

MEASURING AN ECONOMY'S STATE: A QUICK SCAN MODEL ON THREE GEOGRAPHICAL LEVELS

A Tanzanian case study

Abstract

The main objective of this thesis is to test the applicability of a quick scan model measuring economic development. The method used in doing so is a case study in which Tanzania's economy is mapped on three geographical levels using said model. The data for this case study were obtained through interviewing a varied group of 17 respondents on site in Tanzania. Their input provided a detailed, useful and accessible overview of Tanzania's economy on all levels. It is thus concluded that the model functions well, has a broad applicability and can be used with ease by the target group. Still, a limited amount of adjustments is advised. Further research should focus on giving more weight to the financial indicators.

Key words: quick scan, economic development, case study, Tanzania

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1. Introduction

This thesis sets out to test and perfect the quick scan model designed for chapter 7 of a book by F.S. Mulder and B.J.W. Pennink, to be published in the fall of 2014 by Routledge. For reference, the complete chapter is included in Appendix I. The original motivation for publishing this book lies in the wish to better the quality of humanitarian aid after a disaster. Immediate cause for this motivation is the humanitarian crisis in Haiti. The largest earthquake ever recorded in Haiti devastated parts of the country, including the capital, on January 12, 2010. In the immediate wake of the earthquake, President Preval described conditions in his country as “unimaginable” and appealed for international assistance (Margesson and Taft-Morales 2010). In such a case of a humanitarian crisis timely and qualitative aid is necessary. However, ‘evaluations of the Haiti aid operations pointed at recurrent “classic” flaws in the aid activities (CARE/Save the Children 2010, Patrick 2011). For example, many emergency products such as bottled water and medicines were imported and freely distributed while they were locally available. The influx of free goods in the local economy resulted in local businesses having to shut down, thereby further weakening the already weak economic infrastructure of the country. Evaluators attributed this mistake to a lack of contextual understanding (CARE/Save the Children 2010:30)’ (Heyse et al. 2014).

The book focuses on how to capture the economic situation in a specific region prior, during or after a humanitarian crisis, when one is not able to do very extensive research and a quick, but qualitatively sound overview of the economic situation is needed. However, the chapter written by Mulder and Pennink (2014) developed a quick scan that could measure the economic situation in any specific region and at any given moment and could thus potentially be of help to a much larger group of people, for example researchers, foreign investors, governments etc. In its original form, the quick scan model maps the correlation between the state of any developing or recuperating economy and the specific needs (indicators) it has in regard to economic growth. Such needs can lie within the realm of finance, education, health, food and so on. As a more direct correlation between the financial indicators and economic development than between other types of indicators and economic development is natural, this thesis will focus specifically on the financial determinants of economic growth.

The model contains a set of (socio) economic indicators of economic development on a national, regional and local level. For the original chapter, a separate quick scan was developed for each level: by focusing on the use of these three quick scans our list of indicators differs from standard lists of indicators for economic development, as the majority of existing lists is intended to only be used to show the state of an economy at the national level (Mulder and Pennink 2014).

In short, the quick scan should be applicable to all levels of economies worldwide. In this sense, it should not matter which economy is to function as our test economy. However, as we do want to especially test the functionality of the model for economies that are in a poor state, be it due to a lack of development or due to a recently suffered humanitarian disaster, it is fitting to set up our case study in a relatively poorly developed country in which much development is going on economically. Tanzania fits this frame. As Mueller (2011) points out, in terms of development issues, Tanzania is ‘a typical case in point’. Despite enormous governmental efforts as well as massive international financial support, Tanzania’s economy remains one of the poorest economies in the world. As mentioned before, the original quick scan model provides an insight in the economic situation on the three different levels. This thesis takes it one step further by introducing radar charts for the different levels. When plotted as a radar chart, the indices allow the economic situation of a specific region to be quickly assessed or compared with other regions and thus provide a quick overview.

The above information leads to the formulation of the main question, which is twofold. The first part reads: *What is the economic situation in Dar es Salaam (local), the region and Tanzania as a country according to the quick scan model presented in this thesis?* The outcome will serve as a basis for answering the second part of the research question: *To what extent does the quick scan, as presented in this thesis, suffice as a method for creating a helpful, objective overview of an economy’s state?*

This research will contribute to both the academic and professional world. Within the scope of the case study it will provide at least the following agents with valuable information regarding the nature of the indicators of economic growth, as well as the use of a quick scan to assess the state of these indicators in a specified area: local financial institutions within Dar es Salaam; potential foreign investors; and the Tanzanian government and the like. However, when taking into account the intended global

applicability of the model, many more researchers, policy makers, participants of business life and providers of humanitarian aid may be able to benefit directly or indirectly from the outcome of this research.

The remainder of this thesis is organized as follows. Firstly, the literature section will elaborate on the three levels – local, regional and national – to which the quick scan shall be applied. Having established these levels, a deeper understanding of the quick scan model itself shall be provided. Also, the specific indicators for economic development that are to be measured will be described shortly. Secondly, the methodology section will describe the manner in which the case study will be conducted; provide an overview of the pool of respondents and the way the data are processed; and will shortly introduce the geographical location in which the case study will be tested and its relevance. Thirdly, the results section will give a summary of the economic situation of the city of Dar es Salaam (i.e. the local level), the region of Dar es Salaam and Tanzania as a country, based on the outcomes of the quick scan. In the second part of the results section the content as well as the applicability of the quick scan as presented in the first part of this thesis will be evaluated, using the data obtained through the case study.

2. Literature review

This section consists of three parts. The first part will elaborate on the three levels – local, regional and national – to which the quick scan shall be applied. Having established these levels, a deeper understanding of the quick scan model itself shall be provided. Finally, the specific indicators for economic development that are to be measured will be described shortly, giving special attention to the financial indicators. At the end of this last section, an example of the empty charts will be displayed, to give the reader an understanding of what the end results of a quick scan will look like.

2.1 Levels of economic development

The quick scan model measures an economy's condition on three levels: the local, regional and national level. This division is based on the division made by Zwitter (2014) in another chapter of the same book. He pleads for a separation into five levels (including an international one, which is superfluous to our research), which in the chapter were merged into the aforementioned three. The idea behind the three different levels is that it will provide the quick scan with the right tools to provide a more detailed and a more accurate image of an economy; the majority of the existing scans only focus on the national level (Mulder and Pennink 2014).

In the field of humanitarian crises, especially in terms of short term recuperation, the local level is actually the most important level, Zwitter (2014) and Mulder and Pennink (2014) state. Cabus (2001) confirms this. He describes how in recent research much attention has been paid to the role of small and medium sized enterprises (SMEs) and local factors in economic restructuring processes. In his 2011 study, Mueller states that poverty is an 'overwhelmingly' rural issue. Thus, to analyze economic development as a whole, researchers should not focus solely on the national perspective, but in addition should look closer at regional areas.

2.2 The quick scan model

As the book that formed the basis for this thesis describes, the quick scan model was originally aimed at measuring the state of an economy in the context of some type of humanitarian disaster. However, because the quick scan model designed for this book by Mulder and Pennink (2014) consists of a broad scope of (socio) economic indicators, the model should be suitable for measuring all types of economies in all states, globally. Logically, all the quick scans for all three levels can be performed separately, if one

should only need information on a single one of these levels. For those that do need a national overview, the blend of the three level analysis creates a more detailed and accurate picture than a scan that is limited to a national focus only. Thus, not only humanitarian aid workers can benefit from it, but also potential investors and entrepreneurs, local, regional and national policy makers et cetera. A wide variety of parties will be able to use the scan to see where and how local, regional and national economies require stimulation; for instance, governments can use it to set up specific subsidiary programs; investors can invest spot upcoming markets on a regional or national level and invest more specifically; and entrepreneurs can spot opportunities within a local context. All this can help developing and recuperating economies grow more efficiently (Mulder and Pennink 2014). Thus, the model should be tested on an economy that offers still many chances for growth. This is why Tanzania should be perfectly fit for our present research regarding the testing of the quick scan model. The methodology section will elaborate on Tanzania's economy. Note that the Tanzanian case study is the first test run of the theory as developed by Mulder and Pennink (2014).

2.2.1 Radar charts

As already stated in the introduction, in the chapter written by Mulder and Pennink (2014) the results of the quick scan were originally to be presented in a table containing mainly written text. However, such a presentation of the end results would not fully fulfil the goal of creating an easy to use overview of data. Accordingly, in this thesis the end scores will be presented in a set of three radar charts (one per level) instead. This will greatly improve the ease of use of the acquired data, firstly, because it creates a visual overview of the data that is easily comprehensible to all types of users, especially compared to the original textual overview; and secondly, because this visualization allows for users to easily view the end results of each indicator in relation to the others. The separate radar charts and indicators will be elaborated on below.

As introduced in the above paragraph, the results of the quick scan will be summarized in a separate radar chart for each level. The first radar chart displays the quick scan and appurtenant indicators for the local level; the second does so for the regional level; and the third does this for the national level. Each axis on a radar chart represents an indicator. For each of the axes a translation thus has to be made: the lower the valuation of the state of a particular indicator, the lower the score on the axis will be,

potentially leading to axis scores close to zero and, therefore, visually close to the centre of the radar. This paragraph will first sum up the qualities of each separate indicator; then a Venn diagram displaying the distribution of the indicators across the three levels is shown; and finally, the blank radar charts for each separate level are presented, to give the reader an idea of what will be filled out in the results section.

For reference, a complete factual list of indicators and subindicators organized per level is attached in Appendix II; the list below offers a more content driven disquisition organized per indicator, so as to avoid unnecessary repetition of facts and descriptions.

2.3 The indicators

1. *Small businesses and entrepreneurship.* This indicator can be split up into several smaller parts, in order to make its measurement easier: a low number of small businesses will lead to a low score in the quick scan model; a low measure of professionalism in small businesses will lead to a low score; a low number of small high-growth businesses will lead to a low score; and a high measure of hidden unemployment among entrepreneurs will also lead to a low score. Due to expected fluctuations in the state of this indicator per level, this indicator will be measured at the local, regional and national level.

2. *Employment rates.* Low employment rates will lead to a low score in the quick scan model; a large measure of hidden unemployment will lead to a low score; and a low average wage will also lead to a low score. Due to expected fluctuations in the state of this indicator per level, this indicator will be measured at the local, regional and national level.

3. *State of transportation infrastructure.* The third indicator is the state of transportation infrastructure. The elements that construct this indicator are the number of kilometres of motorways, railways and airports in relation to the numbers of travellers and transported goods. Due to expected fluctuations in the state of this indicator per level, this indicator will be measured at the local, regional and national level.

4. *Poverty.* Indicator number four regards the measure of poverty the economy's inhabitants' experience. Relevant elements are average income related to levels of consumption. Due to expected fluctuations in the state of this indicator per level, this indicator will be measured at the local, regional and national level.

5. *Currency / basis of trade.* The fifth indicator entails currency, or the basis of trade within the studied economy. Elements worth investigating are the degree of monetization that occurs within the economy; the inflation rates of any existing currency; and the overall stability of the currency. Due to expected fluctuations in the state of this indicator per level, this indicator will be measured at the local, regional and national level.

6. *Energy efficiency.* Important elements are: the measure of pollution within the investigated are; the quality of infrastructure; and the correlation between energy input and GDP. Due to expected fluctuations in the state of this indicator per level, this indicator will be measured at the local, regional and national level.

7. *Innovation capacity.* Next, an economy's capacity for innovation will be measured. This will be done by looking at the possibilities for savings mobilization and risk diversification within both local companies and consumers. Due to expected fluctuations in the state of this indicator per level, this indicator will be measured at the local, regional and national level.

8. *Accessibility of basic goods.* The accessibility of basic goods will be measured by asking the respondents about both the physical and financial availability of clean drinking water, basic foods, sanitary facilities, gasoline and health care. Due to the nature of this indicator, it will only be measured at the local level.

9. *Large businesses.* The health of the economy will also be assessed by looking at the presence of large businesses. Firstly, the amount of large businesses or multinationals will be examined. Then, the measure of professional life will be looked at. Lastly, the number of high-growth large businesses will be taken into account. Due to the nature of this indicator, it will be measured at the regional and national level.

10. *Number, professionalism and stability of financial institutions.* For this indicator, the number, accessibility and the measure of professionalism of financial institutions will be examined. Financial institutions include depositary institutions, such as banks; contractual institutions, such as insurances; and finally investment institutions. Additionally, the respondents will be asked to score the ability of the whole of the financial sector to perform its basic functions. Due to the nature of this indicator, it will be measured at the regional and national level.

11. *Financial legislation and its enforcement.* For this indicator, not only the implementation of law and order, but also its enforcement and compliance will be measured. Respondents will be asked whether enough good quality laws exist; whether they are enforced; and whether people follow them. In this light, a look will also be taken at the measure of corruption throughout all layers of society as well as the quality of bureaucracy in general. Due to the nature of this indicator, it will only be measured at the national level.

12. *Educational level and literacy rates.* Firstly, respondents will be asked about the quality of education as well as educational material (including buildings and teachers) in general. They will also be asked about the average level of education among Tanzanians; accordingly, literacy rates will also be measured. Finally, the measure of women's education will be taken into account. Due to the nature of this indicator, it will only be measured at the national level.

13. *National budget and resources.* This indicator consists of two elements. Firstly, the correlation between foreign debt and the national GDP will be measured. Secondly, respondents will be asked about the way the government spends the available funds; inefficient or lacking resource allocation will lead to a low valuation of this indicator. Due to the nature of this indicator, it will only be measured at the national level.

14. *FDI.* Three elements are measured or this indicator. Firstly, the absolute amount of money entering the country via Foreign Direct Investment (FDI) is taken into account. Secondly, FDI as a percentage of the national income will be measured. Lastly, there will be room to evaluate the distribution of FDI over Tanzania's industries. Due to the nature of this indicator, it indicator will only be measured at the national level.

2.3.2 The special importance of the financial indicators

As economic growth has everything to do with finance, the financial indicators of economic growth could be viewed as the most important of our list. Whereas the other indicators in our model show the state of circumstances that are indirectly linked to economic development, a more direct correlation between the financial indicators and economic development is natural. Cabus (2001) describes how 'even a strong economic environment (like Silicon Valley) cannot be defined in strictly economic terms.' In the same line, Massey (1997) says that every economic space is the result of social

relationships and a cultural attitude, with a specific historical path and specific power relations. However, Cabus (2001) notes that recent developments in economic functioning – the emergence of the network enterprise in a global economy – lead to a situation in which globally ‘the interdependence between the two groups of forces (economic and socio-cultural) is in decline’. Veltz (1992) before him confirms that the traditional socio-political region is being abandoned in favour of a network of territories mainly determined by the actions of economic agents, in which cities (i.e. local agents) perform the central role. In conclusion, it is wise to regard financial indicators separately from socio-cultural ones when assessing an economy’s development and also to give the financial indicators special attention. It is, therefore, no surprise that half of our list of indicators is comprised of financial ones:

1. Small businesses and entrepreneurship
2. Large businesses
3. Currency
4. FDI
5. Financial institutions
6. Financial legislation and its enforcement
7. National budget and resources

Small high-growth businesses, according to Clayton et al. (2013) and Gohmann and Fernandez (2013), are ‘the fountain of job growth’ and on average responsible for two thirds of job creation within an economy. The remainder of small businesses – the vast majority of them – serve a different purpose: they are the basis for not only a functioning economy, but for a functioning society, offering its inhabitants their primary needs through all kinds of goods and services. As a result, the measure of professionalism within the small businesses segment in any economy says a lot about the quality of life within that economy’s society (Clayton et al. 2013). Large businesses, on the other hand, offer a growing economy important spillovers of, among other things, knowledge, human capital and modern technology, potentially boosting all levels of said economy (Alfaro et al. 2004; Wang and Wong 2009; Che and Wang 2013).

The degree of monetization as well as the overall health of an economy’s currency is an important indicator for the health of the economy itself (Tennant 2008; Tennant and Abdelkadri 2013). The effects of FDI are similar to those of large businesses, depending

on the nature of the investments made (Inekwe 2013). The 2010 Emerging Markets Monitor stresses FDI to be of great direct influence on the growth of specific industries. In the case of Tanzania, using FDI to develop the country's infrastructure, the monitor says, will surely be a driver of nationwide labour productivity, employment and overall economic growth. At the same time, a large dependence on foreign funds can also be negative, as it will lead to a lessened measure of self-determination for the country's policy makers. The right balance, therefore, has to be found (Qayyum, Din and Haider 2014).

Then, without the existence of healthy financial institutions, no economy can even operate (Tennant and Abdulkadri 2013). Within this financial system, three types of financial institutions can be distinguished that play a role in the execution of the above functions. Firstly, there are depositary institutions, such as banks, credit unions, mortgage and loan companies and trust companies. Secondly, there are contractual institutions, like insurance companies and pension funds. Lastly, there are investment institutions, such as investment banks, brokerage firms and underwriters. Qayyum, Din and Haider (2014) stress the importance of sound financial legislation to keep these financial institutions healthy and to keep competition fair.

Lastly, if an economy's policy makers have no budget to spend on creating and sustaining a healthy economic system, this will also have an immediate and direct effect (Perlo-Freeman and Webber 2009). The efficient allocation of existing budgets, however, is of crucial importance as well in the process of creating a blossoming economy (Greenhill and Blackmore 2002; 2010 Emerging Markets Monitor). In the case of Tanzania, they say, the inefficient resource allocation that appears to be the norm amongst the country's governing agents can quite likely hold back economic growth.

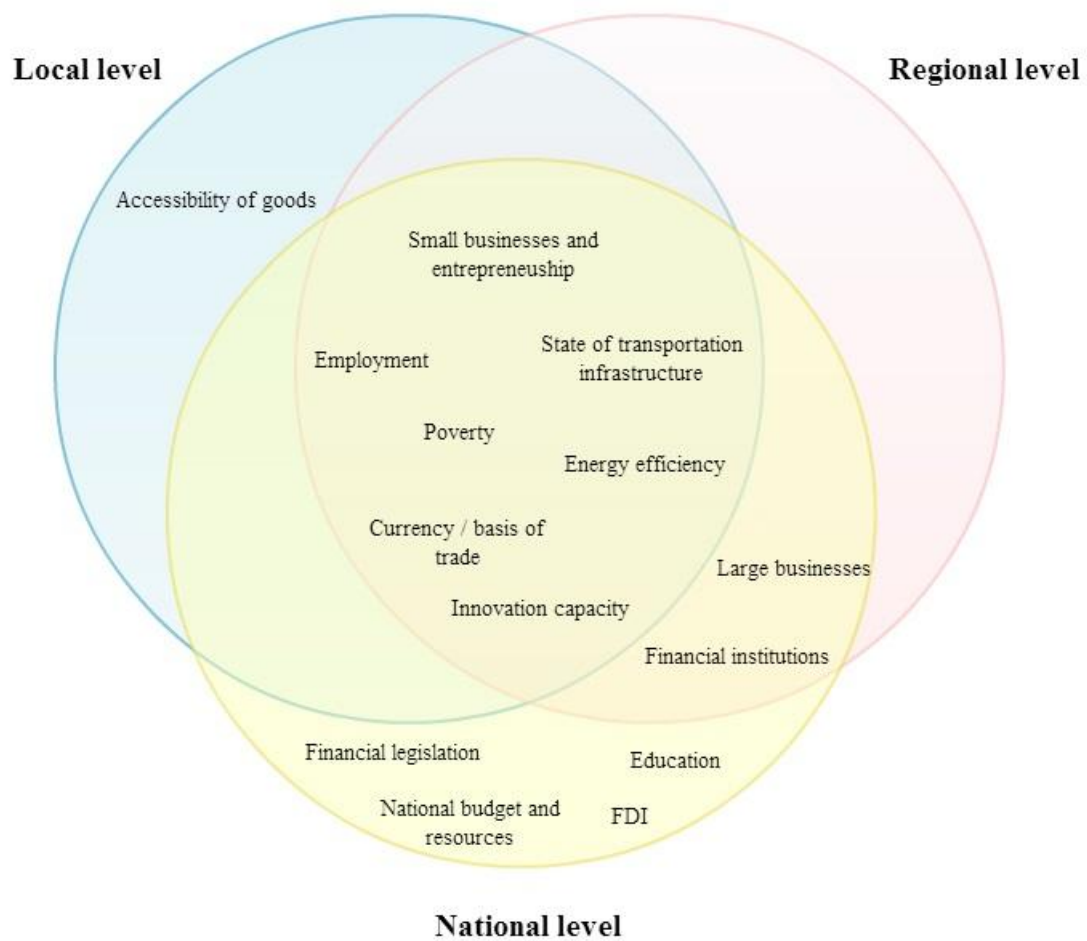


Fig. 1. Venn diagram displaying the distribution of the indicators of economic development over the three levels that are to be examined, the blue circle representing the local level; the red circle representing the regional level; and the yellow circle representing the national level.

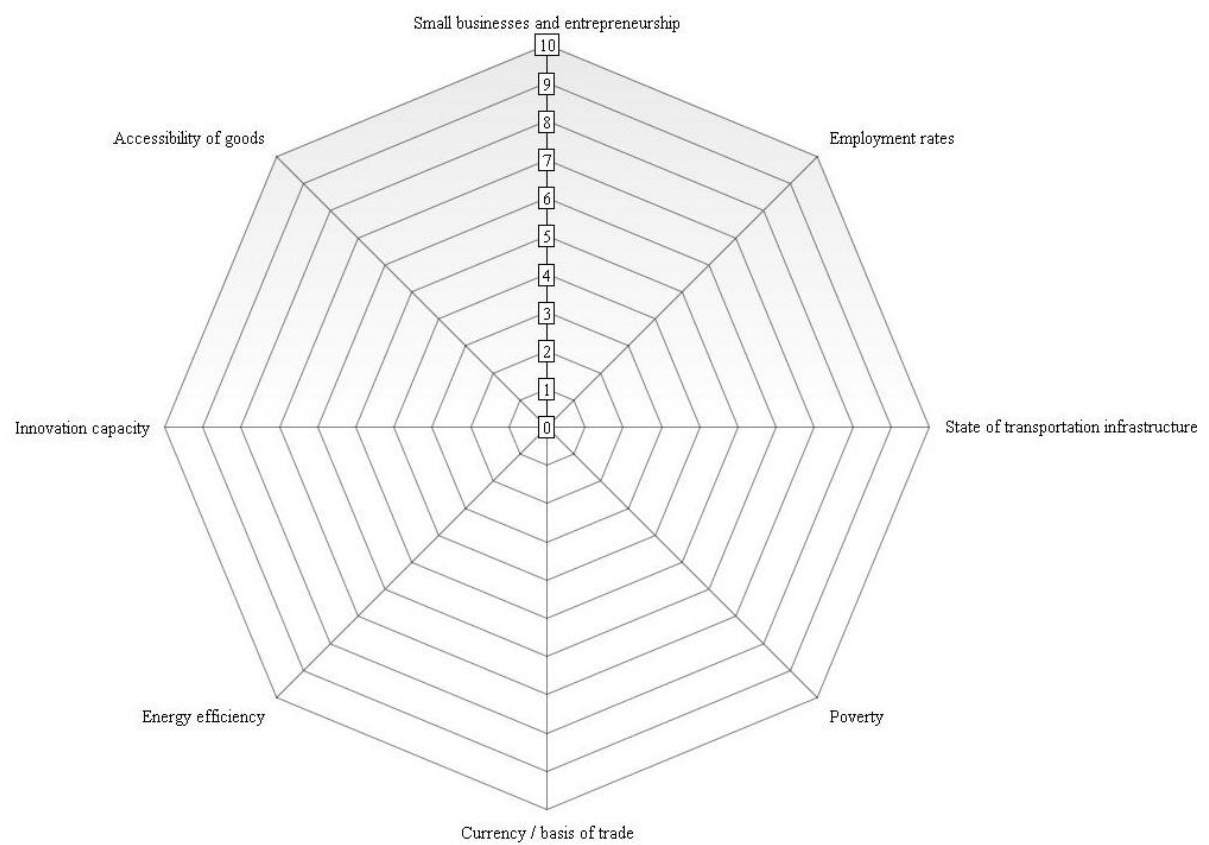


Fig. 2. Blank radar chart for the local level.

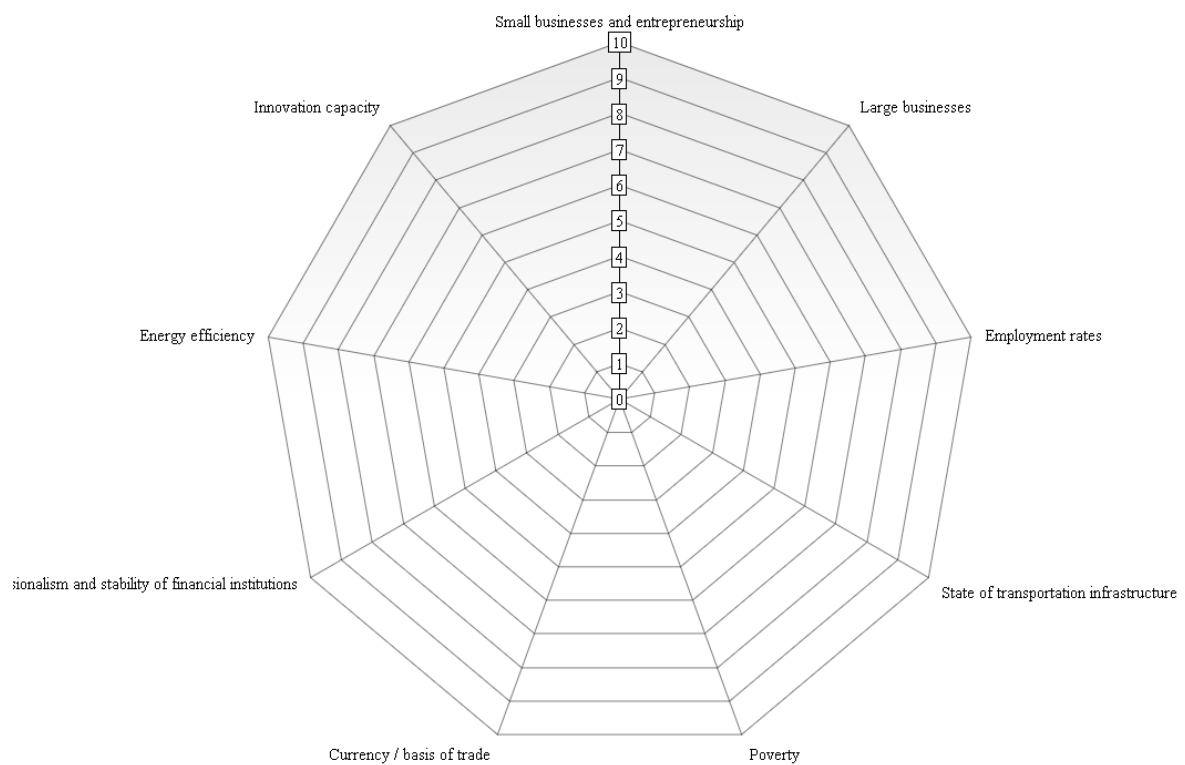


Fig. 3. Blank radar chart for the regional level.

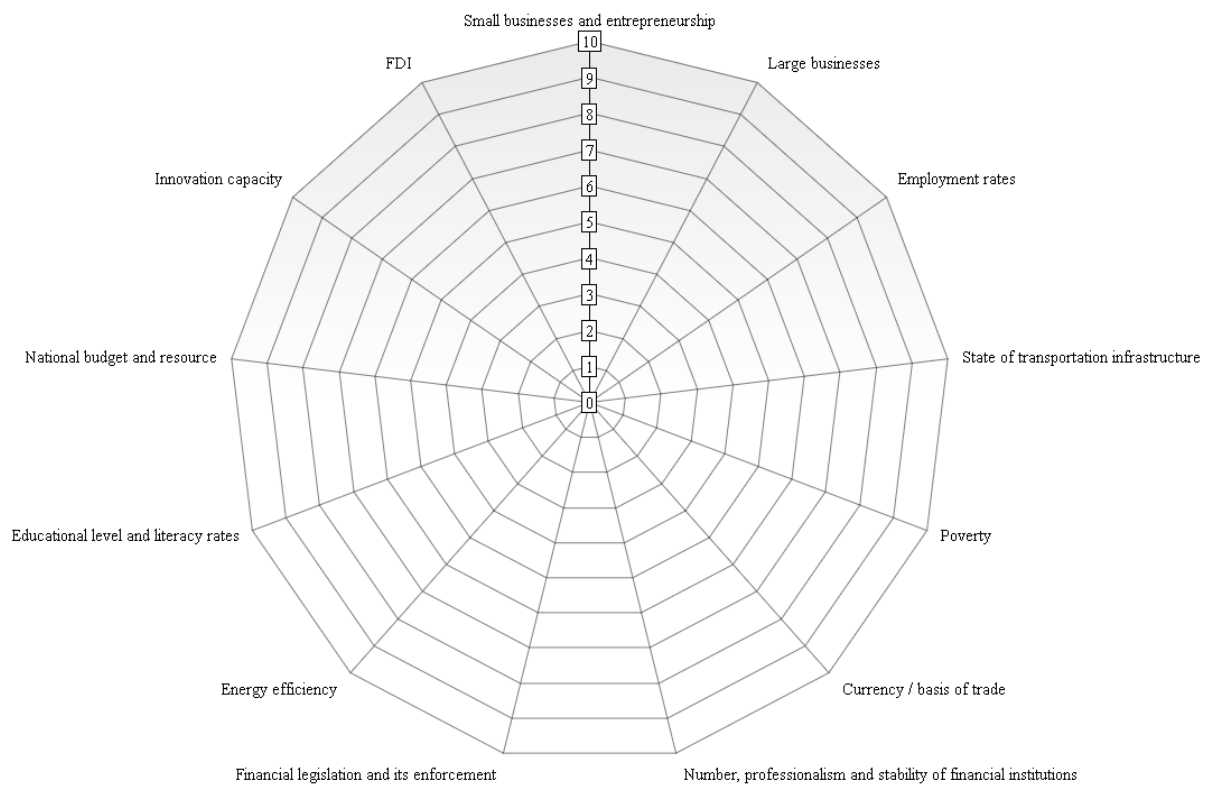


Fig. 4. Blank radar chart for the national level.

3. Methodology

Chapter two has given an overview of the quick scan model, its levels and indicators. The next step is to test this model in an economic region. As explained previously, the case study done in this thesis will be the first time the model is tested. The geographical locations are the city of Dar es Salaam (local), the region and Tanzania as a country. This section consists of two subparts. Firstly, it will describe the type of study that will be conducted, provide an overview of the pool of respondents and the way the data are processed. Secondly, it will shortly introduce the geographical location and its relevance.

3.1 Type of study

As Zwitter (2014) states in chapter 3 of the book that forms the basis for this research, ‘in the ideal situation one only works with the most reliable sources, however, if certain information is needed, then one could work with less reliable sources. However, one then needs to carefully assess the potential bias in the information presented and to account for this bias in the analysis.’ The quick scan model is designed specifically so that all people can use it, without having prior knowledge of the economic situation in the geographical location of choice. Even though nowadays the internet facilitates easy access to vast amounts of information, including for example published economic reports by renowned institutions, this quick scan model still has unique things to offer. Firstly, the internet is not necessarily fully accessible in every type of economic region, for example due to a lack of power supply or due to censorship. Secondly, due to things such as censorship and lack of funds, in some regions limited official economic data are available. To obtain research data through conducting interviews is a method that can be conducted in any circumstance and within any economic region. Thus, this method offers a notable benefit over digital research. Furthermore, as this scan is designed to be useable in all settings by all people, no other source material than these interviews will be added to the research data, as people who are not familiar with economics or with doing (economic) research will lack the knowledge and qualities to collect data in such a way.

Because of the aforementioned reasons this research focuses on finding local stakeholders that are familiar with issues regarding the particular indicators. The researcher will ask them to provide their professional opinions on the subject matter and to give a score for each of the indicators. To partly overcome the subjectivity of their

perceptions, always more than one stakeholder should be questioned, with an ideal number of four to eight respondents per indicator (Mulder and Pennink 2014).

A simple, yet pragmatic and unbiased method of measuring the respondents' opinions is to ask each of them to give an impression of the state of a particular indicator. Following the above argumentation, semi-structured interviews were held in the case study. Based on the concrete indications of measurement provided for each economic indicator in paragraph 2.3, a questionnaire was designed that can serve as a basis for the interviews. The questionnaire is displayed in Appendix III and features different questions for each level.

3.1.1 Respondents

Important in this study is that the range of respondents should be as broad as possible. For the case study, over the course of six weeks interviews were arranged and conducted in Dar es Salaam, Tanzania. The total number of respondents is 17. In order to get diversified answers, people working in a wide variety of organizations, professions and from different backgrounds were interviewed. As many of them wished to remain anonymous a list of their names will only be published in Appendix IV; however, none of the respondents will be directly cited in the result section, so that no quotations can be linked to any individual respondent. The personal demographics of our respondents are made up as follows. Seven of our respondents are female, nine of them male. Their positions range from chairmen to managers to employees of different levels to entrepreneurs.

For a clear overview of the types of organizations our respondents work for, see Appendix IV. The following can be said about this. Five of our respondents work for the government or for a government owned institution. Three of our respondents work for institutions that are occupied with economic research; two of these are affiliated with a university, the other is a public institution. Three employees of financial institutions were interviewed. Together, they represent all three types of financial institutions examined in the quick scan. One employee working for a multinational was interviewed. Apart from this, the three employees of financial institutions mentioned above also represent three (inter)national operating large businesses. Two small, local entrepreneurs were interviewed. Lastly, four non-commercial institutions were interviewed that are concerned

with socioeconomic development. Two of these are government owned, two are independent.

Type of organization	Number of respondents
Government or gov. owned institution	5
Research institution; academic institution	3
Large business; multinational	5
SME; entrepreneur	2
Financial institution	4
Non-comm. institution for soc.ec. development	5
TOTAL	24*

** The actual number of respondents is 17. However, due to overlaps in the types of organization, the total number here adds up to 24.*

Table 1. Overview of the types of businesses that were visited for data collection.

3.1.2 Data processing

The data from the interviews are recorded by the use of notes or audio tapes. By making full transcripts after all interviews the data are stored. After conducting all the interviews the data will be analyzed by summarizing the data and radar charts will be made. As demonstrated in the literature section, the format of each of the indicators will be such that they will be visualized one by one in a radar chart. Each indicator will represent one of the axes and each level (local, regional, national) will have 8 to 13 axes. The higher the score on an indicator, the further away from the centre of the spider web chart the marking shall be made. In terms of development this means that the closer to the centre of the web, the less the quality of economic development was measured for that indicator. In other words, a value marking closer to the centre implies conditions that are relatively worse: less business, more unemployment, more inflation, less infrastructure, less roads, more electricity cuts et cetera (Mulder and Pennink 2014).

Respondents mark the idealness of the situation on a scale from 1 to 10 with both ends labelled as the extremes from low to high. Should a respondent be unable or unwanting to express his valuation of a particular indicator in a concrete number and choose to describe his or her opinion in words instead, the researchers can extract the score from the respondents' answer based on his or her use of adjectives and his or her firmness of opinion. Based on this, a table similar to the one below will be created, which contains a justification for each score per respondent.

Local Level

Respondent*	Subindicator	Input	Score
1	1. Number of small businesses	'I think the vast majority of businesses in Dar es Salaam is an SME.'	9
	2. Measure of professionalism of small businesses	'According to my experiences, the level of professionalism in most small businesses is relatively low.'	3
	3. Number of high-growth small businesses	3	3
	4. Measure of hidden unemployment among entrepreneurs	8	8
Total score			5.8

** Due to privacy reasons, the respondents are numbered randomly and none of the valuations and quotations presented in this table can be fixed to specific names.*

Table 2. Table displaying an example of possible research outcomes per level, respondent and subindicator.

Having determined all scores, the researcher can visualize it by measuring the distance from the ends of the continuum; in the preferable case of having more than one respondent, the mean can be derived from all measurements, leading to a score that can be marked straight onto the spider web graph (Mulder and Pennink 2014). An important note is that all the indicators will have the same weight in the compilation of the radar charts, although the literature section specifically explains the importance of financial indicators. The biggest motivation is that the model will be tested for the first time. In the overall end

judgement on the Tanzanian economy the local level will weigh three times as heavy as the other two levels.

3.2 Geographical area of research

As mentioned before, the quick scan should be applicable to all levels of economies worldwide. However, as the model is made to especially test the functionality of the model for economies that are in a poor state, be it due to a lack of development or due to a recently suffered humanitarian disaster, it is fitting to set up our case study in a relatively poorly developed country in which much development is going on economically. Tanzania fits this frame. As Mueller (2011) points out, in terms of development issues, Tanzania is ‘a typical case in point’. Despite enormous governmental efforts as well as massive international financial support, Tanzania’s economy remains one of the poorest economies in the world.

Tanzania key statistics

Capital	Dodoma
Regions	30
Population (in millions)	49.3
Monetary unit	Tanzanian Shilling (TZS)
Nominal GDP (in billion USD)	32 (0.04% of world total)
Nominal GDP per head (USD)	656
GDP growth 2013	7.1
Population below \$1.25 per day (PPP)	68%
Human Development Index	152/187
Corruption perceptions index (rank)	111/177
Ease of Doing Business Index	145/185
Inward FDI (% of GDP)	6.9
Main export products	Gold 29%, Cotton 4%, Coffee 2%, Tea 1%

Table 3. Key statistics of Tanzania. Information distracted from Country report 2013.



Fig. 5: Map of Tanzania showing its thirty regions. Source: Wikipedia.

As Sutton and Oloni (2012) show, Tanzania's economy has already been growing steadily over the past decade and a half. The agricultural and the industrial sector are the two main contributors to this growth, although advances, big and small, in production and exports have been made in many different sectors. The figure below illustrates how the Tanzanian economy has developed over the last decade by showing the increase in GDP per industry. This figure, too, is derived from Sutton and Oloni (2012).

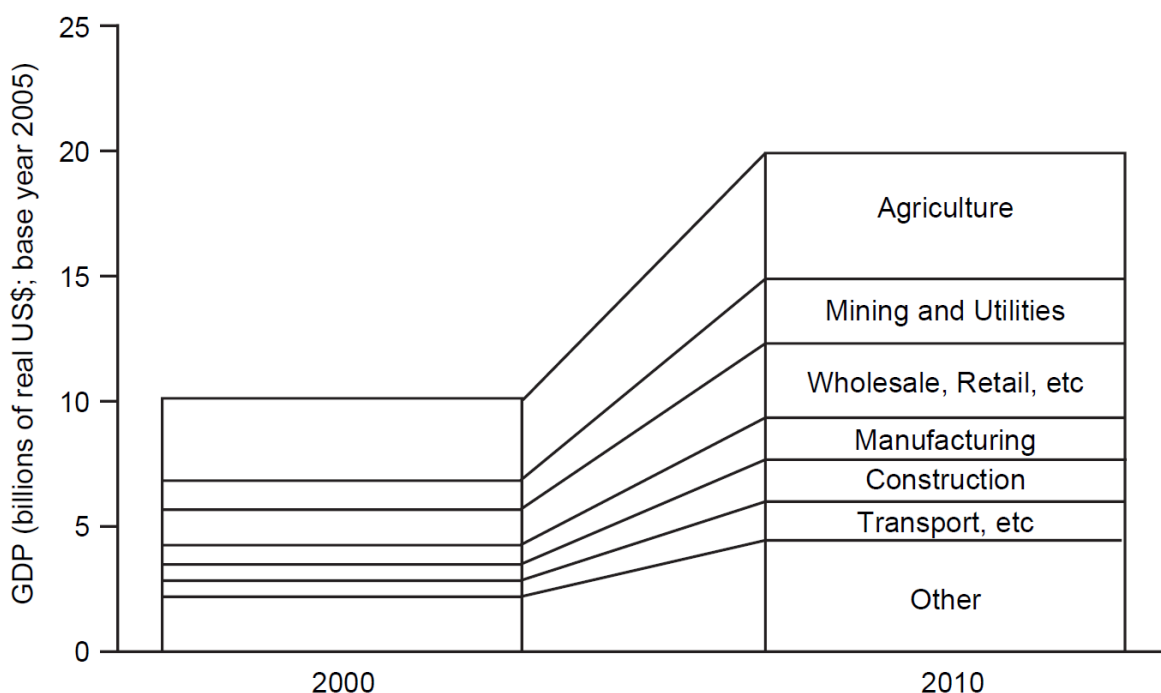


Fig. 6. The change in size and composition of Tanzania's GDP, 2000-2010 (Sutton and Oloni 2012).

3.2.1 Main sectors

The discovery of gold in the southern region of the country a few years ago led to it becoming Tanzania's main export product, accounting for 36 percent of total export revenues in 2011. Apart from gold, no other single industry has claimed a dominant role in exports: coffee and tobacco are next on the list, claiming respectively 5 and 4 percent of export revenues, followed by cashews and fish, both with 3 percent (Sutton and Olomi 2012).

Although the division of power among different industries is quite scattered (apart from the gold industry), the division of power among businesses is not. In 2012, only 22 large businesses dominated half of the exports branch (Sutton and Olomi 2012).

The below table displays the fluctuations of total exports between 1997 and 2011. This table, too, is derived from Sutton and Olomi (2012).

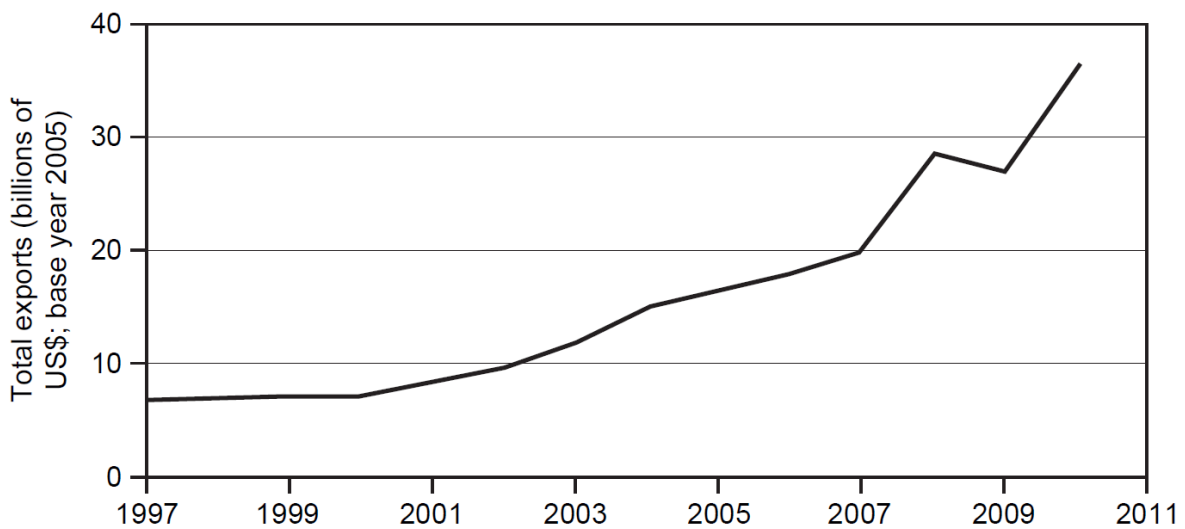


Fig. 7. Total exports from Tanzania, 1997-2011 (Sutton and Oloni 2012).

Another important sector is agriculture. As is true for its neighbouring countries, also for Tanzania agriculture is still a leading economic sector. According to Mueller (2011), in 2008 the industry contributed some 26% to national GDP and employed over 80% of the entire working population. It is not for nothing that Tanzania's latest nationwide development strategy is called 'Kilimo Kwanza': 'Agriculture First' (Mueller 2011). As both Mueller (2011) and Skarstein (2005) state, by far the most agrarians in Tanzania are self-reliant smallholders.

The Country Report (2013) appears to share this concern with the agricultural industry. It stresses several times that reforms in this sector are crucial to boost sustainable economic growth for the whole country, as two thirds of Tanzanians are, either formally or informally, working in this sector. However, the research team expects the Tanzanian government to shy away from some of the most necessary changes, such as those in the area of land rights (Country Report 2013).

The last important sector is tourism. Shortly after Tanzania gained independence in 1960, its first president, Julius Nyerere, recognized that tourism was the way to lift the Tanzanian people from poverty (Sitts 2008). The transition to economic liberalization in the 1980s led to privatizations and the 1993 creation of the Tanzania Tourist Board (TTB), whose mission remains to promote tourism and tourism investment (Honey 2008). In Zanzibar, an off-shore part of Tanzania whose semi-autonomous government retains

control over tourism policy, tourism was identified as an opportunity to lessen the foreign exchange impact of falling prices of cloves, the island's top export (Gössling 2003).

Growth in tourism since the 1980s has been substantial. With the industry at the late 1980s consisting of what Honey describes as “almost nothing,” industry growth rates around the turn of the millennium are estimated from 5.5% to 6.7% (MIGA 2006, WTO 2001 in Vice President's Office 2005). After mining, tourism is the second fastest growing sector in the country (MIGA 2006). Now ranked as the fifth top tourism revenue earner in Africa (WTO 2001 in Vice President's Office 2005), Tanzania now relies on tourism as a critical sector to its economy. In 2004, tourism comprised 16% of GDP (Skof 2008), second only to agriculture (Honey 2008). At 25% of total export earnings (Skof 2008), tourism generates more than any other single sector (Sitts 2008).

3.2.2 Main obstacles in poverty relief

However, even though these numbers look promising, as they appear to illustrate a substantial amount of economic growth, they should be interpreted within the right context: Tanzania remains one of the poorest countries in the world. Though it is clear that the government's main goal of economic policy is and will remain to increase its growth rate, and thus to reduce poverty (Country Report 2013), they have a long way to go.

As the Country Report 2013 states, for the Tanzanian government a key objective in the upcoming year will be to boost spending on infrastructure, as the current state of infrastructure throughout the country – especially in the rural areas – is one of the main obstacles to slow down economic growth. The report also mentions recurrent power shortages to be one of these obstacles. The state-owned power utility, Tanesco, is having ongoing financial difficulties and is simply not equipped to supply the whole of Tanzania.

Inefficient and slow bureaucracy also forms a problem in Tanzania's economic development. The Country Report 2013 mentions the country has a longstanding reputation for poor quality of bureaucracy. The time-consuming and expensive procedures appear to be especially disadvantageous to small business owners (The World Bank 2013).

4. Results and discussion

For this section, we will start by recapitulating our main question. The main question that was formulated in the introduction of this thesis was twofold. The first part reads: *What is the economic situation in Dar es Salaam (local), the region and Tanzania as a country according to the quick scan model presented in this thesis?* Accordingly, the first part of this section will give a summary of the economic situation of the city of Dar es Salaam (local), the region of Dar es Salaam and Tanzania as a country, based on the outcomes of the quick scan.

The outcome of the first part of our research question is to serve as a basis for answering its second part: *To what extent does the quick scan, as presented in this thesis, suffice as a method for creating a helpful, objective overview of an economy's state?* In the second part of the results section we will thus evaluate the content as well as the applicability of the quick scan as presented in the first part of this thesis, using the data presented in chapter 4.1.

4.1 *The economic situation in Dar es Salaam (local), the region and Tanzania as a country*

This section of the chapter contains the results of the case study performed in Tanzania. Firstly, a summary of the responses provided by our selected group of respondents will be formulated per indicator. All of these separate summaries will conclude with the end scores for each level that were derived from the responses. These end scores are the mean of the scores derived from each individual respondent. A complete list of scores per indicator is provided in Appendix II. Not every indicator is measured on the three levels, for example, the large businesses indicator is only measured on the regional and national level.

Regarding the determination of these scores the following should be clarified. On top of providing a verbal description of their point of view, some respondents also provided concrete scores on a scale from 1 (low valuation) to 10 (high valuation), just as the previously formulated research method implied. However, another part of the respondents did not do so and limited themselves to providing a valuation of each indicator through a description of their standpoint in words. To solve this, scores were

derived from their responses ourselves, taking into account their use of adjectives and their firmness of opinion. To clarify this method an example is included, see table 3.

After having presented the summaries of the responses compiled from the interviews the mean scores for each indicator will be incorporated into three radar charts, one for each level.

Lastly, the outcome of the quick scan, a summary of the economic situation in Tanzania, will be presented, answering the first part of the research question.

4.1.1 Results per indicator

Small businesses and entrepreneurship

Tanzania is a country that is dominated by small businesses. This is true for all levels of its economy. The absolute number of small businesses is higher in the urban area, although the relative number is smaller there. Tanzania used to be a socialist country and because of this the government ran the economy for a long time. This means that there has only been room for the private sector to develop for some twenty years. Although a lot has changed since and many Tanzanians have started up their own little businesses, the vast majority of our respondents indicates that there is still much need for improvement regarding the professionalism of these small businesses.

A lot of people in Tanzania start their own business out of pure necessity in order to survive: jobs are scarce and wages are low (see the employment indicator for further information on this). The lack of motivation that people hold to actually grow a business in a specific industry combined with low levels of education (see the education indicator for further information on this) leads to low levels of professionalism.

The lack of professionalism among small businesses is underlined by the fact that the majority of small businesses is not officially registered: procedures to do so are very costly, respondents say, as well as too complicated for many uneducated Tanzanians. Even more so, most small business owners will experience a decline in their financial position upon registration, as they will then have to start paying high taxes and other fees, which is why the ‘informal sector’, as the respondents frequently name it, is much larger than the official market.

Still, according to the respondents, small businesses are seen as the engines that could lead to future economic growth. Therefore, education of entrepreneurs and registration ought to be important focus points among policy makers. Registration will lead to a widened tax base and that will lead to more government resources. The level of high growth businesses is growing, but is momentarily still very small due to the above mentioned reasons. Hidden unemployment proved to be hard to measure: although a lot of people work on the same projects, labour costs are also very low and this could lead to a wider labour force.

Based on this input, the average score on this indicator for the local level is 5.4; the average for the regional level is 5; and the average for the national level is 5.2.

Large businesses

Although over the last couple of years a rise in their numbers has been experienced by some of our respondents, the total number of large businesses in Tanzania still remains small in comparison to the number of SMEs. Most of Tanzania's large businesses are located in or near the city of Dar es Salaam and two other financial hubs: Arusha and Mwanza. This is mainly due to poor infrastructure in the rest of the country (see the infrastructure indicator for further information), which makes running a large scale business in the rural areas practically impossible – think of being unable to transport goods or to be inaccessible to clients. Compared to the urban area the rural area is far less developed when it comes to large businesses. The large businesses that are most successful are the ones that have picked up on the large potential regarding the country's natural resources: mining and minerals.

Based on this input, the average score on this indicator for the regional level is 2.3; and the average for the national level is 4.1.

Employment

Tanzania is suffering from significant unemployment rates: many respondents estimate the unemployment measure to be around 40 to 50 percent. On top of that, they mention that unemployment is a significant motive for people to become self-employed, regardless of them possessing the right knowledge to do so. However, many of these temporal small business owners have not registered their businesses due to disadvantageous legislation (see the small businesses and entrepreneurship indicator for

further information on this). In actuality, therefore, the official numbers might differ from what our respondents estimate.

The government used to be the biggest employer in the country. It used to be so that everybody who had some form of education would likely start working for the government directly after graduating. However, due to economic reforms this is no longer the case. The private sector is supposed to fill this gap, but because this sector is still underdeveloped to some level it cannot employ that many people. Following this argument especially youth unemployment rates are high.

The average wage in Tanzania is very low. The government has determined a minimum wage that is paid within government institutions. However, this minimum wage is not registered in any law, making it function more as a guideline – a guideline that is not pursued in the private sector. Consequently, in the private sector lower educated people still receive wages that are far lower than the unofficial minimum wage. Still, the higher a person's educational level is, the better their wage likely gets.

Based on this input, the average score on this indicator for the local level is 2.6; the average for the regional level is 2.6; and the average for the national level is 2.4.

Poverty

Poverty is still a very pressing issue in Tanzania. The most common definition used to describe poverty in Tanzania is to have less than 1 US dollar per day to spend: especially in the rural areas many people do not reach this level of income. Also in the city of Dar es Salaam many people live in relative poverty, although not as much as in the countryside. Something that a handful of respondents notes is that since the economy has started to grow, in the city an increasingly large gap has been forming between the poor and rich residents. This is due to an inequality of opportunities between people with different levels of education and knowledge, but also due to corrupt agents favouring only their own circles.

In general, people are earning very low average wages. However, people will spend according to their income, so consumption is maximized within boundaries. The high unemployment rates and the low educational levels influence the poverty level in a negative way.

Based on this input, the average score on this indicator for the local level is 2.6; the average for the regional level is 2.4; and the average for the national level is 2.6.

Transportation infrastructure

Tanzania is a country with a lot of possibilities when it comes to transportation. Although the number of airports is described by most respondents as sufficient, the amount and quality of railways and motorways are still far behind. A lot of investment has been made in the roads over the last couple of years and in general the highways (rural areas) and main streets (the city of Dar es Salaam) are now in good enough shape for everyday commutes and transportation of goods throughout most parts of the year. A side note that has to be placed here is that the construction work that has been done on these roads does not seem to last much longer than a year, partly due to the yearly heavy rain seasons, meaning that this construction work has to be done over time and time again. Also, the number of passable roads outside the city is still low. Therefore, in the city most parts of town are reachable, but this changes when you go into the rural areas. A lot of remote areas are still unreachable and this makes economic development there harder. As travelling by road is still the main mode of transportation of people and goods, this is a significant problem. Exemplary of this is the fact that every day traffic jams occur on the road from Dar es Salaam to Zambia, due to long lines of trucks transporting said people and goods while the amount and state of roads are not fit for this amount of transport.

A few respondents mentioned that Tanzania is geographically located very favourably: through its position by the sea, Tanzania has the potential to become an important transportation hub for the interlock countries like Zambia, Uganda, Rwanda, Burundi and even Congo. However, because the harbour in Dar es Salaam is poorly run and equipped and there is a lack of functioning railways in crucial locations, most transportation of goods is done by trucks. The existing railways are not always working efficiently, with the exception of the TanZaR railway, which is a permanent and well used railway between Tanzania and Zambia. Although there are some future projects to invest in the railways the pace of this development is too slow to lead to short term benefits.

Most respondents note that the government really does try to improve the quality of infrastructure, but that a lack of funds as well as a faulty or inefficient allocation of funds (which, in turn, is partly due to corruption), prevents them from creating long term

improvements. In conclusion, with the current state of the Dar es Salaam harbour, the lack of functioning railways and the poor state of its provincial roads, economic growth is very hard to achieve.

Based on this input, the average score on this indicator for the local level is 5.4; the average for the regional level is 3.9; and the average for the national level is 4.7.

Currency / basis of trade

The currency used in Tanzania is the Tanzanian Shilling. The degree of monetization in Tanzania has increased over the years. Nowadays, almost all transactions are done through the use of money, barring the very few residents of the countryside that still use trading as a basis of making transactions.

The Tanzanian Shilling has a history of instability and high inflation rates. Although this has always been the case, the Central Bank very recently managed to stabilize the Shilling. Fluctuations have been brought back to a minimum: inflation was twenty percent at its highest point, but has been brought back to a level of around seven percent and appears to be stable now. Although this level is still high, it is better manageable than before.

Due to the previous instability of Tanzania's own currency, however, many people (especially those in the more populated and touristic areas) are prone to the use of US dollars for official transactions, because the value of the US dollar is guaranteed, which makes it more attractive to save money in dollars. Because the value of the Shilling fluctuates, Tanzanians can decide for themselves on which day it is most beneficial to change their dollars into Shillings to get the optimal amount.

Based on this input, the average score on this indicator for the local level is 5.8; the average for the regional level is 5.5; and the average for the national level is 5.2.

FDI

The respondents vary in their opinions regarding FDI. Some are quite positive about the amount of FDI coming into the country; some, however, value it low. They are aware in which industries FDI is most current: Tanzania receives relatively high amounts of FDI in industries like mining, oil and gas. Some respondents complained that only people who have high positions in society, foremost the government itself, benefit from

the FDI funds coming into the country. This is due to a combination of corruption, bureaucracy and an overall inefficient allocation of funds, they say. The inefficiency in allocation of FDI is something all respondents agree on.

Based on this input, the average score on this indicator for the national level is 6.2.

Financial institutions

The financial sector is a significant sector in Tanzania when you look at the number of banks. At the moment Tanzania counts 54 banks, the majority of which operates in the capital and a few other large cities. This leads to an out of balance situation in which Dar es Salaam's market for banks is geographically saturated, whereas the rural areas are in great need of more.

Still, nationally financial inclusion is one of Tanzania's biggest challenges, as only fifteen percent of the population actually uses financial services. Their reluctance in doing so is not only caused by a lack of physical proximity to banks, but also a cost issue. Also, many lower educated people, including many small business owners, do not see the use of using the banks' services.

Regarding contractual institutions, there are a lot less of them. Insurances are a relatively new phenomenon to the Tanzanians. The government as well as other groups are promoting that Tanzanians start using them, but the vast majority of the population is reluctant in doing so, again because of costs and administration issues.

Based on this input, the average score on this indicator for the regional level is 5.6; and the average for the national level is 6.

Innovation capacity

Regarding the innovation capacity of large businesses, not many of our respondents knew how to answer this question. Regarding that of small businesses, however, many people did and most of them shared the same opinion. Most people who start up a small business of their own, do this out of pure necessity (see the small businesses and entrepreneurship as well as the poverty indicator for further information on this). Due to this, the majority of them lack the focus and business insight to 'grow' and build up their business. As a result, many Tanzanians tend to either continually hop from one upstart to the next, or to set up and manage multiple small businesses at the

same time. In this sense, most respondents labelled their risk diversification skills relatively high. However, savings mobilization was rated low, due to the fact that wages as well as employment rates are low, leaving most Tanzanians with little or no savings.

Based on this input, the average score on this indicator for the local level is 5.4; the average for the regional level is 5.9; and the average for the national level is 5.1.

Financial legislation and its enforcement

Tanzania is a country in which, on paper, things are arranged nicely, through a system of laws and regulations that seems to cover every important aspect of public as well as business life. However, one major issue in this respect is the enforcement of those laws and regulations.

On the one hand, the levels of corruption in Tanzania are high and omnipresent – although according to our respondents, the highest levels of corruption are found at the top of the food chain, among government officials, bureaucrats and law enforcers. This means that even if people do not obey the law, the right amount of cash or the right connections lead to an easy way out. Examples vary from people not responding to traffic regulations to people not having the correct licenses. Corruption is thus found in all layers of the society.

On the other hand, bureaucracy is to be appointed as a cause for bad enforcement of rules and regulations. A lot of the processes which involve a government institution will take a long time, ranging from obtaining a license to waiting for the government to pay you to register as a business.

Based on this input, the average score on this indicator for the national level is 5.4.

Energy efficiency

There is a lot of pollution in Tanzania. Although the pollution is not caused by big factories like in developed countries, pollution in Tanzania is more due to a lack of development. For instance, in Dar es Salaam (let alone in rural areas), there is no effective garbage pickup system. Furthermore, everyday processes such as transportation and heating are not clean: in the countryside many people are still reliant on coal for heating and cooking, and even in some parts of Dar es Salaam this is the case. Rules and

regulations on the area of pollution do exist, but again, the enforcement of those rules and regulations is limited.

Based on this input, the average score on this indicator for the local level is 3.3; the average for the regional level is 4; and the average for the national level is 4.7.

Education and literacy

The educational level in Tanzania remains low. Although more and more people are attending university the majority still drops out after primary if not secondary school. The government's goals in the stimulation of education revolve around getting every citizen to at least finish primary school and to learn how to read and write. Consequently, literacy rates are high (although not absolute). In rural areas education rates will be a little bit lower, but also in these areas the government has put an effort into providing people with basic education.

The quality of education, however, leaves room for improvement. In some areas, especially rural areas, groups of 80 children of different age groups and educational levels will share a classroom with one teacher. Educational materials could also be improved.

Regarding higher schooling, the government has installed the Loan Board, which is a fund for university students to lend money from when they or their families do not have the resources to pay for university themselves. The government is stimulating certain specializations, like engineering and medical education, by offering a 100 percent loan instead of 40 and below for social studies.

The rate of women participating in (higher) education is increasing, although it is still behind. They are seen most in certain specializations, like finance and social studies. The number of women in technical studies stays behind.

Based on this input, the average score on this indicator for the national level is 4.6.

National budget and resources

The government of Tanzania is still very dependent on money from other parties in the forms of loans or FDI, although Tanzania is a rich country when you look at the natural resources: they possess gold, oil, gas, diamonds, tanzanite, fertile agricultural grounds and large amounts of fish in the sea. Even though there are so many different

natural resources, this does not lead to a significant increase in government options to spend. Another problem is that the tax base is small. Because of the large informal sector, 75 percent of tax earnings comes from employees from governments and registered companies. Consequently, the government is still a big client of banks and lends a lot of money. Overall, the resources the country has are not well spent. Government officials are very short term minded and self-centred and do not always consider the long term benefits for the Tanzanian people. The tax payer is not the one benefiting the most from the tax he pays. The government should invest in roads, schools and other things but it is not happening enough. There is still corruption in the government organizations. Overall, the respondents think that the government officials benefit the most from the resources.

Based on this input, the average score on this indicator for the national level is 3.1.

Accessibility of basic goods

‘Basic goods’ can be defined very broadly. In this research the accessibility and quality of foods, clean drinking water, gasoline, sanitary facilities and the accessibility of healthcare are taken into account. The most important finding is that basic goods in Tanzania are expensive, which limits accessibility in terms of affordability. There is enough food in terms of physical availability; however, there are still a lot of people who only eat one meal a day because of the costs. This in turn is related to low wages and low employment levels. In the rural areas some people will grow their own crops so they are less dependent on having to buy foods. However, in this manner they will be dependent on weather conditions.

People in the Dar es Salaam are used to buying water in bottles. There is water coming from the tap in some parts in the city, but there is no guarantee that this water supply will function throughout an entire month, nor can one be sure of the cleanliness of this water. As said, even in a large city like Dar es Salaam not all houses are connected to the pipes. In the rural regions people are mostly dependent on wells and rivers. Although not a lot of people have cars there are a lot of gas stations in Dar es Salaam. Even in the regions gasoline is accessible, but again the costs are quite high. Gasoline is considered a luxury item.

Sanitary facilities are something that is more common in the cities, but in the suburbs and also in the regions there is a lack of sanitary facilities. Healthcare is

accessible for everybody in terms of physical accessibility, because even in remote areas there are government hospitals. The problem with these hospitals is that their resources are scarce and because of this good quality healthcare is lacking. This problem becomes even more poignant when you look at the regions. People with more threatening conditions or women in labour that possess enough money will either go to private hospitals for help, or go abroad to Kenia or South Africa. Thus, also in health care, money is key.

Based on this input, the average score on this indicator for the local level is 4.3.

4.1.2 Result scores in radar charts per level
Radar chart for the local level

All eight indicators of the local level are incorporated in the below radar chart, which has been filled in according to the scores derived from the respondents. When taking all of the indicators’ total scores into account, the mean for the regional level is 4.4.

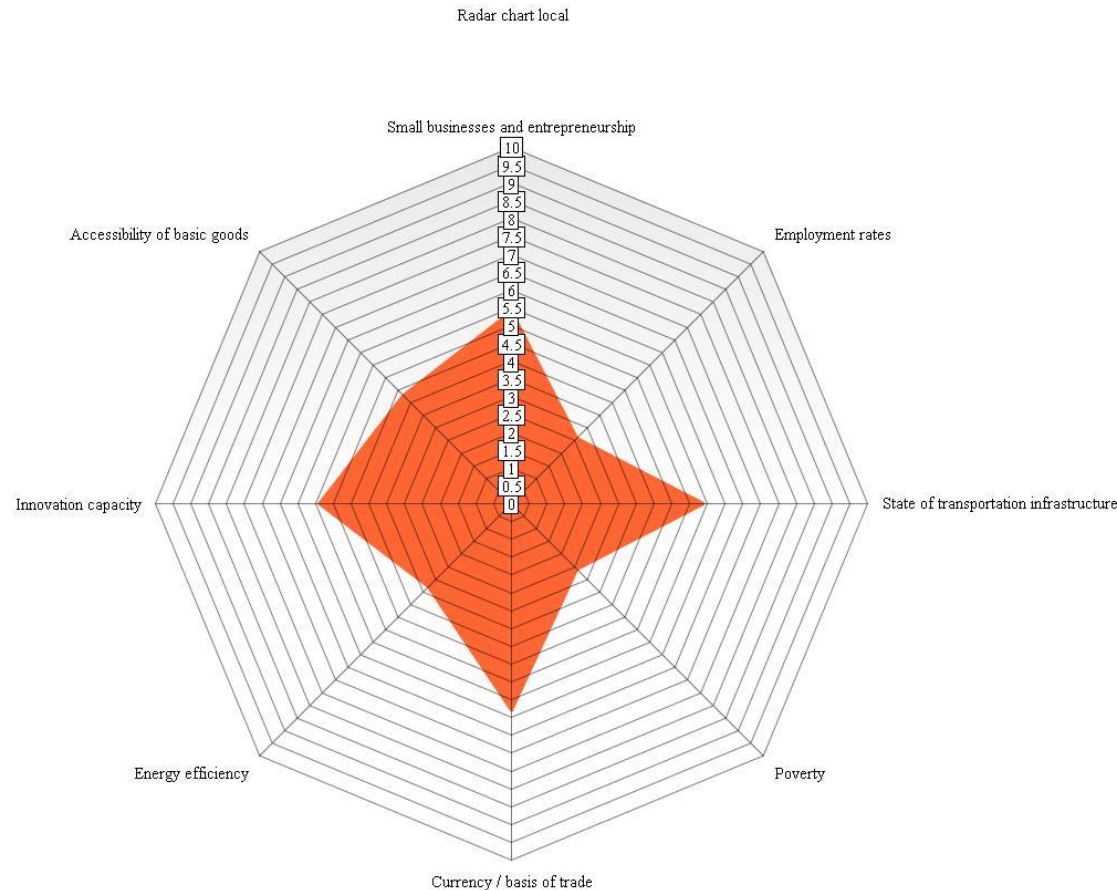


Fig. 8. Radar chart for the local level

Radar chart for the regional level

All nine indicators of the regional level are incorporated in the below radar chart, which has been filled in according to the scores derived from the respondents. When taking all of the indicators' total scores into account, the mean for the regional level is 4.1.

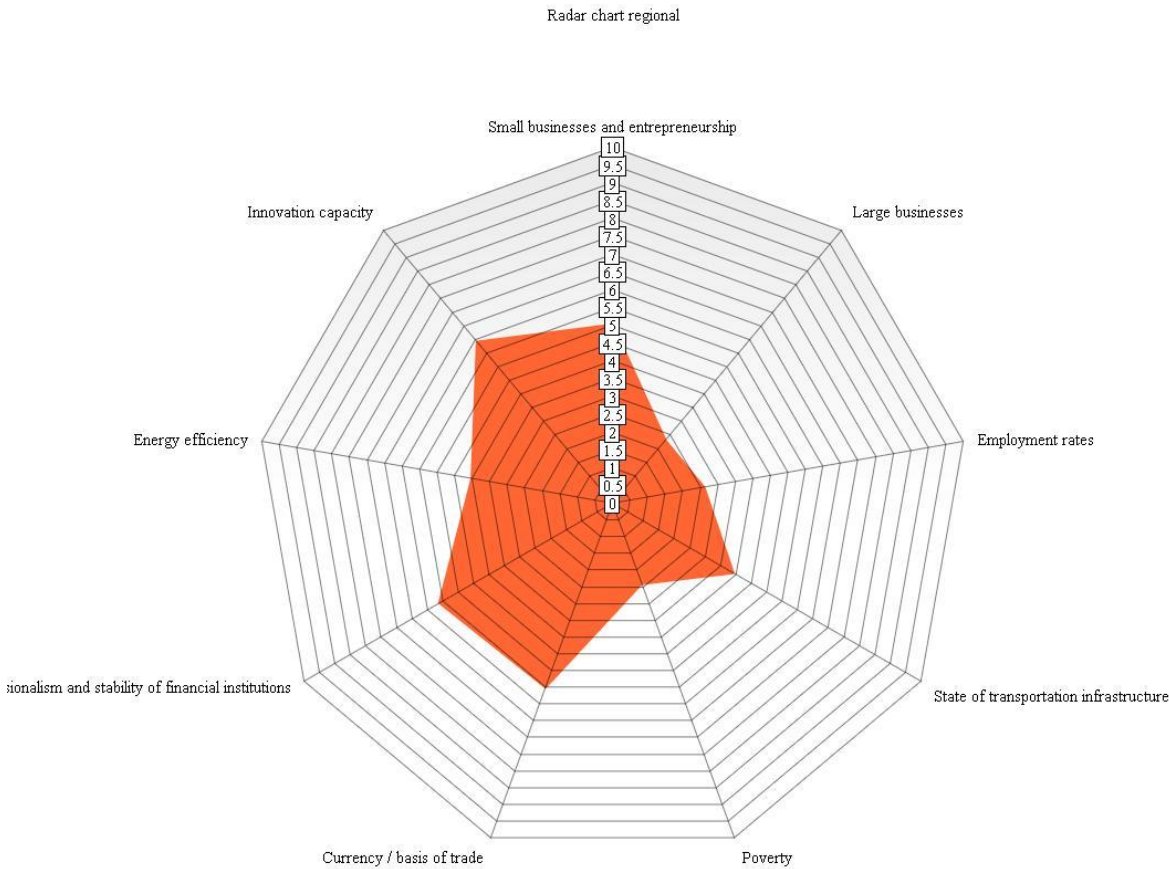


Fig. 9: Radar chart for the regional level

Radar chart for the national level

All thirteen indicators of the national level are incorporated in the below radar chart, which has been filled in according to the scores derived from the respondents. When taking all of the indicators' total scores into account, the mean for the regional level is 4.6.

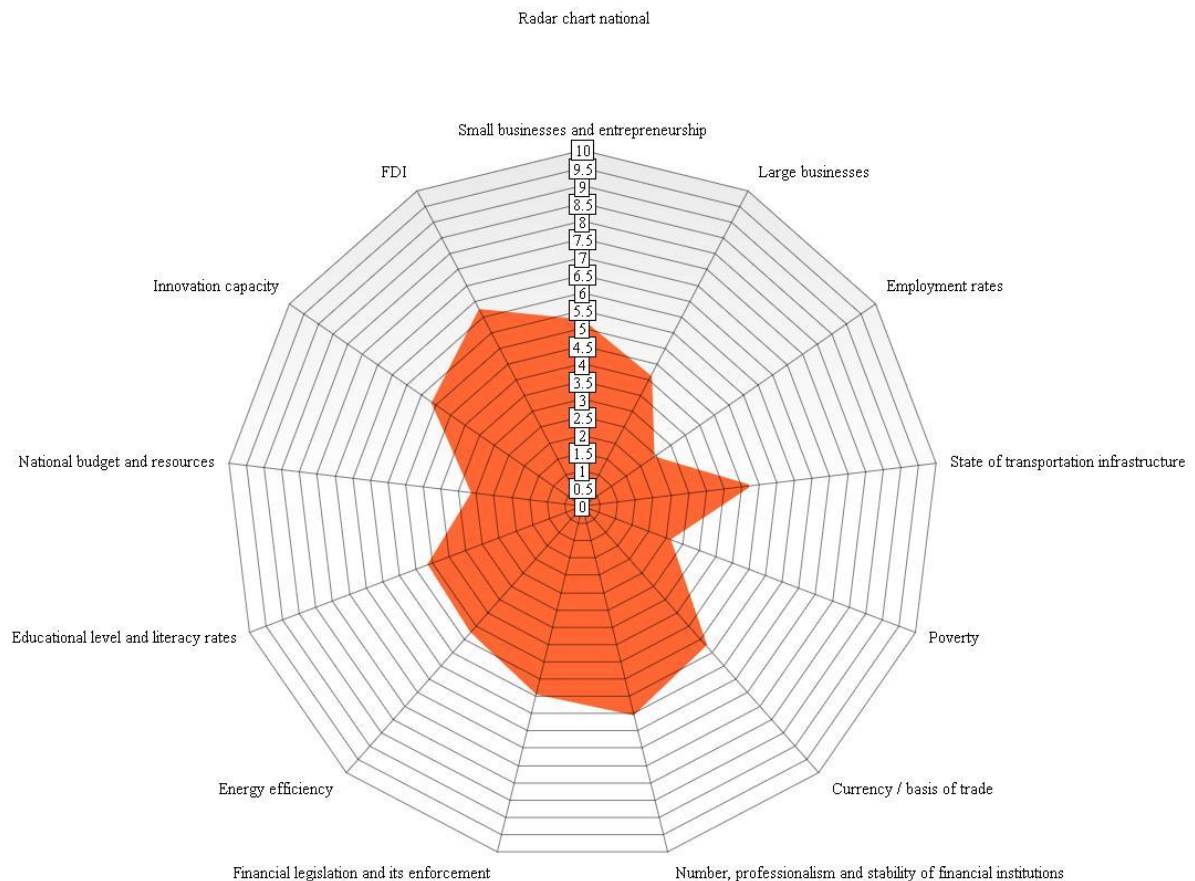


Fig. 10: Radar chart for the national level

When taking all of the levels' total scores into account (weighing the local level three times), the end score for the economic state of Tanzania's economy is 4.4.

4.2 The economic situation in Dar es Salaam (local), the region and Tanzania as a country according to the quick scan model

Upon examining the radar charts displayed above, a few things immediately catch the eye. Firstly, at all three levels both employment rates and poverty rates are consistently valued extremely low. Many people estimate employment rates to be around 40, 50 or even 60 percent; moreover, the majority of Tanzanians appears to be working in what is referred to as the 'informal' sector, a sector consisting of unregistered small businesses and entrepreneurs. This accounts for a large quantity of hidden unemployment. Regarding poverty practically all of the respondents found that poverty is a significant problem on all levels of society. A large majority of Tanzanians lives below the poverty line of 1 US dollar per day. One important side note that some respondents made, is that especially Dar es Salaam is currently experiencing economic growth, which,

unfortunately, does not appear to be beneficial to all city residents, but only to a select group, creating a growing gap between poor and rich.

The second thing that catches the eye is that the only indicator to surpass a score of 6 on a scale of 10 (namely 6.2) is FDI. Many respondents are under the impression that a sizeable amount of FDI is coming into the country. The foremost problem seems to be that this FDI is not being allocated efficiently. All other indicators fail to meet the respondents' approval.

Regarding the remaining indicators, small businesses appear to do slightly better on a local than on a regional level, nicely averaging out at the national level. Although the presence of large businesses was not measured at a local level, many respondents stressed the distinction between the local and the regional level for this indicator. As is to be expected, many more large companies have settled in financial hubs such as Dar es Salaam, where the transportation infrastructure is better and more facilities are present. This leads to the next indicator: as is to be expected, the state of transportation infrastructure does remarkably well in the Dar es Salaam (5.4) as compared to the rural areas (3.9). Still, much room for improvement exists for this indicator.

The currency indicator is fairly balanced throughout all three levels, as most regulations regarding the use of currency are arranged at a nationwide level. As the radar charts show, financial legislation was only measured at a national level. Its score indicates a relatively optimistic 5.4 on the scale, which can be explained through the fact that detailed legislation does exist, but that it is not enforced properly, due in large parts to corruption.

Energy efficiency does better in rural areas than in the city. This has to do mainly with a relatively high degree of pollution in Dar es Salaam. The countryside does have its own forms of pollution, but they add up to a slightly less negative score than that of the city. Innovation capacity is also slightly higher at a regional level, but the difference is small.

A similar story is true for the number, professionalism and stability of financial institutions. A great number of banks is settled in the Dar es Salaam, whereas not that many banks can afford to set up branches in more remote areas. This is in part overcome through solutions cleverly taking advantage of modern technology, but the regional areas

are still widely underserved. More so, in spite of the large number of banks present in Tanzania, only a small percentage of its population officially uses its services.

Although the vast majority of the respondents valued the general educational level to be very low, many acknowledged the fact that the government does try to improve this. This notion combined with the fact that conditions are in fact improving and that, for example, an increasing amount of women is partaking in higher education makes for a relatively positive score.

The national budget and resources indicator was valued low, due to many peoples' frustration with the government inability or unwillingness (due to corruption) to efficiently allocate their resources.

In conclusion, the Tanzanian economy is grossly underdeveloped on the indicators of poverty and employment. However, apart from the FDI indicator, all other indicators also score below a 6, indicating that the country's economy as a whole scores poorly. When calculating the final scores per level and the final overall score, this image is confirmed. The mean score of the local level is 4.4; the mean score of the regional level is 4.1; and the mean score of the national level is 4.6. As was previously motivated, due to the importance of the local level, this level will be weighed three times, whereas the other two levels will be weighed just once. In total, the mean score for Tanzania adds up to 4.4. This fully confirms both the verbal feedback provided by the respondents, as well as the scores derived from them.

4.3 Applicability of the quick scan model

After testing the model for the first time and giving an overview of the economic situation in Dar es Salaam (local), the region and Tanzania as a country, the next section will evaluate the content and the applicability of the quick scan model based on the researcher's experiences. The section will conclude with a revised model which follows from the evaluation.

4.3.1 Obtaining data

The data used to create the quick scan were obtained through interviewing a wide range of Tanzanians. Disadvantages of this method could be that it costs a relatively large amount of time and that one is dependent upon the cooperation of other people. However, the vast majority of people has turned out to be of great willingness to cooperate. Because

the country has a history of socialism not everybody is feeling comfortable with paraphrasing, because they do not want to be linked to certain information. The foremost advantage of these informal sources has turned out to be a great advantage. Through them data has been obtained that is not available in official records. For instance, the official Tanzanian employment rates differ from the reality, since a substantial amount of Tanzanian citizens work in the informal sector, something that does not show in official records. This directly distorts the Tanzanian government's official image of their economy.

For this case study, the complete list of indicators was thoroughly studied. In future research, also parts of the list of indicators could be examined, according to the needs of the researchers, or a less broad scope of people could be interviewed. As is, for the current case study 17 people were interviewed over a period of 6 weeks, including the composition of detailed transcripts and result lists.

Should less paper work be required, the process could be sped up even more. Thus, through the process of locating a variety of local stakeholders, collecting their data and processing the scores derived from data into radar charts, a supported overview of any economy can be obtained quite quickly.

Complicating factors in the obtaining of data are that many people – especially the lower educated respondents – had difficulties with acknowledging concrete scores to the questions. Furthermore, the list of indicators is quite long, which can complicate the process when the respondent is available for a limited amount of time only, which is often the case with working people. One last issue turned out to be the amount of jargon in the questionnaires; many lower educated people had difficulty understanding some of the subindicators. Researchers should therefore be aware of their limited knowledge and take enough time to explain what is meant with certain terms.

4.3.2 Levels of measurement

This study focuses on three different levels to measure economic development. These levels are the local, regional and national level. After doing research however it can be concluded that in the case of Tanzania the regional level is a level which is used to divide the country into districts. This means that there are no executive government institutions on this level; hence there is no governmental institution that makes laws and

regulations on the regional level. This makes it hard to measure the economy's state at a regional level. However, what is important to emphasize is that there is a clear difference between the urban areas and the rural areas. In the case of Tanzania, the urban area could be seen as the local area and the rural area could be seen as the regional level. However, this does not have to be the case in other case studies, therefore, depending on the economy that is looked into, the researchers should determine which of the levels are most relevant. Overall, the incorporation of three levels into the research will lead to a clear, detailed and complete overview of the economy's state.

4.3.3 Attainability of performing quick scan for target audience

The elaboration of the Tanzania case study was conducted by someone who was not yet familiar with the country's economy, nor with its geography, public or business culture. In that sense, this person was the perfect test subject, because it proves that someone without prior knowledge or local connections can, in fact, put together this quick scan. This emphasizes its broad applicability. More case studies are necessary to prove this broad applicability.

4.4 Revised model

The above results section in combination with the evaluation of the content and the applicability of the quick scan model the revised model will be presented below. Firstly, this section will critically evaluate the indicators included in the original model. Based on this evaluation, concrete additions are made to the original model. This section will end with the display of the adjusted Venn diagram for the revised model.

4.4.1. Critical evaluation indicators original model

Every respondent was asked if there were any indicators they felt needed refining or if, according to them, complete indicators were lacking. Based on the feedback they provided, the answers they gave during the interviews to the original questionnaire as well as the experience of the researcher, the following changes should be made to the *original* list of indicators. The indicators that are not mentioned below received qualitative responses. Respondents understood the content of these indicators well and the received information is useful and interesting. Consequently, these indicators don't need adjustments or additions.

Large businesses

The large businesses indicator is to be added to the local level, because it turns out that the results of this indicator can vary greatly between the local and the regional level. As large businesses will be located near locations where the transportation possibilities and accessibility are high this could differ greatly from case to case.

Poverty

For the poverty indicator, a subindicator should be added measuring the division of wealth across a nation's citizens. As developing economies will grow significantly an important phenomenon that could be seen is that some of the citizens will profit from this growth and become richer while the people who already are poor will become poorer. This is, according to the respondents, one of the problems that their economy is facing, and they recognize that this is a problem that plays a role worldwide.

Transportation infrastructure

For the quality of infrastructure indicator, instead of asking about specific transportation facilities, the first question that should be added is the question which transportation facilities are actually used and/or needed in that specific area. In the area of Dar es Salaam, the harbour was a specific transportation facility; however, no subindicator existed for this facility. After all the relevant transportation resources are mapped together the researcher should ask follow up questions on the number and the quality of these facilities.

Currency / basis of trade

For the currency / basis of trade indicator, at the local and regional level only the degree of monetization should be measured, because of the difference between these levels. The subindicators regarding instability and inflation can be abolished here, because they are purely dependent on national factors.

FDI

Overall, the FDI indicator is an important one to measure. However, respondents had difficulties answering the questions regarding the amount of FDI, due to a lack of knowledge on this subject. The subindicator that many respondents could answer was which sectors received FDI. Nonetheless, without knowledge of the amount of FDI, this

information does not add any value to this research. For this reason, the subindicator regarding the sectors should be removed from the list.

Financial institutions

The indicator of financial institutions is to be added to the local level, because this indicator is dependent on local and regional factors as well. In countries that are developing, like Tanzania, there is a difference between the levels. Financial institutions can group together in certain areas, while in other areas no or a single financial institution will be available.

The subindicator regarding the five basic functions of financial institutions proved to be too detailed for most respondents to understand. Instead, the question should be simplified, for example: According to you, does the financial sector function appropriately? Although this is a subjective question, it is an easier and more effective way of determining the overall functioning of the financial sector.

National budget and resources

The indicator national budget and resources was a difficult one to answer for the respondents. Due to cultural embedded habits not all people are comfortable talking about the division of resources in their country. However, the ones that do respond to this part of the question give useful insights. A more significant problem is the part where people have to state whether there is a high or low correlation between foreign debt and GDP. The majority of people did not understand the question and because of this reason this subindicator should be left out of the model.

Accessibility of basic goods

The accessibility of basic needs indicator is to be added to both the regional and national level, because it turns out that the results of this indicator can vary greatly between the three levels. According to few of the respondents answered the indicator accessibility of basic needs has a more broad definition than was argued by the original model. Among other things, a subindicator should be added measuring access to electricity. The accessibility to electricity hinders productivity and also hinders economic growth.

Another subindicator that should be added is the accessibility of information. With this subindicator the respondents mean that the accessibility sources like internet make it possible to access information more easily. When this accessibility is high, people will be able to improve their quality of life by benefiting most efficiently from the available resources handed to them by government and related organizations.

Another significant basic need according to the respondents will be the accessibility of education. Accessibility in this case could be considered in two different ways. The first way is affordability and the second way is the travel distance. Education is the basis for development and a better future. However as few of the respondents said, good quality primary school is more expensive than going to university and consequently not everybody has access to education.

The last basic need that should be added is the accessibility of transportation. Although this model elaborates on infrastructure the level of which transportation is accessible will make a difference for economic growth. When transportation is more accessible people can travel greater distances to get to work and to use certain other resources.

The alterations suggested in this paragraph lead to a new Venn diagram, see figure 11. As can be seen in the renewed Venn diagram, the adjusted quick scan model has more overlap between the indicators of the three geographical levels. In spite of this, the value of the levels themselves will not change; the local level remains the most important level. As can be seen in this diagram, the best result will be obtained through measuring the basic indicators in the centre of this figure on all three levels instead of just one or two, as was the case in the original Venn diagram.

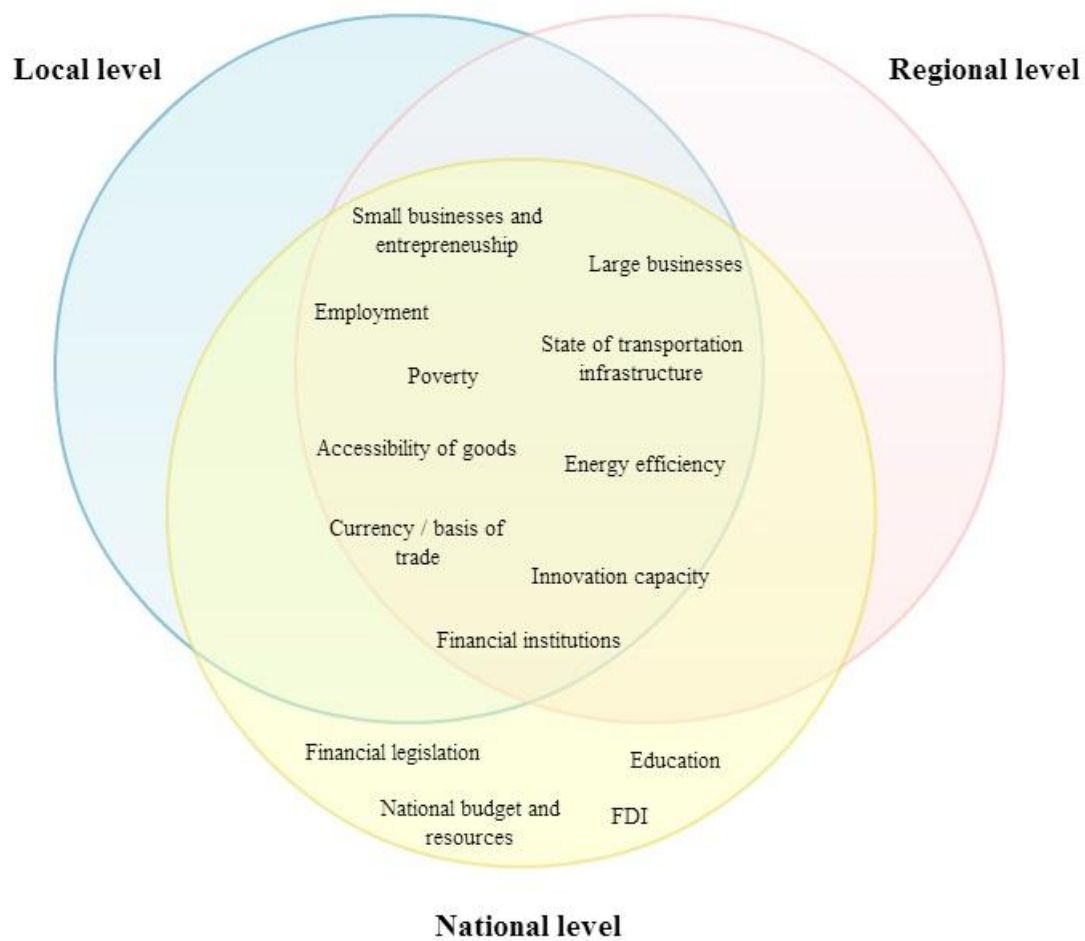


Fig. 11. Venn diagram displaying the renewed distribution of the indicators of economic development over the three levels that are to be examined, the blue circle representing the local level; the red circle representing the regional level; and the yellow circle representing the national level.

4.5 *Value of end result*

After executing the economic quick scan model, it can be concluded that it leads to valuable information keeping in mind the limited amount of time in which it has to be conducted. The model facilitates obtaining a quick, yet extensive first impression of the state of the economic development in a country and in that sense definitely meets its purpose. However, after conducting the research some minor adjustments should be made in order to let the quick scan meet its full potential, as argued in the above paragraph.

An important note is that after applying the quick scan model, no concrete action steps can be advised on. The quick scan should be viewed as a tool for gathering information based on which stakeholders, for example humanitarian aid workers or

foreign investors, can determine for themselves if they want to undertake actions and if so, which.

Regarding the aim of the quick scan as far as type of economies go, the following can be said. The original aim was that the quick scan model could function as a method for any type of economy. It does appear to function very well for Tanzania's economy type: an underdeveloped economy with much difference between the three levels that this quick scan measures. Fully developed and highly functioning economies will likely show less or no differences between these three levels, reducing this quick scan's use over that of scans that only focus on the national level.

5. Conclusion

The main question of this thesis is twofold. The first part reads: *What is the economic situation in Dar es Salaam (local), the region and Tanzania as a country according to the quick scan model presented in this thesis?* The outcome will serve as a basis for answering the second part of the research question: *To what extent does the quick scan, as presented in this thesis, suffice as a method for creating a helpful, objective overview of an economy's state?* These questions are based on the following.

The objective of this thesis set out to test the quick scan model designed by F.S. Mulder and dr. B.J.W. Pennink for chapter 7 of a book that is to be published by Routledge in the fall of 2014. The original motivation for publishing this book lies within the wish to better the quality of humanitarian aid after a disaster. The book focuses on how to capture the economic situation in a specific region prior, during or after a humanitarian crisis, when one is not able to do very extensive research and a quick, but qualitatively sound overview of the economic situation is needed. However, the chapter written by Mulder and Pennink developed a quick scan that could measure the economic situation in any specific region and at any given moment and could thus potentially be of help to a much larger group of people, for example researchers, foreign investors, governments et cetera. Furthermore, because the quick scan model designed for this book by Mulder and Pennink (2014) consists of a broad scope of (socio) economic indicators, the model should be suitable for measuring all types of economies in all states, globally.

The model contains a limited set of indicators of economic development on a local, regional and national level. By focusing on the use of these three quick scans our list of indicators differs from standard lists of indicators for economic development, as the majority of existing lists is intended to only be used to show the state of an economy at the national level. Logically, all the quick scans for all three levels can be performed separately, if one should only need information on a single one of these levels. For those that do need a national overview, the blend of the three level analysis creates a more detailed and accurate picture than a scan that is limited to a national focus only.

Originally, the results were to be displayed in a table containing mainly text. This thesis introduces radar charts for each of the levels. When plotted as a radar chart, the indices allow the economic situation of a specific region to be quickly assessed or compared with other regions and thus provide a more accessible overview.

The quick scan model is designed specifically so that all people can use it, without having prior knowledge of the economic situation in the geographical location of choice. For this reason, all research data are obtained through conducting interviews. This is a method that can be conducted in any circumstance and within any economic region. Furthermore, no other source material than these interviews will be added to the research data, as people who are not familiar with economics or with doing (economic) research will lack the knowledge and qualities to collect data in such a way.

To partly overcome the subjectivity of the respondents' perceptions, always more than one person should be questioned, with an ideal number of four to eight respondents per indicator. In order to obtain diversified answers, people working in a wide variety of organizations, professions and from different backgrounds were interviewed. Ideally, respondents mark the idealness of the situation on a scale from 1 to 10 with both ends labelled as the extremes from low to high. However, part of the respondents did not do so and limited themselves to providing a valuation of each indicator through a description of their standpoint in words. To solve this, we derived scores from their responses ourselves, taking into account their use of adjectives and their firmness of opinion.

Regarding the first part of the main question, the following can be said. Upon examining the interview results, a few things immediately catch the eye. Firstly, at all three levels both employment rates and poverty rates are consistently valued extremely low. The second thing that catches the eye is that the only indicator to surpass a score of 6 on a scale of 10 (namely 6.2) is FDI. All other indicators fail to meet the respondents' approval. Overall, the Tanzanian economy is grossly underdeveloped on the indicators of poverty and employment. However, apart from the FDI indicator, all other indicators also score below a 6, indicating that the country's economy as a whole scores poorly. When calculating the final scores per level and the final overall score, this image is confirmed. The mean score of the local level is 4.4; the mean score of the regional level is 4.1; and the mean score of the national level is 4.6. As was previously motivated, due to the importance of the local level, this level will be weighed three times, whereas the other two levels will be weighed just once. In total, the mean score for Tanzania adds up to 4.4. This fully confirms both the verbal feedback provided by the respondents, as well as the scores derived from them.

Based on the results from the case study, an evaluation of the quick scan model was made, resulting in the following pros and cons. Disadvantages of the interviewing method could be that it costs a relatively large amount of time and that one is dependent upon the cooperation of other people. Furthermore, the list of indicators is quite long, which can complicate the process when the respondent is available for a limited amount of time only. One last issue turned out to be the amount of jargon in the questionnaires; many lower educated people had difficulty understanding some of the subindicators. Researchers should therefore be aware of their limited knowledge and take enough time to explain what is meant with certain terms.

Positive sides of the model turned out to be the following. Firstly, the elaboration of the Tanzania case study was conducted by someone who was not yet familiar with the country's economy, nor with its geography, public or business culture. This emphasizes its broad applicability. However, more case studies are necessary to strengthen this claim of broad applicability. The foremost advantage of the use of informal sources has turned out to be the fact that through them data has been obtained that is not available in official records.

The conclusion is that, overall, the incorporation of three levels into the research will lead to a clear, detailed and complete overview of the economy's state. After executing the economic quick scan model, it can be concluded that it leads to valuable information keeping in mind the limited amount of time. The model helps to give a short, but extensive first impression of the state of the economic development in a country and in that sense definitely meets its purpose. However, after applying the quick scan model, no concrete action steps could be advised on. The quick scan should be viewed as a tool for gathering information based on which involved stakeholders, for example humanitarian aid workers or foreign investors, can determine if they want to undertake actions and if so, which.

Further research could focus on the financial indicators addressed in the literature section of this thesis. As economic growth has everything to do with finance, the financial indicators of economic growth could be viewed as the most important of our list. Whereas the other indicators in our model show the state of circumstances that are indirectly linked to economic development, a more direct correlation between the financial indicators and economic development is natural. However, as this is the first time the model is tested, all

indicators have now been treated equally. In further research more weight could be added to the financial indicators.

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**Appendix 1: Chapter ‘The economic context’ from book to be published by
Routledge this fall by F.S. Mulder and B.J.W. Pennink**

CHAPTER 7

THE ECONOMIC CONTEXT

Fleur S. Mulder and Bartjan J.W. Pennink

Introduction

In this chapter we will focus on how to capture the economic situation in a specific region prior, during or after a humanitarian crisis, while not being able to do very extensive research and a quick overview of the economic situation is needed. We will do this by describing a set of dimensions related to economic development on a national, regional and local level. This overview will then be part of the overall Comprehensive Context Analysis that can be created after reading and applying all context chapters of this book.

The above-mentioned levels do not reflect a normative view on what the defining level of analysis should be, or which level is most important, as elaborated previously in this book. It simply reflects the potential levels of analysis for H-AID. In one aspect, however, we think that there is a difference in importance. In the field of humanitarian crises we think that, especially in terms of short-term recuperation, the local level is the most important. The local level is a combination of the group level and the individual level. By focusing on the local level we think the most relevant

information can be gathered to cover the domain of the socio-economic world needed to get an overview of a situation in humanitarian crises. However, most of these dimensions can also be assessed on the regional or national level, as we will show later in this chapter.

Our locally focused list can function as a basis for governments and aid organizations which can use this to see where and how local, regional and national economies could be stimulated. For example, governments can set up subsidiary programs and aid organizations can initiate livelihoods projects. All this can help in supporting, restoring and developing economies after crisis has hit.

For each level we develop a list of limited economic dimensions and indicators. This list will differ from general lists of dimensions for economic development, because often general lists only show the state of the economy at a national level. We will start with the local level and then continue on with the other two levels. With regard to the indicators, low(er) scores on the proposed indicators imply conditions that are relatively undesirable: less business, more unemployment, more inflation, less infrastructure, less roads, more electricity cuts, et cetera.

History and definitions

In this section, we will present local dimensions of the economic context, followed by an additional set of regional and national dimensions. We will discuss why these are important dimensions of economic development and growth and, when relevant, what their potential relationship to other dimensions is. This theoretical part will function as a basis for the next section, in which we will address how to measure each dimension.

Local dimensions of the economic context

Below we present a set of local dimensions of the economic context. These dimensions can also often be analyzed at the regional and national level.

Poverty

In 1995, at the World Summit on Social Development in Copenhagen, scientists defined extreme poverty as ‘a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information’ (Alina et al. 2010: 209). In 2004, the European Council presented a relative definition of poverty: ‘[b]ecause of their poverty they may experience multiple disadvantages through unemployment, low income, poor housing, inadequate health care and barriers to lifelong learning, culture, sport and recreation. They are often excluded and marginalized from participating in activities (economic, social and cultural) that are the norm for other people and their access to fundamental rights may be restricted’ (Alina et al. 2010: 209).

Poverty can be analyzed by focusing on wage and income, and poverty standards. Regarding the first (wage and income), economic theory holds that ‘at the aggregate level the growth of real wages is determined by labour productivity growth’ (Sharpe, Arsenault and Harrison 2008: 1). If wages rise in line with labour productivity they are both sustainable and create a stimulus for further economic growth through individuals’ purchasing power increase (Cristescu et al 2014). Factors that may explain a weak connection between the growth of wage and productivity might be price and wage rigidities, labour adjustment costs, employment protection, restrictions on entry to the labour market and other market regulations (Klein 2012). Labour adjustment costs are costs that are caused directly by adjustments in, for example, size and division of the workforce within a company. As Cahuc and Zylberberg (2001) point out, the size of such costs is often considerable, which is why they play an important part in decisions to hire or fire staff. Employment protection is a set of mandatory restrictions governing the firing of employees. Its purpose is the increase of the volume and stability of employment (Cahuc and Zylberberg 2001).

Regarding poverty standards, Alina et al. (2010) state that income or consumption expenditures are the only variable representing the welfare level of an

individual. A large study conducted by Meyer and Sullivan (2012), however, presents strong evidence that a well-constructed consumption-based poverty measure would be preferable to income-based measures of poverty for determining the most disadvantaged. Still,

while a consumption-based measure of poverty may be used to set overall standards for program eligibility, individual consumption data are not suitable for determining eligibility for antipoverty programs. Given that at least some components of income, such as formal earnings and transfer income, are easier to collect and validate, income will typically be more appropriate for determining program eligibility for individuals or families. (Meyer and Sullivan 2012: 111).

Accessibility of basic goods

The process of economic development is related to the economy's ability to satisfy basic physical contributors to the quality of life (Knowles, 1993). Welfare and productivity are related, 'as improvements in basic needs fulfilment enhance people's strength, agility and stamina, which can stimulate productivity' (Perlo-Freeman and Webber 2009: 965). Higher levels of productivity in turn generate a greater pool of resources from which investments in basic needs fulfilment could potentially be drawn, making the relationship between accessibility of basic goods and economic development a circular one. However, the direction of causality seems to run more strongly from basic needs fulfilment to economic growth than the other way round, with reverse causality only clearly apparent in the case of nutrition (Perlo-Freeman and Webber 2009).

Employment

Employment growth is a key indicator of labour market performance (Clayton et al. 2013). High levels of employment are a sign of high productivity, high income (relative to a situation with little to no employment), high purchasing power (which further stimulates the economy), reduction of poverty, lower crime levels and thus of an overall blooming economy and society (Inekwe 2013).

As later will be explained in the paragraph about small businesses and entrepreneurship, in times of recession and crisis people who lose their jobs may be pushed into self-employment. When an economy in recession shows growing numbers of entrepreneurship, this can mean that employment rates are actually lower than they seem, due to ‘hidden unemployment’ within this group of the recently self-employed. Hidden unemployment means that people might stay employed but for lower wages than original and/or needed to survive. In the Western context we evaluate this as not efficient and, therefore, negative. In other contexts, however, this evaluation can be different: instead of doing what has to be done with as few employees as possible in order to make labour as cheap as possible, it can also be a consideration to divide one job over several people so that more people gain an income out of it. The income for all will thus be lower, but more people have at least something.

Unemployment cannot be studied independently from wages (Zhu et al. 2009). A large number of empirical studies have shown that there is a negative relationship between the (regional) real wage and the unemployment rate, usually called the wage curve (Blanchflower and Oswald 1994).

Transportation infrastructure

Transport infrastructure can function as a means to bring about territorial cohesion, reduce economic disparities, and promote economic development (Crescenzi and Rodríguez-Pose 2012). Furthermore, transport infrastructure improvement affects firms’ demand for labour and therefore also affects regional (un)employment levels. It is important here to distinguish between the effects on voluntarily and involuntary unemployment. Indirect welfare effects of infrastructure improvements may only arise through changes in involuntary unemployment, whereas these effects through changes in voluntary unemployment are absent (Zhu et al. 2009).

The transport sector is related to all other economic activities (Usón et al. 2011). A high quality infrastructure shortens distances between production and consumption centres, responds to the mobility demands of citizens and ensures good accessibility within a territory. ‘The close correlation between the economic development of a region or country (measured in terms of GDP) and transport (measured in travellers or tonnes per kilometre) is, therefore, not surprising’ (Usón et al. 2011: 1917).

A minimum threshold for transport infrastructure is necessary. This level does often not exist yet in developing countries. Once such a threshold has been achieved, however, there seems to be little evidence that infrastructure endowment and new infrastructure investment can become a catalyst for sustainable economic growth (Crescenzi and Rodríguez-Pose 2012).

Small businesses and entrepreneurship

For several decades, it has been thought that small businesses are the foundation of job growth. This thinking is backed up by data from the Business Employment Dynamics (BED) program at the Bureau of Labor Statistics (BLS). These data show that firms with fewer than 500 employees – the criteria often used for defining small firms – account for about two-thirds of net jobs created (Clayton et al. 2013).

The problem with targeting young, small businesses as the focus of job creation is that the outcomes of new businesses are diverse. To focus on those businesses that are truly job creators, economists and policymakers are now talking about ‘high-growth firms’ (Clayton et al. 2013). However, high-growth firms form but a fraction of the total of (small) businesses, whereas the remaining set of small businesses form the vast majority of businesses. It is this majority that is the basis for not only a functioning economy, but also for a functioning society. Small businesses help provide a society’s primary needs through all kinds of goods and services. Thus, the professionalism within the small businesses segment in any economy says a lot about the quality of life within that economy’s society.

Entrepreneurship is related to unemployment in two ways. As unemployment increases, individuals may choose to become self-employed instead of remaining unemployed. As a result, self-employment (entrepreneurship) will increase as individuals are ‘pushed’ into entrepreneurship. However, the relationship between unemployment and entrepreneurship may present in the other direction; as unemployment increases, the overall market may go into decline. This effect reduces the demand for goods and services, resulting in business failures and fewer entrepreneurs. Thus individuals are ‘pulled’ out of entrepreneurship when unemployment increases (Gohmann and Fernandez 2013). From a policy perspective, any public policies that

reduce the costs of entrepreneurship and ease the transition from unemployment into proprietorship can potentially have positive short and long run impacts on unemployment (Gohmann and Fernandez 2013).

Currency

Analyzing the currency of a country or region is important for humanitarian organizations, because by entering a local situation and trying to find out what has to be done it makes sense to pay attention to the way people do business with each other. First of all, one needs to know whether there is any form of business life at all. Secondly, one should deduct whether any existing business is constituted of an exchange of goods (trading) or whether the economy is money based; then, the value of eventual money in relation to the exchange and/or trading of goods should be determined.

Manner and ease of trading - The functioning level of an economy is closely related to the degree of monetization: one should first conclude whether an economy is money based or trade based. When it is money based, both the degree of monetization within an economy and the liquidity of an eventual stock market are of importance in researching the economy's viability (Levine 1996, Tennant et al. 2008, Tennant and Abdelkadri 2010).

Inflation percentage - The value and stability of the currency used within an economy are of great importance. The inflation percentage greatly influences both. The relationship between inflation and economic growth has been subject of discussion among economists. Odhiambo (2013) summarizes this discussion by explaining that those who argue that there is a negative relationship between inflation and economic growth, do so by claiming that high inflation rates lead to a decrease in output, which subsequently leads to low economic growth in the long run. Others argue that it is the variability of the inflation rate, and not the level of inflation, that negatively affects growth. Then there are those who argue that there is a threshold below which a

moderate increase in inflation promotes growth, but above which further increases in the inflation rate actually retard economic growth. This threshold, however, differs from country to country and over time, and is thus hard to establish. Odhiambo (2013) concludes that there is a bidirectional causality between inflation and economic growth, meaning that inflation and economic growth directly influence and even cause each other.

Energy efficiency

Liimatainen and Pöllänen (2013: 150) defined energy efficiency as the ratio between total haulage and energy consumption, indicated as tonne-kilometres per kilowatt-hours (t km/kW h). Although energy use and emissions increase when economic development takes place, so does an economy's energy efficiency (Liimatainen and Pöllänen 2013). The Environmental Kuznets Curve (EKC) refers to the idea that policy makers within any given economy can only then actively embed sustainable development into their plans when there is a situation in which the economy's average income reaches a certain point and the majority of the country's inhabitants no longer lives in poverty (Shafik

1994). Firstly, this curve is present because if one wants to survive, one cannot afford to invest in their surroundings until their personal situation is of a certain quality level. Secondly, the EKC shows that in developing economies, pollution and consequential health concerns initially increase as industrialization rises, due to a lack of both financial and practical means to prevent these negative side effects (Tierney 2009). Therefore, sustainable development is a phenomenon typically seen in more advanced economies.

Innovation capacity

Within business life, innovation capacity is determined by, among other things, savings mobilizationⁱⁱ and risk diversification (Tennant and Abdulkadri 2010). An increased effectiveness in savings mobilization will release more funds for investment, thus increasing the possibilities for innovation and economic growth. Regarding risk diversification, a uniform distribution of loans across all sectors is assumed to be the highest level of portfolio diversification. A low level of sectoral diversification would,

in turn, negatively impact on the ability of financial institutions to mobilize further savings (Tennant and Abdulkadri 2010).

Additional economic context dimensions on the regional and national level

The above-mentioned dimensions can be measured at the local, regional and national level, but in times of humanitarian crises we deem it most relevant to analyze these dimensions on the local level first and foremost. Below we present a set of additional economic context dimensions at the regional and national level, which will be of importance to assess once the immediate crisis phase has passed.

Large businesses (regional level)

It is generally believed that especially large businesses and multinationals can create spillovers, indirectly stimulating economic growth (Che and Wang 2013). The channels through which multinationals can affect economic growth include ‘productivity gains, human capital turnover from foreign companies to domestic firms, the diffusion of technology, and the creation of a competitive environment to “push” domestic firms to work harder’ (Che and Wang 2013: 1). However, the ability of a country to take advantage of multinationals’ spillovers appears to be dependent on local conditions.

The effects of multinationals on economic growth are stronger in countries with relatively well-developed financial markets (Alfaro et al. 2004). The presence of multinationals has both a significant and a positive effect on economic growth only when these economies have a good property rights protection, which relates this dimension to financial legislation (Che and Wang 2013). The potential positive influence of large businesses and multinationals is important for all economies, but for developing or recovering economies in particular, to increase their attractiveness to large businesses by creating an environment that is beneficial for their economic health, such as a low taxes economy.

Foreign Direct Investment (national level)

Foreign Direct Investment inflow to agriculture in developing or recovering economies is very desirable because employment of unskilled and skilled labour and national

welfare unequivocally improve by FDI in agriculture (Inekwe 2013, Chaudhuri and Banerjee 2010).

This dimension links to the dimension of financial institutions as will be described below (Qayyum et al 2014). It is in the presence of sound economic institutions that foreign inflows with clear development or recuperation agendas can be utilized efficiently and contribute positively, while a system with weak institutions may result in moral hazardⁱⁱⁱ and rent seeking^{iv} problems that will reduce the productivity of capital. Still, in general, foreign aid accelerates economic activity and generates tax revenues that enable governments to focus on enforcing rules of law by fighting corruption effectively (Qayyum et al 2014).

Financial institutions (regional and national level)

The existing economic literature clearly suggests that financial systems perform five basic functions which aid in the creation of economic growth (Tennant and Abdulkadri 2010). As summarized by Levine (1997), these functions comprise: (1) savings mobilization; (2) risk diversification; (3) efficient allocation of resources through acquisition of information about investment opportunities; (4) exertion of corporate control after projects have been financed and (5) facilitation of exchange in the economy. There is a growing consensus that financial sector development can lead to economic growth by means of financial sector deepening and sophistication through liberalization (Mc Kinnon 1973 and Shaw 1973 in Tennant and Abdulkadri 2010). These functions cannot be effectively performed in isolation of each other.

Within any financial system, three types of financial institutions can be distinguished that play a role in the execution of the above functions. Firstly, there are depositary institutions, such as banks, credit unions, mortgage and loan companies and trust companies. Secondly, there are contractual institutions, like insurance companies and pension funds. Lastly, there are investment institutions, such as investment banks, brokerage firms and underwriters.

Until recently, little attention had been paid to a comparison of the relative effects of different types of financial institutions on economic growth. Recent research by Tennant and Abdulkadri (2010) suggests that models which isolate the impact of any one type of financial institution on economic growth do not yield good results, while estimations that implicitly account for the contribution of all types of financial institutions generally perform better.

Financial legislation and its enforcement (national level)

A direct and positive correlation exists between an economy's quality of governance and the height of per capita growth rates (Qayyum et al 2014). Good governance enables a country to achieve its development goals and become prosperous by establishing a conducive environment for high and sustainable economic growth (North 1990, 1992). Good governance includes the establishment of impartial, predictable and consistently enforced rules.

One goal of financial legislation is consumer protection. Another is corporate control. Financial institutions can perform this corporate control function by monitoring managers of firms who have been allocated credit or investment funds. As connected party loans and/or connected party financial investments increase, the ability of financial institutions to exert corporate control decreases (Tennant and Abdulkadri (2010).

Education and literacy (national level)

Better educated people are more flexible to adapt to technological innovations and more likely to invent; typically, they are more productive, earn higher wages, are more geographically mobile and seem to cluster in high growth industries (Strauss and Thomas 1998 in Perlo-Freeman and Webber 2009). However, both within and across countries, inequalities of educational opportunities exist. Variations in the rates of return to education across countries are due to three factors: quality of education, externalities of education and inequalities in education (Perlo-Freeman and Webber (2009). The quality of education matters, which is largely determined by externalities like the amount of money a government is willing or able to spend on education and educational material (textbooks, computers, teachers etc.). Inequalities within developing countries

create asymmetries in the ability to pay to attend fee-paying schools. Even when schooling is free in the poorest countries, child labour is often pervasive and can be a necessity for many families, constraining children's educational attainments (Amin et al. 2006). A lack of availability of tertiary education – identified as having the greatest economic impact on output (Knowles 1997) – and also of secondary and sometimes primary education may be the reason why economic growth is stunted in some less developed countries (Perlo-Freeman and Webber 2009).

National budget and resources (national level)

The national budget and available resources are also of importance for a country's economy. By assessing the budget deficit and the resource flow one can get more insight in this national dimension of the economic context.

Budget deficit - One factor that can severely constrain both the ability of developing and recovering countries to meet the basic needs of their populations and their economic growth is unsustainable foreign debt burdens (Perlo-Freeman and Webber 2009), caused for example through the reception of humanitarian aid. Many developing countries built up such foreign debts during the 1970s and 80s. High (foreign) debt are widely seen by NGOs, governments, international organisations and academics as causing widespread human suffering and economic damage (Perlo-Freeman and Webber (2009). IMF-imposed programmes to enable countries to maintain repayments have often involved the removal of food subsidies and the introduction of user fees for health and education services, creating a direct link with basic needs fulfilment. Conversely, there is evidence that global efforts to write off or reduce the debt of the poorest countries under the Heavily Indebted Poor Countries (HIPC) initiative have led to genuine welfare gains. Greenhill and Blackmore (2002), for example, show that debt relief has led to large increases in health and education spending in Africa (in Perlo-Freeman and Webber 2009).

Resource flows - Resource allocation can have a positive effect on economic growth, as it is argued that when credit to private sector production increases as a proportion of total loans, resources are being allocated to the projects most likely to be productive (Tennant and Abdulkadri 2010). Credit allocated to public sector entities, the

financial sector and consumption, are less productive than credit allocated to other sectors of the economy, such as agriculture, mining and manufacturing, construction

and land development, transportation, storage and communication, electricity, gas and water distribution, tourism and entertainment, and professional and other services sectors (Tennant and Abdulkadri 2010).

Operationalization and indicators

In this section, we will elaborate upon ways to measure the dimensions described above. We first discuss the indicators of the local dimensions that are considered core to an analysis of the economic context prior, during or after a humanitarian crisis. Table 7.1. summarizes the dimensions and the associated indicators. As said, these dimensions can also be assessed on the regional and national level, so we have incorporated information about these levels as well. The indicators will all be accompanied by recommended methods of measurement that, if necessary, are specified per level.

In cases in which it is not possible to find ‘hard’ data upon which an indicator can be rated, we suggest finding stakeholders or experts from the local situation that are familiar with issues regarding that particular indicator. One can then ask them to provide their professional opinion and give a score for each of the indicators. To partly overcome the subjectivity of their perceptions, always more than one stakeholder should be questioned, with an ideal number of four to eight stakeholders.

A simple, yet pragmatic and unbiased method of measuring the stakeholders’ opinions is to ask each of them to give an impression of the state of a particular indicator and to mark the idealness of the situation on a continuum of 10 centimetres with both ends labelled as the extremes from low to high. Afterwards, the researcher can determine the score by measuring the distance from the ends of the continuum; in the

preferable case of having more than one stakeholder, the mean can be derived from all measurements.

Local economic context dimensions	Indicators	Data sources
<i>Poverty</i>	<i>Income</i>	Local and regional: statistical data provided by official in
	<i>Consumption</i>	National: statistical data provided by official institutions.
<i>Accessibility of basic goods</i>	<i>Clean drinking water</i>	All levels: statistical data provided by official institutions; See also chapter on the health context
	<i>Food</i>	
	<i>Sanitary facilities</i>	
	<i>Gasoline</i>	
	<i>Health care</i>	
<i>Employment</i>	<i>Employment rates</i>	Local and regional: statistical data provided by official ins National: statistical data provided by official institutions.
	<i>Hidden unemployment</i>	All levels: stakeholders
	<i>Wages</i>	Local and regional: statistical data provided by official ins National: statistical data provided by official institutions.
<i>Transportation infrastructure</i>	<i>Number of (damaged) kilometres of motorways, railways</i>	Local and regional: statistical data provided by official ins National: statistical data provided by official institutions
	<i>Number of airports</i>	
	<i>Number of travellers per kilometre on a yearly basis</i>	
	<i>Tonnes of goods transported per kilometre on a yearly</i>	

	<i>basis</i>	
Small businesses	<i>Number of small businesses</i>	Local and regional: statistical data provided by official ins
	<i>Professionalism of</i>	All levels: stakeholders
	<i>Number of high</i>	
	<i>Measure of hidden unemployment</i>	
Currency	<i>The degree of monetization</i>	Local and regional: statistical data provided by official ins
	<i>Inflation percentage</i>	All levels: statistical data provided by official ins
	<i>Overall currency stability</i>	All levels: statistical data provided by official ins
Innovation capacity	<i>Savings mobilization^v</i>	All levels: statistical data provided by official institutions;
	<i>Risk diversification^{vi}</i>	
Energy efficiency	<i>Measure of pollution</i>	Local and regional: statistical data provided by official ins
	<i>Measure of infrastructure</i>	
	<i>Energy input to GDP</i>	National: statistical data provided by official institutions.

Table 7.1 – Core dimensions of the economic context

Additional economic context dimensions	Indicators	Data sources
Large businesses	<i>Number of large businesses and multinationals</i>	Regional: statistical data provided by official stakeholders. National: statistical data provided by official stakeholders.
	<i>Professionalism of business life</i>	Regional and national: stakeholders
	<i>Number of large high-growth businesses</i>	
Foreign Direct Investment	<i>Amount of money coming from FDI</i>	National: statistical data provided by official stakeholders.
	<i>FDI income as a percentage of national income</i>	
	<i>Amount of FDI per sector</i>	
Financial institutions	<i>Number and professionalism of depositary institutions</i>	Regional and national: statistical data provided by official stakeholders; stakeholders.
	<i>Number and professionalism of contractual institutions</i>	
	<i>Number and professionalism of investment institutions</i>	
	<i>Ability of the financial system to perform its five basic functions (Levine 1997)</i> 1) Savings mobilization 2) Risk diversification 3) Efficient allocation of resources 4) Exertion of corporate control 5) Facilitation of exchange	Regional and national: stakeholders
Financial legislation and its enforcement	<i>Implementation of law and order</i>	National: statistical data provided by official stakeholders.
	<i>Level of corruption</i>	See chapter on the political context
	<i>Quality of bureaucracy</i>	
Education and literacy	<i>Quality of education and educational material</i>	National: statistical data provided by official stakeholders.
	<i>General education level (primary, secondary or tertiary)</i>	National: statistical data provided by official stakeholders.
	<i>Literacy rates</i>	
	<i>Women's education</i>	
National budget and	<i>Foreign debt to GDP</i>	National: statistical data provided by official stakeholders.

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<i>resources</i>	<i>Resource allocation</i>	National: statistical data provided by official stakeholders.
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Table 7.2 – Additional dimensions of the economic context

Aggregation and weighing

Once one has collected data regarding the above-mentioned dimensions and indicators, one needs to establish whether the situation is worrisome or not. The higher the score on one of the indicators, the more economic activity or development there will be. In other words: in situations in which a large scale disaster took place, we expect the scores for most indicators to be low. In line with the other chapters we will also need a second translation from all scores on all indicators to one score as a whole on one dimension: the economic context. This score could range from hardly any economic activity to a lot of economic activities.

Regarding thresholds indicating that the level of a certain indicator is worrisome: since researchers using this quick scan will be obtaining much of their data (especially their local data, which is most the important data) from verbal sources using a scaling system from 1 to 10, it would be convenient to use the same scaling system throughout the quick scan model. 1 being the ultimate low point, 10 being the best possible situation and 5 representing a situation that is just enough. In this scaling system, every value below 5 would deserve special attention and could be labelled as insufficient. As economic situations and needs vary between locations, no uniform measure can be

designed for all situations. The opinions of the local stakeholders will be decisive in the scaling and valuation process.

In humanitarian work it is desirable to not only have the scores of each of the indicators after the crisis or disaster but also the scores on the indicators before the disaster or crisis. This gives the opportunity to give a better interpretation of the seriousness of the situation related to the situation before the disaster. If the data are not available these can be replaced by asking some key stakeholders to construct the scores based on perceptions for the local and even perhaps the regional level. For the national level the data must be found in the archives and available data basis.

To construct a one-dimensional state of the situation of the economic situation we have to bring back the scores on the 30 indicators discussed back to one overall score. However, here we have to take into consideration that it might be really difficult to obtain hard objective data at the local level so it might be good idea to use confidence intervals (see also Chapter 4) on the basis of the impressions of key stakeholders by presenting the most negative estimation and the a less negative estimation. With this it will be possible to make an overall score with an upper and lower bound value. The first step is however to aggregate the scores on the 29 indicators. For this purpose we choose for different weights of the three levels.

Aggregating local level indicators

This level incorporates the following eight dimensions:

1. *Small businesses and entrepreneurship*: a low number of small businesses, a low score of professionalism in small businesses, a low number of small high-growth businesses, and a high score of hidden unemployment among entrepreneurs will lead to a low score on this indicator.
2. *Employment rates*: Low employment rates, a high score of hidden unemployment and a low average wage will lead to a low score on this indicator.
3. *State of transportation infrastructure*: A low number of kilometres of (accessible) motorways and railways, a low number of airports, a low number of travellers, and a low number of transported goods will lead to a low score on this indicator.
4. *The presence or absence of poverty*: A low average income and high levels of consumption in comparison to income will lead to a low score.
5. *Currency / basis of trade*: A low degree of monetization, a high inflation percentage and a low measure of overall currency stability will lead to a low score on this indicator.
6. *Energy efficiency*: A high score of pollution, a low quality of infrastructure and a negative correlation between energy input and GDP will lead to a low score on this indicator.
7. *Innovation capacity*: A low score of savings mobilization and a low score of risk diversification will lead to a low score on this indicator.
8. *Accessibility of basic goods*: Poor accessibility of clean drinking, poor accessibility of basic foods, poor sanitary facilities, poor accessibility of gasoline and poor quality and accessibility of health care will lead to a low score on this indicator.

Aggregating regional economic context indicators

This level incorporates the following nine dimensions, of which the indicators of the following dimensions have already been discussed in the previous paragraph: 1) Small businesses and entrepreneurship; 2) Employment rates; 3) The presence or absence of poverty; 4) The state of transportation infrastructure; 5) Currency / basis of trade; 6) Energy efficiency; and 7) Innovation capacity.

To these are added indicators for

8) *Large businesses*: A low number of large businesses and multinationals, a low score of professional life and a low number of large high-growth businesses will lead to a low score.

9) *Number, professionalism and stability of financial institutions*: A low number of depositary institutions, a low score of professionalism of depositary institutions, a low number of contractual, a low score of professionalism of contractual institutions, a low number of investment institutions, a low score of professionalism of investment institutions and a limited ability of the financial system to perform its five basic functions will lead to a low score.

Aggregating national economic context indicators

This level incorporates the following thirteen dimensions, of which the following have been discussed above: 1) small businesses and entrepreneurship; 2) large businesses; 3) employment rates; 4) the presence or absence of poverty; 5) the state of transportation infrastructure; 6) currency / basis of trade; 7) Number, professionalism and stability of financial institutions; 8) Energy efficiency; and 9) innovation capacity.

To these are added indicators for

10) *Financial legislation and its enforcement*: A low implementation of law and order, a high level of corruption and a low quality of bureaucracy will lead to a low score.

11) *Educational level and literacy rates*: A low quality of education(al material), a low general level of education, low literacy rates and a low score of women's education will lead to a low score.

12) *National budget and resource*: A positive and high correlation between foreign debt and GDP and inefficient or lacking resource allocation will lead to a low.

13) *FDI*: A low absolute amount of money coming from FDI, a low amount of FDI as a percentage of national income and a low amount of FDI per sector will lead to a low

score.

Overall aggregation

For humanitarian crisis and disaster management the local level is the most important level for economic context analysis because based on information of the local level it becomes the most explicit what is needed. Hence, we suggest to make for each level a mean of the scores (i.e a mean for the local level, a mean for the regional level, and a mean for the national level) and within each level all the indicators will have the same weight. The second step is to weight the local level three times and the other two levels (regional and national) one time for the overall score. We assume here that all the information has been translated into quantitative data; if exact information is not available estimations have to be made.

For example, if for the local situation we measure a score of 2, meaning that there are not much economic activities, and for the regional level a score of 4 and at the national level a score of 5, then the final overall score will be derived as follows. $0.6 \times \text{local score} + 0.2 \times \text{regional score} + 0.2 \times \text{national score} = \text{final score for the economic context}$ ($0.6 \times 2 + 0.2 \times 4 + 0.2 \times 5 = \dots$). As one can see, the local situation has a dominant influence on the final score.

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i High-growth firms are a very small subset of all firms. However, they contribute substantially to job creation. Definitions of high-growth firms vary, but Clayton et al. (2013, p.2) state that the period for defining high-growth firms should be long enough such that short-run transitory changes in employment are not falsely measured as high growth.

ii Savings are of great importance in the light of economic development. In times of need, such as shortly after any type of crisis, the mobilization of savings enables parties to smooth spendings, investment and consumption.

iii A so-called ‘moral hazard’ means that a situation is facilitated in which a party may develop a tendency to take risks because the costs (be they financial or other in nature) that could result will not be felt by themselves.

^{iv} Rent-seeking is spend wealth in order to increase one's share of existing wealth without creating new wealth.

^v This can be measured for each type of financial institution by the total deposits of the institution, divided by the total assets less the loans of the institution, i.e. $SMOB = \text{Deposits} / (\text{Total Assets} - \text{Loans})$. This ratio measures the effectiveness of financial institutions in using the resources at their disposal to attract savings (Tennant and Abdulkadri 2010).

^{vi} For each type of financial institution this is calculated by first finding the percentage of total loans allocated by sector. The SD of the percentage of total loans allocated to each sector is then used to measure the spread for each institution from the state of uniform distribution. If all loans are concentrated in one sector the maximum SD is derived; however, if loans are allocated equally to each sector, then no spread around the mean exists, and the minimum SD possible equals zero (Tennant and Abdulkadri 2010).

Appendix II- List of Indicators and Subindicators original model

Local

This level incorporates the following eight axes:

1. Small businesses and entrepreneurship
 - a. A low number of small businesses will lead to a low score on the axis.
 - b. A low measure of professionalism in small businesses will lead to a low score on the axis.
 - c. A low number of small high-growth businesses will lead to a low score on the axis.
 - d. A high measure of hidden unemployment among entrepreneurs will lead to a low score on the axis.
2. Employment rates
 - a. Low employment rates will lead to a low score on the axis.
 - b. A large measure of hidden unemployment will lead to a low score on the axis.
 - c. A low average wage will lead to a low score on the axis.
3. State of transportation infrastructure
 - a. A low number of kilometres of motorways will lead to a low score on the axis.
 - b. A low number of kilometres of railways will lead to a low score on the axis.
 - c. A low number of airports will lead to a low score on the axis.
 - d. A low number of travellers will lead to a low score on the axis.
 - e. A low number of transported goods will lead to a low score on the axis.
4. The presence or absence of poverty
 - a. A low average income will lead to a low score on the axis.
 - b. High levels of consumption in comparison to income will lead to a low score on the axis.
5. Currency / basis of trade
 - a. A low degree of monetization will lead to a low score on the axis.
 - b. A high inflation percentage will lead to a low score on the axis.
 - c. A low measure of overall currency stability will lead to a low score on the axis.
6. Energy efficiency
 - a. A high measure of pollution will lead to a low score on the axis.
 - b. A low quality of infrastructure will lead to a low score on the axis.

- c. A negative correlation between energy input and GDP will lead to a low score on the axis.
- 7. Innovation capacity
 - a. A low measure of savings mobilization will lead to a low score on the axis.
 - b. A low measure of risk diversification will lead to a low score on the axis.
- 8. Accessibility of basic goods
 - a. Poor accessibility of clean drinking water will lead to a low score on the axis.
 - b. Poor accessibility of basic foods will lead to a low score on the axis.
 - c. Poor sanitary facilities will lead to a low score on the axis.
 - d. Poor accessibility of gasoline will lead to a low score on the axis.
 - e. Poor quality and accessibility of health care will lead to a low score on the axis.

Regional

This level incorporates the following nine axes:

- 1. Small businesses and entrepreneurship
 - a. A low number of small businesses will lead to a low score on the axis.
 - b. A low measure of professionalism in small businesses will lead to a low score on the axis.
 - c. A low number of small high-growth businesses will lead to a low score on the axis.
 - d. A high measure of hidden unemployment among entrepreneurs will lead to a low score on the axis.
- 2. Large businesses
 - a. A low number of large businesses and multinationals will lead to a low score on the axis.
 - b. A low measure of professional life will lead to a low score on the axis.
 - c. A low number of large high-growth businesses will lead to a low score on the axis.
- 3. Employment rates
 - a. Low employment rates will lead to a low score on the axis.
 - b. A large measure of hidden unemployment will lead to a low score on the axis.
 - c. A low average wage will lead to a low score on the axis.
- 4. The presence or absence of poverty

- a. A low average income will lead to a low score on the axis.
 - b. High levels of consumption in comparison to income will lead to a low score on the axis.
5. State of transportation infrastructure
- a. A low number of kilometres of motorways will lead to a low score on the axis.
 - b. A low number of kilometres of railways will lead to a low score on the axis.
 - c. A low number of airports will lead to a low score on the axis.
 - d. A low number of travellers will lead to a low score on the axis.
 - e. A low number of transported goods will lead to a low score on the axis.
6. Currency / basis of trade
- a. A low degree of monetization will lead to a low score on the axis.
 - b. A high inflation percentage will lead to a low score on the axis.
 - c. A low measure of overall currency stability will lead to a low score on the axis.
7. Number, professionalism and stability of financial institutions
- a. A low number of depositary institutions will lead to a low score on the axis.
 - b. A low measure of professionalism of depositary institutions will lead to a low score on the axis.
 - c. A low number of contractual institutions will lead to a low score on the axis.
 - d. A low measure of professionalism of contractual institutions will lead to a low score on the axis.
 - e. A low number of investment institutions will lead to a low score on the axis.
 - f. A low measure of professionalism of investment institutions will lead to a low score on the axis.
 - g. A limited ability of the financial system to perform its five basic functions will lead to a low score on the axis.
9. Energy efficiency
- a. A high measure of pollution will lead to a low score on the axis.
 - b. A low quality of infrastructure will lead to a low score on the axis.
 - h. A negative correlation between energy input and GDP will lead to a low score on the axis.
8. Innovation capacity
- a. A low measure of savings mobilization will lead to a low score on the axis.
 - b. A low measure of risk diversification will lead to a low score on the axis.

National

This level incorporates the following thirteen axes:

1. Small businesses and entrepreneurship
 - a. A low number of small businesses will lead to a low score on the axis.
 - b. A low measure of professionalism in small businesses will lead to a low score on the axis.
 - c. A low number of small high-growth businesses will lead to a low score on the axis.
 - d. A high measure of hidden unemployment among entrepreneurs will lead to a low score on the axis.
2. Large businesses
 - a. A low number of large businesses and multinationals will lead to a low score on the axis.
 - b. A low measure of professional life will lead to a low score on the axis.
 - c. A low number of large high-growth businesses will lead to a low score on the axis.
3. Employment rates
 - a. Low employment rates will lead to a low score on the axis.
 - b. A large measure of hidden unemployment will lead to a low score on the axis.
 - c. A low average wage will lead to a low score on the axis.
4. The presence or absence of poverty
 - a. A low average income will lead to a low score on the axis.
 - b. High levels of consumption in comparison to income will lead to a low score on the axis.
5. State of transportation infrastructure
 - a. A low number of kilometres of motorways will lead to a low score on the axis.
 - b. A low number of kilometres of railways will lead to a low score on the axis.
 - c. A low number of airports will lead to a low score on the axis.
 - d. A low number of travellers will lead to a low score on the axis.
 - e. A low number of transported goods will lead to a low score on the axis.
6. Currency / basis of trade
 - a. A low degree of monetization will lead to a low score on the axis.
 - b. A high inflation percentage will lead to a low score on the axis.

- c. A low measure of overall currency stability will lead to a low score on the axis.
- 7. Number, professionalism and stability of financial institutions
 - a. A low number of depositary institutions will lead to a low score on the axis.
 - b. A low measure of professionalism of depositary institutions will lead to a low score on the axis.
 - c. A low number of contractual institutions will lead to a low score on the axis.
 - d. A low measure of professionalism of contractual institutions will lead to a low score on the axis.
 - e. A low number of investment institutions will lead to a low score on the axis.
 - f. A low measure of professionalism of investment institutions will lead to a low score on the axis.
 - g. A limited ability of the financial system to perform its five basic functions will lead to a low score on the axis.
- 8. Financial legislation and its enforcement
 - a. A low implementation of law and order will lead to a low score on the axis.
 - b. A high level of corruption will lead to a low score on the axis.
 - c. A low quality of bureaucracy will lead to a low score on the axis.
- 9. Energy efficiency
 - a. A high measure of pollution will lead to a low score on the axis.
 - c. A low quality of infrastructure will lead to a low score on the axis.
 - b. A negative correlation between energy input and GDP will lead to a low score on the axis.
- 10. Educational level and literacy rates
 - a. A low quality of education(al material) will lead to a low score on the axis.
 - b. A low general level of education will lead to a low score on the axis.
 - c. Low literacy rates will lead to a low score on the axis.
 - d. A low measure of women's education will lead to a low score on the axis.
- 11. National budget and resource
 - a. A positive and high correlation between foreign debt and GDP will lead to a low score on the axis.
 - b. Inefficient or lacking resource allocation will lead to a low score on the axis.
- 12. Innovation capacity
 - a. A low measure of savings mobilization will lead to a low score on the axis.

- b. A low measure of risk diversification will lead to a low score on the axis.

13. FDI

- a. A low absolute amount of money coming from FDI will lead to a low score on the axis.
- b. A low amount of FDI as a percentage of national income will lead to a low score on the axis.
- c. A low amount of FDI per sector will lead to a low score on the axis.

Appendix III: Questionnaires

This is an indication of the questionnaire that is to be used as a guideline. Based on the respondents' level of education, profession, specialization, background et cetera the selection of questions as well as their formulation can be adjusted for each respondent.

Questionnaire for the local level

10. Small businesses and entrepreneurship

- a. What percentage of businesses in this town do you estimate to be small businesses?
- b. On a scale from 1 to 10, do you estimate the overall measure of professionalism of small businesses in this town to be low (1) or high (10)?
- c. Which percentage of small businesses do you estimate one can characterize as high-growth?
- d. Within the local labour market, which percentage of jobs do you consider to cover up hidden unemployment?

11. Employment rates

- a. Which percentage of this town's labour force do you estimate to be employed?
- b. Within the local labour market, which percentage of jobs do you consider to cover up hidden unemployment?
- c. On a scale from 1 to 10, do you consider the average wage in this town to be low (1) or high (10)?

12. State of transportation infrastructure

- a. On a scale from 1 to 10, do you estimate there is either a lack (1) or a surplus (10) of kilometres of good quality motorways?
- b. On a scale from 1 to 10, do you estimate there is either a lack (1) or a surplus (10) of kilometres of good quality railways?
- c. On a scale from 1 to 10, do you estimate there is either a lack (1) or a surplus (10) of useable airports?
- d. Relative to the quality of infrastructure, do you estimate the number of travellers/commuters that use it on a daily basis to be high (1) or low (10)?
- e. Relative to the quality of infrastructure, do you estimate the amount of goods transported on it on a daily basis to be high (1) or low (10)?

13. The presence or absence of poverty

- a. On a scale of 1 to 10, do you estimate the population of this town to live in poverty (1) or in wealth (10)?
- b. Do you estimate this town's average income to be very low (1) or very high (10)?
- c. Do you estimate this town's level of consumption to be high (1) or low (10) in comparison to its income?

14. Currency / basis of trade

- a. On a scale of 1 to 10, is the degree of monetization in this community low (1) or high (10)? A low score implies a trade based economy, whereas a high score implies a fully monetized micro-economy.
- b. Is the local currency subject to high inflation rates (1) or no inflation at all (10)?
- c. Do you estimate the local currency to be very instable (1) or very stable (10)?

15. Energy efficiency

- a. Do you consider pollution in this area to be very high (1) or non-existent (10)?
- b. Do you estimate this community's energy input relative to its GDP to be high (1) or low (10)?

16. Innovation capacity

- a. According to your estimation, do the businesses in this area have low (1) or high (10) possibilities regarding savings mobilization, and do they not (1) or fully (10) take advantage of these possibilities?
- b. According to your estimation, do the businesses in this area have low (1) or high (10) possibilities regarding risk diversification, and do they not (1) or fully (10) take advantage of these possibilities?

17. Accessibility of basic goods

- a. According to your estimation, do people in this area have access to no (1) or plenty of (10) clean drinking water?
- b. According to your estimation, do people in this area have access to no (1) or plenty of (10) basic foods?
- c. According to your estimation, do people in this area have access to no (1) or excellent (10) sanitary facilities?
- d. According to your estimation, do people in this area have access to no (1) or plenty of (10) gasoline?

- e. According to your estimation, do people in this area have access to no (1) or excellent (10) health care?

Questionnaire for the regional level

9. Small businesses and entrepreneurship

- a. What percentage of businesses in this region do you estimate to be small businesses?
- b. On a scale from 1 to 10, do you estimate the overall measure of professionalism of small businesses in this region to be low (1) or high (10)?
- c. Which percentage of small businesses in this region do you estimate one can characterize as high-growth?
- d. Within the regional labour market, which percentage of jobs do you consider to cover up hidden unemployment?

10. Large businesses

- a. What percentage of businesses in this region do you estimate to be large businesses or multinationals?
- b. On a scale from 1 to 10, do you estimate the overall measure of professionalism of large businesses in this region to be low (1) or high (10)?
- c. Which percentage of large businesses in this region do you estimate one can characterize as high-growth?
- d. Within the regional labour market, which percentage of jobs do you consider to cover up hidden unemployment?

11. Employment rates

- a. Which percentage of this region's labour force do you estimate to be employed?
- b. Within the regional labour market, which percentage of jobs do you consider to cover up hidden unemployment?
- c. On a scale from 1 to 10, do you consider the average wage in this region to be low (1) or high (10)?

12. The presence or absence of poverty

- a. On a scale of 1 to 10, do you estimate the population of this region to live in poverty (1) or in wealth (10)?
- b. Do you estimate this region's average income to be very low (1) or very high (10)?

- c. Do you estimate this region's level of consumption to be high (1) or low (10) in comparison to its income?

13. State of transportation infrastructure

- a. On a scale from 1 to 10, do you estimate there is either a lack (1) or a surplus (10) of kilometres of good quality motorways?
- b. On a scale from 1 to 10, do you estimate there is either a lack (1) or a surplus (10) of kilometres of good quality railways?
- c. On a scale from 1 to 10, do you estimate there is either a lack (1) or a surplus (10) of useable airports?
- d. Relative to the quality of infrastructure, do you estimate the number of travellers/commuters that use it on a daily basis to be high (1) or low (10)?
- e. Relative to the quality of infrastructure, do you estimate the amount of goods transported on it on a daily basis to be high (1) or low (10)?

14. Currency / basis of trade

- a. On a scale of 1 to 10, is the degree of monetization in this region low (1) or high (10)? A low score implies a trade based economy, whereas a high score implies a fully monetized meso-economy.
- b. Is the regional currency subject to high inflation rates (1) or no inflation at all (10)?
- c. Do you estimate the regional currency to be very instable (1) or very stable (10)?

15. Number, professionalism and stability of financial institutions

- a. Do you estimate that there are no (1) or plenty of (10) depositary institutions in this region?
- b. Do you estimate the depositary institutions within this region to possess a very low (1) or very high (10) level of professionalism?
- c. Do you estimate that there are no (1) or plenty of (10) contractual institutions in this region?
- d. Do you estimate the contractual institutions within this region to possess a very low (1) or very high (10) level of professionalism?
- e. Do you estimate that there are no (1) or plenty of (10) investment institutions in this region?
- f. Do you estimate the investment institutions within this region to possess a very low (1) or very high (10) level of professionalism?

- g. According to your estimation, to what measure is the regional financial system as a whole capable of fulfilling its five basic functions (1=not at all; 10=completely)?

18. Energy efficiency

- a. Do you consider pollution in this area to be very high (1) or non-existent (10)?
- b. Do you estimate this community's energy input relative to its GDP to be high (1) or low (10)?

16. Innovation capacity

- a. According to your estimation, do the businesses in this area have low (1) or high (10) possibilities regarding savings mobilization, and do they not (1) or fully (10) take advantage of these possibilities?
- b. According to your estimation, do the businesses in this area have low (1) or high (10) possibilities regarding risk diversification, and do they not (1) or fully (10) take advantage of these possibilities?

Questionnaire for the national level

14. Small businesses and entrepreneurship

- a. What percentage of businesses in this country do you estimate to be small businesses?
- b. On a scale from 1 to 10, do you estimate the overall measure of professionalism of small businesses in this country to be low (1) or high (10)?
- c. Which percentage of small businesses in this country do you estimate one can characterize as high-growth?
- d. Within the national labour market, which percentage of jobs do you consider to cover up hidden unemployment?

15. Large businesses

- a. What percentage of businesses in this country do you estimate to be large businesses or multinationals?
- b. On a scale from 1 to 10, do you estimate the overall measure of professionalism of large businesses in this country to be low (1) or high (10)?
- c. Which percentage of large businesses in this country do you estimate one can characterize as high-growth?
- d. Within the national labour market, which percentage of jobs do you consider to cover up hidden unemployment?

16. Employment rates

- a. Which percentage of this nation's labour force do you estimate to be employed?
- b. Within the national labour market, which percentage of jobs do you consider to cover up hidden unemployment?
- c. On a scale from 1 to 10, do you consider the average wage in this country to be low (1) or high (10)?

17. The presence or absence of poverty

- a. On a scale of 1 to 10, do you estimate the population of this country to live in poverty (1) or in wealth (10)?
- b. Do you estimate this nation's average income to be very low (1) or very high (10)?
- c. Do you estimate this nation's level of consumption to be high (1) or low (10) in comparison to its income?

18. State of transportation infrastructure

- a. On a scale from 1 to 10, do you estimate there is either a lack (1) or a surplus (10) of kilometres of good quality motorways?
- b. On a scale from 1 to 10, do you estimate there is either a lack (1) or a surplus (10) of kilometres of good quality railways?
- c. On a scale from 1 to 10, do you estimate there is either a lack (1) or a surplus (10) of useable airports?
- d. Relative to the quality of infrastructure, do you estimate the number of travellers/commuters that use it on a daily basis to be high (1) or low (10)?
- e. Relative to the quality of infrastructure, do you estimate the amount of goods transported on it on a daily basis to be high (1) or low (10)?

19. Currency / basis of trade

- a. On a scale of 1 to 10, is the degree of monetization in this country low (1) or high (10)? A low score implies a trade based economy, whereas a high score implies a fully monetized macro-economy.
- b. Is the national currency subject to high inflation rates (1) or no inflation at all (10)?
- c. Do you estimate the national currency to be very instable (1) or very stable (10)?

20. Number, professionalism and stability of financial institutions

- a. Do you estimate that there are no (1) or plenty of (10) depositary institutions in this country?
- b. Do you estimate the depositary institutions within this country to possess a very low (1) or very high (10) level of professionalism?
- c. Do you estimate that there are no (1) or plenty of (10) contractual institutions in this country?
- d. Do you estimate the contractual institutions within this country to possess a very low (1) or very high (10) level of professionalism?
- e. Do you estimate that there are no (1) or plenty of (10) investment institutions in this country?
- f. Do you estimate the investment institutions within this country to possess a very low (1) or very high (10) level of professionalism?
- g. According to your estimation, to what measure is the national financial system as a whole capable of fulfilling its five basic functions (1=not at all; 10=completely)?

21. Financial legislation and its enforcement

- a. According to your estimation, is there a very low (1) or very high (10) level of implementation of law and order in this country?
- b. According to your estimation, is there a very high (1) or very low (10) level of corruption in this country?
- c. According to your estimation, is the quality of bureaucracy in this country very low (1) or very high (10)?

9. Energy efficiency

- c. Do you consider pollution in this country to be very high (1) or non-existent (10)?
- d. Do you estimate this country's energy input relative to its GDP to be high (1) or low (10)?

19. Educational level and literacy rates

- a. According to your estimation, are education and educational materials of poor (1) or excellent (10) quality in this country?
- b. According to your estimation, is the general level of education in this country very low (1) or very high (10)?

- c. According to your estimation, is the level of literacy in this country very low (1) or very high (10)?
- d. According to your estimation, is the level of engagement of women in education in this country very low (1) or very high (10)?

20. National budget and resource

- a. According to your estimation, is there a positive and high (1) or a negative and low correlation between foreign debt and GDP in this country?
- b. According to your estimation, is the government's allocation of resources inefficient and/or lacking (1) or efficient and excellent (10)?

21. Innovation capacity

- a. According to your estimation, do the businesses in this country have low (1) or high (10) possibilities regarding savings mobilization, and do they not (1) or fully (10) take advantage of these possibilities?
- b. According to your estimation, do the businesses in this country have low (1) or high (10) possibilities regarding risk diversification, and do they not (1) or fully (10) take advantage of these possibilities?

22. FDI

- a. According to your estimation, is there a low (1) or high (10) absolute amount of money coming from FDI?
- b. According to your estimation, does FDI related income form a low (1) or high (10) percentage of the total national income?

Appendix IV: List of respondents

Total number of respondents: 17

Respondents

<i>Name</i>	<i>Profession</i>	<i>Organization</i>	<i>Type of organization</i>
Ms. J. Müller	Economic Affairs and Trade Officer	Dutch Embassy	Government owned institution
Mr. A. Zuku	Director for Industry Development	Chamber of Commerce	Government owned institution
Dr. L. Melyoki	Director Entrepreneurship Center	University of Dar es Salaam	Research/academic institution
Mr. H. Mdede	Marketing Manager	Small Industries Development Organization	Government owned institution; non-comm. institution for soc.ec. development
Mr. J. Mnali	Domestic Investment Promotion Manager	Tanzania Investment Center	Government owned institution; non-comm. institution for soc.ec. development
Mr. A. Milasi	Youth skills development advisor	SNV	Non-comm. institution for soc.ec. development
Ms. N. Foya	Communication and PR manager	African Barrick Gold	Large business/multinational
Ms. S. Whana	Economist and managing director	City Council of Dar es Salaam	Government owned institution
Ms. E. Joseph	Export trainer	International Business and Trade Tanzania Initiative (IBUTTI)	Non-comm. institution for soc.ec. development
Mr. K. Kisinda	Senior Dealer, Treasury Sales & Structured Products	CRDB Bank	Large business/multinational; financial institution

Mr. L. Ngowi	Branch manager	NMB Bank	Large business/multinational; financial institution
Ms. M. Kalikawe	Chairperson/ managing director	Association of Women in Tourism in Tanzania (AWOTTA)/ Owner Kiroyera Tours	SME/entrepreneur; non-comm. institution for soc.ec. development
Mr. A Boniface	Accountant	Institute for Finance Management	Research/academic institution
Ms. B. Matarimo	Owner/ entrepreneur	Owner BEMA fashion	SME/entrepreneur
Ms. G. Nyamagere	PHD- lecturer	ADRI University	Research/academic institution
Mr. K. Komba	Director National Payment Systems	Bank of Tanzania	Large business/multinational; financial institution
Mr. W. Barnabas	Chief Financial Officer	NMB Bank	Large business/multinational; financial institution

Transcripts of the complete interviews are available on request.

Appendix V: Input and output per indicator

Small businesses

<u>Local Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Number of small businesses	9.5	9.5
	2. Measure of professionalism of small businesses	3	3
	3. Number of high-growth small businesses	3	3
	4. Measure of hidden unemployment among entrepreneurs	8	8
		<u>Total score</u>	<u>5.8</u>
<u>2</u>	1. Number of small businesses	<p>‘So many businesses are so small and they are all informal.’</p> <p>‘Yes, there are a lot of small businesses like small restaurants, small tourist shops. Taxi drivers are self-employed as well.’</p>	7

		‘The rural areas and this city are both dominated by small businesses, but in the urban areas there are somewhat more large businesses because of the transportation and infrastructure.’	
	2. Measure of professionalism of small businesses	‘So many businesses are so small and they are all informal.’ ‘A lot of these people do not understand business life and they do not understand what is expected of them. They only hope to get some money.’	2
	3. Number of high-growth small businesses	‘A lot of these people do not understand business life and they do not understand what is expected of them. They only hope to get some money.’	2
	4. Measure of hidden unemployment among entrepreneurs	‘So many businesses are so small and they are all informal.’	2
		<u>Total score</u>	<u>3.3</u>
<u>3</u>	1. Number of small businesses	‘All the small banks are concentrated here in town.’	7.5
	2. Measure of professionalism of small businesses	‘The smaller banks are not that good in keeping a risk profile.’	3
	3. Number of high-growth small businesses	-	-
	4. Measure of hidden unemployment among entrepreneurs	-	-

		<u>Total score</u>	<u>5.3</u>
<u>4</u>	1. Number of small businesses	‘There are more small companies. There are a lot of small companies. There are not so many large ones.’	8
	2. Measure of professionalism of small businesses	‘A lot of the businesses are informal. So I think that professionalism is low.’ ‘People need to be more educated about how businesses have to be managed without problems.’	3
	3. Number of high-growth small businesses	-	-
	4. Measure of hidden unemployment among entrepreneurs	-	-
		<u>Total score</u>	<u>5.5</u>
<u>5</u>	1. Number of small businesses	‘There are a lot of them in Dar es Salaam.’	8
	2. Measure of professionalism of small businesses	‘I would say it is low. If I have to put it on a scale from 1 to 10 I would put it around a 3 or 4 and maybe in some cases I would put it even lower.’	3
	3. Number of high-growth small businesses	‘Most Africans will have several small businesses as a way of managing risk. So they don’t concentrate their resources on one business, they tend to spread their resources over several small businesses as a way of managing risk. And that prevents growth, because there is no focus.’	3
	4. Measure of hidden unemployment among entrepreneurs	‘There is always this thinking that if you come to the big city you can get a job. But when they come here, they find out that it is not possible or easy to get a job. So a solution is to start your own small business and there are plenty of those around.’	2

		‘I think that there is a lot of hidden unemployment in Dar es Salaam.’	
		<u>Total score</u>	<u>4</u>
<u>6</u>	1. Number of small businesses	Yes, there are more small businesses. In the urban areas you find some more large businesses, but in the rural areas you will find small ones.	6
	2. Measure of professionalism of small businesses	‘I would say that the level is good.’ ‘There is a difference between formal and informal. For example, if you already try to be a formal business then your educational level is higher and you start noticing that there are a lot more rules to comply to. This makes this type of business more professional.’	6
	3. Number of high-growth small businesses	-	-
	4. Measure of hidden unemployment among entrepreneurs	-	-
		<u>Total score</u>	<u>6</u>
<u>7</u>	1. Number of small businesses	‘I think there are a lot more SMEs than there are large companies. I don’t know the exact numbers but a lot of small companies exist especially in the regions and also in the cities.’	7.5
	2. Measure of professionalism of small businesses	-	-
	3. Number of high-growth small	-	-

	businesses		
	4. Measure of hidden unemployment among entrepreneurs	-	-
		<u>Total score</u>	<u>7.5</u>
		AVERAGE TOTAL SCORE	5.4
<u>Regional Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Number of small businesses	<p>‘So many businesses are so small and they are all informal.’</p> <p>‘Yes, there are a lot of small businesses like small restaurants, small tourist shops. Taxi drivers are self-employed as well.’</p> <p>‘The rural areas and this city are both dominated by small businesses, but in the urban areas there are somewhat more large businesses because of the transportation and infrastructure.’</p>	8
	2. Measure of professionalism of small businesses	<p>‘So many businesses are so small and they are all informal.’</p> <p>‘A lot of these people do not understand business life and they do not understand what is expected of them. They only hope to get some money.’</p>	2

	3. Number of high-growth small businesses	‘A lot of these people do not understand business life and they do not understand what is expected of them. They only hope to get some money.’	2
	4. Measure of hidden unemployment among entrepreneurs	‘So many businesses are so small and they are all informal.’	2
		<u>Total score</u>	<u>3.5</u>
<u>2</u>	1. Number of small businesses	‘All the small banks are concentrated here in town.’ ‘For a small bank to open a branch in a remote area, that is really too expensive.’	7.5
	2. Measure of professionalism of small businesses	‘The smaller banks are not that good in keeping a risk profile.’	3
	3. Number of high-growth small businesses	-	-
	4. Measure of hidden unemployment among entrepreneurs	-	-
		<u>Total score</u>	<u>5.3</u>
<u>3</u>	1. Number of small businesses	-	-
	2. Measure of professionalism of small businesses	‘I would say it is low. If I have to put it on a scale from 1 to 10 I would put it around a 3.’	3

	3. Number of high-growth small businesses	‘Most Africans will have several small business as a way of managing risk so they don’t concentrate their resources on one business, they tend to spread their resources over several small businesses as a way of managing risk. And that prevents growth because there is no focus.’	2
	4. Measure of hidden unemployment among entrepreneurs	-	-
		<u>Total score</u>	<u>2.5</u>
<u>4</u>	1. Number of small businesses	‘Yes, there a more small businesses. In the urban areas you find some more large businesses, but in the rural areas you will find small ones.’	9
	2. Measure of professionalism of small businesses	‘I would say that the level is good. There is a difference between formal and informal.’	6
	3. Number of high-growth small businesses	-	-
	4. Measure of hidden unemployment among entrepreneurs	-	-
		<u>Total score</u>	<u>7.5</u>
<u>5</u>	1. Number of small businesses	‘I think in Tanzania there are a lot more SMEs than there are large companies. I don’t know the exact numbers but a lot of small companies exist especially in the regions and also in the cities.’	6.5

	2. Measure of professionalism of small businesses	-	-
	3. Number of high-growth small businesses	-	-
	4. Measure of hidden unemployment among entrepreneurs	-	-
		<u>Total score</u>	<u>6.5</u>
		AVERAGE TOTAL SCORE	5
<u>National Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Number of small businesses	<p>‘There are more SMEs in Tanzania.’</p> <p>‘There are definitely more smaller ones.’</p>	8
	2. Measure of professionalism of small businesses	<p>‘They are school leavers who want to establish a business.’</p> <p>‘Most of the small business owners in this country have a low education level. A lot of them are school leavers. So even before going to college and lower. Because they see people selling and retailing commodities and want to do this themselves.’</p>	3

		‘The government is trying to get more businesses to register, but again those initiatives go into the communities where people can easily be grouped together, so that they can be identified.’	
	3. Number of high-growth small businesses	‘The government trying to bring the informal business into formal businesses. It will take time.’ ‘Some are just vendors on the street. They don’t have a proper place to stall their goods or products and to do business from. So those are the ones you probably cannot formalize.’	6
	4. Measure of hidden unemployment among entrepreneurs	-	-
		<u>Total score</u>	<u>5.7</u>
<u>2</u>	1. Number of small businesses	8	8
	2. Measure of professionalism of small businesses	2	2
	3. Number of high-growth small businesses	3	3
	4. Measure of hidden unemployment among entrepreneurs	2	2
		<u>Total score</u>	<u>5.3</u>
<u>3</u>	1. Number of small businesses	‘So many businesses are so small and they are all informal.’	8

		<p>‘Yes, there are a lot of small businesses like small restaurants, small tourist shops. Taxi drivers are self-employed as well.’</p> <p>‘The rural areas and this city are both dominated by small businesses, but in the urban areas there are somewhat more large businesses because of the transportation and infrastructure.’</p>	
	2. Measure of professionalism of small businesses	<p>‘So many businesses are so small and they are all informal.’</p> <p>‘A lot of these people do not understand business life and they do not understand what is expected of them. They only hope to get some money.’</p>	2
	3. Number of high-growth small businesses	<p>‘A lot of these people do not understand business life and they do not understand what is expected of them. They only hope to get some money.’</p>	2
	4. Measure of hidden unemployment among entrepreneurs	<p>‘So many businesses are so small and they are all informal.’</p>	2
		<u>Total score</u>	<u>3.5</u>
<u>4</u>	1. Number of small businesses	<p>‘All the small banks are concentrated here in town.’</p> <p>‘For a small bank to open a branch in a remote area, that is really too expensive.’</p>	7.5
	2. Measure of professionalism of small businesses	<p>‘The smaller banks are not that good in keeping a risk profile.’</p>	3
	3. Number of high-growth small businesses	-	-

	4. Measure of hidden unemployment among entrepreneurs	-	-
		<u>Total score</u>	<u>5.3</u>
<u>5</u>	1. Number of small businesses	‘Yes, of course if you look at our economy structure, most of the businesses are small businesses, but still we also have some really big businesses. It depends a lot on the structure of the economy when you look at the economy. In an economy like ours, an economy that is quickly growing and is developing as a country you will have the majority of the population doing small businesses, because in the end this is what drives economic growth.’	8
	2. Measure of professionalism of small businesses	‘A lot of the small or medium sized businesses have low incomes, so they will do some trades and they will be using those services by financial innovations like using your mobile phone, with linkages between a bank which enables them now to enter into the formal banking sector. In terms of formalizing their businesses the government has come up with a product, with an initiative of formalizing business enterprises and businesses, which is called Mocolabita in Swahili. This is an initiative which is going on trying to formalize property, formalize businesses in terms of more proportionate processes and cost reduction of formalizing businesses.’	5
	3. Number of high-growth small businesses	‘Yes, of course if you look at our economy structure, most of the businesses are small businesses, but still we also have some really big businesses. It depends a lot on the structure of the economy when you look at the economy. In an economy like ours, an economy that is quickly growing and is developing as a country you will have the majority of the population doing small businesses, because in the end this is what drives economic growth.’	8
	4. Measure of hidden unemployment among	-	-

	entrepreneurs		
		<u>Total score</u>	<u>7</u>
<u>6</u>	1. Number of small businesses	‘Most Africans will have several small businesses.’	8
	2. Measure of professionalism of small businesses	‘I would say it is low. If I have to put it on a scale from 1 to 10 I would put it around a 3 or 4 and maybe in some cases I would put it even lower.’	3
	3. Number of high-growth small businesses	‘Most Africans will have several small businesses as a way of managing risk so they don’t concentrate their resources on one business, they tend to spread their resources over several small businesses as a way of managing risk. And that prevents growth because there is no focus.’	3
	4. Measure of hidden unemployment among entrepreneurs	‘I think that there is a lot of hidden unemployment.’	2
		<u>Total score</u>	<u>4</u>
<u>7</u>	1. Number of small businesses	-	-
	2. Measure of professionalism of small businesses	‘I would say that the level is good. There is a difference between formal and informal.’	6
	3. Number of high-growth small businesses	-	-
	4. Measure of hidden unemployment among entrepreneurs		

		<u>Total score</u>	<u>6</u>
<u>8</u>	1. Number of small businesses	‘I think in Tanzania there are a lot more SMEs than there are large companies. I don’t know the exact numbers but a lot of small companies exist especially in the regions and also in the cities.’	7.5
	2. Measure of professionalism of small businesses	-	-
	3. Number of high-growth small businesses	-	-
	4. Measure of hidden unemployment among entrepreneurs	-	-
		<u>Total score</u>	<u>7.5</u>
<u>9</u>	1. Number of small businesses	‘Small companies. You see them everywhere on the street.’	8
	2. Measure of professionalism of small businesses	<p>‘Even the people that offer you fruit or water or sell you cigarettes when walking by those are all small companies.’</p> <p>‘I do not think they are very professional, because they do not have the resources.’</p> <p>‘They just buy a product somewhere and try to resell it and call themselves small company owner.’</p>	2
	3. Number of high-growth small businesses	-	-

	4. Measure of hidden unemployment among entrepreneurs	-	-
		<u>Total score</u>	<u>5</u>
<u>10</u>	1. Number of small businesses	<p>‘In our country there are a lot more small businesses.’</p> <p>‘There are a lot of small shops and most of them are informal.’</p> <p>‘If you compare the small business to the medium and large businesses I would say that the small ones are still larger represented in the total. ‘</p>	8
	2. Measure of professionalism of small businesses	‘I would say that it depends on registration. Till now even the process of registration is cumbersome.’	2
	3. Number of high-growth small businesses	<p>‘A lot of the businesses, because of this reason, do not even have the ambition to grow.’</p> <p>‘I do not think you see a lot of businesses in both of these sectors (construction sectors and manufacturing sector), so no large numbers. But at least this are the industries which are growing and an important mission of them is to grow.’</p> <p>‘At one point she started a company and she was like if I grow to a certain level with this lack of education will I be able to still manage my company. So she made the decision to be reluctant and no she thinks she is too old to grow.’</p>	2
	4. Measure of hidden unemployment among entrepreneurs	‘The issue of hidden unemployment here in Tanzania is hard to measure. I am not sure of this exists in our economy. For sure I can say that they hire a lot of people but they pay them little so you can say that sometimes to many people are hired just because labor is cheap.’	3

		<u>Total score</u>	<u>3.8</u>
<u>11</u>	1. Number of small businesses	‘Yes, there definitely are more small businesses than large ones.’	8
	2. Measure of professionalism of small businesses	‘If you look at the registered businesses there are not so many.’	3
	3. Number of high-growth small businesses	‘If you look at the SMEs you will see the lifespan of a business is very short for that reason. Because someone starts, thinks this business will work. Then it does not work so they change and keep changing and very few of them grow.’	3
	4. Measure of hidden unemployment among entrepreneurs	‘The distinction should be made between what is informal and what is formal. Anyone who is not employed tries to do some business. Many do it outside the system and that is the informal sector I was talking about.’	2
		<u>Total score</u>	<u>4</u>
		AVERAGE TOTAL SCORE	5.2

Large businesses

<u>Regional Level</u>			
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<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Number of large businesses and multinationals	‘I would say that the regions and the city are both dominated by small businesses, but in the urban areas there are somewhat more large businesses because of the transportation and infrastructure. This is a reason for the companies to all want to be close to Dar es Salaam because of the harbor and the airports. ‘	2
	2. Measure of professionalism of large businesses	-	-
	3. Number of high-growth large businesses	-	-
		<u>Total score</u>	<u>2</u>
<u>2</u>	1. Number of large businesses and multinationals	‘But how do you capture the people living in the rural areas? Even though I would say that there is still a lot of poverty in this country, everybody has a mobile phone. So that is why banks are now providing access to financial services through mobile phones. Almost everybody has access to the internet and as long as you have a phone which has access to internet then it is easy, because you can use financial services. So this is the biggest opportunity that [company name] sees right now. Not so much in opening more branches, because there are a lot of costs involved in opening new branches. But we are trying to cover all the people by exploiting other options. We now have cardless ATMs where you don’t need to have a bank account, you don’t need to have an ATM card before you can get money. Next to ATMs we also have agents in banking.’	2.5
	2. Measure of professionalism of large businesses	-	-
	3. Number of high-growth large businesses	-	-

		<u>Total score</u>	<u>2.5</u>
<u>3</u>	1. Number of large businesses and multinationals	‘Yes, there are more small businesses. In the urban areas you also find some large businesses, but in the rural areas you will find small ones.’	1
	2. Measure of professionalism of large businesses	-	-
	3. Number of high-growth large businesses	-	-
		<u>Total score</u>	<u>1</u>
<u>4</u>	1. Number of large businesses and multinationals	‘I think in Tanzania there are a lot more SMEs than there are large companies. I don’t know the exact numbers but a lot of small companies exist especially in the regions and also in the cities. The bigger companies are concentrated in certain areas of the country, like tourism in Arusha and agriculture in Kigoma.’	3.5
	2. Measure of professionalism of large businesses	-	-
	3. Number of high-growth large businesses	-	-
		<u>Total score</u>	<u>3.5</u>
		AVERAGE TOTAL SCORE	2.3

<u>National Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Number of large businesses and multinationals	‘No, there are definitely more smaller ones.’	2
	2. Measure of professionalism of large businesses	‘I think that there is a big need for credit. Now you walk in town and you see a lot of finance institutions and they are all giving micro loans to starting entrepreneurs and also to existing companies. But their interest rates are incredibly high.’	8
	3. Number of high-growth large businesses	-	-
		<u>Total score</u>	<u>3.3</u>
<u>2</u>	1. Number of large businesses and multinationals	1	1
	2. Measure of professionalism of large businesses	10	10
	3. Number of high-growth large businesses	8	8
		<u>Total score</u>	<u>7.2</u>
<u>3</u>	1. Number of large businesses and multinationals	‘I would say that the regions and the city are both dominated by small businesses, but in the urban areas there are somewhat more large businesses because of the transportation and infrastructure. This is a reason for the	2

		companies to all want to be close to Dar es Salaam because of the harbor and the airports.’	
	2. Measure of professionalism of large businesses	-	-
	3. Number of high-growth large businesses	-	-
		<u>Total score</u>	<u>2</u>
<u>4</u>	1. Number of large businesses and multinationals	‘If you look at the Tanzanian economy, there are more small businesses.’	2.5
	2. Measure of professionalism of large businesses	-	-
	3. Number of high-growth large businesses	-	-
		<u>Total score</u>	<u>2.5</u>
<u>5</u>	1. Number of large businesses and multinationals	‘If you look at our economy structure, most of the businesses are small businesses, but still we also have some really big businesses.’	2
	2. Measure of professionalism of large businesses	-	-
	3. Number of high-growth large businesses	‘It depends a lot on the structure of the economy when you look at the economy. In an economy like ours, an economy that is quickly growing and is developing as a country you will have the majority of the population	7

		doing small businesses, because in the end this is what drives economic growth.’	
		<u>Total score</u>	<u>4.5</u>
<u>6</u>	1. Number of large businesses and multinationals	<p>‘There are much multinational organizations operating in Tanzania as well, but those are the really large companies, like for instance the Big Four accounting firms, oil companies beginning to come following the discovery of gas and maybe there is something more that can be discovered. KLM has operations here for example. So we have multinational companies in Tanzania as well. Puma is here now.’</p> <p>‘We are beginning to see some Tanzanian multinationals. For example, there is one bank, the CMB Bank, which has begun to open branches in Rwanda, Uganda, Burundi. But there are not that many.’</p>	7
	2. Measure of professionalism of large businesses	<p>‘I would give it a 7 or 8, but there should be some room for improvement, because there always is.’</p> <p>‘Maybe micro finance institutions may be operating somewhat less professional to some degree.’</p>	7
	3. Number of high-growth large businesses	-	-
		<u>Total score</u>	<u>7</u>
<u>7</u>	1. Number of large businesses and multinationals	‘Yes, there are more small businesses. In the urban areas you also find some large businesses, but in the rural areas you will find small ones.’	4
	2. Measure of professionalism of large businesses	-	-
	3. Number of high-growth large businesses	-	-

		<u>Total score</u>	<u>4</u>
<u>8</u>	1. Number of large businesses and multinationals	‘I think in Tanzania there are a lot more SMEs than there are large companies. I don’t know the exact numbers but a lot of small companies exist especially in the regions and also in the cities. The bigger companies are concentrated in certain areas of the country, like tourism in Arusha and agriculture in Kigoma.’	2.5
	2. Measure of professionalism of large businesses	-	-
	3. Number of high-growth large businesses	-	-
		<u>Total score</u>	<u>2.5</u>
<u>9</u>	1. Number of large businesses and multinationals	‘When we started as a company we helped originally only really small companies. But during the years we have divided our portfolio some more and now are dealing with some more large customers. Because this country is growing there will be more big businesses and you see them already.’	4
	2. Measure of professionalism of large businesses	‘So the professional level is higher the bigger a company will be.’	8
	3. Number of high-growth large businesses	‘Because this country is growing there will be more big businesses and you see them already.’	8
		<u>Total score</u>	<u>7.3</u>
<u>10</u>	1. Number of large businesses and multinationals	‘I am not sure about the numbers exactly but I think that in our country there are a lot more small businesses.’	3

	2. Measure of professionalism of large businesses	-	-
	3. Number of high-growth large businesses	‘The sector you see a lot of growth and a lot of stable demand is the construction industry. Because Tanzania is growing as a country you see there is a lot of demand for buildings, offices, schools and so on. This is one of the main reasons I chose this sector myself. Another sector which comes to mind is the manufacturing sector. I do not think you see a lot of businesses in both of these sectors, so no large numbers. But at least these are the industries which are growing and an important mission of them is to grow. They plan to grow so they get more opportunities and they want to create maximum wealth.’	2
		<u>Total score</u>	<u>2.5</u>
<u>11</u>	1. Number of large businesses and multinationals	‘There are definitely more small businesses than large ones.’	3
	2. Measure of professionalism of large businesses	[talking about differences between small and large businesses:] ‘Many small businesses do it outside the system and that is the informal sector I was talking about. And then there are those who are formalize their businesses and get licenses, because they know the advantage.’	7
	3. Number of high-growth large businesses	‘If you have small businesses it is important that they grow into big businesses. This is a big challenge right now.’	3
		<u>Total score</u>	<u>4.3</u>
		AVERAGE TOTAL SCORE	4.1

Employment

<u>Local Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Employment rates	4	4
	2. Measure of hidden unemployment	-	-
	3. Average wage	1	1
		<u>Total score</u>	<u>2.5</u>
<u>2</u>	1. Employment rates	‘A lot of people are unemployed right now.’ ‘People are not really looking at the long term but they are looking to survive now.’	2
	2. Measure of hidden unemployment	‘A lot of people are unemployed right now so they will just start to sell whatever they can to just sell something and make some money. This is their way to at least get some income. People are not really looking at the long term but they are looking to survive now.’	2
	3. Average wage	-	-
		<u>Total score</u>	<u>2</u>
<u>3</u>	1. Employment rates	‘Yes, there is a lot of unemployment. You see a lot of people sit outside.’ ‘One example I have of the unemployment is that one time I wanted to hire an accountant. So I tell my son to	3

		look for somebody on the internet. There replied over 600 people for that job and I am a small business with not that much work but people want to work.’	
	2. Measure of hidden unemployment	-	-
	3. Average wage	-	-
		<u>Total score</u>	<u>3</u>
<u>4</u>	1. Employment rates	[talking about how the company respondent works for helps out local entrepreneurs:] ‘high unemployment numbers in the country’	3
	2. Measure of hidden unemployment	-	-
	3. Average wage	-	-
		<u>Total score</u>	<u>3</u>
<u>5</u>	1. Employment rates	‘There is unemployment, I think it is at this moment around 40% for youth only. And that is a lot.’	4
	2. Measure of hidden unemployment	‘There is always this thinking that if you come to the big city you can get a job. But when they come here they find out that it is not possible or easy to get a job. So a solution is to start your own small business and there are plenty of those around.’	2
	3. Average wage	‘Yes, there is a minimum wage. I think that it is around 180,000 Tsh a month which is like 115 US dollars per month. So that is quite low. That is the rule for government employment, but the private sector usually does not comply with that rule, so I am sure that they are paying even less for certain types of jobs, like guards or	2

		<p>cleaners, I am sure they are not getting close to the minimum wage.’</p> <p>‘I think the minimum wage is a joke. It is not enough for someone to live off. Especially here in Dar es Salaam.’</p>	
		<u>Total score</u>	<u>2.6</u>
<u>6</u>	1. Employment rates	<p>‘Yes, there is a lot of unemployment in this country. There are some challenges with providing people with a job, it is not that easy. Maybe this helps to explain: our project by numbers. We are only focusing on 11,700 young people in five years. This number is a lot, but it cannot really help to reduce unemployment all over the country. Compared to the unemployment in general and to that of youth, this is a small number.’</p> <p>‘I think in our total working force, almost 50% of the youth is unemployed.’</p>	3
	2. Measure of hidden unemployment	<p>‘As far as you see, the number of who is employed and who is not, you see it in terms of the formal sector. One of the problems in this country is that the informal sector is not measured by the government. They only count the people who are on the payroll, but a lot of the businesses are not formalized and will not show up in these records. But coming to youth in rural areas it is almost undoable to count who is employed and who is not. If someone does something for someone and goes in the morning, returns in the evening, would you say that he is employed or unemployed?’</p>	3
	3. Average wage	-	-
		<u>Total score</u>	<u>3</u>
<u>7</u>	1. Employment rates	<p>‘There is a great deal of unemployment. I do not know the precise percentage right now, but it easily consists of double digits.’</p>	2

	2. Measure of hidden unemployment	‘There is a very large informal market, as is the case in many countries here, like also in South Africa for example. Many people sell things on the streets: either are selling foods or you just see them walking around, and this is just the informal sector, which is huge here. Because of the height of the unemployment levels so many people have informal jobs. A great deal of people does not pay taxes, because they are not registered as employed.’	2
	3. Average wage	‘It is low. The average pay I do not know exactly, but I do know that the minimum wage is around 100 US dollars a month – however, this mainly goes for uneducated people.’	3
		<u>Total score</u>	<u>2.3</u>
<u>8</u>	1. Employment rates	‘I think unemployment is a problem here in Tanzania.’	2
	2. Measure of hidden unemployment	‘The issue of hidden unemployment here in Tanzania is hard to measure. I am not sure of this exists in our economy. For sure I can say that they hire a lot of people but they pay them little so you can say that sometimes too many people are hired just because labor is cheap.’	3
	3. Average wage	‘The minimum wage in Tanzania is not regulated but is more of a guideline. A lot of the businesses pay less than this. Many businesses need a lot of labor but they pay them low.’	2
		<u>Total score</u>	<u>2.3</u>
		AVERAGE TOTAL SCORE	2.6
<u>Regional Level</u>			

<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Employment rates	‘A lot of people are unemployed right now.’ ‘People are not really looking at the long term but they are looking to survive now.’	2
	2. Measure of hidden unemployment	‘A lot of people are unemployed right now so they will just start to sell whatever they can to just sell something and make some money. This is their way to at least get some income. People are not really looking at the long term but they are looking to survive now.’	2
	3. Average wage	-	-
		<u>Total score</u>	<u>2</u>
<u>2</u>	1. Employment rates	[talking about how the company respondent works for helps out regional entrepreneurs:] ‘high unemployment numbers in the country’	3
	2. Measure of hidden unemployment	-	-
	3. Average wage	-	-
		<u>Total score</u>	<u>3</u>
<u>3</u>	1. Employment rates	‘There is unemployment, I think it is at this moment around 40% for youth only. And that is a lot.’	4
	2. Measure of hidden unemployment	-	-

	3. Average wage	<p>‘Yes, there is a minimum wage. I think that it is around 180,000 Tsh a month which is like 115 US dollars per month. So that is quite low. That is the rule for government employment, but the private sector usually does not comply with that rule, so I am sure that they are paying even less for certain types of jobs, like guards or cleaners, I am sure they are not getting close to the minimum wage.’</p> <p>‘I think the minimum wage is a joke. It is not enough for someone to live off.’</p>	2
		<u>Total score</u>	<u>3</u>
<u>4</u>	1. Employment rates	<p>‘Yes, there is a lot of unemployment in this country. There are some challenges with providing people with a job, it is not that easy. Maybe this helps to explain: our project by numbers. We are only focusing on 11,700 young people in five years. This number is a lot, but it cannot really help to reduce unemployment all over the country. Compared to the unemployment in general and to that of youth, this is a small number.’</p> <p>‘I think in our total working force, almost 50% of the youth is unemployed.’</p>	3
	2. Measure of hidden unemployment	<p>‘As far as you see, the number of who is employed and who is not, you see it in terms of the formal sector. One of the problems in this country is that the informal sector is not measured by the government. They only count the people who are on the payroll, but a lot of the businesses are not formalized and will not show up in these records. But coming to youth in rural areas it is almost undoable to count who is employed and who is not. If someone does something for someone and goes in the morning, returns in the evening, would you say that he is employed or unemployed?’</p>	3
	3. Average wage	-	-
		<u>Total score</u>	<u>3</u>
<u>5</u>	1. Employment rates	<p>‘There is a great deal of unemployment. I do not know the precise percentage right now, but it easily consists</p>	2

		of double digits.’	
	2. Measure of hidden unemployment	‘There is a very large informal market, as is the case in many countries here, like also in South Africa for example. Many people sell things on the streets: either are selling foods or you just see them walking around, and this is just the informal sector, which is huge here. Because of the height of the unemployment levels so many people have informal jobs. A great deal of people does not pay taxes, because they are not registered as employed.’	2
	3. Average wage	‘It is low. The average pay I do not know exactly, but I do know that the minimum wage is around 100 US dollars a month – however, this mainly goes for uneducated people.’	3
		<u>Total score</u>	<u>2.3</u>
<u>6</u>	1. Employment rates	‘I think unemployment is a problem here in Tanzania.’	2
	2. Measure of hidden unemployment	‘The issue of hidden unemployment here in Tanzania is hard to measure. I am not sure of this exists in our economy. For sure I can say that they hire a lot of people but they pay them little so you can say that sometimes too many people are hired just because labor is cheap.’	3
	3. Average wage	‘The minimum wage in Tanzania is not regulated but is more of a guideline. A lot of the businesses pay less than this. Many businesses need a lot of labor but they pay them low.’	2
		<u>Total score</u>	<u>2.3</u>
		AVERAGE TOTAL SCORE	2.6
<u>National Level</u>			

<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Employment rates	2	2
	2. Measure of hidden unemployment	-	-
	3. Average wage	1	1
		<u>Total score</u>	<u>1.5</u>
<u>2</u>	1. Employment rates	‘A lot of people are unemployed right now.’ ‘People are not really looking at the long term but they are looking to survive now.’	2
	2. Measure of hidden unemployment	‘A lot of people are unemployed right now so they will just start to sell whatever they can to just sell something and make some money. This is their way to at least get some income. People are not really looking at the long term but they are looking to survive now.’	2
	3. Average wage	-	-
		<u>Total score</u>	<u>2</u>
<u>3</u>	1. Employment rates	‘high unemployment numbers in the country’	3
	2. Measure of hidden unemployment	-	-
	3. Average wage	-	-

		<u>Total score</u>	<u>3</u>
<u>4</u>	1. Employment rates	‘There is unemployment, I think it is at this moment around 40% for youth only. And that is a lot.’	4
	2. Measure of hidden unemployment	-	-
	3. Average wage	<p>‘Yes, there is a minimum wage. I think that it is around 180,000 Tsh a month which is like 115 US dollars per month. So that is quite low. That is the rule for government employment, but the private sector usually does not comply with that rule, so I am sure that they are paying even less for certain types of jobs, like guards or cleaners, I am sure they are not getting close to the minimum wage.’</p> <p>‘I think the minimum wage is a joke. It is not enough for someone to live off.’</p>	2
		<u>Total score</u>	<u>3</u>
<u>5</u>	1. Employment rates	<p>‘Yes, there is a lot of unemployment in this country. There are some challenges with providing people with a job, it is not that easy. Maybe this helps to explain: our project by numbers. We are only focusing on 11,700 young people in five years. This number is a lot, but it cannot really help to reduce unemployment all over the country. Compared to the unemployment in general and to that of youth, this is a small number.’</p> <p>‘I think in our total working force, almost 50% of the youth is unemployed.’</p>	3
	2. Measure of hidden unemployment	<p>‘As far as you see, the number of who is employed and who is not, you see it in terms of the formal sector. One of the problems in this country is that the informal sector is not measured by the government. They only count the people who are on the payroll, but a lot of the businesses are not formalized and will not show up in these records. But coming to youth in rural areas it is almost undoable to count who is employed and who is not. If someone does something for someone and goes in the morning, returns in the evening, would you say</p>	3

		that he is employed or unemployed?’	
	3. Average wage	-	-
		<u>Total score</u>	<u>3</u>
<u>6</u>	1. Employment rates	‘There is a great deal of unemployment. I do not know the precise percentage right now, but it easily consists of double digits.’	2
	2. Measure of hidden unemployment	‘There is a very large informal market, as is the case in many countries here, like also in South Africa for example. Many people sell things on the streets: either are selling foods or you just see them walking around, and this is just the informal sector, which is huge here. Because of the height of the unemployment levels so many people have informal jobs. A great deal of people does not pay taxes, because they are not registered as employed.’	2
	3. Average wage	‘It is low. The average pay I do not know exactly, but I do know that the minimum wage is around 100 US dollars a month – however, this mainly goes for uneducated people.’	3
		<u>Total score</u>	<u>2.3</u>
<u>7</u>	1. Employment rates	‘But still so many people in this country are really poor and also unemployed.’	3
	2. Measure of hidden unemployment	‘Informal businesses have been here.’ ‘You see them everywhere on the street. Even the people that offer you fruit or water or sell you cigarettes when walking by those are all small companies.’	2
	3. Average wage	-	-

		<u>Total score</u>	<u>2.5</u>
<u>8</u>	1. Employment rates	‘I think unemployment is a problem here in Tanzania.’	2
	2. Measure of hidden unemployment	‘The issue of hidden unemployment here in Tanzania is hard to measure. I am not sure of this exists in our economy. For sure I can say that they hire a lot of people but they pay them little so you can say that sometimes too many people are hired just because labor is cheap.’	3
	3. Average wage	‘The minimum wage in Tanzania is not regulated but is more of a guideline. A lot of the businesses pay less than this. Many businesses need a lot of labor but they pay them low.’	2
		<u>Total score</u>	<u>2.3</u>
<u>9</u>	1. Employment rates	‘A lot of people start their business because they are driven by the fact that they are not employed and don’t have an income and thus need to do something. Some would just start a business blindly.’	2
	2. Measure of hidden unemployment	‘And the distinction should be made between what is informal and what is formal. Anyone who is not employed tries to do some business. Many do it outside the system and that is the informal sector I was talking about.’ ‘A lot of people start their business because they are driven by the fact that they are not employed and don’t have an income and thus need to do something. Some would just start a business blindly.’	2
	3. Average wage	-	-
		<u>Total score</u>	<u>2</u>
		AVERAGE TOTAL SCORE	2.4

Poverty

<u>Local Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Average income	1	1
	2. Level of consumption in comparison to income	1	1
		<u>Total score</u>	1
<u>2</u>	1. Average income	‘A lot of people are unemployed right now so they will just start to sell whatever they can to just sell something and make some money. This is their way to at least get some income. People are not really looking at the long term but they are looking to survive now.’	2
	2. Level of consumption in comparison to income	‘A lot of people are unemployed right now so they will just start to sell whatever they can to just sell something and make some money. This is their way to at least get some income. People are not really looking at the long term but they are looking to survive now.’	2
		<u>Total score</u>	<u>2</u>

<u>3</u>	1. Average income	‘I would say that there is still a lot of poverty in this country.’	3
	2. Level of consumption in comparison to income	-	-
		<u>Total score</u>	<u>3</u>
<u>4</u>	1. Average income	‘You see a lot of people sit outside. They want to do something for money all the time. For example clean something and if you say one thousand; they will say no give me five thousand. Because he is hungry, so they want to make money. We are used to eat breakfast, lunch and supper, but here there are a lot of people who only eat one meal a day.’	2
	2. Level of consumption in comparison to income	‘You see a lot of people sit outside. They want to do something for money all the time. For example clean something and if you say one thousand; they will say no give me five thousand. Because he is hungry, so they want to make money. We are used to eat breakfast, lunch and supper, but here there are a lot of people who only eat one meal a day.’	2
		<u>Total score</u>	<u>2</u>
<u>5</u>	1. Average income	‘Poverty is the main motivation for people to start a small business.’	3
	2. Level of consumption in comparison to income	-	-
		<u>Total score</u>	<u>3</u>
<u>6</u>	1. Average income	‘I think that a significant section of the people live in poverty.’ ‘Yes, there is a minimum wage. I think that it is around 180,000 Tsh a month which is like 115 US dollars per month. So that is quite low.’	3

		<p>‘But in the urban areas a small group of people getting richer and richer is a more common phenomenon.’</p> <p>‘I think the minimum wage is a joke. It is not enough for someone to live off. Especially here in Dar es Salaam.’</p>	
	2. Level of consumption in comparison to income	-	-
		<u>Total score</u>	<u>3</u>
<u>7</u>	1. Average income	<p>‘It is low. The average pay I do not know exactly, but I do know that the minimum wage is around 100 US dollars a month – however, this mainly goes for uneducated people.’</p> <p>‘Tanzania is still one of the poorest nations in Africa. There are a lot of poor countries here, of course, but it is growing incredibly fast, only this means that it is growing incredibly fast at a certain level. The people who are receiving low wages continue to make the same, whereas life becomes more and more expensive.’</p> <p>‘The gap between the poor and rich is definitely there, and especially in the cities it keeps on growing.’</p> <p>‘This led to a concentration of money in the larger cities of Tanzania: Dar es Salaam, Arusha and also Iringa, Mbeya.’</p> <p>‘So yes, there just is a lot of poverty.’</p>	3
	2. Level of consumption in comparison to income	‘The wages are in no way growing along with the prices of basic needs.’	3
		<u>Total score</u>	<u>3</u>
<u>8</u>	1. Average income	‘The minimum wage in Tanzania is not regulated but is more of a guideline. A lot of the businesses pay less	5

		<p>than this.’</p> <p>‘Many people are hired just because labor is cheap.’</p> <p>‘There is just a small percentage of people that is educated and those people will get good jobs, good positions and they will receive good money.’</p> <p>‘It is just a small percentage of people that will reach this level of good payment.’</p> <p>‘From our country, and this is a definition from UNIDO an international labor organization, poverty is defined as people who live below 1 dollar per day. That is what we would call poverty. And those who live on this terms are many.’</p> <p>‘There is a big difference between the rural and the urban areas.’</p> <p>‘The urban areas have more working people and most of them have a good pay compared to the rural areas.’</p> <p>‘Poverty for those who are in town is at least not much recognized in comparison to those living in the rural areas.’</p>	
	2. Level of consumption in comparison to income	<p>‘Life here is very expensive, especially in town.’</p> <p>‘When you calculate this to the rate of living you find that the wage is low compared to the price of basic goods.’</p> <p>‘The consumption of goods is kind of high here actually, because people consume the money they can spend. Especially on basic goods people try to buy what they can.’</p>	2
		<u>Total score</u>	<u>3.5</u>

		AVERAGE TOTAL SCORE	2.6
<u>Regional Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Average income	‘A lot of people are unemployed right now so they will just start to sell whatever they can to just sell something and make some money. This is their way to at least get some income. People are not really looking at the long term but they are looking to survive now.’	2
	2. Level of consumption in comparison to income	‘A lot of people are unemployed right now so they will just start to sell whatever they can to just sell something and make some money. This is their way to at least get some income. People are not really looking at the long term but they are looking to survive now.’	2
		<u>Total score</u>	<u>2</u>
<u>2</u>	1. Average income	‘I would say that there is still a lot of poverty in this country.’	3
	2. Level of consumption in comparison to income	-	-
		<u>Total score</u>	<u>3</u>
<u>3</u>	1. Average income	‘You see a lot of people sit outside. They want to do something for money all the time. For example clean something and if you say one thousand; they will say no give me five thousand. Because he is hungry, so they want to make money. We are used to eat breakfast, lunch and supper, but here there are a lot of people who	2

		only eat one meal a day.'	
	2. Level of consumption in comparison to income	'You see a lot of people sit outside. They want to do something for money all the time. For example clean something and if you say one thousand; they will say no give me five thousand. Because he is hungry, so they want to make money. We are used to eat breakfast, lunch and supper, but here there are a lot of people who only eat one meal a day.'	2
		<u>Total score</u>	<u>2</u>
<u>4</u>	1. Average income	'Poverty is the main motivation for people to start a small business.'	3
	2. Level of consumption in comparison to income	-	-
		<u>Total score</u>	<u>3</u>
<u>5</u>	1. Average income	'I think that a significant section of the people live in poverty.' 'Yes, there is a minimum wage. I think that it is around 180,000 Tsh a month which is like 115 US dollars per month. So that is quite low.' 'In the rural areas you don't have a lot of people getting richer and richer.'	2
	2. Level of consumption in comparison to income	-	-
		<u>Total score</u>	<u>2</u>
<u>6</u>	1. Average income	'It is low. The average pay I do not know exactly, but I do know that the minimum wage is around 100 US dollars a month – however, this mainly goes for uneducated people.'	2

		<p>‘Tanzania is still one of the poorest nations in Africa. There are a lot of poor countries here, of course, but it is growing incredibly fast, only this means that it is growing incredibly fast at a certain level. The people who are receiving low wages continue to make the same, whereas life becomes more and more expensive.’</p> <p>‘The gap between the poor and rich is definitely there, and especially in the cities it keeps on growing.’</p> <p>‘This led to a concentration of money in the larger cities of Tanzania: Dar es Salaam, Arusha and also Iringa, Mbeya.’</p> <p>‘So yes, there just is a lot of poverty.’</p>	
	2. Level of consumption in comparison to income	‘The wages are in no way growing along with the prices of basic needs.’	2
		<u>Total score</u>	<u>2</u>
<u>7</u>	1. Average income	<p>‘The minimum wage in Tanzania is not regulated but is more of a guideline. A lot of the businesses pay less than this.’</p> <p>‘Many people are hired just because labor is cheap.’</p> <p>‘There is just a small percentage of people that is educated and those people will get good jobs, good positions and they will receive good money.’</p> <p>‘It is just a small percentage of people that will reach this level of good payment.’</p> <p>‘From our country, and this is a definition from UNIDO an international labor organization, poverty is defined as people who live below 1 dollar per day. That is what we would call poverty. And those who live on this terms are many.’</p>	2

		<p>‘There is a big difference between the rural and the urban areas.’</p> <p>‘I would say that the situation in rural areas is severe compared to urban areas.’</p> <p>‘Poverty for those who are in town is at least not much recognized in comparison to those living in the rural areas.’</p>	
	2. Level of consumption in comparison to income	<p>‘Life here is very expensive, especially in town.’</p> <p>‘When you calculate this to the rate of living you find that the wage is low compared to the price of basic goods.’</p> <p>‘The consumption of goods is kind of high here actually, because people consume the money they can spend. Especially on basic goods people try to buy what they can.’</p>	3
		<u>Total score</u>	<u>2.5</u>
		AVERAGE TOTAL SCORE	2.4
<u>National Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Average income	1	1
	2. Level of consumption in comparison to income	1	1

		<u>Total score</u>	<u>1</u>
<u>2</u>	1. Average income	‘A lot of people are unemployed right now so they will just start to sell whatever they can to just sell something and make some money. This is their way to at least get some income. People are not really looking at the long term but they are looking to survive now.’	2
	2. Level of consumption in comparison to income	‘A lot of people are unemployed right now so they will just start to sell whatever they can to just sell something and make some money. This is their way to at least get some income. People are not really looking at the long term but they are looking to survive now.’	2
		<u>Total score</u>	<u>2</u>
<u>3</u>	1. Average income	‘I would say that there is still a lot of poverty in this country.’	3
	2. Level of consumption in comparison to income	-	-
		<u>Total score</u>	<u>3</u>
<u>4</u>	1. Average income	‘You see a lot of people sit outside. They want to do something for money all the time. For example clean something and if you say one thousand; they will say no give me five thousand. Because he is hungry, so they want to make money. We are used to eat breakfast, lunch and supper, but here there are a lot of people who only eat one meal a day.’	2
	2. Level of consumption in comparison to income	‘You see a lot of people sit outside. They want to do something for money all the time. For example clean something and if you say one thousand; they will say no give me five thousand. Because he is hungry, so they want to make money. We are used to eat breakfast, lunch and supper, but here there are a lot of people who only eat one meal a day.’	2

		<u>Total score</u>	<u>2</u>
<u>5</u>	1. Average income	‘Poverty is the main motivation for people to start a small business.’	3
	2. Level of consumption in comparison to income	-	-
		<u>Total score</u>	<u>3</u>
<u>6</u>	1. Average income	‘I think that a significant section of the people live in poverty.’ ‘Yes, there is a minimum wage. I think that it is around 180,000 Tsh a month which is like 115 US dollars per month. So that is quite low.’	2
	2. Level of consumption in comparison to income	-	-
		<u>Total score</u>	<u>2</u>
<u>7</u>	1. Average income	‘I think it is around 12%.’	7
	2. Level of consumption in comparison to income	-	-
		<u>Total score</u>	<u>7</u>
<u>8</u>	1. Average income	‘It is low. The average pay I do not know exactly, but I do know that the minimum wage is around 100 US dollars a month – however, this mainly goes for uneducated people.’ ‘Tanzania is still one of the poorest nations in Africa. There are a lot of poor countries here, of course, but it is growing incredibly fast, only this means that it is growing incredibly fast at a certain level. The people who	2

		<p>are receiving low wages continue to make the same, whereas life becomes more and more expensive.’</p> <p>‘The gap between the poor and rich is definitely there, and especially in the cities it keeps on growing.’</p> <p>‘This led to a concentration of money in the larger cities of Tanzania: Dar es Salaam, Arusha and also Iringa, Mbeya.’</p> <p>‘So yes, there just is a lot of poverty.’</p>	
	2. Level of consumption in comparison to income	‘The wages are in no way growing along with the prices of basic needs.’	2
		<u>Total score</u>	<u>2</u>
<u>9</u>	1. Average income	<p>‘But still so many people in this country are really poor and also unemployed.’</p> <p>‘Money is valuable. The more you have the better your life’</p>	3
	2. Level of consumption in comparison to income		-
		<u>Total score</u>	<u>3</u>
<u>10</u>	1. Average income	<p>‘The minimum wage in Tanzania is not regulated but is more of a guideline. A lot of the businesses pay less than this.’</p> <p>‘Many people are hired just because labor is cheap.’</p> <p>‘There is just a small percentage of people that is educated and those people will get good jobs, good positions and they will receive good money.’</p>	2

		<p>‘It is just a small percentage of people that will reach this level of good payment.’</p> <p>‘From our country, and this is a definition from UNIDO an international labor organization, poverty is defined as people who live below 1 dollar per day. That is what we would call poverty. And those who live on this terms are many.’</p>	
	2. Level of consumption in comparison to income	<p>‘Life here is very expensive, especially in town.’</p> <p>‘When you calculate this to the rate of living you find that the wage is low compared to the price of basic goods.’</p> <p>‘The consumption of goods is kind of high here actually, because people consume the money they can spend. Especially on basic goods people try to buy what they can.’</p>	2
		<u>Total score</u>	<u>2</u>
<u>11</u>	1. Average income	‘A lot of people start their business because they are driven by the fact that they are not employed and don’t have an income and thus need to do something. Some would just start a business blindly.’	2
	2. Level of consumption in comparison to income	-	-
		<u>Total score</u>	<u>2</u>
		AVERAGE TOTAL SCORE	2.6

Transportation infrastructure

<u>Local Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Number and quality of kilometres of motorways	‘In the urban areas there are somewhat more large businesses because of the transportation and infrastructure. This is a reason for the companies to all want to be close to Dar es Salaam because of the harbor and the airports.’	7
	2. Number and quality of kilometres of railways	-	-
	3. Number and quality of airports	‘In the urban areas there are somewhat more large businesses because of the transportation and infrastructure. This is a reason for the companies to all want to be close to Dar es Salaam because of the harbor and the airports.’	7
	4. Number of travellers	-	-
	5. Number of transported goods	-	-
		<u>Total score</u>	<u>7</u>
<u>2</u>	1. Number and quality of kilometres of motorways	‘No, the roads are not always of good quality. We come up with a solution, because we are together with the association. We are all taking some money and then we rent a bus that drives us there. That makes it easier because the bus is more cheap for us. Some of the main roads are very good, but there are some which are	5

		really not good. I think they are trying to make it better but it takes long.’	
	2. Number and quality of kilometres of railways	-	-
	3. Number and quality of of airports	-	-
	4. Number of travellers	-	-
	5. Number of transported goods	-	-
		<u>Total score</u>	<u>5</u>
<u>3</u>	1. Number and quality of kilometres of motorways	<p>‘People are not happy, I think the government has been trying to catch up but it is still nowhere close enough to keep up with the needs.’</p> <p>‘Especially when it rains a lot of the roads get damaged. Most of the time they will not try to fix the roads before rain season is over and you start to see potholes. The problem is that every year when it rains these holes come back, so perhaps that says something about the quality of construction as well. I think this is the case because perhaps not enough money is set aside to construct those roads. So the quality is a reflection of the money available to construct roads.’</p>	3
	2. Number and quality of kilometres of railways	‘There is a railway especially for Zambia. For Rwanda lately the transportation by railroad did not function well, so they use road transport, especially trucks.’	3
	3. Number and quality of of airports	-	-

	4. Number of travellers	‘You know there is a small section of people in the city who make quite good incomes and they buy cars. Some households buy one, two or even three cars and they are bought to use them here, but the roads are not meant for that large number of cars. Now you can see the traffic jam, it is terrible.’	3
	5. Number of transported goods	‘There are a lot of goods coming in to Dar es Salaam’s harbor and theyre are transported to the interlocked countries like Rwanda, Burundi, Uganda, Zambia.’	6
		<u>Total score</u>	<u>3.8</u>
<u>4</u>	1. Number and quality of kilometres of motorways	‘The quality of the roads differs a lot. When you look in the city center the government has tried his best to provide roads so that people can travel through the city. Some sideways are very bad and some roads will become a lot worse when it rains. When you look more to go into the country you can go without any trouble to the different regions because there are good highways as well. However if you want to go to some of the small villages in the regions this might really be a problem because of the poor quality roads.’	7
	2. Number and quality of kilometres of railways	-	-
	3. Number and quality of of airports	‘We have two main airports and they are fine.’	8
	4. Number of travellers	-	-
	5. Number of transported goods		
		<u>Total score</u>	<u>7.5</u>
<u>5</u>	1. Number and quality of	‘Within these slums there are roads that are just unusable because of the rainfall. You can’t take them, you	7

	kilometres of motorways	<p>just have to turn around and go back.’</p> <p>‘So all in all it is fairly easy to reach all of the cities. The quality of these road is fine.’</p> <p>‘But the quality of the road network is just fine.’</p> <p>‘So in Dar es Salaam the situation is quite good, whereas in the rural areas some work needs to be done.’</p>	
	2. Number and quality of kilometres of railways	-	-
	3. Number and quality of airports	‘The airports and the harbours are things that definitely need working on.’	4
	4. Number of travellers	‘Traffic gets really bad due to this, so most people who live outside the city, in the Northern direction, by the airport, can hardly reach the city.’	4
	5. Number of transported goods	-	-
		<u>Total score</u>	<u>4.8</u>
<u>6</u>	1. Number and quality of kilometres of motorways	<p>‘At least in town the roads are very nice compared to the rural areas.’</p> <p>‘The biggest problem with our roads and that is traffic.’</p>	7
	2. Number and quality of kilometres of railways	<p>‘They are in good condition. Although we do not have much of them.’</p> <p>‘In our country we do not depend on the railway system. Most of the transport is done by the other ways of</p>	4

		transport, like trucks, boats and planes.’	
	3. Number and quality of of airports	-	-
	4. Number of travellers	-	-
	5. Number of transported goods	-	-
		<u>Total score</u>	<u>4.7</u>
		AVERAGE TOTAL SCORE	5.4
<u>Regional Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Number and quality of kilometres of motorways	‘The rain and the terrain in some of the villages are really challenging. The road has not developed into really remote areas.’	2
	2. Number and quality of kilometres of railways	-	-
	3. Number and quality of of airports	-	-
	4. Number of travellers	-	-

	5. Number of transported goods	-	-
		<u>Total score</u>	<u>2</u>
<u>2</u>	1. Number and quality of kilometres of motorways	‘In the urban areas there are somewhat more large businesses because of the transportation and infrastructure. This is a reason for the companies to all want to be close to Dar es Salaam because of the harbor and the airports.’	3
	2. Number and quality of kilometres of railways	-	-
	3. Number and quality of airports	‘In the urban areas there are somewhat more large businesses because of the transportation and infrastructure. This is a reason for the companies to all want to be close to Dar es Salaam because of the harbor and the airports.’	3
	4. Number of travellers	-	-
	5. Number of transported goods	-	-
		<u>Total score</u>	<u>3</u>
<u>3</u>	1. Number and quality of kilometres of motorways	‘Sometimes roads are so bad that people have to drive a long time to come to a branch. So instead of seeing the roads as a disadvantage, we saw an opportunity in the new product of agents who will go to the clients and, saving them a lot of time and money.’ ‘The costs of opening a [business] are more the problem than the infrastructure, although this is not good.’	6
	2. Number and quality of kilometres of railways	-	-

	3. Number and quality of of airports	-	-
	4. Number of travellers	-	-
	5. Number of transported goods	-	-
		<u>Total score</u>	<u>6</u>
<u>4</u>	1. Number and quality of kilometres of motorways	‘No, the roads are not always of good quality. We come up with a solution, because we are together with the association. We are all taking some money and then we rent a bus that drives us there. That makes it easier because the bus is more cheap for us. Some of the main roads are very good, but there are some which are really not good. I think they are trying to make it better but it takes long.’	5
	2. Number and quality of kilometres of railways	-	-
	3. Number and quality of of airports	-	-
	4. Number of travellers	-	-
	5. Number of transported goods		
		<u>Total score</u>	<u>5</u>
<u>5</u>	1. Number and quality of kilometres of motorways	‘I think you can see the quality of the roads yourself. People are not happy, I think the government has been trying to catch up but it is still nowhere close enough to keep up with the needs.’	2

		‘So the main infrastructure is not that good. Especially when it rains a lot of the roads get damaged. Most of the time they will not try to fix the roads before rain season is over and you start to see potholes. The problem is that every year when it rains these holes come back, so perhaps that says something about the quality of construction as well. I think this is the case because perhaps not enough money is set aside to construct those roads. So the quality is a reflection of the money available to construct roads.’	
	2. Number and quality of kilometres of railways	‘There is a railway especially for Zambia. For Rwanda lately the transportation by railroad did not function well, so they use road transport, especially trucks.’	3
	3. Number and quality of airports	-	-
	4. Number of travellers	-	-
	5. Number of transported goods	‘The roads are not meant for that large number of cars. Now you can see the traffic jam, it is terrible.’	3
		<u>Total score</u>	<u>2.6</u>
<u>6</u>	1. Number and quality of kilometres of motorways	The quality of the roads differs a lot. When you look in the city center the government has tried his best to provide roads so that people can travel through the city. Some sideways are very bad and some roads will become a lot worse when it rains. When you look more to go into the country you can go without any trouble to the different regions because there are good highways as well. However if you want to go to some of the small villages in the regions this might really be a problem because of the poor quality roads.	4
	2. Number and quality of kilometres of railways	‘We have two main railways. For the railways the two lines we have one is to Zambia and one is going to Kigoma. We are currently looking for investors who are interested in extending the railroad network within Tanzania, so that new railroads can be built. On the other hand we also looking for people who want to invest in the rehabilitation of the current railroads, because it is getting outdated.	6

	3. Number and quality of of airports	-	-
	4. Number of travellers	-	-
	5. Number of transported goods	-	-
		<u>Total score</u>	<u>5</u>
<u>7</u>	1. Number and quality of kilometres of motorways	<p>‘Within these slums there are roads that are just unusable because of the rainfall. You can’t take them, you just have to turn around and go back.’</p> <p>‘So all in all it is fairly easy to reach all of the cities. The quality of these road is fine.’</p> <p>‘But the quality of the road network is just fine.’</p> <p>‘So in Dar es Salaam the situation is quite good, whereas in the rural areas some work needs to be done.’</p>	7
	2. Number and quality of kilometres of railways	<p>‘No, the railroads aren’t being used that much. They mainly do this with trucks. The government is looking to improve the quality of the railways.’</p> <p>‘There are few railroadtracks in this country. The railroads leading to the north, for instance, don’t even work.’</p> <p>‘So there are some railroads, but if they are even in good enough condition to be used, oftentimes there are not enough wagons.’</p>	3
	3. Number and quality of of airports	‘The Arusha and Moshi area. That is where most horticulture businesses are located, although they could also be in the middle of the country, but infrastructure is in too bad a shape to export from there.’	4

		<p>‘The latest project is Kilimanjaro International Airport, which will be expanded, which will be financed by half by the Netherlands.’</p> <p>‘The airports and harbours still really need to be worked on.’</p>	
	4. Number of travellers	-	-
	5. Number of transported goods	-	-
		<u>Total score</u>	<u>4.5</u>
<u>8</u>	1. Number and quality of kilometres of motorways	<p>‘At least in town the roads are very nice compared to the rural areas.’</p> <p>‘The biggest problem with our roads and that is traffic.’</p>	3
	2. Number and quality of kilometres of railways	‘They are in good condition. Although we do not have much of them.’	3
	3. Number and quality of airports	-	-
	4. Number of travellers	‘Most of the transport is done by the other ways of transport, like trucks, boats and planes. Although I think that the railway can serve people at a lower price than the current transport. It would be better for the pressure on the roads when some transportation could have been done by railways. If we could have plans like this implemented a little bit more then it could even serve as a solution to the biggest problem with our roads and that is traffic.’	3
	5. Number of transported goods	‘Most of the transport is done by the other ways of transport, like trucks, boats and planes. Although I think that the railway can serve people at a lower price than the current transport. It would be better for the pressure	3

		on the roads when some transportation could have been done by railways. If we could have plans like this implemented a little bit more then it could even serve as a solution to the biggest problem with our roads and that is traffic.’	
		<u>Total score</u>	<u>3</u>
		AVERAGE TOTAL SCORE	3.9
<u>National Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Number and quality of kilometres of motorways	‘Infrastructure is a big problem in this country. The rain and the terrain in some of the villages are really challenging. The road has not developed into really remote areas.’	4
	2. Number and quality of kilometres of railways	-	-
	3. Number and quality of of airports	-	-
	4. Number of travellers	-	-
	5. Number of transported goods	-	-
		<u>Total score</u>	<u>4</u>

<u>2</u>	1. Number and quality of kilometres of motorways	5.5	5.5
	2. Number and quality of kilometres of railways	5.5	5.5
	3. Number and quality of of airports	5.5	5.5
	4. Number of travellers	5.5	5.5
	5. Number of transported goods	5.5	5.5
		<u>Total score</u>	<u>5.5</u>
<u>3</u>	1. Number and quality of kilometres of motorways	‘In the urban areas there are somewhat more large businesses because of the transportation and infrastructure. This is a reason for the companies to all want to be close to Dar es Salaam because of the harbor and the airports.’	5
	2. Number and quality of kilometres of railways	-	-
	3. Number and quality of of airports	‘In the urban areas there are somewhat more large businesses because of the transportation and infrastructure. This is a reason for the companies to all want to be close to Dar es Salaam because of the harbor and the airports.’	5
	4. Number of travellers	-	-
	5. Number of transported goods	-	-

		<u>Total score</u>	<u>5</u>
<u>4</u>	1. Number and quality of kilometres of motorways	<p>‘Sometimes roads are so bad that people have to drive a long time to come to a branch. So instead of seeing the roads as a disadvantage, we saw an opportunity in the new product of agents who will go to the clients and, saving them a lot of time and money.’</p> <p>‘The costs of opening a [business] are more the problem than the infrastructure, although this is not good.’</p>	6
	2. Number and quality of kilometres of railways	-	-
	3. Number and quality of of airports	-	-
	4. Number of travellers	-	-
	5. Number of transported goods	-	-
		<u>Total score</u>	<u>6</u>
<u>5</u>	1. Number and quality of kilometres of motorways	<p>‘No, the roads are not always of good quality. We come up with a solution, because we are together with the association. We are all taking some money and then we rent a bus that drives us there. That makes it easier because the bus is more cheap for us. Some of the main roads are very good, but there are some which are really not good. I think they are trying to make it better but it takes long.’</p>	5
	2. Number and quality of kilometres of railways	-	-
	3. Number and quality of of	-	-

	airports		
	4. Number of travellers	-	-
	5. Number of transported goods	-	-
		<u>Total score</u>	<u>5</u>
<u>6</u>	1. Number and quality of kilometres of motorways	<p>‘I think you can see the quality of the roads yourself. People are not happy, I think the government has been trying to catch up but it is still nowhere close enough to keep up with the needs.’</p> <p>‘So the main infrastructure is not that good. Especially when it rains a lot of the roads get damaged. Most of the time they will not try to fix the roads before rain season is over and you start to see potholes. The problem is that every year when it rains these holes come back, so perhaps that says something about the quality of construction as well. I think this is the case because perhaps not enough money is set aside to construct those roads. So the quality is a reflection of the money available to construct roads.’</p> <p>‘People are not happy, I think the government has been trying to catch up but it is still nowhere close enough to keep up with the needs.’</p> <p>‘Especially when it rains a lot of the roads get damaged. Most of the time they will not try to fix the roads before rain season is over and you start to see potholes. The problem is that every year when it rains these holes come back, so perhaps that says something about the quality of construction as well. I think this is the case because perhaps not enough money is set aside to construct those roads. So the quality is a reflection of the money available to construct roads.’</p>	2.5
	2. Number and quality of kilometres of railways	‘There is a railway especially for Zambia. For Rwanda lately the transportation by railroad did not function well, so they use road transport, especially trucks.’	3

	3. Number and quality of of airports	-	-
	4. Number of travellers	‘You know there is a small section of people in the city who make quite good incomes and they buy cars. Some households buy one, two or even three cars and they are bought to use them here, but the roads are not meant for that large number of cars. Now you can see the traffic jam, it is terrible.’	3
	5. Number of transported goods	‘There are a lot of goods coming in to Dar es Salaam’s harbor and theyre are transported to the interlocked countries like Rwanda, Burundi, Uganda, Zambia.’ ‘The roads are not meant for that large number of cars. Now you can see the traffic jam, it is terrible.’	4.5
		<u>Total score</u>	<u>3.2</u>
<u>7</u>	1. Number and quality of kilometres of motorways	The quality of the roads differs a lot. When you look in the city center the government has tried his best to provide roads so that people can travel through the city. Some sideways are very bad and some roads will become a lot worse when it rains. When you look more to go into the country you can go without any trouble to the different regions because there are good highways as well. However if you want to go to some of the small villages in the regions this might really be a problem because of the poor quality roads.	5.5
	2. Number and quality of kilometres of railways	‘We have two main railways. For the railways the two lines we have one is to Zambia and one is going to Kigoma. We are currently looking for investors who are interested in extending the railroad network within Tanzania, so that new railroads can be built. On the other hand we also looking for people who want to invest in the rehabilitation of the current railroads, because it is getting outdated. The other two are fine.’	6
	3. Number and quality of of airports	‘We have two main airports and they are fine.’	8

	4. Number of travellers	-	-
	5. Number of transported goods	-	-
		<u>Total score</u>	<u>6.5</u>
<u>8</u>	1. Number and quality of kilometres of motorways	<p>‘So all in all it is fairly easy to reach all of the cities. The quality of these road is fine.’</p> <p>‘But the quality of the road network is just fine.’</p>	7
	2. Number and quality of kilometres of railways	<p>‘No, the railroads aren’t being used that much. They mainly do this with trucks. The government is looking to improve the quality of the railways.’</p> <p>‘There are few railroadtracks in this country. The railroads leading to the north, for instance, don’t even work.’</p> <p>‘So there are some railroads, but if they are even in good enough condition to be used, oftentimes there are not enough wagons.’</p>	3
	3. Number and quality of of airports	<p>‘The Arusha and Moshi area. That is where most horticulture businesses are located, although they could also be in the middle of the country, but infrastructure is in too bad a shape to export from there.’</p> <p>‘The latest project is Kilimanjaro International Airport, which will be expanded, which will be financed by half by the Netherlands.’</p> <p>‘The airports and harbours still really need to be worked on.’</p>	4
	4. Number of travellers	-	-
	5. Number of transported goods	‘The harbour here in Dar es Salaam offers a great deal of opportunities, because Tanzania could traffic goods	4

		<p>for all neighbouring countries, like Zambia, Malawi, Burundi, Rwanda and Congo et cetera. Outside of this they could take care of Tanzania itself as well. I think that if a ship comes here to deliver goods now they have to wait almost 14 days before the container can pass through, whereas in the Netherlands I think this takes only 24 hours.'</p> <p>'Quite an amount goes into Zambia. Malawi arranges for most of its goods through South Africa. But for a large part of the countries everything goes through Mombasa. The position of Mombasa, Kenia is much stronger than that of Dar es Salaam.'</p>	
		<u>Total score</u>	<u>4.5</u>
<u>9</u>	1. Number and quality of kilometres of motorways	<p>'We need better roads.'</p> <p>'When it rains, it destroys some of the roads.'</p>	4
	2. Number and quality of kilometres of railways	-	-
	3. Number and quality of airports	-	-
	4. Number of travellers	-	-
	5. Number of transported goods	-	-
		<u>Total score</u>	<u>4</u>
<u>10</u>	1. Number and quality of kilometres of motorways	'At least in town the roads are very nice compared to the rural areas.'	5

	2. Number and quality of kilometres of railways	‘They are in good condition. Although we do not have much of them.’	3
	3. Number and quality of airports	-	-
	4. Number of travellers	-	-
	5. Number of transported goods		3
		<u>Total score</u>	<u>3.7</u>
<u>11</u>	1. Number and quality of kilometres of motorways	‘You can see so many people are doing business on the streets and on the roads. I would say that this is also a infrastructure issue. So infrastructure is important. Big businesses want to see their products to be transported from Dar to Kigoma it is in a day, because that is what makes a business competitive. They want to see trains running because it is more cheaper to transport goods by train than by trucks. Infrastructure is here a problem.’	6
	2. Number and quality of kilometres of railways	‘You can see so many people are doing business on the streets and on the roads. I would say that this is also a infrastructure issue. So infrastructure is important. Big businesses want to see their products to be transported from Dar to Kigoma it is in a day, because that is what makes a business competitive. They want to see trains running because it is more cheaper to transport goods by train than by trucks. Infrastructure is here a problem.’	3
	3. Number and quality of	‘Here infrastructure is wide, including internet, power, roads, air services. Infrastructure has really improved	5

	airports	over the last ten years, but it is still a challenge.'	
	4. Number of travellers	-	-
	5. Number of transported goods	-	-
		<u>Total score</u>	<u>4.7</u>
		AVERAGE TOTAL SCORE	4.7

Currency/ Basis of trade

<u>Local Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Degree of monetization	-	-
	2. Inflation percentage	'The highest we have had inflation was around 20 percent and that was actually only 3 years ago. But now the level is at around 6 percent.'	5
	3. Measure of overall currency stability	'I think first of all that our country has become some kind of duo currency economy, because in the past the Shilling was really unstable.'	5

		‘In the recent years the government has tried to impose some restrictions on the use of dollars. Because of this government intervention you would find that the Shilling is kind of stabilized.’	
		<u>Total score</u>	<u>5</u>
<u>2</u>	1. Degree of monetization	-	-
	2. Inflation percentage	‘The Shilling does not change in value that much right now.’	6
	3. Measure of overall currency stability	‘We use the dollar for our clients, that is because they do know better what they are charged then. But the regulations here in Tanzania are changing. The government is trying to stimulate the use of our own currency more so it becomes more valuable. I think this is even in a law right now.’	6
		<u>Total score</u>	<u>6</u>
<u>3</u>	1. Degree of monetization	‘No, they use money. Maybe not in the really remote areas, but even there I don’t think so anymore. And especially the new products that we designed especially for them make it even easier to do transactions with money.’	10
	2. Inflation percentage	‘Inflation is stable for a while now as well, because the government not so long ago decided on cutting back the trading positions and increasing the demand. All they wanted to achieve is for people not to have shillings.’	5
	3. Measure of overall currency stability	‘Inflation is stable for a while now as well, because the government not so long ago decided on cutting back the trading positions and increasing the demand. All they wanted to achieve is for people not to have shillings.’	6
		<u>Total score</u>	<u>7</u>

<u>4</u>	1. Degree of monetization	-	-
	2. Inflation percentage	‘The inflation is under control for quite a while now around 6% and also the exchange rate of the Shilling is quite stable over the last years.’	7
	3. Measure of overall currency stability	‘The inflation is under control for quite a while now around 6% and also the exchange rate of the Shilling is quite stable over the last years.’ ‘It is not a dual currency system as some people would describe it. The government of Tanzania expects people to do all their transactions in Shillings. There are those that want to keep dollars, but that percentage is very low and is also decreasing.’	8
		<u>Total score</u>	<u>7.5</u>
<u>5</u>	1. Degree of monetization	‘No, I only do business in shillings. Maybe if we go abroad or we go to countries where the dollar is the main currency, but all my business is done in shilling. But if a customer would really want to pay in dollars then I would accept it. But it is better for me to have shillings. Because everything I buy is in shillings as well.’	9
	2. Inflation percentage	-	-
	3. Measure of overall currency stability	‘No, I only do business in shillings. Maybe if we go abroad or we go to countries where the dollar is the main currency, but all my business is done in shilling. But if a customer would really want to pay in dollars then I would accept it. But it is better for me to have shillings. Because everything I buy is in shillings as well.’	9
		<u>Total score</u>	<u>9</u>
<u>6</u>	1. Degree of monetization	‘I think the biggest part of transaction is now through money/currency. It is not like butter trade, exchanging goods for other goods. It will still happen, but even in the rural areas the use of that kind of trade is decreased dramatically. In the urban areas probably 100% is done with money, or maybe leave a little chance for trade –	10

		I would still say it is 99,9%.’	
	2. Inflation percentage	‘However, due to the instability of the currency, the coin has actually lost some of his value lately.’	2
	3. Measure of overall currency stability	‘Due to the instability of the currency, the coin has actually lost some of his value lately. A lot of the Tanzanian people will also want to have a foreign currency because the value of that currency is more guaranteed.’	3
		<u>Total score</u>	<u>5</u>
<u>7</u>	1. Degree of monetization	-	-
	2. Inflation percentage	<p>‘Inflation is just high here.’</p> <p>‘They’ve lowered it a lot, but I think that some two years ago it was in the region of 10 percent. Now they’ve brought it down to 5 or 6 percent, so that is much better.’</p> <p>‘In part this is due to the inflation, because the National Bank does attempt to stabilize the currency.’</p> <p>‘It is so that the IMF is here and is also paying close attention to the stability of this currency. They are mainly assisting though, because the Bank of Tanzania is doing a fairly good job on its own. I have been here for two years now and I haven’t really noticed that much of the instability, but I have really noticed that the currency has gotten more expensive.’</p>	3
	3. Measure of overall currency stability	<p>‘Yes, I would say it is unstable. In part this is due to the inflation, because the National Bank does attempt to stabilize the currency.’</p> <p>‘It is so that the IMF is here and is also paying close attention to the stability of this currency. They are mainly assisting though, because the Bank of Tanzania is doing a fairly good job on its own. I have been here for two</p>	3

		years now and I haven't really noticed that much of the instability, but I have really noticed that the currency has gotten more expensive.'	
		<u>Total score</u>	3
<u>8</u>	1. Degree of monetization	<p>'A lot of people still use cash to cash transactions.'</p> <p>'Almost everybody in this country use money, because money is valuable. The more you have the better your life. Maybe some very few times people will use goods to trade, but that would be if they have no money and now other way to do it.'</p>	9
	2. Inflation percentage	'Inflation have been high for the country as well.'	2
	3. Measure of overall currency stability	<p>'I would say the Shilling is a very unstable currency.'</p> <p>'The Shilling is very unstable and when we approach the general election next year the shilling will be dropping because of the corruption that we will see during such an election.'</p>	2
		<u>Total score</u>	<u>4.3</u>
<u>9</u>	1. Degree of monetization	-	9
	2. Inflation percentage	It always was really high and now it is lower.	4
	3. Measure of overall currency stability	No, the Shilling is not stable, it defluctuates. Sometimes it is stable but sometimes there can be a lot of movement in the value of the Shilling.	3
		<u>Total score</u>	<u>5.3</u>

		AVERAGE TOTAL SCORE	5.8
<u>Regional Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Degree of monetization	-	-
	2. Inflation percentage	‘The highest we have had inflation was around 20 percent and that was actually only 3 years ago. But now the level is at around 6 percent.’	5
	3. Measure of overall currency stability	‘I think first of all that our country has become some kind of duo currency economy, because in the past the Shilling was really unstable.’ ‘In the recent years the government has tried to impose some restrictions on the use of dollars. Because of this government intervention you would find that the Shilling is kind of stabilized.’	5
		<u>Total score</u>	<u>5</u>
<u>2</u>	1. Degree of monetization	-	-
	2. Inflation percentage	‘The Shilling does not change in value that much right now.’	6
	3. Measure of overall currency stability	‘We use the dollar for our clients, that is because they do know better what they are charged then. But the regulations here in Tanzania are changing. The government is trying to stimulate the use of our own currency more so it becomes more valuable. I think this is even in a law right now.’	6

		<u>Total score</u>	<u>6</u>
<u>3</u>	1. Degree of monetization	‘No, they use money. Maybe not in the really remote areas, but even there I don’t think so anymore. And especially the new products that we designed especially for them make it even easier to do transactions with money.’	8
	2. Inflation percentage	‘Inflation is stable for a while now as well, because the government not so long ago decided on cutting back the trading positions and increasing the demand. All they wanted to achieve is for people not to have shillings.’	5
	3. Measure of overall currency stability	‘Inflation is stable for a while now as well, because the government not so long ago decided on cutting back the trading positions and increasing the demand. All they wanted to achieve is for people not to have shillings.’	6
		<u>Total score</u>	<u>6.3</u>
<u>4</u>	1. Degree of monetization	‘Not everybody has access to the bureau that exchange money.’	5
	2. Inflation percentage	‘The inflation is under control for quite a while now around 6% and also the exchange rate of the Shilling is quite stable over the last years.’	7
	3. Measure of overall currency stability	‘The inflation is under control for quite a while now around 6% and also the exchange rate of the Shilling is quite stable over the last years.’ ‘It is not a dual currency system as some people would describe it. The government of Tanzania expects people to do all their transactions in Shillings. There are those that want to keep dollars, but that percentage is very low and is also decreasing.’	8

		<u>Total score</u>	<u>6.7</u>
<u>5</u>	1. Degree of monetization	‘No, I only do business in shillings. Maybe if we go abroad or we go to countries where the dollar is the main currency, but all my business is done in shilling. But if a customer would really want to pay in dollars then I would accept it. But it is better for me to have shillings. Because everything I buy is in shillings as well.’	9
	2. Inflation percentage	-	-
	3. Measure of overall currency stability	‘No, I only do business in shillings. Maybe if we go abroad or we go to countries where the dollar is the main currency, but all my business is done in shilling. But if a customer would really want to pay in dollars then I would accept it. But it is better for me to have shillings. Because everything I buy is in shillings as well.’	9
		<u>Total score</u>	<u>2</u>
<u>6</u>	1. Degree of monetization	‘I think the biggest part of transaction is now through money/currency. It is not like butter trade, exchanging goods for other goods. It will still happen, but even in the rural areas the use of that kind of trade is decreased dramatically. If I where to put that on a scale than I would say in the rural areas 70% of the transactions are conducted with money and the rest is done with goods.’	7
	2. Inflation percentage	‘Due to the instability of the currency, the coin has actually lost some of his value lately.’	2
	3. Measure of overall currency stability	‘Due to the instability of the currency, the coin has actually lost some of his value lately. A lot of the Tanzanian people will also want to have a foreign currency because the value of that currency is more guaranteed.’	3
		<u>Total score</u>	<u>4</u>
<u>7</u>	1. Degree of monetization	-	-

	2. Inflation percentage	<p>‘Inflation is just high here.’</p> <p>‘They’ve lowered it a lot, but I think that some two years ago it was in the region of 10 percent. Now they’ve brought it down to 5 or 6 percent, so that is much better.’</p> <p>‘In part this is due to the inflation, because the National Bank does attempt to stabilize the currency.’</p> <p>‘It is so that the IMF is here and is also paying close attention to the stability of this currency. They are mainly assisting though, because the Bank of Tanzania is doing a fairly good job on its own. I have been here for two years now and I haven’t really noticed that much of the instability, but I have really noticed that the currency has gotten more expensive.’</p>	3
	3. Measure of overall currency stability	<p>‘Yes, I would say it is unstable. In part this is due to the inflation, because the National Bank does attempt to stabilize the currency.’</p> <p>‘It is so that the IMF is here and is also paying close attention to the stability of this currency. They are mainly assisting though, because the Bank of Tanzania is doing a fairly good job on its own. I have been here for two years now and I haven’t really noticed that much of the instability, but I have really noticed that the currency has gotten more expensive.’</p>	3
		<u>Total score</u>	<u>3</u>
<u>8</u>	1. Degree of monetization	<p>‘A lot of people still use cash to cash transactions.’</p> <p>‘Almost everybody in this country use money, because money is valuable. The more you have the better your life. Maybe some very few times people will use goods to trade, but that would be if they have no money and now other way to do it.’</p>	9
	2. Inflation percentage	‘Inflation have been high for the country as well.’	2

	3. Measure of overall currency stability	<p>‘I would say the Shilling is a very unstable currency.’</p> <p>‘The Shilling is very unstable and when we approach the general election next year the shilling will be dropping because of the corruption that we will see during such an election.’</p>	2
		<u>Total score</u>	<u>4.3</u>
<u>9</u>	1. Degree of monetization	<p>‘A lot of people still use cash to cash transactions.’</p> <p>‘Almost everybody in this country use money, because money is valuable. The more you have the better your life. Maybe some very few times people will use goods to trade, but that would be if they have no money and now other way to do it.’</p>	9
	2. Inflation percentage	It always was really high and now it is lower.	4
	3. Measure of overall currency stability	No, the Shilling is not stable, it defluctuates. Sometimes it is stable but sometimes there can be a lot of movement in the value of the Shilling.	3
		<u>Total score</u>	<u>5.3</u>
		AVERAGE TOTAL SCORE	5.5
<u>National Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Degree of monetization	-	-

	2. Inflation percentage	‘The highest we have had inflation was around 20 percent and that was actually only 3 years ago. But now the level is at around 6 percent.’	5
	3. Measure of overall currency stability	‘I think first of all that our country has become some kind of duo currency economy, because in the past the Shilling was really unstable.’ ‘In the recent years the government has tried to impose some restrictions on the use of dollars. Because of this government intervention you would find that the Shilling is kind of stabilized.’	5
		<u>Total score</u>	<u>5</u>
<u>2</u>	1. Degree of monetization	1	1
	2. Inflation percentage	1	1
	3. Measure of overall currency stability	1	1
		<u>Total score</u>	<u>1</u>
<u>3</u>	1. Degree of monetization	-	-
	2. Inflation percentage	‘The Shilling does not change in value that much right now.’	6
	3. Measure of overall currency stability	‘We use the dollar for our clients, that is because they do know better what they are charged then. But the regulations here in Tanzania are changing. The government is trying to stimulate the use of our own currency more so it becomes more valuable. I think this is even in a law right now.’	6
		<u>Total score</u>	<u>6</u>

<u>4</u>	1. Degree of monetization	‘No, they use money. Maybe not in the really remote areas, but even there I don’t think so anymore. And especially the new products that we designed especially for them make it even easier to do transactions with money.’	9
	2. Inflation percentage	‘Inflation is stable for a while now as well, because the government not so long ago decided on cutting back the trading positions and increasing the demand. All they wanted to achieve is for people not to have shillings.’	5
	3. Measure of overall currency stability	‘Inflation is stable for a while now as well, because the government not so long ago decided on cutting back the trading positions and increasing the demand. All they wanted to achieve is for people not to have shillings.’	6
		<u>Total score</u>	<u>6.7</u>
<u>5</u>	1. Degree of monetization	-	-
	2. Inflation percentage	‘The inflation is under control for quite a while now around 6% and also the exchange rate of the Shilling is quite stable over the last years.’	7
	3. Measure of overall currency stability	‘The inflation is under control for quite a while now around 6% and also the exchange rate of the Shilling is quite stable over the last years.’ ‘It is not a dual currency system as some people would describe it. The government of Tanzania expects people to do all their transactions in Shillings. There are those that want to keep dollars, but that percentage is very low and is also decreasing.’	8
		<u>Total score</u>	<u>7.5</u>

<u>6</u>	1. Degree of monetization	‘No, I only do business in shillings. Maybe if we go abroad or we go to countries where the dollar is the main currency, but all my business is done in shilling. But if a customer would really want to pay in dollars then I would accept it. But it is better for me to have shillings. Because everything I buy is in shillings as well.’	9
	2. Inflation percentage	-	-
	3. Measure of overall currency stability	‘No, I only do business in shillings. Maybe if we go abroad or we go to countries where the dollar is the main currency, but all my business is done in shilling. But if a customer would really want to pay in dollars then I would accept it. But it is better for me to have shillings. Because everything I buy is in shillings as well.’	9
		<u>Total score</u>	<u>9</u>
<u>7</u>	1. Degree of monetization	‘I think the biggest part of transaction is now through money/currency. It is not like butter trade, exchanging goods for other goods. It will still happen, but even in the rural areas the use of that kind of trade is decreased dramatically. If I where to put that on a scale than I would say in the rural areas 70% of the transactions are conducted with money and the rest is done with goods. In the urban areas probably 100% is done with money, or maybe leave a little chance for trade – I would still say it is 99,9%.’	
	2. Inflation percentage	-	-
	3. Measure of overall currency stability	‘Due to the instability of the currency, the coin has actually lost some of his value lately, a. A lot of the Tanzanian people will also want to have a foreign currency because the value of that currency is more guaranteed.’	
		<u>Total score</u>	<u>4.5</u>
<u>8</u>	1. Degree of monetization	-	-

	2. Inflation percentage	<p>‘Inflation is just high here.’</p> <p>‘They’ve lowered it a lot, but I think that some two years ago it was in the region of 10 percent. Now they’ve brought it down to 5 or 6 percent, so that is much better.’</p> <p>‘In part this is due to the inflation, because the National Bank does attempt to stabilize the currency.’</p> <p>‘It is so that the IMF is here and is also paying close attention to the stability of this currency. They are mainly assisting though, because the Bank of Tanzania is doing a fairly good job on its own. I have been here for two years now and I haven’t really noticed that much of the instability, but I have really noticed that the currency has gotten more expensive.’</p>	3
	3. Measure of overall currency stability	<p>‘Yes, I would say it is unstable. In part this is due to the inflation, because the National Bank does attempt to stabilize the currency.’</p> <p>‘It is so that the IMF is here and is also paying close attention to the stability of this currency. They are mainly assisting though, because the Bank of Tanzania is doing a fairly good job on its own. I have been here for two years now and I haven’t really noticed that much of the instability, but I have really noticed that the currency has gotten more expensive.’</p>	3
		<u>Total score</u>	<u>3</u>
<u>9</u>	1. Degree of monetization	<p>‘A lot of people still use cash to cash transactions.’</p> <p>‘Almost everybody in this country use money, because money is valuable. The more you have the better your life. Maybe some very few times people will use goods to trade, but that would be if they have no money and now other way to do it.’</p>	9
	2. Inflation percentage	‘Inflation have been high for the country as well.’	2

	3. Measure of overall currency stability	<p>‘I would say the Shilling is a very unstable currency.’</p> <p>‘The Shilling is very unstable and when we approach the general election next year the shilling will be dropping because of the corruption that we will see during such an election.’</p>	2
		<u>Total score</u>	<u>4.3</u>
<u>10</u>	1. Degree of monetization	<p>‘A lot of people still use cash to cash transactions.’</p> <p>‘Almost everybody in this country use money, because money is valuable. The more you have the better your life. Maybe some very few times people will use goods to trade, but that would be if they have no money and now other way to do it.’</p>	9
	2. Inflation percentage	It always was really high and now it is lower.	4
	3. Measure of overall currency stability	No, the Shilling is not stable, it defluctuates. Sometimes it is stable but sometimes there can be a lot of movement in the value of the Shilling.	3
		<u>Total score</u>	<u>5.3</u>
<u>11</u>	1. Degree of monetization	‘The sector that is most successful in this country is the financial sector.’	9
	2. Inflation percentage	‘The sector that is most successful in this country is the financial sector and you can everywhere to buy and sell foreign money. People find it safe to have at least some money in dollars. If they have dollars and they need shillings they look at the exchange rate and would say yes today is good, so it changes a lot. Maybe they need more money depending on the interest rates. The other thing is that when traveling it is easier and it is safer having dollars. Give you some more stability and security.’	3
	3. Measure of overall currency stability	‘The sector that is most successful in this country is the financial sector and you can everywhere to buy and	3

	stability	sell foreign money. People find it safe to have at least some money in dollars. If they have dollars and they need shillings they look at the exchange rate and would say yes today is good, so it changes a lot. Maybe they need more money depending on the interest rates. The other thing is that when traveling it is easier and it is safer having dollars. Give you some more stability and security.'	
		<u>Total score</u>	<u>5</u>
		AVERAGE TOTAL SCORE	5.2

FDI

<u>National Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Absolute amount of money coming from FDI	'We see quite a lot of FDI coming in to this country. I think Tanzania receives quite an amount of FDI compared with other peers.'	7
	2. Amount of FDI as a percentage of national income	'We see quite a lot of FDI coming in to this country. I think Tanzania receives quite an amount of FDI compared with other peers.'	7
	3. Amount of FDI per sector	-	-
		<u>Total score</u>	<u>7</u>

<u>2</u>	1. Absolute amount of money coming from FDI	10	10
	2. Amount of FDI as a percentage of national income	10	10
	3. Amount of FDI per sector	-	-
		<u>Total score</u>	<u>10</u>
<u>3</u>	1. Absolute amount of money coming from FDI	‘I think we have been receiving FDI’s like quantities for the last maybe ten years. I do not have the exact number but trends have been high. The trend is so that what has been coming into the country hasve been increasing.’	4
	2. Amount of FDI as a percentage of national income	‘I think we have been receiving FDI’s like quantities for the last maybe ten years. I do not have the exact number but trends have been high. The trend is so that what has been coming into the country hasve been increasing.’ ‘I would put it around 8 to -10%, b. Because the petrol sector is still really the main state of the economy and a lot of people depend on this sector. Mining is coming up and tourism as well. So FDI’s are not really that big.’	4
	3. Amount of FDI per sector	‘I would put it around 8 to -10%, b. Because the petrol sector is still really the main state of the economy and a lot of people depend on this sector. Mining is coming up and tourism as well. So FDI’s are not really that big.’	4
		<u>Total score</u>	<u>4</u>

<u>4</u>	1. Absolute amount of money coming from FDI	-	-
	2. Amount of FDI as a percentage of national income	<p>‘I would say that the most popular sectors for FDI are tourism, mining and agriculture. We hope that in the future there would be a lot of investor interested in the gas that is recently discovered.’</p> <p>‘I would say that we are doing fine.’</p> <p>‘We receive the highest amount of FDI in East Africa.’</p> <p>‘But there is an increasing trend.’</p>	6
	3. Amount of FDI per sector	-	-
		<u>Total score</u>	<u>6</u>
<u>5</u>	1. Absolute amount of money coming from FDI	<p>‘As far as I know, FDI is very low here. It is relatively low compared to other countries in East Africa.’</p> <p>‘They really are stimulating it to get it to become higher, but everything is growing so hard here, like the gas findings, and we expect that the FDI will grow along with this.’</p> <p>‘This makes it hard to invest over a longer period of time, though that is happening more often.’</p>	2
	2. Amount of FDI as a percentage of national income	<p>‘As far as I know, FDI is very low here. It is relatively low compared to other countries in East Africa.’</p> <p>‘They really want FDI to be high, but it is relatively low.’</p>	2
	3. Amount of FDI per sector	-	-
		<u>Total score</u>	<u>2</u>

<u>6</u>	1. Absolute amount of money coming from FDI	‘There is a lot of FDI in this country.’ ‘We like foreign investors, because we need them.’	7
	2. Amount of FDI as a percentage of national income	‘There is a lot of FDI in this country.’	7
	3. Amount of FDI per sector	-	-
		<u>Total score</u>	<u>7</u>
<u>7</u>	1. Absolute amount of money coming from FDI	‘Yes, I think it is kind of high but it is only in a few sectors.’	7
	2. Amount of FDI as a percentage of national income	‘Yes, I think it is kind of high but it is only in a few sectors.’	7
	3. Amount of FDI per sector	‘Yes, I think it is kind of high but it is only in a few sectors.’ ‘I think certain sectors depend on this FDI.’	8
		<u>Total score</u>	<u>7.3</u>
		AVERAGE TOTAL SCORE	6.2

Financial institutions

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<u>Regional Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Number of depositary institutions	‘The banking service penetration has increased to at least 50.’	5
	2. Measure of professionalism of depositary institutions	<p>‘The government or the bank of Tanzania responded by allowing telecom providers to offer retail services through mobile phones, so this means cash payments and funds transfer.’</p> <p>‘There is a mix of banks and telecom providers competing on this market.’</p> <p>‘In Tanzania, insurance companies are insurance companies and banks are banks. That is a different system from a lot of other countries.’</p>	6
	3. Number of contractual institutions	<p>‘Now you walk in town and you see a lot of finance institutions and they are all giving micro loans to starting entrepreneurs and also to existing companies.’</p> <p>‘I think that as the economy grows, welfare grows and in the end more people will like to use the service of insurance. Now it is a luxury good. So there are very few banks who have entranced this market.’</p>	3
	4. Measure of professionalism of contractual institutions	<p>‘But their interest rates are incredibly high.’</p> <p>‘In Tanzania, insurance companies are insurance companies and banks are banks. That is a different system from a lot of other countries.’</p>	6
	5. Number of investment institutions	-	-

	6. Measure of professionalism of investment institutions	-	-
	7. Ability of the financial system to perform its five basic functions	<p>‘People have their own savings and they will start to use those savings as a loan to other people.’</p> <p>‘The need for finance is still very high. Even with the banks.’</p> <p>‘The gap between lending rates and serving fees is still very wide.’</p> <p>‘There is a big difference in inclusion rates between the rural and city area.’</p>	4
		<u>Total score</u>	<u>4.8</u>
<u>2</u>	1. Number of depositary institutions	<p>‘I don’t believe having so many banks means that you have good financial institutions. I think it is because there are so many people of the unbanked population in Tanzania that people think that there are still some opportunities to get out there, but I tell you that banks that are actually opening up are facing a really tough time picking up the job.’</p> <p>‘We have more than fifty banks right now. This number has to go down. I think we need a few efficient banks to service the community. That would also be better for the overview and it would make the market more transparent.’</p>	8
	2. Measure of professionalism of depositary institutions	<p>‘I don’t believe having so many banks means that you have good financial institutions. I think it is because there are so many people of the unbanked population in Tanzania that people think that there are still some opportunities to get out there, but I tell you that banks that are actually opening up are facing a really tough time picking up the job.’</p> <p>‘We have more than fifty banks right now. This number has to go down. I think we need a few efficient banks to service the community. That would also be better for the overview and it would make the market more</p>	4

		transparent.’	
	3. Number of contractual institutions	-	-
	4. Measure of professionalism of contractual institutions	-	-
	5. Number of investment institutions	-	-
	6. Measure of professionalism of investment institutions	-	-
	7. Ability of the financial system to perform its five basic functions	-	-
		<u>Total score</u>	<u>6</u>
<u>3</u>	1. Number of depositary institutions	‘So when you look at the real numbers of banks, and I agree with you that this will look like a lot, all of those are included. But if you would segment them in terms of capital you will find that there are not that many. And in terms of outreach there are also not that many in respect to the fact that most of them you will find them in the biggest cities in Tanzania like Dar es Salaam.’	4
	2. Measure of professionalism of depositary institutions	‘The thing you have to keep in mind is that we have different banks here in Tanzania. We have major banks or commercial banks. The next type of bank is the corporate banks. Then there is banks that only deal with the retail banking and then there are those banks that are doing both, so retail and commercial activities. Then we have one or two development banks. We also have community banks and I think that there the big numbers	7

		will be, because these are just banks which are only focused on one locality in a rural area. We call them the community banks or original banks.'	
	3. Number of contractual institutions	'Banks are allowed in this country to be agents of insurance companies. So you could have a bank offering insurance services, that really depends on the bank itself.'	3
	4. Measure of professionalism of contractual institutions	'But again insurance as an industry it has its own regulator and its own requirements.' 'Probably till now it was not really profitable because a lot of people would only have insurance as a extra service not as a basic good. The most important thing to remember is that even if you go into a bank to get an insurance it will always be the case that you are insured at an insurance company.'	6
	5. Number of investment institutions	-	-
	6. Measure of professionalism of investment institutions	-	-
	7. Ability of the financial system to perform its five basic functions	-	-
		<u>Total score</u>	<u>5.7</u>
<u>4</u>	1. Number of depositary institutions	We have more than 30 registered banks for example and they are all looking for clients.	7
	2. Measure of professionalism of depositary institutions	-	-

	3. Number of contractual institutions	-	-
	4. Measure of professionalism of contractual institutions	-	-
	5. Number of investment institutions	-	-
	6. Measure of professionalism of investment institutions	-	-
	7. Ability of the financial system to perform its five basic functions	<p>‘I think that there are enough banks and microfinance institutions to fulfill these needs.’</p> <p>‘However, it is easier for bigger companies to get funds than for small companies, but that has to do with the fact that small businesses face more problems.’</p>	7
		<u>Total score</u>	<u>7</u>
<u>5</u>	1. Number of depositary institutions	<p>‘Actually, financial institutions are concentrated around the big cities in Tanzania. In rural areas there are not that much many banks.’</p> <p>‘Most banks find that operating in those areas is not profitable enough and efficient enough. So they don’t go there.’</p> <p>‘I would not complain about the number of institutions.’</p>	5
	2. Measure of professionalism of depositary institutions	-	-

	3. Number of contractual institutions	'I would not complain about the number of institutions.'	5
	4. Measure of professionalism of contractual institutions	-	-
	5. Number of investment institutions	'I would not complain about the number of institutions.'	5
	6. Measure of professionalism of investment institutions	-	-
	7. Ability of the financial system to perform its five basic functions	-	-
		<u>Total score</u>	<u>5</u>
<u>6</u>	1. Number of depositary institutions	'There are many banks. The government did not really encourage people to use banks, because it was a perception that if someone is borrowing it looks really bad, so people would not use the bank. But now with the growing economy people are using banks. So there is a lot of room for banks to do business.'	8
	2. Measure of professionalism of depositary institutions	'The Bank of Tanzania does not have the proper technology right now to oversee what people are doing. So some of the banks are doing business which is not compliant with the regulations of the Central Bank, but they do not know that because of the amount of banks. I doubt that the Central Bank knows what has been happening in a lot of the banks' books. Even in the past there was no control and the bank had no clue. There is a potentiality of banks or employees in banks doing things that are not legal. Banks are charging high fees or high interest rates, although there are so many banks. Some of the banks now have rates more close to the	6

		inflation rate, but still some of the banks are still accepting rates which are even higher than the rates of treasury bills. So some banks will offer their clients a higher profit than the return on some of their products is. Then you wonder, how is it possible that they will live? That is not possible according to me. But in the end of the year you do not see this back in the balance sheet. Maybe they are doing illegal business. This is done by big banks also, like CRDB. Sometimes I have the feeling that it is because we are really liquid as a bank, so we have more freedom to do our business in comparison to other banks. We are stable. We do a lot of financing for other banks overnight through the central bank, so we are an important player. The same is for the cash. We collect a lot of cash and we divide it amongst the other banks.’	
	3. Number of contractual institutions	<p>‘No, we have insurance. But this started not so long ago and not everybody has it.’</p> <p>‘I think insurance will be something we will see arising the upcoming years and more players will enter the market.’</p>	4
	4. Measure of professionalism of contractual institutions	-	-
	5. Number of investment institutions	-	-
	6. Measure of professionalism of investment institutions	-	-
	7. Ability of the financial system to perform its five basic functions	‘The Bank of Tanzania does not have the proper technology right now to oversee what people are doing. So some of the banks are doing business which is not compliant with the regulations of the Central Bank, but they do not know that because of the amount of banks.’	3
		<u>Total score</u>	<u>5.3</u>

		AVERAGE TOTAL SCORE	5.6
<u>National Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Number of depositary institutions	‘The banking service penetration has increased to at least 50.’	6
	2. Measure of professionalism of depositary institutions	<p>‘The government or the bank of Tanzania responded by allowing telecom providers to offer retail services through mobile phones, so this means cash payments and funds transfer.’</p> <p>‘There is a mix of banks and telecom providers competing on this market.’</p> <p>‘In Tanzania, insurance companies are insurance companies and banks are banks. That is a different system from a lot of other countries.’</p>	8
	3. Number of contractual institutions	<p>‘Now you walk in town and you see a lot of finance institutions and they are all giving micro loans to starting entrepreneurs and also to existing companies.’</p> <p>‘I think that as the economy grows, welfare grows and in the end more people will like to use the service of insurance. Now it is a luxury good. So there are very few banks who have entranced this market.’</p>	3
	4. Measure of professionalism of contractual institutions	<p>‘But their interest rates are incredibly high.’</p> <p>‘In Tanzania, insurance companies are insurance companies and banks are banks. That is a different system from a lot of other countries.’</p>	6

	5. Number of investment institutions	-	-
	6. Measure of professionalism of investment institutions	-	-
	7. Ability of the financial system to perform its five basic functions	<p>‘People have their own savings and they will start to use those savings as a loan to other people.’</p> <p>‘The need for finance is still very high. Even with the banks.’</p> <p>‘The gap between lending rates and serving fees is still very wide.’</p> <p>‘There is a big difference in inclusion rates between the rural and city area.’</p>	5
		<u>Total score</u>	<u>5.6</u>
<u>2</u>	1. Number of depositary institutions	10	10
	2. Measure of professionalism of depositary institutions	10	10
	3. Number of contractual institutions	10	10
	4. Measure of professionalism of contractual institutions	10	10
	5. Number of investment	1	1

	institutions		
	6. Measure of professionalism of investment institutions	10	10
	7. Ability of the financial system to perform its five basic functions	-	-
		<u>Total score</u>	<u>8.5</u>
<u>3</u>	1. Number of depositary institutions	‘Although I would say that there are a lot of banks it is really difficult to get a loan from a bank. For small entrepreneurs it is difficult because there are a lot of rules and regulations and banks are really strict.’	8
	2. Measure of professionalism of depositary institutions	-	-
	3. Number of contractual institutions	‘Although I would say that there are a lot of banks it is really difficult to get a loan from a bank. For small entrepreneurs it is difficult because there are a lot of rules and regulations and banks are really strict.’	3
	4. Measure of professionalism of contractual institutions	-	-
	5. Number of investment institutions	-	-
	6. Measure of professionalism of investment institutions	-	-

	7. Ability of the financial system to perform its five basic functions	-	-
		<u>Total score</u>	<u>4.7</u>
<u>4</u>	1. Number of depositary institutions	<p>‘I don’t believe having so many banks means that you have good financial institutions. I think it is because there are so many people of the unbanked population in Tanzania that people think that there are still some opportunities to get out there, but I tell you that banks that are actually opening up are facing a really tough time picking up the job.’</p> <p>‘We have more than fifty banks right now. This number has to go down. I think we need a few efficient banks to service the community. That would also be better for the overview and it would make the market more transparent.’</p>	9
	2. Measure of professionalism of depositary institutions	<p>‘I don’t believe having so many banks means that you have good financial institutions. I think it is because there are so many people of the unbanked population in Tanzania that people think that there are still some opportunities to get out there, but I tell you that banks that are actually opening up are facing a really tough time picking up the job.’</p> <p>‘We have more than fifty banks right now. This number has to go down. I think we need a few efficient banks to service the community. That would also be better for the overview and it would make the market more transparent.’</p>	6
	3. Number of contractual institutions	-	-
	4. Measure of professionalism	-	-

	of contractual institutions		
	5. Number of investment institutions	-	-
	6. Measure of professionalism of investment institutions	-	-
	7. Ability of the financial system to perform its five basic functions	-	-
		<u>Total score</u>	<u>7.5</u>
<u>5</u>	1. Number of depositary institutions	‘So when you look at the real numbers of banks, and I agree with you that this will look like a lot, all of those are included. But if you would segment them in terms of capital you will find that there are not that many. And in terms of outreach there are also not that many in respect to the fact that most of them you will find them in the biggest cities in Tanzania like Dar es Salaam.’	5
	2. Measure of professionalism of depositary institutions	‘The thing you have to keep in mind is that we have different banks here in Tanzania. We have major banks or commercial banks. The next type of bank is the corporate banks. Then there is banks that only deal with the retail banking and then there are those banks that are doing both, so retail and commercial activities. Then we have one or two development banks. We also have community banks and I think that there the big numbers will be, because these are just banks which are only focused on one locality in a rural area. We call them the community banks or original banks.’	8
	3. Number of contractual institutions	‘Banks are allowed in this country to be agents of insurance companies. So you could have a bank offering insurance services, that really depends on the bank itself.’	6

	4. Measure of professionalism of contractual institutions	<p>‘But again insurance as an industry it has its own regulator and its own requirements.’</p> <p>‘Probably till now it was not really profitable because a lot of people would only have insurance as a extra service not as a basic good. The most important thing to remember is that even if you go into a bank to get an insurance it will always be the case that you are insured at an insurance company.’</p>	6
	5. Number of investment institutions	-	-
	6. Measure of professionalism of investment institutions	-	-
	7. Ability of the financial system to perform its five basic functions	-	-
		<u>Total score</u>	<u>6.6</u>
<u>6</u>	1. Number of depositary institutions	‘There definitely are a lot of banks in Tanzania.’	8
	2. Measure of professionalism of depositary institutions	<p>‘When I started my business I started with a loan, but not from a bank but from Selfina. They gave me a loan of 300000 shilling, but that was enough to start as a small business. And after that I shifted from there to another place because of the interest, which was really high and I went to NMB Bank. Their interest was 18% at that time and a lot less than what I was paying before. So I went there and I wanted to take a loan. But eventually I left them too because they were very slow in giving me the loan. So the process to get the loan was really slow and that took too long. So now I am with Access Bank.’</p>	7

	3. Number of contractual institutions	‘There definitely are a lot of banks in Tanzania.’	7
	4. Measure of professionalism of contractual institutions	‘When I started my business I started with a loan, but not from a bank but from Selfina. They gave me a loan of 300000 shilling, but that was enough to start as a small business. And after that I shifted from there to another place because of the interest, which was really high and I went to NMB Bank. Their interest was 18% at that time and a lot less than what I was paying before. So I went there and I wanted to take a loan. But eventually I left them too because they were very slow in giving me the loan. So the process to get the loan was really slow and that took too long. So now I am with Access Bank.’	7
	5. Number of investment institutions	-	-
	6. Measure of professionalism of investment institutions	-	-
	7. Ability of the financial system to perform its five basic functions	-	-
		<u>Total score</u>	<u>7.3</u>
<u>7</u>	1. Number of depositary institutions	‘We have more than 30 registered banks for example and they are all looking for clients.’	7
	2. Measure of professionalism of depositary institutions	-	-

	3. Number of contractual institutions	-	-
	4. Measure of professionalism of contractual institutions	-	-
	5. Number of investment institutions	-	-
	6. Measure of professionalism of investment institutions	-	-
	7. Ability of the financial system to perform its five basic functions	<p>‘I think that there are enough banks and microfinance institutions to fulfill these needs.’</p> <p>‘However, it is easier for bigger companies to get funds than for small companies, but that has to do with the fact that small businesses face more problems.’</p>	7
		<u>Total score</u>	<u>7</u>
<u>8</u>	1. Number of depositary institutions	‘I think that there are many financial institutions right now in Dar es Salaam. For example banks, micro finance institutions, insurance companies and investment banks. The number is still growing.’	-
	2. Measure of professionalism of depositary institutions	‘I think it is high. Because they have to operate like official institutions. It may be different from bank to bank and maybe different from bank to micro finance institutions. Maybe micro finance institutions may be operating somewhat more less professional to some degree. That way of operating is fine for the kind of service they deliver, because their stakeholders differ. I would give it a 7 or 8.’	-
	3. Number of contractual institutions	‘I think that there are many financial institutions right now in Dar es Salaam. For example banks, micro finance institutions, insurance companies and investment banks. The number is still growing.’	-

	4. Measure of professionalism of contractual institutions	‘I think it is high. Because they have to operate like official institutions. It may be different from bank to bank and maybe different from bank to micro finance institutions. Maybe micro finance institutions may be operating somewhat more less professional to some degree. That way of operating is fine for the kind of service they deliver, because their stakeholders differ. I would give it a 7 or 8.’	-
	5. Number of investment institutions	‘I think that there are many financial institutions right now in Dar es Salaam. For example banks, micro finance institutions, insurance companies and investment banks. The number is still growing.’	-
	6. Measure of professionalism of investment institutions	‘I think it is high. Because they have to operate like official institutions. It may be different from bank to bank and maybe different from bank to micro finance institutions. Maybe micro finance institutions may be operating somewhat more less professional to some degree. That way of operating is fine for the kind of service they deliver, because their stakeholders differ. I would give it a 7 or 8.’	-
	7. Ability of the financial system to perform its five basic functions	-	-
		<u>Total score</u>	<u>5</u>
<u>9</u>	1. Number of depositary institutions	‘Yes, there are a lot of banks.’	9
	2. Measure of professionalism of depositary institutions	-	-
	3. Number of contractual institutions	‘There are not so many, so there is room for some more.’	5

	4. Measure of professionalism of contractual institutions	-	-
	5. Number of investment institutions	‘There are not so many, so there is room for some more.’	5
	6. Measure of professionalism of investment institutions	-	-
	7. Ability of the financial system to perform its five basic functions	-	-
		<u>Total score</u>	<u>6.3</u>
<u>10</u>	1. Number of depositary institutions	‘The financial sector is one of the fastest growing sectors in this country. There are over 50 banks here.’	9
	2. Measure of professionalism of depositary institutions	-	-
	3. Number of contractual institutions	‘There is a fair amount of those and it keeps getting easier. Although very few people have access to insurances.’ ‘So there are few insurances, but more and more insurance companies are arising.’	3
	4. Measure of professionalism of contractual institutions	-	-

	5. Number of investment institutions	-	-
	6. Measure of professionalism of investment institutions	‘Yes, it is hard to invest here. There are countless possibilities and many corporations are doing it. Many large Dutch corporations are here, but they are backed with a lot more money of course, so for SMEs it is a bit harder to work here, as there is a lot of corruption also and the IRS is a complicated party to deal with. So it is definitely possible to invest here, but it’s important to be thoroughly prepared.’	7
	7. Ability of the financial system to perform its five basic functions		4
		<u>Total score</u>	<u>5.8</u>
<u>11</u>	1. Number of depositary institutions	‘The government did not really encouraged people to use banks, because it was a perception that if someone is borrowing it looks really bad so people would not use the bank. But now with the growing economy people are using banks. So there is a lot of room for banks to do business.’	5
	2. Measure of professionalism of depositary institutions	‘The Bank of Tanzania does not have the proper technology right now to oversee what people are doing. So some of the banks are doing business which is not compliant with the regulations of the Central Bank, but they do not know that because of the amount of banks. I doubt that the Central Bank knows what has been happening in a lot of the banks’ books. Even in the past there was no control and the bank had no clue. There is a potentiality of banks or employees in banks doing things that are not legal. Banks are charging high fees or high interest rates, although there are so many banks. Some of the banks now have rates more close to the inflation rate, but still some of the banks are still accepting rates which are even higher than the rates of treasury bills. So some banks will offer their clients a higher profit than the return on some of their products is. Then you wonder, how is it possible that they will live? That is not possible according to me. But in the	7

		end of the year you do not see this back in the balance sheet. Maybe they are doing illegal business. This is done by big banks also, like CRDB. Sometimes I have the feeling that it is because we are really liquid as a bank, so we have more freedom to do our business in comparison to other banks. We are stable. We do a lot of financing for other banks overnight through the central bank, so we are an important player. The same is for the cash. We collect a lot of cash and we divide it amongst the other banks.'	
	3. Number of contractual institutions	-	-
	4. Measure of professionalism of contractual institutions	-	-
	5. Number of investment institutions	-	-
	6. Measure of professionalism of investment institutions	-	-
	7. Ability of the financial system to perform its five basic functions	'The Bank of Tanzania does not have the proper technology right now to oversee what people are doing. So some of the banks are doing business which is not compliant with the regulations of the Central Bank, but they do not know that because of the amount of banks.'	4
		<u>Total score</u>	<u>5.3</u>
<u>12</u>	1. Number of depositary institutions	'There are a lot of banks.'	-
	2. Measure of professionalism	-	-

	of depositary institutions		
	3. Number of contractual institutions	<p>‘At least since recent you have this insurance companies which have entered the contract with employers for those that are employed at least they could use this insurance.’</p> <p>‘There enough on the customers they are aiming for.’</p> <p>‘So the majority of the people are not using this service right now. I think that there is room for more insurance companies, but not a lot of the less educated people are willing to use their money to buy insurance, also because they do not know the benefits.’</p>	3
	4. Measure of professionalism of contractual institutions	‘At least since recent you have this insurance companies which have entered the contract with employers for those that are employed at least they could use this insurance. You pay for a certain percent from your salary, they will just deduct and put this aside for healthcare.’	3
	5. Number of investment institutions	-	-
	6. Measure of professionalism of investment institutions	-	-
	7. Ability of the financial system to perform its five basic functions	-	-
		<u>Total score</u>	<u>3</u>
<u>13</u>	1. Number of depositary institutions	‘One of the best reforms in this country is the financial sector. As you can see there are so many banks, investment banks, micro credit institutions.’	7

	2. Measure of professionalism of depositary institutions	-	-
	3. Number of contractual institutions	‘One of the best reforms in this country is the financial sector. As you can see there are so many banks, investment banks, micro credit institutions.’	6
	4. Measure of professionalism of contractual institutions	-	-
	5. Number of investment institutions	‘One of the best reforms in this country is the financial sector. As you can see there are so many banks, investment banks, micro credit institutions.’	7
	6. Measure of professionalism of investment institutions	-	-
	7. Ability of the financial system to perform its five basic functions	‘One of the best reforms in this country is the financial sector.’ ‘Yes, it is. There are so many banks and other financial institutions through the reforms.’	6
		<u>Total score</u>	<u>6.3</u>
		AVERAGE TOTAL SCORE	6

Innovation capacity

<u>Local Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Measure of savings mobilization	‘People have their own savings and they will start to use those savings as a loan to other people.’	4
	2. Measure of risk diversification	-	-
		<u>Total score</u>	<u>4</u>
<u>2</u>	1. Measure of savings mobilization	1	1
	2. Measure of risk diversification	1	1
		<u>Total score</u>	<u>1</u>
<u>3</u>	1. Measure of savings mobilization	-	-
	2. Measure of risk diversification	‘As a bank it is important to diversify. They deal with a wide range of clients.’	8
		<u>Total score</u>	<u>8</u>

<u>4</u>	1. Measure of savings mobilization	-	-
	2. Measure of risk diversification	‘Most of small business owners will choose to grow horizontally. This means that when a business grows to a certain level they will start another and maybe another business. The main reason is that they want to diversify their risk. Normally the local people don’t like being involved in big businesses because of the risk involved. Also the processes in a big business are very complicated.’	8
		<u>Total score</u>	<u>8</u>
<u>5</u>	1. Measure of savings mobilization	‘I think a lot of people are struggling to save money because they work hard to support their own children to go to school and that is expensive.’	2
	2. Measure of risk diversification	‘Sometimes you do not see businesses grow, because most Africans will have several small business as a way of managing risk so they don’t concentrate their resources on one business, they tend to spread their resources over several small businesses as a way of managing risk.’	9
		<u>Total score</u>	<u>5.5</u>
<u>6</u>	1. Measure of savings mobilization	‘We believe that they are underprivileged. Maybe they just don’t have the savings or the right family background and they cannot continue higher education.’	4
	2. Measure of risk diversification	-	-
		<u>Total score</u>	<u>4</u>
<u>7</u>	1. Measure of savings mobilization	-	-

	mobilization		
	2. Measure of risk diversification	They don't want to make the effort to make the one business to growth, so they do not create upward mobility, but they rather spread small, small, small businesses on all kinds of sectors.	7
		<u>Total score</u>	<u>7</u>
		AVERAGE TOTAL SCORE	5.4
<u>Regional Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Measure of savings mobilization	'People have their own savings and they will start to use those savings as a loan to other people.'	4
	2. Measure of risk diversification	-	-
		<u>Total score</u>	<u>4</u>
<u>2</u>	1. Measure of savings mobilization	-	-
	2. Measure of risk diversification	'As a bank it is important to diversify. They deal with a wide range of clients.'	8

		<u>Total score</u>	<u>8</u>
<u>3</u>	1. Measure of savings mobilization	-	-
	2. Measure of risk diversification	‘Most of small business owners will choose to grow horizontally. This means that when a business grows to a certain level they will start another and maybe another business. The main reason is that they want to diversify their risk. Normally the local people don’t like being involved in big businesses because of the risk involved. Also the processes in a big business are very complicated.’	8
		<u>Total score</u>	<u>8</u>
<u>4</u>	1. Measure of savings mobilization	‘I think a lot of people are struggling to save money because they work hard to support their own children to go to school and that is expensive.’	2
	2. Measure of risk diversification	‘Sometimes you do not see businesses grow, because most Africans will have several small business as a way of managing risk so they don’t concentrate their resources on one business, they tend to spread their resources over several small businesses as a way of managing risk.’	6
		<u>Total score</u>	<u>4</u>
<u>5</u>	1. Measure of savings mobilization	‘We believe that they are underprivileged. Maybe they just don’t have the savings or the right family background and they cannot continue higher education.’	3
	2. Measure of risk diversification	-	-
		<u>Total score</u>	<u>3</u>

<u>6</u>	1. Measure of savings mobilization	-	-
	2. Measure of risk diversification	They don't want to make the effort to make the one business to growth, so they do not create upward mobility, but they rather spread small, small, small businesses on all kinds of sectors.	7
		<u>Total score</u>	<u>7</u>
<u>7</u>	1. Measure of savings mobilization	-	-
	2. Measure of risk diversification	'That is a challenge of business. It is an indicator of how skilled people are if they have many businesses. Now if you go to any place where people are doing business then you can see and especially outside the city center, you will be shocked because you see that many businesses are duplicating the same kind of business. Why? Because they see for example an internet café and they see it making money. If I have two computers I can start my internet café. So the next shop is an internet café and the other one is an internet café. The same thing for the mobile phones. This is an indication for you that people in this country are not so innovative, but just duplicate popular businesses.'	7
		<u>Total score</u>	<u>7</u>
		AVERAGE TOTAL SCORE	5.9
<u>National Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score

<u>1</u>	1. Measure of savings mobilization	‘People have their own savings and they will start to use those savings as a loan to other people.’	4
	2. Measure of risk diversification	-	-
		<u>Total score</u>	<u>4</u>
<u>2</u>	1. Measure of savings mobilization		1
	2. Measure of risk diversification		1
		<u>Total score</u>	<u>1</u>
<u>3</u>	1. Measure of savings mobilization	‘Another way we get money as small entrepreneurs is that there are people in small communities who will serve their own people. So people lending to people is something you see more and more. Those people will just use their own savings. We call them SACCOS.’	3
	2. Measure of risk diversification	‘There is more pressure from new technologies which makes banks start to rethink their business. A lot of people use digital money now, so they do not really go to banks anymore and it becomes more attractive for banks to reconsider their business.’	5
		<u>Total score</u>	<u>4</u>
<u>4</u>	1. Measure of savings mobilization	-	-

	mobilization		
	2. Measure of risk diversification	‘As a bank it is important to diversify. They deal with a wide range of clients.’	8
		<u>Total score</u>	<u>8</u>
<u>5</u>	1. Measure of savings mobilization	-	-
	2. Measure of risk diversification	‘Most of small business owners will choose to grow horizontally. This means that when a business grows to a certain level they will start another and maybe another business. The main reason is that they want to diversify their risk. Normally the local people don’t like being involved in big businesses because of the risk involved. Also the processes in a big business are very complicated.’	8
		<u>Total score</u>	<u>8</u>
<u>6</u>	1. Measure of savings mobilization	-	-
	2. Measure of risk diversification	-	-
		<u>Total score</u>	<u>4.8</u>
<u>7</u>	1. Measure of savings mobilization	3	<u>3</u>
	2. Measure of risk diversification	-	-

	diversification		
		<u>Total score</u>	<u>3</u>
<u>8</u>	1. Measure of savings mobilization	-	-
	2. Measure of risk diversification	They don't want to make the effort to make the one business to growth, so they do not create upward mobility, but they rather spread small, small, small businesses on all kinds of sectors.	7
		<u>Total score</u>	<u>7</u>
<u>9</u>	1. Measure of savings mobilization	-	-
	2. Measure of risk diversification	'That is a challenge of business. It is an indicator of how skilled people are if they have many businesses. Now if you go to any place where people are doing business then you can see and especially outside the city center, you will be shocked because you see that many businesses are duplicating the same kind of business. Why? Because they see for example an internet café and they see it making money. If I have two computers I can start my internet café. So the next shop is an internet café and the other one is an internet café. The same thing for the mobile phones. This is an indication for you that people in this country are not so innovative, but just duplicate popular businesses.'	6
		<u>Total score</u>	<u>6</u>
		AVERAGE TOTAL SCORE	5.1

Financial legislation and its enforcement

<u>National Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Implementation of law and order	<p>‘The transaction fee was just another attempt to increase the governments revenues. But it is not in the domestic market. So if you would transfer your money from NMB to CRDB then you will not pay this fee. But if you pay it to a domestic country there is that. Actually banks just included it in their fees, so this means that banks are agents which collect the money on behalf of the government. So we collect it and pay it to the government.’</p> <p>‘The rule is only imposed one year ago so that is hard to say. Probably in the upcoming financial bill they say something about it. They want people in the end to use banks, because using banks means that you can say something about the amount of money active in the economy, saving behavior and so on, otherwise everything will be in cash and it is not measurable. So I think we have to see. A lot of stakeholders have complaint by the government, but they decided to do it.’</p>	4
	2. Level of corruption	<p>‘In the country there is a lot of corruption.’</p> <p>‘I would say that this happens in the whole industry. But the biggest challenge when it comes to corruption is in the government.’</p>	3
	3. Quality of bureaucracy	‘There is a lot of governance.’	6
		<u>Total score</u>	<u>4.3</u>

<u>2</u>	1. Implementation of law and order	10	10
	2. Level of corruption	10	10
	3. Quality of bureaucracy	10	10
		<u>Total score</u>	<u>10</u>
<u>3</u>	1. Implementation of law and order	‘Things take a long time. For example with the fees. We are talking for a few years now to change it, but because it is in the law they do not or cannot easily change it. I would save me a lot of time if things go faster sometimes. Because I can use that time differently.’	4
	2. Level of corruption	‘Yes, there is a lot of corruption, but for example in the tourist sector there are more private owned companies and in the private sector there is less corruption I think then within the government.’	7
	3. Quality of bureaucracy	‘Yes, there is a lot of bureaucracy.’ ‘Things take a long time. For example with the fees. We are talking for a few years now to change it, but because it is in the law they do not or cannot easily change it. I would save me a lot of time if things go faster sometimes. Because I can use that time differently.’	3
		<u>Total score</u>	<u>4.7</u>
<u>4</u>	1. Implementation of law and order	‘Yes, of course banks have rules and laws you have to oblige. The Central Bank governs these financial institutions.’ ‘Yes, banks have rules on this, but there are always things that you cannot control. They can say that they are following the rules but in fact they could be doing something else. There is a lot of unprofessionalism in a lot	6

		of the companies here in Tanzania.’	
	2. Level of corruption	They can say that they are following the rules but in fact they could be doing something else. There is a lot of unprofessionalism in a lot of the companies here in Tanzania.’	5
	3. Quality of bureaucracy	‘So there should be more education in the businesses and the government should try to control better what businesses do and what they do not do.’	4
		<u>Total score</u>	<u>5</u>
<u>5</u>	1. Implementation of law and order	‘Yes, as I pointed out we have different financial sector regulators. We divide them according to their products. The central bank is a regulator for the banking sectors, so we regulate the banks and we regulate the payment systems and the products offered by the different banks. In terms of transparency and visibility of these products I would say that this is well taken care of because they are all licensed by the central bank which means that they are fulfilling our requirements. You cannot operate a bank in this country without having this license, because that is prohibited and against the law and you will be prosecuted. So all banks that are operating in Tanzania, they are supervised and regulated by the central bank. Also all the mobile financial products that are offered right now, have been allowed, approved of and regulated by the central bank as well.’	8
	2. Level of corruption	‘In the common sense I would say that corruption still makes it hard sometimes to enforce law efficient, but from a financial sector perspective on the regulators the enforcement is really effective.’	7
	3. Quality of bureaucracy	‘In the common sense I would say that corruption still makes it hard sometimes to enforce law efficient, but from a financial sector perspective on the regulators the enforcement is really effective.’ ‘The central bank has the power to give penalties to financial institutions, for example if a bank fails on its prudential regulations. If a bank falls short of a certain level of compliance and governance we can penalize	8

		them so the incentive to be a straight bank is there. So I would say in the financial sector we have the mechanism to enforce good behavior and we have that capacity. It is the same for all the regulators. It is important for the financial stability in a country to have effective measures and I think we have them. There are no cases till now where the regulator has failed to take actions, because for example of corruption.’	
		<u>Total score</u>	<u>7.7</u>
<u>6</u>	1. Implementation of law and order	-	-
	2. Level of corruption	<p>‘I don’t know what corruption is.’</p> <p>[after receiving explanation:]‘No, there is no corruption in my business.’</p> <p>[talking about delivering a service to a government owned institution:] ‘At least I did this for the government hospitals because they want to get it cheap. But it was terrible – I cannot even talk about it – to take the order from the government institution. It was 1995 or 1996. Until today I still did not receive my money, because they say come back tomorrow, come back another time. And that happens a lot with all the government institutions still.’</p>	5
	3. Quality of bureaucracy	‘Yes, a lot of the processes take a lot of time. Sometimes it is not clear where you have to go or who you need and then it will take forever. For example with the loan. Access Bank is very fast compared to NMB. For their entrepreneurs they are really fast. With NMB they told me to come back tomorrow and they ask me that every time. And at Access Bank it took three days and then I got my loan. Some of the entrepreneurs I know switch from NMB to Access Bank because of this reason.’	7
		<u>Total score</u>	<u>6</u>

<u>7</u>	1. Implementation of law and order	‘Enforcement of law is a problem in this country.’	2
	2. Level of corruption	‘I think that there is corruption through to some extent. In formal government reports show that there is still corruption in many sectors of the economy.’ ‘Their reports show that today’s corruption in many sectors in the economy, the police and many other places. So this is a challenge.’	6
	3. Quality of bureaucracy	‘That is a difficult question to answer, because it depends on the type of organization you are looking at. In the private sector you don’t see a lot of bureaucracy, because they should be able to respond to the needs of the market. In the government system you will always have processes that take much longer or are dealt with at a slower pace than in the private sector. So I think within the government there is some. They say bureaucracy is needed and you cannot do without it, but sometimes it can be too much.’ ‘If I need to give it a score it is a 5.’	5
		<u>Total score</u>	<u>4.3</u>
<u>8</u>	1. Implementation of law and order	‘Also our government tries really hard to make investing in Tanzania as accessible as possible. That is why we set a lot of rules so there is a really extended framework of legislation.’ ‘There are no problems with that because it are laws.’	10
	2. Level of corruption	-	-
	3. Quality of bureaucracy	-	-
		<u>Total score</u>	<u>10</u>

<u>9</u>	1. Implementation of law and order	-	-
	2. Level of corruption	<p>‘For SMEs it is harder to work here, because there is a lot of corruption.’</p> <p>‘Corruption is present at all levels in this society. Since there is a relatively large implementation of corruption it is hard to avoid it.’</p> <p>‘It’s tricky, because corruption is present at so many levels. For example, in legislation enforcement, politics – local, regional as well as national – and also in corporate life. Especially when it concerns people who are in high positions, such as ministries, it is hard to change this. But there just really is a lot of corruption, also in the lower levels, like auditors.’</p>	2
	3. Quality of bureaucracy	<p>‘The IRS is a complicated party to deal with, because processes go very slowly.’</p> <p>‘Everything takes longer when you are not willing to participate in corruption.’</p>	2
		<u>Total score</u>	<u>2</u>
<u>10</u>	1. Implementation of law and order	<p>‘So some of the banks are doing business which are not compliant with the regulations of the central bank, but they do not know that because of the amount of banks.’</p> <p>‘There is a corruption bureau but they do not have the proper instruments to enforce corruption to not be there.’</p> <p>‘Later on it was proven that there was a case of corruption in Tanzania but they do not punish the people.’</p> <p>‘We need people and we need good governance in order to ensure that all the people benefit from this wealth.’</p> <p>‘Only some people benefit from the wealth and resources in this country and that is also because of</p>	3

		<p>corruption.’</p> <p>‘Another interesting thing is the role of the army in this country. Because the army has a lot of power in this country but even the corruption is penetrated through this part of our country. That makes it hard because the people that are enforcing law can be corrupt as well.’</p> <p>‘Rules are there, but who is there to supervise the rules.’</p> <p>‘People should obey to rules and regulations, but it is not embedded in our culture to do this.’</p> <p>‘People in this country avoiding tax and there is no good mechanism to enforce tax as well.’</p>	
	2. Level of corruption	<p>‘The Shilling is very unstable and when we approach the general election next year the shilling will be dropping because of the corruption that we will see during such an election. People use money to convince the voters to vote for a certain party.’</p> <p>‘Corruption we see every day and we see it in all layers off society.’</p> <p>‘So you see corruption is something which is there and especially in the government as well.’ ‘Later on it was proven that there was a case of corruption in Tanzania but they do not punish the people.’</p> <p>‘So they will do everything they can to hide this corruption. So this high is the level of corruption.’</p> <p>‘There is corruption and that makes it hard.’</p> <p>‘No, because as I said a lot of times corruption is involved and corruption makes it really hard to see who is right and who is wrong.’</p> <p>‘Another interesting thing is the role of the army in this country. Because the army has a lot of power in this country but even the corruption is penetrated through this part of our country. That makes it hard because the</p>	1

		<p>people that are enforcing law can be corrupt as well.’</p> <p>‘The little cabs with the three weels, the bjiago, they are not allowed to go to the city center anymore because they are not safe. They will go into the center and pay to the police what they need and then they can go.’</p>	
	3. Quality of bureaucracy		3
		<u>Total score</u>	<u>2.3</u>
<u>11</u>	1. Implementation of law and order	<p>‘We have no good regulation or system which can make sure that this is stopped.’</p> <p>‘Sometimes there will be no governance and the things they will invest in are not controlled properly.’</p> <p>‘Yes, we have a lot of laws and regulations. The enforcement is the problem as I mentioned before. Lack of awareness of what people are doing that is the biggest problem.’</p>	2
	2. Level of corruption	<p>‘Corruption is a big problem and it is a national problem.’</p> <p>‘Corruption is the one thing that makes life more difficult.’</p> <p>‘Corruption is everywhere in this country. Even the people that provide services which are basic goods, sometimes you may find that you have to pay if you want to use them and that is corruption.’</p> <p>‘Corruption makes a lot of things more expensive than they otherwise be.’</p> <p>‘Sometimes the minister will enter a contract with FDI for a certain increase, because he knows that after five or ten years I am not the minister anymore but at least when I sign this contract right now I am going to get a fee of maybe 10%. So he is the one benefiting the most.’</p> <p>‘The system is just corrupt and it stays corrupt.’</p>	1

	3. Quality of bureaucracy	‘Yes, we have bureaucracy. A lot of the processes in this country take a lot of times and sometimes you just have to know the right people at the right time.’	3
		<u>Total score</u>	<u>2</u>
<u>12</u>	1. Implementation of law and order	‘There were too many requirements, regulations and the administration of tax law and regulations were very though.’	6
	2. Level of corruption	‘Now with the partnership I would say there is still a lot of corruption, but it is not as bad as it used to be.’	7
	3. Quality of bureaucracy	‘Things have changed, of course it is still not as good as it could be but at least a lot has changed.’	7
		<u>Total score</u>	<u>6.7</u>
		AVERAGE TOTAL SCORE	5.4

Energy efficiency

<u>Local Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Measure of pollution	1	1
	2. Quality of infrastructure	1	1

	3. Correlation between energy input and GDP	1	1
		<u>Total score</u>	<u>1</u>
<u>2</u>	1. Measure of pollution	‘Yes, there is a lot of pollution here. We pay for a service every month so that they will clean your garbage every week, but sometimes it can take two months before we see them again. So people throw it on the street because they do not want the pollution inside their homes and so it is on the road.’	2
	2. Quality of infrastructure	‘No, the roads are not always of good quality. We come up with a solution, because we are together with the association. We are all taking some money and then we rent a bus that drives us there. That makes it easier because the bus is more cheap for us. Some of the main roads are very good, but there are some which are really not good. I think they are trying to make it better but it takes long.’	5
	3. Correlation between energy input and GDP	-	-
		<u>Total score</u>	<u>3.5</u>
<u>3</u>	1. Measure of pollution	‘I think in the city of Dar es Salaam there is pollution. There are too many cars which would pollute the roads and they would have the traffic jams as well.’ ‘So especially air pollution is a problem in urban areas. There is also some water pollution in some parts of the town.’	7
	2. Quality of infrastructure	‘But the infrastructure for electricity is also a problem. The government is trying to make efforts in that area, but it is also overwhelmed with problems and so they are struggling to connect more people to the electricity network. In the urban areas a lot of people are connected to the electricity network in comparison to the rural	4

		areas.’	
	3. Correlation between energy input and GDP		3
		<u>Total score</u>	<u>4.7</u>
<u>4</u>	1. Measure of pollution	‘Yes, there is a fair amount of pollution. We are lucky to be by the coast here, so there is some wind, but not much is being done about pollution like trash being thrown on the streets and cars without particulate filters. That is a large problem for the whole of Tanzania actually, but especially in the city you see a lot of pollution created by factories and cars.’	3
	2. Quality of infrastructure	[Average of infrastructure indicator.]	4.8
	3. Correlation between energy input and GDP	-	-
		<u>Total score</u>	<u>3.9</u>
<u>5</u>	1. Measure of pollution	‘Pollution is a problem in this country. We have industries that could lead to air pollution but not that much. The treatment and the prevention are also a problem. We do not have the preventive measures to make sure that the smog and the oil rubbish that are coming from the industries to be taken away. To make sure that the air pollution is away. We do have a lot of policies which give guidelines for pollution but if your prevention is not good then it does not make a difference.’	2
	2. Quality of infrastructure	[Average of infrastructure indicator.]	4.7
	3. Correlation between energy	-	-

	input and GDP		
		<u>Total score</u>	<u>3.4</u>
		AVERAGE TOTAL SCORE	3.3
<u>Regional Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Measure of pollution	‘So that is an indication that still a lot of charcoal is being used and that is not good for the environment, but it is a lot cheaper than electricity.’	7
	2. Quality of infrastructure	‘But the infrastructure for electricity is also a problem. The government is trying to make efforts in that area, but ist also overwhelmed with problems and so they are struggling to connect more people to the electricity network. In the urban areas a lot of people are connected to the electricity network in comparison to the rural areas.’	2.6
	3. Correlation between energy input and GDP	‘I think we use energy, but the level depends on the income and also we use a lot of different sources.’ ‘Electricity is becoming more and more expensive.’	2
		<u>Total score</u>	<u>3.9</u>
<u>2</u>	1. Measure of pollution	‘Pollution is a problem in this country. We have industries that could lead to air pollution but not that much. The treatment and the prevention are also a problem. We do not have the preventive measures to make sure that the smog and the oil rubbish that are coming from the industries to be taken away. To make sure that the air pollution is away. We do have a lot of policies which give guidelines for pollution but if your prevention is	4

		not good then it does not make a difference.’	
	2. Quality of infrastructure	-	-
	3. Correlation between energy input and GDP	-	-
		<u>Total score</u>	<u>4</u>
		AVERAGE TOTAL SCORE	4
<u>National Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Measure of pollution	1	1
	2. Quality of infrastructure	-	-
	3. Correlation between energy input and GDP	10	10
		<u>Total score</u>	<u>5.5</u>
<u>2</u>	1. Measure of pollution	-	-
	2. Quality of infrastructure	[Average of infrastructure indicator.]	4.3

	3. Correlation between energy input and GDP	-	-
		<u>Total score</u>	<u>4.3</u>
<u>3</u>	1. Measure of pollution	‘Yes, there is a fair amount of pollution. We are lucky to be by the coast here, so there is some wind, but not much is being done about pollution like trash being thrown on the streets and cars without particulate filters. That is a large problem for the whole of Tanzania actually, but especially in the city you see a lot of pollution created by factories and cars.’	7
	2. Quality of infrastructure	[Average of infrastructure indicator.]	4.5
	3. Correlation between energy input and GDP	-	-
		<u>Total score</u>	<u>5.8</u>
<u>4</u>	1. Measure of pollution	‘Pollution is a problem in this country. We have industries that could lead to air pollution but not that much. The treatment and the prevention are also a problem. We do not have the preventive measures to make sure that the smog and the oil rubbish that are coming from the industries to be taken away. To make sure that the air pollution is away. We do have a lot of policies which give guidelines for pollution but if your prevention is not good then it does not make a difference.’	3
	2. Quality of infrastructure	[Average of infrastructure indicator.]	-
	3. Correlation between energy input and GDP	-	-

		<u>Total score</u>	<u>3</u>
		AVERAGE TOTAL SCORE	4.7

Education and literacy

<u>National Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Quality of education(all material)	-	-
	2. General level of education	‘Most of the small business owners in this country have a low education level. A lot of them are school leavers. So even before going to college and lower.’	3
	3. Literacy rates	-	-
	4. Measure of women’s education	-	-
		<u>Total score</u>	<u>3</u>
<u>2</u>	1. Quality of education(all material)	10	10

	2. General level of education	1	1
	3. Literacy rates	10	10
	4. Measure of women's education	10	10
		<u>Total score</u>	<u>7.8</u>
<u>3</u>	1. Quality of education(all material)	-	-
	2. General level of education	‘There is still a lot of informal businesses and that has partly to do with the education level of people. Everybody learns how to read and write but it is also about doing something with that knowledge. I think that people in the tourist sector are more educated than in other sectors but that is because they have to speak English up to a certain level if they want to communicate with their clients. Overall it is low.’	2.5
	3. Literacy rates	-	-
	4. Measure of women's education	-	-
		<u>Total score</u>	<u>2.5</u>
<u>4</u>	1. Quality of education(all material)	-	-
	2. General level of education	‘Most of the jobs in the bank require some knowledge on the financial system, the market et cetera. However, it is true that there is a lot of unemployment in this country and that people need to try to stand out in some	4

		<p>way. Because if you are not willing to learn more and develop yourself there are enough other people that want to take your job.'</p> <p>'So there should be more education in the businesses.'</p>	
	3. Literacy rates	-	-
	4. Measure of women's education	-	-
		<u>Total score</u>	<u>4</u>
<u>5</u>	1. Quality of education(all material)	-	-
	2. General level of education	<p>'Yes, they start small, small and then they get education and then they will start to grow. They will maybe learn how to get a fund at a bank and they learn how to move from poverty.'</p> <p>'A lot of people at least go to primary school.'</p> <p>'People need to be more educated.'</p>	2
	3. Literacy rates	'No, I don't think that there are many people in Tanzania that cannot read and write. A lot of people at least go to primary school.'	9
	4. Measure of women's education	-	-
		<u>Total score</u>	<u>5.5</u>

<u>6</u>	1. Quality of education(all material)	-	-
	2. General level of education	<p>‘Most of the people will start at 7th grade and sometimes they are from 4th grade.’</p> <p>‘In Tanzania currently there are a lot of universities and at least every year about 800 graduates come into the labour market. The absorption of the government and the private sector is less than 10% currently. So 90% has to find another way to provide income to themselves.’</p>	3
	3. Literacy rates	-	-
	4. Measure of women’s education	<p>‘Yes, actually when you look at the SMEs in Tanzania the amount of women is many in all sectors, for example in marketing almost 60%, food processing almost 90%. When you look at all the credit applicants we get there are mostly woman. When you go into the big industries then you will find more men. It is becoming a situation with more women than man because of the following reason. Formally, when we started in 1993, women would not think about entrepreneurship. Because it is nowadays more socially accepted that women work and do not stay at home all day, they have to think what to do and for a lot of woman SME is a good option because they have the opportunity to do that from their homes. It was not until we started to provide special programs for women that they would come to us. Because when we started programs for women they would feel freer and it was more accessible for them. It was easier for them to overcome language barriers and other issues. So talking now, most of our applicants are female.’</p>	7.5
		<u>Total score</u>	<u>5</u>
<u>7</u>	1. Quality of education(all material)	‘The quality of these public schools has gone down, because they are not able to attract good teachers and cannot pay them a good salary.’	4
	2. General level of education	‘Very few manage [to reach university]. Already at the primary level you will have a lot of dropouts. With the	4

		primary school it is the worst and it gets better if you go up.'	
	3. Literacy rates	-	-
	4. Measure of women's education	'I think the situation has been changing over the last many years. More and more woman are able to go to university. Maybe 30% or a bit more, but it is still changing.'	7
		<u>Total score</u>	<u>5</u>
<u>8</u>	1. Quality of education(all material)	-	-
	2. General level of education	<p>'No, not a lot of people are educated. More in urban than in rural areas. It depends a lot on the community where people are born. For example farmer communities compared to more urban communities the educational is a lot lower, because the whole family helps working in the business.'</p> <p>'I am not sure about the numbers, but I would say that 60% is educated, but then I mean going at least to primary school.'</p> <p>'University level number is a lot lower, but I am not sure.'</p>	3
	3. Literacy rates	'There is some, but numbers of people learning how to read and write are going up really fast.'	7
	4. Measure of women's education	'But we also have special programs that focus on integrating woman in business life, so try to reduce the number of unemployed woman. Creating opportunities for young woman.'	7
		<u>Total score</u>	<u>4.7</u>
<u>9</u>	1. Quality of education(all	'This taxi driver I know has three kids who are in a class with 80 students and only one teacher.'	4

	material)		
	2. General level of education	<p>‘Also, few people are educated enough to obtain better jobs.’</p> <p>‘The educational level will be low.’</p> <p>‘Last year a lot of students didn’t pass their exams as the level of government owned schools is very low.’</p>	3
	3. Literacy rates	‘I don’t think that is the case in the city, but in the rural areas I think they is illiteracy.’	6
	4. Measure of women’s education	‘More women are attending school, but this really depends on family, background and means.’	5
		<u>Total score</u>	<u>4.5</u>
<u>10</u>	1. Quality of education(all material)	‘We need better education.’	4
	2. General level of education	-	-
	3. Literacy rates	-	-
	4. Measure of women’s education	-	-
		<u>Total score</u>	<u>4</u>
<u>11</u>	1. Quality of education(all material)	‘So universities are becoming more accessible for everybody. Before there were only two or three universities for the whole country. So you can see how many people were able to participate in education.’	5

		‘Now more people getting educated.’	
	2. General level of education	<p>‘People are not that much educated’</p> <p>‘There is just a small percentage of people that is educated.’</p> <p>‘But most of the Tanzanian people only will reach the primary level of education. Some will go to secondary and they will drop out because they did not perform to that expected performance.’</p> <p>‘Most of the people rely on jobs where they do not need the education. ‘</p> <p>‘No the education level is not that high.’</p>	2
	3. Literacy rates	<p>‘No, there are very few, because of the government efforts to increase the level of education amongst the people. So they tried to create awareness for those who did not go to school and try to teach them about the benefits.’</p> <p>‘So at least everybody would learn how to read and wright.’</p>	9
	4. Measure of women’s education	‘At the primary level the level 48 by 50. But this is done by government efforts that there is more equality on the primary level education. Secondary school females are higher. In the year 2009 and the year 2010 the level of females in private schools was higher than the level of males. We are making progress. When you look at university level I think it is around 35% of the females that get an education. When I studies we were with only two ladies in the class and this was a class of 43. Can you imagine? So if you compare it with now there are some improvements.’	6
		<u>Total score</u>	<u>5.5</u>

<u>12</u>	1. Quality of education(all material)	-	-
	2. General level of education	<p>‘The level of education and training in the central government is higher, but when we go to the local governments there are so many of them who have a low level of education.’</p> <p>‘Of course, there are more people with low education. It is only recently that you find so many people going to school and school is more accessible.’</p>	4
	3. Literacy rates	-	-
	4. Measure of women’s education	-	-
		<u>Total score</u>	<u>4</u>
		AVERAGE TOTAL SCORE	4.6

National budget and resources

<u>National Level</u>			
<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Correlation between foreign	-	-

	debt and GDP		
	2. Resource allocation	‘The biggest challenge when it comes to corruption is in the government. That is where people have and will use the big money to get things done in the way they want it to be. There are a lot of big contracts involving the government and private companies and big interests in getting those contracts on both sides.’	3
		<u>Total score</u>	<u>3</u>
<u>2</u>	1. Correlation between foreign debt and GDP	10	10
	2. Resource allocation	1	1
		<u>Total score</u>	<u>5.5</u>
<u>3</u>	1. Correlation between foreign debt and GDP	-	-
	2. Resource allocation	‘We are always taught that the government is facing a shortage of resources. So it has to allocate these resources as efficiently as possible. Sometimes we are surprised by some of the things that have been done. For example, the government sometimes sends officials on trips that are not necessary, but are really expensive. They also do a lot of workshops and the workshops are not really producing anything. And they send people abroad who did various courses but they are very expensive. More effort needs to be done to bring about tactical allocation of resources. The cry and the actions don’t always match.’	3
		<u>Total score</u>	<u>3</u>
<u>4</u>	1. Correlation between foreign	-	-

	debt and GDP		
	2. Resource allocation	<p>‘No, people are thinking about themselves.’</p> <p>‘We have so much resources in this country. Maybe one of the most rich countries in the world when you look at resources.</p> <p>‘We need people and we need good governance in order to ensure that all the people benefit from this wealth.’</p>	2
		<u>Total score</u>	<u>2</u>
<u>5</u>	1. Correlation between foreign debt and GDP	-	-
	2. Resource allocation	‘The government in this country is using the money unwisely, because the people from the government, the politicians, they are using money not in an effective way. This is where the problem starts for the development of this country.’	2
		<u>Total score</u>	<u>2</u>
		AVERAGE TOTAL SCORE	3.1

Accessibility of basic goods

<u>Local Level</u>			
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<u>Respondent*</u>	Subindicator	Input	Score
<u>1</u>	1. Accessibility of clean drinking water	1	1
	2. Accessibility of basic foods	10	10
	3. Sanitary facilities	1	1
	4. Accessibility of gasoline	1	1
	5. Quality and accessibility of health care	1	1
		<u>Total score</u>	<u>2.8</u>
<u>2</u>	1. Accessibility of clean drinking water	-	-
	2. Accessibility of basic foods	-	-
	3. Sanitary facilities	-	-
	4. Accessibility of gasoline	-	-
	5. Quality and accessibility of health care	-	-
		‘Almost everybody has access to the internet and as long as you have a phone which has access to internet	3

		then it is easy, because you can use financial services.’	
		<u>Total score</u>	<u>3</u>
<u>3</u>	1. Accessibility of clean drinking water	-	-
	2. Accessibility of basic foods	‘Yes, there is tabbed water. But in a month it will only come out one week. So for three weeks there is no water. So we buy our water. For example for the toilet we buy the water. Some people don’t have toilet at their home so they will use this one so we need to buy the water. Even to clean the floor we need to buy the water.’	3
	3. Sanitary facilities	-	-
	4. Accessibility of gasoline	‘Yes, there is tabbed water. But in a month it will only come out one week. So for three weeks there is no water. So we buy our water. For example for the toilet we buy the water. Some people don’t have toilet at their home so they will use this one so we need to buy the water. Even to clean the floor we need to buy the water.’	3
	5. Quality and accessibility of health care	-	-
		-	-
		<u>Total score</u>	<u>3</u>
<u>4</u>	1. Accessibility of clean drinking water	‘You can get water from out of the tab and that is what is claimed to be clean water, but it may not be safe. So you have to boil it or put some chemicals in it to make sure that it is safe and you don’t get sick. The supply of water is an increasing problem in the city, because of the growing number of people. Some parts of	5

		the city are affected more than others. People have to pay somehow for the water they use, whether it is in a bottle or from the tap.'	
	2. Accessibility of basic foods	<p>'Food is very expensive.'</p> <p>'Some of the people have a piece of land just outside Dar es Salaam to grow some crops, but this is a decreasing phenomenon.'</p>	6
	3. Sanitary facilities	-	-
	4. Accessibility of gasoline	-	-
	5. Quality and accessibility of health care	<p>'Healthcare is okay. There are a lot of healthcare centers established, however the quality is an issue. The facilities are there, but they may not be of high quality. That explains why there are private hospitals here in Dar es Salaam. Because the people would try to go for something with higher quality than they got from higher public hospitals.'</p> <p>'If you go to a government hospital you have to pay something, but this is very little.'</p>	7
		<u>Total score</u>	<u>6</u>
<u>5</u>	1. Accessibility of clean drinking water	-	-
	2. Accessibility of basic foods	-	-
	3. Sanitary facilities	-	-
	4. Accessibility of gasoline	-	-

	5. Quality and accessibility of health care	‘Yes, healthcare is accessible to everyone in Tanzania. We have district hospitals in the cities, we have regional hospitals and we have emergency centers in the region where the hospitals are too far away.’	10
		<u>Total score</u>	<u>10</u>
<u>6</u>	1. Accessibility of clean drinking water	‘And also clean drinking water is uneasy to obtain in the rural areas, as well as in parts of Dar es Salaam for some people.’	5
	2. Accessibility of basic foods	-	-
	3. Sanitary facilities	-	-
	4. Accessibility of gasoline	‘By any means it has gone up over the past few months. A litre of diesel now costs 2020 Shillings, so it is still cheaper than in the Netherlands, but the taxes that have to be payed over this price have increased enormously. Compared to what people make it is a luxury item.’	3
	5. Quality and accessibility of health care	‘There are government hospitals. As fas as I know, if you want to go to a government hospital you receive very basic care. For instance, you pay money for getting treatment faster. Doctors in government hospitals are payed poorly, so there are not that many goods doctors. And looking at the rural areas it gets much worse. There are hospitals there, but their means are very limited.’ ‘There are good Tanzanian clinics, but they are privately owned and expensive.’	3
		<u>Total score</u>	<u>3.7</u>
<u>7</u>	1. Accessibility of clean drinking water	‘We have access to water although the drinking water has to be bought. In the towns people can get drinking water from the tab as well. In rural areas it is not. They use rivers, whirls and whatever other way they have to store water.’	3

		‘I think in this country people are still spending a lot of money on basic goods, because they are expensive.’	
	2. Accessibility of basic foods	<p>‘When I talk about basic goods I mean transport, food, healthcare, electricity. So what they earn is low compared to what they supposed to spend. Some of the basic goods are for this reason difficult to access and afford.’</p> <p>‘I think in this country people are still spending a lot of money on basic goods, because they are expensive.’</p>	3
	3. Sanitary facilities	-	-
	4. Accessibility of gasoline	‘I think in this country people are still spending a lot of money on basic goods, because they are expensive.’	-
	5. Quality and accessibility of health care	<p>‘When I talk about basic goods I mean transport, food, healthcare, electricity. Some of the basic goods are for this reason difficult to access and afford.’</p> <p>‘At least since recent you have this insurance companies which have entered the contract with employers for those that are employed at least they could use this insurance.’</p> <p>‘They get access to healthcare the government provides but they do not get the service that they are suppose to get, because the healthcare is of lower quality. Sometimes they don’t allow them to get treated in certain hospitals, certain diseases.’</p> <p>‘I think in this country people are still spending a lot of money on basic goods, because they are expensive.’</p>	3
		<u>Total score</u>	<u>3</u>
<u>8</u>	1. Accessibility of clean drinking water	-	-

	2. Accessibility of basic foods	-	-
	3. Sanitary facilities	-	-
	4. Accessibility of gasoline	-	-
	5. Quality and accessibility of health care	-	-
		<u>Total score</u>	<u>3</u>
		AVERAGE TOTAL SCORE	4.3

Appendix VI: Adjusted list of indicators and subindicators

Local

This level incorporates the following eight axes:

23. Small businesses and entrepreneurship

- a. A low number of small businesses will lead to a low score on the axis.
- b. A low measure of professionalism in small businesses will lead to a low score on the axis.
- c. A low number of small high-growth businesses will lead to a low score on the axis.
- d. A high measure of hidden unemployment among entrepreneurs will lead to a low score on the axis.

24. Large businesses

- a. A low number of large businesses and multinationals will lead to a low score on the axis.
- b. A low measure of professional life will lead to a low score on the axis.
- c. A low number of large high-growth businesses will lead to a low score on the axis.

25. Employment rates

- a. Low employment rates will lead to a low score on the axis.
- b. A large measure of hidden unemployment will lead to a low score on the axis.
- c. A low average wage will lead to a low score on the axis.

26. State of transportation infrastructure

- a. A low number of transport facilities will lead to a low score on the axis.
- b. A low number of kilometres of motorways will lead to a low score on the axis*.
- c. A low number of kilometres of railways will lead to a low score on the axis*.
- d. A low number of airports will lead to a low score on the axis*.
- e. A low number of travellers will lead to a low score on the axis.
- f. A low number of transported goods will lead to a low score on the axis.

* Dependent on the kind of transport facilities

27. The presence or absence of poverty

- a. A low average income will lead to a low score on the axis.

- b. High levels of consumption in comparison to income will lead to a low score on the axis.
- c. A big division between the rich and poor population will lead to a high score on the axis.

28. Currency / basis of trade

- a. A low degree of monetization will lead to a low score on the axis.

29. Number, professionalism and stability of financial institutions

- a. A low number of depositary institutions will lead to a low score on the axis.
- b. A low measure of professionalism of depositary institutions will lead to a low score on the axis.
- c. A low number of contractual institutions will lead to a low score on the axis.
- d. A low measure of professionalism of contractual institutions will lead to a low score on the axis.
- e. A low number of investment institutions will lead to a low score on the axis.
- f. A low measure of professionalism of investment institutions will lead to a low score on the axis.
- g. A limited ability for the financial sector to function appropriately will lead to a lower score on the axis.

30. Energy efficiency

- a. A high measure of pollution will lead to a low score on the axis.
- b. A low quality of infrastructure will lead to a low score on the axis.
- c. A negative correlation between energy input and GDP will lead to a low score on the axis.

31. Innovation capacity

- a. A low measure of savings mobilization will lead to a low score on the axis.
- b. A low measure of risk diversification will lead to a low score on the axis.

10. Accessibility of basic goods

- a. Poor accessibility of clean drinking water will lead to a low score on the axis.
- b. Poor accessibility of basic foods will lead to a low score on the axis.
- c. Poor sanitary facilities will lead to a low score on the axis.
- d. Poor accessibility of gasoline will lead to a low score on the axis.
- e. Poor quality and accessibility of health care will lead to a low score on the axis.
- f. Poor accessibility of electricity will lead to a low score on the axis.

- g. Poor accessibility of information will lead to a low score on the axis.
- h. Poor accessibility of education will lead to a low score on the axis.
- i. Poor accessibility of transportation will lead to a low score on the axis.

Regional

This level incorporates the following nine axes:

17. Small businesses and entrepreneurship

- a. A low number of small businesses will lead to a low score on the axis.
- b. A low measure of professionalism in small businesses will lead to a low score on the axis.
- c. A low number of small high-growth businesses will lead to a low score on the axis.
- d. A high measure of hidden unemployment among entrepreneurs will lead to a low score on the axis.

18. Large businesses

- a. A low number of large businesses and multinationals will lead to a low score on the axis.
- b. A low measure of professional life will lead to a low score on the axis.
- c. A low number of large high-growth businesses will lead to a low score on the axis.

19. Employment rates

- a. Low employment rates will lead to a low score on the axis.
- b. A large measure of hidden unemployment will lead to a low score on the axis.
- c. A low average wage will lead to a low score on the axis.

20. The presence or absence of poverty

- a. A low average income will lead to a low score on the axis.
- b. High levels of consumption in comparison to income will lead to a low score on the axis.
- c. A big division between the rich and poor population will lead to a high score on the axis.

21. State of transportation infrastructure

- a. A low number of transport facilities will lead to a low score on the axis.

- b. A low number of kilometres of motorways will lead to a low score on the axis*.
- c. A low number of kilometres of railways will lead to a low score on the axis*.
- d. A low number of airports will lead to a low score on the axis*.
- e. A low number of travellers will lead to a low score on the axis.
- f. A low number of transported goods will lead to a low score on the axis.

* Dependent on the kind of transport facilities

22. Currency / basis of trade

- a. A low degree of monetization will lead to a low score on the axis.

23. Number, professionalism and stability of financial institutions

- a. A low number of depositary institutions will lead to a low score on the axis.
- b. A low measure of professionalism of depositary institutions will lead to a low score on the axis.
- c. A low number of contractual institutions will lead to a low score on the axis.
- d. A low measure of professionalism of contractual institutions will lead to a low score on the axis.
- e. A low number of investment institutions will lead to a low score on the axis.
- f. A low measure of professionalism of investment institutions will lead to a low score on the axis.
- g. A limited ability for the financial sector to function appropriately will lead to a lower score on the axis.

24. Energy efficiency

- a. A high measure of pollution will lead to a low score on the axis.
- b. A low quality of infrastructure will lead to a low score on the axis.
- c. A negative correlation between energy input and GDP will lead to a low score on the axis.

25. Innovation capacity

- a. A low measure of savings mobilization will lead to a low score on the axis.
- b. A low measure of risk diversification will lead to a low score on the axis.

10. Accessibility of basic goods

- a. Poor accessibility of clean drinking water will lead to a low score on the axis.
- b. Poor accessibility of basic foods will lead to a low score on the axis.
- c. Poor sanitary facilities will lead to a low score on the axis.
- d. Poor accessibility of gasoline will lead to a low score on the axis.

- e. Poor quality and accessibility of health care will lead to a low score on the axis.
- f. Poor accessibility of electricity will lead to a low score on the axis.
- g. Poor accessibility of information will lead to a low score on the axis.
- h. Poor accessibility of education will lead to a low score on the axis.
- i. Poor accessibility of transportation will lead to a low score on the axis.

National

This level incorporates the following thirteen axes:

22. Small businesses and entrepreneurship

- a. A low number of small businesses will lead to a low score on the axis.
- b. A low measure of professionalism in small businesses will lead to a low score on the axis.
- c. A low number of small high-growth businesses will lead to a low score on the axis.
- d. A high measure of hidden unemployment among entrepreneurs will lead to a low score on the axis.

23. Large businesses

- a. A low number of large businesses and multinationals will lead to a low score on the axis.
- b. A low measure of professional life will lead to a low score on the axis.
- c. A low number of large high-growth businesses will lead to a low score on the axis.

24. Employment rates

- a. Low employment rates will lead to a low score on the axis.
- b. A large measure of hidden unemployment will lead to a low score on the axis.
- c. A low average wage will lead to a low score on the axis.

25. The presence or absence of poverty

- a. A low average income will lead to a low score on the axis.
- b. High levels of consumption in comparison to income will lead to a low score on the axis.

- c. A big division between the rich and poor population will lead to a high score on the axis.

26. State of transportation infrastructure

- a. A low number of transport facilities will lead to a low score on the axis.
- b. A low number of kilometres of motorways will lead to a low score on the axis*.
- c. A low number of kilometres of railways will lead to a low score on the axis*.
- d. A low number of airports will lead to a low score on the axis*.
- e. A low number of travellers will lead to a low score on the axis.
- f. A low number of transported goods will lead to a low score on the axis.

* Dependent on the kind of transport facilities

27. Currency / basis of trade

- a. A low degree of monetization will lead to a low score on the axis.
- b. A high inflation percentage will lead to a low score on the axis.
- c. A low measure of overall currency stability will lead to a low score on the axis.

28. Number, professionalism and stability of financial institutions

- a. A low number of depositary institutions will lead to a low score on the axis.
- b. A low measure of professionalism of depositary institutions will lead to a low score on the axis.
- c. A low number of contractual institutions will lead to a low score on the axis.
- d. A low measure of professionalism of contractual institutions will lead to a low score on the axis.
- e. A low number of investment institutions will lead to a low score on the axis.
- f. A low measure of professionalism of investment institutions will lead to a low score on the axis.
- g. A limited ability for the financial sector to function appropriately will lead to a lower score on the axis.

29. Financial legislation and its enforcement

- a. A low implementation of law and order will lead to a low score on the axis.
- b. A high level of corruption will lead to a low score on the axis.
- c. A low quality of bureaucracy will lead to a low score on the axis.

30. Energy efficiency

- a. A high measure of pollution will lead to a low score on the axis.

- c. A low quality of infrastructure will lead to a low score on the axis.
- b. A negative correlation between energy input and GDP will lead to a low score on the axis.

31. Accessibility of basic goods

- a. Poor accessibility of clean drinking water will lead to a low score on the axis.
- b. Poor accessibility of basic foods will lead to a low score on the axis.
- c. Poor sanitary facilities will lead to a low score on the axis.
- d. Poor accessibility of gasoline will lead to a low score on the axis.
- e. Poor quality and accessibility of health care will lead to a low score on the axis.
- f. Poor accessibility of electricity will lead to a low score on the axis.
- g. Poor accessibility of information will lead to a low score on the axis.
- h. Poor accessibility of education will lead to a low score on the axis.
- i. Poor accessibility of transportation will lead to a low score on the axis.

32. Educational level and literacy rates

- a. A low quality of education(al material) will lead to a low score on the axis.
- b. A low general level of education will lead to a low score on the axis.
- c. Low literacy rates will lead to a low score on the axis.
- d. A low measure of women's education will lead to a low score on the axis.

33. National budget and resource

- a. Inefficient or lacking resource allocation will lead to a low score on the axis.

34. Innovation capacity

- a. A low measure of savings mobilization will lead to a low score on the axis.
- b. A low measure of risk diversification will lead to a low score on the axis.

35. FDI

- a. A low absolute amount of money coming from FDI will lead to a low score on the axis.
- b. A low amount of FDI as a percentage of national income will lead to a low score on the axis.
- c. A low amount of FDI per sector will lead to a low score on the axis.