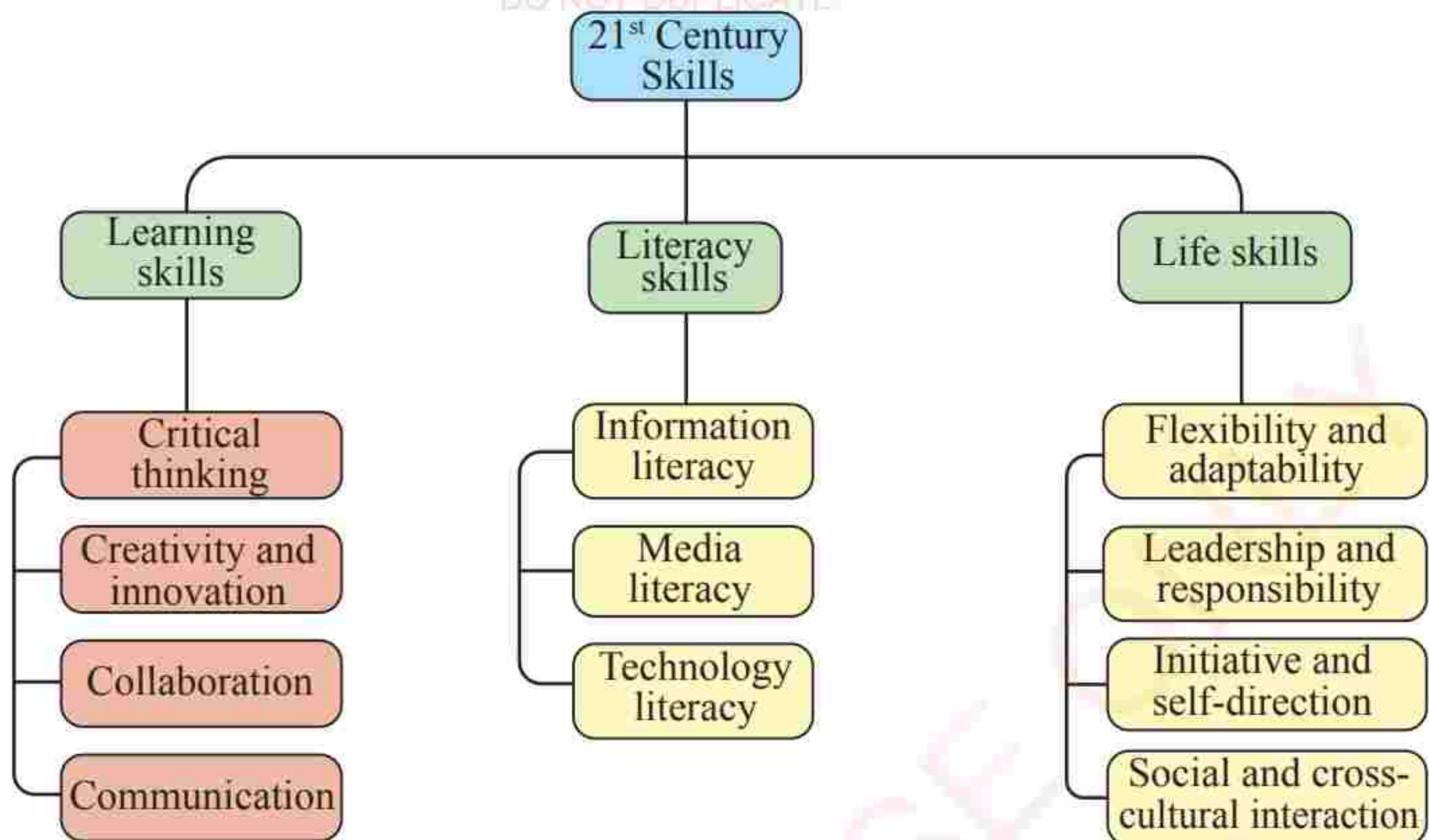


Figure 1. 2: The 21st Century Skills

Learning skills

Learning skills aim at enabling one's mental processes to adapt and improve upon existing knowledge or new environment. Learning skills comprise of four knowledge areas: critical thinking, creative thinking, collaboration and communication, also known as four Cs. These are elaborated in the sections that follow:

Critical thinking

Critical thinking is the ability of assessing information and using it to solve problems. Critical thinking will enable you to find solutions to emerging problems and to promote personal growth and happiness. It includes the following qualities: fairness and open mindedness, activeness and being informed, willingness to question or to entertain doubt, being independent, and recognizing and assessing values. With the huge amount of information out there due to advances in information technology, critical thinking is very important in the 21st Century.

Creative thinking

This refers to new ways of seeing or doing things. It includes generating new ideas, flexibility, originality and elaboration. Creative thinking will enable you to think and find alternative ways of addressing emerging challenges and open more opportunities outside of the common ones. Survival and success in the 21st Century does not require thinking alone but being able to think creatively.

Collaboration

This is the ability to effectively work together with others. It emphasises cherishing interpersonal skills and working with others in attaining individual, community or organisational goals. Also, it helps to effectively expand cultural, social, and environmental boundaries and in understanding society concerns better. The 21st century presents many and complex challenges which require collaboration to address them; for example, collaboration among leaders of different countries to address challenges of terrorism or collaboration between medical doctors to diagnose and treat patients.

Communication

Communication refers to the ability to express one's opinions, desires, needs and apprehension, verbally and non-verbally. It focuses on enabling you to share proper information on goals in a timely and correct manner. Communication skills are very important in the 21st Century since it enables one to use communication devices and platforms effectively.

Literacy skills

Literacy skills have always been essential to master individual environment. These are skills needed for reading and writing. They include such things as awareness of the sounds of language, awareness of print, and the relationship between letters and sounds. Other literacy skills include vocabulary, spelling, and comprehension. In the 21st Century, extension is made towards achieving information literacy, namely, the knowledge and ability to use computers, and related technologies such as the internet and website.

Information literacy

The 21st Century is characterised by rapid flow of information, diverse sources of information and overwhelming amounts of information which can either be correct or false. Information literacy is required to sieve through such a complex information system, namely, to critically evaluate each type, source and correctness of information. Creative skills and ability to work with information sources, storage, application and communication are important for maximising the benefits of the information.

Media literacy

In the world of globalisation where there is a bulk of information, media literacy is very important. Media literacy involves the capacity to identify different types of media and information sources and how to convey them to the public. Media encompasses print media such as newspapers, magazines and posters, theatrical presentations, social media and broadcast media. Media literacy is about helping

you to become competent, critical and literate in all media forms so that you can find, evaluate, use, manage and control the interpretation of the information you see or hear.

Technological literacy

Technology skills refer to the ability of an individual to interact and complete tasks using computer-based technologies and other associated technologies. Some of the activities which require technology skills to efficiently accomplish may include mathematical, mechanical, scientific and information technology.

Life skills

The 21st Century demands life skills in addition to learning and literacy skills. One is required to have the ability to sustain the complexity of life and work environment in the world of collaboration and competition. Also, one is required to develop adequate life skills and career skills. Some of the qualities that can assist you to meet life and career challenges are described in the sections that follow.

Flexibility

Since the world is changing rapidly due to the advancement of science and technology, it is important to learn to be flexible. Being flexible means to have ability to adjust to changes and adapt to new situations. Quite often you have to change the way you analyse and approach an unfamiliar situation to be able to navigate through the challenges. Flexibility helps to develop a mind-set of readiness in a complex situation, to accept without discomfort unexpected situation. The faster things like work priority, technologies and social norms change, the harder it is to stay collaborative and competitive in the workforce without flexibility.

Initiative

In responding to the growing workforce and changing needs of work, organisations are considering individual initiatives as core criteria in job creation and retention. Initiatives are key to individual struggles to master the environment especially in the world where the employment rate has dropped due to advancement of science and technology.

Productivity

Highly productive people are those who can work hard and manage challenges that occur. To be a highly productive person you have to get things done timely by devoting your time and mental effort. Also, productivity is achieved by planning your activities, being focused on your goals or institutional goals, being creative and achieving your goals. Making quick and reasonable decisions may help you fast-track the accomplishment of desired goals with the required standards.

Social skills

Social skills are essential in building both personal and professional relationships. Demonstrating strong intrapersonal and interpersonal skills can help you accomplish the set individual or institutional goals. Thus, social skills help in communicating individual and institutional goals. Also, social skills assist an individual to gain new ideas, information, techniques and perspectives from people with different expertise. This may help you gain insight on how to combat prevailing challenges in the world.



Activity 1.4

In a group, write a list of the 21st Century skills on a piece of paper, discuss their relevance in your daily life and show how you can develop them among yourselves. Write a report and present it in class.

Exercise 1.2

1. From your daily life experience, discuss five activities that teamwork, positive relationship, self-worth and self-confidence can accomplish to bring the intended outcome.
2. Citing three real-life scenarios, evaluate the relevance of the 21st Century skills in your school and society's daily life.

Exercise 1.3

Read the following scenario then answer the questions that follow.

It was raining heavily the whole night. In the morning, my sister and I experienced some difficulties on the way to school. The road was slippery. We thought of not going to school but quickly we remembered our school motto "Education is a Key to Success". This motto motivated us. Despite wet and slippery roads, we kept on walking to school. As we approached our school premises, unexpectedly, we saw our teachers and fellow students gathered outside the school entrance. We did not know the reason for them to be outside the school entrance. Alas! We realised that the entrance was blocked by a fallen tree. Our headmistress, Mrs Bahati, called for our attention. Students and teachers listened carefully. She asked all students and teachers to participate in the task of removing the tree that had blocked the entrance. We all agreed! As we started pulling it away, some parents living nearby,

also joined us. They brought axes, machetes and spades. We all participated to remove the tree from the entrance. Working together as students, teachers and parents made our work easy, and the problem got solved. Mrs Bahati, our headmistress thanked everyone. Parents who had volunteered to help us were happy and wished us good studies as we were going to class ready for studies.

Questions

1. Why did the parents join students and teachers to remove the fallen tree that had blocked the school entrance?
2. What kind of leadership quality was demonstrated by Mrs Bahati?
3. What was the aim and benefits of teamwork in the scenario?
4. What relationship qualities the school and surrounding community had in the given scenario?
5. What lesson can be drawn from the scenario presented?

Revision questions

1. Explain the concept of flexibility.
2. What does taking initiative mean?
3. Explain why innovation is important in a modern society.
4. How do critical thinking and creative thinking differ?
5. Why is accountability very important in leadership?
6. Why is media literacy very essential in the globalised world?
7. Why is inter-dependency a very key feature in teamwork?
8. Compare and contrast social skills and life skills.
9. Explain why it is important for a leader to have appropriate communication skills.
10. Explore the importance of media and technological literacy in the developing countries.

Chapter Two

The concept of development

Introduction

Development is a multi-dimensional concept that can mean a number of things depending on the individuals defining it, and their professional background. Being a many sided concept, development cannot be articulated well from a single perspective. In this chapter, you will learn different perspectives of development, also referred to as types of development: Millennium Development Goals, Sustainable Development Goals, and alternative development strategies. The competencies acquired will help you to articulate the variation in development across countries. You will ultimately be able to analyse how the different perspectives of development interact to raise the standard of living of the people in your own society.

The meaning of development

The term development has multiple meanings and definitions depending on the context. Development simply means a positive change in the life standards of the people. Development includes economic, social, cultural and technological progress. Thus development is both qualitative and quantitative improvement. Hence, the development process is a rise in the level and quality of life of the population; increased production of goods and services; increase in income; increased employment opportunities and freedoms of the people. In its ideal form, development should be sustainable in the sense that the positive changes continue overtime and meet the needs of the current generation without compromising the ability of the future generation to meet its needs.

The word development is very common in our society and the focus is not only on what it is but also on how development can be achieved. As it was pointed out by Mwalimu Julius Kambarage Nyerere, the first President of Tanzania and the founding father of our nation, real development has to be people-centred and not only material-focused. Development in this perspective refers to an improvement of the lives of people. Indicators of improvement may be economic, such as an

increase in the Gross Domestic Product (GDP) or per capita income, or availability of social services like health care and education.

Levels of development

Development is a multi-dimensional process, meaning that it has many faces, sides or angles. In terms of levels, development has two general levels: individual or personal and societal levels.

Development at personal or individual level: This level implies increased skills and capacity, freedom, creativity, self discipline, responsibility and material wellbeing of a person. It is about improvement of the wellbeing of every citizen in the society so that they can reach their full potential. The success of any society is linked to wellbeing of each and every citizen.

Development at societal level: This refers to development of society and it implies changes or improvements that are gained at the group level. Such changes include changes in the production systems, changes in the political system, changes in collective culture, changes in levels of technology, and relations of production and consumption.

Dimensions or aspects of development

Development can be categorised into several dimensions. These dimensions include economic, social, political and cultural development.

Economic development

Economic development is commonly understood as economic growth, measured by GDP and per capita income. It can also be defined as a process whereby the people, community or country increase the ability to produce goods and services of better quality and quantity for consumption. In this case, a developed economy is one that has high volume of production and investment, capital stock, manufacturing industry, agricultural mechanisation and advanced technology. Therefore, less developed economies have relatively small amounts of capital and old technology, which result to low level of income per head and low standard of living.

Social development

Social development is a process of improving the quality of life and wellbeing of every individual in the society so that they can reach their full potential. The success of society is linked to the wellbeing of each and every person. The indicators of social development include access to quality food, education, health services, clean and safe water, as well as good and quality housing. Also, social development is seen in terms of social security system. Social development therefore, requires the

removal of different barriers limiting citizens from having access to those services.

Social development also includes community development in terms of increasing local capacities and skills; being able to access various resources at localities; carrying out self-help activities; and the empowerment of marginalised groups. In community development, community members take collective actions to address various problems affecting them. The government alone cannot solve the problems facing the people; some of the solutions should therefore be provided by the people themselves through various community development initiatives.

Political development

Political development refers to improvement in decision making structures and processes, citizen engagement in governance, effective functioning of political institutions and practice of democracy. It also involves adherence to political values and attitudes in a particular society, presence of accountable governments, and opportunities for citizen participation through the exercise of various freedoms. Referring to Tanzania before and after independence, there has been remarkable political development, first from multiparty to single party few years after independence and from one party to a multiparty system in early 1990s. A remarkable change was witnessed in 1992 when the multiparty system was reintroduced. Generally, the existence of various political parties accelerates the growth of democracy as it enhances accountability and transparency.

Cultural development

Culture is the totality of people's ways of life. It is about the life styles followed by the people of a certain community. Cultural development refers to the constant improvement of the attitudes, values, knowledge and belief systems of a society. It means leaving behind those cultural practices that hinder development and acquiring new ones that are progressive; which help people to move from a lower level to a higher level of development. In addition, it includes having in place a system which can detect harmful values and traditions that restrict progress and development and hence have a means to eliminate them. Examples of cultural practices that hinder development include those that limit people from acquiring education, going to hospital, doing business, eating certain foods, making economic investments and those that discriminate against women and discourage people from living in good houses. Culture is a resource for development and if it is properly utilised, it can promote economic development. For example, in our societies, there are cultures that insist on working hard, making savings, making investments and achieving higher outcomes. Such kind of cultures should be encouraged.

Characteristics of developing countries

The modern world is divided into the developed and the developing countries. Tanzania is in the group of developing countries. There is no clear agreement on the definition of developing countries; however, we can identify these countries by looking at common characteristics. Developing countries have common characteristics which identify and distinguish them from developed countries. The main characteristics of developing countries are elaborated below.

Low per capita income

Per capita income is the average amount of income earned by a person in a geographical area. The per capita income of developing countries is relatively low compared to that of developed countries. Low per capita income is the result of insufficient investment in social and economic sectors. Any country that has per capita income of less than US dollars 4,086 is generally classified as a developing country.

Mass poverty

The majority of the population in developing countries live below the poverty line, without the basic necessities such as food, clothing, shelter and health services. According to the World Bank (WB) Report of 2015, the poverty line refers to a state at which an individual lives on US dollars 1.90 or less a day.

Excessive dependence on agriculture

Dependence on primary goods, such as agricultural products is characteristic of a developing economy. Engagement of the majority of the population in agriculture is a reflection of insufficient investment and technological capabilities that can be utilised in production and income generation. Most often, agriculture in developing countries is highly dependent on weather and is peasant-based; this leads to low contribution of agriculture to GDP. In developed countries, most of what is produced in the farm is processed in industries, and the majority of the people are in the non-farming activities.

Underutilisation of natural resources

Some countries are rich in natural resources such as water resources, forest resources, land resources and mineral resources. Despite the availability of such resources, the countries fail to utilise them effectively due to low technological levels, low investment and poor leadership. Therefore, failure to effective use of the natural resources is an indicator of being a developing country. A good number of African countries have not been able to utilise some of their natural resources for their own

development; this factor places them under the category of developing countries.

High trade deficit

Trade deficit occurs when the value of a country's imports is greater than the value of exports. It is therefore the trade gap between what is sold and what is bought from outside. Developing countries are characterised by export of primary commodities and trade deficits. When a country has a trade deficit, her currency weakens; this may lower the incomes of the people and thereby their living standards.

Rapid population growth

Population growth of a country is considered to be rapid if the rate of its growth is higher than the rate of economic growth. In developing countries, the rate of population growth is much higher than that of economic growth.

Activity 2.1

Using your region of domicile as a case study, explore the different dimensions of development.

Exercise 2.1

Citing specific examples from your community, explain the concepts of personal and societal development.

Millennium development goals and sustainable development goals

Dimensions of development are clarified in the United Nations initiatives of Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs).

The MDGs, which were adopted in the year 2000, set eight specific targets to be achieved by developing countries by the year 2015. These goals which are largely centred on social development are: eradicating poverty and hunger by 50 per cent; attaining universal primary education; promoting gender equality and empowering women; reducing child mortality by two thirds; cutting back maternal mortality by three-quarters; and reversing HIV/AIDS, malaria and other diseases. Moreover, MDGs focus at ensuring environmental sustainability and exercising global partnership for development including development aid, trade justice and debt cancellation by rich nations. By the year 2015, a number of developing countries, Tanzania included, had not achieved most of these goals because of various factors, including financial problems.

As the MDGs initiative or plan ended in 2015, the UN came up with another one called Sustainable Development Goals to be realised by 2030. The SDGs, are more comprehensive as they embrace the multi-dimensional concept of development. SDGs consist of seventeen goals altogether, cutting across social, economic, environmental, governance and global partnership concerns. The social development goals are eradicating poverty, eradicating hunger, ensuring quality education, good health and wellbeing, and gender equality. The economic development goals include attaining affordable and clean energy; decent work and economic growth; industry, innovation and infrastructure, and reducing inequality. On the side of the environment are sustainable cities and communities; responsible production and consumption; climate change; and life below water and life above water. Goals on governance are peace, justice and strong institutions. Lastly, there is a goal on international cooperation or partnerships. In Tanzania, the SDGs became incorporated in the national five year plans and policies.

Why some countries develop faster than others

A number of reasons explain why some countries have developed faster than others. Mwalimu Julius Kambarage Nyerere once said that for development to be attained, we need people, land, good political climate and good leadership (*Watu, Ardhi, Siasa safi na Uongozi bora*). Countries that have more natural resources and are able to utilise them effectively will realise development faster; however, the problem lies in the ability to exploit and use such resources. As such, labour is quite an important tool and countries with adequate labour in terms of skills, and the right attitude, will develop faster. Human resources development is important, but this must be based on proper education and training policies linked to growing investment in the public and private sectors.

Apart from natural resources and skills, other issues are investment in productive capacities and infrastructure, especially transformation of the economy from a primary commodity-based economy to a diversified economy with growing manufacturing and service industries. A country must seek ways to increase investment by promoting and mobilising domestic savings and attracting foreign investors; this is attained by creating a conducive investment climate. Governments, therefore, have the role of putting in place policies and enacting laws to protect private property and income of investors. Also the government has a role on controlling inflation and avoiding to frustrate investors through unfriendly taxes and other practices.

Increased productivity and income redistribution are other sources contributing

to faster development. Countries, therefore, must seek ways toward improvement in productivity. This could be through increased supply of power to reduce the wastage of time in production because of power cuts, and improved roads and transportation infrastructure in order to enhance procurement, distribution of goods and services, consumption and exports. Productivity is also enhanced through technological improvement, increased productive skills, creativity and innovation, better production management, and increased access to various services including, financing. Last but not least, it is important to ensure income redistribution to citizens through public provision of education and health services and government subsidy on essential goods to promote well balanced provision of social services to all members of the society.

Alternative strategies or models of development

Various strategies or models of development can be identified in development literature and across countries. Five common alternative development models are the market-led development or neo-liberal model, socialist development model, mixed economy model, development state model and poverty reduction (and growth) model.

Market-led economy strategy

Classical economists, namely, Adam Smith and David Ricardo, supported free enterprise economy where resource allocation, production and consumption were regulated by the market. They argued that the allocation and use of various resources in the economy should be based on prices, which depended on their supply and demand. They argued that the goods and services market, and capital market determined, by way of “an invisible hand,” how much of different goods and services should be produced and consumed in the economy, and the government should stay clear of interference as far as possible. This system was regarded as efficient in the use of resources, as capitalists wanted to maximise profits by increasing productivity and minimising costs. The ideas of the free enterprise system, though they clearly portrayed the power of the market, became sharply criticised by Karl Marx based on unequal relations of ownership and control of production between capitalist owners and the working class. This system led to the exploitation of workers who were the producers of value, as capitalists did not pay workers fairly; rather, they retained the surplus value.

The free enterprise model was imposed on the developing countries in the form of Structural Adjustment Programme (SAP), in what came to be called the “neo-liberalism” model. Countries were forced to roll back government involvement in

the economy, and were required to privatise ownership and control of production, and to remove any subsidies to companies and goods. Under SAP a country was also required to liberalise trade which exposed domestic producers to competition with imported goods. The end result was a disaster, especially in terms of social development, but even economically. Eventually, SAP was abolished and replaced by poverty reduction or growth-and-poverty reduction strategies.

Socialist economy strategy

Upon attaining political independence, many developing countries adopted various forms of socialist development, following Marxian ideas and Russian and Eastern European countries. Amongst those countries were China, North Korea, Cuba, India, Vietnam, Ghana, Guinea, Tanzania, Ethiopia, Angola, Mozambique and Venezuela. Tanzania announced what was referred to as the Arusha Declaration of Socialism and Self-Reliance in 1967, which called for the abolition of private property and the adoption of state ownership of the means of production, equality and political supremacy of a single political party. What were called Ujamaa or socialist villages became established across the country. Under the socialist model, free education and health services were provided and various consumer prices were controlled to make them affordable.

The socialist model was confronted with many challenges, including widespread inefficiency in production, shortage of various goods and services, loss-making state owned enterprises, inflation and black market, weakening of national currency, and foreign indebtedness. In the end, the International Monetary Fund (IMF) intervened with very harsh conditions requiring the adoption of a Structural Adjustment Programme and various economic reforms. Those reforms, while restoring economic stability, had far reaching social consequences. Case study 2.1 clarifies the self-reliance policy in Tanzania.

Case study 2.1 Tanzania policy of self-reliance

In 1967, Tanzania adopted the policy of socialism and self-reliance following the Arusha Declaration. This policy approved nationalisation to put the major means of production and distribution into the hands of the majority. At the same time, the government adopted a development strategy that emphasized investment in human development consistent with a basic needs approach. The main aim of the policy of socialism and self-reliance was to make Tanzania economically independent by using internal resources and working hard. This would make Tanzania develop itself without having to excessively depend on

foreign aid, investment and loans. The policy aimed to move the people of Tanzania from a state of poverty, ignorance, and disease to a state of prosperity, health, and education. President Nyerere emphasised that development should neither be based on money nor on industrialisation; it should rather focus on improving the agricultural sector to make peasant farmers prosper. This meant that government's focus shifted from urban development to rural development. *Ujamaa* villages were established and people were made to move from their traditional settlements to *Ujamaa* villages. This was done to make it easier for the government to provide social services and for people to organise themselves and work collaboratively in the *Ujamaa* villages. Major investments were made in basic social services such as education, health, water, and sanitation. This was done through a central government investment programme underpinned by a basic needs approach. Accordingly, the emphasis in that strategy was that, all Tanzanians were to be unified, democratic and share equally the resources they earn by themselves. This would be achieved if greater emphasis was put on land and agriculture, the people, good leadership, and good policies (of socialism and self-reliance).

In fact, Tanzania attained substantial achievements in human development during that period. In general, life expectancy rose from 41 years in 1960 to 52 years in 1980. Also, infant mortality declined from 146 per thousand live births in 1960 to 120 per thousand live births in 1980. Considerable achievements were recorded in school enrolment, adult education and health provision. Perhaps the most remarkable achievement was the literacy rate, which was only about 33 per cent in 1970 and by 1985 had gone up to about 90 per cent, notably the result of Universal Primary Education (UPE), combined with an adult education programme. However, that progress was interrupted by the economic crisis starting in the late 1970s and the early 1980s. In response, Tanzania abandoned socialism and self-reliance by adopting a structural adjustment programme that focused on “getting prices right.” to achieve efficiency gains and growth acceleration. When these growth-oriented policies were found to be inadequate in terms of poverty reduction, Tanzania changed course and adopted policies which sought to combine growth and social policy concerns.

Mixed economy strategy

The mixed economy model constitutes a balance between the market-led model or capitalist model and the socialist model. In this model, the private sector and

the market play a leading role but the government participates effectively by owning means of production in partnership with private companies or singularly, and exercises a certain degree of control or regulation of the economy. This is the Keynesian Model where the government exercises control against inefficient market practices, such as monopolies, and undertakes income redistribution and investments in areas deemed very important for development where the private sector is not interested. This is the most common model.

Developmental state strategy

This is a mixed economy model, but here the state articulates the economy in a very focused manner that maximises investment both foreign and domestic, technological development, human resources development, finance, and redistribution. Developmental states consist of systems of government led by selfless leaders who are committed to rapid development of their countries rather than predator states full of corruption and who squander national resources on wasteful consumption. Development states adopt well informed and clear policies, plans and legislation to increase investment into infrastructure industries, and other strategic sectors. South Korea demonstrates one of the best examples of development states.

Poverty reduction (or growth-and-reduction of poverty) model

This model emphasises poverty reduction through growth and redistribution. In this model, while the goal is social development in terms of reducing poverty, its strategy is usually economic growth. As countries grappled to find the best way of reducing poverty, the World Bank came in with its macro-economic management tools for economic stability to control inflation and promote growth through foreign and domestic investment climate. Tanzania has been practising growth-and-poverty reduction strategies. These have produced positive impacts on economic growth and social development for several years, including reducing income poverty and increasing access to health and education, water and power supply, and gender equality.



Activity 2.2

Read different sources of literature including those of the late Mwalimu Julius Kambarage Nyerere, the first president of Tanzania and the founding father of the nation, addressing issues pertaining to development and assess their relevance in today's Tanzania. Present your findings in class for discussion.

Exercise 2.2

1. Citing specific examples, explain the meaning of development.
2. Analyse five (5) features of developing countries.
3. Distinguish between MDGs and SDGs.
4. Give reasons why some countries develop faster than others.
5. Analyse Tanzania's development strategies adopted since independence.

Revision questions

1. According to Mwalimu Julius Kambarage Nyerere "real development has to be people-centred and not only material-focused." Explain this statement with real examples.
2. Why did Tanzania adopt socialism and self-reliance policies?
3. Explain the motive behind establishment of *Ujamaa* villages in Tanzania?
4. Nyerere once said that "for development, we need people, land, good political climate and good leadership". Explain why those factors are key for any country to develop.
5. Why does rapid population growth delay the development of a country?
6. Analyse five common alternative development models.
7. Explain the achievements of socialism and self-reliance policy in Tanzania.
8. What are the challenges of the socialist model of development?
9. Structural Adjustment Programmes were imposed on developing countries in what came to be the so called "neo-liberalism." Discuss this argument and its implication to development strategies for developing countries.
10. Explain the models of development strategy which have been used in Tanzania since the late 1980s.

Chapter Three

Social development

Introduction

Social development is the process of creating better conditions for human beings to live with dignity. In social development, material goods have meaning as far as they contribute to the welfare of human beings. In this chapter, you will learn about the concept of social development with special emphasis on human-centred development. You will also learn about the material and non-material indicators of social development. Competencies developed in this chapter will help you not only to demand from the state social development in our society, but also to become an active agent of social development in your community and society at large.

Understanding social development

Social development is about the creation of material and non-material conditions that enable a person to live a decent life. Unlike economic development which is often measured in terms of Gross Domestic Product (GDP), social development is a broader concept concerning the people of a nation moving to a better social life. The movement aims at upgrading the capacity of society's institutions to more equitable fulfilment of basic needs and social values of people in society. This suggests that social development cannot be properly understood without considering values which people in society cherish. The success of any society is linked to the wellbeing of each and every citizen. Social development then is about investing in people in various ways.

The Human Development Report of 1990 defined human development as a process of enlarging people's choices. The objective of human development is that the people can enjoy long, healthy and creative lives. Human development is about the creation and distribution of wealth. The investment in people that is stressed in human development does not remove wealth creation from this concept but adds to it. That is to say productive employment, healthy and educated people can contribute more to economic growth. Previous concepts of development gave

exclusive attention to economic growth on the assumption that growth ultimately will benefit everyone. Human development approach agrees that economic growth is vital, and that a society cannot sustain the welfare of its people without it, but adds that economic growth on its own is not enough. It must be accompanied by fair distribution of income and access to basic human needs by the people.

In many developing countries, the majority of people are concerned about meeting their basic needs for staying alive while in developed countries they are concerned about maintaining a high standard of life. Therefore, each country has its own human agenda depending on the level of development. However, the basic principle is always the same, namely, to put people at the centre of development and focus on their needs and potentials. Human development concerns all necessary conditions from production processes to institutional changes, and policy processes. It is development that is focused on people and their wellbeing.

If development is to widen human choices, then it should do so, not only for the current generation but also for the future generations. In other words, it must be sustainable. In 1987, the United Nations Conference on Environment and Development (UNCED) defined sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their needs. Sustainable development is a process in which economic, fiscal, trade, energy, agricultural and industrial policies are all designed to bring about development that is economically, socially and ecologically sustainable. In general, the concept of human development can offer a few guiding principles in understanding development and requires that priority be given to both human beings and environmental protection.

Indicators of social development

Social development is human-centred. As there is no human society which has no values, it is therefore helpful to consider first the social values necessary for human beings. These social values can be categorised in terms of the material and non-material indicators of development that a certain society upholds.

Material indicators of social development

Material indicators of social development refer to conditions that people can access for their development. Such indicators include food security, healthy life, and quality education.

Food security and sustainable agriculture

A society is said to be socially developed if safe and nutritious food is available, accessible and affordable to people. In addition, a society is socially developed if it promotes or it has established a mechanism for sustainable agriculture. Sustainable agriculture is agriculture that seeks to meet the current society's food and industrial needs without compromising the ability of future generations to meet their own needs. It promotes a healthy environment, economic profitability and social equity. A society where food is not available, affordable or accessible due to different reasons and where food is not safe for human consumption, is not socially developed.

Healthy life

A society is socially developed if its members are healthy. Health is a condition that entails both physical and mental wellbeing. Thus, a society whose people are mentally and physically healthy is a society that has attained a high level of social development. Having healthy members in a society requires, among other things, an effective system of providing medical care to all, regardless of their wealth, gender, age, race, tribe or religion. It also presupposes that people have enough and nutritious food, otherwise there can be no healthy life. A society that does not have a good system of providing medical care for all, is a society that is not likely to have healthy people. Availability, accessibility and affordability of medical services are crucial for any society to attain social development.

Quality education and lifelong learning

A society is socially developed if it is capable of providing quality education to its young generation and to adults who missed the opportunity due to various reasons. Quality education refers to an education that focuses not only on access to education for all but also promotes appropriate skills development and gender equality. Other important aspects include provision of relevant school infrastructure, equipment, education materials, financial resources, and qualified teaching staff. In addition to provision of quality education, a socially developed society must also be able to create opportunities for lifelong learning, particularly for adults who feel the need of learning more as the knowledge acquired previously may appear to be outdated and no longer relevant to address the challenges of the time. Quality education has the following characteristics:

Inclusiveness: Quality education is characterised by the engagement, integration, motivation and valuing of students from different backgrounds. In a socially developed society, quality education is supposed to include all children with the age of going to school, regardless of their sex and gender, physical and mental

disabilities, poverty level and geographical location.

Conducive learning and teaching environment: The realisation of quality education requires a good learning and teaching environment. In particular, it requires well-trained, competent and motivated teachers, who are committed to teach. Employers are therefore required to ensure that teachers' needs are reasonably catered for to make them fulfil their duties and responsibilities effectively and efficiently. In addition, quality education requires the presence and availability of adequate quality learning and teaching materials, as well as the presence of a conducive environment for learning.

Acquisition of necessary skills for life: Quality education must be able to prepare young people to be good members of society with skills and competencies necessary to address the challenges of life in the society in which they are members. In other words, the education provided must enable young people to be innovative with the ability to transform society to sustainable development.

Lifelong learning: In a socially developed society, education has no end. There is no level at which an individual or community can claim to have completely exhausted the knowledge that is available in the world. In fact, knowledge is not only so diverse and immeasurable, but it is also changing as new knowledge is created and the old become irrelevant to the needs of the time. To address this situation, a socially developing society has to create opportunities for adults to keep on learning. That will enable society to acquire the skills and the competencies needed at any particular time. Again, like quality education, lifelong learning must also be inclusive, involving all who want to learn irrespective of their mental and physical conditions. Lifelong learning must also take place in a conducive environment; that is to say, it must be provided by competent teachers in environments which are conducive for learning.

Gender equality

In a socially developed society, both male and female individuals are equal not biologically but in terms of rights and opportunities. In such a society, opportunities and services are provided to all, boys and girls, men and women regardless of their gender. But since women and girls have for a long time been denied access to opportunities such as education in developed societies women and girls are empowered so that they can catch up with men. In practical terms, this means making deliberate decisions enabling women and girls to access different opportunities such as education, jobs, and health. The opportunities for education entail measures to increase the enrolment of girls in primary schools, secondary schools, colleges and

higher learning institutions. Gender equality includes measures to increase women participation in political processes and organs of decision making. Generally, a socially developed society is characterised by gender equality of different aspects, namely equality between men and women, boys and girls, individuals with disability and other related groups.



Activity 3.1

In your own locality conduct an investigation on the role of women in the development of the community. Through presentations of your findings, convince your fellow students that the role of women in development is extremely important.

Clean water and sanitation

In a developed society, individuals have access to clean water and proper toilets. The availability of clean water enables them to be healthy and thus not succumb to diseases that are caused by harmful micro organisms found in dirty water, causing diseases such as dysentery, Urinary Tract Infection (UTI), typhoid, bilharzia and ring worms. In developing countries, such as Tanzania, the availability of clean water is a challenge; despite government efforts, the majority of people especially in rural areas, have limited access to clean and safe water for domestic use.

Non-material indicators of social development

A society is said to be socially developed if the non-material indicators of development are available and maintained. The non-material indicators of social development are many and cannot be exhausted here; some of them are freedom, equality, unity, sharing, peace and cooperation. Each of these indicators is described below.

Freedom

Individuals in any society are socially developed if they are free. At the personal level, freedom is the ability of people in society to do whatever they want, provided that in doing so they do not break the law, contravene social values, or infringe upon the freedom of other people. Freedom allows individuals to associate with one another, to practise their religious beliefs, to express their thoughts and ideas, to choose leaders they want, to go anywhere they want and to pursue any worthwhile goals.

Freedom contributes significantly to the wellbeing of individuals in a community.

At the level of society or nation, freedom signifies independence, or the ability of people to determine their own way of life and destiny without being forced or interfered by people from other societies. A society is usually said to be socially developed if it is independent from external interference in determining its policies and development strategies. People living in slavery or colonialism cannot be said to be socially developed since their social life is controlled by their masters. Likewise, a people living in fear of expressing their views and opinions cannot be termed as socially developed.

Equality

A society is socially developed if it respects the principle of human equality, which states that “all human beings are equal”. Human beings are equal in terms of rights and opportunities. Thus, a developed society is one in which people’s fundamental human rights are respected. In society of equality, educational and employment opportunities are open to all in such society irrespective of individual’s colour, ethnic group, gender, disability or religious beliefs.

A society is therefore, termed as socially developed, when the fundamental human rights of its people are respected. Such rights include the right to life, right to own property, right to human dignity, right to private life and family life. Others include right to peaceful assembly and association, right to freedom from arbitrary arrest, as well as right to freedom of thought, conscience and religion.

Similarly, a society is said to be socially developed if it offers education to all. Likewise, all other services provided should not discriminate against diversities such as race, religion, gender, disability, ideology, tribe, class, political or ethnic affiliations. Further, a society is socially developed if employment opportunities are open to all with qualifications and not to a few individuals who happen to belong to a certain class of people, or people who happen to belong to a certain gender or political party. A society which employs only men and educates only boys cannot be said to be socially developed because it deprives woman of some basic rights and liberties.

Unity

One of the indicators of social development is unity. Unity is a state whereby individuals in society are bonded together by a common purpose. A society is said to be socially developed if its people are united and not fragmented into different opposed factions. Tanzania can serve as a good example of unity. Historically, Tanzania was constituted of various chiefdoms each with its own culture and political system. It was very difficult for each tribe in Tanzania to feel that they belonged together. In addition, there were also racial divisions between Europeans, Indians

and Africans not to mention religious differences between Muslims, Christians and African religions. If not carefully handled, all these differences would have created social instability which is an unfavourable condition to attain social development. Luckily, Tanzania did not follow that route. Instead of rejoicing in the differences that existed, Mwalimu Julius Kambarage Nyerere, in collaboration with his colleagues in government, endeavoured to eliminate those divisions by emphasising unity among Tanzanians. He emphasised the fact that all Tanzanians are one, irrespective of their religions, colour, tribes and ethnic groups.

Peace

A society is socially developed if its people live in peace. As human beings, individuals in society need to live in peace and harmony with others. Peace is the absence of violence. Violence is any action or structural arrangement that results in physical or non-physical harm to one or more persons. Violence can be direct or indirect. Direct violence refers to attacks such as riot, war, terrorism and assault. Indirect violence refers to structural processes such as poverty, hunger, discrimination, social injustice and racism. In this context then, peace can be understood as the absence of both direct and indirect violence. More specifically, peace can be described as the absence of poverty, hunger, discrimination, social injustice and apartheid. In addition, peace involves the absence of organised collective violence between nations, classes, races and ethnic groups within society.

A society whose people are constantly at war is hardly considered a socially developed society. But a society whose people are at peace with themselves and other societies, and which eliminates structures of poverty and oppression and segregation, is often referred to as a socially developed and civilised society.

Tanzania is generally acclaimed as one of the peaceful and stable countries in Africa. It has, since independence, not had any incidence of civil war; however, there have been some incidences of violence which threatened individual and national peace. These include conflicts between farmers and pastoralists, gender-based violence and domestic violence. Luckily, the government and other stakeholders are constantly working to address these threats.

Sharing or fair distribution of resources

Sharing of resources is an essential indicator of a society that is socially developed. Sharing in this context is better understood as the act of dividing goods and services justly or fairly among members of society. The welfare of individuals in society is enhanced when society resources are fairly distributed. For example, the government provides education to all people, illiteracy and ignorance are eliminated and individuals can, in turn, use the education acquired to improve relations

between themselves and their living conditions. When the government provides health services to all, people become healthier, a condition which is necessary for the wellbeing of individuals. However, unequal or unfair distribution of a society's wealth leads to the poverty of members, a condition which deprives them of means of livelihood, and which eventually diminishes their wellbeing. In other words, some individuals in society are marginalised when resources are not equally and fairly distributed or shared.

In general, Tanzania has undertaken various measures to ensure fair distribution of resources. Some of these measures include provision of free education from pre-primary to ordinary secondary level and provision of loans to many students who study in higher education. Also, efforts to combat corruption and making natural resources such as minerals, oil and gas property of all Tanzanians through the state are done as well to ensure fair distribution of resources.

Cooperation and participation

In a civilised society, individuals do not live self-sufficiently and isolated from the rest of the society. No individual can accomplish his or her own goals independent of other people in the society. A socially developed society is one in which individuals live together and cooperate with others in order to achieve their objectives. Cooperation is an important attribute of social development. The building of a hospital, for instance, is an undertaking that requires the expertise and skills of many people including doctors and nurses, land surveyors, brick layers, cement producers, wood producers, and producers of nails, paints and sinks. This means that building of a hospital is not something that an individual can do alone without participation of other people. Rather, it is an activity that requires the cooperation of so many people with different skills and competencies. The implication of all this is that without cooperation with other people, it will be hard to attain social development. The attainment of sustainable development in all its dimensions, requires effective participation and cooperation of all members of society.



Activity 3.2

1. In groups, go around your community, and identify the social development indicators, then present your findings in class for discussion.
2. In groups, analyse the social development indicators which are evident in your school and community. Present your findings in class for discussion.

Exercise 3.1

Answer the following questions:

1. Using specific examples from your own community, explain the following concepts:
 - i. Equality
 - ii. Freedom
 - iii. Unity
 - iv. Society
2. Using examples, explain the difference between material and non-material indicators of social development in a society.
3. By using your own words and examples, explain the following concepts:
 - i. Life-long education
 - ii. Gender equality
 - iii. Inclusive education
 - iv. Poverty eradication
 - v. Social development
 - vi. Sustainable development
4. Analyse the concept of material indicators of social development.
5. Analyse the efforts adopted by the Government of Tanzania in ensuring fair distribution of resources.
6. Why are cooperation and participation vital for sustainable social development?
7. Critically explain the basic characteristics of quality education and lifelong learning?
8. Describe the factors contributing to social development of any society?
9. Why is social development vital for any country to achieve sustainable development?
10. With vivid examples, explain the concept of social development.

Revision questions

1. What are the important elements that have to be considered for a society to be socially developed?
2. Explain the consequences of the failure to maintain food security as an important character of a socially developed society.
3. As a member of your community, explain the measures that need to be taken in ensuring quality education.
4. Suggest strategies that can be applied to mitigate challenges that affect supply of clean and safe water in the community.
5. The objective of human development is to ensure that people enjoy long, healthy and creative lives. What roles do you play to ensure sustainable social development in your society?
6. Tanzania is considered one of the peaceful and stable countries in Africa. Analyse the remarkable measures taken by the Government of Tanzania to ensure peace and stability of the country.
7. Unity is one of the important indicators of a socially developed society. What are the important steps taken by the government to ensure unity in Tanzania?
8. As a prospective leader, explain the characteristics of quality education.
9. Equality between members of a society is important to social development. Analyse the efforts made by the government to ensure equality among the citizens in Tanzania.
10. With relevant examples, differentiate between material and non-material indicators of social development
11. With vivid examples, explain how the union of Tanganyika and Zanzibar contributes to the social development of Tanzanians

Chapter Four

Economic development

Introduction

Worldwide, nations are struggling to raise their levels of economic development. Economic development is important for improving the wellbeing of the people. Policies and plans are formulated and investments are undertaken to achieve economic development. In this chapter, you will learn about the concept of economic development, indicators of economic development, and factors facilitating economic development. The competencies developed in this chapter will enable you to utilise the available resources in your locality for personal and community development. You will also be able to appraise and engage fully in the efforts of the government to enhance individual and national economic development.

Understanding economic development

An economy is a system of production, distribution, exchange and consumption of goods and services in a geographical area. Economic development is the state of increased volume of production, distribution and consumption of goods and services for the prosperity of the people. When there is economic development in the society the people have increased incomes and purchasing power and therefore greater access to goods and services. The expansion of production of goods and services, in itself is not development, it must lead to increased real incomes and prosperity. Economic development is, therefore, people-centred and should not be confused with having more industries, good roads, modern agriculture or rather improvement of the means of production, or having more goods and services alone, but should also be reflected in individual daily income and access to services.

Indicators of economic development

As a nation develops economically, some changes are evident in its economy. These changes are known as indicators of economic development. Thus, the indicators of development are signs or criteria which are used to measure the degree of economic development. Some of these indicators include statistical measures of the volume

of goods and services produced, level of access to basic human needs, and level of utilisation of factors of production. The following are some of the most common measures or indicators of economic development.

Gross Domestic Product, Gross National Income and Per capita income

A common indicator or measure of economic development is the measure of growth of the volume of production of goods and services which is called Gross Domestic Product (GDP). It is the value of all goods and services produced in a country. In addition to GDP, there is a measure called Gross National Income (GNI). This is the value of goods and services produced by citizens in the country or earned abroad by the citizens through wages and salaries or property incomes. When the GDP is divided by the population, we obtain what is called per capita income, as the formula indicates below.

$$\text{Per Capita Income} = \frac{\text{Gross Domestic Product (GDP)}}{\text{Total population}}$$

This is the most commonly used measure of economic development and the one which is used for comparing levels of economic development between different countries. However, if a country has a high per capita income, this does not necessarily reflect the level of living standards of the people, since most income may be going only to a few people. If there is high income inequality, then per capita income is not a satisfactory indicator of economic development but an average measure. For example, the economic development of Tanzania has been increasing over the past ten years as indicated by its per capita income; this has increased from less than USD 200 in 1990 to USD 1,076.5 in the year 2020, making the country a lower middle income economy. Figure 4.1 shows trends of Tanzania economic growth from 1990 to 2020, according to World Bank national account data.

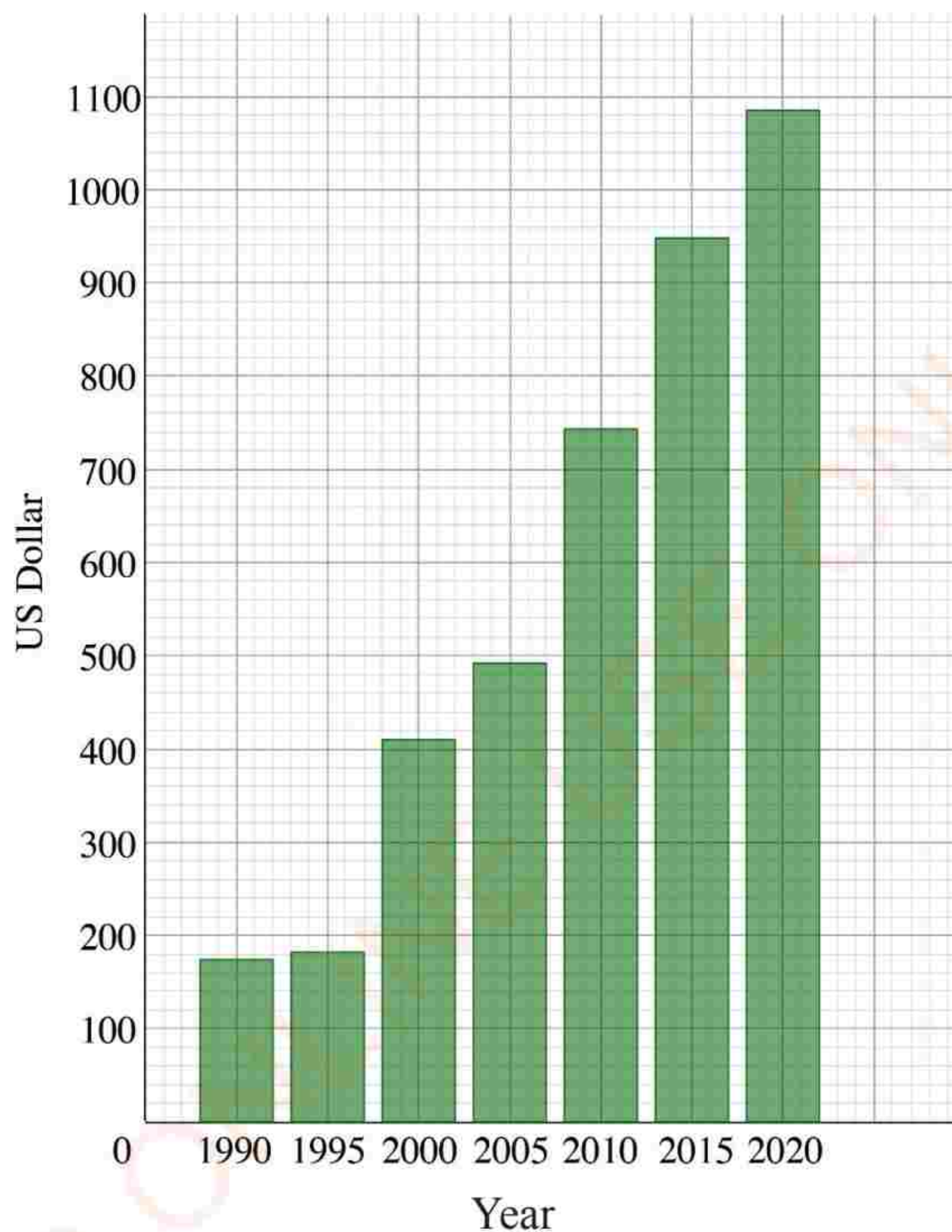


Figure 4. 1: *Per capita income of Tanzania from 1990 up to 2020*

Fulfilment of basic needs

According to the World Bank, development is evaluated on the basis of fulfilment of the basic needs of people in terms of health, education, water, food, clothing, and shelter. If these basic needs are available and easily accessed by the majority of the people in a nation, then there is economic development. The United Nations Development Programme (UNDP) in 1990, introduced an indicator called Human Development Index (HDI) which considered three aspects of human life, namely, income for a decent living, educational attainment and life expectancy.

Improved utilisation of the factors of production

Growth of an economy depends on the increase in utilisation of the factors of production and technological development. Improvement in technology makes factor inputs more productive. Therefore, economic development depends upon available resources, namely, human, material and financial resources such as entrepreneurship, labour, land, energy, capital and technology.

Labour force in agriculture

Economic development in developing countries, where the majority of people live in the rural areas and are dependent on agriculture, is influenced by improvement in agricultural production and therefore labour skills and technology. The modernisation of agriculture contributes to economic development.



Activity 4.1

Conduct a project on the indicators of economic development in your community, explore how the different indicators are manifested in your community and present your finding in class.

Exercise 4.1

Answer the following questions.

1. Write short notes on the concept of economic development.
2. Explain the significance of economic development in a country.

Factors influencing economic development

These are key factors that accelerate the process of economic development. The key factors include natural resources endowment, capital, labour, technology, entrepreneurship and political stability. All these factors are important though not in isolation, which means there is no one factor that alone produces economic development.

Technology

Technology is a key driver of economic development of an individual and the nation at large. Technological progress allows for efficient and more production of goods and services. Application of technology allows for new innovation and creation of complex scientific tools and mechanisation in production. Improvement

in technology has a big impact on economic growth. As the scientific community makes more discoveries, entrepreneurs find ways to apply these innovations as more sophisticated production techniques. The application of appropriate technology means the same amount of labour will be more productive, and economic growth will advance at a lower cost. Technological innovation and training in labour skills will improve economic outputs, leading to a better living environment for everyone.

Resources

A resource refers to anything that has value and is a major factor that determines the outcome of all efforts. It is difficult to have output without having resources to support the process of production. Resources are divided into three main groups, which are natural resources, human resources and financial resources.

Natural resources endowment

Natural resources include all entities found in and on the ground such as land, water, forests, wildlife, minerals, air and sunlight. It also includes birds, fish and plants of different kinds that are found in the country. Natural resources are used as raw materials by factories or industries for the production of goods and services. Natural resources are divided into three categories which are renewable, non-renewable and perpetual resources. Natural resources are factors of production and therefore affect development because they are transformed by labour into goods and services.

Human resources

This is the productive force consisting of skills, knowledge and ability which, with the help of capital or machines, turns natural resources or other raw materials into goods and services. The value of the workforce depends on workers' education, skills, attitudes and motivation. These contribute to productivity and time spent in the creation of value. The value of labour is measured by the number of hours a worker has spent to produce an output. The reward for the cost of labour is wages.

Financial resources

Financial resources are a set of liquid assets of an organisation, including cash, bank deposits and non-liquid investments. Savings and loans are the sources from which enterprises obtain the funds they need to finance their investments, capital and current activities. Capital includes all those goods which are employed for further production of goods, for example, machines, tools, factories, buildings and transport equipment. In business and economics, capital is anything that increases value across a wide range of categories such as financial, social, physical and intellectual aspects.

Entrepreneurship

Entrepreneurship is the drive to develop an idea into a business. An entrepreneur combines the other three factors, namely, labour, natural resources, and financial resources to produce goods and services. The most successful entrepreneurs are the innovative risk-takers who are able to employ labour and utilise raw materials and natural resources to produce new or better services in the economy. Entrepreneurs in Tanzania own small, medium and large businesses. Small businesses raise capital for investment from their own savings, support from family, relatives, and loans from banks and microfinance organisations compared to large businesses that rely on shareholder's equity and bank borrowing.

Political stability

Economic growth and political stability are closely interconnected. On the other hand, the uncertainty associated with an unstable political environment may reduce investment and the pace of economic development. Likely, poor economic performance may lead to the collapse of government and lead to political unrest. Political stability arises from several factors including democracy, rule of law, and tolerance.

Good infrastructure

Transport and communication networks play a vital role in economic development of a country. Availability of quality transport and communication networks facilitate movement of goods, services and people from one place to another. Quality roads, airport and railway networks enhance trade activities. Modern communication networks such as optical fibre cables and telecommunication services enable quick spread of information which is important in business transaction. Other types of infrastructure like irrigation and electricity production systems are also very important for economic development.



Activity 4.2

Discuss in groups, how cultural, political and environmental uncertainties can impair economic development. Present your findings in class for discussion.

Exercise 4.2

1. What is financial capital?
2. Describe the concept of labour.
3. Explain the importance of land in economic development.
4. Distinguish three elements of Human Development Index.

Revision questions

1. Explain the meaning of human development.
2. How can basic human needs be used as an indicator of development?
3. Why is excessive dependence on agriculture used as an indicator of low development?
4. Explain the concept of per capita income.
5. Analyse five indicators of economic development.
6. Differentiate between developed countries and developing countries.
7. Using specific examples, explain how technology and entrepreneurship influence economic development.
8. Write a description on the following:
 - i. Higher human development countries.
 - ii. Lowest human development countries.

Chapter Five

Provision of social services in Tanzania

Introduction

The Government of Tanzania has a long history of undertaking initiatives to develop and improve the provision of social services. In this chapter, you will learn the meaning of social services, and the state of social services provided in Tanzania. You will also learn the challenges facing the provision of social services and recommended solutions for the challenges hindering the provision of social services in Tanzania. The competencies developed in this chapter will help you to contribute to the improvement of social services provision in Tanzania.

Understanding social services in Tanzania

The term social services refers to the provision of benefits, utilities and facilities to ensure social wellbeing of people or citizens of a particular country. This is usually used to refer to the supply or, more appropriately, to the provision of services to the public, namely, the people or citizens of a particular country. Traditionally, it has been customary for almost all modern states or governments to provide social services to their citizens. The list of services that have been offered by the state to its citizens include education, medical or healthcare, sanitation and communication infrastructure such as roads, railways, aviation and marine transport.

With the adoption of neo-liberal policies in the late 1980s and early 1990s, private supply of social services in Africa, including Tanzania, was given increased importance. Thus, since then, social services have been provided not only by the state but also by individuals, private companies and other non-state actors. Consequently, today Tanzania has, for example, schools owned by the state and those owned by religious organisations as well as private individuals. Thus, both public and private sectors are currently involved in providing social services as identified in the following sections.

Social services provided in Tanzania

Social services which are provided in Tanzania include education, health care, orphanages, age care homes, water, supply of electricity, and transport and communication infrastructure. These are provided by the state, private sector, religious organisations and non-government organisations. To ensure adequate provision of social services in the country, the government of Tanzania has been undertaking various initiatives in collaboration with the private sector, religious organisations and other stakeholders. Key roles and obligations of the government are to provide policy guidelines for the development of the services, initiate and facilitate development strategies, encourage fair competition, and create a conducive environment for investors and private sector participation. In the following sub-sections, different social services are discussed.

Education services

Education is a process by which individuals in a society acquire knowledge and skills necessary for their wellbeing. Education in Tanzania aims to guide and promote the development and improvement of people's lives. It is also designed to help people effectively use the available resources to bring about development.

Channels of acquiring education in Tanzania

The education system in Tanzania constitutes three main channels, namely, formal education, informal education and non-formal education.

- (a) Formal education is predominantly academic and it involves pre-primary, primary, secondary up to the university level. It is institutionalised, intentional, planned and provided by public organisations and recognised private bodies. It consists primarily of initial education designed for children and young people before their first entry to the labour market. It also includes other types of education such as vocational, special needs and adult education, provided they are recognised as part of the formal education system by the relevant national education authorities.
- (b) Informal education refers to a lifelong learning process whereby individuals acquire attitudes, values, skills and knowledge from their own environment and direct experience. It is a form of learning that is intentional or deliberate but not institutionalised. It is less organised and structured than formal or non-formal education. Informal learning may include learning activities that occur in the family, in the work place, in the local community, and in daily life, on a self-directed, family-directed or socially-directed basis.

- DO NOT DUPLICATE
- (c) Non-formal education covers all other channels that people use to acquire education. It is institutionalised, intentional and planned for a specific purpose. It is an addition, alternative and a complement to formal education within the process of the lifelong learning of individuals. It is often provided to guarantee the right of access to education for all. It caters for people of all ages, it may be short in duration and low intensity, and it is typically provided in the form of short courses, workshops or seminars. Non-formal education mostly leads to qualifications that are not recognised as formal qualifications by the relevant national educational authorities. Non-formal education can cover programmes contributing to adult and youth literacy and education for out-of-school children, as well as programmes on life skills, work skills, and social or cultural development.

The Government of Tanzania has undertaken a number of initiatives to improve provision of education services in the country. There has been significant increase in enrollment rate of pupils in primary schools and students in secondary and higher learning institutions. For instance, in 2021 and early 2022, more than 10,000 classrooms in all councils, across the country were constructed. The increase of classes significantly addressed the previous challenge of shortage of classrooms. The government also provided financial resources for recurrent and development expenditure as well as setting up and strengthening systems to monitor the effective use of distributed resources.



Activity 5.1

In groups, investigate the role of the government in improving the education sector in Tanzania and present your findings in the classroom.

Exercise 5.1

1. Examine the motive behind provision of free education in Tanzania.
2. Suggest ways that can be used to reduce student absenteeism and dropout in primary and secondary schools.

Challenges in provision of education services in Tanzania

Despite the achievements in the provision of education in Tanzania, the education sector is still facing different challenges as elaborated in the sections that follow.

Inadequate financial resources: The education system in Tanzania has been facing a number of challenges including scarce financial resources. The size of the budget allocated for the education sector is not sufficient for the growing educational needs of the nation. Demands for new classrooms, books, libraries, and laboratories are high and growing day after day in spite of government efforts.

Insufficient number of teachers: In recent years, the number of students enrolled in primary and secondary schools has been increasing tremendously compared to the number of teachers employed in schools. This reality affects rural schools more than urban schools because many teachers prefer to stay in urban rather than rural areas.

Dropouts from school: Dropouts from school is another problem facing the education sector. Many factors lead to student dropouts from primary and secondary schools in Tanzania. The most dominant factors are truancy, early marriages and pregnancy for girls. Although the government has been introducing different measures, the problem is far from over. The ministry has now instituted a mechanism whereby dropouts especially girls dropping out due to pregnancy can have a second chance and join the formal system of education.

Family challenges: Some families have little interest in education, or they are disengaged. They do not support their children attending school and do not even give them supplies for proper learning. Some of the children are forced to engage in child labour to support their families instead of going to school. Other children may need to stay back at home to take care of their siblings while the parents go out to work. Divorce or separation of parents also affects the education of children.

Socio-cultural factors: In some areas of Tanzania, socio-cultural factors affect effective provision of education. These factors include certain traditional and cultural practices, norms and values. For example, in some ethnic groups girls' education is not regarded to be important.

Health care services

The health system in Tanzania is organised in a pyramidal structure from the community to the national level. At the base of this pyramidal structure are primary health care services offered at community-based health services, dispensaries, health centres, and district hospitals. Community-based health services focus on health promotion and prevention. Dispensaries provide basic preventive and curative outpatient services, labour and delivery services, while health centres provide outpatient and inpatient health services. At the district level, hospitals provide medical and surgical services to patients referred from health centres. Regional

referral hospitals provide specialised health care services while zonal and national referral hospitals provide advanced health care and also serve as teaching hospitals.

Since independence, health care services have constituted an integral part of the overall national development plans. Health care services in Tanzania are divided into the following categories:

Primary health care services: Primary health care services involve prevention, diagnosis and treatment of people at home and work places. These services are not only provided by the Ministry of Health but other sectors and organisations are also involved, for example, water, education, community development, and Non-Governmental Organisations (NGOs).

Occupational and health safety at the work place: This involves people working in large farms, plantations, factories, industries and mines. Services are meant to ensure the safety and protection of workers against all health hazards which occur in industries, factories, plantations and mines.

Research Institutions: The National Institute for Medical Research (NIMR) is Tanzania's largest public health research institution. The Parliament established it as a parastatal organisation under the Ministry of Health. Research functions are also conducted by universities and referral hospitals.

Structure of health services in Tanzania

The structure of health services at various levels in the country is as follows:

Village health services: In Tanzania, this is the lowest level of health care delivery in the country. It serves the primary objective of improving the health of the majority of people living in the rural areas through providing basic primary health.

Dispensary: This is the second stage of health services provision in the country. It usually has facilities for out-patient department and a maternity section. Often, a dispensary has a Medical Assistant or Clinical Officer, public healthcare nurse or a midwife.

Health Centre: A health centre is supposed to cater for about 50 000 people. Its staff include a Medical Assistant or Assistant Medical Officer, Rural Medical Aide and a Senior Nurse.

District Hospital: The district hospital is a very important level in the provision of health services in Tanzania. Each district in Tanzania is supposed to have a district hospital. A district hospital should have 60-150 beds. Vital facilities and services in the district hospitals include the following:

- DO NOT DUPLICATE
- (a) Out-patient service, storage of drugs and equipment, laboratory and blood banks, X-ray section, operating theatre, wards for in-patients, kitchen and laundry room, mortuary, and a dispensing room.
 - (b) A district hospital should also have a Graduate Medical Officer, Assistant Medical Officer, nurses, pharmacists, laboratory technicians, radiologists, health officer, and health secretary.

Regional hospital: Every region has a regional hospital. Although they offer the same services as those offered at the district level, they differ in the fact that the regional hospitals have specialists in various health fields and offer additional services which are not provided in district hospitals. In particular, they have more beds (between 200-400); they have specialists in the fields of surgery, medicine, gynaecology and paediatrics. They also have primary health care, pharmacy, laboratory services, and mortuary.

Referral or Consultant Hospital: This is the highest level of hospital services in the country. Currently, some of the referral hospitals include the following:

- (a) Muhimbili National Hospital (MNH) caters for the national level.
- (b) Kilimanjaro Christian Medical Centre (KCMC) caters for the northern zone.
- (c) Bugando Hospital caters for people from around the Lake zone.
- (d) Mbeya Hospital caters for the southern highlands zone.
- (e) Benjamin Mkapa Hospital caters for the central zone
- (f) Mnazi Mmoja Hospital caters for Zanzibar.

These hospitals are equipped with sophisticated modern medical equipment so that they can conduct sophisticated diagnosis and treatment. Usually, a referral hospital has between 400-600 beds, with specialist medical personnel.

In addition, health care services in Tanzania are also provided by voluntary agencies and religious organizations, parastatal organisations, private institutions and traditional healers. Figure number 5.1 shows Mnazi Mmoja Referral Hospital, located in Zanzibar urban.



Figure 5. 1: *Mnazi Mmoja Referral Hospital in Zanzibar urban*

The following are the major functions of referral hospitals

- (a) To prevent and control communicable and non-communicable diseases such as HIV and AIDS, malaria, tuberculosis, diseases caused by malnutrition, environmental health diseases, as well as diseases caused by chemical pollution.
- (b) To provide health education to the society and increase the number of professional health workers.
- (c) To create and promote cooperation among the public sector, the private sector and religious organizations in promoting health.
- (d) To ensure primary health care services are available and offered efficiently to the people.

Achievements in the provision of health services in Tanzania

The government has attained a lot of success in the provision of health services in the country as follows.

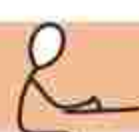
Provision of modern equipment: These are modern diagnostic equipment in various government and private hospitals in Tanzania. Many complex medical cases can now be handled in Tanzania. Such equipment include Computerised Tomography (CT- scan) and Magnetic Resonance Image (MRI).

Increase of centres that provide health services: The number of centres providing health services has increased in rural and urban areas. The number of people

also attending hospitals has been increasing compared to those who depend on local medicines. This is the result of the provision of health education and good government policies towards health services.

Development of prevention of disease programmes: Prevention of disease programmes have been developed and monitored both in government and private hospitals through introducing vaccination and immunisation.

Control and reduction of disease: Most dangerous diseases like polio, tuberculosis, HIV/AIDS and COVID-19 and other diseases have been addressed accordingly.



Activity 5.2

Using your locality as a case study, carry out a research project to assess the distribution, quality and accessibility of health services. What improvements do you think are necessary to ensure high quality provision of these services?

Challenges facing the health sector in Tanzania

The Tanzania Health Policy of 2019 outlines several issues and challenges in the health system; these are listed below.

Insufficient number of health workers: The number of health workers is still low in Tanzania, especially in rural areas. Nurses, clinicians and medical doctors are still in big demand. This situation negatively affects the provision of quality medical services in the country.

Poor infrastructure: Some remote rural areas lack basic health infrastructure and have inefficient road networks. In addition, utilities such as water and energy are still a challenge in rural and urban areas; this limits provision of some medical services.

Inadequate funds: Funds for medical supplies and equipment, salaries and benefits for health workers are inadequate. Budgets allocated to finance health sector are usually minimal compared with demands of the sector, such as recruitment of staff, acquisition of equipment, medicine, and the big number of patients admitted in hospitals.

Cultural practices: There are areas where people do not believe in modern medicine and they still stick to cultural practices, some of which are harmful. Low uptake of modern medicine hinders adequate provision of quality health services to the general population.

Generally, the health sector in Tanzania continues to improve, although there are some challenges. In some areas, the deficit is apparent for specialist doctors, general physicians, nurses, radiographers, clinical officers, and pharmacists.

Exercise 5.2

The tendency of some individuals of not believing in modern medicine is one of the challenges which face the provision of health services. Suggest ways which can be used to address this challenge.

Water services

Water is one of the resources that are fundamental to life and the environment. It plays a central role in the social and economic development of Tanzania. It touches on all spheres of life, including households, agriculture, livestock, fisheries, industry, energy, recreation, health, and other social and economic activities. It plays a significant role in poverty alleviation by enhancing food security, hydropower production, industrial development, mining, navigation, and sustenance of the ecosystem. Availability of clean and safe water reduces the time people spend fetching water and health risks from waterborne diseases. Using contaminated water poses serious health risks for the population; it is a source of diarrhoea and cholera. Tanzania takes pride in having numerous and diverse water sources such as rivers, lakes and wetlands. It is also blessed with the Indian ocean.

The government is the main provider of water in Tanzania. However, the government has been encouraging and welcoming partnership with the private sector in the delivery of water services to the public, including NGOs, and water user associations.

In general, Tanzania has made a lot of progress in the provision of water and sanitation services since independence. Although the government and other stakeholders have been undertaking various initiatives to address water challenges such as inadequate funds, climate change and water loss remain to be obstacles.



Activities 5.3

In your groups, investigate the distribution of water supply and its quality in your locality, citing specific challenges in quality water provision, present your findings for discussion.

Transportation services

This is the movement of people, animals and goods and services from one place to another. The modes of transportation include land, air, water and pipeline. Land transportation consists of roads and railways.

Roads

These are central to the realisation of social development. In Tanzania, roads are developed, maintained and managed by the government. They are divided into various categories: trunk roads, regional roads, and district, urban and feeder roads. All people are allowed to use these public roads to transport goods like crops to different places in and outside the country. Also, people use roads to transport their animals to different places. Another very important role played by roads to people's wellbeing is enabling them to reach places where social services such as education and health are provided. In addition, roads are used by people to go to work for their earnings. This is the reason roads are considered central to social development.

Railways

Railways play a significant role in the social and economic development of the country. They do not only move people cheaply from one place to another but also make it possible to move bulky goods to reach different parts of the country and even outside the country. Currently, Tanzania has three main functioning railway systems, constructed at different times. They are the Central Railway line, Tanzania-Zambia Railway (TAZARA), and Dar es Salaam-Arusha Railway line.

Air transport

Air transport in Tanzania plays a very important part in the country's transport system. In addition to providing international gateways, airports have historically been used in domestic travel to reach different parts of the country. Overall, Tanzania has 58 airports and more than 300 private airstrips, largely owned by mining companies and tour operators.

Marine transport

Coastal and lake ports have played a big role in freight and passenger shipping movements for a long time, they have been serving as gateways for international travel between the country and foreign destinations, especially in the Middle East and Europe. The Tanzania Ports Authority (TPA) was established under the Ports Act No. 17 of 2004 to take over the functions of the Tanzania Harbours Authority and the Marine Services Company. Its major responsibilities are to develop, manage

and promote the port subsector in Tanzania Mainland. TPA's network of ports serves a large market which includes the whole of the country's hinterland and the neighbouring landlocked countries of Burundi, Rwanda, Democratic Republic of Congo, Uganda, Zambia and Malawi. The main seaports, especially Dar es Salaam, provide vital access to world markets for this region. The ports on Lake Victoria, Tanganyika and Nyasa are also important for local and international trade, although they now suffer from competition from road transport in many locations. The performance of the ports is regularly monitored by the government through TPA.

In Zanzibar, the Zanzibar Ports Corporation (ZPC) is a parastatal organisation established under the Act of Parliament, 1997. ZPC is an autonomous organisation that is responsible for managing, operating and developing ports of Zanzibar. In Zanzibar, there are different ports like Zanzibar Port in Unguja and Mkoani Port in Pemba.

Telecommunication

The telecommunication sector is crucial for human-centred development. It makes it easy for people in the country to communicate and to conduct trade internally and with other nations. The emergence of the internet and mobile phones has revolutionised telecommunication. To optimise its contribution to the development of the country's economy, the government has tried to ensure the availability of efficient, reliable, and affordable telecommunication services through the National Fibre Optic Cable, also known as the National ICT Broadband (NICTBB).

Energy supply

Electrical energy plays a central role in the development of any modern economy. Electricity is used in schools, hospitals, homes, manufacturing industries, factories and transportation systems. In fact, there are very few human activities in the contemporary world which are not directly or indirectly related to electricity. The use of power is so indispensable that there can be no efficient and effective provision of education, healthcare and water to the public without electricity. In the real sense, electricity is the engine of development, social or otherwise.

The energy industry in Tanzania is often described as a hybrid electricity market. The state continues to dominate electricity generation, while various Independent Power Producers (IPPs) provide additional capacity. Overall, the generation, transmission and distribution of electricity is the responsibility of the state. The Tanzanian Electric Supply Company (TANESCO) is a state-owned company with the role of generating, transmitting and distributing electricity to all parts of Tanzania. In the

case of Zanzibar, electricity is distributed by the Zanzibar Electricity Corporation (ZECO).

General challenges facing the provision of social services

The government plays a vital role in ensuring that social services are provided to the citizens. Effective access to efficient social services is a prerequisite for improving the quality of life and for promoting the wellbeing of all Tanzanians. The major challenges facing the provision of social services in Tanzania are as listed below.

- (a) Some of the infrastructure and facilities are old and need repair and maintenance. Indeed, old hospitals, schools and water supply systems need to be repaired in order to provide better services to the people.
- (b) Growth of settlements is faster than the pace of building new and relevant facilities.
- (c) Fast changes in technology globally affect provision of social services.
- (d) Global outbreaks of epidemics and pandemics are a threat to our health systems. Zika, Ebola, SARS, Dengue and COVID-19 are some of the diseases that have been posing serious challenges to the health system.
- (e) Some government and private institutions face financial constraints that undermine the provision of high quality social services.
- (f) In Tanzania, people in rural areas have been migrating to big cities like Dar es Salaam, Mwanza, Arusha, Mbeya and Zanzibar town. As a result, they have been causing rapid increase of population, which constrains the available resources.
- (g) People living in remote areas do not have access to an efficient transportation system. Poor transportation makes it difficult to travel and transport health facilities, farm products, inputs and consumer goods. This affects collection of crops and prices of goods.
- (h) Sabotage by some individuals who destroy public and private infrastructure such as electrical cables and transformers, bridges, pipelines, telephone cables and others, has seriously affected the provision of social services.
- (i) Some services are too expensive and citizens are unable to meet the cost of getting them. For instance, most private schools have high school fees that are not affordable to the majority of Tanzanians.

Generally, the Government of Tanzania is making progress in the provision of social services. However, challenges are still there despite all efforts. Solutions for

the challenges include increasing budgetary allocations, eliminating harmful socio-cultural practices, increasing provision of quality education and awareness, and promoting citizen engagement in different social service projects.



Activity 5.3

In your locality, identify available social services, analyse the challenges and suggest solutions for water shortage. Write a report and present it in the class for discussion.

Exercise 5.3

A: Choose the most correct answer:

1. Social services in Tanzania are provided by
 - (a) Private sector only
 - (b) Informal sector only
 - (c) Non-formal sectors only
 - (d) Both government and private sectors
 - (e) Government only
2. Which roads are developed, maintained and managed by TANROADS?
 - (a) Trunk and feeder roads
 - (b) Urban and feeder roads
 - (c) Trunk and regional roads
 - (d) Regional and rural roads
 - (e) Rural and trunk roads
3. Which institution regulates the telecommunication sector in Tanzania?
 - (a) LATRA
 - (b) TCRA
 - (c) TAREA
 - (d) TARURA

(e) SUMATRA

4. Which roads are under the responsibility of TARURA?

- (a) Urban and rural roads
- (b) Rural and regional roads
- (c) Urban and feeder roads
- (d) Trunk and regional roads
- (e) Feeder and regional roads

B. Short answer items

- 5. What are the challenges facing the energy sector in Tanzania?
- 6. In your own words, explain the meaning of social services.
- 7. Give four causes of water pollution.
- 8. With examples, discuss five challenges facing the government of Tanzania in the provision of social services.
- 9. In your own understanding what do you think should be done to improve social services in Tanzania?
- 10. Explain at least five key achievements attained by the Government of Tanzania in the education sector.

Revision exercise

Answer the following questions.

- 1. Briefly explain the meaning of social services provision.
- 2. Discuss five challenges facing the provision of social services in Tanzania.
- 3. Assess the achievement of the Government of Tanzania in the provision of education services to her citizens.
- 4. Briefly explain the challenges of provision of health services in your community.
- 5. Discuss the achievements and challenges in the provision of transportation

services in Tanzania.

6. Discuss other sources of energy in Tanzania apart from hydroelectric power.
7. Explain the contribution of air transport in economic development of Tanzania.
8. Why did the Government of Tanzania decide to construct the Standard Gauge Railway (SGR)?
9. Explain the importance of marine transport to Tanzania's economy.
10. Explain the importance of the National Fibre Optical Cable in the telecommunication sector.

Chapter Six

The role of government, private sector and civil society in socio-economic development

Introduction

The involvement of the government in socio-economic development is necessary for assurance of growth, equity, stability and sustainability of national socio-economy. In this chapter, you will learn about the role of the government, private sector and civil society in socio-economic development. Competences developed in this chapter will enable you to appraise the role of government, private sector and civil society in socio-economic development, and also to participate fully in the functioning of the three sectors. Your active participation will contribute significantly to your own development and that of the community of which you are a part.

The the role of government in socio-economic development

The government or the public sector plays an important role in socio-economic development. The government in this case refers to government ministries, regional and local government authorities, state-owned or funded agencies and enterprises that conduct or deliver public programmes, goods and services. Such services include education, health care, peace and security, settling disputes, as well as the construction of infrastructure and transportation. The services which are delivered by the government are commonly referred to as public goods.

The government plays an important role in social and economic development. It is responsible for ensuring peace, security, social stability and implementation of laws, policies and plans that regulate the conduct of individuals and business in order to promote economic development. By providing social services such as health and education, the country achieves a healthy, knowledgeable, competent and skilled society, which is important for development. Peace, security and justice are important to producers and investors; they enable social and economic development. Moreover, various laws, policies, programmes and plans are important for producers and investors. Sometimes, investors are not prepared to invest in areas

that are not profitable to them but are very important to the economy and society; in this case the government sets in to handle such investment. A good example of such investments is the construction of roads and railways. To ensure socio-economic development, the government plays several roles as described below.

Provision of good leadership and administration

For an economy to thrive, there must be good leadership and administration that regulate the economy as a whole. The government has a role of providing strong leadership and capable administration that will make the economy prosper and benefit the entire population. Leadership plays a key role in sustainable economic growth as it involves providing opportunities for growth in education, health, infrastructure, trade, agriculture and industry. This is done through different ministries, institutions and agencies.

Maintaining national defence and security

The government is responsible for maintaining law and order and ensuring national defence and security. The presence of a stable defence and security system ensures stability of the country. This in turn promotes flow of local and foreign investment. Foreign investors will facilitate business growth. No country can develop or grow economically without existence of peace within its borders. Peace and security is an essential factor in human life. A peaceful and secure environment is critical to every society since it affects all aspects of economic and social development in a country. These have direct effects on the creation of sound, competitive and equitable economic development, which ultimately has positive impact on the whole society.

The government has a role of enacting laws and regulatory frameworks to govern the country's affairs such as administrative, social, political and economic operations. Through the Parliament of Tanzania, different laws and regulations are enacted with the purpose of promoting socio-economic development. Laws such as the Anti Money Laundering Act of 2006 and its revised edition of 2019 and budget acts are also enacted for such purposes. Besides the ordinary court, several court chambers such as commercial, land, and economic chambers have been established to handle legal matters in respective sectors. In addition, the Fair Competition Commission was established to maintain fair business competition and allow investors to operate smoothly.

Creation and maintenance of a monetary system

The Bank of Tanzania is the key regulatory organ responsible for maintaining a functional monetary system. The government establishes a monetary system in order

to facilitate business transaction and manage the amount of money circulating in the economy. It also regulates banks and other financial institutions in the country. If there were no monetary regulations to direct and monitor banks' working behaviour, people would not be assured of the safety of their deposit.

Provision of public goods and services

The government provides public goods and services which are shared by the entire community. Public goods and services are those that the market cannot provide in sufficient quantities. They include national security, public administration, military services, policy formulation, public health services, education and environmental protection, among others. Public service is service provided by the government to the people in a specific jurisdiction. Services may be provided by the government itself, or the government can ask a private organisation to provide them on its behalf.

Stabilisation of the economy

The government has the responsibility of ensuring economic growth and stability by enacting good policies. These policies are then followed by different actors and serve as a common framework. The government stabilises the economy through application of fiscal and monetary policies. Economic stabilisation policies are macro-economic policies implemented by the government and the central bank in an attempt to control inflation and promote economic growth.

Redistribution of income and wealth

Redistribution is the process of transferring income and wealth from some individuals to others through an established mechanism such as welfare policies, taxation, public services, land reforms, and monetary policies. Popular redistribution approaches involve higher tax rates for people with higher incomes and less to those with less income. The revenue raised in this way helps to pay for various welfare programmes which benefit people in need. Some people cannot afford basic necessities without government redistribution programmes. This is the reason why different programmes such as the Tanzania Social Action Fund (TASAF) are being introduced. Other income and wealth redistribution measures in Tanzania include provision of free primary and ordinary level education, medical services coverage for the elderly, children under-five years and their mothers, and mandatory Corporate Social Responsibility (CSR) for large companies.

Formulation of economic policies

An economic policy is a written course of action that is intended to influence or control the behaviour of economic actors. Economic policies are typically

implemented and administered by the government. Examples of economic policies include decisions made about government spending and taxation, the redistribution of income from the rich to the poor, and about the increase or decrease of supply of money in the economy.

Effectiveness of the government in socio-economic development

The effectiveness of government in socio-economic development can be analysed by looking at the aspects described below.

Economic growth

Economic growth is one of the indicators of socio-economic development. High growth rate is an indicator of economic development. The Government of Tanzania has been very effective in promoting economic growth by using various economic development strategies, resulting in high economic growth rates of around 7 per cent between 2005 and 2015.

Attraction of foreign direct investment

Foreign Direct Investment (FDI) is very important for economic development because it promotes production, employment, technology transfer and exports. Developing countries like Tanzania need FDI for economic transformation and poverty reduction. The Government of Tanzania has been effective in attracting foreign investment into the country. In the oil mining and natural gas sectors, for instance, the government has succeeded to attract large investors from Canada, Australia, United Kingdom, Norway and other countries. Mining projects such as North Mara, Geita Gold Mine, Buzwagi and Bulyanhulu were all opened by foreign investors. Investment in mining increased the number of Tanzanians employed in the mining sector from 1 700 in 1997 to 13 000 in 2007. It increased mineral production and exports, making Tanzania one of the top five producers of gold in Africa, a situation which increased government revenue.

Physical infrastructure

Economic development cannot take place without adequate and modern physical infrastructure such as roads, railways, airports, ports and harbours. Most of the physical infrastructure relevant for economic development are managed by the government. Large infrastructure projects such as the Julius Nyerere Hydropower Project, Standard Gauge Railway, flyovers, Bus Rapid Transit (BRT) project in Dar es Salaam, bridges across Tanzania's major water bodies, and paved tarmac roads throughout Tanzania have been built, through government initiative.

Business and investment environment

The business environment refers mainly to external conditions that affect how businesses function in a society. It may include such factors as economic, political, legal, demographic, social, competitiveness, global, and technological conditions. If these conditions are not addressed, they are likely to prevent the growth of businesses, thereby negatively affecting economic development. The Government of Tanzania has been effective in improving the business environment as part of its strategy to attract and retain investors and promote robust economic growth. The government in collaboration with the private sector has worked to improve the business environment by putting in place supportive laws and policies, stepping up efforts against corruption, maintaining peace and stability, and putting in place attractive incentives for investors. With these measures, Tanzania's rank in the Global Competitiveness Index published by the World Economic Forum improved from 125th position in 2013/2014 to 117th position in 2019. Further, Tanzania has also improved in its ranking on Corruption Perception Index from 127th position in 2010 to 94th position in 2020.

Social services

Services such as education, health, rural electrification, water and sanitation are key enablers of socio-economic development. In Tanzania, the government has been effective in expanding people's access to these basic services. Construction of schools and classrooms, training and supply of teachers and books, expansion of health services, electrification, water and sanitation have increased people's access to these services. This has in turn increased the level of literacy, knowledge and skills, reduced the number of deaths, improved life expectancy and overall living standards.



Activity 6.1

Visit your nearby government offices and conduct an interview with some local government leaders. In your discussion, identify the effectiveness of the government in providing social services. Present your findings in class for discussion.

The role of the private sector in socio-economic development

Private sector is that part of national economy that is not under direct control of the state. It is owned, controlled, run and managed by individuals, families, companies

or organisations usually for profit making. Private sector includes domestic and foreign owned enterprises. The private sector has the potential of employing more people than the public sector. A private sector organisation is created by either forming a new enterprise or privatising a public sector entity. In free economies, the private sector makes up a big portion of the economy as opposed to nations that have more state-controlled economies.

Private sector plays a vital role in the development of the economy and its contribution is visible in different areas. The private sector is normally efficient and characterised by high productivity in its bid to maximise profits as compared to the public sector. When people are allowed to own private property and engage in business activities, they are motivated to start businesses and produce more goods and services and this leads to economic development. The roles of the private sector in the economy are elaborated below.

Conducts investments

Investments are very important for economic growth and development. Private sector investment in different sectors of the economy promote social and economic development. Those investments include the creation and expansion of manufacturing industries, opening and expansion of commercial farms, modernising and expanding transportation and communication infrastructure and opening of schools and health units. These increase the volume of production of various goods and services, create jobs and promote inter-industry linkages. Through private investments, a country is able to obtain technology and mobilise capital for harnessing its natural resources; this leads to increased exports and economic growth.

Creates employment

By supporting and establishing small, medium and large businesses, the private sector stimulates the economy in different ways. Some enterprises are high-growth economic projects, stimulating different economic sectors and creating employment potentials to the people. Private sector provides employment to skilled, semi-skilled and unskilled people; in this way, the private sector plays a significant role in complimenting the government or public sector in provision of employment opportunities.

Enhances transfer of technology

The transfer and development of technology are very important to developing countries that lag behind in technology in various sectors. A lot of technologies are privately owned by companies and multinational corporations, such as manufacturing

technologies, agricultural technologies, information and telecommunication technologies, medical technologies and business management technologies. Technology development by the private sector contributes positively to sustainable development at individual and national levels.

Enhances small enterprises

The private sector includes small, medium and large enterprises. Tanzania's Small and Medium Enterprises Development Policy of 2003, defines the following sizes of enterprises.

- i. Micro enterprises as those employing 1-4 persons;
- ii. Small enterprises as those employing 5-49 persons;
- iii. Medium enterprises as those employing 50-99 persons; and
- iv. Large enterprises as those employing 100 person and above.

Micro, small and medium enterprises provide employment to the majority of workers in Tanzania. They are usually in more direct contact with consumers and the general population. Supporting them is generally justified by the important employment share that they have in the country's economy. They are adaptable to changing economic conditions. As consumer demands shift, micro, small and medium businesses find themselves at the front-line of making adjustments to keep their clients happy in a way that larger companies cannot. They contribute to job creation, economic growth and prosperity.

Enhances innovation and entrepreneurship

In order to become more competitive against other firms and products or services both foreign and domestic, private sector firms promote productivity and efficiency in production. This means, those firms seek to increase output per person and reduce cost of production. In this way, they continually engage in innovative and entrepreneurial activities as follows.

Innovation: Private sector firms engage in innovation of products, organisation and management of production, marketing and procurement. They find better ways to produce and distribute goods and services, which increase their productivity and makes them more competitive in the market. Good examples are automobile industries which introduce new designs of vehicles and continually improve the organisation of their activities in order to become more competitive in the market. The private sector is good in research and development thus helps to reduce costs of doing business. Financing and conducting research activities promote innovation

that improves the quality of products, increases productivity and cuts down the cost of production.

Entrepreneurship: This is a key characteristic of the private sector. It includes coming up with business ideas and implementing them by mobilising resources for the necessary capital. The private sector is enterprising; it always seeks best ways to improve performance in order to survive competition in the market. This includes learning new ways, making effective business plans, providing incentives to workers, and promotion of products or services and improving customer care in order to become more competitive in the market.

Facilitates links with international economies

Through international trade, companies tend to focus on comparative advantages and increase competition for their domestic businesses. Greater trade cooperation can also stimulate foreign direct investment which raises productive capacity. In many developing countries, multinational enterprises and domestic firms contribute to increase productivity. Private companies also implement Corporate Social Responsibility (CSR) aimed at benefiting communities around areas they operate. Through CSR, private companies build schools, hospitals, water points, markets and other related services.

Complementing government effort in service provision

The private sector plays a significant role in service provision; in a way, it complements government effort. In Tanzania, for instance, the private sector has been instrumental in provision of services including education, insurance, financial services, transport and communication services. From this, we can note that the private sector is a key stakeholder in both individual and national social and economic development targets. It is a major contributor to national income and the principal job creator and employer. The private sector is however divided into two major parts, namely, formal sector and informal sector.

Formal sector

The formal sector is part of a country's economy that encompasses all types of economic activities that are registered by the government, paying tax and which are subjected to regulations such as minimum wage, legislation and pension scheme. The formal sector actors are thus known and they have known addresses. That formal sector has different characteristics, as listed in the following section.

Characteristics of a formal sector

The formal sector is normally characterised by different features, including the following.

Organised system: It has an organised system of work with written rules of recruitment, contract and job responsibilities. It has a standard relationship between employer and employee guided by a formal contract.

Licensed: It is licenced by the local or central government, and such license supports their operation and accountability to the relevant government authorities.

It pays taxes: The formal sector normally pays taxes to support development in the country and helps the government to solve problems.

Organised workers: Normally it has an organised workers' association or union where official grievances are addressed and there is always consultation with the management in case of any challenge.

Presence of social protection: Workers are covered under social protection benefits. The employee is expected to work for fixed hours and receive a fixed salary in addition to incentives.

Informal sector

The informal sector is part of a country's economy which operates without strictly following government regulations. It is not strictly regulated and often does not pay tax. The sector operates legal and sometimes illegal activities. For instance, street vendors selling clothes, shoes and kitchenware may be informal but legal, while selling of illicit drugs is informal and illegal. Examples of the informal sector in Tanzania include street vendors (*popularly known as machinga*), food vendors (*popularly known as Mama & Baba Ntilie*), motorcycle riders (*popularly known as bodaboda*) and domestic servants. Figure 6.1 shows street vendors at work.



Figure 6.1: *Street vendors in Dar es Salaam*

Characteristics of the informal sector

The informal sector has the characteristics described below.

Absence of written rules or agreements: The informal sector does not have written rules or procedures to govern their activities, but there are group norms which have to be observed. These norms help members to find solutions to problems related to their activities. In this way, individuals joining this informal group will be bound to observe the norms of the group.

Not bound by minimum wage rates: The informal sector does not conform to the minimum wage legislation regulation, number of working hours or other government requirements. Informal workers and businesses often do not pay income tax in the same way as formal ones, and most of informal workers would in any case fall below the threshold of paying such taxes.

Indecent working environment: In most cases, working conditions in the informal sector are congested and unhygienic. Space used has poor infrastructure and some is unauthorised by the government. In some cases, the working environment is hazardous. There is no formal organisation to protect common interests of people in the informal sector.

Absence of formal social protection: The informal sector lacks social protection schemes and workers in this type of economy usually fail to come together and

address their problems through an association or a group. They have low awareness levels regarding social protection schemes, are unable to make savings and do not see the necessity of insuring themselves. Some of the people working in this sector are small farmers, street vendors, hawkers, micro-entrepreneurs, home-based workers, cobblers, rag-pickers, porters, labourers, artisans and motorcycle riders.

Importance of the informal sector in the economy

Although the informal sector is unregistered by the government and often may often not pay tax, it has a number of advantages or benefits as elaborated below.

Income generation: The sector provides opportunity for low income earners to earn income or supplement their meagre incomes and thus be able to secure their basic needs, for survival. In the context of deteriorating formal income opportunities, the informal sector has become the surest opportunity to secure the much needed income.

Employment creation: The informal sector represents a fundamental component of the economic structure of many developing countries both in the rural and urban areas. Informal sector enterprises are important providers of direct and indirect employment. Studies have shown that, in a number of developing countries, the informal sector could account for over 50 per cent of non-agricultural employment and nearly 30 per cent of non-agricultural GDP. After all, the informal sector provides low-cost labour, inputs, goods, and services to both formal and informal enterprises, and low-cost goods and services to the general public, especially among the poor households.

Poverty reduction: The informal sector plays an important role in poverty reduction, this applies to the youth as the majority of young people lack necessary skills to be employed in the formal sector. Most of them engage in entrepreneurship activities like street vending and food vending to earn their living. Likewise, marginalised groups such as women and people with various disabilities have been able to survive through informal activities. This has helped to reduce poverty and address the failure of the state and formal sector to absorb everyone.

Facilitation of production of goods and services: Individuals in the informal sector are engaged in the production of goods and services of a wide range. Their presence has promoted competition for customers, which leads to lowering of prices and improvement of quality of goods, services and customer care.

Transport services improvement: Some parts of settlements in cities and in the countryside have no formal infrastructure and facilities such as road networks, water systems, power, and communication. Informal service providers like motor cycle

riders are reaching people in remote areas and connecting those areas to villages, towns and cities.

Challenges facing the informal sector

Legal uncertainty: When a business is not registered, the owner lives with fear of being harassed by the authorities or even arrested. This prevents the owners from further investing to advance their businesses. The informality status of these businesses makes them unable to get some services such as credit from banking services.

No retirement benefits to workers: Often, those who work in the informal sector do not have post-retirement benefits. They do not register in pension funds which can cater for their retirement. This may be due to lack of appropriate information or enough income to contribute to a pension fund.

Unsafe working environment: In unregistered businesses, legal employment standards, safety and health regulations, minimum working hours, vacation days and security of the job are often not upheld and thus the risk of work-related injuries and health risks are high.

Limited contribution to public revenue: In countries with big informal economies, only a small amount of tax is usually collected. This means, there is loss of revenue for the government. This makes it difficult for the government to provide its citizens with good infrastructure and social services.

Difficulty in accessing credit and loans: Due to informality, it is difficult to access credit and loans from formal financial institutions. This makes it harder for the informal sector businesses to grow.

Strategies to improve the informal sector

In order to improve the informal sector, various initiatives need to be undertaken by various development stakeholders. Such initiatives might include the following.

- (a) Identifying various forms of businesses and income generation activities potential for improving people's lives for registration. Mobilising and assisting such activities employing the majority of people is critical for improving working conditions that will bring benefit to the owners. This may be done by allocating areas where they can conduct their activities.
- (b) Extending social protection schemes like business and health insurance packages that can suit the conditions of the informal sector.
- (c) Organising training on how to strengthen the activities undertaken by

the informal sector. This can assist them to know, appreciate and employ various strategies and skills such as the use of ICT and social media, entrepreneurship, networking and therefore help them to forge contacts with suppliers and markets.

- (d) Promoting access to financial institutions in order to obtain credit for their business activities. Among other things, it will develop and nurture saving behaviours relevant to add capital for their business and assist them during any unforeseen economic crisis.
- (e) Creating legal and regulatory frameworks. The government and social economic stakeholders have the responsibility of facilitating the informal sector to improve their legitimacy, have access to legal rights, access to financial services and to protect them from undue harassment.



Activity 6.2

Imagine that you have been invited to a community meeting as a guest speaker on how to address the challenges facing the informal sector. Analyse the challenges and possible solutions to the problems you would share with the community in your discussion. Present this in your class for the discussion.

The role of civil society in socio-economic development

Civil societies is a term used to refer to organisations that neither fall under the private nor the public sector. They are non-state, not-for-profit, voluntary entities formed by people in the social sphere that are separate from the state and the market. They include all organisations that are not associated with the government and the private sector but working for the general good of the public. Because of not being allied with the government and the private sector, civil society is generally regarded as another sector which contributes to socio-economic development.

Features of civil society

There are several features which make civil society distinct from the private and public sectors. Some of these features include the following:

- (a) They are non-profit oriented organisations; they do not work to generate profit but aim to offer service to members and the public free of charge.

- DO NOT DUPLICATE
- (b) Civil societies are autonomous; they operate independently but within government guidelines. They have their own programmes and projects.
 - (c) Civil societies are legally organised and function as entities that are recognised in societies where they operate.
 - (d) They are non-political organisations in the sense that they perform their functions in a neutral and impartial manner.
 - (e) They hold on and respect ethical standards such as non-violence, solidarity, and tolerance.

Categories of civil society organisations

There are several categories of civil society. The following are some of the key types:

Religious or Faith Based Organisations (FBOs)

These are organisations owned and run by religious groups. Some examples of FBOs working in Tanzania include the Christian Social Services Commission (CSSC), CARITAS (Charity Organisation), African Muslim Agency (AMA), and Agha Khan Foundation.

Philanthropic civil societies

A philanthropic civil society is a not-for-profit non-governmental establishment that is set up to cater for the welfare of people, animals, arts, and the environment through the input of donors. Some examples of philanthropic organisations include Mwalimu Nyerere Foundation, Benjamin Mkapa Foundation and Jakaya Mrisho Kikwete Foundation.

Community Based Organisations (CBOs)

Community Based Organisations are non-profit, non-governmental, or charitable organisations that represent community needs and work to help them. They usually work at the local community level for issues specific to that particular community.

Expert Groups or Professional Organisations

Expert groups or professional organisations are associations formed to further the interests of people engaged in a specific profession, to advance particular professions and serve the public good. They are non-profit organisations dedicated to fulfil the interests of its members by facilitating connection, communication, and innovation. Some examples include Journalists' Environmental Association of Tanzania (JET), *Chama cha Waandishi wa Habari za Maendeleo Zanzibar* (WAHAMAZA),

Association of Physicians of Tanzania, Historical Association of Tanzania (HAT), and Tanzania Association of Accountants (TAA).

Trade Unions

Trade unions are membership-based organisations whose membership must be made up mainly of workers. They are organisations for groups of employees aimed at protecting and improving their work conditions. Trade unions work to promote the interests of their members; for example, they champion for fair pay, improved working conditions, among others. Some examples of trade unions in Tanzania include *Chama cha Walimu Tanzania* (CWT), Tanzania Local Government Workers Union (TALGWU), and Tanzania Plantations and Agricultural Workers Union (TPAWU).

Non-Governmental Organisations (NGOs)

Non-Governmental Organisations are autonomous, non-membership, relatively permanent or institutionalised intermediary organisations, which work with grass-roots organisations in a supportive capacity. They are organisations that work on a variety of issues such as environmental, social, advocacy, human rights, governance and democracy issues. Some examples of NGOs in Tanzania include Policy Forum, *Sikika*, Tanzania Youth Alliance (TAYOA), Repoa, Legal and Human Rights Centre (LHRC), Child Dignity Forum (CDF), Tanzania Gender Networking Programme (TGNP) and *HakiElimu*.

Importance of civil societies in socio-economic development

Civil society plays an important role in socio-economic development in Tanzania and across the world. Its role cuts across providing or supporting services in the areas of accountability, environmental protection, policy making, human rights promotion, and democracy enhancement. In Tanzania, civil society plays a number of socio-economic development roles as stipulated below.

Service delivery

Civil society organisations (CSOs) deliver a range of social services in Tanzania, for example, education and health. For instance, FBOs, have been instrumental in the provision of education and health services in Tanzania. Many of the private schools and universities in Tanzania are owned by religious organisations. Similarly, there are several health facilities across Tanzania which are owned by religious organisations. By doing so, CSOs complement and support government efforts in social service provision.

Promotion and protection of human rights

Civil society organisations play a major role in the promotion and protection of human rights. Through their advocacy campaigns, CSOs make various human rights issues known, thus helping the government to work on them. By working on issues which affect human rights such as land rights, gender violence, access to education, freedom of speech and so forth, CSOs make an important contribution in maintaining peace and harmony in the society.

Provision of employment

CSOs provide employment opportunities to Tanzanians. Some Tanzanians are employed in various positions in the civil society sector.

Promotion of transparency and accountability

CSOs also play a very important role in promoting transparency and accountability in Tanzania. Transparency and accountability refer mainly to measures put in place to ensure openness in decision-making and governance processes in order to overcome corruption and promote government responsiveness. CSOs conduct advocacy campaigns, publish and disseminate information and data on various issues such as government revenue and expenditure. All these promote transparency and accountability in both public and private sectors.



Activity 6.3

In a group, visit a nearby non-governmental organisation in your locality and analyse its roles, challenges they face in performing their duties and the strategies they use to solve such challenges. Write a brief report and present it in your class for discussion.

Revision questions

1. Describe the role of government in economic development of any country?
2. With vivid examples analyse the importance of civil societies in your community.
3. One of the problems cited to be facing the informal sector is unsafe working environment. To what extent does this fact represent the truth? Suggest the solution towards such problem.

4. Describe the importance of investors found in your locality in promoting community development.
5. With vivid examples, analyse the roles and challenges facing civil societies in promoting socio-economic development in Tanzania.
6. Governments in the world play a major role to create a conducive environment for foreigners to invest in their countries; Examine the factors which make Tanzania attractive to foreign investment.
7. Differentiate private sector from government, basing on the following criteria.
 - i. Ownership
 - ii. Profit making
8. Discuss the contribution of philanthropic organisations in provision of social services in Tanzania.
9. Differentiate Trade Unions from Non-Government Organisation (NGOs).
10. With vivid examples explain the role of Community Based Organisations in community development.

Chapter Seven

The role of financial institutions in economic development

Introduction

Financial institutions are vital in bringing about economic prosperity. Their indirect impact of financial markets and institutions through savings mobilisation, economic stabilisation and credit expansion is important. In this chapter, you will be introduced to different financial institutions in Tanzania and how they relate to economic development. You will also learn about the meaning, types and roles of financial institutions in economic development. The competencies developed will enable you to effectively use financial institutions in different economic activities for personal and community development.

Financial institutions and economic development

A financial institution is an entity which is engaged in the business of finance dealing with financial and monetary transactions such as deposits, loans, investments and currency exchange. Financial institutions perform a variety of services in the economy such as saving and lending, facilitating transactions, financing investment and advising clients.

In Tanzania, there are several types of financial institutions; these include the Central Bank, commercial banks, investment banks, insurance companies, stock markets, Bureau De Change, Social Security Funds, Savings and Credit Cooperative Societies (SACCOS) and Village Community Banks (VICOBA).

Central bank

A central bank is an institution that manages the currency and monetary policy of a country and oversees the banking system of the country. In Tanzania, the central bank is known as the Bank of Tanzania (BoT). In contrast to other banks, a central bank has monopoly on increasing or decreasing the monetary base of a country. A central bank has supervisory and regulatory powers to ensure the stability of various financial institutions, to prevent bankruptcy and insolvency and to discourage

reckless or fraudulent behaviour by various financial institutions. Figure 7:1 shows twin tower buildings of Tanzania's central bank in Dar es Salaam.



Figure 7.1: *Twin tower buildings of Tanzania's central bank in Dar es Salaam*

In some countries such as India, Malawi, USA and Zimbabwe the central bank is referred to as a Reserve Bank.

Role of the Bank of Tanzania in economic development

The primary functions of the Bank of Tanzania (BoT) are as described below.

Issuance of currency: The Bank of Tanzania is mandated under the Bank of Tanzania Act of 2006 to have the sole right to issue banknotes and coins in and for Tanzania. The BoT is, therefore, responsible for designing and procuring banknotes and coins to meet the currency needs of the country. BoT ensures that the currency possesses qualities of a good currency, like acceptability by the public as a medium of exchange for goods and services and having strong security features that make it durable and hard to counterfeit.

Establishing a monetary policy: A monetary policy consists of decisions and actions taken by the Bank of Tanzania to ensure that the supply of money in the economy is consistent with growth and price objectives set by the government. The Bank of Tanzania is responsible for monetary policy framework within the United Republic of Tanzania (URT). It focuses on maintaining domestic price stability by targeting and controlling the rate of money supply.

Supervising financial institutions: The Bank of Tanzania is mandated to license, regulate and supervise all other banks and non-banking financial institutions. Such institutions include saving and credit cooperatives, village community banks,

financial leasing companies, mortgage financing companies, microfinance service providers, credit reference bureaus and Bureau de Changes. Also, the BoT is mandated to regulate and supervise all financial matters of social security schemes operating in Tanzania. The primary objectives of regulating and supervising banks and other financial institutions are to maintain the stability, safety and soundness of the financial system; and to reduce the risk of loss to depositors.

Regulating and supervising payment systems: The Bank of Tanzania is empowered by the National Payment Systems (NPS) Act of 2015 and the Bank of Tanzania Act of 2006 to regulate and supervise the payment system services and products offered by both banks and non-bank institutions in Tanzania. The Bank of Tanzania collaborates with various stakeholders in strengthening the safety and effectiveness of the payment systems in the country. These are like the Dar es Salaam Stock Exchange (DSE), operators of payment cards, the Capital Markets and Securities Authority and regional and international financial authorities like the International Monetary Fund (IMF) and the World Bank (WB).

Developing and regulating financial markets: The Bank of Tanzania plays a crucial role in fostering development of the financial markets in Tanzania by providing an enabling environment. Specifically, the Bank provides financial market infrastructure, puts in place appropriate legislation and oversees proper functioning of financial markets. The Bank of Tanzania Act of 1995 paved the way for development of financial markets in the country. The financial markets are where traders and buyers sell assets such as stocks, bonds and foreign exchange. The BoT oversees bank interest rates and the value of the Tanzanian shilling and also manages foreign exchange reserves. It also issues and manages government debt securities in the form of government bonds and treasury bills.

Providing banking service: The Bank of Tanzania is a banker and fiscal agent to the Government of the United Republic of Tanzania and to the Revolutionary Government of Zanzibar. These functions are as mandated by the Bank of Tanzania Act of 2006. The Bank of Tanzania is the banker of commercial banks: commercial banks open accounts in BoT; BoT accepts deposits and collects money and other monetary claims for and on account of banks and financial institutions; it provides interbank clearing and settlement services and safe deposit facilities. The central bank is also a banker of public authorities.

Role of investment banks in development

Investment banks are specialised banks that are designed to finance investment in an economy; sometimes they are also known as Development Banks. Some

examples of these banks in Tanzania are Tanzania Investment Bank (TIB), Tanzania Agricultural Bank (TAB) and African Development Bank (AfDB). These are different from ordinary commercial banks and do not deal with ordinary savings and deposits but they deal largely with long-term financing. They provide large scale loans to investors, hence the name Investment Banks. The primary goal of an investment bank is to advise businesses and governments on how to mitigate their financial challenges and provide the corresponding finance. The following are the roles of investment banks on socio-economic development.

Providing advisory and technical assistance: Investment banks help their clients with financing, research, and advisory services on marketing, asset or portfolio management, initial public offers, mergers, secured products, hedging, and others.

Ensuring financial security: Investment banks ensure client's present and long-term financial security. The money generated from investments can provide income and is a source of financial security.

Conducting research. Investment banks can assist a client in research by reviewing a company's performance and examining its future prospects. The primary reason for this is that an investment bank takes responsibility for the quality of the potential customers whose credit it is appraising to determine its credit worthiness.

Ensuring trading in stocks: In the process of profit making, investment banks will buy and sell stocks and bonds with the goal of making an incremental amount of money on each trade. Investment bank also call institutional investors to sell stocks, bonds, commodities or other things the firm might have on its books.

Helping clients to raise capital: Corporate finance is a traditional aspect of investment banks, which involves helping clients to raise funds in the capital market and advising on mergers and acquisitions. Generally, the highest profit margins come from advising on mergers and acquisitions. Investment bankers meet with business executives to encourage deals or expansion.

Weakness of investment banks

Although investment banks help clients with financing, research, trading and sales, in Tanzania, these banks have several weaknesses as described below.

Concentrated only in big cities: The majority of Tanzanians are in the agricultural sector which is mostly found in rural areas. Yet, most of the investment banks are located in urban areas, making it difficult for farmers to access important services offered by those banks.

Insufficient funds: Investment banks provide loans with low interest rates compared to commercial banks; in that case, they attract a lot of business companies, corporates and enterprises. As a result, they are always faced with a huge demand of loans and insufficient funds.

Lack of awareness among people: There is limited awareness among people on investment or development banks, their role and terms of lending. This leads to many people failing to access financial help from such banks.

Long procedure: The procedure to get loans is very demanding and time consuming. This situation discourages clients from engaging with the investment banks.

Role of commercial banks in development

A commercial bank is a financial institution which performs the functions of accepting deposits from the general public and giving loans for investment with the aim of earning profit. Commercial banks provide banking services to individuals, businesses, commercial based corporate and non-government institutions. They provide the required liquid cash in the economy and facilitate business transaction. Commercial banks also play the roles of mobilising savings and financial development in various economic and social sectors. The following are the roles of commercial banks.

Mobilising savings for capital formation: Commercial banks help in mobilising savings through a network of branch banking. The banks provide the means for individuals and businesses to hold their monetary and financial assets and allocate those resources for productive investment. In modern economies, businesses rely heavily on loans from commercial banks to finance their business operations and new investments, instead of depending solely on their own savings.

Financing the industrial sector: Commercial banks finance the industrial sector in different ways. They provide short-term, medium-term and even long-term loans to industry. In Tanzania, the commercial banks provide short-term and medium-term financing to industries.

Financing trade: Commercial banks help in financing both internal and external trade. The banks provide loans to retailers and wholesalers to stock the goods they deal with. They provide facilities for discounting and accepting bills of exchange, providing over draft as well as clearing of cheques. Moreover, they finance and facilitate both exports and imports by providing foreign exchange facilities to importers and exporters of goods.

Financing agriculture: Commercial banks help the agricultural sector in a number of ways. They provide loans to business people trading in agricultural commodities as well as agricultural output, and through their network of branches, assist farmers to deposit and borrow money for their operations. They provide finance directly to farmers to finance not only their operations, but also the modernisation and mechanisation of their various operations, including the acquisition of technology, irrigation farming and developing land for commercial farming.

Financing consumer activities: Some individuals do not have ready cash to finance some of their purchases like consumer durables, such as domestic appliances, houses or private means of transport. Commercial banks advance loans to such consumers for the purchase of such items. In this way, they also help in raising the standard of living of the people.

Financing income and employment generating activities: Commercial banks finance employment generating activities of groups, communities and cooperatives. This is common in developing countries. Commercial banks give loans to young entrepreneurs and other trained persons for establishing their businesses.

Implementing monetary policies: Commercial banks help to implement monetary policies of the central bank. In fact, the central bank depends on the commercial banks for the success of its policies in monetary management in keeping with requirements of the economy. They disburse funds of savers to borrowers and collect repayments in an efficient manner; they reduce the cost of obtaining information about savings and borrowing opportunities and make the economy more efficient.

Weakness of commercial banks

Although commercial banks are very useful in development, they have the following weaknesses:

High interest rates on loans: Provision of loans is one of the basic functions of commercial banks in Tanzania. However, at present, loans are provided at quite high interest rates which makes it difficult for borrowers to repay.

Concentration in urban areas: Most commercial banks in Tanzania are concentrated in urban areas; that makes it difficult for most people in rural areas to access the bank services.

Difficult conditions and procedure for clients: In order to obtain a bank loan, certain requirements should be met. There have to be a project write-up that specifies the purpose of the loan; the intended or existing business for which the loan is sought; business experience; services of the product involved; market potential; financial

statement including cash flow and balance sheet; and collateral. Usually these are complex and costly to prepare by most small investors.

Role of insurance services in development

An insurance service is an arrangement by which a company or the state undertakes to provide guarantee of compensation for specified loss, damage, illness, or death, in return for payment of a specified premium. Insurance is a contract represented by a policy in which an individual or an entity receives financial protection or reimbursement against losses suffered during a specified period. The company pools clients' risks to make payments affordable for the insured clients.

Insurance has evolved as a process of safeguarding the interests of people from loss and uncertainty. It may be described as a social device to reduce or eliminate risk of loss to life and property. Insurance contributes a lot to the general economic growth of the society by providing stability to the functioning of different processes. Insurance help to reduce uncertainties to individuals and businesses. Some of the key roles of insurance in economic development are described as follows:

Provides financial security: Insurance provides financial guarantee and thereby reduces risks resulting from various uncertainties in business and life. It provides safety and security against particular events. In business operations, there is always fear of uncertainty and sudden loss, so insurance comes in handy to cover against such losses. In the case of life insurance, financial benefit is provided to the families of the insured. In case of other insurances, business security is provided against loss due to disasters such as fire accidents and theft.

Mobilises savings: Insurance companies mobilise savings by collecting premiums from their members. These funds can be invested in government securities and stock, in industries and agriculture. This results in employment opportunities and improved livelihoods.

Promotes saving behaviour: Life insurance enables systematic savings due to payment of regular premium and therefore promotes a habit of saving money by paying premium to cater for the future. The family of the insured or any other beneficiary designated in the policy, gets a lump sum amount of money at the maturity of the contract. Thus, life insurance encourages savings, which is necessary for development of an individual and society.

Promotes economic growth: Insurance generates significant impact on the economy by mobilising domestic savings. Insurance turns accumulated resources into productive investments. Insurance mitigates losses and promotes trade and

commercial activities, which result into economic growth and development. Thus, insurance plays a crucial role in the growth of an economy.

Provides medical support: A medical insurance is considered essential in managing risks in a country. Anyone can be a victim of critical illness unexpectedly which could be very costly to get medical treatment. Medical insurance is one of the insurance policies that cater for different types of health risks. The insured gets medical support during diagnosis of illness and treatment.

Covers potential future risks: A large amount of funds is collected by way of premium that is charged to the intended beneficiary of the insurance which might include individual business firms and other groups. Insurance covers various risks like motor accidents, fire and illnesses. Our lives and property have no guarantee or certainty of the future and are at full risk. Also, there is no guarantee that an unexpected loss or damage will not occur to the property or company. These risks may or may not be financial losses, but they are reduced to financial terms. We cannot protect ourselves from all these risks; so one of the best options is to join a insurance service.

Strengths of insurance services

The following are some of the strengths of insurance services.

Financial protection to families: Insurance provides protection from sudden loss in financial terms. In the case of life, the family member of the insured may get some financial support from insurance. Similarly, in case of loss in business, insurance provides financial support to stand up and recreate the business. In the case of health insurance, the beneficiary may get financial support for diagnosis or treatment.

Distribution of risk: The basic principle of insurance is to spread risk among a large number of people. A large number of persons get insurance and pay premium to the insurer. Whenever damage or loss occurs, the insured is compensated as per the insurance policy and the assessed damage. Risk in life or business is inevitable but can be reduced and distributed or shared.

Stability of standard of living: Insurance provides financial support to enable people sustain and maintain a stable standard of living against an unforeseen risk of loss. Sometimes, insurance is concerned with disability resulting at the workplace. For example, workers compensation fund helps workers if they experience accidents at the workplace that may lead to a fall in their standard of living.

Promotes local and international trade: Insurance promotes both local and international trade by addressing risks involved, when using roads, ships and air in transporting goods. In the process of transporting goods, accidents may occur. Insurance bears the risks and provides compensation for the loss or damage of goods.

Helps in securing loans from financial institutions: If a business has an insurance cover, then banks have more confidence in the business and this increases chances to provide loans to the business. This is because the bank considers the business more secure and in the event of any problem it can recover its loan via insurance.

Stability of business: If one suffers unexpected damage or loss in their company, insurance can help manage that damage or loss. An insurance policy taken for employees will encourage them to work. So, insurance helps in raising work morale, leading to smooth operation of business and thus ensures business stability.

Increases investment: Insurance motivates an individual to invest in new things. Insurance reduces risks that an investor may face; it helps to provide guarantee to new and old businesses.

Weaknesses of insurance provisions

Despite their advantages, insurance services in our country have weaknesses that need to be addressed. Some of them are described below.

Unfavourable terms and conditions: Some insurance services do not cover every type of loss that occurs to an individual or business. They have terms and conditions and they provide limited financial support on the basis of those terms. Before taking insurance, one has to carefully read the terms and conditions and check if they fit their needs.

Long claim formalities: It takes long and sometimes a complicated legal procedure in some insurances for clients to claim and receive their benefits. The legal procedure that has to be followed wastes a lot of time and additional resources.

Not accessible to all people: Some insurances like life and health insurances discriminate against unhealthy and old people. Because of their health risks, their insurance might be expensive and so insurance companies are reluctant to include them as their clients.

Attracts crime: Insurance could lead to crime as the users of the policy may be tempted to commit crime in order to get the insured money. For example, a client who has ensured his car may decide to crush it in order to claim benefits when he or she finds it difficult to sell it.

Temporary: Insurance may be temporary and could be terminated any time when the contract ends although it can be renewed. For example, health insurance or motor vehicle insurance is usually valid for a period of one year only.

Expensive: Depending on the policy and certain factors, insurance can be costly. This means only a few individuals can manage to get registered and be insured.

Lack of adequate information: Insurance companies have different schemes and benefits but do not have efficient mechanisms of disseminating information. Due to this challenge, many people do not know about insurance packages, their benefits and weaknesses, for them to choose the right insurance cover.

No coverage before maturity: Some insurance providers will not pay if the policy has not matured to cover customers from damage or loss. In case a loss or damage happens before the maturity period, the victim cannot receive any compensation from the insurance company.

Role of social security funds in development

Social security funds are financial institutions created specifically for providing financial services to their contributing members upon retirement from service. In Tanzania, social security funds are government agencies responsible for the collection, safekeeping, investment and disbursement of retirement funds of all employees in the formal sector. There are two social security organisations in the country: Public Service Social Security Fund (PSSSF) for all employees working directly under the government and the National Social Security Fund (NSSF) which covers employees in the private sector and non-governmental organisations in the country. The participation of both employers and employees in both funds is compulsory.

Types of benefits offered by social security funds

Social security funds offer a range of services which cover various needs of its members in order to address different challenges.

Retirement benefits: Social security funds provide a foundation of income on which workers can plan for their retirement. Workers who have worked in 'covered employment' for a sufficient number of years are eligible for retirement benefits when they retire at the age of 60 or 65 years as described in their employment contract. This usually means one must have worked a certain number of years as a government or non-governmental employee.

Disability benefits: Members who have not reached the retirement age but for some reasons they have become incapacitated, are considered disabled according to social

security programme's medical guidelines. These may receive benefits roughly equal to what their full retirement benefits would have been.

Survivors benefits: Spouses and minors of retired workers who qualify for social security retirement or disability benefits, may be entitled to benefits based on the worker's earning record. This is true whether or not they actually depend on their spouses for support. The surviving spouse and minor of a worker who qualified for social security retirement or disability benefits, may be entitled to benefits based on the deceased spouse's earning records.

Weakness of social security funds

Social security funds are key source of retirement income, but they should not be the only source to rely on at retirement. Because the amount of money provided may not cover everything, preparation for later years should be done before retirement. The following are some of the challenges of social security funds.

Unpredictability of the pension: The amount of money which is received by an individual always depends on government policy on social security issues so any changes made by government always affect pensioners.

Excessive regulation: The process of obtaining retirement benefit is associated with excessive regulations or rigid conformity to formal rules which are often redundant and frustrating. The excessive regulations or rigid formal rules hinder easy provision of the funds. This normally frustrates the pensioner in one way or another.

Delayed payment: This is a major challenge in accessing terminal benefits by retired civil servants. This has been a deep-rooted challenge to many retirees. For a long time, it has been usual practice for retirees to have to wait for a way long time before their pensions mature.

Employees unawareness of terms and conditions: Sometimes employees are not fully informed of the terms and conditions of the social security funds. As a results, they are caught by surprise at the time of retirement.

Role of savings and credit cooperative societies in development

Savings and Credit Cooperative Societies (SACCOS) are financial cooperatives that are aimed at meeting the financial needs of members by encouraging savings and granting loans. These cooperatives belong to members who voluntarily agree to come together to contribute funds and manage them democratically. SACCOS play an important role in socio-economic development of members and communities in general. This is because SACCOS encourage savings and enable easy access to

financial services, create employment opportunities and enable members to pursue capital for various economic or income generating activities.

Strength of SACCOS

- (a) Easy to start as they need small capital;
- (b) Have low operation costs;
- (c) Cater for financial needs of its members;
- (d) Charge low interest rates when taking a loan; and
- (e) More accommodative to members than banks.

Weakness of SACCOS

- (a) Difficult to sustain as some members fail to contribute or to pay back their loans on time;
- (b) There is no insurance to cover the debt; and
- (c) Lack of enough capital to support provision of services like loans to members because savings must come from members' contributions.

Village Community Banking (VICOBA)

Another cooperative micro-finance arrangement apart from the well known and formal SACCOS, is the Village Community Banking (VICOBA). Those are common in Africa today especially among women groups, both in the urban and rural areas. These are organised voluntary associations of members usually not exceeding thirty and who know each other well. VICOBA receive money from the members as deposits and lend it among themselves at very low and affordable interest rates not exceeding 10 per cent. They are guided by regulations, procedure and by-laws formulated by the members.

Benefits of VICOBA

- (a) They are self-financing and do not require external finance;
- (b) They help to mobilise savings;
- (c) They provide soft and affordable microloans to members, usually low income households and individuals, who want to engage in business;
- (d) Earnings in the form of share deposits and interest on loans are shared to the members proportionally according to their deposits and borrowing;
- (e) They are owned by the members and are democratically organised;

- (f) Their procedure and documentation are simple, transparent, low-cost and easy to follow even by semi-illiterate rural local people;
- (g) They cultivate trust, peace and harmony in the community;
- (h) Members meet regularly, often weekly, which imposes discipline and discourages defaulting in loans repayment; and
- (i) Promote unity and help to build local capacity.

Disadvantages of VICOBA

- (a) Weekly meetings are time consuming;
- (b) Weekly loan repayment is quite stressful;
- (c) Members with low share deposits and borrowing benefit less;
- (d) They lead to start-ups of many unviable businesses;
- (e) Household incomes are diverted to VICOBA; and
- (f) Lack of privacy to VICOBA members as they all have to participate in the approval of loans.



Activity 7.1

1. In a group, conduct a study tour to any financial institution in your locality and explore answers for the following questions:
 - i. Briefly describe the name and functions of the financial institution you have visited.
 - ii. Why do you think it qualifies to be a financial institution?
 - iii. Explore the procedure of opening an account in that particular bank, or procedures for becoming a member of the visited financial institution. Observe the challenges that new members of such financial institutions may face and advise how to handle the challenges observed.
2. Visit some members of VICOBA in your community and discuss with them how they operate, their strengths and weaknesses.

Role of Bureau De Change in development

A bureau de change or currency exchange organisation is a business whose customers can trade from one form of currency to another. It is also known as a

foreign exchange or currency exchange organisation. The name *Bureau de Change* is a French word which means “office of currency exchange”.

Benefits of bureau de change

- (a) Allows people with different currencies to exchange them for one another;
- (b) Caters for financial needs of travellers, business owners and students who want to study abroad;
- (c) Facilitates buying and selling of goods and services when one does not have a local currency; and
- (d) Normally, offers higher exchange selling rates than banks.

Weaknesses of bureau de change

- (a) Foreign exchange market is largely unregulated; there is lack of centralised exchange guaranteeing risk-free execution of trade.
- (b) There are no limits to the amount of movement of currency that could happen in the foreign exchange market in a given day, thus it poses exchange rate risks.
- (c) Bureau de change faces operational risks since exchange rates change rapidly. This makes it harder to keep up with the rate at which currency exchange rates change.

Role of stock markets in development

These are marketing centres where company shares are sold to raise capital. In Tanzania, there is one such market, the Dar es Salaam Stock Exchange (DSE). Companies wanting to raise capital through stock market have to be registered and allowed to trade their shares in the market. Customers use the centre to buy shares of a company they wish and they become shareholders. At the end of each financial year, shareholders receive their dividends, the portion of company profit distributed to all shareholders according to the number of shares held. Shareholders may buy or sell their shares in the stock market anytime they want; however, it is wise to sell when the price of shares is high.

Strengths of stock markets

- (a) Easy to buy and sell: The transfer of ownership of shares normally involves less legal formalities and is fast.
- (b) Dividend income: Shareholders receive payment from the annual profit.

- (c) Protection against inflation: Capital appreciation happens over a long period of time; however, the value of shares increases at a rate greater than the inflation rate.
- (d) Ownership stake in the company: The stock market makes the shareholder become part of ownership of the company.

Weaknesses of stock markets

- (a) Risk: One could lose entire value of his or her investment. If a company performs poorly, shareholders tend to sell their shares quickly, thus sending the stock prices down.
- (b) Time consuming: One needs to research each company to determine how profitable it will be before buying its stock. This is important if one is buying stock on their own.
- (c) Emotional burden: Stock prices rise and fall second-by-second. Individuals tend to buy high out of greed, and sell low out of fear.

Conditions for obtaining financial services from banks

The following are some of the main conditions one needs to meet for obtaining financial resources from banks.

- (a) Customer's personal information: Customer's information involves personal information such as names, age, physical address, occupation and marital status. After meeting all those qualifications, a bank issues the person with a personal account and identity to access designated services.
- (b) Confirmation of personal information from security authority: For security purposes, financial institutions in collaboration with other government authorities approve correctness of customer's personal information. This is done to avoid fraud and money laundering cases.
- (c) Having a bank account: An individual is then assigned an account in which money and other services will be provided. Charges may be included depending on the type of financial institution and kinds of services provided. In most cases, those charges are deducted directly from the amount of money in the account making the transaction.
- (d) Ability to maintain confidentiality and management of personal information: In most banks and non-banking financial institutions, customer details such as passwords, deposit balance, loans balance and others are confidential. This is done to ensure safety of customer's money. A customer has responsibility to protect his or her personal information.

Role of mobile money services in development

Mobile money services are services of accessing and transacting money using mobile phones or devices. In this, technology allows people to send, receive, save and spend money using a mobile device. It is sometimes referred to as a 'mobile wallet' or by the name of a specific service provider. Mobile money services are a popular alternative to both cash and banks because they are easy to use, secure and can be used anywhere where there is a mobile phone signal.

How mobile money functions

Mobile money stores funds in a secure electronic account, linked to a mobile phone number. In some cases, the mobile money number will be the same as the phone number, but not always. Mobile money is often provided by the same companies that run the country's mobile phone services and is available to both pre-paid and post-paid customers.

The service allows users to save, send, and receive money using their mobile phones. They can buy items in shops or online, pay bills for various services like water and electricity, school fees, and top up mobile airtime. They can also withdraw cash at authorised agents.

The benefits of mobile money services

Almost anyone who has a mobile phone can have a mobile money account. It is easily accessible, which makes it extremely useful in remote parts of the world, where there are no banks. Some other benefits of mobile money services are listed below.

Multi-faceted service: There are many services that users can get from a mobile money account. They can receive, save, pay and send money from the accounts on their mobile phones.

Direct service: Users can receive money directly in their mobile phones without going through any intermediary.

Fast services: Users can receive and send money or pay clients instantly. This helps to save time and do away with the bureaucratic process common in banks.

Convenience: A mobile money account is always handy; it is on the user's mobile phone and can be used wherever there is a mobile phone signal.

Secure: Funds held in a mobile money account are protected by local financial regulations. User's identity must be checked, making it hard for fraudsters and criminals to use these services illegally.

Weakness of mobile money services

Despite the benefits, there are also some challenges in using mobile money services. Poor mobile phones network connectivity, high service charges and poor agents' performance are among the key barriers to mobile money use in Tanzania.



Activity 7.2

Conduct a research on mobile money service providers in your neighbourhood and answer the following questions:

- i. Identify different companies which provide mobile money in your community and discuss with an agent the procedure for setting and managing such services in your locality.
- ii. From the discussion analyse the challenges of using mobile money services in your community.
- iii. Using specific examples, from the discussion with a service provider explain the contribution of mobile money services on individuals and community economic development.

Exercise 7.2

1. Explain the significance of the Central Bank of Tanzania.
2. Describe the role of an agricultural bank in the economic development of a country.
3. What are the challenges facing social security funds in Tanzania?
4. Explain the significance of insurance in economic development.
5. Village community banks are very important in rural areas in promoting saving and depositing of money. What other benefits of VICOPA are evident in your community?
6. Explain the role of bureau de change in the economy of a country like Tanzania.
7. With vivid examples, discuss the role of stock exchange in the economy.

8. With relevant examples, explain the role of non-banking financial institutions in the economy.
9. Explain the significance of mobile money in the economy.
10. What are the challenges of mobile money service in Tanzania; suggest the solutions.

Revision questions

1. With examples, explain how each of the following institutions contributes to economic development of your society.
 - i. Insurance agency
 - ii. Bureau de change
 - iii. Central bank
 - iv. Social security fund
 - v. SACCOS
 - vi. Mobile money agencies
 - vii. VICOBA
2. Explain the roles of the Central Bank of Tanzania.
3. What is a social security fund?
4. Differentiate between banks and non-banking financial institutions.
5. Differentiate insurance from a social security fund.
6. Analyse the strengths and weaknesses of insurance.
7. Discuss the significance of the Central Bank of Tanzania to the national economy.
8. Briefly explain the roles which the mobile wallet plays to improve economic development; what are its challenges?
9. Analyse the strengths and weaknesses of investment banks.

Chapter Eight

Poverty eradication in Tanzania

Introduction

Poverty is a global challenge that draws the attention of governments, non-governmental organisations, both national and international organisations, private sector development partners, and individuals. In this chapter, you will learn about the concept of poverty, situation of poverty in Tanzania and poverty eradication strategies adopted by the Government of Tanzania since independence. Furthermore, you will learn about the effectiveness of the government in socio-economic development. The competencies developed in this chapter will enable you to gain insight on the situation of poverty in Tanzania, strategies adopted by the government to combat poverty and be able to work diligently in building capacity to address poverty at personal and national levels.

The concept of poverty

Poverty refers to lack of basic resources needed to acquire basic needs and lead a good life. But, from another point of view, poverty is also considered as deprivation of the capability to live a good life and not only the issue of resources. Therefore, if a person lacks sufficient resources to be able to afford food, clothes and shelter, such person is considered to be poor. However, other essential freedoms like productive skills, human rights, information and political freedom could be added to the pool of conditions constituting poverty. Poverty encompasses different dimensions of deprivation that relate to human capabilities including consumption and food security, health, education, rights, security, decent job and the resources needed to satisfy them. Poverty is not a fixed state; individuals, families and communities can always move in and out of it.

Classification of poverty

Poverty can be classified into the following categories: absolute poverty, relative poverty, income poverty, material poverty and non-material poverty.

Absolute poverty is a condition characterised by severe deprivation of basic human needs including food, safe drinking water, sanitation facilities, health care, shelter,

education and information. It is a condition of poverty which is an outcome of not only income but also access to services. It compares income against the amount needed to meet basic needs such as food, clothing and shelter. Figure 8.1 shows a family which is in absolute poverty.

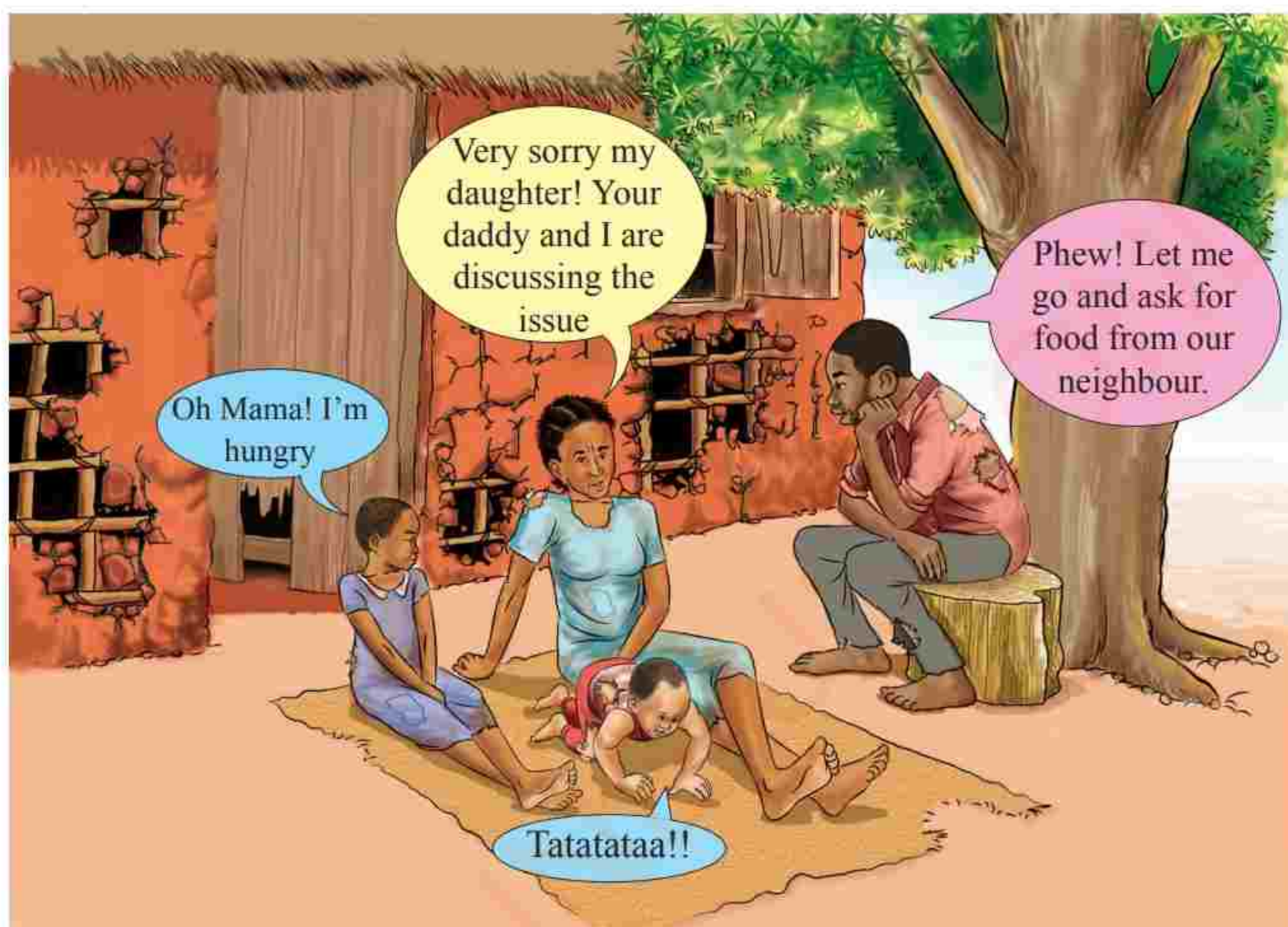


Figure 8. 1: *A family which is in absolute poverty*

Relative poverty is when people's way of life and income are worse than the general standard of living. Relative poverty is the main measurement used today because, in practice, it indicates the households that have been relatively left behind from the majority of households. For example, some villages consist of people who are living relatively poorer compared to the majority of the villagers. Therefore, relative poverty compares the living conditions of the people and is not based on poverty line.

Differences between absolute poverty and relative poverty

Absolute poverty	Relative poverty
Individuals are not able to obtain basic needs	There is unequal distribution of income and economic resources of a country among the people
People cannot get their basic needs such as food, clothes and shelter	People can attain their basic needs but not as much as other people in the same society or community
Individual income is less than the average	Individual income may be more than the average but not as much as other people of the same class
It can be eliminated	It cannot be eliminated since differences are indispensable
It can be measured in quantitative terms	It cannot be expressed in numbers but can be compared
It is measured based on a person or a family that cannot afford basic living standards	It is measured based on the economy of a community or a country
It does not vary between developing and developed countries	It varies between developing and developed countries

Income poverty is defined in terms of the incomes of the people, it refers to lack of sufficient income to satisfy basic material needs. People are considered to be income poor if their incomes are not sufficient to enable them to acquire the basket of goods and services used to define a threshold for poverty. In other words, all those living below a defined poverty line are considered to be income poor.

Material poverty refers to material deprivation; that is the lack of material goods necessary for the wellbeing of an individual and society. It includes lack of educational resources for students such as books, transport facilities for workers and medication for sick people.

Non-material poverty refers to non-material deprivation such as lack of access to education, health services productive skills, information and political freedom that enable a person to live a good life.

Measurement of poverty

Poverty is measured in several ways including the poverty line and consumption of goods and services.

Poverty line

This is a concept used to give a rough guide to poverty levels across countries. It is generally taken as a threshold of poverty in terms of income or wealth. Originally, the poverty line was introduced as living below US dollar 1 per day. In 2015, the World Bank reset the poverty line to US dollar 1.90 per day. Individuals who live below this rate per day are considered to be poor. Tanzania as of 2018, had an estimated population of 55.57 million people and statistics from the World Bank shows that 49.1 per cent of this population lived below US dollar 1.90 per day. This figure is an improvement compared to the 2007 report which indicates a poverty rate of 55.1 per cent. The 2019 World Bank report showed that poverty had declined by 8 per cent, from 34.4 per cent in 2007 to 26.4 per cent in 2018. Since then, there have been statistical reductions in the levels of extreme poverty, basic needs poverty, and food poverty. However, these reductions are occurring faster in urban areas compared to rural areas.

Consumption of goods and services

Poverty is measured by comparing a household's consumption using Household Budget Survey (HBS) data. The measurement is categorised as follows:

- (a) The basic needs poverty (headcount poverty rate) measures the proportion of the population whose monthly consumption per adult equivalent is below the basic needs poverty line.
- (b) Food poverty (extreme headcount poverty rate) measures the proportion of the population living below the food poverty line.
- (c) The depth of poverty (poverty gap) indicates how far, on average, poor households are from the poverty line. It is measured as the sum of the consumption deficit from the poverty line for the poor divided by the total population. The depth of poverty shows the total resources needed per adult equivalent to eliminate poverty; and
- (d) The severity of poverty (the squared poverty gap) captures both how far the poor are, from the poverty line and consumption inequality among the

poor.

Indicators of poverty in our society

Poverty has various manifestations including lack of income and productive resources sufficient to ensure sustainable livelihood. In that consideration, indicators of poverty have been identified below.

Low per capita income

Per capita income is a measure of the amount of income per person in a specific country and a specific period of time. Per capita income for a nation is calculated by dividing the country's national income by its population.

Low life expectancy

Life expectancy is a statistical prediction of how long a person will live. In most less developed countries, life expectancy is relatively low compared to developed countries. Life expectancy may be lower because of high infant mortality rates, lack of access to a clean water supply, shortage of food supply, poor health services, and unprecedented accidents due to poor infrastructure. All these are the results of poor economic conditions which affect the availability of social services in the society.

High rate of infant mortality

Infant mortality is the death of an infant before its first birthday. The infant mortality rate is the number of infant deaths for every 1 000 live births. High infant mortality is commonly caused by birth defects, pre-mature birth, maternal pregnancy complications, sudden infant death syndrome and injuries. All these conditions are closely associated with poverty which denies access to health and other fundamental social services such as access to food, shelter and poor infrastructures, clean water and exposure to infectious diseases.

High illiteracy rate

Illiteracy rate is the total number of adults over the age of 15 years who cannot read and write divided by the population in that particular age group. Literacy is key for socio-economic progress. Having a huge number of illiterate adults undermines poverty alleviation efforts. In this situation, the majority of the population lack potential skills that can enable them engage fully in the national production and provision of services.

Poor quality of housing

Housing quality refers to the physical condition of a person's home as well as the quality of the social and physical environment in which the home is located. Low

income families are more likely to live in poor quality housing because of their low income earnings; this is a sign of poverty. Poor quality housing involves lack of appropriate ventilation.

High ratio of labour employed in agriculture

Agriculture employs many people in developing countries. In low and lower middle income countries, the agricultural sector tends to be the primary source of employment. Most of the agricultural activities in developing countries are subsistence in nature. In contrast, in developed countries, agriculture employs just a small per cent of workers as it is highly mechanised and commercial. Subsistence agriculture is labour intensive and has minimal use of modern technology. It is carried out by poor farmers on small plots. Employment in subsistence farming comprises self-employment, family employment, and some wage labourers from poor and often landless households.



Activity 8.1

In groups, reflect on the way people live in your locality; thereafter, identify examples of indicators of poverty and analyse any two types of poverty that are evident in your locality. Write a report and present it in class.

Causes of poverty

Poverty is multidimensional in nature and therefore there is no single factor which can be cited as a cause of poverty; rather, a number of factors are responsible, as elaborated below.

Unemployment

The term unemployment refers to the share of the labour force that is without work but available for and seeking employment. Because of inadequate or insufficient resources or capital in the economy, many people who are in the labour force cannot utilise their potentials to earn incomes as employees or from self employment, and therefore they are poor.

Inflation

Inflation is an increase in the general prices of goods and services in an economy. It is caused by various factors, but largely when there is a lot of money circulating in the economy without growing production of goods and services. Inflation decreases the purchasing power of money and therefore leads to a fall in real incomes. The same level of nominal incomes will be able to purchase less goods and services,

thereby contributing to poverty and increased number of poor people.

Environmental degradation and pollution

The environment contributes significantly to people's livelihoods and the economy as a whole. The richness of the environment matters greatly to people living in poverty because the poor often depend directly on a wide range of natural resources and the ecosystem for their livelihoods. This means that the sustainability of both environment and the people's livelihoods depends on each other. For example, a poor person is forced to burn a forest to clear farm land, cut firewood and building materials, which affects the forest and its ecosystem leading to environmental degradation and ultimately climate change. The problem is therefore at times, a vicious circle, that environmental degradation brings poverty and poverty makes people degrade the environment.

Illiteracy

The term illiteracy refers to the lack of basic knowledge especially reading, writing and arithmetic. Due to lack of basic education infrastructure, the majority of people in developing countries remain illiterate with skills deficiency. Having inadequate skills makes them participate less in the production and provision of services, leading to the poverty of an individual and the nation as a whole.

Diseases

Disease is a cause of poverty because a family or community would spend resources and productive time to attend a sick member and thereby lead to decline in production. Further, sick members of the community cannot engage in productive work. When most of the national resources are spent in combating diseases and their effects, they are diverted from productive sectors of the economy and hence affect development. The outbreak of diseases such as HIV/AIDS, COVID-19, Malaria, Pneumonia, Cholera and Tuberculosis affects development initiatives of the country. A good example of this challenge was during the COVID-19 outbreak in 2019, when some countries instituted lock downs and people could not go to work and, in some incidents, governments had to provide free food to a population that was not working. Such measures have potential negative effects on the economy and thus increase the poverty status of the people.

Pests

These attack crops and domestic animals leading to significant decline in production in a particular country. For example, locusts attack on some parts of Kenya, Somalia,

Tanzania and Uganda in 2020 affected agricultural production in those countries.

Negative cultural practices

Traditional cultural practices reflect values and beliefs held by members of a community for a long period of time. Some of these cultural practices are beneficial to members, while others are harmful. Examples of negative traditional practices include female genital mutilation (FGM), early marriage, food taboos, boy child preference and its implications to the status of the girl child and early pregnancies. All these traditional cultural practices contain some negative effects to the individual and societal development. Some of these practices may cause deaths which lead to loss of human resources for production and provision of services or limit the freedom of people to participate in production processes, hence stagnation of development.

Low level of technology

Technology has a profound effect on production and the economy of any society. It allows innovations and workforce transformation resulting in improved national economy. Developing countries are technologically lagging behind. This has a negative impact on economic development as the countries' productive forces cannot compete with those which are technologically advanced. For example, a number of Tanzanian farmers still use crude tools such as hand hoe and depend on rain fed agriculture which results in small harvest and poverty.

Corruption

Corruption causes poverty in a number of ways. In the case of public services like health and education, corruption could limit access to the services by people and thereby contribute to poverty. But corruption also contributes to people not paying taxes, which affects tax revenues and thereby government spending on social services provision.

Lack of an early warning system on natural disasters

Disaster events may be sudden and unexpected, or come slowly. However, they are a potential cause to widespread disruption of community livelihoods, displacements, economic loss, property damage, deaths and injuries, environmental degradation and intense emotional suffering. Disasters such as droughts, floods, earthquakes and hurricanes may disrupt livelihoods and cause a fall in income levels. To manage disasters, an early warning system is necessary. An early warning system helps to reduce economic losses and the number of injuries or deaths from a disaster. This is through provision of information that allows individuals and communities to get prepared and protect their lives and property. Early warning information empowers

people to take action prior to disaster. However, in many developing countries, early warning systems are either non-existent or undeveloped, making natural disasters drive individuals and communities into poverty.

Social vices

These include laziness, alcoholism and drug abuse. Laziness, is the state of being unwilling to work. Lack of self-motivation to perform one's duties due to laziness and being irresponsible contributes to poverty in the family and community. Laziness and irresponsibility restrict available human resource from engaging in productive work. Instead of remaining productive people loiter around, misuse their time and energy and increase dependency. Alcoholism and drug abuse cause psychical and mental disabilities to individuals; they also cause poverty.

Globalisation effects

Policies of globalisation have exposed weaker economies to stiff trade competition from imported goods and services. This situation has affected production and markets of goods from developing countries. Industries in developing countries are still at the infancy stage compared to technologically more advanced ones, hence they are not able to compete with them. Policies of globalisation thus contribute to failures of developing economies to build capacity in fighting poverty. For example, the National Bicycle Company (NABICO) established in the 1970s could not continue to produce due to stiff competition from bicycles imported from efficient producers of India and China. Further, the clove export industry in Zanzibar during the 1980s faced stiff competition from larger producers in other countries.

Effects of poverty

Poverty is associated with various effects including high infant mortality rate, inadequate provision of social services, unemployment, increase in school dropouts for children, and poor living conditions. These are briefly discussed below.

High infant mortality rate

Infant mortality rate is generally regarded as an important national indicator of health status because of its sensitivity. High infant mortality is a result of failure of the economy to support health services. Most poor countries are reported to have a high infant mortality rate. Poverty at individual level and at national level hinders people from accessing health services, such as health clinic visits and medical care in general, thus increasing the health risk of infants, mothers and others.

Inadequate provision of social services

Access to basic social services is limited in poor countries due to lack of financial resources. Families living in remote rural areas lack access to essential services such as water and sanitation, health services, quality education for their children, and income generating opportunities. Many people also suffer from poor hygiene, malnutrition, and food insecurity. For example, in some places, people have to walk for long distances to fetch water or to access medical services from health centres.

Unemployment

When people have no jobs and cannot employ themselves they end up becoming income poor and therefore unable to meet basic needs. A poor nation with limited investments has low employment opportunities which results in its citizens being poor.

Increase of school dropouts

Poverty has diverse effects on the learning outcomes of children, especially during early years of schooling. It affects their ability to learn and it is also associated with low enrolment and retention rates. Poverty makes children skip or drop out from school to find means of economic survival. Those who continue with school find it hard to concentrate and learn which affects their academic outcomes. Low levels of education contribute to the repetitive nature of the cycle of poverty by making it more difficult for children from low income families to perform well in education and ultimately being able to move out of poverty.

Poor living conditions

Poverty is associated with inability to afford decent living conditions. People with low income cannot build good houses, they also live in unsanitary conditions which can contribute to spread of diseases and add to health care expenses. Poverty, thus, lowers the quality of life.

Environmental pollution and degradation

Poverty makes people put more pressure on the environment in an effort to address their needs. They cut down trees, crush stones, collect sand and other natural resources without regard to conserving the environment. Sometimes they set fire as they hunt or harvest honey, use poison for fishing and in turn negatively affect the environment. Some people in the informal sector or at times even the formal sector, do not dispose wastes properly and hence pollute the environment.

Moral decay

DO NOT DUPLICATE

Poverty is bad even to the individual as it erodes the moral values of a person. In the course of trying to make a living, individuals can engage in immoral acts. People can join criminal networks, illegal trade such as drug cartels, organised crime, robbery, corruption or use of illegal substances.

Increased dependency

As a nation, poverty makes a country dependent on foreign assistance. It forces poor countries to be dependent on aid or loans and grants, from developed countries. This is bad because it may erode national sovereignty. Further, poverty increases the number of individuals who have to depend on government support for survival.

Situation of poverty in Tanzania

The 2019 Tanzania poverty assessment report shows that the country continued to grow economically as poverty declined. Tanzania recorded remarkable economic growth and a persistent decline in poverty, and formally graduated from a low income country to attain lower middle income status. Tanzania's achievement reflects sustained macro economic stability that has supported growth from extreme poverty.

Despite Tanzania's achievements, the country should not relax and abandon the initiatives. It is very possible for the country to stagnate and even slip back. Many rural areas require investments in the areas of roads, schools, health centres, warehouses, water schemes, irrigation schemes, bridges, dams, mechanisation centres and other services. Communities in the rural areas are still facing the problem of producing crops and livestock products but unable to sell them, and where markets are available, they are both unreliable and characterised by low price. A lot needs to be done to accelerate national development.

Further, what has been obtained is not equally distributed as there are areas and communities that are much more developed than others. This implies that efforts are required to support areas and communities that are lagging behind. Support is not only in the form of finances and infrastructure but it can also be in the form of policies and special programmes. For example, policies must be established to consider social differences of women, children, people with disability, seniors, youths, less educated, unskilled and in fact even the educated.

**Activity 8.2**

Go around your community and note down the indicators of poverty you observed, discuss them in groups then present them in class.

Exercise 8.1**1. Match the information in column A with that in column B.**

Column A	Column B
i. Absolute poverty	A. It is an increase in the general prices of goods and services in an economy
ii. Irresponsible	B. It is examined in relation to others who are relatively in better conditions
iii. Laziness	C. Lack of self motivation to perform one's duties
iv. Poverty line	D. It is the state of being unwilling to work
v. Relative poverty	E. It compares income against the amount needed to meet basic personal needs
vi. Inflation	F. Living on US dollar 1.9 per day

2. What do the following concepts mean?

- (i) Poverty
- (ii) Illiteracy
- (iii) Corruption
- (iv) Life expectancy

3. Analyse the causes and effects of poverty in Tanzania.**Strategies for poverty alleviation in Tanzania**

Since independence, a number of initiatives have been introduced and implemented with a broad objective of fighting poverty. Those were designed to remove socio

-economic, cultural and structural barriers as well as policy obstacles to development and thereby minimise poverty. The specific goals of those strategies include improving economic growth and people's incomes and providing education, water, health, housing, and various infrastructure as well as employment creation. The following section explains the strategies for poverty alleviation in Tanzania.

Tanzania Development Vision 2025

Tanzania Development Vision 2025 (TDV 2025) was developed in 1999 and started to be implemented in 2000, with the aim of guiding economic and social development of the country to the year 2025. The Vision aimed at making Tanzania a middle income country by the year 2025, a status that by now has already been attained. The TDV 2025 is a broad document spanning across all sectors informing policies in all ministries. It is thus a document that unifies all efforts to bring development and fight poverty in Tanzania. The TDV 2025 was prepared following economic reforms that had been implemented in the country since 1986 when the country began to follow neo-liberal free market economic policies.

Tanzania Development Vision 2025 was based on three driving forces:

- (a) Developmental mind set and empowering culture: Under this aspect high priority was given to education and continuous education through different education programmes like Primary Education Development Programme (PEDP) and Secondary Educational Programme (SEDP). These aimed at increasing enrolment of students, improving access to primary and secondary education and achieving a well educated and learning society.
- (b) Competence and competitiveness: Competence of the nation in the management of development was regarded as necessary in order to provide a conducive environment for actors to effectively harness and utilise resources and attain a strong and competitive economy. Greater emphasis was on establishment of infrastructure like roads, bridges, electricity generation distribution, infrastructure as well as macro economic management.
- (c) Good governance and the rule of law: This sought to improve governance and rule of law, promote market economy and foster democracy, popular participation, peace, stability, and national unity.

Millennium Development Goals and Sustainable Development Goals

Tanzania ratified both of the United Nations Millennium Development Goals (2000-2015) and Sustainable Development Goals (2015-2030). The global goals aimed at, among others, fighting poverty in all its forms and with all available

resources. The global agreements have goals and targets that have been clearly presented to organise national efforts in different areas such as poverty, hunger, gender, education, health, water economy, environment and partnership in the initiatives. Tanzania like other countries adopted and has been implementing these global goals including undertaking initiatives to fight poverty.

National Strategy for Growth and Reduction of Poverty

The National Strategy for Growth and Reduction of Poverty (NSGRP) is one of the strategies of the Government of Tanzania to accelerate economic growth and reduce poverty. Tanzania developed and implemented NSGRP I (2005/2006-2009/2010) and NSGRP II (2010/2011-2014/2015). Because of these efforts, Tanzania has increased the number of individuals with access to clean water by 9 per cent between 1990 and 2009 and increased the number of student enrolment from primary school to university. These measures have also led to economic growth of around 7 per cent between 2005 and 2015. The NSGRP was informed by the aspirations of Tanzania Development Vision 2025 for high and shared growth, high quality livelihood, peace, stability and unity, good governance, high quality education and international competitiveness. It was committed to the Millennium Development Goals (MDGs), including internationally agreed targets for reducing poverty, hunger, diseases, illiteracy, environmental degradation and discrimination against women by 2015.

Tanzania Social Action Fund (TASAF)

Another recent effort to help Tanzanians come out of poverty is the Tanzania Social Action Fund (TASAF) initiative. This fund was designed to help poor families to be able to come out of poverty. TASAF provides funds and resources to enable families build capacity to earn income, send their children to school, start projects and ultimately graduate out of an extreme poverty situation. The goals of TASAF are aligned with the NSGRP, TDV 2025 and sustainable development goals. The programme works in collaboration with Local Government Authorities (LGAs) to ensure that families that deserve support to build their earning capacity receive it. This strategy is helping to push Tanzanians to a point they can take charge of their own development instead of complaining and waiting for the government to do everything for them. TASAF has empowered the poor to access opportunities by providing credit to carry out various productive activities like poultry keeping and small business activities. Also, TASAF has contributed to infrastructure development through construction of roads, classrooms, dispensaries and water boreholes.

The Long Term Perspective Plan (2011/12-2025/26) and Five-Year Development Plans

Since 2011, the Government of Tanzania has reverted back to medium and long term development planning in order to achieve rapid socio-economic transformation and address poverty. The government has developed and implemented the Long Term Perspective Plan (2011/12-2025/26) and its constituent medium term plans, namely the First Five Year Development Plan (2011/12-2015/16) the Second Five Year Development Plan (2016/17-2020/21), and the Third Five Year Development Plan (2021/22-2025/26). Together, these plans aim at economic transformation, industrialisation and reducing poverty while maintaining macro economic stability.

Effectiveness of the government in poverty eradication

We have learned the strategies used by the government to alleviate poverty in Tanzania. It can be stated that the government has made progress in poverty alleviation in the country. In view of this, the following are some of the areas where the government of Tanzania has been quite effective in its drive for socio economic development and poverty reduction.

Economic growth

It is one of the vital indicators of economic development of a society and means for poverty reduction. Due to measures such as the Growth and Poverty Reduction Strategy, Millennium Development Goals and Sustainable Development Goals, as well as its five-year development plans, Tanzania's economy has grown at a stable rate of over 6 per cent since 2000. This growth is important for poverty reduction.

Infrastructure development

Socio-economic development thrives on good physical infrastructure. The Government of Tanzania has been effective in infrastructure development including the construction of tarmac roads throughout the country and improving rural roads. At present the government is engaged in constructing Standard Gauge Railway (SGR) from Dar es Salaam to Mwanza, Kigoma and Mpanda and Julius Nyerere Hydroelectric Power Dam, and several other major projects like Mwalimu Nyerere bridge. Figure 8.3 indicates Mwalimu Nyerere bridge in Dar es Salaam.



Figure 8.2: Nyerere Bridge

Access to education

The government has also been very effective in promoting access to education at all levels, that is, at primary, secondary, and higher education. For instance, gross pupil enrolment into primary education (Standard I-VII) increased from 8 247 172 in 2012 to 10,170 089 pupils in 2019. Student enrolment in secondary education (Form I-VI) increased from 1 884 272 in 2012 to 2 338 457 students in 2019. For higher education, enrolment increased from 44 715 in 2012/2013 to 259 266 students in 2020/2021. The number of primary schools increased from 16 331 in 2012 to 17 790 in 2019; the number of secondary schools increased from 4 528 in 2012 to 5 001 in 2019. What these numbers imply is that the government has been effective in widening opportunities for Tanzanians to access education and to reduce poverty in terms of accessing basic human needs.

Rural electrification

As part of its development efforts, Tanzania has embarked on rural electrification using TANESCO and Rural Energy Agency (REA), to connect electricity in rural areas and households. Through this, connectivity and access to electricity have improved. For example, the proportion of rural population with access to electricity increased from 49.3 per cent in 2016 to 69.8 per cent in 2019, which means that more and more rural people have access to electricity. This is important for rural transformation, human development and thereby reduction of poverty.

Maternal and child health

The government has also improved maternal and child health by controlling maternal and child mortality rate. Improvements in the health sector reduced maternal mortality rate from 870 per 100 000 live births in 1990 to 232 per 100 000 live births in 2012. The under-five child mortality rate equally declined from 165.1 per 1 000 live births in 1990 to 50.3 per 1 000 live births in 2019. These improvements are associated with the use of modern medical equipment, construction of new health facilities and expansion of existing ones, and provision of free medical services to mothers and children under five years,

Women empowerment

There has been major progress in women empowerment in Tanzania. This has resulted from various government policies that support gender equality and promote women economic and political empowerment. Due to this, women participation in decision-making organs has improved significantly. For instance, the number of female members of parliament increased from eight women in 1970 to 143 in 2021.

Women empowerment is also evident in access to basic human needs such as education, health services and access to resources. Girls enrolment in different levels of education from primary school up to the university has increased, thus improving gender balance in education.

There has also been remarkable improvement in maternal and child health. Similarly, women access to resources has increased tremendously as evident in widespread women participation in village community banks across the whole country, thereby growth of women owned micro enterprises. Women empowerment has contributed to poverty reduction, both in terms of reducing income poverty and increasing access to basic human needs.



Activity 8.3

Visit your school neighbourhood, conduct an interview with some residents, and collect information on how individuals fight poverty. Make presentation of the findings in class. Allow class discussion to evaluate whether the presented findings can help the residents to alleviate poverty at the individual level. After class discussion, prepare a report showing the best advise you can give the community on how to improve their individuals strategies for poverty alleviation.

Exercise 8.2

DO NOT DUPLICATE

Review different literature related to poverty eradication in Tanzania, then attempt the following exercises:

1. Assess the strengths and weaknesses of poverty eradication strategies adopted by the Government of Tanzania since independence.
2. Analyse roles played by the National Strategy for Growth and Reduction of Poverty (NSGRP) in alleviating poverty in Tanzania.
3. Discuss new strategies you would suggest to combat poverty in Tanzania.
4. Explain how an individual in any community can avoid falling into poverty. Share your plan with your colleagues in class.

Read the following passage and answer questions

It was early in the morning and all students were in their classes ready to start a lesson. In a form three class, students were quiet and listening to their class teacher Mr Katembo. Before he started the lesson, Mr Katembo decided to take rollcall by using the class attendance list. All students were present except Kabula. Mr Katembo asked the students why Kabula was not present in the class, then students replied they did not know since she had not attended class for some days. At the end of teaching, Mr Katembo decided to visit Kabula's home. Fortunately, he found Kabula seated isolated outside their house and looked very worried. Politely Mr Katembo asked Kabula why she was not attending school. Kabula cried while she narrated why she was not attending classes. She said that her school uniform was torn and her parents had no money to buy a new one. As she narrated her story, Mr Katembo discovered that Kabula had not even eaten any food that day. Mr Katembo became sympathetic and decided to take Kabula to the head teacher for further assistance.

Questions

1. What is the problem facing Kabula's family?
2. According to the passage, what type of poverty do you think Kabula's family falls under?
3. Justify your answer from question number 2 by giving at least three criteria which you used.
4. If you were given a chance to advise the government about poverty reduction to its people, what will be your suggestions?

Revision questions

1. Explain the role of education in the process of poverty alleviation.
2. The Government of Tanzania embarked on various affirmative policies to insure women empowerment, explain how women empowerment can be used as an instrument to eradicate poverty in Tanzania.
3. How does corruption cause poverty in developing countries?
4. Indicate five (5) bad cultural practices that hinder poverty alleviation efforts in Tanzania.
5. With vivid examples, briefly explain the meaning of the following terms.
 - i. Relative poverty
 - ii. Absolute poverty
 - iii. Material poverty
 - iv. Income poverty
6. Explain different ways (at least four) that can be used to measure poverty in different countries.
7. With reference to the policy of Self-Reliance adopted by Tanzania in 1967, state how this policy contributed towards poverty alleviation.
8. Explain the role of the growing industrial sector in the process of poverty alleviation in Tanzania.
9. Discuss the relationship between poverty and environmental degradation.
10. Discuss why modernisation of agriculture is a key tool to fight against poverty.

Glossary

Development	A process that creates growth, progress, and positive change in people's life.
Bank assurance	An arrangement between a bank and an insurance company which allows the insurance company to sell its products to the clients of that particular bank.
Central bank	An institution that manages the currency and monetary policy of a state.
Collaboration	Ability to work with others in attaining individual, community or organisation goals.
Creative thinking	Ability to think and find alternative ways of addressing challenges in life.
Critical thinking	Ability that enables a person to find solutions to challenges emerging in life.
Entrepreneurship	Activity of setting up a business and taking financial risks in the hope of profit.
Financial resources	The set of liquid assets of an organisation, including cash, bank deposits and liquid financial investments.
Gross National Product	The value of goods and services produced by citizens of a certain country in a given time.
Infant mortality	The death of children before their first birthday.
Inflation	An increase in the general prices of goods and services in an economy.
Insurance	A contract, represented by a policy, in which an individual or an entity receives financial protection or reimbursement against damages or losses suffered during a specified period from an insurance company against payment of premium.
Leadership	Ability to influence and guide others towards a particular goal.

Life expectancy

A statistical prediction of how long a person will live from the day of birth.

Life skills

Ability and competencies that enable human beings to address life issues effectively.

Per capita income

The average income of the people in a country.

Poverty

A condition of having insufficient resources or income.

Self-confidence

Internal sense about one's skills and abilities that enhances self-acceptance and ability to control your life.

Self-worth

Belief in one's own abilities to do something and be successful.

Skill

Ability to do something well.

Social development

Improvement in both material and non material conditions that are necessary for individuals in society to promote and protect their lives.

Teamwork

Collaborative effort of a group to achieve a common goal.

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