EXECUTIVE SUMMARY

As in the past, this Poverty and Human Development Report 2005 has been prepared under the auspices of the Research and Analysis Working Group of the poverty monitoring system. At the beginning of the fourth phase of Tanzania's Government, the members of the RAWG hope that this report will provide useful material with which to renew efforts for poverty reduction, especially among the poorest of Tanzania's population. Moreover, to do so inclusively, according to the principles of good governance as articulated in MKUKUTA and in the same open spirit in which MKUKUTA itself was developed.

This is the third in a series of Poverty and Human Development Reports. Earlier reports, in 2002 and 2003, provided information about progress towards targets of the first Poverty Reduction Strategy – targets which were similar to the Millennium Development Goals. This 2005 report has been prepared at a time when the PRS itself has been reviewed and revised. The PRS provided a vehicle for increasing public allocations to priority sectors, where education and health featured particularly strongly. The new strategy, the National Strategy for Growth and Reduction of Poverty (NSGRP), MKUKUTA in its Swahili acronym, continues the priority accorded to improving human capabilities and in addition puts emphasis on poverty-reducing growth.

INCOME POVERTY REDUCTION AND RURAL GROWTH

GDP growth rates overall, and in agriculture, have increased in recent years, with especially positive growth in 2004 when GDP overall grew by 6.7 per cent and agricultural GDP by 6.0 per cent. The extent to which this growth has reduced poverty is mitigated by changes in inequality and may be affected by international and rural-urban terms of trade. Growth has had a greater impact on poverty reduction in areas where the proportion of households with incomes below the poverty line is lowest, notably in Dar es Salaam. Projections suggest that rural poverty may have been reduced somewhat, but there are uncertainties around data and modelling assumptions.

If MKUKUTA targets are to be met, it is clear that rural poverty reduction needs to be accorded critical priority. Since poverty reduction is sensitive to growth, a strategy must be put in place that ensures high growth for a sustained period of time. This calls for two things to happen. First, agriculture must grow at a sustained rate of at least 6 per cent per annum. Second, growth needs to be broad based and strategies that promote such broad-based growth must be developed and implemented.

Agricultural production has fluctuated around low levels for most food and cash crops. Similarly, productivity has remained low, especially among smallholder farmers who constitute the majority of agricultural producers in Tanzania. The quality of export crops has remained low relative to export crops produced by neighbouring countries. A combination of low production, low productivity and low quality of agricultural produce has significant limiting effects on rural growth and therefore on poverty reduction.

Major factors contributing to this situation include low levels of education and literacy among smallholder farmers, exposure to variable weather conditions, price shocks, limited investments and weak institutional arrangements. These structural problems justify the consideration of alternative institutional arrangements, which would involve smallholders

becoming increasingly better organised - in forms generally referred to as producer associations – and in integrated systems of production, extension services, transportation, processing and marketing. Such an integrated approach could help overcome many of the constraints faced by smallholders by encouraging increased production and productivity, raising prices by increasing the quality of produce and by taking advantage of supply chain linkages and ensuring greater access to productive opportunities.

Producer associations can play a critical role in safeguarding the interests of smallholders. They also provide a vehicle to ensure a steady supply of produce for processing and marketing. Investment in cooperative producers' associations could encourage vertically integrated enterprises of production, processing and marketing, adding value to members' produce. The democratic development of such associations needs to be accelerated under the programme for small and medium-scale enterprises and the Cooperative Reform and Modernisation programme.

There is much the Government can do to encourage the development of such integrated systems. Macroeconomic stability must be sustained, more investment needs to be directed to improving rural infrastructure, action should be taken to reduce the cost of doing business, regulatory mechanisms must be strengthened. Government's own capacity needs to be enhanced to keep up with global changes to help the economy thrive within the international environment in which it is operating.

Improvements in the rural infrastructure are critical – roads, power, communication, water. The development of integrated producer systems will place additional demands on the infrastructure compared with the demands of current systems of production. The more widespread use of cost effective technologies, especially in road improvements and maintenance and in the provision of improved water supplies, will be an important part of a strategy to ensure equitable access.

Households and individuals should be enabled to take full advantage of the emerging opportunities. This is only possible if they are appropriately educated and healthy, and this means that efforts to ensure equitable access to basic social services must be continued and sustained.

EDUCATION

The Primary Education Development Programme has raised enrolment rates in primary schools. Attendance rates are lower than enrolment, with little gender differential, though boys tend to be in school at an older age than girls. Children with disabilities are much less likely to be in school than other children. Data from the population census and the household budget survey show little difference in attendance by younger, orphaned children compared to those who are not orphaned. After the age of 9, a slightly smaller proportion of orphaned children is attending school compared with children who have not been orphaned.

Estimates of the retention rate (the proportion of children enrolled in standard 1 who stay through standard 7) and the reported primary school leaving examination pass rates both show improvements in 2004.

Some critical inputs to ensure sustained quality of education lag behind the increasing enrolment. Though the number of classrooms and desks have increased with the higher number of children in school, the ratio of teachers to pupils has not kept pace with increased enrolment. There are large geographic disparities in the pupil/teacher ratio,

most pronounced when qualified teachers are taken into account. Many more teachers are needed so that pupil-teacher ratios are reduced, and continued training and retention of trained teachers is important, so that the proportion of teachers who are qualified continues to increase. More books are needed.

HEALTH, SURVIVAL, NUTRITION AND HIV/AIDS

Recent data indicate substantial reductions in infant and under-five mortality and more modestly reduced rates of child malnutrition, though the prevalence of stunting in children, 38 per cent, is still very high. Life expectancy at birth, now estimated from the 2002 population census at 51, has changed little since the 1988 census. Maternal mortality is unchanged, and continues to be very high, now estimated to be 578 (per 100,000 live births). More effective prevention and treatment of malaria are likely to be important contributors to improved health, especially in reducing infant and under-five mortality. Immunisation rates have been sustained at a high level.

However, there remain substantial urban-rural, regional and socio-economic differences. Rural poor children are more likely than their urban counterparts to die, and when they survive, they are more likely to be malnourished.

Evidence of changing disparities over time is mixed. In less poor regions/districts and less poor households, rates of stunting in children improved more than in poorer areas, but overall, rural children experienced a reduction in rates of stunting between 1996-2004, while urban children did not. Analysis of infant mortality in the 1990s suggests a widening gap between the poorest and less poor. It is possible that more recent health measures might be helping to redress this.
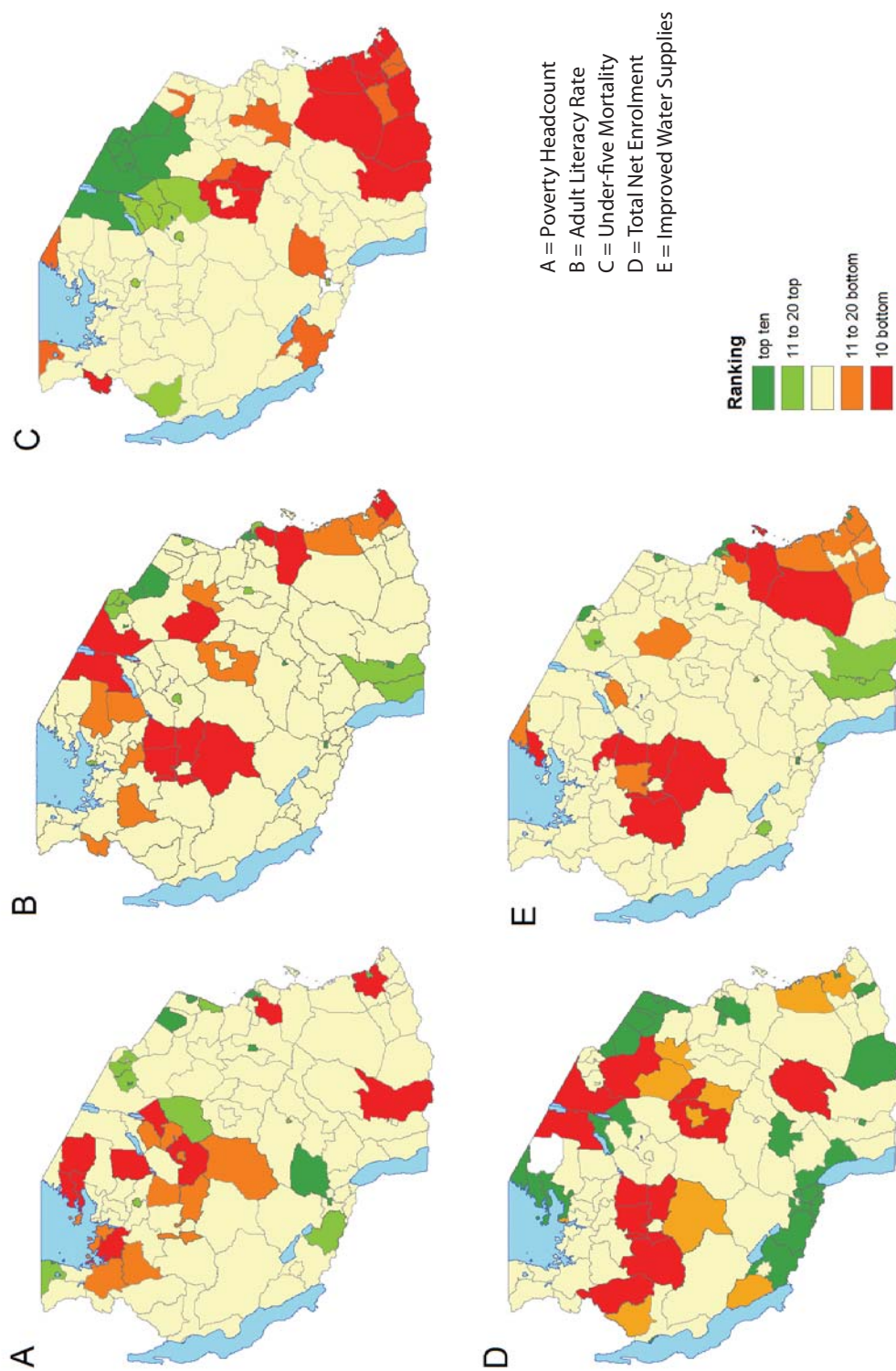
The lack of qualified human resources for health care is a major limiting factor in implementing health policies and reforms. One of the most critical challenges is the availability and effective use of qualified personnel. Strategies need to be put in place to increase effective capacity and performance. The TEHIP experience is useful here. Training and innovative management tools (for building district planning capacity and improving the performance of health workers) have been key in the TEHIP successes to date.

The continuing high rate of child malnutrition, especially in young children, remains a concern, and needs attention, with special focus on very young children and mothers, especially adolescent mothers. The modest improvements in nutritional status which have occurred have likely been the result of improved management of malaria and higher rates of micronutrient supplementation. These need to be complemented by much greater attention to strategies for improved feeding practices for young children.

High rates of maternal mortality need to be reduced. Emergency obstetric care needs to be improved, and access to antenatal care and delivery facilitated, including through improved referral services, especially for poor and rural women.

Newly available information which is nationally representative indicates an HIV prevalence rate in adults of 7 per cent. This implies that about 1 million adults in Tanzania are HIV positive. While this is lower than previous estimates based on ante-natal attendance and blood donors, the prevalence of infection is serious in its own right, in its impact on affected individuals and their families, in the provision of care, both formally organised in the health and welfare systems, and informally provided by members of the household and community. The impact is also felt by the many children who are orphaned, whose numbers will increase rapidly.

Map 2.12 Top and Bottom Districts for Selected Indicators

A = Poverty Headcount
B = Adult Literacy Rate
C = Under-five Mortality
D = Total Net Enrolment
E = Improved Water Supplies

Ranking

top ten
11 to 20 top
11 to 20 bottom
10 bottom

SOURCE: Household Budget Survey 2000/01, Population Census 2002 and Ministry of Education 2002

Vulnerable children

Overall, the 2002 population census reports that 10 per cent of children under the age of 18 have lost their mother, or their father, or both. In Makete, almost one-quarter of children (24 per cent) have been orphaned, and in 10 more districts, more than 15 per cent of children have been orphaned. Analysis using poverty mapping techniques[1] and data from the population census suggests that household conditions where these children live have a limited impact on years of schooling or on children's working status. These impacts are felt more in urban than rural environments. This is the first analysis of its kind in Tanzania with a national data set, and it now needs to be complemented with more in-depth work in areas most severely affected.

Children living with a disability are significantly deprived of opportunities. They tend to live in poorer areas. Further, their educational performance lags far behind that of physically able children. Census data suggest that the number of disabled children is relatively small, though it is likely that the number is under-reported. Their specific educational needs merit priority attention. Much of the disability reported is physical – loss of capacity in the limbs – and it is expected that future prevalence will be reduced by the sustained high rate of child immunisation against polio. Similarly, trachoma-related loss of vision, most prevalent in the central parts of the country, is likely to be reduced as a result of programmes to provide vitamin A supplementation.

Specific vulnerable groups go largely undetected in most surveys. The small size of these groups makes them statistically invisible, especially in surveys with small sample sizes. Poverty mapping techniques are helpful in these cases. Additional analysis should be undertaken for other groups, such as the elderly, which can be identified from the census information, and it is expected that this will be done soon.

Water and sanitation

Improvements in health and education will result from better access to improved water supplies and sanitation. Less than half of rural households have access to an improved source of drinking water. In seven districts, less than 10 per cent of households have such access. Over 90 per cent of households report having toilet facilities – mostly pit latrines, and it is not possible with available data to know whether they constitute basic sanitation.

Cost effective strategies are needed more quickly to increase access to improved water supplies for rural households and for those in peri-urban areas.

Spatial analysis

There are considerable differences in outcomes among regions and districts and there is some evidence that the unequal outcomes are related to unequal opportunities. Some patterns of relationships are evident, but the general picture is one of variation across geographic areas for the different indicators. This suggests that specific focus may be needed in districts ranking poorly to address the specific issues for which improvements are needed. The accompanying map summarises this information.

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[1] The methodology is summarised in the chapter, Spatial Analysis, and in more detail in Kilama and Lindeboom, et al., Where are the Poor in Tanzania, forthcoming.

There are some geographic concentrations of districts which have a more general pattern of relatively poor indicators. Districts with the worst indicators tend to cluster in the same areas, while districts with the best indicators are more scattered, and most of them are located in and around urban centres, except for under-five mortality where districts with relatively low mortality rates are also clustered in the North. Districts in the Southeast have the worst adult literacy rates, under five mortality rates and access to improved water. Districts in Kilimanjaro and Arusha (Arumeru and Arusha districts) stand out with strong indicators.

There are important considerations for policy in addressing such disparities and inequities, especially in those districts which have the poorest indicators. Policies and strategies should contribute to greater investment in human resources of the poorest, to greater and more equal access to public services and information, to improved equality of property rights, and to greater fairness in access to markets.

In a resource constrained environment, there may be difficult budget decisions to be made with respect to measures to increase equitable investments in human resources and access to services. The unit cost of an intervention aimed at poor households is likely to be higher if they live in an isolated area, and therefore it is evident that with an equal per capita budget allocation, fewer people will be reached there.

Areas with many people - urban areas - have the highest poverty density, larger numbers of poor people per square kilometre, even though these areas are not the areas with the highest proportions of their population who are poor. Large districts tend to be sparsely populated, and thus have low poverty density, even though a larger proportion of their inhabitants may be among the poorest – living below the poverty line. Hence a trade-off may be needed between a strategy which reaches a larger number of poor people with lower unit costs and one where more is spent per capita on higher unit-cost services to reach people in isolated areas.

The equitable provision of essential services is important for enhancing the capabilities of otherwise disadvantaged poor people to participate in and benefit from social and economic development. Strengthened local authorities' management is necessary, with greater financing through formula-based allocations and with more equitable deployment of staffing for social services. Stronger co-ordinated efforts to improve economic and social conditions and the provision of essential services would do much to reduce the state of generalised insecurity in which many poor Tanzanians live, and would underpin a strategy for social protection, which is a goal of MKUKUTA.

RECOMMENDATIONS FOR INDICATORS AND MONITORING SYSTEMS

The monitoring of MKUKUTA, building on the progress of the poverty monitoring system, will need to incorporate a broader array of indicators to help assess progress in achieving growth in the rural economy and indicators of governance. A revised monitoring system, with identification of suitable indicators, is expected to be in place early in 2006. Administrative data systems are an indispensable source of information for annual, routine monitoring, and in some sectors they need substantial strengthening. Governance is one of the three clusters of MKUKUTA, and work is in progress within the review of the poverty monitoring system to develop an agreed set of indicators by which the state of governance may be generally assessed and trends reported.

The analysis of trends in income poverty has been hindered by the low frequency with which

estimates of income poverty are available. It is especially troubling that the analysis of any changes in rural poverty rates is still inconclusive. The survey programme of the National Bureau of Statistics includes a household budget survey and an integrated labour force survey in 2005/06. New information will therefore be available from these surveys which will assist in a more complete assessment of changes in households' economic situation and poverty rates. The National Bureau of Statistics is also considering the development of an annual survey of household income and expenditure to provide more regular and timely assessments of trends in income poverty.

More systematic information is needed for tracking and research purposes and for communicating to a wider public - assessing the flow of finances for basic services, the availability of teachers and health staff and other critical inputs, especially books, drugs and medical supplies - so that trends in performance and differences in performance, between boys and girls, between social and economic groups, and geographic differences, are better understood and can be more effectively addressed. More analytic work is needed with the data sets now available from the National Bureau of Statistics to explore socio-economic differences in outcomes. This analytic work should be complemented by greater systematic use of panel studies and information from surveillance sites. Focused facility based surveys could be useful in monitoring the quality of services provided.

The programme of analytic work needs now to give the greatest priority to understanding what might be the most effective strategies for improving broad-based rural growth. Household surveys need to pay greater attention to income generating strategies, household investments in farm and non-farm enterprises and patterns of asset accumulation. Panel surveys would greatly facilitate the understanding of poverty dynamics and patterns of growth.

Additional analytic work is also required to underpin MKUKUTA's commitment to the development of a national framework for social protection, which needs to incorporate measures to strengthen the capacities of individuals, households and communities to minimise their vulnerability, and to provide the necessary support to those who are in a desperate condition. To complement the quantitative analysis of national data sets, more qualitative and locally-specific analysis is needed in those areas of the country where there are especially vulnerable people.