

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF LABOUR AND YOUTH DEVELOPMENT



TOPIC:

**EMPLOYMENT POLICY - RATIONALE,
OBJECTIVE, PRINCIPLES, CHALLENGES AND
STRATEGIES**

Paper Presented by

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EXECUTIVE SUMMARY

This paper discusses the overall economy-employment linkages highlighting on macro-economic and employment problems in Tanzania. The paper is divided into four major sections:

Section One is the introduction which covers the general aspects of population, economic growth rate and the past measures which the government had undertaken to address the different social economic changes and employment challenges. Also some of the strategies adopted in addressing the challenges.

Section Two of the paper deals essentially with the key aspects of the National Employment Reviews namely the need and the rationale for reviewing of the 1997 National Employment Policy. The policy was adopted at the time when economic reforms and structural adjustments were still going on. The policy has been caught on the crossroad whereby it was practically difficult to implement. This therefore justifies for the need for revisiting the 1997 policy for the purpose of inclusion of the emerging needs and concerns of the relevant partners. The objectives and principles are also covered in this section.

Section Three of the paper discuss the challenges and strategies facing the promotion the employment. The strategies and challenges with also consideration of specific groups of population (youth, women, people with disabilities), the institutional framework for the employment policy implementation.

Finally, the paper states the vision and the mission of employment policy. The role and functions of the Ministry of Labour and Youth Development are defined in relation to the process of employment review process and follow up implementation programmes.

SECTION ONE

1.0 INTRODUCTION

Tanzania like several other developing countries, has for long been experiencing different economic, social and political ideological changes which has resulted the Government, making the necessary changes in terms of National Policies and Programmes implementation approaches. New Policies and Sectors specific plans of action have been adjusted to tally with the new emerging local and international demands

The Employment Sector likewise, has been experiencing a lot of new changes and challenges including the problem of unemployment which is growing at a very fast rate, low labour productivity in the productive sector and underutilisation of resources etc.

Tanzania Mainland population is currently estimated to stand at 29.1 Mill. people (Economic Survey 1998), and with a growth rate of 2.8 percent. The GDP growth rate at 3.3% (1997). The active labour force estimates at 11.3Mill., (Labour Force Survey 1990/91).

The government has, on its part taken a number of measures towards addressing these changes and challenges. Such measures include:

- Promotion of Small Scale Industries Development.
- Co-ordination and monitoring of the Implementation of different Employment Promotion Projects many of them being donor funded projects in both rural and urban areas, some of these projects covering specific groups e.g. women, youths, persons with disabilities and the redeployment of the retrenched.

- Enacting of the Human Resources Deployment Act of 1983 which emphasized that every able bodied person should be engaged in gainful employment.
- Introduction of Education for Self-Reliance;
- Introduction of Adult Literacy Programmes;
- Establishment of Vocational Training Programmes;
- Establishment of Investment Promotion Centre (IPC)
- The adoption of the 1997 National Employment Policy;

Current measures include:-

- Enactment of the Employment Promotion Services Act of March, 1999 which has brought changes in employment promotion strategies by involving more Private Sector and NGOs;

1.1 The Definition of Employment

For the purpose of discussion in this paper

the definition of "**employment**" includes at least four concepts.

- i) doing some work for a specified period of time,
- ii) the work should be legally and socially acceptable,

- iii) the return from the work must be sufficient to maintain the basic minimum standard of living, and
- iv) that no force should be involved in work.

There are two types of employment, full **employment** and **underemployment**.

Full employment is when a person without force engaged in a legal and socially acceptable engaged activity for between 40 - 48 hours a week and the return from that activity generates sufficient income to maintain basic needs.

Under Employment

Under Employment refers to a situation in which the activities in which one is engaged in occupy less than 40 hours a week (or less than the potential full working time) or generates a return which is less than the minimum necessary to meet basic needs.

1.2 The National Employment Policy (1997)

This policy revisited the state of employment situation in the country as well as efforts put by the government in promoting employment since independence.

The Policy was considered as a guideline towards effective labour force utilization and tapping of other resources for the purpose of increasing per capital income and to reduce poverty.

The aims and objectives of this policy were as follows:-

- To prepare a conducive environment for the unemployed to employ themselves by directing more re-sources to the self employment sectors.

- to identify potential areas for employment and to lay down strategies of how to utilize such areas in promoting employment in the country.
- To prepare a special procedure for coordination and developing sources of employment include creation of a Body that will supervise implementation of the employment policy.
- To identify and elaborate on the status and roles of Government, Private Sector, society in general, NGOs, local and foreign Donors in promoting and sustaining employment.
- Continuous application of simple and appropriate technology in order to increase labour productivity.
- To initiate a special system whereby employers and job seekers will be made aware of the existing supply and demand of labour.
- To strengthen (through removal of legal bottlenecks) the relationship between formal sector and that of self employment.
- To develop the self employment sector in rural areas so as to reduce the rate of migration to urban areas.
- To involve various groups/organizations of people in all employment programmes including women, youths, people with disabilities, retired people and retrenchees.
- To ensure that activities initiated on self employment stand as a basis for the development of the economy and are an inspiration for the culture of self-reliance.

- To encourage self employment activities in the informal sector because this sector has abundant wealth which has not been exploited significantly.
- To see to it that initiation of self employment activities will be based on the awareness that there are industries which will be linked to such activities in terms of inputs and outputs.
- To direct most of the labour force to the currently un-attractive sectors in order to make them attractive for production. Such sectors are Agriculture, Livestock and co-operatives. There is also need to promote use of existing rural wealth to earn money and in turn be used to strengthen small scale activities. These small activities are intended to grow into large scale activities which will later stimulate agriculture production through use of its raw materials or processing of its products at primary and secondary levels.

1.3 Strategies

The strategies adopted in this policy focused on:-

i) Industry and Trade

To emphasise the use of science and technology and industrial training with the objective of increasing productivity and efficiency and introduction of incentives such as tax relief.

ii) Agriculture and Livestock

To increase supporting services to the sector so as to ensure sustainable employment opportunities in the sector.

iii) Other Sectors and Special Groups

For other productive sectors like fisheries, mining, small scale industries and informal sector etc. the strategies adopted also emphasized on increased improvement of supportive services for the assurance of income productivity and increased job opportunities.

Employment Promotion for Special Groups which includes youth, women, person with disabilities and retrenched. The strategies adopted to give equal opportunities in the Labour Market through training, vocational guidance, credit etc.

iii) Institutional Framework

The National Employment Council was created as a body to coordinate and responsible for the overall supervision of the implementation of the policy.

The composition of the National Employment Council included representatives from 15 government ministries and 4 other members from organizations which include employers, workers and private sector. Alongside this there was room for professional bodies at the discretion of the Council.

SECTION TWO

2.0 NATIONAL EMPLOYMENT POLICY REVIEW

Employment Promotion initiatives in Tanzania is still hampered by the on going economic reforms and restructuring of Public Institutions and also in the Private Sector which has resulted from Economic Recovery Programmes (ERPs).

It is expected that the (ERPs) policies could bring positive results in the long run. However in the short run they have caused problems which include:

- Retrenchment, redundancies without preparation of effective redeployment programmes.
- Increased number of job seekers in the labour market (youths graduating from school, colleges, who are now estimated to be 700,000 annually while the current capacity of labour absorption is still low)
- Limited opportunities for self employment.

Need and Rationale for Policy Review

The National Employment Policy which addresses all the above problems and challenges is vital for the purposes of guiding the overall policy implementation programmes. Having the policy in place will reduce the problems of addressing the employment promotion issues in an ad-hoc manner, while indicating the government and its partners areas of commitment in addressing employment issues. Therefore there is a need at this juncture, to have a more comprehensive employment policy which articulates the earlier mentioned problems and challenges. A policy which will guide both the government and its partners to consider employment promotion as one of the **top agenda** in their development plans as it is sometimes in the cases

of e.g. refugees, disaster and poverty eradication. The policy should set a workable mechanism for its implementation.

The 1997 National Employment Policy established a Council responsible for employment promotion. This Council has as mentioned earlier 19 members out of which 15 are representatives from the Government, others are from Employers, Workers and Private Sector Organizations and. there is no representation from other key partners including NGOs and Informal Sector.

- The roles of the Central and Local Government are not clearly defined. Likewise the policy is silent on the roles of the Regional Authorities.
- In the area of education major focus is vocational training. However, the education system as a whole needs to be revisited since it is a pre-requisite to employment promotion. Education system should address employment problems of the youth, women and children and prepare graduates for self-employment. The policy should have provided a linking machinery between the employment sector and other sectors including education, population planning, environment, industry, agriculture, mining and tourism etc.
- The policy has not exhausted key issues of Micro-Enterprises and the Informal Sector Development despite the fact that there had already been a developed draft National Policy for Micro-enterprises and Informal Sector Promotion and some of other Vital components such as strategies to promote the informal sector and overcome its problems.
- As a new development, the National Employment Service Act of March, 1999 was passed by the Parliament. The Act has opened doors for both Public and Private Employment Promotion Offices and Agencies respectively to undertake the responsibilities related to employment promotion e.g. provide

placement, vocational guidance, employment cancelling, labour market and occupational information etc.

3.0 OBJECTIVES OF THE ENVISAGED NATIONAL EMPLOYMENT POLICY

Objectives of this Policy should be geared more towards:-

- stimulating economic development, with an aim of overcoming unemployment and underemployment with the ultimate goal of attaining full employment and improve the standard of living of the people.
- ensuring that there are proper arrangements for supply of work for all who are available for and seeking productive work.
- promoting appropriate technologies for productive employment.
- providing an enabling environment for self employment and giving more room for both the local and international actors to participate effectively in employment promotion.
- identifying sectors and areas of high employment potential based on current socio-economic policies, including proposing strategies and means of increasing employment opportunities in those sectors.
- Providing institutional framework and support for effective coordination and implementation of the employment policy.
- defining the different roles of all the actors including the government, private sector, public institutions, training and research institutions, NGOs and the Donor Community in employment creation.

- safeguarding the basic rights and interests of employers and workers as required under the relevant Local and International Labour Legislations.
- Encourage more investments in the productive sectors in order to create jobs and employment opportunities.
- Encourage and promote self-employment undertakings in the Informal Sector particularly in the rural areas so as to contain the problems of rural - urban migration.
- Provide guidelines for the establishment of an effective mechanism for collecting, analysing and dissemination of labour market and occupational information.
- Ensure gender mainstreaming in the overall implementation of employment programmes Likewise addressing specific need of youths, people disabilities and retrenchees.
- Provide institutional framework and support for effective coordination and implementation of the employment policy.

4.0 PRINCIPLES OF THE POLICY

Employment Policies should be coordinated and implemented within the framework of national economic and social policies.

- In designing the National Development Plans, Projects, and Programmes, the aspect of employment promotion and living standards should be given top priority.

- The policy approach is now shifting from direct intervention to that of providing a favourable environment for private sector investments and job creation undertakings.
- The policy emphasize more investments in productive enterprises that will increase employment.
- The policy to ensure that there is more involvement and participation of all partners especially the tripartite social partners during the process of the Policy review, formulation and implementation of employment programmes.
- The application of free market principles within the framework of Structural Adjustment Programmes now needs to be extended to the labour market, through the application of the principles of collective bargaining and more regular adjustment of wages in relation to price and productivity changes.
- To observe the National Legislations and International Labour Standards.

SECTION THREE

5.0 CHALLENGES AND STRATEGIES

Tanzania, as experts argue, has a lot of resources of which, if fully utilized could accelerate employment creation for its population. A successful Employment Policy will therefore be that one which is able to capitalize on the available resources and also address the priority areas identified with high potential for employment opportunities and income earnings as well as the extent to which the Policy can meet the emerging employment challenges at all levels.

There are a number of challenges facing the Promotion of the employment sector. These include:-

Overall Challenges:-

- i) Promoting the achievement of full employment and to enable all abled persons (men and women) to attain a secured and sustainable livelihoods through freely chosen productive employment and work, as stipulated in the ILO Convention No.122 of 1964 as well as in the Copenhagen World Social Summit Declaration of 1995 of which Tanzania is a signatory. One of the major constrain towards attaining this has been the limited financial resources, technical support, poor co-ordination among actors especially in planning and implementation of the employment policy and programmes.

Specific Challenges:

- Improve standard of living in both rural and urban areas through increased jobs and employment opportunities.
 - Increase labour productivity through application of modern and appropriate technologies; improve ability, awareness and morale through the development of human resources.
 - Enhance the quality and quantity of labour force with employable skills which can well compete in both local and international labour markets.
- ii) Put in place an efficient mechanism to ensure proper management and monitoring of the implementation of employment promotion programmes. Specifically referring to e.g. devising a strategic division of responsibilities among partners in the promotion of the employment sector. The Government on one hand and the Non-government institutions including the Private sector, NGOs, training institutions etc so as to make full use of potentials of the

growing of these institutions. Likewise to have a practical division of responsibilities between the Central and the Local Governments.

iii) The increased rate of the economically active population which is growing faster than the number of available jobs and employment opportunities in the labour markets. Particularly on:-

- Youth unemployment and underemployment in urban and rural areas respectively.
- Women's employment promotion and participation which is mainly due to women's limited access to resource base for economic activities namely capital, property ownership including land, low level of education and training, lack of vocational skills, excess workload, productive and reproductive roles etc.
- Employment promotion for the disabled persons.
- Redeployment of the retrenchees.

iv) The Rural Sector:

Creating of more jobs and employment opportunities in the rural areas and making the rural sector more attractive so as to reduce the current increasing rate of rural - to urban migration especially among males and female youths.

Transforming the subsistence agricultural production and intensification of the rural - based agro-processing will increase in the processing of agriculture produce and also provide employment to the rural population.

v) Poor Infrastructure:-

Roads and other communication networks are the key components contributing towards rapid development, lack of Good passable roads, railways in rural and urban areas discourage both farmers and other producers to produce more and easy marketing of their commodities. Likewise they limit the expansion of markets, social and economic integration of different parts both the rural and urban areas, free mobility of goods and people etc. which results to unemployment and underemployment.

vi) Financial Sector:

Banks, Revolving Funds, Savings and Credit Organisations, finance trusts etc can contribute towards prosperity of micro, small and medium sized enterprises. However, majority of the private banks in Tanzania are situated in Dar es Salaam and in major towns. The rural population having no access to their services. They also have restrictions and are limited in terms of loans advancement.

vii) Existing Labour Market Information System:

The Labour Market Information is an important component for monitoring the labour market trends and therefore facilitate proper designing, planning and monitoring of policies and programmes geared at generating employment. The system is currently faced with several constraints including capacity, not able to avail the required Labour Market data and information; etc.

viii) Participation of the International Community

International Community has a vital role to play. The challenge is to increase technical and financial support towards the process of employment policy reformulation and implementation of the employment programmes through enabling the country to maximize the available resources potentials in increasing and sustaining jobs and employment opportunities for the Tanzania population.

ix) HIV/AIDS

This epidemic has claimed and is still claiming a big number of abled labour force in the country. It is affecting many people in their productive ages and therefore affecting productivity and sustainability of enterprises, households as well as the overall socio-economic prospects of the country.

5.1 **Strategies for Employment Promotion**

The most efficient form of participation through the market is access to productive and remunerative employment. The envisaged employment Policy strategies therefore, gear towards attaining the goal of generating productive employment. As mentioned earlier in this paper that currently the country is witnessing an increased number of unemployed and underemployed people particularly youths and women. The suggested strategies in this Policy are therefore those that can combine economic growth with increased jobs and employment opportunities.

i) Education and Training:

Education and skills training are important aspects for enhancing human capacity. Due to the competitive nature of the labour markets, acquiring

employable skills is essential. The policy therefore sees the need to invest in these key sectors.

ii) Providing an Enabling Environment for sustained Employment growth:

In the context of the macro-economic reforms, the government responsibilities have been redefined and therefore focus on:-

- Maintenance of law and order,
- Provision of basic social and economic infrastructure and
- Creation of an enabling environment for private sector and other economic agents to invest in productive and commercial activities for the rapid growth of the economy.¹

- The key requirement on this is to integrate the Employment Policy as well as coordination with the other sectoral policies to ensure their impact on employment creation,

- Take stock and monitors development towards long term national employment policy objectives.

iii) Improve and Maintenance of Infrastructure

Construction and improvement of the infrastructure sector will open up previously land locked and remote parts of the country which have high potential for employment creation as well as allowing free mobility of both goods and people.

¹Planning Commission - "Strategic Medium Term Planning in Tanzania", a Guiding Framework, Oct. 1998 pp.7.

iv) Promotion of Employment in the Rural Sector

Tanzania has about 88.6mill. hectare of land suitable for agricultural production of which 60mill. are rangelands ideal for livestock keeping. Out of this total only 6-7mill hectares are used for rained agriculture while 24mill. hectares are used for livestock keeping². So far the agriculture sector is still the single important sector in the country as it employs 80% of the active labour force, accounts for 50% of the country's GDP and 75% of the forex earnings, the main source of food supply and raw materials for local industries.

- Transforming the subsistence agricultural production is essential. Promoting the off-farm activities might lead to increased of off-farm employment.
- Credit support to the sector is equally essential. Agriculture Extension services and other supportive services to both farming and livestock keeping.
- Sensitization of more people to invest in agriculture and livestock sectors as stipulated under the National Investment Policy and Legislations.
- Improve procedures for land acquisition to make people able to acquire land for investment.
- Maintain and sustain environmental development initiatives.

² URT, "The Long Term Dev. Perspective Development Vision", 1996

v) Promoting the Mining Sector

Of late, this sector has been expanding faster and register as one of the major sector with employment creation potentials. There is a need for more support to enable the sector to absorb more labour force and increase their incomes.

vi) Promotion of Small Scale and Informal Sector Development:

Small Scale Enterprises and Informal Sector activities continue to increase in number as well as new intakes (operators and workers). Based on for example, the National Informal Sector (NISS) and Dar es Salaam Informal (DISS) Sector Surveys of 1990/91 and 1995 respectively, the role of employment in the informal sector is increasing at about 2.4% per year³. There is a need for critical review of policies and legal framework constraining the smooth running and expansion of these sectors.

vii) Improving the Labour Market Information System:

The Labour Market Information System has to be strengthened in order to connect the present mismatch between supply and demand of Labour in the labour market, as well as monitor the labour market trends. Likewise, improving the link between education, training and the labour market.

viii) Guidelines for Mainstreaming Special Groups (Youths, Women, Persons with disabilities and Retrenchees:

The National Employment Policy ought to ensure that all people have access to jobs and employment opportunities without prejudice or discrimination based on either gender, age, disability etc. Specific employment promotion

³ URT Planning Commission - The Economic Survey June, 1998 pp.82.

strategies for youths, women, retrenched and persons with disabilities is very essential.

ix) Enhancing Women's Employment:

Improving women's employment opportunities is one of the priority concern of the Employment Policy. The main emphasis being that women's employment promotion strategies should not be reduced to having income-generating projects, but the strategies should rather cut across the overall broader policy and institutional framework.

The Employment Policy and Programmes have to ensure that the gender dimension of employment creation are strongly reflected and integrated.

x) Improving Working Conditions and environment:

The health, safety and well being of the working people are important aspects as far as labour productivity is concerned. Strategies addressing these aspects must be fully integrated into the Employment Policy. Aspects such as occupational health and safety (OHS), training on OHS, social security and security of unemployment etc. are important to consider.

xi) Enhancing Participation of the Principal actors:

Employment Policy like any other policy should be people-centred. It is therefore important to ensure that these actors, including Employers and Workers are involved at all stages of the policy formulation, implementation, monitoring and evaluation so as to realize effectiveness of the policy and programmes. Building alliance between government (Ministry of Labour and Youth Development) and the Private Sector, NGOs, as well as close

collaboration and complementarity and avoid competition among them be encouraged..

xii) Establishment of Employment Promotion Offices:

The National Employment Promotion Services Act, March, 1999 make provision for the establishment of the Government Employment Promotion Services and Private Employment Promotion Agencies/Agents, all geared towards promoting employment within the context of national economic and social development plans.

5.2 Institutional Framework:

In order to ensure effective implementation and coordination of the employment policy and programmes, it is important to put in place a Policy framework. The establishment of National Employment Advisory Committee and the Local Authority Employment Committees as stipulated in the Employment Promotion Services Act, March, 1999 (pp.20-26) is hereby suggested. Composition of the National Committee include:-

- 2 members representing Employer
- 2 members representing Workers
- 1 member representing Informal Sector Associations
- 1 member representing NGOs
- 1 member representing Private Employment Promotion Agencies
- Director of Immigration
- Commissioner of Trade
- Representative from ALAT
- Tanzania Investment Centre
- 2 members to be appointed by the Minister of Labour
- Labour Commissioner (Secretary).

The Chairman of the Committee will be appointed by the Minister for Labour

It is proposed that the establishment of Advisory Committees also cater for the implementation of the Employment Policy so as to facilitate the involvement of the key partners in stimulating inputs to both the Policy and Programmes.

- i) It is important for all partners understand and accept the roles to be assigned to them and therefore follow procedures as defined under the Policy.

Roles will be assigned to e.g. Central Government, Local Government, Employers, and Workers Organizations, NGOs, CBOs, Training and Research Institutions, Private Sectors etc. at both policy formulations, implementation, and monitoring stages.

- ii) Self employment Initiatives:

In consideration that the formal sector, can no longer absorb the supply of labour force. The immediate alternative is the option to self employment. Emphasis should be towards encouraging and promoting self employment initiatives.

6.0 VISION AND MISSION OF EMPLOYMENT POLICY

Vision

- The vision of the envisaged employment policy is to attain full and sustainable productive employment and improve living standards of the Tanzanians.

Mission

- Mission of the policy is to establish an institutional framework to solve the existing unemployment problems within the framework of the national economic and social policy

7.0 ROLES AND FUNCTIONS OF THE MINISTRY OF LABOUR AND YOUTH DEVELOPMENT

- To coordinate the process of the Employment Policy Review
- To coordinate and participate in monitoring the implementation of the policy

8.0 CONCLUSION

The paper has tried to articulate the key policy issues and approach towards addressing the employment sector problems. The absence of a comprehensive employment policy which addresses the recent emerging challenges has also been recognized, hence found the need for review of the existing policy by redefining the objectives and strategies.

Therefore the paper recommends policy review and more involvement of all partners particularly the Tripartite Social Partners throughout the review process and implementation.

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