



LO/FTF Council
Danish Trade Union
Council for International
Development Cooperation

Profile of the Labour Market and Trade Unions in Tanzania

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Council for International
Development Cooperation

The LO/FTF Council is the international development organisation established by the two largest Danish confederations, the Danish Federation of Trade Unions (LO) and the Danish Confederation of Salaried Employees and Civil Servants (FTF). The Council works mainly with projects within the fields of education, occupational health and safety and capacity building among trade unions in the developing countries.

The objectives of the international work of the LO/FTF Council are to support democratic development of the trade union movements in Africa, Asia and Latin America and to contribute to democratic development in the societies in which the unions operate.

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Preface

The key to provide more people with better living conditions goes through economic growth and a socially balanced distribution of wealth. The labour market is obviously one of the key factors in any distribution policy.

“Sustainable development” has for a long time been a keyword for the fight against the degradation of the environment and a buzzword for everybody working with industrial and social development. Compared with this “Sustainable labour market” is a relatively new expression. The connection between sustainable development and a sustainable labour market is at the same time straightforward: It is simply impossible to imagine any long-term sustainable development without one of the pillars being a sustainable labour market.

A sustainable labour market builds on employers’ and workers’ right to organise, to bargain and respect collective agreements that can secure decent living conditions for workers and the same time survival and development of business. A sustainable labour market also encompasses the political will to develop a business sector, actively create jobs in both public and private sectors, secure quality education for all, and secure access to social security.

This report is an output of a study initiated and funded by the LO/FTF Council, the Danish Trade Union Council for International Development Cooperation. It was initially an offspring of the co-operation with ICFTU-AFRO (International Confederation of Free Trade Unions – African Regional Organisation) in Nairobi on the development of a model for producing “Trade Union Profiles” for affiliates of ICFTU in Africa.

Based on the experience from the development of the model for trade union profiles during 2000-2001, the LO/FTF Council decided to undertake a more in-dept analysis of the labour market and trade union situation in three selected core-countries for the assistance provided from the LO/FTF Council within the region: Ghana, Tanzania and Zimbabwe.

Firstly, the overall aim of these studies is to contribute to the strengthening of the trade unions’ ability to participate in development of a sustainable labour market and a socially balanced growth in society at large. One of the major constraints is a serious lack of updated information on labour market issues and a lack of tradition and capacity within the trade union movement. Therefore, improved knowledge about labour market mechanisms and the role of trade unions may contribute to unlock some of the barriers to political and economic development.

Secondly, the study will provide valuable inputs for the prioritising of the LO/FTF Council’s future activities in the region.

Thirdly, it is our hope that the study will provide the basis for a debate in Denmark on the role of trade unions in developing countries, and the future role of Danish

development aid and policies in contributing to a sustainable labour market and socially balanced growth in Africa.

We wish to extend our gratitude to everyone contributing to the study. Special thanks are due to Nesteroy Ngulla, Secretary General of the Trade Union Congress of Tanzania (TUCTA). Also thanks are due John M. Gonza, Head of the Department of Research and Economics at TUCTA and Jan Rask, senior advisor at the Danida Trade Union Component, for discussions and help in providing data and various information on the Tanzanian trade unions, the labour market and the business policies.

Finally the LO/FTF Council would like to extend our thanks to the project manager Mr. Arne Skov Andersen, M.Sc., for his dedication and tireless efforts to provide this valuable input to our future cooperation with trade unions in Africa.

Steen Christensen
General Secretary
LO/FTF Council

Summary

Tanzania is one of Africa's poorest countries - and one of the biggest receivers of foreign development aid. The country is heavily dependent on agriculture as the main production sector, although most agricultural activity takes the form of subsistence farming. More than three out of four people employed in Tanzania are engaged in "own farming".

Recent years have seen an expansion, especially in the mining and tourism sectors, generating a much-needed increase in both employment and foreign exchange.

Tanzania has shown an increasingly positive economic performance in the last decade. Real GDP growth for the country, which averaged 2.9 % in the 1990's, increased to 5.1 % and 5.2 % in 2001 and 2002 respectively. Corruption is widespread and among the worst in the world.

Tanzania's second multiparty election in 2000 was convincingly won by the ruling CCM, and president Mkaba was re-elected with 72% of the vote. The Zanzibari political landscape is very different, with a long-standing conflict between CCM and CUF. The 2000 election was condemned as farcical with gross irregularities. In riots in January 2001 over 30 CUF supporters were killed. In October 2001 a new agreement was signed between Zanzibar's warring political parties.

Tanzania opted out of the Common Market for Eastern and Southern Africa, COMESA, in September 2000 in a move to avoid open competition to its vulnerable economy, especially from the neighbouring Kenyan industry. In 1999, Tanzania, Kenya and Uganda upgraded the treaty for East African Co-operation, ESA with the aim of establishing a common market, monetary union, and - in the long term - a political federation.

Economic policy

In the 1990s, a new, liberal economic policy was introduced and the World Bank, the IMF and bilateral donors all provided funds to rehabilitate Tanzania's deteriorated economic infrastructure.

The structural adjustment programme has had major stabilising effects on the economy, although at the cost of a reduction of the public workforce. In 1995-2000 there has been a growth in industrial production and a substantial increase in output of minerals, led by gold. Recent banking reforms are intended to increase private sector growth and investment.

The Sustainable Industrial Development Policy 1996-2020 (SIDP) programme sets up a number of objectives, including human development, creation of employment and economic transformation for growth through a private sector-led industrialisation.

The Government - supported by a number of donors - is about to launch new initiatives to strengthen the business environment. These initiatives include:

- ✍ Achieving better regulation and reduction of red tape
- ✍ Improving commercial dispute resolution
- ✍ Strengthening the Tanzanian Investment Centre
- ✍ Changing the culture of government
- ✍ Empowering private sector advocacy

The agricultural sector is confronted by numerous constraints such as low technology, poor credit facilities, poor infrastructure, poor marketing and distribution systems and inadequate post-harvest processing. Given a focused political effort to improve these conditions, the agricultural sector has a big potential to increase its production and employment level.

Long-term economic progress, however, also depends on curbing corruption. In this respect, the Tanzanian government still has a long way to go. Hence, the benefits of the extensive economic restructuring have yet to materialize for most Tanzanians.

Employment, industrial relations and labour market policy

Agriculture has a share of 81 % of the total 16.9 million employed. The remaining private sector is second at 17 % with private informal being the largest sub-sector, at 8.5 %. Manufacturing is the fourth-biggest employer with 179,000 persons employed, corresponding to only 1.1 % of the total employment. Yet, manufacturing contributes with a share of 8.4 % of GDP.

Of the yearly influx onto the labour market of 550-700,000 new jobseekers, only 5 – 7 % are absorbed by the formal sector. Overall, 40 % of children aged 5 – 17 years are engaged in economic activities.

The social partners in Tanzania are generally weak due to insufficient membership, lack of funds, lack of manpower, lack of equipment, lack of skills and training and in consequent lack of influence in the political arena.

The organisations were not prepared for their new roles in the collective bargaining system after their years as state-based organisations. The legal framework for independent trade unions, for instance, has only recently come in place. Nor have there been adequate institutional structures and capacity in place to facilitate the industrial relations system.

Meanwhile, the consequences of the structural adjustment programmes, with massive retrenchment and a rising cost of living, have led to a fall in real income and consequently a threat to industrial relations harmony.

The trade unions

Along with the introduction of the multi-party system in Tanzania in 1992, the Organisation of Tanzania Trade Unions (OTTU) was created to gain autonomy and become independent from the ruling party. An important decision of OTTU was that OTTU should assist in the formation of independent, industrial unions. A series of steps were taken to democratise the labour movement, including reviewing its constitution, holding elections at all levels, and forming and legitimising 11 national unions based on industrial sectors.

In 1995, the Federation of Free Trade Unions (TFTU) was born with the 11 unions as founding members. The total membership in 1997 was approx. 348,000. Since then the membership has declined drastically, mainly due to the retrenchments of workers from government institutions. TFTU had no legal status and was not authorised to negotiate. The unions at the time had some internal problems and conflicts. Most of the general secretaries of the unions belonged to the old system and were criticised of being more bureaucrats than trade unionists, and wanting to maintain the old closed system.

The Trade Union Act of 1998 was enacted in order to accommodate the demand for independent trade unions. With the act, which became operational on the 1st July 2000, the national centre, TFTU, was technically dissolved, and the existing industrial trade unions had to re-register.

The 11 industrial trade unions supported the new act, although criticizing the fact it still contains several restrictions on trade union rights, including excessive powers vested in the Registrar of Trade Unions.

Compared to an estimated workforce of 17 million people, TUCTA's 300,000 or so members only constitute a unionisation rate of less than 2 %. However, in terms of the number of people with paid employment in the formal sector, the unionisation rate is about 25 %. This indicates that the unions, although in general weak, do have a foothold in the formal sector of the economy.

With the current economic hardships of the labour force and the prevailing economic reforms, the *challenges* to the trade union are enormous:

- ✍ There is a huge need for a stronger membership base and increased services to the members.
- ✍ There is a need to increase and improve the participation in the tripartite dialogue and the national political debate on major issues.
- ✍ There is an increased demand for the documentation used in negotiations to be of high quality in content and presentation.
- ✍ Many private employers fail to take the unions seriously, and most new employers are hostile to trade unionism with many threatening to lay-off employees who are members of, or who want to join, trade unions.
- ✍ A lack of transparency and democratic internal procedures within some unions can disillusion members.

Most of the weaknesses cannot be solved on a lasting basis without the basic strengthening of the union that comes from a growth in the size and commitment of the membership. To utilize the potential for growth the trade union has to actively deal with its current, *internal weaknesses* such as:

- ✍ **Lack of trade union knowledge among the workers:** Many workers are not aware of the benefits of becoming a union member. There is some misunderstanding of the unions' role, partly caused by the history of affiliation with the ruling party until the early 1990s.
- ✍ **Poor performance:** Many people do not think that the performance of the unions in the past has been impressive. The unions need to create the basis for a more positive perception amongst potential members.

- ✍ **Lack of organizing skills:** Most unions lack the modern organising skills required in a market economy with an expanding private and informal sector.
- ✍ **Weakness in leadership:** “Most trade union leaders at all levels lack commitment, aggressiveness and creativity (perhaps both the legacy of being under the armpit of the ruling party and the check-off system are to blame) and as a result they continue to rely on the traditional way of running a trade union. This does not attract new members.” (Quote from Samwel Chambua)

Other, more general problems are:

- ✍ **Lack of regular communication** between the top levels of the union structure and the workplace level.
- ✍ **The democratic procedures** within the unions and the openness and transparency towards the members need to be fully established. In addition, delegation of duties and responsibilities should be implemented in the unions and the federation to avoid an excessive centralisation of functions and communication.
- ✍ **Lack of commitment from some affiliates** to contribute dues to the national centre, TUCTA.
- ✍ **Personal ambitions and conflicts** have led to the formation of new general unions and the application to form another federation. Yet, at present there is no need for more unions, but, on the contrary, a need for the smallest unions to merge to become bigger and stronger.

Conclusion

Based on these findings, the following *general recommendations* should be made:

- ✍ It is crucial for the unions to overcome the weaknesses mentioned, reach out and establish a **dialogue with their members and activists and organise more members** to strengthen their member service and their voice.
- ✍ It is crucial to strengthen the unions’ and the federation’s **capacity for negotiation in different forums and in bargaining** by improving their economic knowledge and negotiation skills.
- ✍ The **analytical capacity in the biggest unions and the federation should be expanded**, and the analysis produced should systematically and without delay be distributed to all levels of the trade union.

1. Socio-economic profile

Population

Table 1. Population, indicators

2000	Sub-Saharan	
	Tanzania	Africa
Population, millions	35.1	606
Labour force, millions	17.6	282
GNI per capita, US\$ (Atlas method)	270	480
<i>Average annual growth, %, 1994-2000</i>		
Population	2.6	2.6
Labour force	2.6	2.6
GDP per capita, 1990-00	0.1	-0.3
Poverty, % of pop. living < 1 US\$ a day (1993 PPP)a)	20	..
Poverty, % of pop. living below national poverty line a)	42	..
Urban population (% of total population)	32	34
Life expectancy at birth (years)	51	49
Illiteracy (% of population age 15+)	25	38
Primary enrolment (% of relevant age-group, 1997/8)	48	56
Secondary enrolment (% of relevant age-group, 1997/8)	4	41
People living with HIV/AIDS (% of age 15-49), end 2001	8	9
HDI value (Human Development Index)b)	0.440	0.471
HDI rank of 173 countries	151	-
Development aid, (ODA), US\$ pr. capita	30	19

Notes:

a: Data refer to the most recent year available in the period 1990-00.

b: The Human Development Index (HDI) ranges from 0 to 1, with 1 being the max. value. The HDI by UNDP measures average achievements in basic human development in one composite index. The components are life expectancy at birth, adult literacy rate, a combined enrolment ratio and per capita income in PPP US\$.

Sources: Economist Intelligence Unit (EIU). Tanzania. Country Report. May 2002
 Economist Intelligence Unit. Tanzania. Country Profile 2000. October 2000
 UNDP: Human Development Report. 2000, 2001 and 2002
 World Bank: Tanzania at a glance. www.worldbank.org/data

Ethnic groups, religions and languages

Ethnic groups: Mainland – 99 % African (of which 95 % are Bantu consisting of more than 130 tribes), 1 % Asian, European, and Arab. Zanzibar - Arab, African, mixed Arab and African

Religions: Mainland - Christian 45 %, Muslim 35 %, traditional beliefs 20 %.
 Zanzibar - more than 99 % Muslim

Languages: Kiswahili or Swahili (official), English (official), Arabic (widely spoken in Zanzibar), many local languages.

The economy

Table 2. Economic indicators

	2001	2002 EIU- forecast
GDP (US\$ billion)	9.1	
Real GDP growth, %, (2001 is est.)	5.1	5.2
Consumer prices, % change	5.1	5.1
<i>Value added as % of GDP</i>	2000	
Agriculture, forestry & fishing	48.4	
Industry	15.3	
Manufacturing	8.4	
Services	34.9	
<i>Average annual growth, %</i>	1990-00	
GDP	2.9	
Agriculture	3.2	
Industry	3.1	
Manufacturing	2.7	
Services	2.7	
	2000	2001 (est.)
Exports of goods and services, % of GDP	14.7	
Imports of goods and services, % of GDP	23.8	
Gross domestic investment, % of GDP	17.7	
Current account balance, % of GDP	-5.3	-5.2
Total external debt, % of GDP	78.7	
Total debt service ratio, % of exports	16.2	12.8
Government budget balance, % of GDP	-1.5	-1.1
Development aid as % of GDP	11.6	
Net foreign direct investments, % of GDP	2.1	
<i>US \$ millions</i>		
Total exports (fob), of which:	666	827
Gold	150	
Cashew nuts	84	
Coffee	84	
Manufactured goods	43	
Total imports (cif), of which:	1,340	1,547
Consumer goods	381	
Machinery & transport equipment	226	
Industrial raw materials	166	
Oil	134	

Currency: Tanzanian Shilling. Exchange rate 5 August 2002: 955 TZS:1US\$

Sources: As table 1

Tanzania is one of Africa's poorest countries with an income per capita of just above half the average of Sub-Saharan Africa. The country is heavily dependent on agriculture as the main production sector, although most agricultural activity takes the form of subsistence farming. More than three out of four people employed in Tanzania are engaged in "own farming".

Recent years have seen an expansion, especially in the mining and tourism sectors, generating a much-needed increase in both employment and foreign exchange. Minerals are the main export item, followed by cashew nuts and coffee, while manufacturing products account for less than one tenth of export income.

Tanzania has a large external debt and a persistent current account deficit. Despite a substantial amount of foreign development aid – Tanzania is one of the world's biggest receivers per capita – and enhanced debt relief from the HIPC initiative, a shortfall of resources still hampers the development in key sectors such as education, health and infrastructure.

Despite the many difficulties, Tanzania has shown an increasingly positive economic performance in the last decade. While Sub-Sahara has seen a minor 0.3 % average annual decrease in gross domestic product (GDP) per capita, Tanzania had a small growth from 1990 to 2000, albeit of only 0.1 % annually per capita. The real GDP growth for the country, which averaged 2.9 % over the decade, increased to 5.1 % and 5.2 % in 2001 and 2002 respectively.

2. Political profile

United Republic of Tanzania

Form of state	Republic	
Independence	26 April 1964. Tanganyika became independent 9 December 1961; Zanzibar became independent 19 December 1963. The two united on 26 April 1964 to form the United Republic of Tanzania	
Legal system	Based on English common law, the 1977 Union and 1985 Zanzibari constitutions, as amended	
National legislature	National Assembly, comprising 269 members (232 directly elected, 36 women appointed and one seat for the Attorney-General); Zanzibar has its own House of Representatives of 59 members (nine women appointees), which legislates on internal matters	
National elections	29 October 2000, legislative and presidential elections. Next elections due in October 2005	
Head of state	President Benjamin William Mkapa	
Main political parties	Chama Cha Mapinduzi (CCM) Civic United Front (CUF) National Convention for Construction and Reform (NCCR-Mageuzi) Tanzanian Labour Party (LTP)	
President	Benjamin W. Mkapa, since 1995	
Key ministers	Prime Minister Finance Foreign affairs Industry and Trade Labour & youth development	Frederick Sumaye Basil Mramba Jakaya Kikwete Juma Ngasonywa Juma Kapuya
Other key figures	Vice-president President of Zanzibar	Ali Mohammed Shein Amani Karume

Corruption Perceptions Index

Tanzania is ranked as number 71 - 76 out of 102 countries with a score of 2.7 in the Corruption Perceptions index 2002 from Transparency International.

In 2000 it was ranked 76 - 78 out of 90 with a score of 2.5.

The lower the rank, the more corrupt the country is assessed to be. The index ranges between 10 (very clean) and 0 (highly corrupt).

Although its position has slightly improved since the 2000 survey, there is still a strong international perception that corruption in Tanzania is widespread and serious.

History¹

The country's history has been heavily influenced by outsiders. Arab traders established coastal settlements in the 10th century and 800 years later penetrated the interior as far as Lake Tanganyika, carrying with them Arab culture, Islamic beliefs and the Swahili language. Contacts increased through Zanzibar, especially after the Omani sultan moved his capital from Muscat to the island in 1840.

French, US, German and British interests competed for trade and influence in the area, with the German East Africa Company in 1885 declaring its sphere of influence – stretching from Zanzibar to the central states of Rwanda and Burundi – a protectorate of the German state. But there was significant resistance to imperial rule, for instance represented by the multi-ethnic Maji Maji rebellion in 1905-06. After the First World War German East Africa – except Urundi and Rwanda, which were mandated to Belgium – came under British rule as Tanganyika under a League of Nations mandate. In 1946 Tanganyika became a UN trust territory with the British authorities being formally obliged to prepare for its independence.

In 1954 a programme of forced removals of African homesteads to make way for post-war British settlers gave an impetus to the formation of the Tanganyika African National Union (TANU). The TANU won a decisive victory in the country's first general election, held in two parts over 1958/59. TANU's leader, Julius Nyerere, formed a new government and led the negotiations for independence from the UK, which became a reality in December 1961.

Shortly after independence, Tanganyika and Zanzibar merged to form the nation of Tanzania in 1964. One-party rule came to an end in 1995 with the first democratic elections held in the country since the 1970s.

Mr Nyerere inherited a country that had been largely ignored by the British colonial authorities. It had few exploitable resources, only one major export crop (sisal) and a run-down education system. The problems that this created eventually led to the *Arusha Declaration* of 1967. Based on the Chinese communist model, the cornerstone of the policy was a series of collective agricultural ventures known as *ujamaa* (community) villages, and a strict leadership code required the political class to divest itself of private sources of income in the pursuit of "socialism and self-reliance".

The programme met some resistance from peasants, in particular, who regarded the *ujamaa* system as little more than compulsory resettlement. The government's response to any overt dissent was sometimes heavy-handed. Nevertheless, the Nyerere years were a period of successful nation-building and, until the latter part of the 1970s at least, of general improvements in both living standards and the provision of basic services.

Mr Nyerere was re-elected as president unopposed in elections every five years from 1965 until 1980. In 1985 he stepped down and was replaced as Union president by Ali Hassan Mwinyi. Mr Mwinyi's period of presidency coincided with the West's attempts to impose a multiparty democratic model upon aid-dependent states in Africa, and an economic downturn resulting from the effects of some of Mr Nyerere's

¹ Based mainly on "Country Profile 2000. Tanzania, Comoros." The Economist Intelligence Unit. UK 2000

misguided policies. But also Mr Mwinyi's period in office was characterised by a general weakness of leadership and mushrooming corruption. He failed to balance the interests of groups such as the country's Christian and Muslim populations to the satisfaction of any party, and was finally condemned for incompetence by Mr Nyerere, who remained chairman of the ruling CCM party until 1990.

After increasing donor pressure, a presidential commission in 1991 published recommendations for a multiparty system, which in May 1992 resulted in a law for multi-party elections. The election in 1995 saw several parties running for Parliament and several candidates running for the presidency. The winner, Benjamin Mkapa, benefited from Mr. Nyerere's open backing. His winning 62% of the votes against Augustine Mrema's 28%, a former interior minister, seemed to reflect the will of the people.

However, the 1995 election was shambolic. The Zanzibar poll was universally denounced for its dishonesty. The vote in Dar es Salaam had to be postponed for three weeks amid organisational chaos and allegations of fraud, and election results in seven of Dar's constituencies were cancelled and set for a re-run, in which the opposition refused to participate. After the re-run elections, the CCM emerged with approximately 75% of the vote in the parliamentary election.

Although the opposition parties won a substantial minority of seats in parliament in 1995, they failed to build on the progress made in the first election and have, instead, been weakened by infighting and the ability of the CCM either to co-opt their leading figures or to divide them. Owing to personality clashes between the various leaders, they have also failed to form any sort of alliance that could mount a serious challenge to the CCM. Moreover, with Mr Mkapa's government having the advantage of a turnaround in the economy, considerably helped by large donor inflows, the population has become disillusioned with the opposition, as clearly shown by their performance in the 2000 election.

Tanzania's second multi-party election in 2000 was conducted in a much more orderly fashion. Although the media had a strong CCM bias, and the police's handling of the opposition rallies was not impartial, this did not have a major impact on the outcome – a large CCM victory. President Mkapa was re-elected with 72% of the vote.

Compared to the past, the ideological differences between the present political parties are minor. Augustine Mrema, a former CCM Minister of Labour, who won 28 % of the presidential vote in 1995 with the NCCR-Mageuzi party, may serve as an illustration. In 1999 he switched sides again, taking several senior people with him to the tiny Tanzanian Labour Party (LTP).

Interestingly, corruption did not feature as a significant issue in the 2000 election, although this was probably because the opposition parties are as tainted as leading members of the CCM. Although he cannot stand for election as president again, it is unlikely that Mr Mkapa will order a purge of corrupt officials from within the party.

Zanzibar

The main problem facing the CCM has been the political situation in Zanzibar. The Zanzibari political landscape is very different, with a long-standing conflict between

CCM and CUF. Zanzibar has its own government for internal affairs, due to its separate 1985 constitution. However, the division of competencies between the Union and the isles authorities has proved to be a source of constant tension.

CCM's Salmin Amour won the 1995 Zanzibar presidential election by less than a half a per cent from Seif Sharif Hamad, CUF. The defeated CUF claimed massive electoral fraud and the donor community agreed, cutting off aid to the islands. Subsequently, attention has been focused on a year-long treason trial of 18 members of CUF who were arrested in 1997.

Up to the year 2000 election, the CCM's national bodies blocked Salmin Amour's attempts to bypass or change the constitution and run for a third term as president of Zanzibar. The ruling party selected Amani Karume, the son of the assassinated former president, as its candidate instead.

The CCM candidate, Amani Karume, won the election, which was condemned as farcical, as voting was annulled in 16 constituencies following gross irregularities. Contrary to the wishes of opposition parties and international observers for a re-run of the entire poll, re-runs were held only in the 16 constituencies affected. Opposition parties refused to recognise Mr. Karume as the new president. Opposition fury culminated in riots in January 2001. Over 30 CUF supporters were killed in a confrontation with the police, and subsequently around 2,000 people fled to Kenya.

On 10 October 2001 a new agreement was signed between Zanzibar's warring political parties. The pact had been negotiated over eight months between the secretaries general of the ruling Chama cha Mapinduzi (CCM) and the Civic United Front (CUF), Philip Mang'ula and Seif Shariff Hamad. Yet, as with the similar earlier agreements, fractures soon appeared, as the CCM feared that it might have given too much away.

After the signing, donors hailed the agreement and indicated that its implementation would determine the resumption of aid to Zanzibar, which was suspended in 1996. The deal meets many of the CUF's demands, including reform of the much criticised Zanzibar Electoral Commission; the introduction of a permanent electoral register; a review by February 2002 of the constitution and electoral laws to make them conform with a multi-party political system; fair coverage by publicly owned media, and compensation to victims of earlier disturbances.

The CCM refused the CUF's demand for a re-run of the 2000 elections, but under the terms of the agreement the opposition party would be given ambassadorial posts and jobs in various state institutions. By-elections would be held in the 16 constituencies, which had been declared vacant after their CUF representatives were expelled from parliament for boycotting its proceedings. There would be an independent enquiry, to be concluded by April 2002, on the riots. Talks about a coalition government were to start not later than June 2003, under a ten-person Joint Implementation and Monitoring Committee, whose powers are not clear. It could be interpreted as reducing the CCM's absolute power to rule under Zanzibar's president, Sheikh Abeid Karume, or else merely as an advisory body. After the signing, 109 criminal cases related to January's unrest were dropped, including a murder charge against the Assistant Secretary General of the CUF.

Amidst the euphoria, it was reported that legislation to set up the Joint Committee, drafted by the Zanzibar Attorney General, was not consistent with some terms of the accord. The two parties met and agreed to restart their dialogue on the contents of the bill.

There seem to be growing divisions within CCM. Karume would like to be more tolerant than his predecessors, but insists that a coalition government is absolutely out of the question. President Mkapa has promised the agreement will be implemented, and to achieve this he will need to put all his considerable weight behind it.

Changing of the guards

In 2002, halfway through the electoral term, political manoeuvring within the CCM party will come to the fore as various potential successors to Mr Mkapa begin to emerge.

One potential candidate, Iddi Simba, then Minister of Trade and Industry and a former head of the East African Development Bank, handed in his resignation on 4 November 2001 amid a scandal over sugar import licences. However, his expertise was badly needed in the talks with the WTO on liberalisation of trade. Mkapa asked him to stay on until 16 November to lead Tanzania's delegation. Simba insisted on resigning to "demonstrate his political maturity" and to save the government from a vote of no-confidence in the National Assembly. He seems likely to rise again.

His resignation followed a familiar pattern. The then Finance Minister, Professor Simon Mbilinyi, resigned in 1996 following a cooking oil scandal. The Tourism Minister, Juma Ngassongwa, resigned in 1997 following questions about hunting licences. Under pressure from donor organisations, the former Works and Communications Minister, Nalaila Kiula, was arrested, along with five associates, on corruption charges related to road construction contracts (their trial may collapse for lack of evidence).

Regional aspects

On the regional scene, the government has been active in trying to find solutions to the crises in Burundi and the D. R. Congo. Tanzania's former President Nyerere made several efforts to broker peace in Rwanda and Burundi, acting as the facilitator of peace talks with the support of the international community. The government has stepped up its attempts to push forward the peace process in the Great Lakes region, which it hopes will ease the economic and social burden resulting from the refugees in the country and reduce the growing number of violent incidents on its border with Burundi.

In July 2001, the Foreign Minister, Jakay Kikwete, estimated that Tanzania currently hosted a total of about 650,000 refugees; some 500,000 refugees from Burundi, 130,000 from the DRC and 20,000 from Rwanda. This large number of refugees is obviously a huge economic, political and environmental burden, especially to the regions directly affected.

Tanzania officially opted out of the Common Market for Eastern and Southern Africa, COMESA, in September 2000. COMESA² is aiming to create a free trade zone with

² See appendix for information on COMESA and SADC

half of its 20 member states formally having removed tariff barriers to allow a free flow of goods across their borders from 2001. The countries in the first wave are Kenya, Egypt, Djibouti, Malawi, Mauritius, Madagascar, Sudan, Zambia and Zimbabwe, Uganda, Rwanda and Burundi

COMESA is thus striving to strengthen its integration as a response to the South African Development Community (*SADC*), which includes Tanzania among its 14 members, with a total of about 200 million people.

The SADC community declared its common market with a flow of tariff-free goods to be a reality by September 1, 2000. Albeit with a transitional phase for products such as clothing and textiles.

Tanzania's decision to quit COMESA can be seen as a move to avoid open competition to its vulnerable economy, especially from the neighbouring Kenyan industry. The government has argued, that COMESA membership would be incompatible with its obligations in the two other trade blocs, SADC and the East African Community (EAC), as well as the WTO.

EAC

The East African Community (*EAC*) was founded by Tanzania, Kenya and Uganda in 1967 to provide shared services in communications and the co-ordination of policies for commerce, industry and finance. The Community was dissolved in 1977, during the Amin dictatorship in Uganda. The main reasons for the collapse were a lack of strong political will, a lack of strong participation by private sector and civil society in the cooperative activities, and a continued disproportionate sharing of benefits among the partner states.

In 1996, the governments of Tanzania, Kenya and Uganda set up the Tripartite Commission for *East African Co-operation (EAC)*, designed to assist in developing mutual trade and investment.

Unlike the old East African Community, which attempted to impose supranational control over all areas of government, the new EAC focuses on harmonisation policies and the creation of a common market. The development strategy for EAC is

- ? to support the strengthening of regional institutions and the free movement of people, capital, goods, as well as services and information within the region;
- ? to place emphasis on economic co-operation, with a view to promoting enhanced political co-operation and integration in the long run; and
- ? to reinforce institutional capacities for regional co-operation with the EAC Secretariat as a small but effective co-ordinating body, to organise special activities, studies and research aimed at facilitating decision making in areas relevant to regional integration.

When the EAC was formed, the dismantling of borders for the free movement of people, a common travel document and a joint secretariat for railways were envisaged. Other measures to be taken include the harmonisation of fiscal and monetary policies, and policies on traffic, the environment and security. Progress has begun in some of these areas, and the EAC is now looking to develop a regional infrastructure and promote trade and investment. The EAC was not intended to create a common monetary union, although that may be a long-term possibility. Discussions

on broadening membership to include Rwanda and Burundi are continuing, as is the question of the relationship of the EAC with the COMESA and the more active SADC.

At their meeting in Arusha, Tanzania, in May 1997, the member states moved closer to establishing an economic and political federation when they adopted a common passport and flag and laid the groundwork for co-operation through a formal treaty. The original agreement, which had a life-span of ten years, was upgraded into a treaty for East African Co-operation, which will establish a common market, monetary union, and, in the long term, a political federation. The treaty was signed by the heads of state of the three countries on November 30th, 1999. Agreements on the timetable and scale of tariff barrier reduction are to be negotiated over a four-year period. The transition period reflects the concerns of the Tanzanian and Ugandan business sectors that they would not be able to compete with Kenya if they open their own markets.

Issues to be resolved include how the benefits from common investment and services will be shared, and ways of increasing intra-regional trade, which is currently skewed towards Kenyan exports. Since the co-operation agreement was signed, Kenya, Uganda and Tanzania have tried to harmonise their fiscal and monetary policies, for instance by the avoidance of double taxation, but also by joint measures to prevent tax evasion. Other achievements include the convertibility of currencies of the three states. In an attempt to promote trade and investment, the East African Business Council has been established, drawing members from national private-sector organisations in the region. Lawyers have also formed their own forum, the East African Law Society.

The countries are considering joint projects on power, road and rail transport, including a digital transmission system financed partly by the European Investment Bank (EIB) and the East African Development Bank.

The establishment of the new EAC has been strongly supported by the World Bank, IMF and various donors, who believe that increased integration offers an opportunity for economic growth and for African countries to eventually become active players in the globalisation process. The World Bank, the IMF and several donor countries are assisting the three member governments in providing a framework for the Community, which will ensure more private-sector participation and distribute the benefits of integration to the satisfaction of Kenya, Uganda and Tanzania.

The EAC has signed a memorandum of understanding with the ILO for support in preparing a regional labour protocol. The EAC secretary general, Francis Muthaura, has said the community has given the labour protocol second priority to the customs union. This is because the customs union will enhance labour mobility, and hence enable people in the region to work in EAC member states with minor hindrance.

Following this, there will also be a need for harmonisation of the EAC member states' social security systems and for them to be expanded to cover more workers who remain unprotected in the informal sector.

3. Economic profile

Tanzania is one of the poorest countries in the world. The population of 34 million also makes it one of the most populous in Sub-Saharan Africa. The country is heavily dependent on agriculture, which accounts for approximately 45 % of GDP and exports. Around 80 % of the economically active mainland population are employed in traditional agriculture, where subsistence and smallholder cash-cropping are combined. Agriculture is vulnerable to extreme weather conditions. In 1997 and 1998, for example, El Nino and La Nina brought severe flooding and drought, respectively. Industry is mainly limited to processing agricultural products and light consumer goods.

Tanzania has significant mineral resources including gold, diamonds and other gemstones, phosphate, tin, limestone, graphite, nickel, silver, copper, cobalt, titanium, vanadium, iron, coal and natural gas. With the exception of gold, diamonds and gemstones, these are only exploited to a minor extent, although coal is mined in the south-west of the country, and large soda ash deposits in Lake Natron are used for the production of caustic soda. The official minerals export in 1998 accounted for 15 % of total exports. Gold and diamonds accounted for 63 % of the mineral exports, with gemstones contributing another 36 %.

Background

On independence in 1961 Tanzania had a severely underdeveloped economy and extremely limited infrastructure. In an effort to create socially fair and rapid development, it became an advocate of the African socialism, *Ujamaa*, launched in 1967 under the Arusha Declaration. Central to the program were the nationalisation of banking, finance, industry and large-scale trade, marketing through boards, and the resettlement of peasants in communal villages, *vijiji vya ujamaa*, created out of large estates.

Tanzania recorded progress in education and health but, after an initial boom, the formal economic base shrank. Production fell and informal economic activity expanded as a way of survival for a growing share of the population. A combination of effects from the Ugandan war, falls in commodity prices and failures of the economic policy itself brought the country to the verge of bankruptcy by the mid-80s. Consequently, in order to preserve a constant flow of aid from international donors, the government adopted a more pragmatic approach to economic planning, starting from the mid-1980s. When Ali Hassan Mwinyi replaced Julius Nyerere as Head of State in 1985, new policy directions and an IMF-backed three-year structural adjustment programme were launched in 1986. At a considerable cost to the social programmes, this helped integrate the parallel economy and stimulate growth, although progress has been erratic, especially during President Mwinyi's second term from 1990.

Into the early 1990s the economy was continuously in a poor state. Tanzania performed significantly worse than its neighbour, Kenya, not only in terms of production and trade but also when it came to social factors such as education and public health. The new administration from 1995, headed by President Mkapa, acknowledged that improvement within these areas would have to be based on sustainable economic growth, which in turn should be achieved on the basis of a true

market economy. Mkapa soon implemented a tight monetary and fiscal policy, which soon brought inflation under control.

In the 1990s, a new economic policy of liberalisation was introduced under the banner of the Zanzibar Declaration. This policy soon exposed the presence of corruption on a scale that had not been seen previously. In 1996, the new government of Benjamin Mkapa and the IMF agreed on a three-year loan of US\$ 234 million under the Enhanced Structural Adjustment Facility (ESAF) underpinned by a Policy Framework Paper (PFP) for the government's reform programme for 1996-1999. The World Bank, the IMF and bilateral donors all provided funds to rehabilitate Tanzania's dilapidated economic infrastructure.

The structural adjustment programme has had major effects on the economy. Inflation has been brought under control, falling from more than 30 % in 1995 to 6 % in 2000. GDP growth increased to an average of 4.3 % in the period 1996-2000. The state budget has improved, although at a cost, including a reduction of the public workforce from 335,000 in 1992 to 270,000 in 1997.

Under its privatisation programme, the government has privatised a large number of state-owned companies. From August 1993 to September 2001 about 300 parastatals have been privatised to local and foreign investors³. More of the large and monopolistic enterprises are still to go.

The government has encouraged diversification in production, and it has succeeded in reversing years of under-investment in the mining sector. In 1995-2000 there was a growth in industrial production and a substantial increase in the output of minerals, led by gold. Natural gas exploration in the Rufiji Delta looks promising and production could start by 2002. Recent banking reforms have also helped increase private sector growth and investment.

The Sustainable Industrial Development Policy

The structural adjustment programme was followed by the introduction of the *Sustainable Industrial Development Policy 1996-2020 (SIDP)*. The main objective of the SIDP⁴ is to contribute towards the achievement of the overall national long-term development goals as stipulated in the national mission, and to enhance sustainable development of the industrial sector. With regard to the latter, a number of objectives have been defined. They include human development and creation of employment opportunities, economic transformation for achieving sustainable economic growth through the private sector, and obtaining external balance of payments.

In order to implement the SIDP, the following general policy strategies have been proposed:

³ Source: Presidential Parastatal Sector Reform Commission, www.psretz.com The real number is hard to determine, as sales of assets from liquidated parastatals are included and single parastatals may be recorded as many separate units. See Peter Gibbon: "Privatisation and foreign direct investment in mainland Tanzania, 1992-98" CDR Working Paper Sub-series no. iv. 99.1, March 1999

⁴ Quoted from "The Manufacturing Sector in Tanzania." CFI and DI in association with A.V.Y. Mbelle, the Economics Department, University of Dar es Salaam. Dec. 2000.

- ? To re-define the role of government to concentrate on policy formulation and provision of an enabling environment rather than direct involvement in industrial production;
- ? To encourage private-sector participation through increased private-sector investment in the industrial sector;
- ? To encourage fair trade practices and competition in the industrial sector;
- ? To improve the trade regime so that it will stimulate exports of industrial products;
- ? To improve the economic infrastructures directly related to industrial activities.

The SIDP articulates objectives for short, medium, and long-term implementation phases of the strategies. In the first phase from 1996 to 2000, the plan is to implement the following activities:

- ? Consolidation and rehabilitation of the existing industrial capacities;
- ? Reactivating commercial efficiency and optimum utilisation of existing industrial capacities;
- ? Giving top priority to resource-based industries in which Tanzania has the potential to develop a competitive advantage, particularly agro-allied industries;
- ? Finalisation of the privatisation of public enterprises and ironing out of bottlenecks which impede industrial production;
- ? Provision of fiscal and monetary incentives to facilitate development of the sector.

During the medium-term phase (2001-2010), a set of additional strategies will be pursued. They include:

- ? Creation of new industrial production capacities;
- ? Promotion of intermediate goods, light capital goods, and machinery industries, preparation for the exploitation of the country's iron ore deposits.

On the basis of the two initial strategy plans the third phase strategy, which is to be implemented in 2011-2020, will be to use domestic capital and capability gained over the first two phases for investments in capital goods industries.

The government thus launched the SIDP in order to promote private sector-led industrialisation and to stimulate a competitive industrial sector. However, the private-sector stakeholders have seen the absence of a year-on-year implementation schedule for SIDP as a major shortfall. The private sector also has stated that the policy is inadequate and that strategic targets for industrial development are not clearly defined. Both the public and private-sector stakeholders agree on the need for an in-depth analysis of the industrial sector's growth potentials, competitiveness and investment opportunities in key sub-sectors.

Long-term economic progress, however, also depends on curbing corruption. And in this respect, the Tanzanian government still has a long way to go. Hence, the benefits of the extensive economic restructuring have yet to materialize for most Tanzanians.

Donor darling

In April 2000 the IMF approved a three-year Poverty Reduction and Growth Facility (PRGF) loan arrangement at US\$ 174 million for Tanzania under the Heavily Indebted Poor Countries (HIPC) initiative. Under the agreement, Tanzania committed to undertake work in three areas in order to reach the completion point and receive binding debt relief under the enhanced framework:

- ? Completion of a full Poverty Reduction Strategy Paper (PRSP) and implementation of the poverty reduction strategy for at least one year;
- ? Continued implementation of strong macroeconomic and structural policies supported by the IMF Poverty Reduction and Growth Facility (PRGF) programme, and;
- ? Implementation of a set of social, structural and institutional reforms.

The principal issues are the preparation of the PRSP and the acceleration of structural reforms, including privatisation of parastatal companies and the management of public infrastructure.

Finally, in November 2001, Tanzania was granted a total of US\$ 3 billion in debt relief under the HIPC debt relief initiative. The relief, which equals US\$2 billion in net present value (NPV) terms, is estimated to reduce the value of Tanzania's total external debt by 50 %. Tanzania was only the fourth country to reach the completion point under the enhanced HIPC.

Resources made available by the debt relief will be allocated to key anti-poverty programs, which are outlined in Tanzania's Poverty Reduction Strategy Paper.

The World Bank has, among other projects, approved the Songo Songo Gas Development and Power Generation Project for Tanzania. The US\$183 million interest-free credit from the International Development Association, the World Bank's lending arm for the poorest countries, is intended to catalyse foreign private investment to develop Tanzania's natural gas and produce power generation for domestic and industrial use. The project involves the development of a gas-gathering system on Songo Songo Island, the construction of a 25 km marine pipeline and a 217 km land pipeline to Dar es Salaam and Wazo Hill. The gas will be transported to an existing thermal power station, which will be converted to gas-firing, and privatised.

With Kenya and Zimbabwe temporarily experiencing a downturn, Tanzania holds the position as the second largest recipient of foreign aid in Africa, only surpassed by Egypt. Tanzania received US\$ 1,045 million in 2000 against Egypt's US\$ 1,329 million. For Tanzania the *aid equals 11.6 % of GDP*, while it equals only 1.3 % for Egypt. The donor community has indicated that the aid to Tanzania will rise to 1.1 billion US\$ in 2001/02.⁵

⁵ 2000 Development Co-operation Report. OECD, 2001, and World Bank Consultative Group meeting in Tanzania, Oct. 2001. Press release from www.worldbank.org

Economic structure

Agriculture and fishing

By all measures agriculture is the major sector in Tanzanian economy. Not only is an estimated 81 % of the labour force employed in agriculture in the rural areas, it also accounts for 48 % of GDP, about 50 % of export earnings and provides food to most Tanzanians. Besides, agriculture has links to agro-based industries adding value to agricultural products, e.g. cashew nuts.

Subsistence crops are maize, cassava, sorghum, rice and wheat; cash crops are coffee (grown on large estates), cotton, tobacco and cashew nuts (grown by peasant farmers), cloves (from Zanzibar), tobacco, tea and sisal (grown on estates). Subsistence farming accounts for about one-half of total agricultural output, but yields are low since the crops are produced by smallholders without access to modern technology and fertilisers. Tanzania's agriculture is vulnerable to erratic rainfall patterns. Only about eight percent of the country's land area is cultivated, and only about four percent of the cultivated land is irrigated.

There has been a declining productivity on the available land. Only 3.4 million hectares, or 34 % of the 10 million hectares which are suitable for crop production, are cultivated annually. In the absence of technological improvements coupled with rural population increase most of the 3.4 million hectares are over-cultivated, leading to a decline in the quality of land and subsequently to falling productivity.

Only 40 % of the over 60 million hectares are used for grazing, as the rest is infested with tsetse flies. Over-stocking and poor range management practices cause seasonal shortages of good quality grass and hence the problem of inadequate and poor nutrition for livestock as well as environmental degradation.

Agricultural production is confronted by numerous constraints and challenges. A traditional problem is the – often quite radical – fluctuation in world market prices. Cotton farming suffered from price falls in the international market over 1995 and 1996, and has had problems of pest-incursion over the past few years. Coffee prices have fallen by almost 50 % over the past two seasons to the lowest in 30 years. Sisal fibre, the main foreign exchange earner in the 60s, is losing market share to synthetics. The expanding cashew nut sector was hit by deep falls in export prices in 2000/01.

The cashew nut industry, which has taken over from coffee as the leading agricultural export product, is vulnerable, as India remains the only significant market for Tanzania's raw cashew nuts. 92 % of Tanzania's cashew nut exports are raw. India then processes and exports them to Europe and to other Asian countries. The current national production is about 90,000 tons. Most of Tanzania's factories have been shut down due to lack of repair, and those remaining process only 9,500 tons a year, or 8 % of the cashew nuts produced. President Mkapa has rebuked the Cashew Nut Board for failing to add value to the crop and find new, reliable markets.

The performance of the agricultural sector has been modest over the past several years. Agricultural GDP has grown at 3.3 % per year since 1985, production of the main food crops has only increased by 3.5 % and export crops at about 5.4 %.

The agricultural sector is confronted by numerous constraints, such as low technology, poor credit facilities, poor infrastructure and high transport costs, poor marketing and distribution systems, and inadequate post-harvest processing. Given a focused political effort to improve these conditions, the agricultural sector in Tanzania has the potential to increase its local value-addition and employment from production via agro-processing and marketing and distribution of agricultural crops.

Agricultural policy

During the pre-reform period, the agriculture sector, like other sectors, operated under massive state intervention and controls. The major principles for socialism and self-reliance as stated in the 1967 Arusha Declaration dominated the various efforts to develop agriculture. Agricultural production, organisation, credit provision, distribution of inputs and supply of social services were all state-led and controlled. The overall result was the poor performance of the sector, which was reflected in persistent food shortages, increased food imports and declining production and exports of cash crops, particularly during the mid 1970s to mid 1980s. The rural infrastructure also deteriorated significantly during the 1980s.

The reforms since 1986, among other things, saw a collapse and restructuring of parastatal large-scale farms. This resulted in a decline in agricultural wage employment but a rise in the number of small-scale farmers, as some of the closed large-scale farms were divided up.

A Tanzania Agricultural Sector Memorandum (1994) analysed the impact of the economic reforms on the agricultural sector, while a new Agricultural and Livestock Policy (ALP) was adopted in 1997. The policy aims at reflecting the macro-economic reforms and the fact that agriculture operates in a delicate natural environment, which requires proper management and protection for the long-term sustainability of agriculture and sustainability of livelihoods.

The government has accorded priority to forming a strategy for the development of the necessary links to agriculture: infrastructure, the legal framework, taxation, affordable credit and investment incentives. Dealing with constraints that affect the agricultural sector is intended to lead to an increase in production and subsequent new investments in agro-processing and other related industries.

Critics have claimed that, although it is the mainstay of the economy, agriculture has been neglected in the national economic policies, which instead have given top priority to mining.

Fishing

Studies have shown that Tanzania could produce a sustainable fish catch of 730,000 tonnes per annum against an actual total catch in 1999 of 260,000 from fresh waters and 50,000 tonnes from the sea. Most of the freshwater catch is Nile perch from the heavily and increasingly polluted Lake Victoria. It is estimated that the sector employs around 60,000 people, and exports reached a peak of US\$ 72 million in 1998. The production is constrained by shortage of modern fishing equipment.

Investments in expansion of the handling and processing capacity are underway, for instance in Dar es Salaam and on Mafia Island in the Indian Ocean, where a new fish

processing plant went into operation in 2002 and is expected to employ 300 workers when in full operation.

Mining

Tanzanian mineral deposits can be classified as precious minerals (gold, diamonds, tanzanite, and rubies), industrial minerals (iron, tin, copper, phosphate, limestone, and gypsum) and fuels (coal and natural gas). Until now, gold, diamonds and gemstones have been the most important minerals. Due to the unfavourable investment climate of the central planning era, the mining sector gradually lost its generating capacity, reaching an absolute low of 1.1 % of total GDP in 1992. Since then the sector has regained some of its dynamic and grew to a 2.3 % share of GDP in 2000. The improvement in performance can mainly be attributed to increased mineral exploration activities, following the introduction of investor-friendly mining policies.

Policies prior to 1990 discouraged private investment in exploration for minerals. In the 1990s the government introduced a new policy and amended the mining act. Its new policy has a range of favourable incentives, including the abolition of export levies and stamp duties on foreign sales, and a year-long tax-break incentive for new investors

Despite its still limited contribution to total GDP, mining contributes a significant share of export earnings – 23 % in 2000. In addition the mining sector's foreign exchange earnings are expected to increase considerably over the next few years. The Tanzanian Chamber of Mines expects gold exports to increase from US\$120 million in 2000 to \$326 million in 2002.⁶ It is widely recognised that, alongside the official figures, smuggling of gold, diamonds and other gems is widespread in East Africa. This can be illustrated by trade data released by the Tanzanian Commissioner for Minerals. According to these data, US\$ 32 million worth of tanzanite was exported to the USA between 1998 and 2000, while US trade data show the US imported US\$ 328 million worth of tanzanite. The figures indicate that a great deal has been smuggled out of the country via Kenya and Zanzibar, from where it is sent to the Gulf States for polishing and use in jewellery⁷.

Small-scale mining is estimated to employ and provide a living for as many as one million Tanzanians. Large-scale mining has also attracted considerable new foreign interest. Major or new investors (some in joint ventures) include: for gold: Ashanti Goldfields (Ghana), Pangea Goldfields (Canada) and Barrick Gold (Canada); for nickel and cobalt: Sutton Resources and Romanex International (Canada).

With the opening of the Golden Pride Mine in 1999 and the Bulyanhulu mine in 2001, both in the region south of Lake Victoria, the mining industry has seen a huge expansion. In 2001 Tanzania is expected to overtake Zimbabwe in terms of gold production, but it still lags behind South Africa, Ghana and Mali.

Iron ore is mined at Chunya in the Mbeya region, and at Liganga in the Iringa region. Nickel deposits have attracted new investments in the development of deposits in Kagera region in the far north of the country. Phosphate, salt, tin, gypsum and kaolin

⁶ The East African, October 1, 2001

⁷ Country Report. Tanzania, Comoros. May 2001. The Economist Intelligence Unit. UK 2001

are also mined, and deposits of a wide range of other minerals have been confirmed. Although foreign interest in Tanzania's diverse mineral deposits remains strong, severe flooding in the northern part of the country in late 1997, which caused the deaths of over 100 mineworkers, raised concerns over safety conditions. The government has promised to standardise and enforce safety regulations throughout the country, but in practice does not have the resources to do so.

The expansion of the mining industry has raised a debate over what is to be expected of multinational mining companies operating in Tanzania. The issue was raised over the South African Gem Resources (Afgem), and its efforts to mine tanzanite commercially at Merarani in the Arusha region. A conflict between Afgem and small-scale miners of tanzanite has erupted with claims that Afgem is ignoring the needs of artisan miners and is not acting in the best interests of the country. A bomb exploded at Afgem's processing plant causing considerable damage but no personal injuries. The identity of the bombers is not clear, but there is considerable tension between the company and the small-scale miners. Afgem has been working on trying to calm the tensions and setting up a community development fund. Other mining companies are facing similar claims. Since the opening of the Bulyanhulu gold mine, local politicians have demanded that some of the revenue from the mines that currently accrues to government is given over to the regional government in which the mine is located.

The Bulyanhulu gold mine, which is run by the Kahama Mining Corporation, owned by Canadian Barrick Gold, has seen a running controversy since 1996, when small-scale miners opposed the granting of a mining concession to Kahama. The miners claimed title to the land under customary law. According to the Miners' union and Amnesty International, the police ignored an injunction by the High Court to postpone the clearing of the area until the land rights issue had been legally resolved. It has been claimed that over 50 people were killed when Tanzania police, together with Kahama employees, cleared the area surrounding the mine, evicting the miners and their families and demolishing their settlements.

Multinational mining companies are easily drawn into such disputes. A report has shown that the beneficiaries of compensation paid by Ashanti Goldfields to villagers that were moved to make way for its mine included not only the displaced families, but also the families of civil servants and Ashanti employees, who added the names of their relatives to the list of villagers that were moved.

Although there is considerable local criticism and general concern about the impact of large-scale mining in Tanzania on the livelihood of small-scale miners, on those displaced by the development of mines and on the environment, to date the general consensus is favourable. Many of the mines are making a positive attempt to put back some resources into local communities, for example through micro-finance schemes and investment in local schools and hospitals. The mining companies' investments in roads and electricity provision also benefit the rural areas and have a wider economic impact. On the macro level, export earnings have been boosted, although tax revenue will be limited for a while, as operators are initially only required to pay an estimated 3 % of sales in royalties while they recoup the costs of their initial investment.

Manufacturing

Tanzania's manufacturing sector has long suffered severe constraints. In the 1970s and 1980s they were mainly linked to external shocks such as high oil prices and

interest rates. In recent years, it has been obvious that national shortcomings in infrastructure and lack of financial and managerial capacity also play a crucial role in a period of opening up economies and thereby exposing business to international competition.

Tanzania's manufacturing sector has until recently been dominated by under-funded and mismanaged state-owned companies. There is, however, a manufacturing capacity present that could be assisted to develop, and over time compete with imports. It will, though, require considerable capital investments and new technology. A positive move in this direction is the establishment of joint ventures with foreign partners, who can supply capital and technology, or privatisation, where the private investment has been part of a strategy to upgrade and develop the companies.

During the period from August 1993 to September 2002 about 300 entities were privatised, out of 410 earmarked under the privatisation programme, while others have been closed down. The privatisation has increased investment by foreign companies in recent years, and with the general pick-up in the economy, the sector has recovered marginally - albeit from a low base and with many problems remaining.

Currently, the span of Tanzania's manufacturing industry is relatively narrow. It comprises processing and packaging, textiles and garments, steel and steel products, petroleum and chemicals, and non-metallic products. After many years of poor performance most of these sectors have started to grow, predominantly as a result of foreign investment in existing but underachieving domestic companies. New joint ventures include cement companies, Tanzania Breweries, Tanzania Cigarette Company, and Kilombero Sugar Company. It is expected that more private investment will be forthcoming as more manufacturing parastatals are privatised.

Growth in the industrial sector has largely been in consumer goods, such as food products, detergents and beer. By contrast, production of fertilisers, paints and metal products has fallen.

Manufacturing's share of GDP remained at a modest 8.4 % in 2000, which is almost the same level as recorded in the mid-1980s. Likewise, the manufacturing exports, worth only US\$ 43 million in 2000, correspond to just 6.5 % of Tanzania's total exports. There are about 179,000 people employed in the manufacturing sector (2000/01, see table 9). The industrial sector remains overwhelmingly concentrated in Dar es Salaam, which generates as much as 70 – 80 % of the total industrial output of the country.

Manufacturers fight a number of infrastructure problems. For instance, repeated water-supply crises in the capital have affected companies such as brewers and distillers, and irregular power supplies and high prices charged by the Tanzania Electricity Supply Company (Tanesco) have hit production throughout the industrial sector.

The Government – supported by a number of donors - has prioritised new initiatives to strengthen the business environment⁸. The initiatives include:

⁸ Ministry of Industry and Trade: Business Environment Strengthening for Tanzania (BEST Programme). Programme Design Report. May 2001

- ✍ Achieving better regulation and reduction of red tape;
- ✍ Improving commercial dispute resolution;
- ✍ Strengthening the Tanzanian Investment Centre;
- ✍ Changing the culture of government;
- ✍ Empowering private-sector advocacy.

Tourism

Tanzania has a large potential for increasing its tourism, offering tours combining safaris in the country's national parks and game and forest reserves with trips to the "Spice Island" of Zanzibar. The national parks and protected areas cover an estimated area of 142,000 km² – three times the total tourism area of Kenya.

After many years of neglect, tourism is now a high priority sector with private investments on the rise, following the trade liberalisation policy. The strategy is geared towards promoting a “low volume, high yield” tourism.

Although the tourism industry has cast doubt on the reliability of the data, according to the Directorate of Tourism the number of visiting tourists has risen from 201,744 in 1992, which earned US\$ 120 million in foreign exchange, to 627,325 in 1999, earning a total of US\$ 733 million. This represents an annual growth rate in earnings of around 25 %. There has been rapid growth in visitors from the EU, which now accounts for around 55 % of the total, with around 25 % of visitors coming from the US.⁹

Growth trends

The growth pattern in the Tanzanian economy can be seen from the table. Mining and quarrying has been the most dynamic sector, with quite high growth rates over the recent years, driven by the rapid development of a number of large gold mines. Construction and transport and communications have seen a high growth as well, benefiting from the ongoing development of the infrastructure, which is heavily funded by the donor community.

Table 3. Real gross domestic product growth per sector, 1998 – 2002

	1998	2000	2002a)
Agriculture	1.9	3.4	3.7
Mining & quarrying	27.4	13.9	17.3
Manufacturing	8.0	4.8	6.5
Electricity & water	5.5	5.0	7.1
Construction	9.9	8.4	9.7
Trade, hotels & restaur.	4.7	6.5	7.7
Transport & comm.	6.2	6.1	8.7
Financial & busi. services	5.6	4.7	5.7
Public admin. & other services	2.7	3.6	3.8
GDP at factor cost	4.0	4.9	6.2

Note: a) Estimate by EIU

Source: The Economist Intelligence Unit. Country Report, Tanzania, Comoros. August 2001

⁹ Quoted from Country Profile 2000. Tanzania, Comoros. The Economist Intelligence Unit. UK 2000

Most worrying is the persistent low growth in the large agricultural sector, which is the backbone of the economy and employs around 80 % of the labour force.

Constraints on improved productivity and competitiveness¹⁰

As already mentioned, there are a number of factors which hamper productivity and hinder competitiveness and development of the specific sectors. There are factors which cut across all sectors, as well as factors which are specific to each sector.

Constraints hampering all sectors:

- a. Infrastructure problems, including:
 - ? Dilapidated transportation and communication facilities (particularly roads);
 - ? Inadequate and expensive banking services contribute to financing problems particularly for small-scale farmers and small-scale production in the industrial and tourism sectors.
- b. Problems related to policy environment, including:
 - ? Lack of policy coordination among institutions, for example the Tanzania Revenue Authority (TRA) refusing to honour certificates of incentives issued to firms by the Tanzania Investment Center (TIC). Problems of coordination among various ministries, the private sector and NGOs involved in various development activities in the sectors;
 - ? Continued existence of unfavourable tariff and taxation policies - many and high taxes.
- c. Shortage of capital and shortage of skilled labour.
- d. Problems related to capacity building:
 - ? Lack of institutional and technical capabilities and low motivation. In agriculture this has led to inadequate and weak research and extension services, while in industry (particularly at firm level) it has led to failure to upgrade products and improve quality control and to diversify.
- e. Poor marketing:
 - ? In agriculture, for instance, the adverse effects of abolishing the cooperatives in 1976 have not yet been overcome. Furthermore, the private sector, allowed to buy crops due to the reforms, is very unreliable. In tourism, part of the problem is inadequate publicity and promotion abroad;
 - ? The problem is also related to poor quality control systems, processing and packaging.
- f. Late adoption of sectoral policies.
- g. Low and unsustainable investment directed to the sectors and private-sector development.

Constraints specific to sectors

Agricultural productivity

Tanzania is still far from the production levels that are possible with existing technologies and available resources. The reforms adopted have reversed the declining trends, but there are still occasional food shortages and the potential for the sector to expand, including for export growth, is not exhausted. The constraints include:

¹⁰ Mainly based on "Shitundu, Joseph L. M.: Sectoral Policies, Performances and Employment Implications in Tanzania. Report submitted to ILO-EAMAT. Dar es Salaam, Tanzania, June 1999

- ? Over-stocking and poor range-management practices cause seasonal shortages of good-quality grass and problems of inadequate and poor nutrition for livestock as well as environmental degradation;
- ? Low awareness of the importance of environmental resources in rural areas poses a great threat to sustainable crops and livestock production;
- ? Lack of guarantee security land tenure and appropriate mechanisms for land acquisition leading to conflicts between farmers and livestock keepers;
- ? Inadequate and delayed supply of the basic inputs such as fertiliser, seeds, insecticides, veterinary drugs, and vaccines.

Industrial competitiveness

Some few industries have improved their output growth, productivity and market competitiveness and thus expanded their sales both in the local and export markets. Products with remarkable sales performance include beer, cigarettes, soft drinks, bottled water, cables and other electrical products, radios, batteries, tyres and textiles. The increase in sales is mainly attributable to improved quality, efficient distribution systems and increased vigorous advertisement. In all the examples improvements have followed successful restructuring (joint venture arrangements). The majority of industries, however, have not managed to improve their output growth, productivity and market competitiveness. In general, the constraints include:

- ? High costs of production due to depreciation of the shilling relative to other currencies, low utilization of industrial capacities, aging machines and equipment, expensive and erratic power supply;
- ? Bad pricing in domestic industries as well as in institutions responsible for the provision and supply of energy, water, communication and banking services;
- ? Inability to source finances outside the formal domestic financial institutions. Firms with limited possibilities of raising and attracting finance from outside the domestic formal financial institutions have faced an acute capitalization problem.

Tourism sector's performance

Despite growing trends in terms of the increasing number of tourist arrivals and foreign exchange earnings, the tourism sector in Tanzania continues to face several constraints, which include:

- ? Poor services rendered in some tourist hotels;
- ? Lack of diversification and heavy dependence on the northern circuit. Tanzania does not effectively exploit the coastlines for beach holidays and the southern circuit, where the Ruaha National Park has a very large number of elephants and the Selous Game Reserve has the largest population of wildlife;
- ? The southern circuit has a very high potential for hunting and could earn the country more foreign exchange;
- ? Lack of awareness and appreciation of tourist attractions by the community;
- ? Poor coordination and land management for tourism development.

Implementation

The Tanzanian economic reforms have removed controls, deregulated investments and improved the incentive system, but not managed to remove all the constraints mentioned above, which limit the sectors' productivity and competitiveness, and so employment creation. In the longer-term, growth of the three sectors is a key to

sustained economic growth, job creation and poverty reduction. Hence, it is important to remove these constraints and adjust the relevant policies and strategies.

The implementation will require the design of work programmes incorporating all core aspects such as new technologies and technological capabilities, human resource development, organisational capacity building including management-labour relations, environmental considerations and infrastructure development.

The trade union position on economic policy

The process around the dissolution of the TFTU and the founding of TUCTA as a new, independent national centre (see chapter 7) reduced the trade unions' capacity to engage actively in the debate on general policy and political initiatives.

For instance, according to an independent analysis, the participation and involvement of the trade unions and the labour movement in general in the development of the Poverty Reduction Strategy Paper during 2000 was virtually non-existent. (See chapter 7).

On other issues, however, the trade union has been more active and outspoken. In its May Day message in 2001 and 2002 TUCTA criticized the liberalisation and privatisation process for causing economic hardships to the workers. TUCTA claimed that the privatisation and liberalisation of the economy have led to a relaxation of the enforcement of the labour laws to create a better climate for foreign investors. They said the process has ruined the welfare of ordinary workers, who have been subjected to terrible working conditions such as long hours, compulsory night shifts, job insecurity, poor remuneration, forced overtime work and denial of access to trade unions.

The IMF and World Bank-induced policy to impel the country into a market-driven economy is under attack for the massive retrenchments of workers both in the public and private sector. The trade unions too criticise the lack of transparency in the privatisation exercise, which does not involve all the stakeholders, especially the workers through the trade unions.

4. Labour market, structure and policy

The National Bureau of Statistics has conducted an Integrated Labour Force Survey, 2000/2001, funded by DANIDA and ILO. The survey constitutes modules on the general labour force, the informal sector and child labour.

Labour force participation rate and employment

The labour force **participation rate is defined** as the percentage of a country's working age population that is economically active (i.e. sum of employed and unemployed persons). It indicates the relative size of the supply of labour available for production of goods and services in the country.

The survey shows that the participation rate of the population aged 10 years and above increased from 72 % in 1990/91 to 79 % in 2000/01. The rural population has by far the highest rate, 83 %, and shows the highest increase, of 9 %-points, over the period. The urban population has seen a rise in the female participation rate, but a decrease in that of males. Dar es Salaam City has the lowest participation rate compared to other areas. Participation rate for the males is slightly higher than for the females for the country overall.

Table 4. Participation rates in economically active population aged 10+ years

		1990/91	2000/01
Rural	Male	74	84
	Female	74	82
	Total	74	83
Urban	Male	74	69
	Female	59	66
	Total	67	68
Tanzania	Male	74	81
	Female	71	78
	Total	72	79

Source: National Bureau of Statistics: Integrated Labour Force Survey, 2000/2001. Summary report. Draft. Oct. 2001. And: Draft Tables. Undated.

In the survey an **employed person is defined** as a person who has had at least one hour of work in economic activity during the previous seven days or is temporarily absent from a continuing activity. **Economic work is defined** as any economic activity in the production of goods and services for sale on the market or for own use, excluding household chores such as cleaning utensils, caring for a child etc. performed by a member of the household. Fetching water and collecting firewood for own use and household duties on other households were counted as economic activities.

The survey estimates that the employed population comprises a total of 16.9 million or 96 % of the currently economically active population. When compared to 10.9

million employed persons in 1991, this shows an increase of 55 %. On average then, employment has increased by about 600,000 persons each year in the period.

Table 5. Total employed persons aged 10+ years by sex. Thousands and %

	1990/91		2000/01	
	'000	%	'000	%
Male	5,455	50.1	8,344	49.3
Female	5,434	49.9	8,551	50.7
Total	10,889	100	16,895	100

Source: As table 4

The first two tables indicate that while the females have a slightly lower participation rate, they constitute a majority of the total employed people by 2000/01. This is due to the slightly higher female proportion of the total population.

Table 6. Employed aged 10+ years by sex and geo. area, 2000/01.

	Rural		Urban, total		Dar es Salaam		Tanzania	
	'000	%	'000	%	'000	%	'000	%
Male	6,879	49.2	1,465	50.3	424	47.9	8,344	49.4
Female	7,103	50.8	1,447	49.7	313	52.1	8,551	50.6
Total	13,982	100	2,913	100	738	100	16,895	100
% of total Tanzania	82.8		17.2		4.4			100

Source: As table 4

The distribution of employment by sex differs only slightly between the rural and urban regions, with the females having the highest share of employment, 52 %, in Dar es Salaam.

The rural areas provide a vast majority of the total employment at 83 %, while the urban areas only account for 17 % of total employment, of which Dar es Salaam employs 4.4 %.

It is estimated that Tanzania had a population of about 32 million in 2000. Taking the number of persons employed according to the survey, 52,8 % of the total Tanzanian population are employed. The remaining 47.2 % includes the unemployed, the not economically active adults and children below the age of ten.

Employment categories

The survey distinguishes four categories of employed:

- ? Paid employees;
- ? Self employed or employers and people working in their own account;
- ? Unpaid family workers;
- ? Those who work on their own farms (who are distinguished from the self-employed).

Table 7. Employed aged 10+ years by employment status by sex, %.

	1990/91			2000/01		
	Male	Female	Total	Male	Female	Total
Paid employment	12	4	9	10	4	7
Self employed	10	5	8	9	8	8
Unpaid helpers	1	1	1	7	8	8
Agriculture (own farm)	77	90	84	74	80	77
Total	100	100	100	100	100	100

Source: As table 4.

Note: There is *inconsistency* in the figures for 2000/01 in the distribution on status between the two sources (Table p. 4 in *Summary* and table M4 in *Draft Tables*). Hence, the results should be interpreted with caution.

As in 1990/91, a large majority of the employed, 77 %, are engaged in own-farm agriculture. The proportions of paid employment and own-farm agriculture have decreased, with a sharp increase in unpaid family helpers of 7 %-points. Yet, this is mainly due to the fact that in the 2000/01 survey, collecting firewood and fetching water (almost exclusively done by unpaid family helpers) were regarded as economic work. In the 1990/91–survey these activities were regarded as non-economic activities.

Only 7 %, corresponding to 1,161,400 people, are in *paid employment*. Furthermore, only 4 % of the females are in paid employment compared to 10 % of the males, underlining a gender imbalance.

Employment by sector

The figures clearly show that agriculture is the dominating sector, with a share of 81 % of the total employed population in the country. The remaining private sector is second with a share of 16.6 %, with private informal being the largest sub-sector at 8.5 %. In the public sector, central and local government claims a share of 2.0 % whereas parastatals employ only 0.5 % of the total employed – both are slightly down as a result of the privatisations and structural adjustments policies.

Table 8. Employed by main sector and area, %

	1990/91			2000/01			
	Rural	Urban	Total	Rural	Urban, total	Dar es Salaam	Total
Agriculture	92.4	36.9	83.7	90.2	36.9	8.9	80.9
Central/Local Government	1.5	10.6	2.9	1.2	6.0	4.7	2.0
Parastatal	0.2	9.5	1.7	0.1	2.3	6.1	0.5
Private Informal	4.6	31.3	8.8	3.4	33.0	45.5	8.5
Private	1.3	11.7	2.9	2.0	16.2	29.6	4.5
Housework	-	-	-	3.1	5.6	5.2	3.6
Total	100	100	100	100	100	100	100

Source: As table 4

Besides the change in agricultural employment - influenced by the change in definitions used in the survey - a main trend has been a shift from public to private, formal sector employment. Public employment has seen a decrease of 2.1 %-points from 1990/91 to 2000/01, while the private, formal sector has increased its share by 1.6 %-points in the same period. The urban regions have seen the biggest changes with a fall in combined government and parastatal employment from 20.1 % to 8.3 %. Dar es Salaam has by far the highest rate of employment in private and private informal sector in the country, at 45.5 % and 29.6 % respectively. The figures from the survey are further disaggregated for main industries.

Table 9. Employment by main industries, by sex. 2000/01

	Male	Female	Total	Total
	%	%	%	'000
Agriculture/Forestry/Fishing	82.8	86.6	84.7	14,142
Mining & Quarry	0.1	0.1	0.1	23
Manufacture	1.5	0.6	1.1	179
Construction	1.4	0.03	0.7	116
Trade	4.9	4.7	4.8	797
Transport	1.2	0.1	0.7	107
Finance	0.3	0.1	0.2	26
Personal service	7.7	7.8	7.8	1,295
Total, %	100	100	100	
Total, '000	8,349	8,351		16,700

Source: Integrated Labour Force Survey, 2000/2001. Draft Tables. Table M1

The table provides more details on employment outside the agricultural sector. Personal service and trade stand out as the other main sectors, although the figures are small. Manufacture holds the position as the fourth-biggest employer, with 179,000 persons employed, yet this corresponds to only 1.1 % of the total employment.

Unemployment

The unemployment rate is analysed using three different **definitions** :

A is defined as the proportion of the labour force that does not have work but is available and actively looking for work.

A + B is a broader definition using the term “being available labour”, i.e. whether looking or not looking for work.

C includes people who are temporarily absent from work for reasons such as “can’t find work, no suitable land for cultivation”, or because of the off-season. It also includes people out of the labour force who state that they are not economically active simply because of lack of capital.

Table 10. Unemployment rates 2000/01, %

	Unempl. A	Unempl. A and B	Unempl. C	Total %
Male	2	4	6	11
Female	2	6	8	13
Total	2	5	7	12

Source: As table 4

Using definitions A + B, there is an unemployment rate of 5 %, while definition C gives an additional 7 %. Thus, the total unemployment rate in Tanzania including definitions A, B and C is 12 %, according to the survey.

Most of the economically active population lives in rural areas and is engaged in subsistence agriculture. In the urban areas, however, there is no specific activity to absorb the surplus labour, except for trying to survive by informal sector trading etc. For this reason, the registered unemployment is mainly seen in the urban areas with an estimated urban unemployment rate of 14 % as compared to 3 % in rural areas.

Table 11. Unemployment rate (A + B), by geographical areas and sex

		1990/91	2000/01
Rural	Male	2	3
	Female	2	3
	Total	2	3
Urban	Male	7	11
	Female	15	18
	Total	11	14
Total	Male	3	4
	Female	4	6
	Total	4	5

Source: As table 4

The total unemployment rate A + B has risen to 5 % compared to 4 % in 1991. The table indicates that almost one out of five females in urban areas is unemployed while only one out of nine males is unemployed. In rural areas the pattern of unemployment rates is the same for both sexes.

Table 12. Unemployment rate (A + B + C), by geographical areas and sex

	Urban	Rural	Total
Male	24	8	11
Female	38	7	13
Total	31	8	12

Source: As table 4

Using the extended definition more than **one third of urban females** are unemployed while **one quarter of urban males are unemployed**. In rural areas the pattern of unemployment rates is the same for both sexes. The total unemployment rate for the Tanzanian mainland is 12.

Youth unemployment

Youth unemployment is an important social and political issue. The survey shows that young people in the age group 15 - 24 have the highest unemployment rate, at 9 %, for the country as a whole. Children of primary school age, i.e. up to 14, have the second highest unemployment rate, at a total of 6 %, but with a disturbingly high rate of 30 % in Dar es Salaam.

The figures raise *questions about the method* used in the survey, especially for those aged 5 - 14. Can a child aged 5 or 12 be considered unemployed? Unfortunately, the source does not give details of the specific method used for calculation of the rates for children of primary school age.

Table 13. Unemployment rate (A+B) among youth compared to other groups

Age	Dar es Salaam	Other urban	Urban total	Rural	Total
5 - 14	30	4	7	6	6
15 - 24	49	18	27	4	9
25 - 34	25	11	16	2	5
35+	8	4	5	1	2
Total	26	9	14	3	5

Source: As table 4

The regional differences are quite significant. In Dar es Salaam every second youth aged 15 – 24 is unemployed. This is double the average unemployment rate for all age groups in Dar, and it is significantly higher than the rate for the same age group in other urban areas, let alone the rural areas. Given the gender imbalance, the unemployment rate for the young women of Dar es Salaam will be at an even higher level.

Again, it should be noted that the results must be interpreted with caution, as the summary report is not very specific on the basic data or the method used.

Underemployment

Underemployed people are defined as “Persons who work less than 40 hours (per week, ASA) in all economic activities and are available for more work”. Underemployment rates are calculated by using total employment as a base in the current survey.

Table 14. Underemployment rates by geo. areas and gender (Unempl. A+B)

		1990/91	2000/01
Rural	Male	5	8
	Female	3	7
	Total	4	7
Urban	Male	4	8
	Female	10	9
	Total	6	9

Source: As table 4

The table indicates that time-related underemployment rates are almost the same in both urban and rural areas. According to the survey, underemployment is also almost the same for both sexes in both urban and rural areas. In no segment of the employed population is the underemployment rate above 10 %.

Child labour

The law provides for 7 years of compulsory education up to the age of 15. Law prohibits children under 12 from working in the formal wage sector in both urban and rural areas. However, many children work on farms, and the primary school drop-out rate is between 30 and 40 %.

The ILO estimates that almost 30 % of children between 10 and 14 are economically active. They are employed – often seasonally – in agriculture (including tea, tobacco, coffee and sisal), as domestic servants, in piecework manufacturing and in mining.¹¹

Girls are often employed as domestic servants, mostly in urban households and under abusive and exploitative conditions. In the urban informal sector, children often work in unregulated piecework manufacturing.

The Tanzania Federation of Trade Unions (TFTU/OTTU) and the union for the domestic, hotel and conservation sector (CHODAWU) have been working to end the recruitment and abuse of mainly girls from rural areas to work as domestic servants in urban centres and cities.

According to the Labour Force Survey Tanzania has about 4.7 million working children aged between 5-17. These children contribute about 25 % of all those classified as employed. 40 % of this age group are engaged in economic activities.

Table 15. Total number of working children, aged 5 - 17. Millions and %

	Total	%
1.Economic activity	4.732	40
2. Non – economic activity	7.232	60
Total	11.965	100.0

Source: As table 4

¹¹ Source: ICFTU: Internationally Recognized Core Labour Standards in Tanzania. Report for the WTO General Council Review of the Trade Policies of Tanzania. ICFTU, Feb. 2000. The ILO figures refer to 1995.

The rural areas contribute 91 % of all working children compared to the urban areas. This is a higher share than for total employment, where the rural areas account for 83%.

Table 16. Type of activity for working children aged 5 – 17, %

	Dar es Salaam	Other Urban	Rural	Total
Housekeeping activity only	82.2	61.6	42.8	47.8
Economic activity only	0.3	0.9	1.7	1.5
Both economic and non economic activity	6.2	19.2	44.0	38.1
Schooling only	7.5	7.4	2.5	3.5
Idle	3.8	10.9	9.0	9.1
Total	100.00	100.00	100.00	100.00

Source: As table 4

Note: It can be seen from the table that the survey – confusingly - includes both “schooling only” and “idle” children in the category of working children.

Most working children are engaged in housekeeping activity (48 %) or in “both economic and non-economic” activities (38 %).

The survey reveals that 80 % of all working children in economic activity are engaged in agriculture, where crop growing is the main activity. Personal care is in second place, employing 17 % of the children. Finally, a small number of children are engaged in trade, manufacturing, mining & quarrying and construction.

The mining sector remains a special problem. With about 1.6 million small-scale miners, many Tanzanians migrate as new mines are discovered. Parents often encourage their children to engage in small mining work, partly because most of the mining areas lack schools for the children.

Parents and guardians living with children engaged in economic activities were asked what the main reasons for letting children work were. The main reasons given were:

1. to assist in household enterprises (45 %);
2. to supplement household income (43 %).

Two thirds of the children engaged in housekeeping activity only also attended school, while only 52 % of the children with both economic activity and housekeeping did so.

The trade union (TFTU/OTTU) has run an anti-child labour programme, which has identified children working in commercial farms and as house-girls and boys in the cities. Several hundred children have been repatriated to their homes to attend school. The main issue has been to identify the factors that perpetuate child labour, as well as its root causes, so that effective solutions might be found. At the heart of the problem lies the culture of many families in rural Tanzania, where female children are still considered unproductive compared to male children. Parents do not invest in female

children by giving them an education, causing the girls to look for domestic work in urban centres.

The trade unions' approach to ending child labour has been through provision of alternatives for the children and their guardians, so that children do not have to work. This includes provision of entrepreneurship and small business development education to parents, and assistance with school fees and uniforms.

Concluding remarks on employment

The participation rate of the population aged 10 and above has increased from 72 % in 1990/91 to 79 % in 2000/01. The increase is, however, mainly due to changes in definitions. The rural population has by far the highest rate, 83 %, and the highest increase of 9 %-points over the period. The urban population has seen a rise in the female participation rate, but a decrease for the males. Dar es Salaam City has the lowest participation rate compared to other areas. The participation rate for the males is slightly higher than for the females for the country overall.

A large majority of the employed (77 %) are engaged in own farming, although the proportions have decreased since 1990/91. Paid employment and self-employment account for 7 % and 8 % respectively. There are only 4 % of the females in paid employment, compared to 10 % of the males, thus indicating a gender imbalance.

Agriculture is by far the dominant sector, with a share of 81 % of the total employed population. The remaining private sector is second, with a share of 16.6 %, and private informal is the largest sub-sector at 8.5 %.

The high percentage (40 %) of children engaged in economic activities clearly indicates the acute poverty in most households.

Despite the number of political initiatives to boost production and employment, the employment structure has been quite stable from 1990/01 to 2000/01, although there has been a decrease in the share of own farm agriculture and a minor increase in private sector employment. Still, of the yearly influx onto the labour market of 550-700,000 new jobseekers, only 5 – 7 % are absorbed by the formal sector.

Labour market policy and industrial relations

With the political transition from 1990 - from a one-party system to a multi-party system - the role of the workers' and employers' organisations (the social partners) changed, giving the partners a challenge to seek stronger influence on the socio-economic development. The social partners in Tanzania can generally be described as weak, due to insufficient membership, lack of funds, lack of manpower, lack of equipment, lack of sufficient training and lack of influence in the political arena.

Workers' and employers' organisations were not prepared for their new roles in the collective bargaining system after their years as state-based organisations. The legal framework (for instance for independent trade unions) was not in place. Nor were there institutional structures and capacity in place adequate to facilitate the industrial relations system.

Meanwhile the country suffered from the consequences of Structural Adjustment Programme (SAP) with massive retrenchment and rising costs of living, leading to a fall in real income and a consequent threat to industrial peace and harmony.

Tanzania's *Labour Laws*, among the oldest in Africa, have constituted a problem, as the roughly 15 different laws were very inconsistent in content and style. Recently a reform process has been under way, involving a tripartite taskforce, with the purpose of producing a new, integrated body of labour law. This process, however, has not run smoothly, partly due to traditional conflicts of interest and partly due to low capacity in the Ministry of Labour. The task force is expected to present its recommendations by September 2002. The reform process has been supported by DANIDA, the Danish Development Agency.

At present, there are two types of collective agreements in Tanzania, namely statutory agreements and voluntary agreements. The Civil Government and Local Government have their own negotiation system, regulated in two separate acts. The teachers are not included in the statutory machinery. The voluntary agreements, initiated either by the employer or the unions, are registered with the Industrial Court. In the fishing industry, however, the employer has to sign a collective agreement to obtain a fishing licence.

Collective bargaining only takes place in the private sector. Wages for government and parastatal employees are set administratively by the government.

Most unions operate with two different agreements. One contains matters relating to working conditions, annual leave, transport and food allowances, medical expenditure, loans for school fees etc. The other agreement only deals with wages agreed upon at workplace-level, company-level, industrial level or national level. The wage agreements are normally negotiated yearly. The agreements have to be registered at the Industrial Court through the Labour Commissioner and the Minister of Labour and Youth Development. Normally it takes 2- 3 years to have an agreement registered and the agreement has by then long expired.

The Industrial Court can refuse to register an agreement that is not in line with the government's economic policy. "Essential" service workers are not permitted to strike. Other workers have the legal right to strike only after complicated and protracted mediation and conciliation procedures ultimately leading to the Industrial Court, which receives direction from the Minister of Labour and Youth Development. These procedures can prolong a dispute by months without resolving it. Facing this prolonged delay, frustrated workers have frequently staged impromptu, illegal wildcat strikes and walkouts.

The *Industrial Court Act* No.3 of 1990 provides for the functions of the Industrial Court, which are:

- to determine disputes between employers and workers;
- to review and inquire into trade disputes;
- to assist in and register collective agreements;
- to register production targets;
- to register bonuses.

The negotiation machinery also includes the Labour Advisory Board (1-2 meetings yearly), the Wage Council (which has been inactive for a long time) and the Minimum Wages Board. Furthermore, the social partners are represented in national organisations such as the National Vocational Training Council and the National Productivity Council.

Sub-sections under the Regulations of Wages and Terms of Employment Ordinance provide for the creation of staff committees, comprising employers and workers' representatives, with the aim of improving relations between employers and workers. If more than 10 workers in a workplace are unionised, a branch can be formed.

The dispute settlement process is complex, bureaucratic, long and complicated. In principle, the workers enjoy the right to strike, but unions have to follow the procedures involving mediation, conciliation and an Industrial Court decision. The result is that most strikes are illegal. Workers are also practising "lock outs" of management, although it is illegal.

Tripartite bodies

There are a number of tripartite bodies within the labour market, including at national level:

Labour Advisory Board

To advise the Ministry of Labour on all matters relating to labour.

The Minimum Wage Board and Wages Council

For regulating remuneration and terms of employment.

The joint Staff Council for the civil service

To provide a procedure for the settlement of disputes between the government and certain civil servants.

The Industrial Court

To provide for the settlement of trade disputes.

The National Social Security Fund

To operate a social security system for employees who are not covered by other schemes.

The VETA National Board

To advise on matters relating to the running of the vocational education and training system. There are also a number of advisory committees and branch sector committees.

Tanzania has a national AIDS Control Programme Strategy coordinated under the Ministry of Health. Under this programme workplaces are required to set up AIDS Committees. A Committee under the Ministry of Labour is supposed to coordinate AIDS Committee activities set up at workplaces.

To some extent the tripartite structures may seem to be mainly window-dressing, as the government tends to involve the bodies only when it suits them. This seems to be due both to lack of resources and lack of commitment in the Ministry of Labour.

Government also has tended to handpick members without consulting the parties they are supposed to represent, etc.

The employers' organisations

In the past, the Association of Tanzania Employers' (ATE) membership comprised parastatals but with the ongoing privatisation of parastatals and the entry of new investors, ATE's membership has declined and ATE is no longer perceived as an organisation representing all the employers. The Confederation of Tanzanian Industries (CTI) and the Tanzanian Chamber of Commerce, Industry and Agriculture (TCCIA) have moved in to fill this vacuum and have begun exerting influence in shaping the government's privatisation, trade and investment policies. In addition there are several industrial sector associations including textile, metal engineering, motor traders, tea, and sisal.

ATE has 850 members with a total of 210.000 employees¹². *ATE* is the employers' representative in various tripartite bodies and deals with all legal aspects of industrial relations, including appointing assessors to the Industrial Court. *ATE* does not have any sectoral structures matching those of the trade unions. It does not have any regional offices, and the secretariat in Dar es Salaam has only four professional staff. *ATE* has played a role in advocating tripartism and strengthening the labour market system. In July 1995, *ATE* withdrew from all tripartite bodies, including the assessors at the Industrial Court, due to lack of initiatives from government to reactivate the tripartite machinery for collective bargaining and to revise the labour legislation. *ATE* later resumed its participation. *ATE* was heavily involved in the drafting of the Trade Union Bill of 1998 and fought almost side by side with TFTU for labour market legislation reform.

CTI emanated from the Chamber of Commerce and was established as a private chamber in 1991. Today *CTI* has approximately 245 members from the core of the industry, ranging from the largest industrial companies to smaller, newly started enterprises. The members embrace manufacturing, tourism, construction, transport and infrastructure, media and information technology, consultancies and other supporting businesses. *CTI*'s main activity is to represent the economic interests of the industry -to "Lobby, influence and advice the Government and those with the power to effect change."¹³ In addition, *CTI* organises runs membership services such as trade fairs, match making, statistics and information about manufacturing and related industries. *CTI* has succeeded in positioning itself as a relatively strong organisation promoting the economic interests of industry. *CTI* has a staff of six professionals. In recent years *CTI* has received substantial support to enhance its capacity from the Federation of Danish Industries (DI) via a twinning-project, funded by DANIDA, the Danish Development Agency.

¹² Information from Director Africanus Maenda, November 2001.

¹³ "CTI. The voice of Industry." *CTI*, undated.

5. Education

From the onset, basic education for all was a high priority for the socialist government of the liberated Tanzania. A recent survey, however, indicates that the situation in education today is, on the whole, somewhat worrying. In 2000, 29 % of all adults had received no education, slightly higher than the 27 % in 1991/92.¹⁴

Levels of education for adults and adult literacy are highest in Dar es Salaam and lowest in rural areas. In Dar es Salaam some 10 % of adults have received no education, compared with 33 % in rural areas. In contrast, almost one quarter of adults in Dar es Salaam have been to school above primary level, compared with only 4 % in rural areas.

Women are less likely to have been educated than men, with 37 % of women reporting having received no education compared to 20 % of men. Just over half of the women in rural areas are literate. In contrast, the difference in literacy between men and women in Dar es Salaam is very small.

At the end of 2001, alarmed by the data of a growing proportion of the uneducated and a mounting criticism of the poor state of the primary school sector, President Mkapa announced a major initiative, in the form of a five-year Universal Primary Education programme, to upgrade the number of classrooms and teachers and the quality of the educational system nationwide. In the 2001/02 state budget 25 % was allocated to education, out of which 62 % was directed to primary education.

Vocational education and training - VETA

A big potential in the effort to upgrade the qualifications of the workforce lies within the vocational education and training system. Since 1994 this education has been organised by its own agency, VETA, under the Ministry of Labour and Youth Development.

VETA has a tripartite National Board, advisory committees, branch sector committees etc. Despite a number of regional tripartite bodies and schools spread all over the country, the VETA organisation seems to be highly centralised with only little delegation of competence from the General Secretary, who is also the Secretary of the National Board.

VETA runs both short and longer courses and training for apprentices. The education has been reformed into a system of modules with up to nine Occupational Unit Standards in certain branches. VETA has a yearly intake of 3-4,000 young people out of an annual group of 550-700,000 school-leavers.

In VETA there is a growing concern over the deterioration of the qualifications earned in the basic education up to Standard 7 and Form 4.

VETA is partly financed by a levy on companies, who pay a skills development levy of 6 % of salary, of which 2 % goes to VETA. In addition, there is a school fee of

¹⁴ Trends in Poverty and Social Indicators: Tanzania 1991/92 – 2000, a preliminary analysis. Final report. National Bureau of Statistics, Tanzania and Oxford Policy Management, UK. July 2001.

approximately 25,000 shillings a year for a day student and a substantially higher amount for a boarding student. This fee is a major obstacle for many youths to entering education.

In general VETA does not have a good reputation in industry. The quality of the education is seen to be low. In an attempt to improve its performance, VETA has moved more into demand-driven, company-tailored courses for big companies with well-defined needs, such as breweries and the tobacco industry.

The informal sector, which is by far the largest, is also being targeted. For instance there have been courses on location for small-scale miners at a very favourable participation fee. This has, however, met with some resistance from the formal sector, as only the formal sector pays the 2 % levy to run VETA.

The trade union position on education

The trade unions so far seem to have played a quite modest role in developing the vocational education and training system. The unions have not been very active in developing policies or putting forward initiatives in the field.

6. Social structure and social security

Poverty persistence

The recent survey on poverty and social indicators (see footnote 13) indicates that average real household expenditure fell by around 13 % between 1991/92 and 2000. The fall has occurred for the population as a whole and in every stratum of the survey.

Consumption and expenditure is used as an indicator in preference to directly reported income data, since the latter tends to be inaccurate. Total household expenditure is standardised for the number of individuals in the household. The expenditure is adjusted for the effects of inflation.

The fall in household expenditure resulted in an increase in poverty between 1991/92 and 2000. The proportion of people living below the food poverty line increased from 16 to 23 %. Similarly, the proportion of people living below the basic needs poverty line increased from 38 % to 43 %. This increase in poverty is seen in every stratum. Rural areas continue to have the highest levels of poverty; 47 % of rural households are below the basic needs poverty line.

Households where the head is self-employed and inactive – both categories that have increased substantially since 1991/92 - have seen substantial increases in the probability of being poor. These increases have been larger than the increase in poverty level in the population as a whole, meaning that they have become poorer relative to the rest of the population. This suggests that the shift to these activities is a response to household income problems rather than a positive reaction to new economic opportunities.

Social security

The main statutory social security schemes include¹⁵:

- ? The Government Pension Scheme (GPS) covering Civil Servants of pensionable status. The scheme is non-contributory and is funded from the Treasury. By January 1999 there were 176,000 active members in this scheme;
- ? The Local Authority Provident Fund (LAPF) – covering employees from District, Town, Municipal and City Councils (Local Government). The fund is contributory, i.e. both employees and employers contribute 10% of the employee's salary. By December 1999 beneficiaries totalled 70,000 active members;
- ? The parastatal Pensions Fund (PPF) covers all employees in the parastatal sector. It is a contributory scheme;
- ? The National Social Security Fund is the largest social security fund in the country. The fund mainly covers the private sector as well as workers in Central Government and parastatal sector who do not come under the other schemes mentioned. Employees and employers each contribute 10% of the employees' salary;
- ? The National Insurance Corporation (NIC) Occupational Pension and endowment scheme organised by individual scheme.

¹⁵ Source: SADC-els: Annual Progress Report, 1999/2000. Lusaka, 2000

Additionally, there are some private social security arrangements, such as:

- ? *Rotating Savings and Credit Groups* mainly found among urban communities generally know by their acronyms and with rudimentary structures based on mutual understanding;
- ? *Savings and Credit Cooperatives* – there are about 440 cooperatives for the formal sector and 466 for the informal sector. Based on members' contributions and used to make loans to members to cover contingencies such as children's tuition and care;
- ? *Social Security Schemes established by NGO's* as small self-help cooperatives. These schemes cover a small minority of the population.

The trade union position on social security

Currently the trade union is in conflict with government on the retrenchment package for workers at some major parastatals. Workers at the Electricity Supply Company, Tanesco, and the Railways Corporation, TRC, made threats to sabotage the public firms, if they were not given acceptable terminal benefits in the privatising process. Workers have also called for the government to pay into the pensions, as the public firms have failed to remit their contributions to the Parastatal Pensions Fund or the National Social Security Fund.

In May 2002 TUCTA met with President Benjamin Mkapa to discuss the issue¹⁶. TUCTA's Chairperson, Mrs. Margaret Sitta, acknowledged that workers locking out management from companies as means of demanding their rights was long overdue. But TUCTA claimed it was time the government-involved workers in the privatisation process to avoid misunderstandings, and added that all agreements on privatisation of public firms should be transparent.

President Mkapa warned that workers threats to sabotage state-run firms might amount to terrorism. He acknowledged the workers' rights to terminal benefits, but insisted that disputes should be settled through dialogue, not threats of sabotage. He added that taxpayers should not have to pay for mismanagement and unproductive workers.

¹⁶ Quoted from Daily News, Tanzania. May 15th 2002.

7. Trade union profile

Data

<i>Name of Centre:</i> Trades Union Congress of Tanzania, (TUCTA)	<i>International/Regional affiliation:</i> OATUU, ICFTU, ICFTU-AFRO, SATUCC, EATUC
<i>Address:</i> P.O. Box 15359 Dar es Salaam, Tanzania	<i>Number of affiliated unions:</i> 12
<i>Telephone:</i> +255-22-2130036	<i>Total declared membership:</i> 308,656
<i>Fax:</i> +255-22-2130036	<i>Of which female:</i> 33 % (est.)
<i>E-mail:</i> Tftu.educ@cats-net.com	<i>Number of women in leadership:</i>
<i>Chairperson:</i> Margaret Sitta	
<i>Secretary general:</i> Nesteroy Ngulla	

National unions affiliated to TUCTA

Union	Members 1998	Members 2001
1. Tanzanian Union of Industrial and Commercial Workers TUICO	46,867	35,530*
2. T. Plantation and Agricultural Workers Union, TPAWU	37,664	32,322
3. T. Communication and Transport Workers U., COTWU	14,000*	8,000
4. T. Teachers' Union, TTU	100,000*	117,000
5. Conservation, Hotel, Domestic & Allied, CHODAWU	17,376	18,953
6. T. Local Government Workers' Union, TALGWU	38,178	35,388
7. T. Seamen's Union, TASU	1,500	430
8. T. Mining and Construction Workers' Union, TAMICO	9,000*	8,595
9. T. Railway Workers' Union, TRAWU	13,630	12,800*
10. Research, Academics and Allied W.U., RAAWU	9,595	10,250
11. T. Union of Governm. and Health Employees, TUGHE	19,000*	29,238
12. Tanzanian Union of Journalists TUJ	-	150
Total	306,810	308,656

* = Estimates

Other registered trade unions, not affiliated to TUCTA

Union	Members 2001
1. T. Fishing Crew and Allied Workers' Union, TFCA/WAMEUTA	2,400
2. T. Social Services Industry Workers' Union TASIU	20
3. Industrial and General Workers' Union of T., IGWUTA	20
Total	2,440

Source: TUCTA.

Samwel E. Chambua: Constraints/Obstacles to increased trade union membership in Tanzania. Report to the ILO. Draft. IDS, University of Dar es Salaam, March 2002.

See appendix 4 for a list of unions with addresses, chairpersons and general secretaries.

The latter three unions were registered between September 2000 and October 2001. They are splinter groups from the Seamen's Union, the Conservation, Hotel, Domestic & Allied, and the Industrial and Commercial Workers' Union, respectively. The Fishing Crew and Allied Workers' Union and the Social Services Industry Workers' Union are currently processing an application for registration of a new national centre, Tanzania Labour Federation, at the Registrar.

Background

Tanzania's trade union movement has its roots in the 1940s. Since then, it has passed through several phases. In 1955, 17 trade unions established The Tanganyika Federation of Labour (TFL). It worked hand in hand with the later ruling party (TANU) and struggled together with the political party for independence, which was gained in 1961.

In 1964, the government enacted the NUTA act, which disbanded the TFL and established the National Union of Tanganyika Workers (NUTA) as the sole trade union body in the country. The act crushed the limited autonomy that remained within TFL and was the beginning of the monolithic system of the union movement which dominated the movement until the early 1990s. The NUTA leadership was appointed by the President of the Republic, and its main objective was to promote the policies of TANU.

The political changes in the country, with TANU and ASP (the ruling party in Pemba) merging and forming the CCM in 1977, fostered the need for a trade union for the whole country. For this reason JUWATA was established in 1978. JUWATA, as a mass organisation of the ruling party (CCM), had, among other functions, to propagate party policies and make workers aware of their basic rights and obligations.

There was a growing pressure from union members for greater autonomy for the trade unions. And along with the introduction of the multi-party system in Tanzania in 1992, the General Council of JUWATA decided to dissolve JUWATA and created the Organisation of Tanzanian Trade Unions (OTTU) to gain autonomy and become independent from the ruling party. The decision was approved by the government and ratified by an Act of Parliament, OTTU Act No.20 of 1991.

OTTU - like JUWATA before it - was the sole trade union of workers. The only difference was that OTTU existed as an apex organisation with sectoral trade unions under it. During the era of JUWATA sectoral unions did not exist. An important decision of OTTU was that OTTU should assist in the formation of industrial unions. The creation of independent and democratic unions started in 1992 with substantial support from Swedish LO/TCO. A series of steps were taken to democratise the labour movement, including reviewing its constitution, holding elections at all levels, and forming and legitimising 11 national unions based on industrial sectors. However, the unions still were not registered in their own capacity, but as affiliates of OTTU.

In August 1995, at its first National Congress the Federation of Free Trade Unions (TFTU) was born with the 11 unions as founding members. TFTU was headed by Secretary General Bruno Mpangala and two deputies, one for Mainland Tanzania and the other for Zanzibar. These were all elected by union members. The total membership in August 1997 was approximately 348,000. Since then the membership has declined drastically, mainly due to the retrenchments of workers from government

institutions. It also seems that the earlier membership had been overestimated due to the lack of updated records (until 1995 the official figure was 500,000).

The national unions were still registered as affiliated to OTTU. TFTU had no legal status and was not authorised to negotiate. The negotiations took place between the respective industrial trade unions and the employers or employers' association. When an agreement was to be registered in the Industrial Court, the unions had to use the name "OTTU".

The centre at the time had some internal problems and conflicts with its affiliates. The management of TFTU was criticized, on the grounds, for example, that no financial report had been submitted and approved by the congress held in Dodoma for a period of 5 years. The TFTU Secretary General, Mr. Mpangala, did not manage to lead the transition from TFTU/OTTU to TUCTA. It was a period with a poor relationship between the centre and the unions, and with the trade union movement losing the confidence of the workers. Critics accused Mpangala for opposing the repeal of the OTTU-Act and the registration of the unions. In addition, most of the general secretaries of the unions belonged to the old system and were criticised of being more bureaucrats than trade unionists, and wanting to maintain the old closed system.

The Trade Union Act, 1998

It was in the light of the above that a new Trade Union Act No. 10 of 1998 was enacted in order to accommodate the demand for independent trade unions. With the Trade Union Act, which became operational on the 1st July 2000, these union developments gained a legal basis. With the act the national centre, TFTU, was technically dissolved, and the existing industrial trade unions had to re-register.

Despite some internal disputes, the general secretaries of the 11 industrial trade unions gave support to the new act in a common statement, although criticising parts of it, as it still contains several restrictions on trade union rights. The general secretaries found, that "... an opportunity has emerged of establishing a free and independent federation whose leadership will be elected by workers and hence become more accountable to them."¹⁷

TFTU/OTTU also pointed to some negative impacts of the act:

- ? the provisions to allow more than one federation by two or more industrial trade unions;
- ? isolated parts of the act contradict fundamental human and trade union rights, i.e. the right to freedom of association and organising, and the right to concluding voluntary agreements with employers;
- ? excessive powers vested in the Registrar of Trade Unions.

A primary subject of disagreement was the article forbidding employees in the public sector to organise. Following negotiations, the Government finally decided to modify the bill in order to eliminate this. However, the legal provisions granting the Government the power to de-register the smaller of two trade unions where more than one exists in an enterprise still exist.

¹⁷ TFTU: Press release, 19. July 2000. General Secretaries' Committee.

Collective bargaining is recognised in law but does not apply to the public sector, where the government sets wages. Collective agreements must be submitted to the Industrial Court for approval and may be refused registration if they do not confirm with the government's economic policy.

The government may suspend a trade union if it considers that it violates the law or its own regulations, or that public security or public order are thereby endangered. In any given trade union, only one union leader may be occupied full time in carrying out his trade union functions. All others must work full time in the enterprise or industrial sector in which they have been elected.

The Trade Union Act makes provisions covering the establishment of the office of the Registrar of Trade Unions, modalities of registration of trade unions, power of the Registrar, requirements of the unions to be registered, formation of federation of trade unions and consultative bodies, management of Trade Union Funds, rights and liabilities.

It may seem confusing that with the Trade Union Act both employees and employers are now free to form trade unions of their own choice in accordance with the interpretation of the term "trade union". The Registrar of Trade Unions is vested with the functions of overall administration of the Trade Union Act. The law is, however, silent on whether he/she has powers to intervene in trade unions' internal disputes or election of leaders. The new Trade Union Act spells out modalities of registration and appeal procedures. Every trade union has to be registered with the Registrar in order to acquire legitimacy.

The act allows a mere 20 members to form a trade union and two unions to form a national centre, a provision which is seen as a move to weaken the trade union movement. This opportunity is presently being taken advantage of by The Fishing Crew and Allied Workers' Union and the 20-member strong Social Services and Industrial Workers' Union, which have applied for the registration of a new national centre, the Tanzania Labour Federation. Bruno Mpangala, the former Secretary General of TFTU, who heads the diminutive Social Services and Industrial Workers' Union, seems to be the initiator behind the move for another centre.

The Registrar for certain reasons may dissolve a registered trade union. The decision of the Registrar to refuse or cancel a registration may be taken to appeal in the High Court of Tanzania. The Registrar of Trade Unions is empowered to cancel the certificate of registration if it is proved the union is operating outside its intended objectives or that its funds are being expended unlawfully.

Definition of a "trade union"

A trade union is defined as any combination, either temporary or permanent, of 20 or more employees or four or more employers, the principal purposes of the constitution of which is the regulation of the relations between employers and employees, or employers and employees.

Formation of a federation

Two or more registered trade unions may form a federation and such a federation must be registered by the office of the Registrar.

Expenditure of trade union funds

The law requires trade union funds to be expended very strictly on trade union matters such as payment of salaries, legal consultancy, affiliation fees and service charges only.

Clients under the law

Any employed person including employees of the Government Service, save for members of the military forces, police force and prisons, are clients under this law. These categories are exempted for security reasons.

In August 2001, following many objections raised by the trade unions and the ILO, the Ministry of Labour declared itself ready to negotiate amendments to the law with employers and unions.

The situation of trade unions in *Zanzibar and Pemba* is special, as they do not fall under the jurisdiction of the new Trade Union Act. but are to be registered under a similar new law for Zanzibar and Pemba. This implies that new unions had to be formed and apply for registration with the Registrar of Trade Unions at Zanzibar. As of January 2002, nine industrial unions have been formed but have not yet received their certificates of registration. The nine unions have a combined membership of about 10,000, indicating a need for mergers to reduce operational costs and increase the organisational capacity.

Ratifications of the fundamental conventions of ILO

The following ILO core conventions have been ratified by Tanzania:

	Forced Labour		Freedom of Association		Discrimination		Child Labour	
Convention	C.29	C.105	C.87	C.98	C.100	C.111	C.138	C.182
Ratified	1962	1962	2000	1962	2002	2002	1998	1999

TUCTA's organisational structures

The foundation of the Trade Union Congress of Tanzania (TUCTA) as a new umbrella organisation in April 2001 marked the preliminary end to the reconstitution. The structure of TUCTA is very similar to that of TFTU/OTTU with only one major difference: TUCTA only covers Mainland Tanzania and hence does not have a Deputy Secretary General from Zanzibar.

TUCTA and its affiliated trade unions are now in the process of developing appropriate structures and strategies in order to deal with the organisational, political and economical challenges. In general, the process has been characterised by a positive commitment from the 11 affiliates, although some internal and personal conflicts from the long reform process might still influence the strengthening of the organisation. In March 2002 the first staff members were engaged.

Structure:

Congress (every third year);

General council, 5 members of each union plus TUCTA's Chairperson, Secretary General, Dep. Secretary General, Treasurer and Heads of Department;

Executive committee, quarterly meetings;

Chairperson;
Secretary General.

Departments (Each with a Head of Department):

Education, Training and Workers' Participation;
Women and Youth Development;
Health and Safety;
Research and Economics.

Membership

Compared to an estimated workforce of about 17 million people, TUCTA's 300,000 or so members only constitute a unionisation rate of less than 2 % . Related, however, to the 1,161,400 people with paid employment in the formal sector, the unionisation rate is about 26.5 % . This indicates that the unions, although in general weak, do have a foothold in the formal sector of the economy.

Funding

Members' subscription to the trade union is 2 % of their salary, while the unions have to pay 5 % of the total collected to the federation.

Challenges

The Tanzanian workers are among the most poorly paid employees in the world. The monthly minimum wage for the majority of Tanzanian workers in the lower cadre is 45,000 shillings for public servants (to be adjusted from July 2002). The minimum wages are not recognised by all the private employers.

It could be tempting to attribute the deterioration of the working conditions of the majority of Tanzanian workers to the lack of a vibrant trade union movement in the country; particularly after the adoption of the market-oriented IMF and World Bank policies. As conceded by the former secretary general of the then Tanzania Federation of Trade Unions, Bruno Mpangala: "Economic reforms and the need to adapt to a new working environment have weakened the spirit of trade unionism."¹⁸

The trade union's condition must, however, also be seen in the light of the one-party state period, which left the labour market organisations with a weak organisational capacity. This coincided with major changes, including the loss of tens of thousands of workplaces due to privatisation and structural adjustments. Of the yearly influx onto the labour market of 600-700,000 new jobseekers, only about 5 % succeed in finding a job in the formal sector.

With the current economic hardships of labour and the prevailing economic reforms, the challenges to the trade union are enormous:

- ? There is a huge need for a stronger membership base and increased services to the members;
- ? There is a need to increase and improve the participation in the tripartite dialogue and the national political debate on major issues;

¹⁸ Quoted from Panafrican News Agency, Dar Es Salaam, Tanzania, May 1, 2001

- ? There is an increased demand for the documentation used in negotiations to be of high quality in both content and presentation;
- ? Many private employers fail to take the unions seriously, and most new employers are hostile to trade unionism with many threatening to lay-off employees who are members of, or want to join, trade unions;
- ? A lack of transparency and democratic, internal procedures within some unions can disillusion members.

TUCTA as an actor on national policies

It has been claimed that the trade union seems to have major difficulties in becoming involved in the national political process. A quote from a recent report on the trade union role in the formation of the national poverty reduction initiatives underlines the point:

“Clearly, the participation and involvement of Trade Unions and the Labour Movement Union in general in the development of PRSP [Poverty Reduction Strategy Paper] during 2000 was virtually non-existent. Likewise, similar findings are observed in respect to Trade Union participation in the process of evaluating and reviewing (.....) So, as in the development of the PRSP participation of Trade Union Centres in the evaluation of the PR programme was virtually NIL.”¹⁹

The authors find the involvement of other main stakeholder groups such as local civil society groups (NGOs, CBOs etc) and foreign donor organisations quite remarkable – during both the PRSP preparation stage and the evaluation phase.

In an attempt to trace the roots of these very critical findings, the researchers point at what they characterize as “*an environment of mutual mistrust*” between government and the trade union, which has developed and lingered since independence in 1961.

“Quite often the Government has blamed the Trade Unions for demanding wage increases unmatched with increases in labour productivity and work efficiency of its members. Likewise, Trade Unions have blamed the Government for pursuing reform measures²⁰ in directions which impoverish and pauperise workers. In this kind of persistent environment of mutual mistrust, meaningful social dialogue processes between the Government on the one hand and Trade Unions on the other cannot fruitfully take place.”

The authors find that the trade unions are looking upon government actions and reform initiatives (e.g. Civil Service Reform, Privatisation, Retrenchment etc) with suspicion, and consequently absent themselves from involvement. In the study on the poverty reduction initiative, they claim to have seen no evidence suggesting the trade unions actively wishing to participate in the process and government rejecting such requests or blocking such moves. Instead, they found that “Apathy reigned in most Trade Union Centres.”

¹⁹ Mlawa, H. M., L. S. Mwisomba and H. H. Semkiwa: Trade Unions and Poverty Reduction Initiatives in Tanzania. Institute of Development Studies, University of Dar es Salaam, Tanzania. Sept. 2001

²⁰ Such measures include, for example, Civil Service Reform, Parastatal Sector Reform, Education Sector Reform, Health Sector Reform.

It should be noted, though, that the process analysed was in the transitional period of the Tanzanian trade unions, with no fully-fledged national centre to position the labour stance on the national poverty reduction initiatives. Thus, comments on political initiatives were mainly given by unions and not by the national centre.

Structural obstacles to trade union participation

The findings in the survey quoted above support indications gathered from other interviews as well of a poor conception of the trade unions' roles. To the majority of government and labour activists, the main role of trade unions and their leadership seems to be limited to improving wages and working conditions of workers through collective bargaining with employers and their associations. This is a narrow conception, as trade unions have a crucial role in working closely with government and other stakeholders (private sector organisations, the NGO community, donor community etc) in developing economic policies and programmes for the sustainable growth of the country.

At least two different major obstacles for enhanced trade union participation in the political process prevail:

1. There are *no appropriate structures* within the national policy forum system for nurturing trade union participation in the policy process. For instance, the mechanism and timetable for seeking participation of the various stakeholder groups in the poverty reduction initiative process were very formal and bureaucratic. There was very little real opportunity for an external stakeholder to provide inputs in the process;
2. There is a need for *capacity building* at the trade unions of the technical and professional expertise which is needed for effectively influencing many of the political issues discussed.

Often trade union leaders and members have an inadequate knowledge of and expertise in economic and technical subjects and jargon, and they therefore do not feel comfortable attending and participating in the forums dealing with such issues. This phenomenon is not specific to Tanzania. Although some of the leaders and members master the knowledge and expertise in these kinds of areas, most do not.

To overcome the weaknesses - the importance of membership growth

For analytical purposes, the challenges and weaknesses identified could be divided into two groups, one with primarily external versus one with internal origins.

Yet, most of the mentioned weaknesses cannot be lastingly solved without the basic strengthening of the union that comes from a growth in the size and commitment of the membership. In return, a substantial growth in membership may provide the potential for a long-term increase of the capacity and the organisational and political strength.

**Table 17. Union membership in percent of potential
Mainland Tanzania, 2001**

Union	Unionisation rate, %
1. Tanzanian Union of Industrial and Commercial Workers, TUICO	84*
2. Tanzanian Plantation and Agricultural Workers' Union, TPAWU	75
3. Tanzanian Communication and Transport Workers' Un., COTWU	-
4. Tanzanian Teachers' Union, TTU	81
5. Conservation, Hotel, Domestic & Allied, CHODAWU	37
6. Tanzanian Local Government Workers' Union, TALGWU	86
7. Tanzanian Seamen's Union, TASU	9
8. Tanzanian Mining and Construction Workers' Union, TAMICO	80*
9. Tanzanian Railway Workers' Union, TRAWU	66*
10. Research, Academics and Allied Workers' Union, RAAW	51
11. Tanzanian Government and Health Employees, TUGHE	45
12. Tanzanian Union of Journalists, TUJ	8
Union average	56
Total actual membership in % of potential (est.)	62

Note: * = year 2000

For almost all unions the unionisation rate indicates the ratio of the actual membership to the number of potential members in those workplaces where the unions have been able to recruit members.

Source: Chambua, Samwel E. (2002)

Table 17 might be seen as an indication of a reasonably high unionisation rate with a total union membership of 62 % of the potential. (The figure is higher than the simple union average, as the big unions have a higher rate than the small ones.) The unionisation rate is, however, overrated, as the data for the potential membership seem to be understated. The data are based on the potential membership only in those workplaces where the unions have already been able to recruit members. Thus it excludes the potential for recruiting members by organising new workplaces or organising the informal sector.

There is a big potential for membership, for instance, in fields covered by unions such as TUICO, CHODAWU (including the informal sector) and TAMICO.

To utilise the potential for growth based on organising new members, the trade union has to actively deal with its current, *internal weaknesses*, which hamper the recruiting of new members.²¹

- ? **Lack of trade union knowledge among the workers:** Many workers are not aware of the benefits of becoming a union member. There is some misunderstanding of the union's role, partly caused by its history of affiliation with the ruling party until the early 1990s;

²¹ Based on own observations and interviews and Samwel E. Chambua: Constraints/Obstacles to increased trade union membership in Tanzania. March 2002.

- ? **Poor performance:** Many people do not see the performance of the unions in the past as impressive. The unions need to create the basis for a more positive perception amongst potential members;
- ? **Lack of organising skills:** Most unions lack the modern organising skills required in a free market economy with an expanding private and informal sector;
- ? **Weakness in leadership:** “Most trade union leaders at all levels lack commitment, aggressiveness and creativity (perhaps both the legacy of being under the armpit of the ruling party and the check-off system are to blame) and as a result they continue to rely on the traditional way of running a trade union. This does not attract new members.” (Quote from Samwel E. Chambua, p. 53.);
- ? **Language barrier:** In most new workplaces, English is the official language. This is a barrier to organising, as many union organisers do not have a full command of the language, yet they have to talk to the management before holding meetings with the workers.

Other, more general problems within the unions are:

- ? **Lack of regular communication** between the top levels of the union structure and the workplace level;
- ? **The democratic procedures** within the unions and the openness and transparency towards the members need to be fully established. In addition, a systematic delegation of duties and responsibilities should be implemented in the unions and the federation to avoid an exaggerated and unproductive centralisation of functions and communication;
- ? **Lack of commitment from some affiliates** to contribute dues to the national centre, TUCTA;
- ? **Personal ambitions and conflicts** have led to the formation of new general unions and the application to form another federation. Yet, at present there is no need for more unions, but, on the contrary, a need for the smallest unions to merge and become bigger and stronger.

Trade union assistance programmes

The Tanzanian trade union has over the years received extensive support from abroad.

The Swedish LO-TCO was very instrumental in establishing the TFTU structure all the way from the national unions to the national centre. Communications International has, through the support of the Swedish LO-TCO, been running a project in cooperation with COTWU since 1998.

The Danish LO/FTF Council for several years has supported educational programmes in the Teachers’ Union and health and safety programmes for workers in the graphics sector, organised in TUICO. The Danish Development Agency, Danida, has since 2000 given technical and economic support for the establishing of TUCTA as a fully functional organisation. The Danish General Workers’ Union (SID) is supporting the Seamen’s Union and the textile workers within the TUICO.

LO-Norway has supported projects for local government women workers and development of trade union organisations. ICFTU-AFRO supported TFTU in the area

of trade union education, research and training in women's leadership. Friedrich Ebert Stiftung assists Tanzanian trade unions in strategy formulation, capacity building, promotion of women's interests and in strengthening contacts to International Trade Secretariats. capacity building seminars have been held on new communication technologies as well as strategic discussions on globalisation and its impacts on industrial relations. The American Solidarity Centre has carried out activities aimed towards strategic planning and support to the structure of the East African Trade Union Council.

Concluding remarks

It is not within the scope of this study to propose specific recommendations on the adjustment of strategies or on actions to be taken.

Based on the findings I would, though, make the following general recommendations:

- ✍ It is crucial for the unions to overcome the weaknesses mentioned, reach out and establish a **dialogue with their members and activists and organise more members** to strengthen their member service and their voice;
- ✍ It is crucial to strengthen the unions' and the federation's **capacity for negotiation in different forums and in bargaining** by improving their economic and negotiation skills;
- ✍ The **analytical capacity in the biggest unions and the federation should be expanded**, and the analysis produced should systematically and without delay be distributed to all levels of the trade union;

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Links

- | | |
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| www.ctitz.com | Confederation of Tanzania Industries |
| www.icftu.org | International Confederation of Free Trade Unions |
| www.ilo.org | International Labour Organization |
| www.psrtz.com | Presidential Parastatal Sector Reform Commission |
| www.transparency.org | Transparency International |
| www.undp.org | United Nations Development Programme |
| www.worldbank.org | World Bank |

Abbreviations

ATE	Association of Tanzanian Employers
COMESA	Common Market for Eastern and Southern Africa
CCM	Chama Cha Mapinduzi
CUF	Civic United Front
CTI	Confederation of Tanzanian Industries
DANIDA	Danish International Development Agency
EAC	East African Community
EATUC	East Africa Trade Union Council
GDP	Gross Domestic Product
GNI	Gross National Income
ICFTU	International Confederation of Free Trade Unions
ILO	International Labour Organization
IMF	International Monetary Fund
OTTU	Organisation of Tanzanian Trade Unions
OATUU	Organisation of African Trade Union Unity
SADC	Southern African Development Community
SATUCC	Southern Africa Trade Union Coordination Council
TFTU	Tanzanian Federation of Free Trade Unions
TUCTA	Trade Union Congress of Tanzania
TUICO	Tanzanian Union of Industrial and Commercial Workers
UNDP	United Nations Development Programme
VETA	Vocational Education and Training Authority

Appendices

1. People met in Tanzania

Interviews during visits at 27th October - 3rd November 2001 and 12th – 17th May 2002.

TUCTA: Nesteroy K. Ngulla, Secretary General
John Makongolo Gonza, Head of Dep. of Research and Economics
Jan Rask, Danida Senior Advisor, Danida Trade Union Component

TUICO: Hassan M. Chamzim, Ass. General Secretary, and others.

Danish Embassy:
Lisbeth Jespersen, Counsellor
Rasmus Holm Lauridsen, BSSP – Programme Coordinator

Ministry of Industry and Trade:
Bede Lyimo, Economist, Policy Department

Min of Labour, Youth and Sport:
Mr. Killo, Ass. Labour Commissioner

VETA: Carsten Hyttmeir, Danida Advisor

Association of Tanzania Employers, ATE:
Africanus T. Maenda, Director

Confederation of Tanzania Industries, CTI:
H. S. Kamote, Chief Economist
U. P. Mumburi, Industrial Economist

University of Dar es Salaam:
G. D. Mjema, Director, Economic Research Bureau

Economic and Social Research Foundation, ESRF
Dr. H. H. Semboja
Paula Tibandebage, Ph.D.

National Bureau of Statistics:
Mr. Mkai, Director General

2. SADC and COMESA²²

SADC

In addition to the re-establishment of the EAC, Tanzania has also been a co-founder of the Southern African Development Community (SADC). Initially, SADC's approach to regional integration placed emphasis on infrastructure development as opposed to the market integration approach. But in 1996 Tanzania was one of 13 (11) states, which signed the SADC Protocol on Trade.

The members of the Protocol are:

Angola	Namibia
Botswana	Seychelles
D.R. of Congo	South Africa
Malawi	Swaziland
Mauritius	Tanzania
Mozambique	Zambia
Zimbabwe	

In broad terms, the objective of the Protocol is the establishment of a Free Trade Area among the SADC member states. An important aspect of the agreement is that manufacturing products produced in the member states can be exempted from duty tariffs when traded internally. Not all products, however, qualify for duty-free status. Three criteria of qualification will have to be met:

- 1) The products have to be produced in their entirety in the country of origin;
- 2) The cif (cost, insurance and freight) value of imported materials from outside SADC to be used in the manufacturing of the products from outside SADC cannot exceed 60 % of the total costs of materials used in the production. Otherwise the value-added resulting from the production process should account for at least 35 % of the ex- factory costs of the goods;
- 3) Changes in tariff headings should be applied for the products deriving from the processing carried out on the imported, non-origination material.

Tanzania's membership of SADC has been subject to much criticism, especially because the membership to some extent replaces the membership of COMESA.

COMESA

The Common Market for Eastern and Southern Africa (COMESA) is a geographically widespread trade community that was founded in 1994. Until Tanzania's recent withdrawal it covered 22 member countries with a total population of more than 300 million people. The main aim of COMESA is to create a level of regional integration that could eventually develop into a common market in which goods, services, capital and labour could move unhindered. For the manufacturing sector in the member countries, a full implementation of the COMESA directives would mean gradual

²² Mainly adapted from The Manufacturing Sector in Tanzania. Confederation of Tanzanian Industries (CTI), Confederation of Danish Industries (DI) and A. V. Y. Mbelle, Economics Department, University of Dar es Salaam. December 2000

reduction and eventual elimination of tariffs on finished products as well as imported inputs.

COMESA members:

Angola	Malawi
Burundi	Mauritius
Comoros	Namibia
D.R. of Congo	Rwanda
Djibouti	Seychelles
Eritrea	Sudan
Egypt	Swaziland
Ethiopia	Uganda
Kenya	Zambia
Madagascar	Zimbabwe

Tanzania formally withdrew from the organisation in September 2000. The reason for the withdrawal was mainly the country's substantial and growing trade deficit within the organisation. In 1999, Tanzania's total trade with COMESA amounted to US\$ 175 million. Out of this amount some US\$ 128 million were imports and only US\$ 47 million were exports. As a consequence of this situation the Tanzanian government decided that the purpose of the membership was not being met, and that enhancement of the country's export performance could better be achieved in one of the two other organisations and trade agreements, of which Tanzania is a member.

Problems with SADC

Critics of Tanzania pulling out of COMESA, favouring SADC, point to a number of problems with the decision. First of all, Tanzania is now a member of a free trade agreement in which its two co-members in EAC are not participants. This can create a mismatch in the formulation of the three countries' industrial and trade policies, and hence have a hampering effect on the EAC integration process.

Another critical point in Tanzania's shift from COMESA to SADC membership relates to the fact that SADC has a substantially smaller membership base. COMESA consists of 21 domestic markets that are fairly diverse in product segmentation and hence should provide potentially lucrative sales opportunities to Tanzania's companies. Whereas SADC in contrast has 14 markets with a great degree of product similarity.

Advantages of SADC

There are, however, also a number of benefits attached to the shift from COMESA to SADC. Former Vice Chairman in Confederation of Tanzania Industries, CTI, Ravi Chande, argues that SADC membership offers a better deal to Tanzania than being part of COMESA. The reasons for this position are summarized as follows:

?

- ? The SADC Treaty recognizes the differences in the levels of development among its member countries. The SADC Trade Protocol hence acknowledges the principle of asymmetry in the establishment of a common free trade area to reflect the imbalance in the strengths of the various economies. A number of the member countries including South Africa have agreed to reduce their tariffs at a faster pace than Tanzania and other lower developed countries. This

offers a dual advantage to Tanzania: On the one hand Tanzanian producers will benefit from duty-free imports of raw materials and goods. And on the other hand sensitive²³ products will not be offered duty free treatment until the eleventh year of the Trade Protocol implementation. The eleven-year adjustment period is far more appropriate to the prevailing circumstances in Tanzania than the adoption of an immediate Free Trade Areas as proposed by COMESA;

- ? The SADC Trade Protocol stipulates a product-by-product approach to duty-free intra-trade, as opposed to the COMESA approach of across-the-board zero tariffs;
- ? Furthermore, similar to the SADC Treaty itself, the Trade Protocol applied the principle of asymmetry, whilst the COMESA free trade stipulation treats every country equally;
- ? Tanzania is not ready to eliminate all tariffs by November, as proposed by the COMESA Treaty. It would lead to the collapse of the industrial structure of the country. Alternatively, Tanzania could adopt the strategy of many COMESA members and accept the FTA in principle and then impose various trade-flow restricting measures afterwards. This, however, is not a sustainable method for either Tanzania's economy or the integrity of the COMESA FTA as a viable trade arrangement;
- ? Tanzania needs a period of adjustment to deal with the distortions in the economy;
- ? Implementation of various new measures with regard to development and liberalisation of taxation policies, infrastructure and industry support will require a lot of resources and time in order to be completed successfully. This process has to be carefully managed within a realistic timetable, which the COMESA integration does not provide.

²³ Sensitive products are classified as products deriving from industries or sectors which still need a certain degree of legislative protection before being opened to free market competition. Each country in the SADC has prepared a list of products which are considered to be sensitive under this classification

3. Labour laws in Tanzania

Law	Function
Industrial Court of Tanzania Act, 1967	Sets up Industrial Court under the auspices of the Ministry of Labour to hear employment disputes
Employment Ordinance, Cap. 366	Regulates basic employer/employee relationships
Security of Employment Act, No. 62 of 1962	? Establishes disciplinary code for workers ? Restricts the employers' power of summary dismissal ? Establishes procedure for adjudicating disputes
Regulation of Wages and Terms of Employment Ordinance (Cap 300)	Lays down through Ministerial orders the minimum wages and other minimum benefits for workers
Workmen's Compensation Ordinance (Cap 263)	Provides for compensation of employees injured in the course of their employment
Trade Unions Act, No. 10 of 1998	Regulates the formation and activities of trade unions
National Employment Promotion Service Act, No. 9 of 1999	? Requires work permits for employing foreigners; ? Regulates the business of employment agencies
Severance Allowance Act, 1962	Regulates payment to a worker whose contract of employment terminates not due to disciplinary action

Source: Business Environment Strengthening for Tanzania (BEST Programme). Programme Design Report, May 2001. Ministry of Industry and Trade.

4. Registered Tanzanian Trade Unions

According to the Registrar of Trade Unions in Tanzania (April 2002):

Union	Chairperson	General Secretary
Trade Union Congress of Tanzania (TUCTA) (National Centre) P.O.Box 15359 Dar es Salaam Tel: 0744 - 272021	Mrs. M. Sitta	Mr. N. Ngulla
Tanzania Railway Workers' Union (TRAWU) P.O.Box 78459, Dar es Salaam Cell: 0744- 272937 Fax: 022-2110559 (via CHODAWU)	Mr.M.Kalunga	Mr.G.N.Machengo
Conservation, Hotels, Domestic and Allied Workers' Union (CHODAWU) P.O.Box 15549, Dar es Salaam Tel: 022- 2110823 Fax: 022- 2110559	Mr.A.M.K. Sella	Mr.S.S. Wamba
Tanzania Teachers' Union (TTU/CWT) P.O.Box 2196, Dar es Salaam Tel: 022 - 2118272 Fax: 022 - 2118272	Mrs.M.Sitta	Y. B.K. Msulwa
Tanzania Local Government Workers' Union (TALGWU) P.O.Box 6097, Dar es Salaam Tel: 022 - 2121380/2185633 Cell: 0744 - 269083	Mr.F.M.Musita	Mr.J.S. Makongwa
Tanzania Union of Industrial and Commercial Workers' (TUICO) P.O.Box 5680, Dar es Salaam Tel: 022- 2866910 Fax: 022 - 2866911	Mr.D. Kavishe	Mr.B. Y. Nkakatisi
Tanzania Seamen's Union (TASU) P.O.Box 75304, Dar es Salaam Tel:022-2118154 (via COTWU-T) Fax: 022-2118155 (via COTWU-T) Cell: 0741- 278364	Mr.N.B. Mtupa	Mr.M. Chakoma
Researchers, Academicians and Allied Workers' Union (RAAWU) P.O.Box 22532, Dar es Salaam Tel:022 - 2138114 Cell: 0744-272021	Mr.N.O.Msaki	vacant
Tanzania Mines and Construction Workers' Union (TAMICO) P.O.Box 72136, Dar es Salaam Tel: 022 - 2119200 Cell: 0741 - 616732	Mr.F.M.Masasi	Mr.M. Pingu
Tanzanian Union of Government and Health Employees (TUGHE) P.O.Box 4669, Dar es Salaam Tel: 022-2118152/ 2118271/2118153 Cell: 0744 - 290042	Dr. D. Mrutu	Mr.J.S. Rutatina
Tanzania Plantation and Agricultural Workers' Union (TPAWU) P.O.Box 77420, Dar es Salaam	Mr.K.N.Kabengwe	Mr.G.P.Nyindo

5. Statistical and technical notes

The figures in the report should be *used with caution* and must in general be taken more as estimates rather than facts, due to variation in definitions and weaknesses in methods of collecting and compiling data.

Technical notes

The data in the socio-economic profile are mainly based on the World Bank's www.worldbank.org/data, World Development Indicators 2002 and the UNDP's Human Development Report 2002.

The *definitions* of some of the main indicators are:

Labour force comprises people who meet the ILO definition of the economically active population: all people who supply labour for the production of goods and services during a specified period. It includes both the employed and the unemployed. While national practices vary in the treatment of such groups as the armed forces and seasonal or part-time workers, in general the labour force includes the armed forces, the unemployed, and first-time job-seekers, but excludes homemakers and other unpaid caregivers and workers in the informal sector.

GDP, the gross domestic product, measures the total output of goods and services for final use produced by an economy by both residents and non-residents, regardless of the allocation to domestic and foreign claims. It is calculated without making deductions for depreciation of physical capital or depletion and degradation of natural resources. The GDP figures are shown at market prices and have been converted to U.S. dollars.

Total GDP is shown at purchaser value, while value added components are conventionally reported at producer prices. The GDP growth rates are presented in real terms.

GNI per capita is the gross national income in current U.S. dollars as divided by the mid-year population. GNI measures the total domestic and foreign income claimed by the residents of the economy. It comprises GDP plus net factor income from abroad, which is the income residents receive from abroad for factor services (labour and capital) less similar payments made to non-residents who contributed to the domestic production. GNI in U.S. dollars is calculated according to the World Bank Atlas method of conversion from national currency to U.S. dollar terms.

The *Atlas conversion* factor for any year is the average of the country's exchange rate for that year and those for the two preceding years, adjusted for differences in relative inflation between the country and the G-5 countries (France, Germany, Japan, the United Kingdom and the United States). This three-year average smoothes fluctuations in prices and exchange rates for each country.

Poverty, percent of population living of less than 1 US dollar a day (1993 PPP). The indicator uses purchasing power parities (PPP) rather than official exchange rates to calculate GDP per capita: a measure of the overall mean level of poverty at the national level.

At the PPP rate, one dollar has the same purchasing power over domestic GDP in the respective country as the US dollar has over US GDP. The PPP rates allow a standard comparison of real price levels between countries; normal exchange rates may over or

undervalue purchasing power. The base year for the compilation of the internationally comparable PPP data is 1993.

National poverty line is defined as the level below which adequate standards of nutrition, shelter, and personal amenities cannot be assured. The authorities of each country set the appropriate level for the country. Since these levels are country specific, cross-country comparisons cannot be made.

Human Development Index, HDI, is a composite index that contains three indicators: life expectancy at birth; educational attainment, as measured by a combination of adult literacy (two-thirds weight) and the combined gross primary, secondary and tertiary enrolment ratio (one-third weight); and GDP per capita (PPP US\$) as a proxy for a decent standard of living.

The HDI values ranges from 0 to 1. Measured at regions the OECD is in front with 0.900, while the Sub-Saharan African countries have 0.467, and all the developing countries 0.647. These values are for 1999.