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Workshop on the Impact of Structural Adjustment  
Policies on the Small-Scale Enterprises Sector  
in English-speaking African Countries

Nairobi, Kenya, 13-16 December 1993

THE PRESENT SITUATION OF THE SMALL- AND MEDIUM-SCALE  
INDUSTRY/ENTERPRISE SECTOR IN KENYA AND THE UNITED REPUBLIC OF TANZANIA  
AND THE IMPACT OF STRUCTURAL ADJUSTMENT PROGRAMMES\*

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\* The views expressed in this paper are those of the author and do not necessarily reflect the views of the Secretariat of UNIDO. This document has not been edited.

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## I. INTRODUCTION

### Economic situation in Africa: A general overview

1. At the end of 1989, Sub-Saharan Africa's debt was about US\$147 billion (12 per cent of the total debt of the developing countries) and continues to grow. In 1992 debts stood at US\$183.4 billion. In spite of debt cancellations by leading donors of more than US\$3 billion in 1991, the actual debt servicing in 1992 was US\$10.2 billion down from US\$10.4 billion. This poor economic situation was caused by a collapse in commodity prices, drying up of trade credit lines and poor management of the economies.

2. Between 1978 and 1990, average per capita income of the continent decreased from US\$854 to US\$565.

### Structural adjustment: The conceptual framework

3. With reference to the situation mentioned above, structural adjustment should be conceived as a collection of policies focussing on micro- and macro-economic and industrial interventions. The intervention referred to should address issues related to:

- (a) Improving resource allocation;
- (b) Increasing efficiency;
- (c) Expanding growth potential;
- (d) Increasing the role of markets and private sectors;
- (e) Reducing and re-directing public expenditure;
- (f) Restructuring selected parastatals;
- (g) Reducing regulations and controls on economic activity.

4. Interventions are necessary when a country's economy calls for increased economic growth and sustainability. The economic policy of the country is to facilitate the private sector to set up and run profitable businesses in a country regardless of the sector.<sup>1/</sup> Structural adjustment must, therefore, address the problem of starting and operating businesses by people of the private sector.

5. Clearly, there was need for African countries to go back to the drawing board. By 1983, 23 countries and in 1988, 33 countries in Africa had adopted various economic restructuring policies guided by the International Monetary Fund (IMF) and the World Bank. Most countries in Africa recognize that small- and medium-scale industries/enterprises have potential to contribute significantly to employment, production and poverty alleviation. In Kenya, for example, small- and medium-scale industries and the informal sector are expected to provide 75 per cent of all new jobs created in the urban sector and 50 per cent of all rural non-farm employment by the year 2000.

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<sup>1/</sup> See World Bank, 1992.

6. Any structural adjustment and economic recovery programmes would therefore, among others, focus on this sector because it is expected to be a major player in the economies in the 1990s and beyond.

#### The current economic situation in Kenya

7. Like most Sub-Saharan countries, Kenya had to reconsider its economic development policy. Since the 1970s, the Kenyan economy continued to slow down. Inflation continued to rise and the balance of payments situation deteriorated. Following the oil crisis of the early 1970s, droughts in 1970 and the early 1980s that caused great food shortages in the country, devaluation of the Kenyan shilling and the fall in coffee sales in 1979-1985 which forced Kenya to use up all foreign currency reserves making the Kenyan delated situation worse etc., the Kenyan economy deteriorated further.

8. Kenya's budget deficit in the fiscal year 1991/92 was estimated at 6.7 per cent of gross domestic product (GDP) as of November 1991 which reduced to 3.5 per cent at the end of the fiscal year.<sup>1/</sup>

9. In the 1980s, Kenya had realized that something had to be done. Since the mid-1980s, Kenya has implemented a comprehensive structural adjustment programme to deal with its economic and financial difficulties, stabilize and revitalize the economy and to establish conditions for expanded investment and job creation, and enhance growth. This overall programme is composed of three sectoral components, i.e. the agricultural adjustment programme which started in 1987; the industries trade programme initiated in 1988; and the financial sector adjustment programme which started in 1989.

10. Sessional paper no. 1 of 1986 on "Economic management - for growth", the 1989-1993 Plan and the Seventh National Development Plan, 1994-1998 (which is currently under preparation), and sessional paper no. 2 of 1992 on "Small-scale and informal sector" indicate the intentions of the Government of Kenya to continue rebuilding the economy with emphasis on small- and medium-scale industries.

#### The current economic situation in the United Republic of Tanzania

11. Like Kenya, the United Republic of Tanzania is basically an agricultural economy. Agriculture constitutes to the 95 per cent employment sector and 50 per cent of GDP. Unlike Kenya, the country followed for a long time a socialist approach to development and the guiding principles were stipulated in the Arusha Declaration of 1967. According to the Declaration, future policy was to revolve around four overlapping themes: socialism, rural development, self-reliance and economic growth. In early 1967, nationalization resulted in a shift from predominantly private sector economy. Institutions that were created from then on through nationalization were generously supported by international financing. Planning, coordination and controlling of all the newly created institutions became a problem. Their

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<sup>1/</sup> Economic Survey, 1992.

poor productivity made the problem even worse. Consequently, the following characterized the economy:<sup>1/</sup>

(a) Real growth of GDP declined from an annual average of 5.1 per cent between 1970-1976 to 1.2 per cent between 1980-1985;

(b) Growth in real per capita income declined from 2.5 per cent during 1965-1970 to 1.6 per cent during the period 1980-1985;

(c) Inflation soared from an average rate of less than 10 per cent per annum in 1970-1976 to 31 per cent between 1980-1985;

(d) The overall budget deficit rose by more than six times between 1979-1985, reaching unprecedented 19 per cent.

(e) Pressure on the balance of payments intensified as balance on external account deteriorated abruptly from a surplus of US\$137 million in 1977 to a deficit of US\$395 million in 1985.

12. Just like in Kenya, the situation depicted here is caused by several external factors viz.:

(a) The country's worsening trade, sharp increase in the petroleum prices experienced in different magnitude since 1973;

(b) The financial support given to Uganda during the war;

(c) The Break-up of the East African Community in 1977;

(d) Severe droughts in 1973/74, 1981/82;

(e) The situation which worsened internally due to the wrong choice of development policies and strategies and misappropriation of resources, e.g.:

- (i) Neglect of the agricultural sector;
- (ii) Emphasis on large-scale industry which was both capital and import intensive;
- (iii) Excessive increase in public administration;
- (iv) Villagization programme;
- (v) Expansion of the public sector beyond its technical and managerial capacities;
- (vi) Excessive government intervention.

13. It is within this context that the impact of structural adjustment and economic recovery programme should be assessed and discussed in both countries. Structural adjustment and economic recovery programmes could have different impact on entrepreneurs and economies depending on the level of advancement of these economies. The impact of structural adjustment and economic recovery programmes in Kenya and the United Republic of Tanzania is not yet clearly ascertained. The process is going on. The report is based on information gained from actors of the small-scale enterprise sector and their experience.

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<sup>1/</sup> Helmsing, A.H.J. and Kolstee, T. 1993.

### Methodology/approach

14. The paper sets out to discuss the impact of structural adjustment programmes in this context and set-up of the preceding discussion. It presents an analytical perspective expressed by entrepreneurs and institutions supporting the impact of structural adjustment on small- and medium-scale enterprises and entrepreneurs in the informal sector. To be able to do this, discussions were held with entrepreneurs of small- and medium-scale enterprises and the informal sector. Representatives of institutions, researchers and economic analysts supporting these sectors were also interviewed. This formed the basis of primary data (see annex for list of entrepreneurs interviewed) and represents an independent insight into how structural adjustment programmes are largely perceived in each country and the impact on small- and medium-scale industry sector to date.

15. The paper offers only a cursory review of the impact of structural adjustment policies on small- and medium-scale industries. It gives a narrative view of the current economic situation in Kenya and the United Republic of Tanzania separately, the conditionalities by IMF and the World Bank, and on action taken by each country to date. The study discusses the impact of structural adjustment from the perspective of the entrepreneurs and the institutions that support them in both countries. The impact of structural adjustment programmes of women entrepreneurs is discussed separately because of the unique role that women play in both economies and their worsening status in both societies. Finally, the paper suggest the way forward - the future.

## II. CONDITIONALITIES: THE SITUATION IN KENYA

### The situation in Kenya

16. The following are the main conditionalities, most of which are already under implementation:

Reduction of budget deficit: Deficit reduction involves increasing tax revenue and cutting public expenses. Kenya's budget deficit in the fiscal year 1991/92 was estimated at 6.7 per cent of GDP as of November 1991 which was reduced to 3.5 per cent at the end of the fiscal year. The target figure for 1992/93 was set at 2.0 per cent.

Privatization of parastatals: The government policy paper on public enterprise reform and privatization was released on 15 July 1992. It defined action programmes to be taken. Kenya's commercial-oriented public enterprises with direct or indirect government ownership through ICDC, IDB, KTDA and other entities were designated as follows:

(a) 33 public enterprises as "strategic enterprises" for which the Government intends to retain its ownership and active Board participation for the time being. Strategic enterprises are those which provide essential services or are considered to play a key role for national security, health and protection of environment. Some of these are already undergoing restructuring;



(b) 207 public enterprises were classified as "non-strategic enterprises" and constitute the Government's privatization programme;

(c) Out of the 207 public enterprises, 45 were selected for the ongoing first phase of the privatization programme, leaving a balance of 162 public enterprises which are candidates for subsequent privatization phases.

Civil service reform: The main aim is to reduce the number of civil servants in order to enhance efficiency in reduced public spending etc. 145,000 civil servants were set to be laid off in two phases.

Financial sector reform: It involved liberalization of interest rates, reform of state-owned bank's range of operation, capital market activation and foreign exchange liberalization, all of which have already been achieved.

Export promotion: Application of a zero import tariff for raw materials and spare parts for export production, and a common unity rate for other kinds of general imports have been achieved. Similarly, programmes for export processing zones are already in place.

Liberalization of the agricultural sector: Plans are underway to liberalize price control and trade restrictions on maize. Currently, farmers can move grain within the country to trade in maize.

Reforms in the education sector: Reforms in the education sector involve reduction in education expenses by increasing the beneficiaries' share of the costs (cost-sharing).

Impact of structural adjustment programmes on small- and medium-scale industries/enterprises in Kenya

17. The period from 1986 to date may be termed as the structural adjustment period in Kenya. The period starts with the publication of the sessional paper no. 1 of 1986 on "Economic management for renewed growth". It is a long-term economic strategy policy paper that attempts to set out priorities for the period 1986-2000.

18. As Kenya strives to implement policies spelt out in sessional paper no. 1 of 1986, it is rational to analyse their effects. In general, it is felt that initial results have been chaotic and devastating for ordinary people and some businesses.

19. During the last year, the Kenyan shilling has depreciated at a rate of over 80 per cent against the major hard currencies. During the last two years, it has witnessed a daily phenomenon of importers of essential raw materials, including petroleum products being unable to secure foreign exchange. Interest rates have been on the increase to compensate both savers and lenders for the erosion caused by inflation. Such an economic scene sets the stage for very strict, austere economic measures. Small- and medium-scale industries find it extremely difficult to access any financial support.

20. The official rate of the Kenyan shilling has been depreciated four times in 1993. There is pressure to devalue the Kenyan shilling as it is said to be still overvalued. The decline can be expected to continue until the official Central Bank rate and the Inter-Bank market rate are alike. The purchasing power of small- and medium-scale industries has been reduced. Some have even closed operations.

21. The effect of the depreciation has been to greatly increase import prices of raw materials and other imports. To compensate for these increases, local producers of various consumer and durable goods raise their prices by 50 to 100 per cent. Hence, there is a substantial proportion of imported inflation. In some cases prices have risen by over 100 per cent. The effect on the various subsectors of the economy is depressed growth. Agriculture, for instance, has suffered a decline during the last two financial years. Agricultural inputs have been too expensive for the farmer to afford. As Kenya's backbone, it has set recessionary trends in the economy.

(a) Policy and economic measures

22. To facilitate economic growth and development, the Government of Kenya has instituted a number of economic growth and financial reforms, e.g. as of February 1993, commercial banks were allowed to retain convertible currencies acquired through the sale of foreign exchange coupons. At the same time, the Central Bank floated the Kenyan shilling and instructed all users of foreign exchange to go to the Inter-Bank market for foreign exchange needs. The Central Bank gradually allowed operation for retention accounts by exporters to a wider spectrum. Although these measures have been repealed and re-introduced with amendments, the aim has been to facilitate trading in foreign exchange that would make the Kenyan shilling find its natural value and stabilize.

23. In July 1993, the Central Bank of Kenya started foreign exchange auction to supplement the foreign exchange held by commercial banks in foreign currency and retention accounts. The objective is the intervention by the Central Bank of Kenya in the foreign exchange market and to stabilize the continuing decline in the Kenyan shilling. The actions are bound to support contractionary monetary policies being implemented to reduce inflation, trade deficit and the balance of payments position.

24. In March 1993, the Central Bank raised the cash ratio for commercial banks from 7.5 to 8 per cent to control money supply and reduce inflation. Other measures in this endeavour were strict observance of limits on overdrawing of accounts by commercial banks at the Central Bank and the refusal to let the Government overdraw on its overdraft facility. Both of these measures are aimed at reducing the budget deficit and help in meeting some of the World Bank/IMF donor conditions for economic assistance.

25. In September 1993, the Central Bank of Kenya raised the commercial bank cash reserve ratio from 10 to 12 per cent. It was for the third time that the ratio had been raised this year. The effect is to strengthen credit squeeze and contract money supply. Supposedly, it should help reduce inflation, but unfortunately increases the costs of funds.

26. Other recent economic measures are decontrolled prices of consumer goods such as bread, cooking fats, sugar and beer and also the producer prices of wheat and dairy products. The essence of these policies is thus to help producers and manufacturers realize returns that would enable to increase production of goods and services.

27. The effects of the upward revision of fuel and fuel products have been to raise fares and transportation costs. In effect, this set in another set of upward price movements for most commodities, including domestically produced agricultural products and other domestically controlled services and products. However, people's purchasing power has remained very low, hence poor markets.

28. A look at items that have registered substantial price increases during January and March 1993 is warranted. Costs of food items both manufacturing and farm producer have increased by 20 per cent. The other range of products with substantial price increases were vehicle parts and petrol. Some vehicle parts increased by as much as 50 to 70 per cent, while car prices increased by 23 per cent over this period. The only area with a price decline was hotel rates to attract domestic tourists for the low tourism season up to June. Everything else including entertainment, education and services went up by varying amounts. Once again, increasing prices and in an environment where the purchasing power of the people is low kills small- and medium-scale industries.

29. The general increase in the price level also hit housing. Building costs increased due to an upward revision of building materials and services prices. It meant that even replacement costs for both rental and office building went up. To compensate for the increase in building and replacement costs, rental rates moved up. Another factor that could explain this remarkable change in rental rates is the high and rising urban population growth rate that continues to put pressure on a limited supply of rental houses. As with other producers and suppliers of goods and services, landlords are bound to increase rental rates to cover themselves for the loss of their income due to high inflation. Entrepreneurs complained of their inability to pay rents.

30. From the foregoing, it is only rational to expect that the rising trend in prices will continue.

(b) Impact on development finance institutions focussing on small- and medium-scale enterprises: A general overview

31. Kenya has a diversified financial system. It comprises of a central bank, 18 commercial banks, 57 near - bank financial institutions, 33 building societies, 64 hire-purchase companies, 9 development finance institutions, over 1,300 financial cooperatives, 36 insurance companies, 80 insurance brokers, the Nairobi stock exchange, and 6 stock broker firms. In spite of the existence of these many financial institutions, little of the development capital is accessible to small- and medium-scale enterprises.

32. In accordance with sessional paper no. 2 of 1992, the Government is to minimize direct support programmes and instead follow various facilitative rules towards improvement of the overall climate expansion of small-scale enterprises.

33. Of all these financial systems, there are various institutions involved in the development of the small-scale enterprise sector, namely: the Government, private sector development finance institutions and commercial banks. Private sector development financing comes from institutions such as the Kenya Association of Manufacturers (KAM), the Federation of Kenya Employers (FKE), the Kenya National Chamber of Commerce, the Kenya Institute of Management (KIM), the Kenya Small Traders Society etc. and non-governmental organizations (NGOs) of varying capacity. In addition, Kenya has about 9 development finance institutions, some of which specifically target small-scale enterprises, e.g. Kenya Industrial Estates Ltd. (KIE), the Small Enterprise Finance Company (SEFCO), and the Industrial and Commercial Development Corporation (ICDC).

34. There are also about 28 commercial banks with more than 253 offices, over 70 sub-branches and over 170 mobile branches across the country. Measures instituted by the Government and the Central Bank are intended to have short- and long-term effects if sustained. Measures taken on commercial banks have already forced some banks to raise base lending rates to around 25 to 28 per cent. This will have a negative effect on cash flows of business that depend on loan and overdraft. In the short term, these businesses might be unable to pass on this extra cost of borrowing to consumers of goods that they produce and services that they provide. Conditionalities of borrowing, i.e. ownership of land, buildings and chattel mortgages exclude accessibility of the majority of entrepreneurs. However, as economy improves, there may be room for businesses to recover increased production costs through higher prices. Until a number of structural problems are addressed in the economy, these measures are unlikely to make much impact.

35. Due to recent initiatives, the conservative attitude of commercial banks towards financing small-scale enterprises is changing slowly. For example, in addition to liberalized interest rates, commercial banks are permitted to charge extra fees to small borrowers. The problem of "riskiness" is being addressed and attempts to overcome it are being made by the recently established Credit Reference Bureau (a major joint venture between commercial banks and some major NGOs). However, the major issue in granting loans to small-scale enterprises remains as the price of credit and its accessibility. Most entrepreneurs argued that the problem is even deeper touching on the availability of loanable funds at financial institutions and the willingness of these institutions to lend to small-scale enterprises.

36. Agriculture has suffered most due to the hard economic times. While agricultural output prices have risen with other commodities, agricultural input prices have even risen higher. The terms of trade for agriculture continue to deteriorate. The prices of fertilizers, chemicals and farming equipment that followed devaluation have adversely affected their use, and hence the quality and quantity of agricultural produce has been negatively affected. There is need for duty exemptions for agricultural inputs, streamlining of storage and marketing channels for both inputs and outputs, and infrastructural development to support agricultural growth and development.

(c) A brief summary of the specific impact of structural adjustment programmes on small- and medium-scale industries in Kenya

37. The following positive and negative developments have been identified:

(i) Positive developments

- The devaluation of the Kenyan shilling which has made products made from local raw materials enjoy advantage relative to those made from imported raw materials enjoy a relative advantage to those produced from imported raw materials. Hence, the export potential for this sector viz. the decline in real wages (by 8.3 per cent between 1990-1991) led the majority of wage earners to revert to down-market" for goods and services that they previously purchased from larger "high-street" enterprises;
- Most of the firms of the small-scale and informal sector are able to avoid 18 per cent of value added tax, thus making them to have price advantage over their larger-scale competitors;

- Since 1990, increase in employment has been recorded in smaller firms as compared to larger ones; most people leaving the blue collar jobs are reverting to small-scale enterprises and hence creating more jobs;
- Liberalization of attitudes towards gender issues; women are being encouraged, at least through policies to be actors;
- Minimized regulation of the industrial sector in general;
- Easier access to foreign exchange for imports of raw materials and equipment;
- Firms are becoming increasingly cost- and quality-conscious because of increased imports of goods from low-cost countries, thereby leading to increase competition on the domestic market; and
- Liberalization through structural adjustment programmes has also opened up new avenues for export potential.

(ii) Negative developments

- Since the devaluation of the Kenyan shilling, the prices of machinery/equipment which are mostly imported have more than doubled, thereby affecting the small-scale enterprise and informal sector investor;
- Costs of borrowed capital increased considerably, thereby affecting small-scale industry investors;
- Some small-/medium-scale firms were thriving on government subsidies and protection before liberalization and hence rendered uncompetitive;
- Due consideration has not been taken with regard to the impact of structural adjustment programmes on "infant industries";
- The structural adjustment programme will adversely affect the development of core industries which can enhance the deepening of Kenya's industrial sector growth in terms of self-reliance and sustainability;
- Under structural adjustment programmes, the Government is required to cut down in development expenditures of important services such as infrastructure, health, education etc. at the expense of debt servicing. These will in turn adversely affect private sector development at large in terms of lack of basic infrastructure facilities, particularly in rural areas;
- Ironically, the effects of structural adjustment programmes hit the poor segment of the society hardest; yet, the Government's policy is aimed at alleviation of poverty in the target groups such as micro-enterprises, women entrepreneurs, and small- and medium-scale enterprises;
- Women have been affected most by cost-sharing of school fees because of their status in the society and role that they play.

III. IMPACT OF STRUCTURAL ADJUSTMENT AND ECONOMIC RECOVERY PROGRAMMES  
IN THE UNITED REPUBLIC OF TANZANIA

38. The introduction of structural adjustment programmes in the United Republic of Tanzania must be understood in the context of the socialist state economy that the country tried to create since 1967 - an economy characterized by large-scale centralized and monolithic parastatals that did not function profitably and whose management was weak and uncoordinated culminating in underutilization and unprofitability of the country's industrial enterprises. For the United Republic of Tanzania, structural adjustment programmes meant more than just pursuing a stabilizing policy.<sup>1/</sup> It presupposed a complete shift from the paradigm of Ujamaa socialism to gradual attainment of sustained growth in real income and outputs.

Structural adjustment programme conditionalities in the United Republic of Tanzania

39. The following reforms have become necessary:

(a) Trade sector reforms

- (i) Regular adjustment in the exchange rate (devaluation of the shilling);
- (ii) Own funds import scheme introduced in 1984;
- (iii) The open general license facility;
- (iv) Specific export promotion policies;
- (v) Tariff reform;
- (vi) Liberalization of internal trade.

(b) Agricultural reforms

- (i) Liberalizing agricultural marketing;
- (ii) Streamlining crop marketing;
- (iii) Rationalizing agricultural input production;
- (iv) Restructuring cooperatives unions.

(c) Monetary and credit policy reforms

- (i) Real interest rates introduced;
- (ii) Devaluation of the Tanzanian shilling - SH8.2 to the US dollar in 1980, SH 44.4 in 1986, SH145 in 1989, and SH240 in 1993;
- (iii) The own funds import scheme was introduced in the 1984-1985 budget;
- (iv) In 1988, the Government introduced an open general license facility for imports;
- (v) An export retention scheme was initially introduced in 1982 for traditional exports and extended to 1986 for non-traditional exporters;
- (vi) A duty drawback scheme which allows exporters to recover the duty on their imported inputs was introduced for the first time in the 1988-1989 budget;

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<sup>1/</sup> Willer, Heid, et al.

- (vii) In 1988 the tariff structure was lifted and specific duties were eliminated in the financial accounts of 1990-1991; this was further rationalized, and sales tax rates were reduced:
- In the 1991-1992 budget, only three products, i.e. petroleum products, fertilizers and sugar remained on the price control list;
  - All weight restrictions on grain movement between regions were removed in 1987. Since 1991, farmers have been allowed to sell their products where they chose;
  - Government restrictions remain on only six major cash crops and maize;
- (viii) Derestriction of cooperatives is in the process;
- (ix) Privatization is in the process. The Government has already announced the intention of releasing 40,000 civil servants in three phases;

Impact of structural adjustment programmes on small- and medium-scale industries in Tanzania

40. Removal of tariff stopped after the initial stage and measures to subsidize exports were taken. In addition, privatization or closing down of inefficient parastatals was not carried out consistently.<sup>1/</sup>

41. The paper attempts to present the reaction of entrepreneurs and institutions directly supporting these entrepreneurs and to underline the changes which have already taken place.

42. All those consulted observed that progress has been made, but that there is yet a great deal to be accomplished. Productivity has improved. However, one fourth of all enterprises run at a capacity utilization of less than 30 per cent, and only a small minority (7 per cent) achieved 80 per cent capacity - a capacity that could mean eventual sustainability.

43. Employment improved. Although figures were not readily available, it was observed that private enterprises had increased the number of their employees and parastatals laid off the "dead wood". Although laying off employees from parastatals meant to make their operations more efficient, it had negative social implications on increasing unemployment. However, as a result of liberalization, a young African entrepreneurship has emerged. With the reduction of lucrative and secure positions in the public sector as a result of restructuring, more are turning to entrepreneurship.

44. However, despite all this, the Asian community continues to dominate the sector. Asian companies and individual businesses have predominantly been built on a family basis. Asians have been able to build on their enterprises faster by acquiring investment capital from their old reserves abroad or from their families in Kenya or elsewhere. This and the fact that Asians through years of domination in this area have more experience and enterprises will give them a lead during this transitional period, it is feared that they may take control of the whole economy.

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<sup>1/</sup> Willer, Heid, 1993.

45. Talking to African entrepreneurs in the sector indicated a new African attitude to business. They now believe that they can compete on the same footing with Asians, the only challenge being a source of investment funds.

46. Liberalization of agricultural production and marketing has led to the overall recovery of food and cash crop production. Food sales increased by 100 per cent between 1983-1984 and 1987-1988.

47. Real per capital income has been positive, and there has been substantial decline in parallel market prices of maize. However, crop marketing problems persist; deterioration in infrastructure is yet to be checked; inflation is still excessive and social services remain poor. The poor continue to suffer badly.

48. Devaluation of the Tanzanian shilling has created the need for development of small-scale enterprise producers, since imports are more expensive. This acts as an incentive to African entrepreneurs who wish to enter the small-scale industry sector.

49. Many argued that due to market liberalization, an influx of imported goods has encouraged local production to adhere to high standards for those few who have managed to remain afloat. In addition, entrepreneurs are searching for new innovative ways of coping and improvising. Goods for the entire population that have been absent from the markets for years are available in plenty showing a tremendous increase in economic improvement and activity.

50. There were mixed feelings about the free market economy. On the one hand, all agreed that competition is desirable because it forces entrepreneurs to adhere to principles of quality. On the other hand, Tanzanian entrepreneurs who were accustomed to almost no competition due to price fixing, import restrictions and other protection mechanisms considered it a great threat. All those entrepreneurs interviewed argued that if investment finance was available, production of quality goods would not be an issue for them. Lack of accessibility of affordable raw materials would have to be addressed seriously.

51. Own-funded imports impact negatively on weak industries because some traders avoid proper duty and sales tax payments. Eventually, small- and medium-scale industries might move into the hands of the few who are able to mobilize investment funds.

#### Institutional framework

52. Government support to small- and medium-scale enterprises and the informal sector is expected from the following institutions:

(a) Government supported institutions, e.g. Small Industries Development Organization (SIDO);

(b) Ministry of Labour and Development;

(c) Ministry of Industry and Trade;

(d) Planning Commission.;

(e) Ministry of Community Development, Women Affairs and Children;



- (f) Investment Promotion Centre;
- (g) Local government authorities;
- (h) National banks
- (i) NGOs.

53. Performance of these institutions has been hampered by financial difficulties and poor institutional capacity. For example, under the Human Resource Deployment Act of 1983, the Ministry of Labour and Youth Development was charged with the responsibility of assisting public sector retrenches and others who wished to start small- or medium-scale enterprises. It never worked. The National Development Advisory (Inter-Ministerial) Committee which was supposed to coordinate activities never worked and hence the Government abandoned it in 1985 due to lack of funds. The role that the Ministry of Industry and Trade is to play in coordinating industrial activities nationwide has remained in the books, except for SIDO which continued to provide limited support due to lack of sufficient funds and institutional capacity. Projects, therefore, have been operating below capacity level and impact has been negligible because SIDO has spread itself too thin. SIDO, however, has the potential. It is one of the very few institutions in Tanzania capable of offering a variety of services to small-scale enterprises. SIDO has adopted a business approach and decentralized all its operations.

54. All institutions so far mentioned are meant principally to support the informal sector and the lower end of the small- and medium-scale enterprises. Entrepreneurs in the informal sector and all others feel that these institutions do not have the financial and institutional capacity to serve entrepreneurs at all levels.

55. The Small Investment Promotion Centre set up in 1990 to ensure implementation and monitoring of the policy on small- and medium-scale enterprise development has its offices in Dar-es-Salaam, and it is questionable whether small entrepreneurs from the regions can afford to pay a visit.

56. On the whole, however, all entrepreneurs both in the formal and informal sector and in small- and medium-scale industries observe that although institutional support is still lacking, the system began to officially recognize private enterprises. Special low priced easy to obtain business licenses (Nguvu - Kazi) are being given without restrictions to any person seeking to operate small-scale business in towns. In Dar-es-Salaam, revenue collection from such license rose from SH 3.3 million in 1988 to SH9.4 million in 1990. The number of licenses doubled from 7,000 to 13,414 during the same period.<sup>1/</sup> It indicates increased activity in the sector. NBC established a small-scale enterprise department in 1988 and a "Women in Development Department" in 1991. Under these arrangements, conventional collateral requirements were initially waved and replaced by "character reference" and use of groups and tractional structures at the village level to assure repayment. Although NBC has branches in most of the districts and hence is a viable institution for serving small-, medium- and even large-scale enterprises, its impact is hampered by long delays in approving applications

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<sup>1/</sup> Bagachula, M.S.D., September 1993.

and disbursement of loans; lack of extension staff to carry out routine extension services, especially at the branch level. All enterprises felt that NBC is therefore only capable of supporting medium- and large-scale activities which do not require close supervision and client contact.

57. The Cooperative and Rural Development Bank (CRDB) has not benefitted from small and medium-scale enterprises regardless of its purported positive attitude towards entrepreneurship. It has not developed effective lending methodologies and schemes appropriate for the small-scale enterprise/industry sector. Its poor financial position has made its funds difficult to access even by larger industries.

58. Recognizing the institutional framework, the Bank of Tanzania is now encouraging development of rural community private banks. Mobilized savings will be used for lending within the respective communities. Privatization policy, therefore, may give rise to mobilization of local resources that could be accessible at the community level, e.g. pilot projects are proposed for the Bahati district, the Arusha region and the Mwanza district.

59. The role of NGOs in providing entrepreneurial support is also increasing, e.g. Community Development Trust Fund (CDTF), Presidential Trust Fund for Self-Reliance (PTFSR), Tanzania Youth Development Foundation (TYDEF), and 160 rural youth training employment programmes (ILO)/RYTE etc. NGOs which are on the increase suffer from lack of trained personnel, over-reliant on donors and poor coordination. Hence, sustainability of services is an issue.

60. On the whole, entrepreneurs do feel that they have inadequate support, although all these institutions have the inclination to support them.

Summary of the impact of structural adjustment programmes on small- and medium-scale industries in Tanzania

61. The following positive development and negative impact have been identified:

(a) Positive development

- (i) Shift in emphasis from direct control and national access to market allocation and enhance merit of private sector;
- (ii) Reduction of discrimination against small- and medium-scale industries by government policies;
- (iii) Goods accessible to Tanzania have increased by 54 per cent between 1983 and 1988;
- (iv) Variety of consumer goods has also increased;
- (vii) Improved supply of intermediate industrial inputs and spare parts due to import liberalization;
- (viii) Diversification of production by some of the small firms;
- (ix) Raw materials, tools and spare parts are readily available due to liberalization;
- (x) Thriving over market trade has increased;
- (xi) The striking public sector and retrenchment programmes have stimulated the flow of skilled labour into small- and medium-scale enterprises.

(b) Negative impact

- (i) Those small-scale industries that are dependent on imported inputs and do not have the ability to increase the quality of production significantly have suffered loss of markets and may eventually close down;

- (ii) Unless investment capital is available and institutions providing structural support increase their capacity, chances are that only a few will eventually dominate the economy, and distribution of wealth will never be realized.
- (iii) Competition has been perceived on the one hand as an incentive to quality production. On the other hand, reality is that only stronger small- and medium-scale enterprises can survive.

#### IV. REACTIONS OF ENTREPRENEURS TO STRUCTURAL ADJUSTMENT PROGRAMMES IN KENYA AND THE UNITED REPUBLIC OF TANZANIA

##### Commonalties

62. In both countries, entrepreneurs' reactions should be considered with some degree of caution. Firstly, the study covers only the very few entrepreneurs and therefore generalization could be misleading. Secondly, most reactions could be overstated in an attempt to hide their own inadequacies. On the other hand, most entrepreneurs knew that structural adjustment programmes would affect them in one way or another, but it has not been possible to ascertain the extent to which they were affected. The following seems to be common perception by entrepreneurs:

(a) Difficulty to access credit for investment and when available its inadequacy. This has led to the closing down of weak small- and medium-scale industries and loss of employment, closure of some of the industry and low capacity production for others;

(b) Shortage of inputs, i.e. raw materials, spare parts (Tanzania) and inappropriate technology; inability to import by Kenyan entrepreneurs due to lack of funds and hostile regulatory environment;

(c) High cost of available inputs due to inflationary situation;

(d) Demand bottlenecks, i.e. poor market systems and infrastructure (roads); excessive competition on private sector development;

(e) Inadequate and most times absence of physical and public utilities including water, electricity and sanitation;

(f) Continued up-service entrepreneurial activities; hence, perpetuation of hostile environment, e.g. harassment, difficult taxation and licensing procedures;

(g) Lack of entrepreneurship spirit among policy-makers;

(h) Inadequate or no entrepreneurial skills and technology to produce for markets that are open to international competition.

##### Impact of structural adjustment on women in Kenya and Tanzania

63. Women do not need to be integrated into development. They are already integrated. In rural the areas, 9 out of 10 women are likely to be the farmers, wives of men who are often absent and mothers of 6 to 7 children. They spend 12 to 14 hours working at home and in the fields. Only very few women in Kenya and Tanzania live in town. Women are the backbone of the agricultural economies and the chief health-keepers for these nations. Women, therefore, do not need to be integrated in the economy, but their role

recognized in economic records and adequately remunerated for their labour. For practical and cultural reasons, women typically have more difficulties than men in accessing credit for investment. Because of their central role that women play in development and their marginalized status in both societies, women have been at the epicentre of the economic crisis and have borne the brunt of the adjustment efforts. They have been the most affected by the deteriorating balance between income and prices, the rising morbidity and child death. It is women who have had to find the means for families to survive. To achieve this, they have had to work longer and harder. Yet, they have no role in the design of adjustment programmes which have ignored their needs and concerns. Let us consider a few facts in this respect.

64. Adjustments often entail job losses in the formal sector at least in the short term until growth is resumed. Retrenchment policies will affect more women than men due to the fact that the majority of women in these two countries occupy the "job ghettos"<sup>1/</sup> because of their low level of education and lack of operational skills. This will force women into the informal sector with all its problems.

65. Many women who due to retrenchment policies join the informal and private sector are disadvantaged because they lack operational skills, information and exposure to the entrepreneurial world. Most of them, due to land tenure policies, further lack means of production that would facilitate access to credit from financial institutions. Most of them have ended up in petty trade. Their earnings are further depressed due to low earning opportunities in the formal sector and also due to many entrants in the sector.

66. Women have also been hit badly by devaluation control of prices, reduction or abolition of subsidies, budgetary cutbacks and reductions of support for public services. Women can hardly get a loan from financial institutions due to high bank rates because the majority has a very small income, if any. They cannot pay for high costs of health services due to inflated medical costs. Public health services have deteriorated. Girls drop out of school when family income has been reduced.

67. Like all other vulnerable groups, women have suffered a great deal due to structural adjustment programmes and cost-sharing policies. Since these changes have been introduced over a very short period and with hardly any safety nets, the vulnerable groups have been adversely affected. Female-headed households are the most hit by reduction or removal of abolition of subsidies on foods and other basic goods, while their role as home managers and health-keepers has adversely been affected by removal of subsidies of social services. In addition, women's health has been affected. The less healthy women are, the less efficient, reducing their productivity and thereby diminishing national income and welfare below its potential. In total, structural adjustment programmes have reduced resources available to women.

68. In recent years, prices of basic commodities kept escalating, wages kept falling and essential services were reduced with the aim of cost-sharing. Women who are home managers and health-keepers have less finances to accomplish their responsibilities. Less families are eating balanced diet. About half of all children are malnourished, 20 to 45 per cent of women at

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<sup>1/</sup> Low status and low paid jobs, e.g. cleaners, copy typists, clerks, messengers etc.

child-bearing age do not eat the minimum of 2,250 calories a day as recommended by the World Health Organization (WHO).<sup>1/</sup> This contributes to more maternal mortality.

69. Liberalization policies which attempt to remove disincentives to exports caused by import protection are likely to affect women in the following way: Women who are displaced from the formal sector will be competing with men to enter the informal and private sector. Their disadvantage is that they lack skills to facilitate equal opportunities in this respect. Most of them are and will continue to participate in trade which will provide low earnings because of the overall low purchasing power in the society.

70. Throughout the discussions both with institutions supporting entrepreneurs, male entrepreneurs and government officials, gender perspective was dismissed as an overemphasis. Most felt that once the concerns of all entrepreneurs were adequately addressed, the concerns of women would be covered. Women in small- and medium-scale industries argued however that this approach would enhance further marginalization of women. Women should first and foremost be treated as entrepreneurs instead of women who need special care and hence subsidy. They need access to means of production that will facilitate their access to existing credit facilities from formal financial institutions and not subsidy. Programmes targeting women need to be integrated into the mainstream planning and not as social welfare interventions.

#### The potential

71. In Tanzania, shortages of goods and services that are consumed regularly have created more opportunities for women who have engaged in food production and distribution. The major problem has been lack of land to grow food for those who are not involved in distribution. Women who deal with fishery are exploited by the middle-men, since they have no skill for fishing and also due to the fact that culturally fishing is a male activity. However, it is an opportunity for women to enter into these two areas.

72. Mobility of women has increased. Kenyan and Tanzanian women travel extensively within their country and a few outside East Africa. The women's vision of entrepreneurship in both countries is changing and horizons are widening.

73. Women have also begun venturing into small- and medium-scale industries. The only concern is that women continue to experience great difficulties in accessing credit as compared to their male counterparts.

74. Aid organizations and agencies "discovered" rural women in Kenya and Tanzania in the 1970s and 1980s. Approaches that are expected to be gender-sensitive to date are ignorant of entrepreneurial activities in which men and women are involved. Women as a result are grouped to perform a variety of activities, some of which are not amenable to that type of organization if they have to function effectively and profitably, e.g. goat rearing, raising chickens and baking bread. This ignores the fact that, for example, a small soap-processing or food-processing on a small scale etc.

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<sup>1/</sup> Manguyu, F., 1993.

could only be profitable with groups of very few women. Other activities have increased women's workload because they are work-intensive. The approach also ignores the diversity of marginalized women treating them in the category "poor" as if women were a homogeneous group.

75. There is realization that women entrepreneurs need support. In Kenya and Tanzania support has been provided by government and aid agencies as start-up capital. This resulted in production of masses of goods, services and commodities which lack markets, and this has been a great demotivator for women. The fact is the assumption that women entrepreneurs need credit only is inaccurate. They equally need training in marketing, packaging and other processes necessary for sustaining an enterprise.

76. There is need for designing a support system for women entrepreneurs. This will ensure that women entrepreneurs are not ignored. Currently, programmes in both countries target the poorest entrepreneurs denying support to the medium entrepreneurs. Women interviewed have seen this as retarding women's development in small- and medium-scale industries.

77. There is potential for support to women during this reconstruction phase. However, treating women entrepreneurs as a homogeneous group is erroneous. Support schemes according to specific needs and specific groups are required to increase entrepreneurial spirit of women.

#### V. CONCLUSION: THE WAY FORWARD

78. On the whole the objective of all structural adjustment programmes is to create conditions for sustained growth including flexibility to adjust to changes in the economic environment. In view of the role that small- and medium-scale industries are playing in Kenya and Tanzania in developing large industries, targeting small- and medium-scale industries would be an effective means for achieving industrial restructuring. Small- and medium-scale industries are expected to play a major role in generating more employment, raising output, alleviating poverty and achieving regional development. They will also enhance a more resilient, competitive and efficient industrial structure. In Bangladesh, small- and medium-scale industries employ 2 to 3 million workers or almost 80 per cent of the entire industrial work force of the country. In the Republic of Korea, these industries employ about 50 per cent of the entire industrial labour force.

79. In Malaysia, small- and medium-scale industries comprise the bulk of all industrial establishments accounting for about 55 per cent of industrial employment and about 50 per cent of value added. The central role that small- and medium-scale industries play in the creation of employment and raising of income is clearly documented. Kenya and Tanzania see the sector as the only possible means of absorbing most of the unemployed adults. Since economies of these two countries change, it is clear that small- and medium-scale industries have to face new challenges and undergo market orientation changes.

80. In Kenya and Tanzania, there still exists marked disparities in development within regions. Industrialization has to date been confined to urban centres, thus neglecting over 80 per cent of the population living in rural areas. The Philippines have changed their level of income by encouraging development of more than 99 per cent of their small- and medium-scale industries outside the capital region and cities. The suggestion here is that in Kenya and Tanzania every effort should be made to support

small- and medium-scale industries in rural areas which in turn would not only dominate expansive rural markets but also feed into large industries located in urban areas.

81. Since costs of importing raw materials continue to rise due to the devaluation of the currencies, there is need for industries in both countries to turn to utilization of local raw materials and creatively adapt to the new situation. In the process of innovating mobilizing resources, skills etc., small- and medium-scale industries will become a fertile ground for training in business management for larger industries. This is viewed as an important role of small- and medium-scale industries that governments and NGOs must recognize. Due to financial difficulties, small- and medium-scale industries are not all the time able to acquire new technology as it is introduced in the markets. In Kenya and Tanzania, small- and medium-scale industries have shown great innovativeness in just about any sector of the economy. Hence, it indicates their potential to undertake technological improvement. Their innovations should be supported during the period of reconstruction of the economies, e.g. hand-operated oil pressure, handwater pumps, hand-operated water drills etc. There is need to also support promotion of non-traditional exports.

82. Small- and medium-scale industries would benefit greatly in both countries by encouraging subcontracting arrangements with large-scale industries. They could act efficiently as "shock absorbers" for the large-scale industries adjusting their own employment and production levels to reflect changes in demand and supply conditions.

83. Kenya and Tanzania need to develop a comprehensive and well integrated package of measures and incentives both on the supply and demand side. Existing institutions should be given support to extend their services to small- and medium-scale industries. The concept of decentralization must be operationalized.

84. The role of NGOs in providing services to small- and medium-scale industries in rural areas where government extension services cannot reach must be used in delivering support services. They could provide credit, training and technical assistance. In Kenya, NGOs work extensively in rural and marginalized areas. The role of NGOs should complement government efforts. Government resources are limited given many competing demands. NGOs could accelerate changes since they have a better grasp of local demand than national institutions. The Governments of Kenya and Tanzania should concern themselves with regulatory and promotional issues for small- and medium-scale industries. Donor-supported NGOs must, however, avoid dependency and assist in the creation of sustainable activities.

85. Creating a positive regulatory environment and providing promotional support should be central to the Governments' policies. It was felt that there is need to enact special legislation in both countries to back up small- and medium-scale industries as in Thailand, Sri Lanka, Malaysia, Indonesia, the People's Republic of China, the Republic of Korea etc. The idea is to provide extensive organizational support in an attempt to create an atmosphere/environment for the generation with entrepreneurial spirit and the creation of enterprises, particularly in the small- and medium-scale enterprise sector. Policies that function in a "straight jacket manner" ignoring specific social and economic circumstances must be avoided.

86. The Governments' lip service to the support of small- and medium-scale industries is unacceptable. All measures taken under structural adjustment programmes have only benefitted large-scale industries, e.g. import regulations (including tariffs) are always introduced in favour of large-scale industries, and macro-policies still tend to protect large-scale industries against competition from small- and medium-scale industries. The solution is not simple. There is need for access to economic inputs, e.g. credits, training and technology. It is also felt that although small- and medium-scale industries would benefit rather from promotional than protective measures, an abrupt removal of all protectionism would kill them. There is need for each country to retain a certain amount of protection against the vulnerable areas of small- and medium-scale industries. There has to be selective government intervention. For example, the United States of America subsidize their agriculture at a rate of US\$200 billion annually, Norway intended to subsidize agriculture with US\$2-8 billion in 1993, the European Community spent 60 per cent of its 1992 budget on common agriculture policy. It is not out of line to retain some amount of subsidies for crucial sectors.

87. Governments should be concerned with the development of basic infrastructure, i.e. factory accommodation, good communications including power and communication for disposal system etc. The transport system in rural areas of both countries is poor. This does not serve as incentive to small- and medium-scale industries.

88. Almost all entrepreneurs consulted emphasized credit as one of the main constraints faced by entrepreneurs and in both countries continues to be a problem. Banks and other formal financial institutions lending policies do not favour small- and medium-scale industries. This inhibits sustained growth of small- and medium-scale industries, entrepreneurial and managerial capabilities. Suggestions were made by entrepreneurs from both countries on the need for policies and structures that facilitate mobilization of savings as an attempt to create investment funds for small- and medium-scale industries. Saving mobilization and institutions to facilitate their proper management must be out of the Government's direct control. This would only be possible if informal credit markets and their functioning were improved. Informal credit markets could be a major source of financing of small- and medium-scale industries in Kenya and Tanzania. Privatization of major financial institutions under structural adjustment programmes will in no way benefit small- and medium-scale industries.

89. The role of the Government and NGOs in accessing new technologies for small- and medium-scale industries should revolve around providing information and an enabling environment to ensure that small- and medium-scale industries can afford the appropriate technology. The Governments must realize that the open market policy will only kill small- and medium-scale industries unless and until they can gain easier access to appropriate technology that will ensure quality goods production.

90. An entrepreneur is the heart of small-scale industry development. However, there is need to develop related human resources to ensure successful mobilization of capital, creation of markets and carrying out trade. It seems that with competitiveness introduced by liberal markets, specialization by small- and medium-scale industries must be taken seriously. Policies put in place in support of small- and medium-scale industries should ensure continued education systems with emphasis on skills - based knowledge to ensure that industry demand is met in time. Further, it is suggested to establish linkages between small- and medium-scale and large-scale industries. This



would be a process empowering local communities supporting small- and medium-scale industries.

91. The view that empowerment of communities as focus in small-scale industry development in Kenya and Tanzania is mutual. A real concern is that structural adjustment programmes have so far lacked a human face. Although the World Bank and IMF have emphasized the importance of the "human face" in structural adjustment programmes, evidence to date shows that this has not been achieved. For example, the number of least developed countries in Africa have increased from 21 in 1981 to 18 in 1988 and 19 in 1990. There is evidence of reduced per capita income.<sup>1/</sup> Farmers from both countries have been complaining repeatedly about the decline of agricultural production due to expensive inputs. Food shortages have been prevalent. There is need to increase per capita income.

92. Cost-sharing introduced by the Government of Kenya as a process of implementing structural adjustment programmes leaves a lot of questions to be answered. For example, equity with which cost-sharing schemes are to be introduced and the likely impact of the schemes on vulnerable groups remains the empirical question to be addressed. The poor continue to suffer under increased costs of services. There is need to provide sufficient protection for vulnerable groups in the process of adjustment. There has been a negative effect on access to education, health facilities, safe drinking water etc. It is also not clear whether mechanisms exist in both countries and how efficient they are to measure the impact of structural adjustment programmes on common people.

93. According to Heid Willer, Paul Gerhard Roch and Bagachwa, a young successful indigenous industrial entrepreneurship is emerging, and there are managers interested in becoming self-employed entrepreneurs in the future. However, much needs to be done to encourage them and ensure continuity.

94. Structural adjustment and economic recovery programmes are not the problem. It is the planning of their implementation. There is need to introduce them in controlled phases in order to minimize disruption. There are problems of these policies laying a great deal of emphasis on large-scale enterprises ignoring the linkage between small- and medium-scale and large-scale industries and medium-scale industries and macro-/informal enterprises. What can ensure that business continues to operate in the long run is the Government's commitment to create and sustain an enabling economic and investment environment. This is only possible if the Governments maintain macro-economic stability through a reduced budget deficit, use of stricter fiscal policy to reduce inflation, control of the rapid growth in money supply, observance by the central banks of strict banking principles by both commercial and non-bank financial institutions, and reduction of bureaucratic procedures.

95. Looking into the future, the following questions are important to ponder over:

(a) Do Kenya and Tanzania face special structural problems that have not been properly understood?

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<sup>1/</sup> Onimode, Bade, 1992.

- (b) Has the institutional dimension been neglected?
- (c) Have recent reform programmes been too narrow or too shallow?
- (d) Could the process of formulating and implementing reforms be improved?
- (e) Has the effect of external factors been correctly assessed?
- (f) Are external assistance and debt level appropriate and adequate?
- (g) More fundamentally, is there a long-term vision that is both credible and energizing?

ANNEX

SOURCE OF PRIMARY DATA

Kenya

1. Eight women entrepreneurs of small- and medium-scale enterprises
2. Small-Scale Unit, Barclays Bank of Kenya
3. Standard Chartered Bank
4. Cooperative Bank
5. Improve Your Business
6. Ministry of Commerce and Industry
7. Kenya Rural Enterprise Programme
8. Deloitte and Touche
9. East African Industries
10. Martian Communications Ltd.
11. Credit Reference

United Republic of Tanzania

1. National Project for the United Republic of Tanzania, UNIDO
2. Investment Development Centre
3. Small Industries Development Organization (SIDO)
4. Small-Scale Industries, Ministry of Industry
5. Confederation of Tanzania Industries
6. National Bank of Commerce
7. Investment Promotion Centre
8. Women Entrepreneurs:
  - Three women entrepreneurs in manufacturing
  - Two women in retail business
  - A women entrepreneur in trading petroleum products
  - Women entrepreneurs trading in groups
  - Women entrepreneurs trading in food

Women entrepreneurs interviewed (small-scale industry)

1. Petrol station owner
2. A manufacturer of sanitary pad, distributor of various commodities, publisher and retailer
3. Wholesale shop owner

Informal sector

- Food kiosk owners (fish and rice/ugali)
- Tie and die printers and sellers
- Vendors in food-stuff

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