

**RURAL FOOD SECURITY POLICY AND DEVELOPMENT GROUP (RFS)
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LIVELIHOODS, EMPLOYMENT AND INCOME POLICY

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1.0 INTRODUCTION

The official employment policy in question is in draft, The National Employment Policy (URT/MLYD 2000a). Our focus will be on the strengths and limitations of the conceptualisation, thus far, of an employment policy, and the need to envision a *livelihoods and income policy*. Attention will be given not only to the draft policy document cited, but to related policy statements including Workers Participation Policy (draft) (URT/MLYD 2000c), along with The Employment Act, 1999 (URT 1999).

The review was carried out by means of analysis of key documents and secondary literature, along with in-depth interviews with resource persons in relevant ministries, academia and civil society organisations (see References and List of Resource Persons at the back). We are highly appreciative of the information and insights provided during the interviews, as well as in the Policy Review Feedback Workshop on 2-3 May, 2000.

Tanzania no longer has a functioning wages and income policy. In the past, a redistributive incomes policy was implemented, which was based on the socialist ideals of the *Arusha Declaration* of 1967 (URT 1967, ILO 1975). This stemmed from a request by government in the mid-1960s to ILO to review the situation and policies relating to prices, wages and other incomes in Tanzania. Mr. H. A. Turner was contracted by ILO in 1966 to carry out this activity. The resulting 'Turner Report' was adopted by the government as the 'Wages, Incomes, Rural Development, Investment and Price Policy' and was published as Government Paper No 4 of 1967.

The guiding principles of the 1967 wages and incomes policy were ensuring equality among income earners and control of the Tanzanian economy by Tanzanians through self-reliance, with limited foreign direct investment and government external borrowing (ibid). The main objectives of the policy as outlined in the policy document were four, namely to:

1. Reduce the (then) growing inequality in income distribution
2. Increase wage employment
3. Control inflation and increase (real) wages and incomes; and
4. Increase labour productivity.

The strategies to achieve the policy objectives did not give much attention to market forces or price signals. A system of wage controls or 'restraints' was instituted, minimum wages were introduced, rent and interest rate controls were established, and the 'commanding heights' of the economy were nationalised. There was a rapid expansion of the public enterprise sector, and of wage employment within both the public and the private sector. Income disparities were reduced to among the lowest in Southern Africa.

Since the adoption of economic policy reform in the mid-1980s, the 1967 wages and income policy became redundant and irrelevant. Unfortunately, no attempt has been made to formulate a new wages and income policy, or to revisit the old one. The need for a *living wage and income* policy will be emphasised below, in the context of our analysis of livelihoods and employment.

The report begins with an analysis of the overall employment situation in the second section, followed by a presentation of the draft employment policy in section three. The fourth section provides an analysis of the policy, beginning with the process of policy formulation, and then the strengths and shortcomings of the content of the policy. Specific policy recommendations are made in conjunction with key points in the fourth section. A brief summary of key aspects of the draft workers participation policy and the 1999 Employment Act are found in the fifth section. The final section provides elements of an alternative focus on livelihoods and income.

2.0 BACKGROUND

The Tanzanian economy has undergone dramatic changes during the last decade association with globalisation, economic reform and debt. The economy has become oriented increasingly to the global market, but most traditional agricultural exports experienced worsening terms of trade, which has meant a decline in incomes. The share of private investment in total investment increased from 50% in the mid 1970s to 70% during the early 1990s (URT 2000:4). However, deindustrialisation has continued, due in part to the combined impact of privatisation, liberalisation and devaluation. Both public and private factories have closed down or been converted into merchant enterprises, in response to higher and quicker returns for trade than manufacturing.

Economic reforms, including down-sizing of the labour force by means of retrenchment policies, have led to a major reduction in wage employment within the formal sector, and especially within the public sector (Kaijage 1997, Luvanga 1997, Mbilinyi 1997, Mjema 1997). Commercial enterprises, which have taken the lead in capital investment in the private sector, are less likely to create employment, in comparison to manufacturing, construction and services. A growing number of people have come to depend for their livelihoods, therefore, on the informal sector.

Both rural and urban households have experienced a steady decline in real incomes, reflecting a fall in wages as well as in producer prices for many crops and livestock, and the rise in consumption and producer costs (Bagachwa 1995:268). Smallholder farming and livestock-keeping face a production and reproduction crisis. The costs of production have risen (eg farm inputs, labour, land) while real farm/livestock proceeds have declined. A growing share of the total household labour force works in non-farm activities to supplement farm incomes, which reduces the farm household's capacity to maintain itself on the basis of farming/livestock-keeping.

Many young women and men have chosen to migrate to nearby towns or to larger cities to seek employment and higher incomes than what they have available in the countryside (Mbilinyi 1997, ed forthcoming). The majority are absorbed in micro and small enterprises (MSEs) within the informal sector. Rural-urban migration also reflects the growing resistance among youth and women against patriarchal patterns of employment and property relations within the household and community (ibid; Koda 1996). Women, historically, have sought independent sources of income in non-farm activities precisely because most of the cash proceeds they produced in farming was expropriated by the male household head. The economic crisis associated with the economic reforms of the 1980s and 1990s has intensified gender contradictions. Growers of sugarcane, tobacco and coffee, for example, increasingly depend upon

unpaid family labour in order to reduce labour costs. Women and youth are less likely to submit to this form of work, however, than in the past, in many areas of the country.

Another dimension of social change is growing income disparities, which are larger in rural than urban areas (Bol 1995). The cost of living has steadily risen as a result of cost sharing with respect to basic social services, the increased availability of necessary consumption goods, as well as their increased cost. Some 50% of the total population was officially categorised as poor in the early 1990s, i.e. having an annual income below the poverty line; and some 36% living in absolute poverty, unable to provide for most basic needs (ibid:206). The largest number of poor people live in rural areas (60% all rural households), and there is growing regional and district disparity, with some 90% of households defined as poor in Kigoma, Shinyanga, Lindi and Ruvuma Regions (ibid).

New enterprises are not being established at a rate fast enough to keep up with the steady increase in job-seekers -- some 400,000 to 600,000 each year -- not even in the informal sector. According to the Labour Force Survey of 1991, the rate of unemployment was 10.6% (6.7% for men and 15.5% for women). Unemployment was higher in urban areas, and underemployment, when people work less than 40 hours per week, was much higher in rural areas.

The Tanzanian people are faced with a severe and growing employment crisis, which partly reflects the decline in smallholder farming and livestock-keeping, and the lack of adequate growth in investment in productive enterprises, especially those which are labour-intensive.

2.1 Employment Trends

Information on the trends in the labour market and employment in Tanzania is hard to come by. The comprehensive sources of information on the formal and informal sector employment in Tanzania to-date are the 1990 Labour Force Survey and the 1990/91 National Informal Sector Survey (URT 1991, 1993). The two surveys were conducted by the country's Bureau of Statistics of the Planning Commission.

The labour force defined as economically active persons in the 15 to 64 years age group grew at an annual average rate of 2.8% between 1960 and 1993, and is projected to grow at 3.0% annually during the 1993-2000 period (Shitundu 1999). This is higher than the annual population growth rate of 2.8%. In absolute numbers, the labour force rose from 7.8 million in 1978 to 10.1 million in 1991.

Formal sector employment in Tanzania is estimated at only 3% of the labour force, but such figures represent guesstimates due to problems of reliable data collection. Employment in the non-agricultural sector has hardly been growing during 1987-98. In the manufacturing sector, for example, employment grew at an average annual rate of only 0.90% during the 1987-98 period, much slower growth than that of per capita GDP, at 3.13 for the same period (see Table 1). The public sector and state owned enterprises have exercised massive lay-offs of employees in recent years in line with the parastatal and the general economic reform policies since the mid-1980s (See, for example, Mjema and Danielson 2000).

Employee lay-offs and sluggish growth of employment partly reflects the declining trend in total investment. As can be seen in Table 1, total investment during 1987-98 declined at an average annual rate of 0.22% with the performance in the public sector worse than that in the private sector. The poor performance in investment resulted in the growth of only 3% per annum, a rate which was equivalent to the country's population growth rate. Contrary to the expected

outcome of liberalisation and privatisation, the private sector has failed to provide jobs to replace those lost as a result of retrenchment in the public sector.

**Table 1: Selected Indicators of Economic Performance in Tanzania
(Values in 1992 Tshs, Employment in number of People)**

| Year | Overall GDP (in Mil) | Per Capita GDP | Capital Formation | | | | |
|----------------------------|----------------------|----------------|-------------------|----------------|--------------------|------------------|----------------------------------|
| | | | Public Sector | Private Sector | Increase in Stocks | Total Investment | Employment in Manufacture Sector |
| 1987 | 780765 | 35766 | 91393 | 162389 | 6072 | 259854 | 124210 |
| 1988 | 812260 | 36100 | 127090 | 76540 | 5115 | 208745 | 125001 |
| 1989 | 835927 | 49472 | 135112 | 89302 | 4712 | 229126 | 128769 |
| 1990 | 895674 | 51014 | 137829 | 201830 | 4643 | 344302 | 117557 |
| 1991 | 920422 | 50940 | 121332 | 236172 | 4614 | 362118 | 124002 |
| 1992 | 935248 | 50431 | 125841 | 243527 | 3675 | 373043 | 128967 |
| 1993 | 929623 | 49270 | 101783 | 236441 | 3152 | 341376 | 129456 |
| 1994 | 940529 | 48650 | 84686 | 262116 | 2988 | 349790 | 129984 |
| 1995 | 970604 | 48918 | 49049 | 235536 | 2815 | 287400 | 130554 |
| 1996 | 1015509 | 49530 | 54456 | 203053 | 2755 | 260264 | 129250 |
| 1997 | 1048168 | 49767 | 47957 | 193297 | 2928 | 244182 | 131831 |
| 1998 | 1099231 | 50194 | 56156 | 194478 | 3004 | 253638 | 137013 |
| Average Annual Growth Rate | 3.16 | 3.13 | -4.33 | 1.65 | -6.20 | -0.22 | 0.90 |

Source: Computed using data from various issues of the Planning Commission, *The Economic Survey*

2.2 Employment by Sector

As documented in the National Accounts of Tanzania, agriculture has remained the largest sector of the economy, accounting for 50% of GDP, 67% of exports and some 80% of employment, during most of the period since independence (URT 2000:5). Some 3.9 million households operate, on average, a farm size of 0.9 hectares, according to the 1994/95 Agricultural Census – too small to maintain viable food security and cash income (Mbilyini et al 1999).

Manufacturing accounted for only 8% GDP in the same year, compared to 24% by service enterprises (financing, real estate, business services, public administration); and 10% by mining. Tourism also contributes a growing share of GDP.

During the 1966-82 period, formal wage employment depended heavily on large-scale agriculture, with 45% share (Shitundu 1999:9). After economic reforms, however, and the collapse of parastatal plantations and large farms, agriculture's share dropped to 17% in 1984 and to 4.6% in 1991. Formal wage employment in 1991 was dispersed to different sectors as follows: public administration 35%¹; trade 16%; manufacturing 13%; financial services 13%; transport 10%; construction 7%; agriculture 5%; public utilities 1%; and mining 0.4% (ibid:Appendix 4).

Manufacturing, which was expected to expand as a result of economic reforms, has had mixed performance during the reform period. Real output growth rate recovered from a – 4.1% in 1986 to 6.4% in 1987-1989, and corresponding increase in export growth rate as well (ibid:14).

¹ The largest share, in spite of retrenchment policies.

Real output growth rate slowed down to an average of 4.4% annually during 1990-1991; and then fluctuated with drops and rises during 1992-1996.

Both agriculture and manufacturing remain significant for long-term goals of building a strong economic base, with dynamic linkages between agriculture and industry; as well as short and long term goals of employment creation. Further analysis of agriculture policy is found in a separate paper.

2.3 Constraints to Improved Productivity and Competitiveness in the Formal Sector and in Agriculture (including Smallholder)

The following constraints cut across different sectors, as noted by Shitundu (1999) in his analysis of agriculture, manufacturing and tourism; URT (2000) and Mbilinyi (et al 1999):

- Dilapidated transportation and communication facilities, especially roads
- Inadequate power infrastructure
- Inadequate and costly financial services, including credit
- Poor marketing (in agriculture, the collapse of most cooperatives and the rise of monopoly trade practices among private corporations; inadequate publicity and promotion campaigns; overall, poor quality control systems, processing and packaging; poor state regulation; inadequate support systems for local producers)
- Shortage of capital
- Shortage of skilled labour
- Unsupportive policy environment, including lack of policy coordination; and unfavourable tariff and taxation policies (too many and too high taxes, especially for domestic and MSEs enterprises)
- Inadequate institutional and technical capacity, and low incentives; including weak and inadequate research and extension services in agriculture; and failure to upgrade products and improve quality control and diversification in industry
- Low and unsustainable investment directed to different sectors and to private sector development
- Late adoption of relevant sectoral policies

2.4 Informal Sector

Analysis of the Labour Force Survey, 1990/1991 (URT 1991) indicates that *nearly 84% of the mainland labour force was situated in household-based agriculture*, including livestock-keeping and cultivation. Some 54% of the labour force which was not engaged in traditional agriculture was (self) employed in the informal sector, compared to 28% in the public formal sector and 18% in the private formal sector.

According to the Informal Sector Survey of 1991, more than one third of people employed or engage in the informal sector in 1991 were women, with the largest female ratio found in urban areas outside of Dar es Salaam (44% women); compared to 40% women in Dar es Salaam and 31% women in rural areas (Mbilinyi ed forthcoming; based on URT 1991). Women out-numbered men in the trade/restaurant/hotel subsector (53% women), which had the largest proportion of employment (51%). Similar patterns were found for the 1995 ISS for Dar es Salaam (URT nd). In both surveys, a large proportion of both adult women and male and female youth were *unpaid family labour*, not self-employed operators nor wage-employed.

Young women and men appeared to face the most severe crisis of employment and incomes at the moment. Lacking an independent economic base of their own, they were dependent on parents, older sibling or other 'adult' figures within the household, and were often exploited as unpaid family labour. Their entry into the informal sector as independent operators was blocked by inadequate capital resources, along with often insufficient skills, knowledge and experience. At the same time, local government officials often had a negative attitude towards youthful MSE operators and their employees, perceiving them, by definition because they were young, as 'trouble-makers' or 'problems'. Rather than receive support services, they were more likely to be rounded up, beaten, imprisoned, sexually harassed, and now and again, expelled to their 'home' areas, just as in the colonial days (Mbilinyi ed forthcoming).

Informal sector activity, although diverse, is largely reliant on low level technology with small capital requirements. Average incomes are extremely low, but remain above the official minimum wage (Mbilinyi ed in print). Nevertheless, MSE operators rely heavily on unpaid family labour and cheap casual labour to keep wage costs low, as well as intensified self-exploitation of the operator her/himself. Work-days are long, people often work a seven day week, with no worker benefits or social security systems. Horizontal and vertical linkages between micro and small enterprises and larger enterprises are minimal, thus constraining improvement and expansion.

2.5 Constraints in the Informal Sector (MSEs)

The major constraints noted in a recent in-depth study (Mbilinyi ed forthcoming) were as follows:

- Loss of markets and suppliers of raw materials as a result of deindustrialisation
- Increased competition among MSE operators as former wage-earners in the formal sector enter the informal sector
- Inadequate financial support for the sector, especially savings and credit, and particularly in rural areas and among the poor; including few credit opportunities; high interest rates; high time consumption in weekly meetings (micro-credit peer support systems) which appears as an opportunity cost to MSERs
- Mixed signals from government (central, local) authorities, with a continuation of harassment side by side with provision of credit and training
- Unsupportive policy environment, including lack of policy coordination; lack of MSE policy; unfavourable tariff and taxation policies (too many and too high taxes, especially for domestic and MSEs enterprises, who are required to pay one year pre-taxes in order to procure a license); and restricted circulation of money in the economy
- Poor marketing, with details similar to that of the formal sector
- Inadequate skills and knowledge in entrepreneurship and specific technical and managerial skills
- Inadequate institutional and technical capacity, and low incentives; including weak and inadequate training, research and extension services; failure to upgrade products and improve quality control and diversification in small scale industry (relevant to government and civil society organisations); inadequate information systems that reach down to the grassroots and up from the grassroots
- Inadequate infrastructure, including business premises, poor utilities and transport problems

- Gender division of labour in the sector overall, as well as within the household economy, such that women and girls are over-burdened with unpaid reproductive work along with paid and unpaid work which is oriented to the market ie productive work; and expected to channel cash proceeds to household consumption needs rather than reinvestment in the enterprise, in contrast to male operators; and, youth (male and female) are expected to provide unpaid family labour in household economic activities, thus denying them access to independent incomes as well as the savings needed to start up their own enterprises.

Most of these constraints have been noted by other authorities, including MLYD (2000) and Wangwe (1999). Additional factors noted include:

- Corruption, which acts as a barrier to entry, and reduces incomes and profits
- Poor legal and regulatory framework, ill suited to the needs of a dynamic private sector.

2.6 Income Disparities

Income disparities have risen during the last 15 years, as reflected in straightforward income statistics, as well as visible gaps in consumption and quality of life. The recent REPOA study (1998) found that 50% of incomes went to the top 20% of the population, while the lowest 20% income group received only 5% of incomes. Based on information for 1993 (Gini Index of 38.2), the percentage share of income was distributed as follows to various income groups (Luvanga 2000):

| <u>% Population</u> | <u>% Total Income</u> |
|---------------------|-----------------------|
| [Lowest 10% | 2.8 %] |
| Lowest 20% | 6.8 |
| Second 20% | 11.0 |
| Third 20% | 15.1 |
| Fourth 20% | 21.6 |
| Highest 20% | 45.5 |
| [Highest 10% | 30.1] |

Although national incomes may have increased, its distribution has been unequal. There is an urgent need for adoption of income redistribution measures and a coherent incomes policy to address the problem of inequality.

3.0 THE NATIONAL EMPLOYMENT POLICY (URT/MLYD 2000a)

3.1 Vision and Mission

As stated, the vision of the draft policy is “to attain full and gender balanced sustainable productive employment leading to poverty eradication by the year 2025” (para 3). The mission is “to identify strategies and an institutional framework for promoting employment within the framework of gender equity and poverty eradication employment sector.” (para 3.1).

3.2 Overall Objective

The overall objective is “to stimulate employment growth in order to overcome unemployment and underemployment, with the ultimate goal of attaining full employment and improving the standard of living of the people” (para 3.2).

3.3 Specific Objectives²

1. “To provide institutional framework and support for effective coordination and implementation of employment promotion initiatives and define the different roles of all the actors in employment creation, including the government, the private sector, public institutions, NGOs and the donor community;
2. To provide an enabling environment for self-employment and give more room for both the local and international actors to participate effectively in employment promotion;
3. To provide for the safeguarding of basic rights and interests of employers and workers as required under the relevant local and international labour legislation;
4. To provide for the improvement of labour force participation rates through sensitizing people to honour work and work more efficiently and productively;
5. Promote equal employment opportunities and treatment in employment between men and women and address the specific needs of special groups such as the youth and people with disabilities in employment;
6. To identify sectors and areas of high employment potential based on current socio-economic policies, and to propose strategies for increasing employment opportunities in those sectors;
7. To ensure effective abolition of child labour and protection of children from physical and psychological torture that interfere with their development;
8. To advocate for pro-employment investments in the country.”

Related to these objectives are the following *guiding principles*: “that every able-bodied person be available for work, and that it is the duty of the individual to look for work and the obligation of the society to provide opportunities for work” (para 3.3). However, “advocacy, education and education” will “mainly” be used to enhance labour force participation, rather than “coercion”. There will be “equal pay for work of equal value”; a minimum wage benchmark will continue to be provided by the Minimum Wages Board; freedom of association and free internal movement of labour will be guaranteed. “Gender mainstreaming in employment will be enforced while child labour will be abolished” (para 3.4).

3.4 Strategies of Implementation

The policy does not provide specific strategies of implementation, indicating mechanisms to be adopted, institutions responsible, time frame and resources needed and available.

² Numbered for ease of reference, whereas these are in ‘dot’ outline format in the draft policy (para 3.2).

What is provided are broad strategies or what could be called facilitating factors, which include the following:

1. “Enabling Macro Economic Policies”, which combine economic growth with employment creation ie employment-intensive growth. “...constraints facing the labour-intensive sectors generally, and the agricultural and informal sectors in particular, will be reduced to attain employment and growth objectives” (para 4).
2. “the creation of a conducive environment for economic activities will include incentives and infrastructural development especially in transportation, energy and financial services” (para 4.1)
3. “investments in human capital” (para 4.1); eg by up-grading courses (para 4.3); provision of education and training relevant to the needs of the labour market (4.7)
4. “ maintain a conducive relationship between employment and population growth” (para 4.2) by (citing paras 4.3, 4.7, 4.9)
 - (1) harmonising population and economic growth;
 - (2) improving productivity of small-scale farmers, through better training and remuneration of extension and research staff; encourage increased production of non-traditional export crops; research on livestock resources, their production and marketing; encourage informal and formal rural based savings and credit societies; minimising costs of labour
 - (3) promoting non-agricultural production in rural areas; through eg agro-processing; off-farm activities (4.9)
 - (4) promoting labour-intensive industrial development
 - (5) creating an enabling environment that will attract investors to invest in all sectors, attention being directed at the rural population
 - (6) expanding the informal sector; improvement of the legal and regulatory framework so as to facilitate the informal sector development (4.7)
5. Control rural urban migration by steps 1, 2, and 3 noted in para 4 above; and “mobilization of the people...to change their attitudes and accept employment opportunities within their areas of domicile” (para 4.5).
6. Promoting rural employment by many of the previous steps;
 - (1) eg making farming more productive so it becomes a more reliable source of income;
 - (2) formulating and implementing pricing and marketing policies, research, extension services and training that lead to higher yields;
 - (3) diversifying agricultural production
 - (4) improvement of rural infrastructure, especially rural roads, electricity, transport and water
 - (5) providing technical and business skills; technology maintenance for rural workshops;
 - (6) linking agricultural production to agro-processing for value-addition and employment creation
 - (7) providing credit facilities
 - (8) promoting the mining sector as an important employer
 - (9) establish price stabilisation funds for farmers (from 4.38)
7. Elimination of factors which hinder women’s full participation in the labour market; reduce women’s work load through provision of appropriate technology; Increase labour force

participation by improved health care services and provision of day care services (4.7); develop employment programmes that target women's enterprises in urban and rural areas, including skills training and nonformal education; mainstreaming gender in all employment programmes, including training; abolition of discriminatory laws; gender disaggregated data on the labour market

8. Provision of supportive services for youth employment, including counseling and vocational guidance in and out of school; financial services for business start-ups; capacity building especially in management and business skills; enhancement of Vocational Education and Training Authority (VETA) programme (details provided)
9. Improvement of the institutional machinery for promoting labour force participation; by opening public and private employment promotion service institutions which provide counseling and information on the labour market (4.28); improved capacity in the same to ensure fast and efficient service for employers and employment seekers; provision of up to date information on the labour market – via integrated labour force surveys; population censuses; enterprise data on wage employed in the formal sector; tracer studies of graduates of training institutions; dissemination of labour market information to the public on regular basis

With respect to the MLYD, capacity building in Employment and other departments, so as to enhance planning and management of employment programmes; coordination of employment promotion, including training, informal sector activities

Put in place an institutional and regulatory framework that will streamline relationships between capital and labour (para 4.41); with rights and obligations of each clearly specified

10. Elimination of HIV/AIDS, with a variety of activities noted
11. Accelerating growth and development of the private sector, especially the informal sector and micro and smallscale enterprises (MSEs) by:
 - (1) reviewing legal and regulatory barriers to the same, including licensing procedures, registration, land ownership and taxation
 - (2) provision of infrastructure for MSEs, with rights of occupancy
 - (3) substitute the present system of tax prepayment with a system of tax payment after the results of the business operations
 - (4) extension of tax exemptions and tax holidays to informal sector enterprises, not only large enterprises
 - (5) strengthen the department dealing with employment so as to coordinate and promote job creation
 - (6) involve CBOs, NGOs, employers' and employees' organisations in delivery of support services
 - (7) introduce enterprise education in training institutions and higher education institutions
 - (8) stimulate credit and other financial services; through the banking system; financial institutions which target very low income groups; promotion of small local banks by amendments to relevant banking laws and regulations; dissemination of information on Cooperative Savings and Credit Societies; credit systems along the lines of the Grameen Bank.

12. Develop employment programmes for special groups such as the elderly, the disabled, retrenched; which include increased availability of capital; enhanced opportunities in vocational training; promote employment of the disabled among employers; implement all relevant laws; prioritise disabled people in employment
13. Maximize utilisation of local human resources (not foreign) by steps noted above; and by formulation, adoption and implementation of a policy on local consultancy capacity building; developing guidelines on how to address the brain drain problem; improved efficiency of training institutions; identification of critical skill shortages, and initiation of relevant training programmes (4.25)
14. Control and monitor employment of non-citizens, so that foreigners will only be employed in positions where local skilled human resources are not available (4.26)
15. Enhance international competitiveness in the era of globalisation by steps noted above such as capital efficiency and labour productivity; reduced costs of production by improved power tariff and fiscal policies; stabilisation of inflation; protective tariffs to protect local industries from unfair foreign competition.(4.27)
16. Improve working conditions, occupational health and safety by enacting relevant legislation; supervision of implementation of the same; conducting research; improved training of health representatives; enhancing collaboration between employers and employees representatives in matters pertaining to the same; enhanced intersectoral collaboration;
17. Improve social security systems, which will include agricultural and informal sector workers; establish price stabilisation funds for farmers
18. Minimise child labour by discouraging the worst forms of child labour as elaborated under ILO Convention No 182 of 1999; enact, implement laws which abolish child labour; sensitise the public, CBOS and NGOs on the evils of child labour and their roles in its elimination (4.44).

3.5 Resources

The policy does not outline strategies for resource mobilisation and allocation to support the implementation of the policy, nor does it indicate resources secured thus far.

Information on resources is provided in budget speeches, however, and here we have examined the budget speech for 1999/2000 (URT/MLYD 1999b). Budget estimates for the year were a total of Tshs 4,897.66 million; of which, Tshs 2,767.66 was for recurrent expenditures and Tshs 2,130.00 for development costs; Tshs 168.73 million for Mahakama ya Kazi (Labour Tribunal) (para 84).

Resources had been mobilised from several bilateral and some multilateral agencies, as well as international NGOs, including development agencies from Sweden, Great Britain, Japan, Germany, Switzerland, Denmark, Canada and Ireland. Multilateral agencies included UNDP, ILO and UNICEF. Support was also provided by CYP, FES, COWI, SDC, SHID, IPEC, Oxfam and Help Age (83).

Nevertheless, participants in the recent Labour Advisory Board (LAB) meeting expressed their concern about the lack of financial commitment made by government to the Ministry of

Labour and Youth Development and its activities, including LAB itself. At issue were inadequate financial and human resources, both in terms of quantity and quality (skills, education credentials).

4.0 ANALYSIS OF THE EMPLOYMENT POLICY

4.1 PROCESS OF POLICY FORMULATION

The 2000 draft policy is based on a revision process which began, or is associated with, the Round Table Meeting on Employment Policy which was organised by ILO, MLYD and ESRF at White Sands, Dar es Salaam, 17-19 May, 1999. The main participants were government officials, representatives of employers and trade union organisations, and experts. Civil society organisations, and activist organisations in particular, were notably absent.

In their assessment of the relatively new 1997 Employment Policy, it was noted on the positive side that the policy recognised the importance of economic infrastructure (that is, transportation system, water supply, electricity and financial institutions) in increasing employment and incomes. However, it was said to have the following shortcomings:

- The policy appeared to be condoning petty businesses and street vending more on political grounds than as a basis for meaningful employment and development of the country .
- The policy document was mute on performance indicators (and then corresponding measurements) to assist in monitoring and evaluation during implementation of the policy.
- There was lack of coordination between the Employment Policy (which aims at increasing employment) and the overall macro-economic reform policies (which encouraged privatisation and retrenchment exercises at the expense of employment)
- There was lack of specific fiscal or tax incentives to local investors. The tax holidays and the like applied only to foreign direct investors.
- There was lack of a strategy to mobilize and utilize adequate financial resources. The policy gave no indication of the Government's willingness to commit resources (or some percentage of the Government's revenue) for the implementation of the policy
- The policy sidelined the role of cooperatives in employment generation and marketing.

According to recent interviews, top officials at MLYD have become increasingly aware of the need to involve a broader cross-section of civil society in deliberations on the Employment Policy along with other policies such as the draft policy on youth. The 2000 Draft Employment Policy was recently presented and discussed at the Labour Advisory Board (LAB) meeting of 16th and 20th March 2000. LAB consists of representatives from several government ministries, employers and trade union organisations, according to the tripartite principle (government, capital and labour). Given the significance of the informal sector, which is not represented by trade union organisations as presently formed, consideration has been given to the need to broaden LAB so as to include other civil society organisations which work with operators and workers in that sector. One representative of civil society organisations was officially invited to participate in the LAB meeting of 16th and 20th March 2000 (Coordinator of RFS), an indication of the ministry's seriousness in opening up participation further.

Trade union representatives raised their concern at the LAB meeting about the need for more time to discuss a vital policy such as the employment policy before them. Although the Commissioner of Labour emphasised that there would be opportunity in the future to give

feedback, there was no indication that another public forum would be held to debate the policy before it was presented to Parliament.

Recommendation 1:

The draft employment policy needs to be debated in public fora so as to welcome the views of all concerned segments of society, before its final formulation and presentation to Parliament. This is especially urgent, given the likelihood that the private sector will try to rollback many of the provisions in the law which safeguard workers' rights to security of employment, rights to organise in trade unions, rights to a minimum wage, etc.

NGOs, CBOs and support institutions involved in the informal sector need to be fully involved in the consultative process; and if necessary, initiate the debate themselves.

An anomaly which was noted at the meeting was also the fact that Legal Regulations pertaining to the employment policy – namely The Employment Act, 1999, had already been submitted to and passed by Parliament, before the policy itself. The act includes separate parts on:

- administration and jurisdiction
- the employment relationship
- forced labour
- children, young persons, women and special categories of employees
- wages and related matters
- rights and duties in employment
- disciplinary measures
- termination and summary dismissal
- continuity of employment
- severance allowance, and
- remedies and jurisdiction.

The act has not yet been translated into Kiswahili, and widely disseminated throughout the country. The same can be said about the draft Employment Policy.

Recommendation 2:

Information about both the policy and the act ought to be popularised and disseminated widely as a matter of urgency by government and civil society organisations alike, including trade union organisations..

Operators and workers in the informal sector, both rural and urban, need to be assisted in their efforts to organise themselves in trade union organisations and other support groups, so as to be able to articulate their own views and interests in public debate as well as tripartite negotiations, and in general protection of their interests.

4.2 CONTENT OF THE DRAFT EMPLOYMENT POLICY

The draft Employment Policy is intended to adjust existing mechanisms pertaining to employment, so as to be relevant to the changed circumstances associated with macro economic reforms, ie a free market instead of centrally planned and controlled economy. Hence, attention is given to the promotion of information about the labour market, and employment bureaux services, so as to create a better 'fit' between seekers of employment and potential employers. Rather than depend upon government wage employment, the majority of Tanzanians are expected

to seek their own employment as wage workers or self-employed. At the same time, government, civil society organisations, and to a much lesser extent, employers, are expected to facilitate this process by such measures as provision and expansion of training, infrastructure, information, as shown in the first section of this report.

4.2.1 Positive elements of the draft policy include the following:

- the vision which calls for ‘full and gender balanced sustainable productive employment’ by 2025 ie a full employment policy
- recognition of the need for a pro-employment investment policy
- recognition of the urgent need for expansion of rural employment opportunities, including enhanced productivity in agriculture, and expansion of agro-processing and off-farm economic activities
- recognition of the need for gender mainstreaming and gender equity in employment provisions and opportunities
- linkage made between employment and poverty eradication
- provisions for equal pay for work of equal value
- guaranteed freedom of bargaining, freedom of association, free internal movement of labour
- recognition of the need for more practical support for the informal sector in urban and rural areas.

4.2.2 Shortcomings

A major shortcoming, which was noted at the LAB meeting, was the failure to articulate sound objectives for the policy. The objectives noted in the document and cited above read more like a set of activities rather than policy objectives. Examples were given of the kind of objectives called for, such as ‘access to decent work for all Tanzanians’, ‘access to a sustainable livelihood’, ‘abolition of child labour’, ‘abolition of all forms of discrimination on grounds of gender, disability, ethnicity and religion’.

Recommendation 3:

Develop a clear statement of policy objectives of the government which reflect the right to sustainable livelihoods and livable incomes, in working conditions which are safe, healthy and non-discriminatory.

The policy should also have a clear statement of the fundamental principles and rights at work, and assurances and mechanisms to protect workers rights.

4.2.3 Resources

The draft policy does not refer to or belong to one sector ie MLYD, but rather cuts across all ministries and sectors of the economy and society. However, an examination of resources which have been allocated to the ministry is a strong indication of the low priority given to employment issues by the government (spoken by government officials from other ministries, as well as trade union representatives). The resources in question include both human, financial and other material resources. For example, a large proportion of MLYD staff, especially in the regions, are not degree holders, and yet they are expected to carry out increasingly complex functions in the era of market economics. The ministry lacks adequate funds to provide paper and allowances for meetings, let alone support its regular functions. More resources need to be

mobilised from within central government, as well as the private sector. Employers benefit from the vital services and infrastructure provided by MLYD, and ought to contribute more fully to its operation.

Recommendation 4:

Increased resource allocations need to be provided by central government to MLYD and to related departments and programmes in other ministries, as well as to its civil society partners, so as to enhance employment expansion. Resources can be mobilised from the private sector itself through corporate taxes, as well as from reallocation of government revenue.

4.2.4 The policy lacks *specific concrete strategies* to implement its so-called strategies – for example, what are the specific mechanisms needed to improve labour productivity in agriculture? To enhance investments which are oriented to employment-expansion? To enhance access to relevant skills for youth, women, disabled? Without concrete strategies and a work plan, which shows the resources needed and probable source, the policy is likely to remain a paper document, mere rhetorics.

Recommendation 5:

Develop concrete strategies of implementation for the revised objectives...with full participation of all key stakeholders, including MSEs.

4.2.4 A more substantive problem is an inherent contradiction within the policy statement between an orientation to ‘free market forces’ and an orientation to state intervention. Examples of the latter include the call for better pricing and marketing policies which benefit the farmer (para 4.11), measures which safeguard the employment positions of citizen workers/operators vis-à-vis foreigners, protective tariffs in support of local industry and agriculture; and anti-discrimination measures pertaining to gender, disabilities and other factors. From a people-centred livelihoods perspective, these are all worthy measures. However, they are considered ‘illegal’ according to WTO regulations; numerous countries have been fined by WTO for implementing these and other measures. Moreover, such measures call for enhanced state intervention to provide vital resources and to facilitate employment expansion, the opposite of the present trend towards downsizing and rolling back the state’s role in the economy.

It behooves MLYD to make its policy differences with macro reform policies explicit, and to challenge the liberal and corporate ideology which underlie the reform agenda.

There is also an implicit contradiction between pro-market forces, economic reforms such as enhancement of fiscal and monetary stabilisation, and pro-employment orientation. A general principle adopted by economists and corporations alike is that labour costs must be reduced in order to enhance global competitiveness of given goods. Labour costs have been reduced around the world by reducing wages and fringe benefits, social wage costs such as public investments in schooling and health, and rolling back worker protections and trade union organising. This goes directly *against a pro-livelihoods policy*, as is shown in the Policy Review Paper on Market Liberalisation.

Recommendation 6:

Initiate a public debate on macro economic reforms, and their effect on poverty reduction/eradication strategies and expansion of sustained livelihoods and viable incomes. Activist civil society organisations need to initiate the debate at all levels, with specific measures taken to involve grassroots groups and communities by e.g. popularisation of information about

4.2.5 Related to the problem of resources is the limited number of 'beneficiaries' or participants in relevant programmes, including training and credit. Here we will focus on vocational training. Currently there are numerous institutions providing some form of vocational training, under the supervision of VET (see below). These include 17 VETA centres, with 1,582 trainees each year; 58 mission trade schools, with about 8,200 students; 37 private vocational training institutions with some 7,700 trainees; 53 Folk Development Colleges with a capacity of 3,600; and 284 Post-Primary Technical Colleges (PPTC) under the Ministry of Education and Culture, with actual enrolment of 4,000; and 7 company based vocational training centres geared to labour needs of the company, training about 1,582 (Semboja and Ndamgoba 1999). A total of some 25,207 trainees were absorbed in these institutions in the late 1990s in any one year. This represents about 4% of the 600,000 young women and men entering the labour force at that time (now believed to be 700,000), that is, a miniscule proportion.

And yet, one of the most common constraints noted, by all sides to the question of development and employment, is the lack of adequate skills and knowledge. Given that understanding, and the frequency with which different stakeholders recommend enhanced training in vocational skills and business, how can we explain such apparent low priority given to the field of vocational training in practice?

Recommendation 7

Facilitate the expansion of vocational training centres in all districts under the direction of VETA, and their enhanced relevance to local priorities and conditions. Government to take the lead, with the support of donor agencies, the private sector and civil society organisations.

4.2.6 Vocational Education and Training Authority (VETA) was established in 1994 to improve technical training in Tanzania, and expand the number of beneficiaries of its programmes. VETA is expected to both provide and facilitate vocational training in the country, with facilitation functions to include: (1) setting examinations and providing certificates to graduates of all technical colleges and vocational training centres, be they public or private; (2) to inspect and register all such educational institutions; (3) to find ways of enhancing employment and eradicating poverty by developing a relevant training programme which enhances self-employment (URT MLYD 1999 budget speech); (4) to provide a new vocational curriculum which leads to expanded enrolment of youth.

VETA itself provides three types of training:

- full-time basic training of one to two years, covering theory and practice;
- apprenticeship training (students receive practical training while working in respective industries, and attend evening classes; duration is two to three years)
- distance education through correspondence.

A major curriculum reform process has been completed, on the basis of the findings of research carried out throughout the country, and a new VET system developed so as to expand enrolment. Both short and long courses will be included. Participants will be provided with tools to enhance their capacity for self-employment upon completion of studies. The new VET programme is expected to commence in 2000 (MLYD 1999/2000 budget speech).

Recommendation 8:

Publicise information about the VET programme of training as widely as possible, in both rural and urban areas, targeting both female and male youth. All key institutional providers of vocational education to be responsible for local publicity, whereas VET to take the lead at the national level.

4.2.7 A special VET levy is collected from employers at regional level, which provides a substantial portion of total resources. The rationale underlying this levy is that employers benefit from vocational education schemes which are provided by other institutions besides themselves, and have a social responsibility to contribute to their cost. This provides an excellent model, to be emulated by the government in securing additional resources for basic primary education.

Recommendation 9:

Government to adopt a basic education levy to be paid by medium and large enterprises, both public and private, as their contribution to the expansion of basic education – a key necessity in employment creation, capacity building and enhanced productivity.

4.2.8 Problems noted in achieving the goal of apprenticeship training and eventual self-employment and/or wage employment of trainees reflect broader economic and social issues. They include resistance by private employers against accepting VETA trainees as apprentices, and the government's lack of leverage vis-à-vis the private sector, as compared to the former

parastatal sector. Another is the low level of private investment in industries which create employment, and related to this, the lack of adequate infrastructure to attract investors. Poor tax systems and unwieldy bureaucratic systems act as barriers to investment, and therefore to employment. The lack of venture capital funds which cater to small business undermines the capacity of local entrepreneurs to start up and/or to expand (Rehema Binamungu, pers.comm.).

Suggested strategies such as enacting a law to force the private sector to employ VETA apprentices are not compatible with the new market orientation, nor with basic democratic principles. Other strategies such as the creation of improved infrastructure reflect the need for an integrated approach to livelihoods and incomes, the subject of the next major section.

Recommendation 10:

Develop material inducements so that private employers employ VETA apprentices and graduates. These include tax deductions which are tied to specific employment targets.

4.2.9 A detailed gender analysis has been carried out of labour laws and other related laws in Tanzania as they impact on women's employment (Kasungu et al 1999). The report notes that both international and national agencies lack adequate information and experience in how to provide for health and safety standards in the informal sector, which has now become the major site of (self) employment for both women and men. Moreover, under the present market-driven forces of development, priority to profits and efficiency may lead to a reduction in safety and health measures in the workplace (formal and informal). In general, most workers are found in almost unregulated formal and informal employment. Cut-backs in public services and cost-sharing measures also mean that access to health services has declined, especially for the poor.

Occupational and Health measures at the concrete level are inadequate, though the principle of standards of safe work are included in the general law, especially with respect to eg chemical hazards, ergonomic problems, work organisation physical hazards, specific risk areas such as reproductive hazards or carcinogens (ibid:23-24). There is little or no monitoring of occupational illness; and workers lack the organisation, information or economic security to take up health issues. Agricultural workers, including self-employed farmers and unpaid family labour, work with hazardous petrochemical farm inputs, including pesticides which are banned in the North but are available in Tanzania (eg DDT, Aldrin, and Dieldrin – p.28). There are numerous reproductive health hazards, which have not been regulated nor monitored, in both the formal and informal sectors, leading to miscarriage in pregnancy, cancer of the foetus and/or the mother (and possibly other family members), stillbirth, birth defects, menstrual disorders and so on.

The report notes other problems which are of specific concern to women, because of their own position in the labour force as workers and as women. For example, women are more vulnerable to sexual harassment and HIV/AIDS than men; yet, there are inadequate provisions to guard against both in the workplace. More women than men are employed as casual workers in many industrial sectors, formal and informal; casual workers lack adequate protection under the law, no worker benefits, and lowest wages.

Gender discrimination was found within several laws and regulations, with differential treatment or barriers which worked to the disadvantage of women. Moreover, most committees and boards which make employment and labour policy lacked specific provisions for female representation. Specific anti-discrimination measures with respect to the workplace or training institution have not been adopted by law.

A series of specific recommendations are made in the report, including strategies of action, which should be reviewed and prioritised by relevant stakeholders, including activist civil society organisations and trade union organisations, and lobbied for.

4.2.10 The issue of workers organisation and workers participation needs urgent attention in the context of globalisation and privatisation, so as to protect the rights of workers to organise themselves and to participate in decision-making in both formal and informal sectors, in agricultural and non-agricultural work. The Employment Act 1999 does not set forth a clear statement on the right to organise; that is dealt with separately under the Trade Union Organisation Act [name?] which is yet to be implemented by the government.

A draft Workers Participation Policy (2000) intends to provide a “new outlook and new principles of implementing Workers Participation, which conform to the current economic and social changes taking place in Tanzania” (URT 2000:2). The priorities of employers, and especially big business, seem to take priority. In the rationale for the policy, for example, it notes the creation of “a sense of accountability amongst employees” [why not both employers and employees?]; “high productivity, efficiency and responsibility of all employees be public or private”; “encourage efficiency, quality production *and* creates a forum for negotiation between employers and employees” (ibid:3). Both employers and trade unions “require profitability, competitiveness, and productivity, which ultimately guarantee stability of enterprises and job security”. At issue is surely whether workers benefit from profitability, competitiveness and productivity under present circumstances, since all three factors depend on reducing wages and the number of employed workers?

The draft policy calls for the enactment of a law on Democratic Workers Participation, so as to protect basic human rights of workers; build harmony and good working relations between workers and employers; and ensure that workers perform their duties as according to regulations. In addition to these goals, specific objectives include the abolition of discriminatory elements in the workplace and promotion of industrial democracy. Workers are to be involved in consultation and decision-making on such issues as salaries; sales; standards and quality and quantity in production; workers development programmes; restructuring the workplace and other issues pertaining to productivity; closure of workplace; mergers; changes in the scheme of service.

What are the mechanisms suggested for workers participation? The main one are workers councils in all workplaces with 25 or more employees. However, the policy does not specify how these councils are to work; their specific rights and obligations; and how worker representatives are to be chosen. Moreover, other mechanisms of worker participation have not been developed.

Recommendation 11:

The government should involve civil society organisations, including but not exclusively trade union organisations, to review the Workers Participation Policy, with the specific mandate of elaborating in concrete detail the mechanisms of workers participation, with respect to workers councils, as well as other mechanisms; taking into account the different circumstances of agricultural and non-agricultural employment, in both formal and informal sectors; and extend to small enterprises employing 6 or more employees.

4.2.11 The plight of millions of unemployed young people has received growing attention, as well as their potential power to challenge the status quo. The draft employment policy sets forth three ‘strategies’ to promote youth employment, which include (1) increasing support for the

agricultural sector and rural areas; (2) education reform, so as to provide “skills necessary for self-employment”; and (3) provision of an enabling environment for youth employment, including provision of infrastructure, skills training, counseling, capacity building (particularly management and business skills), and financial services for business start-ups (para 4.24).

These strategies are not constructed around the particular position of youth in different social categories of Tanzania; for example, their position as unpaid labour in many smallholder farming/livestock-keeping systems, with little or no independent access to basic resources such as land, livestock, tools of production and money.

Recommendation 12:

Specific strategies need to be developed by different stakeholders, including civil society as well as government, donors and the private sector, to promote (self) employment which targets young women and young men in different locations according to income, urban-rural location, agro-economic zone and culture; and seek to empower them vis-à-vis patriarchal barriers which deny them independent access to basic resources.

These strategies, and the general ones from which they have been derived, also take the present economic structure for granted. Yet, major barriers to employment creation are rooted in the present structure of the economy, and the way in which it is being integrated into the global economy: a small domestic market with low purchasing power; low competitive potential in the global economy; underdeveloped infrastructure; limited local capital resources. What is the point of promoting entrepreneurship skills in the schools if there is no market for the expected goods and services? An enabling environment starts and ends with a strong, dynamic, national economy which can absorb the labour of 700,000 entrants each year, whether in self- or wage-employment.

Recommendation 13:

Urgent study is needed of alternative models of sustainable development at local, national and global level, which give priority to the provision of sustainable livelihoods and viable incomes for all citizens, with due regard to human development, the physical environment and human rights, within a participatory framework; this ‘study’ process to include broad theoretical analysis as well as concrete specific strategies of action which can be implemented in the short-term by communities and other actors.

4.2.12 The Ministry of Labour and Youth Development is in the process of finalising a new policy on youth, the Vision 2025 for Youth. An real effort has been made to increase participation by youth organisations in deliberations on the policy by means of a consultative workshop held recently, as well as through earlier research studies carried out (Joyce Shaidi, pers.comm). Moreover, the youth department has consulted with supportive partners, and succeeded at times in having youth and/or employment issues included as key priorities. For example, a private firm of consultant engineers involved in road construction have set up local development committees in the areas where they work, and they have agreed to adopt labour intensive construction technology.

The Youth Department has recognised the shortcomings of earlier initiatives such as the Youth Development Fund (1993), which distributed loan funds at regional and lower level through local government channels, without clear mechanisms and regulations. These did not always reach the target group of youth, especially those living in poverty; were not necessarily invested in economic enterprises; were subject to political influence; and had extremely low repayment rates (near zero). In the future, similar credit funds will be administered systematically by partner

NGOs. Clear guidelines will be needed to ensure that target groups are reached and transparency and accountability are maintained.

The department also started a programme called Community-Based Initiatives for Poverty Eradication, with UNDP support, which encourages youth-led organisations to be set up with the support of field officers under Regional Administrations in Lindi, Coast, Dodoma, Kigoma and Shinyanga. The emphasis on self-organisations of youth is laudable. However, these appear to be similar to other micro-finance programmes, based on small groups, members contributions, provision of credit and peer pressure for repayment – with possibly similar potentials as well as threats (see points raised earlier; Mbilinyi ed in press, and references therein).

Preliminary views about Vision 2025 for youth emphasise the concept of youth empowerment, which is defined as ‘responsible’ youth, capable and willing to carry out their social responsibilities, without necessary supervision; ‘anajituma’. The vision drew on child-rearing practices of the past as the model for what was being promoted for the future: building capacity in youth in the context of the local environment, based on cultural practices used to raise a child; ‘indoctrination in terms of values, family livelihood, education, marriage’, and adding, for the present, national practices, good governance and international challenges (Kachare pers.comm).

This conceptualisation of youth *empowerment* seems to reflect the perspective of elders, not youth; the state, not youthful citizens; and socialisation rather than empowerment. It does not reflect the enormity of the crisis of employment and livelihoods faced by young people today, who must struggle to survive in a very different set of circumstances than the past.

The life skills approach adopted by UNICEF, kuleana and several other institutions may provide a helpful alternative approach, especially when combined with provision of material resources through the youth department. Young women and men are empowered to assess their situation, analyse causes of problems and develop action strategies, while strengthening skills needed to reach their new objectives. These skills include: analytical, coping, problem-solving, negotiation, self-protection, organisational, leadership, dramatisation and public-speaking. Live skills are strengthened within a human rights perspective, which is key to the approach.

Recommendation 14:

Adopt the life skills approach, combined with animation methodology in a human rights perspective, within youth programmes, so as to empower young people to assert themselves and strengthen their capacity to access basic resources, articulate their needs and interests, and organise on their own behalf. Combined with practical vocational skills and access to credit, tools, infrastructure and other practical needs, this approach will facilitate the expansion of (self) employment with higher incomes and better working conditions.

4.2.13 The growing income gap in a context of rising unemployment and poverty threatens to lead to ever higher levels of social unrest and instability, crime and corruption. The original Turner Report needs to be revisited, along with other measures of income redistribution, so as to lower the income gap, and ensure that every citizen has access to a livable income.

Recommendation 15:

Civil society organisations to lobby for a ‘livable incomes’ policy, which ensures that each citizen has access to an income adequate to cover vitle needs, including household food security; with mechanisms incorporated for income redistribution from the most wealthy in society to the poorest, without undue disincentives for enhanced production and commerce.

5.0 SUSTAINABLE LIVELIHOOD AND INCOMES

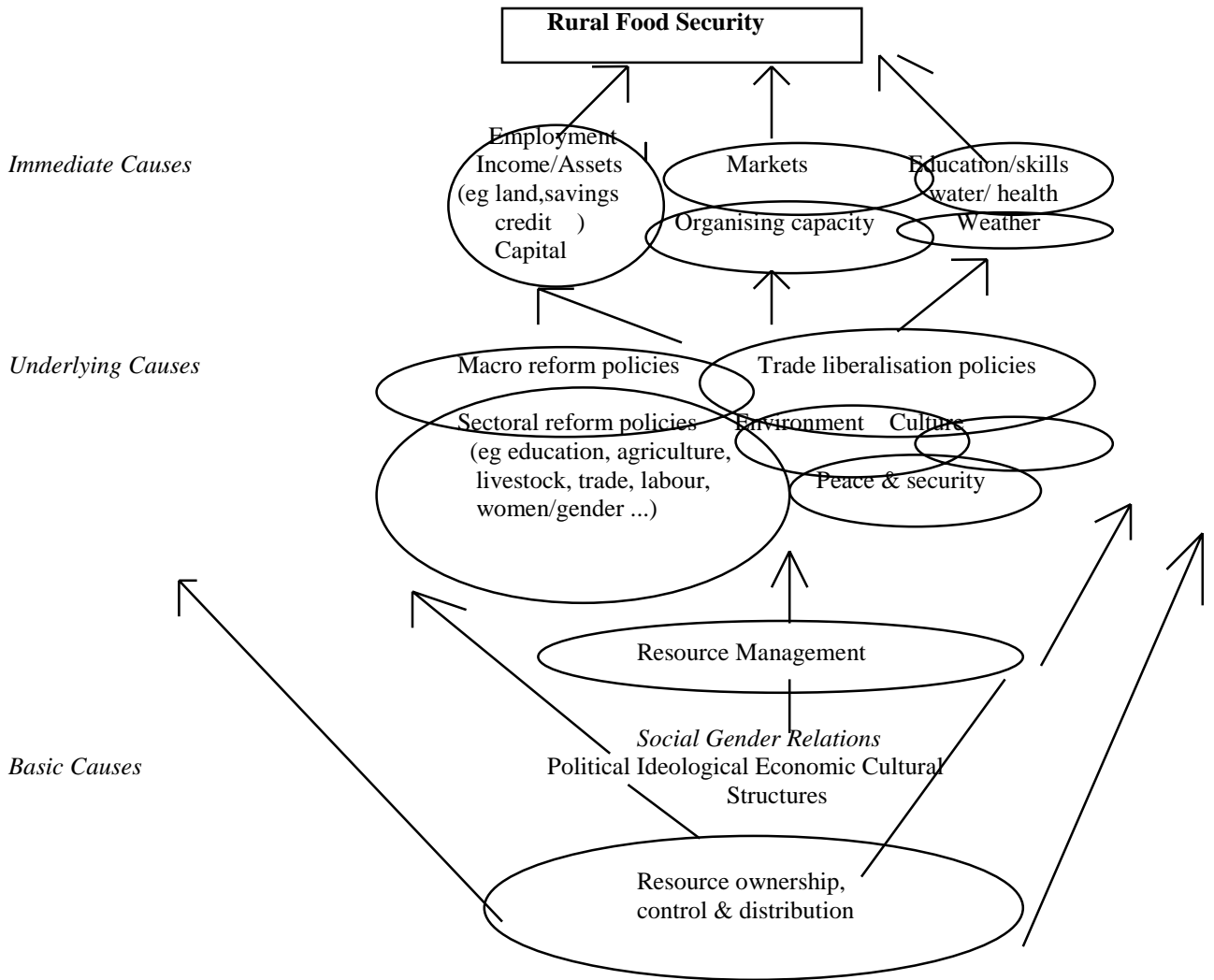
5.1 The concept of ‘employment’ and the way in which it has been used in the employment policy is not adequate for the kinds of issues raised in previous work with grassroots communities on rural food security (Mbilinyi et al 1999). Participants in six villages, three from Ngorongoro District and three from Shinyanga Rural District, linked the two issues of household food security and incomes or non-poverty. They emphasised the importance of having access to the *means of securing a sustainable livelihood*, including land, livestock, water, cash income, competitive markets, education, skills, and *(self) employment*. Employment, therefore, was one among several factors. Barriers to acquiring these resources were noted, headed by poor or non-existent policies in a practical sense – according to villagers, ‘policies which were not implemented were not policies’.

The RFS research programme explored feasible policy changes at the immediate and underlying levels of causation with villagers, as shown in Figure 1, with a focus on land, markets/trade/prices, savings/credit, education/skills, water, peace/security; and (self)employment/incomes from grassroots perspectives. The research connected these changes to systems and policies of resource management which are represented here as part of basic causes. These factors were found to cut across macro, meso (institutional) and micro levels of analysis. Practical organisational experience as well as previous research documented the extent to which these were key determinants of household food security. They all pertain to macro and sectoral policy reforms directly and/or indirectly.

5.2 The concept of sustainable livelihoods and viable incomes reflects these considerations more adequately than ‘employment’, and provides a potential tool for lobbying and advocacy on behalf of people living in poverty. The framework provided in DFID’s ‘Sustainable livelihoods guidance sheets’ (nd) is considered especially useful in this context. Livelihood is defined as follows (ibid:1.1):

A livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base.

Figure 1 Rural Food Security Conceptual Framework

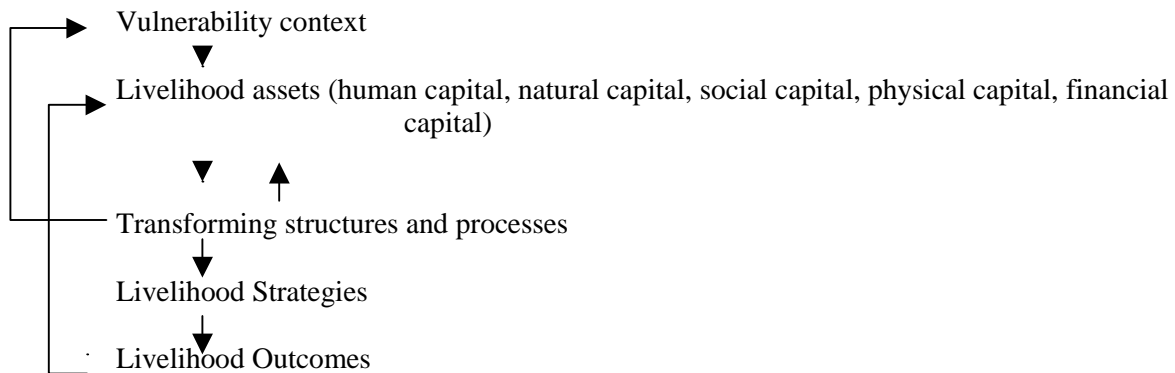


Source: Mbilinyi et al 1999: p. 6

This can be built into our own emphasis on an *entitlements* approach, drawing on the work of Amartya Sen and colleagues (Dreze and Sen 1995), as shown below (Mbilinyi et al 1999:5):

People starved or went hungry not necessarily because of an inadequate food supply or food production, but because they lacked or lost entitlement, the ability to acquire food by production, purchase, exchange or gift. At issue were *structures of power and social relations* which determined who got access to food at all levels, and/or the income needed to purchase food, and/or the food stamps, food for work systems or other food relief programmes which provide food to the poor and needy in many societies...[in Africa] hunger has often increased side by side with increasing food self-sufficiency, because of the decline in purchasing power for large segments of the population.

5.3 The livelihoods concept adopted by the DFID guidelines assumes that people living in poverty are active agents, engaged in their own livelihood strategies, ie ways of combining and using livelihood assets. The conceptual framework is multi-dimensional, with linkages to macro and micro levels of analysis. It examines the interaction among the following factors:



Livelihood outcomes influence livelihood assets; which in turn influence and access, in positive and negative directions, the transforming structures and processes.

The *vulnerability* context refers to (1) *trends* in population, resources, national/international economy, governance and technology; (2) *shocks* in human health, natural, economic, crop/livestock health and conflict); and (3) *seasonality* of prices, production, health and employment opportunities.

Livelihood assets refers to the five forms of capital noted above, which interact with and influence each other. All five were identified as significant for food security in our earlier work. Of special importance in our analysis was *social capital* at community level. In the guidelines, social capital refers to (1) networks and connectedness that increase people’s trust and ability to work together and expand access to wider institutions; membership of more formalised groups; and relationships of trust, reciprocity and exchanges that facilitate cooperation, reduce transaction costs and may provide informal safety nets among the poor.

Human capital refers to the “skills, knowledge, ability to labour and good health that together enable people to pursue different livelihood strategies and achieve their livelihood objectives” (ibid:2.3.1). Natural capital includes land, forests, water, air quality, erosion protection, biodiversity degree and rate of change. Physical capital refers to the basic infrastructure (affordable transport, secure shelter, adequate water supply and sanitation, clean, affordable energy, and access to information) and producer goods needed to support livelihoods. The positive impact of education and health on economic growth and quality of life is well documented, as well as that of infrastructure, and need to be incorporated into a final livelihoods policy.

5.4 The livelihoods approach should be situated in context, however, and examined critically, especially as employed by different stakeholders. Bryceson (1999ab) has carried out a useful critique of the concept and its application by the World Bank and other donor agencies. Livelihoods reflects a shift away from the focus on agricultural growth in development programmes, to a multisectoral focus on the household’s “multiple forms of income earning to maintain their standard of living in the face of adverse circumstances” (Bryceson 1999b:173). Underlying the analysis is an ongoing process of “depeasantisation”, according to the author, or

“deagrarianisation”, at least in terms of the economic status and base of local communities. Rural people increasingly depend on non-farm activities for cash income, rather than farming, which may include working as casual farm workers on plantations and commercial farms. Peasant household labour is being replaced as the major form of labour, by wage labour, individual self-employment, and/or reliance on remittances, rents and other income transfers. Monetised activities increasingly substitute for subsistence-based activities in this process of rural income diversification.

The economic reform process has severely undermined the capacity of smallholder farm households to reproduce themselves on the basis of agriculture (Bryceson 1999ab, Mbilinyi 1997, Mbilinyi et al 1999). Moreover, a growing number of smallholder households have withdrawn from commercial production ie production of export and other high value cash crops, because of falling returns to labour and land; in turn the result of the abolition of farm input subsidies and attendant rising costs of farm inputs; the unavailability of farm inputs; loss of ‘soft’ loans associated in the past with state-supported crop schemes and cooperatives; low crop prices resulting, in part, from monopoly trade practices of private companies. Largescale farmers and companies are becoming increasingly significant producers of major export and food crops for local and export markets.

Immediate action is needed to promote agricultural productivity within the smallholder as well as largescale commercial sector, given the greater impact which rural growth has on reducing aggregate poverty, compared to urban growth (with the exception of Dar es Salaam).

Income diversification leads to different outcomes for the poor and for the rich in many rural communities, and can be associated with increasing inequality and poverty. Members of poor households, for example, are forced to seek work as farm labourers to supplement their low farm incomes; the resulting withdrawal of family labour and/or household head labour from the household farm reduces farm output and income even more, thus entering a vicious circle of poverty and diversification. On the other hand, rich households accumulate wealth by establishing a variety of micro and small enterprises for different members, eg a small shop for one son, a tea hall (mgahawa) for one wife, while the husband engages in long distance trade and another wife runs the household farms (see Mbilinyi 1997, in print).

Sustainable rural livelihoods approaches stress the importance of income diversification for short-term reduction of poor households’ vulnerability, but ignore the long-term effect on rural productivity and inequality (Bryceson 1999ab). Depeasantisation, according to Bryceson (1999b:175), refers to “the erosion of an agrarian way of life that combines subsistence and commodity agricultural production with an internal social organisation based on family labour and village community settlement.”

5.5 On the other hand, it is important not to assume a homogeneous household in the past or present, with mutual benefits – much of the impulse for income diversification has come from wives and youthful members of households, in their efforts to secure independent cash income which was not under the control of the household head (Mbilinyi 1997, in print). In other words, the old patriarchal farm household is probably no longer sustainable, as well, given the rise of gender awareness and struggles for more autonomy and power among wives and youth. Their struggles have undermined the very basis of smallholder agriculture, including livestock-keeping, which is access to unpaid family labour.

Social cohesion at household and community level is being undermined, at least in the short-term. Moreover, the non-farm activities that rural people resort to are, in themselves, non-

sustainable, especially in the low income level, with very low returns and high competition. A more long-term perspective is needed, which focuses on productivity improvements and new development objectives (Bryceson 1999b, Mbilinyi et al 1999). Of particular urgency is the need to provide skills training in rural areas, which is matched with access to necessary tools of production, credit and markets. The political will which is necessary would seem to depend upon a radical increase in self-organisation among people living in poverty, and their success in demanding more participation in decision-making about macro and sectoral policies.

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RESOURCE PERSONS INTERVIEWED

| | |
|------------------------------|--|
| Maria Bilia | Disaster Management Dept., Prime Minister’s Office |
| Rehema Binamungu | Vocational Education and Training Authority (VETA), Dar es Salaam |
| Prof. Enos Bukuku, | Economics Advisor to Prime Minister & Economics Department, UDSM, 3.3.2000 |
| Prof. Samuel Chambua | Institute of Development Studies, UDSM & Coordinator, African Workers’ Participation Development Programme (APADEP), 1.3.2000 |
| Kachare | AGRIS, 25.2.00 |
| Dr. Ladis Komba | Registrar of Cooperatives, Min of Agriculture and Cooperatives |
| Stefan Kossof | Governance and Civil Society Programme Coordinator, DFID (Tanzania) |
| Dr. Jose Lopez | Food Economist, Save the Children Fund |
| Bjorn Lundquist | Representative, UNICEF (Tanzania),; 13.3.2000 |
| Prof Robert Mabele | Economic Research Bureau, UDSM & President, Coalition of African Organisations for Food Security and Sustainable Development, 1.3.2000 |
| N S Magonya | Assis Director, Policy and Research, Vice President’s Office |
| Prof. Lucien Msambichaka | Economic Research Bureau, UDSM, 1.3.00, 3.3.2000 |
| Regina Rweyemamu | Commissioner of Labour, Ministry of Labour and Youth, 25.2.2000 |
| Prof. Joseph Semboja | Executive Director, REPOA, & Economics Department, UDSM, 24.2.2000 |
| Joyce Shaidi | Commissioner of Youth & Acting Principal Secretary, Ministry of Labour and Youth Development, 25.2.2000 |
| Christina A Sonyi | Assis. Director, Productive Sectors, Planning Commission, President’s Office |
| Labour Advisory Board (LAB), | participant observer, 16.3.2000 |