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Employment, growth and poverty reduction in Tanzania

Executive Summary

Pro-poor growth has emerged as a central point of discussion in the current review phase leading up to the development of a second phase PRSP. Knowledge development is critical – more needs to be known about macro-micro linkages, equitable growth that is pro-poor and gender responsive, alternative distributive mechanisms that will deliver the gains of growth to wider sections of the population. In this respect, the study presented here explores issues for discussion around the linkages between employment, growth and poverty reduction in Tanzania. It is not intended to be an exhaustive or comprehensive piece of work, given time constraints. It is a contribution to the debate, making the case for employment and income generation as an efficient means to translate the gains of growth into tangible benefits that improve the livelihoods of the poor and vulnerable.

Employment data presented throughout this report has been gleaned from the latest Integrated Labour Force Survey (ILFS, 2001). Without time series data however, changes in employment trends are difficult to show, which is primarily why a Social Accounting Matrix (SAM) was proposed as a framework to measure the impact of various policies on employment creation. Being a static framework, it is possible to study the impact of policies at a given point in time using SAM. In this study, PRS expenditure in the priority sectors of agriculture and rural roads were studied using the SAM as a tool to calculate the employment effect of that expenditure, and gender was looked at as a cross cutting issue.

Two points should be emphasized in the use of SAM, however. First, SAM describes the structure of the economy, and so it is a useful tool for years other than the one it has been constructed for, as the structure of an economy changes slowly, unless there has been a major shift in production for instance, and a resulting significant change in the economy. Second, due to its circular flows SAM is able to capture the multiplier effects of expenditure, meaning that when looking at an increase in expenditure in one sector, it can project not only an impact in other sectors, but also an impact of these changes on the sector itself through an increase in demand for intermediate goods. The impact on employment generation can more accurately be estimated through SAM than through a partial equilibrium analysis, for example, which cannot capture the response of other sectors to a policy.

In a concluding chapter, a summary of findings and key recommendations are presented, highlighting the absorptive capacity of the commercial and subsistence agriculture, and additionally highlighting the vital need for a push on labour based technologies in road construction, as well as the need to step up recruitment in public services, most especially health and education.

Abbreviations

ASDP	Agricultural Sector Development Plan
CAP	County Action Programme
CGE	Computable General Equilibrium (Model)
CWIQ	Core Welfare Indicators Questionnaire
DfID	Department for International Development (UK)
ESRF	Economic and Social Research Foundation
GDP	Gross Domestic Product
HBS	Household Budget Survey
HIPC	Heavily Indebted Poor Countries
ILFS	Integrated Labour Force Survey
IFPRI	International Food Policy Research Institute
ILO	International Labour Organization
IPRE	Investment for Poverty Reducing Employment
MDG	Millenium Development Goals
MoLYDS	Ministry of Labour, Youth Development and Sports
MTEF	Medium-Term Expenditure Framework
NBS	National Bureau of Statistics
NPES	National Poverty Eradication Strategy
PAF	Poverty Action Fund
PER	Public Expenditure Review
PHDR	Poverty and Human Development Report (Tanzania)
PMS	Poverty Monitoring System
PO-RALG	President's Office - Regional Administration and Local Government
PPA	Participatory Poverty Assessment
PRS(P)	Poverty Reduction Strategy (Paper)
RDS	Rural Development Strategy
REPOA	Research on Poverty Alleviation (national research institute)
SAM	Social Accounting Matrix
SME	Small and Medium-sized Enterprises
VPO	Vice-President’s Office

Definitions

The following definitions are used for key terminology (based on IPRE 2002 and ILFS 2001):

Employed persons: Persons who did some work in the reference period either for payment in cash or in kind (paid employees) or who were in self employment for profit or family gain, plus persons temporarily absent from these activities but definitely going to return to them (e.g., on leave or sick). Self-employment includes the large number of persons working on their own farms or *shambas*. Unpaid family workers in family business are included. Some work was defined as one hour or more in the reference week. It should be noted that any economic work took priority over all other activities.

Unemployed persons: Persons who were not employed as defined above and who stated that they were available for work.

Gender: Gender refers to socially learned behaviours and expectations that are associated with the two sexes.

Poverty: Poverty at its broadest level can be conceived as a state of deprivation prohibitive to decent human life. This is caused by lack of resources and capabilities to acquire basic human needs as seen in many, but often mutually reinforcing parameters which include malnutrition, ignorance, prevalence of diseases, squalid surroundings, high infant, child and maternal mortality, low life expectancy, low per capita income, poor quality housing, inadequate clothing, low technological utilisation, environmental degradation, unemployment, rural-urban migration and poor communication. When specifically referred to, income poverty is separated as a more narrow definition of poverty.

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1 Introduction

Tanzania was among the first countries to implement a poverty reduction strategy, which began in June 2000. Currently the country is moving towards its second Poverty Reduction Strategy Paper (PRSP). Reducing income poverty was identified as one of the three pillars of the original PRS (the other two being an improvement in quality of life and social well-being, and the achievement of a conducive development environment sustained through the principle of good governance). A review phase in preparation for PRSP II is currently underway and guidelines issued by the Vice-President's Office for the PRS Review indicate that one substantive issue to examine is 'how broad-based growth can be achieved and jobs created.'

To ensure PRSP II is pro-poor and growth oriented, the Government of Tanzania has called on development partners and stakeholders to assist with 'known limitations' of PRSP I. Specifically, this includes a focus on how to create jobs (and growth), particularly in rural areas, and particularly for youth; an assessment of the potential of the informal sector in terms of creating a better enabling environment and therefore better 'decent work'; and of the potential of manufacturing and agriculture in terms of absorbing the increasing numbers of unemployed in urban and rural areas.

Tanzania has experienced strong economic growth over the past few years, but this has not automatically led to the creation of a significant number of quality jobs. The reasons for this duality are currently being looked at in more depth, but there are several assumptions and possibilities that can be explored. The obvious assumption is that the number of job seekers has risen steadily over the years, and an increased aggregate will show little if any impact in relative terms. In addition, the demand for labour does not grow in a 1:1 relationship as output grows: old technology may be replaced with modern equipment, and production becomes less labour intensive. A third possibility may be linked to the limited (internal) supply of skilled labour, with skilled workers from neighbouring countries being absorbed in the local labour market although these numbers may not be significant enough to skew national unemployment figures. A freeze in public service jobs coupled with the growth of the informal sector has led to livelihoods being earned through ways and means that are difficult to capture in national statistics.

This paper therefore provides issues for discussion around the linkages between employment, growth and poverty reduction; and in a second part, an analysis of PRSP expenditure in two key sectors (agriculture and rural roads) to examine the effect these expenditures have had on job creation. Employment is taken to be of the formal sector type, because of the use of the SAM framework. Information regarding the labour demand by sector as a consequence of PRSP expenditures is also presented, as a guide for future PRSP expenditures. The analysis starts with the agricultural sector as the predominant sector in Tanzania contributing to more than 50 per cent of the GDP and employing more than 80 per cent of the labour force. It then moves on to a review of rural roads as a priority sub-sector in poverty reduction efforts. Given the availability of gender-disaggregated data at the sectoral level, findings are presented from a gender perspective[1].

[1] Readers interested in a more in-depth study of the interface between gender, poverty and employment are advised to consult an ILO funded report on "Gender and Employment Dimensions of Poverty: Policy Issues, Challenges and Responses" (Wakeham et al, 2004).

More specifically, the paper is organised as follows. In Chapter 2 data from labour market and macroeconomic developments in Tanzania is presented, using the Economic Survey (2002), Integrated Labour Force Survey (2000/01), Poverty and Human Development Report (2003) and Household Budget Survey (2000/01) and other major sources of information as a starting point. The purpose of this chapter is to look at developments in the economy of Tanzania, contrasted with developments in the labour markets. Chapters 3 to 5 then look at the number of jobs created in various PRSP priority sectors and who benefited from those jobs gender-wise, carrying out policy simulations using a Social Accounting Matrix for Tanzania as a tool of analysis. Agriculture and rural roads priority sectors were analyzed as these two sectors are important in terms of employment generation and also because they address rural areas, where poverty is persistent. Gender expenditure was also possible to analyze, given the data available, because of gender disaggregated employment data at the sectoral level. These findings are taken forward in Chapter 6, where employment elasticities are discussed. In this Chapter the aim is to study the structure of the labour market and the ways in which growth in different sectors is translated into employment generation. If one were to study the impact of investment on employment, this would be important for policies other than those prioritized under the PRS framework. Finally, Chapter 7 shows conclusions from the findings of this study interwoven with recommendations.

A number of Appendices have been attached to provide additional information. First, Appendix 1 provides detailed information on the use of Social Accounting Matrix for policy analyses, giving an overview of the SAM and matrix algebra used to utilise the SAM. Second, Appendix 2 presents the SAM used in this study, which is a modified version of the SAM 2001, constructed by IFPRI and NBS. Modifications are explained in Appendix 1. The third Appendix presents a detailed structure of the current labour force in Tanzania by occupation (as presented in ILFS 2000/01). Finally, Appendix 4 presents the workshop report with feedback from participants on the scope and findings of this study, summarised.

2 Trends in macroeconomic framework and employment

2.1 Impressive GDP growth

Looking at the macroeconomic data from Tanzania, the economy has been able to grow at steady, even accelerated speed over the last decade. Two tables are presented to illustrate the multiple dimensions of economic growth. First, Table 1 presents the sectoral composition of GDP, as at 2002. This will give an indication of the magnitude of each sector and how sector policies contribute to overall economic development. This information is useful for policy simulations carried out in Chapters 3 to 5, and also for the discussion in Chapter 6. Following from this, Table 2 shows GDP growth between 1990 and 2002.

Table 1. Sectoral composition of Tanzanian GDP, 2002 (Source: Economic Survey 2002).

	Contribution to GDP, percentage	Output, Tsh million (constant 1992 prices)
Subsistence farming	19,5	374,850
Commercial agriculture	25,1	507,241
Mining	1,8	49,787
Manufacturing	7,4	156,219
Electricity and Water	1,7	30,201
Construction	4,5	76,413
Trade	12,0	308,928
Transport	4,7	101,244
Finance	5,7	105,356
Services	16,1	136,307

Table 1 shows that agriculture - consisting of subsistence farming and commercial agriculture - is a major sector in the economy with a total contribution of 44.6 per cent of GDP. While there was a large enough fluctuation in the output of many sectors during the early 1990s (most notably growth trends in some sectors, such as construction, in fact reversed from one year to another), the last few years have shown a relatively consistent growth trend.

Table 2 shows these trends in sectoral GDP between 1990 and 2002. The figures show a steady growth in the economy over time, with some sectors clearly booming and others growing at a slower pace. Particularly since 1998, GDP growth has been broad-based, leading to over 4 per cent GDP growth for the next few years, and 6 per cent by 2003. An acceleration in growth is due in large part to an excellent agricultural performance but this can be even further maximized with a determined shift to agro-processing, diversification and better internal coordination of produce, a marked improvement in productivity and better market access through feeder roads in rural areas.

There has been a steady growth in production, particularly in mining for the period 1990-2002 and also for manufacturing for the last few years of data presented. However, this growth has not translated into jobs, at least not to the extent that would have been anticipated. In fact, the latest employment data from 2000/01 Integrated Labour Force Survey shows that mining only employs around 30,000 people, which is a small contribution in absolute terms. Despite the phenomenal growth in mining, the sector's contribution to GDP has only doubled between 1990 and 2002, from 0.9 per cent to 1.8 per cent of the total GDP and investment tends to be capital-intensive; labour based technologies are still not widely supported. The overall impact on job creation is therefore minimal compared to the size of other sectors.

Table 2 GDP growth 1990-2002, by sector at constant 1992 prices (Source: Economic Survey 2002).

Economic activity	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	1990-2002 average
Agriculture	5,5	3,6	1,2	3,1	2,1	5,8	3,9	2,4	1,9	4,1	3,4	5,5	5,0	3,65
Mining	16,5	11,7	7,7	8,2	15,0	11,7	9,6	17,1	27,4	9,1	13,9	13,5	15,0	13,57
Manufacturing	4,1	1,9	-4,0	0,6	-0,2	1,6	4,8	5,0	8,0	3,6	4,8	5,0	8,0	3,32
Electricity and Wat	7,9	11,1	-1,3	0,9	2,0	6,1	11,1	2,2	5,5	3,9	5,9	3,0	3,1	4,72
Construction	30,5	-7,1	5,8	-14,4	1,4	-14,7	7,6	8,2	9,9	8,7	8,4	8,7	11,0	4,92
Trade and Hotels	7,4	2,5	-0,7	-0,4	1,1	3,5	3,5	5,1	4,7	6,0	6,5	6,7	7,0	4,07
Transport and Con	0,5	2,7	14,2	0,1	0,9	5,9	1,1	4,9	6,2	5,8	6,1	6,3	6,4	4,70
Financial and Busir	1,7	1,4	3,8	4,8	2,7	0,6	0,4	7,7	5,6	4,1	4,7	3,3	4,8	3,51
Public Administrati	3,0	5,0	5,6	-3,9	-0,1	-2,7	1,6	3,2	2,7	3,5	3,6	3,5	4,1	2,24
Total GDP factor c	6,2	2,8	1,8	0,4	1,4	3,6	4,2	3,3	4,0	4,7	4,9	5,7	6,2	3,78

2.2 Downward employment trends

> *"The absence of statistical data on economic activities of the population on the magnitude and the nature of unemployment, under-employment and child labour markets makes it extremely difficult for the government to formulate appropriate action programmes and allocate the necessary resources for improving the situation and eventually solving the various problems relating to the working population and children" (ILFS 2001, Chapter 1).*

Employment statistics are available from two major Integrated Labour Force Surveys: 1990/91, and more recently, 2000/01. A major increase in the size of the economically active population between the two surveys, is the first marked difference to note. In 1990/91 the total labour force in Tanzania was 13,495 million; in 2000/01 it had increased to 16,915 million as shown in Table 3 (employment data disaggregated by sector and by gender). This data is useful for the analyses of gender expenditures in Chapter 5, as it is possible to study the impact of gender expenditure on the female labour force. Appendix 3 presents more detailed data, reflecting gender balances by profession. This information is useful, if specific groups of the labour force are to be addressed: for example, addressing forestry and fishery workers through a specific policy will largely impact a male labour force ten times the size of a female labour force in these professions.

Table 3. Approximate numbers of male, approximate numbers of female in employment (National Bureau of Statistics 2002b)

SECTOR	TOTAL	MALE	FEMALE
Subsistence farming	13,694,900	6,604,700	7,090,200
Commercial agriculture	195,100	94,100	101,000
Mining	29,300	15,500	13,800
Manufacturing	245,500	161,700	83,800
Electricity and Gas	14,800	13,500	1,300
Construction	151,700	147,500	4,200
Trade	1,263,000	565,500	697,500
Transport	111,600	103,900	7,700
Finance	26,500	22,200	4,300
Services	837,800	441,200	396,600
Public sector	344,800	181,600	163,200
Total	16,915,000	8,351,400	8,563,600

> *Note:* Calculations of the first two agricultural sectors by gender are based on an assumption of a similar gender division in both sectors. Calculations of public sector employment by gender are based on the assumption that the services and public sector have a similar gender balance, as no data of the exact division by gender was available for the public sector.

From the statistical point of view there are a number of issues that contribute to the worsening employment situation. First, the country's total labour force has increased in the past decade by 3.5 million people, and this aggregate will increase further as the

number of school leavers and new entrants to the labour market increases. Second, the measurement of unemployment is, in itself, a complex task in Tanzania (REPOA 2003, 3). The lack of employment opportunities in rural areas is reflected as underemployment rather than unemployment; subsistence farming employs a significant amount of the total labour force, even though work is typically organized at the household level, among family members, and with a resulting low-income yield. This in turn makes unemployment appear as though it is an urban phenomenon: similar opportunities to engage in subsistence farming do not exist in the urban setting.

Throughout the 1990s, rural unemployment has remained at a low level of around 2 per cent, but urban unemployment rates have risen, increasing the national unemployment rate from 3.5 per cent in 1990/91 to 5 per cent in 2000/01. Third, the two ILFS's are not fully comparable, so to some extent comparisons between the two surveys do not fully capture changes in employment and labour market trends. In fact, in the 1990/91 ILFS, the definition of economic activity did not include fetching water and collection of firewood for home use, whereas the 2000/01 ILFS does include both. The change is certainly positive, in the sense that it captures and attempts to quantify work mainly done by women in the rural areas. However, it may also be said that the 2000/01 ILFS data is more likely to contain higher underemployment figures than the 1990/91 data.

2.3 Impact on poverty reduction

During the October 2003 Poverty Policy Week the immediate challenge of synchronizing the timing of data collected through the Poverty Monitoring System (PMS) was raised. Currently, the development of various PRSP reports relies on data collected through major surveys carried out annually. The time lag between data collection and actual availability of final survey reports is close to two years, which means that the most recent data is often not immediately available for policymakers. Year-to-year comparisons on key indicators will eventually be the goal but may be currently difficult to surmise.

Additional challenges for the short term include a lack of historical data, as this inhibits any kind of comparative analysis for past years; this will improve however, as the PMS has established routine data collection on a comprehensive list of poverty indicators.

More focussed analytical on the links between growth and poverty reduction is clearly needed. In essence, the central question is how gains from growth can be more equitably distributed and is this goal likely to be achieved through the traditional means of ensuring the efficient and effective provision of public goods. Without corresponding well-established public institutions, this route is likely to suffer setbacks in the short to medium term. In Tanzania, a revival of public service recruitment is needed, particularly in the education and health sectors, if the corresponding MDGs and poverty reduction goals are to be met[2].

[2] Service delivery is one area where the clear link between employment and poverty reduction can be shown – without enough trained and motivated teachers, dedicated health care professionals, the ambitious PRSP goals remain elusive.

The 2003 Poverty Policy Week discussions included a focus group debate on alternative redistributive mechanisms and macro policy responses that would have a clear and direct impact at the micro level. Job creation should be considered a viable alternative route to redistribute gains by ensuring growth is carried forward through labour-intensive means, or at the very least, through a compromise between capital intensive investment and investment in labour-based technology. The transfer of skills and knowledge, and the spin offs for service and trade sectors thanks to large-scale job creation in key productive sectors is both people-centred and development oriented growth. Incomes secured at a minimum level that allows the average family to cover basic expenses, while benefiting from other poverty-reducing initiatives such as free primary education and the review of user fees in the health service.

Without jobs, the poor cannot contribute gainfully and productively to the country's wealth; they survive in the exploding urban informal sector or in subsistence agriculture that has low added value for the overall economy on incomes that are low and unpredictable.

3 Agriculture in Tanzania

3.1 Overview of the sector

Agriculture has been described as the backbone of the Tanzanian economy: it contributes more than a half of Tanzania's GDP and employs over 80 per cent of the country's labour force. According to the IPRE study (2002) the structure of production in the agricultural sector can be broken down to crop production (75 per cent of agricultural GDP), livestock (10 per cent) and forestry, wildlife and fishing (15 per cent). Export crop production accounts for 13 per cent and food crops for 25 per cent of the value of total output. The sector contributes heavily to foreign reserves: of total exports agriculture accounts for more than half of the earnings through six main crops: coffee, cotton, sisal, tea, tobacco and cashew nuts.

The agricultural sector is, also, a crucial sector for Tanzania's future growth. In 2001, the Agricultural Sector Development Plan (ASDP) was adopted as the strategy framework for the sector, and is yet to be fully operationalized. In the ASDP, growth that improves livelihoods is indicated as crucial to the sector's development:

> *"the agricultural sector has maintained a steady growth rate of over 3 per cent per annum over the last decade… this rate is considered to be unsatisfactory because it has failed to improve the livelihood of the rural people whose major occupation is agriculture" (United Republic of Tanzania 2001a).*

Following from this, the primary objective of ASDP is to create an enabling and conducive environment that improves the profitability of the sector. A profitable agricultural sector would then be the basis for improved farm incomes and rural poverty reduction. The Rural Development Strategy - partly formulated as a policy response to reverse shortcomings vis-à-vis creating sustainable growth and improved livelihoods – reinforces policy commitment to boost rural development. Key interventions include access to markets, but also access to credit and the promotion of gender equality (the latter shall be revisited in Chapter 5).

Given the importance of the sector, both in terms of output and labour absorptive capacity, projections of future GDP growth remain high, resting on the assumption that the agricultural sector will grow at 6.5 per cent or more. Whilst such growth is achievable, certain elements are critical to achieve this goal: food security; intensified rural development and better feeder roads to improve access to markets; and a concerted shift towards agro-processing with a reduced reliance on high cost imports. Cooperatives functioning as independent entities in an open market, offer immediate advantages in terms of providing essential training to member, pooling resources, spreading risk, and giving greater bargaining power to a group of entrepreneurs accessing factors of production or marketing their produce. Winning the confidence of members may be the immediate hurdle, but a strong legal framework with accompanying monitoring and supervisory instruments, and awareness-raising around the benefits of cooperatives for members would go a long way towards easing public concern.

An upscaling of modern irrigation and a more widespread use of pesticide technology would greatly contribute to food security; a well-managed distributive system would

also coordinate the timely delivery of crops from surplus growing areas to food shortage areas. Land ownership, limited extension services and seasonality of production have forced many households to diversify their source of income. Some 40% of rural household income is derived from non-farm activities and the proportion of rural households who have at least three sources of income is 65 per cent (Household Budget Survey 2000/01). Rural-urban migration is an additional survival strategy, particularly for youth.

Figures from the latest Economic Survey (2002) compared to data on employment and sectoral GDP show that agriculture uses more than 4 persons to create Tsh 1 million of output (subsistence and commercial agriculture combined), whereas mining for instance uses only 0.24 persons to produce the same output. While the sector's labour force is growing at around 2.8 per cent per annum, rural-urban migration, HIV/AIDS and malaria are reducing the growth potential of the labour force. The latter further challenge the achievement of ambitious growth targets for the coming years. Certainly, an integrated policy response is needed as issues are beyond the scope of the ASDP and should be addressed by other PRSP priority sectors and cross cutting issues (rural roads is a priority sector, HIV/AIDS is listed as a cross cutting issue and malaria treatment is part of health sector reform).

3.2 Growth and employment linkages

Economic analyses tend to undermine agricultural production, mainly due to its weak backward linkages. With primary produce there is little input from other sectors – apart from the standard factors of production: machinery, fertilizers, pesticides etc. Agriculture has, however, a greater possibility to create strong forward linkages: the food production chain and other processed consumables offer opportunities to create additional jobs. In the Tanzanian economy, these forward linkages are largely absent: processing industries are not well developed and a large part of food crops harvested are exported for processing to other countries and then imported as consumer goods.

Last year, a World Bank analysis provided the following insights:

> *"Agriculture continues to be a dependable pro-poor sector. ...The experience of other countries, e.g. South East Asia suggests that rapid growth and poverty reduction require emphasis on improving productivity and incomes in agriculture and non-farm rural activities. In order to address the need for improving productivity in this critical sector, the government increased the budget allocation to the sector in 2002/03 by 102 per cent. The funds are to be used in facilitating production of crops, livestock, seeds, traditional irrigation, cooperatives, marketing, extension services, agro-chemicals, veterinary drugs and rural roads with emphasis on the increased role of lower level of government and the private sector. In addition, the government is designing a micro-finance strategy and programmes, which will enable the rural poor to access credit." (World Bank 2003a)*

Agricultural sector interventions need to therefore be both broad-based and locally managed. Outcomes are then measured in terms of total output but also job creation and raised levels of income at the household level.

3.3 Impact of expenditure on job creation

In this section the impact of expenditure within the PRSP framework on agriculture since 2001 is studied using the SAM framework for policy simulations. A detailed description of the SAM and how it can be used is provided in Appendix 1. The SAM analysis itself is presented in Appendix 2.

Looking at expenditure figures quoted in PER documents (World Bank 2001, 2002 and 2003c) there has been an increase in the budgeted government expenditure for agriculture under PRSP, but actual expenditure levels have been lower than budgeted levels. For comparative purposes, Table 5 shows actual and planned PRSP expenditures on agriculture. Estimations of the proportion of expenditure that went to commercial farming versus the amount that went towards subsistence farming can also be derived from the figures given for agricultural sub-sectors.

Table 5 Agricultural expenditures under PRSP (Tsh million). (Source: World Bank 2001, 2002 and 2003c).

BUDGET ITEM	1999/00	2000/01	2001/02	2002/03
Actual expenditure	18,306	55,158	52,792	N/A
PRSP proposed budget	N/A	66,149	79,111	95, 951

Actual expenditure is used to provide an estimate of the change in annual expenditure levels before and after PRSP implementation. The difference is around Tsh 35 billion, a figure that denotes the annual impact of PRSP expenditure on the agricultural sector. This expenditure is divided between commercial agriculture (Tsh 30 billion) and subsistence farming (Tsh 5 billion covering food security, and part of the extension and advisory services expenditure[3]).

The impact of the increase in agricultural sector expenditure is not producing a significant income increase at the rural household level. While households respond in different ways, those that appear to gain most from investment appear to be the ones where the head of household has completed secondary or higher education. This indicates the crucial link between direct earning from the land as opposed to formal employment associated with the land.

A modest impact on employment levels can be surmised from figures given in Table 6. Subsistence farming absorbed some 16,000 persons but given this sub-sector's relatively weak role vis-à-vis productivity, interpreting the results becomes a somewhat challenging exercise. While the sub-sector cannot be excluded from an analysis of circular flows, subsistence farming is not a viable long-term solution for families trapped in the cycle of poverty. As already indicated earlier, many rural households have resorted to a diversification of their income sources, showing clearly that farming alone is not able to offer a liveable wage for the average family. Interventions would have to be broad based, and multiple, as outlined in the World Bank analysis on page

[3] Third PRSP Progress Report, May 2003.

16. A number of interventions, taken at a number of levels, and managed/ coordinated by local authorities is critical to substantially improve and sustain rural incomes.

Table 6. Employment effects of the agriculture sector PRSP expenditures, persons employed by sector.

SECTOR	EMPLOYMENT IMPACT
Subsistence farming	16,120
Agriculture/Forestry/Fishing	2,691
Mining	78
Manufacturing	-1,291
Energy	-420
Construction	55
Trade	-1,079
Transport	-96
Finance	4
Public sector	-59
Services	-311
Total	15,693

4 Rural Roads in PRSP

4.1 Growth and employment linkages

Based on a number of stakeholder workshops, rural roads as a sub-sector of the roads sector, was defined as a priority in the PRSP. The importance of the sector, particularly from the point of view of broad-based growth, both region-wise and industry-wise, was already acknowledged in the formulation of the first PRSP. The Government of Tanzania agreed in 2003 to produce a rural roads strategy over the course of the year to address, among other things, the poverty and distributional impact of the policy.

Rural roads contribute to growth and employment generation through for instance increasing access of the rural poor to markets and by promoting the use of labour-intensive production techniques. Roads will also link up rural areas to the rest of the economy and provide a good foundation for future investments in the regions as opposed to only those that are close to the main urban areas. When rural roads connect peripheries to centres, they may be a contributory factor to higher migration rates, particularly where there is a marked lack of local income earning opportunities. The reverse is true, where rural roads create employment opportunities (through labour intensive investment or better access to markets for small-scale entrepreneurs).

Within the Rural Development Strategy, employment linkages are stressed in addition to a strengthening of local authority capacity to maintain feeder road networks, and the establishment of administrative frameworks that will oversee the construction and maintenance of roads. Throughout, labour intensive approaches are advocated to meet objectives, and reference is made towards ensuring opportunities to earn an income are not denied to women.

> *Labour-Based Technology (LBT) is a construction technology, which aims to apply a labour and equipment, mix that gives priority to labour, but supplements labour with appropriate equipment where necessary for reasons of quality or cost. While producing or maintaining infrastructure to a specified standard in a cost-effective manner, people are employed with fair working conditions*[4].

4.2 Expenditure and targeting

Again, as in the case of agriculture, figures for PRSP expenditures were taken as a starting point to construct the scenario of additional expenditure within PRSP on rural roads (United Republic of Tanzania 2003a). As Table 7 shows, there has been a considerable change in the level of funding for rural roads following on from its inclusion in the PRSP as a priority sector.

[4] Comparative Study on the Impact of Labour-based and Equipment-Based Methods in Road Works in Tanzania, forthcoming December 2003.

Table 7. Expenditures on roads sector under PRSP (Tsh million). (Source: World Bank 2001, 2002 and 2003c)

BUDGET ITEM	1999/00	2000/01	2001/02	2002/03
Actual expenditure	19,334	57,193	58,600	N/A
PRSP proposed budget	N/A	39,249	56,223	84,508

Looking at the data in Table 7, the difference in expenditure levels during the time of PRSP implementation and the previous budgetary allocation is around Tsh 39 billion. This figure is used to estimate the impact this increase has had on the creation of new jobs. Expenditure is split into two sub-categories: construction and maintenance, on the assumption that around 20 per cent of expenditure (or Tsh 9 billion) has gone to the construction sector.

4.3 Employment potential of LBT

Employment opportunities generated out of increased rural roads expenditure is rather small; and gains in the construction and transport sectors are offset by a decrease in employment in trade and services. Although road works using LBT have been ongoing for two decades in Tanzania, a project approach meant activities were wound up once funding ended and this in turn seriously undermined the community's ability to sustain or find alternative sources of income once road works come to an end.

Studies conducted by the Government of Tanzania in collaboration with the ILO show the employment potential of LBT, particularly for road works (Table 8). With potentially around 75,000 jobs created from labour-based road works, and assuming an average 240 working days in a year, the study reveals that over 18 million worker days of employment can potentially be generated for the benefit of local communities in and around sites. The spin offs for those in, for example, the food and catering industry will generate work for additional numbers.

Table 8. Potential employment creation (No. of jobs per year)

	TYPE OF ROAD			**TOTAL**
	Trunk & Rural	**District**	**Unclassified**	
Routine maintenance	9,500	9,700	12,800	32,000
Periodic maintenance	4,700	5,500	6,800	17,000
Rehabilitation	5,200	9,300	11,600	26,100
TOTAL	**19,400**	**24,000**	**31,200**	**75,100**

5 Potential use of labour market data for policy analyses

5.1 Findings from this study

The SAM used in this study can also be utilized to study changes in the demand for labour by sectors, and may be of interest to those wishing to assess policy interventions other than those presented in this paper. Sectoral labour demand elasticities are derived from the Social Accounting Matrix (SAM) using the labour supply by sector of production to give the employment elasticity for each productive sector. Table 10 presents data on labour supply by categories specified in the SAM.

A total of 8 labour categories were defined: 4 categories for each sex, female and male labour, and including no formal education, unfinished primary education, unfinished secondary education and secondary or higher education. These disaggregated figures will also be used to define what demand for labour there is among categories of the lowest level of education (categories of male and female labour with no formal education or with unfinished primary education) as a proxy for pro-poor demand of labour.

To make the case for the Social Accounting Matrix as a valid tool for analysis, it is important to note that it would be almost impossible to consider any significant analyses relying on econometric data series when data on employment is unavailable for the years in between the two ILFSs, and therefore cannot be compared with more frequently collected macroeconomic data. Analytical work should therefore focus on static, one point in time analyses. The SAM not only describes the relationship between growth and employment, but also allows a study of the impact of investment on poverty levels by reviewing the sectoral labour force supply.

The SAM in this study utilised previous estimates of informal sector activity in Tanzania, where the informal sector (comprising agriculture, construction and owner-occupied dwellings) was taken to be 36.4 per cent of the total GDP. By having the informal sector included in GDP figures, data presents a more thorough picture of the Tanzanian economy.

Table 10 below allows projections to be made for overall labour demand, pro-poor labour demand, gender-based labour demand, etc. While commercial agriculture and subsistence farming are the sectors with the highest absorptive capacity of unskilled male and female labour, gender disaggregated figures show what kinds of policies are most effective in promoting the role of women in development. Women on the whole tend to be absorbed into agricultural work and the public sector.

Table 10. Sectoral demand for labour, pro-poor demand and total demand. (Source: Tanzania SAM 2001).

	Subsistence farming	Agriculture/ Forestry/Fishing	Mining	Manufacturing	Energy	Construction	Trade	Transport	Finance	Public sector	Services
Female Labour (no formal education)	0,019	0,012	0,001	0,001	0,000	0,000	0,002	0,000	0,000	0,000	0,001
Female Labour (not finished primary school)	0,012	0,021	0,000	0,001	0,000	0,000	0,004	0,000	0,000	0,001	0,003
Female Labour (not finished secondary school)	0,096	0,097	0,000	0,017	0,000	0,001	0,019	0,004	0,000	0,026	0,022
Female Labour (secondary or higher education)	0,000	0,002	0,001	0,007	0,000	0,003	0,003	0,007	0,001	0,069	0,019
Male Labour (no formal education)	0,008	0,025	0,000	0,002	0,000	0,006	0,001	0,001	0,000	0,000	0,002
Male Labour (not finished primary education)	0,029	0,070	0,001	0,006	0,000	0,033	0,003	0,002	0,000	0,004	0,014
Male Labour (not finished secondary education)	0,036	0,076	0,011	0,045	0,124	0,207	0,025	0,027	0,001	0,043	0,072
Male Labour (secondary or higher education)	0,002	0,004	0,001	0,019	0,015	0,051	0,017	0,040	0,010	0,141	0,049
Female Labour total	0,127	0,132	0,002	0,027	0,000	0,005	0,028	0,011	0,001	0,096	0,044
Male Labour total	0,076	0,176	0,013	0,072	0,139	0,296	0,046	0,070	0,011	0,188	0,137
Pro-poor labour demand	0,068	0,129	0,001	0,010	0,000	0,039	0,010	0,002	0,000	0,006	0,019
Total labour demand	0,202	0,308	0,014	0,098	0,139	0,301	0,075	0,082	0,013	0,285	0,181

5.2 Data availability

The current unavailability of up-to-date labour market information affects the depth that analytical work can go to. While the National Bureau of Statistics is gathering data through major annual surveys, there is now also a well-established PMS which gathers data specific to the monitoring of key PRSP indicators. The routine collection of data on the employment indicators included in the PMS list, is critical.

SAM is not an appropriate tool to evaluate policies on social sectors or governance, as it is best applicable for productive sectors, where the impact of investments can be measured. For social sector policies, the Computable General Equilibrium Model (CGE) is more appropriate. The CGE model basically extends the SAM framework by creating dynamics through multiple simulations (successive years of policy expenditures) and by allowing specific modules for various non-monetary parts of the economy, including the public service. The construction of these modules is a complex task, partly because of information needs but even more so because of the need to produce links between these sectors and other activities in the economy. As social sectors do not interact in a significant manner with other sectors of the economy, the employment generation of social sector expenditures through a multiplier process can be difficult to trace. However, allowing for a dynamic model of 5 to 10 years would allow for social sector expenditures to translate into developments in productive sectors, through more skilled labour or through increased education expenditure or a more healthy labour force due to increased health expenditure, etc.

6 Summary of findings and recommendations

Understanding the links between employment, growth and poverty reduction requires an in-depth study of the economy in Tanzania, and a monitoring of employment trends over time. There are several methods to study the economic cycle; in this analysis the SAM was used to assess linkages and draw some conclusions around employment trends. Whilst the sectors contribute to GDP growth in different ways, there are also inter-sectoral linkages that are of importance. Sectors like agriculture can have significant forward linkages (when agricultural products are used as intermediate goods in other sectors), but when there is no related domestic industry, these linkages remain small and contribute little to growth. In fact, trade-offs between sectors and their output seem to take place, as people with basic skills appear to shift from one sector to another, deriving a livelihood from more than one source. Interventions to upscale productivity in the agricultural sector remain, however, a top priority, and involve increased investment in a range of interventions at a number of levels with – preferably – local management. From the technical consultation workshop organized around the same theme of this study (report attached as Appendix 4): premises, skills, access to credit, market linkages, and an enabling regulatory framework were identified as five policy pillars crucial to spearheading development in sectors – be it informal sector or agricultural sector development.

Sustainable growth in Tanzania is not derived solely from agriculture, however. When PRSP policies are analyzed, the key message emerging is that across the board, no significant gains on the employment front are being achieved; in rural areas, figures show a tendency for a large part of the population to subsist on farming and diversify their sources of income. One could argue that jobs are being created in sectors where pre-requisite skills are needed and these jobs are being filled by job-seekers from neighbouring countries. In addition, PRSP goals will not be met unless public service recruitment is stepped up, to ensure service delivery. This is particularly true for the education and health sectors.

However, the number of skilled jobs generated will not respond to the employment needs of 650,000 new entrants to the labour market. Labour-based technologies – in the first instance for road works but to a larger extent in infrastructural development – carry the highest potential in terms of generating new jobs for unskilled or semi-skilled workers in rural areas where a large majority of the population are based. LBT equally serves as a conduit for the transfer of skills and knowledge, promotes the use of local resources and existing capacities, and strengthens local governance if management and coordination is decentralized. Certainly the spin-offs are evident – in terms of creating work for others involved in trade and food vending for instance, and coupled with the steady improvement of rural feeder roads that promote better access to markets.

The dynamics for rural community development would be in place: with local government more actively involved in the management of processes and being the conduit through which resources (generated out of growth) are channelled. In a final word, improving opportunities to earn a livelihood in non-farm activities may equally appeal to youth, stemming the rural-urban migration flow.

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Annex 1 – Social Accounting Matrix and employment analyses

SAM is a snapshot of an economy at a given point of time, usually a year. It can be in principal constructed for any defined economy, be that of village, region, nation or even a global one. This study utilizes a national level SAM for Tanzania, originally compiled by the International Food Policy Research Institute (IFPRI) and the National Bureau of Statistics (NBS). SAM is in principal an extension of the traditional input-output accounting framework to incorporate the more detailed composition of the valued added into the accounting framework. Considering the economy, it is known that some of the value added from production goes to households (as wages for the labour input), some to companies (as profit derived from the production), some to government (in the form of taxes) etc. It is these features of the SAM that are of particular use for the exercise carried out in the context of this research.

Social accounting matrices have been used for a broad selection of policy analyses, including financial, trade, environment and agriculture among others. In fact, some earlier work has taken place in Tanzania, using the 1992 SAM to illustrate the impacts of investments in the traditional export crop sector in the overall GDP. Findings were that Tsh 1 billion investment in export crops increases the overall GDP by Tsh 1.8 billion, compared to a Tsh 1.2 billion increase from the manufacturing sector (ILO 2002).

The reasons for utilising SAMs in this study were:

1. The ability to capture the linkages in the production sectors (through the input-output multipliers in the table;
2. The ability to show the linkages between sectors of production and the institutions (represented by SAM multipliers);
3. The SAM is a relatively easy tool to use, this study also shows key stakeholders and local partners what types of analytical work can be carried out using the framework. Despite some of its shortcomings (elaborated on later in this Appendix) the SAM approach has some distinctive features that make it an attractive tool to use in policy analyses;
4. The usefulness of the technique from the perspective of economy-wide effects of sectoral policies. A SAM, through the interlinkages between various types of datasets, offers policy-makers opportunities to observe the magnitude of policies over the economy as a whole. Especially in the case of agriculture SAM can highlight the direct linkages between household income and agricultural production.

The Tanzania SAM, constructed by the National Bureau of Statistics (NBS) in cooperation with the International Food Policy Research Institute (IFPRI) (Thurlow and Wobst 2003), is for the mainland Tanzania, excluding economic and social activity in Zanzibar, and is for the year 2001.

The SAM was modified for this exercise to utilise employment data available from the 2000/01 Integrated Labour Force Survey (United Republic of Tanzania 2001). Employment data covering 11 sectors was used in the SAM framework. Since data on gender distribution of labour in the sectors exists, it is possible to say something on the employment impact by gender. After the first round of impact studies, it became clear that using agriculture as one sector only was too broad a categorisation. Therefore, it was necessary to additionally divide the agricultural sectoral sector into commercial and subsistence farming. Subsistence farming

employs 98.5 per cent of the people working in the sector, which is a significant factor when employment impacts are considered. This division was somewhat artificial as basically the crop or in general the production determined whether a type of production was commercial agriculture or subsistence farming.

Limitations on the use of SAM are based on the characteristics of the data framework. First, the matrix is static. This means that the analysis cannot include the dynamics of economic adjustment, due to price and demand changes. This may not necessarily be a problem, if the analyses are carried out as per year average, deflated to the base year value, as has been done in this study. The shocks create economic changes of secondary class, not shown in the results. There are two techniques to extend the static framework: adjusting the cells of the matrix to new totals (for example using the RAS-method) or creating a dynamic system based on the SAM, such as the computable general equilibrium model (CGE). The second limitation of the SAM deals with the socio-economic classification of the households. Obviously, the more detailed the disaggregation of the household account, the more informative the results concerning the distributional aspects of the policies studied. However, the SAM for Tanzania does have reasonable data for the work carried out in this study, making the analyses proposed feasible.

The findings of this study highlight, once again, the labour absorptive capacity of the commercial and subsistence agricultural sectors for rural areas, and it additionally highlights the vital need for a push on labour based technologies in road construction, as well as the need to step up recruitment in public services, most especially health and education.

Appendix 2 - Social Accounting Matrix for Tanzania, 2001

Tsh million

(1/3)

	Subsisten	Agricultur	Mining	Manufactu	Energy	Constructi	Trade	Transport	Finance	Public sec	Services	FSUB	LCHILD	LNONF	LNFPF	LNFSF	LSECF	
Subsisten	**189**	28	0	597	0	0	15	0	0	11	0	0	0	0	0	0	0	0
Agricultur	**0**	86	0	447	0	3	56	0	0	5	0	0	0	0	0	0	0	0
Mining	**0**	2	2	31	8	65	0	0	28	0	0	0	0	0	0	0	0	0
Manufactu	**37**	74	8	396	1	223	85	47	19	67	37	0	0	0	0	0	0	0
Energy	**4**	14	1	33	2	1	2	3	0	0	11	0	0	0	0	0	0	0
Constructi	**2**	2	1	55	0	62	13	7	130	22	3	0	0	0	0	0	0	0
Trade	**66**	74	2	132	1	33	73	66	29	84	40	0	0	0	0	0	0	0
Transport	**24**	33	2	40	1	19	87	36	8	29	23	0	0	0	0	0	0	0
Finance	**1**	2	1	18	0	8	56	28	1252	18	24	0	0	0	0	0	0	0
Public sec	**0**	0	0	1	0	5	20	19	55	855	5	0	0	0	0	0	0	0
Services	**1**	6	2	25	0	7	63	37	58	22	30	0	0	0	0	0	0	0
FSUB	**922**	467	0	187	0	0	0	0	373	0	0	0	0	0	0	0	0	0
LCHILD	**4**	17	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0
LNONF	**38**	24	0	3	0	0	3	0	0	1	0	0	0	0	0	0	0	0
LNFPF	**25**	44	0	4	0	0	5	0	0	2	1	0	0	0	0	0	0	0
LNFSF	**198**	203	0	49	0	1	28	3	0	41	9	0	0	0	0	0	0	0
LSECF	**1**	4	0	19	0	2	5	5	3	109	8	0	0	0	0	0	0	0
LNONM	**17**	53	0	5	0	5	1	0	0	1	1	0	0	0	0	0	0	0
LNFPM	**61**	147	0	16	0	25	5	1	0	6	6	0	0	0	0	0	0	0
LNFSM	**74**	158	1	127	3	159	37	19	3	68	29	0	0	0	0	0	0	0
LSECM	**5**	8	0	54	0	39	24	28	20	223	20	0	0	0	0	0	0	0
CAPAG	**279**	445	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPNAG	**0**	0	108	567	10	110	882	383	54	19	155	0	0	0	0	0	0	0
LAND	**120**	191	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ENTR	**0**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HRBFPL	**0**	0	0	0	0	0	0	0	0	0	0	175	1	8	6	11	0	
HRFBPL	**0**	0	0	0	0	0	0	0	0	0	0	258	1	8	6	18	1	
HRNOED	**0**	0	0	0	0	0	0	0	0	0	0	406	6	31	3	14	0	
HRNFPS	**0**	0	0	0	0	0	0	0	0	0	0	371	3	4	35	12	1	
HRNFSS	**0**	0	0	0	0	0	0	0	0	0	0	510	3	4	7	226	3	
HRSECP	**0**	0	0	0	0	0	0	0	0	0	0	30	0	0	1	9	24	
HUBFPL	**0**	0	0	0	0	0	0	0	0	0	0	5	0	2	1	6	1	
HUFBPL	**0**	0	0	0	0	0	0	0	0	0	0	8	1	2	2	11	3	
HUNOED	**0**	0	0	0	0	0	0	0	0	0	0	13	1	7	1	9	0	
HUNFPS	**0**	0	0	0	0	0	0	0	0	0	0	21	1	1	16	11	0	
HUNFSS	**0**	0	0	0	0	0	0	0	0	0	0	82	2	1	3	172	7	
HUSECP	**0**	0	0	0	0	0	0	0	0	0	0	69	3	1	1	31	112	
GOV	**0**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TAX	**2**	2	0	4	0	2	4	2	1	2	2	0	0	0	0	0	3	
ROW	**0**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
S-I	**0**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	2066	2084	128	2811	27	769	1467	684	2032	1585	403	1949	23	70	81	532	156	

(Cont 2/3)

LNONM	LNFPM	LNFSM	LSECM	CAPAG	CAPNAG	LAND	ENTR	HRBFPL	HRFBPL	HRNOED	HRNFPS	HRNFSS	HRSECP	HUBFPL	HUFBPL
0	0	0	0	0	0	0	0	109	151	196	195	460	38	15	24
0	0	0	0	0	0	0	0	77	108	145	160	390	59	17	34
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	165	216	332	377	944	178	50	95
0	0	0	0	0	0	0	0	7	9	12	40	45	29	2	4
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	7	10	19	29	75	11	2	5
0	0	0	0	0	0	0	0	4	4	4	10	28	11	2	4
0	0	0	0	0	0	0	0	2	0	0	1	3	0	0	1
0	0	0	0	0	0	0	0	2	2	2	6	12	2	0	1
0	0	0	0	0	0	0	0	3	4	4	6	18	9	1	3
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	2268	0	0	0	0	0	0	0	0	0	0
11	23	20	3	89	0	38	12	0	0	0	0	0	0	0	0
18	25	29	4	112	0	48	36	0	0	0	0	0	0	0	0
42	2	8	0	132	0	55	48	0	0	0	0	0	0	0	0
1	141	41	0	137	0	58	34	0	0	0	0	0	0	0	0
0	2	318	1	189	0	85	797	0	0	0	0	0	0	0	0
0	0	1	128	9	0	4	174	0	0	0	0	0	0	0	0
1	5	7	1	7	0	3	53	0	0	0	0	0	0	0	0
1	6	11	4	4	0	2	136	0	0	0	0	0	0	0	0
8	0	3	0	4	0	2	120	0	0	0	0	0	0	0	0
0	61	5	1	6	0	3	124	0	0	0	0	0	0	0	0
0	0	235	3	19	0	9	589	0	0	0	0	0	0	0	0
0	0	3	261	12	0	5	48	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
0	0	0	15	0	0	0	95	3	8	9	3	18	2	0	1
0	0	0	0	5	20	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	24	54	61	47	249	96	3	20
83	266	679	421	724	2288	310	2268	402	567	784	873	2242	437	93	192

(Cont. 3/3)

HUNOED	HUNFPS	HUNFSS	HUSECP	GOV	TAX	ROW	S-I	Total
25	29	108	29	0	0	9	0	
33	50	171	78	0	0	426	0	2346
0	0	0	0	0	0	20	0	156
85	131	521	294	0	0	58	567	4973
5	8	36	23	0	0	0	0	286
0	0	0	0	0	0	0	474	770
9	11	74	29	0	0	0	228	1041
3	7	41	31	0	0	579	50	1054
0	1	3	2	0	0	0	0	1421
0	2	9	16	516	0	71	0	1603
7	4	16	30	0	0	142	0	495
0	0	0	0	0	0	0	0	1027
0	0	0	0	0	0	0	0	19
0	0	0	0	0	0	0	0	31
0	0	0	0	0	0	0	0	56
0	0	0	0	0	0	0	0	334
0	0	0	0	0	0	0	0	155
0	0	0	0	0	0	0	0	66
0	0	0	0	0	0	0	0	206
0	0	0	0	0	0	0	0	605
0	0	0	0	0	0	0	0	417
0	0	0	0	0	0	0	0	445
0	0	0	0	0	0	0	0	2288
0	0	0	0	0	0	0	0	191
0	0	0	0	0	0	0	0	2268
0	0	0	0	4	0	0	0	402
0	0	0	0	4	0	0	0	567
0	0	0	0	10	0	29	0	784
0	0	0	0	9	0	26	0	873
0	0	0	0	17	0	78	0	2242
0	0	0	0	3	0	54	0	437
0	0	0	0	1	0	0	0	93
0	0	0	0	1	0	0	0	192
0	0	0	0	2	0	15	0	185
0	0	0	0	2	0	16	0	269
0	0	0	0	6	0	71	0	1200
0	0	0	0	3	0	114	0	664
0	0	0	0	0	668	0	0	670
1	3	21	24	0	0	0	0	227
0	0	0	0	0	0	0	0	26
16	24	202	106	92	0	324	0	1319
185	269	1200	664	670	668	2035	1319	

Appendix 3 – Currently Employed Population by Detailed Occupation (Main Occupation) by Sex

(Source: ILFS 2000/01)

Appendix 3: Currently Employed Population by Detailed Occupation (Main Occupation) by Sex

	Current Employment Status-Standard Defn			Current Employment Status-National Defn				
	Employed			Employed		Unemployed		
Detail Occupation	Male	Female	Total	Male	Female	Male	Female	Total
Legislators & Senior Govt. Administrators	3,172	688	3,860	3,172	688	0	0	3,860
Village Leaders & Senior Admin. of Specialised Organ	12,683	818	13,502	12,683	818	0	0	13,502
Directors,Managers of Companies	5,255	1,297	6,552	4,609	1,297	646	0	6,552
Small Bussiness Managers & Supervisors	170,704	182,473	353,177	128,279	117,690	42,425	64,783	353,177
Professionals	37,636	13,467	51,103	37,290	13,261	346	206	51,103
Associate Professionals	233,808	112,274	346,082	218,214	102,568	15,594	9,706	346,082
Secretaries & Clerks	27,996	31,561	59,557	27,996	31,022	0	539	59,557
Personal Service Workers	116,846	165,144	281,990	109,817	150,725	7,028	14,419	281,990
Salespersons	237,028	213,768	450,796	161,616	109,613	75,412	104,155	450,796
Farmers-Crop	5,979,396	6,910,349	12,889,745	5,682,294	6,582,714	297,102	327,636	12,889,745
Animal & Poultry Farmers	267,245	146,849	414,094	266,669	143,829	576	3,020	414,094
Forestry & Fisheries Workers	54,969	5,025	59,994	49,653	4,416	5,316	609	59,994
Miners,Blasters & Quarry	8,596	10,916	19,512	6,231	9,020	2,365	1,896	19,512
Building & Related trades	171,626	2,938	174,564	121,891	1,777	49,735	1,161	174,564
Metal Trade Workers	64,791	506	65,297	51,332	506	13,459	0	65,297
Equip.Repairers,Handcraft Wkrs & Food Processing Trades	82,188	62,035	144,224	60,295	33,339	21,893	28,697	144,224
Machine operators (Plant)	10,918	3,097	14,016	9,631	3,097	1,288	0	14,016
Stationary Machine Operators & Assemblers	19,049	7,574	26,623	17,470	6,910	1,579	664	26,623
Drivers & Mobile Machine Operators	81,500	910	82,410	79,973	910	1,527	0	82,410
Street Vendors & Other Street Services (e.g. shoe shine	94,126	243,846	337,972	59,227	110,590	34,899	133,256	337,972
Domestic Helpers,Cleaners & Farm Hands & Labourers	632,043	441,037	1,073,080	579,742	363,700	52,301	77,337	1,073,080
Transport,Mining & Construction Labourers	39,716	6,939	46,656	38,243	6,410	1,473	529	46,656
Total	8,351,291	8,563,513	16,914,805	7,726,330	7,794,900	624,962	768,614	16,914,805

Appendix 4 – Workshop Report

Technical Consultation in Mainstreaming Employment in the PRSP

Report of Key Findings and Recommendations

31st March, Dar es Salaam

Report Prepared by: Catherine Geekie and Marko Nokkala

Abbreviations

CAP	Country Action Programme
GPE	Gender, Poverty and Employment in East Africa
HIV/AIDS	Human Immuno-Deficiency Virus/Acquired Immune Deficiency Syndrome
ILO	International Labour Organization
IPRE	Investment for Poverty Reducing Employment
MIT	Ministry of Industry and Trade
MoLYDS	Ministry of Labour Youth Development and Sports
PRS(P)	Poverty Reduction Strategy (Paper)
PRSPII	The upcoming Poverty Reduction Strategy Paper
SAM	Social Accounting Matrix
VPO	Vice President's Office
WFCL	Worst Forms of Child Labour

Contents

Acknowledgements

This Report was compiled by Catherine Geekie and Marko Nokkala and represents the views of a number of employment stakeholders who attended the one day consultative meeting held in Dar es Salaam on March 31, 2004.

ILO Dar es Salaam were instrumental in organizing and facilitating discussions in this workshop; technical presentations were also provided by Flora Minja (GENPROM), Kokuteta Mutembei (IPEC) and Theresa Smout. Thank you to Clifford Tandari from the VPO for co-chairing the afternoon session, to Mr. Massawe (MIT), Adelgunda Mgaya (TUCTA/RAAWY), and Anthony Mpwangu (TTU) for their valuable contributions in this same session. As well, sincere appreciation is hereby expressed to all the participants who attended the meeting, aired their views, and provided constructive ideas from which this report is developed.

Introduction

The primary purpose of this workshop was to provide the Ministry of Labour Youth Development and Sports with the technical support on how to ensure that employment is included as a key element in the upcoming PRSPII. To gain a multitude of perspectives and in hopes of producing optimum results, representatives from the various interest groups, stakeholders, and social partners of the MoLYDS were invited to participate in the workshop.

The workshop session was divided into three segments. Different policy aspects of employment were highlighted in each of the three sessions. First, research findings were disseminated from a study which analyzes the relationship between public expenditure on certain sectors of employment and the resulting job growth. Next, crosscutting issues, particularly gender, child labour, and HIV/AIDS were explored in relation to the intersection between these crosscutting issues, employment and poverty. Lastly, the workshop was intended to draw out concrete strategies for the effective mainstreaming of employment in the next PRSP.

The discussions were based on four questions posed by the VPO.

- What is the impact of employment on poverty reduction and growth?[5]
- What are the linkages between employment and other crosscutting issues?
- How do we mainstream employment as a crosscutting issue in the PRSP?
- What actions are needed to mainstream employment as a crosscutting issue in the PRSP?

While the discussion regarding 'action' for mainstreaming employment in the PRSP was pursued enthusiastically by the workshop participants, concrete strategies to achieve this goal remained somewhat elusive. However, much potential exists for MoLYDS to elaborate on the preliminary discussions using the 'policy assessment pillars' described in this report.

This report is structured to flow from the macro to the micro elements of the employment mainstreaming discussion. The five major constraints effecting employment: the policy assessment pillars, were identified and examined in relation to the informal sector, agricultural sector, and also to youth employment. Three crosscutting issues and the effects each has on employment are addressed. And, the findings of one employment research study are presented in brief.

[5] The question was turned around in the discussion to: What is the impact of growth on employment and poverty reduction? How can the rate and patterns of growth be influenced to be more pro-employment and pro-poor? (Input received from Professor V.P. Diejomaoh).

Policy Assessment Pillars

Five major constraints for generating and maintaining employment were brought forth in discussion within the working group. These factors, malleable to a number of employment contexts, were discovered to provide a useful departure for analysis. The five factors, here-named, the 'policy assessment pillars', are as follows:

- **Premises-** Space for actively working, storing products, or other spatial resources related to production.
- **Market Linkages-** Ability to get the product to market; linking buyers and sellers.
- **Access to Credit-** Credit and other factors of production necessary to develop or start a business.
- **Regulations-** The framework for operations defined in terms of constraints or opportunities for operating in the markets.
- **Skills-** Vocational skills, financial skills, market assessment skills, etc…

These five pillars were briefly explored in relation to the agricultural sector, the informal sector, and youth employment. The utilisation of this conceptual framework was explored by testing it briefly on the sectors mentioned, however, the opportunity to fully operationalize this exercise remains a future challenge. The following table shows some of the preliminary points of consideration which emerged from the working groups.

The Policy Assessment Pillars and Three Employment Sectors

THE POLICY ASSESSMENT PILLARS	AGRICULTURAL SECTOR	THE INFORMAL SECTOR	YOUTH EMPLOYMENT
Premises	• Land • Storage • Processing Facilities	• Formalizing business • Setting up a working space	• Access to unused land • Working in hazardous environments
Market Linkages	• Getting the product to market • Linking sellers with buyers	• Getting inputs from sellers • Establishing market buyers	• Opportunities for youth to enter markets.
Access to Credit	• Access to micro-finance • Seeds • Pesticides	• Opportunities to expand business • Opportunities to purchase stock	• No financing • No trust • No credit available to youth
Regulations	• Taxes • Fees • International standards	• Avoiding taxes and levies • Facing possible charges if caught	• Framework must be made easy enough for young people with few skills to start a business
Skills	• Production • Marketing • Budgeting • Networking • Creating Cooperatives • Social security	• Skills creation low but micro-management will develop with the business	• Young people with little education need training in: identifying economic opportunities, budgeting, setting up a business, managing a business, and growing a business, etc...

Employment and Other Crosscutting Issues in the PRSP

While there are a number of issues which crosscut with employment, three areas were discussed in detail during the workshop. These three issues were chosen because of the experts attending the workshop, rather than the level of importance accorded to these issues. The three crosscutting issues discussed from an impact on employment perspective were:

- **HIV/AIDS**
- **Child Labour**
- **Gender**

Some of the main points from the presentations are as follows:

HIV/AIDS and Employment

There is a need for the development and implementation of an HIV/AIDS workplace policy. Employment for small to large scale enterprises is enormously effected by HIV/AIDS in both direct and indirect ways. Increasingly women are either abandoning their productive work to care for inflicted family members or in response to their own HIV/AIDS status. Many women carry the burden of the HIV/AIDS care-giving work in addition to their productive and reproductive work. Decrease in revenue for enterprises can be linked to HIV/AIDS in the following ways:

- Individuals become less productive when inflicted with HIV/AIDS
- Employee absenteeism for HIV/AIDS related reasons has significantly increased
- Staff replacement is expensive yet necessary to fill positions left vacant by HIV/AIDS victims

Child Labour and Employment

Many children are entering the workforce after the completion of primary school at around the age of 14 years old. The labour force most often absorbs these young low-skilled workers into subsistence farming, the informal sector, and quite often into hazardous types of employment. Employment and Child Labour issues hinge on education.

Furthermore, as children engage in the worst forms of child labour and those at risk predominantly come from the poorest and most vulnerable groups of society, there is a growing consensus that targeting the worst forms of child labour (WFCL) is not only morally right but also an important step towards breaking the vicious circle of poverty and eliminating child labour as a whole in the longer run. A strong commitment on the part of government to take necessary actions is vital for the elimination of theWFCL.

Gender and Employment

Women face more unemployment and have experienced a slower increase in employment rates compared to their male counterparts. Access to education and educational level achieved play important roles in determining occupational segregation. Women are over-represented in low skill, low pay jobs, particularly in agriculture and elementary occupations. A PowerPoint presentation summarizing key findings of the research by a local consultant, provided a comprehensive view of the interface between gender, poverty and employment in Tanzania.

Employment and PRSP Linkages

The workshop had a presentation on the linkages between employment and current PRSP policies. This presentation was based on analytical work using a Social Accounting Matrix (SAM) to address employment impacts of three PRSP areas: Agriculture, gender equality and rural roads. The main findings of this analytical work can be summarised as follows:

It is clear that current understanding of poverty, growth and employment relations and linkages in Tanzania needs more analytical work. What is needed is to focus on understanding of crucial economic linkages among a large group of stakeholders, which would allow policy discussions at a high analytical level.

Policy recommendations presented in the paper are as follows:

- Targeting of PRSP expenditures between different sectors can create significantly different employment impacts, using the same expenditure level. This has implications for future allocation of the PRSP expenditure across priority sectors, particularly if employment promotion is chosen as a key target.

- Rural roads promotion will directly impact employment in the rural areas where the poverty is most severe, but given the current level of expenditure the impact remains relatively moderate.

- Gender policies will have largest impact on women workers in the agricultural sector, since both commercial agriculture and subsistence farming have the strongest absorption of female labour.

- Employment promoting policies can be designed according to total employment impact generated, gender impact or towards different categories of population, such as the poorest and least educated labour force. The final decision will depend on other PRSP policies as well, as they are likely to generate employment spin-offs even when focusing on sectoral policies.

The full technical working paper is attached as Annex 3.

Three Main Recommendations Arising from the Workshop Discussions

1.

The Ministry of Labour in cooperation with the VPO needs to address the issue of employment within the PRSP. This work could rely on the IPRE and CAP reports for Tanzania, and other analytical work such as the recently commissioned poverty and employment paper on gender, (Gender Poverty and Employment in East Africa, ILO, Forthcoming, 2004) as well as Nokkala's technical paper exposing the linkages between PRSP policies and employment generation.[6]

2.

The role of Government is critical in terms of coordinating multi-sectoral responses across different ministries, enabling initiatives to take-off and grow, as well as playing a leadership role in forward planning. Specifically, the Ministry of Labour must actively engage in policy dialogue with other ministries and stakeholders on employment issues within the PRSP.

3.

The five Policy Assessment Pillars could be used by the Ministry of Labour to further analyze and address employment related issues in the other sectors.

1.1 [6]*Nokkala, M. (2004).* Employment Growth and Poverty Reduction in Tanzania*. Issues Paper for discussion.*

Annex 1

Technical Consultation on the Mainstreaming of Employment into PRSP

31st March 2004, Dar es Salaam

List of Participants

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Annex 2

TECHNICAL CONSULTATION ON MAINSTREAMING EMPLOYMENT INTO PRSP

WORKSHOP AGENDA

March 31, 2004

Workshop Agenda

8.00	Registration
8.30	Introduction and opening of the workshop
9.00	What is the impact of employment on poverty reduction and growth? (Plenary session)
10.15	Tea/coffee break
10.30	What are linkages between employment and other cross cutting issues? (Panel discussion)
12.30	Lunch
13.45	How do we mainstream employment as a cross cutting issue in the PRSP? What actions are needed to mainstream employment as cross cutting issue in the PRSP? (Group work)
15.15	Coffee break
15.30	Presentation of results from the afternoon session
16.30	Summary of findings and next steps

Annex 3

Power Point Presentation: Employment, Growth and Poverty Reduction

Presented by: Marko Nokkala
At the
Technical Consultation Workshop

Annex 4

Power Point Presentation: Gender, Poverty & Employment in Tanzania

The work of Waheeda Shariff,
Technical Support from ILO and
Inputs from the Gender Macro Policy Working Group

Presented by: Theresa Smout
At the
Technical Consultation Workshop