

# The Diversified Future

An Institutional Approach to Rural  
Development in Tanzania

By

Kjell J Havnevik  
Mats Hårsmar

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## **PART I**

### **1. Introduction**

Tanzania is often said to be one of the poorest countries in the world. At the same time it is described as a country with a large informal, or "second", economy. In the mid 1980s, after almost three decades of state-led development strategies, attempts were made to open up the economy to international trade, to deregulate internal markets and privatise parastatals and marketing boards.

These economic reforms were meant to open up opportunities for economic actors all over the country. Some observers have described both urban and rural areas as economically thriving. This description has, however, been questioned by studies showing economic inequalities to be on the rise and agricultural production growing more slowly than the increase in population. Still others claim that the wellbeing of a majority of rural residents actually has decreased during the 1990s, or at least during parts of this decade. The starting point for this study is this uncertainty about the results of economic reforms in rural areas.

The question that emerges is what kind of dynamics is actually developing in rural Tanzania. Should an economy that is mainly rural, and that has been exposed to government regulations, and therefore also possibly "government failures", for an extended period of time, not use the opportunities of deregulation in a more widespread manner? Shouldn't markets more clearly be seen to be developing on a broad front?

In this study we will argue that part of the explanation of the dynamics that actually unfold in rural Tanzania stem from the behaviour of a number of local economic actors in the economy. We further argue that this behaviour is guided by institutional set-ups, which are essentially local in their character and embedded in the broader economic, social and political societal context. First, however, we need to dwell into what might actually be known about economic development and the state of poverty in rural areas.

#### **1.1 Tanzania in growth regressions**

In the search for causal relationships a method that has its strengths in differentiating between different explanatory factors, is the extensive study. One strand of literature, which has tried this path, and also recently gained some momentum contains regression analyses searching for factors explaining economic growth in Sub-Saharan Africa. These regressions are of some relevance here, since most Sub-Saharan countries have agricultural sectors that heavily dominate their economies. In Tanzania, agriculture accounts for about half of its GDP.<sup>1</sup> Since some 75 percent of the population is involved in agricultural production<sup>2</sup> and they are also involved in other economic activities, the rural economy is clearly the major part of the national economy. If it is

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<sup>1</sup> Ministry of Agriculture and Co-operatives, sept 1998: "Basic Data Agriculture and Livestock Sector 1991/92 - 1997/98", table 1.4, p 10.

<sup>2</sup> World Bank, 1994a: Tanzania Agricultural Sector Study, Washington D.C

possible to establish which factors that causes overall economic growth in Sub-Saharan Africa and/or in Tanzania, a good indication of what is influencing rural dynamics would also be provided.

Against the background that many earlier studies have found an African dummy variable to be significantly correlated with growth, some attempts have recently been made to investigate the content of this dummy. In studies examining the low growth rates of Sub-Saharan Africa for the last three decades different proposals have been provided. E.g. Easterly/Levine find the degree of ethno-linguistic fractionalisation within countries to be significant together with an indicator of growth contagion between neighbouring countries.<sup>3</sup> The authors do, however, admit that the latter variable gives a very limited contribution to the understanding of African economic growth: "Admittedly, the replacement of the Africa dummy by a growth spillover effect really only changes the source of the mystery rather than removing it."<sup>4</sup>

The question may even be raised whether a contagion effect of this kind in reality is measuring the same phenomenon as does a geographical dummy, the difference being that the geographical units in the contagion case are smaller than in the Africa case? Even the first variable of Easterly/Levine may be met with some scepticism: What are the mechanisms through which ethnic and linguistic differences are influencing economic growth? Have these mechanisms changed since the 1960s when many African countries experienced relatively high growth levels, compared to other developing countries?

Sachs/Warner have questioned the conclusions of Easterly/Levine through a repeated test of the two variables, while controlling for an index measuring the degree of trade openness and for a dummy variable for landlocked countries. They find the two variables of Easterly/Levine not to be significant any longer, while the openness index is. The index contains the following factors:<sup>5</sup>

- a) Average tariff rates below 40 %;
- b) Average quota and licensing coverage of imports less than 40%;
- c) A black market exchange premium of less than 20%;
- d) No extreme controls (taxes, quotas, state monopolies) on exports;
- e) Not considered a socialist country by the standard in Kornai, (1992).<sup>6</sup>

There are, however, some problems with this index. Public sector monopolies are not necessarily restricting trade per se. The important factor is whether these monopolies are distorting price levels from world market levels. This is not made clear in the index. The socialist factor is furthermore not a measurement of openness, but a system of government. Given the geopolitical position of Africa during the Cold War, with countries trying to position themselves as "socialist"

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<sup>3</sup> Easterly, W, Levine, R, 1998: "Troubles with the Neighbours: Africa's Problem, Africa's Opportunity", Journal of African Economies, vol 7, p 120-142 and Easterly, W, 1996: "Why is Africa Marginal in the World Economy", p 19-30 in Maasdorp, G (ed): "Can South and Southern Africa become Globally Competitive Economies?", Macmillan Press/ St Martins Press, London and New York.

<sup>4</sup> Ibid, p 136.

<sup>5</sup> Sachs, J, Warner, A, 1997: "Sources of Slow Growth in African Economies", Journal of African Economies, Vol 6, Number 3, p 339.

<sup>6</sup> Kornai, J, 1992: "The Socialist System" Princeton University Press, Princeton.

or "marxist" in order to acquire loans, grants and possibly protection, this factor also runs the risk of boosting the importance of the openness variable.

Sachs/Warner do furthermore make the mistake of comparing the standardized regression coefficients of the different variables when making conclusions about the strength of different factors. With this argument as a base they conclude that openness is the most important explaining factor. But comparing standardized coefficient means that those factors showing a higher degree of variation obtain higher standardized figures. Added to this is the more fundamental problem of comparing units that are not at all compatible. Sachs/Warner end up in comparing "standardized pears" with "standardized apples".<sup>7</sup>

The critique against the Sachs/Warner approach has not waited long. Recently Dani Rodrik published the results from a regression based on Sub-Saharan African countries only. Given that the region is particular, with factors explaining growth being different from those in other parts of the world. The argument put forward is that comparisons such as those obtained by cross-country regressions including all low and middle income countries are able to find a true picture. The result of Rodrik's study is that variations in long-term growth performance in Sub-Saharan Africa is explained by the level of development of human resources, fiscal policy, demography and a catch-up factor. External terms of trade has played a role over shorter time periods. Trade policies have not had any major impact on economic growth, however.<sup>8</sup>

The argument of Rodrik may be taken further, though. If the region is particular, what assurance exists that subregions are not also particular, or even separate countries? And what happens if the time horizon is altered? Such issues have been taken up by Moshe Syrquin and Charles Kenny at the World Bank research department. In a comparison of 21 different cross-country regressions conducted during the last 13 years, they have tried to identify which factors that actually explain long term growth performance in Africa. Such an endeavour might be criticized because of the risk of mixing up good studies with studies of poorer quality. After careful deliberations they however reached the following conclusion:

"The clearest result of our survey of African growth regressions is that there are few clear results. Changing the country sample, the period and the conditioning sets even just within Africa has a serious effect on the coefficients and significance of variables. Looking at the two studies in our sample with the strongest robustness test, Levy (1988) found no variable he entered robust, while Assane and Pourgerami (1994) found only two robust variables. The only variable used in more than three different studies that was significantly related with growth in all of them was the real exchange rate."<sup>9</sup>

It is, they argue, in particular impossible to draw any conclusions that are valid for individual countries from the studies they have surveyed. The quality of the data that the regressions are

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<sup>7</sup> Sachs/Warner, 1997, p 350.

<sup>8</sup> Rodrik, D, 1999: "Trade Policy and Economic Performance in Sub-Saharan Africa", EGDI 1998:1, Swedish Foreign Ministry, Stockholm, p 37.

<sup>9</sup> Kenny, C, Syrquin, M, 1999: "Growth and Transformation in East Africa" (draft), paper presented at workshop in Dar es Salaam, May 6-7, 1999, p 29.

based on is sometimes very poor, with different sources giving completely different figures for the same phenomenon. There is furthermore a problem of validity in the regressions: what is actually hiding behind the often very sweepingly constructed variables that have been tested?

The general impression emerging from this exposé of extensive growth studies is that very little is actually known about the factors that in the past have caused low growth in Sub-Saharan Africa. The same is true for Tanzania, where the statistical base is very weak in important areas. A further lesson might be that one ought to be careful about making inferences from extensive studies also in other areas than overall growth performance, since statistical weakness is a general problem in Tanzania as in most African countries.

What do we then know about recent developments in rural Tanzania. To this we now turn.

## **2. Poverty in Tanzania**

A number of studies based on household surveys have over the years tried to map the level and depth of poverty in Tanzania. The first Household Budget Survey, HBS 1, was conducted in 1976/77 by the Government of Tanzania Bureau of Statistics. During the 1980s two smaller surveys were done by teams of British researchers. The first was done in 1980 and published in 1986<sup>10</sup> and the second was done in 1983 and published 1988.<sup>11</sup>

In the early 1990s, four studies were conducted. The first was a Labor Force Survey, LFS, done by the Tanzanian government in 1990-91. The second was done by a team from Cornell University and from the Economic Research Bureau of the Dar es Salaam University, ERB/Cornell, in 1991. In 1991/92 the Bureau of Statistics made another Household Budget Survey, HBS 2. Finally the government also produced a Human Resource Development Survey, HRDS, in 1993.

Gibbon and Raikes have summarised and compared the results of these surveys.<sup>12</sup> The following table gives an overview of the results:

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<sup>10</sup> Collier, P, et al, 1986: "Labour and Poverty in Tanzania", Clarendon Press, Oxford.

<sup>11</sup> Bevan, D, et al, 1988: "Incomes in the United Republic of Tanzania during the Nyerere Experiment" in van Ginneken, W (ed): "Trends in Employment and Labour Incomes", ILO, Geneva.

<sup>12</sup> Gibbon, P and Raikes P, 1995: "Structural Adjustment in Tanzania, 1986-94", Centre for Development Research, Copenhagen.

Table 1: **Overview over household survey results**

Survey name	date	Sample size	Average h/h consumpt. (incl subsis)	Aver. per cap. expnd	Aver. H/h income
ERB/Cornell	1991	1 046	225 382 (61 954)	36 988	
HBS 2	1991-2	5 328	262 934 (67 267)		
HRDS	1993	not stated		113 480	
LFS	1990-91	7 762 (urban)			167 280

Source: Gibbon, P and Raikes P, 1995: "Structural Adjustment in Tanzania, 1986-94", Centre for Development Research, Copenhagen, p 73.

This comparison shows that the HBS 2 gives average figures of household consumption that are 16,7 percent higher than figures in the ERB/Cornell study. Some of this discrepancy can be explained by the fact that the former survey was conducted some months later, during a year that saw inflation rise with 22 percent.

The LFS study covers urban areas where consumption, according to the ERB/Cornell and the HBS 2, was substantially higher than the country average. The LFS therefore seems to record a lower expenditure level compared to the other studies. Some of this difference might be explained by the fact that the survey was done some months before the others. But even after taking this into account, some inconsistency seems to remain between the results.

The most odd result is the very high per capita expenditure figure of the HRDS, Tsh 113 480. Gibbon and Raikes point to the fact that the figure is found in a table that "apparently describes *household* expenditure and in fact probably refers to monetary expenditure by the latter." If this should be the case, the number would represent a consumption level significantly lower than the other surveys two years earlier.

Based on the figures from the ERB/Cornell survey 1991, Sarris and Tinios have made a comparison with the HBS 1 figures from the mid 1970s, and found a 35 percent increase in consumption in rural areas, and a 125 percent increase in urban areas between 1976/77 and 1991.<sup>13</sup> It should be noted that 1976/77 was well before the period of deep crisis in the Tanzanian economy. Sarris and Tinios claim that this result shows the success of structural adjustment programmes in Tanzania. In the same report they do, however, show that using a base weight price index of the Laspeyres type, the consumption figures turn into a slight decrease in rural areas and to a 63 percent increase in urban areas.

<sup>13</sup> Sarris, A and Tinios, P, 1994: "Consumption and Poverty in Tanzania in 1976 and 1991: a Comparison using Survey Data", Cornell University Food and Nutrition Policy Programme (mimeo).



When it comes to the issue of poverty, both Sarris and Tinios, and later Ferreira who also worked with the material produced by the ERB/Cornell survey,<sup>14</sup> show that the gap between the better off and those who remain poor has increased considerably during the first part of the adjustment period (1986-91). What the comparison between 1976/77 and 1991, optimistically interpreted, shows is therefore that the number of poor people might have decreased, whereas the position of those who have remained poor actually have worsened. Such an interpretation is also supported by the fact that the spending of the poorest of the poor was lower in 1991 than in 1983.<sup>15</sup>

What has then happened during the 1990s? A recent poverty study has reached the conclusion that poverty is still severe in Tanzania, and that poverty is mainly a rural phenomenon. Based on a poverty line constructed with the Cost of Basic Needs approach, but only covering food items (food amounting to between 76 and 80 percent of household expenditures in Tanzania) REPOA finds that 61 percent of the rural population should be classified as poor. The average poor household has an income that is 15,8 percent below the poverty line, which was calculated as 138 831 Tshs/year for the rural areas.<sup>16</sup>

With the poverty line defined as 1 USD/day measured in purchasing power parity, the share of the rural population classified as poor falls to 37 percent, as the poverty line then falls to 95 168 Tshs./year.

For the periurban area around Dar es Salaam, the poverty incidence is lower. A 1998 study of 148 households from three different clusters found that some 9,45 percent of the households had income levels under the poverty line. This result was almost identical to the result reached by a World Bank poverty study of Dar es Salaam in 1993. At that time 9,3 percent of the households were classified as poor. Also the poverty gaps - measured as the distance between the poverty line and the average income level of the poor households - turned out to be almost identical with 3,06 and 3,1 percentages respectively.<sup>17</sup>

These figures for Dar es Salaam and its surrounding areas seem to indicate that the level of poverty has been constant there during the 1990s. In general, such a conclusion is hard to make, since different measures of poverty have been used in different studies. A World Bank study from 1996 however concluded that the incidence of poverty declined during the period 1983 - 1993, but then increased again during the 1993-1995 period.<sup>18</sup> The REPOA study does not make such explicit statements about the evolution of poverty in Tanzania,. But it does report the result of a survey question about opinions regarding the change in economic opportunities and commodities during the 1990s. Some 69 percent thought that their situation had improved, while some 7,7

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<sup>14</sup> Ferreira, L, 1993: "Poverty and Inequality During Structural Adjustment in Rural Tanzania", World Bank Transitional Economics Department Research Paper, Series No 8, Washington DC.

<sup>15</sup> Semboja, J, Likwelile, S, Rutasitara, L, 1999: "Poverty, Growth, Inequality and the Role of Government in Poverty Alleviation in Tanzania: Poverty Profile", Interim Report presented at Workshop on the Collaborative Research Project: Poverty, Income Distribution and Labour Market Issues in SSA, Accra, Ghana, May 1999.

<sup>16</sup> Ibid, p 12.

<sup>17</sup> REPOA, 1999: "Dar es Salaam Peri-Urban Poverty Profile", REPOA, Dar es Salaam, p 7ff.

<sup>18</sup> World Bank, 1996: "The Challenge of Reforms: Growth, Incomes and Welfare", Washington D.C.

percent found themselves worse off. The share of poor people having experienced an improvement was even higher (70,1 percent) than the share of non-poor (68,4 percent).

This result, however, differs significantly from the results obtained in a social service delivery survey from 1997, done by TADREG. That survey covered 2541 households, mainly in rural areas, but 283 of these were households in peri-urban areas. The peri-urban households were randomly chosen. One of the questions asked was, "In the last ten years, has life improved for you and your family?" 15 percent of the respondents in peri-urban areas had experienced an improvement, 35 percent thought the situation had gone worse, whereas 29 percent had seen an improvement in the first half of the period turn into a worsening situation in the latter half.

**Table 2: Opinions on wellbeing last ten years (%)**

	Improved	Got worse	Not much change	Better → worse	Don't know
Rural	22,1	37,4	12,2	18,4	9,9
Peri-urban	15,5	35,0	13,8	29,0	6,7
Total	21,4	37,1	12,4	19,6	9,5

*Source: TADREG, unpublished material and TADREG 1998<sup>19</sup>*

When asked about who had benefitted from economic policy, a clear majority were of the opinion that most people now are worse off, or at least have not seen any improvement economically. Also here the outcome is stronger in the peri-urban areas.

**Table 3: Opinions on who had benefitted from economic policy (%)**

	Everybody	Most people	Few: most same	Few: most worse off	Nobody	Don't know
Rural	8,8	13,2	22,6	41,4	3,5	10,5
Peri-urban	5,3	14,4	23,2	48,6	3,5	4,9
Total	8,4	13,3	22,6	42,2	3,5	9,9

*Source: TADREG, unpublished material.*

Another study done with a similar methodology as the TADREG study was also published some years ago. In 1995 the World Bank, with support of the British ODA, conducted a Participatory Poverty Assessment (PPA).<sup>20</sup> Characteristic for this methodology is that people themselves indicate what they mean by "poverty" and if they have perceived any changes in their own status over the years.

The 1995 PPA found that 47 percent of the interviewees claim themselves to be better off compared to the situation ten years ago, a few years after the peak of the economic crisis. Only 35

<sup>19</sup> TADREG, 1998: "Health, Education, Water - Baseline Service Delivery Survey for Rural Tanzania", Working Paper Series, No 8, Dar es Salaam, table 3.3, appendix 3.

<sup>20</sup> Narayan, D, 1997: "Voices of the Poor - Poverty and Social Capital in Tanzania", World Bank Environmentally and Socially Sustainable Development Studies and Monograph Series 20, Washington DC.

percent found themselves better off compared to four years ago, however, 39 percent found themselves worse off compared to the situation in 1985, and 49 percent found that their situation had deteriorated since 1991.<sup>21</sup> The findings also show that more people among the very poor find themselves better off (50 percent) compared to 1985, whereas only 37 percent of the very rich claim the same. In comparing the situations in 1991 and 1995, 35 percent of the very poor find themselves better off, to be compared with a share of 63 percent among the very rich. The results seem to be roughly consistent with the TADREG results, the difference being that a smaller share in the TADREG study claim that they are better off in 1996 than ten years earlier, and also that a larger proportion saw improvements in the first period turn into a negative development in the 1990s.

These results indicate that poverty seems to have been declining during the period 1985-91, whereas a majority of the poor have perceived a deterioration during the 1991-95 period. An attempt to make a somewhat more precise measurement of this is the comparison of the Gini coefficients presented by different studies. The Gini coefficient measures the income distribution in a society. Lower figures indicate a more equal state. Semboja/Likwelile/Rutasitara present the following table:

Table 4: **Gini coefficients, various surveys**

	Rural 1983	CERB 1991	HBS 91/92	WB 1993	PPA 1995	REPOA 1998
Gini coefficients	0,52	0,43	0,62	0,41	0,52	0,45

*Source: Semboja et al, 1999*

Rural 1983 = 1983 Rural Household Survey

CERB 1991 = Cornell University/ Economic Research Bureau (University of Dar es Salaam), 1991

HBS 91/92 = Bureau of Statistics Household Budget Survey 1991/92

WB 1993 = World Bank Human Resources Development Survey, 1993

PPA 1995 = World Bank Participatory Poverty Assessment, 1995

REPOA 1998 = Semboja et al, 1999

Based on this table Semboja et al argue that the level of inequality has gone down in 1998. They argue that the HBS 91/92, that is not yet formally published, is problematic when it comes to the quality of data, especially in relation to the measurement of household expenditure. Also the CERB data is of poor quality, which would mean that there are three different measurements left to use for a comparison. Why the PPA 95 should weigh more than the WB 1993 is however not explained by Semboja et al, even if they base their conclusion on this judgement. A reasonable conclusion is therefore that no certain conclusions may be drawn based on these studies about the level of inequality. The more probable inference would however be that not much changes in the level of inequality has taken place since the mid 1980s.

<sup>21</sup> Narayan, 1997, table 2.7, p 14.

Are these results possible to reconcile with the results of Sarris and Tinios which showed that economic reforms have resulted in increased consumption for a majority? There are three possibilities:

- i) that there are methodological problems with either of the types of studies;
- ii) that the participatory studies have managed to capture something that the previous studies have missed;
- iii) that incomes and expenditures have taken a negative direction after 1991.

Let us start with the issue of methodology. The participatory assessments might be criticized since it is very difficult for people to accurately remember their situation five or ten years ago. People tend to give their memories wrong proportions. A bad situation might be remembered to be worse than it actually was, whereas a decent situation might be idealised and presented in too rosy terms. Another possibility is that people raise their expectations as improvements take place. When more goods and services become accessible, and when the economy starts growing, people might be so eager to get hold of this, that they tend to interpret developments in more negative terms than actual events would justify. The reason we still refer to these studies, where people have been asked about their situation many years ago, is the strong perception that developments have changed direction during the period in focus. The perceived improvement in the first period turned into a deterioration in the second. This message is consistent in both studies. A systematic bias would not have been expected to take this form. The results should however only be seen as indicators of the direction of developments, not as actual measurements.

What about the possibility of participatory studies capturing something that earlier studies have missed? A fact noted already by Gibbon and Raikes is that the HBS 2, the ERB/Cornell and the HRDS studies all concentrate on expenditure levels. Income levels did, however, seem to be systematically lower. In the ERB/Cornell study only 18 percent of the households surveyed had incomes at or above the expenditure levels observed.<sup>22</sup> The household survey studies have also been criticized for not focussing on questions of individual incomes and the changing compositions of family labour. Samuel Wangwe has argued that more family members take part in informal income generation in response to falling real incomes in the formal sector. His concern is that the return to labour in the informal sector decreases, when this sector becomes crowded. This would mean that the aggregated increase in incomes from the informal sector is not sustainable over long periods. It would also mean that even if many people manage to cross the poverty line, the "hardcore" poor will lose out because they are already trapped in the informal sector. This latter part of the argument finds some support in the fact that inequality, measured by the gini coefficient, steadily increased from 1969 up to the 1990s.<sup>23</sup> But, it must be noted that this increasing inequality has been evident also from the Sarris/Tinios and Ferreira studies.

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<sup>22</sup> Gibbon and Raikes, 1995, p 73f.

<sup>23</sup> Wangwe, S, 1997: "Economic Reforms and Poverty Alleviation in Tanzania", ESRF Discussion Paper, No 16, Dar es Salaam, p 29f.

## 2.1 Social services

Another difference might be that the participatory studies have managed to better capture local peoples understanding of well-being and poverty as dependent on a range of different factors. One aspect that clearly is important to wellbeing is the availability and quality of social services.

A study by Semboja and Therkildsen shows that there has been a steady decline in state expenditures on health and education from 1978/9 up till 1985 when a slow recovery began.<sup>24</sup> From 1990, the trend seems to have shifted towards a decline. Expenditures are now at a very low level. In this survey Therkildsen and Semboja adjusted results of earlier studies upwards, since these had only taken central government expenditure into consideration. By adding local government expenditures, a less gloomy picture emerges. But in the case of Tanzania, the overall trend has, in spite of this, been sloping downwards. The government has pursued what might be called a poverty-oriented policy, by increasing the shares of expenditures to primary health care and primary education. These shares are, however, still only a minor portion of the overall expenditures.

This picture is supported by the participatory studies. The REPOA study on peri-urban areas, based on a small sample of 148 households, reports some 76 percent felt that the general social service situation had deteriorated since 1992.<sup>25</sup> The Narayan study reports a continued deterioration in health service quality, whereas the quality of educational services recently has started to improve.<sup>26</sup> The TADREG study of 1997, however, indicates that the deterioration in quality in education also has continued. According to this study, 80 percent of the respondents felt that shortage of books and school equipment was a big problem.<sup>27</sup> The TADREG study thus seeks to explain the increased primary school enrolment noted by official statistics, not by increased quality, but in increased opportunities of enrolment in secondary school for those who leave standard 7 of the primary school. This study also confirmed what others have found earlier: that there is no strong relationship between household income and primary school enrolment rates in Tanzania.<sup>28</sup>

Semboja and Therkildsen qualify their statements on health and education expenditure. Two sources of funds are still not fully taken into consideration: official aid flows and aid flows through non-governmental organisations, NGOs. Substantial amounts of official donor aid are not reported in official documents. The amounts of aid money spent on expatriates and on support in the donor country are very seldom reported. It might also be in the interest of government administrations to hide some of the aid inflows from the public and parliament, since this makes it easier to meet given targets for the size of budget deficits. Such a practice would also be expected, due to the existence of corruption. But that is less relevant for our argument here, since

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<sup>24</sup> Semboja, J and Therkildsen, O (eds), 1995: "Service Delivery under Stress in East Africa", CDR in cooperation with James Currey, Copenhagen and London, p 14.

<sup>25</sup> REPOA, 1999, p 19.

<sup>26</sup> Narayan, 1997, p 22f.

<sup>27</sup> TADREG, 1998, p 12.

<sup>28</sup> Ibid, p 11.

we are interested in how much money that actually is used for social services, not how much that was meant to be used. According to Semboja / Therkildsen the underestimation of actual figures spent on service delivery may in this way add up to between 60 and 300 percent.

The other substantial source that is not known is NGO contributions. Given that NGOs for example are running 50 percent of all hospital beds in Tanzania, foreign contributions might be substantial, even if all these NGO-hospitals receive support from the Tanzanian government.

To get a rough idea of the amounts involved, one might look at an indepth study of the finances of seven church hospitals conducted in 1997.<sup>29</sup> When the grand total, including running costs, investments and in-kind contributions for expatriate personnel, were included, these hospitals received 2,2 percent of their total costs from the government, 69 percent from foreign donations, and 27 percent from patient fees. This translates into some 3,6 million USD annually coming in as overseas donations for 16 hospitals run by the Evangelical Lutheran Church.<sup>30</sup> These 16 hospitals do together provide for 10 percent of total hospital beds in Tanzania. If we extrapolate this to all NGO hospitals in the country we end up with 18-20 million USD in annual foreign contributions.

Similar information is not, to our knowledge, available for NGO supported primary health care, but this might be estimated to be substantially less than for hospital care, given our knowledge of priorities in some of the major donor organisations . All in all, we may make a rough estimate of NGO contributions to add some 20 - 50 percent to the Tanzanian government health expenditure.<sup>31</sup> This is a high estimate since in-kind contributions in the form of expatriate personnel have also been included.

The interesting point about these very rough calculations on the unknown parts of social service expenditures is that both these sources have been declining during the 1990s. The official aid flows have experienced a substantial decline and social services are not known to have been highly prioritised areas. The general aid flow through NGOs have increased during this period, but health and education expenditures have been areas of decreasing priority. The reason for the study on Lutheran hospital finances was, for example, an immediate fiscal crisis. This pattern is felt also by a number of other NGOs providing social services.

During the 1990s, the Tanzanian government has also introduced the principle of cost recovery in health and education. Patient and education fees have been introduced and /or raised considerably. This contributes to an increased commercialisation of rural life that we will discuss more in detail later.<sup>32</sup> It is probable that the deterioration in availability and quality of social services, combined with increasing costs for these services, create a situation where many people experience a loss in wellbeing.

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<sup>29</sup> Flessa, S, 1997: "Costing of Health Services of the Evangelical Lutheran Church of Tanzania", ELCT, Arusha, p 73-77.

<sup>30</sup> Ibid, p 4.

<sup>31</sup> For figures on government expenditure see World Bank, Tanzania - Public Expenditure Review, 1994, vol II, p 15.

<sup>32</sup> Ponte, S 1997: "Get Your Cash Fast: Rural Households Adaptation to Liberalized Agricultural Markets in Two Tanzanian Districts", Paper presented at African Studies Association Meeting, Columbus, Ohio, (mimeo).

## **2.2 District household surveys**

We do now proceed to the third possibility indicated above - that things have actually become worse since 1991. No national household expenditure surveys have, to our knowledge, been conducted during the mid- and late 1990s. The only sources found are two household expenditure surveys that were conducted at district levels in 1995/96 and 1996/7 respectively.<sup>33</sup> These surveys were done in order to find out about willingness and ability to pay for health insurance systems. The first survey covered 902 households in four different districts (Hai, Moshi Rural, Arusha Rural and Karatu). Even if these districts might be considered above average in economic activity, the average household expenditure was found to be 258 000 Tsh in 1991 prices - that is, they do not indicate any increase from the ERB/Cornell and HSB 2 results.<sup>34</sup>

The second survey covered 952 households in Kagera Region in North Western Tanzania, an area that is regarded to be somewhat economically less dynamic, and also strongly affected by the AIDS epidemic. The average per capita expenditure level there was found to be 20 400 Tsh (1991 prices), which represents a considerably lower expenditure level than what the ERB/Cornell survey found. These two surveys may not be used for any comparisons, however. In earlier statistical material there are no regional breakdowns of figures, so any comparisons of that kind are impossible. We thus have to leave this question unanswered.

## **2.3 Concluding remarks**

On the basis of the material presented here the conclusion is that poverty is still pervasive in Tanzania, and mainly as a rural phenomenon. It is not possible, based on existing studies, to pass any firm judgements as to the development of poverty during the liberalised era. The most probable conclusion regarding the level of inequality is that it has remained fairly unchanged since the mid 1980s. Regarding trends in well-being it is not possible to dismiss the results of the World Bank PPA and the TADREG studies, i.e that a substantial part of the rural population feel that they have experienced a decrease in well-being during the first half of the 1990s. Reasons for the diverging messages between the World Bank PPA/ the TADREG study and earlier household budget surveys should be sought both in the fact that the participatory studies may have been able to capture more aspects of wellbeing, and in the possibility of a real deterioration in the economic situation in rural areas. In sum, the knowledge about poverty developments during the last 10 - 15 years is still weak, even if the current situation in 1999 recently has been clarified.

We now turn to developments in the agriculture to see if this major economic sector for the rural areas might offer some insights into current rural dynamics.

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<sup>33</sup> Iveroth, P, 1997: "Health Care Financing in the NGO Sector" (mimeo), p 60.

<sup>34</sup> A National Consumer Price deflator has been used, source: Economic Research Bureau, 1996: "Tanzanian Economic Trends" No 2, December 1996, University of Dar es Salaam, p 68.

### 3. Agriculture

The economy of Tanzania is heavily dependent upon agriculture. The sector accounts for slightly more than half of the national GDP, almost 70 per cent of the country's foreign export earnings and 80 per cent of total employment. Hence, in any discussion of rural dynamics, the agricultural sector is essential.

#### 3.1 Technology, land distribution and land use

According to the World Bank Tanzania's agriculture comprised 3.5 million smallholder households totalling slightly more than 19 million people (about 75 per cent of the population) and contributing about 60 per cent of the country's GDP at current prices.<sup>35</sup> The total area of these small farms is about 4.8 million ha of which an average of 3.2 million ha (63.5 per cent) is planted annually. Thus the average area per smallholding is 1.39 ha and the average annually planted area per holding is 0.89 ha. Nearly all smallholder agriculture in Tanzania is rainfed. The some 3.5 million smallholder households are spread over the country's three major agro-climatic zones; the coastal zone with tropical temperatures, receiving rainfall in the range of 500 to 1 000 mm per year and with medium population density; the plateaus (about 500 to 1 500 altitudes), covering most of western and southern Tanzania with rainfall ranging from 900 to 1 300 mm per year and with a good agricultural potential; and the highlands (of altitudes 1 200 to 2 300 meters) located for the most part in south, west and north, covering about 20 per cent of the land area and with dense population. Land is intensively cultivated and rainfall ranges from 880 to 2 000 mm annually.

In addition to the smallholdings come about 2 million ha of land under some 730 large scale commercial farms, which are partly government owned and partly private. Many of these farms have extremely low utilisation rates, on average 70 per cent of the land is left fallow, and they constitute a potential for increasing the acreage under cultivation with changes in ownership structure. In high potential areas such as Kilimanjaro, Mbeya, Rukwa, Ruvuma and Kigoma, the government owned over 80 per cent of the area under large farms.<sup>36</sup> A process of divesting of some of these farms are under way, but the rate of speed is slow.

The major techniques employed in Tanzanian agriculture is manual labour, hand hoe, ox-ploughs or tractors. Data on technical change, i.e. estimated percentages of total area cultivated by different implements, in 1980 and 1991, show a reduction in the use of the hand hoe from 85 to 70 per cent, and increase in ox-ploughing from 10 to 20 per cent and likewise an increase in the area cultivated by tractors from 5 to 10 per cent.<sup>37</sup> These figures should be treated with caution, as evidenced by the information provided in table 5 which shows that tractor use in cultivation by smallholders has declined between 1987/88 and 1994/95. Overall, however, the information above indicate the magnitudes related to the implement situation in cultivation. The

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<sup>35</sup> World Bank, 1994a.

<sup>36</sup> Ibid, p 38-9.

<sup>37</sup> URT, 1982: "The Tanzanian Agricultural Policy", Final Report of the Task Force on Agricultural Policy, Ministry of Agriculture, Dar es Salaam, p 49, and World Bank 1994a: p 87.



predominance of hoe cultivation indicate technical constraints both in relation to the productivity of labour as well as the area of cultivated land. The size of holdings and planted area will, given such techniques, tend to be proportional with the number of active family members and the agricultural areas will tend to expand with population increase.

In such a context the scope for increasing labour productivity by increasing yields through more intensive cultivation, i.e. by the use of improved seeds, increase in fertiliser, improved weeding etc, is limited because each individual cultivator can harvest only a limited quantity of crops with the prevailing simple hand tools for weeding and transport. Data from the Bureau of Statistics based on the Agricultural Sample Survey of 1987/88 also indicate very low adoption rates of various improved farming practices on smallholder farms.<sup>38</sup>

Whereas ox-ploughing increased considerably in the 1980s, one should note that this happened only in the regions where oxen were available, mainly in southern, central and northern parts of the country. 70 per cent of the smallholders in parts of the Southern Highlands and Mwanza and Shinyanga regions had at least one of their plots tilled by oxen, whereas in parts of Kilimanjaro region almost two thirds of smallholders/farmers had at least one plot prepared by tractor, mainly for maize cultivation.<sup>39</sup>

Whatever the conditions, however, tractors contribute little to increasing in yields. One study found that tractors failed to increase yields in ten out of fourteen cases of tractor schemes in sub-Saharan Africa.<sup>40</sup> Farmers who mechanise do so mainly to save on labour, and these are precisely the large scale farmers. In Tanzania it is unlikely that tractors will expand rapidly outside the high potential areas of the north and the south and the expansion will be limited to large scale private and government farms.<sup>41</sup>

Due to lack of resources to preserve and improve the soils, the smallest holding have the greatest need to keep some land under fallow. But because of their smallness and lack of resources, these holdings are pushed to reduce fallow periods and fallow areas. This trend clearly emerges in the data available from the Bureau of Statistics showing that the share of agricultural area planted drops consistently with the size of the holdings. Smallholders with 0.5 ha or less plant 90 per cent of their holding, while smallholders with holdings between 0.5 and 2.0 ha plant approximately 75 per cent, whereas those with holdings above 4 ha plant less than 50 per cent of their holdings.<sup>42</sup>

The unequal share of planted area among different size classes of holdings cannot be explained by differences in family size alone. They indicate a sharp difference in wealth and resources among different size classes of agricultural holdings. This opens for reflection about the postulated relationship between family size and holdings. Maybe it works the other way around, that household size may depend more on the size of the agricultural land and not vice versa?

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<sup>38</sup> BOS, 1990.

<sup>39</sup> World Bank 1994a: p 87.

<sup>40</sup> Binswanger and Pingali 1988: p 91.

<sup>41</sup> World Bank 1994a, p 88.

<sup>42</sup> BOS, 1990: "Agricultural Sample Survey 1987/88". Final Report, Dar es Salaam, p 9.

However, with diversification of economic activities in the rural areas during the crisis and liberalisation, the causal relationship between family size and land holding size has become more complex and hence difficult to interpret.

However the question needs to be raised to what extent lack of dynamism in Tanzanian agriculture can be linked to the hypothesis that the smallest holdings of less than 2 ha, accounting for about 80 per cent of their number and 50 per cent of the area planted, have been caught in a combined productivity and sustainability gap. They have too limited resources to practice intensive agriculture with the necessary soil preservation practices and inputs and they have insufficient land to maintain long enough fallow periods from a sustainability perspective.<sup>43</sup> In addition surveys from 1983 and 1993 show that the average area of land used by smallholder households has fallen by one third during that period.<sup>44</sup>

The indications are that smallholders' plots are shrinking and intensification in cultivation is not taking place, outside the high productive areas. This may be linked to increased sub-division of land in customary tenure systems through inheritance. As well it might be associated with a poverty context where households due to lack of resources are unable to cultivate larger plots, or it could be related to insecurity over access and control over land triggered by changes and contestations facing the institutions guiding customary land related issues (refer chapters 7 and 8).

### **3.2 Changing markets under liberalisation**

Deregulation has meant some fundamental changes in the functioning of agriculturally related markets. We will here take a look at some of those changes.

#### *3.2.1 Agricultural input markets*

A couple of poor harvests in the early 70s led the Tanzanian government to start subsidizing the price of fertilizer. Through the National Maize Project, fertilizers were these years distributed even free of charge in 859 villages, in order to raise food production. A pan-territorial pricing was also introduced in 1973 in order to give the whole country equal opportunities of using fertilizer, by offering one common price. This pan-territorial price meant an implicit transport subsidy for remote areas.<sup>45</sup>

Also in the distribution phase agricultural input markets, such as the fertilizer market, were controlled by state authorities. Beginning with the Arusha declaration in 1967 and running up to the late 1980s the authority to distribute was restricted to parastatal organisations and Cooperative Unions. Fertilizers were produced in the country by the Tanzania Fertilizer Corporation, TFC, under a monopoly.<sup>46</sup>

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<sup>43</sup> Havnevik, K and Skarstein, R, 1997: "Tradition, Land-Tenure, State-Peasant Relations and Productivity in Tanzanian Agriculture", in Bhaduri, A and R. Skarstein (eds): "Economic Development and Agricultural Productivity", Edward Elgar, Cheltenham.

<sup>44</sup> World Bank, 1996a: "Tanzania - The Challenges of Reforms: Growth, Incomes and Welfare", Vol 1 Main Report, Eastern Africa Department, Washington D.C., p 87.

<sup>45</sup> Turuka, F M, 1995: "Price Reform and Fertiliser Use in Smallholder Agriculture in Tanzania", Lit Verlag Muster, Hamburg, p 60.

<sup>46</sup> Ibid, p 57-59.

In the following we will use the fertilizer market as an example of agricultural input markets. This is because fertilizer has been the most important agricultural input, representing between 60 to 70 percent of total household expenditure on agricultural inputs in the two regions which we will soon discuss in more detail.

Liberalisation has brought important changes to these markets since its beginning in 1987/88. At this time, input markets were opened up to private traders. In the case of fertilizer, imports also started to replace domestic production, when traders were allowed to buy directly in the international market. The pan-territorial pricing for fertilizer was formally abolished already in 1984. An indirect subsidy remained however, since fertilizer prices were held constant after a subsequent devaluation of the Tanzanian Shilling. It was not until the 1990/91 season that fertilizer subsidies, due to donor pressure, gradually started to be removed.<sup>47</sup>

But the actual results of agricultural input liberalisation has remained a fairly unresearched area until recently. A study by Stefano Ponte compares an area characterised by good communications and infrastructure, and working links to the Dar es Salaam market – the Morogoro rural district – with a more remote area, characterised by good agricultural potentials but by weaker communications and infrastructure – the Songea rural district. These areas were chosen in order to illustrate the economic dynamics of liberalisation in places with differing infrastructural and environmental conditions. From this comparison a common pattern of agricultural input use emerges. The basic finding of the study, that a decline in input use is taking place, is echoed by case studies undertaken in other areas of the country, especially such areas that previously enjoyed the privilege of input subsidies.<sup>48</sup>

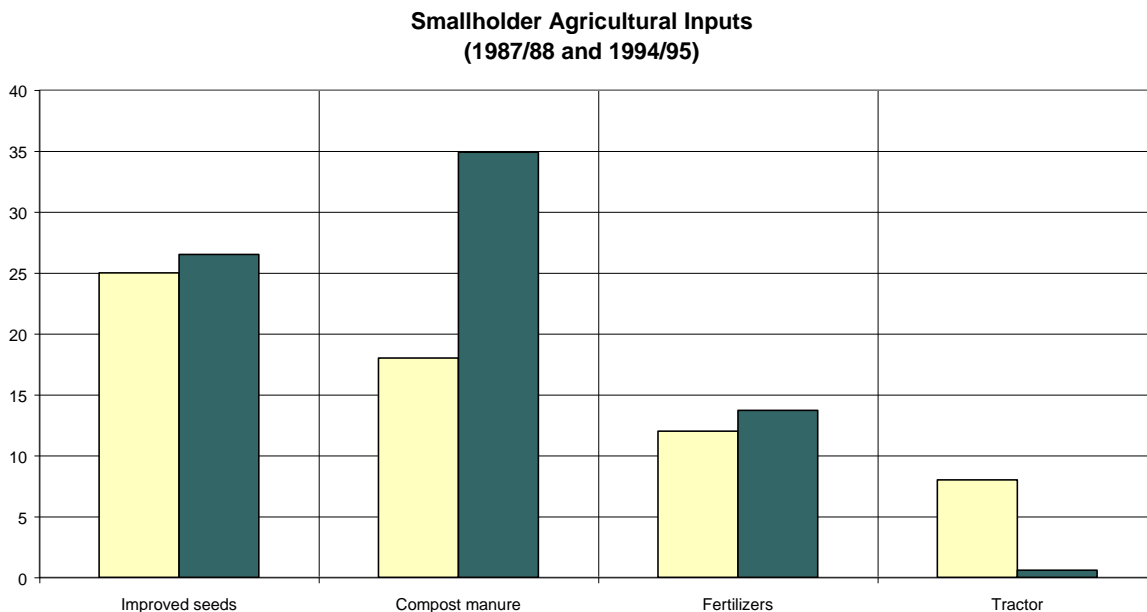
This picture is, however, not really true for the national level, according to statistics from the national census of agriculture of 1994/95 compared to the census done in 1987/88 .

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<sup>47</sup> Ponte, S, 1998: "The Political Economy of Agricultural Input Distribution in Post-Liberalization Tanzania", Paper presented at the African Studies Association Meeting, Chicago (mimeo), p 6.

<sup>48</sup> See for example Mung'ong'o, C.G, 1998: "Coming Full Circle: Agriculture, Non-Farm Activities and the Resurgence of Out-Migration in Njombe District, Tanzania", Working Paper vol 26, Afrika Studiecentrum, Leiden and Institute of Resource Assessment, Dar es Salaam, p 4f., Gibbon, P, 1998: "Peasant cotton cultivation in Tanzania since market liberalisation", Centre for Development Research, Copenhagen (mimeo) and Msambichaka and Naho, 1995: "Agricultural Sector Performance under SAP in Tanzania: Promising or Frustrating Situation?" in Msambichaka, L A, Kilindo, A A L and Mjema, G D (eds): "Beyond Structural Adjustment Programmes in Tanzania", Economic Research Bureau, University of Dar es Salaam, 1995.

Table 5:



Sources: BOS (1996): *National Sample Census of Agriculture 1994/95, Tanzania Mainland, April, p A64* and BOS (1990): *Agricultural Sample Survey 1987/88. Final Report, p 35*

Here we note a slight increase in the use both of improved seeds and of fertilizers in smallholder households (holdings smaller than 2 hectares). When looking at the regional disaggregation for 1994/95 (there is no such disaggregation for 1987/88) one finds however that the use of fertilizers is concentrated to the Kilimanjaro, Ruvuma and Iringa regions, with Mbeya, Rukwa and Tabora also showing fairly high use of fertilizers. The rest of the regions are well below the national average. When it comes to improved seeds eight of the 19 regions are above the average. Regarding these inputs more intensive use in some regions thus hide the fact that use is decreasing in a majority of the regions.

Regarding the use of compost manure only six regions are above the average, but many of the others are still fairly close to it. What we may conclude from these statistics is that there is marked increase in the application of compost or manure. This could be seen as a sign that many farmers are trying to make use of the opportunities that liberalisation opens up. A majority is still, however, not applying compost or manure. Alternatively, it reflects a lack of access to other kinds of fertilizers.

Let us now take a more disaggregated look at developments in the agricultural input markets. Ponte points to some positive changes that liberalisation has brought about;

- i. timing and efficiency of distribution have improved, especially at the import and wholesale levels;
- ii. export bottlenecks have been removed;

iii. a wider variety of inputs is now available than during earlier periods.<sup>49</sup>

There has, however, also been negative effects of the liberalisation. When the fertilizer subsidies were gradually removed from the 1990/91 season onwards, prices at farmgates rose considerably. Another outcome was that private traders took over as major distributors. When this happened, an exclusion of more remote areas occurred. It can also be noted that a decline in credit provision for purchases of inputs has taken place.

The negative aspects of the reforms affected Songea more than Morogoro. When pan-territorial pricing policies were abandoned, this favoured food crop growers in Morogoro over their competitors in Songea. The previously favoured maize producing centre, Songea, saw one of its major advantages disappear with this reform. The phasing out of the fertilizer subsidy was also more to the detriment of Songea, since Songea farmers have been more input-dependent than their Morogoro counterparts.<sup>50</sup>

Taken together, in the districts studied the changes induced by liberalisation sum up to a negative outcome at the smallholder farmer level. A clear decline in the overall use of inputs has been noted. Ponte shows that input use in the more remote area, the Songea rural district, has decreased more than in the Morogoro area, which is much closer to the major market, and has better communications. But even in the Morogoro area, there has been a clear decrease.

Let us start with Songea: Measured both per household and per acre there has been a substantial decrease in the use of fertilizer, both in the production of the major cash crop, tobacco, and the major food crop, maize. This decline has taken place both in the period 1986/87 to 1990/91 and in the period 1990/91 to 1994/95. During these periods the share of farmers unable to apply enough fertilizers on their crops have constantly increased.<sup>51</sup>

The Morogoro area showed a different pattern. In the first of these two periods the use of fertilizers increased slightly. More fertilizers became available as liberalisation took off. This increase could be measured both per household and per area. Even the number of households applying fertilizers increased. This positive effect of liberalisation was however overtaken by the withdrawal of the fertilizer subsidy in the early 1990s. When prices started to rise, the use of fertilizers went down. In 1994/95 the decline had however been somewhat limited, so that more fertilizers were still applied than what was the case in the mid 1980s in Morogoro rural district.

The decline in fertilizer use in these two districts has taken place even though the expenditure on agricultural inputs have increased as part of total household expenditure during the 1990s. How should we then understand this declining use of fertilizers? In both districts a decline followed the withdrawal of the fertilizer subsidy in early 1990s. But the Songea area experienced a decline in fertilizer use already in the preceding period. Ponte's interpretation is that this was due to problems of accessing enough fertilizer, whereas Morogoro at that time had satisfactory access<sup>52</sup>.

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<sup>49</sup> Ponte, 1998, p 16.

<sup>50</sup> Ibid, p 4-6.

<sup>51</sup> Ibid, p 17-19.

<sup>52</sup> Ibid, p 19f.

Should liberalisation then be blamed for all this? Certainly not, since the decline in fertilizer use could be observed even before liberalisation started. The Ruvuma Cooperative Union, (RCU) operative in Songea, experienced already in the mid-1980s increasing problems in recovering input credits from farmers. Fertilizers and agrochemicals were distributed on credit in the beginning of the season, and payment was deducted when crops were sold back to the cooperatives. This system did however open up for cheating, since sales on parallel crop markets meant that part or all of the cost for inputs were not paid.<sup>53</sup>

A similar system has been used also in other parts of Tanzania. Peter Gibbon reports, for example, about cotton insecticides being distributed on credit as late as the 96/97 season in the major cotton centre, the Western Cotton Growing Area. This season was the first when payments were actually made in cash, which in practice meant a major rise in prices, even though the relative price for insecticides went down, compared to the cotton price.<sup>54</sup>

Increasing problems in retrieving credits from farmers, in combination with corruption and inefficiency, led to a situation where the cooperatives, such as the RCU, experienced increasing difficulties in obtaining bank credits. The Cooperative Rural Development Bank, CRDB, decided in the last half of the 1980s to reduce and later eliminate RCU:s access to credits. This meant that the RCU in 1988/89 and 1989/90 didn't manage to buy enough fertilizer. A supply gap emerged.<sup>55</sup>

This gradual deterioration, in combination with major miscalculations, led to the closing of the RCU in 1994. It was replaced by the Songea Agricultural Marketing Cooperative Union, SAMCU, but the kind of problems described above seem to have been inherited also by SAMCU. At the more local level, the Primary Cooperative Societies, PCS, had begun to limit credit for input provision in the early 1990s. Credits were granted only if the crop was sold exclusively to the PCS, and if the farmer had sold enough crops to the PCS previous seasons. These practices did not, however, stop the continued deterioration of the financial situation of the Cooperative Union.<sup>56</sup>

A similar story may be told about the Morogoro Region Cooperative Union, MRCU, and about the Primary Cooperative Societies in this district as well. Here the result was that the MRCU dropped its commercial fertilizer distribution system altogether in 1993, because it couldn't find funds to purchase fertilizers.

The difference in agricultural input use in Morogoro and Songea rural districts that could be noted in the late 1980s may be explained by the functioning of the private trading system that more or less replaced the cooperative unions. The medium- and large scale private input stockists that established themselves in Morogoro City and Mgeta town were within reach by many farmers in the densely populated Uluguru Mountains. Since a vivid parallel market was already

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<sup>53</sup> Ibid, p 8-10.

<sup>54</sup> Gibbon, P, 1998: "Peasant Cotton Cultivation in Tanzania since Market Liberalisation" CDR, Copenhagen (mimeo), p 6-7.

<sup>55</sup> Ponte, 1998, p 8-10.

<sup>56</sup> Ibid, p 12.

present here, the cooperative system had been financially weaker in Morogoro compared to Songea. Credits obtained through the formal system have always been few in Morogoro. When private traders established themselves in this setting, availability of inputs improved marginally and a slight increase in fertilizer use could initially be observed.<sup>57</sup>

In the more remote Songea Rural District, only one of the 26 registered private suppliers of fertilizers in 1996 was considered a "small" trader. Twenty others were "medium" and five were considered "large". These larger distributors are not interested in distributing small packages to the many small farmers. Only four of them operate in areas farther away from Songea than 15 kilometers. Why are they not interested in trading with more remote areas? Research in Mbinga District, a district neighbouring Songea District, shows that demand for inputs have fallen due to increased prices, and that traders cannot add more than a tiny marginal over actual costs, since they risk being left with large parts of their stock. Traders are furthermore reluctant to provide inputs because they have to seek credit for financing their supplies, and district authorities usually ask them to provide inputs on credit to farmers even though they might operate in another district the next year.

In sum: private traders prefer dealing with crop purchases, not with the sale of agricultural inputs. When they still deal in inputs, they do it preferably on a larger scale and in areas close to markets. It is too risky, and not profitable enough, to provide inputs to sparsely populated areas in remote places which are lacking good transportation facilities.

### 3.2.2 Change in food markets

This thesis about differences in market access which finds support in Ponte's study of agricultural input markets has also recently been studied in food markets. In a study on the liberalisation of food market policies in Tanzania, Pekka Seppälä generates a few theses out of the neoclassical literature.<sup>58</sup> He argues on this basis that liberalisation ought to mean:

a) More integrated markets, which would mean that different marketplaces have correlating consumer prices. Locational price differences will remain, due to transportation and marketing costs. And in a country like Tanzania, ecological differences leading to one yearly harvest in some areas and two in others, would logically reduce price covariation. Still, market integration would lead to a trend of decreasing price differences;<sup>59</sup>

b) Lower, but continued, seasonal consumer price variations. When market integration increases, traders and farmers would be expected to increase their storage of crops, and spread the distribution over different seasons, in order to avoid the low prices immediately after harvest. Some seasonal variation would, however, still be rational because of storage costs;<sup>60</sup>

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<sup>57</sup> Ibid, p 13f, 19.

<sup>58</sup> Seppälä, P (ed), 1997 : "Liberalized and Neglected? Food Marketing Policies in Eastern Africa", UNU/WIDER, Helsinki, World Development Series 12, p 77.

<sup>59</sup> Ibid, p 77, 95-97.

<sup>60</sup> Ibid, p 77, 102f.

c) Spatial producer price variations, reflecting different accessibility to major markets. Those farmers living in more remote areas would be expected to receive lower prices for their production.

Let us start with the first thesis. In the 1980s maize markets in Tanzania were poorly integrated, according to studies done by Bryceson and Van Donge.<sup>61</sup> Van Donge found a slightly higher degree of intergration, but this might be due to his use of a less strict method than Bryceson. Even so, Van Donge concluded:

”...maize markets throughout Tanzania appear to be highly segmented, and the pattern of supply and demand may be locally determined to a large extent.”<sup>62</sup>

He further argued that whatever correlation found between different localities might not necessarily reflect a causal relationship, because significant price correlations were very few and the two places which showed the highest significant correlation were located about 1000 km apart.

Slightly higher market correlations were found for the rice market, which, according to Bryceson, is older and more integrated.

When Seppälä re-analysed maize markets in 1997, he found that prices correlate with each other to a significantly higher degree in the 1990s than in the 1980s. This would suggest that market integration has thus increased over the last ten years, consistent with the first hypothesis. This price correlation is, however, mainly appearing within different trading areas, and less so between them. It should also be noted that much of the price information is lacking for a large part of western Tanzania.<sup>63</sup> The conclusion by Bryceson, Seppälä and Tapio-Biström is that there are still inaccessible maize deficit areas, instances of drought-induced high prices and food shortages in areas close to food surplus areas. According to them ”The market is still very much in flux.”<sup>64</sup>

Some market integration is anyhow taking place. To what extent and how is this happening? Without being able to provide empirical support because of a lack of data on volumes of grain marketed between different localities over time, Seppälä argues that liberalisation has caused a relocation of the maize production. The ”big four” regions are less dominant today, than earlier. New centers of exceptional demand have also emerged during the 1990s, at least temporary. Around one million refugees from Rwanda and Burundi resided in northwest Tanzania in the mid 1990s. By the end of the decade, however, the total number of refugees in the country was reduced to around 350 000 of whom 250 000 were Burundian and about 70 000 had come from the Democratic Republic of Congo.<sup>65</sup> Some half a million gold miners have moved to the Ruvuma and Arusha regions towards the end of the 1990s; Cross-border demand continues to

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<sup>61</sup> Referred to in Seppälä, 1997, p 97f.

<sup>62</sup> Van Donge, J K, 1994: ”The Continuing Trial of Development Economics: Policies, Prices and Output in Tanzanian Agriculture”, *Journal of International Development* 6 (2), p 157-184, p 166.

<sup>63</sup> Seppälä, 1997, p 99f.

<sup>64</sup> Bryceson, D.F, Seppälä, P, Tapio.Biström, M-L, forthcoming: ”Maize Marketing Policies in Tanzania, 1939-98: From Basic Needs to Market Basics” in Dijkstra, T, van der Laan, L and van Tillberg, A: ”Agricultural Marketing in Tropical Africa”, Aldershot, Ashgate, p 20.

<sup>65</sup> Rylander, S, 1999: ”Julius Nyerere besöker flyktingläger i västra Tanzania.” Swedish Embassy, Dar es Salaam.



come from Kenya, Uganda, Rwanda and Burundi. It might well be that the maize production is increasingly consumed locally, and that the demand arising from these new demand centers is spread over wider geographical areas than was the case before. The indicators of increasing market integration might then not express a quantitative increase in inter-regional trade, but a reallocated demand chasing maize over larger areas than before.

The second hypothesis doesn't seem to hold fully, either. Comparing seasonal variability between the 1980s (as measured by Bryceson) and the 1990s (as measured by Seppälä) shows that seasonality has stayed the same. Seppälä himself argues that the assumption on seasonal variability holds, but since he has qualified his argumentation considerably by entering the assumption of an increased practice of storage, this conclusion must be questioned. Some decrease in seasonal variability would have been expected, for this thesis to be upheld. In its 1994 country study on the agricultural sector, the World Bank argues that there has been some reductions in price variations over the seasons for maize. This statement is however not based upon any primary material. Seppälä's study has shown this claim to be unfounded.<sup>66</sup>

The third assumption, that farmers in remote areas would receive decreasing prices for their production, doesn't at a first glance seem to hold either. Due to the availability of other markets than Dar es Salaam, prices stay fairly constant even in remote areas. This is shown by a comparison between consumer prices in Dar es Salaam and producer prices in several locations. Different time lags are also used in this comparison, but this doesn't change the picture in any radical way.<sup>67</sup>

Here, some caution is needed however, because remoteness could mean different things. More important than comparing prices in different towns would have been to compare prices with different distances and different physical access to trading centers. The lack of data on such prices leads Seppälä to refrain from drawing any conclusions. More research is needed on this.<sup>68</sup>

An overall observation on the Tanzanian maize trade is, in spite of this, that it is fairly competitive. Despite the lack of functioning infrastructure, the traders show a great deal of flexibility and adaptivity. As the most important market for food crops, the maize market shows some signs of increased integration after the introduction of market reforms. Part of this development comes from the growth of new demand centers. A geographically more balanced demand has developed, and the orientation of markets has changed in a north-westerly direction. There is however no indication of increased investments in the storage of grains, as seasonal fluctuations in prices remain at a considerably high level. We've also noted that the use of fertilizer and other agricultural inputs have gone down considerably during the 1990s in those areas that have been studied, even though the national figures indicate a slight increase in input use.

What market reforms in the maize sector have brought is thus some increased efficiency in the trade of the grain, but at the same time a decreased coverage of input markets. The overall result

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<sup>66</sup> Ibid, p 143f.

<sup>67</sup> Ibid, p 106, 120.

<sup>68</sup> Ibid, p 116.

seem to have been a stagnation, or possible decrease, in the overall production of maize during the 1990s. The comparison between Morogoro and Songea districts shows that farmers in the former maize centre of Songea are now becoming increasingly marginalized, and the smallholders in particular more vulnerable. This is because of increasing prices on inputs and decreasing availability of credits to buy them.

Attempts have been made to establish district level "Input Trust Funds", ITF:s. The idea is to facilitate input delivery and to offer input credits particularly to farmers in remote areas. By collecting enough funds for this, from district governments, cooperatives, private traders and deductions from crop payments to farmers, such a system might be built up. These attempts have, however, met reluctance from farmers unwilling to deduct costs from already low crop prices carrying a general fear of corruption and mismanagement. Other problems experienced have to do with the time needed to build such a system.<sup>69</sup>

### 3.2.3 Changing crop compositions

Studies of separate markets give one kind of perspective on developments under liberalisation. Another approach is to study what happens in the interplay between different sectors of a market or between different markets. Stefano Ponte has also made such a comparison between the Songea Rural District and the Morogoro Rural District.<sup>70</sup> We may recall that Songea is the more remote district of the two in relation to the major market, Dar es Salaam. Differences in natural preconditions and in possibilities of gaining from earlier agricultural policies have historically led the Songea Rural District to become an area where more agricultural inputs have been used.

A comparison of which cash crops that have been grown shows a clear shift towards crops whose growing period, from land preparation to harvest, is shorter than four months. These "fast" crops have increasingly replaced "slow" crops such as maize, sunflower, paddy, tobacco, coffee and cotton. The comparison was made between the 1986/87, the 1990/91 and the 1994/95 seasons. In Songea, the shift has been very profound. In 1986/87 such "slow" cash crops as maize, coffee, tobacco and sunflower accounted for 89 percent of total sales. In 1994/95 almost 50 percent of all cash crop income came from the two "fast" crops bananas and beans.<sup>71</sup>

In Morogoro, with its better communications, and greater possibilities of selling fruits, vegetables and other fast maturing (and fast rotting) crops, "fast" cash crops accounted for 42 percent of all sales already in 1986/87. But even here, the tendency was the same. In 1994/95 "fast" cash crops accounted for 73 percent of all incomes from cash crops. This development may help explain the observation related to the readiness of rural areas to feed major cities, including Dar es Salaam.

Another part of the picture is that in Songea, where agricultural input use has been more pronounced than in Morogoro, the shift has also been away from crops that need much inputs. In

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<sup>69</sup> Ponte, 1998, p 15.

<sup>70</sup> Ponte, S, 1997.

<sup>71</sup> Ibid, p 9-13.

Morogoro, where inputs have been relatively more easily available after liberalisation, the shift has been towards faster crops, even if this has meant using more inputs.<sup>72</sup>

This shift may not be explained purely by shifts in the prices that different cash crops catch on the market. Neither can the relaxation of regulations on minimum acreage on export crops explain this shift. The reason is instead found in an increased commercialisation of rural life, according to Ponte. He points to several factors that has created this increased demand for cash:

- i) school fees, and patient fees have been raised;
- ii) a copying pattern has been introduced, which makes people buy more consumer goods;
- iii) higher prices for agricultural inputs when subsidization has been abandoned;
- iv) an increased use of hired labour, and less use of household labour;
- v) changing demands stemming from the growth of off-farm enterprises;
- vi) the need for cash to ensure services previously provided through social negotiations.

Ponte does also claim that real net farm incomes have fallen during the 1986 - 1995 period: with 23 percent from 1990/91 to 1994/95 in the Songea district, and with 24 percent in Morogoro for the same period. He further claims, based on his household survey, that rural wages fell by 52 percent in Morogoro during the period 1986-95 and with 28 percent in Songea during that period.<sup>73</sup>

Ponte's conclusion from developments in these two districts, which both are showing an increasing dynamic since liberalisation got underway, is that "farmers are farming more crops, risking more in marketing them, spending more, and earning less."<sup>74</sup>

### 3.3 Agricultural production

To make any statement about the development of agricultural production in Tanzania is very difficult. The most cited statistical source, published by the FAO, is put together without proper field research. Furthermore, most of the agricultural production that is marketed is unrecorded. Gibbon and Raikes have estimated the amount of unrecorded, marketed production to be some 80 percent. To this should be added all the food produced for subsistence. As a consequence of this situation, Gibbon and Raikes found not less than seven different sources of agricultural statistics for the for the period 1990/1 to 1993/4. One of these sources indicated that growth in agricultural GDP during the 1990/1 season had been -16 percent. The next source said +9,5 percent for the same season, while the rest placed themselves in all possible positions between those two extremes. Which of all these guesstimates is to be trusted?<sup>75</sup>

The general picture that has been presented is that the agricultural sector as a share of gross domestic product has increased from around 45 percent in the early 1980 to around 57 percent in the first half of the 1990s, at factor costs, counted in current prices.<sup>76</sup> The rate of growth being

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<sup>72</sup> Ibid, p 8.

<sup>73</sup> Ibid, p 16-18.

<sup>74</sup> Ibid, p 19.

<sup>75</sup> Gibbon and Raikes, 1995, p 47.

<sup>76</sup> World Bank: "Tanzania - Challenge of Reforms: Growth, Income and Welfare" Vol II, Washington DC, 1996, table 2.1a, Statistical annexes, p 5.

around 2 percent per annum for 1980-84, and then increasing to over 4 percent annually for the period 1985-89.<sup>77</sup> The increase indicated have been attributed to the food crop sector, whereas export crops remained stagnant. The World Bank has, in its reports, estimated that growth have continued at a rate of 4-5 percent a year during the first half of the 1990s.<sup>78</sup> This has been presented as a situation where "evidence of sector recovery is extensive" and a level of growth that "is more than twice the average for African countries".<sup>79</sup>

At the same time, other estimations have claimed that the return to a co-operative marketing system, 1983/4 - 1985/6 led to higher growth rates in the food crop sector than the following liberalisation of markets. The conclusion of Msambichaka and Naho is that

"On the whole, there is no clear indication that the economic reforms have a positive bearing on food production which suggests that more has to be done to give the food production sector its place it deserves in the country's economy."<sup>80</sup>

A middle position is taken by the Operations Evaluation Department of the World Bank. In a review, published mid -98, the author, Yacob Meerman, relies less on statistics and more on general observations:

"The OED concludes that since independence, food production may have exceeded population growth somewhat. Average nutrition does not appear to have deteriorated. The urban population, now a quarter of the total, has increased from about half a million in 1961 to about 7 million. Most food for the urban population, including high-value products, is domestically produced. Compared to the mid-1970s, food imports are also lower. It follows that the amount of food for local consumption produced per farmer, and the share of that production which is marketed, have increased significantly since Independence."<sup>81</sup>

Seen over this long period of time, the OED concludes that the volume of agricultural export has remained almost the same from 1966 to 1996. The amount of exports per person has therefore fallen by some 85 percent. This decline was, according to the OED, reversed when liberalisation of agricultural markets occurred. Since 1986, growth in the production of export crops has exceeded population growth. The main growth of export crops has come from tea, tobacco and cashew, while coffee and cotton has remained mainly stagnant.<sup>82</sup> The main expansion in export crops has taken place after the monopoly status of marketing boards was eliminated in 1992/3.<sup>83</sup>

In food production the picture is different, according to the OED. This sector, which is the major part of Tanzanian agriculture, has not kept pace with population growth during the period following the introduction of economic reforms. The result of this is that total agriculture most probably has grown at a slower rate than population since 1986/7.

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<sup>77</sup> Gibbon and Raikes, 1995, p 45.

<sup>78</sup> World Bank, 1996, Vol I, p 13.

<sup>79</sup> Ibid, p 14.

<sup>80</sup> Msambichaka and Naho, 1995, p 41.

<sup>81</sup> World Bank: "Tanzania, Agriculture and the World Bank - An OED Review", Report No 18111, Operations Evaluation Department, Washington DC, 1998, p 5.

<sup>82</sup> Ibid, p 33f.

<sup>83</sup> Ibid, p 22.

The OED builds this conclusion partly on an analysis of the inconsistencies in the data used by the World Bank report, "The Challenge of Reforms". The data on production of food crops used in that report is not consistent with the agricultural GDP growth rates used in the same report. Agricultural GDP is calculated by deducting the costs of inputs from the total value of production at the farm gate. For this to be able to grow, while agricultural production is stagnating, a high level of input use, and a constant decrease in this use, is necessary. Since neither of these two conditions has been recorded in Tanzania, the conclusion of the OED is that the two kinds of data are inconsistent with each other.<sup>84</sup>

That input use has been fairly constant, or even slightly increasing was shown by the statistics referred in table 5, the only possible exception being a marked decrease in tractor use. But since tractor use has been fairly small earlier, it is not probable that the OED should be mistaken in this part of its argument. The data on agricultural production, presented for each crop, show a substantial decrease in per capita food production since the mid 1980s.<sup>85</sup> Since food crops account for more than six times the weight of export crops, the conclusion is that agriculture has grown at a lower rate compared with population growth during the 1985/6 to 1994/5 period, the OED concludes.

This message of export crop recovery and a very slow growth in food crops is, however, the total opposite of the Gibbon/Raikes estimation from 1995. These two positions might still be possible to reconcile, since the OED discusses a resurgence of the food crop sector in the mid-1980s, at a time when export crops were stagnant.<sup>86</sup> This would then have been a one-off increase in food crops, stemming from liberalisation, an increase that has not been possible to sustain. The question that arises is if the same effect may be taking place in the export crop sector, since liberalisation in these markets occurred later?

As we've seen, the OED claims that the production data is the more reliable of the two diverging data sets. Others have argued that the agricultural GDP is more accurate. This argument points to indirect indicators: Neither has any major food aid been distributed, nor has any major amounts of food been imported during the 1990s; Nutritional levels have not decreased; No major cases of starvation has occurred; The major cities have been well supplied with food. Mention has also been made of increasing levels of agricultural exports. All this build the conclusion, it is argued, that agricultural production must have grown faster, or at least not slower, than population has increased.

Is it possible to pass judgement on these two lines of argument? A new set of agricultural statistics has recently been developed out of national sample censuses undertaken in the agricultural sector since the 1993/4 season. The censuses have covered 540 selected villages, and has been done by the Bureau of Statistics in co-operation with the Ministry of Agriculture and

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<sup>84</sup> OED, p 33, para 4.19.

<sup>85</sup> Ibid, p 33.

<sup>86</sup> Ibid, p 17.

Co-operatives, the FAO and the World Bank. It differs from earlier endeavours in data collection by being done with a relevant organisational structure and with relevant resources.<sup>87</sup>

Based on these censuses, time series data has been produced of the period 1991-1997.

**Table 6: Agricultural GDP at Factor Cost, 1991-97 (Tshs. Million, at 1992 prices)**

	1991	1992	1993	1994	1995	1996	1997
Agriculture	604 921	612 403	631 422	644 718	682 338	708 740	726 098
% change		1,24	3,10	2,11	5,83	3,87	2,45

*Source: Ministry of Agriculture and Co-operatives, September 1998: "Basic Data Agriculture and Livestock Sector 1991/92 - 1997/98", table 1.3, p 9. Figures in constant (1992) prices.*

Calculated over the whole period the average increase in agricultural GDP is 3,1 percent, according to these statistics, which include monetized agriculture as well as production for own consumption. We may also compare with the development in pure crop production, calculated the same way. This means that we have subtracted the production of livestock, forestry and hunting and fishery from the figures above:

**Table 7: Crop production at factor costs, 1991- 97 (Tshs. Millions)**

	1991	1992	1993	1994	1995	1996	1997
Crops	447 505	450 601	464 554	474 048	506 511	527 579	539 666
% change		0,69	3,09	2,0	6,85	4,16	2,29

*Source: Ministry of Agriculture and Co-operatives, September 1998: "Basic Data Agriculture and Livestock Sector 1991/92 - 1997/98", table 1.3, p 9. Figures in constant (1992) prices.*

For the crop sector, the average annual change over this period has been 3,18 percent/ year. Since the highest growth rates have occurred during the second half of the 1990s, we can clearly see that these figures are lower than the "4-5 percent/year" reported by the World Bank, and also lower than the statistics reported in World Development Indicators. These levels of agricultural growth are at the same level as population growth (3 percent/year).

<sup>87</sup> Bureau of Statistics: "National Sample Census of Agriculture 1993/94 - 1994/95", Dar es Salaam, 1996, Report, Volume I, pp 6f, 21-33.

As the figures for 1997 indicate, the increases noted from 1995 onwards are very unlikely to have continued, however. Reports on developments in early 1998 indicated that farmers, due to flooding were not able to plant, and at the same time crops were rotting in the fields. The Tanzanian president, Benjamin Mkapa, stated that the estimated national food deficit would be 960 000 tonnes in March 1998. A preliminary report was at the same time mentioning a 30 percent decline in the production of rice, beans and maize, compared to the previous year. Also in cash crops, such as coffee and cotton, large declines were expected, whereas tea production was expected to grow.<sup>88</sup>

In early 1999, the FAO/WFP reported from a rapid appraisal mission undertaken in January. The message was that since rains were late, and below normal, food production was seriously hampered in all areas that were dependent on the "Vuli rains", except Kigoma and Kagera. The Vuli season has during the six last seasons contributed about 17 percent of annual cereal production. The Vuli harvest is a very important bridge when the crops from the major harvest tend to come to an end. This season maize production during the Vuli season was expected to be some 60 percent lower than last season, and some 40 percent under the long term average. Also sorghum and millet are reported to be in short supply, whereas rice, banana and tubers have not been hit by these production disturbances. The report did, however, warn for an increased food insecurity.<sup>89</sup>

This leads to the argument of Bryceson, Seppälä and Tapio-Biström, who claim that demand for maize in Tanzania must be separated into two different kinds. "Type I" demand stems from a constantly growing non-food producing urban population. This demand, they claim, have been reasonably met by domestic supply in most periods, including during the liberalised era. The "Type II" demand that consists of geographically widespread rural demand in years of harvest failure has been faced by the liberalised market system for the first time in 1997. It thus remains to be seen how this will develop, even if the authors express serious doubts as to the markets ability to deal with the humanitarian and political aspects of failed harvests:

"Over the long run, the market economy can serve to raise that standard of living and thereby remove the population from critical levels of food insecurity, but it is abundantly evident that when climatic conditions cause below average harvests, the market may either exacerbate or in effect evaporate rather than alleviate life-threatening food insecurity"<sup>90</sup>

The Type II demand emanates from failed harvests, that according to Bryceson/Seppälä/Tapio-Biström appears in periods with intervals of seven to ten years. The interplay between the two sources of food demand has since the 1940s been the main driving factor behind organisational change in the Tanzanian food marketing structure, they argue.<sup>91</sup>

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<sup>88</sup> Economic and Social Research Foundation, 1998: "Quarterly Economic Review", Dar es Salaam, Vol 1, Number 1, p 1.

<sup>89</sup> FAO/WFP, 1999: "Special Report, FAO/WFP Crop and Food Supply Assessment Mission to Tanzania", February 1999, p 1f, 5.

<sup>90</sup> Bryceson, Seppälä, Tapio-Biström, forthcoming, quotation from p 25, p 4f, 25-27.

<sup>91</sup> Ibid, p 2.

To conclude, a few additional observations may be made on agricultural production in Tanzania. The first is that the very unreliable statistics on crop production indicate that some crops have had their historically highest levels of production in the 1970s (cashew, pyrethrum, sisal, possibly cotton) and others are now at about the same level as they were in the 1970s (wheat, tea).<sup>92</sup> Even if criticism has been raised against the official statistics on food crops in the 1975-78 period (grains, beans and cassava) for being overestimated<sup>93</sup>, the fact that current production figures are close to these levels, indicates the potential of further increases in Tanzanian agricultural production.

This is also indicated by the second observation – that agricultural yields per area is substantially lower in Tanzania than in comparable Sub-Saharan countries such as Kenya or Malawi. It is only in rice and cassava where yields are comparable.<sup>94</sup>

The third observation, also building on the very weak statistical base that exists, is that variations in agricultural production between years still seem to be heavily dependent on weather conditions. This is still the most decisive factor.

The OED report concludes that:

”for most farmers the transition from traditional long-fallow, land-extensive, low-input subsistence agriculture to market-oriented production using substantial purchased inputs still lies in the future. The result in agricultural production has resulted mainly (but not entirely) from cultivating additional land in traditional fashion, rather than increasing output per farmer through increased cultivation per farm, or increased yields or diversifying production.”<sup>95</sup>

We are in this report questioning the above statement that a majority of Tanzanian farmers are practising long-fallow and land-extensive agriculture (refer chapter 3.1). We do, however, agree with the conclusion that no major technical change has occurred during the years of liberalisation. Even if economic reforms seem to have brought some improvements and growth in agricultural production, there are reasons to believe that this increase could have been larger, and that factors outside the pure economic sphere still are affecting output. In order to explore what kind of factors that might be, we now turn to a discussion on the role of institutions in relation to rural production.

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<sup>92</sup> Economic Research Bureau, 1996, table 10 and 11, p 76f.

<sup>93</sup> Van den Brink, Rogier, 1992: A Review of Agricultural Statistics of Mainland Tanzania, para 27.

<sup>94</sup> African Development Indicators 1996, World Bank, Washington DC, various tables.

<sup>95</sup> World Bank, 1998, para 2.18, p 18.



## PART II

### 4. Institutions

The concept of institutions has come to be central to development economics during the 1990s, due to the influence of the "New Institutional Economics". Applications to rural settings in low income countries have, however, so far been few, possibly because markets in these settings often are embedded in local socio-cultural particularities and hence interacting with institutions of less formal character. Institutions have been defined in many different ways. One attempt at formulating a common definition ended up with "restrictions on behaviour affecting human beings as economic agents".<sup>96</sup> Others have spoken about a "regularity in social behaviour that is agreed to by all members of society, specifies behaviour in specific recurrent situations, and is either self-policed or policed by some external authority".<sup>97</sup>

Institutions are hence something that guide the behaviour of people. They might be seen as rules, norms or enduring practices that are social in character, in that they are guiding human interactions. They are also to be understood as having a history, both in the sense that they are aimed at dealing with repeated human interaction, and in the sense that they develop over time. Institutions may take organisational forms, but this is not necessary, unless one refers to the fact that institutions are shared by a group of people – possibly a society – in which individuals necessarily relate to each other from different roles and positions.<sup>98</sup>

Institutions are often described as formal or informal, where the formal ones take forms such as written constitutions, laws or contracts. We prefer the terminology of Carl Menger, who distinguishes between "pragmatic" and "organic" institutions, because this tells us something also about the way these institutions have been formed. The informal, or rather, organic institutions evolve spontaneously and unintendedly over time out of human interaction, and they take forms such as codes of conduct, conventions or norms.<sup>99</sup>

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<sup>96</sup> Raaschou-Nielsen, A, 1988: "Institutionel Ændring og Økonomisk Teori" Rød Series No 18, Økonomisk Institut, University of Copenhagen, Copenhagen 1988, p viii quoted in Eriksson-Skoog, G, 1998: "The Soft Budget Constraint – The Emergence, Persistence and Logic of an Institution", Stockholm School of Economics, Stockholm, p 36.

<sup>97</sup> Ibid, referring to Schotter, A, 1981: "The Economic Theory of Social Institutions", Cambridge University Press, Cambridge and New York, p 11.

<sup>98</sup> Blom, A, 1998: "The Exogenous – Traditional Institutions and Their Ownership", p 33-39 in Neil Webster (ed): "In Search of Alternatives: Poverty, the Poor and Local Organisations", CDR Working Papers 98:10, Copenhagen.

<sup>99</sup> Eriksson-Skoog, 1998, p 36f

The rationality of institutions stems from the observation that actors are neither perfectly informed, nor perfectly able to distinguish between preferred and less-preferred behaviour when they take decisions. The rationality of actors must therefore be seen as a "bounded rationality", because these imperfections limit the extent of rationality, in spite of the intention of the actor. Given this bounded rationality, it is more important *how* people make decisions than *what* decisions they make. Rationality should therefore be "procedural" rather than substantive. All this follows from a need to deal with uncertainty that stems from the imperfect information and the imperfect ability to compute information discussed above. The more uncertainty, the more of behavioural regularities or rule following would be expected.

If this rule following is combined with systematic learning from experience, which means that an element of innovation is introduced, it would be fully rational. Here the role of social institutions enters the picture. The rules that are applied to solve recurrent problems develop into institutions. These rules may, as we have noted, be changed. But even the search for new rules is always selective and guided by past experience. Social institutions reduce uncertainty that exists in a system by making the actions undertaken by individuals more predictable. It may even be argued that the very establishment of an institution happens when a certain behaviour is regular enough to be anticipated by others. The rule of the individual becomes a social, shared, institution.<sup>100</sup>

Rationality has so far only been interpreted in a pure economic sense. It has been argued by Etzioni, however, that the decision making process is characterised also by morality, values and beliefs or "normative-affective" factors.<sup>101</sup> The rationality of institutions would be the same with this expansion, but learning and adaptation become slower, since people would be less willing to change their behaviour than otherwise, since they are guided not only by the immediate material results of their decisions.

Such an observation brings us to the question of institutions and change. As mentioned, institutions are either self-policed or policed by an external authority. Behaviour that turns out to be rewarded would evidently be reinforced, while such behaviour that results in unfavoured outcomes would be discouraged. But adding to this, we note that the setting up of an institution involves costs of different kinds, be it in information gathering, learning efforts or in trial and errors. If an institution has endured for some time, people gradually learn how to use it better, and there might also be positive co-ordination effects when a number of people adhere to an institution. This sums up to self-reinforcing mechanisms and we may get a process of "lock-in" in the institutional system.

This path dependency is further reinforced in situations where uncertainty is common. Greater uncertainty means greater adherence to rules. In such situations it might even be that an initial reaction to change is an even more strict adherence to the rules an individual is used to. Adding to this, we once again recall the notion of Etzioni that including morale into the decision making process would make rules even stickier.

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<sup>100</sup> The discussion in this section builds on Eriksson-Skoog, 1998, p 38-51.

<sup>101</sup> Etzioni, A, 1988: "The Moral Dimension: Towards a New Economics", Macmillan, New York and London, p 94.

There is, however, also another strain of institutional economics which do not regard commodities or the utility of individuals as the most fundamental units in economy, but rather transactions.<sup>102</sup> With such a starting point, the individual is not the ultimate focus any longer, but rather the interplay between several individuals. Another difference, compared to the arguments presented above, is that preferences are supposedly created through a social process, rather than by the individual in isolation. The definition of scarcity, which guides all economic behaviour, is also seen as a societal process. Markets are thus embedded in society, and in order to understand the functioning of markets, one has to understand the beliefs, values, rules and structural features that guide that particular society.

#### **4.1 Institutions in an Tanzanian Setting**

In rural Tanzania, we would expect organic institutions to be the most interesting object of study. But in reality both "modern" and "traditional" institutions co-exist in these settings, with the "traditional" institutions being such things as customary law, chiefly rule, religious practices and others. Here we face a conceptual problem. The term "traditional" seems to imply something that is opposed to the modern state, or to the modern society. It also seems to refer to something static and that is close to local people. Such propositions have been highly criticised by social research, however. Local institutions are more and more being understood as dynamic and complex phenomena. Sara Berry, Michael Chanock and Terrence Ranger have all described how colonial administrators defined certain practices as "customary", whereas these practices had been under constant change and open to interpretations. By doing this, the colonial powers created a situation where conflicts became built into the very practices defined as "customary".<sup>103</sup>

Sara Berry has very clearly described the process whereby colonial administrators used a number of informants, anthropologists and also chiefs in order to define the content of customary rule. The pictures these informants presented were not consistent, and were dependent on a number of different interpretations. When colonial administrators finally set down their feet, they created a situation where traditions, customs and norms became subject to intensive contestation.<sup>104</sup>

Rangers has also applied a broader historical perspective to these issues and claimed that even other powerful groups had both before and after colonialisation created or defined rights and privileges with reference to tradition. The process in which "tradition" is being defined should therefore be seen as a continuous one, in which different interpretations may prevail at the same time.<sup>105</sup> Therefore the concept "traditional" is not very useful. Institutions that are locally owned, that are owned by a majority of economic actors, is actually what is of more interest to us. Distinctions between "modern" or "traditional", "old" or "new" become blurred. What is important is not when an institution appeared, but rather to what extent it is used and adhered to.

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<sup>102</sup> Commons, J.R, 1931: "Institutional Economics", American Economic Review 21, p 248-57, December 1931, p 652.

<sup>103</sup> Berry, S, 1993: "No Condition is Permanent", University of Wisconsin Press, Madison, Chanock, M, 1991: "Paradigms, Politics and Poverty: a Review of the Customary Law of Land Tenure" in Mann, K and Roberts, R (eds): "Law in Colonial Africa", James Currey, London and Ranger, T, 1992: "The Invention of Tradition Revisited" in Ranger and Vaughan (eds): "Legitimacy and the State in Twentieth Century Africa", Macmillan, London.

<sup>104</sup> Berry, 1993, p 8, 22-24.

<sup>105</sup> Ranger, 1992.

With this rather long discussion, we have tried to build our argument that this inquiry should primarily be about institutions that are owned by local people. We are particularly interested in the role of organic institutions, as described above. But to go from this statement, and in a desk study do actual inquiries is not easy. Due to the character of existing literature, we will instead have to go indirect ways, to look for patterns of behaviour and try to draw some conclusions from that about the role of local institutions. We will search these institutions in characters of markets, in issues related to land and in issues related to local politics. Given the other approach to institutional economics referred to above, we will also put some emphasis to a historical outline of institutional and rural developments in post-colonial Tanzania. This will increase the necessary understanding of Tanzanian particularities.

## **5. Major features of post-colonial institutional and rural development**

### **5.1 Background**

Sub-saharan Africa had by the early 1960s undergone a long period of colonisation by the British, French, Portuguese and German states. The colonisation period had included the imposition of transformed and new institutional systems. The rule was predominantly conducted through indirect rule, and in the British colonial system, Native Authorities were established in the 1920s to stabilise alien rule. The Native Authorities governing rural areas were preoccupied with governing subjects according to customary law, i.e. enforcing tradition, while the urban institutions were governing citizens according to civil law. The bifurcated colonial state and its associated indirect rule was based on institutional and territorial segregation.<sup>106</sup>

The functionary of the local state apparatus was called the chief, who at the same time was a traditional leader. In the colonial institutional set up he was given immense power. Not only did he have the right to pass by-laws ruling persons under his domain, but he also had the executive power and was the administrator of the area in question settling all disputes. In this person the judicial, legislative, executive and administrative powers merged, backed by the colonial state. According to Mamdani the chief stood at the intersection between the market- and subsistence based economy.

”The administrative justice and the administrative coercion that were the sum and substance of his authority lay behind a regime of extra-economic coercion, a regime that breathed life into a whole range of compulsions: forced labour, forced crops, forced sales, forced contributions, and forced removals”.<sup>107</sup>

Elements of local traditional institutions were encapsulated in the institutions of colonial indirect rule. However, much of what has been thought of as traditional customary practices and law were to a large extent shaped by the colonial administrators and the colonial states themselves.

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<sup>106</sup> Mamdani, M, 1996: ”Citizen and Subject - Contemporary Africa and the Legacy of Late Colonialism”, Princeton University Press, Princeton.

<sup>107</sup> Ibid, p 23.

But as Berry<sup>108</sup> has argued the colonial state did not have the strength to effectively control how customary law was enacted and enforced, in spite of the extended powers given to local chiefs through indirect rule. Thus a space existed for contestation and negotiation about the meaning of tradition. However, this took place within a context where power relations played an important role.<sup>109</sup> In the Tanzanian context, Feierman has shown in his studies in the Usambara Mountains that in spite of a variety of economic and political changes during the 20th century, local political discourses remained surprisingly unchanged.<sup>110</sup>

## **5.2 Tanzania in the post-colonial, pre-liberalisation setting**

The nationalist movement led by the Tanganyika African National Union, TANU, came to power in Tanzania in 1961 with Nyerere as its leader. The post-colonial government was faced with major challenges coming out of the colonial situation. Firstly the state had to take on an active and expansionist role in order to create more and better paid jobs, modernise agriculture, industrialise, expand education, health and water facilities. The independent state in its effort to create a new nation, attempted as well, at least in the early stage, to create a broad consensus around major policies. To this effect it followed non-racial policies, and the enhancement of religious tolerance. At the same time the state attempted to undo the major regional imbalances, both economically and socially, that had been created by the colonial regime.

These policies were based on trade offs of which the most important were on the one hand state adherence to the "social contract", i.e. providing the population with basic commodities and improved welfare, and on the other hand the downplaying of participation and political pluralism at the expense of development. Already in 1965 the consolidation of the post-colonial state took place through establishment of a one-party state.

The consensus generating policies had, however, clear limitations being centered around modernisation and nationalism. By placing the nation as the framework for modernisation, the post-colonial state gradually came to repress and undermine cultural diversity. It also repressed important ways to make livelihoods in the country, e.g. strategies followed the pastoral groups who were considered backward and primitive.

In 1963, the role of traditional chiefs was abolished and the establishment of rural institutional system gradually developed. The aim was to undo the injustice and evil related to the fused power of colonial administration of rural areas. However, in so doing, new problems were to emerge. In essence the institutions left by the colonial regime, and those developed by a state bent on modernising were alien to many of the values held by rural people.

The organisation of the rural areas was to go through a series of dramatic changes where references in policies were made both to modernisation and tradition. The idea of living in

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<sup>108</sup> Berry, 1993.

<sup>109</sup> Amanor, Kojo, 1999: " Global restructuring and Land Rights in Ghana: Forest, food chains, timber and rural livelihoods". Nordic Africa Institute, Uppsala, Research Report No. 108 and Blom, 1998.

<sup>110</sup> Feierman, Steven, 1990: "Peasant Intellectuals: Anthropology and History in Tanzania", The University of Wisconsin Press, Madison.

nucleated villages was advanced by Nyerere already at independence, but the associated policy did not find its powerful frame until the launching of the Arusha Declaration in February 1967.

Between 1961 and 1967 villagisation experiments had been carried out by highly capitalised World Bank recommended and supported programmes that eventually failed. A number of Ujamaa village initiatives were also driven by idealistic young people supporting Nyerere's ideas.<sup>111</sup> One of these groups, the Ruvuma Development Association, included 17 villages which developed with great success during the 1960s.<sup>112</sup>

The Arusha Declaration and Nyerere's subsequent writings on Ujamaa, aimed at transforming the rural areas. The ideas rested on self reliance, self help, i.e. building on own resources in order to bring about meaningful development. The policy also aimed at national autonomy in other areas of the economy, e.g. through nationalisation of foreign companies and banks etc. The Ujamaa ideas were referring to the traditional values and virtues of the pre-colonial period where togetherness and co-operation had been pillars of society, according to Nyerere. However, the reference to tradition must mainly be seen as a means for creating a popular framework or base for a broad policy of modernisation, which was essentially anti-capitalist. The policies were greeted with great support by ordinary Tanzanians, whereas the bureaucrats and rising elite looked with scepticism at the launching of African socialism. Such an endeavour would in many ways circumscribe their possibilities for private accumulation. The Leadership Code reflecting the spirit of the Arusha Declaration had precisely the objective of undercutting the growth of a capitalist class removed from the aspirations of the majority of rural people. But the bureaucratic class seemed anyway to go along with the Arusha policies, which opened up a new avenue for state expansion and local employment opportunities and benefits through nationalisation.

The autonomous co-operative movement which emerged in the export growing areas had been one of the pillars of the anti-colonial struggle. After independence it had spread rapidly to food crop producing areas under control of African farmers. This resulted in displacement of Asian traders in the countryside who had profitted from middle-men positions in the colonial system, buying produce from the African farmers and providing them with short term loans and credits for their inputs and basic necessities.

The Ujamaa and villagisation policies, however, envisaged a new form of co-operatives. Already in the mid-60s TANU politicians would infer that the co-operative movement had been taken over by large farmers exploiting the smaller ones. An investigation was organised to prove it. The recommendations from the Government Special Committee of Inquiry into Co-operatives of 1966 suggested that performance could best be improved by diminishing "local responsibility and local accountability" since, "given the local circumstances at the present time, there is a great need for central responsibility and central accountability".

The tone had been set for what was to come. The movement of people into villages under the Ujamaa policies took off in 1969 at a slow pace on a voluntary basis. At the same time the

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<sup>111</sup> World Bank, 1961: "The Economic Development of Tanganyika", Johns Hopkins Press, Baltimore and Coulson, A, 1982: "Tanzania: A Political Economy", Clarendon, Oxford.

<sup>112</sup> Coulson op. cit.

Ruvuma Development Association was disbanded by the Party Executive Committee ruling that all Ujamaa development was to be controlled by the Party. In 1973 the voluntary spirit of the Ujamaa experiment ended as directives were issued to the effect that "to live in villages is an order". From 1973 to 1976 a major villagisation campaign, partly based on force, was implemented and by 1976 more than 8000 villages had been created and about 70 per cent of the rural population had been physically moved. Thus fundamental institutional changes initiated in the post-colonial period were paralleled by drastic changes in the physical environment of rural population. There were also serious problems related to land tenure arising from villagisation that were not reckoned with by the government at that time, but that would emerge later during the era of liberalisation. A major issue was related to the fate and security in law of those who were resettled and allocated land during villagisation. A second was linked to the grievances of those rural dwellers whose land was confiscated arbitrarily by the state without offering compensation.<sup>113</sup>

The idea of communal production was downplayed by the government, although not verbally, since people resisted to provide labour. The smallholders in most areas were preoccupied with the struggle to develop their own plots in a new environment. Villages were located mainly along main roads with easy access, and due to high variability of the agro-ecological environment, the transition caused considerable loss of local smallholder farming knowledge. Hence agricultural potential was lost in the process of villagisation. The environmental problems emerging out of the nucleated village structure also contributed to the stagnation of Tanzanian agriculture during the 1970s and into the 1980s.<sup>114</sup>

The movement of rural people into nucleated villages, however, facilitated the provision of water, social services and schools. Into the first half of the 1970s considerable progress had been made in these areas supporting the social contract based in the anti-colonial struggle. But from the mid-1970s onwards there are clear signs of reduction in the quality and extent in these areas; medicines started to become unavailable, schools were falling apart, water pumps did not function, either for lack of fuel or spare parts.<sup>115</sup>

The villagisation process had been facilitated by the Decentralisation policy effected in 1972. The state claimed that it was designed to provide a system for planning and development from below. But in effect, the outcome was administrative deconcentration rather than political devolution. The administrative structure was hence made up of vertical linkages straight through the state hierarchy, from national level to the region and district and further down to the ward and village levels.

Villagisation was consolidated in the mid-1970s through the 1975 Villages and Ujamaa Villages Act which provided for villages as a legal entity. According to the new Law, villages were simply

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<sup>113</sup> Shivji, I. 1999a: "The Land Acts 1998: A Cause for Celebration or a Celebration of a Cause". Keynote address to Workshop on Land held at Morogoro, February 19-20 1999, p.8.

<sup>114</sup> Kikula, I, 1997: "Policy Implications on Environment. The Case of Villagisation in Tanzania", Nordic Africa Institute, Uppsala.

<sup>115</sup> Mujwahuzi, M, 1978: "A Survey of Rural Water Supply in Dodoma District", BRALUP Research Paper No 57, University of Dar es Salaam, Dar es Salaam and Therkildsen, O, 1989: ""Watering White Elephants", Nordic Africa Institute, Uppsala.

named Registered, rather than Ujamaa Villages. Registration would imply that the boundaries of the village could be defined, but as shown in another section of our report, the handling of the land issues was fraught with serious problems.

Another important function for villages, set up in the 1975 Act, was their role as multipurpose co-operative societies. To this effect the autonomous co-operative movement, under attack since 1966, was abolished by law in 1976. The crop production and marketing system established was thus based on the villages as the nuclei for production, selling their produce to a number of state controlled crop authorities, basically one for each crop produced. The idea of launching crop authorities had been initiated in the early 1970s and the state had envisaged them to function efficiently at the time of abolishing the co-operative movement.

Added to this system was legal provisions for one single marketing channel, making illegal crops sales outside the village/crop authority. The main feature of this new marketing system was not only the centralised control of marketing, but also to some extent of production activities through by-laws. Such laws were hardly enforced in the 1960s, due to their unpopularity during the colonial regime. Their revival on a large scale took place in 1974/75 in order to discipline smallholders who produced the "wrong" crops or tried to diversify out of cultivation to other more remunerative non-state controlled activities related to natural resource extraction.

In the new agricultural price system launched in 1973, agricultural producer prices were set centrally, on a residual basis after all costs had been covered by crop authorities and on the basis of heavy overvaluation of the local currency also functioning as an implicit tax on the smallholders. Calculations have shown that the incidence of surplus transfers from the smallholder to the state through this institutional set-up amounted to 4.7 billion Tsh representing an average implicit tax of about 27 per cent on peasant crop income. The surplus transfer was progressive through time so that if 1970 was taken as a base year, "additional resource transfers out of agriculture had reached a level of nearly 1 billion Tsh per annum by 1980".<sup>116</sup>

The rising costs of parastatal crop authorities resulted mainly from their increasingly expensive transport fleets and the rapidly increasing annual wage bill for permanent staff. The World Bank estimated that in the short period from 1975 to 1978, when crop purchases were very low, there was a fall in labour productivity in the ten largest crop authorities of 15 per cent.<sup>117</sup> As real income declined in crop authorities, financial irregularities and corrupt practices became more and more prevalent.<sup>118</sup>

### **5.3 Crisis and transition**

From the late 1970s onwards, a deep crisis developed in Tanzania that was characterised by both economic, political and social features. State intervention in the rural areas had created a profound lack of trust between the smallholders and the state. Increasingly smallholders

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<sup>116</sup> Ellis, F, 1983: "Agricultural Marketing and Peasant-State Transfers in Tanzania" in *Journal of Peasant Studies*, vol 10, No 4, p 235.

<sup>117</sup> World Bank, 1982: "Tanzania - Agricultural Sector Strategy Report", Report No 4052-TA, Washington D.C. p 77

<sup>118</sup> Bryceson D F, 1993: "Liberalising Tanzania's Food Trade", UNRISD, Geneva, p 20f, Eriksson Skoog, 1998: p 199-204.



diversified their labour into other lines of production or extraction where the produce or products could be sold outside of government channels. Parallel market sale of crops also proliferated. This development constituted a major element in the rapid growth of the second economy in Tanzania which undermined the economic base of the state.<sup>119</sup> Provision of basic commodities, health services, water and education also deteriorated. This led to a undermining of the social contract and subsequently the trade off between development and pluralistic politics was increasingly questioned, however not in an organised way. Through this process the state and the Party lost political legitimacy. Overall these developments, that was triggered by external shocks in the late 1970s, could be said to have led to the break down of the post colonial development model advanced by the Tanzanian state.

The crisis and the delegitimation of the state opened for the emergence of locally based institutions addressing urgent community problems. The most significant of such institutions in the Tanzanian context is that of Sungusungu. The rise of Sungusungu is linked to the intensification of cattle raiding in the late 1970s and into the 1980s. Raiders had become better armed and state outreach for protection of local communities and cattle owners had weakened. In 1981 Sungusungu rose spontaneously in the Sukuma area and although a new institution it had its reference in the self-help groups that were common in the communal life of traditional societies.<sup>120</sup> Mwaikusa argues that Sungusungu reflects a deep mistrust of the state and its laws and provides a series of examples to substantiate such a claim.<sup>121</sup> Feeling that the state had left them without protection, the Sungusungu adopted their own ways of ensuring their security.

Sungusungu members swear allegiance to their commander and to their Sungusungu rules. Taking their law in their own hands have led to conflict with the state and several Sungusungu units have been arrested when conducting their work. However in 1989 the President issued a general amnesty to all such units. The government as well tried to transfer the idea of Sungusungu to curb crimes in the urban areas. For a while this helped in addressing crime, but such activities, often based on forced membership and without social cohesion, gradually faltered.

The foundation and operation of Sungusungu were not based on law as an institution of the modern state, but on the moral values of rural communities which have not fully discarded their traditions.<sup>122</sup> The state has had to accept its existence and in various ways attempted to accommodate it. The decision not to ban the movement, that operated contrary to state laws, must certainly have been based on the assessment that a ban would drive it underground rather than extinguish it. Although the rise and spread of Sungusungu show that the crisis opened up a space for indigenous institutions, addressing urgent local issues, the state gradually came to co-operate with and co-opt the movement. This indicates that civil society institutions emerging during the

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<sup>119</sup> Mwaliyamkono and Bagachwa, M S D, 1990: "The Second Economy in Tanzania", James Currey, London and Bagachwa, M S D and A Naho, 1994: " A Review of Recent Developments in the Second Economy in Tanzania". African Economic Research Consortium, Special Paper Sixteen, Nairobi.

<sup>120</sup> Bukurura, S H, 1994: "The Maintenance of Law and Order in Rural Tanzania" in Journal of Legal Pluralism and Unofficial Law, No 34, Foundation for the Journal of Legal Pluralism.

<sup>121</sup> Mwaikusa, J, 1995: " Maintaining Law and Order in Tanzania: The Role of Sungusungu Defence Groups" in Semboja, J and Therkildsen, (eds), 1996: "Service Provision under Stress in East Africa", CDR in association with James Currey, Copenhagen and London, p 171.

<sup>122</sup> Ibid.:173

crisis may be characterised over time more by their interpenetration with the state, rather than their continuous confrontation with it.

Financial implications of the crisis were manifested on many fronts. For instance, during the crisis, state owned banks were central for financing both the government deficit and parastatals, in particular within agricultural marketing. The public sector received 90 per cent of total commercial bank credit in the period 1977-1984. The National Bank of Commerce lending for agricultural marketing increased from 24 per cent of commercial bank non-government credit in 1978 to 63 per cent in 1980. An analysis of the NBC loan portfolio found frequent incidences of only limited financial analysis of the borrowers before credit was granted.<sup>123</sup>

In her detailed study of the Tanzanian parastatal sector, Eriksson Skoog shows that six of the ten parastatals within agricultural marketing made losses in every or but one year in the period 1978-1984. "These parastatals were chronic loss makers".<sup>124</sup> During the 12 year period 1980 to 1991 for which Accounts were audited by the Tanzania Audit Corporation, the National Milling Corporation were 10 times among the top ten loss makers, followed by the Tanzania Cotton Marketing Board (7 times) and Tanzania Tobacco Processing/Marketing Board (5 times).<sup>125</sup>

The inflow of foreign assistance which had increased from a mere USD 62 million, 3 per cent of GDP, in 1971, to a peak of USD 702 million, or 16 per cent of GDP, in 1981, stood by 1985 only at USD 487 million.

Facing declining external support and the disarray of the agricultural marketing parastatals, the Tanzanian government was compelled to redefine its agricultural policies in order to restore its lifeline to its economic basis. This was attempted partly by a process of dismantling the agricultural crop authorities, restoring the co-operative movement by an Act of 1982, by introducing a new Agricultural policy in 1983 and through enacting a new law of Local Government in 1982.

Most of agricultural crop authorities survived, however, until the early 1990s, and some beyond that date, but with different and reduced functions. This was due to what Eriksson Skoog defines as the institution of the soft budget constraint, through which the government and donors continuously bailed parastatals out by providing credits and loans and the provision of import commodity support, often without the stipulated parastatal counterpart payments.

Hence parastatal managers and bureaucrats managed to cope during both crisis and into liberalisation by drawing on their personal and social networks within the government sector. Parastatal managers could also use their position for private gain.<sup>126</sup> This is reflected by the finding that incomes from informal activities for these groups were not only substantial, but also quite rewarding. Between 1975-1977 to 1981-1983, the share of informal-, compared to total,

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<sup>123</sup> Price Waterhouse 1992 quoted in Eriksson Skoog 1998

<sup>124</sup> Eriksson Skoog 1998: p 190.

<sup>125</sup> Ibid.: table 4.20

<sup>126</sup> Kiondo, A 1989: "The Politics of Economic Reform in Tanzania: 1977-1988", PhD dissertation, University of Toronto, Bryceson 1993, Eriksson Skoog 1998.

income of rich urban households grew from 93 to 99 per cent. This group also recorded a significant increase in their real income, in spite of a drop in their formal income.<sup>127</sup>

The spread of misuse of funds and corruption into the 1990s in other government domains have been confirmed by the audit report of the Office of the Controller and Auditor General on "import tax evasion and exemptions".<sup>128</sup> This report checked the legality of exemption letters granted by the Treasury and the Investment Promotion Centre (IPC) which were empowered to issue such documents.

Likewise the Presidential Commission of Inquiry Against Corruption<sup>129</sup> through a community based survey of service delivery in four key public services, the police, the judiciary, the revenue and the Lands Ministry, showed corrupt practices to be widespread. The per cent of service users paying "extra" to service workers had a range of between 29 and 48 per cent in urban sites and between 25 and 38 per cent in rural sites.<sup>130</sup> According to the report the percentage of service users reporting payments to service staff is likely "an underestimate of the actual percentage who paid bribes." Payment of bribes is illegal in Tanzania, even if requested by the service worker. Nearly all payments were said to have been made after the service worker requested money. The survey was based on interviews of 835 urban and 3726 rural households in ten districts.

A government task force developed in 1982 the foundation for the New Agricultural Policy of 1983. The recommendations of the task force providing the underlying report focused on two major issues. Firstly it was argued that the poor performance of agriculture was mainly related to the weight placed on smallholder production and secondly that the Ujamaa policy had obstructed the emergence of a 'modern' large scale sector. To overcome these hindrances the report recommended that private farms, whether owned by foreigners, nationals or as joint ventures, should be encouraged. The task force outlining the policy observed that there was nothing in the country's laws, nor policies that explicitly prohibited the practice of private, large scale farming.

As to recommendations related to smallholder farming in villages, the task force addressed the lack of security of tenure in block farms within villages and that the practice of frequent reallocations of such plots gave insufficient incentives for investment in enhancing productivity. It was therefore recommended that rights to such plots should forthwith be guaranteed.

The task force report was in many ways a balancing act. On the one hand it had to recognize the official policy's emphasis on villagisation, and in the more verbal manner, on Ujamaa, on the other hand it wished to promote its own position regarding the need to open up for individualised tenure and large scale farming. In order to gain Nyerere's acceptance for the policy, a task force member in a more recent interview stated "that there had been tactical and political reasoning for toning down criticisms of communal farming".<sup>131</sup>

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<sup>127</sup> Eriksson Skoog 1998, p 203.

<sup>128</sup> URT 1995a: "Import Tax Evasion and Exemptions", Office of the Controller and Auditor General, Dar es Salaam.

<sup>129</sup> URT, 1995b: "Presidential Commission of Inquiry Against Corruption - Service Delivery Survey - Corruption in the Police, Judiciary, Revenue and Land Services", Dar es Salaam.

<sup>130</sup> Ibid., table 15, p. 19

<sup>131</sup> Sundet, G, 1997: "The Politics of Land in Tanzania", PhD dissertation, Oxford University, p 128.

A new local government structure, with elected councillors at the district level, was reintroduced in 1982. There were two major lines of motivation for the change in local government. The previous decentralisation of 1972 had been based on the idea that central government should collect all revenues and reallocate resources to regions and districts. The increasing financial problems and eventually the break down of public finances in the early 1980s had resulted in a declining flow of resources from central to local levels. In the 1982 local government structure revenue collection was decentralised alongside a considerable shift in responsibility for development and service delivery from central to local level.

The other motivation for restoring the new local government system was continuous critique of the 1972 based system for its inability to create local development. Local government and local politicians were seen by in particular donors and central government to have become obstacles to more rapid development of national policies. Weaknesses were described as both relating to the financial and administrative capacity of the system.

Alongside the above mentioned legal, policy and institutional initiatives in their early 1980s, the state had attempted in 1981 to launch a National Economic Survival Programme, NESP. This was however poorly planned having unrealistic targets and hence could not be implemented.<sup>132</sup> In 1982 the Technical Advisory Group, consisting of members nominated both by the World Bank and Tanzania presented a plan for Structural Adjustment, which was aborted due to disagreement between Tanzania and the Bank about its recommendations.

On hindsight 1984 must be seen as the year of major break through for more broad based new policies of the Tanzanian government. In this year the government introduced the "own fund" import scheme and presented a budget which indicated its willingness to meet some of the more substantial reform demands of the IMF/World Bank. Soon afterwards co-operation between Tanzania and the two institutions ensued aiming at designing a comprehensive programme for Economic Recovery. This was eventually to form the basis for an agreement with the IMF and the Bank in August 1986.<sup>133</sup>

The social profile of the Tanzanian development strategy could not be financed in the new international climate. Realising this, Nyerere had opted for continued support from the like minded countries. But in November 1984 the Nordic countries in a joint Tanzanian-Nordic seminar informed the Tanzanian government that there would be no expansion in Nordic assistance unless Tanzania signed an agreement with the IMF and the World Bank. Through this decision the Nordic governments also fully aligned themselves behind the IMF/World Bank economic conditionalities.

Hence, the space had shrunk for Nyerere to manoeuvre his policies symbolised by self-help and Ujamaa and with a comprehensive state outreach in the economy. In 1985 he resigned as

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<sup>132</sup> Wangwe, S, 1987: "Impact of the IMF/World Bank Philosophy, the Case of Tanzania", in Havnevik, K (ed), "The IMF and the World Bank in Africa - Conditionality, Impact and Alternatives", Nordic Africa Institute, Seminar Proceedings No 18, Uppsala, pp 149-161.

<sup>133</sup> Ibid,

president but stayed on as Party Chairman for the remaining part of the decade to oversee the transition.

#### **5.4 Economic liberalisation**

Important elements of structural adjustment policies vis a vis agriculture and the rural areas were to increase the real producer price obtained by smallholders and liberalise the marketing of agricultural produce. This implied a further dismantling of state controlled agricultural marketing companies and their substitution by co-operatives and private traders, able to pay producers more market based prices. Most agricultural subsidies were seen to cause inefficiencies and should hence be reduced or abolished. The state was conceived of as of being of rent seeking character, consequently its role and all embracing character should be diminished. The state was also, through accepting the ERP, obliged to balance its budget which implied a continued reduction in its expenditures, not least on the social sectors and gradually for the parastatal sector, and initiate efforts to strengthen its revenue side. Social sector spending was again adjusted under the second programme titled Economic and Social Action Programme, initiated in 1989.

The ERP led to a continuation of the agricultural marketing liberalisation that had been initiated in 1984. By 1987 all weight restrictions on interregional food grain trade had been abolished and private traders had started to compete with the National Milling Corporation. From the late 1980s onwards, primary societies and co-operative unions (created under the new Act of 1982) were allowed to sell directly to private traders, and in 1990 individual farmers were also given this option. Thus competition between the private sector and the parastatal/co-operative system had become fully legalised. However, Kiondo, reporting about agricultural liberalisation in the late 1980s found that the implementation of reforms was problematic at times and "characterised by contradiction, arbitrariness and uncertainties".<sup>134</sup>

By 1990 the transition from a single-tier to a multi-tier marketing system had been completed when indicative prices for food crops were introduced. By 1993, the private sector had taken control over 90 per cent of the grain market, but its operations were hampered by lack of working capital, organised storage facilities, trading sites and transport. In later sections of our report we are investigating in detail, based on recent field studies conducted by others, outcomes in various types of markets for natural resources, fish and crops, and their institutional contexts and underpinning and implications.

Since its restoration in 1982 the new cooperative movement had been plagued by lack of democracy and state interference, as the apex organisation was still under government control. Pressures for a genuine democratisation and reform of the cooperative movement originated both from internal groups of the movement and from external donors and institutions. These pressures led to the creation of a new Cooperative Act in 1991 with the aim of creating a grassroot based democratic movement and to register only viable unions. By mid-1992, the unions' debt, however, had escalated to about Tsh 60 billion.<sup>135</sup>

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<sup>134</sup> Kiondo 1989: p 372-375

<sup>135</sup> World Bank, 1994a: "Agricultural Sector Report - Tanzania", World Bank, Washington D.C., p 70.

Economic liberalisation as well opened up the space for struggles over land. These issues will be investigated in detail in subsequent sections of our report where we focus primarily on land issues and gender. Suffice it to say at this point that the lack of clarity in land allocations and the increasing rate of land litigation, forced the government to set up a Presidential Land Commission in January 1991. This Commission presented its two-volume report in 1992 and 1993 based on widespread consultation with people in rural areas of Tanzania. The Land Commission had recommended that the radical title to land, i.e. the ultimate ownership and control over land, should be divested from the President. Rather land should be vested in two ways. Village land should be vested in the Village Assembly, the democratically representative body of the village, whereas "national lands" should be vested in a new Board of Land Commissioners to be statutorily constituted by the legislature and supervised by the judiciary, both state organs.<sup>136</sup> A major reason for this proposal, was according to the Land Commission, the experience of insecurity of tenure during the post-colonial period which stemmed from the vesting of the land in the executive and which made possible for land matters to be dealt with in administrative, rather than legal ways, a precedence that had been set already under the colonial regime.

The government rejected many of the most fundamental recommendations of the Land Commission. Parallel with the work of the Land Commission the government had an interministerial Committee working within the Ministry of Lands. The outcome of this committee, discussed in a few high profile seminars, eventually resulted in a new Land Policy that was unanimously approved in Parliament in June 1995. The policy rejects the divesting of the radical title in the President and the most important argument for this is the need for easy state access to land for investment promotion. Subsequently a land law has been developed with funding from British sources.

The new Tanzanian law regulating land issues contains two parts, a "Land Act", 1998, and a "Village Land Act", 1998, that were approved by the National Assembly in February 1999. In these Acts land continues to be vested in the President. Land management and administration are firmly placed in the executive arm of the state and the Land Commissioner is given wider and more far reaching powers over land than was the case in the previous legal set-up. On the whole, the bureaucracy has been given greater discretion in making decisions while elected representative fora have been made primarily consultative. It is therefore highly debatable whether the bills will help ease the insecurity and uncertainty regarding land matters that have confronted smallholders during the colonial and post-colonial periods (refer chapters 8 and 9).

## **6. Institutional characteristics of liberalised markets**

In this section we will try to describe and analyse the kinds of institutional set-ups that have appeared after liberalisation in a few selected markets. As will be shown, some of them have been characterised by major changes, whereas others are characterised more by continuity.

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<sup>136</sup> URT, 1994: "Report of the Presidential Commission of Inquiry inot Land Matters - Vol. 1, Land Policy and Land Tenure Structure", the Ministry of Land, Housing and Urban Development, in cooperation with the Nordic Africa Institute, Dar es Salaam and Uppsala, p 146-7.

The booming of the trade in fish like Nile Perch and dagaa, as well as in prawn, more or less coincided with structural adjustment policies in Tanzania. In prawn, for example both fishing efforts and trading activities expanded rapidly during the late 1980s. The trade in dagaa has been on the rise for the last 30 years, but a particular upturn occurred in the early 1990s. Nile Perch trading has expanded since the second part of the 1980s, but showed a particular vitality when new plants for fileting and freezing were established in the early 1990s.<sup>137</sup>

The fact that much of the trade in fish has come to be in Nile Perch and dagaa has a natural background. Nile Perch was introduced into the Lake Victoria in the 1950s, and began to be dominant in the early 1980s. Nile Perch was mainly feeding on a smaller fish named "furu", who in its turn was feeding on plankton. When the stock of furu began to decrease another competitor for the plankton, living at another level in the see, saw its chances increase. This was dagaa, which is the local name of various kinds of sardine-like fish. They are eaten whole after being dried. It is thus quite natural that Nile Perch and dagaa today are some of the most traded fish in Tanzania.

Prawns are mainly exported, and the trade has therefore attracted some international attention. Also the trade in Nile Perch is mainly directed towards export. Dagaa is however consumed locally, with the exception of some export going to the neighbouring Democratic Republic of Congo. This fact means that the production and marketing of dagaa has not attracted much attention from the government. This market is therefore interesting as an example of a more spontaneous development compared to other markets.

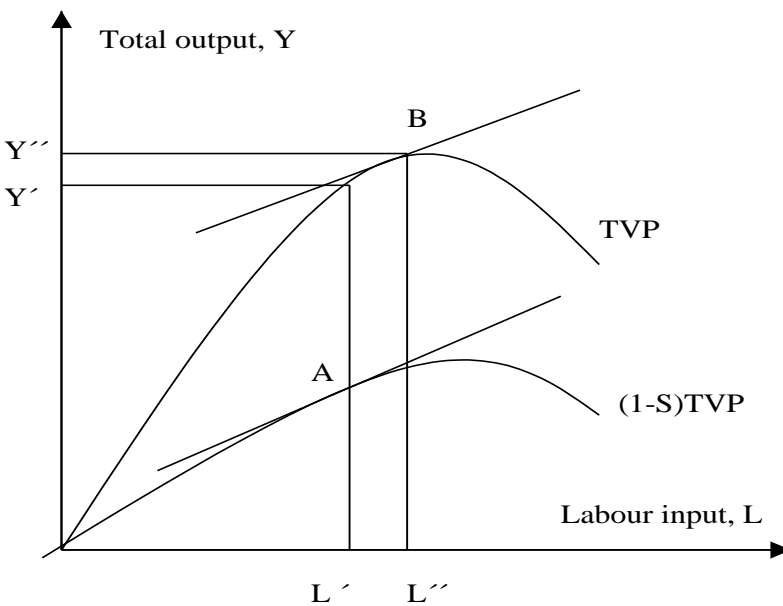
Peter Gibbon has, in his studies of each of these different markets, shown that developments have been diverse in many respects. One way of comparing these markets is, however, to study their institutional development. This might be related to a search for market control, for market power along diverse paths. It might also be related to fundamental conditions for market activities. We will here recapture parts of Gibbon's findings and from that proceed to analysing the characteristics of different markets.

One concept that immediately appears from these studies is "tieing". Tieing means that the producer is connected to a certain owner of production capital, and therefore bound to deliver the production, or a share of it, to the capital owner. The practice of tieing is analogous to the agricultural use of sharecropping. As such it is a production form with less than optimal efficiency. The fishermen are using nets and vessels that belong to a trader. This use is paid for with a given deduction from the price which the trader is offering for the catch. The fisherman or the crew is thus forced to sell to the trader, and to no one else.

The tieing means that the fisherman is faced with a total value of production curve that has a more shallow slope than would otherwise be the case. The resulting labour input of the fisherman is therefore less than optimal. A certain amount of income is foregone by the owner of the net and the vessel. Had this equipment been completely controlled by the fisherman himself, more labour

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<sup>137</sup> Gibbon, P, 1997a: "The Poor Relation - A Political Economy of the Marketing Chain for dagaa in Tanzania", Centre for Development Research, Working Paper 97.2, Copenhagen, p 6-8.



input and a larger income flow would have resulted. Had, on the other hand, the actual fishing been completely controlled by the net and vessel owner, his profit would have been higher.

In the labour input decision the fisherman is faced by the curve called  $(1-S)TVP$  in the figure. This curve is significantly lower than the actual total value of product curve,  $TVP$ , since the gear owner receives a given share,  $S$ , of the incomes and  $(1-S)$  is what is left for the fisherman. Hence, when working up to the level when the marginal product equals the market wage, the fisherman puts in a less than optimal amount of labour to the fishing, which is indicated by the point  $L'$  being chosen instead of  $L''$ . This line of arguing taken further does also show that tying results in less than optimal profit, which represents an economic waste. The loss is fully carried by the gear owner, while the fisherman gets a higher income than he would in a pure wage labour system. This would of course not be a stable equilibrium, and a possible outcome might be a process of bargaining between the two parties in order to reach an optimal use of labour.<sup>138</sup>

Another possibility would be that the gear owner decide what amount of labour that should be put to the fishing. Tying would then become an efficient system. But the question would still remain why the gear owner does not pay salaries to fishermen instead. The fishermen would not have any advantage over a pure wage labour system any longer. And how should the gear owner be able to make sure that labour is provided in proper amount and intensity? These models do simply not provide fully satisfactory explanations of why tying or sharecropping persists.

Explanations to this riddle have been sought in the introduction of uncertainty and risk. In situations where production is uncertain tying or sharecropping is a way of sharing the risks involved. But this is an explanation that is more relevant for fishermen, than for gear owners. Given competitive input- and factor markets, it may be shown that available combinations of other production forms present the same risk exposure to the capital owner as tying does. Therefore some other component is needed in order to fully explain the practice of tying. Ellis argues that what is needed is a combination of risk separately confronting the two parties, and the existence of imperfect information creating these risks. The prevalence of imperfect information implies the existence of imperfect markets.

Bardhan summarises this argument by stressing a combination of five components:

<sup>138</sup> The argument is adapted from Ellis, F, 1993: "Peasants Economics - Farm Households and Agrarian Development", Cambridge University Press, Cambridge, chapter 8.



- i) the producers (the fishermen) lack alternative credit options;
- ii) the producers do also lack alternative market opportunities to use the value of certain advantages, such as the possibility of mobilising and supervising household labour;
- iii) traders (equipment owners) cannot predict physical production conditions, since they are constantly changing;
- iv) traders (equipment owners) cannot effectively supervise and monitor wage labour;
- v) both parties lack access to insurance markets relevant for the above mentioned risks.<sup>139</sup>

Point ii) and iv) refer to incentive and monitoring problems, of a kind that is sometimes called "moral hazard" problems: the risk of cheating, inefficient work or low quality inputs, loan defaulting etc. In all this imperfect information is a decisive factor. Imperfect information is also a central factor explaining the incompleteness or even absence of some markets, like the credit market referred to under i).

Another factor at work is transaction costs. Bardhan does only indirectly touch upon the possibility of imperfect labour markets. Ellis goes further and gives examples of other transaction costs in labour markets (cost of screening, cost of job search etc) which may support the establishment of tying or sharecropping.

### **6.1 The dagaa market**

Let us now, after this theoretical exposé, turn to the structure of the actual markets. The dagaa market has been there since the 1940s, and demand has been increasing for the last 30 years. It is, however, only during the 1990s that the market has been booming. Today, fishing in the main sector of the market, in lake Victoria from the area around Mwanza, is done out of semi-permanent camps. Quite a number of fishers moved here in the mid 1980s since catches in Lake Tanganyika were decreasing. Some dagaa fishing is also taking place in the Indian Ocean, outside Dar es Salaam. Important actors in this trade are "tajiris", who own the boats and employ the fishing crew. In the Mwanza area, the families of the tajiris, some cooks and deputies all live in the camps together with the fishermen.<sup>140</sup>

Every camp has a set of rules, and an elected leader, but each tajiri is basically responsible for the behaviour of his employees. Some dagaa camps form part of larger fishing camps, where Nile Perch is the major fishing target. Some of these camps have their own shops, cafés and mosques. Some fishing is also done out of villages along the lake.

Earlier research on dagaa fishing has shown that traders have tied "their" tajiris to them through the advancement of fishing gear on credit, and through side-payments.<sup>141</sup> Gibbon found in 1996 that this tying has disappeared, even though some side payments were done. The major input

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<sup>139</sup> Bardhan, P, 1984: "Land, Labour and Rural Poverty: Essays in Development Economics", Columbia University Press, New York.

<sup>140</sup> Gibbon, 1997a, p 3f, 8.

<sup>141</sup> Ward, A, Y Mndeme, K Kauswa and J Mairi, 1994: "The dagaa fishery: a PRA study to support questionnaire survey data", mimeo, Dar es Salaam.

needed, nets, are of different kinds, some are put together from used nets, others originate from aid projects.<sup>142</sup>

Relationships between vessel owners, the tajiris, and their crews are often oppressive. Tajiris seldom take part in the actual fishing, instead a captain is responsible for the work of the crew. Wages are given as shares of the catch after all the costs of the tajiri has been covered. Any "breakages or losses" are covered by the crew. But since these remunerations are unrelated to the price which the fish catches in the market, this relation does not contain any tying. The reason why tajiris can attract and retain labour despite the low level of rewards they offer is the lack of alternative employment opportunities.

Crews consists mainly of men who are younger than the tajiri, and they are mainly recruited from the village of the tajiri. In the Kigoma area, crew members do mainly come from the same migrant group as the tajiris. In trying to explain their different level of success, tajiris themselves often refer to different abilities in supervising and monitoring their crews.<sup>143</sup>

It is an interesting fact that the dagaa fishery based in Mwanza has been characterised by a quite marked decrease in the kind of absentee, or trader, sponsorship we have been discussing. The explanation given by Gibbon is the inflow of traders (primarily from Zaire) which led to an increased demand for dagaa, and to a higher price competition. "Kirumba traders decided that it was no longer worthwhile investing in sponsorship".<sup>144</sup>

Gibbon himself concludes that where there is high productivity of capital combined with the existence of a good product market one might anticipate direct investments to be made, rather than producers being sponsored by traders. There is thus no reason to believe that trade should dominate over production, under such conditions. However, when the product has a low unit value and is consumed in a dispersed pattern, investments will take place in commodities with higher unit value, and a more concentrated consumption pattern.

A search for market control has instead showed up in another link in the dagaa marketing chain. A group of traders, situated in the Kirumba market in Mwanza city, has managed to develop a partial cartel. They have done so by acquiring access to the largest buyers - many of whom come from the DR Congo. By belonging to the same cooperative society, with the objective of reducing their trading licenses and income tax liabilities, they have managed to keep other traders out of their market shares.<sup>145</sup> Access to the cooperative society is closed.

This group of traders does also have a strong position in regard to acquiring supply from Lake Victoria.<sup>146</sup> This control is gained mainly through the practice of "mali kauri", which is a sort of brokerage, in which the trader sells the collection on behalf of smaller scale collectors, at an agreed price and with the assumption that the collector carries the costs of levies, storage and

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<sup>142</sup> Gibbon, 1997a, p 19, 34.

<sup>143</sup> Ibid, p 40-43.

<sup>144</sup> Ibid, p 58.

<sup>145</sup> Ibid, p 22.

<sup>146</sup> Ibid, p 61.

portage. Through these two channels the traders of Kirumba have managed to create for themselves a powerful position in down-country trade.

## **6.2 The prawn market**

In prawn fishing developments have gone in an opposite direction. Starting with a major technical change in 1990-91, tying has become the norm. The background to this is that prawn fishing follows two major tracks in Tanzania. One is the trawler chain, and the other is the "artisanal" chain. Two trawlers have for some years been running on a public basis, as a result of a Japanese aid intervention. Since the mid-1980s this has been complemented by privately owned trawlers, bought second hand from abroad. All the trawlers are in a bad shape, and it is hard, both financially and due to regulations, to acquire new ones. Fishing from trawlers is furthermore regulated. Each trawler is allocated to one of three fishing zones on a rotational basis. Not all of these zones are very productive.

The number of trawlers decreased in 1990/91 from 18 to 12. The reason for this is not clear, particularly not since new investment incentives were introduced in 1990. Maybe the establishment of new shore based prawn factories increased the competition, since these factories connected to the "artisanal" chain of prawn fishing, which led to the technical change mentioned above.<sup>147</sup>

At that time mtumbwi-gill net systems were introduced in order to replace the simpler utenga nets - which were used by wading - and the nyando traps. The gill nets have a higher productivity, but they are also much more expensive than the older equipment. Therefore traders are supplying the credits for these nets, and fishermen are repaying by receiving a price that is lower than the market rate for their catches.

This practice of tying is reinforced by an interlinkage with other markets to the actual trade in prawns. Traders provide food to fishing crews and sometimes also other goods or services, like providing kerosene to the lamps used in night fishing. With this interlinkage of commercial relations traders are gaining control over "their" fishing crews. The practice is that new ties develop before the old one is repaid or cleared in any other way.<sup>148</sup>

This tying in the prawn trade is most developed in Bagamoyo, where it shows the interlinkages mentioned above. In Rufiji, however, tying has been confined to nets, and therefore had a more limited impact. There, the prawn fishing with new equipment/nets is done in a very mobile way, by two fishermen operating from a canoe - a "mtumbwi". Because of this mobility fishermen have more opportunities of cheating the net-owner. Since they are often fishing in places which are not easily reached by larger boats, the risk of being detected while selling to someone else is low. Also working towards increased chances of trading with others than the net-owner, is the relatively high level of competition between traders in Rufiji.

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<sup>147</sup> Gibbon, P, 1997b: "Prawns and Piranhas: The Political Economy of a Tanzanian Private Sector Marketing Chain" p 1-86 in *Journal of Peasant Studies*, vol 24, No 4, October, p 10-16.

<sup>148</sup> *Ibid*, 1997b, p 38f.

Because of this high mobility a special category of trader, the "salesman", has appeared. The salesman keeps close contact with his fishermen, and he often collects the catch by boat, at sea. Relations between salesmen and fishermen are often very close.

Another characteristic of the Rufiji prawn fishing is that it is done out of large camps, where all the, often quite young, fishermen live. A couple of thousand fishermen may live in the larger camps. Societal institutions are present, but to a much lesser extent than in the villages or towns.

In spite of the possibilities of cheating, the general picture in Rufiji is that most fishermen are selling the majority of their catches to the net-owners. This is generally explained by a high level of personal bonds between fishermen and the salesmen. Another factor might be that price competition is more intensive in other relations in the marketing chain than in fishermen - collector relations.

In Bagamoyo the patron-client relations are much more developed than in Rufiji. Fishermen have very few opportunities of cheating on the gear owning traders, the "tajiris". This is because of the risk of being observed that would lead to the withdrawal of nets. The patron-client relationships are furthermore so developed that the tajiri takes care of almost everything for "his" fishermen. Here fishing is done from the town, and people live in a more traditional and established way, than in the camps.

The situation in Sadaani could be described as a middle ground between these two cases. In Sadaani, fishing is done from camps from March to May every year, and from the village other parts of the year.

Gibbon concludes his study on prawns by noting that accumulation and business development have taken place in this sector. Certain collectors and "tajiris" have accumulated productive assets within the prawn sector. It is not a majority that has been able to accumulate. Those who have managed are mainly elders, and some of the assets accumulated (houses, shops, "hoteli" etc) have nothing to do with the sector. But this nevertheless doesn't change the basic picture of a sector where some branch-specific accumulation has taken place.<sup>149</sup>

Why has then tying been so accentuated in prawn fishing during the last decade? And why do different fishing localities show this pronounced variation in levels of tying? We will get back to these questions in an overall discussion on the prevalence of tying in different markets.

### **6.3 The Nile perch market**

The major fish traded from the Victoria lake and the Mwanza area is Nile perch. As already described, this is a fish that was introduced to the lake, and it started to appear in larger catches from the early 1980s. Commercial fishing started in the mid-1980s. With liberalisation, market conditions started to change fundamentally in 1990/91. At this time new and bigger processing

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<sup>149</sup> Ibid, p 74.

plants did also open in neighbouring Kenya. These factories started to buy Tanzanian catches in large numbers.<sup>150</sup>

As in the case of dagaa, Nile perch fishing is based in semi-permanent camps, with the difference that Nile perch camps are larger in size. Another difference is that crew members for Nile perch fishing are recruited from a lot of different places. The common theme seems to be that they in some way or another have been marginalised in their previous social environment. "All kinds of people are attracted here, youths who have been chased away from their houses or their villages, women who have run away from their husbands, men who have killed", says the chairman of one of the camps.

The majority of the catches are supplied to factories, and there exists a system of tying fishermen to these factories. Significant sponsorships, for nets and sometimes for boat engines, are supplied by the factories. But these are only supplied to established tajiris, meaning those who at least own one vessel and could use the credit in order to get gear for another one. These loans are supposed to be repaid in fish. At least 50-60 percent of the purchase price for fish is usually withheld by the factories as repayment of the principal. This is a clear case where tajiris are tied by sponsorship. But one important aspect to note is that the actors tying the fishermen are not pure traders, but industrialists, running factories.<sup>151</sup>

As in the prawn market, the Nile perch is also an example of a market where some accumulation of capital has taken place. The establishment of processing plants is one part of this, the other being the existence of tajiris owning and running a number of vessels and nets.

Relations between tajiris and fishing crews may be described as oppressive, in terms of wages and conditions. They should, however, be described as wage relations and not in terms of tying, just like the case of dagaa discussed above.

#### **6.4 The cotton market**

The cotton sector provides still another picture. Cotton could be described as one of the few "success stories" of Sub-Saharan agricultural developments. While recovery started in the Francophone parts, also Anglophone countries have showed increased production during the 1990s. With liberalisation of this sector in Tanzania, growth has been experienced also here since 1994/95.<sup>152</sup>

The Mwanza region is, together with neighbouring Shinyanga and Mara, the major cotton centre of Tanzania. This centre is called the Western Cotton Growing Area, WCGA. More than 90 percent of the national annual production originates here, with the semi-arid steppe-lands in eastern Mwanza and central and eastern Shinyanga being the most important area. Here ox-ploughing predominates. In Mara, with its higher incidence of rainfall, most cultivation is done by hand. Even so, the yields and the quality of the cotton are higher there.

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<sup>150</sup> Gibbon, P, 1997c: "Of Saviours and Punks: The Political Economy of the Nile perch marketing chain in Tanzania", Centre for Development Research, Working Papers 97.3, Copenhagen, p 13f.

<sup>151</sup> Ibid, p 28f, 92.

<sup>152</sup> Gibbon, P, 1998, p 2-9.

According to Gibbon, the increase in production since 1994/95 may be ascribed to the increased use of land by two categories of peasants: those owning oxen, and those hiring oxen for ploughing. The majority of cotton farmers, those cultivating by hand, have not had the opportunity to increase their production, because of a lack of cash, land or labour.

It has also been the case that yields per acre have been declining significantly, for all categories of peasants, whether they are ox-ploughers or not. The general level of yields per area today is about two thirds of what it used to be in the 1960s and 70s. Even the last three year period, since 1995/96, has been showing a decrease in yields per acre for all the peasant categories, and for all the regions in the major cotton centre. This decrease has been made up for by an increase in the cultivated area of cotton.<sup>153</sup>

From Gibbon's study it may be concluded that cotton cultivation in WGCA has not become more input intensive. Comparison with a study by Kaumulo, from 1980 indicates that it may rather be the other way around. Almost no pesticides are used, and adding to this, also other recommendations made by extension workers have not been practised to any significant extent by peasants. Why this reluctance to apply more intensive methods? One explanation mentioned by Gibbon is the changing institutional set-up, moving from co-operatives to private traders as the main distributors of agricultural inputs.<sup>154</sup>

As described earlier (page ??) the co-operatives were the only providers of inputs. In the beginning of the growing season, inputs were delivered to farmers on credit, the agreement being that repayments be done with a given deduction from the cotton price offered by the co-operatives to the farmer. In practice, however, farmers have had to wait at least two years in order to obtain any money from the cooperative. In combination with the possibility of selling part of the crop on the illegal market, this meant that inputs were not properly charged for. When attempts at increased credit recovery were made, records of what amounts of inputs and to what prices had been distributed, often became untraceable.

With liberalisation, private traders took over much of the roles of the co-operatives. This brought major changes. E.g. even if the price of insecticides relative to cotton have decreased, they are still perceived as more expensive, compared to the situation where they were not properly charged for. Many traders don't even distribute inputs, since they have made hand cultivators their major target group. Hand cultivators seldom have the means to buy inputs, hence they don't see the need of linking such services to their crop transactions. The end result is then increasing incentives not to use inputs, and possibly also a decreasing availability of them, in line with our argument in the previous section.<sup>155</sup>

The old distribution system, that was built up by the co-operatives, may not be described in terms of tying, since the price was given from the outset and not dependent on the price paid for the cotton. It may nevertheless be described as a tool for increasing the market power of the co-

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<sup>153</sup> Ibid, p 19, 26.

<sup>154</sup> Ibid, p 6f, 17.

<sup>155</sup> Ibid, p 6f, 25.

operatives. This situation has now been changed with liberalisation, however not completely. A number of newly created district based co-operatives have appeared, acting in cooperation with private traders. These district co-operatives are generally regarded as mainly belonging to the better off farmers.<sup>156</sup>

In the decreasing availability of agricultural inputs we might find an explanation as to why a larger portion of members of primary co-operative societies comes from the ox-owning category rather than from any other category. A large majority of the ox-owning peasants are in addition selling their crops to the co-operatives rather than to private traders. The prime reason, according to Gibbon, is the perceived unwillingness of private traders to supply inputs.

When peasants are asked about their views on liberalisation it is thus not surprising that the least positive sentiments are found among the ox-owning category. This category has the greatest flexibility in terms of access to land, to many productive assets and capital. But they do face some new constraints regarding access to inputs such as pesticides and fertilisers. It should be noted, however, that half of the peasants in Gibbon's study express a positive view of cotton market liberalisation, and another third express a positive view with some reservations. Only some ten percent expressed discontent. Nearly all of the latter belonged to the ox-owning category.

Gibbon also looked into the investment pattern of cotton cultivators. It appears that those who have been able to produce more are not to any large extent investing in order to raise productivity, at least not directly. They are mainly using their increased income to buy more cattle. It is, however, a fact that more bicycles and ox-carts have been bought the last few years, but the basic pattern is still that profits are used mainly for buying cattle.

Another noticeable fact is that ox-owners tend to increase their food production to the same extent that they increase cotton production. They do also continue to have other incomes than farming - even to a larger extent than the poorer categories, including the hand cultivators. Gibbon's conclusion is that ox-owners are striving at keeping their new source of relatively quick incomes, rather than trying to maximise this profit flow.<sup>157</sup> The hand cultivators have, on their side, not been able to increase their labour input very much. Labour is the production factor that they have any ability to control. But their labour use is already near their maximum capacity.

## **6.5 The cashew market**

Cashew trees were introduced in East Africa by the Portugese in the 17th century. Since the trees spread naturally they now exist as a wild species in a belt along the coast. In Tanzania cashew trees are mainly growing in the south-eastern regions where natural conditions are very favourable, and in some areas along the coast. The main product is the nut, which is used in food dishes and as a snack. Tanzania holds a share of about 7 percent of the world market, and is known for its high quality nuts.<sup>158</sup>

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<sup>156</sup> Ibid, p 20-25.

<sup>157</sup> Ibid, p 13f.

<sup>158</sup> Seppälä, P, 1998a: "The recovery of cashew production in southern Tanzania" in Seppälä, P and Koda, B (eds): "The Making of a Periphery", Nordic Africa Institute, Uppsala, p 119-122.

The major part of Tanzanian cashew export is sold unprocessed. Traders are most often of Indian origin, which has a historical background. As early as in the 1940s Indian processing plants had an overcapacity. Since African cashew nuts mature in other seasons than the Indian ones, buying from Tanzania and Mocambique became natural. Indian traders were also encouraged by the colonial powers at that time. In the last few years, attempts have been made to rehabilitate and renew the Tanzanian processing capacity. But low labour costs and government subsidies in India make it difficult for Tanzanians to compete.<sup>159</sup>

Cashew production in Tanzania reached its highest levels in the mid 1970s. Several factors explain the serious dip that then took place. Prices of food crops went up, relative to cashew prices, a fungus started to seriously affect the trees in the 1980s, and possibly earlier. Finally the villagisation program had a deliterious effect on cashew production. Many people had to leave their trees far behind, when moving, and were not able to support them any longer. Very few new trees were planted, and existing ones were deteriorating.<sup>160</sup>

Since liberalisation started, cashew production has started to increase again. From 1990/91 both the amount of production and its value have been on the rise. This development has been studied by Pekka Seppälä. Cashew is the only of Tanzania's big export crops whose production has risen substantially. Reasons behind this increase are increasing producer prices, the existence of a new sulphur antidote that effectively takes care of the fungus and also the increasing value of land. To buy cashew trees is a way of getting easy access to land.<sup>161</sup>

Only a small portion of cashew growing farmers are responsible for the increased production, however. Half the crop is sold by ten percent of the farmers, even though many are growing cashew. Half the farmers in south-eastern Tanzania did some cashew harvesting in the 1990/91 season. One reason for this concentration of the production to the better off farmers is the availability of the fungus antidote. The lack of available credit means that only a small group can afford this. It is also more difficult to use the antidote when cashew is interplanted with other crops, as is the case for most small farmers.<sup>162</sup>

This is somewhat of a paradox. To grow cashew becomes less labour intensive when the crop is interplanted with for example cassava. The total productivity is therefore higher with this intercropping, which means that small farmers might have a comparative advantage here. If someone tries to establish large scale production, it would only be possible to acquire large pieces of land in areas where trees have been abandoned for long periods. It is very labour intensive to rehabilitate these trees. Another important aspect of cashew growing is the prevalence of crop stealing. These factors taken together indicate that it would be advantageous for large scale capitalists to stay out of production and instead engage in trade and input supply.<sup>163</sup>

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<sup>159</sup> Ibid, p 131.

<sup>160</sup> Ibid, p 126.

<sup>161</sup> Ibid, p 121-126.

<sup>162</sup> Ibid, p 127-131.

<sup>163</sup> Ibid, p 133.



No sharecropping exists in this market, since land is available and about 70 percent of the farmers in cashew areas in southern Tanzania have access to trees. Market power rested before liberalisation with the Cashew Nut Board of Tanzania, a parastatal that used to control input supply, output marketing, crop processing and export. This board is still there, but with significantly less impact today, when private traders have taken over large market shares.<sup>164</sup>

Cooperatives are still working, even though some of them have had to scale down their operations due to serious financial problems. Private traders buying the crop is, for tax purposes, ordered to buy from the primary cooperative societies. Traders provide these societies with funds, and the societies buy the nuts from the farmers. The primary co-operatives charge a levy for this service, which has made it possible for some of them to retain a role in input distribution.

These primary cooperative societies have, however, been reorganised into larger units recently. This was done in a fairly top-down way, and from the perspective of most peasants, these societies moved further away, into the hands of local elites. Because of differences in the pace of privatisation in different areas, middlemen have appeared, trying to exploit the differences.<sup>165</sup>

There are sources of uncertainty in the cashew production. The prevalent crop theft is one. Peasants without access to the fungus antidote face another serious threat. Credit opportunities are few. One could also see a comparative advantage of small scale producers in raising total productivity, given interplanting with other crops, and using family labour in regions where the labour market is not very developed. Attempts at sponsorship of small scale producers have, however, not been made, as far as Seppälä reports.

## **6.6 Factors determining institutional set-up**

There are similarities between the markets discussed above. They are all in a dynamic phase following liberalisation. They are all also faced with an underlying threat of depletion of the natural resources they rest on, and there might be an uncertainty as to production output from period to period. When it comes to institutional development there are however striking differences between them. Why is the practice of tying so prevalent in the prawn and the Nile perch sector, whereas it has been retarding in dagaa and is absent in cotton and cashew cultivation? Are the five factors we mentioned above as explanations of tying present in the prawn and Nile perch markets? Are they absent in the cotton and cashew markets, and have at least one of them disappeared in the dagaa market?

In a critical analysis, Gibbon argues that most of these factors are not present in the Tanzanian markets he has studied. Discussing the prawn, dagaa and Nile perch markets he agrees that there are no alternative means of credit than sponsorship available to producers. But it is only in the prawn fishery that he sees any advantage for producers over the traders in mobilising and supervising labour. These advantages stem from old patron-client relations in Bagamoyo and from the fact that vessel owners in Rufiji operate with single partners. In the Nile perch and dagaa fishing, time and money have to be invested in the vessel owners maintenance of labour

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<sup>164</sup> Ibid, p 129.

<sup>165</sup> Ibid, p 127-128.

supervision and mobilisation.<sup>166</sup> Gibbon furthermore questions that uncertainty should prevail in production. Only dagaa fishing shows some uncertainty over the medium term. And if this would have been a problem, investment in trawlers would have been a better solution than providing a series of loans to artisanal fishermen, Gibbon argues.

Tieing should instead be understood as an instrument in the search for market power, according to Gibbon. Contracts involved imply rents for the traders/sponsors, meant to cover the investments costs of the traders. But the contract also constitutes a downward pressure on purchasing prices, hindering the rise in prices that would have taken place if all were free to sell to the highest bidder. Some of the costs of the trader is also transferred to the producer, for example some of the depreciation costs, since the loans involved usually are repaid quickly. Tieing does not, according to Gibbon, present the economically inefficient situation from which the producer gains as we assumed above. The contractual situation leading to tieing is not characterised by equal power. The producer is rather the weaker of the two parts, and this situations is further enhanced through the introduction of tieing. Markets are still imperfect, but with a different distribution of the losses from misallocations.

Put differently, the practice of tieing should be expected in markets that are booming, in order to acquire market power. When such attempts fail, due to increased competition as in the dagaa market, another tool for obtaining this power may be used: a trade cartel.

But this does not explain the patterns identified in cotton or cashew markets. And there are also reasons to question Gibbons argument at least when it comes to the question of mobilising and supervising labour. In Rufiji prawn trading a special category of actors, "salesmen", has been introduced just in order to monitor and supervise. In Nile perch investments are made in personnel for monitoring. The dagaa market is however different. Maybe also the issue of uncertainty should be re-investigated, since the need for monitoring indicates the presence of another kind of uncertainty?

We started by presenting tieing as a way of internalising risk aversion into the production system. Another mechanism for dealing with uncertainty is to apply an extensive accumulation pattern. This means that investments are done in activities outside the sector, and not in a manner that aims at directly raising the productivity in production. It turns out to be a relationship between the practice of tieing and the practice of extensive accumulation in the markets studied here. In markets where tieing is prevalent we see a fairly straightforward process of accumulation. Investments in prawns and in Nile perch are to a certain extent branch specific. In dagaa and cotton a pattern of more extensive accumulation emerges. If investments aimed at raising the productivity are done, the capital first passes via another sector. If developments are successful in this other sector, transfers of capital back to dagaa or cotton are made.

It is possible that the extensive accumulation pattern, or "diversification" is applied in order to reduce uncertainty. Another possibility is that extensive accumulation patterns is a culturally based practice prevalent in many parts of Sub-Saharan Africa. Some studies have argued this. We should add that "culturally based" in this context means something that has developed

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<sup>166</sup> Gibbon, 1997c, p 95f.

historically, a practice based on values, and something that changes slowly. Also the cashew market can be understood along these lines. There we find all the conditions for tying or sharecropping fulfilled, but we don't find any tying. If we understand tying as a tool for market control, we may see that some market control is exercised through the primary co-operative societies. There exists also a fundamental distrust in this market against the major group of traders, the Asian. This might be a factor that have contributed to the slow development of new trading habits including private distribution of inputs.

## **7. Diversification**

The pattern of extensive accumulation, or rather "diversification", into a large number of income generating activities, has been observed and studied in marginal areas of Tanzania, such as dryland villages in Iringa District,<sup>167</sup> and in the Lindi and Maswa Districts in South-Eastern Tanzania.<sup>168</sup> It has also been observed in other parts of the country, and among several different socio-economic groups. Diversification should here be understood as the active orientation that peasants and others take in order to combine together different elements into a dynamic complex.<sup>169</sup>

### **7.1 Possible explaining factors**

What are the factor/s that may explain this practice? Is it the vague concept of "uncertainty" that has been introduced, or is it something else? In order to shed some light on this, some 18 cases have been analysed in the search for common patterns. The principal level of analysis is not markets or economic sectors any longer, but individual behaviour. Factors that explain this individual behaviour could most probably be found at either national or local level. Studies that investigate different villages or locations have thus been selected, while the more general studies of markets have been excluded. The dependent variable looked for in these cases has been the presence of investments that directly increases productivity in one sector, as opposed to the practice of diversification.

A number of independent, or explaining factors, have been introduced, and looked for. The first being whether any local control is exercised over production and allocative decisions. This factor was first developed in order to capture the influence of chief systems, following Mamdani, but this was not discussed by the case studies under consideration, and the variable instead turned out to be more relevant in relation to the monitoring practices discussed in fish markets above. It therefore measures whether any "local control" is exercised over production.

The second factor introduced concerns access to basic productive resources, such as land. According to Sara Berry access to land and labour is often guided by social relations. The kind of

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<sup>167</sup> Sano, H-O, 1996: "Enabling Strategies and State Intervention. Policy Action and Major Problems of Livelihood in Dryland Villages in Iringa District, Tanzania", Roskilde University.

<sup>168</sup> Seppälä, P, 1996: "The Politics of Economic Diversification: Reconceptualizing the Rural Informal Sector in South-east Tanzania", p 557-577 in *Development and Change*, Vol 27, Number 3, July 1996, Blackwell, the Hague.

<sup>169</sup> Seppälä, P, 1998b: "Diversification and Accumulation in Rural Tanzania - Anthropological Perspectives on Village Economies", Nordic Africa Institute, Uppsala, p 10.

rights to land applied should be important in deciding whether such a practice is prevalent or not, and thus if direct productivity raising investments are possible or not. "Land rights" are measured as individual rights or customary rights.

If relations are important for people to get access to productive resources, the presence of "social capital" would be essential. This is measured in a very indirect way, based on the prevalence of "labour parties" or other associational practices.

From more mainstream economic thinking, the existence of macro economic balance, including relevant exchange rates, trade and budget balance, liberalised markets without monopolies etc emerges. In the current Tanzanian these factors are, however, there, and it is not possible to find any variance in these variables in our sample. "Macroeconomic balance", including all the factors mentioned here, might however be used as a background, or test variable.

"Price development" includes a judgement as to whether the activity under consideration has been experiencing a positive price trend or entail possibilities for some profits.

Ownership and contract rights would be important factors to include. Because of lack of variance, these cannot either be tested in our sample. More informally, level of trust, would have been interesting to test, as well. This was however not possible, due to lack of information about this issue.

"Accessibility to markets" is a more relevant variable than distance to markets, since marginality may emerge from many different factors. "Climate" is also introduced as general judgement of average rainfall, soils and other factors that influences the natural conditions for agricultural growth. "Ethno-linguistic diversity" is another possible factor, that also has been tested, together with "credit", which expresses a judgement of the availability of credits. Later, all these variables will be arranged in a matrix, but first some information about the different cases will be presented.

## **7.2 Information from different case studies**

Hans-Otto Sano have studied two villages, Ikuwala and Mkulula, in Iringa District. In both villages maize was the main crop grown. It still is in Ikuwala, where liberalisation at the same time has led to the increased growing of sunflower and tomatoes. In this village, fertilizers are used on tomatoes, but not on maize, where animal manure is instead applied. In Mkulula, sorghum has replaced maize as the primary crop. Very little fertilizer is used here. Peasants in both villages have cattle, and they also use ox-ploughing.<sup>170</sup>

After asking the villagers to classify themselves into different categories, Sano was able to describe a pattern of social differentiation in these villages. A high concentration of economic power was noted. A minority, consisting of some ten percent of the population, controls half of the maize production, three fourth of the maize marketing and one fourth of all cattle. When it comes to hiring wage labour, this group accounts for some 60 percent. This minority also collects

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<sup>170</sup> Sano, 1996, p6-9.

almost nine out of ten Shillings of income from trade in the expanding crop markets of sunflower and tomatoes.

Both poor and rich people in these villages are involved in income generating activities other than the growing of crops, however. For the poor, beer brewing, agricultural labour and the selling of firewood are the most important side income earners. Liberalisation has meant that agriculture has become more pronounced as a source of income. Income from sunflower oil is increasing in both villages, and from tomatoes in Ikuwala. The diversification does, however, still continue.<sup>171</sup>

What Sano further observes is a pattern of resource degradation. This is not directly linked to liberalisation, as other writers have claimed, but constitutes a more long term process, which has to do with the pattern of farming. Yields per acre are decreasing, soil erosion is taking place on lands belonging to both poor and rich people, and firewood is becoming more scarce. Not even the most wealthy people have the means of fighting this development, even though they apply fertilisers or animal manure on their fields.

Sano summarizes the socio-economic situation of the majority of the inhabitants:

"However, amid this situation of progress, one third of the population in the villages are in a situation where it is difficult to see how they can develop. An additional 57% are in a situation characterised by uncertainty or endemic vulnerability. Despite enhanced food security generally, nearly 60% of the households in the sample were in a situation of missing food with the result that they were forced to buy or borrow food."<sup>172</sup>

The reasons for this situation is to be found in technological, social and institutional factors, according to Sano. Farming is undertaken in a system with no periods of fallow. Crops are mixed in a pattern that doesn't allow the land to recover nutrients, which leads to decreased soil fertility. Socio-economic power is so unevenly distributed in these villages that many families don't have any choice of adapting any alternative and more sustainable strategies. Too intensive use of soils in combination with the selling of firewood is the only alternatives for many. Institutional failures has to do with the government taking control over first and foremost forest resources and hindering the villagers, who are the most affected, to take control over these themselves.

The case studies done by Stefano Ponte in Morogoro Rural District and Songea Rural District, have already been described to some extent. In both these districts (each including three villages, which have been treated together due to the way Ponte has reported about them) farmers have made many attempts at shifting crops and to apply inputs - in spite of great difficulties to get hold of them at reasonable prices. In Morogoro a situation of investments aimed at directly raising productivity may be registered, whereas some doubts remain in Songea. The information base is too weak for making inferences.<sup>173</sup>

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<sup>171</sup> Ibid, p 17-20.

<sup>172</sup> Ibid, p 19.

<sup>173</sup> Ponte, 1997, p 14-18 and Ponte, 1998.

The studies by Peter Gibbon on prawns, dagaa and Nile perch have also been used in this comparison, but disaggregated into prawns Rufiji, prawns Bagamoyo, prawns Sadaani, dagaa Mwanza, dagaa Dar es Salaam and Nile perch, Mwanza. Other case studies analysed include four villages from the former major maize producing areas of Tanzania - which are now suffering from the abandoned input and transport subsidies. Here we have Ngonga village in Kyela district, near Malawi, and Kyimo village in Rungwe district. In these two villages agriculture is seen as important for the future. Still, the practice of diversification is widespread, both among poor and better off sectors of society. Lack of credits or scarcity of lands are generally seen as hindering factors.<sup>174</sup> The other two villages are Igosi and Mtwango-Lunguya in Njombe district, Iringa. Very few investments aimed at directly raise productivity are undertaken here. Lack of inputs are often mentioned as a reason. Shifts to other crops are undertaken, but diversification is prevalent. In particular young people are involved in small scale trade, which however not is a kind of trade that emanates out of agriculture.<sup>175</sup>

In the villages Kweminyasa and Lukosi in the Usambara mountains, North-Eastern Tanzania, investments are undertaken interchangeably between agriculture and other economic activities, with increasing emphasis on the latter.<sup>176</sup> In Mabuki village, Kwimba district near Mwanza at the Victoria lake, agriculture is still seen by a majority as the main activity for the future. Even so, investments are not done in directly productivity raising ways. Investments in cattle is common, since cattle is seen as symbols of welfare and a source of social respect. Other economic activities such as beer brewing, petty trade and mining are becoming increasingly prevalent. Capital generated through these activities are often reinvested in agriculture, but the main conclusion is still that diversification is prevalent.<sup>177</sup>

Mwankulwe is, however, an interesting exception. While non-agricultural economic activities have increased in most other areas studied, it has actually decreased here, from an already low level. Mwankulwe is isolated and is characterised by traditional forms of exchange between households when it comes to labour parties. Lack of credits is generally seen as much less of a problem here than in other places. Even though Mwankulwe is distant from market dynamics, a pattern of investments aimed at raising productivity is found here.

### **7.3 Analysis of investment behaviour**

The classification of the different cases is suffering from lack of sufficient information at some points, and from unclarities. At several stages subjective judgements have been made, but in a careful manner. Put together, the result appears as follows:

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<sup>174</sup> Mwamfupe, D, 1998: "Changing Village Land, Labour and Livelihoods: Rungwe and Kyela Districts, Tanzania", Working Paper vol 29, Afrika-Studiecentrum Leiden/ Institute of Resource Assessment, Dar es Salaam, p 14 f, 27f.

<sup>175</sup> Mung'ong'o, C.G, 1998: "Coming Full Circle: Agriculture, Non-Farm Activities and the Resurgence of Out-Migration in Njombe District, Tanzania", Working Paper vol 26, Afrika-Studiecentrum, Leiden/ Institute of Resource Assessment, dar es Salaam.

<sup>176</sup> Jambiya, G, 1998: "The Dynamics of Population, Land Scarcity, Agriculture and Non-Agricultural Activities: West Usambara Mountains, Lushoto District, Tanzania", Working Paper vol 28, Afrika-Studiecentrum, Leiden/ Institute of Resource Assessment, Dar es Salaam, p 25.

<sup>177</sup> Madulu, N.F, 1998: "Changing Lifestyles in Farming Societies of Sukumaland: Kwimba District, Tanzania", Working Paper vol 27, Afrika-Studiecentrum, Leiden / Institute of Resource Assessment, Dar es Salaam, p 32 - 35.

**Table 8: Factors possibly explaining investment patterns, agricultural sector**

	<b>1A</b>	<b>1B</b>	<b>1C</b>	<b>1D</b>	<b>1E</b>	<b>1F</b>	<b>1G</b>	<b>1H</b>	<b>1I</b>	<b>1J</b>	<b>1K</b>	<b>1L</b>
Local control	N?	N?	N?	J?	N?	N?	N?	N?	?	?	N?	N?
Land rights	C	C?	C?	C	C?	C	C	C?	C?	C?	C?	C?
Social capital	N	N	N	N	N	N	Y?	N?	N	N	N	N?
Price development	N?	N?	Y	Y	N?	N?	Y?	Y?	Y?	Y	Y	Y?
Climate	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	N	N
Market access	Y	Y	Y	Y	Y	N	N	Y	N	Y	Y	N
Land scarcity	Y	Y	Y	Y	Y	Y	Y	Y	?	?	Y?	N
Ethno-linguistic differences	Y	Y	N	N	?	N	N	N	N	N	N	Y
Macroeconomy	L	L	L	L	L	L	L	L	L	L	L	L
Credits	N?	N	?	?	N	N	N	N	N	Y	N	N
Straight investments	N	N	N?	N?	N	N	Y?	N	?	Y?	N?	N?

1A = Kweminyasa

1B = Lukozi

1C = Igosi

1D = Mtwango - Lunguya

1E = Kyimo

1F = Ngongo

1G = Mwankulwe

1H = Mabuki

1I = Songea, three villages

1J = Morogoro, three villages

1K = Ikuwala

1L = Mkulula

”Y” (yes) is indicating that the factor is present, ”N” (no) that it is absent. ”C” indicates customary land rights and ”L” that markets have been liberalised and that the economy is in reasonable balance. This matrix ought to be analysed together with the following matrix, which includes cases where fishing is involved. ”I” in that table indicates individual rights regulating the ownership of factors of production.

From this and the following matrixes we may draw some immediate conclusions.

”Macroeconomic balance” may possibly be a necessary condition for investments aimed at raising productivity directly, but not a sufficient condition. Ethno-linguistic differences and climate are not systematically related to the variation in investment behaviour and may be excluded.

Table 9: Factors possibly explaining investment patterns, fishing sector

	2A	2B	2C	2D	2E	2F
Local control	Y	Y	Y?	N	N	Y
Land rights	(I)	(I)	(I)	(I)	(I)	(I)
Social capital	N	Y?	N	Y?	N	N
Price development	Y	Y	Y	Y?	Y?	Y
Climate	Y	Y	Y	Y	Y	Y
Market access	Y	Y	Y	Y	Y	Y
Land scarcity	-	-	-	-	-	-
Ethno-linguistic differences	Y	N	Y	Y	Y	Y
Makroeconomy	L	L	L	L	L	L
Credits	Y	Y	Y	Y	Y	Y
Straight investments	Y	Y	Y	N?	N?	Y

2A = prawn, Bagamoyo

2B = prawn, Rufiji

2C = prawn, Sadaani

2D = dagaa, Mwanza

2E = dagaa, Dar es Salaam

2F = Nile perch, Mwanza

Analysed together, these matrixes don't seem to contain any factor that may help us explain the prevalence of diversification, contrary to our expectations. But if we separate the matrixes and analyse them one by one, an interesting picture emerges. In the fishing matrix, we find a clear correlation between the factor "local control" and investment pattern, just as Peter Gibbon did in his arguments. We have interpreted "local control" to mean both patron-client systems and special arrangements made in order to monitor the production process, such as the "salesmen" category being introduced to the Rufiji prawn fishing, and special crew being hired for the Nile perch fishing. The general price development in the respective sectors might also be a background variable here. For a crew member in Nile perch fishing it may be profitable to play by the rules, since earnings are higher there compared to dagaa.<sup>178</sup>

<sup>178</sup> Gibbon, 1997c, p 65-69,



In daga profits are lower, why incentives at cheating on the tajiri would be higher. It becomes impossible for a tajiri to run more than one vessel, since he himself cannot be at more than one place at a time. When a daga-tajiri has earned some money this is therefore invested in other economic activities. To own more than one vessel is very rare in daga. The possibility of monitoring and supervising labour is thus a factor that may explain investments aimed at directly raising the productivity within the fishing sector. But this explanation is not valid for the agricultural sector. The production process is much slower here, and family labour is used to a substantial extent. We have to conclude that agriculture is special in some way. What remains to be explained is why producers in the agricultural sector don't respond to economic reforms in the same way as producers in fishing do.

The availability of credits might be a possible explaining factor in agriculture, but it does not fully covariate with the investment pattern. A combination of credit availability and price development is possible, the argument being that a market potential would be used if there are credits available to finance investments. Due to lack of information in some cases, and the diverging pattern in Mwankulwe, we cannot easily accept this argument. Since Mwankulwe is diverging also in social capital, it might be that in situations with a positive price development credits may not be as necessary for the kind of investments we are looking for to take place. We cannot, however, at this stage exclude the variable "land rights" since we are lacking detailed information in many cases.

A possible interpretation based on a detailed reading of the case studies would run like this: Economic liberalisation requires land - as the most important factor of production - to be marketable. Customary land rights are not adapted to this situation, and uncertainties as to who has the right to the land appear. It is not possible to distribute land to all children when they grow up, which forces young people to get involved in petty trading, migrate or engage in other economic activities. When young people move, the older peasants get less access to labour power. Tensions also start to grow between generations, which causes social capital in the villages to decrease. This further reduces the possibilities for using unpaid labour, to get hold of informal credits or to take risks involved in agricultural investments.

A combination of decreasing access to land, labour and credits should then be the main reason why increasing numbers of peasants turn to diversification, according to this analysis.

The diversification we are discussing here can, however, take different forms, depending on which section of society that is involved. In his study of the village Kilimahewa in Lindi District in south-eastern Tanzania, Pekka Seppälä shows that different socio-cultural sectors of the village turn to different income generating activities. Extraction of natural resources is the domain of "poor" sections and crafts is undertaken by the "middle-poor". Trading is mainly the domain of "middle" or "middle-rich" sections, with the exception of the selling of drinks and snacks, which is the domain of the "middle-poor".<sup>179</sup>

Sections of the village population are not only characterised according to income or wealth status. Status is also very much related to social or cultural positions. Some years back the village was

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<sup>179</sup> Seppälä, 1996, p 561-565.

relocated because of a flood. After that, the group of elderly men who used to control the kin/gift economy in the old village has been challenged by rich traders in terms of influence. The elders got much of their position from their ownership of coconut trees, who have now been abandoned. One aspect of the changed status of this group is that the mainstream culture is not any longer a way to getting hold of resources. But accumulation is still rare in the village. Only three persons have managed to accumulate amounts that have made it possible for them to raise above the rest. These have all been dependent on patrons for doing so.<sup>180</sup>

Diversification takes different forms for different sections of society, as we have established. Besides being a strategy for economic risk aversion, it may also be a strategy for enhancing cultural identity and for keeping a distance to urban life and/or the political penetration of the state. It may thus be seen also as a creative strategy for a village level "political" identity.<sup>181</sup>

Seppälä has developed this analysis further, claiming that the essence of diversification is the crossing of boundaries of sectoral, geographical as well as cultural kinds. It is through this crossing of boundaries, and in using discontinuities, that diversification turns into accumulation. The process takes place, for example through the conversion of different forms of culturally specific "capital" into financial or economic capital. In order to accumulate, one has to invest in several kinds of capital.<sup>182</sup>

These investments may be done simultaneously, in different activities or assets, or serially, moving "capital" from one sphere to another. Production or trade that is based on cultural knowledge might be the way of reaching market segments that are not reachable by formal producers or traders. The entrepreneur in such a setting is situated in a specific location. He or she can focus on particular seasons or locations, and use forms of payments that are not usable for actors operating on other scales. Hence, business may be profitable even if this is almost impossible to observe from the perspective of normal markets.<sup>183</sup>

So far, we have more or less assumed that "diversification" does not lead to any noticeable accumulation. But from the argument of Seppälä, we realise that diversification might be seen as a strategy that may, or may not, lead to accumulation of capital.<sup>184</sup> Diversification has, according to Seppälä, its own productive rationality, as discussed above. It has at the same time elements of risk aversion, cultural parochialism and political resistance towards an external dependency.<sup>185</sup> It has also been argued that diversification might be a strategy characterising African settings more broadly, and as such would be a culturally based strategy.<sup>186</sup>

At a closer look, these arguments turn out to have a common denominator. A strategy for articulating a local political or cultural identity, in reaction to an intrusive state, can in a

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<sup>180</sup> Ibid, p 568.

<sup>181</sup> Ibid, p 576.

<sup>182</sup> Seppälä, 1998b, p 213-218.

<sup>183</sup> Ibid, p 200-205, Seppälä, P, 1998c: "The Informal Sector in Lindi District" in Seppälä, P and Koda, B: "The Making of a Periphery", The Nordic Africa Institute, Uppsala, p 248-250.

<sup>184</sup> Seppälä, 1998b, p 213-218.

<sup>185</sup> Seppälä, 1998c, p 249.

<sup>186</sup> Gibbon, 1997b, p 72.

Tanzanian setting be interpreted as a way of avoiding something that historically has created many disruptions of rural livelihoods. In this sense, we are again dealing with a strategy aimed at reducing a certain kind of uncertainty.

If we, alternatively, understand diversification to be a strategy that attempts to capture market segments which are not easily reached by actors operating at other scales, we are dealing with a situation that appears in economically isolated locations. The small market segments we are discussing in this context may be understood as expressions of particularities that appear in local settings, because of inward looking economic approaches. The very existence of such inward orientation may at least partly be interpreted as a response to an uncertain environment. Hence, we are again faced with the argument of uncertainty.

Even if we were to interpret the existence of diversification as a cultural characteristic, we could still see this from an uncertainty perspective. Cultural practices have developed through historical processes. Such practices are what we refer to in our chapter on institutions, i.e. chapter 4. It might be that people living under great uncertainty during long periods create cultural patterns, in the form of institutions, that are aimed at coping with this uncertainty. Such patterns would most probably be upheld, when the level of uncertainty, or the factors causing uncertainty, changes.

Following this line of argument, we may also note that diversification is a strategy not only used by poor people, but also by people that are relatively better off. Given this we would argue that the prevalence of uncertainty in production and trade relations are important factors influencing this diversification behaviour. This part of the rationality behind diversification is further emphasised by Seppälä himself, when he discusses the prevalence of distrust between different economic actors in south-eastern Tanzania.

”Distrust is widespread and well-founded. Social rules and sanctions are very weak in business affairs. Courts, village meetings and village section meetings are ineffectual in all cases except for a theft where there is material evidence.”<sup>187</sup>

This distrust translates into real problems of creating trading units that are of relevant size, given the state of market development. Enterprising rests to a very large extent with single individuals, since co-operation requiring joint funding is deeply mistrusted.

It is, with this background, probable that many actors in markets characterised by extensive accumulation patterns still are acting in a risk avertive manners. In the participatory poverty assessment the World Bank did in 1995, 76 percent of all respondents said that there were fewer people they could trust now, compared to earlier. Compared to the situation four years ago, the share of persons that were worthy of "high trust" had declined, and this was the case for all different categories of people and representatives, as shown in the following table:

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<sup>187</sup> Seppälä, 1998c, p 252.

Table 10: **Change in trust towards different groups**

	1991		1995	
	Low	High	Low	High
Family	3	66	3	59
Fellow tribesman	1	27	3	20
Cell leader	-	30	3	25
Village chairman	3	29	5	21
Extension worker	9	22	15	17
Health clinic nurse	3	29	6	23
Traditional leader	19	15	28	10
District officials	6	17	9	12
Centr governm officials	6	22	10	16
Cooperative officials	11	19	23	9
Traders	8	11	13	7
Strangers	22	11	32	5

Source: Narayan, D 1997: *Voices of the Poor*, World Bank, Washington DC, p 52.

The argument about the importance of trust to economic development is further reinforced by a study on the availability and function of social capital in Tanzania. Social capital is a concept that has come into vogue lately without any clear definition. It might be seen both as something possessed by individuals relating to other people, and as something that appears between people when they relate to each other.

In order to be able to measure social capital in a Tanzanian setting, Narayan and Pritchett studied both the level of membership in various voluntary organisations or groups, and the characteristics of these groups. Giving higher points to groups with membership of an "inclusive" rather than an "exclusive" character, to groups functioning in good ways and to groups that show a patterns of heterogeneity, the authors established an index of social capital. When applying this index, they managed to establish a significant and surprisingly large correlation between social capital and average household incomes. If half the population in one village were to join one organisation of the kind mentioned above, average household income would be 20-50 percent higher.<sup>188</sup>

<sup>188</sup> Narayan, D and Pritchett, L, 1997: "Cents and Sociability: Household Income and Social Capital in Rural Tanzania", World Bank, Washington DC (mimeo), p 23.

This "capital" they are investigating is really "social" in the sense that this effect is not only constrained to households entering the organisations, but to all households in the village showing high degrees of this kind of associational life.

Narayan / Pritchett also show that there is a high correlation between social capital and the use of fertilizers, agro-chemical inputs or improved seeds. When they try to explain what factors that are at work, they conclude that social capital leads to improved information about other actors. Another thesis is that social capital leads to a higher level of informal insurance, which would reduce the level of risk involved when actors undertake innovations with a higher rate of return. Narayan / Pritchett are not able to support this thesis, since they don't find any connection between the degree of inequality among households and the level of social capital. But they are, on the other hand, not able to exclude it either. If the uncertainty is of a kind that strikes all households, both the poor ones and those relatively better off, then the prevalence of informal insurance would open up for application of investments with higher levels of risk.<sup>189</sup>

A preliminary argument based on the discussion above would be that lack of trust, and lack of "social capital" also in a wider sense, might be a serious hindrance to market development in rural Tanzania. We have argued that diversification, which is a widespread practice, may be at least partly seen as a strategy used in order to avoid uncertainty. We have also argued that lack of trust may hinder the development of trade over longer distances, and in volumes that would be relevant, given opportunities that liberalisation has offered.

We would also stress that access to land is a central feature in rural dynamics, and that increasing uncertainties regarding this access is detrimental to development. Land is perhaps the most central asset to rural dwellers. The pattern of increasing conflicts over land that has been registered is therefore especially worrisome.

## **8. Land and gender**

The theme that emerges in this context is related both to land and to gender issues. The replacement of the post-colonial state dominated model by structural adjustment and liberalisation also led to increased attention to issues related to ownership, rights and access to land and the process of land policy and law. This shift of focus was partly caused by increasing reports about land conflicts, indicating saturation as regards further horizontal expansion of Tanzanian agriculture and encroachment on pastoral land, the failure of the state's village based land registration process, but also because land emerged as a major area of contestation between the state and the private sector on the one hand and smallholders on the other.

As to the smallholder sector a major debate has developed regarding the conditions of women's control and access to land and its various implications. Before we attempt to address these issues further, in light of ongoing changes and their implications in rural Tanzania, we will address some of the salient features related to Tanzanian land tenure.

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<sup>189</sup> Ibid, p 31-34.

## 8.1 Background

Tanzanian land tenure regulations were until February 1999 still based on the Land Ordinance of 1923 in which the British built upon and formalised the foundations of the land policy established by the Germans. This Ordinance concretised the dual structure of land owning and spelled out that; all land is publicly owned, under control of the state; land rights and titles are based on use; commoditisation of and speculation in land are proscribed; and rights of occupancy can be held in two ways, either (a) under granted rights of occupancy subject to development conditions for up to 99 years, i.e. the tenure form of commercial farmers, plantations etc, or (b) deemed rights of occupancy or customary tenure, which, subject to use could be held in perpetuity, i.e. the way land is held by a peasant farmer living in a rural village.

With some amendments, this Ordinance guided British colonial land policies from 1923 to 1961, the year of independence. By that time a total of three million acres of land, 10 per cent of the land under cultivation in Tanzania, had been alienated to expatriate farmers and companies.

During the period, legislation was introduced intending to free the government from paying compensation to displaced African farmers, and neither did the principle of deemed rights preserve customary tenure intact. Changing circumstances made native authorities constantly accommodate modifications, implying that the customary tenure system, both its form and its informal underlying structures were flexible and ambiguous thus open to negotiation.<sup>190</sup>

However, according to Hoben even more fundamental changes in tenure concepts were introduced that reflected the views and interests of the colonial state. Hence the space for the process of negotiations of customary tenure were influenced by power relations, the strong could influence "traditions and norms".<sup>191</sup>

There is a great variation in Tanzania's indigenous land tenure system guided by customary rules, but Hoben argues that it is nevertheless possible to discern four more culturally related perceptions that constitute a conceptual framework for how rural Tanzanian people think about access to natural resources, for justifying their land claims and as principles guiding rules employed in particular and changing conditions. These include; (i) property rights of individuals or groups are dependent upon their linkage with the political community, before 1963 it could be a chieftancy, and later a village or a tribal group in pastoral areas, (ii) exclusive property rights are created by the employment of necessary labour to bring land and natural resources into use and maintain them, e.g. rights to land are vested in the person who expend his/her labour to clear it, although there are certain qualifications, (iii) exclusive property rights can be transferred through inheritance, gift, loan and in some groups through sale, however, conditioned by acquiescence by the authorities of the political community, be they lineage heads, elders, chiefs or village headman and (iv) resources that require little labour or that due to their nature have to be shared are managed and controlled by the lineage, tribe or tribal division.

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<sup>190</sup> Berry, 1993.

<sup>191</sup> Hoben, A, 1995: "The Cultural Construction of Land Policy in Ethiopia and Tanzania: Political and Economic Considerations" SCAE/CMI Workshop on Land Reform in Africa, Oxford, March 1-3 1995, Blom 1998 and Amanor 1999.

Colonial land policy and administration weakened this framework in various ways and in particular it could be mentioned that the emphasis of administrative action at the expense of the rule of law became established during colonial period.

## **8.2 Post-independence land issues; Arusha Declaration and villagisation**

The Arusha Declaration envisaged that the development of agriculture should take place on two fronts. Smallholders should dominate village-based agriculture with support from the state while parastatal companies should take care of large-scale agriculture and ranching for which land was alienated in large volumes (see chapter 3.1). This policy had profound implications for the land tenure system and villagisation, mainly effected between 1973 and 1976, led to the physical resettlement of about 70 per cent of rural people.

Prior to the villagisation campaigns a dialogue between state officials at various levels and smallholders was possible as to alienation of customary land, compensation and location of new villages.<sup>192</sup> However, the practice whereby conflicts were processed through dialogue disappeared with the forced villagisation campaigns. These campaigns were given legal backing by the Rural Lands Act of 1973 which gave the state a free hand to declare any part of Tanzania a 'specified area'. This implied the extinguishing of customary rights without due process of law. The Villages and Ujamaa Villages Act of 1975 provided for the territorial jurisdiction of villages and their registration. But demarcation of village boundaries according to this Act was not powerful enough to vest ownership rights to land in the village. This meant that the allocations of land within villages that had officially been villagised to individual farm households were unprotected by law.

The system of traditional leaders, abolished in 1963, was followed by a system of representation by government officials and politicians. Representation by leaders was improved through the administrative system introduced through the decentralisation policy of 1972. Through this initiative village councils were established at local level. The village assembly, where all person above the age of 18 and residing in the villages, are members, was supposed to oversee the decisions of the village council. Above the village was the ward development committee, the district council and at the top, the regional administration. In this hierarchy, the village councillors, elected from the villagers were the main actors in decision making.<sup>193</sup>

Lerise has studied in detail the administrative decision making processes regarding land in an irrigation project in the lower Moshi region. The project was also supported by an external donor (Japan). His findings show that in the process of planning and implementation of the project, the Village Council, under the leadership of the Village Chairman and the Village Executive Officer, took control over decision making. "The decision making arena shifted from the influence of government officials in the ward and district to the Village Council, with little or no influence from the Village Assembly".<sup>194</sup> The Ujamaa, as a national policy was used by individuals and their leaders to justify their interest in land. The Village Council decided to forcibly take

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<sup>192</sup> Havnevik 1993 and Lerise, F, 1996: "Planning at the End of the River - Land and Water Use Management in Chekereni Moshi District - Tanzania" PhD dissertation, Royal Danish Academy of Fine Arts, Copenhagen, p 21f.

<sup>193</sup> Lerise 1996, p 168.

<sup>194</sup> Ibid, p 169.

individual land into public ownership without involving the Village Assembly and without keeping any minutes of the decisions made.

Lerise as well found that administrative procedures beyond village level were violated. For instance the District Administrative Officer could not exercise authority over levels below him because power in decisions matters were transferred to the politicians of the ruling party. Examples show that "laws were consciously ignored" providing room for corruption and undermining the goals of fairness, equity and openness in decision making. "Checks and balances did not work".<sup>195</sup>

The Presidential Land Commission of 1992 as well "received overwhelming evidence on various problems stemming from the villagisation programme..... The exercise itself was fraught with malpractices, including taking away of land to wreak revenge or to allocate it to the families of leaders".<sup>196</sup>

### **8.3 The impact of liberalisation on land tenure**

In the face of increasing liberalisation since the mid-1980s, the then sole Tanzanian political party, CCM, realised that the village based land tenure system could end in utter confusion and dispute. To meet this problem a Party Directive of 1987 instructed the government to complete demarcation and titling of villages under the legal regime of the Land Ordinance within five years. But by mid-1991 only 22 per cent of about 8500 registered villages had been surveyed, about 15 per cent had received certificates but only 2 per cent of the villages had had their certificates registered. From the village land, right of occupancy leases would be singled out to individual farmer households.<sup>197</sup>

However, the Land Commission of 1992 has shown that the whole procedure was beset with legal and procedural problems. One major fault was that existing deemed rights of villagers on village land had not been cleared, thus causing double allocation and considerable confusion.<sup>198</sup>

In addition to these problems a number of controversial alienations had been justified with reference to investment promotion and the attraction of foreign investors. A major alienation was made to the Basotu wheat scheme in western Arusha region where Barbaig grazing land was appropriated by the state to develop a highly mechanised wheat scheme funded by Canadian development assistance. The Barbaig have in continuous court cases tried to reclaim their land, but without success. Land was also alienated to hotels and travel companies for the purposes of tourism in and around national parks and on beach sites. In addition proposals emerged for land alienation for game ranching, game cropping and cattle ranches and for providing hunting rights to foreign 'investors'.<sup>199</sup> Tourist hunting increased from a total of 4 000 hunting days in 1988 to

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<sup>195</sup> Ibid, p 170.

<sup>196</sup> URT 1994: p51.

<sup>197</sup> Shivji, I, 1995: "Problems of Land Tenure in Tanzania. A Review and Appraisal of the Presidential Commission of Inquiry onto Land Matters", paper prepared for the IIED, presented at the National Land Policy Workshop in Arusha, Januari 16-19, 1995.

<sup>198</sup> URT 1994: ch. 3

<sup>199</sup> URT 1994, Sundet 1997, Wöien, H, 1998: "The Politics of Territoriality and Land Management in Rangeland Tanzania", PhD dissertation (yet to be defended), Norweigan University of Science and Technology, Trondheim and



10 000 days in the 1992/93 season. Wöien reports that in 1992/93 there were 152 hunting blocks throughout Tanzania "roughly divided between wildlife areas settled by humane, and unsettled game reserves".<sup>200</sup> According to Chachage, by June 1996 the total number of hunting companies stood at 42, having been allocated a total of 153 hunting blocks over an estimated hunting area of 180 000 sq. km.<sup>201</sup> Some of these hunting blocks are given on land contested by local people thus adding to increased insecurity over land. The hunting activities also interfere with the pastoral people. For instance, during the 1992/93 famine in Arusha, many Masaai pastoralist had to move out of their areas, since they could not graze their cattle in the allocated hunting blocks. The encroachment of rangeland by tourism, small and large scale agriculture, mining etc. is also documented by Wöien having the impact of reducing the area available for migratory grazing.

One of the most contested land alienations with grave implications for hunting, tourism, smallholders and pastoralists, was the offer of right of occupancy over some 380 000 acres in Laigwanan extending over Lokisale, Makuyni-Monduli and Kiteto districts in Arusha region to Mr. H. Steyn in 1979. Part of the land covered game controlled areas and migration routes of wildlife from Tarangire National Park. The Land Commission of 1992 found elements of the conditions in the right of occupancy both strange and undesirable and a witness to the Commission stated that the company, owned by Steyn, would at full capacity only utilise 10 per cent of the land grant, whereas it had actually made use of only some 16 000 acres or 4 per cent.<sup>202</sup>

In 1982 the company was taken over by the government and Mr. Steyn was first retained and later expelled from Tanzania. The land allocated to him was nationalised in January 1982, but the title was never legally revoked under the nationalisation.<sup>203</sup> In 1994, however, the Tanzanian press reported that the land had been given back to Steyn.<sup>204</sup> An outcry erupted forcing the government to withdraw the offer, but eventually Steyn remained with three farms of about 14 500 acres. In addition he was given a compensation by the Tanzania government of USD 12 million.<sup>205</sup> The case has created a lot of insecurity about land rights in the area affecting both smallholders, pastoralists and tourism companies.

A recent study by Madulu (1998) from Kwimba district in Mwanza region indicates that land alienation due to the spread of diamond mining is taking on large proportions. It is reported that the Tanzanian government has offered various large scale mining rights on hundreds of acres of smallholders land. Such allocations serve to deepen smallholder uncertainties as to present and future land rights and as well to fuel land use conflicts between agriculturalists, livestock keepers and miners.<sup>206</sup>

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Shivji, I, 1998: "Not Yet Democracy: Reforming Land Tenure in Tanzania", IIED, London, Faculty of Law, University of Dar es Salaam and Hakiardhi, Rights, Research and Resources Institute, Dar es Salaam.

<sup>200</sup> Wöien, 1998: appendix 2, p. 11.

<sup>201</sup> Chachage, C S L, 1996: "Nimrods and Thomas Cooks: Accumulation and Tourism in Tanzania", p 67-70.

<sup>202</sup> URT 1994: Vol. II, p 34-5 and Shivji 1998: p 36.

<sup>203</sup> Wöien 1998.

<sup>204</sup> The Express 13-19 May 1994.

<sup>205</sup> Wöien 1998.

<sup>206</sup> Madulu, N F, 1998: "Changing Lifestyles in Farming Societies of Sukumaland: Kwimba District, Tanzania." Afrika Studie centrum, Leiden, p. 14.

Land alienation under the guise of liberalisation is difficult to gauge due to the paucity of records and discrepancies between land registered on the register and the situation on the ground. It is clear however that the incidence of 'land grabbing' by persons in positions of power and wealth has become widespread. For instance in Lokisale village, the Land Commission of 1992 was given a list of 70 names and areas of land alienated to bureaucrats and politicians contrary to the legal procedures and against the wishes of villagers.<sup>207</sup> Wöien, who has studied the land allocations in Lokisale in detail, reports that not less than four registers exist including Lokisale village land allocations, at the Village Office in Lokisale Town, at the Survey Department at the District Administration in Monduli, and at the Land Department and the Survey Department, both at the Regional Administration in Arusha. The lists covered a total of 295 individual parcels ranging from about 100 to 6000 acres. Two thirds of the total records were plots of 200 acres, 14 percent between 200 and 500 acres and 12.5 per cent above 500 acres. "No officials could fully explain the procedures for establishing four different registers, registers which had partly different and partly the same records, and the village council was not aware of the various records made at the higher levels of administration".<sup>208</sup>

The investigation found that less than five per cent of the landholders listed in the land registers may be regarded as resident villagers and the regional survey department record included addresses of 55 records of which one in the Nairobi, two in Makuyuni (a village in Monduli district), 4 in Dar es Salaam, 20 in Arusha and 28 in Monduli, the district headquarter. The holders included One High Commissioner to Tanzania, the Member of Parliament (MP) in Moshi, the former MP in Monduli, a former Minister of the Ministry of Lands, the wife of a former District Commissioner, a former District Council Chairman (Monduli), a former high ranking Army officer, heads of a training camp in Monduli as well a number of businessmen and administrative officer at District and Regional levels.

An indication of the scope of alienated land is also provided by the Land Commission of 1992 which compiled a partial picture of the registration of 'offers of right of occupancy' of plots of farmland over 30 acres in the Dar es Salaam and Moshi Registries of documents for the period 1987-1992. The Moshi registry included Arusha, Kilimanjaro and Tanga regions while Dar es Salaam covered Dar es Salaam, Coast, Morogoro, Mtwara and Lindi regions. In total about 205 000 acres were registered belonging to 400 property holders with an average size of about 1 100 acres. A few very large scale alienation to foreign companies are not included in these figures. In addition, however, most alienations of medium- and small plots, i.e. less than 200 acres are also excluded. The Land Commission found that only relatively large holders registered their land, while the rest own land under customary rights. The proportion of the category of above 200 acres registered in the Moshi registry amounted to 90 per cent of the total, whereas in the Dar es Salaam registry it amounted to 95 per cent. According to the Land Commission, these proportions as well correspond to outsider/village division in terms of ownership.<sup>209</sup>

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<sup>207</sup> URT 1994: Vol. II: No. 6 and Wöien, 1998.

<sup>208</sup> Wöien 1998: appendix 3, p. 31.

<sup>209</sup> URT 1994: p 31f.

As late as October 1991, the Director of Town Planning in the Ministry of Lands issued a directive to the Regional Town Planning Offices on village land use planning stating that village viability assessment should be carried out in order to establish the carrying capacity of each village, on the basis of which land requirements for the village population will be determined for a period of 20 to 30 years. After having established village population requirements, the remaining land can be shown and the land that may be set aside for private investors from outside the villages. From then, land use preparation should be carried out together with the demarcation of village boundaries and titling.<sup>210</sup>

But as the Land Commission, the reports from the northern rangeland, registrations in Moshi and Dar es Salaam registries during 1987-1992, show, the initiative was already way behind actual developments.<sup>211</sup> Lerise, in his investigation in lower Moshi, could confirm that the directive was not followed, and neither could have been implemented because the instructions implied use of resources far beyond the capacity of the Regional Town Planning Offices.<sup>212</sup>

Sundet argues that around 1992 the land administration was conducting only a few of its regulatory duties in a satisfactory manner. The system was under heavy pressure from a much increased workload stemming from an unprecedented demand for land, the village land titling process and increasing land litigation.<sup>213</sup> The problems were compounded by a centralised structure of administration, unclear lines of accountability and a lack of transparency. This setting provided the ground for a series of practices which had the effect of undermining tenure security in the country's villages and it led to widespread land losses while past injustices were not dealt with properly.

The problems and uncertainties related to land tenure were accentuated in 1992 when some of the former land owners of abandoned farms and estates started to reclaim their land held under customary tenure but alienated during villagisation. Only before the Primary Court of Karatu in Northern Tanzania had 97 suits been filed during the first 7 months of 1992. If these cases succeeded it would displace close to 3 000 people. Even though this problem was most acute in Arusha region, the Land Commission assessed that it existed actually or potentially in many other regions.<sup>214</sup>

The short term response of the government was to speedily enact a law (Act to regulate land tenure in established villages of 1992) which extinguished all rights of occupancy on land based on customary law in the established villages. This Act was enacted contrary to the advice of the Land Commission. The Act was, however, declared null and void by the High Court and "on appeal to the Court of Appeal only those sections which purport to extinguish rights under customary law were declared null and void".<sup>215</sup>

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<sup>210</sup> Lerise 1996 and Sundet 1997.

<sup>211</sup> URT 1994.

<sup>212</sup> Lerise 1996.

<sup>213</sup> Sundet 1997, p 179.

<sup>214</sup> URT 1994, p 53.

<sup>215</sup> Havnevik, K, 1995: "Pressing Land Tenure Issues in Tanzania in Light of Experiences from Other Sub-Saharan African Countries" in "Forum for Development Studies", No 1995, Norwegian Institute for International Affairs,

The more long term response by the government to address the confusion and policy vacume as regards land matters was to appoint the Presidential Land Commission in January 1991.

#### **8.4 The relationship of women to land**

In understanding the relationship of women to land, and in particular their right to hold land, it is important to distinguish between clan, family and self-acquired land. The rights of widows and daughters to these types of lands are stipulated in the provisions of the "Customary law (Declaration) Order 1963". In the same year the political, legal and administrative powers of traditional leaders were abolished.<sup>216</sup>

According to Manji self-acquired land may be defined as property obtained through individual or family efforts, e.g. by the clearing of virgin land.<sup>217</sup> Land owned in the past by individuals of the same family lineage can be denoted family land whereas clan land is vested in the clan under the customary land tenure system. What puts women in a particular weak position as to rights to and ownership of land is that they are basically excluded from inheriting clan or family land. The reasons for this emerge from the traditions, norms and relations of Tanzanian rural societies which is reflected in the practice that after marriage women are bound to leave the area of their natal clan to settle on their marital land. There, the assumption is, she will be provided with land and therefore she has no right to inherit clan land or from within the natal clan. The logic is that women's rights to inherit land in the natal clan will lead to interference and disruption as non-kin strangers, i.e. the women's husband would be able to claim land from her clan.

On the other side, even the marital clan of the woman fear the establishment of land rights for women because marital land may then be alienated through remarriage of the women or in other ways to an outsider. Both natal and marital clans fear women land owning rights because they constitute a threat to clan land. This is why women's relations to land is mainly through access to land.

In most agricultural systems women are found to be expending the major part of labour for cultivation, in particular for food crops. The gendered division of labour in various phases of cultivation itself, processing and marketing, does however, vary depending on norms, traditions and decision making within the household (see below). An important issue for reflection is whether women's relations to land through existing indigenous institutions restrict their potential for contributing to agricultural and rural development.

Another factor limiting women's ownership of land is the fact that the ability of women to acquire their own land is limited, given the social stigma that it is surrounded with, the scarcity of fertile land, the costs involved in acquiring it and as well the huge extent of land alienation by the

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Oslo, p 270 and Rwebangira, M, 1996: "The Legal Status of Women and Poverty in Tanzania", Research Report No. 100, Nordic Africa Institute, Uppsala, p 38.

<sup>216</sup> Lerise 1996, p 23.

<sup>217</sup> Manji, A, 1998: "Gender and the Politics of Land Tenure Reform Process in Tanzania" in Journal of Modern Africa Studies, Vol. 36, No. 4.

state.<sup>218</sup> The latter is best appreciated by the information that in Tanzania 3.5 million smallholder farmers cultivate around 3.1 million hectares, whereas some additional 2 million hectares have been allocated to among 730 farms owned and operated by primarily parastatals, at least until the most recent process of divesting of state companies. Only 30 per cent of the parastatal land was cropped in the early 1990s. In high productivity regions, like Kilimanjaro, where land is in short supply, the Tanzanian government owns 80 per cent of the area under large farms.<sup>219</sup>

## **8.5 Land, gender and agricultural development**

When it comes to the analysis and discussion of land and female gender and its role in explaining why development has not taken off in rural Tanzania, it seem reasonable to distinguish between the following elements.

### 8.5.1 Customary land tenure systems

Firstly there is the issue of ownership to land. We have seen in the discussion of customary or clan based tenure system that there exists a strong bias against female ownership of land due to fear of the clan of loosing its land. This fear is reflected as well in the limited inheritance rights of women of family and clan land. Ownership of clan land is primarily bestowed in the male head of household, but the ownership is often constrained or regulated in some way or another. In most systems, the ownership is seen to be on behalf of the clan for the purpose of use and the prime long term objective is the handing over of the land to the next generation according to the regulation of the land ownership system.

Customary tenure systems in Tanzania were disrupted by the villagisation process when two thirds of the rural population shifted location, often by force. However, villagisation in itself did not destroy customary or indigenous forms of land ownership wholesale. In some areas it may have happened, whereas in some of the high productive agricultural systems in the north, villagisation was resisted sucessfully by the population. In other areas customary land tenure systems might have weakened from the early 1970 until the early 1980s. The reduction in state outreach from the early 1980s onwards provided a temporary space for indigenous land tenure systems to consolidate, before liberalisation and land grabbing put them under new attack.

E.g. in Muslim areas along the coast, the traditional sheiks existed parallel to the official system, having an influence on it. And in particular where people from only one clan came to live in the new village, and controlled village leadership, customary tenure might have continued with only limited disruption. But overall the abolishment of the traditional chiefs and the transfer of land allocation to village land committees had an impact on the indigenous system. The Bureau of Statistics (1992, refer table below) shows that inheritance, i.e. customary tenure arrangements were still widespread, amounting to 38 per cent of the land, in the early 1990s. In addition village government allocations may also to considerable but varying extent follow customary principles. Another trend in the 1990s is the increasing irregularities and outside village influences impacting on village land allocations, severely eroding the legitimacy of the Village Councils.

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<sup>218</sup> Manji, A, 1999: "The Aids Epidemic and Women's Land Rights in Tanzania" in *Recht in Africa*, p 9.

<sup>219</sup> World Bank 1996a: Vol. I, p. 122

**Table 11: Source of land of smallholders in 1991 (%)**

	Share of land owners	Share of agric. area*
Inheritance	38	35
Allocation by village govt.	34	32
Clearing of land	19	n.a.
Purchased	7	11
Borrowed or rented	0,5	1
Others	1,5	n.a.

\* These figures originate from the 1986/87 Agricultural Sample Survey and should therefore be taken as approximations only.

Sources; World Bank 1994:37; BOS (1992: Agricultural Statistics 1989, DSM, June 1992:1).

In the lower Moshi area studied by Lerise, the process of villagisation, i.e. the political, administrative and social transformation carried out in order to intensify land use through irrigation, had a negative impact on indigenous institutions as it, "eroded social trust among villagers and their leaders. Social sanctions like the *masale* concept, which worked during the pre-Ujamaa period and which are fundamental in enforcing local-level agreements, no longer work in Chekereni. The Village Council relies instead on its vertical networks, for instance, the District Commissioner, the police etc, to enforce land- and water-use decisions".<sup>220</sup>

Little research has been done on the issue of whether villagisation led to improvements in land ownership or control of women. Our hypothesis, however, unconfirmed by research, is that the disruption surrounding village land allocations most likely led to improved ownership of land for female headed household, however, not on a significant scale.

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<sup>220</sup> Lerise 1996, p 176.

There is nothing inherently insecure regarding customary tenure systems. They are often portrayed as such, but the issue is rather that such systems are often not protected sufficiently by law. Title deeds are not required for customary held plots to be secure. Title deeds are more related to market based land ownership.

### 8.5.2 Market based ownership

For market based ownership, titles are required in order to facilitate transfer of land. This implies that the interests in land are clearly defined, secure, guaranteed in order for the owner to transfer the land at his or her will. Experience from sub-Saharan Africa shows that the process of shifting from a customary to a market based tenure system is highly complex and riddled with a host of problems. Kenya, the only country in Africa that instituted such a system in the 1950s, still has severe problems and controversies around its ITR land system and findings show that only 2 per cent of women were titled in the reform.<sup>221</sup>

In a study from Dodoma region, Yngström throws light on the process of registration of land and its implications for women.<sup>222</sup> The Dodoma Land Use Management Project (DLUMP), operating from 1991-1995, was a state sponsored development project involving demarcation and registration of individual farm plots in two villages in the region. The project idea was that registration would contribute to improved land use management, assuming that farmers would perceive attainment of land tenure security which would lead to investment in the land.

Some of the cases investigated suggested that registration provoked insecurity over access to land. This occurred because men openly challenged women's inheritance rights on the basis of ongoing changes in the customary land practices. Women's ability to resist was conditioned upon support from a male kin on their mother's side. Husbands seldom supported their wives as to land claims made on them by brothers. According to Yngström, "gender is thus a key ideological factor which shapes the way this debate unfolds through 'custom' ".<sup>223</sup> But also poor males, or secondary right holders, were affected by registration. Registration not only threatened to extinguish such subsidiary rights, including those of poor males, but in the process it also threatened to extinguish "their rights to negotiate access to land".<sup>224</sup>

Land registration is based on the notion that it will accurately record existing rights, i.e. adjudication will resolve existing disputes and conflicts. But in reality registration is an intervention in a process of continuous negotiations where the weights of positions and power relations change over time and likewise the time horizons to which the various sets of negotiations refer.

### 8.5.3 Land rights or access and influence over decision making

Whereas most women lack ownership rights in family and clan land, they in general have access to cultivate such land. Closely linked to the issue of access is, however, the issue of household

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<sup>221</sup> Okoth-Ogendo, H W O, 1996: "Land Tenure and Natural Resource Management: The Kenyan Experience".

<sup>222</sup> Yngström, I, 1997: ""Negotiating Access to Land: Gender and Land Registration in Tanzania", draft, Nuffield College, University of Oxford.

<sup>223</sup> Ibid, p 14.

<sup>224</sup> Ibid, p 18.

decision making. It is mainly women and children who expend their labour in cultivation. But in the family based production systems men and elders have the most influence over decision making, i.e. what to cultivate, how much should be marketed to whom, control over the receipts of sale etc. Posing the problem in this manner leads to a focussing in terms of gender, not on ownership over land, but in direction of the larger question of democratisation, liberalisation and market related issues in the economy.

This is the approach taken by the Land Commission, "to integrate the gender question within the larger land tenure reform; to modernise tradition in a democratic direction rather than impose modernisation from above by statutory compulsion".<sup>225</sup> This led the Land Commission to suggest that both the male and spouse's name should be inscribed on a customary certificate providing a type of customary title to village lands. It would be up to the council of elders in the village to develop their conception of what this would imply for control and decision making over their land.

One of the most severe criticism of the Land Commission's report related to question of woman and land.<sup>226</sup> The basic argument is that the line taken by the Land Commission to focus on decision making and democratisation in the wider context is insufficient for addressing the insecurity felt by women in relation to land. Access to land does not constitute a type of rights that makes it possible for women to plan, control, make more efficient and expand their agricultural activities. This does not deny that access can be secure over time, guaranteeing the women the right to cultivate. However, the quality of the right is such that it obstructs women to raise their horizon above subsistence.<sup>227</sup> While the Land Commission fears that radical changes in laws related to women land ownership will bring head-on collision with existing customs, traditions and indigenous institutions, Rwebangira, who is supportive of equal rights for women asserts that, "When customs or religious beliefs contradict fundamental rights the latter should prevail".<sup>228</sup>

Manji strongly argues for the distinction between access and rights of ownership to land for women arguing that the latter "provides a measure of security which access to land usually does not".<sup>229</sup> In making her case for women's rights to land she organises her argument around four themes, welfare, efficiency, equality and empowerment.

## **8.6 Implications of the new Land Acts of 1998**

### ***8.6.1. Introduction***

The Land Act (L.A.), 1998, and the Village Land Act (V.L.A.), 1998 (denoted the Land Acts, 1998) were passed by the National Assembly in February 1999. The Land Acts, 1998 (dated September 1998) have undergone some changes proposed by the Ministry of Land at a very late date (after September 1998) and a few more alterations initiated from the floor of the National Assembly in February 1998. Our references are, however, mainly to the September 1998 version.

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<sup>225</sup> URT 1994: Vol. I and Shivji 1998, p 90.

<sup>226</sup> Land Tenure Study Group, LTG 1995: "Land Policy in Tanzania: Issues for Policy Consideration", Rwebangira 1996 and Manji 1999.

<sup>227</sup> Rwebangira 1996.

<sup>228</sup> Ibid, p 29.

<sup>229</sup> Manji 1999, p 18.



Some time will elapse before we become fully aware of the recent changes, but various sources indicate that these alterations do not change the fundamental issues and principles contained in the Acts.

Our objectives in this sub-chapter will be to inquire whether the Land Acts 1998 help remove or weaken land tenure problems related to uncertainty and access from the point of view of smallholders/villagers and female cultivators.

#### 8.6.2. The radical title, ultimate ownership, to land

The Land Acts, 1998, confirm that all land in Tanzania (mainland) "shall continue to be public land and remain vested in the President as trustee for and on behalf of all the citizens of Tanzania" (L.A. section 4(1)). Thus the Acts bring forward the fundamental principle of land tenure originating with the colonial state which was the basis for the land tenure system established by the Land Ordinance of 1923. The tenure insecurity and problems experienced by smallholders due to this system both in the colonial- and postcolonial periods are thus disregarded, in spite of some changes proposed in the Land Acts, 1998. Likewise are the proposals by the Presidential Land Commission of 1992 to divest the radical title from the President disregarded, i.e. to divide it into public- and village lands to be vested in two different autonomous bodies.

The notion of "public land" implies that the land is under control and management by the central state bureaucracy. Centralised state administration enabled the colonial state to alienate large tracts of land from the smallholders and the post-colonial state to interfere with customary land tenure systems without the authority of law, and in particular through the process of villagisation. Putting land administration in the hands of the executive further implies that changes in the structure of government have often immediate and adverse affects on land administration as experienced by decentralisation in 1972 and the reintroduction of local government in 1982. By the end of the 1980s, the land administration system had entered utter confusion and with economic liberalisation this confusion emerged as conflicts between different stakeholders in land.

One of the Acts' fundamental principles to "enable all citizens to participate in decision-making on matters connected with their occupation and use of land" (L.A. 3(1/h)) is contradicted by a system of land administration and management that is basically operated from above.

#### 8.6.3. Classification, administration and allocation of land

Land is categorised by the Acts in General-, Reserved- and Village Lands. This is not a classification according to tenure, but for purposes of management. The Land Act, 1998, identifies general land as all land that is not reserved land and village land "including unoccupied and unused village land". On the other hand, the Village Land Act, 1998, does not contain this last qualification in the definition of general land. This lack of clarity in the definitions opens for the continuation of the long standing practice of government and planners in the past to expropriate village land under the pretext that it is unused or unoccupied. This problem is also compounded by the contentious issue as to who defines the boundaries of village land. It is not clear from the Acts how this issue will be resolved.

The Acts, 1998, attempt to legalise land allocations made during villagisation. But, such validation, not being entrenched in the Constitution, can be challenged in courts on the grounds of unconstitutionality. Neither do the Acts address the problems of how to resolve the large scale land alienations of the 1980s and 1990s, including the Steyn case. Such alienations were never accepted by villagers and pastoralists. Rather the Acts tend to confirm these allocations by removing land allocated in such contentious cases from the management and administration of the village council placing it directly under the Commissioner for Lands.

Uncertainty is also underscored by the fact that the President, subject to provisions, may transfer or exchange land from one category to another (L.A. 4(7)). These provisions do not seem to protect the interests of the holders of village lands.

The President, as the ultimate holder of land, delegates the powers to administer and manage land to the Commissioner for Lands, whose role is described in detail in the Acts. The Commissioner is basically in charge of administration of general land, while reserved lands come under statutory or other bodies that have been set up with administrative powers over such lands. But the ultimate powers regarding allocation of reserved lands are as well placed with the Commissioner for Lands. Village land is placed under the village councils, but, after closer scrutiny of the land administration system, it appears that the village council acts as an agent of the Commissioner for Lands as regards land administration. This in spite of the fact that certain constraints are imposed requiring the Commissioner to consult village bodies.

The Commissioner for lands allocates land on advice by Land Allocations Committees. But the power of allocation of both general and reserved lands are placed with the Commissioner. It is of interest to note that no local government authority has been given any powers to allocate land unless it is delegated to it by the Commissioner for Lands.

#### 8.6.4. Rights of occupancy and village adjudication and titling

The Land Acts, 1998, provide for use and occupation of land through the system of right of occupancy, which is similar to the Land Ordinance, 1923 (granted rights of occupancy). As well the Acts, 1998, tolerate customary occupation and use of land (deemed rights of occupancy) and place these on the same level, "A customary right of occupancy is in every respect of equal status and effect to a granted right of occupancy..." (V.L.A 18(1)). What this implies in practice is unclear, but some ideas might emerge from looking at the provisions made in the Acts for village adjudication and titling.

The Acts, 1998, provide for the issuing of certificates of village land to village councils. They are similar to the existing certificates of village registration, confirming the power of management over village land by the village council. Hence they are not certificates or titles of ownership.

Villagers will be issued with a certificate of customary right of occupancy, however, not automatically. A complex process of adjudication and titling is drawn up, including spot-, village- and central adjudication. This process of adjudication is so cumbersome and complex that it is

likely not to be managed at the village level in the foreseeable future in addition to it being top-down, bureaucratic in character and requiring considerable resources.

The character of the process lends itself to be used by powerful members of village communities or outsiders with an interest in alienating village land, either directly or through derivative rights. As the lessons from Kenya show, considerable fear exists for loss of land rights by indigenous peoples and weaker members of village communities.

#### 8.6.5. Gender issues

There are several clauses as well as fundamental principles in the Acts, 1998, that relate to women rights to, ownership and access to land. A declaratory principle of the Acts states that, "The right of every adult women to acquire, hold, use, deal with, and transmit land shall to the same extent and subject to the same restriction be treated as a right of any adult man is hereby declared" (V.L.A. and L.A. 3(2)). This principle, alongside with other fundamental principles spelt out, are beyond objection. But these provisions are basically declaratory and whether they translate into a binding legal and institutional framework is something else, that has to be investigated, not assumed.

Securing the rights of women as regards land emerges in a number of the clauses of the Land Acts, 1998; (i) family land protected by co-ownership in principle favouring both spouses (L.A. 161/4), (ii) consent by married women in case of disposition of land (L.A.), (iii) a fair gender balance as to appointments to the National Land Advisory Council (L.A. 17 (2)), (iv) prohibition of discrimination against women as regards determination of application for customary rights of occupancy (V.L.A. 23 (c/2)), (v) restriction on village councils to allow assignments that could undermine a right of a woman to occupy land under customary right of occupancy (V.L.A. 30 (4/b)), (vi) to ensure that special needs of women for land are adequately met when village councils approve a disposition of a derivative right of a customary right of occupancy (V.L.A.), (vii) offer first priority to wife(ves) when a husband surrender rights of occupancy (V.L.A. 36(2)), (viii) minimum presentation of women in the Village Adjudication Committee (V.L.A. 53(2&5)) and (ix) women's participation in dispute settlement machinery (V.L.A. 60(2)).<sup>230</sup>

The above sections/clauses of the Land Acts, 1998, take, at least seemingly, some steps to improve security of tenure for women both in terms of ownership, access and as regards participation in the institutional set-up for land management. In addition several declaratory principles of the Acts herald the equality of men and women.

#### 8.6.6. Overall assessment

Still the signals emerging in the Land Acts, 1998, need to be problematised as to what they might imply in reality and as regards their "newness".

For instance the declaratory principle of V.L.A, 1998 (3/b) to "ensure that existing rights in and recognized long standing occupation or use of Land are clarified and secured by the law", does

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<sup>230</sup> Rwebangira, M, 1999: "Gender and Land Legislation in Tanzania: With Particular Reference to the Land Bills of 1998". Paper presented to a land workshop organised by the Forest, Trees and People Programme, the Department of Forest Economics, Sokoine University of Agriculture, Morogoro February 19-20.

not include, rather excludes women from land rights. This is so because existing land rights, as has been shown in earlier sections of this chapter, historically have been and still is biased toward male ownership.

The heralding of the principle of equality as appears in the Land Acts, 1998, is in actual fact nothing new, since the Constitution already provides for equality and the Courts have been striking down, at least to some extent, discriminatory statutory or customary laws and practices. However, the present situation as to gender relations, indicate the need to struggle further on these issues in every possible fora, including the land law context. And it should not be denied that the Land Acts, 1998, have taken into its body provisions that have been demanded by the public and which are gender sensitive. For instance section 161(2) in the Village Land Act, 1998, clearly acknowledges the labour contributions of spouse(s) in land where the right of occupancy is held in the name of the other spouse. By virtue of that labour the non-holders of occupancy are seen to have acquired an interest in that land in the nature of joint occupancy.

As to representation, women have actually gained equal representation to men under the Land Acts, 1998, but basically on bodies commanding very little power in land administration and management.<sup>231</sup> The improvements provided by the Land Acts, 1998, cannot in any way compensate for the fact that the top-down and centralised land ownership and management structure, the radical title of land being in the hands of the President, constitutes a framework that seems irreconcilable with a more participatory, democratically and productively inclined land management and use process.

### **8.7 Some concluding remarks**

The World Bank claims that over 99 per cent of the households in the bottom income quintile, and 98 per cent of rural household in general, own some land. The average size of the holding for rural areas was 5.9 acres whereas the poorest income quintile owned on average 5.18 acres compared to 6.22 acres for the top quintile. About a quarter of all households have two acres of less available to them.<sup>232</sup> A survey of villages in six different farming systems in the Northern Highlands zone (the ADIS survey), found that 96 per cent of the households considered access to new land for agricultural expansion quite or very difficult.<sup>233</sup> Comparisons between a 1993 survey and the 1983 Household Budget Survey indicates that the average area of land used by rural household has fallen, from about 9 acres to just under 6 acres.<sup>234</sup> Unfortunately the World Bank survey and data do not distinguish between land ownerships and access and ownership/access according to gender.

However, the data indicates both a wide spread of ownership/access to land and in addition a clear indication of a decline in the average area of land used by rural households. In such a context increased insecurity in terms of ownership (land grabbing or state intervention) or access

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<sup>231</sup> Shivji, I, 1999a: "The Land Acts 1998: A Cause for Celebration or a Celebration of a Cause?" Keynote address to workshop on land held at Morogoro, February 19-20.

<sup>232</sup> World Bank 1996a, p 87.

<sup>233</sup> World Bank 1994a.

<sup>234</sup> World Bank 1996a.

(individualisation and registration, stripping secondary rights holders of access) would have a broad and negative impact on conditions for smallholder cultivation and pastoral activities.

The evidence presented above indicate that during the Ujamaa and villagisation period of the 1970s major and enforced settlements were conducted. The loss of agro-ecological knowledge and the poor planning and location of new villages contributed to the stagnation in agricultural production during that decade.<sup>235</sup> The negative environmental implications of villagisation have also been documented.<sup>236</sup>

The shift from scattered settlements to nucleated villages, however, also contributed to an intensification of agriculture and a shift in agricultural technique from hoe- to ox-ploughing cultivation where oxen were available and access to required inputs were unconstrained by import and/or domestic production.<sup>237</sup>

Relaxation on nucleated settlements from the mid-1980s onwards contributed to a more dispersed settlement pattern but potential for increased production gains were counteracted by infrastructural constraint, access to inputs and markets. Rapid increase in population growth rates has led to extension of agriculture into encroaching on pastoral lands and conflict between agriculturalists and between outsiders and villagers as to competition over land. The findings of the Land Commission show that land disputes and conflicts have risen to intolerable levels.

Hence whereas access to sufficient land has not been a major constraining problem for agricultural development in the 1970s and 1980s, the evidence from this decade indicate that control over and access to land now have become a major source of conflict between different groups and social classes, implying that the horizontal expansion of smallholder Tanzanian agriculture has come to or is near to an end (refer also chapters 3.1 and 7). This poses most important questions related to the conditions required for intensification of smallholder agriculture. In this context we see the need to revisit the issue of women cultivators' insecurity in relation to land. Intensification will require access to new techniques, inputs, methods, processing and marketing channels. For women to engage actively in this process, issues that demand to be resolved go beyond women having more say in household decision making and a generally improved democratic framework. For women cultivators to engage in expansion and intensification, their relationship to land needs most likely to be perceived by them as more secure than enjoying access and being only secondary rights holders. Hence the identification of mechanisms that can introduce women's rights to ownership in land may in the long run be important for enhancing the efficiency of agricultural production and hence rural development.

In the situation of disperse up to early 1999 the country for decades had been without a proper and functioning land policy and law resulting in chaotic conditions as to land allocations and registrations. As the evidence in this report has shown, the smallholders and weaker rural groups

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<sup>235</sup> Havnevik, K and Skarstein, R, 1987: "Agricultural Decline and Foreign Aid in Tanzania" (mimeo), Bergen and Trondheim.

<sup>236</sup> Kikula, I, 1997: "Policy Implications on Environment. The Case of Villagisation in Tanzania". Nordic Africa Institute, Uppsala.

<sup>237</sup> Kjaerby, F, 1987: "The Development of Agricultural Mechanisation" in Boesen, J, Havnevik, K, Koponen, J and Odgaard (eds): "Tanzania: Crisis and Struggle for Survival", Nordic Africa Institute, Uppsala, pp 173-191.

have been continuously losing their rights and access to land. The new Land Acts, 1998, are unlikely, as discussed in chapter 8.6, to address these problems in any significant way

The lack of trust between villagers and the state that developed in the villagisation period seems to remain and deepen in the liberalised context although for different reasons. The criteria for respect are not longer based in the culture, nor in the principles of democratic pluralism where all the members of society ought to be heard and respected. The erosion of social capital in the rural areas may be one important reason why broad based development is being stalled. This situation may further be accentuated by the inability of women cultivators to reach their potential due to uncertainty as regards the benefits of their expended labour and investments. Research should be undertaken to inquire more empirically about the influence of these elements for overall agricultural and rural development.

## **9. Local political institutions and the state**

### **9.1 Introduction**

Issues related to poverty, livelihoods and rural dynamics are multifaceted and cannot be captured wholly through focussing on production and exchange. We will therefore broaden the perspective by including political aspects, with a focus on the local level, and on linkages between the local and national levels.

This is of particular importance in Tanzania. Frequent, and at times dramatic changes have taken place in the state based local institutions. These changes have had an impact on rural populations, village organisation, agricultural marketing, productive capabilities and local level state relationships.

We start this chapter by identifying some of the major changes in state based local institutions and trace how they have impacted on the broader rural institutional set-up and productive capabilities. We will also reflect about theories of the state and try to situate the Tanzanian material in this context, with an eye to understanding in what ways the state local level relationship tends to foster or obstruct rural development.

### **9.2 Major post-colonial changes and disruptions in local level institutions**

In 1963, the power of traditional chiefs that had been substantial under indirect rule, were abolished. Independent Tanzania was thus emerging with a local government structure, in the form of District Councils, that aimed at isolating traditionally oriented rural interests. This was the case, although tradition was used by the state to mobilise for its modernisation project (refer chapter 5.2).

To facilitate administration at local level, each district was divided into divisions, wards and villages, each level with its own executive officer. One of the tasks of these officers was to ensure that smallholders complied with bye laws. At village level, village development committees were established whose main function was to organise self-help projects. This local

system lasted until 1972, when decentralisation was introduced and District Councils were replaced by the District Development Councils.

### 9.2.1 Decentralisation

Studies undertaken during the 1970s show that poor and middle peasants generally did not participate in the discussion and initiation of development schemes under the ward development committees.<sup>238</sup> And further, although local initiative existed in the planning and design of development schemes, there was rigid control from above.<sup>239</sup> Finucane (1974) claims, based on his studies in Mwanza region, that ward development committees did not differ much from their precedents. He found that common features of the ward committees were low participation of officials in meetings, a localised nature of most of the activities, poor attendance of TANU cell leaders, and the tendency for the better off cell leaders to attend. The District Development Councils created in the decentralisation process were too large to perform all their functions efficiently. The Council was controlled by the centre through the Office of the Prime Minister.

As has been observed in repeated studies, decentralisation was not decentralisation of power as such, but the decentralisation of the central bureaucracy.<sup>240</sup> The effect was a proliferation of the bureaucratic apparatuses at regional and district levels. Local governments appearing to have some kind of representation were abolished and replaced by party approved and government appointed officials.<sup>241</sup>

The President already in 1977 acknowledged that decentralisation had been a failure, although, we would argue, it had been very effective in facilitating the villagisation campaigns during the period 1973 and 1976. During these campaigns, two thirds of the rural people physically change homesteads. With villagisation implemented, the state needed to develop a new relationship with rural people. As a part of this process local government structures started to be reintroduced in 1978 whereas the law to that effect emerged in 1982.

### 9.2.2 Emergence of NGOs

Crisis and liberalisation triggered a new local institutional development as non-governmental organisations (NGO) started to emerge alongside the government institutional structure. NGOs were particularly active in the area of health provision, but also as regards law and order, e.g. the Sungusungu movement.<sup>242</sup>

There are at least two perspectives on NGOs that emerge in addressing them in a political context. One perspective envisages NGOs to have shared interests with the state, i.e. there exists convergence of NGO and state interests revolving around collaboration in providing basic

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<sup>238</sup> Finucane, J R, 1974: "Rural Development and Bureaucracy in Tanzania, the Case of Mwanza Region", Scandinavian Institute of African Studies, Uppsala, p 98.

<sup>239</sup> Fimbo, G M, 1977: "The State and the Peasantry in Tanzania, a Study of Agrarian Law and Administrative Instructions", paper presented to a seminar in Law and Rural Development, Kisumu, Kenya, July 18-22, p 8.

<sup>240</sup> Mushi, S S, 1978: "Popular Participation and Regional Development Planning: the Politics of Decentralised Administration" in Tanzania Notes and Records, 83, p 63-97.

<sup>241</sup> Pratt, R C, 1976: "The Critical Phase in Tanzania 1945-1968: Nyerere and the Emergence of a Socialist Strategy", Cambridge University Press, Cambridge.

<sup>242</sup> Semboja and Therkildsen, 1995.

services and releasing productive capacity most efficiently. The other perspective takes a more nuanced stand arguing that there exists a continuum of stances by African states towards NGOs, from monitoring, co-ordination, co-optation to discouragement.<sup>243</sup>

According to Kiondo (1993) the more nuanced perspective is required for understanding government-NGO relations in Tanzania. In his investigations at local level he found that the government could pursue several of the stances simultaneously. The approach of the government was found to vary according to the socio-political alignments of the NGOs. Since this may be to the local state, to Northern voluntary organisations (directly or indirectly) or to people, there emerged in Tanzania during the 1980s and 1990s both state organised NGOs, foreign NGOs, local NGOs (mostly foreign funded), people's organisations and elite centered NGOs. Kiondo found the nature of the relationship between the government and NGOs to differ according to socio-political alignments."<sup>244</sup>

Semboja and Therkildsen who investigated service delivery by public and voluntary local institutions in Kenya, Tanzania and Uganda, claim that financial and personal links between the state and voluntary organisations increased significantly during the 1980s. The voluntary sector was according to them becoming increasingly dependent upon the state. Others have observed that the Tanzanian government has been able to ensure that grass root organisations are mobilised basically from above and that few NGOs, both local and foreign, have such democratic structures that allows for checks and balances of their actions by those they serve. One observer therefore concludes that the NGO sector is likely to strengthen the existing political economy of African states rather than restructure it.<sup>245</sup> This tendency is confirmed by a study of donors, NGOs and the state conducted in the late 1990s (Kelsall 1998) that concludes, "There is no evidence that informal sector operators have a reflexive awareness of themselves as a group with interest defined against the state; or at least there is no sign of them articulating it in public forum. Evasion not engagement has been the norm".<sup>246</sup>

### 9.2.3 CCM influence over the new local government structures

The Tanzanian local government system that was restored through a law in 1982 was divided into three separate hierarchies;

- i) a state or central government hierarchy from the Minister at national state level down to the ward at local level;
- ii) a local government hierarchy based on the District Council and linked with Village Councils at the sub-district level;
- iii) a party hierarchy extending from the national CCM secretariat to the ten cell level within villages.

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<sup>243</sup> Baldwin, G B, 1990: "Non-Governmental Organisations and African Development - an Inquiry" in World Bank: "The Long Term Perspective Study of Sub-Saharan Africa", Background Papers Vol III, Washington D.C.

<sup>244</sup> Kiondo, A, 1993: "Structural Adjustment and Non-Governmental Organisations in Tanzania: A Case Study" in Gibbon, P (ed): "Social Change and Economic Reform in Africa", Nordic Africa Institute, Uppsala, p 182.

<sup>245</sup> Fowler, A, 1991: "Distant Obligations: Speculations on NGO Funding and the Global Market" in Review of African Political Economy, 55, p 9-29.

<sup>246</sup> Kelsall, T, 1998: "Donors, NGOs and the State: The Creation of a Public Sphere in Tanzania." Draft. Paper presented at the ASA Africa and Globalisation Conference, University of Central Lancashire, April 24-27.



Before the abolishment of the one party state through multi-party elections in 1995, the party vertical line interfered with the government lines in various ways and at all levels. The Regional and District Commissioners were political positions and most often they were holding key party positions as well. District Party Secretaries held key administrative positions in the district administration and at village level the village administration and Village Council were close to serving as party organs.

With the introduction of multi-party government, the party vertical line disappeared, even though it has been a painful process for CCM members at various levels to acknowledge that they had to withdraw from formal government structures. Although the official linkage between government and CCM came to an end in 1993, investigations have found CCM to dominate at village level as late as in 1996. As one villager remarked, "the roots of CCM are very deep".<sup>247</sup>

The most immediate and direct changes stemming from a shift to multi-party politics took place at the sub-district level. Here the village chairman, who earlier was appointed by the local CCM branch, was turned into a Village Executive Officer, employed by the District Council. The same applied at ward level. The changes brought about by the Local Government Act of 1982 thus transferred the ward level from the state- to the local government hierarchy, a change that was supposed to strengthen District Councils. In the previous system there was no level below the village, whereas in the 1982 Act a new sub-village level kitongoji was established (mtaa in urban areas). In a sense these came to replace the CCM ten cell leaders after abolishing the one party state.

#### 9.2.4 The recent local government reform process

The most recent initiative of local government reform in Tanzania was to integrate it as the core element of the Civil Service Reform Programme initiated in 1994. In October 1996 the Local Government Reform Agenda (LGRA), a comprehensive policy document, was presented advocating substantial transfer of decision making powers and responsibilities from central to local governments. The LGRA was approved by the Government and presented to external donors in March 1997 which marked the launching of the present Local Government Reform Programme (LGRP). The development of the LGRP has unfolded in the context of close consultations between the Government of Tanzania and a group of donors providing active support for the general policy of local government reform in Tanzania.<sup>248</sup>

The main objectives of the local government reform is to "improve the quality of and the access to public services provided through and facilitated by Local Government Authorities". This is to be achieved basically through an institutional reorganisation programme that; (i) transfers the responsibility for managing and providing services from central to local authorities (district level); and (ii) reorganises the district level with the aim to make the administration more

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<sup>247</sup> Quoted from Wöien 1998: annex IV, p. 33.

<sup>248</sup> The Local Government Reform Programme Appraisal (LGRPA), Draft March 11 1999. p. 11. The most recent updated version of this programme is of December 1998 and contains an Action Plan and Budget for January 1999 to June 2002.

efficient through providing the councils greater space for organising their activities and managing their personnel.

Underlying assumptions of the reforms are that the transfer of responsibilities from central to local level per se will make services improve (no provision for increased public spending at local level is included) because combined with organisational restructuring such a transfer will enhance the capacities of the districts to mobilise their own resources.

The team that recently appraised the major components of the reform programme; governance, local government restructuring, finance, human resource development, institutional and legal framework and programme management,<sup>249</sup> endorses the programme given that certain modifications are undertaken regarding sequencing, additions, clarifications etc.

Some of the key risks associated with the local reform programme's implementation and sustainability, as seen by the programme documents themselves and the Appraisal Team, relate among others to possible lack of community acceptance of the reforms and failure to develop implementation capacity at all relevant levels. Below these issues will be discussed with reference to participation, to village level governance and land issues.

Even within the confines of the LGRP and that of the Appraisal Team, there appear to be great dangers that community acceptance might not be forthcoming. To this effect the Appraisal Team investigated the pilot restructuring approach in Kiserawe District Council and found that the efficiency and effectiveness objectives in delivery of basic social services would not be likely to be met. This was mainly due to a top-down, mechanistic and non-participatory restructuring approach, the introduction of abstract performance budgeting beyond the reach of management practices and skills available in the District Council and lack of strategic orientation in the restructuring process, i.e. it does not evolve structures on the basis of determining strategic goals and priorities within a realistic budget framework.<sup>250</sup>

However, the above critique, does not address, according to our assessment the heart of the problem related to local government reform, its need to be accepted and supported at village level. The Reform documents themselves and the Appraisal Team hardly address and problematise how to relate the local government reform to formal institutional developments in the villages whereas issues related to the role and functioning of rural indigenous and informal institutions are completely overlooked.

Formal institutional development in the villages has not been, and is still not, a part of the local government development. Still the notion is retained that the village is a geographic site of economic development rather than a social space for governance. The local government reforms are conceived within the context of centralisation-decentralisation of institutions or concentration-deconcentration of bureaucracy rather than within a framework of devolution of and participation of the villagers in the sharing of power.

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<sup>249</sup> LGRPA 1999.

<sup>250</sup> Ibid, p 87.

This is reflected in the fact that formal village level institutions and organs are administrative/managerial in character rather than political/representative. They are designed as agencies for implementation of decisions and instructions by the District and Central authorities. The most important elected organ at the village level, the village council, takes instructions from and is accountable to the District Council while the most representative organ at village level, the village assembly, has a consultative role and an electorate without decision-making power at the ultimate level. One of the recent changes brought about by the Local Government Laws (Miscellaneous Amendments) Bill of 1998 only amounted to reorganising the composition of the Ward Development Committee, making all chairmen of village councils members of this Committee. This Committee is basically an implementing, functional agency as reflected in its composition and functions as stipulated in the Bill of 1998.<sup>251</sup>

The top-down approach, as opposed to bottom-up political governance, in the restructuring associated with the ongoing Local Government Reform Programme at District Level, as identified by the Appraisal Team in Kiserawe, is certain to appear more pronounced at the village level.

It is particularly instructive that the management and administration of the major resource of the villages, land, is not directly incorporated in the village institutional and legal village governance framework. The implications of this for the efficiency and legitimacy of village governance institutions are unclear. The Local Government Reform Process and the Advisory Team overlook as well the development of the new Land Acts of 1998 (and passed in Parliament in February 1999), and that these are bound to put new and multiple demands on the competence and capacity at all levels of local government chain.

In connection with the process of introducing the new Land Acts, 1998, The College of Architecture and Lands (formerly the Ardhi Institute), the University of Dar es Salaam, was commissioned to trace the role of the District Council in the new Land Law. The objective was to link each activity stipulated in the Acts to the various levels of administration. The findings showed that the central governments basket of activities to deal with was full, and the village level basket was also fairly full, whereas at the level of the District Council/Municipalities, the basket was nearly empty. And further it was found that some of the land reform activities are contradicting each other. As well, lack of co-ordination was found which implies an imbalance between the capacity and capabilities at various administrative levels and the demands following from the legal reforms<sup>252</sup>.

By focussing mainly on improving the quality of and access to public services, with emphasis on education and social services, the Local Government Reform process has been narrowed to such an extent that it might be considered of limited relevance by many villagers, even at the outset. The Local Government reforms lack of awareness and linkage with the major changes emerging as regards e.g. land issues make it poorly fit to address the need for administrative and judicial support and capacity related to major uncertainties regarding ownership and access to land faced by villagers.

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<sup>251</sup> Shivji, I. 1999, "Village Democracy Initiative: The Conceptual basis, Structure and Workplan for a Policy Review of the place of the Village in the Local Government Reform Programme". University of Dar es Salaam/UNDP.

<sup>252</sup> Lerise 1998.

The Appraisal Team as well overlooks this broader perspective and role on the part of the Local Government Reform. The question of land is raised by the Appraisal Team only at a more general level when it comes to poverty and gender issues.<sup>253</sup> Thus we see a need for a deeper, broader and more analytical appraisal of the newly launched Local Government Reforms that can address and help correct the gaps, beyond those addressed by the 1999 Appraisal Team, related to participation, analysing the village level in relation to the Local Government Reform process and the need as well for assisting rural people in addressing fundamental uncertainties in their environments.

#### 9.2.5 Concluding remarks

It does not seem unreasonable to conclude that experiences with decentralisation and local government in Tanzanian rural areas have led to a lack of trust by villagers in state local institutions, including their own village institutions. Mostly initiatives and planning activities have been coming from higher administrative levels and the decentralisation of 1972 did not entail decentralisation of decision making power to lower level.

During the 1960s and into the 1970s the modernisation paradigm was able to contribute to improvements in health services, education and water supply to rural people. Such improvements were partly reaching the rural areas through the vertical government institutional structures, partly they came about through the various development assistance projects that proliferated. In this way the state was able to honour the social contract anchored in the anti-colonial struggle. The modernisation structure, however, concretised through the vertical institutional penetration of the state into the rural areas came to take on an increasingly authoritarian character. Villagisation is the most glaring example. This contributed to a deep seated breach of confidence on the part of rural people towards the state. The various other forms of state intervention into agriculture and rural areas only added to this confidence gap.

Important questions that arise include why liberalisation and the rolling back of state institutions have not opened up more space for productive development and improvement of livelihoods in the rural areas. In the above sub-section we have argued that the newly launched Local Government Reform process is unlikely to address the more fundamental issues holding back the rural development process. We believe that some of the important reasons for this failure are connected with the character of the state and the relationship between state and rural people.

### **9.3 An analysis of state rural areas relationships**

In the analysis of post-independent Africa reference is often made to the state and its relations to development failure. For instance Killick, in his attempt to inquire into the basis for flexibility of African economies, focussed on a series of political factors affecting economic behaviour. His conclusion is that there is a need of looking deeper into the political and social explanations to the functioning of African states, since failures and rigidities repeat themselves continuously.<sup>254</sup>

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<sup>253</sup> LGRPA 1999, p. 90.

<sup>254</sup> Killick, T, 1995: "The Flexible Economy", Routledge, London and New York, p 186.

At the more general African level, one strand of analysis of failure has focussed on the character of the state. The claim is that the state portrays "rent seeking behaviour", it is "particularistic", "cleptocratic" or "soft". Olukoshi (1998) has identified as many as 15 different adjectival appellations used to characterise the perceived negative role of the state in the economy and society in the post-colonial African setting. This line of theorising served to reinforce the World Bank's efforts at stereotyping the African state as both inherently ineffective and illegitimate.<sup>255</sup> However, during the second half of the 1990s models focussing primarily on exploitation, have given way, at least partially, to models of African states that contain elements of partial legitimacy. The latter theories ascribe some legitimacy to rulers, even if their power is not exercised according to the rule of law.

In the Tanzanian context a theoretical model of the state would have to offer an understanding of legitimacy in another context. The early post-independent Tanzanian state was commanding considerable political legitimacy in its quest for fulfilling the "social contract", that had emerged based on the anti-colonial struggle. This quest was pursued with the nation as the framework for the modernisation project. It led to extensive institutionalisation of the state apparatus which through vertical links penetrated down to village level. Another important feature of the Tanzanian state was its integration with the single political party, CCM, which formally endured until 1993.

Many of the recent theories of the state seem unable to acknowledge the objective context for the emergence of the particular post-colonial state that developed in Africa, which on the one hand was pushed into expansion and modernisation and on the other to meet its obligations to the broad masses of the people. Such theories also overlook that the international environment was decidedly favourable to state interventionism in the early period of the post-colonial African development process.<sup>256</sup> The contractual obligations of the state is therefore something that is of particular significance to the early phase of the post-colonial period. With the onset of the crisis such obligations weakened, and subsequently the contract seems to have been undermined altogether. This fundamental breach of the social contract is presently plaguing most African countries, including Tanzania.

The models discussed in relation to the state in Africa in the last decade have revolved around to which extent the Western model of state has been able to penetrate the African setting. Both the "neo-patrimonial" and the "hybrid" models claim that values inherent in the African social systems interact with "modern" state structures. The neo-patrimonial model claims that personalised rule, and authority based on the position of the ruler as an individual, is combined with some aspects of a bureaucratic-legal system. This model tries to explain why public and private spheres largely overlap, and why the political system is no longer entirely "traditional".<sup>257</sup> The hybrid model differs in that it claims that an institutionalisation has taken place, but not in a

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<sup>255</sup> Olukoshi, A, 1998: "The Elusive Prince of Denmark. Structural Adjustment and the Crisis of Governance in Africa". Research report No. 104. Nordic Africa Institute, Uppsala.

<sup>256</sup> Killick, T, 1989: "A Reaction Too Far: Economic Theory and the Role of the State in Developing Countries". Overseas Development Institute.

<sup>257</sup> Proponents of this model are for example Jean-Francois Médard, Michael Bratton and Nicholas van de Walle.

Western form, but in an "indigenous" way. The state was erected by colonial powers and has been reshaped according to indigenous political practices.<sup>258</sup>

A third model proposed, that of the "transplanted" state, claims that the transfer of the Western state failed due to cultural reasons. When colonialism made this attempt, the fundamentally reshaped political system that resulted came to be used for distinctively different purposes.<sup>259</sup>

In a recent contribution about the character of the African state, Chabal and Daloz criticise the above mentioned three models for having overstated the role of colonialism in the formation of the current African state. In an argument, that bears some resemblance to the "transplanted" state model, they claim that African states exhibit more continuity than change in passing from pre-to post-colonial periods.<sup>260</sup>

Chabal and Daloz claim some originality in arguing that legitimacy of African political elites derives from their ability to nourish the clients on which their power rests. This means that the "neo-patrimonialism" or "rent-seeking" that have been observed in African cannot be purely explained as exploitation. There are also elements of contractual relationships involved which help explain why previous dictators, such as Kérékou in Benin and Ratsiraka in Madagascar, have been reinstalled through fairly open multiparty elections. This argument is, however, also presented by others;

"Leader-follower patronage ties are the defining characteristic of African politics and the thread of continuity in African political history. In traditional societies, the political survival of the chief depended on his ability to guarantee regular rains and bountiful harvests. A new social compact was struck in the nationalist era, with the leaders of anti-colonial struggles basing their claim to authority on promising to deliver the material advantages denied to ordinary people under colonial discrimination. And, after independence, the same political leaders constructed personal networks in return for political loyalty. These postcolonial regimes were durable as long as the patron could deliver the goods, but they became brittle when the flow of public funds began to evaporate. Such regimes became doubly vulnerable if state elites were perceived to be living high on the hog while the populace suffered".<sup>261</sup>

The picture that emerges from this interpretation of African states is thus that politics is essentially pursued in informal settings, in the vertical networks that rulers control. Politics is thus highly personalised. Rulers are furthermore using government structures to extract resources, and they are to some extent expected to do so, since their legitimacy stems from their delivery of material advantages to these networks. Chabal and Daloz argue that the central aspect of African states is that they have never been "functionally differentiated from society". They go on to claim

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<sup>258</sup> A major proponent of this model is Jean-Francois Bayart in Bayart, J-F, 1993: "The State in Africa - the Politics of the Belly", Longman, New York.

<sup>259</sup> A proponent of this model is Bertrand Badie in Badie, B, 1992: "L'Etat importé: l'occidentalisation de l'ordre politique", Fayard, Paris.

<sup>260</sup> For a discussion on this see Chabal, P and Daloz, J-P, 1999: "Africa Works - Disorder as Political Instrument", The International African Institute, Oxford and Bloomington, p 9-16.

<sup>261</sup> Bratton, M, 1994: "Economic Crisis and Political Realignment in Zambia" in Widner, J A (ed): "Economic Change and Political Liberalisation in Sub-Saharan Africa", Johns Hopkins Press, London and Baltimore, p 123.

that the legitimacy of rulers described above rests on a notion of the individual in which he or she cannot be perceived as being instrumentally separated from the communities he/she belongs to.<sup>262</sup> The Tanzanian background makes it difficult to agree to the notion that the state has been unable to institutionalise. Rather the Tanzanian experience indicates that the post-colonial model saw a clear expression of institutionalisation around values of modernisation, values contrary to those driving colonial regimes in Tanzania and other African countries. The character and outreach of the institutionalisation were as well aimed at stalling or holding back indigenous or traditional forces. The institutionalisation of the Tanzanian state can therefore not be said to have taken on an indigenous form as the institutions developed were at the same time both alien to the African context and different from much of the colonial institutional setting.

Chabal and Daloz further point to the centrality of the personalistic and informal. In the Tanzanian context, however, the empirical material indicate a high degree of institutionalisation of the nation state which was coupled with a strong and widespread single party organisation. State- and party position were interchangeable and people who fell from grace in one position or another, would always be "recovered" by the system. The personalised and informal networks were established in this way provided for the state structure both cohesion and outreach. In the heydays of modernisation this institutionalised system penetrated down to the ten cell in each of Tanzanian some 8000 villages and it provided a structure to facilitate huge resettlements operations, reorganisation of rural marketing, a tremendous growth of the parastatal sector etc. During the crisis in the 1980s, many of the some 400 parastatal companies were able to survive due to the soft budget constraint of the government, which was based, at least in part, on personalised relationships within this system (refer chapter 5.3).

Added to this state/party system, which had become increasingly based on personalised links during the crises, was patron-client systems linking politicians and their local constituencies. The main entry ticket to the state/party system in the pre-political reform period, was a parliamentary seat. To be elected required that politicians were trusted in their constituencies, but also that they had to deliver "goods" in the form of projects and support of various kind. Most politicians used every opportunity to disseminate services and goods along such a vertical line. This was much more personalised and informalised than formalised state structures through which resources and goods flowed from central to rural level.

With the advent of crisis and liberalisation, the institutionalised state local level vertical connection weakened considerably. Simultaneously there are indications that the personalised and informalised central local links gained in importance. Increasingly such links could be affiliated with initiatives to "delivery" of private schools, health facilities, small scale industrial projects etc. Politicians were active in soliciting for NGOs and other organisations to back such projects in their home areas, thus becoming in a sense part of their patronage network.

There exists in the Tanzanian setting both a state local level institutionalised vertical link, which is still intact, but whose power and efficiency have been eroded by crisis, liberalisation, commercialisation and corruption. The 1999 Local Government Reform process aims at strengthening this link, however, without having conducted a thorough analysis of the causes of

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<sup>262</sup> Chabal and Daloz, p 52f.

its weaknesses (refer chapter 9.2.4). The present setting also implies that state capacity to uphold law and order, conflict resolution regarding land and natural resources are weak or in some areas non-existent.

The undermining and distrust of public local structures have consequently opened for the spread of a more complex type of insecurity and uncertainty as to rural peoples and villagers' rights to resources and protection from external intrusion of various kinds. Uncertainty is at present not only related to state activities, but also associated with various types of business interests related to tourism, hunting and natural resource extraction.<sup>263</sup> Often it has appeared that business and personalised state interests coalesce in their quests to attain personal benefits. This means that more personalised and informal vertical linkages are increasingly being intertwined with the institutionalised state links between central and local level making state local level relationships extremely complex.

This is why the outcomes of the recent land law- and local government processes and other supporting legal regulations were so much in focus and attention by rural people, in the hope that they would help establish a more secure framework for rural production and indigenous based institutions. However, as discussed above the reforms are not seen to help significantly in reducing uncertainty regarding rural people's and villages' rights and access to land and natural resources

## 10. Conclusions

In this study we have attempted to throw light on the issue of constrained growth in rural Tanzania in spite of wide ranging economic and political reforms during the last 10-15 years. There are two major hypotheses guiding our inquiry. Firstly, in order to help explain the lack of rural dynamics we needed to understand the impact of broader post-colonial development on the rural setting, i.e. in terms of the institutional implications of state policies, their significance for the rural development context and for state rural people relations.

Secondly our inquiry was guided by our argument that the limited rural response to recent reforms as well stems from the behaviour of a number of actors in the rural economy, connected to the workings of institutions that are essentially local in character and are often overlooked in mainstream analysis. We are in particular focussing on the type of institutions that have evolved spontaneously and unintendedly over time out of human interaction and human nature, relations taking on forms such as codes of conduct, conventions and norms. Increasingly our study of such institutions strengthened our awareness of their embeddedness in wider societal structures and relationships.

The issue of weak rural response to reforms is contested. By carefully analysing recent investigations and surveys of local and national character related to poverty and agricultural growth, we have found some support for this argument. We must however admit that such a

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<sup>263</sup> Wöien, 1998.



conclusion is not straightforward due to the very weak basis for much of available statistics in these areas. But by looking at a range of different types of statistical investigations and data collection methods, a trend emerges, although not clearly, that indicate both weak overall agricultural growth and little improvement in rural livelihoods during the 1990s.

We have found only limited improvements in agricultural techniques over the post-colonial period and a limited adoption rate of improved inputs and practices since the mid-1980s. The indications are that smallholders' plots are shrinking and intensification in cultivation is therefore not taking place, outside the high productive areas. On the basis of our findings we have raised the issue whether the large number of Tanzanian smallholders with land holdings below 2 ha, are caught in a poverty trap where they have too limited resources to practice intensive agriculture with the necessary soil preservation practices and at the same time they have insufficient land to maintain long enough fallow periods from a sustainability perspective.

Our assessment of studies from various agro-ecological systems and with varying degree of "remoteness" shows diverse impacts from liberalisation and reforms on agricultural input and output markets. Our focus has in particular been to understand the institutional set-ups that have appeared during liberalisation in selected markets. Our findings are that some markets have been characterised by major changes, while others show signs of continuity. We must admit, however, that on the basis of the material available, it is at times difficult to link the observed market characteristics that emerge under liberalisation to specific institutional contexts.

We found that the practices of "tying" in the producer/trader chain was a tool for market control in booming markets, but as well that such institutional arrangements were sub-optimal in economic terms. The patterns of extensive accumulation and more generally diversification that were observed in other markets pointed in direction of the existence of a high level on uncertainty. Such uncertainties are related to the risk of depletion of the resources that the markets are based on, the possibility of failed harvests due to climatic factors and elements relating to the wider socio-economic setting, including various reforms and other state policies.

We found that factors explaining investment behaviour differed between the agricultural and the fishing sector. In the latter there existed a clear correlation between "local control" and the investment pattern, whereas in agriculture factors explaining the investment pattern are much more complex, indicating the multiple roles that agriculture have for the rural population and their livelihoods. We found that diversification may or may not lead to accumulation of capital at local level. One tendency discerned at local level is that diversification in many instances take the shape of lateral circulation of goods or values rather than reinvestment aiming at accumulation. One strand of arguments claims that diversification comprises at the same time elements of risk aversion, cultural parochialism and political resistance towards an external dependency whereas another argues that it might be a strategy characterising the African setting more broadly, and could thus be seen as a culturally based strategy.

Looking more closely at these arguments we find that they after all have a common denominator. A strategy for articulating local political or cultural identity, in response to an intrusive state, may in the Tanzanian setting be interpreted as a way of avoiding an external agent that through history

has disrupted rural livelihoods. As such we are faced with a strategy aiming at reducing a certain kind of uncertainty.

If we alternatively understand diversification to be a strategy that aims at capturing market segments that are not easily reached by other actors operating at other scales, we are dealing with a context that appears in economically isolated locations. The small market segments discussed in this connection may be understood as particularities that appear in local settings, because of an inward orientation may at least partly be interpreted as a response to an uncertain environment. Thus we are again confronted with the argument of uncertainty.

Diversification stemming from cultural characteristics could also be seen from an uncertainty perspective. Cultural practices have emerged through historical processes. People living in conditions of great uncertainty during long periods of time are likely to create cultural patterns, in the form of institutions that are aiming at addressing and coping with this uncertainty. Even if levels of uncertainty change, such cultural patterns are likely to endure over time.

Pursuing this argument further, we note that diversification is a strategy not only used by poor people for survival, but also by rural people that are relatively better off. Under these circumstances we will argue that the prevalence of uncertainty in production and trade relations are important factors influencing the diversification behaviour.

The issue of uncertainty also emerges when analysing land and gender. The decreasing availability of land, outside parastatal and large scale private ownership, is reflected in increasing litigation and conflicts which in some areas have reached intolerable levels. The increasing insecurity related to control and access to land is presently creating uncertainties that hinder the adoption of improved methods and practices in cultivation that would make more intensive patterns of cultivation possible. This is particularly acute for women producers who expend the major part of labour in cultivation, but most of them operate on the basis of access or as secondary rights holders within customary land tenure systems. Hence the uncertainties are related both to state local communities relations regarding overall tenure insecurity facing the majority of smallholders, as well as the insecurity faced by women cultivators related to the male biased customary land ownership systems.

Continuous and at times dramatic shifts in state policies related to local institutional set-ups and agricultural policies are reflected in an increasing lack of confidence or distrust in the state and its institutions on the part of the rural population.

Overall these factors taken together constitute a pattern of uncertainty for the majority of rural people. In this setting of uncertainty accompanied by high levels of distrust between market actors and in relation to the state and state institutions, it is highly relevant for rural people to adhere to patterns of behaviour that were developed in earlier settings in order to manage other or somewhat different situations. Diversification is one such pattern, and which has been shown, in many contexts diversification does not aim for material accumulation. Another pattern is compliance to norms and practices that reflect the rules of indigenous organic type institutions. We assume, based on our theoretical discussion, that such behaviour will tend to be sticky, thus

change will come about slowly. This is likely to be compounded by the existence of a moral element associated with such institutions.

The high level and complex character of uncertainty facing most rural people could thus be seen as important reasons for them to adhere to the local and organic institutional context and thus obstructing the spread of new types of institutional arrangements associated with market based development.

In order for economic reforms to make a constructive contribution to the improvements of rural livelihoods, our arguments indicate that such reforms must incorporate mechanisms or ways to reduce the level of uncertainty facing rural people. Maybe the most important role for the state and other economic actors would be to develop strategies for opening the political and economic space for the types of organisations and institutions that local people themselves shape and apply. An essential role for the state is to establish a legal and institutional environment and means of enforcing rules and regulations that the majority of rural people consider fair and just. As our analysis of various areas has shown, such rules must grow from local settings and cannot be imposed from above. A process of institutional adaptation, i.e. the growing of organic local institutions from below to adapt to new realities, and at the same time help secure people's livelihoods, would in our view, seem to be the only option that can provide a framework for sustained development of Tanzanian rural areas.

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