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The Diversified Future

An Institutional Approach
to Rural Development
in Tanzania

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The responsibilities for the shortcomings of the study remain with us. It is our hope that this study may lead to constructive reflection about the unfolding dynamics of rural development in Tanzania and Sub-Saharan Africa and thereby contribute to a more solid foundation for policies that aim at enhancing the welfare of rural people.

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List of acronyms

CCM	Chama cha Mapinduzi, political party established in 1977
CDR	Centre for Development Research, Copenhagen
CERB	Cornell, Economic Research Bureau
CRDB	Co-operative Rural Development Bank
DLUMP	Dodoma Land Use Management Project
DRC	Democratic Republic of Congo
ERB	Economic Research Bureau
ERP	Economic Recovery Programme (1986-89)
ESRF	Economic and Social Research Foundation
FAO	Food and Agriculture Organisation, Rome
GDP	Gross Domestic Product
HBS	Household Budget Survey
HRDS	Human Resources Development Survey
IMF	International Monetary Fund
IPC	Investment Promotion Centre
ITF	Input Trust Fund
ITR	Individualisation, Titling and Registration
LA	Land Act
LFS	Labour Force Survey
LGRA	Local Government Reform Act
LGRP	Local Government Reform Programme
MRCU	Morogoro Region Co-operative Union
NBC	National Bank of Commerce
NESP	National Economic Survival Programme of 1981
NGO	Non Governmental Organisation
ODA	Overseas Development Agency
OED	Operations Evaluation Department, World Bank
PCS	Primary Co-operative Societies
PPA	Participatory Poverty Assessment
PRA	Participatory Rural Appraisal
RCU	Ruvuma Co-operative Union
REPOA	Research on Poverty Alleviation
SAMCU	Songea Agricultural Marketing Co-operative Union
TADREG	Tanzania Development Research Group
TANU	Tanganyika African National Union
TFC	Tanzania Fertiliser Corporation
UDSM	University of Dar es Salaam
UNDP	United Nations Development Programme
WB	World Bank
WCGA	Western Cotton Growing Area
WFP	World Food Programme, Rome
VLA	Village Land Act

Executive summary

Following the broad economic reforms that were introduced in Tanzania in the mid-1980s, a number of observers have described the Tanzanian economy as thriving. This description has, however, been questioned. Others indicate rising inequalities and sluggish agricultural production. The starting point for the following study is this uncertainty about the results of economic reforms in rural areas. The question that emerges is what kind of dynamics is actually unfolding in rural Tanzania.

The first section of the report discusses the current state of knowledge of Tanzanian rural developments. It is argued that the results of cross-country regressions, trying to explain economic growth in Sub-Saharan Africa generally, differ fundamentally as a result of, among other things, different time frames being used and of different country sets being selected. Hence, it is not proper to draw conclusions about individual countries from this literature. The quality of the data that regressions are based on is sometimes very poor. There is furthermore a problem of validity in the regressions: what is actually hiding behind the often very sweepingly constructed variables tested? Not much guidance as to factors explaining economic growth in rural areas may thus be gained this way.

Other studies show that poverty is still pervasive in Tanzania, and that it remains mainly a rural phenomenon. A recent study claims that 61 per cent of the rural population live under the poverty line, whereas slightly more than nine per cent in peri-urban areas are found in this category. However, it is not possible, based on existing studies, to pass any firm judgements about trends in 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. However, studies conducted with participatory methods indicate that a substantial part of the rural population, possibly a majority, feel that they have experienced a decrease in well-being during the first half of the 1990s. Reasons for the diverging messages between these studies and earlier household budget surveys, indicating rising income levels, are multiple. The participatory studies have been able to capture more aspects of well-being. The 1990s have, for example, seen deterioration in at least the quality of many social services. It is also possible that a real economic deterioration has taken place in the rural areas. In sum, the knowledge about poverty developments during the last 10–15 years is still weak, even if the current situation has been somewhat clarified.

In agriculture, 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. It might as well be associated with a poverty context where households, due to lack of resources, are unable to cultivate larger plots. Still another possibility is that it is related to insecurity

over access and control over land, triggered by changes and contentions facing the institutions guiding customary land related issues.

The background to this development is changes in many agricultural markets. These changes follow liberalisation, but are also due to more long-term trends. Input markets have become more concentrated to high producing areas. The private traders that have taken over much of the marketing prefer dealing with crop purchases, rather than 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 crop markets. It is too risky, and not profitable enough, to provide inputs to sparsely populated areas in remote places which are lacking adequate transportation facilities. Another reason why distant areas are becoming more marginalised in the input trade is the collapse of the co-operative system that previously handled this trade.

In this study, a closer look is also taken at changes in the maize market, which is the largest grain market in the country. The overall observation is that this market is fairly competitive. Despite the lack of functioning infrastructure, traders show a great deal of flexibility and adaptivity. The maize market also shows some limited signs of increased integration after the introduction of market reforms. Part of this development comes from the growth of new demand centres. There is, however, no indication of increased investments in the storage of grains, as seasonal price fluctuations remain at a considerably high level. What market reforms have brought is thus some increased efficiency in the trade of maize, but at the same time a decreased coverage of input markets. The overall result seems to have been a stagnation, or a possible reduction, in the production of maize during the 1990s. Farmers in the former maize centres are becoming increasingly marginalised, and particularly smallholders are becoming more vulnerable. A further tendency both in marginal and more central areas is to shift the production from slowly to quickly maturing crops. There is a pressure towards acquiring fast cash incomes that counteract more long-term production strategies.

The overall official picture presented is that the agricultural production has grown around 2 per cent per annum 1980–84, over 4 per cent annually 1985–89 and then at 4–5 per cent a year during the first half of the 1990s. These statements are based on agricultural GDP statistics, and supported by arguments about growing urban areas being fed, reduced food imports, the absence of larger famines, nutrition levels being upheld etc.

This picture has, however, been questioned. It has been shown that agricultural GDP statistics are incompatible with agricultural production statistics. When other general observations are taken into consideration as well, such as the lack of technological change in agriculture, the judgement is that food production only somewhat has exceeded population growth since independence. This latter position seems to be supported by new, and slightly more reliable, agricultural statistics.

When discussing the most important crop, maize, it is argued that demand

must be separated into two different kinds. "Type I" demand stems from a constantly growing non-food producing urban population. This demand has been reasonably met by domestic supply in most periods, including the liberalised era. The "Type II" demand that consists of geographically widespread rural demand in years of harvest failure was facing the liberalised market system for the first time in 1997. It remains to be seen how the Tanzanian agriculture in the liberalised era will manage this challenge.

In this study, the conclusion drawn from the contradictory and uncertain information that exists about poverty, well-being and agricultural production, is that there exists a knowledge gap as to the actual situation and causes influencing rural dynamics. The second part of the study, therefore, goes on to inquire about the role of local institutions in rural development. Institutions should in this context be understood as rules, norms or enduring practices that are social in character, in that they are guiding human interactions. Since institutions are the mechanisms whereby an economy is embedded in society, a fairly thorough description is made of the historical development of the institutional set-up.

This outline shows that rapid and at times dramatic changes have taken place in the formal institutional context as regards i.e. co-operatives and agricultural marketing, village organisation, local government and the parastatal sector. It emerges clearly from the analysis of the institutional changes, that their motivation is not primarily related to reducing transaction costs in the economy, as would be postulated by new institutional economics, but that they are often driven by political, power and culturally related motives. Thus, in the analysis of institutional change there is a need to broaden the field of analysis and create space for an understanding that encompasses more distinct political and cultural features.

The description and analysis further show that although indigenous organic institutions are squeezed and pushed back during periods of intensive state intervention in rural life and production, they have an ability to adapt and re-emerge. This indicates as well their flexible character and continuously changing patterns.

A description is made of the institutional development following liberalisation in several different markets. From this description emerges a clear difference between markets in the fishing sector compared to agricultural markets. In fishery, producers are more oriented towards accumulation and investments directed at increasing productivity, compared to agricultural markets. A correlation is also observed between markets that show the institutional configuration of "tying", where loans are given to the actual producers by actors further down the marketing chain, and investments that aim at raising production efficiency. In markets where the practice of "tying" is not present, investments are done in a much more diversified manner.

What does explain whether a producer "diversifies" or not? Based on an analysis of 18 case studies a picture emerges where, in the fishing sector, a

clear correlation exists between the factor “local control” and investments oriented towards raising productivity directly. “Local control” is interpreted to mean both patron-client systems and special arrangements made in order to monitor the production process, such as the “salesmen” category in Rufiji prawn fishing, or special crew being hired in Lake Victoria Nile perch fishing. The general price development does also seem to be a necessary background variable. For a crewmember in Nile perch fishing it may be profitable to “play by the rules”, since earnings are higher there, compared to the *dagaa* fishery. Therefore, less of “local control” would be needed in the Nile perch fishing.

In agriculture, a combination of other factors explains the prevalence of “diversification”. A possible interpretation of the case studies is that there exists some contradiction between economic liberalisation and the prevailing system for access to land. Customary land rights are not adapted to this new 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, to migrate or engage in other economic activities. When young people move, the older smallholders get less access to labour power. Tensions also start to grow between generations, which causes social capital in the villages to decrease. This further decreases 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 smallholders turn to diversification.

A preliminary argument based on the discussion above would be that lack of trust and lack of “social capital”, in a wider sense, might also be a serious hindrance to market development in rural Tanzania. It is argued in the report that diversification, which is a widespread practice, may be at least partly seen as a strategy used in order to deal with uncertainty. Furthermore, lack of trust may hinder the development of trade over longer distances, and in volumes that would be relevant, given the opportunities that liberalisation has offered. Generally, uncertainty emerges as a central theme in the analysis of rural dynamics.

In this line of argument, land right issues occupy a central place. Land issues have for a long period been highly contested in the national polity. The new Land Acts, 1998, confirm that all land in Tanzania “shall continue to be public land and remain vested in the President as trustee for and on behalf of all the citizens of Tanzania”. Thus, the Acts bring forward the fundamental principle of land tenure originating with the colonial state. 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.

Among the sources of increased insecurity during the liberalisation period is the increased incidence of “land grabbing” by persons in positions of power and wealth. A particular source of uncertainty for women is that the ability

of women to acquire their own land is limited, given the social stigma that that surrounds it, the scarcity of fertile land, the costs involved in acquiring it and the huge extent of land alienation by the state. There exists a strong bias against female ownership of land, due to fear of the clan of losing 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 are often portrayed as insecure, but the issue is rather that such systems are often not sufficiently protected by law. Title deeds are not required for customary land to be secure. There is, however, a need to revisit the issue of women cultivators' insecurity in relation to land. Agricultural 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.

A further source of general uncertainty of rural people is the lack of trust between villagers and the state that developed in the villagisation period. This lack seems to remain and deepen in the liberalised context although for different reasons. The criteria for respect are not longer based in the culture or 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.

The 1982 local government structure, and the modifications introduced with multi-party politics, did not in any significant way alter state relations to rural people and the Village Assemblies. The rapid changes in local state based institutions had a serious impact for instance on the procedures for land allocations, since land was vested in the executive.

The early post-independent Tanzanian state was commanding considerable political legitimacy in its quest for fulfilling the "social contract". 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 to village level. An important feature of the Tanzanian state was its integration with the single political party, CCM, which endured until the introduction of multiparty politics in the mid-1990s.

The undermining of public local structures has consequently opened for the spread of a more complex type of insecurity and uncertainty as to rural people's and villages' rights to resources and protection from external intru-

sion 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. Often it has appeared that business and personalised state interests coalesce in the quest 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.

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 well-being 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? Should not 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 unfolds in rural Tanzania, stems from the behaviour of a number of local economic actors in the economy. We further argue that institutional set-ups, which are essentially local in their character, guide this behaviour. 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 African countries in growth regressions

In the search for causal relationships, a method that has its strengths in differentiating between various 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.¹ Since some 75 per cent of the population are

¹ URT, 1998c, *Basic Data Agriculture and Livestock Sector 1991/92–1997/98*, Ministry of Agriculture and Co-operatives, Sept 1998, table 1.4, p. 10.

involved in agricultural production² and also involved in other economic activities, the rural economy is clearly the major part of the national economy. If it is possible to establish which factors cause overall economic growth in Sub-Saharan Africa and/or in Tanzania; a good indication of what is influencing rural dynamics would 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. For example, Easterly and Levine find the degree of ethno-linguistic fractionalisation within countries to be significant together with an indicator of growth contagion between neighbouring countries.³ 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 spill-over effect really only changes the source of the mystery rather than removing it."⁴

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 African case? Even the first variable of Easterly and 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 and Warner have questioned the conclusions of Easterly and 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 land-locked countries. They find the two variables of Easterly and Levine not to be significant any longer, while the openness index is. The index contain the following factors:⁵

- a) Average tariff rates below 40 per cent;
- b) Average quota and licensing coverage of imports less than 40 per cent
- c) A black market exchange premium of less than 20 per cent;

² World Bank, 1994a, *Tanzania Agricultural Sector Study*, Washington D.C

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

⁴ Easterly and Levine, 1998, p. 136.

⁵ Sachs, J, and A, Warner, 1997, "Sources of Slow Growth in African Economies", *Journal of African Economies*, Vol 6, Number 3, p. 339.

- d) No extreme controls (taxes, quotas, state monopolies) on exports
- e) Not considered a socialist country by the standard in Kornai, (1992).⁶

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” 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 and Warner, furthermore, make the mistake of comparing the standardised 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 standardised coefficients means that those factors showing a higher degree of variation obtain higher standardised figures. Added to this is the more fundamental problem of comparing units that are not at all compatible. Sachs and Warner end up in comparing “standardised pears” with “standardised apples”.⁷

The critique against the Sachs and Warner approach has not waited long. Recently Dani Rodrik published the results from regression based on Sub-Saharan African countries only. His assumption was 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 not able to find a fully relevant 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 have played a role over shorter time periods. Trade policies have not had any major impact on economic growth, however.⁸

The argument of Rodrik may be taken further, though. If the region is particular, what assurance exists that sub-regions are not also particular or even separate countries? And what happens if the time horizon is altered? Moshe Syrquin and Charles Kenny at the World Bank research department have taken up such issues. In a comparison of 21 different cross-country regressions conducted during the last 13 years, they have tried to identify which

⁶ Kornai, J, 1992, *The Socialist System*, Princeton University Press, Princeton.

⁷ Sachs and Warner, 1997, p. 350.

⁸ Rodrik, D, 1999, *Trade Policy and Economic Performance in Sub-Saharan Africa*, EGDI Study 1998:1, Ministry for Foreign Affairs, Stockholm, p. 37.

factors that actually explain long term growth performance in Africa. Such an endeavour might be criticised 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.”⁹

When Kenny and Syrquin look at robustness tests, they find that the only variable used in more than three different studies that is significantly related with growth in all of them is the real exchange rate. Furthermore, in the studies with the strongest tests, hardly any variables are found robust. Levy (1988) found no variable robust, while Assane and Pourgerami (1994) found only two.

It is they argue, 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 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 sweepingly constructed variables that have been tested?

Another attempt at reconciling the diverse results from cross-country regressions has been made by Collier and Gunning.¹⁰ By comparing results of regressions with results of literature using micro level case studies, they find what they judge to be a fairly good fit between the two different approaches. What they find in growth regressions is that the lack of openness, together with the low level of social capital and geographical factors has contributed to reducing growth.¹¹

From the literature on economic behaviour of rural households they find that high risk, lack of social capital and poor public services have been important impediments to growth. However, they note, the risks facing rural households differ from the risks identified at the aggregate level. At the household level diseases and climatic risks are the most prevalent, whereas changes in prices and inflation are the kinds of risks identified at the macro level. Similarly, the kinds of social capital that has failed to generate social cohesion at household level, and the kinds of public services identified there, are not the same as the factors analysed at the macro level.¹²

⁹ Kenny, C, and M, Syrquin, 1999, *Growth and Transformation in East Africa* (draft), paper presented at workshop in Dar es Salaam, May 6–7, 1999, p. 29.

¹⁰ Collier, P and J W, Gunning, 1999, “Explaining African Economic Performance” in *Journal of Economic Literature*, March 1999, pp. 64–111.

¹¹ Collier and Gunning, 1999, p. 74.

¹² Collier and Gunning, 1999, pp. 83, 100.

Collier and Gunning have also studied the economic behaviour of firms. The factors identified as retarding growth in that sector are the same as in the household sector: high risk, poor public services and lacking social capital. After analysing the literature on product, labour and financial markets, Collier and Gunning conclude that the variable “lack of openness”, that is used in some macro regressions, is consistent with the stories of distortion in product and financial markets, particularly during the early 1980s. African labour markets are however judged to have been less distorted. Collier and Gunning also conclude from the micro level literature that lack of social capital; high risk and poor public services appear as major impediments to growth. Due to the differing approaches to these factors in the respective literatures, they argue, these three factors, together with a fourth factor – lack of finance – may well account for the African dummy that is found to be significant in cross country regressions.¹³

But the analysis of Collier and Gunning is problematic in a couple of senses. First, when they discuss the concept of social capital and identify this as a factor found in macro level regressions, they basically discuss “ethno-linguistic fractionalisation” as a proxy for lack of social capital. They also introduce other variables where they find a poor record for Africa, such as corruption, bureaucratic efficiency, contract enforcement etc. But none of these have been tested in cross-country regressions, other than as a general institutional factor used by Sachs and Warner. As they admit themselves, the use of the concepts “risk”, “infrastructure” and “public services” are in addition dissimilar between the different kinds of studies. The consensus in this literature as to what factors have hindered economic growth in Africa is therefore based on a very slippery use of the concepts.

A second problem is that Collier and Gunning do not fully answer the critique put forward either by Kenny and Syrquin or by Dani Rodrik. Why are the three (out of the twenty-one analysed by Kenny and Syrquin) cross-country regressions that Collier and Gunning select, plus their own added regression, any better than other studies? Which criteria have been used in order to select these studies? One cannot exclude the possibility that the omitted studies may be telling a somewhat different story. The critique raised by Kenny and Syrquin, that cross-country regressions do not produce any clear picture of factors influencing growth in Africa, is therefore still valid.

The strength of the Collier and Gunning study is, however, that it indicates areas where further knowledge about factors affecting growth in a Sub-Saharan African context may be found: In the study of factors causing high risks, deteriorating social capital and poor public services.

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

¹³ Collier and Gunning, 1999, p. 99f.

have caused low growth in Sub-Saharan Africa. The same is true for Tanzania, where the statistical base is 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.

We will in the following try to build an understanding of rural dynamics in Tanzania by using another approach. What may be known about poverty and welfare? What may be known about the agricultural sector, which is by far the most important economic sector? 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 Government of Tanzania Bureau of Statistics conducted the first Household Budget Survey, HBS 1, in 1976/77. During the 1980s teams of British researchers directed two smaller surveys. The first was done in 1980 and published in 1986¹⁴ and the second conducted in 1983 and published 1988.¹⁵

In the early 1990s, four studies were organised. The first was a Labour Force Survey, LFS, carried out by the Tanzanian government in 1990/91. The second study was lead by a team from Cornell University and 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.¹⁶ The following table gives an overview of the results:

Table 1. Overview over household survey results

Survey name	Date	Sample size consumption (incl. subsis)	Average h/h cap. expenditure	Average per household income	Average
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 and Raikes 1995: 73.

This comparison shows that the HBS 2 gives average figures of household consumption that are 16,7 per cent 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 per cent.

¹⁴ Collier, P, *et al*, 1986, *Labour and Poverty in Tanzania*, Clarendon Press, Oxford.

¹⁵ 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.

¹⁶ Gibbon, P and P, Raikes 1995, *Structural Adjustment in Tanzania, 1986-94*, Centre for Development Research, Copenhagen.

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 high per capita expenditure figure of the HRDS, Tshs 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 per cent increase in consumption in rural areas, and a 125 per cent increase in urban areas between 1976/77 and 1991.¹⁷ 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 per cent increase in urban areas.

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,¹⁸ shows 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 that the number of poor people might have decreased, whereas the positions 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 1983.¹⁹

What has happened during the 1990s? A recent poverty study has reached the conclusion that poverty is still severe in Tanzania, and that poverty is

¹⁷ Sarris, A and P, Tinios, 1994, *Consumption and Poverty in Tanzania in 1976 and 1991, a Comparison using Survey Data*, Cornell University Food and Nutrition Policy Programme (mimeo).

¹⁸ Ferreira, L, 1993, *Poverty and Inequality During Structural Adjustment in Rural Tanzania*, World Bank Transitional Economics Department Research Paper, Series No 8, Washington DC.

¹⁹ Semboja, J, et al, 1999, *Poverty, Growth, Inequality and the Role of Government in Poverty Alleviation in Tanzania, Poverty Profile*, Interim Report presented at a Workshop on the Collaborative Research Project, Poverty, Income Distribution and Labour Market Issues in SSA, Accra, Ghana, May 1999.

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 per cent of household expenditures in Tanzania), REPOA finds that 61 per cent of the rural population should be classified as poor. The average poor household has an income that is 15.8 per cent under the poverty line, which was calculated as 138,831 Tshs./year for the rural areas.²⁰

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 per cent. The poverty line falls to 95,168 Tshs./year.

For the peri-urban 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 per cent 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 per cent of the households were classified as poor. In addition, 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.²¹

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 draw, 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.²² 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 per cent thought that their situation had improved, while some 7.7 per cent found themselves worse off. The share of poor people having experienced an improvement was even higher (70.1 per cent) than the share of non-poor (68.4 per cent).

This result, however, differs significantly from the results obtained in a social service delivery survey from 1997, done by TADREG. This survey covered 2,541 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 per cent of the respondents in peri-urban areas had experienced an improvement, 35 per cent thought the situation had gone

²⁰ Semboja et al, 1999, p. 12.

²¹ REPOA, 1999, *Dar es Salaam Peri-Urban Poverty Profile*, REPOA, Dar es Salaam, p. 7ff.

²² World Bank, 1996b, Tanzania – The Challenge of Reforms, Growth, Income and Welfare, Washington D.C.

worse, whereas 29 per cent had seen an improvement in the first half of the period, turn into a worsening situation in the latter half:

Table 2. Opinions on well-being last ten years (per cent)

	Improved	Got worse	Not much change	Better → worse	Do not 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 1998.²³

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

Table 3. Opinions on economic policy (per cent)

	Everybody	Most people	Few: most same	Few: most worse off	Nobody	Do not 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	49
Total	8.4	13.3	22.6	42.2	3.5	9.9

Source: TADREG, unpublished material.

Another study done with a methodology similar to the TADREG study was published some years ago. In 1995 the World Bank, with support of the British ODA, conducted a Participatory Poverty Assessment (PPA).²⁴ 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 per cent 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 per cent found themselves better off compared to four years ago, however, 39 per cent found themselves

²³ 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.

²⁴ 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.

worse off compared to the situation in 1985, and 49 per cent found that their situation had deteriorated since 1991.²⁵ The findings also show that more people among the very poor find themselves better off (50 per cent) compared to 1985, whereas only 37 per cent of the very rich claim the same. In comparing the situations of 1991 and 1995, 35 per cent of the very poor find themselves better off, to be compared to a share of 63 per cent 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 1996 than ten years earlier, and moreover, that a larger portion 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 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 distribution of income in a society. Lower figures indicate a more equal allocation. Semboja, Likwelile and 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 fallen 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.

²⁵ Narayan, 1997, table 2.7, p. 14.

The more probable inference would, however, be that not much changes in the level of inequality has taken place since the mid-1980s.

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 criticised since it is 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 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 already noted 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 per cent of the households surveyed had incomes at or above the expenditure levels observed.²⁶ The household survey studies have also been criticised 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 aggregate increase in incomes from the informal sector is not sustainable over long periods. It would

²⁶ Gibbon and Raikes, 1995, p. 73f.

also mean that even if many people manage to cross the poverty line, the “hardcore” poor would 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.²⁷ It must be noted, nonetheless, that this increasing inequality has been evident also from the Sarris and Tinios and Ferreira studies.

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 well-being 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 1978/79 up till 1985 when a slow recovery began.²⁸ The figures used by Semboja and Therkildsen include both central and local government expenditures, which means that they are higher than figures used by earlier studies, since the latter had only taken central government expenditure into consideration. Later figures of only central expenditure indicate level spending 1986–90, increases 1990–95, a fall in 1996 and resumption in 1997.²⁹ 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 during the period discussed here. These shares are, however, still only a minor portion of the overall expenditures. The message delivered by Semboja and Therkildsen is, furthermore, that education and health spending are at a low level in Tanzania.

This picture is supported by the participatory studies. The REPOA study on peri-urban areas, based on a small sample of 148 households, reports that some 76 per cent felt that the general social service situation had deteriorated since 1992.³⁰ The Narayan study reports a continued deterioration in health service quality, whereas the quality of educational services had started to improve.³¹ The TADREG study of 1997, however, indicates that the deterioration in quality in education had continued. According to this study, 80 per cent of the respondents felt that shortage of books and school equipment was a problem.³² The TADREG study thus seeks to explain the increased

²⁷ Wangwe, S, 1997, *Economic Reforms and Poverty Alleviation in Tanzania*, ESRF Discussion Paper, No 16, Dar es Salaam, p. 29f.

²⁸ Semboja, J and O, Therkildsen, (eds.), 1995, *Service Delivery under Stress in East Africa*, CDR in co-operation with James Currey, Copenhagen and London, p. 14.

²⁹ Communication with World Bank Country Representative, James Adams.

³⁰ REPOA, 1999, p. 19.

³¹ Narayan, 1997, p. 22f.

³² TADREG, 1998, p. 12.

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.³³

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, NGO's. 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 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 prevalence of corruption. But that is less relevant for our argument here, since we are interested in how much money that actually is used for social services, rather than how much was meant to be used. According to Semboja and Therkildsen the underestimation of actual figures spent on service delivery may in this way add up to between 60 and 300 per cent. It may here be added that overall official aid flows to Tanzania increased to a higher level in 1990, remained there for some years, but decreased in the mid-1990s.³⁴ To what extent health and education have been prioritised is not possible to detect from official statistics.

NGO contributions constitute the other unknown substantial source. Given that NGOs, for example, are running 50 per cent of all hospital beds in Tanzania, foreign contributions might be substantial, even if all these NGO-hospitals receive support from the Tanzanian government.

In order to estimate the amounts involved, one might look at an in-depth study of the finances of seven church hospitals conducted in 1997.³⁵ When the grand total, including running costs, investments and in-kind contributions for expatriate personnel were included, these hospitals received 2.2 per cent of their total costs from the government, 69 per cent from foreign donations, and 27 per cent from patient fees. This translates into some 3.6 million USD annual overseas donations for 16 hospitals run by the Evangelical Lutheran Church.³⁶ These 16 hospitals together provide 10 per cent 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.

³³ TADREG, 1998, p. 11.

³⁴ UNDP, *Human Development Report*, various years.

³⁵ Flessa, S, 1997, *Costing of Health Services of the Evangelical Lutheran Church of Tanzania*, ELCT, Arusha, pp. 73–77.

³⁶ Flessa, 1997, p. 4.

Similar information is not, to our knowledge; available for NGO supported primary health care, but we estimate it to be substantially less than for hospital care, given our knowledge of priorities in some of the major donor organisations. All in all, we make a rough estimate of NGO contributions adding some 20–50 per cent to the Tanzanian government health expenditure.³⁷ This is a high estimate since in-kind contributions in the form of expatriate personnel have also been included. It may also be noted that the general aid flow through NGOs has increased during the 1990s, but that 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. Additionally, this pattern is felt 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 in the report.³⁸ 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 well-being.

2.2 District household surveys

We 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 conducted at district levels in 1995/96 and 1996/97 respectively.³⁹ These surveys were done in order to find out about the 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 Tshs in 1991 prices – that is, they do not indicate any increase from the ERB/Cornell and HSB 2 results.⁴⁰

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 strongly affected by the AIDS epidemic. The average per capita

³⁷ For figures on government expenditure see World Bank, 1994b, *Tanzania – Public Expenditure Review*, 1994, Vol II, p. 15.

³⁸ 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).

³⁹ Iveroth, P, 1997, *Health Care Financing in the NGO Sector* (mimeo), p. 60.

⁴⁰ 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.

expenditure level there was found to be 20,400 Tshs (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 the 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 drawn 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, possibly a majority, feel that they have experienced a decrease in well-being during the first half of the 1990s. The reasons for the diverging messages between the World Bank PPA and the TADREG study and earlier household budget surveys should be sought. The fact that the participatory studies may have been able to capture more aspects of well-being, 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 (1999) has been somewhat clarified through the recent study by REPOA. We now turn to developments in agriculture to see if this major economic sector might offer some insights into current rural dynamics.

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 comprises 3.5 million smallholder households totalling 19 million people (about 75 per cent of the population) and contributes about 60 per cent of the country's GDP at current prices.⁴¹ 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 plateaux (500 to 1,500 meters altitude), 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 (1,200 to 2,300 meters altitude) 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 two million ha of land under 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. This means that changes in ownership structure open up a potential for increasing the acreage under cultivation. 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.⁴² A process of divesting some of these farms is under way, but the speed is slow.

The major techniques employed in Tanzanian agriculture are 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

⁴¹ World Bank, 1994a.

⁴² World Bank, 1994a, p. 38–9.

and 1991, show a reduction in the use of the hand hoe from 85 to 70 per cent, an increase in ox-ploughing from 10 to 20 per cent and an increase in the area cultivated by tractors from five to ten per cent.⁴³ These figures should be treated with caution, but they indicate the implement situation in cultivation. The predominance of hoe cultivation reflects 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 low adoption rates of various improved farming practices on smallholder farms.⁴⁴

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.⁴⁵

Whatever the conditions, however, tractors contribute little to increasing yields. One study found that tractors failed to increase yields in ten out of fourteen cases of tractor schemes in Sub-Saharan Africa.⁴⁶ Farmers who mechanise do so mainly to save labour, and these are 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.⁴⁷

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. Data from the Bureau of Statistics show that smallholders with 0.5 ha or less plant 90 per cent of their holding, while

⁴³ 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.

⁴⁴ Bureau of Statistics, 1990.

⁴⁵ World Bank 1994a, p. 87.

⁴⁶ Binswanger and Pingali 1988, p. 91.

⁴⁷ World Bank 1994a, p. 88.

smallholders with holdings between 0.5 and 2.0 ha plant approximately 75 per cent, whereas those with holdings above four ha plant less than 50 per cent of their holdings.⁴⁸

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 depends more on the size of the agricultural land and not vice versa? 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 difficult to interpret.

Nonetheless, 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 two 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.⁴⁹ 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.⁵⁰

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. It could also be related to insecurity over access and control over land triggered by changes and contentions facing the institutions guiding customary land related issues.

3.2 Changing markets under liberalisation

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

⁴⁸ Bureau of Statistics, 1990, *Agricultural Sample Survey 1987/88*. Final Report, Dar es Salaam, p. 9.

⁴⁹ Havnevik, K and R, Skarstein, 1997, "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.

⁵⁰ World Bank, 1996a, *Tanzania – The Challenges of Reforms, Growth, Income and Welfare*, Vol 1 Main Report, Eastern Africa Department, Washington D.C., p. 87.

Agricultural input markets

A couple of poor harvests in the early 1970s led the Tanzanian government to start subsidising the price of fertiliser. Through the National Maize Project, fertilisers were distributed free of charge in 859 villages, in order to raise food production. A pan-territorial pricing was introduced in 1973 to give the whole country equal opportunities of using fertiliser, by offering one common price. This pan-territorial price meant an implicit transport subsidy for remote areas.⁵¹

Furthermore, authorities controlled agricultural input markets in the distribution phase state, such as the fertiliser market. Beginning with the Arusha declaration in 1967 and running up to the late 1980s, the distributing authority was restricted to parastatal organisations and co-operative Unions. The Tanzania Fertiliser Corporation, TFC, produced fertilisers in the country, under a monopoly.⁵²

In this section we will use the fertiliser market as an example of agricultural input markets. This is because fertiliser has been the most important agricultural input, representing between 60 and 70 per cent of total household expenditure on agricultural inputs in the two regions.

Liberalisation has brought important changes to these markets since 1987/88. At this time, input markets were opened up to private traders. In the case of fertiliser, imports started to replace domestic production, when traders were allowed to buy directly on the international market. The pan-territorial pricing for fertiliser had formally been abolished in 1984. An indirect subsidy remained however, since fertiliser prices were held constant after a subsequent devaluation of the Tanzanian Shilling. It was not until the 1990/91 season that fertiliser subsidies, due to donor pressure, were gradually removed.⁵³

The actual results of agricultural input liberalisation have 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 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

⁵¹ Turuka, F M, 1995, *Price Reform and Fertiliser Use in Smallholder Agriculture in Tanzania*, Lit Verlag Muster, Hamburg, p. 60.

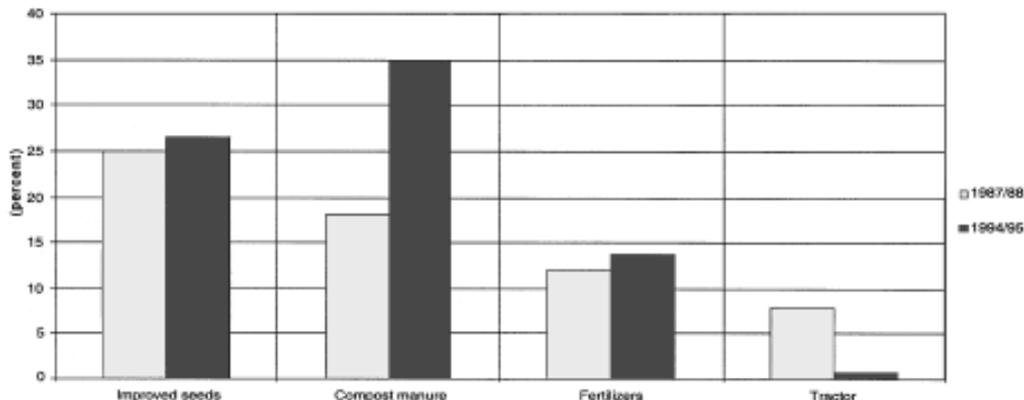
⁵² Turuka, 1995, pp. 57–59.

⁵³ 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.

studies undertaken in other areas of the country, especially such areas that previously enjoyed the privilege of input subsidies.⁵⁴

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

Table 5. Smallholder Agricultural Inputs



Sources: Bureau of Statistics 1996:A64 and Bureau of Statistics 1990:35.

Here we note a slight increase in the use both of improved seeds and of fertilisers 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 that the use of fertilisers is concentrated to the Kilimanjaro, Ruvuma and Iringa regions, with Mbeya, Rukwa and Tabora showing a fairly high use of fertilisers. 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. A more intensive use of these inputs 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 a marked increase in the application of compost or manure. This can be seen as a sign that many farmers are trying to

⁵⁴ 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, et al (eds.), *Beyond Structural Adjustment Programmes in Tanzania*, Economic Research Bureau, University of Dar es Salaam, 1995.

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 fertilisers.

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 are now available than during earlier periods.⁵⁵

There have also been negative effects of the liberalisation. When the fertiliser 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 took 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 advantage disappear with this reform. The phasing out of the fertiliser subsidy was also more to the detriment of Songea, since Songea farmers have been more input-dependent than their Morogoro counterparts.⁵⁶

Taken together, the changes induced by liberalisation sum up a negative outcome at the farmer level in the districts studied. A clear decline in the overall use of inputs is 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 fertiliser, 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 fertilisers on their crops have constantly increased.⁵⁷

The Morogoro area showed a different pattern. In the first of these two periods, the use of fertilisers increased slightly. More fertilisers became available as liberalisation took off. This increase could be measured both per house-

⁵⁵ Ponte, 1998, p. 16.

⁵⁶ Ponte, 1998, pp. 4–6.

⁵⁷ Ponte, 1998, pp. 17–19.

hold and per area. Even the number of households applying fertilisers increased. This positive effect of liberalisation was, however, overtaken by the withdrawal of the fertiliser subsidy in the early 1990s. When prices started to rise, the use of fertilisers fell. In 1994/95 the decline had been somewhat limited, so more fertilisers were still applied than what had been the case in the mid-1980s in Morogoro rural district.

The decline in fertiliser use in these two districts has taken place even though the expenditure on agricultural inputs has increased as part of total household expenditure during the 1990s. How should we understand this declining use of fertilisers? In both districts a decline followed the withdrawal of the fertiliser subsidy in the early 1990s. But the Songea area experienced a decline in fertiliser use already in the preceding period. Ponte's interpretation is that this was due to problems of accessing enough fertiliser, whereas Morogoro at that time had satisfactory access⁵⁸.

Should liberalisation be blamed for all this? Certainly not, since the decline in fertiliser use could be observed before liberalisation started. The Ruvuma Co-operative Union, (RCU) operative in Songea, experienced already in the mid-1980s increasing problems in recovering input credits from farmers. Fertilisers and agro-chemicals were distributed on credit in the beginning of the season, and payment was deducted when crops were sold back to the co-operatives. This system did, however, open up for fraud, since sales on parallel crop markets meant that part or all of the cost for inputs were not paid.⁵⁹

A similar system has been used in other parts of Tanzania. Peter Gibbon reports, for example, about cotton insecticides being distributed on credit as late as the 1996/97 season in the major cotton centre, the Western Cotton Growing Area. This season was the first to experience payments in cash, which in practice meant a major rise in prices, even though the relative price for insecticides fell, compared to the cotton price.⁶⁰

Increasing problems in regaining credits from farmers, in combination with corruption and inefficiency, led to a situation where the co-operatives, such as the RCU, experienced increasing difficulties in obtaining bank credits. The Co-operative Rural Development Bank, CRDB, decided in the second 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 did not manage to purchase enough fertiliser. A supply gap emerged.⁶¹

This gradual deterioration, in combination with major miscalculations, led to the closing of the RCU in 1994. It was replaced by the Songea Agricultural

⁵⁸ Ponte, 1998, p. 19f.

⁵⁹ Ponte, 1998, pp. 8–10.

⁶⁰ Gibbon, 1998, pp. 6–7.

⁶¹ Ponte, 1998, pp. 8–10.

Marketing Co-operative Union, SAMCU, but the kind of problems described above seem to have been inherited also by SAMCU. At the local level, the Primary Co-operative 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 Co-operative Union.⁶²

A similar story may be told about the Morogoro Region Co-operative Union, MRCU, and about the Primary Co-operative Societies in this district. The result was that the MRCU dropped its commercial fertiliser distribution system altogether in 1993, because it could not find funds to purchase fertilisers.

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 co-operative unions. The medium and large-scale private input stockists that established themselves in Morogoro City and Mgeta town were reachable by farmers in the highly populated Uluguru Mountains. Since a vivid parallel market was already present, the co-operative 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 fertiliser use could initially be observed.⁶³

In the more remote Songea Rural District, only one of the 26 registered private suppliers of fertilisers in 1996 were considered a "small" trader. Twenty others were "medium" and five were considered "large". These larger distributors were not interested in distributing small packages to the many small farmers. Only four of them operated in areas farther away from Songea than 15 kilometres. Why were they not interested in trading with more remote areas? Research in Mbinga District, a district neighbouring Songea District, shows that demand for inputs had fallen due to increased prices, and that traders could add more than a tiny marginal over actual costs, since they risked being left with large parts of their stock. Traders were furthermore reluctant to provide inputs because they had to seek credit for financing their supplies, and district authorities usually asked them to provide inputs on credit to farmers even though they might operate in another district the following year. Future farm budget studies may possibly shed more light on this.

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 profit-

⁶² Ponte, 1998, p. 12.

⁶³ Ponte, 1998, pp. 13f, 19.

able enough, to provide inputs to sparsely populated areas in remote places which are lacking good transportation facilities.

Change in food markets

The thesis about differences in market access that finds support in Ponte's study of agricultural input markets has 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 neo-classical literature.⁶⁴ He argues on this basis that liberalisation ought to mean:

- a) More integrated markets, which would mean that different market places 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 co-variation. Still, market integration would lead to a trend of decreasing price differences;⁶⁵
- 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;⁶⁶
- 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.⁶⁷ Van Donge found a slightly higher degree of integration, 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.”⁶⁸

He further argues that whatever correlation found between different locali-

⁶⁴ Seppälä, P (ed), 1997, *Liberalized and Neglected? Food Marketing Policies in Eastern Africa*, UNU/WIDER, Helsinki, World Development Series 12, p. 77.

⁶⁵ Seppälä, 1997, pp. 77, 95–97.

⁶⁶ Seppälä, 1997, pp. 77, 102f.

⁶⁷ Referred to in Seppälä, 1997, p. 97f.

⁶⁸ Van Donge, J K, 1994, “The Continuing Trial of Development Economics, Policies, Prices and Output in Tanzanian Agriculture”, *Journal of International Development* 6 (2), pp. 157–184, p. 166.

ties might not necessarily reflect a causal relationship, because significant price correlation were few and the two places which showed the highest significant correlation were located about 1,000 km apart.

Slightly higher market correlation was 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 increased over the last ten years, in consistence 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.⁶⁹ 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."⁷⁰

Some market integration is anycase 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 maize production. The "big four" regions are less dominant today, than earlier. New centres of exceptional demand have also emerged during the 1990s, at least temporarily. Around one million refugees from Rwanda and Burundi resided in north-west Tanzania in the mid-1990s. By the end of the decade, 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.⁷¹ A large number of gold miners and diggers have moved to the Ruvuma and Arusha regions towards the end of the 1990s; cross-border demand continues to 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 centres 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 does not seem to hold fully either. Comparing seasonal variability between the 1980s (as measured by Bryceson) and the 1990s

⁶⁹ Seppälä, 1997, p. 99f.

⁷⁰ Bryceson, D.F, *et al*, forthcoming, "Maize Marketing Policies in Tanzania, 1939–98, From Basic Needs to Market Basics" in Dijkstra, T, *et al*, *Agricultural Marketing in Tropical Africa*, Aldershot, Ashgate, p. 20.

⁷¹ Rylander, S, 1999, *Julius Nyerere besöker flyktingläger i västra Tanzania*. Swedish Embassy, Dar es Salaam.

(as measured by Seppälä) shows that seasonality has remained the same. Seppälä argues that the assumption of 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 of the agricultural sector, the World Bank argues that there have 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.⁷²

The third assumption, that farmers in remote areas would receive decreasing prices for their production, does not 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 other locations. Different time lags are also used in this comparison, but they do not change the picture in any radical way.⁷³

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 centres. The lack of data on such prices leads Seppälä from drawing any conclusions. More research is needed on this.⁷⁴

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 signs of increased integration after the introduction of market reforms. Part of this development comes from the growth of new demand centres. A more geographically 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 have also noted that the use of fertiliser and other agricultural inputs has fallen considerably during the 1990s in the 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 seems 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

⁷² Seppälä, 1997, p. 143f.

⁷³ Seppälä, 1997, pp. 106, 120.

⁷⁴ Seppälä, 1997, p. 116.

former maize centre of Songea are now becoming increasingly marginalised, and the smallholders, in particular, more vulnerable. This is because of increasing prices on inputs and decreasing availability of credits to purchase 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, co-operatives, 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 by farmers have to do with the time needed to build such a system.⁷⁵

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 made such a comparison between the Songea Rural District and the Morogoro Rural District.⁷⁶ We should 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 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 profound. In 1986/87 such “slow” cash crops as maize, coffee, tobacco and sunflower accounted for 89 per cent of total sales. In 1994/95 almost 50 per cent of all cash crop income came from the two “fast” crops, bananas and beans.⁷⁷

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

⁷⁵ Ponte, 1998, p. 15.

⁷⁶ Ponte, 1997.

⁷⁷ Ponte, 1997, pp. 9–13.

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 input. In Morogoro, where inputs have been relatively available after liberalisation, the shift has been towards faster crops, even if this has meant using more inputs.⁷⁸

This shift may not be explained purely by shifts in the prices different cash crops fetch 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 and patient fees have been raised;
- ii) a copying pattern has been introduced, which makes people purchase more consumer goods;
- iii) higher prices for agricultural inputs when subsidising 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 also claims that real net farm incomes have fallen during the 1986–1995 period: with 23 per cent from 1990/91 to 1994/95 in the Songea district, and with 24 per cent in Morogoro for the same period. He further claims, based on his household survey, that rural wages fell by 52 per cent in real terms in Morogoro during the period 1986–95 and with 28 per cent in real terms in Songea during that period.⁷⁹

Ponte's conclusion from developments in these two districts, which both show an increasing dynamic since liberalisation got underway, is that "farmers are farming more crops, risking more in marketing them, spending more, and earning less."⁸⁰

3.3 Agricultural production

To make any statement about the development of agricultural production in Tanzania is 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 not officially recorded. To this should be added 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 period 1990/91 to 1993/94. One of these sources

⁷⁸ Ponte, 1997, p. 8.

⁷⁹ Ponte, 1997, pp. 16–18.

⁸⁰ Ponte, 1997, p. 19.

indicated that growth in agricultural GDP during the 1990/91 season had been -16 per cent. The following source said +9.5 per cent for the same season, while the rest placed themselves between those two extremes. Which, of all these guesstimates, is to be trusted?⁸¹

The general picture that has been presented is that the agricultural sector, as a share of gross domestic product, has increased from around 45 per cent in the early 1980s to around 57 per cent in the first half of the 1990s, at factor costs counted in current prices.⁸² The rate of growth was around two per cent per annum for 1980-84, and then increased to over four per cent annually for the period 1985-89.⁸³ The increase indicated has been attributed to the food crop sector, whereas export crops remained stagnant. The World Bank has, in its reports, estimated that growth continued at a rate of 4-5 per cent a year during the first half of the 1990s.⁸⁴ 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".⁸⁵

At the same time, other estimations have claimed that the return to a co-operative marketing system, 1983/84-1985/86, 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."⁸⁶

The Operations Evaluation Department of the World Bank takes a middle position. In a review, published mid-1998, the author, Yacob Meeran, relied 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

⁸¹ Gibbon and Raikes, 1995, p. 47.

⁸² World Bank, 1996b, *Tanzania - Challenge of Reforms, Growth, Income and Welfare*, Vol II, Washington DC, table 2.1a, Statistical annexes, p. 5.

⁸³ Gibbon and Raikes, 1995, p. 45.

⁸⁴ World Bank, 1996a, Vol I, p. 13.

⁸⁵ World Bank, 1996a, Vol I, p. 14.

⁸⁶ Msambichaka and Naho, 1995, p. 41. Changes affecting agricultural production in this period did however also include considerable weather improvements and Tanzania's own liberalisation reforms included in the 1984 budget.

per farmer, and the share of that production which is marketed, have increased significantly since Independence.”⁸⁷

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 with some 85 per cent. 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.⁸⁸ The main expansion in export crops has taken place after the monopoly status of marketing boards was eliminated in 1992/93.⁸⁹

In food production the picture is different, according to the OED. This sector, which constitutes the major part of Tanzanian agriculture, has not kept pace with population growth during the period following the introduction of economic reforms. The result is that total agriculture most probably has grown at a slower rate than population since 1986/87.

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 agricultural GDP 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.⁹⁰

That input use has been fairly constant, or even slightly increasing was shown by the statistics referred to earlier in the report, the only exception being a marked decrease in tractor use. But since cultivation by tractor has been fairly limited previously, 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.⁹¹ Since food crops account for more than six times the volume of export crops. Therefore, OED concludes that agriculture has grown at a lower rate compared to population growth during the 1985/86 to 1994/95 period.

⁸⁷ World Bank, 1998, *Tanzania, Agriculture and the World Bank – An OED Review*, Report No 18111, Operations Evaluation Department, Washington DC, p. 5.

⁸⁸ World Bank, 1998, p. 33f.

⁸⁹ World Bank, 1998, p. 22.

⁹⁰ World Bank, 1998, p. 33, para. 4.19.

⁹¹ World Bank, 1998, p. 33.

The message of export crop recovery and a slow growth in food crops is, however, the total opposite of the Gibbon and 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.⁹² This would 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 have 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: no major food aid has been distributed, nor has any major amounts of food been imported during the 1990s; nutritional levels have not decreased; no major cases of starvation have occurred; the major cities have been well supplied with food. Mention has also been made of increasing levels of agricultural exports. All this leads to the conclusion, it is argued, that agricultural production must have grown faster or at least not slower, than population increase.

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 1993/94 season. The censuses have covered 540 selected villages, and have been done by the Bureau of Statistics in co-operation with the Ministry of Agriculture and Co-operatives, the FAO and the World Bank. It differs from earlier endeavours in data collection by being conducted with a relevant organisational structure and with relevant resources.⁹³

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

Calculated over the whole period the average increase in agricultural GDP is 3.1 per cent, according to these statistics, which includes monetised agri-

Table 6. Agricultural GDP at factor cost, 1991–97 (Tshs. million, at 1992 prices)

	1991	1992	1993	1994	1995	1996	1997
Agri- culture	604,921	612,403	631,422	644,718	682,338	708,740	726,098
per cent change		1.24	3.10	2.11	5.83	3.87	2.45

Source: Ministry of Agriculture and Co-operatives 1998: 9. Figures in constant (1992) prices.

⁹² World Bank, 1998, p. 17.

⁹³ Bureau of Statistics, 1996c, *National Sample Census of Agriculture 1993/94–1994/95*, Dar es Salaam, 1996, Report, Volume I, pp. 6f, 21–33.

culture as well as the production for subsistence. We may also compare with the development in pure crop production, calculated in 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 cost, 1991– 97 (Tshs. million, at 1992 prices)

	1991	1992	1993	1994	1995	1996	1997
Crops	447,505	450,601	464,554	474,048	506,511	527,579	539,666
per cent change		0.69	3.09	2.00	6.85	4.16	2.29

Source: Ministry of Agriculture and Co-operatives 1998:9. Figures in constant (1992) prices.

For the crop sector, the average annual change over this period has been 3.18 per cent/ 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 per cent/year” reported by the World Bank for the first half of the 1990s, and also lower than the statistics reported in World Development Indicators. This agricultural growth is at parity with the population growth of 3.2 per cent/ year (1970–95).⁹⁴

As the figures for 1996 and 1997 indicate, the increases noted from 1995 onwards are likely to have been discontinued, however. Reports on developments in early 1998 indicated that farmers, due to flooding, were unable to plant, and at the same time crops were spoiling in the fields. President Benjamin Mkapa estimated the national food deficit to be 960,000 tonnes in March 1998.⁹⁵

In early 1999, the FAO and WFP reported from a rapid appraisal mission undertaken in January. The message was that since rains were late and below normal, the food production was seriously hampered in all areas that were dependent on the “Vuli rains”, except Kigoma and Kagera. The Vuli season had during the six previous seasons contributed with about 17 per cent of the annual cereal production. The Vuli harvest is an important bridge when the crops from the major harvest tend to come to an end. This current season the maize production during the Vuli rains was expected to be some 60 per cent lower than the previous season, and some 40 per cent below the long-term average. Sorghum and millet is also reported to have been in short supply, whereas rice, banana and tubers have not been affected by these production disturbances. The report did, however, warn for increased food insecurity.⁹⁶

⁹⁴ UNDP, 1998, *Human Development Report*, table 22, p. 177.

⁹⁵ Economic and Social Research Foundation, 1998, *Quarterly Economic Review*, Dar es Salaam, Vol 1, No 1, p. 1.

⁹⁶ FAO/WFP, 1999, *Special Report, FAO/WFP Crop and Food Supply Assessment Mission to Tanzania*, 15 February 1999, pp. 1f, 5.

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, has been reasonably well met by domestic supply in most periods, including the liberalised era. The “Type II” demand that consists of geographically widespread rural demand in years of harvest failure was by the liberalised market system for the first time in 1997. It thus remains to be seen how this demand will develop, even if the authors express serious doubts as to the market’s 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”⁹⁷

The Type II demand emanates from failed harvests, which according to Bryceson, Seppälä and 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, the authors argue.⁹⁸

To conclude, a few additional observations may be made on agricultural production in Tanzania. The first is that the 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).⁹⁹ Criticism has been raised against the official statistics on food crops in the 1975–78 period (grains, beans and cassava) for being overestimated.¹⁰⁰ Current production figures are close to these, which indicates a potential for further increases in Tanzanian agricultural production.

The second observation also indicates that agricultural yields per area are 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.¹⁰¹

The third observation is that variations in agricultural production between years seem to be heavily dependent on weather conditions. This is still the most decisive factor.

⁹⁷ Bryceson, *et al*, forthcoming, quotation from p. 25, pp. 4f, 25–27.

⁹⁸ Bryceson, *et al*, forthcoming, forthcoming, p. 2.

⁹⁹ Economic Research Bureau, 1996, table 10 and 11, p. 76f.

¹⁰⁰ Van den Brink, R, 1992, *A Review of Agricultural Statistics of Mainland Tanzania*, para. 27.

¹⁰¹ *African Development Indicators 1996*, World Bank, Washington DC.

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.”¹⁰²

We strongly question the 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 affect 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.

¹⁰² World Bank, 1998, para. 2.18, p 18.

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 several different ways. One attempt at formulating a common definition resulted in: “restrictions on behaviour affecting human beings as economic agents”.¹⁰³ Others have mentioned 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”.¹⁰⁴

Institutions hence guide the behaviour of people. They might be seen as rules, norms or enduring practices that are social in character, in that they are conducting 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 relate to each other from different roles and positions.¹⁰⁵

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 about the way these institutions have been formed. The informal, or rather, organic institutions evolve spontaneously and unintentionally over time out of human interaction, and they take forms such as codes of conduct, conventions or norms.¹⁰⁶

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

¹⁰³ 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.

¹⁰⁴ Eriksson Skoog, 1988, referring to Schotter, A, 1981, *The Economic Theory of Social Institutions*, Cambridge University Press, Cambridge and New York, p. 11.

¹⁰⁵ Blom, A, 1998, “The Exogenous – Traditional Institutions and Their Ownership”, pp. 33–39 in Neil Webster (ed), *In Search of Alternatives, Poverty, the Poor and Local Organisations*, CDR Working Papers 98,10, Copenhagen.

¹⁰⁶ Eriksson Skoog, 1998, p. 36f

decisions than which decisions they make. Rationality should therefore be “procedural” rather than substantive. All this follows from a need to deal with uncertainty that arises 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 occurs when certain behaviour is regular enough to be anticipated by others. The rule of the individual becomes a social, shared, institution.¹⁰⁷

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.¹⁰⁸ The rationality of institutions would be the same with this expanded interpretation, but learning and adaptation would become slower, since people would be less willing to change their behaviour than otherwise, since they would be 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 behaviour that results in disfavoured 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 well 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 which may lead to a process of “lock-in” in the institutional system.

This dependency is further reinforced in situations where uncertainty is common. Greater uncertainty means greater adherence to rules. In such situations, an initial reaction to change is an even stricter adherence to the rules an individual is used to. Adding to this, we should recall the notion of Etzioni that including morale into the decision-making process would make rules even more adherent.

¹⁰⁷ The discussion in this section builds on Eriksson Skoog, 1998, pp. 38–51.

¹⁰⁸ Etzioni, A, 1988, *The Moral Dimension, Towards a New Economics*, Macmillan, New York and London, p. 94.

There is, however, another strand of institutional economics, which does not regard commodities, or the utility of individuals as the most fundamental units in an economy, but rather transactions.¹⁰⁹ With such a starting-point, the individual does not constitute the ultimate focus, but rather the interplay between several individuals. Another difference, is that preferences are supposedly created through a social process, rather than by the individual in isolation. In this broader approach, 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 and rules that guide that particular society.¹¹⁰

4.1 *Institutions in a Tanzanian Setting*

In rural Tanzania, we would expect organic institutions to be the most interesting object of study. In reality both “modern” and “traditional” institutions co-exist in rural settings; 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 which is close to local people. Such propositions have been highly criticised by social research. 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 interpretation. By doing so, the colonial powers created a situation where conflicts became built into the very practices defined as “customary”.¹¹¹

Sara Berry has clearly described the process whereby colonial administrators used a number of informants, anthropologists and chiefs in order to define the content of customary rule. The stories these informants presented

¹⁰⁹ Commons, J R, 1931, “Institutional Economics”, *American Economic Review* 21, pp. 648–57, December.

¹¹⁰ These lines of thought have been much further developed by writers such as Polanyi and Granovetter, see Polanyi, K, 1944, *The Great Transformation*, Rinehart & Co Inc. and Beacon Press edition (Boston, 1957) and Granovetter, M, 1985, “Economic Action and Social Structure, The Problem of Embeddedness”, pp. 481–510, *American Journal of Sociology*, Vol 91, No 3, November.

¹¹¹ Berry, S, 1993, *No Condition is Permanent – the Social and Agrarian Change in Sub-Saharan Africa*, 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 R, Roberts, (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.

were not consistent, and were dependent on a number of different interpretations. The colonial administrators created a situation where traditions, customs and norms became subject to intensive contention.¹¹²

Rangers has applied a broader historical perspective to these issues and claimed that even other powerful groups had both before and after colonialism created or defined rights and privileges with reference to tradition. The process in which “tradition” is defined should therefore be seen as a continuous one, in which different interpretations may prevail simultaneously.¹¹³ Therefore, the concept “traditional” is not useful. Institutions that are locally owned, that are owned by a majority of economic actors, are actually of more interest to us. Distinctions between “modern” or “traditional”, “old” or “new” become blurred. What is important is not when an institution appears, but rather to what extent it is used and adhered to.

With this discussion, we have argued 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. Due to the character of existing literature, we will have to choose indirect ways, to look for patterns of behaviour and attempt to draw some conclusions about the character and role of local institutions. We will look for these institutions in characters of markets, to land and in issues related to local politics. Given the broad approach to institutional economics and complexities of society and market relations, we will emphasise a historical outline of institutional and rural developments in post-colonial Tanzania. This will provide a deeper understanding of Tanzanian particularities.

¹¹² Berry, 1993, pp. 8, 22–24.

¹¹³ Ranger, 1992.

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 such 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.¹¹⁴

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 considerable 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, responsible for 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”.¹¹⁵

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, were laws shaped by the colonial administrators and the colonial states.

But as Berry¹¹⁶ 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. A space existed for contention and negotiation about the meaning of tradition. However, this took place within a context where power relations played an impor-

¹¹⁴ Mamdani, M, 1996, *Citizen and Subject – Contemporary Africa and the Legacy of Late Colonialism*, Princeton University Press, Princeton.

¹¹⁵ Mamdani, 1996, p. 23.

¹¹⁶ Berry, 1993.

tant role.¹¹⁷ 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.¹¹⁸

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 centred on 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 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 a 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 undergo a series of dramatic

¹¹⁷ Amanor, K, 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.

¹¹⁸ Feierman, S, 1990, *Peasant Intellectuals, Anthropology and History in Tanzania*, University of Wisconsin Press, Madison.

changes where references in policies were made both to modernisation and tradition. The idea of living in 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 resettlement experiments had been carried out by highly capitalised World Bank supported programmes that eventually failed. A number of *Ujamaa* village initiatives were also driven by idealistic young people supporting Nyerere's ideas.¹¹⁹ One of these groups, the Ruvuma Development Association, included 17 villages, which developed with great success during the 1960s.¹²⁰

The Arusha Declaration and Nyerere's subsequent writings on *Ujamaa*, were 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 referred 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. Ordinary Tanzanians greeted the policies with great support, whereas the bureaucrats and rising elite looked at the launching of African socialism with scepticism. 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. The bureaucratic class went 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 the displacement of Asian traders in the countryside who had profited 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-1960s 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 recommen-

¹¹⁹ World Bank, 1961, *The Economic Development of Tanganyika*, Johns Hopkins Press, Baltimore and Coulson, A, 1982, *Tanzania, A Political Economy*, Clarendon, Oxford.

¹²⁰ Coulson, 1982.

dations 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 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. By 1976 more than 8,000 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 the 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 problem was linked to the grievances of those rural dwellers whose land was confiscated arbitrarily by the state without offering compensation.¹²¹

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 and ecological 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.¹²²

The movement of rural people into nucleated villages, however, facilitated the provision of water, social services and schools. During the first half of the 1970s, considerable progress had been made in these areas supporting the social contract based on the anti-colonial struggle. But from the mid-1970s, there are clear signs of reduction in the quality and extent in these services;

¹²¹ 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.

¹²² Kikula, I, S, 1997, *Policy Implications on Environment. The Case of Villagisation in Tanzania*, Nordic Africa Institute, Uppsala.

medicines started to become unavailable, schools were falling apart, water pumps did not function, either for lack of fuel or spare parts.¹²³

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 the 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 named Registered, rather than *Ujamaa* Villages. Registration would imply that the boundaries of the village could be defined, but as shown in Chapter 8, 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, were legal provisions for one single marketing channel, making crop sales outside the village and crop authority illegal. The main feature of this new marketing system was not only the centralised control of marketing, but also to some extent central control 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 functioning as an implicit tax on the smallholders. Calculations have shown that the incidence of surplus transfer from the smallholder to the state through this institutional set-up amounted to 4.7 billion Tshs, representing an average implicit tax of about 27 per cent on peasant crop

¹²³ 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.

income. If 1970 is taken as a base year, “additional resource transfers out of agriculture had reached a level of nearly 1 billion Tshs per annum by 1980”.¹²⁴

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 of 15 per cent in the ten largest crop authorities.¹²⁵ As real income declined in crop authorities, financial irregularities and corrupt practices became more and more prevalent.¹²⁶

5.3 Crisis and transition

From the late 1970s, a deep crisis developed in Tanzania, characterised by 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 diversified their labour into other lines of production or extraction where the products could be sold outside government channels. Parallel market sale of crops 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.¹²⁷ Provisions of basic commodities, health services, water and education also deteriorated. This led to an 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, deepened by external shocks in the late 1970s, could be said to have led to the breakdown of the post colonial development model advanced by the Tanzanian state.

The economic and social crisis and the political illegitimacy of the state opened up 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* was linked to the intensification of cattle raiding in the late 1970s and into the 1980s. Raiders had become better armed and the state protection of local communities and cattle owners had weakened. In 1981, *Sungusungu* rose spontaneously in the

¹²⁴ Ellis, F, 1983, “Agricultural Marketing and Peasant-State Transfers in Tanzania”, *Journal of Peasant Studies*, Vol 10, No 4, p. 235.

¹²⁵ World Bank, 1982, *Tanzania – Agricultural Sector Strategy Report*, Report No 4052-TA, Washington D.C. p. 77

¹²⁶ Bryceson D F, 1993, *Liberalising Tanzania's Food Trade*, UNRISD, Geneva, p. 20f, Eriksson Skoog, 1998, pp. 199–204.

¹²⁷ Maliyamkono T. L., and M S D, Bagachwa, 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.

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.¹²⁸ 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.¹²⁹ Feeling that the state had left them without protection, the *Sungusungu* adopted their own ways of ensuring their security.

Sungusungu members swore allegiance to their commander and to their *Sungusungu* rules. Taking the law in their own hands led to conflict with the state and several *Sungusungu* units were 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 crime in the urban areas. For a while this helped in addressing urban 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 the law as an institution of the modern state, but on the moral values of rural communities which have not fully discarded their traditions.¹³⁰ The state has had to accept its existence, and it has in various ways attempted to accommodate it. The decision not to ban the movement, that operated contrary to state laws, must have been based on the assessment that a ban would have driven 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 crisis may be characterised over time, more by their inter-penetration 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.¹³¹

¹²⁸ Bukurura, S H, 1994, "The Maintenance of Law and Order in Rural Tanzania", *Journal of Legal Pluralism and Unofficial Law*, No 34, Foundation for the Journal of Legal Pluralism.

¹²⁹ Mwaikusa, J, 1995, "Maintaining Law and Order in Tanzania, The Role of Sungusungu Defence Groups" in Semboja, J and O Therkildsen, (eds.), *Service Provision under Stress in East Africa*, CDR in association with James Currey, Copenhagen and London, p. 171.

¹³⁰ Mwaikusa, 1995, p. 173

¹³¹ Price Waterhouse 1992, Report of Examination: National Bank of Commerce, Draft final Report, Washington D.C., 26 May, quoted in Eriksson Skoog 1998

In her detailed study of the Tanzanian parastatal sector, Eriksson Skoog shows that six of the ten parastatals within agricultural marketing made losses every year but one in the period 1978–1984. “These parastatals were chronic loss makers”.¹³² During the 12 year period 1980 to 1991 for which Accounts were audited by the Tanzania Audit Corporation, the National Milling Corporation were ten times among the top ten loss makers, followed by the Tanzania Cotton Marketing Board (7 times) and Tanzania Tobacco Processing and Marketing Board (5 times).¹³³

The inflow of foreign assistance which had increased from 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, Tanzania 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 cooperative 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 the 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 disbursed without the stipulated parastatal counterpart payments.

Hence, parastatal managers and bureaucrats managed to cope during both crisis and liberalisation by drawing on their personal and social networks within the government sector. Parastatal managers could also use their position for private gain.¹³⁴ 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 and 1981–1983, the share of informal, compared to total, 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.¹³⁵

The spread of misuse of funds and corruption during the 1990s in other government domains has been confirmed by the audit report of the Office of the Controller and Auditor General on “import tax evasion and exemptions”.¹³⁶

¹³² Eriksson Skoog 1998, p. 190.

¹³³ *Ibid.*, table 4.20

¹³⁴ Kiondo, A 1989, *The Politics of Economic Reform in Tanzania, 1977–1988*, PhD dissertation, University of Toronto, Bryceson, 1993, Eriksson Skoog, 1998.

¹³⁵ Eriksson Skoog, 1998, p. 203.

¹³⁶ United Republic of Tanzania, URT, 1995a, *Audit Report on Import Tax Evasion and Exemptions*, Office of the Controller and Auditor General, Dar es Salaam, May 1995.

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 Corruption¹³⁷, 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 share of service users paying “extra” to service workers ranged from 29 to 48 per cent in urban sites and from 25 to 38 per cent in rural sites.¹³⁸ According to the report, the percentage of service users reporting payments to service staff is likely to have been “an underestimate of the actual percentage who paid bribes.” Payment of bribes was 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 3,726 rural households in ten districts.

In 1982, a government task force developed the foundation for the New Agricultural Policy of 1983. The recommendations of the task force 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 that the lack of security of tenure in block farms within villages and 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 recognise 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 recent interview stated “that there had been tactical and political reasoning for toning down criticisms of communal farming”.¹³⁹

¹³⁷ United Republic of Tanzania, URT, 1995b, *Presidential Commission of Inquiry Against Corruption – Service Delivery Survey – Corruption in the Police, Judiciary, Revenue and Land Services*, Dar es Salaam.

¹³⁸ URT, 1995b, table 15, p. 19

¹³⁹ Sundet, G, 1997, *The Politics of Land in Tanzania*, PhD dissertation, Exeter College, University of Oxford, 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 eventual breakdown 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 the continuous critique of the 1972 based system for its inability to create local development. Local government and local politicians were seen, in particular, by donors and central government to have become obstacles to more rapid development of national policies. Weaknesses were described as relating both to the financial and administrative capacity of the system.

Alongside the above mentioned legal, policy and institutional initiatives in their early 1980s, the state attempted to launch a National Economic Survival Programme, NESP in 1981. This was, however, poorly planned, had unrealistic targets and could not be implemented.¹⁴⁰ 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.

In hindsight, 1984 must be seen as the year of major breakthrough 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 and 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 1986.¹⁴¹

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 Dar es Salaam, in November 1984, the Nordic countries during 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.

¹⁴⁰ 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.

¹⁴¹ Wangwe, 1987,

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 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-à-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 being of a 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 and 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”.¹⁴²

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 subsequent sections of our report, we will investigate in more 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 implications.

Since its restoration in 1982, the new co-operative movement had been

¹⁴² Kiondo, 1989, pp. 372–375

plagued by lack of democracy and by state interference, as the apex organisation was still under government control. Pressures for genuine democratisation and reform of the co-operative movement originated both from internal groups of the movement and from external donors and institutions. These pressures led to the creation of a new Co-operative Act in 1991 with the aim of creating a grassroots based democratic movement and to register only viable unions. By mid-1992, the unions' debt, however, had escalated to about Tshs 60 billion.¹⁴³

Economic liberalisation opened up the space for struggles over land. These issues will be investigated in chapter 8, where we focus primarily on land issues and gender. 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 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.¹⁴⁴ 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. This 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 established an inter-ministerial 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 by the National Assembly in June 1995. The policy rejects the divesting of the radical title in the President, arguing for 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. Both were approved by the Na-

¹⁴³ World Bank, 1994a, *Tanzania – Agricultural Sector Study* – World Bank, Washington D.C., p. 70.

¹⁴⁴ United Republic Tanzania, URT, 1994, *Report of the Presidential Commission of Inquiry into Land Matters – Vol. 1, Land Policy and Land Tenure Structure*, the Ministry of Land, Housing and Urban Development, in co-operation with the Nordic Africa Institute, Dar es Salaam and Uppsala, p. 146–7.

tional 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 the 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 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.

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 fishing, both fishing efforts and trading 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 filleting and freezing were established in the early 1990s.¹⁴⁵

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*, which in turn was feeding on plankton. When the stock of *furu* began to decrease another competitor for the plankton, living at another level in the sea, 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* have not attracted much attention from the government. This market is therefore interesting as an example of a more spontaneous development.

Peter Gibbon has in his studies of each of these markets, shown that developments have been diverse in many respects. One way of comparing the markets is 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 recapture parts of Gibbon's findings and from that proceed to analyse the characteristics of different markets.

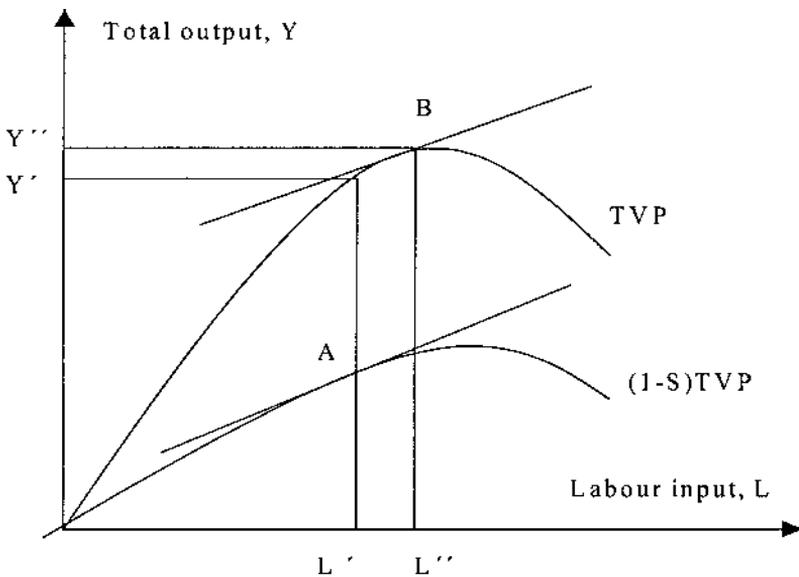
One concept that immediately appears from these studies is "tying". Tying means that the producer is connected to a certain owner of production capital, and therefore, bound to deliver the production, or a share of it, to the capital owner. The practice of tying is analogous to the agricultural use of

¹⁴⁵ 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, pp. 6–8.

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.

Such a practice is, however, difficult to explain in usual economic terms, as we shall illustrate. The tying means that the fisherman is faced with a total value of production curve that has a shallower 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 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.

Figure 1. Labour input, total output relations in "tying" arrangements



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 production curve, TVP, since the gear owner receives a given share, S , of the income 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 share 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 have received 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.¹⁴⁶

Another possibility would be that the gear owner decides what amount of labour that should be put into fishing, since he would allocate labour up to point B, along the total value of production curve. The labour share L^* would then be met. But the question would then be why the gear owner does not pay salaries instead? If the gear owner decides the working load, the fishermen would not have any advantages any longer, compared to what they have in a pure wage labour system. And if this is the case, the question is how the gear owner should be able to monitor that labour is provided in proper amounts and intensity? The model we have presented does not provide a fully satisfactory explanation as to why tying or sharecropping persists. Why does it not lead to a bargaining process or develop into a wage labour system?

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:

- i) the producers (the fishermen) lack alternative credit options;
- ii) the producers also lack alternative market opportunities to utilise 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.¹⁴⁷

¹⁴⁶ The argument is adapted from Ellis, F, 1993, *Peasants Economics – Farm Households and Agrarian Development*, Cambridge University Press, Cambridge, chapter 8.

¹⁴⁷ Bardhan, P, 1984, *Land, Labour and Rural Poverty, Essays in Development Economics*, Columbia University Press, New York.

Point ii) and iv) refer to incentive and monitoring problems, of a kind that is sometimes called “moral hazard” problems: the risk of fraud, inefficient work or low quality inputs, loan defaulting etc. Imperfect information is a decisive factor. It 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 existed 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 around Mwanza, is done out of semi-permanent camps. Quite a number of fishermen 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.¹⁴⁸

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.¹⁴⁹ Gibbon found that this tying had disappeared in 1996, even though some side payments were still done. The major input needed: nets, are of different kinds, some are put together from used nets, others originate from aid projects.¹⁵⁰

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

¹⁴⁸ Gibbon, 1997a, pp. 3f, 8.

¹⁴⁹ Ward, A, *et al*, 1994, *The dagaa fishery, a PRA study to support questionnaire survey data*, mimeo, Dar es Salaam.

¹⁵⁰ Gibbon, 1997a, pp. 19, 34.

after all the costs of the *tajiri* have 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 consist 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 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.¹⁵¹

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) has 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”.¹⁵²

Gibbon 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 who come from the DR Congo. By belonging to the same co-operative 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.¹⁵³ Access to the co-operative society is closed.

This group of traders does also have a strong position in regard to acquiring supply from Lake Victoria.¹⁵⁴ This control is gained mainly through the practice of *mali kauri*, which is a sort of brokerage, in which the trader sells the fish on behalf of smaller scale collectors, at an agreed price and with the assumption that the collector carries the costs of levies, storage and portage. Through these two channels, the traders of Kirumba have managed to create for themselves a powerful position in down-country trade.

¹⁵¹ Gibbon, 1997a, pp. 40–43.

¹⁵² Gibbon, 1997a, p. 58.

¹⁵³ Gibbon, 1997a, p. 22.

¹⁵⁴ Gibbon, 1997a, p. 61.

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 “artisan” chain. Two trawlers have for some years been running on a public basis, as a result of 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 productive.

The number of trawlers decreased in 1990/91 from 18 to 12. The reason for this is not clear, and particularly so since new investment incentives were introduced in 1990. Maybe the establishment of new shore based prawn factories increased the competition, since these factories were connected to the “artisan” chain of prawn fishing, which led to the technical change mentioned above.¹⁵⁵

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.

The practice of tying is reinforced by an inter-linkage with other markets than 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 inter-linkage of commercial relations traders are gaining control over “their” fishing crews. The practice is that new ties develop before the old ones are repaid or cleared in any other way.¹⁵⁶

The tying in the prawn trade is most developed in Bagamoyo, where the inter-linkages mentioned above are apparent. In Rufiji, however, tying has been confined to nets, and therefore had a limited impact. There, two fishermen operating from a canoe – a *mtumbwi*, do the prawn fishing with new equipment and nets in a mobile way. Because of this mobility fishermen have more opportunities of deceiving 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 increasing chances of trading with others than the net-owner, is the relatively high level of competition between traders in Rufiji.

¹⁵⁵ Gibbon, P, 1997b, “Prawns and Piranhas, The Political Economy of a Tanzanian Private Sector Marketing Chain”, pp. 1–86 *Journal of Peasant Studies*, Vol 24, No 4, October, pp. 10–16.

¹⁵⁶ Gibbon, 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 close.

Another characteristic of the Rufiji prawn fishing is that it is done out of large camps, where all the 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 fraud, the general picture in Rufiji is that most fishermen are selling the majority of their catches to the net-owners. A high level of personal bonds between fishermen and the salesmen generally explains this. Another factor might be that price competition is more intensive in other relations in the marketing chain than between fishermen and collectors.

In Bagamoyo, the patron-client relations are much more developed than in Rufiji. Fishermen have few opportunities of deceiving the gear-owning traders, the *tajiris*. This is because of the risk of being observed, which 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 during other parts of the year.

Gibbon concludes his study on prawns by noting that accumulation and business developments have taken place in this sector. Certain collectors and *tajiris* have accumulated productive assets within the prawn sector. It is not the 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 development, nevertheless, does not change the basic picture of a sector where some branch-specific accumulation has taken place.¹⁵⁷

Why has 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 Lake Victoria 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 fish-

¹⁵⁷ Gibbon, 1997b, p. 74.

ing started in the mid-1980s. With liberalisation, market conditions started to change fundamentally in 1990/91. At this time, new and bigger processing plants also opened in neighbouring Kenya. These factories started to buy Tanzanian catches in large numbers.¹⁵⁸

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 crewmembers for Nile perch fishing are recruited from many 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 can use the credit in order to get gear for another one. These loans are supposed to be repaid in fish. At least the factories, as repayment of the principal, usually withhold 50–60 per cent of the purchase price for fish. 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.¹⁵⁹

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 of Africa, even Anglophone countries have showed increased production during the 1990s. With liberalisation of this sector in Tanzania, growth has been experienced since 1994/95.¹⁶⁰

¹⁵⁸ 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.

¹⁵⁹ Gibbon, 1997c, pp. 28f, 92.

¹⁶⁰ Gibbon, P, 1998, pp. 2–9.

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 per cent 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 areas. 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.

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 1970s. 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.¹⁶¹

From Gibbon's study it may be concluded that cotton cultivation in WGCA has not become more input intensive. A comparison with earlier studies indicates that it may rather be the other way around. Almost no pesticides are used, and adding to this, 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.¹⁶²

As described earlier, 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 co-operative. 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 they had been distributed, often became untraceable.

With liberalisation, private traders took over much of the roles of the co-operatives. This brought major changes. For example, even if the price of insecticides relative to cotton has decreased, it is still perceived as more

¹⁶¹ Gibbon, 1998, pp. 19, 26.

¹⁶² Gibbon, 1998, pp. 6f, 17.

expensive, compared to the situation where they were not properly charged for. Many traders do not even distribute inputs, since they have made hand cultivators their major target group. Hand cultivators seldom have the means to buy inputs, hence, they do not see the need of linking such services to their crop transactions. The end result is, thus, increasing incentives not to use inputs, and possibly also a decreasing availability of them, in line with our argument in the previous section.¹⁶³

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-operatives. This situation has been changed with liberalisation, however, not completely. A number of newly created district based co-operatives has appeared, acting in co-operation with private traders. These district co-operatives are generally regarded as mainly belonging to the better off farmers.¹⁶⁴

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 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 expressed a positive view of cotton market liberalisation, and third expressed a positive view with some reservations. Only some ten per cent 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 mainly used 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 also continue to have other income than farming – to an even larger extent than

¹⁶³ Gibbon, 1998, pp. 6f, 25.

¹⁶⁴ Gibbon, 1998, pp. 20–25.

the poorer categories, including the hand cultivators. Gibbon's conclusion is that ox-owners are striving to keep their new source of relatively quick income, rather than to try to maximise this profit flow.¹⁶⁵ The hand cultivators have, on their side, not been able to increase their labour input 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*

The Portuguese introduced cashew trees in East Africa 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 mainly grow 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 seven per cent of the world market, and is known for its high quality nuts.¹⁶⁶

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 the 1940s, Indian processing plants had an over-capacity. Since African cashew nuts mature in other seasons than the Indian ones, buying from Tanzania and Mozambique 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.¹⁶⁷

Cashew production in Tanzania reached its highest levels in the mid-1970s. Several factors explain the serious dip that took place. Prices of food crops rose, relative to cashew prices, and a fungus started to seriously affect the trees in the 1980s; possibly earlier. Finally, the villagisation programme had a deleterious effect on cashew production. Many people had to leave their trees far behind, when moving, and were not able to tend to and harvest them any longer. Very few new trees were planted, and existing ones were deteriorating.¹⁶⁸

Since liberalisation, cashew production has started to increase again. From 1990/91, both the amount of production and its value have been on the rise. Cashew is the only crop 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

¹⁶⁵ Gibbon, 1998, p. 13f.

¹⁶⁶ 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, pp. 119–122.

¹⁶⁷ Seppälä, 1998a, p. 131.

¹⁶⁸ Seppälä, 1998a, p. 126.

care of the fungus and also the increasing value of land. To buy cashew trees is a way of getting easy access to land.¹⁶⁹

Only small portions of cashew growing farmers are responsible for the increased production, however. Half of the crop is sold by ten per cent of the farmers, even though many are growing cashew. Half of 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 inter-planted with other crops, as is the case for most small farmers.¹⁷⁰

This is somewhat of a paradox. To grow cashew becomes less labour intensive when the crop is inter-planted with, for example, cassava. The total productivity is higher with this inter-cropping, which means that small farmers might have a comparative advantage here. If one tries to establish large-scale production, it would only be possible to acquire large plots 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 theft. 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.¹⁷¹

No sharecropping exists in this market; since land is available and about 70 per cent of the farmers in cashew areas in southern Tanzania have access to trees. Market power rested with the Cashew Nut Board of Tanzania before liberalisation, a parastatal that used to control input supply, output marketing, crop processing and export. This board is still present, but with significantly less impact today, when private traders have taken over large market shares.¹⁷²

Co-operatives 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 are, for tax purposes, ordered to buy from the primary co-operative 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 co-operative 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

¹⁶⁹ Seppälä, 1998a, pp. 121–126.

¹⁷⁰ Seppälä, 1998a, pp. 127–131.

¹⁷¹ Seppälä, 1998a, p. 133.

¹⁷² Seppälä, 1998a, p. 129.

¹⁷³ Seppälä, 1998a, pp. 127–128.

hands of local élites. Because of differences in the pace of privatisation in different areas, middlemen have appeared, trying to exploit the differences.¹⁷³

There are sources of uncertainty in the cashew production. The prevalence of 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 inter-planting 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 faced with an underlying threat of depletion of the natural resources they rest on, and there is 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 to the 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 supervision and mobilisation.¹⁷⁴ Gibbon furthermore questions that uncertainty should prevail in production. Only *dagaa* fishing shows some uncertainty over the medium term. And if this is a problem, investment in trawlers would be a better solution than providing a series of loans to artisan fishermen, Gibbon argues.

Tying should instead be understood as an instrument in the search for market power, according to Gibbon. Contracts involved imply rents for the traders and sponsors, meant to cover the investment costs of the traders. But the contract also constitutes a downward pressure on purchasing prices, hin-

¹⁷⁴ Gibbon, 1997c, p. 95f.

dering 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 are also transferred to the producer, for example, some of the depreciation costs, since the loans involved are usually repaid quickly. Tying does not, according to Gibbon, present an economically inefficient situation from which the producer gains as we assumed above. The contractual situation leading to tying is not characterised by equal power. The producer is rather the weaker of the two parts, and this situation is further enhanced through the introduction of tying. Markets are still imperfect, but with a different distribution of the losses from misallocations.

Put differently, the practice of tying 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 the cotton or cashew markets. And there are also reasons to question Gibbon's 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 trading, investments are made in personnel for monitoring. The *dagaa* market is different. Maybe 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 tying 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 tying and the practice of extensive accumulation, in the markets studied. In markets where tying 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 passes first 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 an extensive accumulation pattern 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 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 do not 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, those of Indian origin. This might be a factor that has 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 the marginal areas of Tanzania, such as dryland villages in Iringa District,¹⁷⁵ and in the Lindi and Mwanza Districts in south-eastern Tanzania.¹⁷⁶ It has also been observed in other parts of the country, and among several different socio-economic groups. Diversification should be understood as the active orientation that peasants and others take in order to combine different elements into a dynamic complex.¹⁷⁷

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 the individual behaviour could most probably be found at either the national or local level. Studies on specific 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 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 in 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 rights to land applied should be important in deciding whether such a practice is prevalent or not, and thus, if direct pro-

¹⁷⁵ 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.

¹⁷⁶ Seppälä, P, 1996, “The Politics of Economic Diversification, Reconceptualizing the Rural Informal Sector in South-East Tanzania”, pp. 557–577 *Development and Change*, Vol 27, Number 3, July 1996, Blackwell, the Hague.

¹⁷⁷ Seppälä, P, 1998b, *Diversification and Accumulation in Rural Tanzania – Anthropological Perspectives on Village Economies*, Nordic Africa Institute, Uppsala, p. 10.

ductivity 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 an indirect way, based on the prevalence of “labour parties” or other associational practices.

From more mainstream economic thinking, the existence of macroeconomic balance, including relevant exchange rates, trade and budget balance, liberalised markets without monopolies etc. emerges. In the current Tanzanian setting, 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 entails possibilities for some profits.

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

“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 influence the natural conditions for agricultural growth. “Ethnolinguistic diversity” is another possible factor, that has been tested, together with “credit”, which expresses a judgement of the availability of credits. Later in the report, 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, fertilisers are used on tomatoes, but not on maize, where animal manure is applied instead. In Mkulula, sorghum has replaced maize as the primary crop. Very little fertiliser is used here. Peasants in both villages have cattle, and they also use ox ploughing.¹⁷⁸

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 per cent of the population, controls half of the maize production,

¹⁷⁸ Sano, 1996, p. 6–9.

three-fourths of the maize marketing and one fourth of all cattle. When it comes to hiring wage labour, this group accounts for some 60 per cent. This minority also collects 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. For the poor, beer brewing, agricultural labour and the selling of firewood are the most important side income earnings. 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.¹⁷⁹

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 scarce. Not even the wealthiest people have the means of fighting this development, even though they apply fertilisers or animal manure on their fields.

Sano summarises 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 per cent are in a situation characterised by uncertainty or endemic vulnerability. Despite enhanced food security generally, nearly 60 per cent 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.”¹⁸⁰

The reasons for this situation are 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 does not 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 do not have any choice of adapting any alternative and more sustainable strategies. Overly intensive use of soils in combination with sale of firewood is the only alternative for many. Institutional failures have 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

¹⁷⁹ Sano, 1996, pp. 17–20.

¹⁸⁰ Sano, 1996, p. 19.

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 directly at raising productivity may be registered, whereas some doubts remain in Songea. The information base is too weak for making inferences.¹⁸¹

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 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 segments of society. Lack of credit or scarcity of land is generally seen as hindering factors.¹⁸² The other two villages are Igosi and Mtwango-Lunguya in Njombe District, Iringa. Few investments aimed at directly raising productivity are undertaken here. Lack of inputs is often mentioned as a reason. Shifts to other crops are undertaken, but non-agricultural diversification is prevalent. In particular, young people are involved in small-scale trade, which is not a kind of trade that emanates out of agriculture.¹⁸³

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.¹⁸⁴ In Mabuki village, Kwimba District near Mwanza at Lake Victoria, agriculture is still seen by a majority as the main activity for the future. Even so, investments are not done in direct productivity raising ways. Investments in cattle are common, since cattle are seen as symbol of wealth 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.¹⁸⁵

¹⁸¹ Ponte, 1997, pp. 14–18 and Ponte, 1998.

¹⁸² 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, pp. 14 f, 27f.

¹⁸³ 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.

¹⁸⁴ 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.

¹⁸⁵ 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, pp. 32–35.

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 credit 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 a lack of sufficient information at some points, and from obscurities. At several stages, subjective judgements have been made, but in a careful manner. Put together, the result appears as follows:

Table 8. Factors possibly explaining investment patterns, agricultural sector

	1A	1B	1C	1D	1E	1F	1G	1H	1I	1J	1K	1L
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
Macroeconomy	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 do not 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 analysis. 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 in 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* fishing.¹⁸⁶

In *dagaa* fishing, profits are lower, a reason why incentives for deceiving 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 *dagaa-tajiri* has earned some money it is therefore invested in other economic activities. To own more than one vessel is rare in *dagaa* fishing. 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 do not 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 were 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: During economic liberalisation conflicts arise to the control over land, which is the most important productive factor. Customary land rights are not adapted to this new situation, and uncertainties as to who has the right to 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 forces social capital in the villages to decrease. This further decreases 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 be the main reason why increasing numbers of peasants turn to diversification.

¹⁸⁶ Gibbon, 1997c, pp. 65–69,

7.4 *Diversification and social cohesion*

The diversification we are discussing 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”.¹⁸⁷

Sections of the village population are not only characterised according to income or wealth status. Status is also related to social or cultural positions. Some years back, the village was relocated because of a flood. After that, the group of elderly men who used to control the kin and gift economy in the old village was challenged by rich traders in terms of influence. The elders got much of their position from their ownership of coconut trees, which have now been abandoned. One aspect of the changed status of this group is that the mainstream culture is no 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.¹⁸⁸

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 as a creative strategy for a village level “political” identity.¹⁸⁹

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.¹⁹⁰

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 a 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

¹⁸⁷ Seppälä, 1996, pp. 561–565.

¹⁸⁸ Seppälä, 1996, p. 568.

¹⁸⁹ Seppälä, 1996, p. 576.

¹⁹⁰ Seppälä, 1998b, pp. 213–218.

even if this is almost impossible to observe from the perspective of normal markets.¹⁹¹

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.¹⁹² 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.¹⁹³ 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.¹⁹⁴

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 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.

We may, alternatively, follow Seppälä when he discusses diversification as a strategy that attempts to capture market segments, which are not easily reached by larger-scale actors. The small market segments we are discussing 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 chapter 4. It might be that people living under great uncertainty during long periods create cultural patterns, in the form of institutions, which 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 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 em-

¹⁹¹ Seppälä, 1998b, pp. 200–205, Seppälä, P, 1998c, “The Informal Sector in Lindi District” in Seppälä, P and B Koda, *The Making of a Periphery*, The Nordic Africa Institute, Uppsala, pp. 248–250.

¹⁹² Seppälä, 1998b, pp. 213–218.

¹⁹³ Seppälä, 1998c, p. 249.

¹⁹⁴ Gibbon, 1997b, p. 72.

phased by Seppälä, 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.”¹⁹⁵

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 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 risk averse manners. In the participatory poverty assessment the World Bank did in Tanzania in 1995, 76 per cent 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:

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
Central government officials	6	22	10	16
Co-operative officials	11	19	23	9
Traders	8	11	13	7
Strangers	22	11	32	5

Source: Narayan, D, 1997: 52.

¹⁹⁵ Seppälä, 1998c, p. 252.

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 strong correlation between social capital and average household income. If half of the population in one village was to join one organisation of the kind mentioned above, average household income would be 20–50 per cent higher.¹⁹⁶

The “capital” they are investigating is “social” in the sense that this effect is not only limited to households entering the organisations, but also affects households in the village showing high degrees of this kind of associational life.

Narayan and Pritchett also show that there is a high correlation between social capital and the use of fertilisers, agro-chemical inputs or improved seeds. When they try to explain what factors 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 and Pritchett are not able to support this thesis, since they do not 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.¹⁹⁷

A preliminary argument based on the discussion above would be that lack of trust, and lack of “social capital” 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

¹⁹⁶ Narayan, D and L Pritchett, 1997, *Cents and Sociability, Household Income and Social Capital in Rural Tanzania*, World Bank, Washington DC (mimeo), p. 23.

¹⁹⁷ Narayan, D and L Pritchett, 1997, pp. 31–34.

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 is related both to land and gender issues. The replacement of the post-colonial state dominated model by structural adjustment and liberalisation 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. Further clashes were due to encroachment of pastoral land, the failure of the state's village based land registration process, but also because land emerged as a major area of contention 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 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.

8.1 Background

Tanzanian land tenure regulations were until February 1999 still based on the Land Ordinance of 1923 in which the British 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. Furthermore, rights of occupancy could 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 above mentioned period, legislation was introduced intending to free the government from paying compensation to displaced African farmers. 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 and thus open to negotiation.¹⁹⁸ However, according to Hoben, even more

¹⁹⁸ Berry, 1993.

fundamental changes in tenure concepts were introduced that reflected the views and interests of the colonial state. Hence, power relations influenced the space for the process of negotiations of customary tenure; the strong could influence “traditions and norms”.¹⁹⁹

There is a great variation in Tanzania’s indigenous land tenure system. Hoben argues that it is possible to discern four more culturally related perceptions. They constitute a conceptual framework for how rural Tanzanian people think about access to natural resources, about justifying land claims and about rules employed in particular and changing conditions. The four perceptions are:

- i) Property rights of individuals or groups are dependent upon their linkage with the political community. Before 1963 it could be a chieftaincy, 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 on acquiescence by the authorities of the political community, be they lineage heads, elders, chiefs or village headman;
- 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.

Colonial land policy and administration weakened this framework in various ways and, in particular, the emphasis of administrative action at the expense of the rule of law, became established during the 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, which led to the physical resettlement of about 70 per cent of rural people.

¹⁹⁹ 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.

Prior to the villagisation campaigns, a dialogue between state officials at various levels and smallholders was possible as to the alienation of customary land, compensation and location of new villages.²⁰⁰ 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 the local level. The village assembly, where all persons above the age of 18 and residing in the villages, were 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.²⁰¹

Lerise has studied in detail the administrative decision-making processes regarding land in an irrigation project in the lower Moshi region. The project was 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”.²⁰² 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 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

²⁰⁰ 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.

²⁰¹ Lerise, 1996, p. 168.

²⁰² Lerise, 1996, p. 169.

exercise authority over levels below him because power to take decisions was transferred to the politicians of the ruling party. Examples show that “laws were consciously ignored”, providing room for corruption and the undermining of the goals of fairness, equity and openness in decision-making. “Checks and balances did not work”.²⁰³

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 malpractice, including taking away of land to wreak revenge or to allocate it to the families of leaders”.²⁰⁴

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, the 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. By mid-1991, only 22 per cent of about 8,500 registered villages had been surveyed, about 15 per cent had received certificates and only two 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.²⁰⁵

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.²⁰⁶

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 Canadian supported wheat scheme in western Arusha region, where Barbaig grazing land was appropriated by the state to develop a highly mechanised wheat scheme. 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, cattle ranches and for providing hunting rights to foreign “inves-

²⁰³ Lerise 1996, p. 170.

²⁰⁴ URT 1994, p. 51.

²⁰⁵ Shivji, I, 1995, *Problems of Land Tenure in Tanzania. A Review and Appraisal of the Presidential Commission of Inquiry into Land Matters*, paper prepared for the IIED, presented at the National Land Policy Workshop in Arusha, January 16–19, 1995.

²⁰⁶ URT 1994, Ch. 3

tors".²⁰⁷ Tourist hunting increased from a total of 4,000 hunting days in 1988 to 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 humans, and unsettled game reserves".²⁰⁸ 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.²⁰⁹ Some of these hunting blocks are given 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 Masai pastoralists had to move out of their areas, since they could not graze their cattle in the allocated hunting blocks. The encroachment of range land by tourism, small and large-scale agriculture, mining etc. is also documented by Wöien, 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.²¹⁰

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 nationalisation.²¹¹ In 1994, however, the Tanzanian press reported that the land had been given back to Steyn.²¹² 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.²¹³ The case has created a lot of

²⁰⁷ URT 1994, Sundet 1997, Wöien, H, 1998, *The Politics of Territoriality and Land Management in Rangeland Tanzania*, D. Polit. dissertation (yet to be defended), Norwegian University of Science and Technology, Trondheim and 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.

²⁰⁸ Wöien, 1998, appendix 2, p. 11.

²⁰⁹ Chachage, C S L, 1997, *Nimrods and Thomas Cooks, Accumulation and Tourism in Tanzania*, study presented at a workshop organised by the research programme "The Political and Social Context of Structural Adjustment in Africa", Abidjan, March 1997, pp. 67–70.

²¹⁰ URT 1994 b, Vol. II, pp. 34-5 and Shivji 1998, p. 36.

²¹¹ Wöien 1998.

²¹² The Express 13–19 May 1994, Dar es Salaam.

²¹³ Wöien 1998.

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 indicate 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 agriculturists, livestock keepers and miners.²¹⁴

Land alienation under the guise of liberalisation is difficult to gauge due to the paucity of records and discrepancies between land registered 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.²¹⁵ Wöien 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 6,000 acres. Two-thirds of the total records were plots of 200 acres, 14 per cent 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".²¹⁶

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 Nairobi, two in Makuyuni (a village in Monduli district), four 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 officers at District and Regional levels.

An indication of the scope of alienated land is also provided by the Land

²¹⁴ Madulu, N F, 1998, p. 14.

²¹⁵ URT 1994, Vol. II, No. 6 and Wöien, 1998.

²¹⁶ Wöien 1998, appendix 3, p. 31.

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 with an average size of about 1,100 acres. A few very large-scale alienations to foreign companies are not included in these figures. In addition, most alienations of medium and small plots, i.e. less than 200 acres are excluded. The Land Commission found that only relatively large holders registered their land, while the rest owned 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 correspond to outsider and village division in terms of ownership.²¹⁷

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. The directive stated 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 should be identified and set aside for private investors from outside the villages. From this basis, land use preparation should be carried out together with the demarcation of village boundaries and titling.²¹⁸

But as the Land Commission, the reports from the northern range land, the registrations in Moshi and Dar es Salaam registries during 1987–1992, show, the initiative was already way behind actual developments.²¹⁹ Lerise, in his investigation in lower Moshi, could confirm that the directive was not followed, and neither could it have been implemented because the instructions implied use of resources far beyond the capacity of the Regional Town Planning Offices.²²⁰

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.²²¹ A centralised structure of administration, unclear lines of accountability and a lack of transparency compounded the problems. This

²¹⁷ URT 1994, p. 31f.

²¹⁸ Lerise 1996 and Sundet 1997.

²¹⁹ URT 1994.

²²⁰ Lerise 1996.

²²¹ Sundet 1997, p. 179.

setting provided the ground for a series of practices which had the effect of undermining tenure security in the country's villages and 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. Before the Primary Court of Karatu in Northern Tanzania, for example, 97 suits had been filed during the first seven months of 1992. If these cases had succeeded it would have displaced 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.²²²

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".²²³

The more long-term response by the government in addressing the confusion and policy vacuum 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.²²⁴

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.²²⁵ 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

²²² URT 1994, p. 53.

²²³ Havnevik, K, 1995, "Pressing Land Tenure Issues in Tanzania in Light of Experiences from other Sub-Saharan African Countries", *Forum for Development Studies*, No 1995, Norwegian Institute for International Affairs, 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.

²²⁴ Lerise 1996, p. 23.

²²⁵ Manji, A, 1998, "Gender and the Politics of Land Tenure Reform Process in Tanzania", *Journal of Modern African Studies*, Vol. 36, No. 4.

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; 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 land 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 woman's husband would be able to claim land from her clan.

On the other side, even the marital clan of the woman fears 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 explains why women's relations to land are 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, processing and marketing, vary depending on norms, traditions and decision-making within the household. 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 that the ability of women to acquire their own land is limited, given the social stigma that surrounds it, the scarcity of fertile land, the costs involved in acquiring it and as well the huge extent of land alienation by the state.²²⁶ The latter is best appreciated by knowing that Tanzania 3.5 million smallholder farmers cultivate around 3.1 million hectares, whereas some additional 2 million hectares have been allocated to 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 were 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.²²⁷

8.5 Land, gender and agricultural development

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

²²⁶ Manji, A, 1999, *The Aids Epidemic and Women's Land Rights in Tanzania*, (mimeo), University of Keele, UK.

²²⁷ World Bank 1996a, Vol. I, p. 122

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 systems 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 in the limited inheritance rights of women of family and clan land. Ownership of clan land is primarily bestowed in the male head of the household, but the ownership is often constrained or regulated. 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. 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 successfully 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 provided a temporary space for indigenous land tenure systems to consolidate, before liberalisation and land grabbing put them under new attack.

For example, in Muslim areas along the coast, the influence of traditional sheikhs continued parallel to the official administrative system. Where people from only one clan came to live in the newly established 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 tenure system. The Bureau of Statistics (1992, refer table 11) 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, have followed 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.

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”.²²⁸

²²⁸ Lerise, 1996, p. 176.

Table 11. Source of land of smallholders in 1991 (per cent)

	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; Bureau of Statistics 1992:1.

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

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

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, and 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 (Individualisation, Titling and Registration) land system and findings show that only 2 per cent of women were titled in the reform.²²⁹

In a study from Dodoma region, Yngström throws light on the process of registration of land and its implications for women.²³⁰ The Dodoma Land Use Management Project (DLUMP), operating from 1991–1995, was a state

²²⁹ Okoth-Ogendo, H W O, 1996, *Land Tenure and Natural Resource Management, The Kenyan Experience*, paper presented to a sub-regional workshop for East Africa, Addis Ababa, 11–15 March, 1996.

²³⁰ Yngström, I, 1997, *Negotiating Access to Land, Gender and Land Registration in Tanzania*, draft, Nuffield College, University of Oxford.

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, leading 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 when land claims were made on them by brothers. According to Yngström, "gender is thus a key ideological factor which shapes the way this debate unfolds through 'custom' ".²³¹ 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".²³²

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.

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 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".²³³ 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

²³¹ Yngström, 1997, p. 14.

²³² Yngström, 1997, p. 18.

²³³ URT 1994, Vol. I, and Shivji 1998, p. 90.

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 criticisms of the Land Commission's report related to the question of women and land.²³⁴ 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 right to cultivate. However, the quality of the right is such that it obstructs women to raise their horizons above subsistence.²³⁵ 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".²³⁶

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".²³⁷ 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

The Land Act (L.A.), 1998²³⁸, and the Village Land Act (V.L.A.)²³⁹, 1998 (denoted the Land Acts, 1998) were passed by the National Assembly in February 1999. The Land Acts, 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 1999. Our references are, however, mainly to the September 1998 version. 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.

²³⁴ Land Tenure Study Group, LTG, 1995, *Land Policy in Tanzania, Issues for Policy Consideration*, Rwebangira 1996 and Manji 1999.

²³⁵ Rwebangira, 1996.

²³⁶ Rwebangira, 1996, p. 29.

²³⁷ Manji 1999, p. 18.

²³⁸ URT, 1998 a, *The Land Act, 1988*, Government Printer, Dar es Salaam, Sept 25.

²³⁹ URT, 1998 b, *The Village Land Act 1998*, Government Printer, Dar es Salaam, Sept 25.

The 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 brings 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 post-colonial 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. 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 effects 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.

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 up 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. The contentious issue as to who defines the boundaries of village land also compounds this problem. 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 problem of how to resolve the large-scale land alienations of the 1980s and 1990s, including the Steyn case. Villagers and pastoralists never accepted such alienations. Rather, the Acts tend to confirm these allocations by removing land allocated in such contentious ways from the management and administration of the village council and 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 as well are placed with the Commissioner for Lands. Village land are 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 the Land Allocations Committees. But the power of allocation of both general and reserved lands is placed with the Commissioner. No local government authority has been given any powers to allocate land unless such powers are delegated by the Commissioner for Lands.

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 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 not likely to be managed at the village level in the foreseeable future.

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 people and weaker members of village communities.²⁴⁰

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 woman 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 this provision is basically declaratory and whether they translate into a binding legal and institutional framework is something else, 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]),

²⁴⁰ Okoth-Ogendo, 1996.

- 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]).²⁴¹

The above sections and clauses of the Land Acts, 1998, take, at least seemingly, some steps to improve the 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.

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 recognised long standing occupation or use of Land are clarified and secured by the law", 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 are biased toward male ownership.

The heralding of the principle of equality as it appears in the Land Acts, 1998, is not 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, indicates the need for further struggle on these issues in every possible fora, including the land law context. 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 in bodies commanding little power in land administration and management.²⁴² 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

²⁴¹ 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.

²⁴² 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.

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 or less available to them.²⁴³ 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.²⁴⁴ 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.²⁴⁵ Unfortunately, the World Bank survey and data do not distinguish between land ownership and access and ownership/access according to gender.

However, the data indicates both a wide spread of ownership and access to land and 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 (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 indicates 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.²⁴⁶ The negative environmental implications of villagisation have also been documented.²⁴⁷

The shift from scattered settlements to nucleated villages, however, 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.²⁴⁸

²⁴³ World Bank, 1996a, p. 87.

²⁴⁴ World Bank, 1994a.

²⁴⁵ World Bank, 1996a.

²⁴⁶ Havnevik, K and R Skarstein, 1987, *Agricultural Decline and Foreign Aid in Tanzania* (mimeo), Bergen and Trondheim.

²⁴⁷ Kikula, 1997.

²⁴⁸ Kjaerby, F, 1986, "The Development of Agricultural Mechanisation" in Boesen, J, *et al* (eds.), *Tanzania, Crisis and Struggle for Survival*, Nordic Africa Institute, Uppsala, pp. 173–191 and Mothander, B, *et al* 1989, *Farm Implements for Small Scale Farmers in Tanzania*, Nordic Africa Institute, Uppsala.

Relaxation on nucleated settlements from the mid-1980s onwards contributed to a more dispersed settlement pattern, but the potential for increased production gains were counteracted by infrastructural constraint, access to inputs and markets. Rapid increase in population growth rates has led to the extension of agriculture into encroaching on pastoral lands and conflict between agriculturists 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 has become a major source of conflict between different groups and social classes. 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 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 need 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 most likely needs to be perceived 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 rural development.

In the situation of dispense 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 have been continuously losing their rights and access to land. The new Land Acts, 1998, will, as discussed in chapter 8.6, not be able to address these problems in any significant way. Overall production may increase if more large-scale land owners can use the acquired or grabbed land more efficiently. However, indications are that much of the land transfers are motivated by speculation and investment in the future rather than having a productive objective.²⁴⁹ Available experience from Sub-Saharan Africa shows that smallholder agriculture is the most efficient form of cultivation.

The lack of trust between villagers and the state that developed in the villagisation period seems to remain and deepen in the liberalised context

²⁴⁹ Platteau, J-P, 1995, *Reforming Land Rights in Sub-Saharan Africa. Issues of Efficiency and Equity*, Discussion Paper No. 60, UNRISD, Geneva.

although for different reasons. The criteria for respect are no longer based in the culture or 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 formal power of traditional chiefs, that had been substantial under indirect rule, was abolished. Independent Tanzania was thus emerging with a local government structure, in the form of District Councils, which isolated traditionally oriented rural interests. This was the case, although tradition was also used by the state to mobilise for its modernisation project (refer chapter 5).

To facilitate administration at the 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 by-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 the District Development Councils replaced District Councils.

This transition, aimed at undermining the fused power of the traditional chiefs, did not lead to any establishment of local level institutions that rural people felt ownership of, or trust in. Hence, a rural power vacuum emerged.

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.²⁵⁰ Further, although local initiative existed in the planning and design of development schemes, there was rigid control from above.²⁵¹ 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 centre through the Office of the Prime Minister controlled the Council.

As has been observed in repeated studies, decentralisation was not decentralisation of power as such, but the decentralisation of the central bureaucracy.²⁵² 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.²⁵³

The President already in 1977 acknowledged that decentralisation had been a failure, although, we would argue, it had been effective in facilitating the villagisation campaigns during the period 1973 and 1976. During these campaigns, two-thirds of the rural people physically changed 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.

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.²⁵⁴

There are at least two perspectives on NGOs that emerge in addressing

²⁵⁰ Finucane, J R, 1974, *Rural Development and Bureaucracy in Tanzania, the Case of Mwanza Region*, Scandinavian Institute of African Studies, Uppsala, p. 98.

²⁵¹ 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.

²⁵² Mushi, S S, 1978, "Popular Participation and Regional Development Planning, the Politics of Decentralised Administration", *Tanzania Notes and Records*, 83, pp. 63–97.

²⁵³ Pratt, R C, 1976, *The Critical Phase in Tanzania 1945–1968, Nyerere and the Emergence of a Socialist Strategy*, Cambridge University Press, Cambridge.

²⁵⁴ Semboja and Therkildsen, 1995.

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 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, and co-optation to discouragement.²⁵⁵

According to Kiondo (1993) the more nuanced perspective is required for understanding government-NGO relations in Tanzania. In his investigations at the 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.²⁵⁶

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 more 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 allow, 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.²⁵⁷ 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".²⁵⁸

CCM influence over the new local government structures

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

²⁵⁵ 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.

²⁵⁶ 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.

²⁵⁷ Fowler, A, 1991, "Distant Obligations, Speculations on NGO Funding and the Global Market" *Review of African Political Economy*, 55, pp. 9–29.

²⁵⁸ 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.

- 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.

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 government 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 the multi-party government, the party vertical line disappeared, even though it had 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 ended in 1993, investigations on village level have found CCM to dominate at village level as late as in 1996. As one villager remarked, “the roots of CCM are very deep”.²⁵⁹

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 was earlier appointed by the local CCM branch, 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 the abolishment of the one party system.

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 pre-

²⁵⁹ Quoted in Wöien 1998, annex IV, p. 33.

sented 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.²⁶⁰

The main objectives of the local government reform are 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 efficient through providing for 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). Combined with organisational restructuring such a transfer is supposed to 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,²⁶¹ 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. The Appraisal Team relates among others to a possible lack of community acceptance of the reforms and failure to develop implementation capacity at all relevant levels. These issues will be discussed below with reference to participation, to village level governance and land issues.

Even within the confines of the LGRP and the Appraisal Team, there is a great danger 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 objectives in delivery of basic social services were not likely to be met. This was mainly due to a top-down, mechanistic and non-participatory restructuring approach, coupled with the introduction of abstract performance budgeting beyond the reach of management practices and skills available in the District Council. It was also related to a lack of strategic orientation in the restructuring process, i.e. it

²⁶⁰ URT, 1999, *The Local Government Reform Programme Appraisal (LGRPA)*, Draft, March 11, 1999. Dar es Salaam, p. 11. The most recent updated version of this programme is from December 1998 and contains an Action Plan and Budget for January 1999 to June 2002.

²⁶¹ URT, 1999

did not evolve structures on the basis of determining strategic goals and priorities within a realistic budget framework.²⁶²

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 and the Appraisal Team hardly address and problematise how to relate the local government reform to formal institutional developments in the village. In addition, 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 and participation of the villagers in the sharing of power.

This is reflected in the fact that formal village level institutions and organs are administrative and managerial in character, rather than political and 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 1998.²⁶³

The top-down approach 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 most important resource of the villages, land, is not directly incorporated in the village institutional and legal village governance framework. The im-

²⁶² URT, 1999, p. 87

²⁶³ Shivji, I. 1999b, *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 Dar es Salaam.

plications of this for the efficiency and legitimacy of village governance institutions are unclear. The Local Government Reform Process and the Advisory Team overlooked as well the development of the new Land Acts of 1998, and that these are bound to put new and multiple demands on the competence and capacity at all levels of the 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 government's 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 and Municipalities, the basket was empty. Further, it was found that some of the land reform activities are contradicting each other. 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.

Through its top-down focus, mainly on improving the quality of and access to public services, with emphasis on education and social services, the Local Government Reform process may already at the outset be considered to be of limited relevance by many villagers. The reform's 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 villagers' ownership and access to land.

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.²⁶⁴ Thus, we see a need for a deeper, broader and more analytical appraisal of the newly launched Local Government Reform that can address and help to fill in gaps, beyond those addressed by the 1999 Appraisal Team. Issues related to participation, village governance and the need for assisting rural people in addressing fundamental uncertainties in their environments, could thus be properly addressed.

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. Most initiatives and planning activities have been coming from higher

²⁶⁴ URT, 1999, p. 90.

administrative levels and the decentralisation of 1972 did not entail decentralisation of decision-making power to lower levels.

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 to some extent 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 and its associated policies and directives are the most glaring examples. This contributed to a deep-seated breach of confidence on the part of rural people towards the state. 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. We have argued that the newly launched Local Government Reform process is unlikely to address the more fundamental causes for the role of formal institutions 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 the state and the rural population.

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 for looking deeper into the political and social explanations to the functioning of African states, since failures and rigidities repeat themselves continuously.²⁶⁵

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 served to reinforce the World Bank's efforts at stereotyping the African state as both inherently ineffective

²⁶⁵ Killick, T, 1995, *The Flexible Economy*, Routledge, London and New York, p. 186.

and illegitimate.²⁶⁶ 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 from 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. An important feature of the Tanzanian state was its integration with the single political party, CCM, which endured until the introduction of multi-party politics in the mid-1990s.

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 was pushed on the one hand into expansion and modernisation, and on the other hand, had to attempt to keep 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.²⁶⁷ The contractual obligations of the state are therefore something that is of particular significance to the early phase of the post-colonial period. With the onset of 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 the 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”.²⁶⁸ The hybrid model differs in that it claims that an institutionalisation has taken

²⁶⁶ 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.

²⁶⁷ Killick, T, 1989, *A Reaction Too Far, Economic Theory and the Role of the State in Developing Countries*. Overseas Development Institute, London.

²⁶⁸ Proponents of this model are for example Jean-Francois Médard, Michael Bratton and Nicholas van de Walle.

place, but not in a Western form, but in an “indigenous” way. The state was erected by colonial powers and has been reshaped according to indigenous political practices.²⁶⁹

A third model, that of the “transplanted” state, claims that the transfer of the Western state failed due to cultural reasons.²⁷⁰

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.²⁷¹

Chabal and Daloz claim some originality in arguing that legitimacy of African political élites derives from their ability to nourish the clients on which their power rests. This means that “neo-patrimonialism” or “rent-seeking” that has been observed in Africa 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 élites were perceived to be living high on the hog while the populace suffered”.²⁷²

The picture that emerges from this interpretation of African states is that politics is essentially pursued in informal settings, in the vertical networks

²⁶⁹ 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.

²⁷⁰ A proponent of this model is Bertrand Badie in Badie, B, 1992, *L'Etat importé, l'occidentalisation de l'ordre politique*, Fayard, Paris.

²⁷¹ 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, pp. 9–16.

²⁷² 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 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 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.²⁷³

The Tanzanian background makes it difficult to agree on 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 personal 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 positions were interchangeable and people who fell from grace in one position, would always be “recovered” by the system. The personalised and informal networks established in this way provided the state structure with both cohesion and outreach. In the heydays of modernisation this institutionalised system penetrated down to the ten cell in each of Tanzania’s some 8,000 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 of 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.

Added to this state and party system, which had become increasingly based on personalised links during the crises, were the patron-client systems linking politicians and their local constituencies. The main entry ticket to the state and 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 delivered “goods” in the form of projects and support of various kind. Most politicians used every opportunity to disseminate services

²⁷³ Chabal and Daloz, 1999, p. 52f.

²⁷⁴ Wöien, 1998.

and goods along such a vertical line. This was more personalised and informalised than the 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 the “delivery” of private schools, health facilities, small scale industrial projects etc. Politicians were active in soliciting NGOs and other organisations to back such projects in their home areas, thus becoming part of their patronage network.

In Tanzania there is 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 its weaknesses. The present setting also implies that state capacity to uphold law and order, conflict resolutions regarding land and natural resources are weak or in some areas non-existent.

The undermining of public local structures has consequently opened up for the spread of a more complex type of insecurity and uncertainty as to rural people and villagers’ rights to, and control over, 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.²⁷⁴ Often, it has appeared that business and personalised state interests coalesce in the quest 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.

Recent reforms have, in the manner explained above, made rural people and villages’ rights and access to land and natural resources more uncertain. This is why the outcome of the new land policy and law process and other legal regulations are of such importance for rural people, in the hope that they will establish a more secure framework for rural production and indigenous based institutions.

Economic liberalisation may, however, have created space for improvement in rural productive activities in some areas, i.e. by contributing to easier access to inputs and markets. Overall, the positive impacts seem not to have compensated for increased insecurity and uncertainty related to local ownership and access to 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. Two major hypotheses guided 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 stemmed from the behaviour of a number of actors in the rural economy, connected to the workings of institutions, essentially local in character and often overlooked in mainstream analysis. We are in particular focussing on the type of institutions that have evolved spontaneously over time out of human interaction and out of relations between people and natural resources. These institutions take on forms such as codes of conduct, conventions and norms.

The issue of weak rural response to reforms seems to be somewhat validated. This conclusion appeared after careful analysis of recent investigations and surveys of local and national character related to poverty and agricultural growth. We must, however, admit that such a conclusion was not straightforward due to the 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 emerged, that indicated 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 were shrinking and intensification in cultivation was 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, have insufficient land to maintain long enough fallow periods.

Our assessment of studies from various agro-ecological systems and with varying degree of "remoteness" showed 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 were that some markets have been characterised by major changes, while others show signs of continuity. We must admit, however, that it was at times difficult to link the observed market characteristics that emerged under liberalisation to specific institutional contexts.

We found that the practices of “tying” in the producer and 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 suggested a high level of uncertainty. Such uncertainties were related to the risk of depletion of the resources that the markets were 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 diversification may or may not lead to accumulation of capital at local level. One tendency discerned at local level was that diversification in many instances took the shape of lateral circulation of goods or values rather than reinvestment aimed at accumulation. One strand of arguments claimed that diversification comprised, at the same time, elements of risk aversion, cultural parochialism and political resistance towards an external dependency. Another argued that it might be a strategy characterising the African setting more broadly, and could thus be seen as culturally based.

Looking more closely at these arguments we found 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 were faced with a strategy aimed at reducing a certain kind of uncertainty.

If we alternatively understood diversification to be a strategy that aimed at capturing market segments that were not easily reached by other actors operating at other scales, we dealt with a context that appeared in economically isolated locations. The small market segments discussed in this connection may be understood as particularities that appear in local settings. An inward orientation may at least partly be interpreted as a response to an uncertain environment. Thus, we were 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 were likely to create cultural patterns, in the form of institutions that were aimed at addressing and coping with this uncertainty. Even if levels of uncertainty change, such cultural patterns were likely to endure over time.

Pursuing this argument further, we noted that diversification was a strategy not only used by poor people for survival, but also by rural people that were relatively better off. Under these circumstances we argue that the prevalence of uncertainty in production and trade relations are important factors influencing the diversification behaviour.

The issue of uncertainty also emerged when analysing land and gender.

The decreasing availability of land, outside parastatal and large-scale private ownership, was 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 which 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 were 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 were reflected in an increasing lack of confidence or distrust in the state and its institutions on the part of the rural population.

These factors taken together constituted 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 was 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 was one such pattern, and in many contexts diversification does not aim for material accumulation. Another pattern was compliance to norms and practices that reflected the rules of indigenous organic type institutions. We assumed, based on our theoretical discussion, that such behaviour would tend to be sticky, thus change would come about slowly. This was 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, 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 is 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. Such a process must be sufficiently flexible to incorporate regional differences and socio-economic particularities. This is required in order to identify and develop mechanisms that can help alleviate distrust. Unfortunately, such an approach runs counter to the basic tenets of the land policy and law process and the local government reform process that have recently been put in place.

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