



19th ANNUAL RESEARCH WORKSHOP

THEME

**Transformation, Job creation and Poverty
Eradication: Enterprise Development for more
inclusive growth**

To be held on 9 and 10 April 2014,
Bahari Beach Hotel, Dar es Salaam, Tanzania;

Background and Context

The potential for economic improvement in the Tanzania economy is signified by better fundamentals arising from a good record of macroeconomic stability, improved governance and political stability. However, there have been challenges of improvement in the business environment especially for the micro, small and medium size businesses and achieving inclusive growth. There are serious concerns that growth has not been sufficiently inclusive, with the quality of life of most still very low. The reviews of trends in growth, employment and poverty in Tanzania have highlighted challenges and risks of jobless growth whereby reasonably high growth in the last decade and a half has not been accompanied with the requisite transformation of the economy and widespread job creation. Even consequently poverty reduction has remained modest. This signifies the challenge of limited production capacity and productivity in agriculture and manufacturing and labour market conditions that raise special concern as the large majority of workers remain trapped in vulnerable forms of employment that cannot lift them out of poverty.

The dynamics of such smallholder agriculture, non-agriculture small scale economic activity and the links with the larger scale economy are only poorly understood. For example, the factors which have increased the amount and diversity of food production, often through spontaneous change, are poorly documented. In recent years there has been a rapid extension of new technologies in the rural areas, such as mobile phones, solar energy and new transport modes (the “bodaboda”), etc. The economic potential of such developments needs to be explored. And, particularly important, policies to improve the productivity of the non-farm activities (e.g. agro-processing, trading and transport systems) which link the rural and urban economies are not sufficiently developed.

Although the urban population is largely fed by the output of small-holder farmers and there has been steady monetization of small-holder agriculture, three concerns have yet to be addressed adequately. First, is the concern that domestic food supply may not be able to cope with the rapid urbanization (rapidly growing cities, towns and urban settlements). Second there is concern that the high food costs and the resulting high wage costs may slow down the process of transformation of the economy. Third, poverty among producers of agricultural products (food and non-food) is still looming large suggesting that viable options for improving the productivity of smallholder farming and farm incomes need to be explored more deeply.

The low returns to labour in agriculture push people out of agriculture in search of alternative sources of employment most of them ending up in the lowest end of the non-farm sectors mainly trade, other services and a few in manufacturing activities. Push factors rather than pull factors fuel urbanization where informal sector activities provide a source of employment of last resort risking turning rural poverty into urban poverty. There is a quest

for deeper understanding of what it would take to transition from rural poverty to prosperity in both the rural and urban economy. An increase in productive non-farm employment, in the form of wage and salary employment or successful non-farm entrepreneurship could result in a successful economic diversification as a viable road out of poverty. Inclusive growth requires consideration of how informal employment and working poverty are integrated into a broader transformation strategy.

Objective of the workshop

The main objective of the 19th Annual Research Workshop (ARW) is to address the deficit in productive employment and low productivity among the majority of Tanzanians working in low productivity agriculture and informal economic activities and to identify options for managing the enterprise transformation process. The transformation process entails the transition from low productivity to high productivity and dynamic enterprises.

Specific objectives of the workshop are:

- i. To explore the challenges of enterprise development in non-farm activities in bringing about transformation of the rural economy with special attention to facilitating the process of moving up the value chains in the rural economy.
- ii. To examine how the majority of non-agriculture employment found in micro, small and medium enterprises (MSMEs) can be transformed into more dynamic enterprises which are more productive, capable of creating more decent jobs and more competitive.
- iii. To explore the linkages between informal and formal enterprises in the context of understanding the nature of the production system through which they are linked based on the allocation of authority (over the work situation and the outcome of work done) and economic risk between the informal and formal firms.
- iv. To explore how key actors in the government raise their level of awareness of the potential and importance of the economic activities of small-scale enterprises and how the relevant public institutions can reach out to informal businesses, better understand their diversity and challenges and help them to participate more effectively in the growth and development process?
- v. To explore the nature of political dynamics that influence MSMEs organization and other means of collective action that facilitate voice through policy dialogue, facilitate formalization, contribute to reducing risk and uncertainty in their operations and facilitate access to public support services

- vi. To explore how gains from exploitation of oil and gas can contribute to transformation of enterprise development and facilitate productivity enhancement and more even distribution of productivity gains realise more inclusive growth.
- vii. To enhance understanding of the changes which have occurred in recent years in the rural economy and their potential for future development (e.g. the rapid expansion of trade in foodstuffs, the spread of mobile phones, new transport modes such as the “bodaboda”, the growth of cross-border trade in food items) and to explore options for building on these successes..
- viii. The capacity of small-farmers to introduce new crops has always been a feature of Tanzanian agriculture, typically through spontaneous spread.
- ix. What can be done to more effectively support this potential? How can new seeds and new crops be better promoted? In recent years, access to seeds has largely been through the private sector. Is that sufficient to promote the desired rate of technical progress or does it needs to be supplemented by public sector and co-operative efforts?

Questions to be addressed

The 19th Annual Research Workshop will explore address the following key questions:

- i. In what ways is employment an important link between transformation, enterprise development and inclusive growth.
- ii. Are informal enterprises an agent for capital accumulation and technological progress or merely for supporting survival?
- iii. How is it possible to increase the productivity of informal enterprises?
- iv. How do informal enterprises become formal enterprises and how can policy facilitate this process?
- v. Is there a missing middle in the enterprise structure of Tanzania and what can be done about it?
- vi. Is improving the investment climate enough for enterprise development or do you also need some kind of industrial policy?
- vii. What should an industrial policy look like in a Tanzania type economy?

- viii. How critical is access to resources such as finance, education and training opportunities, business premises (land) and infrastructure (electricity, roads, and water).and knowledge and technological learning?
- ix. How critical are rural-urban linkages, energy and potential linkages and implications of oil and gas for enterprise development.
- x. What is the nature of the political dynamics in MSMEs development, organization and other means of collective action and how they facilitate voice through policy dialogue, facilitate formalization, contribute to reducing risk and uncertainty in their operations and facilitate access to public support services