

KWA NCHI YETU

The **vision** of SMET is to have a strong nation with sustainable and inclusive economic growth that enables participation and development for all. The SMET leads Tanzania to a prosperous future by following guiding values and coherent sectoral strategies.

The **mission** of SMET is to focus the country's development activities towards an inclusive economy in which free trade and competition are balanced. This balance comes from the state as a referee and from individuals who are at the centre of Tanzanian actions and decisions.

Guiding Values of a Tanzanian Social Market Economy

- K** **nowledge** on relevant information about economic activities ensures efficiency and avoids unnecessary costs.
- W** **isdom** is an essential quality for good governance. Economic growth requires responsible politicians with sustainable strategies.
- A** **ccountability** ensures that all stakeholders work reliably and efficiently towards equitable development.
- N** **ation First** indicates the patriotism and pride Tanzanians should feel while being self-confident and yet open to the outside world.
- C** **ommunity** is a space for solidarity and cooperation. In a diverse society it can be an anchor to build social links.
- H** **uman Dignity** must be respected by political and economic players to ensure that the lives of Tanzanians are well-protected.
- I** **ntegrity** is a central value which protects the people from power abuses and establishes honesty.
- Y** **ouths** provide a great potential for the economy of Tanzania. This potential must be used to help them and the country thrive.
- E** **valuation** of development policies is necessary to draw conclusions, to learn from mistakes and to guide new decisions.
- T** **ransparency** in decision-making and implementation processes ensures awareness amongst stakeholders. It is also crucial for democracy.
- U** **nity** is an important asset for harmonious and peaceful development and for attracting investment and business to Tanzania.

RATIONALE

The Government of Tanzania has developed crucial plans for sustainable development, namely the Tanzania Development Vision 2025, the National Five Year Development Plans and the Integrated Industrial Development Strategy 2025. The successful implementation requires every member of society to participate and benefit from national wealth creation. The SMET model seems to be the adequate option for building a strong, inclusive and sustainable economy.

To achieve the envisioned goals, the SMET model suggests adjusted sectoral strategies, for example an enterprise order, a competitive order and an agricultural policy. Herewithin, the model underscores reliable framework conditions, supportive state behaviour, independent and responsible media, independence as well as willingness of participants and a strong lead through commitment of the private sector.

"Development brings freedom, provided it is development of the people. But people cannot be developed; they can only develop themselves." – Julius K. Nyerere (Uhuru na Maendeleo)

Contact information ▼

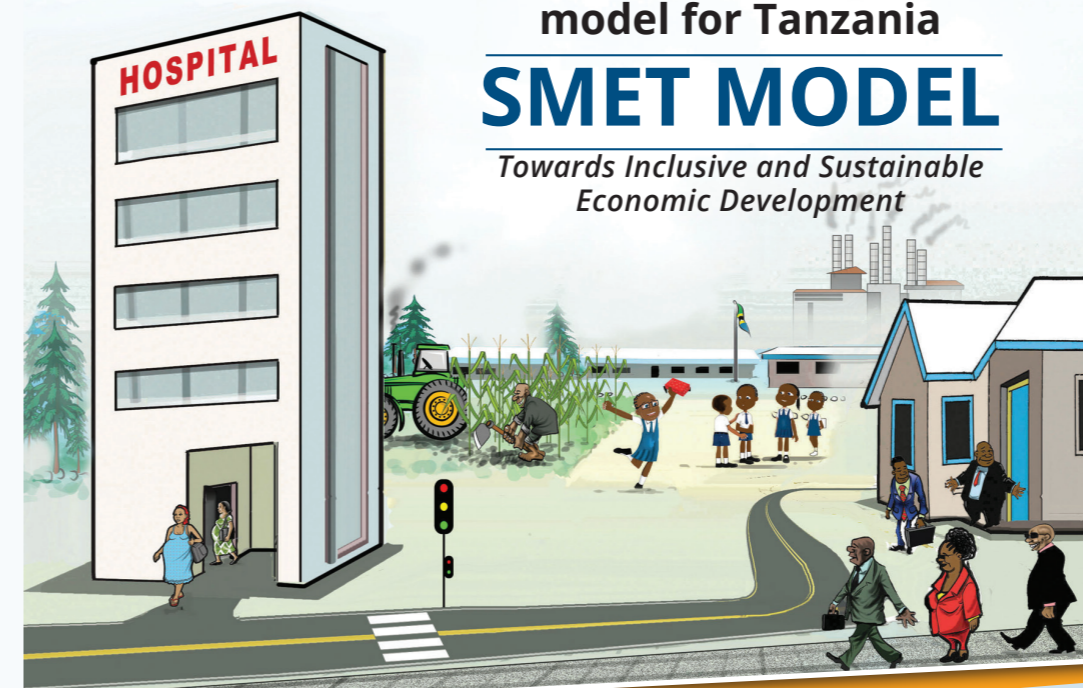


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Social Market Economy model for Tanzania

SMET MODEL

*Towards Inclusive and Sustainable
Economic Development*



SMET is an economic model which ensures that human beings are the focus of all economic activities and that inefficiencies of the state-controlled economy are minimised or completely phased out. The model fosters equal opportunities for all individuals and emphasises their human dignity. It comprises aspects of free market economy paired with social protection mechanisms and a regulatory framework.

The model is custom-tailored for Tanzania to further inclusive and sustainable economic growth and to ensure a prosperous future for the country. It is based on the following principles and pillars:

- **Solidarity**
- **Subsidiarity**
- **Minimum wealth for all**
- **Open markets with fair competition**
- **Legal regulatory frameworks**

WHAT IS SOCIAL MARKET ECONOMY?

CAPITALISM

In the free market economy, the economic processes are planned by individuals and are coordinated through markets and free prices. Demand and supply control the market. Decision-making is mainly decentralised.

SOCIALISM

In the centrally planned economy, all economic processes are planned by a central government authority and then coordinated through a national plan. Decision-making is centralised and individual freedom is scarce.

SOCIAL MARKET ECONOMY

This model is a specific form of Market Economy including social protection mechanisms and a regulatory framework.

It is based on a competitive order where private actors can exchange goods and services freely. The prices are determined by supply and demand. The factors of production are owned by private agents and the right of property is guaranteed. The model is characterised by liability rules and reliable economic principles.

The state adjusts the institutional framework to harmonise economic activities with fair competition, efficiency and freedom of individuals. It fosters equal opportunities for all individuals as well as a minimum wealth which respects human dignity.

WHY SMET?

The purpose of SMET is the alleviation of current socioeconomic shortcomings in Tanzania. This includes the following:

	Current Issue	Expected Outcome through SMET
Education	• Lack of teachers and materials	• Lower student-teacher ratios through recruitment and a dignifying salary
	• Theory-oriented curricula	• Revision of faulty materials and allocation of more materials to schools
	• Poor educational facilities	• Linkage of education to the demands of the job market by revision of curricula
Health	• Shortage of qualified professionals and facilities	• Improved facilities through investment in sanitation, classrooms and school buildings
	• Low nationwide access to health insurance and few health care benefits	• Adjusted health care system by revised plans
	• Absence of holistic Social Protection Floors	• Strengthening responsibilities of the private sector
Social Welfare	• High poverty rates and widening gap between rich and poor	• Improved training programmes for professionals
	• Large number of unemployed persons, especially among youths	• High coverage and benefits of health insurance achieved by contributions of the entire workforce
	• Weak indigenous private sector struggling to manifest itself and to expand	• Introduction of Social Protection Floors with income security for children, disabled persons and the elderly
Labour Market & Private Sector	• Limited knowledge and investment in technology	• Higher number of participation in economic activities through solidarity and subsidiarity
	• Weak trade outside the country	• Assistance for the unemployed, underemployed and poor
	• Instability and insecurity of taxation	• Strengthening of the private sector to absorb graduates
Industrialisation, Trade & Agriculture	• Inadequate infrastructure	• Proper education and skills training which meet the demands of the labour market and which are also suitable for self-employment
	• Ineffective agricultural sector	• Incentives for business incubation and readier access to the credit system
	• Unsustainable and inefficient use of natural resources	• Establishment of fair competition and private property rights
Energy & Environment	• Environmental damage	• Well-educated professionals to ensure efficiency and quality of labour
	• Unreliable and inefficient power supply	• Investment and subsidies to further industrialisation and technological know-how
		• Suitable legal framework for an open market policy with fair trading options

IMPLEMENTATION

Government of Tanzania

HOW: The model and its advantages in developmental settings will be introduced to Government functionaries.
WHY: For an effective implementation of SMET, it is crucial for the Government to consider this model in their budget and in other planning activities. This will ensure that all Tanzanians are included in the benefits of SMET.

Private & Public Sector

HOW: SMET will be introduced to entrepreneurs, small, medium and big businesses as well as associated agencies in business and education.
WHY: This approach ensures that players of the private and public sector comprehend processes and expected benefits of the model, resulting in their commitment towards the implementation of SMET.

Political Representatives

HOW: Trainings for decision-makers at all levels – national, district, or ward – will be held to inform them on the advantages and values of SMET.
WHY: Including stakeholders of decision-making processes ensures the flow of information to the grassroots level as well as to the governmental level, where decisions can frame and facilitate the implementation of SMET.

Religious Communities

HOW: Religious leaders will be trained on the principles and values of the SMET model to carry the input to their various institutions.
WHY: Religion plays a major role in the lives of many Tanzanians. Therefore, religious leaders can transform the vision and structure of institutions, act as custodians of ethical and moral conduct and impact the individuals affiliated with their institutions greatly.

Civil Society & Organisations

HOW: SMET will be presented to as well as understood and supported by civil society, which leads to active participation of civil society organisations.
WHY: This ensures a bottom-up implementation which, guided by the principle of subsidiarity, centres on local interests. Hereby, individual liberties are ensured in the sustainable and inclusive growth agenda.

The Tanzanian people

HOW The implementation processes in the different sectors will be paired with trainings for individuals at the grassroots level. The Tanzanian people will therefore be addressed in two ways: They will obtain input from trained stakeholders of the five outlined sectors and receive additional information from custom-tailored trainings.

WHY The population at large is the main beneficiary of the SMET model. In order to gain the indicated advantages, the people must be aware and educated on the principles and processes of SMET. Only an informed electorate can make profound decisions on their representatives and assess the quality of public policies. By including the voices of individuals, their freedom, self-determination and human dignity are respected.