

**SPEECH BY HIS EXCELLENCY DR. JAKAYA MRISHO KIKWETE,
PRESIDENT OF THE UNITED REPUBLIC OF TANZANIA, AT
THE OPENING OF THE 17TH ANNUAL RESEARCH WORKSHOP
OF REPOA, 28 MARCH 2012, DAR ES SALAAM**

Professor Esther Mwaikambo, Chairperson of the Board of Directors of REPOA;

Honourable Ministers, Deputy Ministers, and Members of Parliament Present;

Dr Ad Koekkoek, lead development partner for REPOA;

Professor Samuel Wangwe, Executive Director of REPOA;

Dr. Phillip Mpango, Executive Secretary of the Planning Commission;

Distinguished Guests;

Ladies and Gentlemen;

I thank you Madam Chairman and the organisers for associating me with the 17th Annual Research Workshop of REPOA. I commend the organisers for choosing a very pertinent theme for this years' discourse. I find the theme "*Socioeconomic Transformation for Poverty Reduction*" to be quite befitting. Reducing poverty has been and continues to be the major preoccupation of our Government and those before us since independence. I am sure you all remember the three

enemies of our nation as prescribed by our first President Mwalimu Julius Nyerere were poverty, ignorance and diseases. These have remain our enemies to this day.

Madam Chairperson;

Ladies and Gentlemen;

Since independence, the successive Governments of our country have been striving to institute and implement policies and programmes aimed at stimulating growth and reducing poverty. At the beginning, these efforts were guided by the three successive Five Year Development Plans. From 1999 todate, our efforts are being guided by the Tanzania Development *Vision 2025*, *MKUKUTA* and now the Five Year Development Plan 2010-2015. The *Vision 2025* envisions Tanzania becoming a middle income country by the year 2025. This means increasing our GDP per capita from the current US Dollar 500 to Dollar 2,500.

Despite ups and downs during different periods of our history, progress has been made in many fronts since independence. From the year 2000-2011 the Tanzanian economy has been growing at the average rate of 7 percent per

annum. The gains have not been limited to economic growth, but also to other aspects of the socio-economic life of our country and its people. This is no small achievements at all.

Ladies and Gentlemen;

It is important to note, however, that despite the high growth rate, the rate of poverty reduction in Tanzania has been low. Statistics indicate, for example that from 2001-2007, the period when our economy was growing at high rates, overall household poverty fell by a marginal rate of only **2 percent** from **35.7 percent** to **33.6 percent**.

The question that begs answers is about "why that is the case? I hope at this workshop you may provide answers or be able to shade some light. In my view, this is a function of growth being engendered by sectors which do not involve and therefore do not directly benefit the majority of the people. Tanzania's economy is predominantly agrarian. About 80 percent of the people live in rural areas and depend on agriculture for their livelihood. Unfortunately, it is backward and subsistence agriculture whose growth is low and has been in that state for quite sometimes now. Partly, this is why the

rate of poverty reduction is low in the country, because the majority of the people are least affected.

Ladies and Gentlemen;

Invited Guests;

These statistics have taught us an important lesson which confirms our earlier resolve that an effective socio-economic transformation in Tanzania should be anchored in agriculture. It is for this reason our Government, like the previous ones, has given agricultural transformation a very high priority. The conception and institution of the Agricultural Sector Development Programme (ASDP) and the Kilimo Kwanza play testimony to this assertion. The two landmark initiatives are meant to deal with the constraints inhibiting growth of the sector thus keep productivity and production low. In turn, this keeps farmers in Tanzania poor, and the rural economy weak.

This state of affairs in agriculture and lack of comparable development and social amenities in rural areas encourages rural dwellers to migrate into towns. They come to search for job opportunities and enjoy better standards of living. Unfortunately, the urban economy is not adequately developed

to be able to absorb the additional labour force pouring every other year. There is neither a developed industrial sector nor a services sector to cope with demand for decent jobs. This situation is responsible for the rapid increase of unemployed people in towns especially youths. Also, this is responsible for the existence of sizeable population of urban poor whose size and numbers keep on expanding almost daily. The twin problems of low agricultural productivity and rapid urbanisation without commensurate absorption capacity is posing a major challenge in the socio-economic transformation process. As a matter of fact, if agricultural conditions worsen, the situation in cities takes a similar direction.

Ladies and Gentlemen;

I am happy to note that most of the constraints to agricultural growth and transformation have been identified by the Government. The bottlenecks are familiar to us and our ASDP and *Kilimo Kwanza* initiatives are addressing them. But, the speed and depth of the desired transformation may need a broader understanding of what it takes to achieve agricultural and rural transformation.

Given its potential in Tanzania, agricultural development will take a central role in our transformation agenda. It will also help in building capacities for other sectors of the economy to develop. I am sure when agriculture is transformed many sectors will benefit including agro-processing, manufacturing and service industry. In turn, incomes of the many Tanzanians engaged in these sectors will improve and so will their living standards.

Ladies and Gentlemen;

The socioeconomic transformation of Tanzania should be comprehensive as such it must involve the informal sector. As we know, this is a very large sector absorbing a big proportion of the labour force with substantial assets and resources which are not accounted for. I believe, if this sector is properly organised and supported it can make a huge impact on Tanzania's development and poverty reduction endeavours. We, in Government are taking measures to address these challenges facing the informal sector with the aim of enhancing efficiency and creating a more conducive legal and regulatory framework.

We are also working to ensure that the informal sector can easily access loans from financial institutions as well as other business services. SIDO is doing a good job in this regard by giving technical support and market information to SMEs. As we know, most informal sector operation fall under the category of small enterprises. But I think more reflection and research is needed so that our SMEs can grow faster and contribute more to the economy just like what they do in other countries where they exist. In my opinion, this has a great potential to become the linchpin in our broad-based growth initiatives.

Madam Chair;

Distinguished Participants;

Apart from agriculture and the informal sector, robust transformation also requires a deep structural change and indeed transformation in all other key sectors. As we all know, development of the manufacturing sector is an integral part of industrial transformation. Through forward and backward linkages, the sector has great potentials of driving growth, productivity and employment to greater heights. The question

of industrialisation is addressed in the *Sustainable Industrial Development Policy (1996-2020)*. And more recently, the Government has approved *The Integrated Industrial Strategy (2011)* that is promoting diversification, productivity, and competitiveness driven by technology, innovations and human skills.

Our overall aim is to build a competitive business environment through development of industrial clusters, institutional support and concentrated infrastructure development to enable us to compete in regional and global markets. The main challenge at hand now is about how to transform the low productive capacity, which I am sure with proper planning and support of development partners we will be able to overcome.

The other areas that have great potential are the mining and tourism sectors. The mining sector is relatively well developed compared to other sectors. In recent years exploration for natural gas has attracted many investors and these efforts are bearing good results. The future prospects look very promising indeed. We are expecting many more

investors to come for minerals and natural gas exploration and exploitation. The only important factor about mining and gas is about how to integrate these sub-sectors to the rest of Tanzanian economy. It is about how to ensure that the benefits from these sub-sectors directly benefit ordinary citizens. This is a matter that the Government is preoccupied with at moment. We welcome ideas from this workshop so that these huge resources can benefit the investors and the people of Tanzania whom God endowed with these resources.

With regard to tourism, we are yet to fully harness Tanzania's potential. If we succeed in this, tourism can make very significant contribution to the socioeconomic transformation and accelerate the pace of growth and development of the country. This is one sector that has great potential for backward and forward linkages with the rest of the Tanzanian economy. As such its benefits can easily spread and reach many people in the country through the multiplier effect. This means, we have to double our efforts to expand the sector and increase efficiency in advertisement and the services we render to tourists. I believe if we succeed in doing that we

can easily reach the target of one million international tourists per annum and even surpass it.

Distinguished Participants;

Ladies and Gentlemen;

I am sure you are aware that the success of the transformation process in our country as it is the case in all countries depends on the involvement and participation of the private sector. The Government plays the facilitative or leveraging role. In this regard, the Government has put in place mechanisms to allow the private sector to flourish. We are continuously improving the investment environment in the country through removing existing obstacles and introducing more efficient operating systems.

The shift from public to private sector being the engine of growth is a major economic transformation in our country. As you know, prior to that the public sector was the engine of growth. What we are now saying with this policy shift is that "let Government govern and the private sector do business". Their roles are complementary not contradictory. We would therefore like to see that both parties forge strategic alliance,

play their roles in a complementary manner and move the socioeconomic agenda forward with greater zeal, vigour and speed. I know that a lot has been done in this area, but much more needs to be done.

The Government on its part will continue to implement its various programmes and policies that are inclusive and serve the interests of the poor and disadvantaged communities. We will, also, continue to invest more in social services and improve the quality of education and health services, promote agriculture and rural economy. We will take more measures to strengthen the informal sector and SMEs through access to financial services and provide other business information. We also intend to nurture entrepreneurship.

In all these endeavours the Government has a substantive role to play. The other stakeholders also have their part to play as well. These include private sector, development partners, media, civil society, and professional bodies. Above all, the process of transformation will benefit so much if there is change of mind-set among the people of Tanzania. We must have positive attitudes in order to be able to embrace

transformation. Short of that nothing will happen or else change will come but too slow a pace and may take years before it takes effect and make the requisite impact. Why should we wait so long?

Madam Chair;

Distinguished Participants;

Before I conclude, let me express on behalf of the Government and on my own behalf, very sincere appreciation to REPOA for the invaluable contribution, this think tank organisation is making to promote growth and development in Tanzania. Please continue to do the good work. Tanzania still needs REPOA's contribution. We also appreciate the generous support of the Governments of the Netherlands, the United Kingdom, Sweden and the International Development Research Centre (IDRC) of Canada, to REPOA's Strategic Plan for 2010-2014. Please continue to be supportive.

Last but not the least, I request all of you present here today to make use of this Research Workshop by critically assessing the constraints that undermine our desire to achieve rapid socioeconomic transformation. Come up with pertinent

suggestions. You can draw from our past experiences or from relevant experiences of other countries. I am sure you will come up with practical proposals as Sir Winston Churchill once said "an optimist sees the opportunity in every difficult"^y Please avoid or desist from embracing the Tanzanian disease of complaining and blaming everybody except themselves. It serves no purpose.

Madam Chair;

Distinguished Participants;

Invited Guests; Ladies and Gentlemen;

It is now my singular honour and pleasure to declare the 17th Annual Research Workshop of REPOA officially open.

Thank you for listening.