

**International Labour Organisation, and  
The Ministry of Labour and Youth Development  
Economic and Social Research Foundation**

**Intensification of Employment Promotion in Tanzania:  
A Synthesis Report**

**By  
ILO/EAMAT**

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**1. Introduction**

This synthesis is partly based on papers that were prepared in response to the request of the Government of the United Republic of Tanzania for advice and assistance in its efforts to implement the National Employment Policy which was approved in April 1997. Despite the adoption of the Policy, implementation has been rather slow and limited. This report presents a brief review and synthesis of the employment challenge facing URT and is designed to raise critical issues that needs to be addressed in seeking to intensify the promotion of more rapid productive employment promotion in all sectors of the Tanzanian economy.

Tanzania's employment (and poverty) situation has not improved significantly despite the introduction of economic reforms in the mid-1980s. Unemployment and prevails to a high extent in urban areas while underemployment is common in the rural areas and in urban informal sector. The country's employment problem can be illustrated by noting that according to the Labour Force Survey (1990/91), the Labour Force was estimated to be about 11.3 million, while the labour force growth was estimated at between 2.8 - 3.0% per annum. In 1995, it was estimated that Tanzania needed to create 600-700 thousand jobs for the new entrants to the labour force annually, at least 500,00 of them being primary and secondary school leavers.

The generation of productive employment has not kept pace with the labour supply. The magnitude of the employment challenge is further complicated by the reserve of the unemployed, and the need to increase productivity of the underemployed persons, particularly in the rural areas and in the urban informal sector. Structural adjustment programme has also led to shedding of labour through retrenchment in the public service.

Briefly put, employment trends in the country indicate that without a concerted effort to tackle the problem, unemployment and underemployment situation could get worse. Therefore, productive employment in Tanzania should be sought in all sectors.

This synthesis presents a review of macro and sectoral policies, micro and small-scale enterprise development, education and training for employment, employment intensive works, employment of special groups (women and youth), strengthening of Labour Market information and institutional mechanisms for implementation of the National Employment Policy.

## **2. Macro and Sectoral Policies**

Employment is a multidimensional and sectoral issue which needs to be examined from the perspective of the national macroeconomic and sectoral policies and other perspectives. The strategy of employment promotion in Tanzania should seek enabling and more employment intensive macroeconomic and sectoral policies.

### **2.1 Macro economic Policies for Sustained Employment Promotion**

The magnitude of the employment (and poverty) challenge facing the URT requires a concerted national response if the employment problem is to be tackled with seriousness and success. The macro-economic framework should be geared to accelerate economic growth, as the best means of sustaining increased employment opportunities and to reduce poverty. An appropriate macro-economic framework to generate steady growth and rapid employment growth should, therefore, receive emphasis. Some elements of the required macro-economic policies are outlined in the national development plans, including the current Three Year Rolling Plan, the Policy Framework Paper, Vision 2025, the National Employment Policy and the National Poverty Eradication Strategy.

The Government should continue to pursue the implementation of reforms while paying special attention to the promotion of productive employment and poverty eradication. Already, the country has registered a remarkable transformation in the way the economic relationships are determined and in the economic performance. Six years after independence in 1961, the Arusha Declaration was promulgated in 1967, explicitly laying down the long term goals of socialism and self-reliance. Over the next decade, the state expanded its dominance over the national economy. Banks and other foreign interests were nationalised, with parastatals emerging to dominate economic production. The public sector became an important source of investment and employment in the formal sector. Substantial gains were made in the social sectors, particularly in literacy, but the economic situation deteriorated as later on, scarcity of foreign exchange resulted in shortage of critical inputs and spare parts.

In the mid 1980s, with the economy in shambles, the Government moved away from a centrally planned public-sector-led economy towards a market-oriented economy, entailing greater participation of the private sector. From 1976 to 1980, real GDP grew at anaemic rate of 2 per cent per annum. The next five year period was hardly better, with real growth averaging 1.8 per cent per annum. Consequently, the real GDP per capita declined steadily over the 1976-1985 period. The poor economic growth was broad-based, with every sector - agriculture, manufacturing etc. - performing poorly due to inappropriate policies and half-hearted efforts in the implementation of reforms, comprising the National Economic Survival Programme, 1981-82 and the home grown Structural Adjustment Programme, 1982-85.

The Economic Recovery Programme (ERP) 1986-89 which comprised a full fledged Structural Adjustment Programme, was introduced with the support of the IMF and the World Bank. The ERP was generally successful in reversing the output decline and laying the foundation for future growth. However, it was less successful in protecting expenditures in the social sectors. The ERP was followed by the Economic and Social Action Programme,

1989-92 which sought to incorporate the Social Dimension of adjustment. In essence, it was a continuation and expansion of ERP. Since 1993/94, the three year Rolling Plan and Forward Budget has replaced the framework of economic recovery programmes, while seeking to continue and deepen the economic reforms.

The implementation of economic reforms has thus succeeded in resuscitating growth. Between 1986 and 1990, real GDP grew by 3.9 per cent per annum. This growth rate was not sustained in the 1991-95 period due to drought when the economy grew at 2 per cent per annum. There was some recovery in 1996-97 when the GDP rose to 3.8 per cent per annum. Such growth rates are inadequate to reduce the prevailing high unemployment and poverty rates. Economic growth of the order of 6-8 per cent, on a sustainable basis, will be necessary to address the twin problems of unemployment and poverty. It is also critical that the economic growth process and recovery focus on more employment intensive growth.

The economic reforms have also resulted in increased economic activities and stabilisation in the macroeconomic balances. Since 1993, the overall external position has steadily improved because of a shrinking current account deficit and continued surplus in the capital account. At the macroeconomic level, restructuring at the firm level and in agriculture, has also taken place. These gains were marred, however, by deteriorating social indicators and poverty.

During the 1990s, the fiscal deficit has steadily declined from 6.6 per cent in FY93 to a small surplus of 1.3 per cent in FY97. A casualty of the fiscal adjustment, however, was expenditure on social services. Recurrent expenditures on education and health fell from 6.1 per cent of GDP between 1981-85 to 3.5 per cent by the latter part of the eighties. This reduction was detrimental to labour force quality, skills, and consequently productivity. It was therefore, of paramount importance to restructure public expenditures to favour these sectors. In recent years, the government has been successful in reversing this trend. The share of the social sectors in overall central government expenditure has crept up from 17.1 per cent in FY 1995/96 to 24.7 per cent (estimated likely out-turn) for FY 1997/98.

Fiscal adjustment in Tanzania has had direct implications for employment. First, the need for civil service reform to *inter alia* contain the government wage bill, eliminate over-staffing and design a payment system that would create incentives for the remaining workers. Second, a relevant component of fiscal adjustment was parastatal reform. Given the pervasive inefficiency in the parastatal sector, privatisation and reform have resulted in significant restructuring of enterprises entailing retrenchment of labour. Trade liberalisation, albeit modest by regional standards, has increased competitive pressures on existing parastatals (as well as private sector firms) with important implications for employment. With increased globalisation, such pressures can be expected to continue.

The increasing pressures for employment creation has led to heightened awareness by top policy makers and leaders of political, employers' and workers' organisations, of the urgent need for an adequate response and comprehensive approach to tackling the employment problem. The Government has promulgated a National Employment Policy, 1997, designed to place employment promotion at a high level of national social and economic priorities.

Tanzania was one of the participating countries at the World Summit for Social Development, (Copenhagen, Denmark 1995). In Commitment 3, the countries agreed to 'promote the goal of full employment as a basic priority of economic and social policies, and to enable all men and women to attain secure and sustainable livelihoods through freely chosen productive employment and work.' This was an important affirmation of the ILO Convention (No. 122 of 1964) in which countries declare that they will "pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment. The accompanying Recommendation (122) indicates which policies governments should attempt to adopt.

The Government of Tanzania has also funded special programmes aimed at creating jobs directly and indirectly including employment intensive works. Special funds have also been established for specific target groups aimed at promoting self-employment. In addition, training programmes are provided through Vocational Education and Training Authority (VETA) as discussed below.

The main conclusions are:

The review of macroeconomic policies in Tanzania illustrates the tremendous progress made in implementing economic reforms. The need for fiscal adjustment and public expenditure efficiency mean, however, that increasingly the government will become a less important employer. What macroeconomic and labour policies can help enhance employment creation in the future?

Accelerated economic growth is a prerequisite for increased labour employment creation. Nevertheless, the *pattern* of growth is important. Growth must become more employment intensive. For example, large-scale mining, which is also a good source of foreign exchange, tends to be relatively capital intensive, while agriculture is labour-intensive. Therefore, constraints facing the labour intensive sectors generally, and the agricultural sector in particular, should be addressed to attain employment and growth objectives.

Accelerated economic growth in turn requires higher rates of investment and in the medium-term, equally high savings rates. Such investment should increase efficiency of capital utilisation. Increasing investment will require action on several fronts especially in infrastructure: roads, communications and power. Financial sector reforms should improve the intermediation of financial resources. Above all, maintaining macroeconomic stability will reassure domestic and foreign investors. In addition, the legal and regulatory framework should ensure consistent application of property rights. Accelerated export growth to earn foreign exchange will be critical to facilitate financing of essential inputs. The traditional and non-traditional exports as well as tourism should receive greater emphasis. The exchange rate policy is one major policy instrument for stimulating non-traditional exports. The maintenance of a competitive and stable exchange rate is therefore critical. The stability of the exchange rate is also important in order to create certainty for investors. In addition, small-scale manufacturers (who tend to be more labour-intensive) are more likely to face difficulties with a volatile exchange rate. Trade policy is the other main policy instrument for stimulating exports. The current trade regime entails high cost of inputs for Tanzanian manufacturers,

placing them at a competitive disadvantage vis-a-vis competitors in other countries. At the same time, the wide dispersion of tariffs make it administratively cumbersome.

The informal sector is likely to continue to be an important labour sponge. It is therefore critical that the constraints which hamper the sector are addressed. The most important constraints are access to credit, low productivity and poor infrastructure. The legal and regulatory environment should be reviewed with a view to eliminating those laws and regulations that are under informal sector operations. In addition, provision of infrastructure (water, roads and communications) could serve the sector better. Basic business and technical skills need to be imparted as discussed below. Articulating a vision for informal sector and a strategy is a crucial first step. It is striking that the National Employment Policy did not spell out adequately such a strategy

## **2.2. Sectoral Policies**

Employment promotion needs to be examined from a sectoral view point. This is essential in order to concentrate efforts in the labour intensive sectors for greater effectiveness and impacts. Agriculture is the largest sector of the Tanzanian economy and its performance is closely intertwined to overall growth and economic performance - GDP exports and employment. In 1997 for instance, the sector accounted for 50 per cent of GDP, 67 per cent of exports and about 80 per cent of employment. It is especially important for the poor - 96 per cent of their income comes from the sector.

Agriculture is composed of three key sub-sectors: a crops sector which produces cash and food crops, a livestock sector that produces beef and milk ,and a fisheries sector that produces fish and soft shell seafood. Crops account for about 62 per cent of the total value of agricultural output, while livestock and fisheries account for about 30 and 8 per cent respectively. Coffee, the principal cash crop, generates about 54 per cent of total cash crop output and 21 per cent of total export revenues. Other principal export crops include cotton, cashew nuts, tobacco, tea and sisal.

Self-employment in small-scale subsistence farming is dominant in the rural areas. According to the 1994/95 Agricultural Census, over 3.9 million households operate, on average, a farm size of 0.9 hectares. Large-scale farming comprises 1,039 holdings and accounts for 14 per cent of overall agricultural output.

The manufacturing sector is small in Tanzania, accounting for 8 per cent of GDP in 1997. For years, the sector was dominated by parastatals and enjoyed a high level of protection. The resulting anti-export bias (compounded by an overvalued exchange rate) did not encourage much production for export. Despite some progress in reducing quantitative restrictions and some slight compression of the tariff regime, the extent of trade protection remains high. The average nominal tariff in 1996 was 24.2 per cent (25 for manufacturing). Given numerous exemptions and various forms of evasion, however, implicit tariffs are considerably less, averaging 9.3. per cent in 1996.

Services consisting of financial, real estate, business services and public administration services account for 24 per cent of the GDP. The other contributors to the economy are mining and tourism. Historically, both of these sectors have accounted for a small share of total GDP. The discovery of gold and increased prospecting suggests that the contribution of the mining sector is likely to increase in the future. The economic reforms which have been implemented since 1986, have generally enabled most sectors to arrest the economic declines and achieve positive and higher output growth, better export performances and increasing employment opportunities. In this review, only three sectors namely: agriculture, industry and tourism have been covered based on their importance in the economy and potential in employment creation.

The three sectors have in general, improved their output and export performance during reforms. Their performance with respect to employment creation, however, has been rather mixed. Wage employment in agriculture for instance, has dwindled substantially following the parastatal reforms, but the sector remains the most important, in terms of employment. The trends in manufacturing wage employment, shows a fluctuating trend albeit generally increasing slowly. Employment trends in tourism however, are showing increased potential as the private sector role in the various activities of the sector continues to grow. The tourism sector has large untapped potentials and could become an important employer. It should be noted that these three sectors continue to be hampered by some constraints which need to be addressed.

The constraints which cut across all sectors, include infrastructure (roads, communications, power), financial services including credit, marketing and institutional capacities. While some of these can be addressed at the macro-level, others can only be tackled at the sectoral level. Some other constraints are limited to the specific sector for instance, agricultural production is limited by the declining productivity of available land, low application in improved technologies, degradation of environment partly explained by insecure land tenure policies, and inadequate or delayed supply of basic inputs-fertilizer seeds, pesticides and extension services. Consequently, yield levels are low compared to potential. In the case of the manufacturing sector, many industries have not managed to improve their output growth, productivity and market competitiveness. They also face a high cost regime due to low utilisation of industrial capacities, ageing machinery and equipment and erratic power supply. At the same time, liberalization has led to increased competition with imports.

Emphasis on sectoral policies began to re-emerge in the 1990s after a long time of almost total neglect. New sectoral policies including Sustainable Industrial Development Policy (1996), Agricultural and Livestock Policy (1997); and the National Tourism Policy (draft, 1997), together with the National Land Policy (1995) and Environmental Policies are crucial for the renewed growth and development of these sectors which will be critical for employment generation. Apart from effective implementation of these policies, it is also recommended, among other things, that improved infrastructure and development of appropriate technologies for growth and environment protection should be put in place. In addition, there is need to mount various training programmes and promotion of private sector development, improved tax administration, and marketing and promotional efforts. All these can lead to improved performance of the sectors which could stimulate employment creation.

### **2.3 Micro and Small-Scale Enterprises (MSE) Development**

In the context of the on-going economic reforms and the observed slow growth rate in productive employment, micro and small-scale enterprises have an important role to play in employment creation. Between 1990 and 1996, rapid expansion of MSEs has taken place with important implications for employment and income generation. SIDO-GTZ Studies (1996), estimate that the number of micro-enterprises increased three fold when compared to the pre-adjustment period, due to greater emphasis on self-employment and private sectors activities.

The growth of the micro and small-scale enterprises in Tanzania has been illustrated in various surveys. The National Informal Sector Survey, 1991, revealed that micro enterprises employed about 20 per cent of the labour force. The urban informal sector had become an important source of employment, increasingly being a sector of last resort for job seekers, in urban areas. Moreover, the 1991 Survey established that about 50 per cent of the macro enterprise workforce was engaged in Trade related activities and 22 per cent in manufacturing activities. At least one third of the workforce engaged in the informal sector are women. More recent studies on MSE have indicated that manufacturing and related activities have been increasing in importance with concentration in tailoring and garment manufacture and agro-processing. The MSE Sector exhibits a high degree of vibrancy in job creation, but it was confronted by serious constraints and low labour productivity.

Such constraints include the legal and regulatory environment under which MSEs operate. procedures for registration and licensing in Tanzania involve a large number of documents, several authorities/institutions, and is time consuming, expensive and cumbersome. The lack of financial resources/credit, inadequate market for products, including growing competition, inadequate business support services, access to raw materials, improved technologies, spare parts, and skills are important constraints. In addition, infrastructure - roads, water, telecommunications, buildings power etc. is another important bottleneck.

Some attempts have been initiated in the past to support the MSE. The Small Industries Development Organisation (SIDO), was established in 1974 to co-ordinate, promote and offer comprehensive services to small-scale industries. NGOs have also attempted to support the sector. In addition, certain donor programmes have been implemented in the sector. Nevertheless, the potential of the sector remains largely unexploited.

As a way forward, the constraints which hinder MSE development should be addressed while focusing on enterprises which are likely to generate the greatest impacts on income generation and employment creation. Some of the critical areas include the creation of an enabling environment for MSE development (including legal and regulatory environment A One-Stop-Office Centre for registration and licensing etc.), improved access to financial services, training of entrepreneurs, common facilities, technological development services, marketing including contracting and the provision of infrastructure (including sites and buildings). Overall, it will be critical to place emphasis on the creation of an enabling environment through simplified legal and regulatory framework. There is a critical need for a comprehensive, fully integrated "One Stop" office for entrepreneurs. Additionally, human resources development and skills development in small enterprises should be the cornerstone for this sector's development.



### **3. Enhancement of the Labour Intensive Public Works Programme in Tanzania**

Labour intensive works have been undertaken by various ministries and agencies in Tanzania over the last 20 years. These works were either components of multisectoral programmes such as the Special Public Works Programmes (SPWP), integrated rural development programmes, integrated rural transport projects or labour based roadworks and their implementation were dictated primarily by donor's interest and support.

The SPWPs implemented under the Regional Development Directors (RDD) under Prime Minister's Office (PMO) by far, constituted the largest of the donor supported programmes. Ten capital investment projects in five sectors distributed over five regions were undertaken over eleven years.

The SPWP did not have a major impact because firstly, it addressed too many sectors which were geographically dispersed and which did not have any appreciable linkage among them. Secondly, there was no distinction drawn between public works and community works which led to serious weaknesses in community participation and inadequacies in operation and maintenance. Thirdly, assumptions concerning capacity at the regional and district level were over optimistic and the targets were over ambitious. Fourthly, technical assistance and co-ordination arrangements were centralised and these resulted in bureaucratic bottlenecks especially with regards to the transfer of funds from the centre to the regions and districts.

The integrated rural transport projects implemented under the district councils were able to identify and address local transport problems in an integrated and sustainable manner.

Up until 1989, when MOW assumed responsibilities for the core rural roads, the labour based roads projects were implemented under the PMO's. All the road projects executed were done under force account operations. With the start of the Integrated Roads Project (IRP), attempts were made to involve the local private sector in the implementation of road works. Despite the initial attempts to train labour based road contractors, the promising achievements recorded were not supported in spite of government positive statements. As a result, most of the trained contractors had no works to execute. It is interesting to note that donors are increasingly encouraging the government to give the private sector a greater role in the implementation of public works with a view of replacing the unmanageably large labour force. This would eliminate often unproductive workers in central and local government departments, thus making these organisations more flexible, responsive and efficient:

The implementation of the urban infrastructure-upgrading programme, is at its infancy, but it is showing some positive impact within the project area, although it still remains in the project phase. However, there are plans to replicate the experiences gained in Dar es Salaam to other urban centres.

Labour-intensive works have been accepted locally but not generally. Nevertheless they can and should play a significant role in alleviating unemployment and under-employment. However, this can only be achieved by bringing all attempts aimed at employment intensive, local resources-based development into the mainstream of development efforts.

The ILO has played a very active and significant role in the implementation of the Public works Programme in Tanzania. The organisation will continue to assist line ministries in formulating and promulgating supportive and coherent policies and also ensure that labour based methods are incorporated into programmes and activities of relevant line Ministries including Ministries of Works, Regional Administration and Local Government, Agriculture, Water, Science and Education and Tourism.

The recommendations of the study for the wider application of the labour based methods in the priority sectors include:

- Establishment of partnership between the government and the private sector to ease the participation of small local contractors and NGOs in public sector works especially road rehabilitation and maintenance, small scale irrigation, village water supplies, urban upgrading works, etc.
- Appraising programmes and projects proposals to ensure that due consideration is given to employment related aspects.
- identifying geographical areas and activities where labour based technology is likely to be appropriate and preparing guidelines for the line ministries , regional and district administration and possibly donors.
- influencing national policies in favour of employment intensive local resources- based development;
- Providing training and orientation opportunities for senior planners and professionals from line ministries, regional and districts administrations, NGOs and the private sector.
- Change attitudes to labour based methods through the inclusion of the concepts of local resource-based development into the curricula of universities and technical colleges.
- ILO should continue to play an active role in the development and use of small-scale contractors in executing public sector works.

#### **4. Linking Vocational Education and Training with the Labour Market.**

The first question which comes to one's mind when analysing any Vocational Education and Training (VET) is "Training for What?" Training people for involvement in gainful activities or to enhance their performance at work is an essential component in national human resources development and capacity building. First, training should address the imbalance between supply and demand for skilled labour in the economy. Second, training through in-service training should contribute to the improvement of performance of people who are already in employment, and particularly those who are unskilled and whose production is below potential. Third, training should be an important element in the efforts geared to eradicating inequality among the people in the country. Employment and training issues are closely related. Training as an instrument of development, would be irrelevant if it were not explicitly oriented towards the world of work.

Unlike education, which is in the first place aimed at general knowledge and principles with wide application, training is primarily organised to impart or improve specific, practical skills which people need as wage workers or in self-employment. This section

draws heavily from an ILO-EAMAT report entitled Strengthening Vocational Education and Training for Employment and Development 1997, which reviewed linkages between training and employment and the objectives of vocational training in Tanzania. The report examined human resources development policies in relation to the employability of the workforce and changing skills requirements in various sectors and how they addressed the national industrialization policy, productivity enhancement and competitiveness.

The major findings are: a) Tanzanian economy cannot absorb the growing labour force into wage employment, and that the government will no longer be actively involved in job creation as in the past. Instead, it will provide an enabling environment to motivate private sector entrepreneurs to create jobs. b) To achieve a labour force with required skills, the government should put in place a comprehensive human resources development programme, in which VET should constitute an important element of training. c) VET is in the process of change, the policies which were promulgated following the creation of VETA are sound and forward looking, moving away from supply-driven to demand-driven programme. d) The VET system in Zanzibar is organized and administered separately from that of mainland Tanzania, under Vocational Training Act No. 170 of 1984, which provides for the establishment of a National Vocational Training Council. The VET system in Zanzibar is small but faces similar issues and problems as those in mainland Tanzania. e) The principle issues involved in strengthening VET system are relevance, effectiveness and efficiency. f) The VET policy option should be based in increasing relevance, effectiveness and efficiency through the establishment of graduate tracer studies, flexible curriculum, promotion of VET in private sector, restricting VET skills to labour market forces, establishment of a VET policy coordination council, clear norms on resources use and opportunity of instructors to upgrade their practical skills so that they serve as role models for trainees. g) To successfully manage a business, requires not only technical skills but also business management skills. e) Entrepreneurship and Managerial Skills Development (EMSD), have been offered in the past but were fragmented and uncoordinated with emphasis on the formal (public) sector. h) The quality of VET system should be evaluated against criteria such as the extent to which the training market is demand-driven, the quality of education and training that enables trainees to find and hold jobs or start their own enterprises, the flexibility of the system : structural, technological and other changes and general skills training that is on equitable basis.

**The major policy recommendations are:**

First, Universal Primary Education (UPE) policy should be promoted: private primary school committees be encouraged, the national education budget should be increased aimed at higher education enrolment and other inputs. Second, restrictions and bureaucratic procedures should be eliminated to allow institutions, NGOs and individuals to establish secondary schools as long as they meet the required standards. Third, the government should encourage higher enrolment rates of females in institutions of higher learning, review the cost-sharing and the grant system so as to countercheck female enrolment, fees problem and importance of cost-sharing exercise. Fourth, to redress the challenging mismatch between educational output and the economy's absorptive ability, the national vocational and training system should be strengthened so that it is able to: adopt a wider

apprenticeship modular training scheme as a means of providing training opportunities for a large proportion of the labour force, facilitate vocational guidance and counselling information on VET to the clients; carry out community training needs assessment in order to prepare community based training packages in line with labour market needs and establish sustainable programmes related to the establishment of linkages among training providers, employers and communities. Fifth, training objectives should be specific and quantifiable numbers, dates, location and kind of activities to be performed which would ease evaluation of the objectives. Lastly, the five forms of under-utilization i.e. open unemployment, the impaired and the unproductive could be arrested; by encouraging on-the-job raining, strengthening VET and spreading it country wide, motivating workers in line with their production and services to revamp labour productivity, encouraging private investment to supplement government efforts and promoting quality and control.

## **5. Special Target Groups**

Employment policies should recognise that certain groups in society, are often neglected or are unable to benefit from national policies due to age, sex and disability. Such policies should, therefore, ensure that all people have access to employment. In the Tanzanian Case, it is important to recognise that the burden of employment crisis is falling primarily on the youth, particularly school leavers with primary level qualifications, who are unable to proceed to secondary level of education, and as such, have to enter the labour market or seek some form of additional training geared to employment. Other youths with secondary or higher education are also facing increased unemployment and underemployment. Moreover, when the unemployed and underemployed are analysed on a gender basis, women are seen to be bearing a greater unemployment burden. People with disability also tend to find it difficult to secure employment. Accordingly, the target groups should be youths in general, and primary schools in particular, women workers, retrenched public sector workers, and people with disabilities. Special employment programmes targeted on youths, women, public sector retrenchees and people with disabilities should be mounted, partly to get immediate results. Such programmes also facilitate the realization of the mainstreaming approach to target group employment.

### **5.1 Women Employment**

Information on this section is derived from the Ministry of Community Development, Women Affairs and Children, the ILO and other sources. The women employment situation has deteriorated due to the on-going economic reforms in the country. Women have been direct victims of retrenchment programmes partly because of their low skills and their concentration in low job-groups doing stereotyped jobs.

Women have been at a disadvantage arising from the societies' cultures, traditions, norms and values that place women in inferior positions in all spheres of life. Women's enrollment at all levels of education, and particularly in institutions of higher learning, are low compared to men, becoming more pronounced as they go up the latter. The trends tends to place more men in professional jobs, while women are mostly concentrated in jobs like teaching (especially at primary school level), clerks, secretaries, nurses and not

on the more technical jobs. Women also work long hours, being engaged in both production and domestic activities. The worst situations are in the rural areas where the majority of the women are employed in the agricultural production.

Some national policies are gender sensitive and attempt to address women's employment issues. Such policies include the National Employment Policy (NEP), Land Policy, Population Policy, Environmental Policy and Education Policy. They lay emphasis on labour saving technologies for women, strengthening of special loan funds for women etc. The Education Policy stresses the position of education and skills training for women in order to empower them economically and professionally, socially and politically. Certain income generation programmes have been initiated by the government and other institutions for women, youth and society at large, including the National Income Generation Programme (NIGP).

The government has formulated the Employment Policy, and incorporated some programmes. Implementation, however, has been an important problem particularly the availability of funds, qualified personnel to monitor the programmes and ensuring that rural women benefited from such programmes. Among the ILO programmes, efforts geared to improve women's employment situation include More and Better Jobs for Women. The government, through the Ministry for Community Development, Women Affairs and Children, has supported the Women Development Fund (WDF) and the sub-programme for Women's and Gender advancement. These programmes have been incorporated in the NEP, designed to empower women economically, while geared to employment creation for women.

The major findings of the study indicate that the rate of unemployment in Tanzania has increased following the introduction of economic recovery programmes and women have mostly been affected, negatively, in the process. Current women's position can be explained by norms, customs, values, unfriendly working environment, low level of education and lack of skills.

There have been efforts by the government and the ILO and NGOs to address women's employment issues. Most of women's programmes, are donor funded and this dependence has affected their implementation at critical stages of implementation. In addition, such projects including micro-finance organizations have tended to mostly reach elite women in urban areas, while leaving out the majority of poor women in the rural areas.

There should be gender commitment and efforts by government ministries and personnel in ensuring proper implementation of the programmes. The government should commit itself to provide more funding for women's projects in its development programmes rather than depend solely on external funding.

MCDWAC should lay emphasis on programs that reach poor women in the rural areas and impart business skills; provide affordable, effective and efficient technology designed to improve their working conditions. There should be close monitoring and evaluation of the programmes during and after implementation.

Basic education for women is essential for provision of skills aimed at self-employment activities. More gender sensitive curricula in schools and colleges is critical to ensure that more women undertake science and technical studies. Equal opportunities for women would be provided in areas of promotion, remuneration (equal pay for work of equal value) working environment and recruitment processes. Special emphasis should be on programme and projects that favour women in both formal and informal sectors.

National policies should emphasize the creation of conducive environment for women's operations both in formal and informal sectors. There should be coordination efforts and networking by all agencies working on women's employment issues and activities, for information exchange at both the local and international level.

## **5.2 Youth Employment**

This sector seeks to analyse (i) the nature and extent of youth unemployment problem facing (ii) the major factors contributing to youth unemployment in country (iii) the various policies and programmes that have been implemented for purposes of addressing youth unemployment (iv) the impact of such policies and programmes on youth unemployment and (v) recommend alternative policy and programme alternatives and their possible effect on youth unemployment.

Youth labour market in Tanzania closely resembles the adult labour market and the two (markets) are influenced, to a certain degree, by the performance of the economy. At a time when the Tanzanian government is implementing the Structural Adjustment Programme in which the privatization exercise and budget squeezes are high on the agenda, youths and adults alike have been retrenched.

Among all the age categories of the labour force, youths (defined herein to include people in the 15-24 years age group), have the highest unemployment rate. If, however, one analyses the youth labour force further, it is apparent that the nature and extent of the unemployment problem varies considerably across gender and geographical (urban-rural) divides. In general, female youths have the highest unemployment ratios among the youth labour force. It is however, the urban based teenage female youth category which is the worst hit. This group, according to the 1990/91 Labour Force Survey (LFS), had an unemployment rate of about 33.8% compared to the total youth unemployment ratio of about 8.8% and 5.6% for teenagers and young adults respectively.

The causes of the youth unemployment problem in Tanzania are diverse. They span the sluggish performance of the Tanzanian economy and hence, its inability to create employment opportunities for an estimated 500,000 unemployed youths who join the 'reserve' of unemployed labour force annually. The privatization exercise and budgetary squeezes have fuelled the unemployment problem through employee lay-offs.

Apart from the economy, the youth (high) population growth, the lack of capital, lack of adequate training, low wages and incomes for the youths and certain cultural factors

which, for example, tend to confine female roles to the household and unpaid/helper roles have contributed to the youth unemployment problem in Tanzania.

As the formal employment sector has tended to shrink, the unemployed youths and adults, females and males have resorted to the informal sector. Recent estimates indicate that over 70% of the unemployed labour force has turned to that sector as a source of income and for survival. The effectiveness of the informal sector to absorb the unemployed youths is partly obscured by factors like an absence of a conducive environment - including lack of capital, training, experience, and a shortage of ideal; business premises where the youth could engage in self-employment and income generating activities.

In designing alternative policies and programmes with a purpose of redressing the youth unemployment problem in Tanzania, it is essential to consider that:

- The agricultural sector in Tanzania, if developed, has the potential to absorb not only all the current unemployed youths but even a substantial proportion of the existing unemployed adults. It is therefore essential that the efforts of the government, donor community and the private sector be directed towards developing the sector and the rural areas because of the potential such sectors have in resolving the problem.
- There is need to alter the existing education system - the one that emphasizes education for purposes of securing formal employment and replace it with another which imparts candidates with skills necessary for self-employment.
- Unemployed youths have neither capital nor adequate training and experience to enable them to effectively participate in the informal sector and self-employment activities. The ILO-UNDP supported National Income Generating (IGP) has done a commendable job in training and extending credits for youths to start self-employment projects. This example needs to be emulated and expanded by the government and other institutions to cover all regions of the country  
Other interventions like changes in legislation (for instance, the minimum wage) and customs take a long time to affect the youth unemployment status but are equally important if the government is to utilize effectively its existing human resources for development purposes.

## **6. Strengthening Labour Market Information System**

Labour market analysis and monitoring are crucial in capturing early signals of disturbance in the labour market and for assessing the changing employment and unemployment trends in order to design well targeted policies and to monitor and evaluate the success or failure of employment policies and programmes. In addition, the level of employment can be impacted on by the availability on of labour market information since the information can facilitate the occupational mobility from labour surplus to labour deficit areas. The mismatch between supply and demand and trained manpower could be minimized if human resource planning, development and utilisation are based on empirical

evidence. In Tanzania, three agencies are principally concerned with the collection and analysis of employment related data on the mainland viz. the Central Bureau of Statistics (CBS), the Human Resources Planning Department (HRD), (both under Planning Commission) and the Labour Department.

The Tanzanian Labour Market Information system has been facing many problems. First, employment and unemployment data are usually derived from population censuses, household surveys, labour force survey, survey of establishments and administrative records. Existing sources for the same information are sometimes contradictory.

Second, the assessment and monitoring of Labour Market is hampered by the lack of adequate statistics on employment. The most comprehensive and detailed labour market data derives from national labour force surveys, National Census and Informal Sector Surveys. The most recent national labour force survey was carried out almost a decade ago in 1990/91. A labour market survey covering 600 enterprises was carried out in Dar es Salaam in 1997. The same is also true of the Informal Sector Survey. An informal sector survey was done in 1991 and another one in 1995 but covering Dar es Salaam alone. Census are characterised by high costs and hence are carried out once every ten years, the last census was done in 1988. Other relevant data can be derived from censuses of agriculture, transport, trade and construction, and from Central Register of Establishments.

Another weakness is the quality of data available, particularly from relevance and reliability angles, and it has long been recognised that there are serious gaps in the available Labour Market Information (LMI). Given the economic reforms that have been implemented in recent years, it is unclear whether existing information remains valid. Also, given the paucity of data, it is virtually impossible to determine precisely the extent of unemployment. The actual figures (Labour Force Survey 1990/91) which show that unemployment is around 3.6 per cent of the over 10 years population is obviously not representative of the reality of the labour market. Data available do not catch the reality of underemployment characterised by low productivity work and insufficient hours of work. There are conceptual issues relating to definitions of employment, unemployment and underemployment, which lead to low unemployment levels particularly in the rural areas (see the LFS of 1990/91).

A Labour market information system covers all the process of the production of data from their collection to their dissemination. Often, Labour Market Statistics are collected, and even recorded in database, but not published in a timely manner. Also, many elements of labour market information in Tanzania are collected at various levels by many organisations and in varying degrees of quality. However, the providers of data are not organised to exchange information and to avoid duplication of efforts. In this sense, without an efficient network and coordination, they do not operate as a system. It means that coordination is also weak among users and suppliers of information. Inadequate funding also constrains the development of sound Labour Market Information System.



New fields of interest, and specially to tackle unemployment, underemployment and poverty, would need to be developed as an integral part of Labour Market Information. Also, there is no systematic documentation of other important labour market issues like child labour, gender breakdown, women work in informal sector, etc. The improvements that had been realized under the Technical Cooperation have not been sustained (Labour Force Survey 1990/91, Informal Sector Survey, 1991, Tanzanian Standard Classification of Occupations (TASCO, 1990 etc.) Child Labour has been documenting through International Programme on the Elimination of Child Labour and IPEC funded Projects. A special attention is being paid to the worst forms of child labour in mines and commercial agriculture. Today, the situation of working children is better known but not systematically recorded.

A very good start had been made on improving LMI, but the effort seems to have lost steam. It will be critical to examine the institutional set-up for the production of employment statistics. Effective national programme needs clear definition of roles and responsibilities, coordination and control mechanisms. The institutional set-up for a Labour Market Information System should be spelled out including its purpose, needs, contents, functions and organisations; identification of major stakeholders and their expected roles, particularly co-ordination and cooperation mechanisms, functions and organisation for the establishment of LMI Databank and the unit responsible for day to day administration. Obviously, the LMI System should be anchored on existing national institutions, the Planning Commission, CBS, and Labour Department, Employment Section, which needs to be supported to carry out essential functions.

Ideally, it would notably be advisable to support a comprehensive labour force survey once every five years (by CBS), in collaboration with all major stakeholders particularly the Ministry of Labour and Youth Development. Other surveys should cover informal sector survey (shortly after LFS), manpower surveys, annual establishment surveys, annual wages and hours of work. Other areas of support should be directed to TASCO, and in reviewing national concepts and definitions pertaining to economically active population employment, unemployment and under-employment. After having established a clear vision of what LMIS should be, the computerisation of the system will be crucial particularly, the establishment of Databases.

## **7. Institutional Framework for Employment Policy Implementation**

The promulgation of the National Employment Policy in Tanzania was designed to contribute to the acceleration of employment creation and to move the country towards full employment and poverty reduction. It also demonstrated that policy makers and leaders had realized the urgent need for an adequate response and comprehensive approach to address the employment problem. Further, the publication of the national employment policy, in line with the declaration of the World Summit for Social Development (Copenhagen, Denmark 1995), was designed to underline that employment promotion is a national priority which needed to receive increased and serious attention.

Employment promotion objectives can be achieved only if the policy is vigorously and fully implemented. Being in a dynamic world, the policy should be reviewed regularly, and if need be, it should be revised to ensure continued relevance and to conform within the path of growth which the country has charted for itself under Vision 2025 and the economic reform programmes. Given the multidimensional and sectoral nature of the employment challenge, the implementation of the National Employment Policy requires the active participation of many actors and their effective coordination - i.e. the government, employers, workers, the private sector, Non-Governmental Organisations (NGOs), donors and civil society. Increasingly, the role of Government is being seen as that of creating an enabling environment for employment creation by the private sector which will continue to play an increasing role in economic development. Nevertheless, the Government will continue to exercise the overall responsibility for coordinating all national and international efforts aimed at increased employment creation.

The National Employment Policy proposes that a National Employment Council (NEC) will play the role of supervising the implementation of the policy, under the Chairmanship of the Office of the Vice-President. The Secretariat is provided by the Ministry of Labour and Youth Development. Other members include the Prime Minister's Office and Ministries of: Industry and trade, Agriculture and Cooperatives, Education and Culture, Science, Technology and Higher Education, Community Development, Women and Children Affairs, Works, Communications and transport, Lands, Power and Minerals, National Resources and Tourism, Water and the National Planning Commission. Further, it includes the Tanzanian Chamber of Commerce, Industry and Agriculture, the Tanzanian Confederation of Industries, the Tanzanian Federation of Free Trade Unions (TFTU) and the Association of Tanzanian Employers (ATE). Finally, the Council can invite professionals from relevant institutions such as VETA, NIGP, SIDO etc. and UN agencies (UNDP, ILO), etc.

While the list of institutions is quite comprehensive, it does not specify the role to be played by some of the actors, beyond Government Departments. This is the case with respect to the social partners and Tripartism does not come out as one of the major thrusts in employment promotion. For employment policy initiatives to be successfully translated into effective employment programmes and achieve higher labour productivity, the principal actors in the labour market i.e. workers, through their respective organisations should be involved in all stages and aspects of the initiatives. The Planning Commission, rather than the Vice-President's Office, has been playing the co-ordinating role by chairing the NEC. This needs to be regularised. There is a proliferation of employment funds (e.g. Presidential Trust Fund, Youth Development Fund, Women Development Fund, Entrepreneurs Draft Fund, NIGO etc). There appears to be differences of opinion as to whether the funds should be rationalised or whether the status quo should be maintained. A review should be undertaken with a view to developing a single comprehensive National Employment Fund.

After reviewing the National Employment Policy, the following has been established:

- ▶ the capacity for its implementation among the implementing institutions is weak, adequate and should be strengthened;
- ▶ financial resources are inadequate to generate a substantial number of new jobs;
- ▶ there is a weak and disjointed coordination among the implementing institutions, especially in resources mobilization and capacity building. A clearer definition of roles of various actors should be formulated - employers, workers, donors, NGOs etc.
- ▶ there is a need to exploit the strong political will and commitment for combatting unemployment, through the establishment of a Parliamentary Committee on implementation of the National Employment Policy, to ensure that employment is a priority on the national development agenda;
- ▶ the Government and the ILO, UNDP and interested partners should draw up a year 2000 National Agenda on employment promotion which should put in place a comprehensive national employment promotion programme for tackling the employment problem on a long term sustainable basis;
- ▶ there is a need for the Ministry of Labour and Youth Development, in collaboration with ILO, to revisit the Report of an ILO/UNDP Employment Sector Review Mission, 1991, entitled 'Tanzania: Meeting the Employment Challenge.' and draw from it inputs for the preparation of Agenda 2000 on Employment;
- ▶ the policy should emphasise the role of employment statistics and Labour Market Information, in the monitoring, review and revision of the policy;
- ▶ the Ministry of Labour and Youth Development should resume the earlier practice of submitting Annual Employment Reports to the President. Such a Report should also be submitted to the proposed Parliamentary Committee on Employment.