

Annual National Policy Dialogue

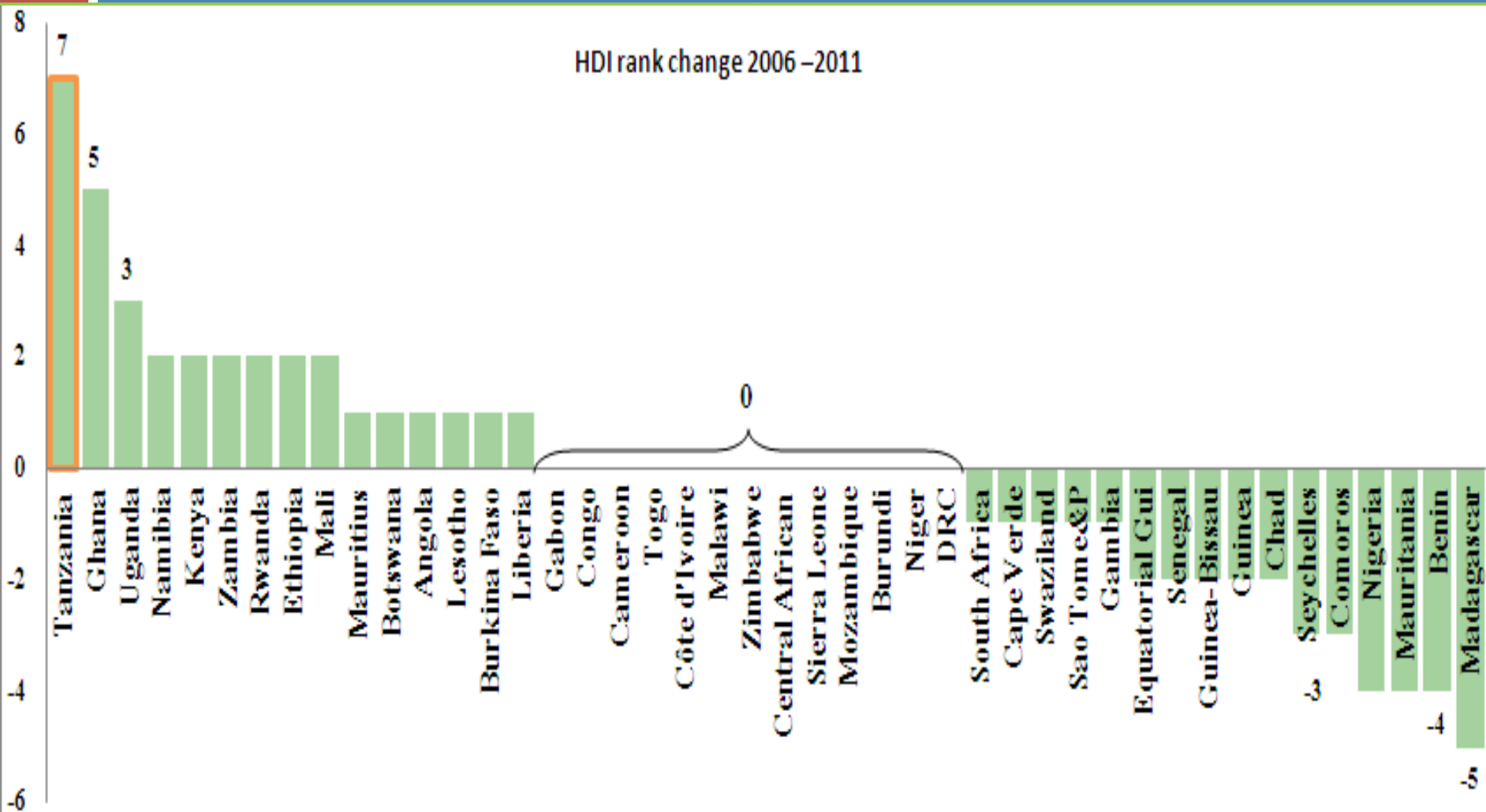
**Commentary by
Poverty Monitoring Group**

**Dar es Salaam, Tanzania
26 January 2012**

FROM STRATEGIES TO IMPLEMENTATION

- Considerable amount of time and effort put into designing MKUKUTA/MKUZA and MMMPII.
- Improvements in some MKUKUTA indicators- but slowly and misses many targets(MAIR 2011) -indication of implementation gaps!

RECENT GAINS IN HUMAN DEVELOPMENT -growth in HDI



But Significant Challenges remain!

- ▣ Yet, Growth is neither broad based nor pro-poor. Poverty remains high at 34 per cent and perhaps rising due to slow growth and high inflation!
- ▣ 65 % of Tanzanian people were multidimensional poor in 2011 as per the Multi-dimensional Poverty Index (MPI). Access to basic needs remains an issue
- ▣ 35% of under-5 children are stunted (majority of regions have stunting levels higher than 40%) and 21% are under-weight (DHS 2010)
- ▣ HDI loss due to inequality is about 28.8 % against 35% in SSA and 23% globally.

Signs of Good Intensions

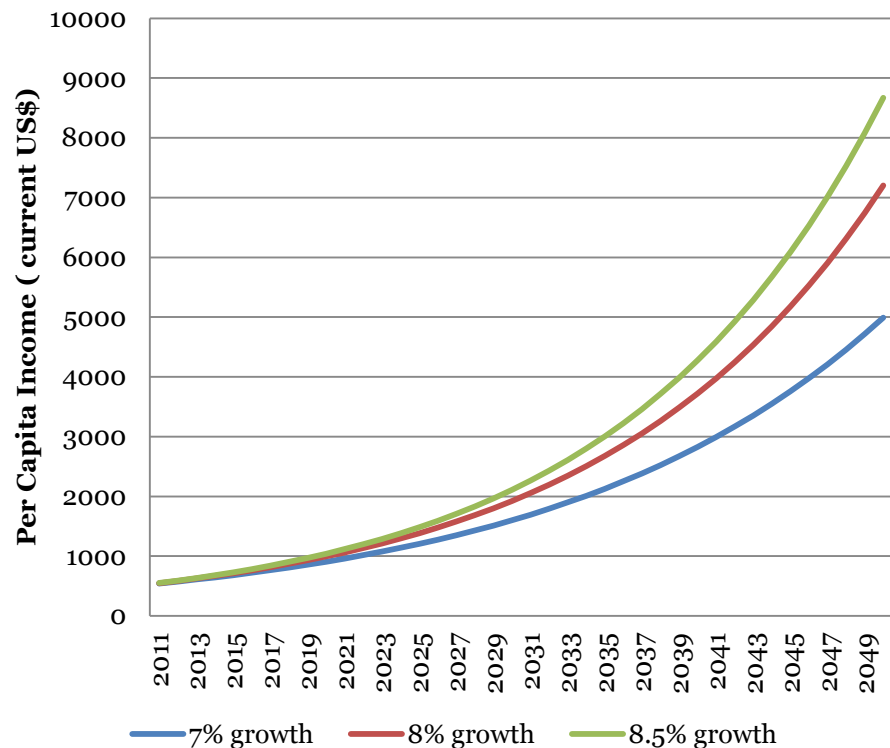
- Emphasis on private sector development as an engine of growth in both MKUKUTA II and FYDP and
 - improved business environment as a key necessity in promoting growth and poverty reduction and productivity gains as a means for growth and poverty reduction
- But where are we?
 - Labor productivity is improving and comparable to neighboring countries or other LDCs in SSA.
 - However, the shortage of skilled labor, at all levels, is one of the most serious constraints for the private sector in Tanzania to compete internationally (PHDR 2011) ,
 - Visible structural shifts in the economy but lacks clarity in responses to demands, policy coherence and consistency

PRODUCTIVITY GAINS UNDER THREAT?

- ▣ Quality of education and skills development fundamental in improving labor productivity-but much needs to be done
- ▣ Service Delivery Indicators Report
 - Education:
 - Time children in school being taught
 - All (2h 4 min), Rural (2h 11min), Urban (1h, 24 min)
 - Quality of teachers
 - Language: All (0.11) Rural (0.13) Urban (0.05)
 - Mathematics: All (0.75), Rural (0.75), Urban (0.74)
 - Health:
 - Diagnostic Accuracy: Malaria (27%), Diarrhea with severe dehydration (29%), Diagnostic mean (57%)

Implications for MKUKUTA goals, Vision 2025 and beyond

Tanzania: Projected Per Capita Income



Status quo won't get us there

- If status quo remains: Tanzania is unlikely to achieve many of its critical MKUKUTA goals or its overarching development objective of graduating from an LDC to a middle income country.
- At a real GDP growth of 7 per cent Tanzania's per capita income is likely to reach only \$ 1,200 by 2025 – bottom end of a lower middle income status.
- It will achieve per capita income of \$ 3,000 only in 2040/41-15 years later than envisaged under VISION 2025.

Good Intentions Need to be put into Practice - VIGOROUSLY

- If Tanzania is serious about achieving MKUKUTA Goals and Vision 2025 objectives in the long run-
- Then, it needs to be even more serious about implementing its development strategies more effectively with a clear focus.

Few Critical Areas for Quick Gains

- ▣ **Develop a vibrant private sector to create jobs through**
 - Strengthening the Institutional framework: including rules and regulation, transparency and accountability, economic and social governance
 - Providing better access to services, business development support, access to capital, value chain development and better integration into supply chains.
 - Developing infrastructure: particularly power and transport
 - Reducing the cost of doing business (instead of financial incentives!)

Few critical areas:

▣ **Exploit existing resources: enable women to be educated and to participate in the labor force:**

- There is a sizeable gender gap (22%) in effective labor (labor participation and education combined)
- Annual loss of \$650 million each year due to this gender gap

▣ **Develop the Human Resources base:**

- Healthy and knowledgeable work force (quality of education and health service delivery).
- Sustained investments in nutrition (caloric intake of 50%

Thank you

