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**REPORT OF THE PROCEEDINGS OF THE FIRST NATIONAL DIALOGUE
AND PROJECT LAUNCH WORKSHOP OF THE LINKAGES BETWEEN
TRADE, DEVELOPMENT AND POVERTY REDUCTION (TDP) IN
TANZANIA**

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Collaboration with CUTS Centre for International Trade Environment and
Economics (CUTS-CITEE) of India and UK, on 22nd September 2005,
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Acronyms

AGOA	African Growth and Opportunity Act
AoA	Agreement on Agriculture
BET	Board of External Trade
CSO	Civil Society Organizations
CTI	Confederation of Tanzania Industries
CUTS	Consumer Unity Trust Society
CUTS CITEE	CUTS Centre for International Trade, Economics and Environment
DAIPESA	Private Enterprise Support Initiatives
DDA	Doha Development Agenda
DFID	Department for International Development
DTIS	Diagnostic Trade Integration Study
EAC	East African Co-operation
EBA	Everything But Arms
ECGS	Export Credit Guarantee Scheme
EPA	Economic Partnership Agreement
ESRF	Economic and Social Research Foundation
EU	European Union
GDP	Gross Domestic Product
IF-NSC	Integrated Framework – National Steering Committee
IF-TRAC	Integrated Framework – Trade Related Assistance Committee
ILO	International Labour Organisation
ITV	Independent Television
JITAP	Joint Integrated Technical Assistance Programme
MDG	Millennium Development Goals
MIT	Ministry of Industry and Trade
MKUKUTA	National Strategy for Growth and Poverty Reduction
MLYDS	Ministry of Labour, Youth Development and Sports
MNRT	Ministry of Natural Resources and Tourism
MVIWATA	Network of Farmers' Groups in Tanzania
NAFTA	North American Free Trade Agreement
NAMA	Non-Agriculture Market Access
NSGPR	National Strategy for Growth and Poverty Reduction
NTB	Non-Tariff Barriers
NTP	National Trade Policy
PELUM	Participatory Ecological Land Use Management
PER	Public Expenditure Review
PMS	Poverty Monitoring System
POPP	President's Office - Planning and Privatisation
PRS	Poverty Reduction Strategy
RAAWU	Researchers, Academicians and Allied Workers' Union
REER	Real Effective Exchange Rate
REPOA	Research for Poverty Alleviation
SADC	South African Development Community
SIDA	Swedish Agency for International Development Co-operation
SME	Small and Medium Enterprises

SOE	State-owned Enterprises
TA	Technical Assistance
TANGO	Tanzania Association of Non-Governmental Organisations
TDP	Trade Development and Poverty
TGNP	Tanzania Gender Networking Programme
TRA	Tanzania Revenue Authority
TRACE	Training and Facilitation Centre
UNDP	United Nations Development Programme
VIBINDO	Organisation of Small Producers and Petty Traders
VYAHUMU	Oilseed Processing Trust

1 Welcoming Formalities

1.1 Introduction of Participants, by the Chairman cum Facilitator, Hussein LaMotte, a Representative from the Confederation of Tanzanian Industries

The workshop started at about 9:30am, with the Chairman, Hussein LaMotte, a representative from the Confederation of Tanzanian Industries (CTI), facilitating the self-introduction of participants. According to LaMotte, the participants represented various stakeholders, which implied that the workshop was well represented nationally. The participants included government officials and representatives from private sector organisations, civil society organisations, farmers associations, research institutions, academic institutions and the media. There were about 50 participants who attended the workshop.

1.2 Welcoming Remarks from the Acting Executive Director, ESRF, Dr. Oswald Mashindano

Dr. Oswald Mashindano, on behalf of the Executive Director of the Economic and Social Research Foundation (ESRF), Prof. Haidari Amani (who could not attend because he was out of the country), thanked the Guest of Honour, Honourable Wilfred Nyachia, who is the Permanent Secretary of the Ministry of Industry and Trade, for sparing his time and accepting to officiate the workshop. Dr. Mashindano also extended his appreciation to the participants for attending the workshop. According to him, the attendance was an indication that the participants were not only interested but also concerned with issues of trade and poverty. Dr. Mashindano also took the opportunity to thank the authors of the workshop papers for the well-written papers and, particularly, for making the National Dialogue on Linkage between Trade, Development and Poverty possible. Lastly, Dr. Mashindano invited the Guest of Honour to speak to the audience, officially open the workshop and launch the TDP project.

1.3 Official Opening and Launching Speech by the Guest of Honour, Permanent Secretary, Ministry of Industry and Trade, Honourable Wilfred Nyachia

The Permanent Secretary first welcomed all the participants to the workshop and thanked the Consumer Unity and Trust Society (CUTS) and the Economic and Social Research Foundation (ESRF) for having given him the opportunity to participate in the launching of the project. He also appreciated the support offered by the Royal Dutch Government and the Department for International Development (DFID) of the United Kingdom in promoting the TDP project and for choosing Tanzania to be one of the fifteen countries that are participating in this project. According to him, he is confident Tanzania stands to benefit from enhanced perception of the policies that can effectively maximise the actualisation of the potential inherent in trade towards ameliorating the quality of life of the poor.

According to the Permanent Secretary, the twin goals of achieving sustainable development and reducing poverty are embodied in Tanzania's National Development Agenda, which is articulated in the Tanzania's Vision 2025. The National Strategy for Growth and Poverty Reduction (NSGPR), popularly codenamed "MKUKUTA", is designed as the vehicle to realise Vision 2025. Consistent with the international development targets Tanzania aspires to meet the twin goals by attempting to

achieve the Millennium Development Goals (MDGs), which, among other things, anticipates reducing extreme poverty and hunger by half in 2015.

As far as the trade policy is concerned, in an effort to achieve the twin goals internationally, Tanzania, being a member of World Trade Organisation, participates in the negotiations of the Doha Development Round, which is a driving force for promoting sustainable development for developing countries, such as Tanzania. Domestically, Tanzania, in 2003, launched the National Trade Policy. The objective of this National Trade Policy is to enable Tanzania to identify ways and means of navigating through a viable and steady path towards competitive export-led growth for the realisation of the goal of poverty eradication. According to the Permanent Secretary, the adoption of the National Trade Policy implies that Tanzania commits itself to one direction of change, namely, that of applying trade liberalisation, based on selectivity and a gradual process of impacting positively on socio-economic development.

The Permanent Secretary, then, highlighted the critical issues facing the Tanzania economy that the Trade Policy addresses. These include:

- Consolidating consensus on trade development measures that will entrench the continuing policy shift from a protected and controlled economy towards a competitive market economy;
- Highlighting the central role and contribution of the trade function to the attainment of the primary goal of poverty eradication under the National Development Vision 2025;
- Identifying measures for the development of the domestic market as a tool of inclusion and broad-based participation in economic activities, based on improved market-infrastructure, technology diffusion and access to market information;
- Alignment of national development agenda with regional and international trade obligations and maximisation of the benefits of participation in regional and international trade arrangements; and
- Addressing the supply-side constraints that inhibit the expansion of trade within the domestic and global market, as the route towards rapid economic development.

On the linkages between trade, development and poverty reduction, the Permanent Secretary cautioned the participants that the linkages are still complex. Consequently, economists and trade experts are still engaged in a debate on how international trade impacts development and poverty reduction. He also challenged the project team to incorporate inputs from several studies and initiatives to further assess the various dimensions of the linkages and inform the policy debate on possible options that will orient trade towards contributing more to development agenda, including, but not limited to, poverty reduction. He cited a few examples of some studies, such as the Trade and Poverty Programme Report, which was prepared for the Ministry of Industry and Trade in 2004, to address the country's capacity to develop and promote a trade policy for the benefit of the poor, and the Diagnostic Trade Integration Study (DTIS) for Tanzania, which assesses, among other things, how changes in trade policy and removal of non-trade policy-related barriers to trade can impact positively on poverty.

As far as the launch workshop is concerned, the Permanent Secretary appealed to each participant to make maximum use of the opportunity to ponder on the issue of "how to make international trade work for the poor in Tanzania". In so doing, special considerations need to be made to

distinguish what policy can do to facilitate these linkages and what the policy cannot do. In particular, the linkages can be more effective where the Government (the custodian of policy) and the private sector (the custodian of the market) can have a dialogue and work together, through a sustainable responsive institutional framework that clearly identifies the roles and the responsibilities of each actor.

The Permanent Secretary was also confident that the wide range of experiences, knowledge and interests of the stakeholders participating in the launch workshop would greatly enrich the deliberations and, ultimately, the implementation of the project. He also called upon each stakeholder to participate effectively, by being as open-minded as possible, and offer constructive ingredients to the debate on “smart” options. The objective is not only to disseminate research results but also to make trade policy easy to be understood by the actors and solicit feedback on issues that limit effective implementation, or performance of, trade policy for poverty reduction. He also ensured the participants that his Ministry, being a custodian of trade policy, would offer maximum co-operation and effective collaboration, as socially accountable participants, to achieve the objectives of the project. Finally, he wished the participants very resourceful deliberations and, ultimately, a very successful workshop.

After the conclusion of his speech, the Permanent Secretary officially launched the project on “Linkages between Trade, Development and Poverty Reduction (TDP)” for Tanzania and officially opened the workshop.

1.4 Introductory Remarks on the Overview of the TDP Project by the Director of CUTS-CITEE, Nairobi, John Ocholla

During the welcoming formalities, John Ocholla, the Director of CUTS-CITEE in Nairobi was welcomed to give the introductory remarks on the TDP project. In his remarks, he presented the overview of the TDP project, specifically the background of the project, the objectives of the project and the specific activities of the projects.

In the background, Ocholla informed the participants that CUTS-CITEE is undertaking the TDP project under the support of the Ministry of Foreign Affairs, the Netherlands, and the DFID UK. The project is implemented in selected countries in Africa, Asia and Europe. It is a four-year project, starting from January 2005 and ending in December 2008.

Ocholla also informed the participants that there have been difficulties in identifying the linkages between trade, development and poverty. According to him, trade policy affects poverty both directly and indirectly. Indirectly, it affects poverty through its impact on economic growth. However, economic growth can better reduce poverty, if income distribution and other pro-poor growth policies in the country are addressed. Ocholla also informed the participants that the direct impact of trade policy on the poor is complex, as both the open trade policies and protectionist policies have had mixed impacts on poverty. He, therefore, informed the participants that, due to this fact, the project would look at these issues holistically.

According to Ocholla, besides identifying the linkages between trade, development and poverty reduction, the TDP project aims to help policy coherence between international trade and national development agenda. Other objectives mentioned included facilitation of cross-fertilisation of

experiences and lessons learnt; strengthening of the ability of developing countries on trade and development issues; facilitation of synergies between governments and the CSO; and advocating development-oriented trade policies

Ocholla ended his presentation by highlighting the specific activities of the TDP project. These include conducting perception surveys and participation in conferences both international and regional. In the perception survey, a case study approach will be undertaken. Two sectors will be selected, one which has benefited from trade liberalisation and the other which has not benefited from liberalisation. But, before the survey, a background paper will be needed. In the perception survey, the project will also analyse the implications of home-grown policies vis-à-vis externally imposed policies.

2 Paper Presentations and Discussion

After the opening session, the paper presentation and discussion session started. LaMotte, the Chairman-cum-Facilitator, welcomed the presenters, one after another, to give their presentations.

2.1 TDP Tanzania – Country Background Paper, by Dr. Josaphat Kweka, Research Fellow, ESRF

Dr. Josaphat Kweka presented the TDP background paper for Tanzania. He informed the participants that the background paper was prepared as part of the activities of the project and was co-authored by George Kabelwa, Justine Musa and himself. The contents of the background paper included the introduction, the macroeconomic environment, trade policy and performance, linkage between trade, development and poverty and the conclusion.

According to Dr. Kweka, the recent debate on trade and development hinges on the efficacy of trade in reducing poverty. He informed the participants that trade had assumed significant position in the PRS processes in the last five years. The argument is that trade is a source of growth, which is the basis of poverty reduction. The recent World Bank's DTIS (2005) summarises the evidence on Tanzania, that is, Trade contributed about 60 percent of the 3.8 percent average annual GDP growth (1990-2004). However, according to the DTIS, despite this contribution to the GDP growth, the growth had no significant effect on poverty reduction. Therefore, the background paper specifically asks whether this is due to missing impacts or linkages. Dr. Kweka noted that the objective of the TDP project is to consistently identify the TDP linkages and short-term impacts.

On Tanzania's macroeconomic environment and performance, in general, Dr. Kweka informed the participants that substantive part of reforms in Tanzania have included massive trade liberalisation; moving away from centrally-planned to market-oriented economic policy; privatisation of State-owned Enterprises (SOE's); recognition of private sector as the engine of growth; getting the "prices right", combating inflationary pressure; and institutional reforms that include improvement of the business operating environment. As a result, Tanzania achieved impressive macroeconomic performance overall, including, among other things, overall increase in the GDP growth, macroeconomic stability and increased resource inflows.

Dr. Kweka, however, identified a number of macroeconomic challenges facing Tanzania, despite the achievements of the reforms. These include slow growth of exports, hence worsening balance

of trade and the sustainability of growth and macro-stability. The issue of the sustainability of growth arises because of Tanzania's reliance on 'depletable' natural resources, the surge in aid inflows exacerbates dependency, and associated macro effects, the slow growth of the private investment, which seems to be crowded out by public investment, and the ineffective macro-micro linkages (i.e., distributional mechanism to avoid macro-achievements to micro-agents).

On specific trade reforms and policies, Dr. Kweka informed the participants that significant reforms and policies have been implemented. He cited a few examples, which include: (i) rationalisation and harmonisation of the trade regime in Tanzania, for example, the massive import liberalisation (reduction of rationalisation of tariffs), simplification of export procedures, abolition of export taxes and lifting of ban on export of cereals and elimination of NTB (by reform and tariff equivalent); and (ii) the Introduction of the National Trade Policy in 2003. The new National Trade Policy of 2003 anchors the government policy thrust to building a competitive export-led economy, but challenges exist in its implementation, for example, the exchange rate regime (managed float); favourable investment policy; macroeconomic and institutional reforms; falling inflation and turning REER; (iii) revision of export development measures, which include abolition of less effective export development measures; establishment of ECGS; and restructuring of BET's role and mandate; (iv) participation in the regional integration initiatives, such as membership of EAC and SADC; preparation of EPA processes at national and regional levels; and establishment of EAC Customs Union and possible fast-tracked federation; and (v) participation in the multilateral and bilateral market access and TA initiatives. For example, participation in WTO processes, including the DDA, Ana, NAMA and the July Package; initiatives at global level exists for Trade-related TA (e.g., JITAP) and market access opportunities by US (AGOA) and EU (EBA); and recent initiatives by the IF-NSC secretariat to establish Trade-Related Assistance (IF-TRAC) committee to enforce harmonisation and co-ordination of TRA.

On trade policy performance, Dr. Kweka informed the participants that there has been a fall in average tariffs, which has helped in increasing openness. However, Tanzania continued to experience slow growth of exports, driven by gold and tourism exports. Furthermore, traditional exports declined in share from 60 percent in 1998 to barely over 20 percent in 2004 (as non-traditional exports rose from 40 percent to about 80 percent, respectively); manufactured exports declined by half from 18 percent in 1990 to nine percent in 2004. Dr. Kweka also identified the successful export sector, other than gold, as being the fish industry and the worst one as being, presumably, textiles. India, Japan and Germany have been the leading export destinations, but in recent years, exports to South Africa, Kenya, Netherlands and China have shown dramatic increase. According to Dr. Kweka, the performance of export continues to be limited by low level of competitiveness, which is characterised by high production and transaction costs, unfavourable exchange rate, low technology base, low entrepreneurial capacity and poor markets and infrastructure.

On linking trade, development and poverty, Dr. Kweka informed the participants that the linkage between Trade and poverty is not straightforward, and that the conceptual framework that has been applied in paper only simplifies the causal links, so as to enhance analysis of impacts. According to Dr. Kweka, trade can impact poverty either directly or indirectly. In either case, several strong assumptions exist, the four most important ones are: (i) trade is pro-poor; (ii) the poor are able to participate in trade; (iii) the market institutions exist and are pro-poor; and (iv) conditions for trade performance are favourable.

In his presentation of the conceptual framework of how trade can impact the poor, Dr. Kweka identified three institutional conduits. These include: (i) enterprises, which offer jobs and wage income; (ii) distribution, which mainly impacts on prices and helps increase the welfare of the poor, through consumption of cheap products; and (iii) the government, through its pro-poor expenditure. Dr. Kweka, however, cautioned that the effectiveness of these channels depends on the extent of internal barriers to production and exchange; the extent of the rationalisation of the tariff structure and the removal of unnecessary NTBs; and the capacity of the poor to participate in the production and exchange.

Dr. Kweka then showed how each of the three trade-poverty channels has performed in Tanzania. Under enterprises, he focused on the three sectors which Tanzania has export interest in, namely, agriculture, tourism and mining. He informed the participants that there seems to be agreement that growth of agricultural exports is most effective in reducing poverty, since agriculture is the major economic activity of the poor – mostly found in rural areas. He also noted that households in export sectors have lower poverty rates and, in addition, income growth in rural areas is approximately four times as efficient in reducing poverty as growth in urban areas. He also noted that, Tanzania's traditional export crops have done worse than comparable economies in Africa. The other sector which h

With tourism and mining, whereas significant backward linkages, key for growth and prominent in pro-poor sectors exist in the tourism sector, the mining sector despite being a top key driver of economic growth, has insignificant linkages in the economy. Therefore, with the impressive performance of the tourism sector, Tanzania can reduce poverty by designing appropriate policies that can make the sector contribute to poverty reduction.

On distributional evidence, Dr. Kweka underscored the role of infrastructure and related transaction costs in raising the prices of the products and, hence, reducing consumer surplus. According to Dr. Kweka, the investment in transport infrastructure is considered a priority in the PRS. In one of his recent studies, he showed that improvement in infrastructure efficiency can significantly reduce marketing margin and increase growth rate by about three percentage points.

On the Government pro-poor expenditure, Dr. Kweka showed that over 50 percent of the 2005-06 budget is allocated for PRS2 (MKUKUTA), with pro-poor sectors experiencing real increase in allocation. Dr. Kweka, however, noted that most of this expenditure is not financed by trade revenues, as tariff rates have continually been reduced, export taxes abolished and royalties in mineral exports have been low.

On policy response on trade and poverty, Dr. Kweka informed the participants that market alone cannot deliver pro-poor growth. Therefore, there is need for the Government to intervene, especially in addressing complementary policies for trade performance.

Dr. Kweka also informed that participants that the Terms of References require two sectors to be analysed in Tanzania: one representing a success story of trade liberalisation and the other a failure case of trade liberalisation. The intention is to understand factors which were responsible for the success, or the failure, in order to be in a position of raising the effectiveness of our trade policy. Dr. Kweka, therefore, informed the participants that TDP-Tanzania has identified the fish

sector as a successful sector and the textile sector as a failure sector. He noted that both sectors are export-oriented, pro-poor and comparatively advantaged for Tanzania.

Dr. Kweka concluded his presentation by saying that clearly trade has not led to significant poverty reduction in Tanzania. Hence, Tanzania faces two questions, which need analysis. First, is it due to missing impact on growth or link between growth and poverty? And, second, is Tanzanian trade poverty-reducing? From the evidence, trade seems to impact favourably on growth, but the link between growth and poverty is missing. Unfortunately, poverty-reducing trade (especially exports of traditional crops) grew sluggishly. The real challenges for Tanzania seem to be on how to effectively increase export supply capacity; improve macro-micro linkages (e.g., through further institutional reforms and enhancement of distributional measures); and target measures to increase the capacity of the poor to participate and bargain in export activities.

2.2 Trade and Poverty: The Gender Dimensions, by Dr. Flora Kessy, Research Fellow ESRF

Dr. Kessy started his presentation by defining poverty. According to her, until recently, poverty has been defined exclusively as a shortfall in private consumption or income and is viewed in absolute, rather than relative, terms.

One approach that has emerged includes additional elements, such as access to common property resources and state-provided commodities, possession or lack of assets, dignity, autonomy, etc. The proponents of this approach argue that poverty should be viewed as a process, rather than a state of being, and that those living in poverty should be seen as deploying whatever assets they possess in an effort to cope with poverty.

Another approach is the capabilities approach, which defines poverty in the realm of deprivation, that is, lack of capabilities essential for escaping poverty. Relative deprivation in incomes and commodities can lead to an absolute-deprivation in minimum capabilities. Thus, poverty, in absolute terms, is seen as related to relative deprivation and social inequality. This approach focuses not only on income poverty but also on human poverty, defined as the denial of opportunities and choices to live a most basic or tolerable human life.

According to Dr. Kessy, the poverty concept has also been revised to include both physical and social deprivation, including powerlessness, and social exclusion. People have also been involved in defining their poverty condition. Thus, it has now been acknowledged that poverty is not just a shortfall in consumption or income, but is multidimensional, involving lack of power, assets, dignity, access to public resource and time. Poverty is also a dynamic phenomenon that is socially reproduced over time and from one generation to the next. It is the consequence of interesting structural inequalities across and within nations such as those based on class, race and gender. Thus, patterns of inequality are seen to be of crucial importance in understanding, as well as reducing, poverty. Dr. Kessy also noted that men and women experience poverty differently. In addition, it is recognised that, while growth is important for poverty reduction, countries cannot rely on high growth rates as the primary way to reduce poverty. Therefore, empowerment of poor people, particularly women, is critical to poverty reduction.

On linking trade and poverty, Dr. Kessy warned that assessment of trade policies and trade performance from a human development perspective must employ a much broader perspective, shifting from an exclusive focus on market-based criteria to include non-market criteria. Since inequalities influence the outcome of macroeconomic and trade policies, such assessment also needs to take into account the impact of social inequalities on trade performance. In particular, gender inequalities are important to an understanding not only of the social content and social impacts of trade policies but also of the relationship between trade policies and poverty reduction. An examination of the relationship between gender inequalities and trade policies and trade flows is an entry point for an investigation that takes a broader view of development, poverty and well-being. Gender is important not only for its own sake, as a human rights issue, but also because of the interactions between gender inequalities, on the one hand, and the dynamics of growth and poverty, on the other.

Dr. Kessy summarised the conceptual entry points as follows: (i) gender relations influence the distribution of output, work, income, wealth and power; (ii) gender influences the economic behaviour of agents, but men and women do not always respond in the same way to similar economic phenomena; (iii) institutions, including “markets” and the state, transmit gender biases in economic life; and (iv) labour is a produced input, whose costs of production and reproduction remain partly invisible, as long as unpaid household work, performed mostly by women, is not considered part of economic activity.

According to Dr. Kessy, a comprehensive assessment of the gendered impacts of trade reform include: (i) changing patterns and conditions of work, including paid and unpaid work; (ii) changes in gender gaps in wages, earning, patterns of ownership and control over assets; (iii) changes in consumption patterns and use of technology by men and women; and (iv) changes in public provisioning of services and their gendered impacts, as well as the gender-differentiated empowerment implications of trade flows. According to her, the central questions should be whether trade reform and the emerging patterns of trade perpetuate, accentuate or erode the existing gender inequalities, and whether there is a change in gender-based power relations within households, communities and the society at large.

Dr. Kessy then presented some empirical evidence of the linkages between trade and gender inequality. She noted that the empirical evidence is drawn from experiences in several countries, both developing and developed countries. Dr. Kessy identified five key issues in the analysis of the linkage between trade and poverty, as far as gender is concerned. These include: (i) participation of women in paid employment; (ii) gender differentiated impacts of trade policies; (iii) trade liberalisation and working conditions; (iv) trade, gender and labour standards; and (v) gender sensitive trade policies.

On participation of women in paid employment, Dr. Kessy observed that export-orientation in developing countries has developed in tandem with the feminisation of paid employment. Specifically, manufacturing exports have been associated with female-intensive labour, which include textiles, apparel, electronics, leather products and food processing. By contrast, in most industrialised economies, increased trade with developing countries has led to loss of employment in industries such as textiles, apparel and leather goods, where women are over-represented.

On gender-differentiated impacts of trade policies, Dr. Kessy observed that feminisation of employment, through export-orientation, has been found to be more common in the manufacturing sector and semi-industrialised economies than it is in agriculture-based economies. According to her, case studies suggest that trade liberalisation in agricultural economies can disadvantage women or benefit them less than men, even when traditional export crop production increases.

Dr. Kessy cited a few examples of experiences in many sub-Saharan African countries, as regards gender-differentiated impacts of trade policies. For example, although women constitute the backbone of agricultural production and their work is critical for food security, they are usually small farmers or engaged predominantly in the production of food crops. Also, trade reform tends to advantage large and medium producers, and disadvantage smaller ones, partly through intensified import competition. When opportunities emerge with new markets, women are slow to take advantage of them, as they often lack access to credit, new technologies, knowledge of marketing and the like. The impact of these changes is likely to be more severe for women-headed households and for poor women. Moreover, in instances where the household income increases with increased cash crop production for export markets, the well-being of women and children may not improve. Increase in family income may be accompanied by a decrease in food crop production. As women's labour is mobilised in cash crop production, the family nutritional intake might suffer, while the work burdens of women and girls increase. This is more likely to happen when men retain control over the increased household income and use it for their own consumption.

According to Dr. Kessy, although research is sparse, there are reasons to expect that trade liberalisation in predominantly agricultural economies may jeopardise women's livelihoods and well-being. In addition, women will be the last to take advantage of the opportunities created, owing to the gender division of labour and gender-based differences in ownership and control over land, credit, production and marketing knowledge.

Trade liberalisation has been deemed to be beneficial for women in semi-industrialised economies, as it helps close the gender gaps in employment and wages. However, liberalisation creates "winners" and "losers" among women, even if there is a net gain in women's employment, compared to men, and conditions such as job security, health and occupational safety and pay may not improve for women, as they make relative gains in employment. Indeed, they may deteriorate under the pressure of international competition. Feminisation of employment may be a temporary phenomenon, which may reverse at later stages of export-promotion, as exports move up the skill ladder, or as export quotas are removed. While the overall expansion of women's paid work may be viewed as potentially empowering to women, this also spells an increase in women's overall work burdens, as increases in women's paid work are not accompanied by a similar reduction in their unpaid household labour.

On trade liberalisation and working conditions, Dr. Kessy observed that trade liberalisation, and market liberalisation policies, more generally, have served to weaken workers' rights as labour-market deregulation has been justified in the name of staying competitive internationally. Workers' bargaining power and the Governments' ability to protect workers' rights has been further eroded by the increased mobility of capital. Thus, what is important is not only whether women and men are gaining in employment opportunities but also to what extent they are able to negotiate for better wages and working conditions. Even women who may be making gains in some dimensions, such

as employment, may be losing in other dimensions, such as leisure time, or facing a deterioration of their health conditions through their work in hazardous workplaces. Dr. Kessy gave an example of the cut flower sector.

On trade, gender and labour standards, Dr. Kessy informed the participants that what initially brought the issue of labour standards to the trade agenda was the fear of downward harmonisation of wages and working conditions in the context of trade liberalisation. The core labour standards presented in the Declaration on Fundamental Principles and Rights at Work by the International Labour Organisation (ILO), in June 1998, refer to (i) freedom of association and the effective recognition of the right to collective bargaining; (ii) elimination of all forms of forced or compulsory labour; (iii) effective abolition of child labour; and (iv) elimination of discrimination in employment and occupation. These conventions have been identified by the ILO as being “fundamental to the rights of human beings at work”, irrespective of the level of development of individual member states.

Two other ILO conventions are important, particularly for women, namely, the 1996 Home Work Convention and the 2000 maternity convention. The implication of the ILO conventions, from a gender and poverty perspective, is to empower workers to collectively organise themselves. Part of the reason for the perpetuation of poverty has to do with women’s lower wages, compared with men, with particularly adverse affects on poor–women-headed households. Low wages, especially for women, also encourage greater reliance on child labour, which depletes capabilities, health and well-being and further depresses adult wages in countries where child labour is relatively widespread.

On gender-sensitive trade policies, Dr. Kessy reported that gender awareness has not been one of the factors in the negotiation of trade agreements and policies. Women and women’s voices are largely absent in trade policy-making institutions and very few men in such institutions acknowledge the relevance of gender to trade policies. Thus, according to Dr. Kessy, promotion of gender awareness in trade issues is of essence and the following measures can be undertaken:

- (i) integration of gender perspectives into all country-level WTO work;
- (ii) the inclusion of gender in the Trade Review Mechanism;
- (iii) promotion of the availability of disaggregated data for trade analysis;
- (iv) making visible the gender-trade links in trade analysis;
- (v) review trade policies to incorporate gender aspects of trade (see Tanzania Trade Policy);
- (vi) strengthen the capacity of trade-related ministries to apply a gender analysis to all policies and programs;
- (vii) trade-related ministries must work more closely with ministries of women’s affairs; and
- (viii) at the global level, achieving more gender-equitable trade policies requires a serious dialogue on the need for a new institutional structure and how the WTO can be reformed to carry out some of the needed functions.

In her conclusion, Dr. Kessy emphasised the need to analyse two critical questions, in order to identify the linkage between trade and poverty, as far as gender is concerned. First, whether trade reforms and emerging patterns of trade perpetuate existing gender inequalities and, thus, increase poverty. In other words, we need to know whether trade reforms and emerging patterns of trade have:

- (i) decreased bargaining power and, thus, less wages/income; decreased welfare of households;
- (ii) led to deteriorating health conditions, resulting from poor working conditions;
- (iii) increased women's workload;
- (iv) decreased household nutritional situation, as a result of decreased women's income; and
- (v) decreased employment opportunities, as a result of openness to foreigners.

Second, whether trade reforms have resulted in change in gender-based power relations within households, communities and the society, at large. In other words, whether trade reforms have:

- (i) increased employment opportunities for women;
- (ii) increased income for women;
- (iii) increased markets for products manufactured by women; and
- (iv) increased women's empowerment - increased control and access to resources, access to market information, access to credit, etc.

2.3 The Role of Trade in Achieving MDG/MKUKUTA Targets, by Amon Manyama, National Economist/Team Leader, Pro-poor Policy Development and Poverty Monitoring Unit, UNDP

In the introductory section, Manyama stated the aim of the paper, that is, to examine the contribution of trade to development and poverty reduction in Tanzania. Specifically, the paper addresses;

- (i) the importance of international trade in achieving the MKUKUTA and MDG targets of sustainable development and poverty reduction;
- (ii) identifies the potential constraints and prospects for mainstreaming international trade into national development agenda; and
- (iii) recommends the way forward for the implementation of the trade policy for poverty reduction and for advocating the role of trade in the MKUKUTA/MDG framework.

According to Manyama, while PRSP (2000) highlighted the importance of trade and the private sector as the engine of growth, not enough attention was paid to precisely show how this is to come about. With the development of the National Trade Policy and SME policy in early 2000s, which take cognisance of the critical role of trade and private sector development in achieving the Vision 2025, it was possible to integrate trade policy in the new generation of PRSP, i.e., the MKUKUTA. As regards the MDGs, Manyama also noted that a number of external and domestic policy interventions are needed to reinforce the relationship between the MDGs, poverty reduction and sustained growth. At the top of the list is foreign market access, which, when complemented with trade capacity building, will result in export growth – an important growth pole.

According to Manyama, in theory, the idea that participation in trade enhances human welfare is as old as modern economics. From different perspectives, Adam Smith, David Ricardo, John Stuart Mill and Karl Marx all argued that specialisation, through trade, would increase productivity, economic growth and living standards. While many of their insights remain valid, the pathways between trade and human development are complex. In practice, evidence shows that countries do not necessarily do better because they are more open, but gradually open up as incomes increase.

The trick has been to combine the opportunities offered by global markets with strategies for domestic investment and institution building, to stimulate domestic entrepreneurs.

As regards the trends, Manyama pointed out that, while trade has risen as a share of the GDP from 40 to 55 percent, the Sub-Saharan region's share (excluding South Africa) of world exports has fallen to 0.3 percent. The trend implies that losses from trade can outweigh the benefits associated with aid and debt relief. If Africa enjoyed the same share of world exports today as it did in 1980, its exports today would be some \$119bn higher (in constant 2000 dollars). That is equivalent to about five times the aid flows and budget savings from debt services relief provided by high-income countries in 2002.

On how trade could deliver for the MKUKUTA and the MDGs, according to Manyama, five issues should be taken into consideration:

- (i) *Export success*, where export value addition – a measure of wealth created – leads to economic growth, which, in turn, leads to poverty reduction through resource allocation and income distribution. Manyama, however, pointed out that there is two-way causality between economic growth and human development.
- (ii) *Benefits to household*, where exports can provide an important source of income (e.g., the case of Vietnam in rice exports) and employment (e.g., the case of Bangladesh in garment exports).
- (iii) *Imports and production capacity*, here, Manyama cited an example of Korea and Taiwan, where imports of cheaper capital goods helped these countries, which exported labour-intensive manufactured goods to adapt the technologies needed to diversify their manufacturing sectors, raise productivity and enter higher value-added areas of world trade.
- (iv) *Adjustment costs*, in which, according to Manyama, are inevitable for any reform affecting national markets. Because of the adjustment costs, there must be winners and losers from a reform. The Government should, therefore, intervene to ensure that the benefits are widely distributed and that vulnerable populations are protected from the costs.
- (v) *Policies in developed countries*, in which Manyama pointed out that unfair and unbalanced trade rules are hampering international efforts to achieve the MKUKUTA and MDGs targets. The Doha Round provides an opportunity to address this problem, but there has been little progress so far. According to Manyama, developed countries need to fully implement the MDG8 on global partnership.

Manyama, then, continued his presentation by highlighting the important conditions for trade to deliver for the and the MDGs. These include developing an active industrial and technology policy; managing openness; tackling inequality; reducing vulnerability; confronting the “resource curse”; and counting social and environmental costs.

- (i) *Industrial and Technology Policy*: According to Manyama, success in global economy depends increasingly on the development of industrial capabilities. However, since climbing the value chain depends on managing the processes of adapting and improving new technologies, an area with widespread market failure, the Government must intervene, to overcome the market failure and create incentive for development of local technological

capacity, by regulating foreign investment, encouraging reverse engineering of imported technologies and restricting some imports, as in the case of Korea, Taiwan and China.

- (ii) *Managing Openness*: Here, Manyama cited the cases of Mexico and Vietnam, to illustrate the type of openness that can result in poverty reduction. While Vietnam was successful because of broad-based and inclusive export growth, a commitment to equity and gradual and selective liberalisation, Mexico experienced failure because of weak industrial activities, characterised by simple assembly and re-export of imported components and export associated with limited local value. In addition, Mexico had high degree of initial inequality and adopted rapid liberalisation under the NAFTA. The contrasting cases of Mexico and Vietnam underline the importance of viewing trade policy, especially exports, as an integral part of national poverty reduction strategies, rather than as stand alone efforts.
- (iii) *Tackling Inequality*: According to Manyama, participation in trade can exacerbate inequality, as poor people absorb the adjustment costs of increased competition from imports, while people with assets and market power take advantage of opportunities provided by exports. Manyama cited a few examples on cases where export performance could not translate into poverty reduction in the face of inequality, that is, Madagascar, since the late 1990s, has experienced a surge in textile and apparel exports, but the jobs created were predominantly for skilled workers. Brazil is the world's fourth agricultural exporter, but about four firms account more than 40 p of the export. Guatemala has sustained export growth rates of more than 8 percent, but with minimal progress on human development because of inequality.
- (iv) *Reducing Vulnerability*. According to Manyama, integration into world markets creates opportunities, but also creates risk. These risks, particularly for countries which are heavily dependent on primary commodity trade, like Tanzania, are linked to price vulnerability, potential for policy change in importing countries and competition-related shocks. Consequently, participation in trade creates losers and winners and it brings with it adjustment costs. Poorly managed adjustment can inflict high human development costs. Some protection mechanisms need to be in place to protect the losers.
- (v) *Resource Curse*: According to Manyama, oil and mineral wealth, generated through exports, can be bad for growth, democracy and development. Resource curse operates by weakening institutions of governance, creating perverse economic incentives and creating conditions for conflict. For example, it is estimated that less than 10 percent of Equatorial Guinea \$700mn in oil revenue goes into Government coffers. However, some countries have wisely used their resources – for example, Botswana and Norway.
- (vi) *Social and Environmental Costs*: According to Manyama, inappropriately regulated or unregulated export growth can undermine human development, through its impact on the environment. Export growth figures do not take into account human costs and environmental externalities that weaken the links between trade and human development. Factoring in these costs and externalities is one of the primary conditions for making trade work for human development.

Manyama, then, identified five trade interventions in the MKUKUTA. These included growth and reduction of income poverty; broad-based growth and equity; external shocks and disaster management; infrastructure, science and technology; and structural and institutional reforms. For example, under growth and reduction of income poverty, the sources of growth which have direct

and indirect bearing on trade include: (i) a well-educated society is critical factor for trade development in a knowledge-based global society; (ii) the importance of infrastructure network to facilitate trade can not be overemphasised; (iii) increases in factor productivity; (iv) private sector development (PSD); (v) domestic trade; (vi) trade development towards a diversified and competitive economy; (vii) trade-related assistance to increase the capacity of domestic producers, particularly SMEs and rural producers; and (viii) attract more FDI with a view to realising the gains in form technology transfer and increased productivity and diversification of the structure of the economy.

According to Manyama, there are several constraints that impede the mainstreaming of trade into national development. In addition to the supply side constraints, these include: demand-side constraints, particularly poorly developed domestic and regional markets; challenges for good governance and problems in economic management and structure, such as investment climate, agriculture dominated, security, etc; inadequate development in legal and regulatory framework impacting the performance of the business sector; limited knowledge on links between trade and human development, for example, trade and environment, trade and gender, etc.; limited prior knowledge about transmission mechanisms that determine the effect of trade on poverty in a country context; impediments to international trade, including non-tariff barriers and unpredictable behaviour of trade partners, for example, India and China levy high tariffs on cashews, cotton, coffee, tea, gemstones, fish and seafood; limited capacity of the private sector to participate and influence policy-making; lack of a clear industrial policy; inadequate and weak infrastructure development – physical, technology and financial; and inadequate institutional set up to implement joint sectoral/cluster planning and implementation. It may be the case that the public sector configuration is still inadequate.

There are, however, several prospects of mainstreaming trade into national development agenda. According to Manyama, these include the fact that the MKUKUTA had an opportunity to be informed by the National Trade Policy (Feb. 2003) and SME Policy (April 2003) documents. Manyama, here, warned that reflection of these policies in the MKUKUTA should continue in the implementation and monitoring stage. Second, the integration of Trade in the Public Expenditure Process as part of cluster one. It is to be noted that the second generation of the PER has taken the “cluster” approach, which makes trade an integral of cluster one (growth and reduction of income poverty) and three (good governance). Third, the review of the Poverty Monitoring System brings to the fore the discussion about enhancing monitoring of cluster 1 of the MKUKUTA. The review of the PMS is an opportunity to integrate monitoring of trade targets and its impact on development and poverty reduction. Fourth, implementation of trade policy through cross-sectoral collaboration arrangement to strengthen linkages and tape synergies as it is provided in MKUKUTA. This will enable stakeholders to reflect on how trade impacts on the implementation and achievement of other policies. Fifth, build on ongoing reforms to increase involvement of private sector in the preparation of policies, reforms and implementation e.g. promoting productive capacity and integrates trade capacity building. And sixth, review the findings of the “diagnostic trade integration study” and prepare programme for implementation.

Lastly, Manyama recommended broadly scaling up private-public partnership consultation mechanisms in promoting the participation of the private sector in business, including the provision of public services. More specifically says: (i) continue strengthening planning and implementation capacity, particularly the “cluster” approach; (ii) make deliberate efforts to foster regions and district

investment forum; (iii) identify sectors to explore areas of collaboration, in the pursuit of specific poverty reduction outcomes; (iv) continue to undertake assessments of trade institutional and capability development needs akin to those undertaken for human development; (v) fast track implementation of recommendations which emerged from the “Diagnostic Trade Integration Study” 2005; (vi) mainstream trade into other national policy-making processes, such as Public Expenditure Review and the MKUKUTA monitoring system; (vii) emphasis should go beyond liberalisation and privatisation; and lastly, (viii) there is no 'one size fits all', when it comes to promoting trade as an engine for growth. However, the emphasis on adequate human resources, public infrastructure, social peace and political and economic stability are the keys.

2.4 The Linkages between Trade Development and Poverty in Tanzania: Experiences from Grass Roots, by Reuben R. Matango, Chairman, Mtibwa Outgrowers Association

Matango observed that Tanzania has, for some decades, now undertaken many significant structural reforms, including liberalisation of trade. With these reforms and the liberalisation measures, Tanzania has managed to attain the growth rate of six percent and managed to attract a significant amount of FDI inflows. However, in August this year, the United Nations revealed its survey of 177 countries in the world, in terms of Human Development, and Tanzania emerged 14th from the bottom of the list. According to Matango, while there has been an increase in the GDP growth rate and FDI inflows, there has been increased inequality in income distribution, as the gap of the have and the have-nots has increased. His paper, therefore, attempted to show that the gap can be narrowed, if not bridged, by involving private sector organisations and some Civil Society Organisations at the grass roots.

Matango informed the participants that Civil Society and Private Sector Organisations play an important role in making international trade work for the poor Tanzanians, because they are the representatives of the poor Tanzanians. He noted that 87 percent of the Tanzanians are living in the rural areas and are engaged in agriculture. Part of the reason for poverty in the rural areas is that of poor infrastructure, including roads, bridges, power, irrigation systems, markets and processing, transportation systems, markets and processing facilities. In addition, capacity building is insufficiently provided and there a number of taxes that act as a burden to smallholder farmers.

As far as the private sector is concerned, Matango observed that the absence, or lack, of even partial legal protection has opened doors to investors who have formed cartels in the guise of “associations”, such as in tobacco and sugar, to make huge profits, at the expense of the smallholder farmers. It is, therefore, not surprising to note that more than 10 million people in Tanzania live below the poverty line. Although the private sector should be supported, since it is an engine of economic growth, Matango called for the Government to subject it to regulations, so that it is largely under local control, the one that upholds the permanent interest of Tanzania. The Government must also plan carefully and co-ordinate its many ministries to come up with a concrete policy for economic growth and poverty reduction, that is, policy reforms must be carefully thought of and planned to protect the present and future national interests. On international trade, such governments should empower the private sector with necessary analytical skills in negotiations for trade negotiations. The Government should also offer assistance for creating a

strong private sector from the grass roots, which will also contribute to looking into opening doors to International Trade. According to Matango, increased production at the grass roots will necessitate looking for export markets, as well as creation of local forums for smallholder farmers or business to defend their interest against exploitative market systems.

As for Civil Society Organisations, Matango noted that many Civil Society organisations are merely briefcase organisations, as they have no vision for or interest in promoting the development of the society. According to him, serious and potential NGOs and Civil Society Organisations are actively working at the grass roots, at regional, district and national levels. These include groups involved in gender networking, advocacy, farmer group networking, academics, researchers and farmer associations. He also noted that, currently, grass-roots farmer organisations, especially smallholder farmer groups, are on the increase countrywide. He cited a few examples of these, such as MVIWATA, VYAHUMU, VIBINDO, PELUM, Smallholder Tea Association, Sisal Outgrowers Associations and the Sugarcane Outgrowers Associations, which are notably active in poverty alleviation.

Matango, then, took time to present the experiences of Sugar Cane Growers Associations of Mtibwa and those of nearby area of Kilombero. According to Matango, unlike the post-socialism co-operative societies, where the Government changed the people-owned co-operatives into government-run co-operatives, based on village councils, the out grower associations formed their own associations, with democratically elected leaders. Their objectives are to represent farmers' interests in the Government and other forums, including markets and better crop prices; play advocacy role; source for funds and extend the same as loans to members; educate farmers on proper crop husbandry and entrepreneurship, through training, study tours, etc.; acquire machinery, equipment and inputs for cane development; promote education on Sugar Cane farming, through school building contributions and establishing cane fields for schools; environmental conservation and any other activities conducive to the development of the Association and members.

According to Matango, many things have been achieved since the establishment of these associations, including doubling of their memberships; acquiring some machinery and equipment; employment creation; establishment of SACCOS, which source for cane Development Funds and extend it to cane growers; and an increase in the production of cane, which has increased by 22.7 percent. However, like many other CSOs and private sector organisations, they still lack skills in trade negotiations.

Matango concluded that, in order to understand the critical issues on CSOs and private sector capacity building, so as to influence and implement trade policies in Tanzania, a participatory research approach is necessary. There are areas where the researcher can learn a lot from the farmers' experiences. The limited capacities in their area can be increased through understanding of their existence and kinds, so that they can be solved through a need-driven approach. Quick action is called for, because the country is taken by events as globalization unfolds. Tanzania lags behind and its citizens will continue suffering from abject poverty. Matango also recommended that the research findings coming out of this project should be given to the affected organised people in the rural areas, at the same time, creating awareness will go hand in hand with necessary capacity building and employment. According to Matango, as this has been done elsewhere, it can also succeed in Tanzania.

2.5 Engagement of Civil Society and the Private Sector in Trade Policy for Poverty Reduction, by Andrew Mushi, Programme Officer, Policy and Advocacy, TANGO

As an introduction, Mushi informed the participants that many national and international trade policies and instruments recognise Civil Society Organisations as the key actors. Their roles and responsibility will be to build local capacity and empowering communities to participate in monitoring and evaluation at national and community levels, mobilising and enhancing community participation, as well as community resources, for fair trade and economic justice. CSOs will advocate for accountability of its members and the Government to the people.

Mushi, then, identified the four major types of CSOs operating in Tanzania. These include the service delivery CSOs, which include education, income generation and services delivery CSOs (These are normally found at the local-level); the support providers to social welfare CSOs, which represent disadvantaged groups that are not able to articulate their needs/interests individually (e.g., the disabled, the blind, etc.); and the research CSOs, which deal with research, information generation, documentation and dissemination. They, sometimes, identify policy gaps and policy analysis and advocacy CSOs, which monitor policy development and implementation. They identify policy gaps and advocate for changes. Mushi noted that there are inter-linkages in the work of all the above-mentioned categories of CSOs.

According to Mushi, the two key challenges of engaging the Civil Society in trade include lack of availability and accessibility of trade information to all citizens and low capacity building, to enable a better engagement from the base to the national level and vice versa. Mushi proposed a number of roles that the CSOs, depending on their position, ability and capacity, could play to address those challenges. These included:

- *Popularising policy:* Here, Mushi proposed the use of the four Ds, that is, Design, Demystify, Distribute and Discuss. It should be noted that a policy is designed by experts after wide-ranging consultation.
- *Research and social action:* Here, Mushi emphasised the need to break the barrier between action and research – the two must become part of the same process.
- *Campaign:* Here, Mushi observed that CSOs in Tanzania have used campaigns to push for certain demands to government(s). There is time when certain policies need concerted efforts to be implemented or changed. CSOs seek the support of stakeholders and other well-wishers.
- *Negotiation:* Here, Mushi noted that CSOs have the capacity and the experience of working with the grass roots. A negotiating team could benefit greatly from this wealth available in the CS.
- *The use of mass media effectively to disseminate information:* Here, Mr. Mushi noted that this is necessary in order to inform, educate and entertain the public. The media can also sensitise and mobilise people into taking action on matters that affect them. It can play a significant role in shaping people's attitudes, values and perceptions.

- *The use of popular theatre:* Here, Mushi noted that popular theatre speaks to the common man in his own language and deals with problems which he can recognise. The purpose of popular theatre is to stimulate ordinary people to analyse their situations so as to plan, act and makes changes in their world.
- *Monitoring:* Here, Mushi suggested that this should be a continuous process of collecting and analysing data to compare how well a project, program or policy is being implemented against expected results.

In conclusion, Mushi noted that, for the above roles to complement each other and for a CSO to play a particular role, it will depend much on the availability of funds and expertise. Given the nature and role of CSOs in the community, their role should be that of bringing grass-roots issues and concerns to the attention of policy makers.

2.6 Discussion of the Papers

2.6.1 Comments from the Floor

After the paper presentations, the Chairman gave a brief summary of what was presented. Then, he opened the discussion to the floor.

Lucas Katera (REPOA)

In the paper presented by Dr. Kweka, Katera was concerned about the failure of the macroeconomic performance and trade performance in addressing poverty in Tanzania.

Talking on macroeconomic performance, he said that, although Tanzania has performed well in terms of economic growth, poverty has increased. Katera attributed this to the lack of macro-micro linkages, which have hindered the macroeconomic achievements in being translated into micro-economic improvement. He singled out urban-rural income inequality as one of the contributing factors to this.

On trade performance, Katera said that, although Tanzania has recorded a high export growth over the past few years, most of this growth was attributable to mineral export performance. However, the Government has been granting the mining sector massive tax incentives, in order to attract investments. With lack of backward linkage in the mining sector in Tanzania, accompanied by the government policies that reduces tax revenue coming from the sector, the linkage between trade and poverty is, therefore, highly affected.

Amon Manyama (UNDP)

Manyama commented on the papers presented by Dr. Kweka and Dr. Kessy.

According to Manyama, the paper presented by Dr. Kweka focused on only two policies: national trade policy and SMEs policy. Manyama, therefore, was concerned about the exclusion of the industrial policy. Manyama also called for more emphasis on the issues of income distribution and

pro-poor growth. According to Manyama, the issue of inequality in income distribution originates from inequality that is inherent in the distribution of productive assets such as land ownership, forest, water bodies and finance, among others. Manyama also warned that most of the 50 percent of government revenue that is needed for the implementation of the MKUKUTA and the MDGs is likely to be channelled into financing the wage bill.

As regards Dr. Kessy's paper, Manyama added two important issues that can address the issue of trade and gender. These are governance and human rights.

Ms. Beatrice Hezekiel (TGNP)

On Dr. Kessy's paper, Ms. Hezekiel was concerned about conflicting policy statements and in-laws. According to her, the Government has signed a lot of conventions and these conventions have not been domesticated. Therefore, there is need to domesticate these conventions in order to make them operational.

Ms. Hezekiel was also concerned that none of the papers presented has covered the issue of HIV/AIDS. According to Ms. Hezekiel, this issue is very important, since about two-thirds of the women in Sub-Saharan Africa are at risk of contracting HIV/AIDS.

Ms. Hezekiel also noted that, while the cost sharing policy has been hurting the poor, it has been strengthened. She also called for the project that is launched to advocate action-oriented research.

Jalibu Mwene-Milao (SIDO)

According to Milao, it is inevitable that trade should lead to poverty reduction because of specialisation. Therefore, if we look at the two channels that trade can contribute to poverty reduction, we have to ask ourselves what went wrong. For example, in the direct channel, agricultural exports have been performing well over the years in Tanzania, why has it failed to reduce poverty? Is it because of bad land distribution? In the indirect channel, what has the Government done to distribute income from export activities?

Abel Lyimo (DAIPESA)

According to Lyimo, with trade liberalisation, Tanzania is on the losing side, in terms of international competition. This is because Tanzania exports mainly primary commodities, like cash crops, with fluctuating prices in the world market, and also exports products of low quality. Lyimo, therefore, recommended the need to build the capacity of local investors, in order to be able to produce quality products. Lyimo also recommended that, in order for farmers to be able to compete in the world market, they should form farmers' groups. Lyimo was also concerned about the bureaucracy surrounding the formation of farmers' groups and associations.

Dr. Stergomena Tax – Bamwenda (BEST Program)

Dr. Tax wanted clarification about the purpose of carrying out the perception survey and the need to know whether the policies are home-grown or imposed from abroad. The questions were directed at. Ochalla, who presented the overview of the TDP project.

As far as the paper presented by Dr. Kessy is concerned, Dr. Tax was concerned about feminisation in work places. According to Dr. Tax, the major issue is not the number of women at work places but rather at what level of work they are employed. That is, there is a need to know whether they are employed at unskilled level, semi-skilled level or skilled level.

As far as the paper presented by Dr. Kweka is concerned, Dr. Tax identified other key constraints that make trade fail to reduce poverty. These were lack of convergence between various national policies; low productive capacity; trade-related constraints; failure to exploit the domestic market as a starting point in learning to compete in the international market; and inadequate emphasis on safety, hygiene and quality.

2.6.2 Responses from the Presenters

The Chairman, then, called upon the presenters to react to the comments made by the participants.

Dr. Kessy

Dr. Kessy concurred that it is important to look at women in different categories of wage employment. She also agreed that there is a need to include the gender impact of HIV/AIDS. According to her, HIV/AIDS has a woman face. She also agreed on taking on board issues about governance and human rights in trade and poverty analysis.

John Ochalla

About the purpose of the perception survey, Ochalla responded by saying that each partner country on the project will choose the sector which performed well in trade liberalisation and the sector that performed poorly because of trade liberalisation. The purpose is to share experiences on how successful trade policy can reduce poverty.

He also responded to the purpose of identifying whether a particular trade policy is home-grown or imposed from abroad. The aim is to understand to what extent the policies imposed from abroad have been domesticated, in order to be understood and implemented easily by the locals.

Dr. Josaphat Kweka

With regard to the industrial policy, Dr. Kweka noted that the exclusion of this policy is due to the fact that attention has been diverted from the industrial policy towards trade and the SME policy. He also agreed about the economic theory that trade will increase specialisation, increase employment and incomes and reduce poverty. However, in practice, trade has produced mixed impacts on poverty. Dr. Kweka was also not sure about the 50 percent budget on the MKUKUTA and the MDGs. He also agreed with Milao on the need to increase the bargaining power of farmers, by creating farmers' groups.

3 Group Discussions

After lunch, the participants were divided into three groups. The respective questions that the groups were assigned to tackle were as follows:

- Group 1: Which constraints are critical in making trade more poverty-reducing? Suggest practical solutions.
- Group 2: In which ways non-state actors (e.g., civil societies and the private sector) can engage more effectively in the implementation of the trade policy for poverty reduction? Identify strategic roles and responsibilities of state and non-state actors.
- Group 3: Identify the three most critical policy and non-policy constraints and respective measures for enhancing trade performance (participation in international trade) in Tanzania.

3.1 Group One: Identification of Constraints that Are Critical in Making Trade more Poverty-reducing and Suggestions of the Respective Practical Solutions

Abel Lyimo was the rapporteur of Group 1 and he presented the following on behalf of the group:

The group identified five constraints which are critical in making trade work for the poor. These were:

- Institutional back-up: There are many institutions which have different visions. Therefore, there is a need to harmonise these visions. There is also the problem of the bureaucracy which leads to delayed decisions, as decisions have to be made by different ministries. There are also policy conflicts, for example, on the issue of exemption for TRA and TIC. Furthermore, the grass-roots institutions are also ineffective, for example, member farmers in many farmers' associations experience delays in their payments.
Solution: Develop policies with a common vision towards the Vision 2025 and the MDGs; carry out continuous policy reviews involving all stakeholders, strengthen the NTBS and strengthen the private sector.
- Production structure: There has been production and market mismatch. In most cases, production is lower than what the market demands. There is also a problem of lack of market information, which affects farmers in terms of the prices they receive.
Solution: Obtain economic intelligence on specific markets for commodities.
- Value-adding chain: Most products are unprocessed, thus sold at a lower value. Some of the examples include coconuts, coffee, tanzanite, oranges, gold and *makonde* carvings.
Solution: Conduct a value-addition chain analysis.
- Production capacity: Most of the exported goods lack the required quality, have low quantity, which fails to meet the international market demand, and are inconsistent in terms of supply.
Solution: Assist in organising production groups and associations.

- Supporting infrastructure, most of the Tanzania's infrastructure is especially poor. This has made some areas, especially those bordering the neighbouring countries, feel comfortable to trade more with neighbouring countries than trade internally. One of the examples is *Sumbawanga*, which buys its sugar from Zambia.

Solution: finance the SACCOS, conduct studies on power costs, conduct benchmark studies on taxation, conduct entrepreneur trainings and encourage incubation.

3.2 Group Two: Identification of Ways that Non-State Actors Can Engage more Effectively in the Implementation of the Trade Policy for Poverty Reduction and Strategic Roles and Responsibilities of State and Non-State Actors

The group identified several ways several ways in which non-state actors can engage more effectively in the implementation of the trade policy for poverty reduction. These included:

- Involvement of NSA's right from the beginning of policy formulation;
- Simplification of the trade policy to make it understandable for effective implementation;
- Wider distribution of trade policy documents; and
- Wider discussion of the policy, so as to provide feedback to the policy makers.

On the strategic roles and responsibilities of state and non-state actors, the group identified the following roles.

Government

- Domestication of the policy;
- Simplification of the policy;
- Undertake regular reviews of the policies;
- Build the capacity of NSAs; and
- Provide conducive environment for doing business.

Non-State Actors

- Since the coverage is big, support distribution of the policy document;
- Support the Government in international arena, so that it has a single voice;
- Monitor the implementation to provide feedback to the Government;
- Improve competitiveness in production activities, e.g., improve quality and entrepreneurship skills;
- Should be committed to executing their social obligations;
- Harmonise the private sector groups, such as the CTI, TCCIA, etc., in order to help the Government take appropriate trade policies.

3.3 Group Three: Identification of Three most Critical Policy and Non-Policy Constraints and Respective Measures for Enhancing Trade Performance (Participation in International Trade) in Tanzania

Gerhard Gallus Haule, the rapporteur of the group, made the presentation.

According to Group 3, the three most critical policy constraints in enhancing trade performance (participation in international trade) in Tanzania included:

- Weak policy co-ordination, leading to poor complementarity.
Measure: Review and harmonise the policies to enhance complementarity.
- Weak involvement of stakeholders at the policy formulation and dissemination levels.
Measure: Policy should be stakeholder demand-driven.
- Weak management of trade liberalisation policy, leading to weak performance in trade.
Measure: Institute mechanisms for monitoring and evaluating systems to maximise the benefits from trade liberalisation.

As regards the three most critical non-policy constraints in enhancing trade performance (participation in the international trade) in Tanzania, Group 3 identified the following:

- Weak production technology system, that is, inadequate education and skills among producers.
Measure: Have a proper educational system to cope with market demand. There is need to strengthen and promote formation of producers' organisations.
- Weak export strategy and its implementation.
Measure: Strengthen export strategy and its implementation.
- High costs of all factors of production.
Measure: Cut the costs of production through having production of high value products and less costs of production.

4 Closing Formalities

4.1 Way Forward, by Dr. Josaphat Kweka and Justine Musa, TDP Team Members

Dr. Kweka thanked the participants and highlighted the number of activities that the project intends to take in the next four years of the project. He also suggested that, due to lack of resources, the implementation of the project will be participatory, where all the participants in the workshop will form the national reference group. He also assured the participants that the project will include inputs from other studies, such as Trade and Poverty Program, which was part of the TTTP and the Diagnostic Trade Integration Study by the World Bank. After the brief presentation, he welcomed Justine Musa to give a detailed account of the project life cycle.

Musa highlighted the activities of the project. According to Musa, there are about eleven activities which should be covered within the project's four-year duration. Some of these activities will require the involvement of the participants of workshop, who will form the National Reference Group. He noted that the National Reference Group will also include other invited stakeholders who could not attend the launch workshop. According to Musa, members of the National The National Reference Group will be consulted during the perception survey and will be invited to participate in other projects' national dialogues. Out of the National Reference Group, the media will be involved in the

distribution of the campaign kit and other policy advocacy documents, which will be made available also to other members of the National Reference Group.

4.2 Closing Remarks, by Ms Marie Shaba, Chairperson, TANGO.

On behalf of the ESRF, Ms Marie Shaba thanked the participants for accepting to attend the workshop. She noted that this was a rare workshop, where there is diversity, in terms of participation. The workshop brought together participants from higher level of policy decision-making and those from the grass roots. She hoped that the participants would have more time to interact and exchange the ideas during the course of the project.

Being the Chairperson of TANGO (a non-state actor), she reminded all the civil society organisations of the importance of working together in order to meet their objectives. Here, she cited an example of how the body organs work together. That is, no one organ is important than the other. Therefore, civil society organisations need solidarity and consciousness. According to her, “more is not our problem, wrong is the way we organise ourselves”.

5 Appendix

A.1. Workshop Program

TIME	ACTIVITY	RESPONSIBLE
8.30am-9.00am	Registration	All
9.00am-9.10am	Welcoming Remarks	Dr. Mashindano (Acting Executive Director, ESRF)
9.10am-9.30am	Official Opening and Launching by the Guest of Honour	Hon. Wilfred Nyachia, (Permanent Secretary, Ministry of Industry and Trade)
9.30am-9.45am	Overview of TDP Project	Mr. John Ochalla (Director of CUTS, Nairobi, Kenya)
9.45am-10.05am	Presentation of TDP Tanzania Country Background Paper	Dr. Josaphat Kweka (Research Fellow, ESRF)
10.05am-10.30am	Discussions	Facilitator and Participants
10.30am-11.00am	Tea Break	All
11.00am-11.20am	Presentation on Trade and Poverty: The Gender Dimension	Dr. Flora Kessy (Research Fellow, ESRF)
11.20am-11.40am	Discussions	Facilitator and Participants
11.40am-12.00am	Presentation on the Role of Trade in Achieving MDG/MKUKUTA Targets	Mr. Amon Manyama (VPO MKUKUTA Secretariat and UNDP)
12.00am-12.20am	Discussions	Facilitator and Participants
12.20am-12.30am	Presentation on Linkage between Trade, Development and Poverty: Experiences from the Grass Roots	Mr. Reuben Matango (Chairman, Mtibwa Outgrowers Association – MOA)
12.30am-12.40am	Presentation on the Engagement of Civil Society and Private Sector in Trade Policy for Poverty Reduction	Mr. Andrew Mushi (Programme Officer – Policy and Advocacy, TANGO)
12.40am-1.00pm	Discussions	Facilitator and Participants
1.00pm-2.00pm	Lunch Break	All
2.00pm-3.30pm	Group Discussions	Facilitator and Participants
3.30pm-4.00pm	Tea Break	All
4.00pm-4.40pm	Group Presentations and Discussions	Facilitator and Participants
4.40pm-4.50pm	Way Forward	TDP Team
4.50pm-5.00pm	Closing Remarks	Ms. Marie Shaba (Chairperson, TANGO)

A.2. List of Participants

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A.3. Workshop Presentations¹

A.3.1. SPEECH BY THE PERMANENT SECRETARY, MINISTRY OF INDUSTRY AND TRADE, MR. WILFRED L. NYACHIA

**Mr. Chairman,
Executive Director of ESRF, Prof. Haidari Amani
Representative of CUTS (Mr. John Ochala)
Distinguished Participants
Ladies and Gentlemen**

Let me, at the outset, welcome all of you to this important workshop which will also serve as a “launching pad” for the project.

¹ With the exception of the TDP Tanzania – Country Background Paper.

I wish to sincerely thank the Consumer Unity and Trust Society (CUTS) and the Economic and Social Research Foundation (ESRF) for having given me this unique opportunity to participate in the launching of this important project. On behalf of the Government of the United Republic of Tanzania, I would like to express appreciation for the support offered by the Royal Dutch Government and the Department for International Development (DFID) of the United Kingdom in promoting this project and for choosing Tanzania to be one of the fifteen countries that are participating in this project. I am confident Tanzania stands to benefit from enhanced perception of the policies that can effectively maximise the actualisation of the potential inherent in trade towards ameliorating the quality of the life of the poor.

The twin goals of achieving sustainable development, on the one hand, and poverty reduction, on the other, are clearly stated in the Tanzania's National Development Vision 2025 and in the UN's Millennium Development Goals (MDGs). Both the goals are, therefore, embodied in Tanzania's National Development Agenda. Whereas, in the Vision 2025, Tanzania envisages to achieve high quality livelihood, in the UN Millennium Development Goals, the world anticipates to be able to reduce extreme poverty and hunger by half in 2015, among other goals. In the case of Tanzania, the National Strategy for Growth and Poverty Reduction (NSGPR), popularly codenamed "MKUKUTA", is designed as the vehicle to release the Vision 2025 and the MDG targets.

Mr. Chairman, during the past decade, trade has become more convincingly linked to development. Until the conclusion of the Uruguay Round, in the 1990s, trade was seen as being largely distinct from development. During the GATT, trade was basically about dismantling protectionist policies. The establishment of the World Trade Organisation (WTO) was a notable culmination of decades of progress towards more open trade. The establishment of this inclusive rules-based system brought the issues of trade and development together. At the same time, the WTO membership expanded in total from 90 to nearly 150 countries in a decade, three-quarters of which are developing countries. To demonstrate the importance of trade in enhancing development, the Doha Development Round was introduced, with the driving force of promoting sustainable development for developing countries, such as Tanzania.

Earlier this year, the G8 countries deliberated on the ways and means of overcoming the deplorable nature and extent of poverty in developing countries, with emphasis on Africa, particularly through increased aid and debt relief. We, in Tanzania, are appreciative of the efforts that have been made, so far, to realise the importance of debt relief and the increasing assistance for fighting disease and extreme poverty, not only in our country but also, generally, in Africa, through promotion of better health, education and general social and communication infrastructure. All these developments have raised our expectations that the future holds positive prospects for enhancing both foreign assistance as well as improved trade and investments from developed countries to Africa.

Mr. Chairman, it is important to note that the linkages between trade, development and poverty reduction are empirically very complex. Consequently, economists and trade experts are still engaged in a debate on how international trade impacts on development and poverty reduction. While freer trade, or "openness" in trade, is now widely regarded as "economically benign", the recent Anti-globalisation critics have suggested that it is "socially malign" several dimensions, including aspects of poverty and inequality. Their contention is that free trade accentuates, rather

than ameliorates, poverty levels in poor countries. It is, however, generally valid to observe that, in most developing countries, including Tanzania, trade liberalisation has had a mixed impact on various economic development indicators.

In Tanzania, efforts to identify the linkage between trade, development and poverty are not new. The Government of the United Republic of Tanzania, in 2003, launched the National Trade Policy. The objective of this National Trade Policy is to enable Tanzania to identify ways and means of navigating through a viable and steady path towards competitive export-led growth for the realisation of the goal of poverty eradication. By adopting this National Trade Policy, Tanzania commits itself to one direction of change, namely, that of applying trade liberalisation, based on selectivity and a gradual process towards impacting positively, to socio economic development.

This policy addresses the critical issues facing the Tanzania economy, including:

- Consolidating consensus on trade development measures that will entrench the continuing policy shift from a protected and controlled economy towards a competitive market economy;
- Highlighting the central role and contribution of the trade function to the attainment of the primary goal of poverty eradication under the National Development Vision 2025;
- Identifying measures for the development of the domestic market as a tool of inclusion and broad-based participation in economic activities, based on improved market-infrastructure, technology diffusion and access to market information;
- Alignment of national development agenda with regional and international trade obligations and maximisation of the benefits of participation in regional and international trade arrangements; and
- Addressing the supply-side constraints that inhibit expansion of trade within the domestic and global market as the route towards rapid economic development.

Furthermore, there are studies which have been undertaken to articulate how trade can be structured to act as a vehicle to facilitate poverty reduction. They include the Trade and Poverty Programme report which was prepared for the Ministry of Industry and Trade in 2004 to address the country's capacity to develop and promote a trade policy for the benefit of the poor. Another study is the Diagnostic Trade Integration Study (DTIS) for Tanzania, which is currently in progress. This one basically assesses how changes in trade policy and removal of non-trade policy-related barriers to trade can impact positively on poverty. I understand that the project we are launching today intends to incorporate inputs from these and other studies and initiatives to further assess the various dimensions of the linkages and inform the policy debate on possible options that will orientate trade towards contributing more to development agenda, including, but not limited to, poverty reduction.

In this launch workshop, participants will also be informed of the activities to be carried out for the purposes of this project. I, therefore, appeal to each participant to make maximum use of this opportunity to ponder on the issue of "how to make international trade work for the poor in Tanzania". In doing so, special considerations need to be made to distinguish what the policy can do to facilitate these linkages and what the policy cannot do. In particular, the linkages can be more effective where the Government (the custodian of policy) and the private sector (the custodian of the market) can dialogue and work together, through a sustainable responsive institutional framework that clearly identifies roles and responsibilities of each actor. Even as we apply our minds to the narrower issues of trade, development and poverty reduction, we must not forget to

render primary attention on the wider and complex issues of social and economic development dimensions, such as gender, culture and other social institutions, which also have a bearing on the outcome of trade policy for poverty reduction.

Mr. Chairman, I am confident that the wide range of experiences, knowledge and interests of the stakeholders participating in this workshop will greatly enrich the deliberations and, ultimately, the implementation of the project that is to be launched shortly. I have been informed that the project has two major components: that is, research and advocacy components. The latter component is aimed at disseminating the contents of the project, with the view of fertilising the dialogue on trade and poverty reduction, using inputs generated from research. In enhancing that dialogue, I call upon each stakeholder to participate effectively, by being as open-minded as possible and offer constructive ingredients to the debate on “smart” options. The objective is not only to disseminate research results but also to make trade policy easy to be understood by the actors and to solicit feedback on issues that limit effective implementation or performance of trade policy for poverty reduction. On our part, we will ensure that our Ministry, being a custodian of trade policy, offers maximum co-operation and effective collaboration, as socially accountable participants, to achieve the objectives of this project. I wish you very resourceful deliberations and, ultimately, a very successful workshop.

Mr. Chairman, Distinguished Participants, Ladies and Gentleman

With these remarks, **let me now pronounce that the project on “Linkages between Trade, Development and Poverty Reduction (TDP)” is officially launched and that this workshop is officially opened.**

Thank you for your attention.

A.3.2. TRADE AND POVERTY: THE GENDER DIMENSIONS, BY DR. FLORA KESSY, RESEARCH FELLOW ESRF

5.1 Gendered Linkages on Trade and Poverty

5.2 By Dr Flora Kessy

Paper Presented at the Workshop on 'Trade, Development and Poverty' White Sands Hotel, Dar es Salaam, Tanzania, September 30, 2005

1.0 Introduction

Until recently, poverty was defined exclusively as a shortfall in private consumption or income, and viewed in absolute rather than relative terms. Alternative approaches that have emerged include additional elements, such as access to common property resources and state provided commodities, which broadens the concept of property to include possession or lack of assets, dignity, autonomy, and time (Moser 1996; Cagatay 1998). Proponents of this approach argue that poverty should be viewed as a process, rather than a state of being, and that those living in poverty should be seen as deploying whatever assets they possess in an effort to cope with poverty.

Reconciling the concepts of absolute and relative poverty is the capabilities approach, which points out that '*relative deprivation*' in incomes and commodities can lead to an *absolute-deprivation* in minimum capabilities (UNDP, 1997). Thus poverty, in absolute terms, is seen as related to relative deprivation and social inequality. As elaborated by United Nations Development Programme's (UNDP's) Overcoming Human Poverty and Human Development Reports (2000, 1997) this approach focuses not on income poverty but on *human poverty*- defined as the denial of opportunities and choices to live the most basic or tolerable human life. The World Bank's World Development Reports (2000) has also revised its concept of poverty to include both physical and social deprivation, including powerlessness.

Laderchi et al., (2003) summarises the following four approaches to measuring poverty:

- Poverty as income deprivation (the monetary approach) which entails the inability to pay for minimum necessities;
- Poverty as capability deprivation (the capability approach)—the lack of substantive freedoms to function adequately within society;
- Social exclusion as a cause of poverty (social exclusion approach); and
- Poverty as vulnerability and poverty as powerlessness (derived from participatory approaches).

The last two approaches reflect poverty as vulnerability—the inability to protect oneself against impoverishment due to exposure to shocks, stress and risks; and poverty as powerlessness, the lack of voice and political rights. These four approaches are sometimes looked at as competing definitions of poverty, while others see them more as reflective of a progressive broadening of the concept of poverty, each time encompassing new dimensions.

Thus, it is now more widely acknowledged that poverty:

- Is not just a shortfall in consumption or income, but is multidimensional phenomenon, involving lack of power, voice, assets, dignity, access to public resource, and time;
- Is a dynamic phenomenon that is socially reproduced over time and from one generation to the next;
- Is the consequence of interacting structural inequalities across and within nations such as those based on class, race, and gender. Thus, patterns of inequality are seen to be of crucial in understanding as well as reducing poverty; and
- Is experienced differently by men and women.

In addition, it is recognised that:

- While growth is important to poverty reduction, countries cannot rely on high growth rates as the primary way to reduce poverty;
- Empowerment of poor people, particularly women, is critical to poverty reduction.

One of the implications of this discussion is that an assessment of trade policies and trade performance from a human development perspective must employ a much broader perspective, shifting from an exclusive focus on market based criteria to include non-market criteria as well. In principle, policies should be evaluated through an assessment of the extent to which they help or hinder the economic, social and political empowerment of men and women. Moreover, since inequalities influence the outcome of macroeconomic and trade policies, such as assessment that also needs to take into account the impact of social inequalities on trade performance. In particular, gender inequalities are important to an understanding not only of the social content and social impacts of trade policies, but also of the relationship between trade policies and poverty reduction.

This paper establishes some linkages between gender, trade, and poverty focusing on gender differentiated impacts of trade policies and changing trade patterns. Trade is defined in the broad sense to include participation of women as employees in trade related endeavours, but not necessarily as owners of those business entities. The paper draws heavily from Cagatay, (2001) and Evers, (2002). After setting the context, Section two provides theoretical context on the subject matter, followed by Section three that expounds the linkages between gender, trade and poverty. Section four concludes the paper by proposing measures towards gender sensitive trade policies.

2.0 Gender, Trade and Poverty: Theoretical Context

2.1 Gender and Power Relations

One of the most important axes of power relations in social life is gender. In all societies, gender relations play an important role in the division of labour, distribution of work, income, wealth, education, public goods and services etc. In most societies, women are likely to work longer hours than men, have lower earnings, education, wealth and less access to credit, information and knowledge. Resources allocation is often gender-biased within households as well as within local and national budgets. Gender biases in social life get transmitted through a variety of institutions, including not only the family but less than obviously, markets (local, national and international) and the state, which often perpetuates gender bias through a host of policies, such as economic, macroeconomic, trade, labour market, and so on (Cagatay, Elson and Grown, 1995; Grown, Elson and Cagatay, 2000). In fact, gender relations permeate all aspects of economic life, making economies gendered structures.

Gender inequalities are not only a development problem in their own right but also an important dimension of poverty. Gender based power relations mean that women experience poverty differently and more forcefully than men do. They help perpetuate the poverty not only of women but also of families, communities and even of nations from one generation to the next.

2.2 Gender Inequalities and Trade Policies

Examination of the relationship between gender inequalities and trade policies and trade flows is an entry point for an investigation that takes a broader view of development, poverty and well-being. Gender is important not only for its own sake as a human rights issue, but also because of the interactions between gender inequalities, on the one hand, and the dynamics of growth, class-based inequality and poverty, on the other.

However, mainstream economics literature is generally gender-blind when it comes to assessing the relationship between trade and inequality, on the one hand, and inequality and poverty, on the other. This is because until recently, gender had not been considered a relevant category of analysis. Most economists acknowledge gender bias at the microeconomic level, for example, in the operation of labour markets or in the allocation of resources within households. But they often find it more difficult to see the relevance of gender at the macroeconomic or the global level. This is due to the general assumption that macroeconomics is about aggregates and that both policy objectives (such as price stability, employment generation, growth or external balance) and the traditional policy instruments of macroeconomics (fiscal, monetary, exchange rate policies) are gender-neutral. Similar views are often held with regard to the analysis of international trade and

finance. Consequently, gender is largely ignored at the theoretical, empirical and policy design levels, thereby perpetuating gender bias in the actual working of economies.

Economists and researchers working on gender and development have been investigating the multifaceted relationships between gender inequalities and trade patterns for at least the last two decades, principally focusing on gendered employment, including the employment conditions associated with export-orientation. The conceptual entry points as summarised by Cagatay, (2001) are as follows:

- Gender relations influence the distribution of output, work, income, wealth and power;
- Gender influences the economic behaviour of agents. Men and women do not always respond in the same way to the similar economic phenomena;
- Institutions, including 'markets' and the state, transmit gender biases in economic life;
- Labour is a produced input, whose costs of production and reproduction remain partly invisible as long as unpaid household labour, performed mostly by women, is not considered part of economic activity. Unpaid work needs to be made visible and the economic meaning of work redefined to include unpaid household labour in order that economic analysis need not be misleading. For example, what may appear to be 'efficient' from a market-focused analysis may be socially inefficient once full labour accounting and time-use are considered.

These concepts have been used in formal modelling, empirical work, policy analysis, dialogue and advocacy. The analyses have helped demonstrate that trade policies do not have the same impact on men and women and point to ways in which gender relations influence trade policy outcomes (Joeques and Weston, 1994; Joeques, 1995; Cagatay, Elson and Grown 1995; Grown, Elson and Cagatay, 2000; Williams, 1999; Beneria et. al., 2000).

2.3 Trade, Growth and Poverty Reduction

Since labour is said to be the most abundant asset of the poor, whether women or men, trade liberalisation in developing countries should raise the earnings of women and those living in poverty by increasing the return to unskilled labour.

The fact that results of trade reform are likely to vary both across different segments of the population has prompted mainstream economists to take account of these differences. For example, in a widely cited paper on trade and poverty (Winters, 1999), proposed a method of analysing the effects of trade and trade policy on poverty at the country level, paying attention to inequalities at the level of the household as well. While acknowledging other aspects of poverty, he adopts an absolute consumption approach as the simplest way to understanding its impact. Starting with a stylised farm household's economic unit that makes the consumption, production

and labour supply decision, he analyses the effects of trade reform through their impact on the price of goods or services the household sells or consumes. Whether trade reforms are anti poor or pro poor depends on the relative effects of these prices.

3.0 The Gender-Differentiated Impacts of Trade Policies and Changing Trade Patterns

A comprehensive assessment of the gendered impacts of trade reform would analyse changing patterns and conditions of work, including paid and unpaid work; changes in gender gaps in wages, earnings, patterns of ownership and control over assets; changes in consumption patterns and use of technology by men and women; changes in public provisioning of services and their gendered impacts; the gender-differentiated empowerment implications of trade flows; and informalisation of trade as a result of liberalisation policies. A central question should be whether trade reform and emerging patterns of trade perpetuate, accentuate or erode existing gender inequalities. Moreover, a related question is whether there is a change in gender-based power relations within households, communities and the society at large. While such analyses have been limited by the absence of gender-differentiated data in many of these areas, there has been a major debate on whether trade policies and patterns have been empowering the women.

3.1 Women Participation in Paid Employment

As a number of recent studies show, women's participation in paid employment has risen around the globe within the last two decades, corresponding to a period of trade liberalisation in developing countries. While the increase in women participation in paid employment has had causes other than trade, the increased openness of individual countries to the world economy has an unmistakable gender dimension.

In a path-breaking article, Elson and Pearson (1981) drew attention to women's increased employment in 'world market factories' and the role gender played in the constitution of a perceived 'docile' and low-paid labour force in export-oriented production. Since then, a growing number of studies have confirmed the association between export-oriented manufacturing and women's employment, both within and across countries (Standing, 1999; Cagatay and Ozler, 1995; Joekes, 1995, 1999; Ozler, 2000, 2001). In general, their findings support the thesis that export-orientation in *developing countries* develops in tandem with the feminisation of paid employment. Reviewing evidence from a variety of sources, Joekes concludes: "In the contemporary era, no strong export performance in manufacturing by any developing country has ever been secured without reliance on female labour" (1995: 3). Manufacturing exports typically associated with female-intensive labour, including textiles, apparel, electronics, leather products and food processing.

By contrast, in most *industrialised economies*, increased trade with developing countries has led to loss of employment in industries, such as textiles, apparel, and leather goods where women are over-represented. This is not surprising in view of the gender-based patterns of employment in most countries. In the case of manufacturing industry, for example, women are crowded into a narrow range of sectors that produce standardised commodities that compete on the basis of price alone. In principle, production generally relies on labour-intensive techniques, disproportionate use of unskilled labour and subcontracting chains. Thus, just as the increase in exports of manufactured goods has created an increase in women's share of paid employment in developing countries, it has led to a disproportionate decline in women's employment in industrialised countries.

In addition, it appears that the feminisation of employment through export-orientation is more common in the manufacturing sector and in semi-industrialised economies than it is in agriculture-based economies. Case studies suggest that trade liberalisation in agricultural economies can disadvantage women or benefit them less than they do men, even when traditional export crop production increases (Fontana et al., 1998). In many sub-Saharan African (SSA) countries, for example, although women constitute the backbone of agricultural production and their work is critical for food security, they are usually small farmers or engaged predominantly in the production of food crops. Trade reform tends to advantage large and medium producers, and disadvantage smaller ones, partly through intensified import competition. When opportunities emerge with new markets, women are slow to take advantage of them, as they often lack access to credit, new technologies, knowledge of marketing and the like.

The impact of these changes is likely to be more severe for women-head households and for poor women (Fontana et al., 1998). Moreover, in those instances where the household income increases with increased cash crop production for export markets, the well-being of women and children may not improve. If, for example, the increase in family income is accompanied by a decrease in food crop production, as women's labour is mobilised in cash crop production, the family nutritional intake might suffer while the work burdens of women and girls increase. This is more likely to happen when men retain control over the increased household income and use it for their own consumption.

Thus, although research is sparse, there are reasons to expect that trade liberalisation in predominantly agricultural economies may jeopardise women's livelihoods and well-being, or that women will be the last to take advantage of the opportunities created, owing to the gender division of labour and gender-based differences in ownership and control over land, credit, production and marketing knowledge. The problem is not merely one of unequal resource control within households, but of gender biases in institutions such as the state and markets. In economies where self-employment or unpaid family work is more prevalent, gender-based differences in

resource control have more adverse consequences for women than they do in economies where there are more opportunities for wage labour (Joekes, 1999). In the former, the impact of trade liberalisation is mediated more forcefully by what happens to common property resources and gender differentiation in private property rights within poorer and rural households. If trade liberalisation leads to environmental degradation and erosion of common property resources, as happens in many countries, then this will have adverse impacts, especially on the livelihoods of poor women. In the latter, women's low pay and other labour-market disadvantages may make them the preferred labour source, leading to feminisation of employment.

However, feminisation of labour with positive gains has been pronounced in the non-traditional export crops. A study by Kessy, (2006) on participation of women as employees in the cut flower production shows that, consistently, the total number of females outweighed the number of males between the year 2000 to 2004. Women accounted for about 60 percent of employees in the three farms surveyed. As has been indicated in the global literature on the effects of globalisation on female labour, the *feminisation of labour* in cut-flower industry in Tanzania is also apparent. Moreover, to most of the interviewed employees they are better off now compared to the past when they had no jobs (and compared to working in alternative jobs such as being waiters/waitresses in bars and restaurants which are said to pay even lesser), even though they cite poor pay as a problem. Nonetheless even with such a low pay, women's conditions and welfare have also improved as some women own not only household assets such as radios and televisions, but also own houses and land.

Looking at the findings by Kessy (2006) and those from semi-industrialised countries on the linkages of trade liberalisation with an increase in women's share of paid employment in the export sector, one may conclude that liberalisation is beneficial for women in these economies, helping to close the gender gaps in employment and wages. However, Cagatay, (2001) cautioned that even in these economies, there are reasons to be sceptical, given the conditions of work and the modalities under which the increase in women's paid employment takes place. Following are the four principal causes of concern:

- liberalisation creates 'winners' and 'losers' among women even if there is a net gain in women's employment compared to men;
- conditions such as job security, health and occupational safety and pay may not improve for women as they make relative gains in employment; indeed, they may deteriorate under the pressure of international competition;
- feminisation of employment may be a temporary phenomenon which may be reversed at later stages of export-promotion as exports move up the skill ladder; and
- while the overall expansion of women's paid work may be viewed as potentially empowering to women, this also spells an increase in women's overall work burdens,

as increases in women's paid work are not accompanied with a similar reduction in their unpaid household labour.

The last point is substantiated by results from Kessy, (2006) about the impacts on intra-household gender relations as a result of participation of women in the cut flower labour market. To see why this is so, consider how female labour supply is determined by intra-household gender relations and decision-making. Women make decisions about whether or not to look for wage work, decisions that are taken in the intra-household context. A woman's input into these decisions depends on her power or voice in the family. At one extreme end where patriarchy dominates, women have little or no influence over decisions made at the household level. It is the husband who decides whether his wife can work outside the home or not. In the absence of mechanisms to redistribute household activities and caring roles, women under this circumstance may not be able to partake in the formal labour market and take advantage of the newly created employment opportunities.

Kessy (2006) explored whether the intra household relations have improved or worsened after a woman joins the labour force as a wage employee. The results obtained are mixed with improvement and worsening scenarios. One of the negative aspects is that some women have been unable to attend to their household chores and marital obligations, as they would like because of the extra time spent in the flower farms as over time. Most of the time, when they reach home they are just too tired to do anything. One respondent lamented sarcastically:

"We really become tired at the end of the day that sex is like a punishment. This has made my husband to go out to seek for other women and this has put me under a lot of stress and depression given that HIV/AIDS is rampant here in Arusha".

In some other instances, husbands demand that their wives give them the full salary on payday. Furthermore, some husbands did not want their wives to work. These have been a source of misunderstanding and quarrelling, as women would like to make decisions on whether or not to work and on how to use their earnings. A respondent narrated:

"My husband would not want me to work in the cut flower sector. He continually beat me. I finally decided to leave him. He retained all my belongings although when I got married to him, he found me with those belongings. Confiscation of my belongings did not prevent me from leaving him anyway".

On the positive side, some women mentioned that their intra-household relations have improved because they are able to support their husbands in providing for the family, and even in supporting husband's leisure activities. This is reflected in the following quote from one participant:

“My husband loves me even more especially when he asks me to buy him a mug of local brew ‘mbege’ and I am able to afford. When I am off duty we walk together to a local brew bar in the evenings and I pay for the brew if my husband doesn’t have money”.

While women's employment might show a net gain in aggregate, import competition caused by trade liberalisation also leads to loss of employment for some women, depending on the sectoral reallocation of work. In India, for example, employment losses were found to be largely in the informal sector, while the gains were concentrated among skilled workers (Winters, 1999). In general, if those losing employment as a result of import competition are concentrated in informal work, among small farmers, in small firms and among low-skilled workers, then poor women are likely to suffer disproportionately just as other women make inroads into paid work. The impact can be even greater as safety nets grow thinner and remain gender biased.

3.2 Trade Liberalisation and Working Conditions

Researchers offer three explanations to account for changes in the gender composition of labour: (i) the buffer hypothesis; (ii) the segmentation hypothesis; and (iii) the substitution hypothesis (Cagatay, 2001). According to the buffer hypothesis, women enter paid employment during periods of labour shortages and leave the labour force when unemployment increases after a downturn; in fact, they constitute a reserve army of labour, whose size fluctuates with the business cycle. The segmentation hypothesis takes as its starting point the observation that women are concentrated in different occupations and industries than men are, that is, the labour markets are segmented by gender. Changes in the gender composition of labour come about when the composition of aggregate output changes. Female participation in paid employment rises as the share of those sectors where women are over-represented increases. The substitution hypothesis refers to the idea that over time women replace men in jobs that were hitherto considered 'male'.

The experience of many developing countries in the last two decades shows that trade liberalisation has been directly linked with the second and third modalities, and only indirectly with the first. One of the main points of contention has been whether feminisation of the labour force comes about through a process of change in the composition of output or through substitution of women for men. For example, Wood (1991) views it as an outcome of the pattern of comparative advantage of developing countries while Joekes (1995) and Elson (1996) argue that it comes about as a result of expansion of female – intensive sectors and a decline of male-intensive sectors and

occupations. Standing (1999), on the other hand, has argued that in the current era of intensified global competition, supply-side macroeconomics and deregulation, employers have tried to ensure a more 'flexible' labour force by substituting low-paid women workers for men. He views feminisation not only as an increased share of women in paid employment, but also as the transformation of male jobs where the conditions of work associated with them converges with the conditions associated with women's work. In this view, feminisation and flexibility are interlinked.

However, it is not easy to separate these two modalities empirically. Cagatay, (1996) argues that the deterioration of urban wages during structural adjustment episodes has pushed women into both formal and informal sector employment and that in addition, gendered patterns of employment segmentation and women's relatively lower wages have become important factors pulling women into labour markets. The segmentation thesis appears to be the more relevant modality although substitution may also be operative to a lesser degree.

This discussion highlights the importance of the overall policy context within which the feminisation of employment takes place. The erosion of male workers' rights and of the power of trade unions *vis-à-vis* owners of capital in the last two decades has been largely due to the triumph of neo-liberal ideology. Trade liberalisation and market liberalisation policies more generally, have served to weaken workers' rights as labour-market deregulation has been justified in the name of staying competitive internationally. Workers' bargaining power and governments' ability to protect workers' rights has been further eroded by the increased mobility of capital. Technological innovations have also made it possible for production patterns to be organised in more flexible ways (Elson 1996, 1999), making traditional forms of union organising, based on earlier patterns of production, less effective. Thus, what is important is not only whether women are gaining in employment opportunities, but also to what extent women are able to negotiate for better wages and working conditions.

The rise in women's participation in paid employment implies that they have greater control over income, which can potentially enhance their autonomy and negotiating power. Proponents of trade liberalisation make this case, arguing that gender-based wage gaps have decreased with women's rise in paid employment.

However, increased wage inequalities between skilled and unskilled workers, which has occurred, especially in Latin America implies increasing gender-based wage differences, given the over-representation of women among the less skilled. The World Bank (1995) reports that in Latin American adjustment episodes, the hourly earnings of women declined even more dramatically than those of men, partly because women were concentrated in hard-hit low-paying sectors such as apparel. Even in countries where wage inequalities are not increasing, as in those Asian countries that relied heavily on female labour for export-led industrialisation, the gender wage gap

has not diminished and in some cases has even widened. Although trade liberalisation seems to advantage women in terms of employment, their 'competitive advantage' as workers lies in their lower pay and poorer working conditions.

Indeed, much of women's trade-related gains in employment have taken place in export processing zones (EPZs), subcontracting chains that produce for multinational corporations (MNCs) and the informal sector. In all of these, conditions are characterised by long hours work, job insecurity and unhealthy working conditions as well as low pay, and in many cases, women also experience sexual harassment and other forms of gender-based discrimination such as pregnancy tests. This is not surprising, since many EPZs have been designed to exempt firms from local labour laws (G. Sen, 1999). While it has been argued that women's wages and working conditions in export-oriented production, particularly in MNCs are better than the alternatives, including joblessness, and thus preferred by women employed in such establishments (Kabeer, 2000; Kessy, 2006), this may merely indicate how harsh conditions are for women in general rather than showing a reduction in gender inequalities in employment and earnings.

3.3 Trade Liberalisation and the Care and Informal Economy

While the empirical work on the increase in women's share of paid employment or feminisation has concentrated on wages and working conditions, there has also been an attempt to assess the implications of feminisation of paid work on household labour or what is known as the reproductive or care economy. Feminist economists and social scientists have long observed that an increase in women's labour-force participation is not accompanied by a commensurate reduction in their unpaid domestic labour, as men have been reluctant to pick up the slack, resulting in the so-called 'double day' for women. Two consequences can be seen with the increase in women's paid employment: either the provision of care is squeezed and/or women's leisure time is reduced. In a study of Bangladesh, Fontana and Wood (2000) find that the expansion of women's paid employment has been accompanied by a reduction in their leisure time while the 1999 Human Development Report ties intensification of global trade competition to a squeeze in the provision of care – both unpaid and paid. A squeeze in provision of care, in turn, jeopardises human development in the long run.

Further, beyond the visible economy (formal sector), there is less visible informal economy. This economy got swollen as a result of liberalisation policies that resulted into retrenchment of workers. Kabeer, (2003) depicts this in 'Iceberg' View of the Economy (Figure 1). Women are concentrated in the bottom three sectors, including: reproductive care, subsistence and informal sectors, and which are very large in poor countries. The informal sector in developing countries is characterised by high risk and insecurity, thus uncertain gains for women.

5.2.1.1.1.1.1

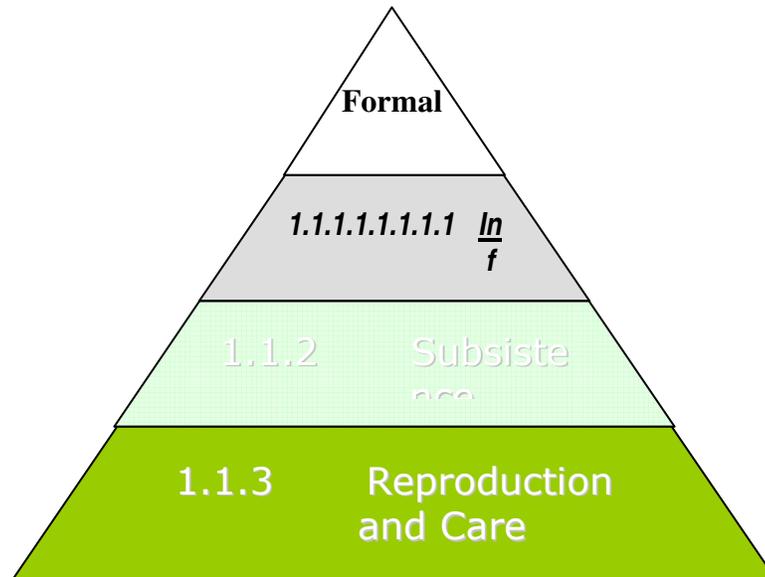


Figure 1: Iceberg of Economy (Kabeer, 2003).

The roles and interests of women entrepreneurs, in particular informal sector and representatives of women's organisations need to be included in policy analysis and consensus building in the area of international trade. Evidence from East Africa suggests that trade policy discussions tend to be restricted to a small group of insiders, where the interests of women entrepreneurs, workers and community organisations are not taken into account, and important information on new trade rules and their likely implications do not enter the public domain. Improving the external transparency of trade policy negotiations and their implications for different stakeholders need to include women and women's organisations on such agenda.

A recent publication makes the point that in Uganda women comprise a substantial proportion of the micro and small enterprise sector, but the importance of this work is ignored in policy discussions. Strategies for support to small and medium-sized enterprises (SMEs) should consider the micro-enterprise sector, and take explicit account of the particular constraints and opportunities of women in the sector (Evers, 2002).

3.4 Trade Liberalisation and Social Sector Development

Adding to the pressure of an increase in women's paid employment on the time/care squeeze is the broader policy context in which this occurs. Trade liberalisation typically is accompanied by reductions in government spending and increased privatisation of services, including health care,

obliging women to take on these responsibilities and/or forgo services. The expansion of trade liberalisation agreements to cover intellectual property rights (IPRs) has additional consequences for health care, as drugs needed for basic health are prohibited from subsidised production of generic substitutes. A well-known example is the controversy around the availability of affordable drugs for the treatment of HIV/AIDS, as the imposition of patent rights restricts governments from either producing or importing cheaper alternatives. The direct adverse effects on women and men who suffer from HIV/AIDS are obvious. However, this is a pandemic, which spreads more easily to women and also has the consequence of increasing women's work burden within the household to provide care to those suffering from the disease.

3.5 Gender-blind Assumptions about Access and Functioning of Markets

Harris-White, cited in Evers (2002) in connection with his observations on the United Nation Conference on Trade and Development (UNCTAD) Plan of Action (paragraph 132 on Market Access), provides an example of gender bias in grain markets in Guinea, where women are extensively involved in grain production and marketing: The following are the crucial observations:

- (a) Men control strategic decision-making, key assets and access to information;
- (b) Men dominate long-distance interregional trading, and the marketing system as a whole is controlled by men, which limits the women traders' commercial potential; and
- (c) Women face higher costs than their male counterparts: their wholesale trading costs are 12 percent higher; transport costs are 55 percent higher and storage costs are 200 percent higher than those of the male traders.

Even so these staple-food marketing systems do provide income for a large number of women, the costs of gender asymmetries in marketing systems are borne by women themselves in the form of reduced returns to them as traders and often also as consumers who pay higher prices than would otherwise be the case. Gender-induced inefficiencies mean that women traders are increasingly unable to compete with imported rice (which is entirely controlled by men) and may result in loss of livelihoods for women producers.

The ability of women to expand non-traditional agricultural exports (NTAE) and to generate sufficient surplus to re-invest in NTAE crops as well as to meet subsistence and domestic household needs requires market-enabling reforms to reduce gender-based constraints. There is thus a need for more research into gender bias in marketing structures and this should be taken into account in the design of effective and gender equitable policies to expand the production of export and food crops.

Reductions in tariffs and subsidies associated with World Trade Organisation (WTO) regulations stimulate a set of responses in member countries. A gender-blind approach anticipates that producer countries will expand exports of agricultural products as reductions in agricultural tariffs proceed in rich countries. It is also reasonable to assume that the foreign exchange earned will be allocated to food imports, which are purchased and equitably distributed in the household. Instead, however, export production and household food security might be jeopardised by gender bias in markets and in control over household resources.

How producers and consumers actually respond to these changes depends on the rules and norms of market institutions as well as on the structure of households and farms (the degree to which work and resources are shared, for instance). There are gender-based distortions, which influence market responses to the new incentives. Overwork of women, lack of women's control over the fruits of their labour and lack of access to productive inputs can inhibit women's supply response in the cash crop sector.

The demands for cash crop production on women's and men's labour and land may lead to reductions in productivity and/or output of female-intensive food crops if a woman's labour is drawn into her husband's cash crop and away from her own food crops. Expansion of male controlled export crops may result in a decline in the share or absolute amount of household income under women's control. This may occur if women do not have the time to produce food crops for sale in local markets. Less cash under women's control may mean a smaller share of expenditure allocated to household welfare. Thus, tracing the linkages from trade policy to household impact will be more accurate if the gender dimensions of production and trade are taken into consideration.

3.6 Trade, Women's Empowerment and Labour Standards

While empowerment of women workers worldwide depends greatly on the improvement of labour standards throughout the global economy, there is no consensus on how this can be achieved. Indeed, labour standards are one of the most controversial of the new issues that have been put forward by some countries for future trade negotiation. Following the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work of June 1998, the core labour standards generally refer to:

- Freedom of association and the effective recognition of the right to collective bargaining (Nos. 87, 98);
- Elimination of all forms of forced or compulsory labour (Nos. 29, 105);
- Effective abolition of child labour (Nos. 138, 192); and

- Elimination of discrimination in employment and occupation (Nos. 100, 111).

These conventions have been identified by the ILO as being ‘fundamental to the rights of human beings at work, irrespective of the level of development of individual member states’. Two other ILO conventions are important particularly for women, namely the 1996 Home Work convention (No. 177) and the 2000 Maternity Convention (No. 183).

What initially brought the issue of labour standards to the trade agenda was the fear of downward harmonisation of wages and working conditions in the context of trade liberalisation. Northern consumers, concerned by media images of workers, especially women and children, are toiling in awful sweatshops in the South to produce the goods they consumed, and began to support ethical trade initiatives and solidarity efforts. Recently, several Northern non-governmental organisations (NGOs) have begun to argue for a linkage between market access and labour standards through trade agreements (Cagatay, 2001).

Northern governments are currently the principal proponents of linking trade and labour standards within regional and multilateral trade agreements. Southern governments, fearing that such standards will operate as a disguised form of protectionism for industrialised countries have opposed such linkage in the WTO. Among the NGOs, those that oppose linkage, span the ideological spectrum; free-market proponents have opposed labour standards as labour market ‘distortions’ that cause unemployment, while those who are otherwise opposed to free market ideology and support workers’ rights, have argued that the WTO is not the appropriate institution for dealing with labour standards, which should be left to the ILO.

Women’s voices, though perhaps not as loud, have not been missing on this issue, along with trade issues more generally. Within the context of trade agreements, women’s interests have been articulated by the Informal Working Group on Gender and Trade (IWGGT), a network of about 30 organisations that aims to promote gender awareness on trade and integrate a gender perspective into all levels of WTO work. While IWGGT has not formally supported linkage between labour standards and trade, its membership includes the International Confederation of Free Trade Unions (ICFTU), which supports workers’ right clause giving special attention to women workers. Women’s groups are divided along the same lines as other civil society groups with Northern groups supporting linkage and Southern groups opposing (Cagatay, 20001). Consensus is lacking in the institutional channels through which labour standards should be enforced and whether social clauses or workers’ rights’ clauses are the best or even effective ways to promote human rights of women as workers. Neither has there been sufficient debate from a gender perspective among groups advocating against or for linkage.

Labour rights are not only fundamental human rights but also they constitute an integral aspect of development as viewed through the human development lens (A. Sen, 2000). While it is often argued that industrialised countries should not impose their norms on developing countries, there is nothing about these rights that makes them suitable only for industrialised country citizens. Countries of the South as well as those of the North have enshrined these rights in their own laws. The problem is one of enforcing them. Those supporting linkage point out that the ILO lacks effective enforcement mechanisms and that trade related measures would provide for these. Such measures would include fines and assistance to countries for the improvement of monitoring and enforcement mechanisms. Trade sanctions are proposed as a last resort.

Opponents point out that the WTO lacks the credibility to be an enforcer of workers' rights in the global economy, since it generally overpowers the voices of developing countries and excludes those from civil society organisations (CSOs) entirely. However, since the WTO has already widened the scope of trade negotiations on behalf of capital such areas as intellectual property rights (TRIPs) and investment measures (TRIMs), for example, opening the debate to the rights of workers might at least provoke a debate. Dialogue on these issues can help clarify the kind of inputs WTO needed to support workers' rights, as well as how regional trade arrangements (RTAs) can help promote such rights, in ways that prohibit disguised protectionism. Such a debate, in turn, would require gender-awareness with respect to trade, which is what gender advocates have been working to bring about.

From a gender and poverty perspective, workers' ability to collectively organise is critical. Part of the reason for the perpetuation of poverty has to do with women's lower wages compared to men, with particularly adverse affects on poor women-headed households. Low wages, especially for women, also encourage greater reliance on child labour, which depletes capabilities, health and well-being and further depresses adult wages in countries where child labour is relatively widespread.

It is important to point out that countries that recognise and enforce labour standards do so only as a result of long struggle, both for compulsory public education and for labour market regulation (Cagatay, 2001). Part of this struggle was about moral persuasion. The other part has to do with the recognition that while brutal exploitation of workers might yield quick profit in the short run; it was not in the interest of anyone, including the capitalist class in the long run to rely on a mode of accumulation that depleted the capabilities of its working class. On the supply side, a sustainable system of production needs to generate capabilities and skills. On the demand side, mass markets based on workers' purchasing power are needed so that goods produced can be sold. In today's world economy, the emphasis has been on market access and competition in production. However, if large numbers of countries try to compete in the world economy on the basis of low wages, a global glut is likely to occur. Therefore, ensuring a mechanism through which workers can

collectively bargain over the conditions of their work is not only a human rights imperative, but also insofar as core standards to help raise wages. Moreover, it is necessary for the emergence of mass markets.

Another factor that affects working conditions, especially for women workers in developing countries, is the trade policy stance of industrialised countries. As noted at the outset, while many developing countries have liberalised their trade regime, essential industrialised country markets remain closed to them, especially in textiles, apparel and leather products. As these industries employ mainly women, such protectionism operates to keep women's employment and possibly wages lower than they might otherwise be and thus to reinforce gender inequalities. In agriculture, subsidies by industrialised countries make it especially difficult for small producers, which include the majority of women in developing country agricultural sectors, to compete. Thus opening up industrialised country markets in these areas might be more gender equitable though it is not clear which developing countries would capture the benefits.

5.3 4.0 Towards Gender-Sensitive Trade Policies

It is increasingly recognised that trade policies have gender-differentiated impacts and that gender inequalities affect trade performance. The Beijing Platform of Action, for example, points to the need for more analysis of the impact of globalisation on women's economic status and the need to 'ensure that national policies related to international and regional trade agreements do not adversely impact women's new and traditional economic activities' (UN 1996). In this connection, the IWGGT, mentioned above, has set for itself the following priorities:

- Promotion of gender awareness in trade issues;
- Integration of gender perspectives into all levels of WTO work;
- The inclusion of gender in the Trade Review Mechanism;
- Promotion of the availability of disaggregated data for trade analysis; and
- Making visible the gender-trade links in trade analysis.

In practice, however, gender awareness is not a factor in the negotiation of trade agreements and policies. In addition to ideological constraints, most of which derive from the insistence that expansion of markets and increased market incorporation of women and poor people translates into higher income and well-being, there are a number of institutional constraints against the incorporation of a gender perspective into these agreements.

First among these are issues related to governance. Women and women's voices are largely absent in trade policy-making institutions and very few men in such institutions acknowledge the relevance of gender to trade policies, despite the numerous UN resolutions and agreements

requiring gender mainstreaming in all policies, programmes and institutions, including those related to trade. At the global level, moreover, the current impasse between those favouring the inclusion of new issues, such as labour and environmental standards, and those arguing for no new round of negotiations renders consideration of gender issues within the WTO at this point somewhat difficult. Yet it can be argued that such issues should be central in either case, for all of the reasons elaborated above.

Critiques by researchers and CSOs, however insightful, cannot result in more gender equitable trade policies without an institutional structure backed by political commitment and resources. At the national level, this means that ministries of trade must strengthen their capacity to apply a gender analysis to all policies and programmes and must work more closely with ministries of women's affairs. Since the latter currently remain marginal in most countries, they in turn must be upgraded in terms of resources, expertise and political status.

At the global level, achieving more gender-equitable trade policies requires a serious dialogue on the need for a new institutional structure and how the WTO can be reformed to carry out some of the needed functions. In this regard, the efforts of women's groups to insert gender mainstreaming provisions in RTAs can provide some guidance. The Asia Pacific Economic Cooperation Forum (APEC) is an example. In September 1999, APEC Leaders and Ministers endorsed the Framework for the Integration of Women in APEC and established an *ad hoc* Advisory Group on Gender Integration to ensure its effective implementation. The Group's mandate included: developing gender criteria for use in project proposals, approval and evaluation; establishing monitoring procedures and providing information to various APEC fora on gender mainstreaming and gender analysis; compiling best practices on gender integration in regional economies; and providing recommendations on next steps in gender integration and implementation of gender mainstreaming.

As argued above, the effects of trade policies and trade performance are complex and vary not only among different economies but also across sectors and different classes of men and women. The impacts of trade agreements on gender or on people living in poverty are mediated by a whole host of factors related to the structural characteristics of the economy, to macroeconomic or labour market policies as well as trade policies, and to the ways in which gender relations permeate a specific economy. This makes it imperative that those responsible for trade policy investigate these relationships in a country specific context.

As in the case of trade and poverty, it may be argued that gender-based impacts of trade liberalisation are not necessarily attributed to such liberalisation but to persistent gender inequalities. It is of course true that gender-based inequalities have to be addressed through a range of policies, not just those concerning trade. It is equally important to remember, however,

that trade policies themselves always have distributive effects, including those related to gender, that need to be addressed through fiscal policy.

At the same time, a deeper understanding of the relationships between gender and other inequalities and trade policies would help policy-makers understand why the expected results from trade liberalisation may not come about. This would enable them to take into account not only the complementary policy measures that need to be taken alongside trade but also the pace, scope and sequencing of trade liberalisation or even continued protection in certain sectors. In some instances, the desire for global competitiveness may jeopardise gender equality, requiring trade-offs between gender equality and trade performance. In such cases, these trade-offs need to be made explicit in order to design alternative policies ensuring that successful export drives are not achieved at the expense of gender equality. Such an analysis can also reveal the kinds of actions that need to be taken at the global level.

Many trade-related issues have far-reaching implications for other areas, such as investment and competition policies. Since gender relations in fact permeate all economic structures, a gender analysis is necessary for all successful policy outcomes, including those in what are called trade related areas.

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A.3.3. THE ROLE OF TRADE IN ACHIEVING THE MDG/MKUKUTA TARGETS, BY MR. AMON MANYAMA, NATIONAL ECONOMIST/TEAM LEADER, PRO-POOR POLICY DEVELOPMENT AND POVERTY MONITORING UNIT, UNDP

1.0 Introduction

1. This paper aims to examine the contribution of trade to development and poverty reduction in Tanzania. In doing so, it investigates the linkage between trade, development and reduction of poverty. Greater trade does offer enormous opportunities for human development. Under the right conditions, it has the potential for reducing poverty, narrowing inequality and overcoming economic injustice.

2. While the PRSP (2000) highlighted the importance of trade and private sector as the engine of growth, not enough attention was paid to precisely how this is to come about. More attention to private sector and trade has come during the development of the National Trade Policy and the SME policy. These policies take cognisance of the critical role of trade and private sector development in achieving the Vision 2025. The new generation of the PRSP, i.e., MKUKUTA is well informed by the above policies and ensures that private sector participation is more effective, in terms of poverty reduction, than in the past. The integration of trade policy in the MKUKUTA is another dramatic improvement, compared with the PRSP (2000) and other prior strategies – *integration of trade into the NSGRP is the key element of the discussion in this paper.*

3. The background section briefly examines the theory, practice and trends in trade and development. The third section provides insights on how trade could deliver for the MKUKUTA and the MDGs. The fourth section walks the talk about trade and the MKUKUTA, particularly what does the MKUKUTA say about trade or trade-related issues. It provides insights into trade interventions, which contribute to achieving the MKUKUTA and the MDGs targets. The fifth section talks about the potential constraints in and the prospects for mainstreaming international trade into the national development agenda. The last section focuses on the Recommendations on the way forward – both implementing the trade policy for poverty reduction (i.e., what is to be done to make trade poverty-reducing or make the PRS take advantage of the important role of international trade) and for advocating the role of trade in the MKUKUTA/MDG framework.

4. The overall purpose of this paper is to stimulate discussion, by trying to answer the following questions:

- To what extent is international trade important in achieving the MKUKUTA and the MDG targets of sustainable development and poverty reduction?
- What are the potential constraints and prospects for mainstreaming international trade into the national development agenda?
- Recommendations on the way forward – both implementing the trade policy for poverty reduction (i.e., what is to be done to make trade poverty-reducing or make the PRS take

advantage of the important role of international trade) and for advocating the role of trade in the MKUKUTA/MDG framework.

2.0 Background

5. The MDGs are more than targets set by the international community for minimum levels of human and social well-being in poor countries. They are also the basic preconditions for sustained human development. The improvements that the MDGs envisage in health, education, gender, the environment and infrastructure are essential, if productive sectors are to grow and create employment. The greater equity and opportunities implied in the MDGs and the MKUKUTA can provide the social stability without which growth cannot succeed – the achievement of the MDGs and MKUKUTA targets also requires faster economic growth.

6. Complementing the efforts to overcome adverse social conditions via the MDGs/MKUKUTA, a number of external and domestic policy interventions are needed to reinforce the relationship between the MDGs, poverty reduction and sustained growth – locally articulated in the MKUKUTA. At the top of the list is foreign market access, which, when complemented with *trade capacity building*, will result in *export growth* – an important growth pole.

7. The idea that participation in trade enhances human welfare is as old as modern economics. From different perspectives, Adam Smith, David Ricardo, John Stuart Mill and Karl Marx all argued that specialisation through trade would increase productivity, economic growth and living standards. Many of their insights remain valid. But, the pathways between trade and human development are complex – and there are no simple blueprints for successful integration into global markets.

8. The idea that openness to trade is inherently good for both growth and human development now enjoys almost universal support. Translated into policy reforms, this belief has led to an emphasis on the merits of rapid import liberalisation as the key to successful integration into global markets.

9. The evidence to support the proposition that import liberalisation is automatically good for growth is weak – almost as weak as the opposite proposition that protectionism is good for growth.

10. The main message is that there is no clear or automatic relationship between trade liberalisation, economic growth and poverty reduction and trade must be viewed as a means to development, not an end. Developing countries, and Tanzania in particular, must address human development needs and concerns in order to reap the benefits from trade liberalisation.

11. There is a growing literature that suggests that countries do not necessarily do better because they are more open, but gradually open up as incomes increase (i.e., countries dismantle barriers as they get richer). "...no country has developed simply by opening itself to foreign trade and investment. The trick has been to combine the opportunities offered by global markets with strategies for domestic investment and institution building, to stimulate domestic entrepreneurs. Nearly all the cases of development in recent decades – East Asia since the 1960s, China and India since the early 1980s – have involved partial, gradual opening to imports and foreign investment." (Making Global Trade Work for People, UNDP, 200?)

12. Success in world trade depends increasingly on entry into higher value-added markets for manufacturing goods. Most of the increase in the developing world market share in manufacturing goods can be traced to one region – East Asia – and to a small cluster of countries. Since 1980, East Asia has more than doubled its share of world manufactured exports, to 18 percent of the total. China has been doubling its share of world trade roughly every five years. China now supplies one-fifth of the world's clothing exports and one-third of the world's mobile phones and it is the largest exporter of domestic appliances, toys and computer electronics.

13. While trade has risen, as a share of the GDP, from 40 percent to 55 percent since 1990, the Sub-Saharan region's share (excluding South Africa) of world exports has fallen to 0.3 percent. Today, the share of world exports of Sub-Saharan Africa, with 689 million people, is less than one-half of that of Belgium, with 10 million people.

14. The trends in trade for Sub-Saharan Africa show that the losses from trade can outweigh the benefits associated with aid and debt relief. If Africa enjoyed the same share of world exports today, as it did in 1980, its exports today would be some \$119bn higher (in constant 2000 dollars). That is equivalent to about five times the aid flows and budget savings from debt services relief provided by high-income countries in 2002. *Africa is a low value-added producer.*

15. Between 1997 and 2001, the combined price for all commodities fell by 53 percent in real terms. This means that African exporters had to double the export volumes to maintain incomes at constant levels.

3.0 How Trade Could Deliver for the MKUKUTA and the MDGs?

16. The ability of a country to convert export success into rising incomes – and so into improved living standards and poverty reduction – depends not just on the volume of production and export but also on the value added – a measure of wealth created².

17. The extent to which economic growth (fuelled by trade) has an effect on poverty reduction depends, to a large extent, on resource allocation and the creation of opportunities for all parts of the population (i.e., to ensure that the benefits are widely distributed and the support is provided for alternative livelihoods for those who lose).

18. There is a two-way causality – from growth-driving human development and better human development outcomes (improved capacities from a healthy, better educated, knowledgeable and more skilled labour force) contributing to higher economic growth and trade outcomes.

19. At the household level, exports can provide an important source of income and employment to poor people. In Bangladesh, the growth of garment exports, since 1990, has created about 1.8 million jobs, more than 90 percent of them for women. Increased incomes in the garment sector have lowered poverty and contributed to improvements in health and education indicators. When Vietnam liberalised rice marketing, it gave domestic producers access to global markets, with important gains for living standards and human development indicators. In both the cases, the

² Concepts of export growth versus export success, i.e., high value added.

broad-based income and employment effects, generated by exports, provided an impetus for human development.

20. Beyond the household, some of the most important benefits of trade derive from imports of capital goods that are cheaper than those available domestically. The export of labour-intensive manufactured products in the 1960s and 1970s enabled the Republic of Korea and Taiwan Province of China to import and adapt the technologies needed to diversify their manufacturing sectors, raise productivity and enter higher value-added areas of world trade.

21. Like any technological change, restructuring or reform affecting national markets, greater openness to trade can give rise to dislocation and adjustment costs. Participation in trade can produce losers and winners. From a human development perspective, the challenge is to take advantage of the new opportunities presented by trade, while ensuring that the benefits are widely distributed and that vulnerable populations are protected from the costs.

22. Fairer international trade rules could give a powerful impetus to the MKUKUTA and the MDGs. Generating that impetus will require greater coherence between the trade policies of developed country governments and their development policies and commitments. Unfair and unbalanced trade rules are hampering international efforts to achieve the MKUKUTA and MDGs targets. The Doha Round provides an opportunity to address this problem, but there has been little progress so far. What is needed is for the developed countries to fully implement the MDG 8 on global partnership.

Important Conditions for Trade to Deliver for the MKUKUTA and the MDGs:

23. Developing an active industrial and technology policy. Success in global markets depends increasingly on the development of industrial capabilities. In a knowledge-based global economy, cheap labour and exports of primary commodities or simple assembled goods are insufficient to support rising living standards. Climbing the value chain depends on managing the processes of adapting and improving new technologies. This is an area in which market failure is widespread. Free markets may not give the right signals for investment in new technologies, when there are high and unpredictable learning costs. There is lack of information, weak capital markets and poor support institutions in countries like Tanzania. The Governments must intervene to overcome market failure and create incentive for development of local technological capacity, by regulating foreign investment, encouraging reverse engineering of imported technologies and restricting some imports.

24. Industrialisation has a critical role to play in helping Tanzania raise growth rates. Productive development is the motivating force for applying new technologies to production and the most important source and diffuser of technological innovation. It creates new skills and work attitudes, catalyses institutional change and breeds modern entrepreneurship. It is the best way of modernising the export structure and creating the base for sustained export growth, along with higher wages.

25. Most successful examples of integration into global markets have involved governments overcoming market failures. The Governments of the Republic of Korea and Taiwan, among the first generation of East Asian “tigers”, created incentive for the development of local technological

capacity, by restricting imports, encouraging reverse engineering of imported technologies and regulating foreign investment. China followed a broadly similar path. Foreign investors in the automobile and electronics sectors have been required to transfer new technologies, train domestic workers and use local inputs. Government procurement has been used to create incentives – to qualify for government contracts, for example, foreign software manufacturers have to transfer core technologies to China, invest a minimum proportion of their revenues in the country and meet 50 percent of development costs for eligible software products. There is no reason why Tanzania should not attempt to do the same, even modest success will be better than the current situation.

26. It is also important to note that capacity development, through a focus on specialised science-based skills, to complement the focus on technology, is crucial for industrial development. From the example of China and the others, in addition to the focus on technology, there was a strong push to create a highly skilled – science-based – workforce, e.g., scholarships to some of the best institutions in the world and developing capacity at home.

27. *Managing openness.* If openness, as measured by the ratio of trade to the GDP, were an indicator of human development progress, Latin America would be an unmitigated success story. The region has led the world in trade liberalisation. However, outcomes have been disappointing. After a decade of falling incomes in the 1980s, the economic growth per capita in the 1990s was just over one percent. Greater openness in Mexico has been associated with negligible reductions in poverty and high levels of inequality. Liberalisation in agriculture has further marginalised the rural poor, in particular. In contrast, the openness in Viet Nam has contributed to the acceleration of human development. Viet Nam has succeeded partly because its export success has been built on domestic reforms that have generated economic growth with equity and partly because it has not pursued greater openness through rapid import liberalisation. More important, Viet Nam has built integration into global markets on strong human development foundations – e.g., education.

28. The contrasting case of Mexico and Viet Nam underline the importance of viewing trade policy (see the Table below), especially exports, as an integral part of the national poverty reduction strategies, rather than as stand alone efforts.

Vietnam	Mexico
Industrial policy	
Broad based, inclusive growth: export growth was driven by millions of smallholder producers; extended land tenure rights, lifted constraints on imports of fertiliser; restrictions on rice export were relaxed; agricultural wages, domestic trade and local demand all rose.	Weak industrial policy characterised by: production is dominated by simple assembly and re-export of imported components; export activities associated with limited local value added and minimal skills and technology transfer; dependence on a low-wage, low-skill export sector, falling employment.
Broad based, inclusive growth	
A commitment to equity. Collects about 16 percent of GDP; government able to distribute the benefits of trade more widely through spending on social and economic infrastructure.	High degree of initial inequality, one of the highest Gini coefficients in the world; low tax efforts 13 percent, which limits government capacity to develop social and economic infrastructure for broad based growth.

Speed of liberalisation	
Gradual and selective liberalisation: higher growth and export promotion pre-dated import liberalisation; tariffs remain at about 15 Percent.	Rapid liberalisation: Under the NAFTA

29. *Tackling inequality.* Participation in trade can exacerbate inequality, as poor people absorb the adjustment costs of increased competition from imports, while people with assets and market power take advantage of opportunities provided by exports.

30. Rapid export is not a panacea for poverty. For example, the surge in textile and apparel exports from Madagascar, since the late 1990s, has created a large number of jobs, but predominantly for skilled workers – the result: rising inequality and modest impact on poverty.

31. In Brazil, the world's fourth-largest agricultural exporter, large commercial farms and agribusiness firms dominate the \$20bn export market: just four or fewer firms account for more than 40 percent of the exports of soy, orange juice, poultry and beef. The other face of Brazilian agriculture is scarred by mass poverty. More than 10 million people in rural areas live below the poverty line, most of them smallholder farmers or landless labourers.

32. Increased agricultural exports are widely seen as a route to higher rural incomes and reduced poverty. In some cases, they are. But, the pattern of growth and distribution also matters. Over the past decade, Guatemala has sustained export growth rates of more than eight percent, with minimal progress on human development, because of inequality. Extreme inequality extends to land ownership. An estimated two percent of the population owns 72 percent of the agricultural land, including the most fertile land. Traditional exports – such as sugar, beef and rubber – are dominated by some 20-50 families. Smallholders constitute 87 percent of farmers, but hold just 15 percent of the land and have limited access to credit and the marketing infrastructure. Smallholders have effectively been excluded from export growth in traditional sectors such as sugar. While jobs have been created, employment conditions are poor.

33. *Reducing vulnerability.* Integration into world markets creates opportunities, but also creates risk. Participation in trade creates losers and winners and it brings with it adjustment costs. Poorly managed adjustment can inflict high human development costs.

34. Many poor countries, including Tanzania and small islands (like Zanzibar) that depend heavily on trade – especially the commodity trade – face high market risks. These risks are linked to price vulnerability and the potential for policy change in importing countries – a problem suffered in recent years by exporters of bananas and sugar to the European Union. Commodities price shocks – banana, coffee, and cotton. And competition related shocks in e.g. garments etc. In addition, weak labour rights work against the benefits of trade. Some protection mechanisms need to be in place to protect the losers.

35. *Confronting the “resource curse”.* Oil and mineral wealth, generated through exports, can be bad for growth, bad for democracy and bad for development. It is estimated that less than 10 percent of Equatorial Guinea's \$700mn in oil revenue finds its way into government coffers. The

“resource curse” operates by weakening institutions of governance, creating perverse economic incentives and creating conditions for conflict, but sensible policies and democratic governance can break it. Under good governance, natural resources are not always a curse, some countries have wisely used their resources – for example, Botswana and Norway.

36. *Counting social and environmental costs.* Inappropriately regulated or unregulated export growth can undermine human development, through its impact on the environment. Export growth figures do not take into account human costs and environmental externalities that weaken the links between trade and human development. Factoring in these costs and externalities is one of the primary conditions for making trade work for human development.

4.0 What Does the MKUKUTA Say about Trade or Trade-related Issues?

37. The new strategy, National Strategy for Growth and Reduction of Poverty (NSGRP), known as the MKUKUTA in Kiswahili, has put forward key prerequisites for its successful implementation. These prerequisite are mostly originating from key departures of the NSGRP from its predecessor – PRS I. These include: (i) a move from priority “sector” approach to priority “outcome” – results-based approach; (ii) recognition of cross-sectoral contribution to outcomes and inter-sectoral linkages and synergies; (iii) emphasis on mainstreaming cross-cutting issues; (iv) integration of the MDGs policy actions into cluster strategies; (v) a five-year implementation period; (vi) a greater emphasis on economic growth in poverty reduction; and (viii) recognition to address vulnerability and social protection issues.

38. The strategy pays greater attention to further stimulating savings and investment response, trade, infrastructure development, human resource development, increased investments in quality education, science and technology and use of Information and Communication Technologies (ICTs), a competitive knowledge-based economy and an efficient government. In addition, the strategy seeks to:

- Deepen ownership in policy-making and continue with debate on growth, equity and governance issues, along with implementation and monitoring;
- Pay greater attention to mainstreaming cross-cutting issues, including governance and employment; and
- Address discriminatory laws, customs and practices that retard socio-economic development.

Snapshot of Trade, MDGs and MKUKUTA

Trade Interventions in MKUKUTA	MKUKUTA Development Targets	MKUKUTA/MDG Targets (Poverty & Hunger)
See the next sections under 4.0 ■ <i>Sources of growth</i> ■ <i>Broad-based, inclusive growth</i> ■ <i>External shocks and disaster management</i> ■ <i>Infrastructure science and technology</i>	■ Manufacturing 8.6% to 15% by 2010	Reduce proportion of urban poor below the basic needs from 25.8% to 12.9% in 2010
	■ Agricultural growth 5% to 10% by 2010	Reduce the proportion of the urban food poor from 13.2% in 2000/01 to 6.6% by 2010
	■ Livestock 2.7% to 9% by 2010	Reduce proportion of rural poor below the basic needs from 38.6% to 24% in 2010

<ul style="list-style-type: none"> ▪ <i>Structural and institutional reforms</i> 	<ul style="list-style-type: none"> ▪ Reduce unemployment 12.9% to 6.9% by 2010 	Reduce the proportion of the urban food poor from 27% in 2000/01 to 14% by 2010.
	<ul style="list-style-type: none"> ▪ Secure and facilitate marketing of agricultural products 	<i>Other MDG targets</i> <ul style="list-style-type: none"> ▪ Education ▪ Gender ▪ Child health ▪ Maternal health ▪ HIV and AIDS ▪ Environment <ul style="list-style-type: none"> ○ Safe drinking water ▪ Global partnerships
	<ul style="list-style-type: none"> ▪ Increase profitability in agriculture and outside agriculture 	
	<ul style="list-style-type: none"> ▪ Increase contributions from wildlife, forestry and fisheries 	
	<ul style="list-style-type: none"> ▪ Increase off-farm income-generating activities 	

Growth and Reduction of Income Poverty

Sources of growth which have direct and indirect bearing on trade

39. The following are identified as the major sources of growth that Tanzania will need to focus on:

- (i) Investments in human capability – provision of quality education, health and nutrition to the population. Towards having an internationally competitive labour force, more resources will be channelled to improving the quality and expanding secondary, higher and technical education – *a well-educated society is a critical factor for trade development in a knowledge-based global society.*
- (ii) Investments in physical capital – will focus on efficient and cost-effective provision of infrastructure for transport, power and ICT, with special attention to opening up rural areas and areas with economic potentials in order to address regional inequalities – *the importance of infrastructure network to facilitate trade can not be overemphasised.*
- (iii) Increases in factor productivity – focusing on technological change, with particular attention to rural/agricultural productivity and its associated linkages with industry.
- (iv) Private sector development (PSD) – domestic firms, including SMEs, will be supported and encouraged to be innovative, pay attention to product development, quality and appropriate marketing strategies that make them competitive and capable of responding to global market conditions. The enabling factors for PSD, which are also in line with the strategies for the TMTP2020, include:
 - Addressing entrepreneurship development needs for rural private producers (on farm and non-farm), agro-based industries, urban-based SMEs, formal and informal enterprises;
 - Ensuring access to resources (finance, land, water, etc.), technological and managerial skills, including marketing, market information and contacts;
 - Facilitating linking-up of domestic producers with local and foreign R&D institutions;

- Creating fair competition, to ensure level playing field, a smooth and stable administrative and regulatory framework, guaranteeing personal and property rights and security and enforcement of contracts; and
 - Provision of basic infrastructure, such as utilities, water, power, transport and ICTs, at competitive prices in rural and urban areas.
- (v) Domestic trade – has been liberalised and inter-regional/district barriers removed. However, domestic traders need to develop competitiveness prowess, innovativeness, adherence to schedules and standards and the confidence to venture into neighbouring country markets and overseas. The *Private Sector Development* enabling factors (*iv above*) apply. The Government will scale up reduction of administrative hurdles due to complicated licensing and taxation system, harassment by tax and local administration and replace them by simple, “one-stop” mechanisms to reduce the high “costs of starting and doing business” due to red tape.
- (vi) Trade development towards a diversified and competitive economy principle – aims at linking international trade to domestic productive and competitiveness potentials, in close association with the development of the private sector and domestic trade. This entails:
- The National Trade Policy (NTP) will provide a guide on fostering innovative and competitive capacity of the economy, addressing supply-side constraints, diversification of the “export basket” by stimulating value-added activities, investments in export-oriented activities and boost the competence of private sector participation in regional and world markets.
 - Implementation of the NTP will require recognition and exploitation of inter-sector linkages and complementary policies, including those related to infrastructure, productive sectors, trade in services (e.g., tourism, transit trade, etc.) and institutional facilitation.
 - Furthering *economic diplomacy* to market abroad Tanzania’s products, tourist attractions and other service exports, attracting foreign investments and assisting Tanzania’s investors to be able to invest abroad.
- (vii) Trade-related assistance, including Joint Integrated Technical Assistance Programme (JITAP) and Integrated Framework for Trade Development (IF) and others in support of private sector participation in domestic and international trade will be tapped to increase the capacity of domestic producers, particularly SMEs and rural producers in processing, packaging, financing, managerial and marketing skills and information about international market standards, patenting, shelf-life, labelling and other conditions.
- (viii) Foreign direct investment (FDI) strategy – will foster conditions that attract more FDI, with a view to realising the gains in the form technology transfer and increased productivity and diversification of the structure of the economy. A stable investment and regulatory climate will be ensured. Issues related to the choice of technology, strategic links with local firms and higher learning and R&D institutions, technical capabilities and readiness of local firms and labour force to adapt technology would be examined.

Broad-based Growth and Equity

- Improving access and ability to use productive assets (e.g., land, finance, etc.) for the poor, for example, those in small-scale agriculture and rural non-farm activities, SMEs and groups such as women and youths. Micro-finance services will be expanded and land access rights ensured for both men and women and for small and large-scale producers;

- Addressing geographic disparities by identifying economic potentials of the disadvantaged districts and supporting exploitation of these potentials and raising returns and productivity in the poorer districts/regions. “Spatial development and development corridor” planning approaches will be employed. This is also consistent with the objectives of the Special Economic Zones (SEZs) of the TMTP (2020).
- Equal and universal access to public services – physical infrastructure and social services – through the budgetary financing of social programmes and support to community-based initiatives, considering the special needs of the vulnerable groups.

External Shocks and Disaster Management

- Growth must be strong enough for the economy to withstand shocks, for example, external shocks due to adverse terms of trade and erratic commodity prices.
- Sustainable and broad-based growth can only be realised through accelerated GDP growth and widening the spectrum of actors in the economy, particularly the informal sector, SMEs and the co-operatives. It entails: (i) strengthening of the link between agriculture and industry; (ii) raising contribution of other sectors to GDP; (iii) preventing the negative impacts on environment and people’s livelihoods; (iv) promoting technological innovations, communication, physical infrastructures such as roads, ports, railway lines and storage facilities; and (v) promotion of regional equity in development is another important dimension for broad-based growth. The TMTP2020 strategic actions address the objective of growth, through creation of attractive sites for both domestic and foreign investors so as to accelerate growth in production, per capita incomes, export earnings and employment in the SEZs.

Achievement of sustainable and broad-based growth will incorporate the following strategic actions:

- Promoting investment in the productive and services sectors, with a view to increasing productivity and enhancing job creation;
- Empowering Tanzanians to mobilise savings and investments through, among others, sale of units by the Unit Trust of Tanzania, Parastatal Sector Reform Commission and the Capital Markets and Securities Authority and other initiatives;
- Implementing BEST programme, maintaining a predictable business environment and protecting property rights;
- Modernising and expanding physical infrastructures, through enhanced public-private partnership;
- Promoting R&D and patenting of proven technologies, including support to R&D institutions;
- Increasing the number of irrigation schemes and the area under irrigation and promoting rainwater harvesting;
- Increasing productivity and profitability in agriculture, through technological innovations such as use of improved high-yielding and pests, disease and drought-resistant varieties, improved tools and equipment and better soil and water management, improved extension services, training and promotion of Integrated Pest Management (IPM);

- Promoting efficient utilisation of rangeland, empowering pastoralists to improve livestock productivity, through improved access to veterinary services, reliable water supply, recognising pastoralism as sustainable livelihood;
- Promoting use of ICT, expanding communication networks and supporting institutions which facilitate appropriate and environmentally-friendly technology development and transfer;
- Promoting appropriate production and processing technology;
- Promoting regional equity, through appropriate investment incentives and refocusing public expenditure;
- Involving communities in construction, maintenance and management of rural roads;
- Updating mining policy and legislation and developing and promoting enabling environment for investment in mineral value-addition; and
- Attracting investment in coal and natural gas development and increase contribution of coal and natural gas to the GDP.

Infrastructure, Science and Technology

40. In recognition of the need to improve the economic prospects of the productive sectors and social services, there is need to improve the provision of physical infrastructure. Levels and quality of transport, communications and energy services are, generally, poor and, thus, constraining growth. Rural areas lack road network and rural telecommunications, which, in turn, limit creation of new opportunities for markets, employment and trade (domestic and foreign). The situation in rural areas also constrains actions towards social outcomes (e.g., delivery of and quick access to medical attention, schools, courts and markets or trade). Rail, marine, air and road transport networks need to be expanded and maintained to international standards.

41. Energy is critical for the attainment of the NSGRP and MDG targets. It is important for productive activities in industry, agriculture, transport and water supply and in the provision of social services such as education and social services. Unreliable and high cost power has also discouraged private investments. The constraints include lack of adequate investments in the energy sector and affordable alternative energy technologies.

42. Higher education, Science and Technology are vital for innovative technological advances that increase returns and productivity in all sectors. Linkages between higher education, S&T and R&D institutions and local communities in agriculture, industry, SMEs, trade and social development, etc., have been weak and need to be strengthened.

Some of the on-going structural and institutional reforms, which have implications on trade:

- **Financial sector:** The sector has been liberalised since the early 1990s. The remaining challenges include enhancing access to credit by the private sector, particularly the SMEs and the rural areas. The recent establishment of a credit rating agency is a further step in enhancing the efficiency of financial intermediation in Tanzania.
- **Parastatal sector reform: a lot has been done:** The major outstanding issues refer to the privatisation of some financial sector entities, as well as that of public utilities such as the TANESCO and the Tanzania Railways Corporation.
- **Trade policies and institutions:** Progress has been made in reducing tariff and non-tariff barriers. The challenges include further improvement in customs administration and improving

the capacity to handle various issues, including the commitment to WTO agreements and international negotiating capacity, and the capacity to participate fully in regional markets such as the SADC and the EAC.

- **Infrastructure (transport, power, Information, and Communications Technology (ICT):** The formation of the Road Fund Board and the executive agency TANROADS for the trunk and regional road network has been a major step forward.
- The fixed-line telephone company, TTCL, was privatised. There has also been a rise in the number of mobile phone operators and the Internet and tele-media. There are initiatives to develop tele-centres, especially for rural areas and e-commerce and e-Government. The challenge is to support the development of human capabilities to design, implement, manage and use ICT applications and services, put in place an appropriate legal and regulatory framework for the expanding market and making the telecom infrastructure a platform for the delivery of ICT applications.
- **Spatial Development Initiatives and Development Corridors (SDIs and DCs):** They were adopted as more comprehensive and integrated planning and delivery frameworks for development of economic services, especially the infrastructure for poverty reduction and specifically aimed to redress regional imbalances in economic opportunities and access to social services. Currently, two initiatives are ongoing – the Mtwara Development Corridor and the Central Development Corridor, under the government-private sector partnership arrangement.
- **Public institutional interfacing with the private sector:** The Government has started reviewing regulations, focusing on removing obstacles to private sector development. The issues include: (i) harmonisation of local government taxation to remove excessive tax burden on private enterprises; (ii) streamlining work permit procedures; (iii) review and amendment of licensing legislation to reduce the cost of business establishment and continuation - the Business Licensing Reform has been approved by the Government, following the consensus of stakeholders; (iv) review and revision of export-import procedures to reduce time costs and corruption-related costs; and (v) design and implementation of a program for enhancing access to commercial courts by the SMEs; (vi) a Better Regulation Unit (BRU), established as a supportive unit for monitoring implementation of the Business Environment Strengthening in Tanzania (BEST). A draft work plan for the Commercial Dispute Resolution (CDR) component under BEST is being finalised.

5. Potential Constrains/Prospects of Mainstreaming Trade into the National Development Agenda

43. There are several constraints that impede the mainstreaming of trade into national development. The performance of exports requires tackling economy-wide, sector as well as product-specific, constraints. The national trade policy makes it clear that the “essence of impediments against the growth and expansion of Tanzania trade flows lies in “supply-side constraints”, pg. 18. In addition to the supply side constraints, other constraints include:

- Demand-side constraints, i.e., poorly developed domestic and regional markets;

- Challenges for good governance and problems in economic management and structure, such as investment climate, agriculture dominated, security, etc.;
- Inadequate development in legal and regulatory framework, impacting the performance of the business sector;
- Limited knowledge on links between trade and human development, for example, trade and environment, trade and gender, etc.;
- Limited prior knowledge about transmission mechanisms that determine the effect of trade on poverty in a country context;
- Impediments to international trade, including non-tariff barriers and the unpredictable behaviour of trade partners, for example, India and China levy high tariffs on cashews, cotton, coffee, tea, gemstones, fish and seafood;
- Limited capacity of the private sector to participate and influence policy-making;
- Lack of a clear industrial policy;
- Inadequate and weak infrastructure development – physical, technological and financial; and
- Inadequate institutional set up to implement joint sectoral/cluster planning and implementation. It may be the case that the public sector configuration is still inadequate – further reforms are needed to tape sector complimentary.

The Prospects

- The MKUKUTA had an opportunity to be informed by the National Trade Policy (Feb. 2003) and the SME Policy (April 2003) documents. Reflection on these policies and the MKUKUTA should continue in the implementation and monitoring stage.
- Integration of Trade in the Public Expenditure Process (as part of cluster 1), the second generation of the PER, has taken the “cluster” approach, which makes trade an integral part of cluster one (growth and reduction of income poverty) and three (good governance).
- The review of the Poverty Monitoring System brings to the fore the discussion about enhancing monitoring of cluster 1 of the MKUKUTA. The review of the PMS is an opportunity to integrate monitoring of trade targets and its impact on development and poverty reduction.
- Implementation of trade policy through cross-sectoral collaboration arrangement to strengthen linkages and tape synergies as it is provided in the MKUKUTA. This will enable stakeholders to reflect on how trade impacts the implementation and achievement of other policies.
- Build ongoing reforms to increase the involvement of the private sector in the preparation of policies, reforms and implementation, e.g., promote productive capacity and integrate trade capacity building.
- Review the findings of the “diagnostic trade integration study” and prepare a programme for implementation.

6.0 Recommendations for the Implementation

44. Broadly, scaling up *private-public partnership* consultation mechanisms in promoting the participation of the private sector in business, including the provision of public services.

More specifically:

- Continue strengthening the planning and implementation capacity, particularly the “cluster” approach, which enables actors to recognise the linkages and synergies. This requires re-engineering work plans and processes in the public sector.
- Make deliberate efforts to foster regions and district investment forum, for example, Mtwara, Mwanza, Kilimanjaro and Tanga.
- Sectors to explore areas of collaboration in the pursuit of specific poverty reduction outcomes. Such collaboration will lead to more efficient attainment of desired poverty reduction outcomes. Promotion of inter-sector linkages will make possible the realisation of backward and forward linkages in the economy, increased employment and cost saving.
- Continue to undertake assessments of trade institutional and capability development needs akin to those undertaken for human development.
- Fast track implementation of recommendations that emerged in the “Diagnostic Trade Integration Study” 2005.
- Mainstream trade into other national policy-making processes, such as Public Expenditure Review and the MKUKUTA monitoring system.
- Emphasis should go beyond liberalisation and privatisation (i.e., not focusing purely on trade liberalisation, openness, privatisation, etc.) to emphasize the need to create the institutional underpinnings of market economies. In particular, the focus should be on labour market flexibility, social safety nets, financial sector regulation and prudential supervision and governance, corruption and legal and administrative reforms – the discussion on the MKUKUTA clearly illustrates the intention of the Government to focus on this.
- In particular, the MKUKUTA addresses specific 'investment strategies', i.e., a set of policy and institutional initiatives, including targeted policy interventions that motivate domestic investors, in order to set off economic growth. There is no 'one size fits all' when it comes to promoting trade as an engine for growth. However, the emphasis on adequate human resources, public infrastructure, social peace and political and economic stability are the keys.

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A.3.4. THE LINKAGES BETWEEN TRADE DEVELOPMENT AND POVERTY IN TANZANIA: EXPERIENCES FROM THE GRASS ROOTS, BY REUBEN R. MATANGO, CHAIRMAN, MTIBWA OUTGROWERS ASSOCIATION

Introduction

Tanzania has, for some decades now, undertaken many significant structural (economic) reforms, including liberalisation of trade. Available data indicate that the country has attained a growth rate of six percent. Last month, the United Nations revealed its survey of 177 countries in the world, in terms of Human Development, and Tanzania emerged the 14th in the bottom of the list.

Looking at the positive growth rates, incomes have also changed from 1995 US\$176.8 to US\$282 in 2004. The Balance of Payments has remained on the negative. External debt has doubled, in spite of the best investment climate availed to investors and, hence, the inflows of Foreign Direct Investment.

As the population grows at almost three percent, poverty is also increasing and the gap between the haves and the have-nots is also increasing.

It is not yet clear as to why the registered growth rate of six percent increased incomes and DFIs, have no overall direct link with poverty reduction!

TDP-CUTS Project, through its research, could possibly provide the answer to the missing link.

This paper will attempt to show that the gap can be narrowed, if not bridged, by involving private sector organisations and some Civil Society Organisations at the grass roots.

The Role and Importance of Civil Society and Private Sector Organisations in Making International Trade Work for the Poor Tanzanians

Eighty-seven percent of Tanzanians are living in the rural areas and are engaged in agriculture, contributing almost 50 percent of foreign exchange and employ 83 percent of the labour force. Very low-level technologies are used in agricultural production, mainly the hand hoe. The land area under cultivation is only 4 percent of the total.

In spite of the central role the rural population occupies in the country's economy, it has poor infrastructure, including roads, bridges, power, irrigation systems, markets and processing, transportation systems, markets and processing facilities. Transportation and communication systems are largely absent. In addition, necessary skills through training in entrepreneurship, proper crop husbandry, in short capacity building is insufficiently provided. At one time, these smallholder farmers were subjected to heavy taxation – of more than 120 types. Although a substantial number of them have been abolished, they still pay taxes which need abolishing, including a chain of middlemen, typical of the hierarchy of the co-operatives, from primary to unions or Apex Organisations. The absence, or lack, of even partial legal protection has opened the doors to investors who have formed cartels in the guise of “associations”, such as in tobacco and sugar, to make huge profits, at the expense of the smallholder farmers. It is, therefore, not surprising to note that more than 10 million people in Tanzania live below the poverty line.

The private sector is gradually emerging as an engine of economic growth in the country. It needs great support from the Government in order to perform and deliver adequately to its constituency. One needs to see a private sector which is largely of a local control, the one that upholds the permanent interest of Tanzania. While there are many varied interests within the private sector, those of economic gains are common. However, Tanzania must remain and occupy its proper place and sovereignty in the world map and, hence, must have permanent interests as a nation. The Brazil-type of Tanzania, led by the private sector, can only accelerate polarisation and the economic growth, but poverty reduction, remain untouched given time, will produce volumes of research papers, books and periodicals.

The Government must plan carefully and co-ordinate its many ministries to come up with a concrete policy for economic growth and poverty reduction. Policy reforms must be carefully thought of and planned, to protect the present and future national interests. When we talk of DFIs coming to invest, there is always a reason for them to come to invest here. A good investment climate must have two sides of the same coin. The first one is to make huge profits, coupled with the freedom for capital flight home, the second is leave some “makombo” for the locals, e.g., employment and taxes to the Government to help maintain law and order for business to thrive. It is inconceivable and hard to believe that uncontrolled, unregulated DFI will alleviate poverty!

Some progressive countries have made it mandatory and legally binding for DFI to partner with the locals in any business before they are granted to run business.

On international trade, such Governments have empowered the private sector with necessary analytical skills for negotiations in trade negotiations.

Tanzania has been sending very few delegates to such negotiations, ill-equipped. When it comes to plenary sessions, due to few delegates present, the Government is not represented. Therefore, it only has one choice, to accept the group’s recommendations, especially where there are block representatives in such talks – no country position, no country representation, no contributions. We have lessons to learn from neighbouring Uganda and Malaysia.

Deliberate policies have to be evolved to empower the private sector to access capital, financial institutions left alone to run money business as they like can only lead to unofficial cartels where interest rates for deposits and loans are prohibitive to growth and or development.

The private sector in Tanzania is facing a very serious problem of getting seed capital to form rural financial institutions, or SACCOs, which can accelerate poverty reduction, stimulate small and medium enterprises and employment countrywide. Starting with grass-roots organisations ensures that necessary skills are developed locally, localised control of their organisations, capital and other resources mobilised locally will largely be invested locally to reduce poverty through employment creation, increased production, improved markets and indeed local infrastructures.

Assistance for creating a strong private sector from the grass roots will also contribute to looking into opening doors to international trade and increased production at the grass roots will necessitate looking for export markets as well as creation of local forums for smallholder farmers or business to defend their interest against exploitative market systems.

CSOs: As for Civil Society Organisations, one can only caution that there are some brief case of such organisations. They have no vision for or interest in promoting the development of the society.

Serious and potential NGOs, Civil Society Organisations are actively working at the grass roots, at Regional, District, and National levels. These include groups involved in Gender Networking, Advocacy, Farmer Group Networking, Academics, Researches and Farmers' Associations.

It is in this area the writer of this paper wishes to share his organisation's experiences and believes that engaging grass-roots organisations, especially those engaged in agricultural and or livestock production, will not only link up Trade, Development and Poverty reduction but will alleviate poverty, given the necessary tools.

Currently, grass-roots farmer organisations, especially smallholder farmer groups, are on the increase countrywide: MVIWATA, VYAHUMU, VIBINDO, PELUM, Smallholder Tea Association, Sisal Outgrowers Associations and the Sugarcane Outgrowers Associations are notably active in poverty alleviation. These practically link tools they are the tools in our hands let's use them.

Experiences of Sugar Cane Growers' Associations of Mtibwa and Kilombero

For the last 43 years, the Smallholder Sugar Cane Growers have been cultivating and selling cane to the millers-cum-planters in their respective sugar mills. It was at the advent of privatisation in 1994-96 when the cane farmers got organised and were registered by the Government under the societies Ordinance. Selling of the Parastatal Sugar Mills to private/individual business people sent signals of changing the economy from being State-controlled to private control, hence, motives for profit making would rein. Without an organisation to represent the smallholder, run and controlled by the smallholder, farmers' cane business faced a higher risk.

Unlike the Post-Ujamaa Co-operatives Societies, where the Government changed the people-owed co-operatives into government-run co-operatives, based on village councils, the Outgrower Associations formed their own associations with democratically elected leaders. They all have constitutions.

They have established branches or economic production groups in villages around their respective sugar mills. The number of growers had increased to more than double after privatisation between 1998 and 2005 from 4700 in all three Associations to 11,110 by 2005.

One important catalyst has been a reliable market and the marketing system, coupled with gradual increase of cane prices.

Through the Association Leadership, cane growers are able to negotiate prices with the millers. The 2005 season experienced a new phenomenon, when both Kilombero and Mtibwa Cane Growers Association had a stand-off in letting millers harvest Outgrower cane fields until they agreed on remunerative prices.

Kilombero farmers held off for about a month, while Mtibwa stood off for two months. Their action shook both the Company Managements and the Government of Tanzania, which pushed its Sugar

Board of Tanzania officials to facilitate talks for three days, until agreement was reached, and the contract for cane supply was signed.

Objectives of the Associations

Briefly, these include:

- Be the representatives of farmers' interests with the Government and other forums, including markets and better crop prices;
- Play an advocacy role;
- Source for funds and extend the same as loans to members;
- Educate farmers on proper crop husbandry and entrepreneurship through training, study tours, etc.;
- Acquire machinery, equipment and inputs for cane development;
- Promote education on Sugar Cane farming, through school building contributions and establishing cane fields for schools;
- Environmental conservation; and
- Any other activities conducive to the development of the Association and the members.

Achievements

The achievements include:

1. Doubled membership from 4,470 in 2003 to 11,110 in 2005;
2. All associations have acquired following machinery and equipment:
 - Eight sugar cane loaders (for all 3 associations),
 - Two land preparation tractors (MOA),
 - About six motorcycles,
 - Three bicycles,
 - Two Pickups (Kilombero),
 - Seven Personal Computers (PCs) for office use,
 - All have acquired Agro-inputs and herbicides for farmers, and
 - Kilombero Associations have built new offices.
3. Created employment (three employees in all);
4. All these Associations have established SACCOs which source for cane Development Funds and extend it to cane growers – about Tsh 4 billion has been loaned to farmers between 2003 and 2005;
5. Production of cane has increased by 22.7 percent, according to the 10-Year Development Plan. For 2004/05 season sugar cane production stood at

• Mtibwa Outgrowers 241,000 tons	–	56%
• Mtibwe Sugar Cane Estate 176,000 tons	–	44%
• Kilombero Outgrowers 511,150 tons	–	42%
• Kilombero Sugar Company 705,875 ton	–	58%
• Total OutGrowers cane 752,000	–	48%
• Total Estate Cane 1,593,926 tons	–	52%
• Grand Total 2,346,076 tons		

Increase in cane production has grown in seven years from 25.83 & (324,315) in 1999 & (2000) to 752,150 tons in 2005/06 to 48% at the rate of 23 percent p.a.

Prices 2005-06 season for the Kilombero is Tsh 22,700 per ton of 10 percent sugar content (rendment), while Mtibwa price is Tsh 20,500/= per ton of same quality of cane.

The Legal Framework

Since 2000, when the Apex Organisation (Tanzania Sugarcane Growers Association) was formed, discussions started with the Government to enact a law to protect the sugar industry. By 2001, the sugar industry Act 2001 was passed by Parliament, after a series of discussions and amendments by the Industry's stakeholders. In June 2005, the Sugar Industry Regulations were gazetted, making the law operative.

Some of the salient sections of the Act include:

1. The establishment of the Sugar Board of Tanzania, whose members (Directors) are drawn from:

• Outgrowers associations	–	2
• Sugar producers associations	–	2
• Consumers	–	1
• Knowledgeable and experienced	–	1
• Ministry of Agriculture and Food Security	–	1
• Board Chairman	–	1
2. The Act also established the National Sugar Institute for training farmers and estate employees.
3. Also, a Sugar Levy Fund for Promotion, Research and Development was established.
4. The Law protects the outgrowers and millers, through registrations and licensing of cane growers and sugar millers, making it mandatory for the millers to only buy cane from registered cane growers and making it illegal to refuse buying cane from a registered farmer. Equally, the farmer cannot refuse to sell cane to a registered miller. It provides penalties for offences for each side,
5. It has provisions to empower the Sugar Board to prescribe, inspect and set standards within the industry. This month (September) registration of farmers will be completed. Standards regarding weighing, grading and pricing will be dealt with next year.
6. Importation and exportation of sugar is also regulated, through the licensing to be done by the Sugar Board. This will minimise colossal dumping of sugars into the country.

There is still a lot of loopholes which require to be sealed off to make the industry sustainable and competitive.

Constraints and Prospects of CSO and Private Sector Organisations in Advocating for Implementing Poverty-reducing Trade Policies

Prospects

Both CSOs and Private Sector Organisations have prospects in advocating for and implementing poverty-reducing trade policies.

They are engaged in the business of production and working together with the poor. They have visions and missions. Many of them are specialised in advocacy or in production and do speak for the poor. A few of them have some experience and training in negotiation techniques. Particular emphasis is made in reference to farmer associations, like Mtibwa Outgrowers Association, (TASGA), Ruhembe Outgrowers Associations in Kilombero, (KII), Kilombero Cane Growers Association at Kilombero, The Sisal Associations in Tanga Region and also the Tea Associations of Mufindi and Lushoto. As for the Civil Society Organisations, like Action Aid, Care International, OXFAMs, etc., finally, farmer groups networking in the country is being co-ordinated by MVIWATA, PELUM, VIBINDO and many others.

Constraints

Many of these lack the needed skills training in their respective fields. They have limited capacity to fully engage themselves in trade policy for poverty reduction. However, they exist and work towards that goal. They need to be assisted. As we have seen in the case of sugar cane outgrowers at Mtibwa and Kilombero, they have made major strides in advocacy, influencing the Government to enact laws to protect the industry. They are increasing the production and incomes of their members and, indeed, poverty reduction works in their respective communities.

Sometimes, the problem is that of the Government turning a deaf ear to them and, sometimes, being insensitive to the problems of the poor. The role of the Government is to facilitate and regulate the civil societies and Farmers Associations, to enable them to become real partners in poverty reduction and, indeed, acquire the capacity to influence trade and poverty reduction policies.

Conclusion

In order to understand the critical issues on CSOs and private sector capacity building, so as to influence and implement Trade Policies in Tanzania, a participatory research approach is necessary.

There are areas where the researcher can learn a lot from the farmers' experiences. The limited capacities in their area can be increased, through understanding their existence and kinds so that they can be solved through need-driven approach. Quick action is called for, because the country is taked by events as globalization unfolds. Tanzania lags behind and its citizens will continue suffering under abject poverty.

It is our sincere hope that Research findings will be disseminated to the affected organised people in the rural areas, at the same time, creating awareness will go hand in hand with necessary capacity building and employment. It has been done elsewhere, it can also succeed in Tanzania.

A.3.5. ENGAGEMENT OF CIVIL SOCIETY AND PRIVATE SECTOR IN TRADE POLICY FOR POVERTY REDUCTION, BY ANDREW MUSHI, PROGRAMME OFFICER POLICY AND ADVOCACY, TANGO

Introduction

Many National and International Trade Policies and Instruments recognise Civil Society organisations as the key actors. Their roles and responsibilities will be to build local capacity and empower communities to participate in monitoring and evaluation at national and community levels, mobilising and enhancing community participation, as well as community resources, for fair trade and economic justice. CSOs will advocate for accountability of its members and the Government to the people.

Categories of CSOs

In order to participate in communication strategy effectively, it is important to reflect on the composition and types of CSOs that are operating in the country. The following are the major types of CSOs operating in Tanzania:

Service delivery CSOs: These include education, income generation and services delivery CSOs (These are normally found at the local level.)

Support to social welfare CSOs: These are CSOs which represent disadvantaged groups that are not able to articulate their needs/interests individually (e.g., the disabled, blind, etc.)

Research CSOs: These deal with research, information generation, documentation and dissemination. They sometimes identify policy gaps.

Policy analysis and advocacy CSOs: These CSOs monitor policy development and implementation. They identify policy gaps and advocate for changes.

It should be noted that there are interlinkages in the work of all the above-mentioned categories of CSOs.

Challenges of Engagement of Civil Society in Trade

Before talking of the role of CSOs in engaging with trade, let us reflect a bit on the perception of CSOs on the challenges facing them in this area. The challenges include availability and accessibility of information to all citizens and capacity building to enable better engagement from the base to the national level and vice versa.

Further, the following questions are being raised by CSOS:

What incentives are there for CSOS to be more responsive?
How can information from below make a difference?

Role of CSOs in Engagement in Trade

CSOs could play many roles, depending on their position, ability and capacity. The following are some roles which CSOs could play:

A. Popularising Policy — the 4D Cycle Approach

The four Ds are Design, Demystify, Distribute and Discuss. After wide-ranging consultation, a policy is *designed* by experts and it has to be *demystified* so that ordinary people can understand it. The demystified version has, then, to be *distributed* so that people can know about it and *discussed* so that people can work out the implications and take action. The result of the discussions and the impact of the actions are used as feedback to the designers so that the policy can be revised. It is not enough for people to sit in meetings to discuss things. The *discussion* must lead to *analysis*, which must lead to *action*, which must lead to *change*.

B. Research and Social Action

There is a need to break the barrier between action and research – the two must become part of the same process. Participatory research leads to people using their right to take action. This can cause unease in political circles. The only constant thing is change. It is perfectly acceptable that change comes from the grass roots, through local people joining together in social movements. Empowerment involves people thinking for themselves and acting on their own behalf. This may involve some changes in how power and wealth are distributed. To be successful, it needs local people to act together in a co-ordinated way. They have a right to ‘choice’ and must be able to project their ‘voice’.

C. Campaign

CSOs have used campaigns to push for certain demands to government(s). There is a time certain policies need concerted efforts to be implemented or changed. CSOs seek the support of a wide range of stakeholders and other well-wishers.

D. Negotiation

CSOs have the capacity and the experience of working with the grass roots. Negotiating teams could benefit greatly from this wealth available in the CS.

E. Use of Mass Media Effectively to Disseminate Information

The mass media is used to inform, educate and entertain the public. It can also sensitise and mobilise people into taking action on matters that affect them. It can play a significant role in shaping people’s attitudes, values and perceptions.

There are two types of mass media – ELECTRONIC, such as radio and television, and PRINT, such as newspapers and magazines. The mass media is powerful because it can reach many people in many walks of life, all at the same time. The following are the strategies for making effective use of the mass media:

- Press releases and statements;
- Press conferences;
- Interviews;
- Special programmes (Television/Radio);
- Your own radio or television programme; and
- Involving media people in the CSO activities.

F. Popular Theatre and Its Role in Participation for Social Development

Popular theatre speaks to the common man in his own language and deals with problems which he can recognise. The purpose of popular theatre is to stimulate ordinary people to analyse their situations so as to plan, act and make changes in their world. It is 'popular' because it tries to involve the whole community and not just a small elite group. It follows from this that popular theatre has to be realistic, critical and free. Popular theatre can be a powerful communication and development tool in four ways:

- As *entertainment*, it can attract and hold the interest of a large number of people in the same place at the same time.
- As a way of delivering *spoken messages in the local language*, it can involve the poorest groups of people, who would often be left out because of illiteracy or language problems
- As a *dramatic way of describing local problems*, it can help people to understand and analyse their world in a new way.
- As a *collective and communal activity*, it lets people share their understandings and action plans. It can also stimulate people to learn from each other, rather than waiting for 'knowledge' to come from the top/down.

Popular Theatre is many things. It is a medium, a message, a technique and art and, above all, a new language. It allows for discussion and dialogue, lamentation and laughter, dance and music: together these fire the popular imagination and create a new voice – the voice of the people.

G: Monitoring

Monitoring is a continuous process of collecting and analysing data, to compare how well a project, program or policy is being implemented against expected results.

CSOs monitoring perspective should base on Participatory Monitoring and Evaluation (PM&E), which is a process through which:

Community members participate in acquiring knowledge through learning process to enable them take action on critical issues of concern.

Community members engage in monitoring or evaluating poverty programs and performance of the budget and the related policies.

Community share control over the content, the process and the results of the PM&E activity with their leaders, Officials and other stakeholders at local level.

Engage in taking or identifying corrective actions to inform the policy-making agenda of policy makers and other stakeholders at the national level.

Monitoring forms a key part of communication. This could be through:

Increase critical mass representation of CSOs in the national and international monitoring systems.

Establish monitoring and evaluation groups at the sub-national level, which is representative of stakeholders at all levels.

Strengthen the capacity of citizens on data collection, analysis and use at the sub-national level.

CSOs encourage the development of local data indicators and verification at sub-national levels.

Trade and poverty is a multi-dimensional phenomenon and, therefore, requires a number of indicators for its monitoring. Monitoring should be done at three levels – *inputs, outputs and outcomes*.

Inputs – Monitoring: To CSOs, the issues of concern are:

(a) Whether the funds were received *at the point of service delivery*, (SACCOS) as disbursed from the centre (amounts?)

(b) Whether the received funds were used for the purposes for which they were meant?

Outputs – Monitoring: The implementation of trade policies rests with Central and local Governments. It is these institutions that are mandated to monitor outputs. However, CSOs could play an important role of validating whether we are having *value for money*. The key area of focus is the *quality* of the outputs. Although the reports of the CSOs cannot be equated to those of, say auditors, they are very useful in drawing public attention to areas where the government services were sub-standard.

Outcomes – Monitoring: The first and the most important step at this level is to identify *the correct indicators*. CSOs have a role to play in helping governments identify the relevant indicators for monitoring outcomes. Beyond identifying indicators, CSOs have also been instrumental in providing information on changes in well-being of different socio-economic groups, especially those that are vulnerable. This is possible because many CSOs are having interventions for specific socio-economic groups, e.g., orphans, people with disabilities, displaced persons, street kids, etc., which groups.

Another role in outcome monitoring envisaged for CSOs is the assessment of beneficiary satisfaction.

Conclusion

The above roles complement each other. For a CSO to play a particular role will depend much on the availability of funds and expertise. Given the nature and role of CSOs in the community, their role should be that of bringing grass-roots issues and concerns to the attention of policy makers.