COVID-19
MACROECONOMIC
POLICY RESPONSES
IN AFRICA
27

Macroeconomic Resilience of Tanzania and Kenya

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About CoMPRA

The COVID-19 Macroeconomic Policy Response in Africa (CoMPRA) project was developed following a call for rapid response policy research into the COVID-19 pandemic by the IDRC. The project's overall goal is to inform macroeconomic policy development in response to the COVID-19 pandemic by low- and middle-income countries (LMICs) and development partners that results in more inclusive, climate-resilient, effective and gender-responsive measures through evidence-based research. This will help to mitigate COVID-19's social and economic impact, promote recovery from the pandemic in the short term and position LMICs in the longer term for a more climate-resilient, sustainable and stable future. The CoMPRA project will focus broadly on African countries and specifically on six countries (Benin, Senegal, Tanzania, Uganda, Nigeria and South Africa). SAIIA and CSEA, as the lead implementing partners for this project, also work with think tank partners in these countries.

Our Donor

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Executive summary

Kenya and Tanzania have experienced frequent natural disasters and externally induced shocks over the past 20 years. The main crises since 2000 have included frequent floods and droughts (2000, 2008/09, 2012–2014, 2017–2018); the global financial crisis (GFC) (2007–2010); the COVID-19 pandemic (2020–2021); and the ongoing Russia–Ukraine war (2022). The impact has been significant, with reduced gross domestic product (GDP) growth, recession in Kenya during the GFC and COVID-19, loss of lives, reduced formal employment, reduced savings, decreased consumption and increased public debt.

In response to the crises, both countries used prudent monetary and fiscal policy to reduce inflation, ameliorate interest and exchange rates and help the economy recover by releasing more liquidity to the economy, restructuring private debt and supporting vulnerable populations with social provisions.

In order to improve resilience to future shocks, both countries could consider the following policy options:

- Build fiscal capacity to improve resilience by simplifying the tax system through a review of complexities in tax policy, legislation and administration.
- Reduce or eliminate ill-designed exemptions and incentives that provide opportunities for corruption.
- Make greater use of smart information management systems, such as e-registration, e-filing, e-payment, e-invoicing, e-accounting and self-help portals.
- Manage public external debt more sustainably by reducing non-concessional borrowing to reduce escalating debt service.
- Broaden the tax base by plugging tax evasion loopholes and bringing the large informal sector into the tax net.
- Build macroeconomic resilience by reducing and standardising bureaucratic procedures that affect the efficiency of regional and global trade.
- Use prudent monetary and fiscal policy to control inflation and money supply, provide liquidity to the economy and restructure private credit.
- Strengthen institutions to build trustworthy, transparent governance structures which have the capacity to manage resources efficiently; formulate, implement and enforce sound policies and regulations; and respect rules, laws and norms of economic interaction to avoid rent-seeking, corrupt behaviour and other activities which erode public trust.

Introduction

Macroeconomic resilience is the ability of a country to withstand macroeconomic shocks and recover quickly towards potential growth.[1] This policy insight compares the macroeconomic performance of Kenya and Tanzania over the past 20 years. The two countries were chosen because of their structural similarities – both are lower-middle-income countries and members of the East African Community (EAC). Figure 1 shows a snapshot of their economies.

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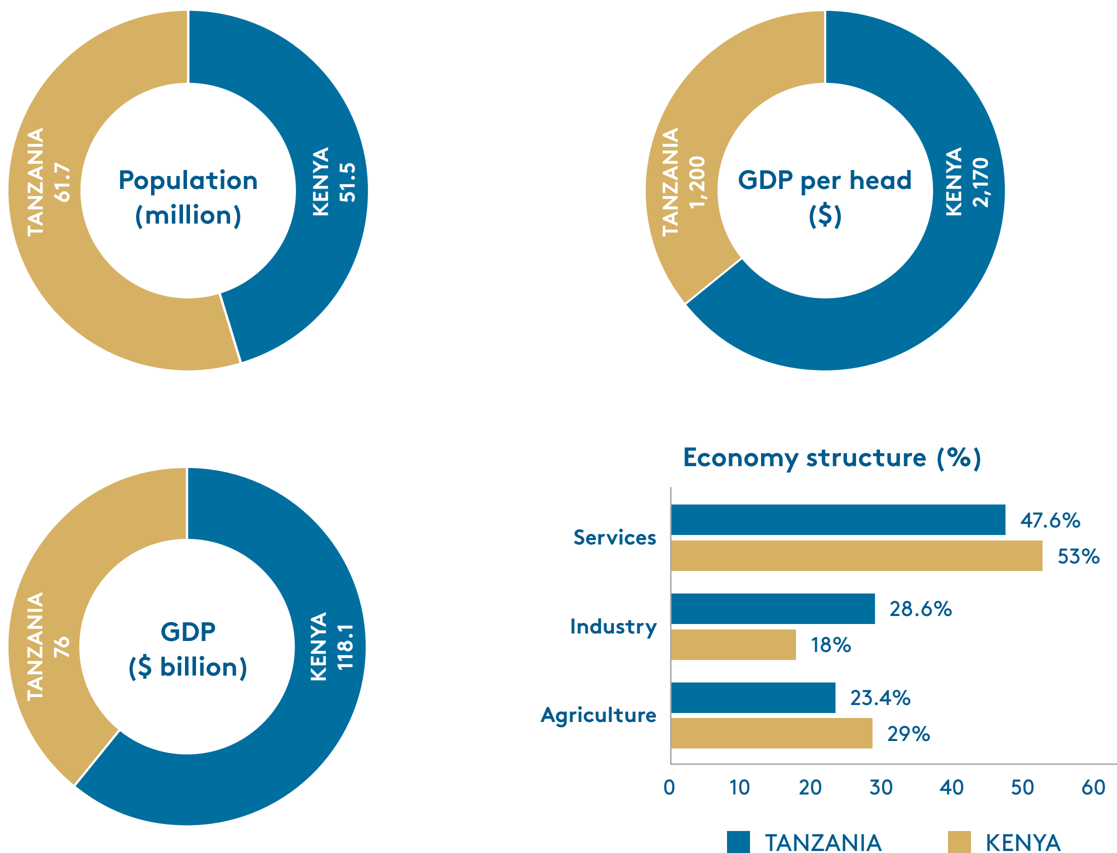
1 Lino Briguglio et al., 'Economic vulnerability and resilience: concepts and measurements,' *Oxford Development Studies* 37, no. 3 (2009): 229–247.

Figure 1 Tanzania and Kenya economies snapshot (2022)



Source: Based on World Bank Development Indicators, https://datatopics.worldbank.org/world-development-indicators/

The nature of macroeconomic crises in Kenya and Tanzania

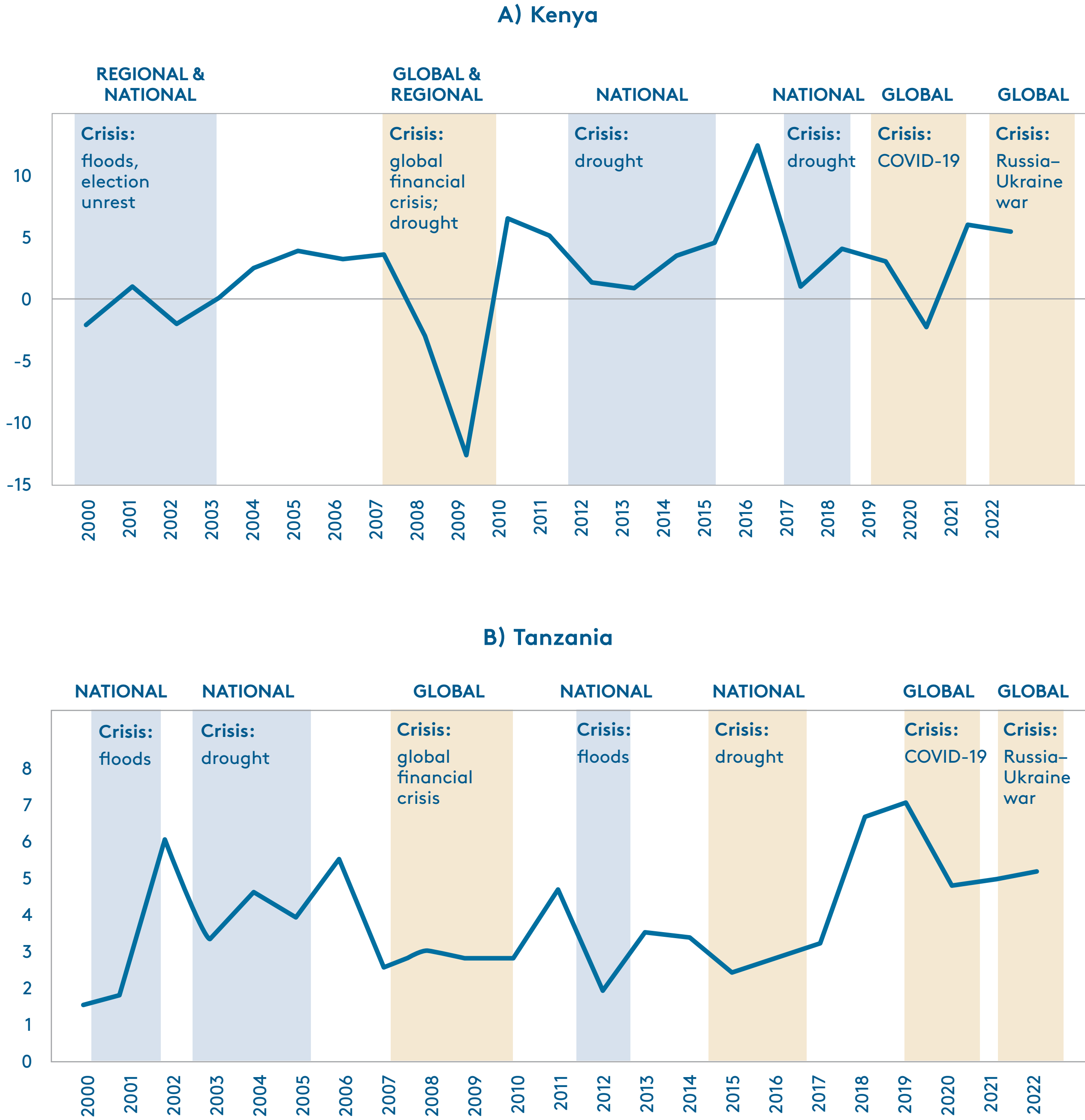
Main crisis episodes

The main shocks are shown in Figure 2.

Climate-related shocks

As shown in Figures 2a) & b), droughts and floods had a significant impact on agriculture in Kenya, which contributes to 33% of the country's GDP and over 16% of formal employment. For example, in 2007/09 drought-affected food crops – cereals, legumes and livestock – cost

Figure 2 Kenya and Tanzania GDP per capita growth (annual %) and crisis episodes



Source: Ian Harris et al., 'Version 4 of the CRU TS monthly high-resolution gridded multivariate climate dataset', ***Sci Data*** 7, 109 (2020), https://doi.org/10.1038/s41597-020-0453-3

$500 million or 2.6% of GDP.[2] In Tanzania, the 2007/09 drought-affected food crops and livestock cost $200 million.[3] In both countries, frequent droughts had a high impact on wildlife and hence tourism,[4] which accounts for 10.4% of Kenya's GDP and 5.5% of its formal employment. In Tanzania, this accounted for 10.6% of GDP and 5.3% of formal employment.

Global financial crisis

The impact of the GFC in Kenya saw a GDP growth decline from 6.9% in 2008 to 0.2% in 2009,[5] which resulted in a recession. Tanzania's GDP growth declined from 6.8% in 2007 to 5.3% in 2009. The impact for Kenya was larger due to its greater integration with international financial markets. The country also entered the financial crisis following post-election violence in 2007/08 and droughts in 2008 and 2009, which left it with very low capacity to respond adequately.

The COVID-19 pandemic

In Kenya, real GDP growth declined to 0.4% in 2020 from 5.1% in 2019, which resulted in negative per capita growth (see Figure 3) and recession. Similarly, Tanzania's GDP declined from 5.8% in 2019 to 2.0% in 2020. However, unlike Kenya, per capita income remained positive, and the economy did not experience a recession. This was partly because Tanzania did not introduce a lockdown and had adequate fiscal space to counter the slowdown of the economy.

Impact analysis

Growth of GDP per capita

Tanzania's GDP per capita growth appeared to show less volatility than that of Kenya (see Figure 3). This might reflect Kenya's greater reliance on the private sector to foster socio-economic growth, masking larger GDP per capita inequality, which becomes amplified during shock periods.[6]

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2 Clare Downing et al, 'Kenya: Climate Screening and Information Exchange,' (Final Report, Report to Department for International Development, Oxfordshire: AEA, 2008), 30.

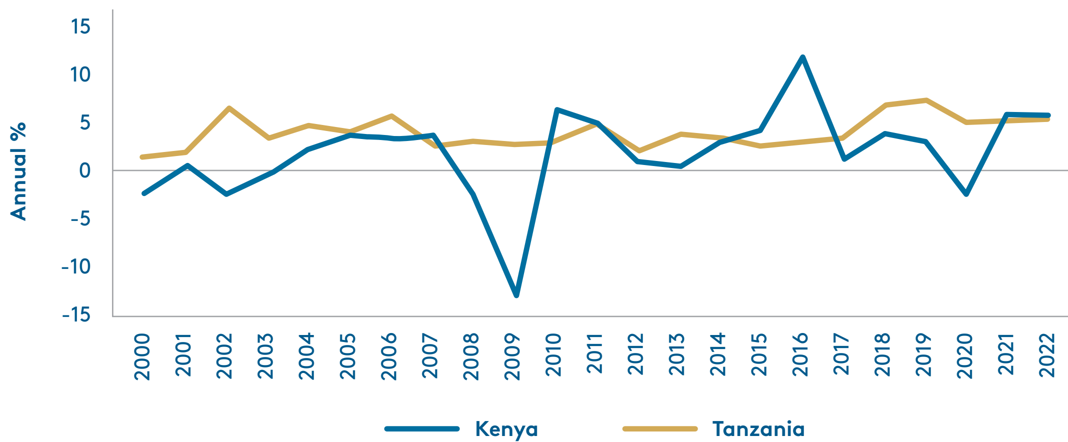
3 World Bank, 'Tanzania Economic Update: Managing Water Wisely,' (November 2017, Issue 10).

4 Manase Elisa et al. 'A Review of Water Crisis in Tanzania's protected areas with emphasis on Katuma River-Lake Rukwa Ecosystem'. *Journal of Ecohydrology & Hydrobiology* 10, no. 2–4 (2010), DOI: 10.2478/v10104-011-0001-z.

5 World Bank, "National Accounts data: Kenya and Tanzania", GDP growth (annual %) - Kenya, Tanzania | Data (worldbank.org).

6 Alan B Amey and David K Leonard, 'Public Policy, Class and Inequality in Kenya and Tanzania,' *Africa Today* 26, no. 4; *Political Economy and Government Policy* (4th Qtr., 1979): 3-41; Kenya Gini coefficient 38.9, Tanzania 40.5.

Figure 3 Kenya and Tanzania GDP per capita growth

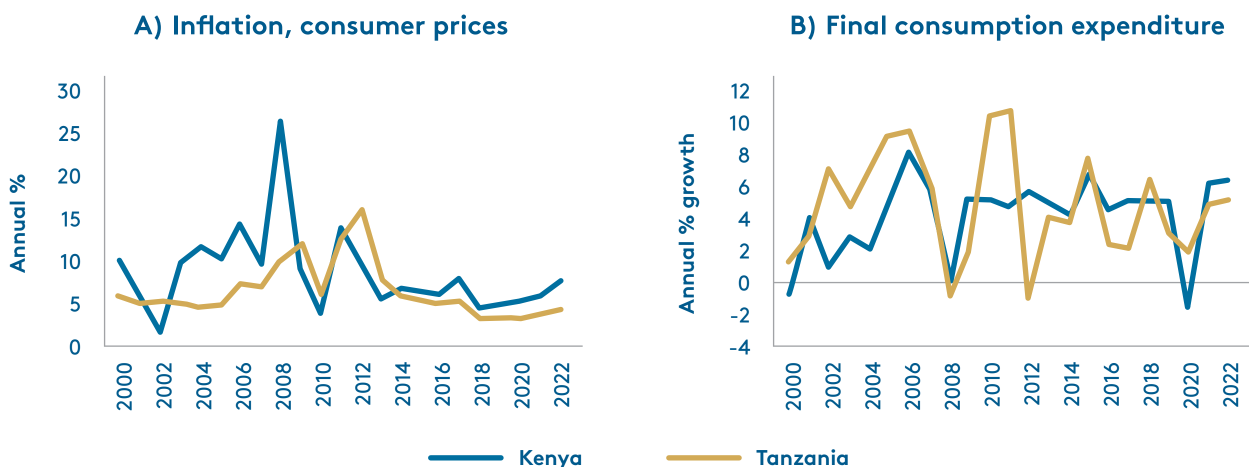


Source: World Bank Development Indicators, https://datatopics.worldbank.org/world-development-indicators/

Inflation and final consumption expenditure

During crisis episodes, Kenya and Tanzania were unable to keep inflation at the 5% target set by the central banks of each country (see Figure 4). Kenya's inflation exceeded 25% during the GFC (Panel A). The main triggers of inflation in both countries were shortages of food caused by low production during drought episodes, high energy prices due to disruption of international trade caused by the GFC, the COVID-19 pandemic lockdowns and the Russia–Ukraine conflict.

Figure 4 Kenya and Tanzania inflation and final consumption expenditure (2000–2022)



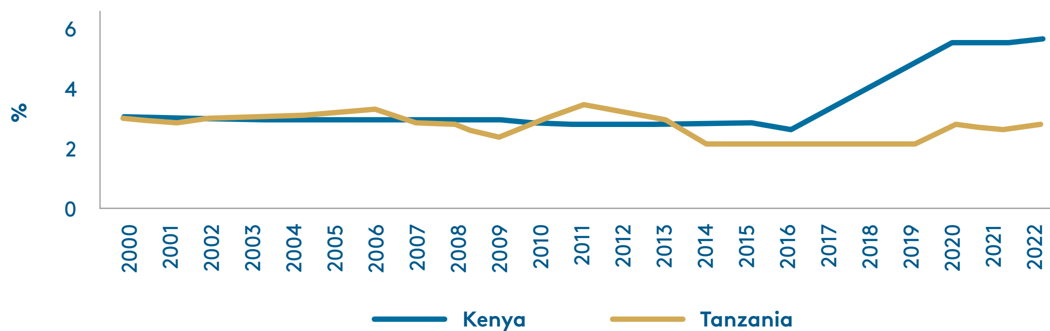
Source: World Bank national accounts data and OECD National Accounts data files, https://databank.worldbank.org/source/world-development-indicators

The shocks[7] reduced household and government consumption in both countries (see Figure 4b). The drivers of consumption expenditure were private consumption and government investment. In Kenya, private consumption was driven by a surge in remittances, an emerging middle class and rising household incomes from increased agriculture earnings. Recovery was aided by ongoing public infrastructure investments, including improvements in ports, roads and highways, which eased supply-side constraints. In Tanzania, public consumption accounted for 9% of GDP. This country experienced an increase due to higher government expenditure on health and social protection in response to the pandemic as well as infrastructure expenditures to improve roads, electricity and ports.

Unemployment

Unemployment in Kenya increased from 2.6% in 2000 to 5.7% in 2022 while that of Tanzania remained at historical levels of 3% (see Figure 5). To foster recovery, Kenya unveiled the National Safety Net Programme in 2013 to provide cash transfers to vulnerable people. By 2021, over 500 000 households were receiving cash transfers on a regular basis and an additional 374 806 households in northern Kenya received cash assistance in the case of extreme weather events.[8]

Figure 5 Unemployment, total (% of total labour force)



Source: World Bank national accounts data and OECD National Accounts data files, https://databank.worldbank.org/source/world-development-indicators

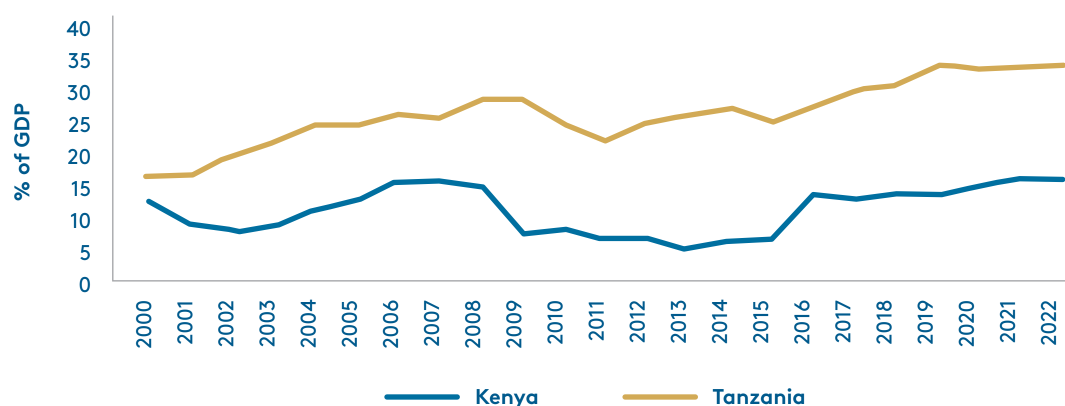
7 Floods and droughts (2000, 2008/09, 2012–2014, 2017–2018); global financial crisis (GFC) (2007–2010); COVID-19 pandemic (2020–2021); and the Russia–Ukraine war (2022).

8 National Safety Net Programme, https://www.hsnp.or.ke/index.php/how-we-work/nsnp.

In Tanzania, the World Bank estimated that 500 000 people were in danger of falling back into poverty in 2020.[9] To counter this risk, the government undertook the following measures:

- re-prioritised expenditure in the 2020/21 and 2021/22 budgets by increasing the health budget by $8.4 million, drawing on the Bank of Tanzania's existing contingency reserves;
- budgeted $882.6 million to implement a Productive Social Safety Net Programme which was implemented by the Tanzania Social Action Fund (TASAF) to support employment creation and the most vulnerable people, women and youths; and
- budgeted $260.8 million to pay verified arrears for employees, service providers, suppliers and contractors of roads, water and energy to reduce the hardship these employees faced due to the pandemic.

Figure 6 Kenya and Tanzania gross savings



Source: World Bank national accounts data and OECD National Accounts data files, https://databank.worldbank.org/source/world-development-indicators

Kenya and Tanzania gross savings

Kenya's gross savings increased from 13% of GDP in 2000 to 16.8% of GDP in 2022, while that of Tanzania during the same period increased from 17.5% to 34.9% of GDP in 2022 (see Figure 6).

Savings and investment drive the rate of economic development and, according to the UNDP,[10] countries with relatively low debt, high rates of savings and international reserves are in a better position to finance expenditures during crisis episodes. Tanzania's larger savings and lower debt

9 World Bank Group, 'Tanzania Economic Update: Addressing the impact of COVID-19', June 2020.

10 UN Development Programme, 'Economic Resilience and Fiscal Capacity,' in *Towards Human Resilience: Sustaining MDG Progress in an Age of Economic Uncertainty*, November 3, 2015.

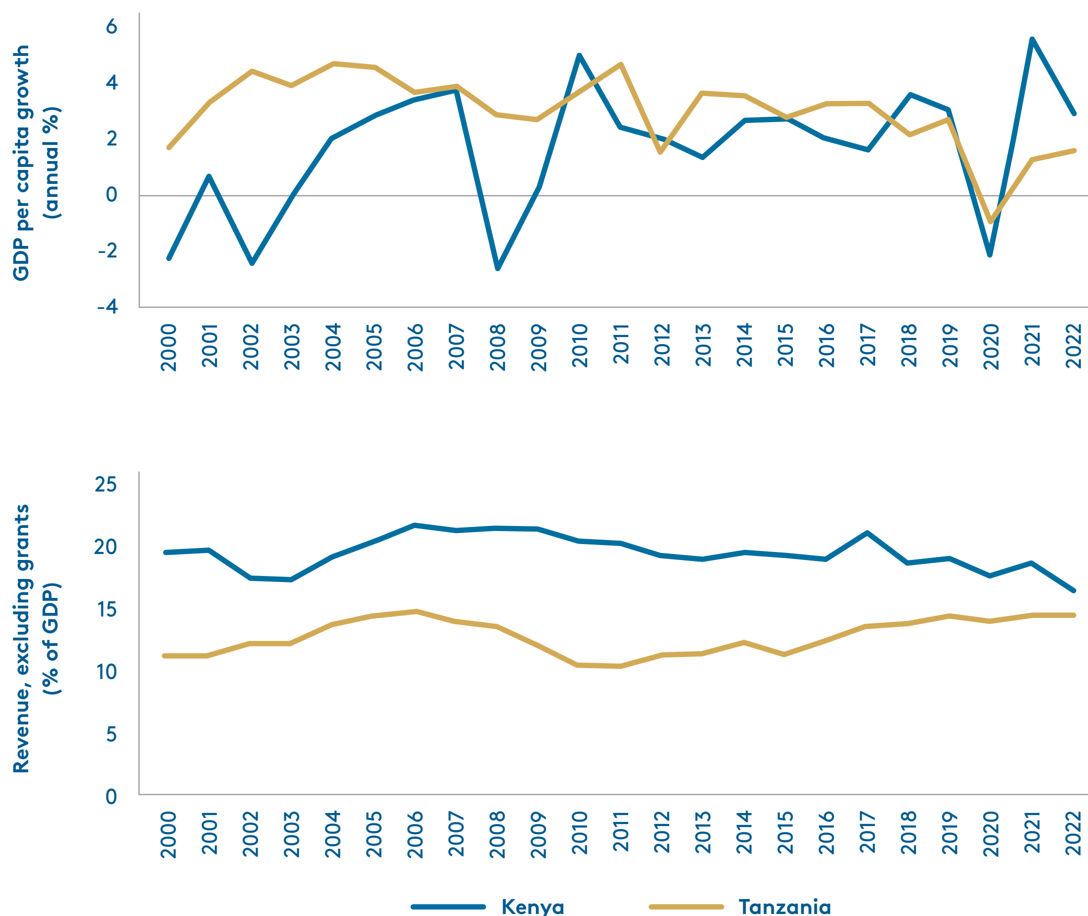
levels enabled the country to incur substantial expenditures to strengthen its resilience during shock periods.

Policy recommendations to build resilience

Building fiscal capacity and resilience

Fiscal capacity is the total revenue that government can realistically raise given the available tax base, the various constraints it faces and the availability of non-tax sources of revenue. Tanzania's revenue collection (excluding grants as a percentage of GDP) was low, averaging 14% to 15% of GDP, due to weak tax administration, extensive tax exemptions and a large informal sector (46.7% of GDP). In comparison, Kenya averaged 19.5% over the same period (see Figure 7).

Figure 7 Kenya and Tanzania government GDP per capita and revenue growth



Source: World Bank national accounts data and OECD National Accounts data files, https://databank.worldbank.org/source/world-development-indicators

Policy options

Simplify the tax system

Both Tanzania and Kenya's tax systems are overly complicated. Policy options to build resilience require simplifying the tax system by considering the EAC tax harmonisation agreement. Some policy options might include the following:

- Review the complexities in tax policy, legislation and administration which relate to cumbersome computation of tax liabilities, filing of tax returns and interpretation of tax laws and regulations.
- Revise the overly complex and generous depreciation schedule which complicates tax administration and compliance and distorts incentives for investing. This could be modernised and simplified without undermining the incentives for investing in both countries. Also, there is scope to phase out preferential dividend-withholding tax rates and simplify presumptive income tax, especially for small businesses and emerging start-ups.[11]

Restructure indirect taxes on goods and services

Tanzania

Performance of all tax and non-tax categories since 1999 has been low (Figure 8). This suggests that greater efforts are required to mobilise domestic revenue. Low tax rates are the result of three factors. First is the availability of foreign aid to fund provision of infrastructure for social services. For example, between 2010 and 2011, 33% of government spending was financed by foreign aid. This declined gradually to 14% in 2014,[12] which demands exerting caution on external financing of the budget. Second, tax incentives and exemptions are too high. Estimates show that Tanzania loses 2.5% of GDP from exemptions. A World Bank survey in East Africa revealed that 93% of respondents said the exempted firms would have invested anyway.[13]

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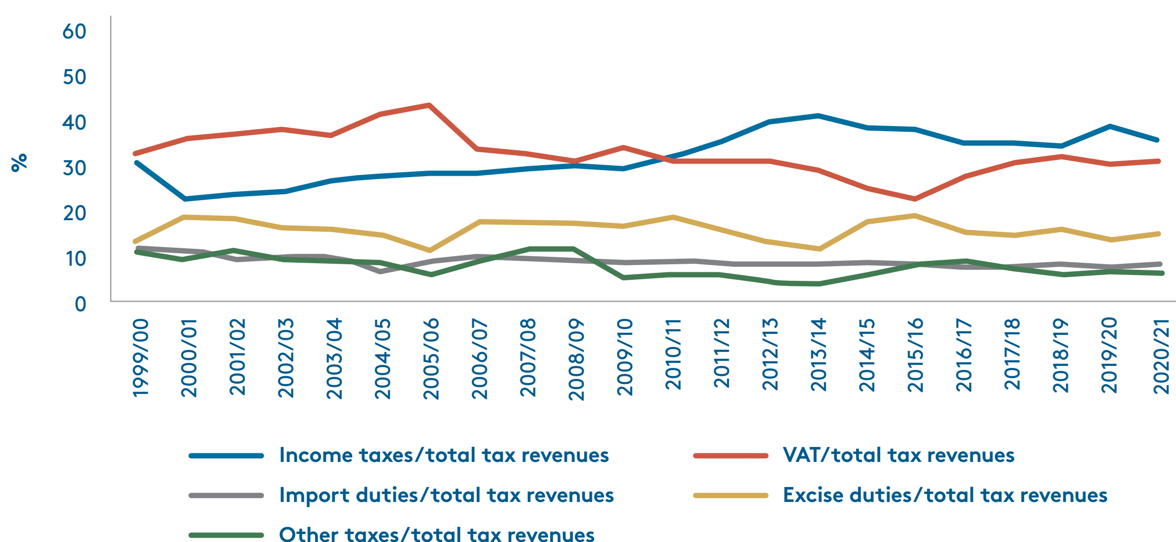
11 Tanzania Revenue Authority, 'Income tax for individuals'; Kenya Revenue Authority, 'What is presumptive tax?' https://www.kra.go.ke/individual/filing-paying/167-presumptive-tax, https://www.tra.go.tz/index.php/about-tra/116-presumptive-tax-system.

12 Amena Abdelhafiz & Danayt Mogos, How does foreign aid associate to the economic growth in Tanzania? (Bachelors thesis, Jönköping University, May 2019), https://www.diva-portal.org/smash/get/diva2:1322548/FULLTEXT01.pdf.

13 Maya Forstater, 'The Good, the Bad, and the Ugly: How Do Tax Incentives Impact Investment?' Centre for Global Development (blog), October 16, 2017, https://www.cgdev.org/blog/good-bad-and-ugly-how-do-tax-incentives-impact-investment.

Figure 8 Tanzania – contribution of major categories of tax and non-tax categories to revenue



Source: Joseph Semboja and Derick Msafiri, REPOA, 'The Performance of Tax Revenues in Tanzania: An attempt at explanation', December 2022

The International Monetary Fund (IMF) supports reducing or eliminating ill-designed exemptions and incentives that provide opportunities for corruption.[14] The third factor concerns reviewing policy, laws and regulations governing companies located in special economic zones (SEZ) and export processing zones (EPZ). The SEZ and EPZ offer 10-year exemptions from income tax, withholding taxes, property tax and other local government taxes and levies. This ought to be reviewed. An increased tax base would increase domestic revenue and contribute to macroeconomic resilience.

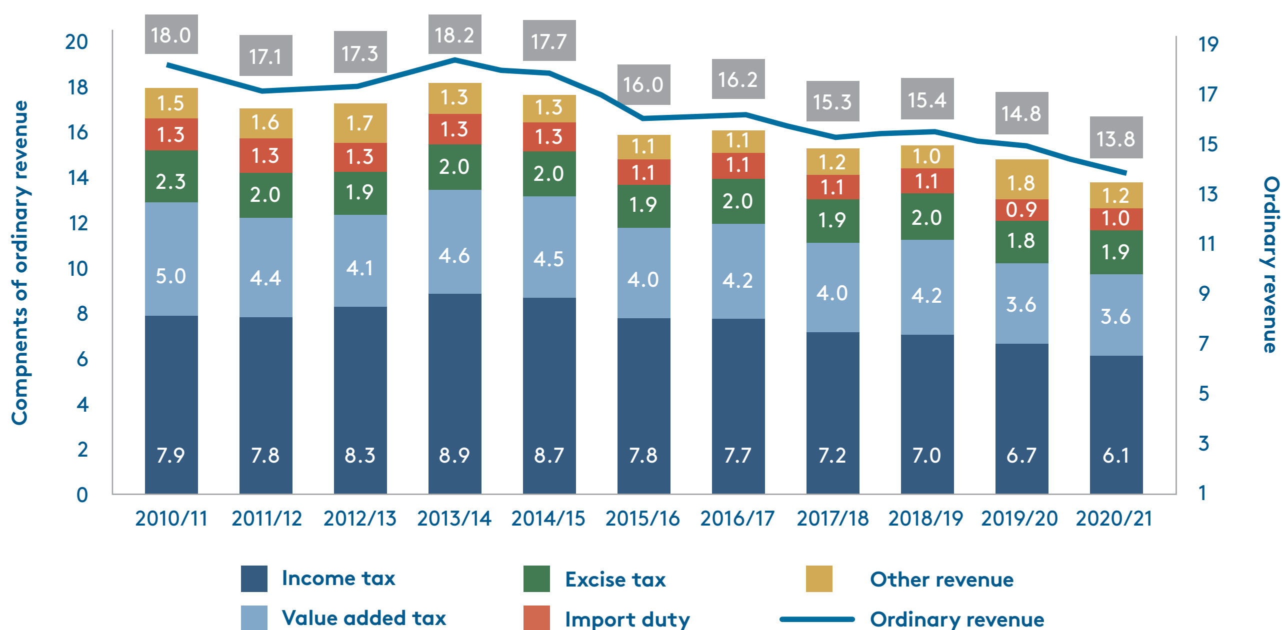
Kenya

Kenya has performed better than Tanzania (see Figure 9). The decline from 2015/16 was driven by increasing tax exemptions, tax avoidance and tax evasion. For example, out of 759 164 companies registered in Kenya, only 504 036 filed annual returns for 2021/2022. In this group, only 84 428 firms (16.75%) declared and paid corporate tax.[15]

14 Bernadin Akitoby, 'Raising revenue', International Monetary Fund, March, 2018.

15 Kenya Revenue Authority, 'Tax Avoidance and Tax Evasion: A Tale of Two Errors', https://www.kra.go.ke/news-center/blog/1869-tax-avoidance-and-tax-evasion-a-tale-of-two-errors.

Figure 9 Kenya – Contribution of major categories of tax and non-tax categories to revenue



Source: Government of Kenya, National Tax Policy, June 2022

Generally, the following policy options need to be considered:

- Review policy and legislation on tax incentives and exemptions to protect and enhance domestic resource mobilisation required to finance government's development strategy[16] and reduce the country's fiscal deficit.
- Review complexities in tax legislation and administration which relate to computation of tax liabilities, filing of tax returns and interpretation of tax laws. These complexities affect the ease of doing business in both countries and reduce tax buoyancy.

Improve tax management and administration

Both Tanzania and Kenya need to improve their tax administration. Areas for improvement include tax administration management, setting appropriate direction and supervision of the implementation and application of tax laws and tax conventions to which Tanzania and Kenya

16 Government of Kenya, National Treasury and Planning, STRATEGIC PLAN 2018/19 – 2022/23:Sustained Socio-Economic Transformation for Job Creation and Shared Prosperity, https://www.treasury.go.ke/wp-content/uploads/2020/11/THE-NATIONAL-TREASURY-AND-PLANNING-STRATEGIC-PLAN-2018_19-2022_23.pdf.

are party, such as the EAC tax harmonisation agreements and tax issues under the Africa Continental Free Trade Area (AfCFTA).[17]

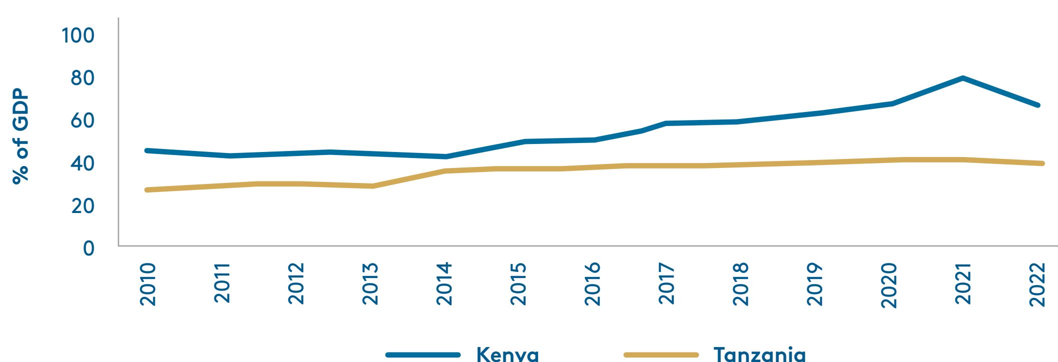
The following policy options could be considered:

- Make greater use of smart information management systems, such as e-registration, e-filing, e-payment, e-invoicing, e-accounting and self-help portals.
- Enhance IT interfaces between the tax administration, taxpayers and other entities to enable interactive real-time data gathering and taxpayer compliance, and undertake research and development of core operations.

Manage public external debt more sustainably to reduce escalating debt service

High debt levels can create socio-economic vulnerabilities that enlarge and transmit macroeconomic and asset price shocks in an economy. In 2019, Kenya's public debt reached 1.56 trillion shillings ($10.8 billion) and debt servicing cost 391 billion shillings ($2.7 billion).[18] Similarly, Tanzania's external debt reached $22,381.8 million and debt service was $1,912.3 million in 2019.[19] In both countries, the main drivers of public debt included investments in strategic infrastructure projects in the transport and energy sectors, a low tax base due to weak domestic revenue mobilisation and the changing composition of debt from concessional towards relatively more expensive commercial debt. Figure 10 shows that Kenya and Tanzania's debt levels are over 40% of GDP, which could lead to debt distress.

Figure 10 Kenya and Tanzania national debts



Source: World Bank national accounts data and OECD National Accounts data files, https://databank.worldbank.org/source/world-development-indicators

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17 African Union Commission, 'Agreement Establishing the African Continental Free Trade Area', https://au.int/sites/default/files/treaties/36437-treaty-consolidated_text_on_cfta_-_en.pdf.

18 'Kenya's public debt rises by a record $10.8 billion', *Africa News*, June 3, 2019, https://www.africanews.com/2023/08/16/kenyas-public-debt-rises-by-a-record-108-billion//.

19 Bank of Tanzania, 'Tanzania Quarterly Economic Bulletin,' (Economic Bulletin for the Quarter Ending December 2019, 51 no 4, December 2019).

The following policy options are considered for each country:

Kenya

Table 1 Kenya policy options

Recommendations	Responsible entity/ Organisation
1. Broaden the tax base to increase domestic revenue by automating and rolling out tax collection digital services, tackling tax evasion, formalising the informal sector and curbing rent-seeking behaviour by revenue collection officials.	• National Treasury • Kenya Revenue Authority • Fiscal Risk Committee
2. Seek debt relief under the multi-year fiscal consolidation of the IMF and shift proportion of debt in favour of multilateral/bilateral concessional lending over private non-concessional borrowing.	
3. Implement Kenya's 2023 Medium-Term Debt Management Strategy to maintain long-term debt sustainability indicators within an acceptable threshold.	
4. Evaluate risks associated with state-owned enterprises (SOEs) to curb undue external borrowing.	

Source: Authors' compilation of policy recommendations, 2023

Tanzania

Table 2 Tanzania policy options

Recommendations	Responsible entity/ Organisation
1. Reduce commercial debt in favour of concessional loans and soft loans to reduce increasing debt service obligations.	• Ministry of Finance and Planning • Public Investment Committee • Parliament's Budget Committee
2. Enhance the efficiency of public investment and debt management.	
3. Build capacity to manage an increasingly market-based debt profile and the associated risks.	
4. Use maturities of government securities and the 25-year Treasury bond with a view to developing the domestic debt market and elongating the maturity profile of government debt to reduce exposure to refinancing risk.	
5. Implement the Medium-Term Debt Management Strategy (2022/23–2024/25).[a]	
6. Seek debt relief from the Common Debt Framework and IMF's Catastrophe Containment and Relief Trust.[b]	

a Ministry of Finance and planning, The United Republic of Tanzania, "Medium-Term Debt Management Strategy (2022/23-2024/25),' December 2022.

b International Monetary Fund, 'Catastrophe Containment and Relief Trust'.

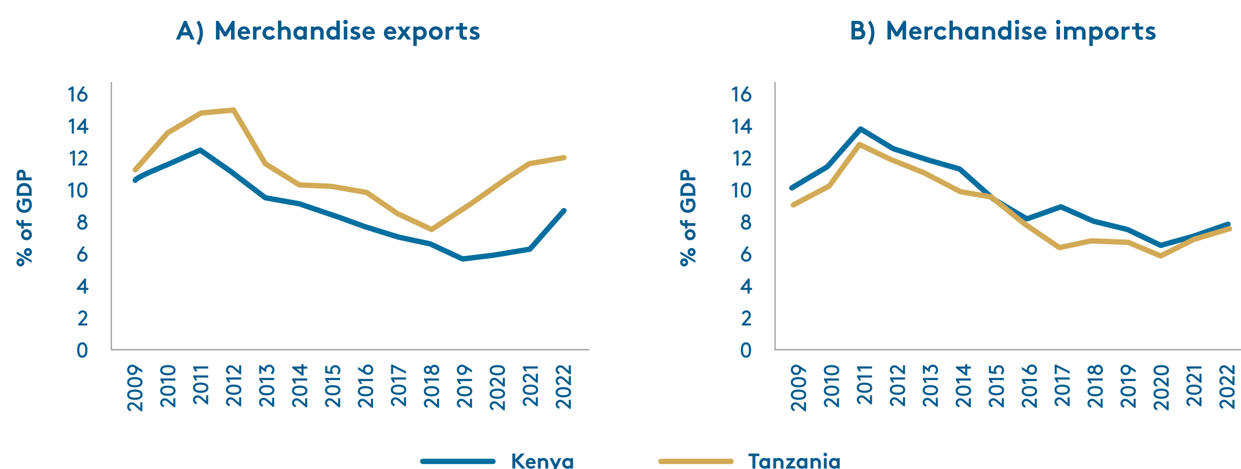
Source: Authors' compilation of policy recommendations, 2023

Maintain an appropriate balance of imports and exports

The following points are pertinent when considering the imports and exports of these countries:

- Both Kenya and Tanzania need to maintain an appropriate balance of imports and exports to facilitate growth and build economic resilience.
- Kenya and Tanzania's main exports are agricultural commodities, which are vulnerable to climate change. In Kenya these include tea ($1.2 billion), cut flowers ($766 million) and coffee ($262 million). Tanzania's main exports are cashew nuts ($159 million), coffee ($155.2 million), tobacco ($127.5 million) and cotton ($81.5 million).
- Both countries rely on imports. Kenya relies on refined petroleum ($3.53 billion), palm oil ($1.26 billion), packaged medicaments ($554 million), cars ($549 million) and hot-rolled iron ($508 million). Tanzania relies on refined petroleum ($2.08 billion), machinery ($1.7 billion), building and construction materials ($1.15 billion) and transport equipment ($970.4 million). These countries' imports are vulnerable to external shocks, as shown in Figure 11.

Figure 11 Kenya and Tanzania merchandise exports and imports



Source: World Bank national accounts data and OECD National Accounts data files, https://databank.worldbank.org/source/world-development-indicators

Both countries need to build macroeconomic resilience by reducing and standardising bureaucratic procedures that affect the efficiency of regional and global trade. These countries need to continue to improve logistics infrastructure and digitalisation to reduce dispatch time and speed up the transit of goods. Furthermore, they need to improve farmers' access to information on agricultural markets using digital technologies, support other sectors and value

chains to increase supply predictability, and improve the quality and standards of products to meet international trade requirements.

Kenya and Tanzania need to improve trade facilitation measures to build resilience during shock episodes. Both countries need to fast-track trade facilitation plans under the AfCFTA agreement. The countries have consented to reducing, and ultimately eliminating, tariffs on 90% of products traded under the AfCFTA. In 2022, Kenya shipped locally made cars and truck batteries as well as a consignment of Kenyan-grown tea to Ghana under AfCFTA initiatives.[20] In April 2023, Tanzania shipped 172.8 tons of coffee to Algeria and the exporter benefitted from the reduction in customs duty of 35% to 12%. Both countries need to encourage exporters to take advantage of AfCFTA facilitation benefits as a potential driver of resilience.[21]

Monetary policy to facilitate recovery and build resilience

The following monetary policy options are proposed to facilitate recovery and build resilience:

- During crisis episodes, monetary policy should aim to maintain price stability. The central banks of both countries need to control their money supply. This is a key factor in driving economic performance and business cycles and includes building macroeconomic resilience.

- Monetary policy instruments available to central banks must be used continuously and wisely to help build resilience. In Kenya and Tanzania, monetary policy is undertaken by the Central Banks's Monetary Policy Committee, which has high credibility. Both countries used monetary instruments successfully during the crisis episodes to achieve price stability, high employment, economic growth, interest-rate stability, stability of financial markets and stability in foreign exchange markets.

- Liquidity must be provided to commercial banks and bank forbearance on domestic private loans should be permitted during periods of crisis. This could help banks fund assets and service financial obligations to meet customer withdrawals, compensate for balance sheet fluctuations and provide funds to spur growth – essential to building resilience.

- Collateral requirements for local production of value-added products and medical supplies during crisis episodes should be reduced.

- Prompt and decisive action should be undertaken upon detection of each crisis episode because each is unique. The strategies and actions should be embedded within the credible,

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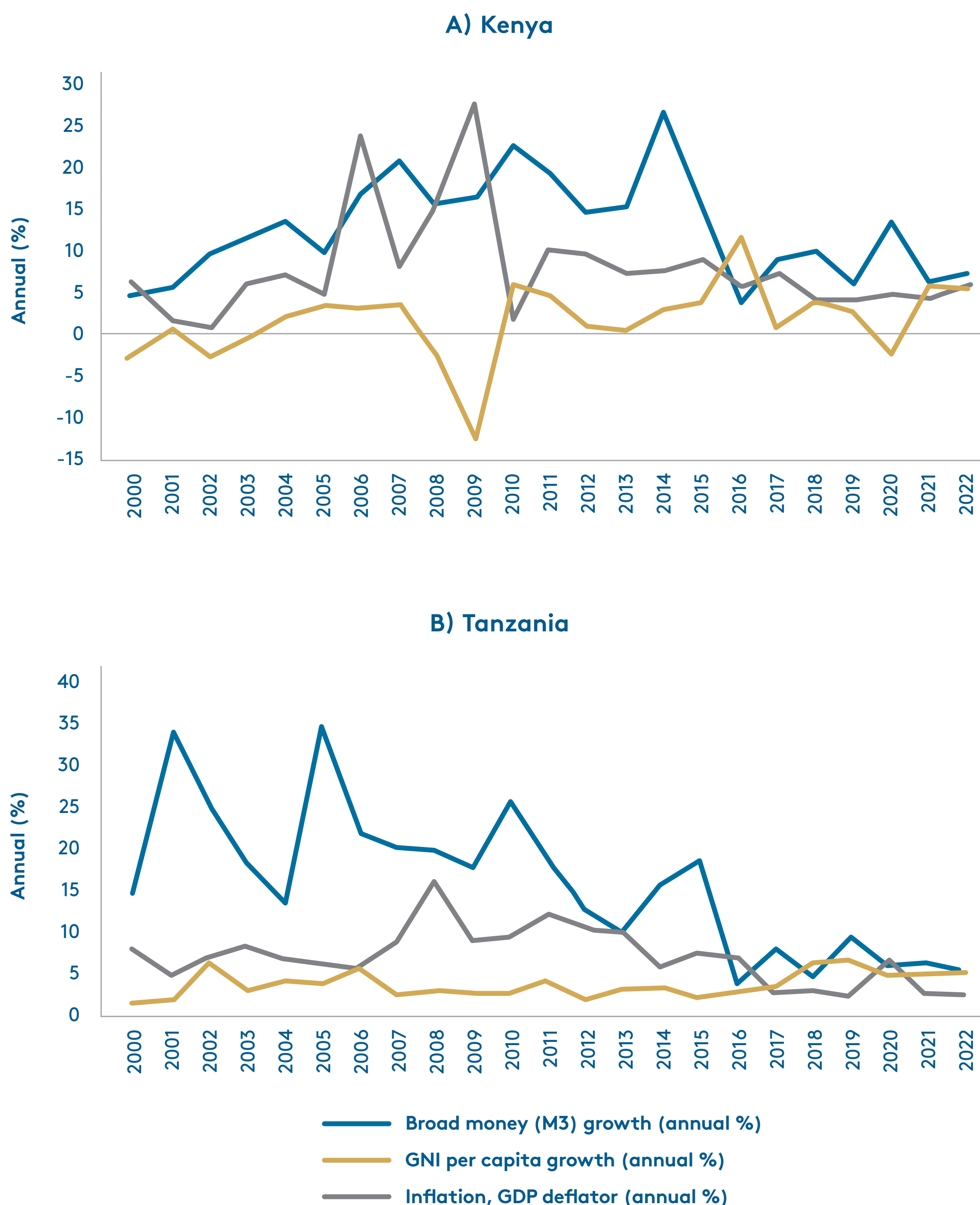
20 Kate Hairsine, 'Africa's AfCFTA free trade agreement takes baby steps,' *DW*, May 12, 2022.

21 Victor Tullo, 'First Tanzanian gets certificate of origin to trade on AfCFTA', *The Citizen*, May 10, 2023.

rules-based and medium-term-oriented framework, which ensures that the immediate needs of crisis management do not place at risk future price, macroeconomic and financial stability, which is essential to building resilience.

Figure 12 Growth in money supply, per capita income and inflation



Source: World Bank national accounts data and OECD National Accounts data files, https://databank.worldbank.org/source/world-development-indicators

Strengthening institutions and good governance is essential to building resilience

The following policy options are proposed:

- Consider establishing a macroeconomic fiscal framework based on three pillars. Strong institutions and trustworthy transparent governance structures can help policymakers to avoid the build-up of macroeconomic imbalances and maintain fiscal sustainability and macroeconomic stability in the face of shocks. In this regard, the framework could comprise the following three pillars:
    - **Fiscal rule**: Each country could consider setting up a long-term vision that isolates public spending from the cyclical fluctuations of the economy. This could be achieved during the budget process by setting annual fiscal balance targets based on each country's capacity to generate long-term revenue returns rather than on current revenues. When actual income is higher than long-term levels because the country is experiencing a boom, part or all of the extra funds could be saved for the next shock when tax revenues might be tight.
    - **Social safety net fund**: Kenya has established the National Safety Net Programme and Tanzania the Social Action Trust Fund. Each country could save the extra revenues from various sources and ring-fence the funds from use on unintended objectives, to be used when the nation faces an economic crisis episode.
    - **Strengthening fiscal institutions**: The human capacity of Kenya's State Department for Economic Planning and Tanzania's President's Office Planning can be strengthened to advise government and legislature on fiscal issues, including technical recommendations on macro-fiscal projections and assessments of fiscal sustainability. This could also include signaling alarms about the fiscal risks of identified shocks and raising concern over economic and political decisions that could put the sustainability of the macroeconomy at risk.
- Both countries need to enhance good economic governance as a way of fostering macroeconomic resilience. The countries need to improve institutions of government to increase their capacity to manage resources efficiently; formulate, implement and enforce sound policies and regulations; and put in place systems to monitor and hold public officials accountable. In doing so, trade and other economic activity are expected to be conducted by public officials who respect the rules and norms of economic interaction. This avoids rent-seeking, corrupt behaviour and other activities that erode public trust.

Authors

Dr Daniel Yohane Kamene Ngowi (deceased*) was an Agricultural Economist with a background in economics, encompassing both macro-and microeconomic perspectives, and extensive expertise in trade, agriculture, climate change, and monitoring and evaluation. Dr Ngowi maintained strong connections with a wide array of both state and non-state actors. Moreover, he had a notable track record of working with SMEs both within and beyond the borders of Tanzania.

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(* Dr Daniel Ngowi passed away in early November 2023 prior to publication of this paper.)

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IDRC · CRDI
International Development Research Centre
Centre de recherches pour le développement international
Canada

CSEA
Centre for the Study of the Economies of Africa

SAIIA
South African Institute of International Affairs

About ESRF

The Economic and Social Research Foundation (ESRF) is an independent policy research tank established in Tanzania for the purposes of undertaking research and providing evidence to support economic management process in Tanzania.

The Foundation was established in October 1992 and effectively started its operations in 1994 at the peak of economic reforms and transition from a socialist to market economy – a transition which was characterized by greater demands for scientific evidence in policy process. Similar to the case of other think tanks established around the same period in the African continent, the formation.

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SAIIA is an independent, non-government think tank whose key strategic objectives are to make effective input into public policy, and to encourage wider and more informed debate on international affairs, with particular emphasis on African issues and concerns.

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