

THE UNITED REPUBLIC OF TANZANIA



MINISTRY OF PLANNING, ECONOMY AND EMPOWERMENT

EMPOWERMENT OF ECONOMIC ACTORS IN TANZANIA

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1.0 INTRODUCTION:

Definition of Empowerment

Empowerment is a difficult term to define. In the context of the subject at hand I tend to agree with one writer (Rappaport - 1986) who said "empowerment is like obscenity, you have trouble in defining it but you know it when you see it," When we see the changes in the economic and social lives of the people that is what will determine how they have been empowered. In essence empowerment is something to do with giving people control over their own lives politically, socially or economically.

Shetty (-1991) defines empowerment as a dynamic and an on going process requiring a "holistic approach" but which is context specific....defined only within the local, social, cultural, economic, political and historical context." Empowerment is often focussed on marginalised groups implying distribution of power or wealth. In the context of our subject, we are referring to economic empowerment of majority of Tanzanians who due to historical reasons, were denied opportunities to participate fully in economic activities of their country.

In order to meet the needs of Tanzania people and particularly socio-economic ones, Tanzania requires not only a fast and steadily growing economy but also an economy which is owned and run by Tanzanians themselves. When the economy is built utilizing full potential of all people across the country and therefore accelerating growth, employment and equity, a prosperous nation will be realized. It is a major concern that for many years, participation of Tanzanians in economic activities is very limited. Various studies and consultations have been made to identify reasons that limit Tanzanians to effectively participate in economic activities.

From year 2000 the Government has utilized those studies to formulate policies and strategies that will be used to economically empower Tanzanians so that they own, run and benefit from their economy. The National Economic Empowerment Policy and National Economic Empowerment Act have been in place since 2004. In order to operationalize this Policy various programs and initiatives have been underway to enhance facilitation of economic actors in the country. Corresponding to these initiatives, it is grateful that efforts are being made by Institutions such as ESRF to provide a forum for policy dialogue and enhancing knowledge on how best economic actors in both public and private sectors can be empowered to better contribute to economic development. These initiatives will act as a catalyst to speed up implementation of various national strategies and programmes geared towards economic

empowerment.

This paper is an attempt to measure to the extent to which economic empowerment of Tanzanians has been covered and what could be done to enhance these empowerment initiatives and ultimately reduce or eradicate poverty and improve the standard of living of majority of Tanzanians.

2.0 BACKGROUND

2.1 Pre- independence Era

During Colonial rule the majority of Tanzanians were denied opportunities to participate fully in economic activities. The denial of opportunities was a feature that was deeply ingrained in colonialism. A significant proportion of Tanzanians was restricted from taking part in certain economic activities and in participating in leadership positions to make it easy for the colonial power to rule. Most Tanzanians were forced into informal sector economic activities and a large segment of the formal economy was in the hands of the colonial rulers and settlers. Colonialists used a number of tactics to facilitate settlers and a few Tanzanians in taking command of major economic activities in the formal economy. Among the measures used included selective lending to private sector, education, confiscation and redistribution of land and business licensing.

2.2. Post Independence Era

2.2.1. The Arusha Declaration

When the country became independent in 1961, political power was attained but the economy remained mostly in the hands of settlers and a few citizens. This was a source of political disenchantment and was one of the major factors behind the Arusha Declaration of 1967. The Declaration was an important strategy to ensure that the majority of Tanzanians, through the state, take command of the economy. To this end, state enterprises were established to engage in the production of goods and provision of services. Capital investments and operating costs of state enterprises came from the Government and the Government continued to support them even when they incurred losses.

2.2.2. Decentralization of Government

Prior and after Independence, there existed institutions which facilitated local participation in economic activities. These included Cooperative Societies and Local Government Authorities.

The Cooperative Societies were directly involved in production, extending farm inputs on credit, extension services and marketing of agricultural produce such as cotton and coffee. As regards Local Government Authorities, by virtue of their closeness to the local communities, they proved to be instrumental in ensuring effective participation of their members in productive activities. In the same spirit, in 1973, the Government established the Small Industries Development Organisation (SIDO) to promote the development of small scale industries in the country.

2.2.3. Establishment of Regional Administration and Cooperative Unions

In 1972, the Local Government Authorities were disbanded due to various reasons and were replaced by Regional Administrations. Regional Administration operated as executive arm of the Central Government and was more dependent and accountable to the Central Government than to the Local Constituencies. In 1976, Cooperative Societies were transformed into Cooperative Unions which were under a national apex body (*Washirika*), affiliated to the ruling party. In this way, the catalytic role of Cooperative Societies and the Local Government Authorities in facilitating the participation of the majority of Tanzanians in economic activities was greatly undermined. Measures undertaken in 1982 by the Government to re-establish Local Government Authorities and in 1984 to bring back Cooperative Societies were a realisation of past mistakes, when the institutions were Government-run rather than by the people themselves. Recognition of the central role of Local Government Authorities and Cooperative Societies, in facilitating and fostering the participation of Tanzanians in economic activities was of paramount importance.

2.2.4. Privatisation of State-owned Enterprises

Tanzania adopted the privatisation policy in 1992 after recognising that state enterprises were becoming an unbearable burden and the Government was unable to sustain them. However, due to lack of adequate skills in entrepreneurship and capital, participation of the majority of the citizens of Tanzania in the privatisation process has been rather limited. Despite the establishment of the Privatisation Trust Fund by the Government there were no arrangements in place that would help Tanzanians to buy shares in privatised companies.

3.0. NATIONAL ECONOMIC EMPOWERMENT POLICY

In spite of all attempts previously made, Tanzanians are yet not effectively participating in formal economic activities and are deeply overwhelmed by poverty, high child mortality rate, illiteracy, environmental degradation and diseases. It is in light of this situation that the Government

deliberately established the **National Economic Empowerment Policy** that will serve as a roadmap for the participation of the majority of the citizens of Tanzania in all sectors of the economy. The Policy is intended to address economic empowerment needs of the individual citizens of Tanzania and local companies in which Tanzanian citizens hold not less than fifty percent of the shares. The Policy takes on board all economic actors including farmers, livestock keepers, fishermen, employees, traders as well as other groups of individuals in various economic activities. The Policy puts in place the general guidelines for the formulation of strategies to be used by respective sectors depending on the prevailing circumstances. In this respect, each sector is enjoined to come up with concrete implementation strategies

3.1. Challenges/Limiting Factors

The Policy document pinpoints the following as the major constraints hindering Tanzanians to participate in economic activities:

- i. Capital access constraint
- ii. Lack of knowledge and experience which is further aggravated by limited education and training and inhibitive customs and traditions.
- iii. Inappropriate mindset towards development;
- iv. Problems associated with procedures and implementation of the privatisation policy;
- v. Lack of reliable markets and inability to penetrate competitive markets;
- vi. Limited cooperation, weak cooperatives and lack of common voice in pursuing common goals and overcoming problems in the sectors of the country's economy.
- vii. Weaknesses in the tax regime, the legal and regulatory framework and public services delivery; and
- viii. Deficiencies in economic, social and administrative infrastructure.

3.2. Objectives

The primary objective of this policy is to provide general guidelines which will ensure that the majority of the citizens of Tanzania and particularly economic actors or entrepreneurs have access to opportunities to participate effectively in economic activities in all sectors of the economy. In this regard, sector policies will give preferential treatment to nationals where necessary so as to enhance their bargaining position and opportunities.

Accordingly, the Policy focuses on:-

- i. Creating a favourable business environment for investment and economic growth;
- ii. Improving the tax system and its administration;

- iii. Reviewing laws, rules and regulations from time to time to ensure that they meet the requirements of a market-oriented economy;
- iv. Improving and simplifying licensing procedures;
- v. Improving efficiency in public service delivery;
- vi. Easing the availability of capital and enabling more Tanzanians to borrow;
- vii. Raising skills and knowledge levels;
- viii. Strengthening economic infrastructure and involving Tanzanians in infrastructure development;
- ix. Creating an enabling environment for Tanzanians to participate more effectively in the privatisation of state enterprises;
- x. Improving the capacity to produce goods of a high quality, provide better and reliable public services, support the establishing of appropriate marketing systems, including the use of government tendering system to assist Tanzanians to access markets.
- xi. Encouraging and strengthening the development of cooperatives;
- xii. Using land as a springboard to accelerate empowerment;
- xiv. Establishing a sound institutional framework for managing and supervising the implementation of the National Economic Empowerment Policy.

- xv. To re-orient government policies to invest in human resource and integrate entrepreneurship subjects from early learning stages
- xvi. To promote SMES because of their flexibility, fast ability to adjust to shocks and their large potential to create new jobs.
- xvii. To take advantage of the stable policy regime which Tanzania enjoys to welcome partnerships between public/private sector and transnational Corporations in order to capture their crucial role in the social and economic development of the country.

4.0. NATIONAL STRATEGY FOR GROWTH AND REDUCTION OF POVERTY (NSGRP-MKUKUTA)

The main objective of the NSGRP is to consolidate the gains already made through the previous efforts/initiatives and continue focusing on poverty reduction as the highest priority on the country's development agenda. The vision remains high and shared growth, high quality of livelihood, peace, stability and unity, good governance, high quality education and international competitiveness.

The Rationale of MKUKUTA is inclusive development founded on national ownership of policies and programs as well as national comparative advantages.

The strategy's framework is built around ten guiding principles namely:-

- (i) National ownership
- (ii) Political commitment
- (iii) Commitment to macro economic and structural reforms
- (iv) Sector strategies linkages and collaboration
- (v) Local partnerships
- (vi) Harmonized assistance
- (vii) Equity
- (viii) Sustainable human development
- (ix) Macro –micro linkages
- (x) Mainstreaming cross – cutting issues

The consultation processes and analyses of the poverty profile in the country broadly defined factors causing and exacerbating poverty in Tanzania as unequal distribution of resources, incomes and opportunities.

Subsequently the strategy aims at addressing three major clusters of poverty reduction outcomes:-

- (i) Growth and reduction of income poverty
- (ii) Improvement of quality of life and social well being
- (iii) Good governance

These clusters are inter related and are set to support each other but the underlying force for poverty reduction is high economic growth. Economic growth is the aggregate result of the efforts of all individuals and groups to use resources at hand productively with a view to increase their welfare. It is not growth as such which reduces poverty but rather individuals including the poor, who create growth and improve their own wellbeing and after they are empowered. It is therefore imperative to enhance the ability of the disadvantaged groups (those denied access to the tools needed for self sufficiency) to contribute sufficiently in economic development.

MKUKUTA will focus on the following major sources of growth and reduction of income poverty.

- (i) Investments in human capabilities.
- (ii) Investment in physical capital
- (iii) Increase in factor productivity.
- (iv) Private sector development
- (v) Domestic trade improvement

- (vi) Linkage of domestic trade with external markets
- (vii) Trade related assistance
- (viii) Foreign Direct Investments
- (ix) Foreign assistance
- (x) Improving access and ability to use productive assets
- (xi) Addressing geographical disparities
- (xii) Equal and universal access to public services.

Challenges that have to be consistently addressed include management of external shocks and internal disasters as well as ensuring that growth is underpinned by quality of life, social well being and good governance.

The clusters and broad outcomes and goals are summarized below.

CLUSTER I: GROWTH AND REDUCTION OF INCOME POVERTY

Broad outcomes:

Broad based and equitable growth is achieved and sustained

Goals:

- i. Ensuring sound economic management.
- ii. Promoting sustainable and broad-based growth.
- iii. Improving food availability and accessibility.
- iv. Reducing income poverty of both men and women in rural and urban areas
- v. Provision of reliable and affordable energy to consumers

CLUSTER II: IMPROVEMENT OF QUALITY OF LIFE AND SOCIAL WELL-BEING

Broad outcomes:

- i. Quality of life and social well-being, with particular focus on the poorest and most vulnerable groups improved
- ii. Inequalities in outcomes (e.g. education, survival, health) across geographic, income, age, gender and other groups reduced

Goals:

- i. Ensuring equitable access to quality primary and secondary education for boys and girls, universal literacy among men and women and expansion of higher, technical and vocational education.
- ii. Improved survival, health and well-being of all children and women and of specially vulnerable groups
- iii. Access to clean, affordable and safe water, sanitation, decent shelter and a safe and

- sustainable environment and thereby, reduced vulnerability from environmental risk.
- iv. Adequate social protection and provision of basic needs and services for the vulnerable and needy.
 - v. Effective systems to ensure universal access to quality and affordable public services.

CLUSTER III: GOVERNANCE AND ACCOUNTABILITY

Broad outcomes:

- i. Good governance and the rule of law
- ii. Accountability of leaders and public servants
- iii. Democracy and political and social tolerance
- iv. Peace, political stability, national unity and social cohesion deepened

Goals:

- i. Structures and systems of governance as well as the rule of law are democratic, participatory, representative, accountable and inclusive.
- ii. Equitable allocation of public resources with corruption effectively addressed
- iii. Effective public service framework in place to provide foundation for service delivery improvements and poverty reduction
- iv. Rights of the poor and vulnerable groups are protected and promoted in the justice system
- v. Reduction of political and social exclusion and intolerance
- vi. Improved personal and material security, reduced crime, eliminate sexual abuse and domestic violence
- vii. National cultural identities enhanced and promoted

Operational targets are similarly set out e.g. for reduction of income poverty for men and women in the urban areas the operation targets are:-

- i. Reduced proportion of urban population (men and women) below basic needs poverty line from 25.8% in 2000/07 to 12.9% in 2010.
- ii. Reducing proportion of the urban food poor (men and women) from 13.2% in 2000/01 to 6.6%

The strategy provides a well integrated implementation arrangement identifying institutions, roles and responsibilities, harmonization, and rationalization of key national processes, communication strategy, management and organization issues as well as capability development.

Built into the strategy also is a Monitoring and Evaluation system which will be carried out under the Poverty Monitoring System (PMS) established in 2001. Developing of a Poverty Monitoring Master Plan (PMMP) is foreseen and is indeed under development.

Financing strategy of the NSRP places emphasis on domestic sources particularly from the private sector and community based initiatives but it also recognize the importance of government funding from tax revenue and development partners support. The ambition is to raise the level of domestic revenue collection from 13.8% of GDP in 2004/05 to 15.5% of GDP in 2008/09. External support is expected to decline from 14% of GDP in 2004/05 to 11% in 2007/08. In the first three years 2005/06 – 2007/08 total revenue is projected at Tshs 13.0 trillion to much the same level of expenditure. The obvious risks are the overdependence on external support and the skewed structure of the economy.

5.0 ONGOING INITIATIVES IN THE IMPLEMENTATION OF NATIONAL ECONOMIC EMPOWERMENT POLICY

In a bid to address the challenges identified in the National Economic Empowerment Policy and achieve its objectives there are various programs and activities that have been established and are implemented. These programs are aimed at equipping people, particularly entrepreneurs to be able to get involved or participate effectively in economic activities. These programs include:

i. Business Environment Strengthening for Tanzania (BEST Programme – MKUMBITA)

The Programme started in February, 2005 and aims to:

1. Reduce the burden of doing business in Tanzania especially SME by reforming and eliminating regularly, procedural, and administrative barriers;
2. Enhance efficiency in service delivery by the Government to the private sector, including timely resolution of commercial disputes; and
3. Promote and maintain better partnerships between public and private sector

Realization of MKUMBITA

1. .Completed revision of Acts and various regulations for the purpose of improving business environment in Tanzania. These Laws and regulations include Land Guarantee (Dhamana ya Ardhi) which became effective in August, 2005
2. .Prepared a Legal and Institutional arrangement for protection, safety and quality of traditional and non-traditional agricultural products in order to fulfill local and foreign market requirements;

3. Studied legal procedures for resolution of commercial disputes Cases;
4. Completed preparation of training programme for civil servants in order to provide better services to the private sector; and
5. Prepared a strategy for development of private sector

ii. Programme for Empowering Tanzanian Entrepreneurs Through Provision of Soft Loans

In order to support Tanzanian entrepreneurs the Government in the financial year 2006/07 has set aside a total of 21 billion shillings for provision of soft loans. This is an average of 1 billion per region and is purposely meant for economic empowerment and employment creation. The Programme will be implemented through the following procedures:

1. The funds will be availed to Tanzanian entrepreneurs through commercial banks in less stringent conditions and based on agreements between the Government and participating commercial banks.
2. Operational framework, Institutional arrangement, Operational mechanism and regulations and channeling of funds from the Government to the entrepreneurs through financial institutions is prepared.
3. Banks and financial institutions which will participate in the implementation of this programme will depend on prevailing situation, needs, and priorities of each region.
4. Loans will be bound for agricultural and commercial production areas, employment development and poverty eradication.
5. To ensure smooth execution of this Programme and avoid its derailment there will be Memorandum of Understanding (MoU) at all levels that will make sure every stakeholder understands their responsibilities and implement accordingly.
6. Monitoring and evaluation system will be prepared to facilitate close follow up and measure expected impact at various stages of implementation.

iii. Project for Recognizing Ownership of Unplanned Settlements and Issuing Residential Licenses

Formulation and implementation of this project is one of Government's initiatives for economic empowerment of Tanzanians by enabling them to utilize their land as capital. This project is also implementing the Land Act no.4 of 1999 which stipulates that the Local Government is obliged to issue residential licenses.

Objectives

1. To recognize ownership of residences in unplanned areas and prepare a register of ownership;
2. To reduce peoples' poverty by enabling them to lawfully own their land by issuing them Residential Licenses that may be used to guarantee credits from banks.;
3. To control expansion of unplanned residences;
4. To establish a system for supervision and coordination of land development in the areas where settlements are not planned.

Implementation status

Implementation of the project started with all Dar es Salaam Municipals and later the project will be extended to cover the remaining regions. The project intends to cover about 400,000 residences in Dar es Salaam region in a 2 years period (2004/2005 and 2006/2007). To implement the project the following is being done:

1. Aerial photographs are used to identify buildings and infrastructure and prepare maps of respective areas;
2. Information about residential owners is collected by using questionnaires and computerize them;
3. After being recognized and lawfully own their residences the owners will land rent of 8 shillings per square meter per year.

Procedures in issuing licenses

1. The resident will fill application form which is obtained freely from the office the Chairman of the Local Government Authorities;
2. Filled application form should be approved by the Chairman of the Local Government Authorities and Ward Executive Officer and forwarded to the respective Council for issuing license;
3. License costs: Fee 5000/= and stamp duty 600/=
4. The photograph of the license holder is taken and computerized together with other details in the application form.

Project benefits

1. The Residential License holder can use his license to be recognized and use his

- land as a guarantee for credit from banks;
- 2. Paid land rents will increase Government revenue and therefore be able to offer better socio-economic services to the people;
- 3. By having databases prepared through this project the Councils will increase their capacities to control environmental degradation.

iv. Property and Business Formalization Programme (MKURABITA)

MKURABITA is an initiative of the Government aimed at empowering the majority of the poor Tanzanians , by increasing their access to property and business opportunities towards accessing a strong and expanded market economy. The programme is established within MKUKUTA framework and is geared towards facilitating transformation of property and business entities in the informal sector into legally and formally operated entities in the formal economy.

Objectives:

- 1. To establish a national system/arrangement for business and property ownership;
- 2. To link informal sector and formal sector in the economy so as to make it easier for the Government to control national economy;
- 3. To resurrect the dead capital held in the extra legal assets of the beneficiaries so that the owners can use them to create liquidity;
- 4. To build a national wide consensus for change from fragmented and variable property rights systems to a unified system that can facilitate the realization of a modern market economy;
- 5. To enhance the performance of the physical and monetary policies through the inclusion of the majority of the citizens in the shadow economy into legal market economy

The programme is implemented in 4 main stages which include:

- 1. Diagnosis of the informal sector to map out its size, value, spread and concentration as well as its common operational practices institutions that keep it ticking and its disincentives;
- 2. Reforms design that will on one hand modify the current property and business laws to suit the requirements of the disadvantaged and also harmonize the prevalent customary practices on property and business so that they are used in a modern market economy;

3. Implementation of reforms that will facilitate the creation of the necessary infrastructure and human capabilities and extending property rights and business registration to the majority of the citizens; and
4. Capital formation which will among other things connect formal property and business owners to financial resources and other opportunities in the formal economy

v. Tanzania Mini-Tiger Plan 2020

The Tanzania Mini-Tiger Plan 2020 is a strategy designed to build special economic zones needed to fast-track implementation of NSGRP and realization of Vision 2025 goals.

The programme intends to promote special economic zones (SEZs) including export processing zones (EPZs). The aim is to attract especially those investments which will trigger employment creation..

Implementation of the Tanzania Mini-Tiger Plan 2020 aims to achieve the following targets:

- (i) 8 – 10% GDP growth
- (ii) To raise GDP to US\$ 40 billion
- (iii) To raise exports from about US\$ 1.1 billion to US\$ 20 billion
- (iv) To increase per capita income from about US\$ 280 to at least US\$ 1000.
- (v) To develop 25 – 30 SEZs in Tanzania and to embark on an aggressive promotion of FDIs and domestic investment
- (vi) To create 2 – 3 million new jobs by year 2020.

Since it is not feasible to put in place the requisite infrastructure all over the country within a short period of time given limited budgets and competing demands and given the difficulties of geography (topology, distance, size of country, etc), it is advised to focus on a few limited areas of economic sanctuaries or special economic zones where issues of inadequate infrastructure and non-conducive policy, legal and institutional structures can be addressed

vi. Public Procurement as a means of Empowering Local Firms

Public procurement is cited as another important area that can be used to promote economic empowerment of Tanzanians, particularly local business men, local contractors

and local consultants. However, participation of these firms in public tenders has been very limited due to lack of capacity in terms of capital, equipment, experience and skilled human resources. In other cases this problem is exacerbated by the packaging of contracts in sizes which are above the capacity of most of local firms. The are measures contained in the Public Procurement Act 2004 aiming to increase participation of local firms in the tender process. These are in three categories as follows:

1. Packaging (splitting) of contracts in sizes which allows the participation of small firms;
2. Setting aside contracts of up to a certain value to local firms only; and
3. Granting a margin of preference in favour of local firms in the tenders where they compete with foreign firms.

In addition the Standard Tender Documents are being reviewed in order to remove some tender requirements which inhibit participation of small contractors in the tender process.

Splitting of Contracts

The PPA 2004 as a matter of principle requires procuring entities to aggregate its procurement requirements to obtain a large tender which would allow them obtain value of money through economy of scales and reduced procurement costs. It particularly prohibits splitting to defeat the use of appropriate procurement methods. For example, the Regulations made under the Act allows procuring entities to procure goods, works and non-consultancy services not exceeding Tshs. 80 million, 100 million and 50 million respectively by use of quotations obtained from at least three suppliers, contractors or service providers. With this provision, the procuring entities could decide to avoid using other methods of open tendering by splitting its requirements to small lots of value not exceeding the given thresholds in order to justify the use of quotations.

However, it has been discussed above that the participation of local firms can be enhanced through packaging of contracts in sizes which allows them to participate. This has been made possible by Section 45(d) of the Act which allows the Public Procurement and Regulatory Authority to authorize splitting of contracts aimed at encouraging the participation of local firms.

Exclusive Preference to Local Firms

Exclusive preference to local firms is contained in Section 50 of the Act and means setting aside

contracts not exceeding a certain value to local firms only where financial resources are exclusively provided by a Tanzanian public body. The Act allows the procuring entity to proceed through open tendering with inclusion of foreign firms where it fails to obtain acceptable offers from local firms. The following limits were accepted by the Government and are included in the Regulations made under the PPA 2004: Works up to Tshs. 1,000,000,000; Goods up to Tshs. 200,000,000; Non- Consultant Services up to Tshs. 250,000,000; Consulting Services (firms) up to Tshs. 500,000,000 and Consulting Services (Individuals) up to Tshs. 50,000,000. The exclusive preference is applicable for local firms and association of local and foreign firms in which the contribution of the local firm to the association is more than 75%. This provision has been included to allow local firms that lack capacity to associate with foreign firms to increase their capacity.

Margin of Preference

The Government received a number of comments on the margin of preference to be given to local firms. First of all it must be appreciated that a very high margin of preference is equivalent to exclusive preference since it will automatically deter the participation of foreign firms hence undermining the decision to involve foreign firms in the tender process. The Government has adopted a margin of preference based on the input of local firms in the association with foreign firms. The maximum margin of preference of 10 per cent shall be granted to a Tanzanian firm or an association of Tanzanian firms; and an association of Tanzanian firm and foreign firm in which the input of foreign firm in the association does not exceed 20 per cent. A minimum margin of preference of 4 per cent shall be granted to an association between foreign and Tanzanian firms in which the input of Tanzanian firm in the association is between 20 and 40 per cent. For an input of Tanzanian firm in the association is between 40 and 60; and between 60 and 80per cent a margin of preference of 6 and 8 percent respectively shall be granted. An association in which the input of Tanzanian firm is less that 20 per cent shall not be granted a margin of preference. Suppliers supplying goods mined or manufactured in Tanzania shall be granted a margin of preference of up to 15%. It should be however be emphasized that the use of preference scheme is not intended to result into procurement of low quality goods or services by the procuring entities. Therefore under exclusive preference local firms will only qualify if they have the capacity and capability to execute the contract, failure of which the contract shall be placed under open competition. Similarly, a margin of preference is applied during the financial evaluation of the firms that have been evaluated to have the capacity and capability to execute the contract and whose goods or services offered are of the required quality.

Registration for Purposes of Preference Schemes

In order to monitor and prevent the abuse in the use of the proposed preference scheme, the Regulations provides for the registration of consultants, contractors and other service providers who wish to benefit from the scheme. The aim of this registration is not to duplicate the registration exercise done by statutory registration bodies like the Contractors Registration Board, the Engineers Registration Board, the Architects and Quantity Surveyors Registration Board etc.. In situations where there is already a registration system in place the PPRA shall obtain eligibility information of those wishing to participate from the preference scheme from such registration bodies. It is only in those situations where service providers are not being registered by any statutory body that PPRA will require them to submit detailed information to establish their eligibility to participate in the preference scheme.

Impact of the Preference Schemes

The PPRA will conduct the impact of this preference schemes by checking the following:

- (a) To what extent are the Procuring Entities use competitive procurement methods;
- (b) Fees charged to collect the tender documents and its reasonableness;
- (c) The application of the preference scheme for the procurement in question;
- (d) Extent of tender advertisement and the time allowed for the submission of tenders;
- (e) To what extent were the Standard Bid Documents used in the procurement process;
- (f) The value of contract award vis a vis the value of submitted bids and the estimates;

Other Programmes

There are also other programmes which are implemented in line with MKUKUTA and are empowering the people in order to debottleneck obstacles that hinder them from participating in economic activities. These include the following:

1. Programme for Development of Primary Education (MMEM);
2. Programme for Development of Secondary Education (MMES);
3. Community Development Fund (TASAF)
4. National Employment Creation Strategy

Recommendations and conclusion

Given the above narration it is evident that the Government has realized past mistakes made while addressing the impediments that limit Tanzanians to effectively participate, own, run and

benefit from their economy. This is manifested in the deliberate move to formulate National Economic Empowerment Policy and the National Economic Act number 16 of 2004. The challenges faced and objectives and strategies underlined in the Empowerment Policy are succinct and as is already observed a good number of strategies outlined in the policy document are being implemented. Examples of these are implementation of MKURABITA, MKUMBITA, MMEM, MMES, TASAF, Revision of Public Procurement Act to give preference to Tanzanian firms and individuals, Programme for Empowering Tanzanian Entrepreneurs Through Provision of Soft Loans, Project for Recognizing Ownership of Unplanned Settlements and Issuing Residential Licenses, Tanzania Mini-Tiger Plan2020 and the national umbrella framework (MKUKUTA)

The integrated approach by the Government in empowering Tanzanians economically is taking on board all economic actors as is targeting small entrepreneurs at the grass root level, small and medium scale enterprises at all levels in the country. What will help us to realize this goal is for every one to play his/her part by being innovative, cooperative hard working and striving to use all weapons and opportunities available to fight poverty and attain a better living standard. We have all policies, legal frameworks, strategies, developed. What is needed is to put them in practice. There is no need to re-invent the wheel.

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