



Tanzania

Conclusion

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Last updated 27 June 2024 using IFs v8.10

Conclusion

Chart 38: Recommendations

Recommendations

The Government of Tanzania should:

1. Lower the barriers of entry into the formal economy to crowd in the large informal sector.
2. Roll out modern contraceptives and associated education to hasten Tanzania's entry into a potential demographic window of opportunity.
3. Invest in rural road infrastructure to link the hinterland up with towns and cities and allow for agricultural produce to get to market.
4. Invest in the provision of mobile and fixed broad-band access across the land.
5. Prioritize the agricultural sector to ensure food security and invest in agro-processing.
6. Speed up investments in renewables and off-grid electrification system to provide electricity to all households.
7. Grow the ICT sector as a means to improve productivity in the large informal service and relatively small manufacturing sector.
8. Redouble efforts to reduce high levels of stunting by ensuring food security, access to healthcare and improved sanitation.
9. Focus on improved education access and completion at lower-secondary level
10. Increase government revenues by broadening the tax base, reduce loopholes and increase FDI.
11. Improved government effectiveness and reduce administration.

The preceding analysis of Tanzania's developmental trajectory analysis identifies several key challenges and opportunities that will shape its future economic landscape and societal well-being. Challenges include its large low-end services sector, substantial subsistence agriculture sector, poorly educated and youthful population structure in addition to an above average sized informal sector, translating into low economic productivity generally. Our investigation into eight sectoral scenarios illustrates the profound impact that targeted policies can have on accelerating development beyond the current baseline.

- Among the sectoral interventions, the Infrastructure and Leapfrogging scenario will have the most significant positive impact on the GDP per capita, followed by the AfCFTA and the Agriculture scenarios.
- The positive impact of the interventions in the Agriculture, Demographics/Health and Education scenarios on poverty are most significant.

Tanzania can be a significant agriculture exporter but needs to invest in the transition of its large subsistence agriculture sector into the formal economy, as well as invest in appropriate education for its large youthful population. Poor health and malnutrition is a significant constraint on development in Tanzania. Tanzania also does poorly on various indices of basic infrastructure, such as persons dependent on unimproved water supply. Improvements in educational access, quality, and relevance to labour market needs are essential for equipping the workforce with the necessary skills to drive economic innovation and competitiveness. Large-scale provision of modern contraceptives and female education will, in time, advance the point at which Tanzania enters a potential demographic window of opportunity. Its below average ratio of government revenues to GDP reflect the potential of improvements in government effectiveness and better tax revenues to increase government capacity.

Our exploration of the Combined Agenda 2063 scenario underscores the synergistic effects of simultaneous investments across multiple sectors. This integrated approach could significantly enhance shared growth and prosperity in Tanzania, with a large increase in GDP compared to the Current Path forecast by 2043. This scenario also suggests a dramatic

reduction in poverty, with 10% of the population expected to live in extreme poverty (using US\$2.10) by 2043, demonstrating the profound impact of holistic development strategies.

This report recommends that policymakers in Tanzania prioritise a holistic development strategy that integrates improvements across the eight sectors, as discussed above. Such an approach not only aligns with the African Union's Agenda 2063 but also sets a strategic framework for sustainable growth and shared prosperity in Tanzania. Commitment from all levels of government and cooperation with international partners will be crucial in transforming these opportunities into tangible outcomes for all its citizens.

The Government of Tanzania should:

- Lower the barriers of entry into the formal economy to crowd in the large informal sector.
- Roll out modern contraceptives and associated education to hasten Tanzania's entry into a potential demographic window of opportunity.
- Invest in rural road infrastructure to link the hinterland up with towns and cities and allow for agricultural produce to get to market.
- Invest in the provision of mobile and fixed broad-band access across the land.
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- Grow the ICT sector as a means to improve productivity in the large informal service and relatively small manufacturing sector.
- Redouble efforts to reduce high levels of stunting by ensuring food security, access to healthcare and improved sanitation.
- Focus on improved education access and completion at lower-secondary level.
- Increase government revenues by broadening the tax base, reduce loopholes and increase FDI.
- Improved government effectiveness and reduce administration.

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Cite this research

Jakkie Cilliers (2024) Tanzania. Published online at futures.issafrica.org. Retrieved from <https://futures.issafrica.org/geographic/countries/tanzania/> [Online Resource] Updated 27 June 2024.

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Dr Jakkie Cilliers is the ISS's founder and former executive director. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria office of the Institute. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

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