

ADDRESS BY
DR. SALIM AHMED SALIM
CHAIRPERSON MWALIMU NYERERE FOUNDATION
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OCEAN PARADISE HOTEL, ZANZIBAR – 28 FEBRUARY 2005

Mr. Gobind Nankani
Vice President, Africa Region

Ms. Judy O'Connor World Bank Director
for Tanzania and Uganda

Other officials of the Bank present this evening

Ladies and Gentlemen,

I would like to start by thanking Ms O'Connor and the Africa Region management team for the gracious invitation extended to me to join you this evening and to share with you some of my reflections on Tanzania's development within the context of broader African and global development at this advent of the 21st Century. For those of you who come from outside this country, I wish to take this opportunity to add my voice in welcoming you to Tanzania and especially to Zanzibar. I do hope that the scenic beauty around you, the warmth of the people as well as the developmental challenges you will observe as you are in this part of our republic will inspire your deliberations and also provide a backdrop to the path that you are charting relating to your work. I do hope that you take to look around and you will give us the privilege of sharing with you our traditional hospitality.

Ladies and Gentlemen,

An evening like this one, which I believe you might have had so many in the past few years, is quite significant in showing where the World Bank and African countries have come from and where they are destined to go. It might have been considered almost surreal some 20 years ago for senior World Bank officials to meet with a national of a Least Developed Country at 'paradise'- hotel – and reminisce where they have come from – I should say, together - and how they perceive the future. There was a time when encounters with Breton Woods institutions tended to generate tension and ideological acrimony. We have indeed come of age, where a new partnership is evolving which gives hope for the realization of the spirit of a shared responsibility, which the Report of the UN Secretary General's High-level Panel recently underscored.

Let me now share with you my reflections; though allow me to do so in a somewhat unconventional way. I want to start with the conclusion of my point of view and then proceed to elaborate on the meaning of that proposition.

I am suggesting that, after 40 years of its development endeavours, the United Republic of Tanzania has now gathered sufficient momentum for putting at the center - the human person – that is women and men of this country – to be the agent and focus of transformation and development. The assets gained in the last four decades and the achievements that have been realized as we enter the new millennium have now to be brought to bear in unleashing the latent force that the people of this country constitute and the powerful energy that they possess. The development trajectory for Tanzanian type of societies in the 21st Century compels the fostering of a dynamic linkage between macro-economic balances, structural reforms, liberalization, democratic change and sustainable human development. A development agenda for Africa within which priorities have to be determined need to take into account this critical dynamic. In this

regard, I would not hesitate to broaden this Tanzanian experience to the larger African context.

The development history of the United Republic of Tanzania in the last four decades underlines a gradual process, obviously with trials and tribulations, culminating to this stage that I describe to be a sufficient threshold for putting the human person at the center of transformation. For those of you who may be familiar with the history of this country or for that matter with that of any other post-colonial society in the second half of the 20th century may appreciate the immediate socio-economic and political challenges faced at the dawn of its independence. There is a tendency to minimize the differential responses of the post independence moment and to relegate this period to the archives of history. In my view the manner in which the leadership in 1961, in the case of the mainland Tanzania, ^{which was then called Tanganyika} and in 1964 after the Zanzibar revolution, handled the challenges of the time has been instrumental in getting us to where we are today.

The first decade of Tanzania's independence unraveled the challenges of consolidating nationhood out of communities and spaces whose diversities had been reinforced and used as a basis for fostering differences among them. Ethnicity, race, religion, and class constituted potential fissures for tearing apart the newly independent country. Land was the only viable asset that could ensure collective livelihood for the people, and that the state was the only dynamic driver for national development.

As I look back today, I can say, indeed the measures taken by our leadership in that first decade of independence laid down a strong foundation of nationhood in both parts of our Republic. The bonds of unity whose base was solidified at that time have played a major part in enabling us to overcome the many subsequent challenges encountered in the pursuit of our development. Even right now, we

are proud to reap the 'peace dividend' deriving from the investment made 40 years ago. Cases are abound in this Continent where such an investment was not made, and the consequences have been disastrous, even when such places are blessed with bountiful riches.

The concern for equity was central in seeking for collective growth and for improving the welfare of our people, particularly those in the rural areas who had been completely marginalized. For more than a decade and a half Tanzania strived in the midst of a host of impediments to pursue a strategy of growth and equity, with the state and the public sector playing a dominant role and emphasis given to building capacities of self reliance. This was the stage when we committed ourselves to build socialism and self reliance.

As it was argued then, this was the only rational choice for Tanzanian type of societies. The experience of First Five Year Plan in which the external assistance that we relied upon was not forthcoming, and the realization that the only immediately viable resource at our disposal was land and our people emphasized the need for us concentrate on the strategy of self reliance without being autarchic. At the same time, the absence of an indigenous and dynamic private sector compelled the state to become the leading agent for national development.

Much has been written about the Tanzania's socialist era and its impact on our development. Whatever verdict one may want to make about this period, there are a number of its indelible positive impacts that have made this country to remain strong and firm to this day. Indeed, it solidified the foundation of national unity that was established after independence. The values and principles espoused in that period have made us to remain a nation that transcends ethnicity, race, religion, social status or regionalism. Even with the advent of

pluralism several decades later, Tanzanians may have differences in party affiliations, but we are united in those fundamental values and principles.

I do believe that many of you are familiar with the development history of Africa, and for that matter ^BTanzania, in the period after the mid 1980s. The Bank and its sister institution, the IMF, have been actively engaged with Tanzania during this period in implementing a major strategic reorientation involving liberalization, privatization, devaluation, and opening up the economy. Coupled with that, major political reforms were undertaken in introducing pluralism, improving governance and extending the space of development initiative for non-state actors. The pursuit of regional cooperation and integration also assumed a high prominence in the development agenda.

phenomena

As we look back today, it is possible to say that the adjustment and reform process has been gradual but deep and sustainable. Government has achieved macroeconomic stability. There has been a considerable improvement in the investment climate leading to an increase of foreign direct investment. The economy has been opened up, the environment for the functioning of market forces has been created and the vibrancy of pluralistic institutions is becoming evident.

Definitely, the engine of growth is up and running. A conducive environment for political and economic development has been established and a momentum for change and transformation has been generated. The challenge is to maintain the sustainability of this reform process, to deepen its impact, and to ensure dynamic responses at all levels of the economy and from all sectors. The critical task is to engage the Tanzanian person both as the driver and main beneficiary of the whole transformation process.

What does the agenda for re-dynamizing the Tanzanian woman and man essentially entail?

First and foremost, the programmes for poverty eradication have to remain top priority in the development agenda. Increasing poverty and its debilitating effects not only constitute an affront and indignity to the Tanzanian person but also it is a structural impediment to national development. There is a need to deepen poverty eradication interventions, taking them beyond their treatment merely as social welfare programmes, to actual stimulants of economic development. In this respect the linkage between macro-economic balances, private and public investments have to be carefully fostered.

The framework for rapid development that has been established and the momentum that has been initiated need to be directed at increasing productivity, particularly in the rural areas and in the informal sector, as well as to increasing value added in processing our natural resources. Agriculture remains a major pillar of our economy and a main source of livelihood for our people. The macro-economic balances have to be translated into improved productivity and higher incomes for the rural peasants. Similarly, we need to harness the benefits of globalization and ensure that investments are directed towards sectors that have a higher multiplier effects to the economy and not simply to those which are mainly extractive or those which have high and fast returns.

Ladies & Gents

Creative approaches have to be developed that provide for the mobilization of domestic resources for development. While foreign assistance remains important for development in Tanzania, there is still a potential for generating resources internally and deploying them to cater for the needs of our people. This would also require the valorization of a bulk of the assets in the hands of our people, which an economist has described to be 'dead capital'.

We should not relent in our commitment to improve political institutions and processes, and particularly reforming systems of governance. In the past 10 years we have achieved remarkable progress through peaceful means to establish the foundation for multi-party democracy. But we still have a long way to go, in consolidating a culture of diversities without hostility. Definitely, more steps need to be taken in fostering more transparency and accountability and in promoting active citizen engagement particularly at the local level. It is my firm conviction that consolidating and strengthening democratic institutions including the promotion of the culture of tolerance are crucial components in ensuring economic and social development.

Let me now flag two issues. These are the role of women and youths. In the history of Tanzania and indeed the history of many African countries, ~~the~~ women have played a vital role in the struggle for freedom as they have played and continue to do so on issues of bread and butter. Not only do they constitute the majority of the populations but above all a formidable force which if fully empowered can make a significant and indeed a crucial input in the development of our countries. Unfortunately, the fact remains that in many of our countries that situation has not been realized. Increasingly however, things are changing. In the case of our country, Tanzania, considerable measures are being taken to correct this imbalance with a view ^{to} of erasing this anachromism though we still have quite a distance to go. In order to realize the full potential of our country as well as other African countries, the role of women must be properly recognized. Above all, they must be empowered at all levels especially in the area of governance so that the full potential of the country is properly harnessed.

Ladies & Gents

The future of this country depends on the role its youths play in the process of national development. Empowering the youth and giving a space in realizing the vision of this country is an agenda that should be given priority. Concrete and meaningful programmes and procedures need to be in place to ensure that

Tanzanian youth are fully engaged in every aspect of development. Young men and women, in rural and urban areas constitute a valuable asset for this nation which cannot be left on the way side of development. In this respect the issue of education and skills training is of particular importance in order to to enable the young men and women to be equipped to meet the challenges and opportunities of globalization.

HIV-AIDS is a threat to our national security. It erodes past gains, undermines our current capacities and destroys the future of our nation. We have gone a long way in the campaign against this pandemic, particularly in increasing awareness, promoting openness, combating stigmatization and inducing behaviour change. Yet despite these laudable efforts, the situation continues to be of grave concern. About 2 million Tanzanians are infected with HIV/AIDS and among them ^{close to} five hundred thousand are estimated to have fully blown AIDS. Thus the [^]~~battle~~ _{war} against this pandemic need to be intensified.

More efforts need to be directed at programmes that extend access to treatment and care. Stronger coordination is needed in extending anti-retroviral treatment on victims, particularly those in the rural areas.

Ladies + Gents

Since I had conveyed the conclusions of my remarks right at the beginning, as I finalize this address, I can only reiterate that in putting the Tanzania woman and man at the centre of the achievements gained in the last 40 years since independence, the World Bank remains a key partner. Its unique position as a development financial institution and the experience gained in our working together for the past four decades place it at a special position in assisting Tanzania as it moves into the 21 century.

The notion of putting the human person at the centre of development has a resonance with the main message in the recommendations of the UN Secretary

General's High Level Panel on Threats, Challenges and Change – the Panel which I had the honour to serve with fifteen other colleagues. We emphasized in that report that 'a more secure world is a shared responsibility'. While focusing on the need for comprehensive system of collective security we observed that today's threats to our security are all inter-connected. We cannot afford to see problems such as terrorism, civil wars, or extreme poverty in isolation. We need comprehensive strategies. Our institutions ^{such as the UN} must overcome narrow preoccupations and learn to work across the whole range of issues, in a concerted manner.

Vice President, Ladies and Gentlemen,

These are challenging times for the world. We live in an era of unparalleled opportunities thanks to the advancement of science and technology. Information communication technology has drastically and dramatically reduced the distance that for decades had separated us. Globalization has opened new vistas in Trade and development but it has also, at least for the present, created enormous problems for many developing countries and especially those in Africa. At the same time, it has also provided immense possibilities for the forces of evil as manifested by the exploitation of this phenomenon to promote more organized crime and international terrorism. To confront and overcome these negative and dangerous forces, the world needs to act in greater harmony, solidarity, unity and cohesion.

Our world is characterized as a Global Village. But we have yet to live in a true spirit of a village ^{those of you who are familiar with village life would understand} whose essential characteristics include caring, compassion and human solidarity. We need to discard once and for all the illusion that peace and stability is sustainable in a situation where hundreds of millions of people live in abject poverty and squalor. Furthermore we need to dispense with the notion that any one nation or a coalition of nations however powerful can unilaterally decide the destiny of the rest of humanity. Whether we deal with man-made disasters like wars between or within

states or natural disasters like the Tsunami catastrophe or for that matter the burning issues of fighting poverty and pandemic diseases like HIV-AIDS, malaria and tuberculosis, we have to act collectively.

There is a need to take genuine interdependence with its corollary of cooperation in all spheres of human endeavor seriously. Such need is all the more urgent in dealing with the continent of Africa. This is ^{the} continent that has been repeatedly described as the continent of the future. I put it to you that the current leadership in Africa together with all the stakeholders are determined to make it the continent of the present. It can and should be done.

Ladies and Gentlemen,

The Tsunami catastrophe has demonstrated at least two things. First a catastrophic calamity happening in one ^{part} place can have far reaching repercussions much beyond the place where such an event has taken place. The earthquake that had erupted in Indonesia had devastating consequences not only in Indonesia but also in Thailand, Sri Lanka, ^{maldives} India and up to East Africa and especially in Somalia. This serves to reinforce the reality of how interdependent and interlinked our world is.

Secondly, it has also served to eloquently demonstrate the degree of human compassion that exists as witnessed by the outpouring of not only grief in almost all our countries but also the generosity of people of both the developed and developing world coming to the aid of the victims of this horrendous natural disaster. We need and must draw appropriate conclusions from this and reinforce our human solidarity. Africa, with its myriad of problems and crises – both man-made and natural is most deserving of this solidarity. It is my sincere hope and expectation that the world would not wait for another Tsunami or another Rwanda before acting decisively and generously to contribute to the upliftment and betterment of the conditions of those who are entitled to live in more decent and sustainable conditions.

Ladies and Gentlemen,

I am confident that deliberations of your regional meeting will address the challenges of Africa's development and indeed, you will look into innovative ways of assisting African countries like Tanzania in the pursuit of integrated and human centred development.

I thank you! *for yr attention*