

**SUMMARY OF ILO/MLYD/ESRF PAPER**

**ON**

**“INSTITUTIONAL MECHANISMS FOR INTENSIFIED  
NATIONAL EMPLOYMENT POLICY IMPLEMENTATION  
IN TANZANIA”**

**PRESENTED**

**TO**

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## LIST OF ABBREVIATIONS

ADF	-	African Development Foundation
ALAT	-	Association of Local Government Authorities.
ANGOZA	-	Zanzibar Association of Non-Governmental Organisations
ATE	-	Association of Tanzania Employers
BET	-	Board of External Trade
CBO	-	Community Based Organisation
CENTAPOA	-	Centre for Poverty Alleviation
CISP	-	Centre for Informal Sector Promotion
CRDB	-	Co-operative and Rural Development Bank
CTI	-	Confederation of Tanzania Industries
ERB	-	Economic Research Bureau
ESRF	-	Economic and Social Research Foundation
IMF	-	International Monetary Fund
MEDA	-	Mennonite Economic Development Agency
MLYD	-	Ministry of Labour and Youth Development
MPANGOKATA	-	Ward Focus Community Development Programme
NBC	-	National Bank of Commerce
NEC	-	National Employment Council
NEP	-	National Employment Policy
NEPS	-	National Employment Promotion Service
NGO	-	Non-Governmental Organisation
NIC	-	National Insurance Corporation
NIGP	-	National Income Generation Programme
NIP	-	National Institute of Productivity
NMB	-	National Micro-finance Bank
NSSF	-	National Social Security Fund
NSWTF	-	National Social Welfare Training Institute
OICT	-	Opportunities Industrialization Centres for Tanzania
PPF	-	Parastatal Pension Funds
POVERTY AFRICA	-	Global Cooperation Against Poverty in Africa
PRIDE	-	Promotion of Rural Initiatives and Development Enterprises Ltd.
PTF	-	Presidential Trust Fund
REPOA	-	Research on Poverty Alleviation
SACCOs	-	Savings and Credit Cooperative Societies
SIDO	-	Small Industries Development Organisation
SME	-	Small and Micro Enterprises
TACOSODE	-	Tanzania Council for Social Development
TAJENECO	-	Tanzania Joint Employment Networking Committee
TAMWA	-	Tanzania Media Women Association
TANANEP	-	Tanzania National Advocacy Network for Employment Promotion
TANGO	-	Tanzania Association of Non-Governmental Organization
TCCIA	-	Tanzania Chamber of Commerce, Industries and Agriculture
TFA	-	Tanzania Farmers Association
TFTU	-	Tanzania Federation of Trade Unions
TYDEF	-	Tanzania Youth Development and Employment Foundation
YOSEFO	-	Youth Self-Employment Foundation
URT	-	United Republic of Tanzania
VIBINDO	-	Dar es Salaam Association of Small Scale Traders

## **TERMS OF REFERENCE**

This paper on "Institutional Mechanisms for Intensified National Employment Policy Implementation in Tanzania" has been prepared according to the following terms of reference:

- Reviewing administrative and institutional mechanisms for putting employment at the centre of economic and social policies in Tanzania, including the implementation modalities for the National Employment Policy and Programme, including social and employment funds and a capacity building network for employment promotion.

More specifically, providing brief reviews of :

- the major institutional arrangements in place to promote employment in Tanzania, such as the role and functions of the Ministry of Labour and Youth Development, the National Planning Commission, and the National Employment Council.
- the National Income Generation Programme.
- the funds set up for Women's and Youth Employment and Micro and Small Scale Enterprise Development.
- the roles and responsibilities of NGOs and the Social Partners, and their linkages to the Government, in employment policy formulation, implementation and evaluation.

On the basis of the reviews to make relevant recommendations on ways and means of strengthening and improving the performance of the key institutions and mechanisms established for employment promotion in Tanzania so that the pace of the implementation of the National Employment Policy can be intensified.

Make additional recommendations deemed necessary for the updating of the National Employment Policy taking into account an active role for the Social Partners and other key stakeholders.

According to the terms of reference, the paper has been divided into the following sections:

1. Background to National Employment Policy
2. Employment at the centre of Economic and Social Policies.
3. National Employment Policy
4. National Employment Promotion Service Act, 1999.
5. Institutional Framework for Implementation of National Employment Policy
  - 5.1 National Employment Council
  - 5.2 Ministry of Labour and Youth Development
  - 5.3 Other Government Ministries
  - 5.4 Tripartite Social Partners
  - 5.5 Vocational Education and Training Authority
  - 5.6 FDCs, PPTCs, and National Service Camps
  - 5.7 National Income Generation Programme
  - 5.8 Tanzania Investment Centre
  - 5.9 Financial Institutions
  - 5.10 Private Sector Institutions
  - 5.11 Other Civic Institutions
6. Government Employment Promotion Funds
7. Institutional Network for Employment Promotion
8. Conclusions and Recommendations

## EXECUTIVE SUMMARY

1. This paper generally reviews the Institutional Mechanisms established for the implementation of employment policies in Tanzania and examines in particular the Institutional Framework for the implementation of the National Employment Policy of 1997. After the reviews, the paper gives recommendations on ways and means of strengthening and improving the performance of these key institutions and mechanisms in order to intensify implementation of the National Employment Policy.
2. The ineffective implementation of the National Employment Policy does not represent or imply an absence of implementational organs or institutions but rather some weakness in implementational seriousness, political commitment, capacity, effective co-ordination and the assignment of responsibilities. In the past, the implementation of employment policies was more effective because employment figured much higher on the national agenda and thus ensuring that the implementing institutions had to work under directed pressure from the government, the one-party state or simply strong personalities such as the late Prime Minister, Mr. Edward Sokoine who died in 1984.
3. The review of the main organs of the National Employment Policy e.g. the NEC and the Ministry of Labour and Youth Development is necessary in finding out whether these two institutions are able to deliver properly without being constrained by the pre-policy impediments. With regard to the National Employment Council, the policy relies too heavily on government institutions for implementation. The Private Sector, the Tripartite Social Partners and NGOs should be given a higher profile in Council membership for policy implementation and thus reflecting the reduced role of the government in economic management.
4. The absence of an Employment Department in the Ministry of Labour and Youth Development reduces the importance of employment as a priority sector. An Employment Department is necessary since the Labour Department cannot adequately handle the employment functions in the Ministry of Labour and Youth Development due to the fact that the Department is mostly engaged in labour disputes, processing of work-mans compensation claims, and therefore, concentrating on industrial relations, tripartism, labour laws and industrial safety and health activities thus losing sight of the employment functions which are critical at this moment. Worse still, the National Employment Promotion Service Act, 1999 which replaced the Human Resources Deployment Act, 1983 does not even mention the existence of the National Employment Policy which should form the basis for such Act.
5. Tripartite consultations have become necessary for industrial peace chiefly in the light of structural adjustment and other economic reform measures. Successful implementation of the National Employment Policy in the light of these reforms, will require a greater degree of consultation and co-ordination between the Government and major stakeholders, including ATE, and TFTU. Employers and Unions have complained about the Government's tendency to negotiate reforms with the IMF and the World Bank without involving or consulting ATE, TFTU or even the Ministry of Labour and Youth Development.
6. Some of the assumptions on which the National Income Generation Programme was founded have proved to be wrong. One assumption is that it would be possible to mobilize US\$ 100 million for the programme. The second assumption was that all donors would be prepared to put their resources into the NIGP Fund. The third assumption was that private sector and local NGOs had the capacity to implement projects. Internal and mid-term reviews have identified other NIGP areas of weaknesses including change in donor attitude in favour of loans as against grants.

7. The education and training of artisans is crucial for preparing Tanzania to enter the 21<sup>st</sup> Century, an era of science and technology. The Vocational Education and Training Authority (VETA) through its vocational training centres and through playing its role of regulating and co-ordinating vocational training in the country, shall ensure the development of more artisans to form the basis for future industrial development which will expand domestic production and give more value to our exports and thus expanding self-employment particularly in the informal sector.
8. Following ILO/JASPA's advice, the Ministry of Labour and Youth Development established Tanzania joint Employment Networking Committee in 1998 for drawing up strategies on how the Ministry and its partners could jointly implement the National Employment Policy. This Committee could be enlarged to include all employment stakeholders for greater effectiveness and in conformity with the ILO's Africa Programme for establishing National Advocacy Networks for Employment Promotion.
9. The Tanzania Investment Centre, established by the Tanzania Investment Act, 1997 co-ordinates, encourages, promotes and facilitates investment and private sector development. The formation of the Private Sector Foundation in February, 1999 is likely to enhance the role of the private sector in employment and jobs creation. NGOs and CBOs are also important in the implementation of the National Employment Policy due to their great potential for employment promotion at local community levels chiefly in the rural and urban informal sectors.
10. With regard to the financial and credit institutions, employment creation depends on their ability to provide credit and other financial services particularly to rural small scale farmers, the informal sector and women entrepreneurs in recognition of the growing importance of women in the economy. Most formal financial institutions particularly the commercial banks do not lend to informal sector operators because they are risk-averse.

In response to the credit constraint facing microenterprises, the government has established four employment promotion funds i.e. Youth Development Fund; Women Development Fund; Entrepreneurs Development Fund and Local Government Development Fund for Youth and Women. In addition, the government has encouraged the establishment of several local and international NGOs which have set-up credit schemes for informal sector employment promotion.

#### **Main Conclusion and Recommendation:**

The review of the institutional set-up has revealed that the institutional capacity is inadequate thus establishing the lack of sufficient political will, technical and financial support necessary for effective implementation of the National Employment Policy.

The National Employment Council and Ministry of Labour and youth Development with ILO/UNDP support should ensure that proper and capable institutional mechanisms are put in place in order to intensify implementation of the National Employment Policy. The Council should also ensure the formulation of sustainable employment promotion programmes, development of employable skills and mobilisation of ample resources for effective institutional development.

# **INSTITUTIONAL MECHANISMS FOR INTENSIFIED NATIONAL EMPLOYMENT POLICY IMPLEMENTATION IN TANZANIA**

## **1. BACKGROUND TO NATIONAL EMPLOYMENT POLICY.**

In the past the employment institutions functioned as expected because there was some organized system, authority, administrative or political will to initiate action, champion, push, monitor, supervise, guide and evaluate their performance.

During the colonial period labour and employment issues were given great priority including the recruitment of labour to the plantations, mines and domestic service.

During the one-party period, employment was championed by directives from the ruling Chama cha Mapinduzi (CCM) and Party Institutions such as the Youth, Women, Parents and Co-operative organs.

In the early 1980s employment figured so high on the national agenda that CCM directed the government to enact the National Human Resources Deployment Act, 1983. Once every year after the long June/July Parliamentary Session, the then Prime Minister (late Edward Sokoine) called all Ministers and Regional Commissioners plus their experts to discuss about (i) agriculture and (ii) employment.

The institutions for implementing (i) the Human Resource Deployment Act, (ii) the ILO/UNDP Report on Tanzania Meeting the Employment Challenge 1991, (iii) the NIGP and (iv) the NEPS Act could not function well because of lack of resources, political will and the interference of various political and economic reforms

## **2. EMPLOYMENT AT THE CENTRE OF ECONOMIC AND SOCIAL POLICIES.**

### **2.1 Impact of Economic and Social Reforms on Employment**

Institutional mechanisms established under the Employment Policy will have a great role to play for the success of the major economic and social policies including the National Development Vision and the National Poverty Eradication Strategy. Employment has always been a priority sector in the design and implementation of government policies and development planning. Tanzania has undergone far reaching economic, political, and social reforms in the past 15 years. Economic reforms and market liberalization has brought many changes in the country. The economic, social and political reforms have resulted into loss of labour in the civil service, the parastatals and the private sector. One of the major changes is the withdrawal of the government from direct production, processing, manufacturing and marketing; while at the same time promoting private sector participation in production and distribution. Besides availing wide opportunities for long-term economic revival and poverty eradication, these changes have led to retrenchments and closing down of economic activities thus causing unemployment.

The unsatisfactory economic performance and rising unemployment necessitated a series of economic, social and political reforms in the 1980s and 1990s including the National Economic Survival Programme 1981 - 1982 (NESP) and the Structural Adjustment Programme 1982/83 - 1984/85 (SAP). These programmes did not yield tangible results by way of economic growth or employment creation.

Major reforms in the past 15 years include: restructuring and liberalization of the financial sector; civil service reforms; establishment of Presidential Parastatal Sector Reform Commission (PSRC) and Loans and Advances Realisation Trust (LART) for restructuring and privatization of

the parastatal sector; enactment and implementation of an Investment Promotion and Protection Act, that offers various incentives and guarantees to investors and complete liberalization of trade and removal of all restrictions and controls on imports, internal distribution and export trade.

The agricultural and co-operative sectors were restructured and opened up to private sector. The monopoly of crop authorities and co-operative unions has been removed and now compete side by side with the private sector in buying, processing and exporting farmers produce. The prices of agricultural commodities are now determined by the market forces of supply and demand.

On the political front, reforms have included the introduction of multi-party politics, which culminated in the holding of the first multi-party election in October, 1995. On the social front, the changes have been equally far reaching. Education and health services which were mostly government monopolies and which for many years under socialism were provided free by the Government, now require a contribution by service recipients (cost-sharing system). These services can now be provided by the private sector.

Notwithstanding the short-term negative employment outcome, the reforms are meant to improve the operational efficiency of private sector enterprises and promote wide participation by nationals and non-nationals in the ownership and management of business and economic activities. The employment benefits accruing to the private enterprises in the formal sector should trickle down to the informal sector through forward and backward linkages.

## **2.2 The National Development Vision and the National Poverty Eradication Strategy**

The National Development Vision and the National Poverty Eradication Strategy shall also have great impact on employment. The Tanzania Development Vision 2025 aims at achieving a high quality livelihood for its people, attain good governance through the rule of law and develop a strong and competitive economy. High quality livelihood and strong and competitive economy will certainly require efficient and productive intensive utilization of all available manpower at all times.

The overall goal of the National Poverty Eradication Strategy in consideration of the limited capacity of the Government, is to involve the people, especially grassroots communities in identifying, planning, implementing, monitoring and evaluating poverty eradication programmes. The role of the Government, donors, NGOs, the private sector and other stakeholders will be to support those initiatives. In view of the above, the overall goal of the National Poverty Eradication Strategy is to provide a framework to guide poverty eradication initiatives in order to reduce absolute poverty by 50% by the year 2010 and eradicate absolute poverty by the year 2025.

## **3. NATIONAL EMPLOYMENT POLICY**

Tanzania's employment policies have evolved and changed in accordance with the prevailing social, economic and political environment. Since the 1960s to the mid 1980s Tanzania's economy had a socialist orientation with the public sector being the dominant one. The public sector provided the greatest opportunity for wage employment. For example in 1970 employment in this sector comprised about 58% of total wage employment, and by 1984, this figure had risen to 74% of total wage employment. Education and training for employment was thus oriented to satisfy the needs of this sector and the centralised human resources planning was to a large extent a process of filling the requirements of human resources for the public sector. Private sector human resources requirements were by and large not considered in government policy or planning.

In 1997, the Government approved a National Employment Policy destined to create an enabling environment allowing everybody willing to work to do so especially in the rural and



urban informal sectors including individuals, the private sector, NGOs and other community-based grassroots organisations.

The overall objective of the policy was to promote employment opportunities and increase productivity of the labour force to ensure full utilization of available human resource capacity.

Specifically, the National Employment Policy aims to:

- i) create an enabling environment which encourages and supports employment creation by the government, the private sector and other agencies.
- ii) identify areas of high employment potential and ways of increasing employment in these areas.
- iii) provide an institutional framework and support mechanism for effective, administration, implementation and co-ordination of employment policy.
- iv) define the roles of the Government, individuals, the community, private sector, NGOs, CBOs and donor community in employment promotion.
- v) develop a labour market information system to provide information to potential employers and employment seekers for the purpose of making a choice on the most suitable employment opportunity or most suitable employee.
- vi) offer opportunities for resources mobilization, institutional capacity building and human resources development.
- vi) promote appropriate technologies for productive employment
- vii) co-ordinate with other sectoral policies to ensure complementarity and consistency in objectives and goals.
- viii) design special employment programmes for disadvantaged groups such as youth, women, people with disabilities, retired people and retrenched.
- ix) strengthen the rural and informal sectors which have great potential for self-employment.

The National Employment Policy constitutes a major response to the problem of unemployment especially that of youth in general, school leavers, women, retrenched, retired people and people with disabilities. The thrust of the employment policy and programmes is to assist these disadvantaged groups to engage in self employment mainly in agriculture and the informal sector.

The policy also aims at improving Labour Market Information by re-establishing Employment Exchange Offices which were abolished in 1975. Some new factors which have developed since then, necessitate the need for the re-establishment of the Labour Exchanges as provided for in the National Employment Promotion Service Act, 1999.

The NLP: (i) identifies two categories of employment: wage employment and self employment (ii) revisits the state of employment in the various sectors (iii) states the vision as effective utilization of available labour force and tapping available natural resources (iv) identifies strategies for exploiting existing resources and wealth especially in sectors dealing with agriculture, informal sector, industry, trade, small-scale mining, services, etc. (v) points out the inavailability of reliable information (data) on the supply and demand for labour and (vi) the policy calls for joint action by all stakeholders for successful implementation.

The Human Resources Deployment Act which was enacted in 1983, had a high potential of creating employment in the rural and urban informal sectors. Unfortunately the act was not implemented effectively since inception. Reasons included lack of resources and political will. The Central Government, after the initial two years 1984 and 1985, failed to provide enough budgetary allocations for carrying out activities of the act. Furthermore local governments which were to contribute to the budget were at this same time weakened by centralization thus making it more difficult for the act to be implemented. However, the current local government reforms shall create a conducive environment for employment promotion through effective implementation of the NEPS Act of 1999 which replaced the Human Resources Deployment Act of 1983.

The institutional set-up for implementation of the NEP reflect the following important gaps:

- (i) lack of co-ordination persists, not only between one type of institution and another but also within one category of organisation. Except for central government organisations whose efforts are slimly coordinated at the line ministries (such as the Vice President Office, the Treasury and the Planning Commission), most other institutions such as donor agencies and NGOs are not coordinated vis-a-vis their involvement/activities for example in the micro-enterprise/informal sector. This is due to fear of losing their identity and individual recognition. However, efforts should be made to coordinate them in order to achieve maximum efficiency and effectiveness.
- (ii) the activities of some of these institutions are diverse. For monitoring and performance evaluation purposes, there is a need to have such activities streamlined so that the impact in the targeted areas and groups is more realizable.
- (iii) balancing of institutions and their activities across the wider population in the country would be more meaningful. While some areas are over-patronized for development by donors and NGO organisations, others remain absolutely disadvantaged, due to poor infrastructure and poor weather conditions. There is a need to activate purposeful institutional involvement in some disadvantaged places.
- (iv) the building of capacities of institutions particularly for self-employment is paramount for furthering their effective role in the micro-enterprise sector. This is of particular concern for the government, NGO and private sector institutions whose ability to perform has been impaired by financial constraints. The acquisition of working tools and equipment, transport facilities, sufficient and skilled staff and the provision of regular training for staff and non-staff members have been greatly constrained by lack of funds needed for the day to day performance of such institutions. Some capacity building agencies like the NIGP should strengthen these institutions.

So far, the development of our economy has been far from satisfactory. Such development has led to the reduction of employment opportunities and a growing state of poverty and misery especially in rural areas. This state of poverty is amidst an environment of a growing number of unemployed people and abundant natural resources which are not exploited even to a minimum level. To exploit these idle resources, the National Employment Council ought to devise effective ways and means of utilizing such resources for employment creation.

Owing to lack of political will or financial constraints, it may be said that to-date, there are no tangible results or activities showing that the 1997 National Employment Policy has been seriously implemented. Most implementing institutional mechanisms have not been put in place, envisaged programmes have not been formulated and the necessary resources have not been mobilized. For example, to-date, the National Employment Council and the Employment Trust Fund have not been established. Furthermore, even where the institutional mechanisms

have been put in place, the implementing staff are either absent or serving on acting basis. e.g. The Labour Commissioner and the Assistant Labour Commissioner responsible for employment have not been appointed. There are very few Employment Officers at Regional and District levels.

The establishment of an Employment Department would also ensure effective administration and provide the best solution to the problem of non sufficient focus on the implementation of the National Employment Policy.

#### **4. NATIONAL EMPLOYMENT PROMOTION SERVICE ACT, 1999**

The NEPS Act, 1999 repealed the Human Resources Deployment Act, 1983. The Service operates under a National Employment Service Office and Local Employment Promotion Offices.

The Service is responsible for placement, vocational guidance, employment counselling, active labour market intervention, labour market and occupational information, advisory services for lawful income generation undertakings, employment of persons with disabilities, promotion of self-employment in the rural or urban informal sectors, co-ordination of employment training needs, conduct research on employment, licensing of Private Employment Promotion Agencies or Agents and issuing work permits to foreigners.

A National Employment Advisory Committee established under the Act advises the Minister of Labour and Youth Development and other appropriate authorities upon matters relating to the implementation of the NEPS Act. Every Local Government Authority shall establish a Local Authority Employment Promotion Committee which shall be the final authority in respect of matters relating to the implementation of the NEPS within its area of jurisdiction.

#### **5. INSTITUTIONAL MECHANISMS FOR IMPLEMENTATION OF NATIONAL EMPLOYMENT POLICY**

The institutional framework for the implementation of the National Employment Policy consists of a few lead institutions that have specific roles and several others that have more general roles to play to promote employment. The institutions include:

##### **5.1 National Employment Council**

The functions of National Employment Council are:

- a) advising the government on employment issues particularly on employment policy and employment promotion strategies,
- b) advising and monitoring the employment promotion activities of the various ministries and government agencies,
- c) advising the government on the intended and unintended effect on employment of other policies and strategies adopted by the government e.g Macro economic policies, industrial and agricultural policies, education policies etc.

The establishment of NEC under the National Employment policy is geared towards achieving a wide spectrum of advisors from employment promotion related institutions in the bid to tackle the growing unemployment problem. The Council will be free to invite professionals of different fields in technology, know-how, employment, education etc, to provide relevant counselling.

The members of the National Employment Council include: Vice President's Office (Chairmanship), Ministry of Labour and Youth Development (Secretariat), Planning Commission, Ministry of Regional and Local Governments, Ministry of Industries and trade, Ministry of

Agriculture and Co-operative, Ministry of Education and Culture, Ministry of Science, Technology and Higher Education, Ministry of Community Development, Women Affairs and Children, Ministry of Works, Ministry of Communications and Transport, Ministry of Lands, Ministry of Energy and Minerals, Ministry of Natural Resources and Tourism, Ministry of Water, TFTU, ATE, TCCIA and CFI.

NEC is assisted by a Technical Committee of Experts consisting mainly of senior officials dealing with employment issues mainly from the NEC membership ministries and institutions whose responsibility is:

- a) analysing the implementation of employment promotion programmes and advising the Council accordingly;
- b) examining the country employment policy and designing implementing strategies in light of current socio-economic and political conditions and recommending the necessary changes;
- c) analysing for the NEC other government policies for the purpose of determining their impact on employment.

It is obvious that the NEC membership has too many government representatives. For effective co-ordination and co-operation there is need to scale down government membership and raise the profile of civic society to reflect the reduced role of the public sector in economic management. The new Council could include the chief executives of Vice President's Office (Chairmanship), Ministry of Labour and Youth Development (Secretariat), the Planning Commission, Ministry of Finance, Ministry of Regional and Local Governments, Ministry of Industries and trade, Ministry of Agriculture and Co-operatives, Ministry of Education and Culture, Ministry of Community Development, Gender and Children, Ministry of Industries and Trade, TFTU, ATE, Tanzania Private Sector Foundation, NGOs Apex, TANANEP Secretariat, Women Apex, Youth Apex, Apex for people with disabilities, Tanzania Federation of Informal Sector Organisations (TAFISO), Tanzania National Investment Centre, Miners Chamber or one of the Social Funds e.g. NSSF or PPF. The ILO, the UNDP or donors representatives could attend as observers.

## 5.2 Ministry of Labour and Youth Development

### 5.2.1 Labour Department

The Labour Department is responsible for employment issues in the Ministry of Labour and Youth Development. The major functions of the Department are:

- a) to coordinate action with other institutions in relation to labour issues including institutions in the Government, the private Sector, NGOs, plus workers and employers organisations.
- b) to initiate legislation affecting labour, employment and related areas;
- c) to advise the Government, NGOs and the private sector on policies and programmes on matters related to employment.
- d) to monitor the labour market and on the basis of the observed and anticipated market signals, advise the government and relevant institutions in employment promotion and suitable employment programmes to be undertaken.

The employment function in the Ministry of Labour and Youth Development is currently under the Labour Department. The social and economic reforms that have been undertaken during the past few years, have led to loss of labour in the civil service, parastatal and private sectors. This has in turn increased labour disputes, processing of work-mans compensation claims and

therefore, the labour department must concentrate on industrial relations, tripartism, labour laws and industrial safety and health activities thus losing sight of the employment functions which are critical at this moment.

Within the Labour Department, employment issues are handled by an Employment Section which is under-staffed with very limited resources to monitor the implementation of the NEP, the NEPS and act as NEC secretariat. To adequately, perform the functions indicated, a fully fledged Employment Department should be established in order to ensure successful implementation of the National Employment Policy. The new Employment Department will need substantial technical and financial assistance in terms of training, consultancies, equipments, programmes formulation and implementation and establishment of regional and district offices.

### 5.2.2 Youth Department

The Department of Youth in collaboration with the proposed Employment Department could be responsible for the Youth component of the National Employment Policy including:

- co-ordination with the Ministry of Education to change the School Curriculum to include business training.
- supporting Youth Economic Groups through extension services and facilitating the availability of credit through group guarantee schemes.
- co-ordination with the Vocational Education and Training Authority (VETA) to improve the training curriculum.
- collection and dissemination of information on youth employment opportunities.

Employment creation has not been a priority area for the youth department mainly due to the fact that in the past the department was under the Ministry of Culture, Youth and Sports whereby sports and cultural activities were dominant and thus employment receiving less attention. The overall youth employment programme should make agriculture more attractive, establishing youth credit schemes, conduct careers guidance and counselling, develop self - reliance curricula, development of rural non - agricultural activities, and improvement of youth labour market information systems.

### 5.2.3 Social Welfare Department:

The main role of the Social Welfare Department is the promotion of the employment of people with disabilities including:

- designing programmes that integrate people with disabilities into the mainstream of economic development.
- carrying out campaigns to inform and change the attitude of the public on the skills of people with disabilities.
- collaborating with the Ministry of Education and Culture in designing training programmes for people with disabilities and seeking the support of donor agencies to provide them with training and rehabilitation facilities.

Given the Department's workload pertaining to people with disabilities, the number of staff appears inadequate, particularly if the Department were required to implement the Disabled Persons Employment Act in its entirety.

The government and donors should extend more technical and financial support to the Department to make it effective, given that the department has a shortage of staff, financial resources and inadequate capacity for effective implementation of the Disabled Persons Employment Act.

#### 5.2.4 Tripartite Task Force on Gender Issues in the World of Work

The Tripartite Task Force was formed by Ministry of Labour and Youth Development to deal with gender issues as reflected in the Beijing meeting on women in development. The Task Force advises the government in respect of women employment as well as devising strategies for the implementation of women policies and programmes including policies on women development; social cultural aspects of women participation in the economy; training-needs for women; project-development aspects; research on income, employment creation and international experiences on women activities.

In Tanzania there is evidence suggesting that women continue to face social, cultural, political, legal and economic constraints which keep them from fully participating in the labour force or achieving equality within the labour market.

### 5.3. Other Government Ministries

#### 5.3.1 Vice President's Office

The Vice President's Office has the central role of monitoring and coordinating the implementation of poverty eradication efforts by ensuring that the Planning Commission, all sectoral ministries and other stake holders formulate and implement their policies in line with the National Poverty Eradication Strategy. With regard to employment the National Poverty Eradication Strategy aims at reducing the general level of unemployment to less than 10% by the year 2010.

#### 5.3.2 Planning Commission

The general responsibility of the Planning Commission is in the area of economic policies, including the National Employment Policy. The Planning Commission was established to formulate, supervise and coordinate national policies and prepare guidelines of implementation to sectoral ministries. The current political socio-economic and structural reforms have lead to political democratization, liberalized economy and decentralized planning. As a result of this effect, the role of the Planning Commission in centralized planning and their influence to set priorities to sectoral ministries has greatly diminished, reducing their role to mainly that of coordination. The sectoral ministries have assumed most of the responsibilities earlier undertaken by the Planning Commission. This reduced role makes the Planning Commission for practical purposes less justified to assume the chairmanships of the National Employment Council and the National Income Generation Programme. The Vice President's Office and the Ministry Labour and Youth Development could assume such roles respectively.

#### 5.3.3 Other Employment Policy Implementing Ministries

The implementation of the Employment Policy will also involve other ministries including: Ministry of Regional Administration and Local Governments; Ministry of Agriculture, Livestock Development and Co-operatives; Ministry of Education and Culture; Ministry of Community Development, Gender and Children; Ministry of Science, Technology and Higher Education and the Ministry of Industries and Trade.

The erosion of democratic institutions before political liberalization such as local councils and cooperatives denied the participation of the people in the management of the economy and in the process, their contribution to development activities were marginalized. Even with the reintroduction of the local government and co-operative societies, lack of capacity, central government interference and inappropriate set-ups of the co-operatives, limited their contribution to economic growth and development and thus constraining efforts towards employment expansion and poverty alleviation in general.

In general, these ministries require strengthening their capacities for implementing the NEP through capacity building since the success of their programmes will directly spill over to economic development and by implication employment promotion.

#### 5.4 Tripartite Social Partners

Tripartite consultations have become necessary for industrial peace chiefly in the light of structural adjustment and other economic reform measures. Successful implementation of the National Employment Policy in the light of these reforms, will require a greater degree of consultation and co-ordination between the Government and major stakeholders, including ATE, and TFTU. The consultations should analyse roles and responsibilities and reflect how the social partners would take a proactive approach to on-going social and economic reforms. This approach would seek to safeguard employment growth and development while identifying and devising new employment opportunities and strategies for employment expansion. However, to-date, TFTU and ATE have offered no serious challenge to the government on issues like retrenchment or other adjustment measures where such measures may have worked against the interests of their members.

The Ministry of Labour and Youth Development is traditionally responsible for labour market regulation, labour market inspection and monitoring as well as the exchange of labour market information. Workers Organizations, either through the Tanzania Federation of Trade Unions or the individual sectoral unions, are an integral part of the employment institutional framework.

ATE also has a big role to play in the success of the NEP. ATE like TFTU is vital in the success of tripartism and is expected to play a leading role in expanding businesses thus employment creation. The private sector is expected to take over from the government the role of managing the economy. Therefore, ATE should be taken more seriously as a significant player in employment promotion. The employers are also responsible for instituting incentive procedures for raising labour productivity and also for improving workers skills. They should strive for harmonious working relationships at their places of work.

The Industrial Court settles legal disputes between employers and employees as well as giving advice to the Ministry of Labour and Youth Development and the Advisory Board on matters related to employment and industrial harmony. The Court also accesses and registers productivity targets and voluntary agreements between employers and employees on incentives and employment benefits.

Economic reform in Tanzania has been viewed differently by the social partners and other economic groups. It was expected from the outset that public sector employment, which is a function of public expenditures, would fall during adjustment through reform of the civil service and the parastatal sector, and hence the Civil Service Reform and Parastatal Sector Reform programmes. Proponents of reform assumed that as public sector employment contracted, the private sector would expand and create new jobs. It was also expected that the majority of the retrenched would be self-employed in the informal sector.

Consultation would help to anticipate the expected social and economic costs and benefits of reform with greater accuracy. Such consultations also generate wider support for the reforms and, hence, the government's implementation of adjustment would be more well planned, credible and acceptable. The social partners would analyse the reform impacts in employment, incomes, living standards and poverty.

Employers and Unions have complained about the Government's tendency to negotiate reforms with the IMF and the World Bank without involving or consulting ATE, TFTU or even the Ministry of Labour and Youth Development. Unions and employers can influence their members

to engage actively in negotiated settlements regarding wage demands, employment levels, training and productivity deals.

### **5.5 Vocational Education and Training Authority**

The education and training of Artisans which is under the mandate of VETA, is most appropriate since Tanzania is preparing itself scientifically and technologically to enter the 21st century. The development of Artisans shall also form the basis for future industrial development which will give more value to our exports thus making Tanzania more economically competitive in the globalised world economy.

Artisans activities include carpentry, metal works, masonry, vehicle repairs, toys making, tailoring, food processing, pottery, tinsmithery, wood working, shoe making, tools making, brewing and baking. Some of these activities which are performed by artisans under very difficult conditions have been viewed as illicit business by some local Government authorities.

Not all VETA Centre Workshops are fully equipped with modern machines, tools and equipments in all the trades offered. Not all centres have a library with reference books of all trades available, dormitories or leisure facilities. Generally all teaching staff are skilled, experienced and knowledgeable. Most of them have undergone extensive pedagogical and skills up-grading courses both locally and abroad. The Morogoro Centre has a tentative programme for staff development implemented every year.

### **5.6 Folk Development Colleges, Post Primary Technical Centres and National Service Camps**

In an effort to promote rural skills for self employment and curbing rural- urban migration 52 folk development colleges (FDCs) were established for adult education in rural areas. The colleges were established mainly to provide technical education for primary school-leavers, some with boarding facilities. During the years of their prominence such as 1986, almost 40 percent of students were unmarried girls, 85 per cent of them studying home economics, cookery tailoring, housekeeping, first aid, and knitting. Male students chose agriculture, animal husbandry, crop production and technical trade training, carpentry, masonry or metalwork. These colleges which were formerly under the Ministry of Education and Culture are now under the Ministry of Community Development Women and Children.

By 1986 around 300 post primary technical centres (PPTC's) had been established to provide technical skills for primary school-leavers. Most of the female students went for domestic science and male students opted for technical trades such as carpentry, masonry and tinsmithery. During the period 1984-1986 most of the PPTCs operated at about 30% capacity with female students enrollment being 24 per cent.

The National Service Camps which were established in Mainland Tanzania in the late 1960s and Zanzibar in mid 1970s were para military institutions, which besides military training also offered self-employment skills in vocational trades and farming in the hope that the youths will be gainfully employed in their respective home districts.

The national service youth camps as skills training centres have not been successful. Military training and related activities rather than skills training took priority. The government should look for technical and financial support to re-establish these camps as vocational training and production centres rather than for military training.

### **5.7 National Income Generation Programme**



The NIGP is a multi-donor programme of action to create and expand sustainable income generation projects in agriculture, infrastructure and micro-enterprise/informal sectors. It is a private, independent, non-profit Trust Fund incorporated under the Trustees Incorporation Ordinance (Cap.375).

Generally, NIGP aims at alleviating poverty and increasing employment through projects focusing on three sectors which have been targeted because of their high potential for income generation and employment creation opportunities such as:-

1. **Agriculture:** crop farming, fishing, livestock and dairy production. In this sector NIGP supports projects that help farmers to increase their productivity and incomes through access to inputs, credit, better technology and processing of agricultural products.
2. **Infrastructure:** roads, bridges, housing and urban infrastructure. In this sector NIGP supports projects in both urban and rural areas that help to build, rehabilitate or repair roads and bridges, schools, health centres, irrigation canals, water supply, buildings and other economic infrastructure.
3. **Micro-enterprise/informal sector:** manufacturing, services, trade and credit. In this sector, NIGP supports people to start their own businesses or make their small businesses bigger and better. This is done through micro-enterprise credit schemes and training in business management.

NIGPs target beneficiaries include, youth entering the labour market for the first time, women interested in starting their own micro-enterprises or otherwise increasing their incomes, retrenched public servants, disabled people who want to become financially independent and any one else who wishes to create or increase his or her income through private sector or NGO initiatives.

So far the UNDP has approved a total of 31 projects, worth \$ 23.2 million. The projects distribution is D'Salaam (14), Arusha (9), Mwanza (9), Zanzibar (10) and Other regions (3).

### **5.8 Tanzania Investment Centre**

The Tanzania Investment Centre, established by the Tanzania Investment Act, 1997 replaced the Investment Promotion Centre (IPC) established under the National Investment (Promotion and Protection) Act, 1990.

The Tanzania Investment Centre which is supposed to be a one- stop centre for investors shall be the primary agency of Government to co-ordinate, encourage, promote and facilitate investment in Tanzania and to advise the Government on investment policy and related matters.

The Centre has the following functions:

- a) initiate and support measures that will enhance the investment climate in the country for both local and foreign investors
- b) collect, collate, analyse and disseminate information about investment opportunities and sources of investment capital and advise investors upon request on the availability choice or suitability of partners in joint-venture projects;
- c) in consultation with Government institutions and agencies identify investment sites, estates, or land together with associated facilities of any sites, estates or land for the purposes of investors and investments in general;
- d) assist all investors including those who are not bound by the provisions of this Act, to obtain all necessary permits, licences approvals consents, authorization, registrations and other matters required by law for a person to set up and operate an investment; and to enable certificates issued by the Centre to have full effect.

- e) provide develop, construct, alter, adapt, maintain and administer investment sites, estates or land together with associated facilities of those sites, estates, land together with associated facilities of those sites, estates, land and subject to relevant law, the creation and management of export processing zones;
- f) provide and disseminate up-to-date information on benefits or incentives available to investors;
- g) carry out and support local investment promotion activities which are necessary to encourage and facilitate increased local investments, including entrepreneurial development programmes;
- h) perform any other functions which are incidental to the attainment of the objectives of Tanzania Investment Act, 1997.

Nevertheless, the success of this investment policy will continue to depend for sometime to come, not only on the pace of economic reform, but also on the success of on-going rehabilitation and expansion of the nation wide banking and formal financial institution systems. A strong formal banking system is essential for effective and viable financial services. In addition, all appropriate measures should be taken to expand domestic savings and to encourage the inflow of financial resources from other countries and from international organisations as well as increased donor assistance, with a view to increasing productive investment and particularly to increase employment opportunities.

Since this policy puts more emphasis on urban industrial investment, it is recommended that the investment incentive should be extended to cover investors in the rural areas and the informal sector entrepreneurs.

## 5.9 Private Sector Institutions

### 5.9.1 Private Sector Foundation

The employment policy implementing institutions cannot be complete if we don't mention the private sector institutions especially taking into account the fact that the role of the private sector should dominate the economic development field in the wake of the reform programmes. The private sector itself is responding well to the challenge of becoming the engine of growth of the economy. Consequently, the Association of Tanzania Employers, Confederation of Tanzania Industries, the Tanzania Chamber of Commerce, Industries and Agriculture, the Miners Chamber and others consolidated their positions by forming the Tanzania Private Sector Foundation in February, 1999 to champion the cause of private sector empowerment by enhancing their capacity to negotiate and consult with the government and the international community.

The Government for its part, with the support of international and bilateral donors has come to realize the need for a more collaborative and co-ordinated input from the private sector in helping to change Tanzania's legal and policy frameworks into a system more conducive to market-oriented economic growth, especially as the government accelerates its withdrawal from owning and managing enterprises in the commercial and productive sectors. Correspondingly, representatives of private sector institutions and associations are unified in their appeal to be accepted as a valued and respected co-partner with government in the nation's economic development.

### 5.9.2 NGOs and CBOs

NGOs and CBOs are important agencies in the implementation of NEP due to the fact that they are close to the people and sometimes formed and managed by local grassroots communities. In this regard NGOs and CBOs are good at:

- building local capacity and empowering communities through establishing development projects with a view of enabling self reliance among the people.
- collaborating and coordinating with other stakeholders in programme design and implementation in order to avoid overlapping of activities.
- participating in monitoring and evaluation of activities.
- mobilizing and enhancing community participation in employment generation programmes.
- assisting the people particularly women in designing strategies to contribute in their own employment promotion programmes.
- mobilizing community resources such as material and human needed for employment creation programmes.
- Collaborating with donors in employment promotion programmes.
- mobilization of savings among the members and extending of credit to each other
- advising the government on the employment problems of their target groups and strategies of dealing with them.

NGOs and CBOs have great potential for employment promotion chiefly in the rural and urban informal sector. There are many NGO initiatives in the field of employment promotion through advocacy, fund raising, training in technical and management skills, capacity building, credit and loans provisions to microenterprises, research and consultancy plus organization of grassroots communities for participatory development strategies. A sample of these NGOs include: TANGO, TACOSODE, ANGOZA, POVERTY AFRICA, CISP, PRIDE Tanzania, CREDIT SHOPS, MEDA, OICT, EOTF, CENTAPOA, MPANGOKATA, PTF, YOSEFO, ESRF and REPOA.

## 5.10 Other Civic Institutions

### 5.10.1 Religious Institutions

The employment problem presents a challenge to both the government, the private sector, NGOs, CBOs, religious organisations and donors. The religious organisations both Christian, Muslim or others have contributed immensely to national employment and income generation either as employers per se, trainers for employment or resources mobilizers for employment creation activities. The religious organisations are administering schools, education institutes, vocational training centres and credit to the unemployed especially youth, women and people with disabilities for self-employment.

### 5.10.2 Research Institutions (e.g. ESRF, ERB and REPOA)

The design and implementation of employment creation strategy will make use of research findings. Research will be carried out by research institutions as an integral part of strategy implementation, and will be conducted in the following key areas;

- carrying out community needs assessment at local level and assisting in the search for a comprehensive understanding of the nature, extent, causes and trend of unemployment.
- providing information on the implementation of employment programmes.
- defining appropriate indicators which will show the depth and dynamics of employment needs at community level.
- identifying appropriate measures that can be used to expand employment

## 5.11 Financial Institutions

### 5.11.1 Commercial Banks

The current financial sector institutional set-up consists of 20 licenced commercial banks, 11 non-bank financial institutions and 12 other financial institutions. Thus the financial system in 1998 comprised of 43 institutions, including the Central Bank.

These commercial banks do not lend to informal sector operators because they are risk-averse. Microenterprises borrowers have no bankable projects; they have low credibility as potential borrowers; cannot afford the high lending interest rates and cannot withstand the bureaucracy ruling in the commercial banks. Moreover the commercial banks are concentrated in Dar es Salaam and have a bias against rural or small-scale borrowers and savers.

Before the financial sector reforms, by 1992 the National Bank of Commerce (NBC) had 207 branches with at least one branch in each District headquarters and with at least 360 mobile agencies operating in the country at division and ward levels. In 1992, the Co-operative and Rural Development Bank (CRDB) had a network of 18 branches for financing primarily agricultural co-operative and rural sectors. Before the financial reforms, the private sector was discriminated against through a system of preferential interest rates enjoyed by the government, parastatals and co-operative unions.

Consequent to the reforms CRDB was fully restructured and privatized in 1996 whereas THB was closed in 1995 following huge losses. NBC was split into two banks in 1997 to improve its efficiency i.e. NBC (1997) Ltd. and National Microfinance Bank (NMB).

The bank reforms have led to closure of most branches of the NBC and several districts do not have a bank branch. Agriculture and the productive areas have suffered at the expense of the Commercial sector, thus causing unemployment.

Financial needs of rural and small scale producers have not been fulfilled so far, especially after the closure of a number of NBC branches operating in the rural areas. Bank of Tanzania microfinance institution initiatives i.e. the establishment of community banks should be supported and continued, and establishment of more rural development banks should be encouraged.

#### 5.11.2 Savings And Credit Co-operative Societies

To-date there are over 500 urban and 228 rural SACCOs in Tanzania with a total membership of about 133,700 and share capital of Tshs. 5.1 billion. In addition to SACCOs, there are 328 rural savings and credit schemes with a membership of about 40,900.

SACCOs are grassroots institutions with wide institutional outreach in the rural areas with potential to become rural financial intermediaries. However, most of the SACCOs have weak financial positions and their inability to operate strictly on commercial principles minimizes further their chances of becoming sustainable. The lack of public confidence in co-operatives also acts as a constraint to the potential growth of the SACCOs network.

#### 5.11.3 Informal Sector Credit Schemes

The private sector, which is recognised by the government as the engine of economic growth, has two components i.e. formal and informal components. The informal components comprises of the micro and small enterprise (MSEs). While there have been great efforts by the government to facilitate the growth of the formal private sector through dialogue and participation in the government policy formulation process, nothing of the liking have been done in respect of the informal sector.

The financial sector reforms initiated in 1991 such as restructuring of the state-owned banks and the entrance of private banks (both local and foreign) have resulted into more competition and

the development of new and more efficient financial services, basically to cater for the formal sector.

Despite the progress so far registered in the mainstream banking system, financing of small-holder farmers and the MSE sector has been reduced further. Some of the reform measures, such as, closure of the loss-making branches of the former NBC and the abandonment of directed credit, have actually reduced the limited services that were available to low income people.

The informal sector microfinance schemes are so vital for economic growth that they need all necessary support. Policy-makers should stop considering such schemes as marginal sector and give their right place in the mainstream financial system. For example NGO schemes have been very instrumental in giving credit to the grassroots poor and communities.

## **6. GOVERNMENT EMPLOYMENT PROMOTION FUNDS**

### **6.1 Government Employment Funds**

The National Employment Policy, which has the Informal sector as one of its major components, has addressed the major constraints facing the SMLs including bureaucracy related problems, infrastructure, logistical and financial problems.

In an effort to minimize the financial constraints facing informal sector operators, chiefly youth, women and other disadvantaged groups who are unable to secure loans from formal financial institutions, the government established the following funds:

#### **6.1.1 Presidential Trust Fund**

The Presidential Trust Fund was established in 1984 to facilitate implementation of the Human Resources Deployment Act, 1983. Since fiscal year 1989/1990 to September 1998 the PTF has loaned Tsh. 648,922,125 (US\$ 1,081,538) to 3,200 beneficiaries.

#### **6.1.2 Youth Development Fund**

The Youth Fund was established through government budgetary allocation of Tsh. 300 million in 1993/1994 fiscal year as a result of political pressure calling upon the government to establish two funds, one focusing on youth and another focusing on women. During 1996/97 financial year Tsh. 500 million was added to the Youth Fund making to-date a total amount of Tsh. 800m/ disbursed to 1085 youth beneficiaries.

#### **6.1.3 Women Development Fund**

As mentioned above, the WDF was established in 1993/94 fiscal year as a result of political pressure. The government allocated Tsh.500m from the 1993/ 1994 budget. In 1996/97 the government committed some further Tshs. 1 billion to the Fund, of which only Tsh. 200 million has been added to the fund to-date making a total of Ts. 700m since the inception of the Fund.

#### **6.1.4 Entrepreneurs Development Fund**

Like the Youth and Women Funds, the Entrepreneurs Development Fund (EDF), was established by the Parliament of Tanzania during fiscal year 1993/1994, with the aim of providing loans to micro-enterprises in the country to be coordinated and managed by Small Industries Development Organization (SIDO) on behalf of the Ministry of Industries and Trade.

SIDO was allocated Tsh. 500 million in 1993/1994 and some additional Tsh 300 million in 1997/98, making a total of Tsh. 800 million which plus an additional Tsh. 850m from other sources was distributed as loans to 5,506 beneficiaries by end of September, 1998.

#### 6.1.5 Government NIGP Counterpart Funds

Although the NIGP is mainly donor funded, it was understood that the government would show commitment as gesture that employment is a priority sector by allocating budgetary counterpart contributions to the NIGP. The government has committed itself to contribute Tsh. 1.5 billion to the NIGP under this counterpart funding principle. So far Tsh. 500m has been allocated to the NIGP by the government on top of other contributions in kind including subsidized office accommodation.

#### 6.1.6 Local Government Youth and Women Development Funds

In 1994 the central government through the Prime Minister's Office issued a directive and guidelines to all local government authorities to allocate 10 percent of their revenues for youth and women development mainly in employment and income generating activities. This directive was first implemented in 1995. However, for practical purposes, the 10 percent allocation has been divided equally between the two groups thus giving 5 percent to youth and 5 per cent to women.

With regard to the funds, one school of thought is in favour of a unified Employment Trust Fund in order to reduce duplication of efforts, uncoordinated multiplicity of funds and to ensure efficient utilization of scarce financial resources.

A second school of thought argues that it is wise to have separate Trust Funds in order to guarantee identity and proper focus on disadvantaged groups as well minimizing inter-ministerial conflicts of interests.

There is a strong case for the ILO and Government to conduct a thorough study and analysis of these two schools of thought and establish the appropriate approach for maximizing employment creation and poverty eradication initiatives. Consolidation to a non-governmental Employment Trust Fund may be the best approach since donors or the private sector are not willing to contribute to government funds.

#### 6.2 Government Social Funds

Three Government Social Funds have been identified because of their potential as domestic sources of financial support to the implementation of the Employment Policy and poverty alleviation programmes. The three social funds include;

- i) National Social Security Fund (NSSF)
- ii) Parastatal Pension Funds (PPF)
- iii) National Insurance Corporation Ltd (NIC)

The Government Employment Promotion Funds whether consolidated or not are very pertinent for rural farm and non-farm activities to fill the gap which has been left by collapse of the District

Banks serving the rural areas including the National Bank of Commerce, the Cooperative and Rural Development Bank and the once famous savings and credit societies (SACCOs).

## **7. INSTITUTIONAL NETWORK FOR EMPLOYMENT PROMOTION**

### **7.1 The Tanzania Joint Employment Networking Committee**

This network of all the national employment related stakeholders is responsible for (i) advocating for the necessary enabling environment (ii) building the necessary capacity and (iii) mobilisation of the necessary resources for employment promotion.

The Tanzania Joint Employment Networking Committee (TAJENECO) was established by the Ministry of Labour and Youth Development in March 1998 to draw out strategies on how the Ministry of Labour and its employment sector partners could jointly enhance their effectiveness towards employment promotion, income generation, poverty eradication and institutional capacity building. POVERTY AFRICA was appointed Secretariat to TAJENECO while NIGP was appointed to chair TAJENECO's Committee of Experts.

Functions of TAJENECO include:

1. undertaking institutional discussions on policies, strategies and modalities for employment creation, income generation and poverty eradication.
2. exploration of potential areas for institutional interventions and joint initiatives;
3. recommending network action plans, pilot projects/programmes and other modalities that will ensure sustainable impact on employment promotion.

The TAJENECO institutions included: VETA, NIP, NSSF, NSWTL, NIGP, OICT, Dar es Salaam City Council, TCCIA, TANGO, ATE, TFTU, PRIDE Tanzania, CREDIT SHOPS, CISP, ADP, TYDLF, VIBINDO, POVERTY AFRICA, Industrial Court, URT/UNDP Community-based Initiatives Project and URT/UNDP HIV/AIDS Project.

### **7.2 The Tanzania National Advocacy Network for Employment Promotion**

After consultations and discussions between ILO/EAMAT, the Ministry of Labour and Youth Development, Tanzania Joint Employment Networking Committee members, the Chairman of TAJENECO Committee of Experts (Professor Mawenya) and POVERTY AFRICA (Secretariat), the Ministry of Labour and Youth Development agreed to form TANANEP to carry on and reinforce the work of TAJENECO.

The Tanzania National Advocacy Network for Employment Promotion i.e. TANANEP could include top executives, official and professionals from the following institutions: Vice President's Office, Prime Ministers Office, Planning Commission, Ministry of Labour and Youth Development, Ministry of Finance, Ministry of Regional Administration and Local Governments, Ministry of Works, Ministry of Industries and trade, Ministry of Natural Resources and Tourism, Ministry of Energy and Minerals, Ministry of Education and Culture, Ministry of Science, Technology and Higher Education, Ministry of Community Development, Gender and Children, Ministry of Agriculture and Co-operatives, Central Bureau of Statistics, SIDO, VETA, ALAT, Tanzania Investment Centre, Economic Research Bureau, Open University, NSSF, PPF, NIC, Tanzania Breweries Ltd., Industrial Court, TFTU, ATE, Private Sector Foundation, TCCIA, CII, Miners Chamber, TFA, Central Bank, NBC (1997) Ltd., NMB, CRDB (1996) Ltd., NIGP, BET, Apex NGO, TANGO, TACOSODE, POVERTY AFRICA, TAMWA, WIFI, National Youth

Council, Apex NGO for Women, TAFISO, OICT, Apex NGO for People with Disabilities, ESRF, REPOA, Equal Opportunities for All Trust Fund, PRIDE Tanzania, Credit Shops, PTF, CARITAS Tanzania, ADF, CISP, TYDEF and VIBINDO.

## **8. CONCLUSIONS AND RECOMMENDATIONS**

The review of the institutional framework for implementation of the National Employment Policy leads to the following conclusions and recommendations:

### **8.1 The findings and conclusions include:**

- (i) Most institutions set up for implementing employment policies before the coming of the National Employment Policy failed to deliver as expected including the Ministry of Labour, the Planning Commission, other Ministries, the Human Resources Deployment Advisory Committee, the Tripartite Partners, the NIGP and the various Microenterprise Promotion Funds. Such ineffectiveness was amplified by the interference and incidence of various political, social and economic reforms of the time manifested through democratization, privatization, trade and financial liberalization plus globalization.**
- (ii) Institutional capacity for implementation and sustainability is inadequate.**
- (iii) Institutional technical and financial support is insufficient.**
- (iv) Systematic review, follow-up and supervision of institutional activities, assignments and responsibilities by various authorities is near absent thus leading to some relaxation on the part of the implementation institutions which have no fear of rebuke or challenge for inaction or irresponsibility from anybody.**
- (v) The private sector, NGOs, the Tripartite Partners and Donors for various reasons have not done enough in the field of employment creation. Apparently there has been little co-ordination and co-operation between these institutions with regard to employment promotion.**
- (vi) Most people and private sector institutions regard employment promotion as a government responsibility and forgetting that employment is everybody's duty.**
- (vii) Employment in Africa is not viewed by most governments or donors as a priority sector and consequently African Governments have not given employment a sufficiently high profile on the development agenda. Such attitude diminishes the technical and financial resources committed to the employment sector.**
- (viii) The NEC which draws members from institutions which in one way or the other have a big role to play in employment creation is well placed for co-ordinating the activities of stakeholder institutions including Government Ministries, Local Governments, Private Sector institutions, financial institutions, NGOs and donor agencies.**
- (ix) Informal sector borrowers have no bankable projects; they have low credibility as potential borrowers; cannot afford the high lending interest rates and cannot withstand the bureaucracy ruling in the commercial banks. The financial reforms have led to closure of most branches of the National Bank of Commerce to the extent that several districts do not have an NBC branch. The foreign banks are concentrated in Dar es Salaam and do not cater for the rural and microenterprise sectors.**
- (x) To-date, most of the National employment Policy implementing institutions have not been put in place. proposed programmes have not been formulated. the required personnel has not**



been recruited and the necessary implementing resources have not been mobilised. The capacity of local governments is not sufficient for successful implementation of the National Employment Promotion Service Act, 1999.

- (xi) Most Donors would like NIGP to become a revolving Trust Fund instead of simply an implementing agent of a non-revolving fund programme depending on grants. Donors would also want the government to meet its commitment on counterpart funding.
- (xii) Donors have been reluctant to contribute to the government established employment promotion funds just as they have been somewhat reluctant to contribute to joint Funds or multilateral funds like the NIGP. Some of the reasons include need for identify and non-involvement in politically oriented initiatives.

## **8.2 Some of the recommendations include:**

- (i) At present there is need to review the institutional framework established by the National Employment Policy in order to ascertain the institutional capacity and adequacy for implementation. The NEC should establish mechanisms for reviewing implementation of the NEP from time to time e.g. every two to three years, in order to update and place employment issues in the right prospect.
- (ii) The inadequacies of the present NEP warrants or justifies not only a policy review, but also the need for the Government, ILO/UNDP and other interested donors to finance preparation of a long-term sustainable comprehensive employment programme for the first quarter of the 21<sup>st</sup> century (2000-2025) to be implemented in five-year phases. Such Employment Programme should ensure that the right institutional framework is in place for intensified implementation of a revised National Employment Policy.
- (iii) The National Employment Council should be enlarged and given sufficient political profile and administrative authority for effective supervision of the National Employment Policy by placing it perhaps under the chairmanship of the Vice President's Office.
- (iv) Reducing government membership of the NEC and increasing civic members in order to reflect the growing importance of Tripartism and the Private Sector.
- (v) Harmonizing the implementation of the National Employment Promotion Service Act, 1999 to conform to the provisions of the National Employment Policy. For example the Advisory Committee under the Employment promotion Service Act could become the committee of Experts under the NEC.
- (vi) The National Employment Council should supervise the NEPS programme including activities such as placement, vocational guidance, employment counselling, labour market information, advice on promotion of income generating activities, employment skills development, employment of people with disabilities and other disadvantaged groups, issuing of workpermits to foreigners and licensing of private employment promotion agencies.
- (vii) A Tanzania National Advocacy Network for Employment Promotion (TANANEP) should be set-up comprising of all major stakeholders to advocate for and advance the cause of employment promotion.
- (viii) Appointment of a National Employment Coordinator to advocate for and canvass support from the politicians, government, the private sector, financial institutions and donors for intensive implementation of the National Employment Policy.

- (ix) Institutionalization of National Roundtable Meetings into NEP and NEC advisory/evaluation permanent institutions to meet every two or three years.
- (x) Giving the Focal Ministry of Labour and Youth Development the capacity to organise, the sense of ownership, plus the ability to supervise and spearhead the NEP.
- (xi) The Ministry of Labour to be renamed as Ministry of Labour and Employment in order to focus and reflect unambiguously on employment promotion or better still, rename it the Ministry of Labour, Employment and Vocational Training as recommended by the ILO.
- (xii) The Ministry of Labour and Youth Development to co-ordinate and collaborate actively with the NEC, other ministries and policy implementing institutions in order to ensure complementarity and consistency in policy objectives and goals.
- (xiii) Establishing an Employment Department strong enough technically and resource-wise to become the driver and secretariat for the National Employment Policy.
- (xiv) The Ministry of Labour and Youth Development to resume the practice of submitting annual National Employment Reports to the President. Such report should also be submitted to a Parliamentary Committee on Employment, the National Employment Council and the National Employment Promotion Service Advisory committee. A Parliamentary Committee on Employment is necessary for placing employment higher on the political agenda.
- (xv) The capacity of Local governments to be enhanced since they are the main implementors of the National Employment Promotion Service Act, 1999. Decentralised co-operation between local governments, NGOs and CBOs should be promoted for the success of grassroots community employment creation and income generation programmes.
- (xvi) VETA not to manage vocational training centres but rather assume the role of regulating, coordinating trade testing and financing vocation educational and training. NGOs, religious organisations and even individuals should own the training Centres with VETA standing only as overseers. VETA levy should continue.
- (xvii) Since human resources development for employment promotion is inadequate, more and more vocational education and training institutions are required for skills development to match the ever-growing problem of unemployment.
- (xviii) The success of the Tanzania Investment Centre, the Private Sector Foundation and the Private Sector in general, shall depend mainly on government enabling co-operation, the presence of a strong formal banking system, expansion of domestic savings, inflow of foreign capital and increased donor assistance.
- (xix) Possibilities and strategies should be worked out for amalgamating the various Employment Promotion Funds into a National Employment Fund or into forming Informal sector Community Banks for extending credit to microenterprise entrepreneurs, NGOs and CBOs.
- (xx) The NIGP technical, material and financial resources could be utilized for the establishment of Microenterprise Community Banks at the expiration of the project phase.
- (xxi) The ILO to assist in reviewing the key issues and problems regarding tripartite consultations and labour relations in Tanzania with a view to promoting sound labour relations. The review would encompass the strengths and weaknesses of trade unions and employers organisations; the state of collective bargaining, workers' participation, the settlement of labour disputes and effectiveness of the Industrial Court.

(xxii) Some experts feel it advisable to cancel the entrepreneurial, youth and women funds and transform them into a National Employment Trust Fund as established under the National Employment Policy.

(xxiii) Efforts should be directed towards removing constraints to the development of the private sector arising particularly from difficulties of access to credit and capital markets; low levels of technical and managerial skills; inadequate information; low productivity and quality; insufficient access to markets and appropriate technologies; lack of transport and communications infrastructure; undue bureaucracy in registration, licensing; reporting and other administrative requirements; insufficient support for research and development; difficulties in access to public and international procurement opportunities and an underdeveloped enterprise culture.

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