



Chronic Poverty
Research Centre

Growth and Poverty Reduction in Tanzania

Where has Growth Worked for the Poor
and What can we Learn from this?

By

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Strategies for eradicating poverty in LDCs:
Findings from Research by the Chronic Poverty Research Centre in
Collaboration with Economic and Social Research Foundation

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Introduction



- This presentation is based on a research titled “Chronic Poverty and Development Policy in Tanzania: Q² Research in Support of the 2010 PRS”
- The research had five themes: (1) Agriculture, (2) Non-farm economy, (3) Gender and intra-household dynamics, (4) Urban-rural linkages, (5) Vulnerability, and (6) Governance
- The research was guided by five questions, viz:
 1. What explains chronic poverty?
 2. What explains sustained mobility out of poverty?
 3. What explains descent into chronic poverty?
 4. Why is it that sustained economic growth in Tz has not led to substantial poverty reduction?
 5. What policy measures could increase mobility out of poverty, and reduce descent into poverty?



Data were collected from Sep to Nov 2009 through key informant interviews, FGDs, and life histories in three regions.



Wazabanga
and Ndite

Kayumbe
and Kalesa

Nkangala
and Nchinga





Introduction



- Six papers have been written and presented in three workshops at ESRF, REPOA, National Policy Dialogue and Manchester Univ.
 - The papers are:
 1. Evolution of gender and poverty dynamics in Tz
 2. Escaping poverty in Tanzania: What can we learn from cases of success?
 3. Poverty mobility in Tz in the light of governance
 4. Exploring resilience avenues for managing covariant and idiosyncratic shocks...
 5. Agric. growth and poverty reduction in Tz
 6. Hidden hunger: What can qualitative research tell...
- See them at:
www.chronicpoverty.org/publications/details

Growth without much poverty reduction

Research results suggest three reasons:

1. Poor people are weakly protected against risk/shocks
2. Accumulating assets needed to escape poverty has become more difficult
3. Agricultural growth has been hesitant and marginal productivity of agricultural labor is very low



Growth without much poverty reduction



Poverty mobility	Percentage
Upward	29.9
Stagnant	38.3
Downward	31.8
Total	100

Source: Life history interviews

More than 60% of Upward movers were found to have combined agricultural production (maize, rice and cashew nut) and non agricultural small business



1. Protection

- Vulnerable households, including those depend on wage labour, should be protected
- The poor should also be protected against many risks, including ill health and bereavement
- Idiosyncratic and covariant risks need more consideration from policy makers



2. Asset accumulation



- Assets eroded due to lack of protection
 - Women especially vulnerable from equity inheritance distribution
- Basic assets (land and livestock) becoming unaffordable
 - Smallholders losing land to investors
 - Security of tenure not enough to create rental market
- Access to critical post-primary education is severely limited for poor households



3. Agricultural growth deficit



- Smallholders require support to access farm assets to produce significant volumes for markets
- Trading monopolies/oligopolies constrain farm gate prices and some of them deceive farmers e.g cashew nut and maize crops
- Little support from public and private extension services
- Women are increasingly responsible for farming but not empowered (assets, extension, conjugal rights)



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Policy Implications



Policy Recommendations 1: Asset



- **Link SACCOs, ROSCAs and burial societies to insure loans.**
- **Programmatic-progressive support for farmers&livestock keepers, access to farm equipment, chemical inputs and, including tailor made insurance schemes**
- Enhance investment in irrigation
 - Priority accorded in PRSP may not be enough
 - Contributions from local community may be too much
- Review land laws to enable greater security of tenure
 - To support enhanced rental market
 - To prevent vulnerable women losing access to land

Policy Recommendation No. 2: Agriculture



- **Emphasise gradual mechanization for sustainable transformation of agriculture**
- Focus on improving output markets, and link inputs supply
 - Extend Warehouse Receipt Scheme to other crops and regions
- Review radical options for tailor made extension services
 - Link to specific value chains
 - Stronger access for women e.g. via increased women extension officers



Policy Recommendation No.3: labor Market

- **Big push on diversification & rural economy transformation**
 - E.g. Establishment of agricultural equipment leasing and maintenance centers, promote private processing investment in rural areas
 - Promote Vocational skills education in rural economies
- Improve labour conditions wherever possible through standards (e.g. large scale agriculture, rural industry)



Policy Recommendation No.4: Food Security and Social Protection

- **Continue supportive anti-inflation policy (support for production subsidies)**
- Social assistance to protect most vulnerable people against loss of assets
 - Design a social assistance programme to reduce depth of poverty, with special focus on most vulnerable



Policy Recommendation No.5: Governance

- Continue reducing fees and charges burden to smallholder farmers
 - Special focus on post-primary education
- Improve access to decision-making and justice
 - More women in local posts/committee
 - Education of local adjudicators
- **Make resource allocation for agriculture development more transparent and development of inclusive M&E**
 - Scope to extend O & OD
- Make market interventions more transparent and predictable
 - E.g. deductions in WRS, tradable commodity ban



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Thank for your attentiveness