

## RURAL NON-FARM ACTIVITIES AND ENTREPRENEURSHIP IN TANZANIA

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### Abstract

This article explores the concept and significance of the Rural Non-Farm Activities (RNFAs) in a poor country, using insights from literature and results from a small 1998 survey of three regions in Tanzania. Though cursory, the evidence from the survey confirms the presence of features and constraints typical of a sector at the rudimentary "stage of rural industrialisation". The contrast between advances made by countries like China and other countries of Asia and Latin America points to the need to target interventions for entrepreneurial development on the RNFAs, covering aspects of production and managerial capabilities. RNFAs entrepreneurs need help to organise into "clusters" to attract providers of financial and consultancy services in the adoption and adaptation of simple technologies, production management, product finishing, and marketing contacts.

### Introduction

The growth of rural economies depends on the productivity of agricultural and rural non-farm activities. Productivity growth depends on the quantity and quality of land, labour, capital and investment in the rural infrastructure. Such infrastructure may be classified as "hard infrastructure" (roads, storage, irrigation systems and so on) and "soft infrastructure" (finance, input distribution, marketing, education and information, health) (Wanmali 1992). Above all, the policy environment and efficiency of the institutions are critical factors for both farm and rural non-farm activities (RNFAs). However, RNFAs have not received much policy and research attention as have farm activities. RNFAs may contribute immensely to rural development although in most of the poor countries the rural non-farm sector is small, dispersed and not well defined. Estimates from different African countries in the 1970s indicate that the rural non-farm "sector" provided employment for between 6 and 26 percent of the rural labour force (Bagachwa and Stewart 1992) and as much as 50 percent of rural employment and a similar share of rural household income (Lanjouw 1999; Adams 2002). However, variations depend on the timing of the survey, reflecting seasonal bias, and definitional differences of female labour participation. Because of lack of clear-cut distinctions between rural vis-à-vis urban diversity of *non-farm* activities and paucity of data, the estimates are usually taken with caution. Not only are the activities widely spread across time

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and places, the proprietors do not maintain systematic record of inventories, sales and purchases of inputs.

Nevertheless, while existing studies attest to the potential contribution of the RNFAs to growth and poverty reduction, only a few of them address the problem of low entrepreneurial capabilities of the rural households or firms. Although such capabilities may not differ from those needed by urban-based small and medium scale enterprises (SMEs), access by rural-based non-farm enterprises to opportunities for entrepreneurial development is more limited. Small rural producers are far less capable technologically and have little managerial capabilities compared to urban-based enterprises. This calls for purposive inquiry and understanding of the types and scope of the rural-based non-farm activities so as to identify their constraints and ways in which entrepreneurial skills can be imparted on them. Proper interventions would require such basic information. In Tanzania, such research is scanty.

## 2. Conceptual Background and Literature Review

### 2.1 *Scope and Significance of RNFAs*

The ordinary image of the rural sector in developing countries associates a typical rural household almost exclusively with farming, and to a little extent, with rural non-farm activities. Traditionally, non-farm activities like manufacturing, big commercial business, mining and others, have been associated with urban or modern formal sector employment - hence the preoccupation of many studies and policies with largely urbanite, formal and informal activities, especially the small and medium scale enterprises (SMEs). Clearly, the definitions of SMEs vary from country to country on the basis of the amount of capital, employment, type of product or service, as do the depictions of peri-urban areas and rural townships.

RNFAs cover a wide spectrum of production and service activities - including production of construction materials, furniture, clothing, tools used in the agricultural activities, wholesale and retail trade and food vending. However, what constitutes rural non-farm *income* eludes fixed definition: it may include (i) income from non-farm activities in rural areas, through self-employment or wage employment (ii) income from the so-called rural towns (iii) income earned by rural households who commute to work in large towns (iv) remittances from households working in towns or (v) remittances from households working abroad (Islam 1997:5). Only a few rural-based civil servants, such as teachers, health workers, and government leaders, draw non-farm income from wage employment.

Studies vary on what constitutes RNFAs. Some include all non-crop activities like forestry, fishery, livestock, hunting, gathering, and beekeeping. However,



in the present discussion, such activities are taken to be primary, just like agriculture. This study considers rural non-farm activities being trading in and processing of products such as milk, honey, timber and furniture.

RNFAs supplement household income, thus bridging gaps from agricultural income and protecting rural poor farmers against risks and uncertainties associated with agricultural production and earnings. This is particularly important where there are no mechanisms or institutions to enable the poor to offset income or consumption fluctuations through saving, credit or insurance. Such incomes may positively affect agricultural production by making it possible for households to purchase agricultural inputs. In turn, RNFAs in agro-processing and distribution may increase the level of profitability of farming activities.

Self-reinforcing linkages between agricultural and non-farm activities vary across countries. Theoretically, backward linkages generate demand by the farm sector for inputs produced by RNFAs such as implements ranging from simple farm implements like hand hoes to more advanced mechanical ploughs, dryers, light pumping and motors produced by light engineering workshops. These may be termed as "factor market linkages" (Hazell and Hojjati 1995).

At a more advanced stage, large urban manufacturers will tend to sub-contract light engineering workshops and marketing agents to firms located in the rural areas. This pattern is found in China and parts of India and Pakistan, Korea and Taiwan. The significance of such a pattern has been reflected in the design of equipment that suits local circumstances and levels of incomes as well as the marketing of rural products in national and international markets. Often, government-sponsored research and development institutions assisted in the design of prototypes (Islam 1997, Burki and Afaki 1996). Sub-contracting features more as the RNFAs become more advanced and more sophisticated in production and organisation of marketing. The growth of the RNFAs is a function of factors like human capital development, access to credit and markets, and policy support.

## **2.2 Characteristics of RNFAs**

The level of sophistication of the production technology, organisation and marketing techniques vary in different regions. Entry into the RNFAs requires relatively low capital. Most RNFAs use simple technologies and low cost skills that can be developed outside of the formal school system, while others require some apprenticeship.

In terms of organisation, RNFAs are typically sole proprietorships, managed by members of a family. Most of the proprietors are essentially farmers and undertake non-farm activities as an alternative source of income. Second, the activities are intertwined with the agricultural calendar. They



provide employment and additional income during slack periods. Some non-farm activities may be carried out parallel with farming, depending on the division of tasks in the household. Third, RNFAs use local inputs, are labour-intensive, and supply agricultural inputs such as farm implements. Fourth, like and tied to agriculture, RNFAs are characterised by unpredictability and instability of income. Apart from quality and marketing problems, most of the jobs are temporary and with no elaborate social security or insurance. Hired labour is a minor component of the total labour force used on non-farm activities. The dominant form of labour is unpaid family labour and apprenticeship.

### ***2.3 Stages of Rural Industrialisation: A view of the Rural Non-farm Sector***

Research in the developing countries of Africa, Latin America and Asia has led to a deduction of a rough classification of RNFAs on the basis of the stages attained towards rural industrialisation and commercialisation of the largely agricultural rural sector (Gordon and Craig 2001; Reardon 1998). According to Reardon (1998), the poorest African and South Asian countries could be regarded as being on the "*first stage of rural industrialisation*," characterised by a large proportion of population living and depending on agriculture. In these countries, RNFAs are linked strongly to agriculture and with only nascent urban-rural linkages. The type of manufacturing is rudimentary, using traditional blacksmith methods for making such goods as hand-hoes, spears, machetes. These products are of low quality and not easily exportable. Some works of art and handicraft wares such as basketry and pottery, are of higher quality and may fascinate niche export markets. However, because of the weak urban-rural linkages, the products do not get wide publicity.

At a higher level, countries in Latin America have reached a "*transitional stage*". The population share in rural areas is in a medium-to-low order. RNFAs are more sophisticated and urban-rural subcontracting in light manufacturing is rising, while urban-rural commercial links are gaining momentum. Subcontracting is a key factor in urban-based small-scale informal sectors (Burki and Afaki 1996 for Pakistan). Some countries in East and Southeast Asia, in particular Malaysia, Indonesia and China, have attained "*second stage rural industrialisation*". The share of population in rural areas is medium-to-low, featuring advanced urban-rural subcontracting in light and medium level manufacturing and advanced trading in local and export market. Although the "stages" taxonomy offers no clue on the timing from one stage to the other, it provides insights on possible role of public policy in fostering private sector-driven rural industrial development, particularly through interventions that impart production and management skills and market information to rural entrepreneurs. Tanzania appears to be barely at the "first stage"- at best. Thus, a



search for possible actions towards the "transitional stage" is important. One of the key policy challenges is the development of local rural entrepreneurship.

#### **2.4 Beyond Poverty Reduction**

RNFAs augment rural incomes and may reduce rural inequalities and poverty by providing opportunities for marginal farmers, disadvantaged groups (especially women) and the landless (Adams, 2002). Inevitably, the RNFAs represent manifestations of economic distress that are being undertaken as "coping strategies" in poverty stricken regions. A study by Simmons and Supri (1997) in one of the regions in India posits that the existing pressure of overcrowding and the expanding populations in both urban and the rural areas underscore the need to transform the "rural economic space" through encouraging off-farm activities.

There have been cases of successful activities such as China's Township and Village Enterprises (TVEs) and rural furniture industry in Indonesia that have fielded products on the European market. Such cases demonstrate an enviable potential contribution of rural non-farm economic activities to growth (Lanjow 1999; Gordon *et al.* 1999). On China's township enterprises, Puroshotham (1998) underscores the fact that these enterprises have served as a breeding ground for China's first generation rural enterprises and led to drastic and sustained reduction in the incidence of poverty. Emphasis is now shifting from income and employment generation for the poor to product-quality improvement and cost reduction. The marked contrast in the performance of the RNFAs within developing countries is inspiring at what is achievable. China's TVEs achievements differ sharply from anything in that definition in Tanzania. The RNFAs in Tanzania are not as well developed as those of China. They differ in size, variety of items, organisational structure, ownership and credit arrangement. The contrast is a compelling challenge for policy and research on poverty alleviation.

#### **2.5 Policy Thrust**

Macroeconomic and sector-specific policies and institutions, infrastructure and extension services that affect agriculture are relevant to the RNFAs. This is because non-farm activities depend on agricultural output for inputs and agricultural incomes for the market of the non-farm products. The basic issue is how the overall policy environment impacts on entrepreneurship and relations between state and the private sector.

The disillusionment with *control and inward-looking policies* of the 1950s through the mid-1980s led to the adoption of adjustment policies in the 1980s and 1990s. Structural adjustment and market reforms constitute major recent policy thrust. Yet by the mid-1990s, it had become clear that macroeconomic



and structural reforms alone were not sufficient. As poverty still persisted, specific microeconomic policy interventions were necessary to enable struggling small firms and poor households to wrench themselves out of poverty. One of the most affirmative policy options to-date has been *targeting* of priority attention towards poor households and small and medium enterprises by addressing institutional constraints to entrepreneurial development. The reforms recognise the role of public policy in overseeing fair competition, deregulation and simplification of administrative barriers such as licensing and access to basic social services-education, health and water.

In order to reinforce market forces, a variety of social funds were introduced in the last fifteen or so years. The social funds targeted vulnerable social groups by providing cover where formal social security had failed. The social funds relied on both domestic and foreign financial assistance (Cornia 2001).

## 2.6 Scope for Entrepreneurship in Rural Non-Farm Activities

The diversity of the RNFAs, their geographical spread in areas less accessible, the different levels of technological development and scales of production, and the generally low levels of education of most entrepreneurs, are the major setbacks to the development of the rural sector. The challenge is, therefore, to determine the nature of entrepreneurship that can be imparted and how that can be done. This requires a better understanding of the non-farm activities that can be relied upon for sustainable development.

There is little doubt that the strides made by China and other Asian countries point to the importance of entrepreneurship development and a proper policy environment. First, a long-range strategy of provision of quality education makes possible innovativeness and ability of the educated population to adopt and adapt new technologies. Second, policies that encourage *entry* of firms into business such as reduced administrative barriers and simplified tax regimes make it possible for the non-farm producers to formalise that business. Third, it would further seem that for countries with a low level of education or low literacy rate, interventions that provide *information* and business consultancy to rural non-farm producers may have a significant impact on developing rural entrepreneurs.

The discussion turns now to the insights about the nature of RNFAs from the rural survey of three regions in Tanzania. Though marginal, the results show that the characteristics and constraints faced by RNFAs in Tanzania are typical of the poor countries. The discussion points to the fact that changes in policy in the country have not brought adequate facilitation to turn RNFAs into viable sources of livelihood for the rural poor.



### **3. RNFA in Tanzania: Insights From the Rural Survey**

#### **3.1 Overview of Rural Poverty and Policy in Tanzania**

Currently, Tanzania has a population of about 33 million people. The main economic activity in the country is agriculture. The national household budget survey of 2000/01 suggests that close to 50 percent of its population lives below poverty line and that the overall incidence of poverty has only marginally improved over the last decade. Based on the 1998 rural household budget survey, Rutasitara (2002) reports poverty headcount to be 61 percent for the three regions that were surveyed.

Of more policy significance, however, are the factors that lead to or are outcomes of poverty and related policy processes. Poverty correlates include lack of quality education, poor and limited access to health services, water and sanitation. Others are poor transport and communication which, in turn, inhibit access to markets and social delivery points like health, education centres, crop collection/market centres, agricultural extension, credit centres and access to information.

Although urban poverty is on the rise recently, comparatively, rural areas fare badly in many respects due to a number of historical and ongoing processes such as urban-biased investment and pricing policies that tended to subsidise urban consumers and protect import substitution industries and currency overvaluation at the expense of hand-hoe agriculture. Institutional deficiencies include weak provision of rural infrastructure, crop marketing and credit as well as international commodity price fluctuations and weather shocks (URT/World Bank 2001).

During the socialist experiment in Tanzania (prior to the mid-1980s), the private sector got little government support. Private enterprise was constricted through tortuous licensing. The extent to which the reforms improved or worsened the situation is a matter of continuing debate. Amidst all this, however, rural populations have tirelessly sought ways out of the poverty trap with or without reforms. Market liberalisation brought with it a variety of non-farm activities taken up mostly as a way to alleviate the pain inflicted by risks and instability of farm incomes. Micro-finance institutions have emerged and they are offering financial services and consultancy to small enterprises through group guarantees, while special funds supported by the government have, by design, targeted groups with specific needs such as the women, youths, unemployed and the 1998 retirees. However, most of these efforts discriminate against rural areas. In the peri-urban areas, complaints were voiced that it is not the poorest that access the financial services - rather it is those who were richer and influential.



### 3.2 Results From the Rural Survey

The 1998 rural survey covered 13 clusters drawn randomly from the National Master Sample in three of the twenty regions on mainland Tanzania (Table 1). A total of 649 households were interviewed. The survey aimed to gather data on various aspects of welfare of the rural households as well as how policies were perceived. A Rural Household Budget Survey questionnaire was the core instrument that generated quantitative data. On this instrument, a segment was added purposefully to seek information about RNFA's of the households that were interviewed on the patterns, problems and respondents' perception of policy during the early 1990s.

**Table 1: Distribution of Population Surveyed by Gender (1998)**

Regions and Cluster	Male (%)	Female (%)	Total surveyed	Households Surveyed	Total cluster population*	Total households*
<b>Ruvuma Region</b>						
Lipaya	149 (46.9)	169 (53.1)	318	50	4777	2130
Kilangalanga	185 (47.0)	209 (53.0)	394	50	2173	260
Langiro	172 (52.3)	157 (47.7)	329	50	3105	630
<b>Dodoma Region</b>						
Sasajila	163 (47.8)	178 (52.2)	341	50	2269	545
Mindola	155 (43.9)	198 (56.1)	353	50	1802	460
Mlali Bondeni	220 (49.1)	228 (50.9)	448	50	4660	603
Lwihomelo	214 (51.0)	206 (49.0)	420	50	876	306
<b>Mwanza Region</b>						
Igombe	177 (47.7)	194 (52.3)	371	50	5953	1200
Bukwimba	192 (50.9)	185 (49.1)	377	50	2028	372
Nyabulanda	192 (51.3)	182 (48.7)	374	50	1369	206
Nyaseke	208 (56.1)	163 (43.9)	371	50	1300	250
Nyamtelela	197 (48.9)	206 (51.1)	403	50	3125	314
Nyangiri	209 (53.6)	181 (46.4)	390	49	2440	419
Total	2433 (49.8)	2456 (50.2)	4889	649	35877	7695

Notes: \* From registers of the respective Village Executive Officers

Source: Survey data, 1998



### 3.2.1 Participation Rate in RNFAs

The survey found that RNFAs were often taken as a side-activity, and that is why these activities tend to elude attention. Table 2 shows that all clusters report 100 percent participation in crop production, with the exception of Igombe which is a peri-urban cluster, located on the shores of Lake Victoria and mainly engaged in fishing. Apart from livestock and poultry keeping, the rest of the more purely non-farm activities are "thin and spread" across clusters.

**Table 2: Participation in Economic Activities by Clusters (Percent) (1998)**

	1	2	3	4	5	6	7	8	9	10	11	12	13
Crop production	100	100	100	100	100	100	100	96	100	100	100	100	10
Livestock	70	36	80	44	38	56	48	40	64	52	44	52	38
Fishing	0	4	0	0	0	0	0	36	0	0	0	10	0
Hunting and/or bee-keeping	0	0	0	10	20	12	0	2	4	2	0	0	2
Poultry	80	58	74	68	76	84	86	56	78	86	78	88	56
Farm wage	6	6	4	22	34	10	18	6	18	10	4	0	10
Wage earner in government or public enterprise	10	8	4	6	12	4	8	4	0	6	2	14	0
Wage earner in private sector	0	2	4	0	0	2	4	10	4	0	2	0	2
Monetary saving	8	6	16	0	0	0	2	2	2	2	4	0	0
Pensions from govt	0	2	0	0	0	0	0	2	0	0	2	0	0
Property rentals	0	0	2	0	0	2	0	2	2	0	4	2	0
Agro-processing	2	2	4	0	2	6	4	0	0	0	0	0	0
Handicraft	4	4	4	8	8	12	4	2	0	6	2	0	0
Carpentry	2	2	4	0	6	6	10	4	0	2	2	2	2
Tailoring	5	10	0	0	0	0	2	0	6	0	2	6	2
Trade Shops /Hawking	2	4	2	4	4	8	2	10	4	4	14	6	8
Food selling	8	8	2	0	0	2	0	10	4	0	8	0	4
Masonry	4	4	10	2	0	6	0	4	4	14	4	2	8
Brick-laying	4	2	0	0	0	4	0	6	0	0	0	0	0
Quarrying and mining	0	2	0	0	0	2	2	0	0	0	0	0	0
Logging	2	4	0	0	2	2	0	0	0	0	0	0	0

Note: 1=Lipaya, 2=Kilangalanga, 3=Langiro, 4=Sasajila, 5=Mindola, 6=Mlali Bondeni, 7=Lwihomelo, 8=Igombe, 9=Bukwimba, 10=Nyabulanda, 11=Nyaseke, 12=Nyamtelela, 13=Nyangiri.

Source: Survey data, 1998

About 40 percent of the respondents said they took up a new activity between 1992 and 1998, for reasons of relative profitability compared to agriculture and filling slack time. The market reforms that began in the mid-1980s eased barriers to entry into business. The barriers to entry included lack of initial capital and equipment, unsteady market for off-farm products, poor labour and managerial skills. About 60 percent of the respondents carry out their non-farm activities during the dry season. Some RNFAs are carried out throughout the year and others such as selling of beer, retailing, hawking and



repair of shoes operate on daily part-time basis.

The dominant form of ownership of RNFAs is sole-proprietorship, accounting for about 70 percent of the activities. It is followed by family ownership and to a lesser extent, joint ownership and partnerships. The pattern is more-or-less the same between 1992 and 1998 as shown in Table-3.

**Table 3: Type of Ownership of RNFAs (1992, 1998) (%)**

Type of ownership	1992	1998
Sole proprietorship	73.8	69.6
Family business	18.3	22.4
Joint ownership	4.0	5.1
Partnership or team work	4.0	2.8

Source: Survey data, 1998

The ownership types are not sophisticated. Hardly did any of the respondents report having a memorandum of understanding, articles of associations or a contract. They did not have written records of sales or purchases of inputs. Most of the working relationships were based on mutual understanding. Exceptions were retail shops, some of which kept records in notebooks or pieces of paper but did not file proper accounts.

### 3.2.2 Sources of Credit for RNFAs

Like in agricultural production, lack of capital and credit are among the constraints to entrepreneurial development, particularly to the poor. Generally, the rural sector has not been adequately supplied with financial services. As shown in Table 4, close to 60 percent depended on own savings in 1992. When informal credit from family and friends is added, the proportion becomes 69 percent. However the proportion of own savings declined to 44 percent in 1998. Credit for non-farm activities is thus mainly drawn from within the household or household business.

Access to credit from formal financial institutions increased from a 15 percent to 19 percent by 1998. Access by rural-based populations to the financial institutions was constrained by remoteness of the rural areas and inability of the rural populations to comply with loan application procedures. The access to both formal banks and NGOs was limited to clusters within peri-urban areas in the surveyed areas or clusters within easy reach. Few households had an account with a bank.



**Table 4: Access to Sources of Credit by Rural Population Surveyed (1992, 1998)**

*(In percentages)*

Source of Credit	1992	1998
Own savings	58	43.9
Informal credit from family/ friend	11.0	12.9
Credit from CRDB, NBC (1997), NMB, SIDO	15.0	19.4
Credit from an NGO	7.0	10.3
Local voluntary savings and credit associations	2.0	1.9
Total	100	100

*Notes:* CRDB is Co-operative and Rural Development Bank, now “CRDB Bank”; NBC(1997) Ltd is National Bank of Commerce, formerly state-owned as NBC; NMB is National Micro-finance Bank; SIDO is state-owned Small Scale Industrial Development Organisation.

*Source:* Survey data, 1998

Formal non-governmental organisations are located mainly in urban and peri-urban areas. These provide loans in small amounts and accept “group collateral” that make it possible for lower income groups to get some credit. The social funds targeted for specific groups such as youth and women are gaining importance although again more efforts are needed to take them to the villages.

### **3.2.3 Labour and Skills**

By and large about 90 percent of the labour for non-farm activity is drawn from the household itself. This appears to be the pattern in 1992 and 1998. Labour is not specialised in the sense of having a long formal training. About 21 percent of the labour skills for the non-farm activities are “on-the-job acquired skills”. About 47 percent of the entrepreneurs have primary education and fewer have formal vocational training, while about 26 percent are trained through local apprenticeship. RNFAs do not attract many post-primary and post-vocational graduates. This limits the capacity of the proprietors in this sector to adopt new technologies and technical advice with ease.

### **3.2.4 Type of Market for Non-Farm Products**

Over 64 percent of the products are sold to neighbours, that is, within the rural areas. Products are sold in the village markets, through hawking and only 6 percent are marketed at central markets in a nearby district or regional town. Access to town markets is usually by means of a bicycle, on a mule, and on a lorry or commuter bus, when weather permits.



The marketing constraints are varied according to the type of product and even season. The problems listed by the respondents included low prices, low demand and competition from other products usually hawked from urban areas and lack of transport and resources to advertise. Others were lack of market information, lack of resources and skills for quality packaging and quality control. Also the respondents listed local taxes and prohibitive regulations to be some of the constraints they face.

#### 4. Conclusion and Policy Implications

Decisions by households to engage in RNFA are driven by the relative profitability, risk of farm and non-farm activities and the household's capacity to undertake such activities (Reardon 1999). This capacity is a function of income, assets, access to credit and level of education, access to or the type of technologies and the policy environment.

In some developing countries of Asia, the rural non-farm sector has demonstrated the potential for poverty reduction and for rural non-farm products to find their way on the world markets. The scope of RNFAs in Tanzania is limited for it is still at a very rudimentary stage in terms of scale, level of technology, agricultural activities, capital and managerial skills. The RNFAs in Tanzania are small, weak and scattered and characterised by low level of entrepreneurial development and limited opportunities for such development.

Rural "entrepreneurs" have not been able to organise themselves in order to lobby or convince the policy makers and micro-finance institutions to bring the much needed infrastructure, financial and social services to the rural areas. A social-anthropological analysis of the rural areas should identify potential activities and products, ways of assisting local people to organise around *clusters* to make provision of such services economical for service providers, and identify competencies that are required in terms of product development and marketing.

The micro-finance service providers need also to accept the challenge of dealing with a clientele that, because of low literacy rate, does not have skills in organisation of production, processes and marketing techniques. Most rural producers do not have written contracts, records of sales or production, may not fill a loan application form, cannot afford a well-prepared project write-up and do not undertake elaborate insurance schemes for their business and employees, and so on.

Reflecting on the strides made by China, Indonesia and other countries, increasing recognition should be given to the role of local research institutions in developing technologies that take into account rural conditions and possible



use of retired workers' skills. Tanzania has developed an interest in vocational training for the youth. This is an appropriate policy; although such centres are few compared to the number of youths who do not proceed to institutions of higher education.

The other aspect of policy that cuts across non-farm activities, both in rural and urban areas, relates to administrative barriers to entry. With market reforms, there has been an improvement. However, small entrepreneurs still face hurdles at the hands of the bureaucrats who use powerful enforcement provisions of seizure and destruction of business assets in a manner that discourages the flourishing of rural entrepreneurship.

Among the institutional remedies tried is the move away from multiple taxes, multiple licensing by a variety of central and local government departments - to simpler rates and where possible, a one-stop operation to reduce the compliance costs on the part of the small entrepreneur. Abuodha and Bowles (2000) and Jansson and Sedaca (2000) highlight the advantages of simplification of administrative barriers and taxes in order to expedite formal registration in Kenya and Colombia. Thus, administrative facilitation is likely to speed up "formalisation" of both rural and urban small enterprises with a complementary reduction in enforcement costs.

The prescriptions about basic development, rural infrastructure and institutions, education, extension and information remain as critical for urban as for rural areas and farm and non-farm activities. However, attention to the RNFAs is dictated by the need to insure rural livelihoods by reducing their subduing dependence on farm incomes and enabling them to undertake RNFAs as a viable and long-term source of economic growth and not as escapades of last resort. Otherwise, the rural poor would sink into oblivion, away from the rapidly *globalising* world. Identifying such economic activities with a view to elevating them not only to the urban but also export markets, is a task that public policy ought to pursue more resolutely.

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