STATUS AND PROGRESS OF HUMAN DEVELOPMENT AND IMPLICATIONS FOR ACHIEVING ZANZIBAR DEVELOPMENT VISION 2020

By Dr. Flora Kessy and Ms. Mashavu Omar

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List of Abbreviations

AfDB	African Development Bank
CPAN	Chronic Poverty Advisory Network
EAC	East African Community
EPZ	Export Processing Zones
GDP	Gross Domestic Products
HDI	Human Development Index
ILFS	Integrated Labour Force Survey
ISCO	International Standard Classification of Occupations
LDC	Least Developed Country
LMICs	Low Middle Income Countries
MDAs	Ministries, Departments and Agencies
MIC	Middle-Income Country
MoEVT	Ministry of Education and Vocational Training
MSMEs	Micro, Small and Medium Enterprises
NBS	National Bureau of Statistics
OCGS	Office of Chief Government Statistician
PPP	Public Private Partnership
RGoZ	Revolutionary Government of Zanzibar
SADC	Southern Africa Development Cooperation
SMEs	Small and Medium Enterprises
UNDP	United Nations Development Program
WASH	Water, Sanitation and Hygiene
ZDV	Zanzibar Development Vision

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I. Introduction

1.1 Background

Zanzibar is an autonomous part of the United Republic of Tanzania and thus its global ranking in terms of Human Development Index (HDI) is reflected by the position occupied by the United Republic of Tanzania. Tanzania is a Low Human Development Country. In the 2013 Human Development Report, Tanzania was ranked 152 out of 186 countries. Tanzania scored HDI of 0.476, which is the same as the average HDI for Sub-Saharan Africa (0.475).[1] It is clear from these figures that Tanzania, and thus Zanzibar, has a long way to go in improving its human development dimensions.

Zanzibar aspires to transform the economy and improve the well-being of its people to middle income country status by 2020 as stipulated in the Revolutionary Government of Zanzibar Vision 2020.[2] Zanzibar Strategy for Growth and Reduction of Poverty (MKUZA II) is the strategy adopted for stimulating economic growth, reducing poverty and thus improving human development.[3] Indeed, the fundamental value that guided the 1964 Revolution was the quest to improve the lives of the people of Zanzibar.

In order to evaluate whether efforts to reduce poverty and improve human development are delivering, it is important to describe the existing situation, compare it with past and use it to evaluate the future. Unfortunately, there is no comprehensive data set for constructing continuous trends on human development in Zanzibar. The existing data can only offer limited opportunity to draw historical trends. However, the data that exist can be used to update the baseline data presented in Zanzibar Human Development Report 2009 and project future progress.[4]

The objective of this Chapter is to present the human development situation in Zanzibar using a number of dimensions of human development. Spatial and gender disaggregation of these dimensions have been presented to the extent the data permit so as to inform policy on any marked geographical and gender related disparities that require policy attention. This report further situates Zanzibar in the context of model Low Middle Income Countries (LMICs) and draws some conclusions on what should be done for the nation to be able to attain middle income status by 2020.

1.2 Dimensions of Human Development

Human Development approach draws considerably from the work by Amartya Sen who showed that focus on income only has not been sufficient in monitoring development of the well-being of the people. For example, there are cases where a country or territory enjoys substantial per capita income while the people suffer very high mortality rates. An exclusive focus on income would not alert policy makers on the need to deal with the problem of high mortality rate. Further, a country

[1] *UNDP (2013a)*
[2] *Revolutionary Government of Zanzibar [RGoZ] (2000)*
[3] *RGoZ (2010)*
[4] *RGoZ (2009)*

or a territory may enjoy high per capita income while majority of the citizens enjoy no freedom or human rights.

Human Development approach combines various dimensions of human well-being in evaluating progress. The underlying philosophy of human development approach is that human beings make progress only through attaining numerous functionings and capabilities that they have reasons to value.[5] Income is important in human development approach but its importance is only because it is an instrument for attaining something else that human beings value, such as good nutrition, low morbidity and long life. Money is not of intrinsic importance; it is only of instrumental importance. Money is mainly included in the human development approach because it creates capability to attain a number of functionings, and because of its close, *albeit* imperfect, correlation with other valuable dimensions of human development.[6]

The following are major human development dimensions discussed in various reports:

1. **Longevity of life:** Over-all, life expectancy is an important indicator of human development. Child and infant mortality rates are two of the most important indicators of whether progress is made in human development.

2. **Knowledge:** It is assumed that there is an intrinsic and universal quest to pursue knowledge. A person who manages to acquire more knowledge than others is considered to be better off than others. Knowledge is important for its own sake as well as for the sake of empowering a person to attain various other goals, including higher earning and better enjoyment of life. There are various measures of knowledge that can be used in assessing progress in terms of human development. These include literacy rates, enrolment ratios and performance (e.g. examination pass rates, transition rates, retention rates) at various levels of education system and access to education.

3. **Health:** This is another common dimension of human development that is extensively employed both by the global UNDP Human Development Report and by various national and territorial Human Development Reports. Ill ealth has an obvious effect of reducing well-being of a person. Health is also valuable for its instrumental value; a person with good health tends to be more productive than a person with ill health. Good health therefore increases income of an individual as well as of a nation (in countries with low unemployment rates). Reduction in morbidity and mortality is therefore an overriding objective. Life expectancy at birth gives some general indication of how healthy a population is. Other indicators include infant and child mortality, maternal mortality, and nutrition measures such as wasting and stunting of children. Access to health care is also an important indicator of health and various indicators can be used to capture access to health facilities. These include number of doctors per person, distance to the nearest health facility, skilled health attendance at birth etc.

1.3 The Revolutionary Government of Zanzibar Vision 2020

The Revolutionary Government of Zanzibar Vision 2020 is a long term development vision that aspires to eradicate absolute poverty in the society, through enhancing income and access to basic social needs including food, better shelter/housing, adequate and decent clothing, improving democracy and social security. Empowerment of Zanzibaris through creation of opportunities for

[5] *Anand and Sen(1994)*
[6] *RGoZ (2009)*

the people to eradicate absolute poverty through developing their full potentials in increasing production and household income are among the approaches envisaged to realize the Vision goals.

The Vision provides a guiding policy framework for sound macro-economic interventions aimed at enhancing economic growth through support to productive sectors like tourism, transformation of the economy from a predominantly rural-based subsistence agricultural to a diversified and semi-industrialized economy with a modern rural sector, enhancing the involvement of private sector and people's (including women) participation in the productive socio-economic activities, and enhancing the quality of and accessibility to economic infrastructure to cope with the demands of growth.

Also, the Vision provides a necessary guiding framework for sound social economic interventions aimed at reduction or eradication of poverty through a well developed and effectively utilized human resources; improving the standards of social services such as education, health and water; improving social protection including ensuring opportunities for orphans, the disabled and women; guidance on customs and traditions of Zanzibar; and creating an enabling environment for ensuring sustenance of peace, political stability and religious tolerance.

In terms of measurable indicators, through implementation of the Vision strategies, Zanzibar aspires by the year 2020 to attain:

(i) Sustainable economic growth averaging 9-10 percent per annum from the level of 4.5 percent in the year 2000, with intermediary targets of growth of 5-6 percent between year 2000 to 2005, rising to between 7-8 percent by 2010 and to between 9 and 10 percent by 2020.

(ii) High level of employment in the modern sector (50 percent to be employed in tourism and economic free zones, 20 percent in agriculture and 30 percent in all other sectors; income per capita rising from US$200 to that of middle income countries, and thus abject poverty eradicated).

(iii) Diversified economy that is semi-industrialized with the combined contribution of tourism, trade, manufacturing and construction to Gross Domestic Product reaching over 60 percent.

(iv) High quality of life that is socially desirable, economically viable and environmentally sustainable with life expectancy increased from 48 to 65 years, and infant mortality rates having fallen from 101 to 20 per 1000 by 2010.

(v) Basic universal education by raising primary school enrolment rate from 84.2 percent (in 1997) to 100 percent by year 2005. The transition rate to the second cycle of secondary education reaching 100 percent by the last year of the Vision and thus eradicate illiteracy,[7] and

(vi) Access to safe water increased to 100 percent of the population by 2020.

As noted above, there are numerous indicators that can be used in measuring human development.

[7] *The education system in Zanzibar is such that basic education covers nine years (Std I to Form II), then those who pass the National Examinations at Form II are allowed to proceed to Form III.*

The indicators in Vision 2020 reflect most of these indicators. Thus, assessment of the performance of the indicators from the dimensions mentioned above and as reflected in Zanzibar Vision 2020 forms the basis of this Chapter.

1.4 Methodology

The data presented in this report are mainly from secondary official sources such as Office of the Chief Government Statistician (OCGS) in Zanzibar. As would be noted in this report, most of the macroeconomic and microeconomic data (except the labour force indicators) are up to year 2010. As deemed appropriate, data were also sourced from various Ministries, Departments and Agencies (MDAs) in particular on performance of education sector and gender- related indicators, and international literature for comparison purposes.

2. Overview of Status of Human Development Indicators

2.1 Poverty

2.1.1 Basic Needs and Food Poverty Incidence

Poverty is still pervasive in Zanzibar. Basic needs poverty rate declined from 49 percent in 2005, to 44.4 percent in 2010,[8] while food poverty declined only marginally from 13.2 percent reported in 2004/5 to 13 percent during same period) (Table 1).[9] Food poverty measures the inability to afford basic dietary requirements (recommended calorie intake) while basic needs poverty takes into account additional resources expended on non-food items such as shelter and clothing. The insignificant decline in food poverty is partly due to increases in cost of food items a phenomenon also observed globally towards the end of 2000s. Zanzibar being a net food importer such phenomenal increase in food price could result to substantial loss in welfare. The marginal decline in food poverty is reflected in the increase in food share in total expenditure (increase from 55 percent in 2004/05 to 57 percent in 2009/10.)[10]

Poverty in Zanzibar is largely characterised by higher poverty incidence in rural than in urban areas: About 51 percent of people in the rural areas live below the basic needs poverty line as compared with about 36 percent in urban areas. Similarly, 16.8 percent of people live below the food poverty line in the rural areas as compared with about half of that (8 percent) in the urban areas.

There is large disparity in poverty levels across districts as shown in Table 1. In 2009/10, the proportions of the poor ranged between 28.3 percent in Mjini district to 74.59 percent in Micheweni (a range of 46.34 percentage points). During 2004/05, the lowest incidence was 37.6 percent in Mjini and largest was 74.3 percent in Micheweni (a range of 36.6 percentage points). The increase in the range indicates divergence. As such, while basic needs poverty increased marginally in Micheweni, it increased substantially in Mkoani from 42 percent in 2004/05 to 52 percent in 2009/10. Micheweni district in Pemba came out as the poorest district in both surveys. The percentage of people living below the basic needs poverty line in Micheweni is 74.6 percent a remarkably high figure compared to the national average of 44.4 percent and Mjini district which has least proportion of poor (28.2 percent head count) [Table 1].

[8] *This figure represents the percentage of population that have difficulties in attaining basic needs of food, shelter, and clothing. The same measure of poverty is used in Tanzania Mainland but different poverty lines have been used. While the basic needs poverty line in Zanzibar was set at TZS 41,027 per capita/per 28 days using the 2009/10 Household Budget figures, the basic needs poverty line for Tanzania Mainland was set at TZS 13,998 using the 2007 Household Budget Survey data.*

[9] *RGoZ (2012a)*

[10] *Ibid*

Table 1: Basic Needs and Food Poverty Levels by District

District	Basic needs poverty (%)		Food poverty (%)	
	2004/05	2009/10	2004/05	2009/10
Kaskazini A	53.3	48.4	12.2	7.2
Kaskazini B	48.3	42.2	12.1	8.8
Kati	45.7	39.9	8.3	8.5
Kusini	53.8	30.5	9.7	3.9
Magharibi	38.6	31.2	9.5	7.3
Mjini	37.6	28.2	7.8	4.2
Wete	70.8	61.8	23.8	25.7
Micheweni	74.2	74.6	33.3	27.7
Chakechake	56.8	52.0	15.9	19.1
Mkoani	42.1	52.3	7.3	21.5
Urban	40.5	35.9	8.9	8.1
Rural	54.6	50.7	15.9	16.8
Zanzibar	**49.1**	**44.4**	**13.2**	**13.0**

Source: RGoZ (2012a).

Share of total consumption can be used as a measure of inequality. It is apparent from Table 2 that 20 percent of the population consumed 8.9 percent of the total consumption in 2010. This is a decline from 9.3 percent in 2004/05and it implies increase in inequality. The same pattern of increase in inequality is evident in both rural and urban areas.

Table 2: Distribution of Consumption Expenditure (28 days) by Quintile and Area (%)

Quintile	2004/05			2009/10		
	Rural	Urban	Total	Rural	Urban	Total
Q1 -Poorest	9.8	8.9	9.3	9.4	8.8	8.9
Q2	13.9	12.9	13.3	13.4	12.3	12.7
Q3	17.3	16.5	16.8	17.1	16.3	16.5
Q4	22	22	21.9	22.2	21.8	21.8
Q5 - Richest	37	39.6	38.8	38	40.8	40.1
Total	**100**	**100**	**100**	**100**	**100**	**100**
TShs (million)	**22,614**	**18,852**	**41,466**	**27,800**	**28,011**	**55,812**

Source: RGoZ (2012a).

2.1.2 Multi-dimensional Poverty Measure

In Zanzibar, poverty is more persistent based on the Multidimensional Poverty Index (MPI). MPI is a three dimensional assessment that represents 10 basic indicators in human development (education, health and standard of living). The 10 indicators in this measurement include: health (nutrition and child mortality); education (years of schooling and school attendance); living standards (type of cooking fuel, sanitation, cooking water source, access to electricity, type of floor and ownership of assets). Table 3 shows MPIs across regions. Using this indicator, 32.6 percent of people in Kaskazini Pemba face severe poverty while only 3.9 percent of the population in Kusini Unguja is in severe poverty.[11]

[11] *Oxford Poverty and Human Development Initiative (2013); see www.ophi.org.uk*

Table 3: Multidimensional Poverty across Regions

Region	MPI	Incidence of poverty(%)	% of population vulnerable to poverty	% of population in severe poverty
Mjini Magharibi	0.144	34.5	28.8	6.6
Kusini Unguja	0.082	19.6	34.8	3.9
Kaskazini Unguja	0.281	57.6	24.2	26.3
Kusini Pemba	0.277	57.5	25.8	25.2
Kaskazini Pemba	0.321	61.9	23.1	32.6

Source: Oxford Poverty and Human Development Initiative (2013).

The contribution of each indicator to overall MPI is not available for Zanzibar and by region. However, for Mainland Tanzania the contribution of each indicator to multidimensional poverty is as follows: assets (6 percent), years of schooling (6 percent), school attendance (13 percent), child mortality (15 percent), nutrition (11 percent), electricity (11 percent), sanitation (10 percent), drinking water (8 percent), floor (9 percent), and cooking fuel (11 percent). The larger the percent, the higher the weighted contribution of the indicator to overall poverty.[12]Using these indicators, 65.6 percent of Tanzanians are multi-dimensionally poor and 33.4 percent of the population face severe poverty.[13]

2.1.3 Human Development Index

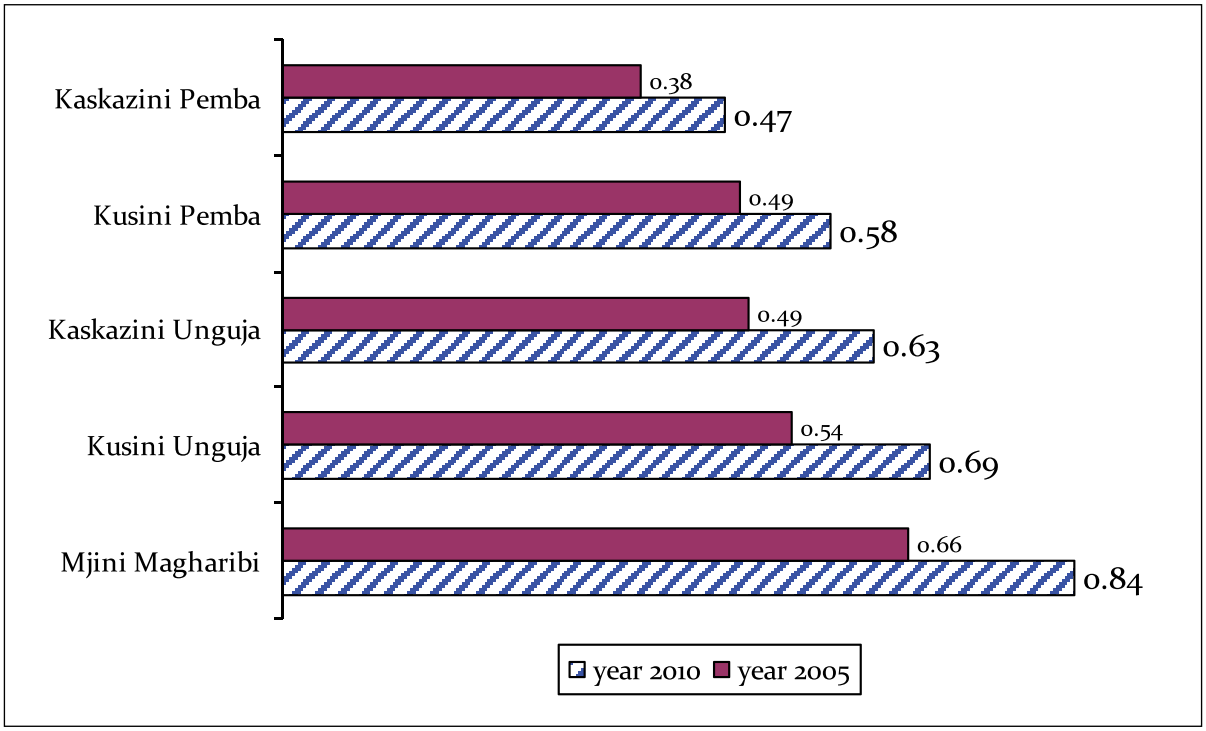
The UNDP Human Development Index (HDI) measures the average achievements in three basic dimensions of Human Development[14]:

- **A long and healthy life**, measured by life expectancy at birth.
- **Knowledge**, measured by mean years of schooling for adults aged 25 years and expected years of schooling for children of school entering age[15].
- **A decent standard of living**, as measured by Gross Domestic Product (GDP) per capita.

Figure 1 shows the Human Development Index (HDI) by regions for 2004/05 and 2009/10. Each region registered progress in terms of HDI. There is notable variations in the levels of human development across regions and this variation persist from 2004/05 to 2009/10. It is noted that Mjini Magharibi has the highest HDI in 2010. The lowest HDI is that of Kaskazini Pemba. It is also evident that ordering of regions has not changed since 2005.

[12] *Ibid*
[13] *The team at the University of Dar es Salaam that is producing the statistical annex for TDHR 2014 should calculate the contribution of each indicator for Zanzibar and by regions in Zanzibar if data permit.*
[14] *UNDP (2013b)*
[15] *Until 2010, the used measure for education in the HDI was "adult literacy rate (with two-thirds weighting) and the combined primary, secondary, and tertiary gross enrolment ratio (with one-third weighting)."*

Figure 1: Human Development Index by Regions of Zanzibar



Source: RGoZ (2012a).

2.1.4 Zanzibar Poverty Profile

Poverty profile presents association of poverty with several important characteristics without necessarily implying causal relationship. Thus, poverty can be examined in relation to various household characteristics such as household size, dependency ratio and gender of the head of the household. Other important aspects such as sources of income, main economic activities, education of the head of the household and mean distance to important facilities can also be related to poverty status of households.[16]

Information from Household Budget Surveys shows that as household size increases, the incidence of poverty also increases. This trend holds for both 2004/05 and 2009/10 years and also for both rural and urban areas. For example, households whose size is between four and six suffer less poverty than households whose size is above six. Households whose size is below four suffer less poverty than the rest of households. It is important however to note that it is not the size of the household that determines the level of poverty but poverty itself may actually determine the size of the household. This happens when children are seen as assets, where child mortality is high and thus poor people opt to have more children just to guarantee that some would survive to adulthood, and when children are seen as old age security due to lack of assets and pension. Further, the poor are generally less educated, and therefore females in this group are less likely to be employed in the formal sector. Because of this, the opportunity cost of bearing a child is lower for the poor household than it is for the rich households. All these suggest that poverty itself may be the cause for bigger household size, rather than the other way round.

Another dimension of demography that is associated with poverty is dependency ratio, which is the total number of the dependents over the number of persons who are not dependent in the household. Generally poverty increases with the dependency ratio, meaning that as the

[16] *RGoZ (2012a)*

dependent ratio in the household increases incidence of poverty also increases. The positive relationship between poverty incidence and dependency ratio gives an important dimension of the relationship between poverty and household size. Large households are more likely to have higher dependency ratio than a small households.

In 2004/05 female-headed households suffered higher poverty incidence than the male-headed households. This ranking is however reversed in 2009/10, when male-headed households had higher incidence of poverty than female-headed households. This reverse of fortune needs to be analyzed in-depth. For example, it is important to ascertain whether the difference in poverty incidence by the gender of the household's head is statistically significant or is simply due to sampling variability.

Consistently, for the whole of Zanzibar incidence of poverty is highest among farmers. This is closely followed by fishing and then self employed. In 2009/10, the un-paid workers suffer the highest incidence of poverty, followed by the households without any economic activities, farmers and then the fishers. In 2009/10 fishermen suffered the highest incidence of poverty in the urban areas. Households whose main source of income is wage or salary had the lowest incidence of poverty. This shows that employment creation is one of the effective ways of alleviating poverty in Zanzibar.

There is a general trend for poverty incidence to decline as education level of the head of the household increases. The very poor are also located very far away from the important social services (Table 4). For example, very poor households were found to be far from hospital and schools than the households that are moderately poor. Households that were moderately poor were in turn located far from such key facilities as compared to the households that were non-poor. However, access simply signals the capability, but it does not necessarily reflect the achievement, or functioning. For instance, being closer to a school makes it easier to attend school but does not necessarily mean that the household would send children to school. Access is very important because it enables members of households to enjoy the facility should they wish to. Utilization of such facility is even more important because it improves the achievement of the members of the households. The percentage of children aged from 7 to 16 from the very poor households who go to school increased from 71 in 2004/05 to 74 in 2009/10. In general, attendance to school for children aged 7 to 16 increased from 80.4 percent to 83.9 percent.

Table 4: Mean Distance to Selected Facilities by Poverty Status (Kilometres)

Facilities	Poverty Status							
	2004/05				2009/10			
	Very Poor	Poor	Non Poor	Total	Very Poor	Poor	Non Poor	Total
Water supply in dry season	0.6	0.5	0.3	0.4	0.5	0.2	0.3	0.3
Place for collecting firewood or charcoal	1.9	1.5	1.1	1.4	1.6	1.1	0.8	1.0
Market place	2.5	2.4	1.8	2.1	1.1	1.4	1.3	1.3
Health Center	1.4	1.4	1.1	1.2	1.2	1.0	0.8	0.9
Hospital	9.8	9.5	8.4	9.0	11.1	8.9	7.0	8.1
Primary school	1.2	1.1	0.8	1.0	2.2	0.9	0.6	0.9
Pre-school	2.9	2.2	1.5	1.9	0.9	0.6	0.5	0.6
Secondary school	2.0	2.0	1.5	1.7	1.3	0.8	0.7	0.8
Bank	19.8	18.0	13.8	16.1	21.2	19.1	14.1	16.6
Post Office	13.3	11.3	9.3	10.5	12.1	9.9	7.8	9.0
Police post	5.8	4.9	3.6	4.3	6.2	3.7	2.7	3.5
Main farm	2.6	2.7	2.8	2.7	2.1	1.9	2.3	2.1
Trained traditional birth attendant	0.7	0.5	0.3	0.5	0.2	0.2	0.3	0.2
Public transport	0.8	0.7	0.5	0.6	0.4	0.3	0.2	0.3
Milling machine	4.8	5.3	4.0	4.6	3.1	3.2	2.3	2.7
Primary cooperative society	7.7	6.8	6.0	6.5	4.4	4.0	4.1	4.1
Community or social centre	1.0	0.9	0.6	0.8	0.5	0.5	0.4	0.4
Mosque or Church	0.2	0.2	0.1	0.2	0.3	0.3	0.2	0.2
Primary Court	8.3	7.1	5.7	6.6	8.1	6.1	4.6	5.5

Source: RGoZ (2012a).

2.2 Health and Life Expectancy

The most common indicator of health that is used in the Human Development Reports is life expectancy at birth. Table 5 reports life expectancy by region from 2004 to 2012 as projected from the 2002 Population and Housing Census data. The life expectancy at birth ranges from 55 to 62 years. Improvements have been noticed in all regions although there is a huge disparity (5 years) between the region with high life expectancy (Mjini Magharibi) and that with lowest life expectancy in 2012 (Kaskazini Pemba).

Table 5: Life Expectancy at Birth by Region

Region/Year	2004	2006	2008	2010	2012
Zanzibar	57.3	57.6	58.3	59.0	59.6
Mjini Magharibi	59.1	60.1	60.8	61.5	62.1
Kaskazini Unguja	55.5	56.9	57.7	58.0	58.7
Kusini Unguja	57.8	58	58.7	59.5	60.1
Kaskazini Pemba	54.8	55.1	55.9	56.5	57.1
Kusini Pemba	57.9	59.6	60.3	60.7	61.4

Source: National Bureau of Statistics Census Projections.

There are however several other useful indicators that can be used to assess health situation. The major ones reported in Millennium Development Goals (MDGs) and MKUZA include nutritional status of children, maternal mortality rate and child mortality. In nutrition, it is common to use the height for age measure, (stunting), the weight for height measure (wasting) and weight for age, which is a summary measure of both stunting and wasting. Table 6 gives measures of nutritional status for Zanzibar, Unguja, Pemba compared to Tanzania Mainland for the years 1996, 2004/05 and 2010.

Table 6: Nutritional Status in Zanzibar

Area/ Year	% of stunted children			% of wasting children			% with low weight for age		
	1996	2004/05	2010	1996	2004/05	2010	1996	2004/05	2010
Mainland	43.6	38	42.3	7.1	2.9	4.6	30.5	21.9	15.7
Zanzibar	37	23.1	30.2	11.0	6.1	12.0	33.8	19	19.9
Unguja	n.a	18	26.7	n.a	6.7	12.7	n.a	17	18.9
Pemba	n.a	32.1	35.5	n.a	4.9	10.9	n.a	22.5	21.4

Sources: NBS and Macro International (1997); NBS and ORC Macro (2005); and NBS and ICF Macro (2011).

In terms of stunting, Zanzibar performed better compared to Mainland Tanzania for the three years (1996, 2004/2005 and 2010). However, Zanzibar seems to suffer more wasting than Mainland Tanzania for the three years. As for the weight for age measure, Mainland Tanzania was doing better than Zanzibar in 1996 and 2010 although there was a slight reversal in 2004/2005 where Zanzibar seems to suffer slightly less number of under-weight children than Tanzania Mainland. It is not possible to compare Pemba and Unguja Island for the year 1996 because the sampling procedure did not permit representativeness of the population of these islands separately. However, in 2004/05 and 2010 we see that Pemba suffers more stunting and underweight than Unguja but fares better in terms of wasting.[17]

Another health indicator is child mortality rate per 1,000 live births. Table 7 presents figures for infant, child and under-five mortality rates. There is a decline in all child mortality indicators in Zanzibar between 1996 and 2010. Overall, Zanzibar fares better than the rest of Tanzania in terms of infant mortality, child mortality and under-five mortality. Unguja fares better compared to Pemba in all indicators. In fact, the child mortality rate in Pemba is more than double that of Unguja.

Table7: Infant, Child and Under-5 Mortality

Area/ Year	Infant mortality			Child mortality			Under 5 mortality		
	1996	2004/05	2010	1996	2004/05	2010	1996	2004/05	2010
Mainland	94.7	83	60	56.6	42	35	146	133	93
Zanzibar	75.3	61	54	34.8	42	29	107.5	101	73
Unguja	n.a	n.a	53	n.a	n.a	13	n.a	n.a	65
Pemba	n.a	n.a	56	n.a	n.a	29	n.a	n.a	84

Sources: NBS and Macro International (1997); NBS and ORC Macro (2005); and NBS and ICF Macro (2011).

[17] *It is worth noting that the change of reference population from 2006 which makes the previous Tanzania Demographic and Health Survey (TDHS) data not comparable with the TDHS 2010. There was a shift from National Centre for Health Statistics (NCHS) based on North American population to WHO reference based on several developing country data, more applicable to Tanzanian context given its levels of immunization coverage, exclusive breastfeeding status, etc.*

Maternal mortality rate is another indicator that is used to measure progress in human development. However, due to limited availability of timely maternal mortality estimates, the two commonly available proxy indicators are used to assess reproductive health risks encountered by pregnant women: assisted deliveries and institutional based deliveries. Overall, the proportion of births taking place in a health facility increased marginally from 2004/05 to 2010 but there is large increase from 23.2 percent to 40.4 percent in Kaskazini Unguja. Table 8 demonstrates disparities between and within Unguja and Pemba on institutional deliveries. More than half the deliveries in Kusini Unguja and Mjini Magharibi are facility-based (although Mjini Magharibi exhibits a declining trend). The corresponding figures for Pemba in general and Kaskazini Pemba in particular are on the low side: roughly between a quarter and a third of the deliveries and both exhibited a declining trend.[18]

The same modest improvement is noted for the overall assisted deliveries. The births assisted by skilled providers increased from 50.8 percent in 2004/05 to 53.7 percent in 2010. There is a significant increase from 62 percent to 71 percent in Kaskazini Unguja. Kaskazini Pemba has the lowest number of assisted deliveries although modest improvement is noted from 23.6% in 2004/05 to 25.1 percent in 2010.

Table 8: Percentage of Births by Place of Delivery

	% of health facility deliveries		% delivered by a skilled provider[1]		% home deliveries	
	2004/05	2010	2004/05	2010	2004/05	2010
Zanzibar	48.8	49.2	50.8	53.7	51.1	50.4
Unguja	58.2	61.0	61.5	67.5	41.8	38.8
Pemba	34.0	32.0	34.7	33.6	65.4	67.1
Kaskazini Unguja	23.2	40.4	25.4	44.6	76.8	59.6
Kusini Unguja	54.6	62.0	61.7	71	45.4	36.8
Mjini Magharibi	73.4	70.2	75.9	77.2	26.6	29.8
Kaskazini Pemba	28.9	23.6	30	25.1	70.9	75.6
Kusini Pemba	39.3	40.5	39.6	42.3	59.7	58.5

Sources: NBS and ORC Macro (2005); and NBS and ICF Macro (2011).

2.3 Knowledge and Education

Global Human Development Report uses gross enrolment ratio as a measure of education achievement because it is easy to compile for many countries. In this report we provide data on both enrolment ratios as well as a variety of dimensions of education quality. Table 9 gives figures for gross enrolment ratio for the basic education in Zanzibar, which comprises of primary level (Std.I – Std. VII) and 1st cycle of lower secondary education (Form 1 – Form 2). It must be noted that in Zanzibar Basic and compulsory education is of nine years.

Overall gross enrolment ratio for basic education stands at 113.5 percent, which is a great improvement from 95.4 percent in 2008. Further, girls register better gross enrolment ratio than

[18] *The declining trend could be a result of cost sharing; the expectant mothers were supposed to pay TZS 1,000 plus the cost of supplies such as cotton for normal delivery and TZS 40,000 for caesarean section. Nevertheless, delivery services are now free in Zanzibar.*

boys at 116.3 percent, whereas boys' ratio is 110.9 percent (a trend that is consistent across the three years). It is notable however that gross enrolment ratio for districts in Pemba is below that of districts in Unguja. Wete district in Pemba has the worse gross enrolment ratio at 92.3 percent.

Table 9: Gross Enrolment Ratio (Basic Education, STD 1 to Form 2)

District	2008			2010			2012		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
Mjini	86.4	90.3	88.3	99.1	100.6	99.9	95.9	97.5	96.7
Magharibi	129.7	135.4	132.6	150.3	151.6	151.0	178.6	178.7	178.6
Kaskazini A	94.9	102.4	98.6	94.7	110.4	102.3	103.3	117.7	110.2
Kaskazini B	80.1	89.3	84.6	86.3	97.2	91.5	88.6	101.2	94.6
Kati	107.2	106.6	106.9	104.6	108.6	106.6	110.8	115.9	113.2
Kusini	113.2	108.5	110.9	110.3	106.6	108.5	112.6	109.7	111.2
Micheweni	75.1	73.6	74.4	86.2	86.6	86.4	93.9	98.9	96.3
Wete	82.7	82.7	82.7	87.5	90.1	88.8	89.8	95.0	92.3
ChakeChake	87.2	89.8	88.5	102.3	102.2	102.3	104.3	108.0	106.1
Mkoani	83.1	83.4	83.3	90.0	93.3	91.6	93.6	98.0	95.7
Total	**94.1**	**97.3**	**95.7**	**103.9**	**108.0**	**105.9**	**110.9**	**116.3**	**113.5**

Source: Ministry of Education and Vocational Training (MoEVT) Budget Speeches (2008/9; 2010/11 and 2012/13).

Table 10 presents figures for gross enrolment ratio for primary education (Std I – Std VII). Overall gross enrolment ratio for primary education stands at 121.5 percent, which is a great improvement from 103.7 percent in 2008. This is lower than the gross enrolment for basic education (8 percentage point) meaning that a good number of children never complete the basic education cycle. Just like gross enrolment in basic education (Table 9), girls register better gross enrolment ratio at primary school than boys at 123.6 percent, whereas boys' ratio is 119.5 percent.

Table 10: Gross Enrolment Ratio (Primary Education, STD I to STD VII)

District	2008			2010			2012		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
Mjini	91.0	95.0	93.0	101.3	102.9	102.1	97.2	98.0	97.6
Magharibi	137.4	141.3	139.4	158.4	158.2	158.3	187.3	187.2	187.3
Kaskazini A	108.1	110.5	109.3	101.1	113.2	106.9	113.3	123.7	118.3
Kaskazini B	94.4	98.9	96.6	94.0	101.5	97.6	99.1	105.8	102.4
Kati	120.5	116.4	118.5	115.1	117.7	116.3	122.0	126.5	124.2
Kusini	121.5	114.5	118.0	117.8	114.0	115.9	124.4	119.8	122.1
Micheweni	85.2	83.9	84.6	93.4	95.5	94.4	104.6	111.4	107.9
Wete	92.9	92.2	92.5	95.5	97.0	96.2	99.2	103.3	101.2
ChakeChake	97.6	97.1	97.4	108.9	107.5	108.3	114.1	116.4	115.2
Mkoani	93.2	93.2	93.2	94.6	99.2	96.8	102.4	106.4	104.3
Total	**103.7**	**105.1**	**104.4**	**110.5**	**113.7**	**112.1**	**119.5**	**123.6**	**121.5**

Source: Ministry of Education and Vocational Training (MoEVT) Budget Speeches (2008/9; 2010/11 and 2012/13).

Table 11 shows the pass rates at the terminal examination of Form 2, the examination that decides whether a pupil continues to Form 3 or not. There has been progressive improvement in the pass rate from 53.9 percent in 2008 to 56.9 percent in 2012 although there is a decline in pass rate if we compare the 2012 with 2010 figures.

Table 11: Transition Rates from Form 2 to Form 3 by District (Form Two Examination Pass Rates in Percentage)

District	2008			2010			2012		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
Mjini	40.8	49.5	45.5	56.4	65.8	61.5	48.0	64.0	56.7
Magharibi	42.8	45.5	44.3	52.3	58.1	55.7	51.8	63.2	58.2
Kaskazini A	51.8	40.5	44.5	57.6	53.7	55.2	55.1	50.0	51.8
Kaskazini B	40.4	38.2	39.1	47.8	54.1	51.7	53.6	64.1	59.9
Kati	43.2	53.6	48.8	50.9	65.9	59.1	44.2	60.3	52.6
Kusini	53.4	53.4	53.4	62.2	69.8	65.9	48.1	57.3	52.8
Micheweni	87.0	82.0	84.5	62.8	59.7	61.4	72.0	66.0	68.7
Wete	67.8	73.5	70.8	63.1	65.2	64.3	52.1	59.6	56.2
ChakeChake	72.2	63.8	67.3	54.8	58.5	56.9	47.5	63.4	56.9
Mkoani	71.5	72.8	72.2	49.7	54.4	52.2	51.3	60.2	56.2
TOTAL	**53.1**	**54.5**	**53.9**	**55.6**	**60.4**	**58.2**	**51.2**	**61.3**	**56.9**

Source: Ministry of Education and Vocational Training (MoEVT) Budget Speeches (2008/2009; 2010/11 and 2012/13).

The most remarkable feature in Table 11 is that districts from Pemba outperform some districts in Unguja progressively in the three years. This reversal of fortune (as compared to the gross enrolment ratio) is very significant; Micheweni which has the worse gross enrolment ratio has the highest pass rate at 68.7 percent. This confounding conflict between achievements in gross enrolment ratio against the pass rates needs further exploration, which may require a separate full study. Girls register better pass rates than boys (61.3 percent), whereas boys pass rate stands at 53.1 percent (a trend that is consistent across the three years). Nevertheless, the reasons for declining pass rate for boys (from 55.6 percent in 2010 to 51.2 percent in 2012) need to be explored further.

Tables 12 and 13 show the pass rates for both form four and form six examinations. It is clear from Table 12 that majority of students who passed the form four examinations got division four. In 2012, only about half of the students who sat for form four examinations passed but for those who passed, majority (47 percent) got division four. This means that students selected to join various advanced courses do not have requisite capacity to withstand the rigor of advanced learning. The trend for form six results is better with majority of students getting division three (Table 13) although this is not good enough.

Table 12: Form Four Examination Results (Boys and Girsl), 2008 - 2012

Year	Candidates	Passed					Pass Rate (%)				
		DIV. I	DIV. II	DIV. III	DIV. IV	Total DIV. I - IV	DIV. I	DIV. II	DIV. III	DIV. IV	Total DIV. I - IV
2008	8,446	64	124	1,086	5,259	6,533	0.8	1.5	12.9	62.3	77.4
2009	8,725	40	166	1,202	5,658	7,066	0.5	1.9	13.8	64.8	81.0
2010	17,030	89	173	1,336	10,604	12,202	0.5	1.0	7.8	62.3	71.7
2011	11,899	60	107	772	8,081	9,020	0.5	0.9	6.5	68.0	75.9
2012	13,051	45	150	562	6,178	6,935	0.3	1.1	4.3	47.3	53.1

Source: Ministry of Education and Vocational Training (MoEVT) Budget Speeches (2008/2009; 2010/11 and 2012/13).

Table 13: Form Six Examination Results (Boys and Girls), 2006/07 - 2010/11

Year	Candidates	Passed					Pass Rate (%)				
		DIV. I	DIV. II	DIV. III	DIV. IV	Total DIV. I - IV	DIV.I	DIV. II	DIV. III	DIV. IV	Total DIV. I - IV
2006/07	1,566	26	115	562	546	1,249	1.7	7.3	35.9	34.9	79.8
2007/08	1,432	15	102	505	563	1,185	1.0	7.1	35.3	39.3	82.8
2008/09	1,959	39	131	1,026	463	1,659	2.0	6.7	52.4	23.6	84.7
2009/10	2,308	41	189	1,239	479	1,948	1.8	8.2	53.7	20.8	84.4
2010/11	1,959	24	118	890	485	1,517	1.2	6.0	45.4	24.8	77.4

Source: Ministry of Education and Vocational Training (MoEVT) Budget Speeches (2008/2009; 2010/11 and 2012/13).

Several parameters can highlight the quality of education that is offered. One such indicator is the number of pupil per class. Obviously a very large class makes it impossible for the teacher to give sufficient attention to each pupil. Table 14 gives trends in the class pupil ratios by districts for the years 2003, 2005, 2008 and 2012. Overall the average Class Pupil Ratio for Zanzibar has been declining, which is a sign of progress. Micheweni is the only district that registered deterioration in the Class Pupil Ratio. This deterioration however might have been due to an increase in school attendance in Micheweni, which hitherto was not very good.

Table 14: Class Pupil Ratios by District (%)

District	2005	2008	2010	2012
Mjini	75.2	66.9	67	64
Magharibi	79.4	78.7	78	66
Kaskazini A	83	65.8	61	67
Kaskazini B	85	64.4	61	68
Kati	51.2	47.9	44	45
Kusini	38.7	38.5	41	34
Micheweni	78.8	92.9	92	76
Wete	81.3	73.9	63	52
ChakeChake	83.9	74.4	68	68
Mkoani	81.7	71.9	70	93
Average	**74.1**	**68.5**	**66**	**58**

Source: Ministry of Education and Vocational Training (MoEVT) Budget Speeches (2005/6; 2008/9; 2010/11 and 2012/13).

A critical mass of educated women is necessary for creating a pool of women with capacity to contest for political posts and to take up executive positions in the government and private sector. As shown above, basic education gross enrolment ratio for female is not low, and in some cases it is higher than male gross enrolment. It is worth noting the progress in enrolment of women at tertiary level (Table 15).

Table 15: Enrolment in the Tertiary Education

University	2008			2010			2012		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
State University of Zanzibar (SUZA)	456	465	921	588	617	1,205	813	1,049	1,862
University College of Education	392	154	546	510	397	907	584	626	1,210
Zanzibar University	210	139	349	1,119	853	1,972	1,122	1,040	2,162
TOTAL	**1,058**	**758**	**1,816**	**2,217**	**1,867**	**4,084**	**2,519**	**2,715**	**5,234**

Source: Ministry of Education and Vocational Training (MoEVT) Budget Speeches (2008/9; 2010/11 and 2012/13).

Table 15 shows the figures of the number of students enrolled at the Universities located in Zanzibar from 2008 to 2012. These figures should not be interpreted as the number of Zanzibaris pursuing university education during this period. It is not possible to get with precision the number of Zanzibaris who are pursuing university education at any given time as some of them are registered in the universities located in Tanzania Mainland and others are pursuing their studies abroad. Moreover, enrolment at the three universities in Zanzibar includes a significant number of students from Tanzania Mainland and from abroad. Nonetheless, enrolment at the local universities in Zanzibar can be taken as a proxy for the existing capacity for offering university education. Between 2008 and 2012, the total enrolment at the local universities increased by more than two folds meaning that more tertiary level skills requisite for increased labour productivity have been imparted. The enrolment of females increased significantly from 41 percent of the total number of students in the three Universities to 51.8 percent in 2012.

Table 16 gives an indication of illiteracy rate in Zanzibar. There is a declining trend in proportion of illiterate people from both sexes over time, from 24.2 percent to 17.7 percent between the two surveys. The proportion of illiterate people has declined more for women in absolute terms (from 30.2 percent to 22.8 percent) although males have gained proportionally more.[19]Gender disparities on illiteracy are more pronounced within older age groups: proportion illiterate is higher among females in all age groups but the gap is narrower among the youth and young adults. This reflects the increasing participation of girls in education in younger cohorts.

Table 16: Adult Illiteracy Rate by Sex

Sex	Illiteracy Rate	
	2004/05	2010
Male	17.5	12.0
Female	30.2	22.8
Total	24.2	17.7

Source: RGoZ (2012a).

2.4 Access to WASH Services

The last dimension of human development that this report looks at is the access to Water, Sanitation and Hygiene (WASH) services. Water is one of the essentials for life both for consumption and for maintaining cleanness and improved sanitation. In fact evidence shows that access to safe water and good sanitation contributes significantly to reducing child mortality;[20]reduces the opportunity cost of time—the time that women save from not having to walk for long distances to fetch water and time that people are sick (e.g. Tanzania loses the equivalent of 1 million life years in productivity every year due to water, sanitation and hygiene related diseases);[21]makes good economic sense: for every $1 spent on water and sanitation, $11 is gained through prevented loses in productive time and education, costs of medicines and health services;[22]and it contributes to educational performance – by keeping children (particularly girls) in school: less time is lost through illness or absence over not being able to deal effectively with menses or been sent out to fetch water and thus spending valuable time that could have been used for studying.[23]

Majority of households in Zanzibar have access to improved water sources (79.5%). Households in Zanzibar are more likely than those on the Mainland to have access to clean water. For example,

[19] *RGoZ (2012a)*
[20] *Abou-Ali (2003)*
[21] *WHO (2009)*
[22] *Hutton et al., (2004)*
[23] *Taylor (2009)*

74% of households in Zanzibar use piped water compared with 32% in the Mainland.[24] Only 52 percent of households in Zanzibar have improved toilet facilities.[25]

2.5 Comparative Analysis on Human Development Dimensions

Table 17 summarizes the achievements made in improving the quality of livelihoods since 2000 and as benchmarked with Low Middle Income Countries (LMICs). The following progress and main challenges in improving livelihoods are noted:

Poverty: Poverty in Zanzibar as a whole and in both urban and rural areas is still a major problem that requires relentless efforts to be reduced or eliminated by 2020. The decline in the basic needs poverty over the period 2004/05-2009/10 is small and this holds for each of the strata and for the Zanzibar as a whole. Apparently, food poverty for the rural areas actually increased from 15.9 percent in 2004/05 to 16.8 percent in 2009.

Food Security: Zanzibar has yet to attain food security in terms of food self-sufficiency, food accessibility and nutrition. The island still depends on food imports as domestic production is based on subsistence farming that heavily relies on rainfall.

Education: The high success in expanding intakes in primary and secondary schools, as well as universities, has created a secondary problem of quality assurance. In terms of achieving universal primary education gross enrolment, Zanzibar has surpassed the performance of the sampled LMICs by 5percent; average primary gross enrolment for Zanzibar is 112.1 percent compared to 107percent for sampled LMICs in 2010. Also Zanzibar is slightly ahead of sampled LMICs on literacy rate: 82.3 percent for Zanzibar compared to 80 percent for sampled LMICs. However, in order to promote decent participation in the labour force, more is needed in creating requisite skills and competencies beyond primary education. The average secondary school enrolment ratio was 67 percent in 2012. However, some districts such as Kaskazini B, Micheweni, Wete and Mkoani have enrolment ratios that are less than 50 percent.

Health: Efforts to improve health care quality has been impeded by inadequate health providers and diagnostic equipment and facilities. Hence the progress in reducing maternal and infant mortality has been slower than expected. Nevertheless the gap between Zanzibar and sampled LMICs on infant mortality is now only 11 per 1,000 live births (43 per live births for sampled LMICs and 54 per 1,000 live births for Zanzibar). Zanzibar also lags behind on under five mortality rate. The gap is 22 per 1,000 live births.

Water and sanitation: Significant progress has been made in the water service coverage. These achievements are more pronounced in urban than in rural areas. In terms of water service coverage, Zanzibar lags behind by about 6 percent. Access to sanitation facilities is still a problem as only close to 50 percent of the population has access to improved sanitation facilities.

Population dynamics: Zanzibar's population is growing at 3.1 percent per annum in 2010 (the model LMICs' rate was 1.2 percent lower than Zanzibar's' some 16 years before they graduated to middle income status). Its population structure is dominated by children and the youth and having a high dependency ratio (0.98 in 2010).[26] The implications of this structure is high costs of provision

[24] *NBS and ICF Macro (2011)*

[25] *Ibid; Improved toilet include the following categories: flush to piped sewer, flush to septic tank or pit latrine, ventilated improved pit latrine and pit latrine with a slab.*

[26] *The age dependency ratio is the ratio of combined population aged less than 15 years and those aged 65 years or more compared to population in the age ranging between 15 and 64 years. The high ratio that approximates one or more suggests that an individual in the society has to produce not only for himself/herself but also to cater for the needs (an economic burden) of additional person(s). Economically, this interprets into an investment diversion, whereby the already limited resources are committed to support the less direct investment expenditures, like health (RGoZ, 2012a).*

of social services, particularly education, low household savings and hence low investments in direct productive sectors, leave alone costs of feeding such a young population.

It is important to note that the averages presented in Table 17 mask regional and district specific disparities. Thus, designing strategies to address regional or district specific challenges is imperative.

Table 17: Quality of Livelihoods in Zanzibar Compared with Low Middle Income Countries Index

Variable	Where we were (2010)	Benchmark-LMIC (2009)[2]	Gap	Remarks
Abject poverty	44.4% of the population	10%	About 34%	Efforts to reduce poverty should be intensified. Some of the areas that can results to desired economic transformation and as a corollary reduction of abject poverty are presented below
Food self-sufficiency	n.a	100%		Information is lacking but Zanzibar has a long way to go; about 50%of its food requirements are imported. All of selected LMICs exceed 100%
Life expectancy at birth	59 years	69 years	10 years	In 2000 the life expectancy target was set at 65 years
Population growth rate	3.1%	2.2%	0.9%	The model LMICs' rate was 1.2% lower than Zanzibar's' some 16 years before they graduated to middle income status
Universal Primary Education (gross enrolment rate)	112.1%	107%	Surpassed LMICs' by 5% in 2010	This target could easily be reached before 2020
Female Primary completion[3] rate	N/A	87%		Primary school education is not terminal and hence it is not possible to compute completion rate. In future, retention or dropout rate should be computed.
Male Primary completion Rate	N/A	90%		Primary school education is not terminal[4] and hence it is not possible to compute completion rate. In future, retention or dropout rate should be computed.
Literacy Rate	82.3%	80%	Exceeded	In the future the Ministry of Education and Vocational training and OCGS should compute this rate more often (estimate it annually)
Infant mortality rate	54 per 1,000 live births	42 per 1000 live births	11 per 1000 live births	In the next ten years this target could be reached and surpassed

Variable	Where we were (2010)	Benchmark-LMIC (2009)[2]	Gap	Remarks
Under-five Mortality Rate	73 per 1000 live births	57 per 1000 live births	22 per 1000 live births	In the next ten years this target could be reached and surpassed
Maternal mortality rate	278 per 100,000	260 per 100,000	18 per 100,000	Should be reached and surpassed
Access to clean and safe water for whole of Zanzibar	79.6%	86% of the population	About 6%	While major infrastructural improvements have been made in the provision of water, data for actual availability of water is not available. Quantitative data to measure progress on availability of water is needed
Improved sanitation facilities[5]	52%			Zanzibar has a long way to go in improving sanitation facilities (close to 50% of its population does not have access to improved sanitation facilities)

Source: Adapted from RGoZ (2011a).

Despite impressive progress on some indicators presented in Table 17, extra efforts are still needed to address education and health sector needs. Although progress has been made in expanding the number of primary and secondary schools, progress in transition from form 2 to form 3 has been slow as noted in Table 11 above and the outcome of those who proceeds is poor in the sense that majority get division four in their from four results. This means that resources must be directed to expanding not only the infrastructure for secondary and higher learning education but also the quality of education in order to develop requisite skills for the contemporary labour markets.

The Vision's healthy outlook emphasizes the provision of basic health services for all the people without discrimination. In this area, priority shall be directed at health sector governance; health services delivery; human resources for health; health infrastructure; essential medicines, medical and non-medical supplies; health legislation and regulations; health information; innovation and research and; and health financing that is adequate, shared and equitable.[27]

[27] *RGoZ (2011a)*

3. Achievements in Creating Strong and Competitive Economy

As mentioned above, the overall goal of Zanzibar Vision 2020 is to transform Zanzibar into a middle income country and enable it eradicate absolute poverty in the society through building a strong and competitive economy so as to achieve high quality livelihoods for its citizens and improve good governance and the rule of law without compromising Zanzibar's rich culture.[28] In this chapter we compare the achievements made in key economic indicators identified in the Vision with those of LMICs and draw conclusions on areas where Zanzibar needs to put more efforts in order to create a strong economy requisite for improving human development dimensions and thus move to a middle income country come 2020. Table 18 summarizes the achievements in building a strong and competitive economy for the purpose of increasing growth and reducing poverty and thus attain a middle income status.

Although not consistently, we also provide some examples where Zanzibar can learn from the successful story of Cape Verde. As a result of its sound economic and social performance, Cape Verde has gained the status of a Middle-Income Country (MIC) effective from January 2008. In doing so, it has overcome severe geographic, economic, and social challenges to become an African success story. Cape Verde has benefited from sustained and stable growth over 35 years, leading to the increasing well-being of its population. Its 6 percent average annual GDP growth during 1991-2010 far exceeded the continental average. Despite a scattered population spread over nine inhabited islands, a very small economic size, an extremely low endowment in natural resources, a high vulnerability to exogenous shocks, and remoteness from world markets, it has managed to raise its GDP per capita over three decades by more than tenfold from $175 to $4,188 (PPP, USD) in 2010.[29]

Cape Verde's success can be attributed to the "necessary" elements of good policy and economic fundamentals, including macroeconomic stability, which many countries have had. Cape Verde also met the "sufficient" condition, namely, functioning institutions and governance, meaning transparency, inclusive development, equitable sharing of the rewards of growth, and delivering results to the people to sustain their confidence and gain their support for new initiatives (Box 1). In other words, policy matters, but good governance and institutions matter even more. Although good economic policy is important, sound politics are also essential to delivering the results in a sustained fashion over several years. This requires leadership at many levels, not merely at the top. It is in this latter area where many countries in Africa have failed to deliver.

[28] *RGoZ, (2000)*
[29] *African Development Bank [AfDB], (2012).*

Table 18: Comparison of Economic Development Indicators

Variable	Where we were (2010)	Benchmark-LMIC (2009)[6]	Gap
Attain a high and sustainable economic growth averaging 9-10% per annum. The expected growth between the years 2000 to 2005 should be between 5-6% at 1985 price rising to between 7-8% by the 2010 and attain the level of between 9-10% by 2020.	6.7% in 2010 and an average of 6.3% over the last ten years (2000-2010)	6.8%	0.1
Per capita income of USD 995 (a threshold for entry into LMIC) by 2015 and 3,000 (in nominal terms) by year 2020	600 (2011)		
Agriculture growth rate	4.4%	5.5%	1.1
Agriculture's share of GDP	30.8%		
Industry's growth rate		9.2%	
Industry share of GDP	13.1%		
Manufacturing growth rate	2.4%	12.3%	9.9%
Share of manufacturing in total GDP	4.1%		
Growth of tourism sector	6.8% (in 2008)	n.a	
Service growth rate		8.2%	
Service sector's share of GDP	44.0%		
Export growth rate		13.5%	
Import growth rate		10.2%	
FDI growth rate		-4.6	
Domestic saving		7.6	
Revenue growth rate		8.8	
Manufacture (% of Industry GDP)		17.8%	
Services(% of GDP)		48.6%	
Export (% of GDP)		30.5%	
Import of goods and services (% of GDP)		37.4%	
Employment in agric (% of total)		41.2%	
Employment in industry (%of total)		20.5%	
Electric power (KWH per Capita)	106 kWh per capita in 2009	402.7 KWH per capita	

Source: Adapted from RGoZ (2011a).

Box 1: Governance at the Heart of Cape Verde's Success

Good governance has played an important role in Cape Verde's achievement of the highest sustained level of economic growth in Sub-Saharan Africa and has allowed it to become one of the very few countries to graduate from Least Developed Country (LDC) status. The building blocks of this achievement were laid down after independence by a ruling political party that believed in social cohesion, meeting basic needs and instilling dignity through access to basic education and health. There was then a peaceful transition to multi-party electoral competition in 1990 under a new Constitution, and another peaceful transfer of power back to the previous ruling party in 2000.

Macroeconomic policies have been consistent since the early 1990s, regardless of the political party in power, but there has also been a more strategic approach since 2000 to, for example, promote tourism and, more recently, to promote regional development through infrastructure, spreading the benefits of tourism and agricultural development despite the harsh nature of the water-scarce, rocky terrains of many of Cape Verde's islands. Consensus policies have been developed through widespread consultation, including consultation with all the islands. There has been a minimum wage in the past, and there has been recent debate about the possibility of its re-introduction. There has also been a coherent and consistent approach to expanding access to services, with a particularly dramatic expansion since 2000.

In addition, policies have been firmly 'pro-citizen'. For example, the Government responded to the 2007-08 financial crisis with a strongly counter-cyclical fiscal approach involving a mix of tax cuts and accelerated infrastructure spending. While these policies put considerable strain on the Government's fiscal position and debt profile, they succeeded in mitigating the worst effects of a deteriorating external environment. While social assistance has not been adopted (with the exception of measures to assist persons with disabilities), employers are actively encouraged to bring informal workers (in domestic service and construction, for example) into the social insurance system.

Sources: Chronic Poverty Advisory Network (2014).

Zanzibar is expected to be a middle income country by 2020. In terms of economic indicators, when Zanzibar is compared with model LMICs today, some similarities and gaps have been observed. Zanzibar's Gross Domestic Product (GDP) growth compares reasonably with many of the LMICs (Table 18). Indeed, such level of growth is impressive historically and when comparison is made between Zanzibar and other countries in the region. However, when subjected to a wider perspective, it quickly becomes evident that more efforts are needed to speed up the growth process. Cross-country growth experiences summarized by the Commission on Growth and Development (CGD) shows that successful take off can only be achieved if a country can sustain a growth rate of at least 7 percent per annum for a successive 25 year period.[30]

Although the social, economic and natural endowments conditions of Cape Verde might be different, there are some lessons on economic management that Zanzibar can learn from its road to MIC. These include the following:

- Maintaining a stable macroeconomic management, particularly stable monetary policies and good management of public finances: This entails but not limited to nurturing a nation-building approach that emphasizes shared vision and national ownership of the resources and inclusive growth model with strong emphasis on equitable growth and poverty reduction, effective implementation of poverty reduction strategies and insisting on results-based development model.

- Prudent macroeconomic management, including fiscal soundness and maintenance of a competitive exchange rate. Cape Verde has gained international credibility for its macroeconomic policies: a stable currency, good governance with low corruption rates, a simplified tax system, and a reformed banking sector.

- Enhancing access to social services through a strong social safety net and distributing the benefits of growth through an inclusive approach to policy making and nation-building.

[30] *CGD (2008)*

Comparing Zanzibar with data from the LMICs (as presented in Table 18 above), major differences are found in the structure of the economies and the main source of growth. The GDP composition in Zanzibar is dominated by services (mainly tourism, import-dominated trade, and transport and communication) and low productivity/subsistence agriculture. The manufacturing sector is still small and not linked to other productive sectors of the economy, particularly agriculture.

The service sector, currently contributing about 44 percent to GDP is not very different from the LMICs. What is strikingly different is the contribution of industry and manufacturing; Zanzibar is far behind the LMICs. The LMICs also have higher levels of electricity consumption at 460 kWh per capita, more than four times what is consumed in Zanzibar, which was 106 kWh per capita in 2009 (computed from data in Office of Chief Government Statistician (OCGS), Socio-economic Survey 2009). Not only is electricity consumption relatively low but its availability is also very unreliable in Zanzibar, given that most of the power generation in Mainland Tanzania is hydro, which is often affected by drought and there is no production of electricity in Zanzibar. This situation provides some clues on what should be done so as to encourage the growth of industry and manufacturing of agricultural produce, thus creating more jobs and income through value addition. Unreliable electricity supply adds to cost of production and this has hampered the competitiveness of the country's goods and services.

The per capita income for Zanzibar has been ranging from TZS 517,000 (USD 323) in 2007 to TZS 960,000 (USD 600) in 2011.[31] However, the USD 600 per year (equivalent to USD 1.66 per day but not in the Purchasing Power Parity--PPP) for every Zanzibari is rather low for human development. Nevertheless, distribution is what matters most in terms of what proportion of the population gets what percent of the overall output in the economy. Geographical disparities in per capita income proxied by average total per capita expenditure are shown in Table 19. Micheweni and Wete districts in Pemba have the lowest per capita expenditure.

Table 19: Average Per Capita Expenditures (28 Days) by District (in 2009/10 Prices)

District	2004/05	2009/10
Kaskazini A	36,169	36,667
Kaskazini B	33,306	37,644
Kati	39,770	40,469
Kusini	36,239	43,309
Magharibi	46,172	49,553
Mjini	57,451	64,536
Wete	32,618	34,576
Micheweni	28,551	26,589
ChakeChake	38,437	39,157
Mkoani	40,791	35,381
Total	**42,276**	**44,238**

Source: RGoZ (2012a).

Informal sector and Micro, Small and Medium Enterprises (MSMEs) contribution to employment generation and improved livelihood of families has drawn a significant attention of both researchers and policy makers in most of the developing countries including Zanzibar. It is widely accepted that the micro, small and medium size enterprises (MSME) sector has the potential to provide livelihood for a considerably large number of people in least developing countries like Zanzibar and others in the region. In Zanzibar, micro enterprises are considered the sanctuary and sphere of the many

[31] *RGoZ (2011b)*

poor in both rural and urban area for their livelihood. Studies confirm that a larger proportion of the Zanzibar population engage in a wide variety of economic activities and depends on MSMEs as a source of income for their survival.[32] However, operations of MSMEs are constrained by the taxation system, power supply, skills, regulations and corruption. These are critical investment determining factors not only in Zanzibar, but also in other countries in the region such as Tanzania Mainland, Kenya, and Uganda.[33]

The Revolutionary Government of Zanzibar report on the review of the implementation of ZDV 2020 proposes some areas where efforts should be directed to in order to create a strong and competitive economy that is capable of putting the nation into the right path for achieving a middle income status come 2020.[34]

(a) Promotion of sustainable tourism

For many decades, economic growth in Zanzibar has been closely linked with the performance of the agricultural sector, especially production and export of cloves. When cloves prices were high in the world market, Zanzibar experienced high growth rates. Agricultural-based growth in Zanzibar has not been sustainable however due to the cyclic nature of cloves production and its over-supply in the world market. Given Zanzibar's natural advantages, tourism has a potential of becoming a key economic growth promoting activity. Aspiration of the Vision 2020 is to attain high level of employment whereby 50 percent of the population is to be employed in the tourism and free zones, 20 percent in agriculture and 30 percent in other sectors.[35] Unfortunately, the quality of tourism Zanzibar receives does not meet that expected by Government who wish to promote Zanzibar as an up-market destination to compete with other island destinations in the Indian Ocean region. The trend of tourism development in Zanzibar is based on the low quality, low spending clients, but with high environmental impacts.[36]

In 2000, the Revolutionary Government of Zanzibar set a target of one million tourist arrivals per year by 2020. Some progress has been made towards this goal but the progress is not impressive. In 2012, Zanzibar hosted only 169,233 tourists (Table 20) indicating an estimated rate of increase of 3.5 percent per annum and accounting for over 60,000 jobs.[37]

Table 20: Visitor Arrival by Month, 2008 – 2012

Period	2008	2009	2010	2011	2012
1st Quarter	42,596	38,687	32,965	49,011	51,022
2nd Quarter	15,246	15,975	16,511	20,479	23,954
3rd Quarter	37,588	43,049	41,850	57,403	47,571
4th Quarter	33,015	37,243	41,510	48,174	46,676
Total	**128,445**	**134,954**	**132,836**	**175,067**	**169,223**

Source: RGoZ (2012b).

Thus, in spite of the numerous and uniquely appealing tourists' attractions and the fact that Zanzibar is easier to fly into than Mauritius and Seychelles, Zanzibar does not attract as many tourists as the two Island nations. Table 21 compares tourists' arrivals in Zanzibar against the other islands for three

[32] *RGoZ (2009); Ussi, (2009)*
[33] *RGoZ (2009)*
[34] *RGoZ (2011a)*
[35] *RGoZ (2000)*
[36] *United Republic of Tanzania-- URT (2003)*
[37] *RGoZ (2012b)*

years (2006-2008). The number of tourists who visit Zanzibar is less than 20 percent of the tourists that visits Mauritius. Seychelles too receive more tourists than Zanzibar. This of course indicates that Zanzibar has a potential to bring in more tourists. The question is whether just bringing in more tourists would be beneficial to Zanzibar.

Table 21: Number of Tourist Arrivals (2006-2008)

Country	2006	2007	2008
Zanzibar	137,111	143,256	128,440
Mainland Tanzania	644,124	719,030	-
Maldives	601,860	675,000	683,012
Seychelles	140,000	160,908	-
Mauritius	788,276	906,971	930,456

Source: RGoZ (2009).

Table 22 shows that Mauritius collects up to 40 times more government revenues from tourism than Zanzibar. This actually means that Mauritius collects more revenue per visitor than Zanzibar, and that had Zanzibar collected revenue at the same rate as Mauritius, it would have collected up to USD 150 Million from the rates of arrivals shown in Table 21. Thus, in terms of exploring ways of increasing economic benefits from tourism it is important to focus not only on the number of arrivals, but also on how taxes and levies from tourism are being collected in view of increasing revenue collection. It must be noted that Mauritius has put a deliberate policy to focus on high income tourists to maximize income. Low budget tourism is not encouraged in Mauritius.

Table 22: Comparison of Revenue and Labour Force in Tourism Sector

Country	Revenue (USD Million)	Percentage to GDP	Estimated number of employees in the industry	Total labour force	(%) of tourism workers to total labour force
Zanzibar	24.1	15	24,000	396,000	6
Mainland Tanzania	1,000	17	200,000	20,000,000	1
Maldives	240	28	25,000	128,800	19.4
Seychelles	321	21	25,000	39,560	63[7]
Mauritius	1,089	9.2	35,000	584,000	6

Source: RGoZ (2009).

Zanzibar is richly endowed with both natural and man-made tourism attractions which are the basis of successful tourism industry. Some of these attractions are:

- Beautiful and virgin beaches.
- Environment intact natural forests endowed with rare species of animals such as "Kima punju".
- Old Stone buildings with ancient architectural features that are excellently curved.
- Handcraft work specific to Zanzibar culture such as the "Zenj-doors".
- Richness in various spices and fruits available all year round.
- A culture of friendliness and hospitality to visitors.
- Natural aquatic attractions.

There is apparent recognition that more revenue could be realized from the tourism industry if more effective policies on tourism are formulated and implemented to the letter; some of the

measures for policy changes include promoting high quality tourism, review the tourism charter flight policy, which is siphoning revenue from the industry away from Zanzibar to abroad, diversify tourists origins which is currently dominated by Italians, attracting more investments in high quality hotels and developing skills needed in the tourism industry. Box 2 provides a story on Cape Verde's booming tourism industry.

Box 2: Cape Verde's Booming Tourism Industry

Cape Verde is a "highly tourism-based economy." The industry has witnessed impressive, sustained growth for more than a decade. In 1995, the share of tourism in total external financing of the economy was 4 percent. By 2007, the industry accounted for nearly 50 percent of all foreign financing. Tourism receipts accounted for a high of 21.9 percent of GDP in 2007, dropping to 18.3 percent in 2010. Despite the 2008 global recession, tourists kept coming. Over 300,000 tourists arrived in Cape Verde in 2008, totaling nearly two million bed nights. Despite the global economic and financial crisis, over 475,000 tourists arrived in 2011.

The tourism industry in Cape Verde is based on the sun and sand, all-inclusive package model. This model has attracted significant number of tourist mainly from European countries. Cape Verde's biggest competitive advantage in tourism, however, is the security and social peace it offers to tourists. Some tax reforms have also been done deliberately to boost the tourism sector. For instance, given the importance of tourism to the economy, goods and services related to hotel and restaurant business are taxed at 6 percent instead of the standard 15 percent. The strong performance of tourism has directly and indirectly, fuelled the growth of sectors such as transport, construction, banking and insurance.

Source: AfDB (2012).

One of the most notable features of tourism is that is offers employment to a high proportion of women and it also employs a number of unskilled workers. It is estimated that 40 percent of employees in the tourists hotels in Zanzibar are women. Tourist sector also tends to employ low skill labour, thus generating employment to the poor.[38] However, tourism generates very little employment overall (Table 23).

Table 23: Percentage of Population Whose Main Economic Activity is Tourism, 2010

District	Tourism	Farming &livestock	Fishing
Kaskazini A	0.2	35.9	18.1
Kaskazini B	0.0	52.9	9.6
Kati	0.1	52.1	6.0
Kusini	6.4	36.3	20.4
Magharibi	0.1	11.8	2.5
Mjini	0.1	3.6	0.3
Wete	0.0	39.2	4.2
Micheweni	0.5	53.9	12.2
ChakeChake	0.0	30.8	2.5
Mkoani	0.0	43.5	12.8
Over all	0.4	29.5	6.8

Source: RGZ (2012a).

As Table 23 shows, the percentage of the people who are employed in tourism sector for the whole of Zanzibar is 0.4 percent (as compared to 29.5 percent in farming and livestock keeping and 6.8 percent in the fisheries). The district with the highest percentage of people employed in tourism industry is Kusini. It is clear that tourism does not generate mass employment and that

[38] *ILO (2001)*

even expansion of tourism in Zanzibar would not create a significant increase in employment. This fact is important in designing tourism policy. Tourism is not expected to generate significant employment opportunities. It is important to focus on maximizing revenues from tourism, rather than focusing on employment creation. This means that more effort need to be directed in attracting large scale up-market tourism by using large five stars hotels, rather than expanding low budget tourism which on its face may appear to create more employment but does not generate sufficient revenue to government.

(b) Enhancing linkage between tourism and other sectors

The Zanzibar government has several good reasons to want to enhance linkages between tourism and other sectors of the economy to benefit the whole population. The sector has positive linkages with other sectors such as trade and agriculture (providing opportunities for selling additional goods and services such as agricultural products, handicrafts produced by locals including the poor and women) and it has a potential for creating employment in the sectors linked to it.

The income generating potential of tourism is also revealing in direct income that is generated for both entrepreneurs and the labour force in the tourism industry, apart from taxes paid to government by both the tourists and investors in the tourism sector. Indirect income is generated for other stakeholders through indirect employment and supplies of materials to the hotels and restaurants. The spending by tourists and the workers has multiplier effects within and beyond the regional economy of Zanzibar, to the country and across international boundaries, through the import of materials for constructions, equipment etc.

Thus, the government ambition to increase tourism growth rate from 6.8 percent in 2008 to 10 percent in 2015 as stipulated in the MKUZA II Implementation Plan must be pursued vigorously. The successful broadening and deepening of linkages with other sectors is an integral part of making tourism work for economic diversification and enabling it to benefit the poor.

(c) Modernization of agriculture

Promotion of sustainable agriculture is important at least from the point of attaining food self-sufficiency. Sustainable agriculture is critical for achieving self-sufficiency in food and food security, through increased food and livestock production as well as increased agricultural production for export. This will depend on the modernization of agriculture and ensuring that the sector is capable of satisfying 50 percent or more of local food production, and promotion of alternative cash crop production for export. Box 3 provides an example on how Cape Verde was able to modernize its agriculture.

Box 3: Emerging Agriculture in Cape Verde

Agriculture is a key sector in today's transformation in Cape Verde. The country has advanced from a situation of utter dependence on external food aid in 1975 and a national agricultural policy focused exclusively on assuring minimal food security and daily caloric intake for the population, to a situation today of rising domestic food production and rapid growth of commercially-oriented drip irrigation. The government has promoted reforms in the agricultural sector and ensured that the people appropriated the reforms and made them work. The government has created agricultural research and training centers. It also put in place major extension programs. The emerging trend in the sector today is the widespread adoption of drip irrigation. In the past decade, the government has adopted a proactive policy framework

to increase domestic agricultural productivity, expand the available arable land for farming, and invest heavily in water resources mobilization, including building dykes and dams, providing micro credit to farmers, and technical support to expand drip irrigation. The country has made progress in building up the basic economic infrastructure (roadways, ports, watersheds, dams), especially in the main agricultural islands. These policies, which the government has committed to deepening and expanding, have made a big difference. The improved performance of the sector allowed the country to better cope with the global food crises and increase in prices.

Source: AfDB (2012).

(d) Promotion of sustainable industrialization

In order to accelerate the development of the industial sector that would also support agriculture, the existing industrial policy gives priority to the development of the following key areas: private sector promotion including privatization; export processing and the establishment of Export Processing Zones (EPZ); small scale industry development particularly cottage industries and industries developed by women; development of the informal sector; industrial rehabilitation; investment promotion and financing of industries; human resource development including indigenous entrepreneurial development; promoting Public Private Partnership (PPP) and more effective Zanzibar - Mainland co-operation in the industrial and trade sectors.[39] The EPZ policy is already being implemented at places like Fumba and Amaan; what is needed is to strengthen the processing zones and deliver the intended outputs. Looking ahead, Zanzibar Vision's outlook on industrial sector and industrialization process should be to create specialized, economically efficient, financially strong and profitable industrial enterprises that produce high quality goods for domestic use and export.

(e) Improving the balance of trade

Given the small size of the Zanzibar economy, growth will only be sustainable if it is firmly rooted in international competitiveness and the aggressive pursuit of export opportunities. Table 24 and Figure 2 show a five year trend of imports and exports in Zanzibar. The figures show an increasing import value in every year. Rapidly increasing of import value will cause trade deficit if the value of export dropped in every year and this is not good for the economy. In case of export value, it shows that values are fluctuating from year to year. The higher value in 2011 and 2012 was due to cloves exportation. Increased agricultural productivity and sustainable industrialization (linked to agriculture through value addition) would contribute significantly to improvement in the balance of trade.

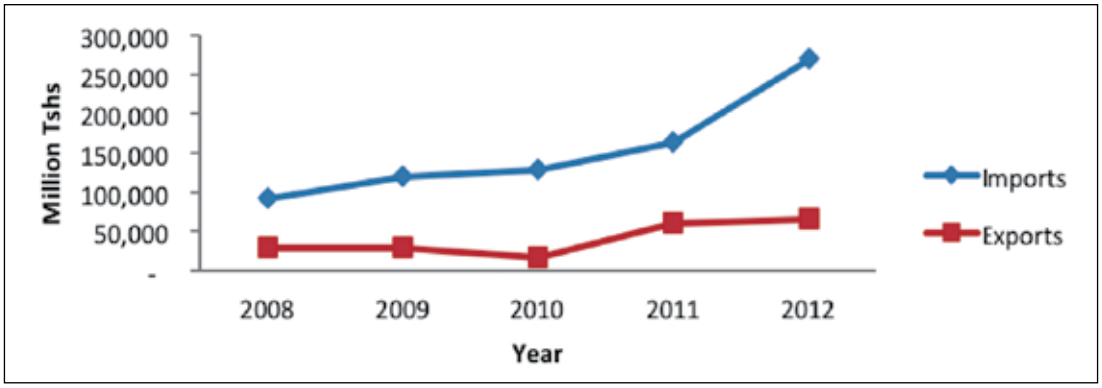
Table 24: Balance of Trade, 2008 - 2012 (Millions Tanzanian Shillings)

Description	2008	2009	2010	2011	2012
Imports	93,439.6	120,882.0	129,136.8	164,187.1	271,273.1
Exports	30,189.2	29,744.5	17,906.7	61,261.4	67,390.5
Balance	**-63,250.4**	**-91,137.5**	**-111,230.1**	**-102,925.7**	**-203,882.5**

Source: RGoZ (2012b).

[39] *RGoZ (2011a)*

Figure 2: Trend of Imports and Exports Trade in Zanzibar



Source: RGoZ (2012b).

To conclude this section, it is argued that improvement in human development indicators is contingent on creating a competitive economy that will generate the desired pro-poor economic growth. In the context of human development, growth that increases the income of the poor through participation in decent jobs, but that also expands opportunities and increases achievements of the poor in education, health and other human development indicators is imperative.

4. Skills Gap Analysis

The skill level of the labour force is considered a major economic growth driver.[40] The transformation of Zanzibar into a middle income country will involve unprecedented migration out of the rural-agricultural/fishing sector towards more productive manufacturing and service sectors. In order to facilitate this migration process, the labour force needs to be equipped with the necessary skills required to meet the demands of the evolving manufacturing and service sectors. At the same time, even a more productive agriculture sector will require a higher level of skill-base to efficiently manage and operate the modern farms, which involve machinery and high yielding crops. Hence, it is advisable to quantify the existing skill-base in Zanzibar. There is no tangible measure of the skill level of a person but two proxies for skill level are often used: the occupation category and educational attainment of employees. Table 25 presents the classification of occupation based on the International Standard Classification of Occupations (ISCO-88) and associated skills.[41]

Table 25: ISCO 88 Occupation-Skill Linkages

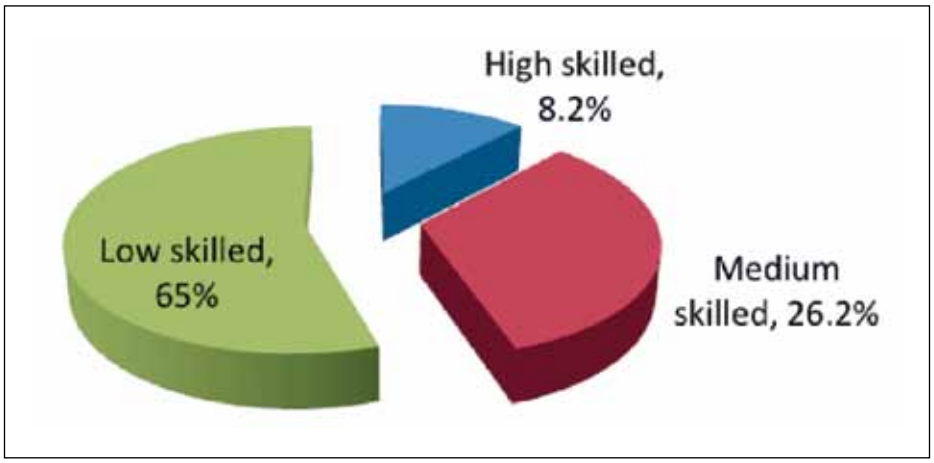
	ISO-88 One Digit (Occupation type)	Associated skills
0.	Armed forces	Not included in the analysis
1.	Legislators, senior officials, managers	High skilled
2.	Professionals	High skilled
3.	Technicians and associate professionals	High skilled
4.	Clerks	Medium skilled
5.	Service workers and shop and market sales workers	Medium skilled
6.	Skilled agricultural and fishery workers	Medium skilled
7.	Craft and related trade workers	Medium skilled
8.	Plant and machine operators and assemblers	Low skilled
9.	Elementary occupations	Low skilled

Source: Köksal (2008).

Based on the ISCO-88 and the data from the Integrated Labour Force Survey (ILFS) 2006, categorization of labour force into low, medium and high skills is done in Figure 3. The overall skill level picture of Zanzibar is rather bleak, with only 8.2 percent of Zanzibaris working population being classified as high-skilled, while the majority of working population (65 percent) is low skilled.

[40] *Krueger and Lindahl (2001)*
[41] *Köksal (2008)*

Figure 3: Categorization of Zanzibar's Working Population



Source: Own calculations using data from the 2006 Integrated Labour Force Survey (RGoZ, 2007)

It is interesting to compare Zanzibar skill level with the skill base of some middle income countries. Looking at occupation categories and skills gap in Table 26, we can conclude that there is a need for investing in developing high-skilled and middle skilled labor force to match the model countries if Zanzibar is to attain the middle income status come 2020.

Table 26: Detailed Skill-gap Analysis

Skill level	Occupation category	Zanzibar (% of working population)	Average middle income country (%)
High skilled	Legislators, senior officials and managers	0.5	2.7
High skilled	Professionals	2.2	4.7
High skilled	Technician and associate professionals	5.5	4.7
Medium skilled	Clerks	1.4	4.5
Medium skilled	Service workers and shop sales workers	16.3	11.8
Medium skilled	Skilled agricultural and fishery workers	NA[8]	0.4
Medium skilled	Craft and related workers	8.5	17.3
Low skilled	Plant and machine operators and assemblers	2.3	5.7
Low skilled	Elementary occupations, agricultural and fishery workers	53.6	48.8
Low skilled	Domestic services	9.1	
	Not stated	0.7	

Source: RGoZ (2007) and Moyo et al., (2011)

As mentioned above, Zanzibar places a very high importance in the role of tourism especially in employment creation and transformation of the economy as a whole through linkages with agriculture, industry and trade and other sectors. Direct employment is one of the potential of tourism enterprises in any location where it is developed.[42] However, the trend in the tourist hotels in Zanzibar is that high skills labour is sourced from outside the community in which the hotel is located and a very high proportion of high skilled labour is sourced from outside Zanzibar and even outside Tanzania. Lack of human capital (requisite skills) has been mentioned as one of the challenges facing the tourism industry. E.g. hotels find it difficult to recruit suitable staff from Zanzibar.[43] Employment of outsiders tends to generate some hostility because benefits from tourism are enjoyed by outsiders. The way to solve this problem is not through direct interference in the labour market. The government can introduce training levy on hotels and use the generated funds to train more Zanzibaris on hotels management skills. Tunisia has succeeded greatly through this process.[44]

In order for the tourism and other sectors to flourish, development of human capital (middle and high skilled personnel) is imperative. Human capital driven development is recognized in the world over because it impacts on the development of entrepreneurial, managerial and organizational skills, as well as innovation, learning and adaptation of new technology and modern practices. In addition to contributing to and supporting economic growth, most human capital investment also directly improves the quality of life of the beneficiaries (human development indicators).

[42] *Tourism enterprises are defined business units which provide direct services to tourist in a given tourist destination. This includes such services as hotel services, souvenir shops, tour guide, special transport services (such as boat, horse riding, cycling, cable cart etc. (Ajala, 2008).*
[43] *RGoZ (2013)*
[44] *RGoZ (2009)*

5. Conclusions and the Way Forward

Improvement in human development dimensions is contingent on economic policies that are aimed at promoting economic growth through increased productivity in strategic sectors, creating employment opportunities, education and training, and provision of basic social services. It also depends on structural changes targeted at reducing inequalities (through properly designed redistributive policies such as social protection), increasing opportunities and access to resources, and promoting rural development. The cited cases from Cape Verde show how good leadership and governance, for instance, in formulating and implementing sound economic policies, reduced corruption, and peace and security has contributed to the growth of the economy and redistribution of resources to address social inequality.

When inequality and poverty follows some geographical patterns as shown in this report, the need to address the problem becomes even more urgent. This is because such geographical disparity can quickly turn into destabilizing polarization, particularly when people maintain strong identities delimited around these geographical areas. Thus, the first step in trying to improve the human development dimensions is to find out the reasons for such a pattern. In some cases, geographical and geological condition may explain the disparity in household welfare across geographical areas.

In line with addressing the noted polarizations, Zanzibar needs to create a competitive economy capable of addressing human development needs. The following are some considerations for this endeavour:

- Increased agricultural productivity and sustainable industrialization (linked to agriculture through value addition) would contribute significantly to improvement in the balance of trade. In this regard, there is a need to enable Small and Medium Enterprises (SMEs) to engage in non-agricultural activities by lowering their costs, particularly for energy, market access, and labour and targeting East African Community (EAC) and Southern Africa Development Cooperation (SADC) markets to which Tanzania has tariff free access.

- In terms of exploring ways of increasing economic benefits from tourism it is important to focus not only on the number of arrivals, but also on how taxes and levies from tourism are being collected in view of increasing revenue collection. The successful broadening and deepening of linkages with other sectors is an integral part of making tourism work for economic diversification and enabling it to benefit the poor.

- As shown above, the population growth rate is high (2.8 percent). Thus, the overall development and per capita improvements in Zanzibar would require attainment of demographic transition, mainly through provision of better reproductive health services. This would call for efforts to reduce population growth and improve the quality of the population, in terms of life expectancy, reduced mortality rates and investing in human capital through better health and education services. Raising the minimum level of education of the girl child and increasing economic opportunities are among the long lasting solutions to slowing down population growth, besides family planning education and other birth control

measures. Longer stay in schooling delay entry into family life but also raises self-awareness and confidence to make reproductive health decisions.

- Further reforms are needed to improving the country's education and health system to respond to, and address challenges of the 21st century human capital development and serving transformational efforts from a rural and agricultural based economy, to a semi-industrialized economy, whose revenues are generated from a labour force with requisite skills mix.

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