DEVELOPMENT STRATEGIES AND POVERTY REDUCTION INITIATIVES: ANALYTICAL DISCUSSION WITH APPLICATIONS TO TANZANIA

*Fidelis Mtatifikolo**
and
Robert Mabele•

ABSTRACT: This paper is about development strategies and poverty reduction initiatives, using Tanzania as a case study. Poverty is defined and operationalised in the global context, with poverty in Africa being characterised as "mass poverty". In Tanzania, poverty is rampant and largely rural even though the urban areas are not as such rich. Urban poverty is worse in smaller towns than in the capital, Dar es Salaam.

Current poverty reduction initiatives distinguish between strategic and operational-level efforts. Regarding strategic efforts, Tanzania has had explicit policies in the recent Reform Programme and Rolling Plans. Operational-level initiatives see combined interventions, at grassroots level, of the Government, the Donor Community and the NGOs.

Recommendations emphasise continuity and consolidation of processes in which the poor themselves are the primary actors. Participatory methods to poverty assessment and poverty reduction should guide policy and practice.

1. INTRODUCTION: THE CONCEPT OF POVERTY AND ITS MEASUREMENT

1.1 Prelude and Report Outline

This paper is about Development Strategies for Poverty Alleviation in general, with a focus on Tanzania. An assessment is done on the existence and extent of poverty alleviation initiatives globally and in the country, with special focus on the poor 'communities', defined to include those considered vulnerable' to sudden shocks in the socio-economic system. In the global nomenclature, and as demonstrated in Tanzania, these include children, youth, women, the aged and the disabled.

Five sections make up the paper. This introductory section discusses the notion of poverty, identification of the poor and measurement of poverty, as practised globally and with specific reference to Tanzania. Section two is about Development

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• Associate Professor, Economics Department, University of Dar es Salaam , Tanzania.

• Professor of Economics, Economic Research Bureau, University of Dar es Salaam , Tanzania.

Strategies and Poverty in Tanzania, covering the scoio-economic environment, recent trends and the poverty profile of the country. The third section covers the logic and content of poverty alleviation, addressing the analytical and conceptual framework and the strategic, as well as the operational initiatives for poverty reduction. Section Four is about the poverty reduction initiatives in Tanzania, covering both the policy (macro) and the operational (meso/micro) levels. Synthesis and conclusions follow in the fifth section.

1.2 The Notion of Poverty and Global Poverty Patterns

Poverty has been a pervasive and growing threat to humanity. As we approach the 21st century already more than one billion people in the world, most of whom go hungry, live in abject poverty. In Africa, in particular, a large proportion of people (the majority of whom are women) has very limited access to income, resources, education, health care and nutrition. In 1995 (March 6-12), the first World Summit on Social Development (WSSD) was organised in Copenhagen, Denmark, "to recognise the significance of social development and human well being for all and to give these goals the highest priority both now and into the twenty-first century". In the same year, the UNDP's policy paper, "*Poverty Eradication: A Policy Framework for Country Strategies*", was released, while the United Nations Research Institute for Social Development followed up on the deliberations and recommendations of WSSD with the document "*After the Social Summit: Implementing the Programme of Action*". A Regional (Africa) Conference had been held in January 1994 in Addis Ababa and an "Action Agenda for Human and Social Development" was developed for Africa. Viewing poverty as a global issue is reflected in these initiatives.

Africa's poverty is said to be mass poverty (of the absolute kind mainly, and less so of the relative kind) requiring more encompassing operational definitions and monitoring instruments with the aim of designing intervention initiatives. In sub-Saharan Africa (SSA), 35 of the 46 countries were classified in 1995 as *least developed*, with a high prevalence of poverty. The UNDP Human Development Report (1995) listed 44% of SSA population as having no access to health services, 57% as being without safe water, and 64% without access to sanitary facilities. The Human Development Index was high for only 2, and medium for 9. 35 countries had a low HDI, ranked from 129 to 174 in the global ranking scale, which ranked each country from 1 to 174.[1]

A reasonable definition characterises a poor person as one whose "standard of living falls below a *minimum socially acceptable* level". This definition accommodates basic needs, some acceptable social thresholds, norms and traditions. It also reflects the view about poverty which relates to the capacity to be able to participate in all of the activities of a community *on average*. However, the concept is operationally difficult.

One view uses the notion of deprivation whereby poverty is defined as *enforced lack (deprivation) of material resources of certain duration and to such an extent that participation in normal activities and possession of amenities and living* *conditions which are customary, or at least widely encouraged or approved in society, becomes impossible or very limited.* Another approach uses basic needs, especially along the nutritional front, where there is some agreement that nutritional requirements vary less across time and societies. This operational definition of poverty may appear too narrow. True, "man does not live by bread alone!" but without bread man cannot live at all! On this there is no significant controversy. Indeed, the other attributes of poverty such as bad health, ignorance and even lack of self-esteem are, by and large, essentially related to one's lack of access to basic commodities, notably food.

Operationally, thus, it is common practice to specify minimum requirements for both food and non-food items and then to calculate the needed income for current acquisition (the income becomes the *poverty line*). If the food share is generally known, then this will provide the benchmark expenditure. To obtain the poverty line this minimum food expenditure is "grossed up" by an appropriate factor to accommodate non-food requirements.

1.3 Poverty Measurement

Poverty measurements use various concepts of both primary and secondary incomes, broadly defined. Primary incomes accrue in the form of primary claims on resources, which arise directly out of the productive process of work and accumulation. These include results of the labour process (employment – self or hired), returns on rental property and from investments or productive assets. Secondary incomes are a result of the transfer and social actions or interventions which empower the recipients to actively engage in productive work (e.g. investments in education, health, food security, sanitary facilities and environmental protection).

The measurement of poverty (magnitude, prevalence, intensity, severity and persistence) is the starting point for any logical step to intervention for purposes of its eradication. This in theory starts off with defining a *poverty line*, which divides the poor, and non-poor. The concept (poverty line) is elusive and there still exists a significant debate on what this measure should be "stating" for operational and policy purposes.[2]

In spite of the rich literature on poverty indices, empirical work has generally used indices which at most give the aggregate incidence and aggregate intensity of poverty. The "Head Count Ratio" index, measuring the incidence, is a simple proportion of the population whose income is below the poverty threshold or poverty line. This measure makes no distinction between the poor who may be close to the poverty line and those who may have no income at all (the really destitute, paupers and survivalists). This index is insensitive to a decrease in the incomes of the poor, to income transfer among the poor and from the poor to the rich, and also to the degree of poverty. The other index uses the notion of the Poverty Gap. The Poverty Gap is defined as the average gap between the actual income of the poor and the poverty threshold as a proportion of that threshold. One composite index defined by the simple product of the head count and poverty gap indices, measures incidence and intensity.

The Head Count Ratio remains the most commonly used in large-scale (national/regional) studies which lack specific details necessary and relevant for the other indices. Thus using such a concept the World Bank estimated that 1.133 billion people in the world were living below the poverty line in 1990. Whereas the overall incidence of poverty was estimated to have fallen from 30.5% in 1985 to 29.7% in 1990, the absolute number of the poor increased. If the trends are to continue by the turn of the century there will be 1.3 billion poor. In Sub-Saharan Africa (SSA) both incidence and absolute numbers of the poor are likely to increase (under the assumption of economic growth at no more than 3.3% per annum).[3]

2. DEVELOPMENT STRATEGIES AND POVERTY: TANZANIA

2.1 Summary of Policies, Practices and Experiences

Tanzania is one of only a few SSA countries that have had prolonged stability which, from the mid-1960s to at least the late 1970s, was guided by a clear national ideology. In 1967, the Arusha Declaration created a national ideology: the Policy of Socialism and Self-Reliance, whose main objectives were to build an egalitarian, self-reliant, socialist economy in the medium to long term. In addition to the creation of a national ideology, the Declaration was justified on many grounds, such as the need for a strong public sector to lead the economy in view of the slow private sector initiatives, and the perceived increase in inequality and poverty (taking a racial tone also, in which the 'natives' were the more disadvantaged). Socialism was expected to address the question of poverty and inequality squarely.

Deliberate policies under Arusha included the creation of a command economy in state hands, industrial re-orientation toward the Basic Industry Strategy, reorganisation of agriculture and marketing, and population resettlement; all with definite, if still unresearched, implications on poverty. The process of crowding out private sector economic initiatives followed, and it was facilitated by at least six instruments, namely:

(1) central control of investment planning and restrictive codes on private sector investors;

(2) confinement policy, especially at wholesale and import-export levels for basic commodities;

(3) price control;

(4) wage and salary policies for the public and private sector;

(5) credit rationing and control of financial instruments; and

(6) administrative allocation of foreign exchange.[4]

The 1970s were characterised as the decade of shocks and crises. By the end of the decade Tanzania was facing its gravest crisis, and it had to adjust (World Bank, 1984; Ndulu, 1994). The documented chronology of events is as follows:

- Budget Mini-Crisis 1971-72;
- First world oil shock 1973-74;
- Major drought 1974-76;
- Disruption of the economy by villagisation, 1974-76;
- Break-up of the EAC 1977;
- Second oil shock 1978-79;
- War with Uganda 1979-80, and
- World recession 1979-82 depressing export prices for Tanzania exports while raising import prices.

The short-lived coffee price boom of 1976-77 was not sufficient to help bring about any significant recovery.[5]

The first attempt to come to grips with the crises took the form of a short term programme (NESP: 1980-82) that tried to align domestic demand with supply through severe curtailment in demand, largely affecting the soft sectors. A subsequent medium-term SAP was tried 1983-85, but without success as it did not attract donor support, which at the time was indispensable (as is now) for any credible national programme to work in Tanzania.

The first programme to run from 1986/87 to 1988/89 was called Economic Recovery Programme, a typical first generation growth-oriented programme with the objectives of: increasing food and export production, rehabilitation of physical infrastructure, enhanced utilisation of industrial capacity, and the restoration of internal and external balances. The second programme, which ran from 1989/90-1991-92, was code-named Economic and Social Action Programme (ESAP); it was expected to bring in the "social dimension" in the adjustment (noted as the vintage of the second generation). In addition to the above objectives of the ERP, ESAP added the objective of 'strengthening social service delivery'. In the first Rolling Plan (1993), the objectives were restated in the form of more precise targets: raising GDP real growth to 5% per annum, reducing inflation to less than 10%, restoring internal and external balances in the economy, and improving social sector service delivery. The current thinking and official policy objectives are embodied in the Rolling Plan. It reflects on the latest vintage of adjustment programme designs, which call for "fundamental socio-economic and institutional transformation".

2.2 Summary of the Recent Verdict on 'Development', Poverty and Inequality in Tanzania: Secondary Data

Indicators of "development", broadly defined, cover economic growth indicators, distribution indicators and social sector indicators. The Human Development Index

(HDI) for Tanzania has been low and ranking 'poor' in recent years (See UNDP's World Development Report, Annual, 1992 issue). The Table below is indicative of recent trends in Tanzania.

Table 1. Tanzania: Human Development Measures

Variable	1992	1993	1994	1995	1996
Tanzania's HDI	0.268	0.270	0.306	0.364	0.364
Tanzania's Ranking	126	138	148	147	144
Tanzania's GDP per capita ($)	557	572	570	620	630
Tanzania's GDP per capita Ranking	158	172	170	168	170

Source: Compiled from Likwelile, 1997: 20, Table 4.1

In the World Bank Development Report's *World Development Indicators,* Tanzania has consistently been ranked among the world's top four poorest countries since 1990 (based on GNP). The verdict is that human development is not only stagnating but also falling in relation to world standards. This poses a real challenge to the development programmes (currently embodied in the reform processes as described in the Rolling Plan).

The World Bank study (1993) and other more recent reports on poverty in Tanzania have come to the following conclusions: (1) that poverty is largely a rural phenomenon; (2) that there had been a significant decline in the incidence of aggregate poverty between 1983 and 1994; and (3) that even though the incidence was declining, the magnitude (i.e., the number of the poor) was increasing. It is further revealed that there has been a marked deterioration in the coverage and quality of public social services, particularly in the rural areas. The sweet that poverty is declining thus has to be gauged against the negative trends in social services. Furthermore, there is evidence also that inequality was rising in the early 90s (World Bank, 1993). The Gini Coefficient as an income distribution measurement index rose from 0.39 in 1969 to 0.44 in 1976/77, and then to 0.57 in 1990/91.

2.3 Poverty and Poverty Profile in Tanzania

The World Bank has defined poverty and extreme poverty as denoting those living on less than a real purchasing power parity measurement of USD 1 per day (or about TShs 15,000 per month at 1993/94 prices in Tanzania), and USD 0.75 per day (or Tshs. 11,250 per month), respectively for Tanzania (UNDP, 1995). Using this definition it is noted that in Tanzania poverty is largely a rural phenomenon. The poor represented, in the early to mid-1990s, about 59% of all rural households and 39% of urban households excluding Dar es Salaam, where the poor represented about 9% of all households. Rural villages accounted for 90% of those living in extreme poverty.

The report above (UNDP, 1995) shows that there was a significant decline (of 29 percent on the average) in the incidence of poverty between 1983 and 1991. For example, in 1983 about 54% of the total population was living below the poverty line. In 1991, this figure had declined to 41.8% (a 23% decline). As for extreme poverty, 65% of the poor were below the extreme poverty line in 1983. This figure declined to 42% in 1991 (a 35% fall). In 1983 about 11 million people were living in poverty. This figure fell to about 9 million in 1991 (even though total population had risen significantly). These magnitudes are said to have risen since then.

At a workshop organised by the Government of Tanzania and the World Bank on Socio-Economic Growth and Poverty Alleviation in Tanzania (May 14-20; 1995; Arusha Tanzania), further evidence was provided (see Ferreira and Goodhart; 1995) to show that poverty declined steadily not only between 1983 and 1991 but also between 1991 and 1993. Despite this, there were still some typical tendencies: that poverty still remained a largely rural phenomenon and that most urban areas had a worse incidence than Dar es Salaam. Other independent but tentative estimates on poverty were given for 1994, which showed that 42.7% of the population in Mainland Tanzania, 49.7 in rural Tanzania, 24.4% in other urban towns, and 2.9% in Dar es Salaam were living in poverty, again revealing a pattern consistent with previous estimates.

2.3 Other Dimensions of Poverty: The Regional Context

The World Bank study cited above gives the following profile of the extent of poverty, under the rural-urban divide.

Table 2. The Extent of Poverty in Tanzania

	Share of Population with Adjusted Adult Equivalent Incomes Below the Poverty Line (Tshs 46,173/annum) (%)	Share of the Poor in Total Population (%)	Depth of Poverty
Rural Villages	59.1	85	29.9
Urban Outside DSM	39.3	13	15.1
DSM	9.3	2	3.1
Tanzania	59.1	100	24.9
Rural Farming	51.1	83	30.1
Business Persons	61.6	1	23.1
Government Employees Urban Including DSM	28.7	1	15.5
Self Employed	33.7	14	12.8
Business Persons	8.4	1	1.2
Government Employees	9.5	1	3.5
Tanzania	51.1	100	24.9

Source: World Bank, 1993

In Table 2, poverty is seen to be a mainly rural phenomenon. Slightly over 59 percent of rural households were poor compared to 39 percent of non-Dar es Salaam and 5 percent of Dar es Salaam households. The last column of the table measures the severity of poverty. The depth of poverty measures the level of expenditure required to bring the expenditure of the poor (in adult equivalent terms) up to the poverty line. Thus to bring the rural households up to the poverty line would require supplements equivalent to 30 percent of the poverty line expenditure. This is twice as much as what would be required to bring the non-DSM urban population up to the poverty line.

The incidence of poverty in the regions is associated with low productivity in agriculture. Regions with low rainfall, poor soils, poor road infrastructure and long distance to markets have a high incidence of poverty compared with better off regions. Table 3 below shows regional differences in poverty and income according to studies done in the early 1990s. Regions like Kilimangaro, Kagera, Arusha and Mara had less than 40 percent of their population below the poverty line. The worst regions were Lindi and Shinyanga, with over 90 percent of their population with adjusted adult equivalent incomes below the poverty line.

Table 3. Regional Characteristics of Population, Income, Poverty, Roads and Population Density

Region	Farming Population in 1988	Per Capita Income Adjusted to Adult Equivalent (1991)	Population below Poverty Line (Tsh. 46173/annum): Adult Equivalent (1991) %
Dodoma	1140410	54183	57.7
Arusha	1221239	220133	39.6
Kilimangaro	964343	114355	30.8
Tanga	1096567	143900	45.1
Morogoro	1017040	61229	59.6
Pwani	589463	68591	54.8
Dar es Salaam	224174	158695	9.3
Lindi	586695	14191	91.2
Mtwara	802805	45770	56.9
Ruvuma	704137	35189	73.5
Iringa	1126566	60330	52.4
Mbeya	1279576	68368	55.0
Singida	733656	82497	56.5
Tabora	905022	63414	61.5
Rukwa	601753	99904	56.2
Kigoma	759417	37595	76.0
Shinyanga	1685553	30243	91.5
Kagera	1249555	108182	36.5
Mwanza	1617151	76050	58.2
Mara	889750	89956	39.2
TOTAL	19195869	91509	51.1

Table 3 (*continued*). Regional Characteristics of Population, Income, Poverty, Roads and Population Density

Region	Length of Earth and Gravel Roads	Road Density on High Potential Land (Less Reserves)	Rural Population Density, per sq. km of Land of Good Potential (Net of Reserves)
Dodoma	629	4.37	792
Arusha	1289	4.49	426
Kilimangaro	510	9.44	786
Tanga	974	6.16	694
Morogoro	1084	1/09	102
Pwani	709	6.16	694
Dar es Salaam	306	23.54	1724
Lindi	668	1.41	124
Mtwara	887	4.16	377
Ruvuma	1028	0.90	62
Iringa	1148	1.05	103
Mbeya	1300	1.27	125
Singida	893	8.59	705
Tabora	907	1.34	134
Rukwa	967	0.99	61
Kigoma	626	1.15	140
Shinyanga	652	1.14	294
Kagera	1226	3.62	369
Mwanza	1240	2.32	302
Mara	652	3.45	471
TOTAL	**17694**	**1.80**	**195**

Source: World Bank Report No. 12294 AT, July 1994 (cited in Amani, 1996).

Income levels are determined mainly by a combination of factors including access to product and factor markets and availability of land of good agricultural potential. Moreover, there is no direct correlation between farm size and income levels. For instance, Kilimangaro is the most densely populated region with 1786 inhabitants per square kilometre of good potential land. Lindi has only 124 inhabitants per square kilometre. However, the percentage of the population below the poverty line is 31 percent in Kilimangaro compared to 91 percent in Lindi. Also, a study of basic needs conducted by the ILO in Kilimangaro found that the difference in acreage between farmers much alone and these much below the poverty line was less than 3 times; in terms of incomes, however, they varied by a factor of about 9 (ILO, 1981 cited in Amani, 1996). The difference in income depends, to a large extent, on what is grown (food *vis-à-vis* cash crops), use of modern agricultural inputs, and access to markets. Access to markets depends on the quality and density of roads as well as the distance to markets. The World Bank (1994) has concluded that over 50 percent of the variation in poverty across regions is explained by the road density/agricultural potential variable. Hence, the existence of a dense rural road network on productive agro-ecological areas is a necessary pre-condition to rural income growth and poverty reduction.