

**SPEECH BY THE PERMANENT SECRETARY
MINISTRY OF PLANNING, ECONOMY AND
EMPOWERMENT,
AMB. CHARLES K. MUTALEMWA,
PRESENTING TO THE LAUNCH OF
THE MKUKUTA STATUS REPORT 2006**

**Deputy Permanent Secretary,
Distinguished Participants,
Ladies and Gentleman.**

I wish to begin by welcoming all participants from Government, academic institutions, civil society, the private sector, and development partners to today's launch of the MKUKUTA STATUS REPORT for 2006.

Allow me to begin by taking this opportunity to **congratulate and thank** the wide range of stakeholders involved in the MKUKUTA Monitoring System, which is coordinated by the Director of the Poverty Eradication Division, Mama Anna Mwashu. Special thanks are due to the members of the Research and Analysis Working Group (RAWG) which undertook the production of this report under the guidance of their chairman Mr. Laston Msongole, Director of the Macro Economy Division within MPEE, and Professor Joseph Semboja, Executive Director of REPOA. Many researchers

and institutions have contributed data and analysis to this report and I wish to acknowledge and thank them all for their contributions. They include the staff of the National Bureau of Statistics, all Ministries, as well as researchers from REPOA, ESRF and the University of Dar es Salaam.

In launching this report, I would like to briefly share with you my views on its contents which are an important input into the work of my Ministry which is **mandated** "*to manage the national economy and guide implementation towards Vision 2025*". In doing this, it is vital that we monitor progress overall, and that we share our findings through key reports such as this one and the annual *Economic Survey*.

Furthermore, this report is an important benchmark of progress towards Vision 2025, and in particular the MKUKUTA goals and targets. To do this it uses the nationally agreed set of indicators to effectively present information, and this year's report does this in two ways:

- First, by **informing stakeholders about overall progress**, and making suggestions about areas where more effort is needed.
- And second, by **highlighting data gaps which need to be filled** by strengthening monitoring and evaluation systems in MDAs and Local Governments. (*Allow me to elaborate on this second point briefly*).

Currently we rely heavily on national surveys for our data, and we have made significant strides in improving these to meet our planning and information needs. However, MDAs and Local Government data systems are also vital to strategic planning processes, as well as to national reporting. In order to improve MDAs and Local Government systems, the **Tanzania Statistical Master Plan** initiative was launched in November 2006. It has now begun work with 12 MDAs all of which are developing practical strategies for improvements, with technical support from the National Bureau of Statistics. I encourage you all to engage with and support this process.

Distinguished Participants,

Let me now turn briefly to the substance of the Report.

The STATUS REPORT 2006 indicates clear progress overall, but it calls for further action in each of the three MKUKUTA clusters, namely growth, social well-being and governance. Certainly, this is to be expected as fighting poverty has to be an ongoing process.

However, beyond this overall view, the report echoes the growing number of voices calling for "**prioritisation**", both in policy choices and in public expenditure allocations. Spreading our efforts and resources thinly may not fulfil our desire to accelerate the pace of growth well beyond the current annual level of 6.8%. There is considerable concern about the sources of growth, and the need to ensure that growth is significant in agriculture and that it increases employment opportunities. To begin the response to this

in relation to public spending, the Plan and Budget Guidelines for Financial Year 2007/08 currently going through the decision making process are placing accent on prioritising public spending allocations to a range of **“Quick Wins”**.

Yet more Quick Wins in public expenditure are called for, and the report suggests a clearer **growth strategy** in order to focus both domestic and foreign investments, as well as increase the mobilisation of savings. This is an interesting idea. I agree with the need to base this on an analysis of our comparative and competitive advantages, as raised in several recent national discussions. Such advantages logically underpin any effective growth strategy. Indeed a growth strategy could contribute to moving more rapidly beyond ‘affordable problem solving’, which has limited our development efforts for many years. There is need to tackle some large and expensive constraints to growth, such as in infrastructure and energy. To do this, more predictable medium term aid flows are needed, while equally we agree with the report’s call for accelerating domestic revenue collection and improving aspects of governance.

Many of you will be familiar with my Ministry’s leading role in strengthening the **business environment**, and so I must also comment on this aspect of the report. It acknowledges the increase in domestic credit to the private sector (increasing consistently to 10.3% in 2005, and even further more recently), but equally it raises the challenge of the interest rate spread between savings and lending by commercial banks (which remains

at 12 percentage points). These are issues which we must move faster on, as we push for increased support to domestic entrepreneurs and improvements in the environment for home-grown businesses. The second generation financial sector reforms will also be important to growth, as will recent amendments to the law for licensing businesses which should begin to reduce red-tape. Expansion of success stories in several commercial banks, including for example the recent CRDB roll-out of credit to SMEs, is also taking place. These are all indicators that we are accelerating efforts to address the needs of the domestic private sector. I would encourage development of further indicators to monitor the business environment, and in doing this links should be made with key programmes such as BEST and Financial Sector Deepening.

Distinguished Participants,

Let me now turn briefly to the area of **social well-being**. The report states the challenges in obtaining frequent national data on poverty levels, which require data from **Household Budget Surveys**. We look forward to the results of the current HBS taking place across the country. Equally, let us work towards finding new cost-effective ways of getting more frequent and reliable data on poverty levels as this is essential for sound planning.

The report rightly highlights that a well educated and healthy population is critical for promoting growth. We have progressed in recent years, for example, in net primary school enrolment (96.1%, 2005) and immunization

coverage (85%, 2005). However, there are concerns about regional variations in some of these indicators as well as on quality and critical shortages of qualified workers in the health and education sectors. For this reason, social sectors will continue to receive focused and accelerated attention from Government through MDAs and Local Government programmes of action.

Finally, there are many areas in the report that I have not mentioned but all of which are equally important. However, I cannot conclude without mentioning **governance**. This is the first attempt to report on a set of nationally agreed governance indicators. As such, it provides an overview on positive progress on women's representation in public office and adherence to public procurement rules. For the first time, it raises the issue of birth registration as a basic right of citizenship. This clearly has links to the new national identity card system, and it is worth considering the practical suggestion in the report to improve birth registration by linking it to immunization campaigns. I encourage relevant stakeholders to work further on this, and other areas of governance by building strong links with the legal sector reform programme as well as efforts to monitor transparency of public expenditure.

Distinguished Participants,

To conclude, I wish to thank all those who were involved in producing this report. It will be complemented next month by the final *Annual Implementation Report*, as well as by the *2007 Poverty and Human*

Development Report which will give an up-date of data and analytical work, especially on the thematic area of "growth". We look forward to the completion of all these additional documents. The challenge on our hands as experts, therefore, is to look for ways to ensure that the useful information contained in all these documents is articulated in simple and digestible form for the wide Tanzanian public who are the primary target and motivation for MKUKUTA.

LAUNCH

I am now pleased to announce that the Status Report 2006 is officially launched.