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*Towards a Decent Work Strategy for Poverty Reduction in
Tanzania*

Edited by Giuseppe Casale and Stephen Pursey

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Foreword

The Tanzania Poverty Reduction Strategy Paper (PRSP) is an integrated development-planning tool with participation and country ownership as its main pillars. It aims to facilitate, through broad participation and involvement of civil society groups in the policy process, country ownership and encourages and promotes significant reductions in poverty in the country.

The primary goal of the ILO today is to promote opportunities for women and men to obtain decent work in conditions of freedom, equity, security and human dignity. It implies:

- access to employment in conditions of freedom;
- the recognition of basic rights at work which guarantee the absence of discrimination and harassment at work;
- an income, enabling one, to satisfy basic economic, social and family needs and responsibilities;
- an adequate level of social protection for the worker and the family members; and finally,
- the exercise of voice and participation at work directly and indirectly through self-chosen organisation.

The concept of “decent work” is therefore best expressed through the aspirations of individuals and families, through the eyes of people. It is about jobs and future prospects; working conditions; ability to earn enough to feed, clothe, educate children and give them a childhood rather than put them into labour.

From a gender perspective, it is about women being able to compete on a level playing field; about receiving equal pay for work of equal value; about being able to balance work life and family life; about having care work and domestic chores acknowledged and valued; having a say about whether their daughters have the same opportunities as their sons; having a voice in their communities. Decent work is at the heart of family life and society - work which offers possibilities for personal creativity, expression and fulfilment and which provides a sense of self worth and secures personal dignity.

The decent work concept of the ILO shares common features with the PRSP, hence responding to most of the priority areas of PRSP with regards to rights at work, employment creation and skills development, HIV/AIDS at the workplace, initiatives for labour law reform, promotion of gender equality, progressive elimination of the worst forms of child labour and enhanced income opportunities for poor families, improvement of social protection and the encouragement of social dialogue for better participation by all stakeholders, especially by workers and employers in development initiatives.

From an ILO perspective, the adaptation of national economies and national institutions as well as the adaptation of global change to human needs will remain a major issue for years to come. Access to the global economy is now generally regarded as a necessary condition for growth and development and a critical element in strategies to raise employment and incomes. Although it has been over-emphasised over the years that open markets create opportunities, it is equally true that they have also created insecurities, and in some cases, they even create ‘winners and losers’ both at global, regional and national levels. Globalisation is, therefore, changing the pattern of development, shifting long-term growth paths and skewing patterns of income distribution. If care is not taken, the greatest threat under globalisation will be instability arising from growing inequalities.

Equally important is the realization that markets cannot function in isolation from the social and political context, hence the necessity for a coherent development strategy in which the response to global opportunities depends on an integrated view of economic and social objectives.

The link between gender, growth and poverty through employment creation is a critical tool for equitable distribution of the benefits of growth. This development model has already proven successful in the case of South East Asian countries where high employment rates accompanied record growth rates. The development agenda has therefore to include rights as it must also build in the goals of employment, income and security. Poverty goes beyond income to include rights, voice and capabilities.

The voicelessness of the majority of the poor in our countries often tends to exclude them from the development debate. This poses a threat to decent work creating an employment gap; a rights gap; a social protection gap and a representation gap. Women are more likely than men to experience serious deficits and remain poorer. However, where they are organized, the situation is different. It is heartening to note that, with the emerging voice of workers' and employers' organizations and civil society in general, in most of African countries, the trend is being slowly reversed. But this is far from satisfactory.

The deepening poverty, coupled with the HIV/AIDS pandemic, poses a great threat to development of the African continent and the survival and well-being of its people.

While the necessity of implementing poverty reduction strategies in Africa must be acknowledged, a number of issues still remain to be resolved when implementing the PRSPs. The first issue is to determine the cost of poverty reduction strategies. It is difficult to estimate benefits of poverty reduction through education and health projects. Therefore, it is sometimes hard to justify re-directing budget lines to social services. It can be very well argued that more efficient expenditure on services for poverty reduction is needed as well as more funds.

The second issue is to ensure a participatory approach and national ownership of the strategies. The interest of various pressure groups and legitimate stakeholders may be hard to reconcile. Therefore, it becomes a challenge to engage in dialogue with a broad spectrum of stakeholders. This is critical to ensure the credibility of the initiators of the process in adopting a participatory approach throughout the PRSP process.

The third issue is the monitoring of performance and assessment of the results of poverty reduction programmes. This calls for the need to develop baseline data and establish benchmarks for monitoring progress. Similarly, the national capacity to monitor and evaluate the implementation and impact of development projects, in general, must be enhanced.

May I take this opportunity to thank the governments of the Netherlands and the United Kingdom for their generous contributions to the ILO for the empowerment and capacity building of the national tripartite structures for effective participation in the PRSP process.

Finally, my sincere appreciation to the government of Tanzania for the efforts made to put in place mechanisms for guiding National Poverty Reduction initiatives and the support provided to this meeting.

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Acronyms

ACTEMP	Bureau for Employers' Activities
ACTRAV	Bureau for Workers' Activities
ASDS	Agriculture Sector Development Strategy
ATE	Association of Tanzania Employers
CAG	Controller Auditor General
CAP	Country Action Programme
CDF	Comprehensive Development Framework
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HBS	Household Budget Survey
HIV/AIDS	Human immunodeficiency virus/Acquired immune deficiency syndrome
ILFS	Integrated Labour Force Survey
ILO	International Labour Office
IMF	International Monetary Fund
IPEC	International Programme on the Elimination of Child Labour
IPRE	Investment in Poverty Reducing Employment
LMI	Labour Market Information
MOA	Ministry of Agriculture
MOE	Ministry of Education
MOH	Ministry of Health
MOL	Ministry of Labour
MP	Member of Parliament
MTEF	Medium Term Expenditure Framework
NACSAP	National Anti-Corruption Strategy and Action Plan
NEDLAC	National Economic Development and Labour Council
NGO	Non Governmental Organisation
NPES	National Poverty Eradication Strategy
NSSF	National Social Security Fund
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
PSAC	Programmatic Structural Adjustment Credit
SAP	Structural Adjustment Programme
SIDO	Small Industrial Development Organisation
SLAREA	Strengthening Labour Relations in East Africa
SMEs	Small and Medium Enterprises
TAS	Tanzania Assistance Framework
TASAF	Tanzania Social Action Fund
TCAIDS	Tanzania Commission on AIDS
TUCTA	Trade Union Congress of Tanzania
UN	United Nations
UNDP	United Nations Development Programme
VETA	Vocational Education and Training Authority
VIBONDO	Association of Small Entrepreneurs

Chapter 1: Poverty Reduction, Tripartism and Social Dialogue

1.1 Introduction

The purpose of this document is to provide background information and suggest issues for discussion at a tripartite conference organised to examine the scope for including within Tanzania's programmes for poverty reduction a strategy for the promotion of decent work for all. It is designed to be read along with the Poverty Reduction Strategy Paper (PRSP) and the PRSP Progress Report 2000/1. The Tanzanian PRSP is one of the most advanced country strategies within a new comprehensive framework for development supported by the international development community as the main means of translating the Millennium Development Goals set by the 2000 UN General Assembly into action.

An important feature of the new approach underlying the PRSP is the emphasis on ownership and participation. PRSPs are envisioned as being prepared and implemented by national governments themselves with the support of international partners, whereas previous development programming methods often gave a leading role to foreign experts. In addition, governments preparing PRSPs are encouraged to engage in a widespread effort to inform, consult and engage the participation of citizens and their organizations in all stages of the PRSP from conception through implementation to evaluation.

The ILO is fully supporting the global drive to reduce poverty and aims to integrate its own agenda on Decent Work for All into the PRSP process. A key means of action in strengthening ownership and participation in the PRSP is social dialogue between the government, trade unions and employers' organizations. The Dar-es Salaam Conference on "Towards a Decent Work Strategy for Poverty Reduction in Tanzania" (10-12 December 2001) was a first step in examining how, in practical terms, the unique tripartite structure of the ILO and its focus on the world of work can contribute to the goals of poverty reduction through national programmes such as the Tanzania PRSP.

1.2 The ILO's Decent Work Agenda

The phrase "Decent Work for All" was proposed as encapsulating the ILO's mission in the twenty-first century by Director-General Juan Somavia in his first report to the Organization's annual conference in 1999. Two years on, the concept is being developed and refined as a method for organizing what the ILO does and connecting it to the debate about the governance of globalization.

Director-General Somavia is not modest about what he thinks the ILO should be doing. "We need to make decent work a reality in our countries and embed this goal in the global economy." His definition of decent work is equally ambitious. ¹"The goals of the ILO should be the promotion of opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity."²

Translating the concept into the work programme of the ILO has entailed a reorganisation into four strategic objectives. The first "pillar" relates to the development and implementation of standards

¹ Address to the 89th International Labour Conference 2001.

² Director-General's Report to the 87th International Labour Conference 1999.

for labour and social policy. Built around the 1998 Declaration of Principles and Rights at Work, it has been the core of the institution's mandate since it was created with the objective of promoting social justice and dignity at work. The standards system based on the adoption and ratification of Conventions and a sophisticated supervisory and complaints mechanism has an important influence on national law and practice all over the world and thus the development of the legal framework for the realisation of the goal of decent work for all.

The second is the creation of more and better jobs. Along with fundamental human rights, access to employment is probably the most widely shared aspiration of people everywhere. Employment is the first step in escaping poverty and social exclusion. The employers' and workers' organisations, which along with governments, make up the unique tripartite structure of the ILO, are the frontline actors in the creation of a favourable climate for investment, the establishment and growth of enterprises and the generation of employment.

The third strategic objective is social protection. Traditional systems of social protection apply to a limited number of citizens in the developed world - and a few in the developing world. But most people, particularly those working in the informal economy, have few if any means of providing for themselves if unable to work. A major challenge for the ILO is to find ways to extend reasonable social protection to those sectors where it does not exist, at the same time as reforming established systems. The goal is to insure people against the major risks to their earning power and prevent accidents and work-related illnesses.

The fourth area is tripartism and social dialogue. Focussed on the mechanisms of information exchange, consultation, and negotiation by which conditions of work and life are improved, it aims to improve the processes by which differences of interest are reconciled and common aims identified and pursued. Capacity building of employers' and workers' organizations, labour ministries and labour administrations is key in this area.

Completing the reconfiguration of the ILO's agenda are the topics of development and gender - equality for women. These constitute crosscutting issues in all four strategic objectives.

An important part of the thinking behind the decent work concept is that it connects to what people aspire to as being important in their lives: employment and security for themselves and their families, the ability to provide their children with education and opportunities in life, health and other care when needed, a voice in their community and their working environment, and the dignity that comes from respect of their rights at work. The choice of the word "decent" is deliberate and is used to capture both the notion of sufficiency and of desirability. A decent job is thus one that meets individual's expectations and those of the community, but is not exaggerated - it falls within the reasonable aspirations of reasonable people. And the word "work" is used because it is wider than employment or a job, including not only wage employment, but also self-employment and homework. It embraces the wide range of activities in the informal economy and the importance of participation in the economy and the community.

Decent work therefore has a floor, but no ceiling. What is seen as decent embodies universal rights and principles, but reflects the values and possibilities of each society. In that sense it provides a moving target, a goal that evolves as the possibilities of societies also evolve, so the threshold advances with economic and social progress.

One of the key building blocks of the Decent Work agenda is the ILO's 1998 Declaration of Principles and Fundamental Rights at Work and its Follow-up. The Declaration is based on eight highly ratified Conventions on freedom of association and the rights to organise and bargain collectively, forced labour, child labour and discrimination in employment. It is designed as a universal instrument for the promotion in all member countries of respect for rights which enable all working women and men "to claim freely and on the basis of equality of opportunity their fair share of the wealth which they have helped to generate, and to achieve fully their human potential".

Increasingly the ILO's activities are geared towards helping its tripartite constituents to develop their own decent work strategies as a part of an integrated approach to economic and social policy, and in particular the reduction of poverty. It is also placing a strong emphasis on partnerships with other international agencies to strengthen the social dimension of globalization, and has placed a particular emphasis on integrating the decent work agenda into Poverty Reduction Strategies. The Decent Work agenda is positioning the ILO to play a major role in designing the policies needed to spread the potential benefits of international economic integration and share its costs more evenly within and amongst nations.

1.3 Tripartism and Economic and Social Policy Integration

Economic and social objectives are so interrelated that the development of one cannot be conceived without the other. Productivity, which is essential for economic growth and poverty reduction, is heavily dependent on the degree of stability in a society. Stability in a society requires, in turn, that the population enjoy decent living and working conditions as well as a reasonable level of social protection.

Trying to find an appropriate balance between the economic and social aspects of development is a permanent problem for policy makers. The dilemma is, basically, that of determining the sacrifices required from the various groups composing the population in favour of the long-term economic and social development of the nation. The design and implementation of such policies should not be left to the public authorities alone but should be carried out in consultation with representatives of the different sectors of society. Highly organised and monopolised power has the tendency to give undue preference to the interests of certain groups to the detriment of society as a whole.

Therefore, the establishment of formal machinery or of informal channels allowing the representatives of the different sectors of society to be adequately involved in the design and implementation of national economic and social policies is indispensable. Representatives of workers and employers should be fully involved in the exercise of policy formulation and execution. The association of all parties concerned in the design and implementation of national economic and social policies will not only afford the best opportunities of working out compromises striking a fair balance between the demands of economic development and of social protection, but will also provide the best possible chances for the effective implementation of the policies concerned, thereby ensuring the highest possible level of social peace.

At the national level, tripartism may take various forms. During policy formulation, tripartite dealings may entail consultations, a commitment - in principle by means of an accord to cooperate - ("concertation") or even negotiations. In implementing policies, tripartism may mean the participation of employers' and workers' organisations along with governmental authorities in the administration of bodies established to regulate fields such as unemployment insurance or health benefits. In the broader sense of the term, tripartite dealings include bipartite relationships, such as separate consultations by employers' associations and trade unions with the government, or formally bipartite collective bargaining at the national level (but where the government is, in effect, a silent partner setting parameters for the parties).

1.4 Basic conditions for carrying out genuine tripartism and social dialogue

Certain fundamental conditions must be met for tripartism and social dialogue to be effective. In the first place, the State, the employers and workers must be independent of each other and there may be no overlap of their respective functions. This entails, of course, the full recognition of the principle

of freedom of association. More fundamentally, political democracy, market economy and tripartism cannot be dissociated from each other. In actual fact, tripartism is nothing other than the transfer to social relations of the principles that underlie political democracy and a market economy, especially the principles of freedom, pluralism and participation by the persons concerned in decisions that affect them. Experience shows that political democracy, a market economy and tripartism are inseparable and that none of these objectives can be fully realised without the other two.

The smooth working of tripartism implies not only three separate parties, but also that each party should be capable of carrying out its own functions properly. Essentially, this latter condition should be met by each of the parties to maintain a reasonable balance of power between them. Governments - and especially Ministries of Labour - should be able to take on different roles as the need arises, whether regulating, encouraging, moderating, conciliating or, where necessary, arbitrating in accordance with established procedures. The two other parties - employers and unions - should be structured in such a way so as to be able to act effectively, have sufficient representation and legitimacy to speak with authority on behalf of employers and workers, be in a position to obtain the resources needed for their activities, and have the necessary technical knowledge to carry out their duties competently, especially in rapidly changing political and economic environments.

In order to ensure the smooth functioning of tripartism, it is not enough to construct “machinery” characterised by the existence of three different parties sufficiently well equipped to exercise their respective functions. The parties must also have a certain attitude. They must be aware of the fact that apart from the numerous points on which their interests diverge, and which it would be absurd to deny, in the long term they are fundamentally engaged in a common task. This implies consensus between all the parties on the very basic characteristics of the political, economic and social organisation of society and the determination to contribute, often at the cost of certain sacrifices, to developing and maintaining the type of society thus chosen. In actual fact, tripartism consists essentially of a constructive approach on the part of all parties concerned towards the solution of economic and social problems. Its basic purpose is to create a general climate of mutual respect, trust and understanding more than bringing about an agreement on all issues. As such, tripartism can make an important contribution to the consolidation of democracy and the preservation of social stability.

1.5 The ILO standards and tripartite co-operation

The ILO is the only organisation with a tripartite structure at the worldwide level. It is therefore not surprising that it should always have made significant efforts to promote various forms of tripartite cooperation at the national level and that it used all its means of action for this purpose including standard-setting, research, collection and dissemination of information, organisation of meetings, advisory services and technical cooperation. For reasons of space limitation, the present section will only provide a brief overview of the Organisation’s standard-setting activities in this area. The instruments adopted by the International Labour Conference on tripartite cooperation include the Consultation (Industrial and National Levels) Recommendation 1960 (No. 113), the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144) and the Tripartite Consultation (Activities of the International Labour Organisation) Recommendation, 1976 (No. 152). Recommendation No. 113 is very important because of its wide scope. It provides that “measures... should be taken to promote effective consultation and co-operation at the industrial and national levels between public authorities and employers’ and workers’ organisations” and that such consultation and cooperation “should aim, in particular...at joint examination...of matters of mutual concern with a view to arriving, to the fullest extent possible, at agreed solutions”. Convention No. 144 and Recommendation No. 152 are more limited in scope since they are exclusively concerned with national tripartite consultations on ILO activities and more particularly with the ratification and application of international labour standards.

1.6 National tripartite cooperation: some examples

In recognition of the basic principles of tripartism, trade unions and employers' organisations are major social forces in many countries. Public authorities therefore consult with them on major economic and social issues and encourage them to mobilise their respective members around the objectives of national economic and social policies. Depending on the countries concerned, national tripartite consultations are based on legislation or on collective agreement or on mere custom and practice. The consultations concerned may take place within permanent institutions or on an ad hoc basis. Among the permanent institutions, some are competent to deal with all general economic and social issues and function under names such as "Economic and Social Council" or "National Labour Advisory Board". Other permanent institutions have limited competence and deal, for example, with such issues as wages, productivity, training or safety and health.

Many countries in Western Europe have tripartite consultation at the national level on economic and social policy issues for decades and have thus acquired considerable experience in this area. Among many examples may be cited the consultations which take place within the French and Dutch Economic and Social Councils, the Belgian National Labour Council and Central Economic Council, as well as within the Economic and Social Councils set up more recently in Spain and Portugal. Mention can also be made of the tripartite agreements on broad economic and social issues, which have been concluded, on a number of occasions - and sometimes on a fairly regular basis - in countries such as Belgium, Ireland, Italy, Norway, Portugal and Spain.

There are also tripartite dealings at the national level in certain highly industrialised countries outside Europe. One may cite the various national agreements on wages and incomes policies concluded in Australia during the 1980's as well as the consultations which take place periodically in Japan on major economic issues between the highest-level representatives of the three parties at the Industry and Labour Round-Table Conference (Sanrokon). Similar examples can also be found in countries in other regions of the world such as Africa, Asia and Latin America. For example, in Africa one could think of the South African experience, where tripartism developed quickly in the mid-1990s, after the end of the apartheid era. The tripartite constituents established a tripartite body called the National Economic Development and Labour Council (NEDLAC). In this council, in addition to the government, workers' and employers' representatives, there are also representatives of other interest groups. NEDLAC has quickly become the main forum for cooperation at the national level. Most social and economic issues, including labour law reforms and employment policies, are considered by this body. This institution works relatively efficiently thanks to the constructive approach taken by the three main social partners. Today, NEDLAC represents an indispensable mechanism for achieving consensus on major economic and social issues. Recently, the social actors adopted a joint declaration for further cooperation on core socio-economic issues such as investment, poverty reduction, quality of employment, development issues, health and safety, and social security.

Of course, tripartism and social dialogue do not always work properly. As we have mentioned above, it is indispensable that certain basic conditions be met if social dialogue is to work in an efficient manner. Nevertheless, it should be noted that there is not a valid alternative mechanism or process, which could contribute to a better association of the various interest groups when working out socio-economic decisions which are going to affect the lives of people in society. It is in this context, that workers and employers have an invaluable role to play when boosting social dialogue at the various levels of the economy.

1.7 Issues for Discussion

1. Are the Tanzanian social partners ready to develop a social dialogue component to the participation mechanisms of the PRSP?
2. What value-added will social dialogue bring to the goals of poverty reduction?

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3. Are Tanzania's international partners prepared to support an integration of the Decent Work agenda into the PRSP?
 4. Do the conditions for the development of genuine tripartism exist in Tanzania?

Chapter 2: Investing in Poverty Reducing Employment

2.1 Status of Employment in Tanzania

The current status of employment raises much concern. According to the Labour Force Survey (1991), 80% of the labour force was engaged in agriculture. Only 7% of the labour force was engaged in formal wage employment. Considering the structure of the Tanzania economy and the structure of employment and sources of income in Tanzania, it is clear that the employment and poverty problems gravitate around problems of low productivity and low incomes. A massive majority (more than 90%) of the population who do not have formal sector jobs are women but are not “unemployed”. They work in agriculture and in the rural and urban informal sectors, sometimes as self-employed on the family shamba, in artisanal production or in selling services, and sometimes these women are earning some wage payments unrecorded in surveys. The problem for most of these workers is that they do not have opportunities to derive a satisfactory income from their economic activities. The main challenge for employment policy is to create opportunities for this majority of the self-employed to earn a decent income by facilitating a rise in productivity in their various economic activities. Such a rise in productivity has a relationship with investment.

2.2 Contribution of Investing in Poverty Reducing Employment

Conceptual aspects

The demand for labour is a derived demand. A producer’s desire to increase output is the most important source of employment growth. A necessary condition for increasing output is an increase in the quantity and/or productivity of inputs (broadly defined). In the short-run, investment may not be the key to a producer’s output growth. Many informal sector operators begin with very little capital and use labour-intensive technologies. A farmer may require improved seed varieties or increased fertiliser to increase production. A lack of skilled labour or slow export growth may be the constraint to a firm’s growth.

In the long run, however, investment in new capital and increases in productivity (which requires investment in new technology, in R&D, and in training) are the main sources of output and employment growth. This is true conceptually and empirically. In most growth regressions including those that focus on investment, this is the largest and most robust determinant of economic growth – an important cause of Sub-Saharan Africa’s slow economic growth is the low level of investment. Investment is the most important source of long run output and employment growth. Empirical evidence supports the link between investment and output growth. The level of investment, the capital-labour ratio, the efficiency of investment, income distribution, and the sectoral and regional composition of growth determine the influence of investment on employment and poverty reduction.

Empirical findings

Empirical studies have estimated the average impact of economic growth on poverty and inequality in a range of countries. Recent empirical work using a data set by Deininger and Suires (1996) shows that across a range of countries, on average a 1% increase in aggregate incomes implies a 1% fall in income-poverty. Of more importance here is the fact that different patterns of investment and different patterns of growth in different countries, have had different effects on employment and poverty. Many studies' findings indicate that employment and distributional outcomes differ between countries according to different patterns of investment and growth. Patterns of investment influence the resulting patterns of growth and employment.

Findings relating to Tanzania

Findings from the Investing in Poverty Reducing Employment (IPRE) studies have thrown further light on these relationships by establishing that:

- Historical links exist between investment, growth, employment and poverty in Tanzania.
 - In the pre-reform period, output stagnated, but investment and employment continued to grow. The result was low investment productivity, declining labour productivity and falling real wages. Employment growth could not be sustained.
 - The pre-reform rural economy was depressed by marketing and price controls, an overvalued exchange rate and poor infrastructure.
- The post-reform period has been characterized by:
 - Reduced public sector employment.
 - Shift to informal employment and self employment.
 - Recovery of real wages.
 - Stagnation or slow growth of investment.
 - Increased Foreign Direct Investment (FDI).
 - Increased productivity of investments.

The sectors in which investment has a high potential for creating poverty reducing employment include agriculture, tourism, public works and micro and small enterprises in various sectors. The role of policy is to influence investment levels and allocations which in turn influence the pattern of employment creation towards poverty reduction.

- Education and investment in training are important for poverty reduction.
- Policies for poverty reducing employment are not gender-neutral; they affect men and women differently.
- Good governance (including participation) is important for investment promotion and employment growth.
- Globalization comes with more intense competition that implies threats (e.g. loss of jobs for firms which fail to compete) and opportunities (e.g. creation of new jobs for firms which penetrate new markets and expand). Globalization presents an opportunity for capital inflow (FDI) whereby new jobs can be created with new capital and with technologies and management techniques, which can enhance the capacity to compete and gain market shares in the competitive domestic or export markets.
- Privatization can result in retrenchment of the formerly over staffed parastatals or can expand operations to the extent of creating additional jobs. Efficient operation can also enhance the chances of survival in a competitive environment. The post-privatisation phase has an important impact on enterprise prospects.

2.3 Poverty Reduction Strategy– coverage, gaps and progress

Three key considerations

The poverty reduction strategy is based on three considerations. *First*, the strategy is viewed as an instrument for channelling national efforts towards broadly agreed objectives and specific inputs and outputs. The elaboration and implementation of the strategy is an ongoing process. *Second*, the poverty reduction strategy is to a large extent, an integral part of ongoing macroeconomic and structural reforms that are being supported by Tanzania’s multilateral and bilateral partners. *Third*, in keeping with the concerns of the stakeholders, and guided by the overarching orientation of the national development strategy Vision 2025 and the National Poverty Eradication Strategy (NPES), the focus of the poverty reduction strategy concentrates on efforts aimed at:-

- (i) reducing income poverty;
- (ii) improving human capabilities, survival and social well-being; and
- (iii) containing extreme vulnerability among the poor.

Action needed in four areas

It is recognized that economic growth is a powerful means of reducing income poverty. Because of this, a key objective of the poverty reduction strategy will be to promote accelerated and equitable growth. PRSPs are meant to provide a link between growth and poverty reduction. In this context, poverty reduction would result from a high level of growth and a growth that is also pro-poor and widely shared in society.

It is envisaged that to reduce poverty requires action in four strategic areas. *First*, the government will continue to maintain sound macroeconomic policies and intensify the implementation of reforms aimed at bolstering market efficiency, notably in agriculture, and raising factor productivity. *Second*, while budgetary expenditure will continue to be restrained because of macroeconomic considerations, special efforts will be made to channel the limited government resources toward support of key programs and social services under the poverty reduction strategy. *Third*, the government will put increased emphasis on reforms aimed at promoting export oriented expansion and diversification of the “pro-poor” sectors, with a view to enabling the poor to share increasingly in the benefits of globalisation. *Fourth*, efforts will be made to raise steadily investment as a percent of GDP from 15 per cent to approximately 17 per cent, including through initiatives focusing on bolstering private investment in the cultivation of traditional and new crops, small and medium size enterprises, and informal sector activities.

Employment concerns marginalized

The PRSP focused on initiatives to strengthen growth prospects in pro-poor sectors, strengthen prioritisation, increase resource allocation to priority sectors, develop an effective framework for monitoring poverty and elaborating strategies for intervention in key sectors. In the PRSP document of October 2000, employment concerns are not addressed specifically except in terms of attention given to economic growth and promotion of private investment.

Some key sectors: no developed strategies

At the time of producing the first PRSP in October, 2000, not all sectors had elaborated sector development strategies. It was understood that in the course of implementation, further work would be needed to prepare outstanding sector strategies. It is in this context that during 2000/2001 the Government prepared sector development strategies for basic education, agriculture and rural development and reviewed the strategies of the other priority sectors with a view to identifying action plans for pursuing the PRSP objectives.

Progress made in addressing some gaps

The PRSP progress report of August, 2001 noted several improvements. These include:

- Continued consolidation of the macroeconomic situation through prudent monetary and fiscal policies, in the context of substantially enhanced budgetary support for education, health, and other priority areas, and guided by the Medium – Term Expenditure Framework (MTEF) and the Public Expenditure Review (PER) yearly exercises.
- Carrying out a new Household Budget Survey (HBS) and an Integrated Labour Force Survey (ILFS) as part of a broader ongoing effort to improve understanding of the status of poverty in Tanzania.
- Elaboration of development strategies for the education and agricultural sectors; amplification of strategies for other sectors and crosscutting areas (HIV/AIDS, governance, environment, gender and employment); and costing of interventions, notably those for FY 2001/02.
- Tracking the income and social indicators of poverty and adoption of measures, including in the context of the Tanzania Social Action Fund (TASAF), to alleviate rural income poverty and provide relief to vulnerable groups.

Responses were called for by stakeholders for supplementary programmes to be developed jointly by the government and international and other stakeholders to address the urgent problems of :

- (a) rural income poverty;
- (b) unemployment among youth and women;
- (c) poor rural roads, impeding access to farms and markets; and
- (d) child labour and out-of-school children aged eleven.

The government has indicated its intention to develop the supplementary programme over the coming months, to respond to these pressing problems. In this context, this is a good opportunity to make a contribution on employment and integrate concerns of decent work into the PRSP.

The government has addressed agriculture and rural development which are the largest employers of the majority of the poor. The government has prepared an Agriculture Sector Development Strategy (ASDS) as an instrument for stimulating growth and reducing poverty. The strategy document is the product of a participatory consultative process at the national and grassroots levels, encompassing farmer's organizations, agribusiness representatives and development partners. The ASDS has been designed with the objectives of increasing the profitability and productivity of agriculture and livestock as a means of reducing rural poverty through improvement of farmers' incomes and promotion of food security. Together with the formulation of the ASDS, the government has embarked on the preparation of a Rural Development Strategy (RDS) that is aimed at providing a coherent framework for addressing issues (such as rural unemployment, environmental degradation, HIV/AIDS, gender, youth, infrastructural development, governance, and capacity building) that impact heavily on rural poverty.

The government recognizes that stronger performance of the agricultural sector will be key in realizing the intended acceleration in real Gross Domestic Product (GDP) growth and the needed

reduction in poverty. In order to achieve the needed growth, public and private investment will have to complement each other.

The ongoing work to monitor the implementation of the poverty reduction programme has, as noted earlier, highlighted the gravity of under-employment and unemployment, especially among youth and women in urban as well as rural areas. The government believes that a durable solution to this problem requires sustained efforts to strengthen the performance of the agricultural and private sectors. Accordingly, the government is resolved to proceed forcefully with the reforms aimed at supporting these key sectors. In addition to such reforms, the government has also implemented specific measures to improve employment prospects:

- The National Employment Promotion Services Act has been enacted, paving the way for establishment of a pilot labour exchange office in Dar es Salaam. Similar offices will be opened in other urban areas in 2001/02.
- The government (through the Vocational Education Training Authority) has taken steps to strengthen skills training by introducing competence-based education and training, which stresses trainees' experience as well as academic qualifications. To reinforce the ongoing efforts in this area, the Government intends to embark on a review of the role of Folk Development and Community Development Colleges.
- In collaboration with international partners under the National Aids Control Programme, HIV/AIDS seminars on guidance and counselling were given to young people in various work places and locations in the country.
- A time-bound programme for eliminating child labour has been prepared and will be adopted soon.
- A National Youth Council has been established as an autonomous statutory body to advise government on matters relating to youth development.
- The government has embarked on various initiatives aimed at increasing financial support for small employment-creating businesses. These include an ongoing review (scheduled to be completed before the end of 2001) of micro-credit schemes for youth, women and other groups with a view to rationalizing them and increasing their effectiveness.
- The government, in collaboration with the ILO, has prepared a Country Action Programme for Employment Promotion. This programme is based on IPRE studies and will be implemented in collaboration with the private sector.
- In order to increase employment opportunities for the poor and enhance their productivity and competitiveness in rural and urban areas, the government intends to develop programmes for the promotion of small-scale industry in the formal and informal sectors as well as other types of micro enterprises. To this end, it has designed a demand-driven district-based skills training programme for employment promotion. The programme will be implemented in various sectors under the coordination of the Ministry of Labour, Youth Development and Sports, and in collaboration with other ministries as well as public and private training institutions across the country. The budget allocation for this programme is Tshs. 100 million in FY 2001/02, and will be reviewed in the context of sector MTEF for the subsequent years.

Together with the initiatives directed at strengthening employment prospects, the government intends to conduct a comprehensive study on poverty reduction in urban areas. This study, similar to the Rural Development Study, will be key to developing a coherent and effective response to the serious problem of urban poverty. Among the issues that will be examined in the study are:-

- (a) basic infrastructure and services in low-income urban areas,
- (b) financial and other problems of the informal sector, and
- (c) land and housing problems of low-income households.

The main objectives of employment are identified as enhancing productivity and competitiveness, eliminating child labour, and increasing the availability of credit facilities for micro-enterprises.

Areas identified for progress for the year 2001 in terms of action on employment are the Micro-Finance Policy which was developed and launched in February, 2001 and the government is reviewing the 1997 National Employment Policy.

Planned actions for the next 3 years include: –

- Job training programmes, including expanded education opportunities, and steps towards eliminating child labour.
- Strengthen the performance of saving and credit schemes.

2.4 Further avenues for integrating employment concerns into PRSP

Reforms have helped but more needs to be done

Economic reform may have been accompanied by better allocation of resources, greater economic efficiency and higher growth but it has failed to deliver fully on the goals of raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand.

A focus on decent work implies a major emphasis on enterprise development and the importance of creating an enabling environment for productive investment. Training and skill development and support for emerging SMEs are critical.

A major concern is equality of access to employment and labour markets, especially gender equality. When the ILO inquired into the principal social problems in various countries, the response was most instructive. In most countries, the principal social problems are poverty and social exclusion and the simple answer to these problems is jobs. From self-employment, micro-initiatives and sustainable livelihoods to a relatively secure source of income, employment is perceived as the best option to step out of poverty and as the most significant step in building social cohesion. The challenge of employment needs to be addressed seriously and appropriate investments need to be made to create poverty reducing employment.

Towards a comprehensive and integrated approach

The poverty reduction strategy papers represent a higher stage of the policy process that started in the mid 1980s. The reforms in Tanzania during the 1980s and 1990s were, like in many African countries, based on the World Bank/IMF initiated Structural Adjustment Programmes (SAPs) as a precondition for receiving loans. The World Bank and the IMF, argued that SAPs were necessary to bring a developing country from crisis to economic recovery and growth. The SAP policy reforms reflected the liberalization of policies towards a particular type of policy package. SAPs were mainly focused on macroeconomic stabilization, public sector reform and liberalization of markets and trade. When Tanzania embarked on its SAP, there were no strategies for taking care of the social dimensions of adjustment. It was widely believed that stabilizing the economy and the resulting growth would ultimately lead to poverty reduction.

Critics pointed to the fact that SAPs were not addressing the social dimensions of adjustment and that they were not making any notable dent on poverty. In response, SAPs started to include some social dimensions. The Economic and Social Action Programme (1989 – 92) was partly an attempt to take on board the social aspects of adjustment. The social dimension, however, was introduced as an “add on” rather than being integrated in the policy making process. The fact that poverty is multidimensional and cross-cutting was not fully appreciated at that time. It is in this context, that the

concept of the Poverty Reduction Strategy Papers (PRSP) has introduced a new dimension. PRSP attempts to integrate the poverty concern into the policy making process of indebted countries. The underlying principles of the PRSP (it is a “paper” within a process) are first steps in making development strategies truly responsive to the needs of the poor. The principles include:

- a) Country driven with governments leading the process.
- b) Broad-based participation between governments, other actors in civil society, the private sector and the donor community in the adoption and monitoring of the resulting strategy.
- c) Results oriented identifying and prioritising desired outcomes and planning the way towards them. PRSPs are meant to provide a link between growth and poverty reduction. In this context, poverty reduction would result from high growth and a growth that is also pro-poor and widely shared. Comprehensive view of poverty taking into account its multi-dimensional nature covering incomes, human capabilities (e.g. education and health) and empowerment in terms of command over resources and authority to make decisions and governance (fighting corruption, ensuring responsiveness to the needs of the poor and promoting accountability). According to Sen (1999)³ poverty has five dimensions covering economic, social, political, transparency and protective security. Poverty reduction is thus a process through which the capabilities and functioning of people in these five dimensions is improved. This broad concept of poverty has been adopted in major recent development reports by the World Bank (2000)⁴ and UNDP (2000)⁵.
- d) The successful design of PRSPs was linked to support from the donor community that was expected to take the form of debt relief; poverty reduction support credits and direct transfer of resources to communities and local government.

Reducing inequality, improving socio-economic security, strengthening basic rights and democratic governance and developing sound institutions are necessary for the efficient functioning of markets. They can all be made mutually supportive. In terms of policy outcomes, the whole would be greater than the sum of its parts because an integrated approach would allow for greater policy coherence.

It is important that everything is connected. The traditional dichotomy between economic and social policies has often led to poor policy choices and explains the general failure to assess the likely social impact of economic policies. One consequence has been an under-investment in social capital. The core concepts of efficiency and productivity have been applied almost exclusively to the economic sphere without appreciating, that capturing the economic benefits of social policies would contribute to redressing the under allocation of resources for social development. Investment is therefore needed in the productive sectors as well as in the social sectors.

The single overriding goal of the ILO in the next decade and beyond is to promote opportunities for people to obtain decent and productive work, in conditions of freedom, equity, security and human dignity. The Decent Work agenda is an attempt to move towards an integrated development strategy, which links work and social dialogue with employment policies and social protection. The concept of decent work can contribute to an integrated approach to policy, covering a strategic part of the overall development agenda.

It can serve as a useful companion to the Comprehensive Development Framework (CDF) that is the basis of the PRS process. The CDF underlines the centrality of a shift towards a more participatory, country driven approach to poverty reduction and is a process that entails learning by

³ Sen, A., *Development as Freedom*, 1999

⁴ World Bank: *World Development Report*, 2000.

⁵ UNDP: *Human Development Report*, 2000

doing. The World Bank and the ILO, with different mandates, perspectives and skills, can make contributions by working on how to integrate the agendas of poverty reduction and decent work. Both are founded on:-

- Ownership.
- Participation and the significance of good governance.
- The recognition that institutions matter.
- Empowerment.
- Need to promote sound economic policies.
- Security and how to help people overcome economic and social risks.
- Opportunity and the centrality of productive employment in reducing poverty.

The World Bank, which is championing PRSPs, and ILO, which is advocating Decent Work, can collaborate in several areas:-

- Improving policy analysis within a more coherent framework and extending joint-knowledge base on development.
- Bringing together the decent work and poverty reduction agendas in specific countries.
- Improving capacity to measure policy outcomes and impacts on women, men and children through an in-depth inquiry into what is happening to families and communities.

2.5 Building bridges for Small and Medium-sized Enterprises: Towards attaining competitiveness and gaining influence

The development of Small and Medium-sized Enterprises (SMEs) has been recognized in the PRSP and IPRE as an important source of employment. More needs to be done to realize their employment potential in the context of a competitive economy and the growing knowledge economy. The knowledge economy and the informal economy are both growing, but bridges need to be built between them. This will entail finding ways of effectively promoting the growth and transformation of SMEs with SME organisations able to offer mutual self-help, shared services (e.g. training) and greater voice with public authorities. Ownership means voice. Voice means organisation and organisation means influence. Links in production chains between organisation of SMEs and those of the large enterprise can be helpful.

2.6 Issues for Discussion

1. How could Tanzania's PRSP be developed to focus on the goal of increasing the productivity of poor people's work and the returns they receive for it? Will it help women to work their way out of poverty?
2. What are the main barriers to raising the incomes of agricultural workers and small farmers? Does the PRSP address the problems of generating rural development adequately?
3. Will the PRSP help micro and small enterprises to gain some security and grow? Will such enterprises create decent jobs?
4. What hope does the PRSP offer to the urban unemployed, especially youth?

Chapter 3: Poverty Reduction and Fundamental Principles and Rights at Work

3.1 Good Governance and Poverty Reduction

Without realising and understanding the causes of poor governance, no effective remedies under the PRSP can be designed, implemented nor enforced.⁶ Consequently, good governance has a prominent place in Tanzania's Poverty Reduction Strategy Paper with a number of key areas singled out for emphasis:

- Public Sector Reform, especially local Government reform.
- Improvement of public financial management.
- The fight against corruption and
- Legal Sector Reform.

The overarching importance of good governance for national poverty reduction efforts is predicated on the consideration that good laws applied efficiently and equitably and backed up by sound and honest public administration are essential for the implementation of policies and programmes that can accelerate broad based and equitable economic growth needed for poverty reduction. An ineffective public service and local government system will be unable to design and efficiently deliver poverty reduction programmes. Similarly, poor management of financial resources will adversely impact on poverty reduction programmes in particular and accelerated economic growth in general, as scarce financial and budgetary resources would not be put to proper use.

Good governance of the labour market and relations between workers and employers and their representative organisations are a vital element in such a strategy. For the ILO, the foundations of effective laws in this field are the basic human rights at work set out in the ILO Declaration on Fundamental Principles and Rights at Work. The ILO is working with the government of Tanzania and the social partners on a programme of reform inspired by the principles and rights contained in the Declaration. This work connects to the agenda for legal sector reform contained in the PRSP which relates to speeding up the delivery of justice and reducing the backlog of cases pending at various levels of the judicial system. Attention is also given to capacity building for judicial personnel.

Concerning public sector reform the following process is underway:

- Public sector reform involves restructuring local government via reforming its functions and responsibilities in terms of resource allocation, policy delivery and the adoption of a national plan against corruption including detailed plans for individual ministries and public agencies.

This is complemented by efforts to ensure financial and budgetary responsibility through:

- Improvement of public financial management. This is facilitated through the enactment of the Public Finance Act and the Public Procurement Act. Under the provisions of the former, authorisation is granted to the Office of the Controller and Auditor General (CAG) to appoint, manage control and enforce staff discipline. Both acts are meant to

⁶ PRSP Source Book Chapter on Governance and Poverty Reduction, pp.1-36

facilitate responsible financial management, containing abuse and misuse of procurement deals and contracts.

Furthermore, some of the major achievements of legal sector reform are:

- The establishment of the Human Rights and Good Governance Commission.
- The launching of the Alternative Dispute Resolution System, resulting in a significant reduction in the backlog of pending cases in the high court and resident magistrate courts.
- Improvements in the adjudication of commercial disputes, with the establishment of commercial courts.
- Speeding up the delivery of justice, by reducing the backlog of cases pending at various levels of the judicial system. Attention is also given to capacity building for judicial personnel.

On the other hand, important elements in the fight against corruption have been:

- The establishment of the Prevention of Corruption Bureau and the development of the National Anti-Corruption Strategy and Action Plan (NACSAP).
- Promotion of public awareness raising campaigns, the government sponsored establishment of an Ethics Secretariat and the extension of operations of the Prevention of Corruption Bureau through establishment of offices in all regions and districts of mainland Tanzania.
- These efforts have been supplemented by the Department of Justice's disciplinary actions against employees implicated in corruption. Through the establishment of an Ethics Committee with enforcement functions, this effort is sustained at the national and zonal levels.

3.2 ILO Declaration on Fundamental Principles and Rights at Work

In order to appreciate more fully the relationship between the ILO Declaration on Fundamental Principles and Rights at Work⁷, to these governance concerns, we must turn to a closer examination of the ILO Declaration itself. The Declaration was adopted by the ILO International Labour Conference in June, 1998 as a response to the call made by the Heads of States and Governments at the World Social Summit (Copenhagen March 1995), that member States should respect core international labour standards which fall into the following four main categories:

- (a) freedom of association and the effective recognition of the right to collective bargaining;
- (b) the elimination of all forms of forced and compulsory labour;
- (c) the effective abolition of child labour; and
- (d) the elimination of discrimination in respect of employment and occupation.

These call for a greater respect for, and application of these standards, and was part of the strategies for social development endorsed by the Copenhagen Summit. Promotion of the Declaration of

⁷ 1) Freedom of Association and Protection of the Right to Organise Convention, No.87 (1948), 2) The Right to Organise and Collective Bargaining Convention, No. 98 (1949), 3) Elimination of Discrimination in respect of employment and occupation Convention, No.111 (1958), 4) Abolition of worst forms of Child Labour Convention, No.182 (1999), 5) The Forced Labour Convention No. 29 (1930), 6) Equal Remuneration and Equality of Treatment in Occupation Conventions No.100 (1951)and No.111, 7) Minimum Age Convention, No. 138 (1973), 8) Abolition of Forced Labour Convention (1957), No.105. Visit <http://www.ilo.org> for more information.

Principles and Rights at Work is also seen as contributing to the strengthening of democracy.⁸ In Tanzania, a process of reform and revision of its labour laws, which have been generally accepted as outdated and not suited to the current realities and challenges of the 21st Century, provides an opportunity to ensure that national law and practice reflect the principles contained in ILO Conventions that have already been ratified.

Tanzania has ratified all of the 8 core Conventions. Conventions No. 100 and No. 111 on Equality of Treatment in Occupation and non-discrimination, previously under consideration, were ratified at the end of 2001.

3.3 Human Rights at Work and Poverty Reduction

Modernizing Tanzania's labour laws on the basis of the implementation and application of the ILO Declaration will reinforce the development of a sound industrial relations system which in turn will ensure that social peace, productivity growth and a stable environment for investment exists and can be sustained. Leading in that direction, compatible measures will contribute towards the promotion of human rights at work and the achievement of poverty reduction goals under the Poverty Reduction Strategy paper in the following ways:

- Respect for Freedom of Association (Conventions No. 87 and No. 98) should strengthen respect for human rights, thus contributing to the goals of the Commission on Human Rights and Good Governance recognized in the PRSP. One of the major factors in a sustained drive for poverty reduction is the empowerment of the poor and citizens generally, which in turn requires recognition of freely chosen associations of workers and employers as a legitimate and valued voice in the development dialogue. Furthermore, freedom of association will contribute to better labour relations, industrial and social peace, productivity growth and a more stable environment for domestic and foreign investment needed for accelerated economic growth and poverty reduction.
- Abolition of the worst forms of child labour arising from the application of Conventions No. 138 and No. 182 will liberate children from the drudgery and damage of hazardous work which deprive them of education, and adversely affect them mentally and physically. With the Tanzanian Government's current free primary education policy, children can be sent to school. The benefits of a more educated work force for accelerated economic growth are incontestable. The provision of education is one of the priorities in the Poverty Reduction Strategy Paper (PRSP).
- The abolition of forced and compulsory labour required by Conventions No. 29 and No. 105 similarly should contribute to good governance and respect for human rights which are goals and objectives of the Poverty Reduction Strategy paper. If workers are free to choose where they work rather than be forced into some occupations, they are more likely to be more productive and earn higher wages which will contribute more effectively to poverty reduction.
- Finally adherence to Conventions No. 100 and No. 111 promotes equality of treatment and non-discrimination and is particularly relevant to the gender and HIV/AIDS goals of the PRSP. Gender and HIV/AIDS are often the basis of discrimination on pay and other issues. Again, these Conventions can contribute to increasing productivity and poverty reduction.

⁸ See Human Development Report 2000 UNDP.

3.4 ILO's Work in Tanzania

The ILO's work in Tanzania has been contributing to meeting that global challenge of reducing decent work deficits by promoting the adoption and application of the ILO Declaration through campaigns for the ratification and implementation of ILO core Conventions. Past ILO work in this field in Tanzania has been given additional stimulus by two major technical cooperation projects being implemented by the ILO in Tanzania in support of the ILO Declaration. These projects are the Strengthening Labour Relations in East Africa (SLAREA) Project and the International Programme for the Elimination of Child Labour (IPEC) Time Bound Project.

The ILO/SLAREA project through workshops, seminars, and Round Tables for the social partners, as well as public information campaigns, is helping with the dissemination and application of the Declaration's principles. By contributing to the capacity building efforts of the Ministry of Labour and the Industrial Court, it is contributing to the Public Sector Reform Programme being espoused in the PRSP. Furthermore, the ILO/SLAREA Project is facilitating the current labour law reform process as part of the legal sector reform recognized in the PRSP.

The ILO's International Programme on the Elimination of Child Labour (IPEC) has been operating in Tanzania since 1995 with the aim of strengthening national capacity to tackle the problem and to reduce the incidence of the worst forms of child labour. Since the beginning, IPEC has recognized the relationship between poverty and child labour. Hence, IPEC supported programmes use as a key strategy the economic empowerment of the families of child labourers to address the root causes that force families to enter the labour market prematurely.

Tanzania is strongly committed to the elimination of child labour. In June, 2001 President Mkapa launched a multi-sectoral programme at the International Labour Conference, called the "Time Bound Program" (TBP) to eliminate the worst forms of child labour! The programme, supported by ILO-IPEC, places emphasis on eliminating the worst forms of child labour within a time period of 5 – 10 years. Interventions are enhanced by linking up with other critical national development initiatives, particularly the Tanzanian poverty reduction strategy. Targets in the TBP for the elimination of the worst forms of child labour have therefore been set in line with the poverty, health and education targets set in the PRSP. At the same time, child labour has been recognized as a proxy indicator of poverty in the national poverty monitoring master plan. As a result, the incidence of child labour in Tanzania will now be monitored for the next 12 years in all national surveys, starting with the census.

From the foregoing, it can be seen that the ILO's work in support of the Declaration, as a key component of the ILO's Decent Work agenda, is making a significant and direct contribution to poverty reduction in Tanzania, as articulated in the PRSP. These contributions need to be recognized with a view to giving a greater profile and visibility to the social partners in Tanzania – the government, the employers and the workers - who are really responsible for these achievements.

3.5 Questions for Discussion

1. What more needs to be done to promote respect for freedom of association in Tanzania especially for workers and employers in the informal economy?
2. What is the scale and magnitude of forced labour in Tanzania? How can it be effectively abolished?
3. How can the programme for the elimination of the worst forms of child labour best contribute to poverty reduction in Tanzania?
4. What are the priorities for action to reduce and counteract discrimination at work, which in its many forms remains pervasive in Tanzania as in many other countries?

Chapter 4: Building a Social Protection System for Tanzania

4.1 The Status of the Social Protection System in Tanzania

Developments from independence to crisis

Tanzania has since independence recognized that development of the people is a key to socio-economic development and has put in place social policies and a social services delivery system aimed at attaining this goal. Policies on various aspects of socio-economic development such as employment, food and nutrition, health, population and education and training have all addressed different dimensions of human welfare and development. As a result of such policies, the first two decades after independence were characterized by a steady improvement in social indicators as manifested through, among others, increasing literacy rates and declining mortality rates. The government developed a system of social service delivery that greatly increased access to basic education and health care. The delivery of these social services was financed from government revenues supplemented by foreign aid. Over time, however, the growing demands for these basic social services outpaced the rate at which the productive sectors of the economy were growing. The slow growth of the capacity of the economy to support the delivery of free social services was for some time compensated by foreign aid. However, by the 1980s it was clear that there were limits to attaining foreign aid and the financing of social service delivery could not be sustained so it went into crisis. The economic crisis, which became explicit in the early 1980s, also resulted in the crisis in financing the social sectors that exhibited various forms of under-provision of facilities in these sectors (e.g. shortage of teaching facilities, shortage of drugs and other medical supplies).

Economic reforms

Economic reforms were introduced in Tanzania in the mid 1980s with a view to reviving economic growth and re-orienting the country from a public sector-led economy towards a liberalized economy with increased private sector participation. These reforms have involved restructuring measures at the macro-level to ensure macroeconomic stability. Liberalization measures have promoted private sector participation in all sectors of the economy including social services such as health and education. Civil service reforms aimed at controlling government spending have also been introduced. These reforms have had a significant bearing on the well-being of the majority of the population, with anecdotal evidence suggesting that the poor and vulnerable have had to carry the burden of reforms.

Formal Social Protection Schemes

Formal social protection schemes in Tanzania existed long before independence. Various policy statements on social security issues have been made and Acts passed in regard to the protection of some sections of the population against contingencies such as injury and old age. Separate pension and provident schemes are provided for and may operate on a voluntary basis. These may be negotiated with the National Insurance Corporation or other pension provision institutions. There is also legislation providing for the establishment of private pension funds that may be operated on a voluntary basis. Furthermore, there are provisions for gratuities for contract employees. Although there appears to be

many social protection schemes, in total these cover only a very small proportion of the population. Less than 10% of the population is covered by all these schemes. It is clear that most of the social security schemes in Tanzania are provident funds, which cover only a limited number of people, in particular those working in the urban formal sector.

Traditional and informal social protection schemes

Apart from the formal social protection schemes, there are also traditional and non-traditional informal social protection schemes. Tanzania, like many other countries in the developing world, has had strong informal/traditional safety nets built on family and/or community support and informal income transfers. These traditional social security systems are often based on customary rights, or on spiritual and religious grounds. They are often organized around family groups, kinship groups or neighbourhood and community groups. It is recognized that over time traditional social systems have tended to decay and change form in response to the forces of urbanization and industrialization. However, there is evidence that in many developing countries, family and community social support systems have remained the main safety nets, particularly among the rural poor and other vulnerable groups. In times of crises, individuals depend on family and clan members and/or members of the community for assistance in the form of cash or in-kind.

Informal social protection systems have operated alongside the formal and traditional systems. However, they have become more apparent in recent years due to economic hardship, which has forced people to look for alternative means to supplement their meagre income. They involve development of informal networks, whereby individuals come together as a group and contribute resources whether in cash or in kind to help one another in the event of specified contingencies. Informal arrangements among colleagues, neighbourhood groups, friends etc. are also some of the survival strategies or coping mechanisms adopted by individuals as a result of increasing hardships.

Contribution of Government

The government of Tanzania, as already pointed out, has made a significant contribution to the provision of basic services. This has been done through direct funding of services such as health, education and water, which are basic necessities to the population, and through provision of subsidies on basic goods such as food. The government has also provided direct cash transfers direct to, for example, income generation schemes. All these are efforts to provide social protection to the population.

4.2 The Challenges

Narrow coverage and the threat from reform

The existing social security schemes have shortcomings that make the system inadequate in terms of benefits provision and population covered. This, coupled with the fact that the schemes are unable to cope with the increasing need for social protection as a result of the distributional effects of reforms and their implications on welfare of the poor, necessitates serious consideration for new policy initiatives on social security. Certain social security systems have been eroded in the reform process. For instance, access to social services has been reduced for some groups with the introduction of cost-sharing schemes especially because arrangements for exempting the very poor have not been adequate so far. In addition, market reforms have eroded some of the useful social security schemes which marketing cooperatives used for finance, especially in education. On the part of workers in the formal sector, the employment problem (e.g. retrenchment) may have reduced the power of the trade unions to

achieve protective conditions. These developments pose new challenges to social policy and to social security policy in particular.

Disintegration of traditional social protection schemes

Social and economic developments that have taken place in Tanzania have resulted in a slow but steady disintegration of the kinship or family-based traditional social support systems on which the majority of Tanzanians have depended for protection against contingencies. Economic hardships have made it difficult for individuals, family and/or kin members to provide assistance to each other in times of crisis and need. The high rate of urbanization has also taken its toll on traditional protection systems.

Reforms and implications for employment

Public sector reforms have involved, among other things, retrenchment of workers, a freeze on employment in the public sector and privatization of parastatal organizations. This has led to increased unemployment, particularly because the private sector, though expanding, is not fully developed. It has been unable to absorb those who have lost jobs in the formal public sector as well as school leavers who can no longer find work in the public sector. Also, re-orientation of the country from a state-led economy led to a restructuring of the labour market so that some of the current skills that people have acquired are in demand while the demand for new skills has not been met. Because of lack of employment opportunities in the formal sector, more people have resorted to employment in the urban informal sector where earnings are inadequate and/or uncertain.

Implications of cost-sharing on social protection

Reforms in the social sectors involving, among others, the introduction of cost-sharing in the provision of social services has increased social exclusion. Preliminary evidence suggests that the poor are unable to afford user charges and are therefore often excluded from basic social services such as health care and education.

Withdrawal of subsidies and implications for the poor

Higher prices for basic commodities as a result of the removal of government subsidies on some of the basic commodities have created hardships for those who had access to subsidized goods. This is particularly significant because the majority of the population earn income that is below the minimum required living wage.

4.3 Poverty Reduction Strategy Paper – Content and Gaps

PRSP on social protection issues

Subject to these caveats, the strategy on the non-income side of the poverty reduction strategy should reflect a number of important considerations. *First*, the government is aware that a large proportion of existing service delivery facilities are in poor condition and that services being provided are of poor quality. Primary emphasis will, therefore, be placed on rehabilitating existing structures and raising the quality of the services being offered. Decisions to construct new facilities will, however, be

left mainly to local authorities. *Second*, although the government will seek to bring externally funded operations within the purview of the budget, a large volume of activities will probably continue to be donor driven and remain outside the budget. Because of this, the government will involve its development partners in reviewing the sectoral strategies, with a view to enlisting strong and coherent support for the poverty reduction strategy, thereby ensuring greater consistency of donor programmes with government priorities. *Third*, while the government, guided by the 2000/01 MTEF and PER exercises, is resolved to bolster budgetary support for key social services, it is almost certain that an effective programme of poverty reduction will call for “additionality” of resources.

As regards social well-being, in the past three years, the government has promoted participatory approaches to the determination of developing programmes and has opened up the public expenditure review process to the public. Simultaneously, the government has adopted a programme of devolving responsibilities for key services to the local authorities. Given the progress in political liberalization, the fast growing role of the public media, and the increasing dynamism of civil society, the poor are participating more effectively in shaping development policies. The ongoing local government reforms should lend momentum to this encouraging development.

The well being of the poor is also dependent on personal security afforded by the state. In this regard, the most important factors are personal safety, access to justice, and overall efficiency, fairness and transparency of the administrative system. Accordingly, the government intends to take the following steps:

- Speed up settlement of cases in primary courts by, among other things, reducing the estimated shortage of magistrates (approximately 700) by one half.
- Promote community-based security arrangements.
- Rehabilitate building and other facilities of the primary courts.

As regards vulnerability, the government will give specific attention to vulnerable groups through its own programmes and by enlisting the involvement of its development partners. Local communities will be expected to play a major role in identifying the needs of vulnerable groups. Specific interventions in this area will include food-for-work programmes and other initiatives that are implemented under the World Bank supported by the Tanzania Social Action Fund (TASAF). The government will also examine other interventions that would be targeted at the most vulnerable groups (orphans and people with disabilities).

The government already has in place an early warning system to predict weather-related variations in crop yields. However, in order to increase food security, the government will seek to reduce dependence on rain-fed agriculture by supporting irrigation schemes in the arid areas and improving access to food supplies in surplus regions. Related initiatives will also include the development of drought resistant crops and sustained efforts in re-afforestation.

Towards filling some gaps

In the progress report on PRSP some progress was reported as follows:

- Tracking of the income and social indicators of poverty, and adoption of measures, including in the context of the Tanzania Social Action Fund (TASAF), to alleviate rural income poverty and provide relief to vulnerable groups.
- Establishment of the Education Fund to support children from very poor families.
- Abolition of primary school fees and other enrolment related contributions.
- Establishment of Tanzania Commission on AIDS (TACAIDS).

In 2000/01, the government's environmental concerns continued to focus on six major problem areas relating to vulnerability and social protection:

- Land degradation.
- Lack of accessible, good quality water for urban and rural inhabitants.
- Environmental pollution.
- Loss of wildlife habitats and biodiversity.
- Deterioration of aquatic systems.
- Deforestation.

For the most part, the interventions aimed at addressing these problems were incorporated in the work programmes for the respective line ministries. Additionally, the government continued to support community based efforts to improve the environment through the sharing of revenue from forestry, game reserves and other natural resources. Moreover, the government cooperated closely with the private sector in carrying out tree-planting programmes, control of industrial effluents as well as awareness campaigns.

HIV/AIDS is a major threat to the world of work. Specifically it:

- Is a threat to workers' rights associated with stigmatisation, discrimination and hostility in the community and at work.
- Is a threat to development through its negative impacts on the economy, workforce, the business and individual workers and their families.
- Is a threat to enterprise performance through increased costs of health care, absenteeism, burial fees, recruitment, training and retraining.
- Is a threat to gender equality as women are highly vulnerable for biological and cultural reasons.
- Increases child labour.
- In the absence of public support systems, affected families have to bear the full cost associated with the disease, pushing them deeper into poverty.

During FY 2000/01, Tanzania's struggle against HIV/AIDS was focused mainly on "awareness" campaigns by political, religious and civic leaders at all levels. The public media included coverage of HIV/AIDS issues; and theatrical presentations encompassed skits on AIDS. The government, assisted by domestic and international partners, encouraged and supported (financially) the general use of condoms. Special efforts were also made to discourage traditional perceptions on HIV/AIDS.

On the institutional side, the government established TACAIDS as a quasi-autonomous agency to coordinate all interventions related to AIDS, including the mobilization of resources from domestic and external sources. More specifically, the responsibilities of TACAIDS will also cover policy formulation, strategic planning, advocacy, monitoring and evaluation, and the public dissemination of information on HIV/AIDS.

The objectives of addressing vulnerable groups were stated as:

- Improve the welfare of vulnerable groups through upgrading their residential areas, provision of financial and technical services, and enhancement of their property rights and adoption of safety nets.

Progress on vulnerability was reported as:

- The Government has established the Tanzania Social Action Fund (TASAF) to support demand driven projects at community level.

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- Some NGOs are providing savings and micro-credit services to small business, especially those owned by women.

Planned actions on vulnerability were reported as:

- Promotion of safety net programmes
- Improve infrastructure network (water, electricity, roads and telecommunication services) in rural and suburbs of urban areas.
- Regularization of tenure in informal settlements.

4.4 Towards integrating concerns of decent work in building social protection in Tanzania: challenges and considerations for policy

Complementarity and mutuality

There is a need to look for new and innovative ways of promoting socio-economic security as a basis of social justice and economic dynamism.

The benefits are:

- Employers can secure more cooperation and efficiency.
- Workers can secure human dignity.
- Governments can achieve a better balance between competing policy objectives.

The ILO's work on social protection, including social security and safety at work, plays a vital role in developing:

- Appropriate institutions for security (e.g. unemployment insurance) can reduce the impact of the crises on the poor and vulnerable.
- Social protection can bolster stability, minimize social unrest and help countries adjust more easily to economic, social and political change.
- People's security can make an important contribution to the stability of the economy.

Social protection is a development issue, thus a question of inclusive development. Innovative ways must be found to provide effective income security to the majority of people who are currently excluded from formal systems of social protection.

Towards a comprehensive social protection scheme

There is a need for a policy on social security that will spell out the structure and functions of a social security system consisting of one universal and comprehensive social insurance scheme supplemented by other smaller and more targeted schemes. The policy should also clearly stipulate the type of direct government support to groups that need some form of assistance either on a temporary or permanent basis. As such, the policy should define social security in its broadest sense. An appropriate social security policy should be able to guarantee a sustained satisfaction of basic needs, protect society from worsening of living conditions, ensure protection against unforeseen contingencies, redress inequalities and facilitate social integration/inclusion.

To ensure protection against future contingencies, all people should be covered by social insurance regardless of whether they currently have adequate levels of incomes or not. The scheme

should have broad coverage not only in terms of the benefits to beneficiaries, but also in terms of the number of people covered.

A national social insurance scheme does not preclude the existence of other social security and insurance schemes. A social security policy should therefore encourage such schemes to operate alongside the compulsory universal social insurance scheme, so that they provide supplementary benefits to beneficiaries. These should include schemes that may be operated by individual employers, private insurance schemes, or even those organized on an informal basis.

Targeted social protection

A policy on social security should distinguish between those who may be permanently in need of some form of assistance such as people with disabilities, the chronically ill and the elderly who are no longer able to work, and those who experience a temporary shortfall of income below the minimum acceptable levels as a result of some contingencies, but have the ability to overcome such contingencies. Mechanisms should be put in place to identify and extend special support (e.g. cushioning from cost-sharing) to the very poor and other vulnerable groups in society.

Link social insurance to savings and investment activities

To ensure that efficiency is maintained, at least to some extent, the policy should provide for some in-built mechanisms in the social insurance scheme that will promote savings and provide further incentives to exert work effort and increase productivity. Pension funds are becoming a major source of investment capital in many countries.

Areas for further study

Further research needs to be undertaken to inform a strategy for the extension of social security coverage. Key issues which should be addressed include:

- Identification of the nature, characteristics and needs of the groups that are currently excluded.
- Identification of priorities and ranking of the needs of the excluded groups with a view to improving social protection through social security schemes.
- Estimation of resource requirements and identification of sources of finance for the extended social security systems.
- The search for innovative ways of combining traditional (family or community-based) schemes with modern social protection schemes.
- Decentralization and local government reforms need to complement national concerns with social protection.

4.5 Issues for Discussion

1. Given that the construction of a comprehensive social protection system will take many years, is there sufficient consensus on where to start? How can small-scale voluntary schemes be secured and encouraged within a framework leading towards a comprehensive system?
2. Do existing social insurance schemes need reform? If so, what are the priorities?

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3. What more needs to be done to control the spread of HIV/AIDS and rebuild the families it has devastated?
 4. Should the PRSP cover safety and health at work and the conservation of the environment? How could policies on these issues be framed to focus on the needs of the poorest?

Chapter 5 - Mechanisms for Extending Participation and Ownership of Workers' and Employers' Organisations in the Tanzanian PRSP

5.1 Participation in the PRSP

One of the key ideas behind the PRSP approach is that widespread participation in the formulation, implementation and evaluation of a national strategy helps to generate a broad base of support for the development effort. While lead by government, the concept of participation is envisaged as a way of ensuring national ownership of, and thus commitment to, a challenging agenda for action. Translating this concept into the particular circumstances of a country requires nevertheless a national strategy for participation. That implies that a range of stakeholders would be able to influence and, perhaps share control, over priority agenda setting, policy-making, resource allocation and access to public goods and services. A consequence of such a strategy would be to make the PRSP policy-making process more transparent and accountable to the general public (see annex on how participatory processes can help in the policy stages of the PRSP).⁹

5.2 Participation in the consultative process: analytical and diagnostic work for PRSP policy formulation

Through its consultations with stakeholders, the Tanzanian government has sought to gain an improved understanding of what the causes of income¹⁰ and non-income poverty¹¹ are. Zonal workshops (May 2000) were organised by an inter-ministerial technical committee¹² See the Tanzanian government's PRSP (2000) or Progress Report 2000/01 for details. At this stage, employers' and trade unions' views could have been incorporated through participation in the workshops, but a systematic effort to involve the social partners was not made at this stage. However each district was represented by 4 villagers (selected randomly), one district councillor, one town councillor, and one district executive director whilst for each Zonal workshop, 5 NGOs were present with one representative each¹³.

⁹ PRSP Source Book, Section on "Organizing participatory processes in the PRSP"

¹⁰ Sustaining macroeconomic stability, promoting rural sector development and export growth, promotion of private sector development. Targeting Income poverty: Reducing the % of the population below the poverty line from 48 % in 2000 to 42 % in 2003, reducing the proportion of the rural population below basic poverty from 57 % to 29 % in 2010 aligned, reducing proportion of food poor from 27 % to 14 % in 2010 Tanzania PRSP 2000.

¹¹ Via the promotion of education, health, social well-being, reduced vulnerability, environment.

¹² See the Tanzanian government's PRSP (2000) or Progress Report 2000/01 for details.

¹³ Names of NGO's are not indicated in the PRSP or in the Progress Report 2000/01.

Participants, reporting back to the inter-Ministerial Technical Committee¹⁴, not only identified education as a priority area for poverty reduction, but also expressed concerns over existing constraints on poverty reduction such as poor governance, cultural factors, illiteracy, poor infrastructure and weak marketing - distribution systems for agricultural produce and lack of implements, inputs and extension services. Members of Parliament (June-July 2000) and Regional administrative secretaries (August, 2000) were consulted on the findings before the final PRSP draft was approved by Cabinet (September, 2000).

5.3 Implementation and evaluation of the PRSP

Participation of stakeholders at this stage remained limited and the government primarily envisaged through its reform of local government, that local authorities would gain a shared responsibility for the implementation of the PRSP, while financial resource allocation would remain centrally controlled. As such, the government empowered the Vice President's Office and the more technically orientated National Poverty Steering Committee with the overall responsibility for monitoring the implementation of the PRSP and conducting a PRSP impact assessment through the application, use and evaluation of qualitative (surveys and census) and quantitative indicators (impact and outcome indicators).

In its Progress Report 2000/01 (released in August, 2001), the government however stressed that in future PRSP progress reviews, decisions on the use of indicators and the responsibility for collecting, using, storing and disseminating disaggregated poverty data would be taken in consultation with many other non-state stakeholders such as research and higher education institutions, civil society groups and the donor community. This should give an opportunity to ATE and TUCTA to become fully engaged in monitoring and evaluating the PRSP.¹⁵

5.4 Constraints affecting the PRSP participatory process

The government's aim of trying to make the PRSP process a participatory one has not yet been fully translated into reality. According to findings from separate workshops¹⁶ organised by the ILO for the Tanzanian trade unions (TUCTA) and the employers' organisation (Association of Tanzanian Employers: ATE) in October 2001, it emerged that both organisations were confronted with institutional as well as information-sharing deficiencies which inhibited their full involvement in shaping the PRSP. Both TUCTA and ATE stressed, in the first instance, that they could not participate in the consultative process because they were not officially invited thus depriving their organisations of the opportunity to be fully engaged at the PRSP agenda formulation stage¹⁷. They also contended that

¹⁴ The inter-ministerial technical committee consisted of officials from the Vice President's Office, Prime Minister's Office, Planning Commission, Ministry of Finance, Education, Health, Public Works, Local Government, Labour Sports and Youth Development, Agriculture, Water, Energy and Minerals, Community Development and the Bank of Tanzania. The technical committee prepared the interim and final PRSP.

¹⁵ See the United Republic of Tanzania Poverty Reduction Strategy Paper: Progress Report 2000/01, pp.1-54

¹⁶ Note: workshops on Capacity Building for Effective Engagement in the PRSP and Social Dialogue.

¹⁷ Note: The government via the Ministry of Finance contends that it advertised the PRSP developments in advance in the national / local newspapers.

only through the ILO sponsored workshops, was their awareness about the PRSP increased or even developed. Moreover, both organisations agreed, because of the primarily consultative (and irregular) nature of the National Labour Advisory Board and the National Employment Council's tripartite meetings, that developing meaningful outcome-oriented social dialogue over PRSP policy priorities could not be established in either body. On the other hand, the social partners recognized in a critical self-appraisal, that their involvement in the PRSP also in the meantime depended on enhancing their own research and analytical capacity to assess socio-economic policy issues pertaining to the national PRSP. The ILO is assisting the social partners in this process and will continue to provide the technical support for this effort.

5.5 Social Dialogue institutions and the PRSP

Operationalising the Decent Work Agenda's four main objectives within the PRSP process puts on the table the issue of the responsiveness to the social partners concerns of Tanzania's national institutions and the question of reforming the tripartite machinery. Firstly, it may be possible to think of ways of giving the Employer's and Workers' Organisations a more prominent role through the traditional tripartite social dialogue institutions. The apex tripartite institution for workplace and labour market issues in Tanzania is the Labour Advisory Board. It advises the Minister of Labour on labour matters in general. Since the Minister of Labour and the Permanent Secretary are members of the technical committees – the cabinet and inter-Ministerial Technical Committee respectively - which consider all key aspects of the PRSP, the social partners working through the Labour Advisory Board could influence its formulation, implementation and evaluation. However, the Labour Advisory Board has not met frequently in the past, and its decisions when they meet have not been forcefully implemented. It may well be that ad hoc tripartite meetings could be instigated by any of the social partners to discuss important economic and social policies such as the PRSP. Thereafter it may be advisable for representatives of the social partners to arrange direct consultations with the Minister of Finance, and leaders of the legislature, to advance their views and recommendations. Since there are also opportunities for direct participation in the consultative committees and meetings arranged by the PRSP process, the social partners could also participate directly in such meetings along with other appropriate civil society organisations.

Secondly, the National Employment Council's role could also be reconsidered, in order to allow for effective tripartite consultations on how to manage the PRSP related macroeconomic and structural reforms and review of the implications of the underlying Poverty Reduction and Growth Facility (PRGF) and the Programmatic Structural Adjustment Credit (PSAC-I) components of the PRSP. In light of the increasing importance of foreign direct investment in Tanzania and its contribution to the PRSP, there is also a need to discuss the issue of corporate social responsibility and employment creation with the ILO tripartite constituents in Tanzania.

Such a renewal of tripartism and social dialogue would enable unions and employers to participate in the poverty reduction strategy process. Such an initiative could also help to widen the range of discussions to include issues such as the lessening of dependence on aid, reducing informal sector employment via the expansion of employment creation in the formal sector and supporting self-employment initiatives within the informal sector. Additionally, given agriculture's importance for employment generation in Tanzania, the possibility of setting up a tri- or multipartite committee within the National Employment Council, which deals with this sector specifically, should be considered in order to propose ways on how to adjust the PRSP. The possible inclusion of relevant NGO's into such a policy network/committee could also be examined.

The results of consultations between the Tanzanian government and international development partners within the Tanzania Assistance Strategy (TAS) have a bearing on the PRSP and could usefully be discussed in both social dialogue bodies by the tripartite constituents in order to ensure that trade unions and employers' organisations are fully aware of the potential implications these consultations may have on their own actions and proposed policy realignments within the PRSP process.

5.6 Recent debt relief arrangements by the World Bank and IMF and the potential for institutional reforms in Tanzania

The recently granted U.S. \$3 billion by the IMF and World Bank¹⁸ in debt relief over a 20-year period will cut Tanzania's debt burden in half. This provides a good opportunity for the government not only to devote more funding to cross cutting issues like gender mainstreaming of PRSP poverty targets and containing the impact of the HIV/AIDS pandemic on employment and national development, but also can be used for promoting a re-appraisal of the PRSP's public expenditure review and for allocating on a regular basis financial resources to the institutions of tripartite social dialogue in Tanzania. In this way social dialogue can be fully operationalised and institutionalised, while the PRSP process itself can be more effectively realigned to correspond to the needs of the ILO's tripartite constituents.

5.7 ILO Activities on promoting social dialogue

Through its technical co-operation projects and seminars with constituents, the ILO aims to strengthen the institutions of social dialogue and the capacity of the social partners in various countries. Within the context of Tanzania, the ILO's activities have been varied. For example, a project on Strengthening Labour Relations in East Africa (SLAREA) is promoting the 1998 ILO Declaration on Fundamental Principles and Rights at Work, in particular freedom of association and the right to collective bargaining. The goal is the development of a sound legal framework through labour law reform that is consistent with Conventions No. 87 and No. 98 and the strengthening of the ILO's tripartite constituents capacity to engage in collective bargaining and tripartite co-operation. This project commenced in January 2001. A report on an ILO/SLAREA Sub-regional Workshop on Conventions No. 87 and No. 98 (Kampala, May 2001) was distributed to ILO tripartite constituents in Tanzania containing detailed recommendations on amendments needed to bring Tanzania's labour laws into conformity with Conventions No. 87 (on Freedom of Association) and No. 98 (on the Right to Organise and Bargain Collectively).

As a way of reinforcing the capacity of ILO constituents, office equipment was supplied to social partners and the government. In addition, a training programme on information technology for social partners was launched and followed by a national workshop on Dispute Prevention and Resolution through Inspection (August, 2001) for labour and factory inspectors. Furthermore, in order to strengthen trade unions collective bargaining expertise, a national workshop for TUCTA members in was organised in September, 2001. Finally, a series of studies are underway to examine constraints to trade union membership and the modernisation of curriculum training in trade union colleges in Tanzania.

This was followed by additional training workshops in the area of Dispute Prevention and Settlement, and on Mediation Conciliation and Arbitration at the sub-regional level (Kampala, December, 2001). In line with these technical activities under its Tanzania Country Action programme,

¹⁸ World Bank Press Review, 26 November 2001. For more details visit <http://www.worldbank.org/developmentnews>.

the ILO is also sponsoring the enhancement of the Ministry of Labour, Youth Development and Sports's capacity to collect and disseminate effectively labour market information (LMI) and is promoting forthcoming workshops for workers and employers organisations involvement in that process leading towards the production of a draft LMI system.

5.8 Issues for discussion

1. What added value could a renewal of tripartite institutions in Tanzania bring to the PRSP?
2. Do the Tanzanian social partners wish to have a Decent Work strategy for poverty reduction?
3. How would the concept of social dialogue relate to the other mechanisms of participation in the PRSP?
4. What capacity or other constraints do employers and unions face in seeking to play a fuller role in the PRSP?

Chapter 6 - Conclusions and Recommendations of the Tripartite Conference “Towards a Decent Work Strategy and Poverty Reduction in Tanzania”

At the Tripartite Conference on Social Dialogue and Poverty Reduction held in Dar-Es-Salaam from 10-12 December, 2001 the tripartite constituents agreed that reducing poverty and promoting decent work is the most important challenge facing Tanzania. All parties accepted that the current level of poverty is unacceptable and they are committed to working together in partnership to address this challenge and to identify potential solutions.

6.1 Poverty Reduction, Tripartism and Social Dialogue

The tripartite constituents recognized the key role of social dialogue in the formulation, implementation and monitoring of an integrated decent work and poverty reduction strategy in Tanzania. The participants identified the need to enhance the involvement of employers’ and workers’ organizations at all stages of the process. It was recognized that government has a key role to play in facilitating and enabling the full and effective participation of the social partners. The participants agreed that social dialogue was the most effective means of action:

- to integrate the key objectives of poverty reduction and decent work,
- to strengthen ownership and participation,
- to ensure a balanced approach to economic and social development,
- to incorporate the value-added of the experience, expertise and involvement of the key economic and social actors.

To ensure that social dialogue is effective and improves the scope and vigour of the policy and decision-making processes around poverty reduction, it must take place on a regular and reliable basis. Social dialogue cannot function properly if it is perceived to be at the whim of one of the social partners. While it is clear that government must govern and Parliament must adopt legislation, the social partners are ready to participate in and contribute to the policies and decisions around poverty reduction and decent work.

Many of the people living in poverty in Tanzania are in the rural areas and in the informal economy. These people currently in the informal economy have the potential to become workers and employers, but at present have no means to make their voices heard. Trade unions and employers’ organizations can and, in some cases do, reach out and represent both agricultural workers and small farmers, and also self-employed people working in the informal urban economy. Social dialogue should be developed as a means of enabling these people to organize and represent their interests and the social partners will continue to work with organizations and groups who share their goals of poverty reduction and decent work.

The participants reiterated the importance of employment as a cross-cutting issue in the PRSP and believe that there is potential for much greater involvement by the social partners in developing and implementing employment strategy and programs.

Women, particularly in the rural areas, experience many obstacles to improving their economic position and gaining access to micro-finance and to more and better jobs. Gender is identified as a cross-cutting issue in the PRSP and the social partners are committed to identifying and supporting

practical programmes and measures which will translate this commitment into reality including improved representation of women in all social dialogue structures and institutions.

6.2 Investing in Poverty Reducing Employment

In his keynote address to the conference, the Minister for Finance, the Hon. Basil P. Mramba (MP) stated as follows:

Coupled with our much improved domestic revenue performance and bilateral support for the budget, the debt relief renders Tanzania better placed than it has ever been before to attack poverty and unemployment in the country.

The participants believe that this is the right moment, as identified by the Minister, to institute a progressive and creative employment promotion strategy. Other resources may also be available from international and bi-lateral donors, but proposals must have a strong employment generation component.

- The poverty reduction strategy needs to focus on the rural areas and on agriculture. There is a need to increase productivity in agriculture and also to address the very low prices paid to the producers for their produce. Given the importance of the agricultural sector, it is necessary to ensure the involvement of the Ministries of Agriculture and of Cooperatives and Marketing in the social dialogue.
- Investment in key areas of infrastructure is required, which would lead to direct employment creation and indirectly boost employment in other sectors. Roads, energy and telecommunications infrastructure were highlighted as priority areas for investment.
- The following sectors were identified as the sectors with the greatest potential for growth:
 - Tourism
 - Horticulture
 - Mining
 - Small and Micro-enterprises
- It is important to develop a strategy to support small and micro-enterprises, which face many legal and financial obstacles. In particular, the tax system needs to be simplified and better structured and the disincentives to job creation should be removed. Tax incentives should be considered to encourage the business community to participate in poverty reduction and prevention initiatives in their communities, with women's groups and other socially excluded groups.
- All of the parties identified the creation of employment opportunities for youth as an integral part of a comprehensive employment strategy. Reflecting the view expressed by the Minister of Finance that "the labour crisis in Tanzania is essentially urban and potentially explosive," the participants believe that the proposed National Youth Council should be much more focused on the question of youth unemployment and linked more directly into the employment strategy.
- The participants support the four major categories of programmes put forward in the Country Action Programme (CAP) for Tanzania, which was developed through the ILO's Jobs for

Africa programme, and request that the necessary finance for implementation of these programmes be made available as a matter of priority.

6.3 Poverty Reduction and Fundamental Principles and Rights at Work

The participants agreed, that realising the ILO Declaration of Fundamental Principles and Rights at Work was inherently linked to human freedoms and rights and dependent on adherence to good governance which is essential for poverty eradication. There was a willingness by the tripartite constituents to promote the implementation and enforcement of all the ILO core Conventions enshrined in the ILO Declaration on the Fundamental Principles and Rights at Work. All the social partners accepted that their stake and expectations in the process of implementation of these fundamental rights was best served by utilising social dialogue for consensus building on these matters.

- The social partners identified some lack of conformity of current national labour law with the ILO's core Conventions as still being a major impediment towards improving employers' compliance and workers' conditions with fundamental rights in both the formal and informal economy.
- Both employers' and workers' organisations welcome the decision by Tanzania to ratify ILO Convention No. 100 (Equal Remuneration) and Convention No. 111 (Elimination of All Forms of Discrimination). The social partners emphasised that indirect discrimination on the basis of gender and race still occurs at workplaces and there was an acute need to develop legislation, which conformed with Conventions No. 100 and No. 111. Governmental guidelines on non-discriminatory practices at the workplace, prepared in consultation with the social partners, would also be very useful for the social partners.
- The employers' organisation stressed the need to promote equal opportunities at the level of the workplace by improving access to vocational training, better enforcement of hours of work legislation, and recognition of family responsibilities without income loss. This would ensure better business performance and human resource development.
- In relation to the right of freedom of association and collective bargaining, employers' and workers' organisations considered that the labour laws are incompatible and outdated and require revision and modernization, so as to protect and enforce this right. A pro-active approach needs to be adopted and developed, in order to support highly mobile and difficult to organise informal economy workers and employers, and to protect their rights. Participants welcomed the important role being played by the ILO's SLAREA project (Strengthening Labour Relations in East Africa) in building and reinforcing a sound industrial relations system in Tanzania.
- While the ILO's efforts at eliminating the worst forms of child labour under the Child Labour Time Bound Programme were appreciated as being appropriate long term measures, nevertheless there was a demand for ensuring appropriate measures to support families confronted with the loss of the additional income earned by their children. This should not only be done through financial compensation by the government, but should also be complemented by progressive measures on education, training and health care provision for children. The government reaffirmed its commitment to the time-bound programme on the elimination of the worst forms of child labour. Monitoring and evaluation would be linked to the PRSP.

6.4 Building a Social Protection System in Tanzania

Participants agreed that an important element in Tanzania's medium-term drive to reduce and eliminate poverty was a comprehensive national social security system. This should be based on the following three-tiered concept:

- Social assistance for all in need,
 - A mandatory national insurance system covering the major contingencies identified in ILO Convention No. 102, and
 - Appropriately regulated supplementary voluntary insurance arrangements.
-
- Participants also endorsed the conclusions of the 2001 International Labour Conference on the future of social security. Moving towards this goal requires rationalisation and consolidation of existing formal social security schemes both to improve mobility in the labour market through the portability of benefits and to increase the attractiveness of the national scheme(s) to workers in the informal economy.
 - Additional factors to be taken into account in the proposed new social security policy, were how to apply investment funds to support the goals of the PRSP and an improvement in the administration and tripartite governance of national schemes. Participants welcomed the commitment of government to consult the employers' and workers' organisations on proposals for a new policy.
 - With regard to extending social security, and more broadly defined social protection measures, to informal economy workers and enterprises who constitute the vast majority of the population, participants proposed that stronger support be given to community micro-insurance initiatives. The goal should be to secure the viability of such initiatives and their expansion.
 - Participants also recognized the enormous challenge posed by HIV/AIDS, malaria and other diseases. Social protection policies thus needed to encompass a broader pro-active approach to the reduction of risk and vulnerability. In addition to action on health, agricultural policies could, for instance, encourage the use of drought resistant crops as a means of reducing drastic fluctuations in the livelihoods of small farmers. Similarly environmental policies should focus on reducing the dangers posed by floods and droughts through such measures as reforestation, soil conservation and early warning of severe meteorological events.

6.5 Extending Participation and Ownership of Workers' and Employers' Organisations in the Tanzanian PRSP

The participants identified the importance of having an effective tripartite forum to ensure the meaningful involvement of the social partners in the economic and social policies being developed and implemented as part of Tanzania's Poverty Reduction Strategy. The role of the existing tripartite bodies was discussed including the Labour Advisory Board and the proposed National Employment Advisory Committee envisaged under the National Employment Promotion Service Act, 1999.

- It was agreed that the Labour Advisory Board was an important mechanism particularly for dealing with issues around labour law reform. However, the legal and institutional framework in which it operates, requires to be revisited as part of the labour law reform process, with a view to promoting social dialogue and consensus building. It is currently under-resourced and meets infrequently and the social partners were concerned, that it would not be able to take on the additional functions in relation to the PRSP. Also, it does not include representatives from other key economic and social ministries such as agriculture, social security and finance.

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- The partners requested government to give urgent consideration to the activation of the Employment Advisory Committee and that, as well as including representatives from the employers' (ATE) and workers' organisations (TUCTA), senior representatives from all of the departments involved in the PRSP process should also be involved in the work of the Committee.
 - The participants suggested that the tripartite constituents give consideration to possible mechanisms for the Employment Committee to consult with other representative organizations engaged in the PRSP process and Tanzania's international partners.

Amongst the priorities for the agenda of the Employment Advisory Committee are the following:

- Review of the implementation of the 2001 PRSP Progress Report, especially action on the priority issue of employment;
 - Prepare the tripartite constituents input to the 2002 PRSP Progress Report;
 - Consideration of a strategy to tackle unemployment especially amongst young persons;
 - Development of an employment intensive investment and productivity enhancement strategy; and
 - Discuss a consolidated report on the ongoing national programs and projects supported by the ILO toward a Tanzanian Decent Work Strategy for Poverty Reduction.
- Participants proposed that the Employment Committee's recommendations should be presented to the Minister of Labour for submission to the Cabinet Committee on the PRSP so that they can be fully considered.
 - Participants also urged that arrangements be made for regular meetings of the Committee.

The Committee's agenda for future work should be determined by consensus amongst its tripartite membership.

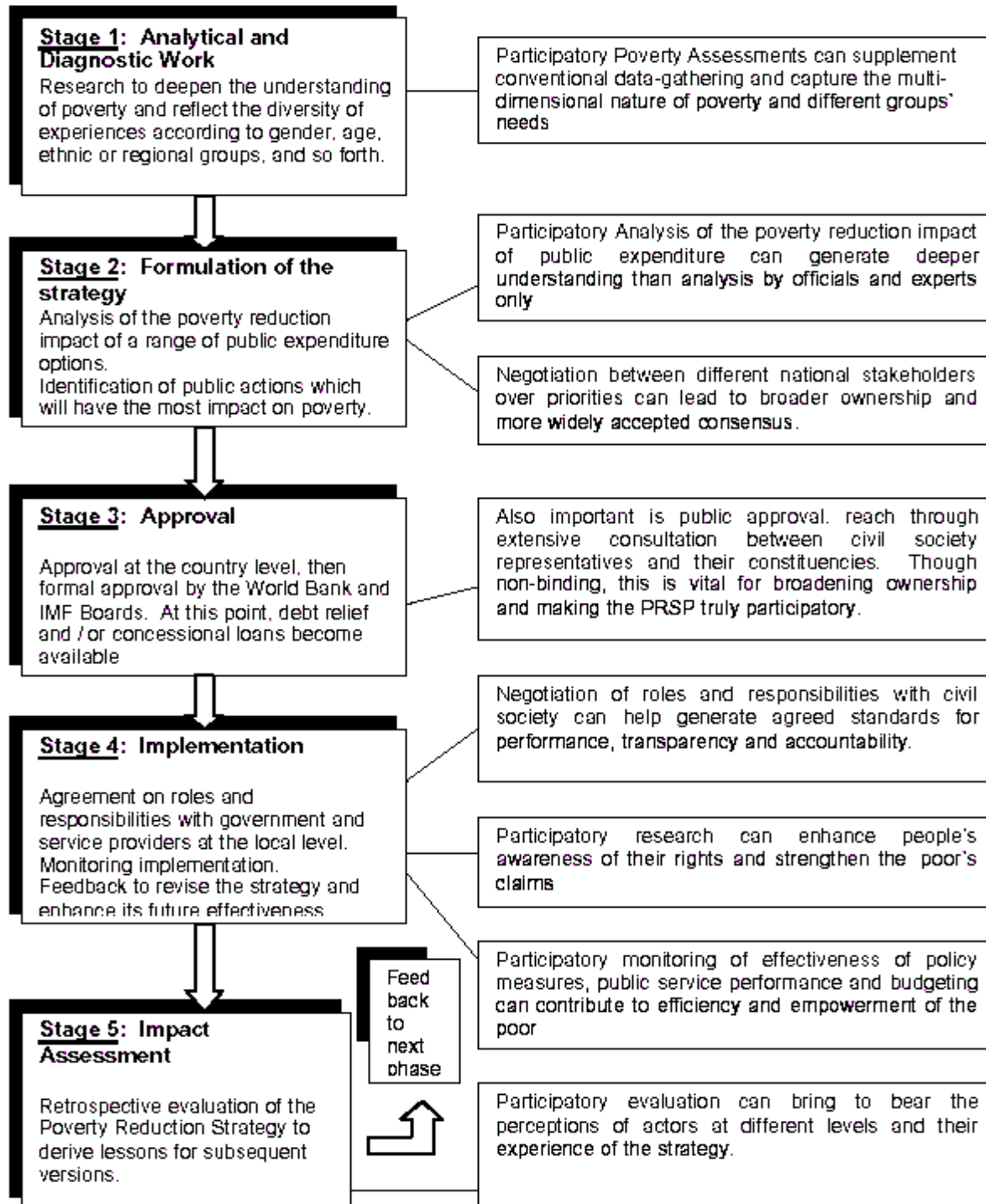
6.6 ILO Follow-Up Action

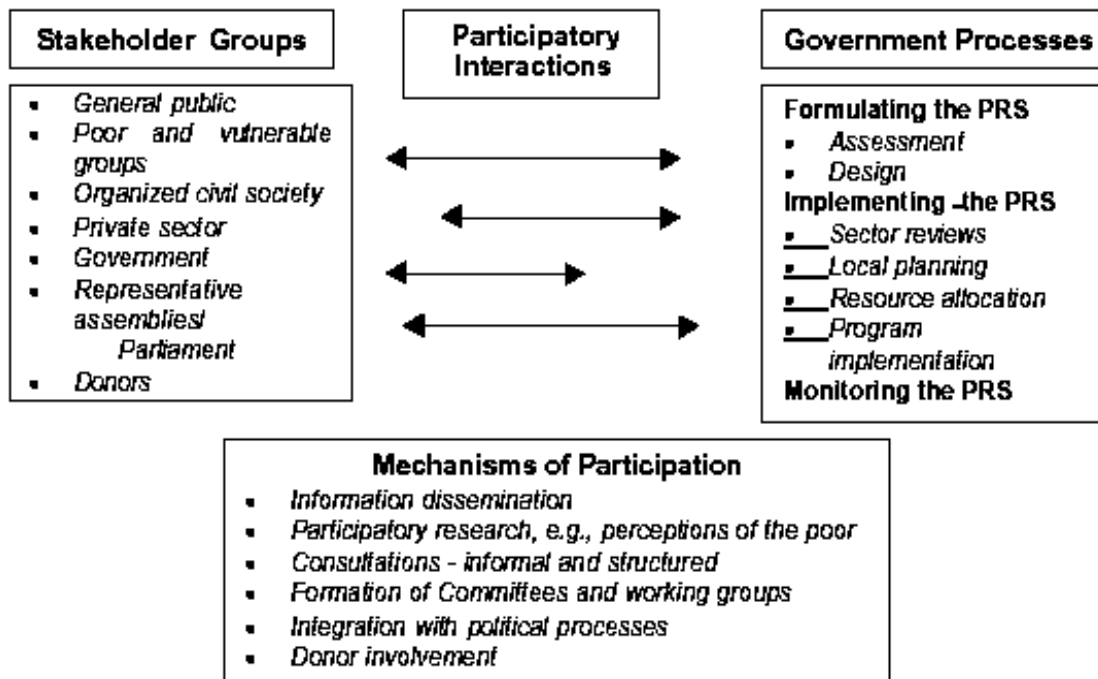
The ILO will publish a report of this conference including the background paper and the conclusions and recommendations of the participants.

The ILO recognizes that the employers' and workers' organizations and the Ministry of Labour need on-going capacity building to enable them to effectively participate in the PRSP process. Through its Workers' Activities (ACTRAV) and its Employers' Activities (ACTEMP) and other technical units, and through its Area Office, the ILO will continue to work with its constituents to assist them to develop their expertise and services.

If a suitable tripartite mechanism is developed to facilitate the participation of the social partners in the PRSP process in Tanzania, the ILO will examine as a matter of priority how it can provide technical advice and assistance through its technical cooperation programme to support this mechanism.

Appendix: Envisaged participation in the PRSP process
Stages of the PRSP process – How can participatory processes help?





Sources: Both graphs are derived from the PRSP Sourcebook's, Chapter on "Organising Participatory Processes in the PRSP", for more information visit <http://www.worldbank.org>