

THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA



**CANDIDATES' ITEM RESPONSE ANALYSIS REPORT
FOR THE ADVANCED CERTIFICATE OF SECONDARY
EDUCATION EXAMINATION (ACSEE) 2018**

151 ECONOMICS

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151 ECONOMICS

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FOREWORD

The National Examinations Council of Tanzania is pleased to issue the Candidates' Item Response Analysis (CIRA) report in Economics subject for Advanced Certificate of Secondary Education Examination (ACSEE) 2018. The analysis provides feedback to the students, teachers, parents, policy makers and the public in general on the performance of the candidates.

The Advanced Certificate of Secondary Education Examination (ACSEE) marks the end of the two years of Advanced Secondary Education. It is a summative evaluation which shows among other things, the effectiveness of the education system in general and the education delivery system in particular. Essentially, the candidates' response to the examination questions is a strong indicator of what the education system was or was not able to offer the candidates in their two years of Advanced Secondary Education.

The analysis presented in this report intends to contribute towards the understanding of possible reasons behind the candidates' performance in each question. The report highlights some of the factors that made the candidates to score high marks in the questions. Such factors include ability to adhere to the demand of the questions, identify task of the questions, express themselves in English Language and the acquisition of knowledge of the concepts related to the subject. Furthermore, the analysis highlights the factors that made a few of the candidates to score low marks in the questions. Such factors include failure to adhere to the demand of the questions, failure to identify the task of the questions and lack of knowledge on the question related to the subject. The feedback provided will enable the educational administrators, school managers, teachers and students to identify proper measures to be taken in order to improve the candidates' performance in future examinations administered by the Council.

The National Examinations Council of Tanzania will highly appreciate comments and suggestions from teachers, students, school inspectors, curriculum developers and the public in general that can be used for improving future examination reports.

Finally, the Council would like to thank the Examinations Officers, Examiners and those who participated in processing, analysing and preparing this report.



Dr Charles E Msonde
EXECUTIVE SECRETARY

1.0 INTRODUCTION

This report represents the performance of the candidates who sat for the Advanced Certificate of Secondary Education in May 2018 in Economics examination. It shows how the candidates performed on each question per topic.

The examination tested the candidates' abilities as per requirements of the 2009 syllabus. The examination comprised two papers: 151/1 Economics 1 (Economic Theory) and 151/2 Economics 2 (Economic Development). Each of the examination paper consisted of 8 questions which were distributed into sections A and B. In each paper the candidates were required to answer 5 questions, choosing at least 2 questions from each section. Each question carried 20 marks.

A total of 11,126 candidates sat for the ACSEE 151 Economics paper out of which 10,682 candidates (96.62%) passed this examination while 374 candidates (3.38%) failed. Generally, the candidates' performance in this subject declined by (2.94%) compared with that of 2017 in which out of 9,364 candidates who sat for that examination, 9,294 candidates (99.56%) passed and 41 candidates (0.44%) failed.

This report provides the analysis of each question by briefly giving an overview of what the candidates were required to do, the way they responded to the questions and the reasons for their good/poor performance. In this analysis, a question /topic is graded as weak performed, average performed or good performed using the following pass rate: 0 - 34 percent (0 - 6.5 marks) weak, 35 - 59 percent (7 - 11.5 marks) average and 60 - 100 percent (12 - 20 marks) good.

Special colours have been used to show the candidates' performance, whereby green stands for good, yellow for average and red for weak as seen in the graphs and in the appendix. Some extracts of the answers showing the candidates responses have been included in order to provide a general overview of the way candidates responded according to the demand of each question.

2.0 ANALYSIS OF THE CANDIDATES' PERFORMANCE IN EACH QUESTION

2.1 PAPER 1: 151/1 ECONOMIC THEORY

2.1.1 Question 1: Subject Matter of Economics

This question had two parts (a) and (b). In part (a), the candidates were required to give the meaning of the following concepts: (i) Economic laws, (ii) Technological efficiency and (iii) Productivity. In part (b), the candidates were required to explain seven roles of capital in the economy.

The question was attempted by 49.9 percent of the candidates, out of which 27.1 percent scored from 12 to 18 marks, 52.1 percent scored from 7 to 11.5 marks and 20.8 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance of candidates in this question was good as 79.2 percent scored 7 marks and above. Figure 1 shows the distribution of the candidates' scores.

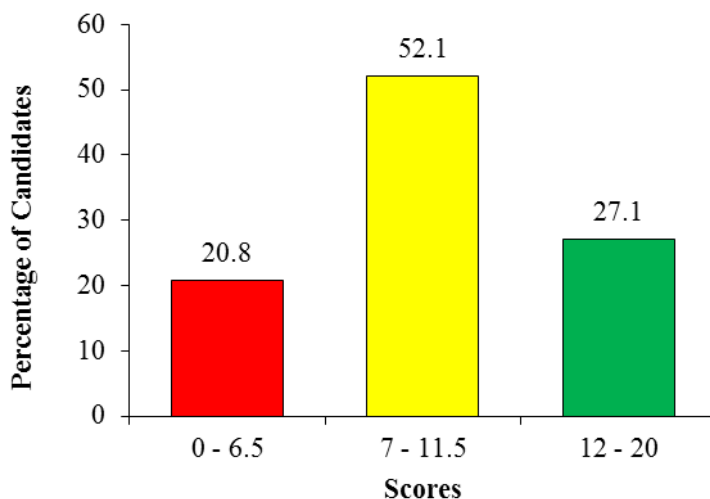


Figure 1: *Candidates' Performance in Question 1.*

The candidates who performed well in this question were able to meet the requirement of the question, which indicates good mastery of the subject matter. For example in part (a), most of them managed to give the meaning of the terms, such as (i) *Economic laws are the statement which shows the relationship between variables. For example, the law of demand and supply.* In part (b), a candidate managed to explain seven roles of capital in the economy like *Creation of employment,*

Diversification of economy, used in transportation. A sample of a good response is shown in extract 1.1.

Extract 1.1

1	(a)	
	(i) Economic laws - are statement of uniformities guided a certain economic system concerning the allocation of resources. They are divided into general economic laws, specific economic laws and intermediate economic laws. Example the law of demand and supply.	
	(ii) Technological efficiency - Is the increase of production through machines and innovations which leads to qualitative and quantitative production of goods and services. It is influenced by the efficiency of other factors of production like capital and labour.	
	(iii) Productivity - refers to the efficiency in production of goods and services that brings about production of high quality and quantity products.	
	(b)	
	Capital is the resource, which used in establishing of production it can be in forms of technology land or money.	
	The following are the roles of capital in the economy;	
	Used in transportation; capital can be used in transportation of goods from the production area to industries also from manufacturing goods to the area for consumption also the land used in constructed the roads and railway.	
	Produce goods in quality; also the capital like machines used and influence the production of goods in greater quality and quantity so through this the national growth is increased.	
	Diversification of economy; also the capital used to expand the economic activities in economy	

1-b	like in agriculture many commodities will produced in order not to dependence on one crop. Due to this the employment can be expanded to people.	
	Interms of money used to buy machines; also the capital (money) used to buy machines like tractor and industrial machines which influence the development of economic activities.	
	Specialization; also through this capital an individual can specialize on his/her activities. Example in partnership, agriculture and private sector or company. Also the entrepreneur may be able to divide the workers in the production in order to specialize in a certain task.	
	Stimulate production; also the capital influence the production process. Example when you want to cultivate crops you must have capital to invest in that activities. So due to this lead to the expansion of agriculture in a country.	
	Provide employment opportunities; also the capital influence the employment such as drivers. Example through the tractor people are employed as drivers in production activities so through this lead to the improvement of living standard of people.	

Extract 1.1 is a response from the candidate who managed to explain the economic concepts in part (a) and provided roles of capital in the economy in part (b).

Some candidates, who had average performance, provided a few correct points and other incorrect points in both parts of the question. In part (a) for example, out of three economic concepts, a candidate managed to explain only one concept and failed completely to explain the other two concepts. In part (b), the candidates provided few points as it was required by the question. For example, one of the candidates provided only four correct points out of seven required points.

However, few candidates who scored poorly failed to provide the correct meaning of the concepts. For example in part (a) (i), one of the candidates explained Economic laws as an *equal amount of input is proportional unequal amount input* (ii) Technological efficiency is *the ability of technology in economics*. (iii) Productivity is *an actual which takes place in economy*. In part (b), most of the candidates failed to

explain the roles of capital in the economy. Some candidates provided incorrect points. For example, one of the candidates provided points like: *expanding extent of market, stimulate consumption and opportunity cost*. Others wrote *is used in settling of debt, it helps in income distribution, it reduces the dependence ratio, it is used to know size of the market and provision of welfare* instead of the roles of capital in the economy. Extract 1.2 shows a sample of a poor response.

Extract 1:2

1 a) i)		
1. i)	Productivity. refers to the process of creating the commodities for goods and services. Productivity are made for the purpose to achieve goods. Thus productivity can be direct productivity or indirect productivity.	
ii)	Technological efficiency. Is the process of changing is the efficiency of technology. Technological efficiency means the efficiency of the product is high rather than is efficiency. The quality of product is high. Through the technological changes.	
iii)	Economic law. These are the laws which are used to economize the economies can be supply law or general law. Example of Economic law are law of demand and supply, law of Maximizing profit. So Economic laws are highly used in the economy to Maximize the profit.	

16)	Capital is an assets or wealth that can be used to produce other assets or wealth.
	The following are role of capital in the economy. Unlike land capital can be made by Human being, Payment of capital interest, It is subjected to the law of diminishing return, Derived demand, Can not produce other Factor of production like land and labour and assets.
	Unlike land, Capital can be made by human being, this will be one of the role of capital in economy.
	It is subjected to the law of diminishing return compare to the land, so that this will be one another role of capital in economy.
	It can not produce other Factor of production like land and labour, so that this will be one of the role of capital in economy.
	Payment of Capital interest, this are the another role of Capital in economy because people we not engage in production without interest we should must have interest.
	Demand that be used is derived demand and, it be another role of capital in the economy cause demand must be used in capital is derived demand.
	Capital it used assets to produce other other assets, so that this will be one another role of Capital in economy.
	Without labour Capital can not engage in production, so that they will be one another role.

Extract 1.2 presents a sample of one of the candidates who performed poorly in this question. In part (b), he/she provided the characteristics of capital instead of the roles of capital.

2.1.2 Question 2: Theories of Demand and Supply

This question had two parts, (a) and (b). In part (a) (i) and (ii), the candidates were required to use the information given in the table to calculate the cross elasticity of demand for product Y and G and, by giving reasons to name the commodity Y and G. In part (b), the candidates were required to explain five practical applications of the concept of elasticity of demand.

The question was attempted by 55.5 percent of the candidates out of which 23.6 percent scored from 12 to 19 marks, 40.6 percent scored

from 7 to 11.5 marks and 35.8 percent scored from 0 to 6.5 out of the 20 allotted marks. The candidates' performance in this question was generally good. Figure 2 shows the distribution of the candidates' scores.

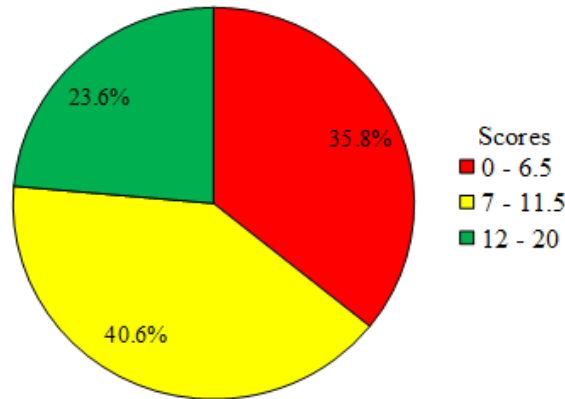


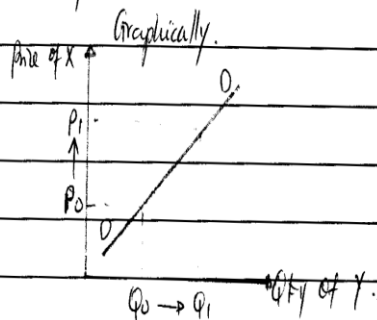
Figure 2: *Candidates' Performance in Question 2.*

The candidates who performed well in this question were familiar with mathematical calculation skills applied in economics. In part (a) (i) and (ii), the candidates were able to apply the information given to calculate the cross elasticity of demand for products Y and G. Furthermore, they were able to name commodity Y and G as required by the question. For example, most of the candidates were able to use appropriate formula to calculate the cross elasticity of demand of good Y and G by using the formula $Ced_Y = \frac{\Delta Y}{\Delta P_X} \times \frac{P_o}{Y_o}$ and $Ced_G = \frac{\Delta G}{\Delta P_X} \times \frac{P_o}{G_o}$. They also managed to name commodity Y and X as substitute goods (X = coffee and Y = tea) and G and X as Complement goods (G stand for car and X petrol). In part (b), majority of the candidates managed to explain the practical application of elasticity of demand. For example, one of the candidates provided the points, like *revenue determination, price discrimination, in taxation, and devaluation* as shown in the Extract 2.1.

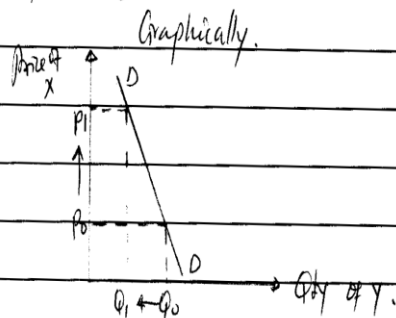
Extract 2.1

2	Q	Soln:	
	(i)	Cross elasticity of Demand for Y and G	
		$CED(Y) = \left(\frac{\Delta Q_d(Y)}{\Delta P(X)} \cdot \frac{P_0(X)}{Q_{d0}(Y)} \right)$	
		Where $Q_d(Y)$ - Quantity demanded of Y	
		$P(X)$ - price of product X	
		$P_0(X)$ - Original price of X	
		$Q_{d0}(Y)$ - Original Quantity of Y.	
		Δ - Means the change in a variable i.e. price & Quantity	
		$CED(Y) = \left(\frac{10-5}{75-50} \cdot \frac{50}{5} \right)$	
		$= \left(\frac{5}{25} \cdot \frac{50}{5} \right) = \left(\frac{250}{125} \right) = 2.$	
		\therefore The Cross elasticity of Demand for Y = 2.	
		and	
		$CED(G) = \left(\frac{\Delta Q_d(G)}{\Delta P(X)} \cdot \frac{P_0(X)}{Q_{d0}(G)} \right)$	
		Where $Q_d(G)$ - Quantity demanded of G	
		$P(X)$ - price of product X	
		$P_0(X)$ - Original price of X	
		$Q_{d0}(G)$ - Original quantity of G	
		$CED(G) = \left(\frac{5-10}{75-50} \cdot \frac{50}{10} \right)$	
		$= \left(\frac{-5}{25} \cdot \frac{50}{10} \right) = \left(\frac{-250}{250} \right) = -1$	
		\therefore The Cross elasticity of Demand for G = -1	

2a (ii) Commodity Y - is a substitute good because the cross elasticity of demand is positive which ^{means} the increase in price of commodity X has led to the increase in quantity demanded of commodity Y. Example of such good are Pepsi and Coca Cola or even Tea and Coffee.



Commodity G - is a complementary or jointly demanded good because the cross elasticity of demand is negative which means the increase in price of commodity X has led to the decrease in demand for commodity G and Example of such goods are Car and Tyres.



2.	(b)	<p><u>Applications of Concept of Elasticity of demand</u></p> <p>Price decisions, is one of the applications of the concept of the elasticity of demand because if a producer has goods he or she will have to check the degree of responsiveness may be if good is elastic then the price to be charged is lower than the inelastic goods and given the relationship between the goods whether complementary, substitute or not related that is all found in the concept of elasticity of demand.</p> <p>Revenue Determination, the concept of elasticity of demand can also be applied in the determination of revenue specifically through the use of price elasticity of Demand where when the goods are inelastic or perfect inelastic the total revenue will be high although there is an increase in tax, and when the goods are elastic or perfect elastic the total revenue will be low because the demand will decrease, hence also an application of Elasticity of demand.</p> <p>Government policies, is also another field where the application of the concept of Elasticity of demand can be made especially in the taxation policy where the government intends to generate more revenue it has to charge higher taxes so as the price can increase for the goods with inelastic or perfect inelastic demand and not the elastic ones.</p> <p>Devaluation policy, when the country's currency is being lowered or reduced in value in relation to other country's currency the issue of elasticity of demand has to be applied because the reduction of the price or value of money or currency affects even the supply and demand of the goods a particular country, hence an application of the concept of Elasticity of demand also.</p>
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Extract 2.1 shows a sample of a response from a candidate who was able to compute the cross elasticity of demand in part (a) and naming the commodity Y and G as required. In part (b), he/she managed to explain the practical applications of elasticity of demand.

However, some of candidates who scored from 7 to 11.5 marks provided wrong answer due to inadequate arithmetic skills and application of wrong formula. For example, one of the candidates

used wrong formula $Ced = \frac{\Delta P_x}{\Delta Q_y} \times \frac{P_y}{Q_x}$, which result to a wrong answer and wrong interpretation in (ii). In part (b), most of the candidates provided insufficient points required by question. For example, one of the candidates provided two out of five points.

Moreover, candidates who performed poorly in this question failed to obtain correct answers because they applied incorrect formulae of cross elasticity of demand in part (a) (i) and (ii). For example, one of the candidates used incorrect formula to calculate cross elasticity of demand as: $(Ced = \frac{\Sigma P_n Q_n}{\Sigma P_n Q_o} \times \frac{P_o}{Q_o})$ and incorrectly named the commodity Y and G as Y = car and G = oil.

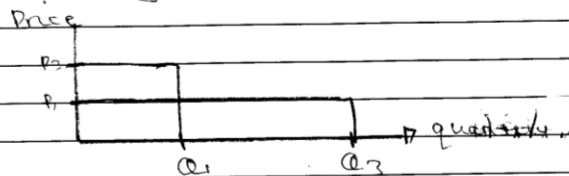
In part (b), some of the candidates failed to explain the practical application of elasticity of demand. Others provided incorrect points. For example, one of the candidates provided the points, such as *pricing of substitutes and complementary goods, freedom of consumption and it control inflation* rather than the practical application. Extract 2.2 shows a sample of a poor response.

Extract 2.2

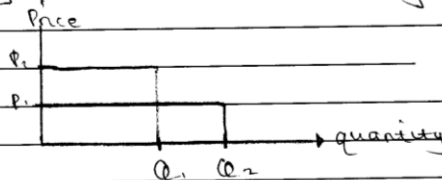
2a)	Cross elasticity of demand for Product Y and G	
	Solution	
	Gross elasticity = $\frac{Q_n Q_o}{Q_o} \times 100\%$	
	$\frac{Q_n}{Q_o}$	
	$= \frac{10-5}{5-10} = \frac{5}{-5} = -1$	
	The gross elasticity of demand for Product Y and G = -1	
ii)	Reasons, names the Commodities of elasticity demand.	
	It's a Y = Car	
	G = Oil (Petroleum jelly)	
	Because when one commodity rise its price the another commodity fall its quantity.	

2b) Five Practical application of the Concept of elasticity of demand are

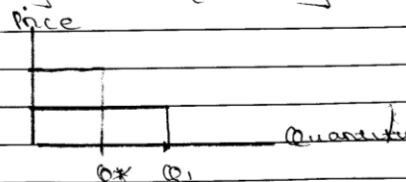
Elasticity: This is said that for a commodity to be elastic the change in a price bring a larger change in a quantity supply.



In elasticity: These are said to be inelastic when the quantity supply change in a small quantity due to the price change.



Unitary Elasticity demand: This is said to be unitary when change in a price bring equal change in a quantity demand.



Perfectly Elasticity: This is said to be perfectly elasticity when a constant price it bring a change in a demand quantity of the goods.

Extract 2.2 is a sample of a responses from a candidate who failed to apply the formula of computing the cross elasticity of demand and named wrongly commodity Y and G in part (a). He/she also explained the types of elasticity of demand instead of the practical application of elasticity of demand in part (b).

2.1.3 Question 3: Population

This question had two parts, (a) and (b). In part (a), the candidates were required to explain four points explaining the way population pressure increases in an area in Tanzania. In part (b), the candidates

were required to justify the statement by providing six points on the social and economic desirability of population census in a country.

The question was attempted by 74.6 percent of the candidates. Out of these, 9.4 percent scored from 12 to 18 marks, 46.5 percent scored from 7 to 11.5 marks and 44.1 percent scored from 0 to 6.5 out of the 20 allotted marks. The performance in this question was generally average (55.9%). Figure 3 shows the distribution of the candidates' scores.

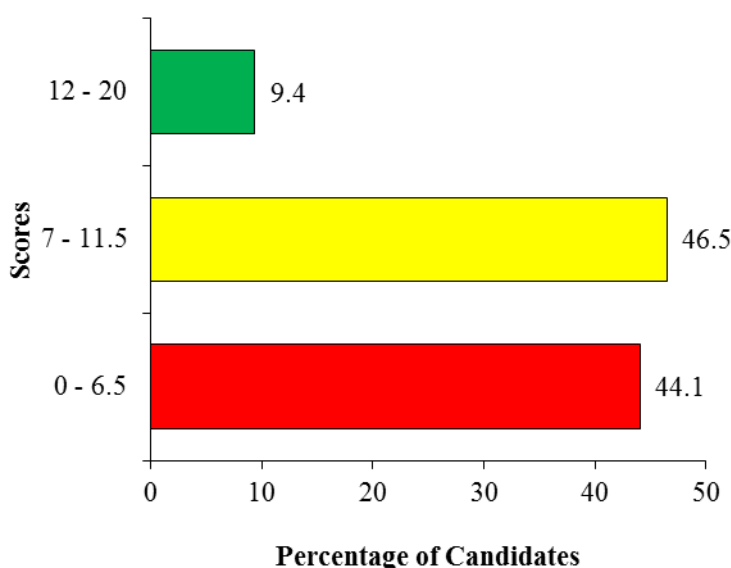


Figure 3: *Candidates' Performance in Question 3.*

Most of the candidates who performed well in this question were able to explain the way population pressure increases in an area in Tanzania. For example in part (a), a candidate explained by giving points, such as *availability of natural resources, soil fertility, good climatic condition and availability of social services*. Furthermore, in part (b) a candidate managed to justify the socially and economical desirability of population census in an economy by providing points, like *used in planning process, provision of population structure, determination of population size, easy to determine government budget and help the government in adopting different policies* as shown in the Extract 3.1.

Extract 3.1

31a1	<p>Population pressure; Refer to the kind of population growth which occurs when people is greater than available resources in an area. Population pressure in an area in Tanzania leads to the shortage of food, increase the social crimes, unemployment, spread of diseases and shortage of land. The population pressure increases in an area in Tanzania due to the following reasons:</p> <p>Availability of natural resources; The area with natural resources like minerals such as gold, copper attract many people to live than area with shortage of natural resources. Example In Mining Centre attract many people to live in large number.</p> <p>Soil fertility available; Also when the area with soil fertile which is sustainable for production activities for example agriculture attracts many people to live in order to increase the production in agriculture which provide food for both animals and organisms.</p>	
24a1	<p>Availability of good social services; Also when the area with characterized good social services like hospitals, schools lead to attract many people to live. For example population pressure or increase in Dar-es-Salaam region due to presence of good social services such as hospitals like Muhimbili hospitals.</p> <p>Good climatic condition; Also when the area were good climatic condition for example enough of rainfall, enough of temperature attracts many people to live in an area with favourable weather condition.</p> <p>Political stability; Also when there were peace and security contributed many people to live in an area in Tanzania. For example - Tanzania is one of the country which is peace and security were available.</p> <p>Generally The population pressure, in an area in Tanzania lead to increase labour available, increase of development in various sectors such as trade sectors, agricultural sectors.</p>	

30b)	Population census refers to the numeration of people after period of time. Example census in Tanzania is after 10 years other numeration occurred.	
	It socially and economically derivable.	
	Used in planning process: Census used in planning of the provision of the social services and create the government budget and also in the availability of other factor like education planning and also health planning.	
	Provision of population structure: Pattern in which show amount of children and women in the country in order to provide with easy management of the provision of health services among them.	
	Determine trending population: It show the trending of the population and planning control population rate or to encourage population and this lead to make policy whether to reduce or to absolute to encourage increasing of the population in the country.	
	Easy to make government budget: It easy to make budget which will balance with the availability of people in the country and all be surplus budget in the country which enable all people to get essential services - equality without problem.	
	Used to control birth rate: Population census used to control high birth rate which hinders the development of the nation where to increase the government burden in the country without problem.	

Extract 3.1 shows a sample of a response from a candidate who was able to explain the way population pressure increases in an area in Tanzania in part (a), and in part (b) to justify the socially and economical desirability of population census in a country.

Furthermore, the candidates who scored from 7 to 11.5 were able to explain less points on the way population pressure increases in an area in Tanzania. In part (a) for example, one of the candidates provided less than required correct points. He/she managed to provide

only two correct points and other points were irrelevant. In part (b), some of the candidates were able to mention correct points without detailed explanations.

However, the candidates who performed poorly in this question failed to explain both parts of the question (a) and (b). For example, in part (a), one of the candidates failed to give brief explanation on ways population pressure increases in an area in Tanzania. He/she instead wrote the causes of population growth, for example *high birth rate and high life expectancy* as factors for population pressure. In part (b), the candidates gave incorrect justification, like *time consuming, expensive, diseases, increase in government expenditure*. Extract 3.2 shows a sample of a candidate's poor response.

Extract 3.2

B. (a)	Population pressure refers to the group of people or species at a given area in a specific period of time. The following are the points of how does population pressure increase in an area in Tanzania the points are
	High level of production, this is the point of how does population pressure increase in an area of Tanzania due to the level of production. Example, If there is many production people with more.
	Good standard of living, this also is the point of how does population pressure increase in an area of Tanzania due to the high high standard of living / or good standard of living also there is good life in Tanzania.
	Peace and security, this also is another point of how does population pressure increase in an area of Tanzania due to the good peace and good security in Tanzania that's why there is population pressure in an area of Tanzania.
	Tourist attraction, this also is the point of how does population pressure increase in an area of Tanzania due to the tourist attraction in Tanzania.
	Consequently, there are the points of how does population pressure increase
	Transport and communication, this also is the point due to the good transport and communication in the country.
	All in All there are the points of how does population in a country is socially and economically - desirable.

Q (b)

Population refers to the group of people or species at a given area in a specific period of time. The following are the points of population census in a country is socially and economically due to the following points.

Provision of social services, this is the point of population census due to the ~~provision~~ government provided services to the people in a country.

Provision of employment, this is the point due to the government provided employment to the people who have not employment.

Number of literacy, this also is the point of population census in a country is socially and economically desirable. That's why number of literacy and illiteracy is the point of population census in a country is socially and economically desirable.

National Income, this also is another point of population census in a country is - socially and economically desirable in Tanzania.

To sum up these are the points of population census in a country is - socially and economically desirable in the country.

Extract 3.2 is a sample of a response from a candidate who was unable to explain on ways population pressure increases in an area in Tanzania in part (a). He/she failed to justify the contention that "Population census in a country is socially and economically desirable" in part (b).

2.1.4 Question 4: Theory of the firm

This question had two parts, (a) and (b). In part (a), the candidates were required to illustrate the type of profit earned by a firm operating under monopolistic competition in: (i) short run and (ii) long run. In part (b), the candidates were required to explain five internal economies of scale as the firm grows in size.

The question was attempted by 58.0 percent of the candidates out of which 7.8 percent scored from 12 to 18 marks, 54.2 percent scored from 7 to 11.5 marks and 38.0 percent scored from 0 to 6.5 out of the 20 allotted marks. The performance in this question was generally good (62%). Figure 4 shows the distribution of the candidates' scores in question 4.

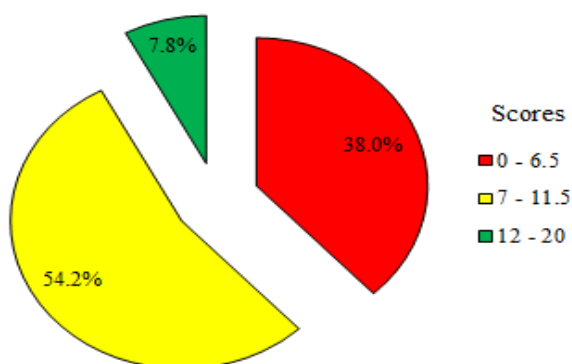
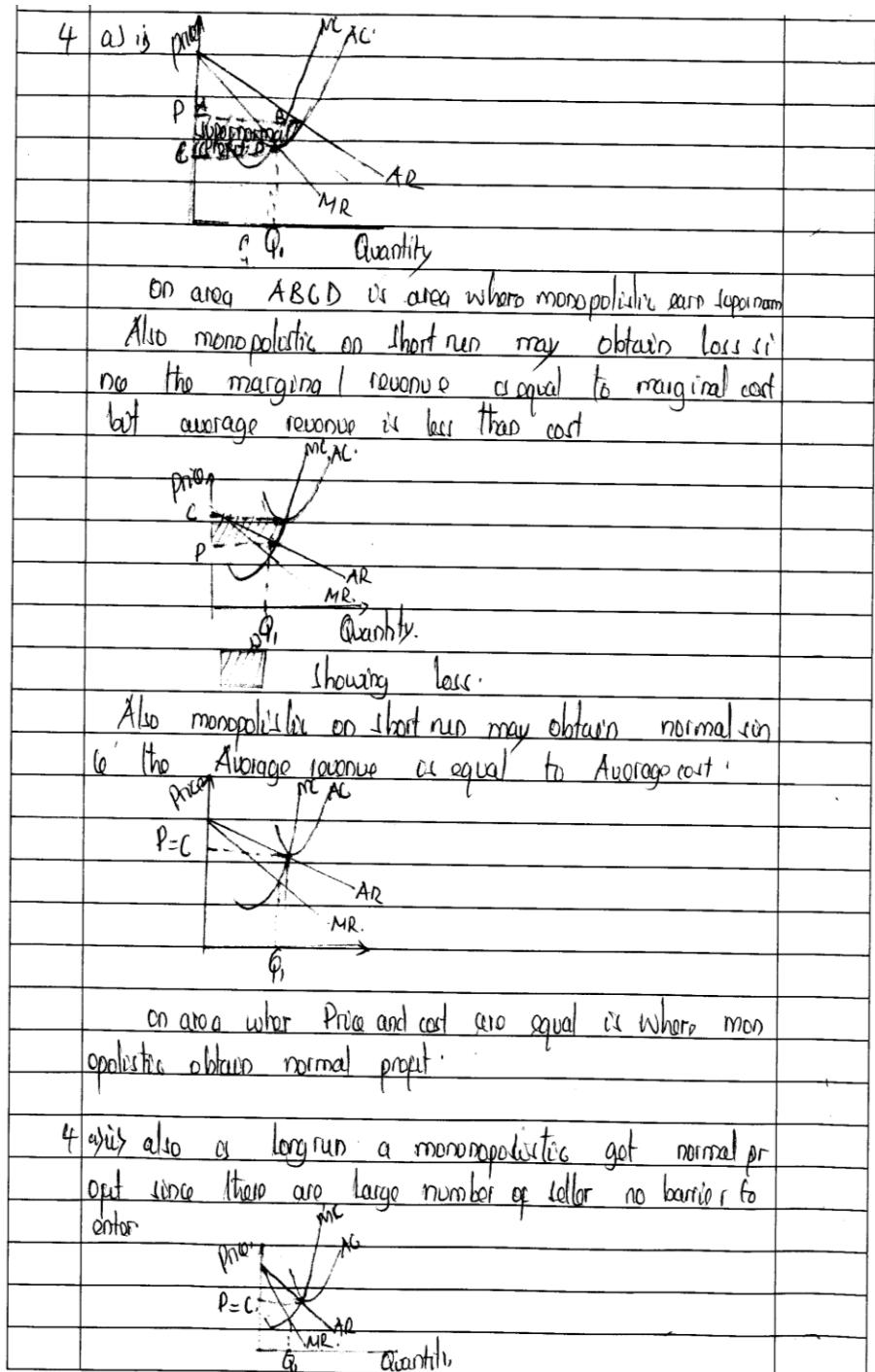


Figure 4: *Candidates' Performance in Question 4.*

The candidates performed well in this question managed to demonstrate well the profit earned by a firm operating under monopolistic competition in short run and long run in part (a). This indicates that, the candidates were able to identify the tasks of the question and they had acquired sufficient knowledge of the theory of the firm. For example, one of the candidates managed to show graphically the areas representing monopolistic profit, in the short run and long run. Moreover, in part (b) the candidates who performed well were able to explain the internal economies of scale of an individual firm as it grows in size. For example, the points explained by the candidate who scored more marks were: *managerial economies of scale, financial economies of scale, technological economies of scale, market economies of scale and research*

economies of scale. Extract 4.1 shows a sample of a candidate who responded well in this question.

Extract 4:1



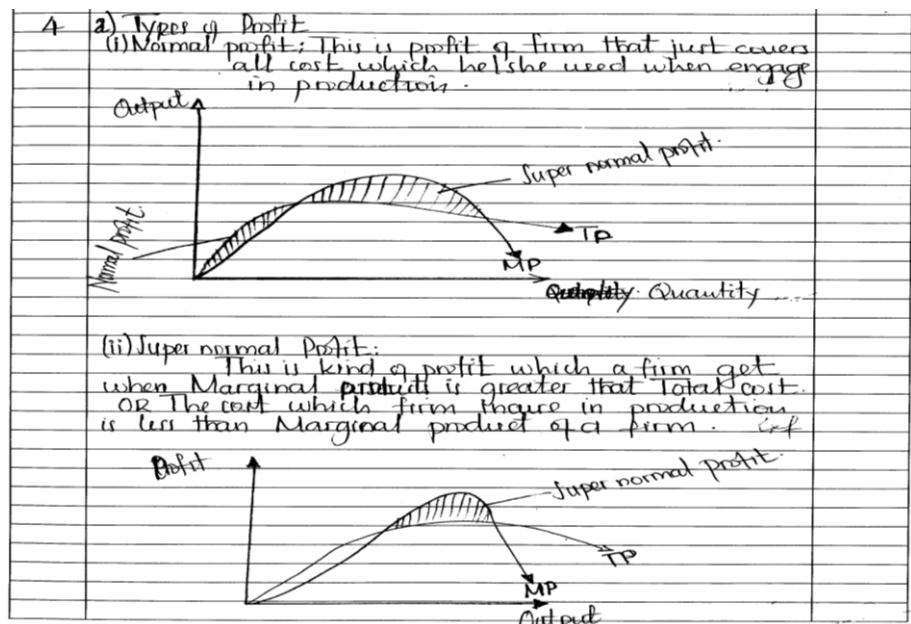
4	<p>b) To explain the internal economies of scale which can occur at an individual.</p> <p>Internal economies of scale refer to the advantage on which firm get after expand its firm, but the following are the economies of firm.</p> <p>Financial economies This is an advantage where a firm can able to get any amount of loans on the banks since have the security to be obtain a loans.</p> <p>Market economies also this is advantage which a firm get where by can able to buy a large amount of raw material for lowest cost also able to get market for their product since have alot of resources to advertise and to get demand.</p> <p>Transport economies also a firm get advantage on transporting a huge and bulky raw material and its product from one place to another for a lowest cost compare to the people transporting raw material for the same cost as firm when expand its firm.</p> <p>Research economies also a firm get advantage on research economies, since can able to establish laboratories for research within his/her firm and having permanent researcher since have money to pay them due to expansion of his/her firm.</p> <p>Managerial economies this is economies get a firm when expand its firm since there is specialization and where by every people can be responsible for a specialized and this can reduce the cost of management and close supervision since every people know his/her place of working.</p> <p>There are apart from these economies also a firm</p>	
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Extract 4.1 shows a response from a candidate who was able to show the type of profit earned by a firm operating under monopolistic competition in short run and long run in part (a). He/she also managed to explain internal economies of scale of an individual firm as it grows in size in part (b).

Furthermore, some of candidates who scored from 7 to 11.5 marks in part (a) used irrelevant diagrams. Other candidates were unable to relate their explanations with the type of a profit earned by a firm operating under monopolistic competition. Some candidates also failed to explain sufficiently the type of profits earned by monopolistic competitive firms in short run and in long run period. In part (b), candidates were able to explain few points of internal economies of scale which occur to an individual firm as it grows in size.

However, the candidates who performed poorly in this question failed to provide correct diagrams that illustrate the type of profit earned by a firm operating under monopolistic competition. For example, one of the candidates used total product curve and marginal product curve to explain types of profit earned by a monopolistic competitive firm. In part (b), poorly performed candidates were unable to give sufficient explanation on internal economies of scale which occur to an individual firm as it grows in size. Most of the candidates misunderstood the demand of the question. For example, one candidate provided the external economies of scale such as *government policy* and *availability of factors* instead of the internal economies of scale. Extract 4.2 shows a sample of this response.

Extract 4.2



04⑥	Internal Economic of Scale these are the kind of advantages are being obtained by the firm can be Individual or all Firm	
	The Following are the Internal Economies of Scale which occur to an Individual Firm as it grows in Size.	
	Source of Super normal Profit! - Due to the capacity that Individual Firm obtain it Profit and does not divide to other Firms hence an advantage.	
	Expand on Production :- Also Individual Firm will be able to Expand Production and have different places for it product	
	Production of quality and quantity goods and services :- Where by the producer as an Individual Firm will have ability to know the demand Force of it Consumers.	
	Availability of Market . Due to Much Expand a Firm will have good and ready Market to sell it Commodity and hence will Increase it Profits.	

Extract 4.2 presents a sample of the candidates' poor response. The candidate provided incorrect illustrations of a profit earned by a firm operating in monopolistic competition in a short run and long run period in part (a). In part (b), the candidate failed to explain the internal economies of scale of an individual firm.

2.1.5 Question 5: Trade Cycle

The question had two parts, (a) and (b). In part (a), the candidates were required to describe four policies that can be used to achieve economic stability, while in part (b) they were required to discuss six problems associated with instability of the growth of an economy.

The question was attempted by 43.9 percent of the candidates out of which 7.4 percent scored from 12 to 17.5 marks, 39.9 percent scored from 7 to 11.5 marks and 52.7 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally the performance in this question was

average (47.3%). Figure 5 summarizes the candidate scores in this question.

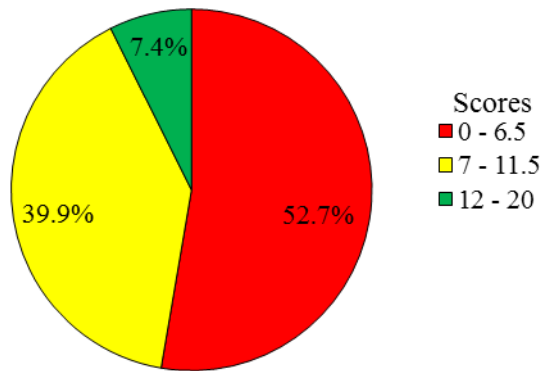


Figure 5: *Candidates' Performance in Question 5.*

The candidates who performed well in this question were able to describe the policies used to achieve economic stability in part (a), such as *monetary policy*, *fiscal policies*, *trade policy* and *direct control*. In part (b), the candidates who performed well were able to discuss the problems associated with instability of the growth of an economy. For example, one of the candidates discussed the points like *income inequality*, *disequilibrium in balance of payment* and *unemployment problem*. Extract 5.1 present a sample of the candidate good response.

Extract 5.1

5(a)	<p>Policies that can be used to achieve economic stability these are policies which when adopted they stabilise the economy. The following are policies which can be used to achieve economic stability.</p>
	<p>To start with, monetary policies, these are policies which can be used to stabilise the economy by look controlling the money supply. These include expansionist monetary policy which involves increasing the supply of money so as to stimulate investment and remove the country from depression, while contractionist for monetary policy involves the reducing of supply of money to cure inflation.</p>
	<p>Another, Fiscal policies, these are policies which deal with stabilising the economy by looking on revenue and expenditure of government. That is expansionist fiscal policies is adopted to stabilise the economy while it's at depression so it cures by increasing government expenditure and reducing revenue. While during inflation contractionist fiscal policy is adopted to cure inflation by reducing government expenditure while increasing income to the government of which reduces the money in circulation.</p>
	<p>Also, Direct control policies. These are actions which are taken directly by the government to stabilise the economy it includes derivation policy, tariffs and quotas setting exchange control even the price ceiling and price floor. That is this includes all actions which are taken by government using the direct control on various economic variables.</p>

5(b)	Price instabilities, that is due to the instability of the economy the prices of goods and services will not be stable due to that the market forces won't operate efficiently so it likely to cause either inflation or deflation in economy.	
	Unemployment problem, that is due to have unstable economy it lead to a problem of unemployment since instability in growth cause expansions of firms to be hard and therefore other firms closes due to economy instabilities of which closure of the firms lead to unemployment.	
	leads to plan failures. That is when a country is undergoing economic instabilities it will not easy for it to accomplish the targeted plan since the growth of the economy is not stable, thus being the fact the plans made most will fail due to failure of economic growth.	
	Instability of growth of an economy may also lead to an increase in public debt. This is due to that the country will find money from external sources to finance the economic growth, by so doing it leads to an increase in the public debt. as the	
	All in all instability of the economy should be combated with using policies so that to avoid economic instabilities in the country's economy.	

Extract 5.1 shows a good response from a candidate who was able to describe four policies used to achieve economic stability in part (a). The candidate also managed to discuss problems associated with instability of economic growth in part (b).

Moreover, the candidates who scored from 7 to 11.5 marks managed to describe few policies that can be used to achieve economic stability. In addition, some of them gave inadequate descriptions which led them to lose some marks in part (a). In part (b), most of the candidates with average performance inadequately discussed the problems associated with instability of the growth of an economy.

However, majority of the candidates who performed poorly in this question were unable to describe four policies that can be used to

achieve economic stability in part (a). This is due to poor mastery of the subject matter of the trade cycle. For example, one of the candidates gave incorrect response like *avoid price instability, increase employment, encourage the foreign investment, industrial development and encourage the policies of agricultural activities* instead of monetary, fiscal and trade policies. In part (b), most of the candidates misunderstood the demand of the question. For example, one of the candidates provided the factors which lead to decline of an economy, such as *unfavourable climatic condition, existence of poor infrastructure and underinvestment* instead of the problems associated with instability of economic growth. A sample of a poor response is shown in Extract 5.2.

Extract 5.2

5. A/	Economic Stability- Is the	
	strongest assistance of the economic	
	activities in a country at a given	
	period of time. The following are	
	the policies to be used to stabilize economy	
	Population policy. So that due	
	to the control the number of the people	
	that will lead to the stabilizing	
	our economy.	
	Investment policy. By introduce	
	the good policy of investment that	
	will encourage the increase in investe	
	ment as well it will solve the problem	
	of unemployment.	
	Industrial policy. Through	
	the policy of industries as introduced	
	in Tanzania that will help to control	
	the stability of our economy	
	in the country.	
	Agriculture policy. That will	
	emphasize the people to produce	
	so that it will ensure the food	
	supply as well the good standard	
	of living people.	

5.B/ Economic growth - is the increase in the volume of production in the country. Is the quantitative increase in production at a specific period of time in a country. The following are the problems associated with instability of economy growth.

Poor science and technology, that used in the process of production for example in agriculture the use of hoes and panga.

Poor transport and communication, that can encourage the exchange of money in the market. So that it's a problem facing the economic growth of the country.

Limited in resources, so that the scarcity of the resources its some time limit the production of the goods and services in the country as the unlimited in human wants.

Poor government policy. for example the policy of population its is difficult to attain in economic growth if there is hold of population control.

Political instability - is the country faced with the problem of political instability such as the conflict between politicians that decline the production activities in the country.

5.2/	Poor government support. that	
	being problem to the economic growth	
	of the country. the government should	
	ensure the market available and they	
	should provide loans and subsidies	
	the the firm	

Extract 5:2 shows one of the poor responses from a candidate who was unable to describe policies to achieve economic stability in part (a). In part (b), a candidate failed to discuss the problems associated with instability of the growth of an economy.

2.1.6 Question 6: Theory of Money

The question had two parts (a) and (b). In part (a), the candidates were required to describe five secondary roles of money in promotion of economic activities. In part (b), they were required to examine five key issues to consider for a successful devaluation.

The question was attempted by 45.1 percent of the candidates, out of which 88.4 percent scored from 0 to 6.5 marks, 9.7 percent scored from 7 to 11.5 marks and 1.9 percent scored from 12 to 19 out of the 20 allotted marks. Generally, the performance in this question was poor as 88.4% of the candidates scored from 0 to 6.5 marks. Figure 6 shows the distribution of the candidates' scores.

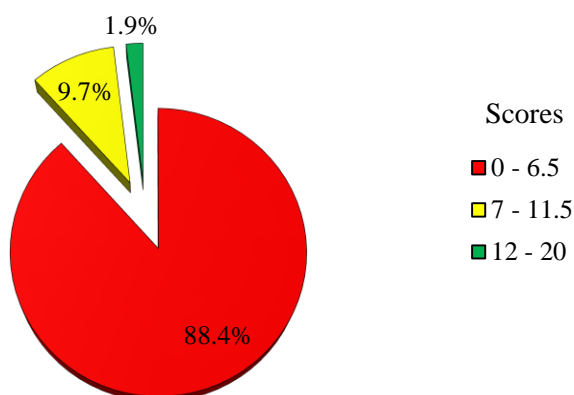


Figure 6: Candidates' Performance in Question 6.

Most of the candidates who attempted this question were unable to describe five secondary roles of money in promotion of economic

activities. In part (a), some of the candidates misconceived the question by explaining the stages in development of money, such as *commodity money*, *paper money*, *near money* and *deposit money* instead of explaining secondary roles of money. In part (b), instead of explaining five key measures to consider for successful devaluation, some candidates provided aims of devaluation such as *decreasing government spending*, *decreasing money supply*, *discourage imports*, *encourage export*, *promote domestic industry*, *provide employment* and *balance of terms of trade*. Extract 6.1 is a sample of a poor response.

Extract 6.1

6A.	<p>Money is anything that is used as medium of good and service and used as means of paying debt. The following are the role of money in promotion of economic activities:</p> <p>Medium of exchange; Money is used as medium of exchange of good and services and used as means of paying debt. So money help to promote economic activities.</p> <p>Store of value; Money is used as store of value in paying debt as well as it used as mean of exchange system. basically money is play an important to the society because it help the people to get some services.</p> <p>Measure unit of value; Money is used as measure value of people this because money is group in circulation by increase the standard of living of people by buying good and it keep as the mean of exchange good.</p> <p>Standard of different payment; Money is used as standard of different payment to people this because money is used as means of paying school fees paying tax and other resources.</p> <p>Immovable of some items; Money as money it is used as immovable of some items for people in buying and selling good at different price which people get.</p>
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6	B)	
		Devaluation; is the purpose of government to reduce the domestic currency into (ru) to foreign currency. The following are key issues to consider for a successful devaluation.
		To discourage imports; Due to encourage export and discourage the imports goods from the out side the country.
		To encourage exports; The devaluation which consider the exports in order to development of industry and to balance of payment to the country.
		To promote domestic industries; The purpose of government to promote the domestic industries in order to improve the export and discourage imports.
		To provide employment opportunity; Due to the government to reduce the domestic currency into or foreign currency in order to provide employment opportunity.
		To balance of terms of trade; The terms of trade is the ratio between export and import. The government reduce the value of domestic in order to balance of & collect terms of trade in the country.

Extract 6.1 is a sample of a poor response which shows a candidate who explained the functions of money instead of the secondary roles of money in part (a), and failed to explain key measures to consider for successful devaluation in part (b).

The candidates who performed moderately gave insufficient explanations on both parts of the question. In part (a), most of the candidates were unable to describe five secondary role of money in promotion of economic activities instead described the functions of money which were not demanded by the question. In part (b), some of the candidates were able to examine five key issues to consider for a successful devaluation. Others managed to provide few points without explanation.

However, the candidates who performed well in this question showed partial understanding of the topic of money. In part (a) for example, a candidate managed to describe secondary roles of money as *aid to specialization, influence income and consumption, tool of making loans, instrument of economic policy* and *instrument of monetary management*. In part (b), one of the candidates examined five key issues to be considered for a successful devaluation, like *price elasticity of country's imports*, and *price elasticity of country's export*. Extract 6.2 shows a sample of a good response from a candidate.

Extract 6.2

6. (a) Secondary role of money in promotion of Economic activities.

Money, Refers to something of value which is accepted by the society to be used as the medium of exchange, good money has the following qualities It must be generally acceptable, Durable, Portable, Stability in value, Homogeneity and so many others. The followings are the Secondary role of money in promotion of economic activities.

Aids to Specialization, One of the Secondary role of money is that it helps in the specialization. That is through the use of money it is easier for the people each other to specialize in a certain economic activity and later through money peoples are paid for their work, Example labour when are specialized in the production at the end they are rewarded in terms of money for their service.

Influence income and Consumption, Also money influence income and Consumption by using money people in the economy are getting their incomes and then that money influence Consumption that is a person after he/she has earned income he or she can decide to make Consumption either on goods or services in the economy.

6-	(a)	<p>Tool of making loan, Also by using money people in the economy they are getting loan. Also this is the secondary function or role of money in promotion of economic activities, that is people after getting loan in terms of money can conduct a certain economic activity in the economy or he or she can invest that money then it promotes economic activity in that way.</p> <p>Instrument of economic policy, Also money is the instrument of economic policy such as expansionary and contractionary fiscal policy, that is the government by using money they can implement economic policy such as fiscal policy to control inflation or deflation in the economy in order to promote economic activities.</p> <p>Instrument of monetary management, Also money is the instrument of monetary management, through money the central bank or the government can manage its money in the economy. So also this is the secondary role of money in the promotion of economic activities.</p> <p>Generally, The following are the primary functions of money, Medium of exchange, Store of value, measure of value, standard of deferred payment but also transfer of immovable property.</p>
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6. (b) Issue to Consider for a Successful Devaluation:

Devaluation, This refers to the free purpose action by the government of reducing the value of money in terms of Foreign Currency. The followings are the issues to consider for a successful devaluation.

Price elasticity of Country's import must be elastic, that is when the government devalue its domestic currency in terms of Foreign Currency it means the value of imports increases and one of the aims of devaluation is to reduce imports of goods from abroad so when the price of import increases the volume of import in the country should fall or decrease then the devaluation will be successful.

Other countries which produce similar products should not engage in the same policy of devaluation; that is if there are other countries which produce goods similar to the country that devalue its currency then there will be competition among the two countries, because one of the aims of devaluation is to promote export then if there is a country which produces the similar good the exports may not increase.

Also price elasticity of Country's export should be elastic, that is when the country devalue its currency then the price of export becomes more

6. (b) cheaper then due to this the price elasticity	
of Country's export should be elastic beca	
use of the fall in the price of Country's	
export then the volume of export should	
increase and the devaluation will be success.	
Exchange rate should be	
fixed. That is the system of a country ex	
change rate should be fixed that is the	
one which is maintain through the central	
bank in order to avoid the frequently	
change in the value of money which	
may makes the devaluation policy to fail.	
There should be response	
of supply when there is increase in demand.	
That is because the country devalue it's	
currency then the price of Country's exports	
becomes cheaper then there will be the	
increase in the demand of a country's prod	
uct so that when the demand increases also	
the country should be able to increase the	
supply of commodity in order to meet de	
mand.	

Extract 6.2 shows good responses from a candidate who explained the secondary roles of money in promoting economic activities in part (a). He/she was also able to give key issues for successful devaluation in part (b).

2.1.7 Question 7: Privatization

In this question candidates were required to define and assess nine points of usefulness of privatization to the economic development of the country.

The question was attempted by 93.2 percent of the candidates, out of which 56.6 percent scored from 12 to 20 marks, 38.1 percent scored from 7 to 11.5 marks and 5.3 percent scored from 0 to 6.5 out of 20 allotted marks. Generally, the performance in this question was good. Figure 7 shows the distribution of the candidates' scores.

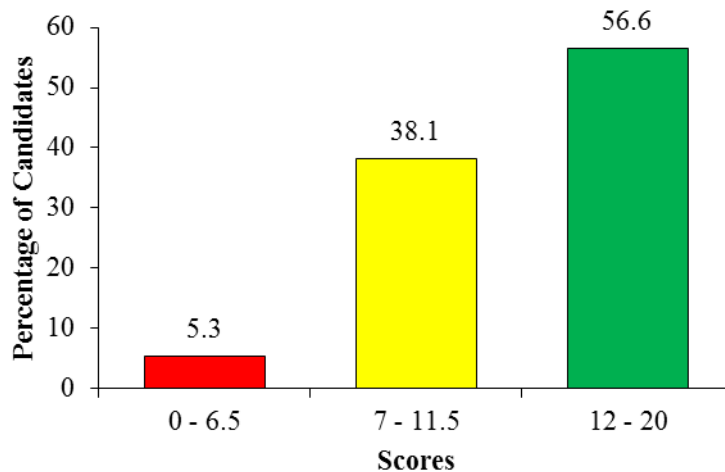


Figure 7: *Candidates' Performance in Question 7.*

Candidates who performed well in this question understood the demand of the question. Most of the candidates managed to define Privatization. For example, a candidate defined Privatization as *a process in which the public sector is transformed to private sector*. Some candidates were also able to make assessment of usefulness of privatization to the economic development, such as *capital inflow, increase in efficiency, reduction of government burden, encourage competition and bring foreign currency*. Extract 7.1 is a sample of a good response.

Extract 7:1

09.	The following are the usefulness of privatization in the economic development of the country	
	It contribute to the raise of government revenue, through privatization in Tanzania the private firms were are required to pay taxes to the government which in turn raises revenue to the government and enables the government to finance its daily expenditure	
	Reduces the Burden to the government, the private sector in Tanzania plays the role that were to be played by the government like provision of education services, health services and also through industries construction that provides employment to the people. Thus through this the government finance more economic activities for more development,	
	Encourages competition in production, due to privatization in Tanzania the competition in production develops as the private compete with the public in production. This improves the efficiency of production and the quality of production. Example competition between private crop buyers and cooperative union,	
	It enable earning of foreign currency, through liberalization the flow of foreign currency in Tanzania increased. This aids in the development of trade in Tanzania and in the international level. Also through the currencies obtained leads to easy export importation of capital equipments from outside the country hence lead to the development of investment,	

cg.	Capital inflow and investment, through privatization there is high inflow in capital and increase in the investment in the country since there is liberalization in trade and economic matters. Example reduction in barriers of trade and investment influence the increase in the capital from abroad and expansion of the investment.	
	Encourages efficiency and optimum utilization of resources, due to the competition in production the idle resources become utilized efficiently in the country. So when the resources are utilized at maximum it leads to the economic growth and development.	
	Reduces the level of corruption and embezzlement, Before privatization in Tanzania the public owned institutions were too corrupt since the operators were the public officials but through privatization corruption and embezzlement reduced since there is effective control of production and administration by private sectors.	
	Reduces the problems of unemployment, the establishment of privatization in Tanzania to some extent unemployment reduced since a large number of people became employed in private investments like industries, plantations and in different offices.	

Extract 7.1 is a sample of a good response from a candidate who managed to give the correct definition of the term Privatization and also a sample of response to assess the usefulness of privatization to the economic development.

The candidates who scored average marks, inspite of understanding the demand of the question, some of them managed to point out only four out of nine required points on assessment of the usefulness of privatization to the country economic development. Other candidates provided weak and unsupported points.

On the other hand, the candidates who performed poorly failed to identify the usefulness of privatization to the country economic

development. Other candidates misconceived the question by explaining features of privatization instead of the advantages of privatization. For example, one of the candidates provided points, such as *deregulation*, *competitive tendering*, and *divestiture*. Extract 7.2 shows a sample of a poor response from a candidate.

Extract 7.2

7.	Danger of monopoly, is the one of disadvantage of privatization because they can win the market and start to exploit consumer by price and provide goods and services as they wish without check on the demand of the consumer.
	Environmental degradation, is the one of the disadvantage of the privatization toward economic development because they use advanced technology which pollute the environment and they have no technology or way to overcome it so it is the one of the disadvantages of privatization.
	Does not run risky project, because of their aim does not engage in risky project which used huge capital although this risky project have positive impact toward the development of the country but they do not run it because they fear loss so this give government a hard time to run this project itself without assistance.
	Increase Cost of living, due to sell their goods and services in high prices rather than government when they run that project or own that industries so this increase the cost of living and make life so hard due to their price they make.
	Disobeying government plan, large private sector or have habit of disobeying the plan of the government because of their power government can plan to protect local industries by restrict importations of goods but private because it large can import this is disadvantage.
	Corruption, due to their aim of making profit they can want to do things which are not allowed by the government but because they have money and power they can corrupt and this push back our development and is one of the disadvantages of privatization.

Extract 7.2 shows a response from a candidate who explained disadvantages of privatization instead of the advantages of privatization.

2.1.8 Question 8: Employment and Unemployment

The question had two parts, (a) and (b). In part (a), the candidates were required to describe five types of employment existing in Tanzania. In

part (b), they were required to analyse the five problems of unemployment.

The question was attempted by 78.6 percent of the candidates, out of which 23.5 percent scored from 12 to 20 marks, 49.1 percent scored from 7 to 11.5 marks and 27.4 percent scored from 0 to 6.5 out of the 20 allotted marks. The performance in this question was generally good as 72.6% scored 7 marks and above. Figure 8 shows the distribution of the candidates' scores.

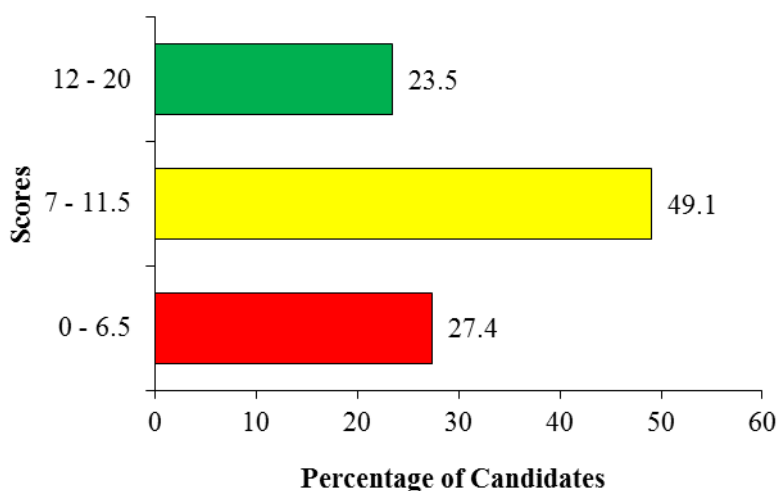


Figure 8: *Candidates' Performance in Question 8.*

The candidates who scored high marks (from 12 to 20) were able to meet the demand of the question. In part (a), most of the candidates managed to describe five types of employment. For instance, one of the candidates managed to describe types of employment, such as *casual work employment*, *full time employment*, *seasonal employment* and *part time employment*. In part (b), a candidate was able to analyse the problems of unemployment, such as *dependency ratio*, *burden to the government*, *crimes* and *decline in standard of living*. This indicates that candidates have enough knowledge on the topic of employment and unemployment. A sample of a good response is shown in Extract 8.1.

Extract 8:1

8.(a)	Employment refers to the situation where people who are willing and able to work have jobs.	
	The following are types of employment.	
	Full time employment. This is the kind of employment where a person is employed to work full time at a single office only.	
	For example Bank Tellers.	
	Half time employment (Part time employment) is the kind of employment in which a person is employed to work for sometime maybe a few hours (2 hours, 3 hours or so) but receives regular payment for the time he works.	
	Example a part time teacher.	
	Contract employment. This is the kind of employment in in which a person is employed to work for an agreed duration may be for a few years with regular payment, where an agreement or contract between is signed by the employer and employee.	
	Casual employment. This is the kind of employment where a person is employed when a certain task or event is arises.	

8.(a)	For instance catering services.	
	Self employment. This is the kind of employment in which a person is not employed by an employer but conducts himself in his own economic activities and earns income.	
8.(b)	Unemployment is the situation whereby people are willing and able to work but can not find jobs.	
	The following are the problems of unemployment.	
	Increase in social crimes as people such as robbery as unemployed people do not receive income, and look for ways to sustain their needs.	
	Fall in purchasing power of the people due to fall in income and income levels. This will lead to a fall in aggregate demand for goods and services.	
	Increase in dependency ratio. This causes burden to people as those unemployed tend to depend and live off the income of their relatives and friends.	
	Increase in government burden. The government has to be accountable for the needs of the people who are unemployed thus rendering more expenditure for the government.	
	Fall in savings. Unemployment leads to a fall in savings as there is fall in	

Extract 8.1 shows a good response from a candidate who was able to describe the types of employment existing in Tanzania in part (a). He/she was also able to analyse the problems of unemployment in part (b).

The candidates who scored from 7 to 11.5 marks were able to explain few points possibly due to insufficient knowledge of employment and unemployment. For example, in part (a) some of the candidates misinterpreted the demand of the question. Instead of describing the types of employment, they explained the levels of production. In part

(b), some of them were able to analyse a few correct point of the problems of unemployment.

Furthermore, the candidates who had poor performance failed to describe the types of employment existing in Tanzania in part (a). For example, one of the candidates provided irrelevant points, such as *industrial employment, frictional employment massive employment* which was wrong. In part (b), some of the candidates provided the causes of unemployment instead of the problems of unemployment like *political instability, poor government support, poverty, low level of science and technology* and *rural urban migration*. Others provided irrelevant points such as *lack of capital, lack of education and training* and *it determine level of wealth* of a country as problems of unemployment. Extract 8.2 represents a sample of poor response from one of the candidates.

Extract 8:2

8. a.	Employment: Is the situation where by people are willing and able to work and can find a job. Also there are many type of employment to the country which are follows.	
	Industrial employment: This is the type of work employment where by all people in the industry there become employment and make the works.	
	Frictional employment: Also and this is the one of the type of employment which it applied in the different area to the country now days.	
	Hidden employment: Also due to this employment the different people to the country they can make a work without any problem to the given place in the country.	
	Structural employment: Also and this is one of the type of employment which it make the people to the country to get job in the different period of time in the country.	
	Massive employment. Also and this is the one of the employment which lead to the country of Tanzania of now days, most of the people work in this employment.	
	Generally: Due to these employment most of the people are get job in the different place to the country.	

8	<p>b. Unemployment; is the situation where by people are willing and able to work but can not find a job there are many types of unemployment which are residual, massive, frictional and others many. The following are the problems of the unemployment which are ;</p> <p>Industrialization of the industry or privatization of the industry; so due to these it came to cause the problem of unemployment to the different area in the country so this is not good thing to the country which we live.</p> <p>Education level problem ; Also and this it can be one of the problem of the unemployment to the country of Tanzania because due to this education they can choose who have only high education in the country.</p> <p>Health problem of worker which came to cause the him/her to didn't be get the work in the same of the working condition like worker blindness or others in the country of Tanzania.</p> <p>Reduction of the number of worker who have low education in the industry and this it can be to be the problem of unemployment to the given country in one way or another to the country of Tanzania which we live now days.</p>	
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Extract 8.2 shows one of the poor responses from a candidate who provided wrong types of employment existing in Tanzania in part (a), and were unable to analyse the problems of unemployment in part (b).

2.2 PAPER 2: 151/2 ECONOMIC DEVELOPMENT

2.2.1 Question 1: National Income

This question had two parts, (a) and (b). In Part (a) (i), the candidates were required to explain expenditure method and in (ii) income methods as the ways of computing National Income. In part (b), candidates were required to explain eight factors which hinder proper and accurate measuring of the National Income of a particular country.

The question was attempted by 59.1 percent of the candidates out of which 19.3 percent scored from 12 to 19 marks, 51.0 percent scored from 7 to 11.5 marks and 29.7 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance of the candidates in this question was good. Figure 9 shows the distribution of the candidates' scores.

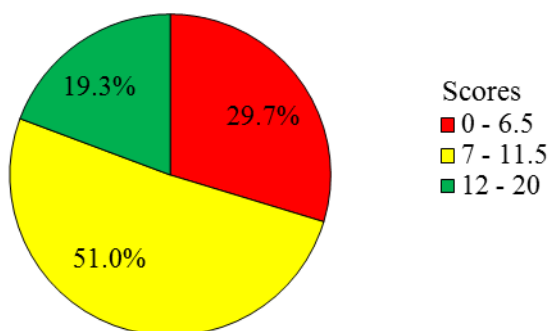


Figure 9: Candidates' Performance in Question 1.

Most of the candidates who performed well in this question depict that they acquired sufficient knowledge of the subject matter. In part (a) (i) for example, one of the candidates was able to define expenditure method as a *method of calculating national income by summing up the total expenditure from different sources* and, in (ii) income method as *the method of calculating the national income by summing up all income from different factors of production*.

Furthermore, the candidates managed to account for factors that hinder proper and accurate measurement of National Income. For example, in part (b) one of the candidates provided the factors that hinder proper and accurate measurement of National Income as *double counting*,

subsistence economy, illegal trade, self-employment, house wife activities, difficult in estimating the income from abroad and inflation. Extract 9.1 shows the candidate's good response.

Extract 9.1

1.	a)	
	(i) Expenditure method	
	This is the method used in calculating national income by adding all types of spendings on goods and services produced in a country in that financial year. In which Expenditure method includes the	
	household spendings, producers spendings, government spendings and even the spendings on exports.	
	∴ By expenditure method	
	National income = Consumption + Investments + Government spendings + (Exports - Imports)	
	\downarrow GNP_{mp} $\text{GNP}_{mp} = C + I + G + (X - M)$	
	(ii) Income method	
	This is the method used in calculating national income by summing all the returns/income received by every factor of production in that financial year, in which the returns of factors of production includes wages, interest, rent and profit.	
	∴ By income method	
	National income = Wages + Interest + Rent + profit	

11b)	<p>Problem of double counting, triple counting, and quadruple counting. This happens when a commodity as a raw material is counted, when its processed is counted and also upon reaching the market places is counted again. This leads to overstating of the national income hence inaccurate measuring.</p> <p>Illegal activities such as smuggling hinder accurate measuring. Produced goods that could increase the national income are smuggled outside to other countries hence their value not included in statistic figures. At the same time, there are some illegal activities which yield maximum income but they are not included because of their illegality.</p> <p>housewives' activities. These are people who perform domestic services at home. In measuring the value of the national income, their services and income are not included because they are not termed as employed although they obtain income. collecting data on them could be a difficult process hence inaccuracy in measuring the national income statistics.</p> <p>Difficulty in measuring the value of depreciation. It is difficult to determine the exact value of depreciation of capital goods such as machines in the country. This leads to improper assuming or estimating and thus hinders the proper and accurate measuring of the national income because depreciation is deducted from the gross or net national product.</p>	
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Extract 9.1 shows a good response of a candidate who was able to explain expenditure and income approaches in part (a), and also managed to account for factors which hinder proper and accurate measurement of National Income in part (b).

The candidates who scored average marks were able to explain one of the methods correctly. Furthermore in part (b), the candidates gave insufficient factors which hinder proper and accuracy in measurement of National Income.

However, the candidates who scored poorly were unable to give correct explanation of expenditure and income method in part (a). This is due to insufficient knowledge relevant to concepts asked. In part (b), some of the candidates failed to account for factors hindering proper and accurate measurement of the National Income. For example, one of the candidates explained irrelevant points such as *poor government policy, poor living standard of people, low per capita income and poor research* instead of providing factors that hinder proper and accurate measurement of National Income. A sample of a poor response is shown in Extract 9.2.

Extract 9.2

1a.	National Income refers to the measure of value of goods and services obtained in a country in a particular or given year. In each country there must be national income obtained per year. The following are the explanation of methods in determining national income. In a given country at a given year;
	Expenditure method; is the methods used by the government in determining methods. or we can say the government look about how they use government revenue to a country. The uses of government revenue use also say its how government use it. by using Expenditure method the government will determine national income in a given country at a given year in development activities.
	Income Method; Also this is another way on how national income will be determined. This is done by looking how workers earn their salaries per year. If they earn higher the is good national income because they will pay tax but if the worker earn low salaries the national income also will be small because people will fail to pay tax

10	<p>Availability of capital equipment; When there are availability of capital equipment like provision of funds that provide loans to people can hinder the proper measuring of national income of a particular country.</p> <p>Availability of technological progress; Wherever there is the use of machines like tractors, computers that encourage easy performance of work lead to improve innovation that can hinder the accurate and proper measuring of the national income of a particular country.</p> <p>Favourable climatic conditions; This hinder the proper measuring of national income once there are favourable climate lead to improve terms of trade through exporting goods to donor country.</p> <p>Entrepreneurship; The presence of entrepreneur in a country encourage the increase in knowledge and skills that support in innovation hence may hinder the accurate and proper measuring of the national or country income in a particular country.</p> <p>Availability of market; Market availability increase the national income once there are proper allocation of resources and remoteness area hence lead to expansion of the market also hinder the accurate and proper measuring national income in a country.</p> <p>Availability of infrastructure; Presence infrastructure like road, railway hinder the development of activities like agriculture that get more production hence hinder proper measuring of national income.</p>	
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Extract 9.2 shows a response of a candidate who provided wrong explanation of expenditure and income methods of measuring National Income in part (a). The candidate also in part (b) provided the determinants of national income instead of the factors hindering proper and accurate measurement of National Income.

2.2.2 Question 2: Public Finance

The question had two parts (a) and (b). In part (a), the candidates were required to provide five reasons which force the government to impose tax in a country. In part (b), candidates were required to elaborate five functions of the government budget.

The question was attempted by 95.9 percent of the candidates out of which 23.7 percent scored from 12 to 19 marks, 56.1 percent scored from 7 to 11.5 marks and 20.2 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance of the candidates in this question was good. Figure 10 shows the distribution of the candidates' scores.

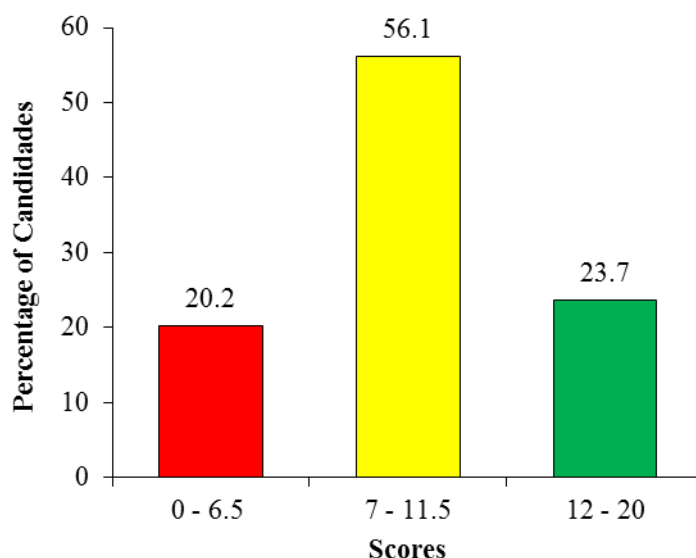


Figure 10: *Candidates' Performance in Question 2.*

The candidates who performed well in this question understood the requirements of the question. For example, in part (a) most of the candidates provided the reasons for taxation, such as *to attain economic stability, to redistribute income, discourage the consumption of harmful goods and to raise its government revenue*. In part (b), the candidates were able to elaborate the functions of the government budget, such as *to ensure proper allocation of resources, to correct disequilibrium in the balance of payment and to control inflation*. This indicates that the candidates had good knowledge of the subject matter. Extract 10.1 shows a sample of a good response.

Extract 10.1

Q	(a)	<p>Tax is the compulsory payment made by firms and individuals to the government so as to raise its revenue. In the country, the government basically imposes tax so as to perform different functions and meet its expenditure. Protectionism is normally taken into consideration. This is the part of trade policy aimed at controlling imports and promoting exports so as to safeguard the country against adverse effects of international trade. The following are the reasons which force the government to impose tax in a country;</p> <p>To raise its government revenue. The government imposes tax so as to gain and attain more revenue in order to meet its expenditure and thus maintaining a balance budget. The government aims at increasing its revenue which will be allocated to the country's resources for proper utilization. This removes the dependency of a country to abroad. Hence, this is one of the reasons why the government impose tax in a country.</p> <p>To protect infant industries. The government also aims at increasing exports of a country than imports and thus why imposes tax/tariffs which will discourage importers from importing large amounts of imports from outside the country. Since its aim is to protect home or domestic industries, the government imposes heavy tariffs on imported goods so as to assist infant industries in producing more of its goods and thus assist increase of exports in the country. As a result the government obtains revenue from exported goods. Hence, this is one of the reasons why the government imposes tax in a country.</p> <p>To facilitate income redistribution. The government also ensures there are no income classes in the country thus it imposes tax in the country. This is done through direct tax where by it is imposed on people's income and it is deducted to the income earners using Pay as you earn (PAYE) method. This removes classes of different income earners in the society as well bringing economic growth in the economy. Hence, this is one of the reasons</p>
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	Control Inflation. The government also aims at controlling economic instabilities in the economy such as inflation which tend to occur. Inflation is the persistent increase in the general price level. Imposed tax to the firms and citizens helps to reduce circulation of money which will reduce their disposable incomes and thus reduce purchasing power which would have caused demand-pull inflation. Also it helps to control inflation by imposing heavy tariffs on imported goods which tend to have import inflation. Hence, this is one of the reasons why the government imposes tax in a country.	
	Reduction of importation of harmful products. This is also another basic reason for the imposition of tax in the country. The government reduces the importation of harmful commodities when it imposes a total ban on those products which have negative cultural or economic impact in the country. Example of harmful products are pornography, cocaine and second hand clothes. Therefore, imposition of tax restricts the importation of such commodities. Hence, this is one of the reasons why the government imposes tax in a country.	
	Generally, tax is important to the government as it helps it in raising the revenue so as to meet the planned expenditures as well as attaining of economic growth in the country.	
2	(b) The following are the functions of the government budget: Redistribution of income. The government budget usually known as the national budget usually targets at reducing income inequalities in the country. This is done by the government allocating resources for investments which will lead to employment opportunities in the country and thus raising their standard of living and the government collects	

2(b)	Collects tax which will enable to reduce the income gap or classes in the society. This is important since it can facilitate economic instability in the economy. Hence, this is one of the functions of the government budget.	
	It creates employment opportunities. The government budget also offers chances of jobs to the people in the country through different expenditure involving projects of infrastructure of roads, railways, bridges and construction of hospitals. This gives many people ability to occupy different jobs at different planned development projects for the country. Both skilled and unskilled labour is employed and this reduces the unemployment rate in the country. Hence, this is one of the functions of the government budget.	
	To control inflation. Since this is an economic disaster, through the government budget it helps to control inflation by controlling the ^{deficit of} balance of payments that is payments of a country to abroad exceeding the receipts of a country from abroad. This controls inflation in the country as it discourages imports from other countries and encourage exports to other countries. It offers many development plans and projects which will influence of production activities. Hence, this is one of the functions of the government budget. Hence, this is one of the functions.	
	Aims at economic stabilization. The government avoids different economic instabilities which might arise in the economy and thus why it imposes its budget to eliminate such an element in the economy. Example of economic instabilities include inflation and ^{GDP} redistribution of income earners. By stabilizing the economy, it helps the government to settle and provide different activities in the country without these economic instabilities. Hence, this is one of the functions of government budget.	

Extract 10.1 shows a response of a candidate who provided reasons for the government to impose taxes in a country in part (a) and was able to elaborate functions of the government budget in part (b).

The candidates who scored average marks from 7 to 11.5 were able to provide few reasons which force a country to impose tax in part (a). Some of the candidate responses were: *government revenue, to control income inequality and to control importation*. Other candidates failed to give detailed elaboration of each point. For example, one of the candidates wrote that government budget is used

to improve social services, support economic planning and points like financing wars, used in buying technologies, support environmental conservation, which were wrong.

The candidates who performed poorly in this question provided wrong reasons which force the government to impose tax in a country. In part (a) for example, one of the candidates wrote incorrect points like *it provide government expenditure, increase the national income, it provides loans, it provide wages to the worker*. In part (b), some of the candidates wrote that the government budget *helps to balance government expenditure, it helps to know the function of national income, it provides salaries to workers, it direct the allocation of the activities* instead of the functions of the government budget. This indicates that the candidates had insufficient knowledge in government budget. A sample of a poor response is shown in Extract 10.2.

Extract 10.2

2.	a. Five reasons which forces the government to imposed tax in a country	
	Tax refer to the amount of money that imposed by the people from goods and services example in shopping also tax can be into three types tax progress, proportional and regressive system tax. There are more the reason which forces the government to imposed tax in a country. The following are the reason which used by the government to reduce imposed tax	
	Reduce number of export commodity: through the imposition of tax from the export goods in the country it help to value their domestic product because when in a country export more than import increase the government revenue but also when they reduce export means they want to expand import goods.	
	Increase national income also when the government imposed tax in a country it help to increase the size of national income because the level of income sometime.	

2a. level of national income increased due to the number of tax when it is in higher level also government imposed the tax in order to expand the government revenue because the revenue can influence to determine the expenditure.

Increase the government expenditure also government can imposed tax in a country in order to increase the available resource and to increase the expenditure.

Reduce investment; also through the tax imposed by the government it help to reduce the number of investment in our country which is used to dominate other sectors.

Generally: Tax is a very important in a country that why the government can imposed in a country because through the tax help to determine the level of national income.

3. b. Government budget refers to the simply an estimate of revenue and government expenditure for a particular financial year. The following are the function of national (government) budget).

To achieve the goals through the government budget help to achieve our goal such as goals on the different planning on different sector such as in agriculture sector because the government can be stimulate because they having enough capital due to their budget.

Increase government revenue; also through the government budget it help to increase government revenue by imposed tax from differ sectors.

Extract 10.2 shows a response from one of the candidates who provided wrong reasons which force the government to impose tax in the country in part (a). In part (b), he/she failed to elaborate the correct functions of the government budget.

2.2.3 Question 3: Economic Growth and Development

In this question, the candidates were required to describe the advantages and disadvantages of foreign aid to the recipient country.

The question was attempted by 84.7 percent of the candidates out of which 46.1 percent scored from 12 to 19 marks, 46.8 percent scored from 7 to 11.5 marks and 7.1 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was good because 92.9 percent of the candidates scored 7 marks and above. Figure 11 illustrates the distribution of the candidates' performance.

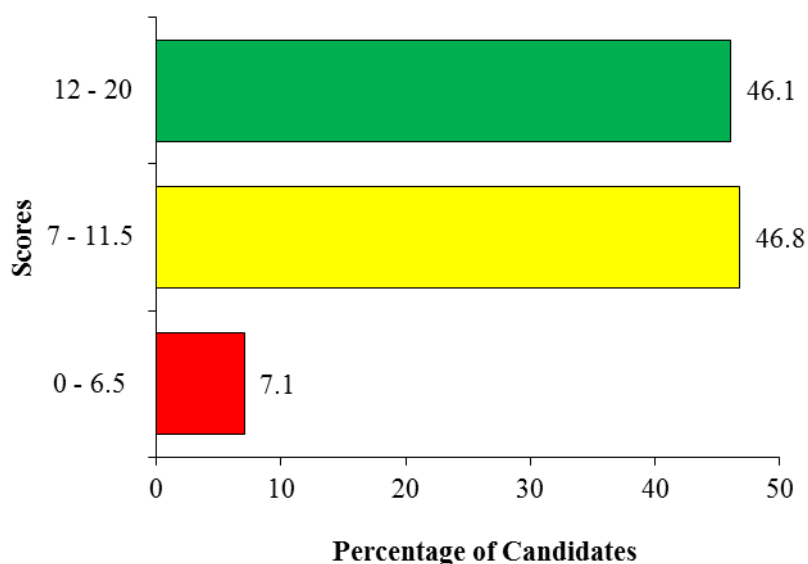


Figure 11: *Candidates' Performance in Question 3.*

Majority of the candidates, 46.1 percent, who scored high marks from 12 to 19 in this question were able to examine the advantages and disadvantages of foreign aid to the recipient country. This indicates that the candidates had sufficient knowledge in Economic Growth and Development. For example, one of the candidates examined the advantages of foreign aid as: *it fills saving investment gap, it create employment opportunity, it helps transfer of technology, it fills foreign exchange gap and fills man power gap*; and the disadvantages of foreign aid as: *increase debt burden, may lead to price instability, less employment opportunities, may lead to low quality of the products produced*. A sample of a good response is shown in Extract 11.1.

Extract 11.1

3.	Foreign aid; refers to the assistance of other country to the other country. The following are the advantages of the foreign aids; It fills the saving - investment gap; through foreign aid the people encouraged to save because the income of the people in the country being increase. Also through foreign aid the investment also increased by encouraging the foreigners to invest in the country. Hence the gap between investment and saving may be filled. It fills the foreign exchange gap; through foreign exchange aids encourage the country or recipient country to earn foreign exchange as the result the foreign exchange gap being filled. It increase employment; because of foreign aids the recipient country succeeded to encourage investment which leads to the increase of the employment opportunities in the country. Hence improve living standard of the people. Promote political relationship with donor countries; through foreign aids the recipient countries managed to improve and promoting the relationship between them and their donor country. through those aids that the donor country provide to the recipient countries. Promote peace; through foreign exchange aids in the recipient country, the peace
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3.	have been promoted because some of the aids aimed at providing military assistance as they are responsible for securing the country. The following are the disadvantages of the foreign aid;	
	Increase of dependence of the recipient countries; the foreign aid may lead to increase and consolidation of the recipient countries to depend much on the donor countries, hence this encourage underdevelopment of the recipient countries.	
	Tied aids may force the recipient country to buy commodities with low quality; because of donor countries provision of aids to the recipient countries the donor country may provide tied aids that force the recipient countries to buy goods with low quality so as the recipient country may receive aids to them.	
	Foreign aids in form of loans increase the burden to the recipient country; when the donor country provide loans to the recipient countries the debt burden increase to the recipient countries and sometimes may fail to return back or pay back the debt.	
	May lead to failing of plans in recipient country; sometimes the foreign aid come up with tied that force the recipient country to implement the plan that was not the first priority to implement hence may lead to failing of plans.	

Extract 11.1 shows a response from a candidate who managed to examine the advantages and disadvantages of foreign aid to the recipient country.

The candidates who had average performance in this question examined insufficiently advantages and disadvantages of foreign aid to the recipient country. However, some of the candidates gave few advantages and disadvantages as required. Others mentioned the advantages and disadvantages without giving detailed explanations.

Furthermore, some of the candidates, 7.1 percent, who scored low marks (0 to 6.5) lacked sufficient knowledge on advantages and disadvantages of foreign aids. Most of them examined not more than two advantages of foreign aid to the recipient country and missed all points of disadvantages while others provided wrong answers. For example, one of the candidates gave wrong answers, such as *to improve economic development, it influence trade and communication* and *it influence government expenditure* as the advantages of foreign aids and *increase poverty and collapse of trade cycle* as the disadvantages. Extract 11.2 is a sample of a poor response.

Extract 11.2

3.	<p>Foreign aid this are the aid which the government are given from the outside country. The following are the advantage of foreign aid to a recipient country.</p> <p>To improve the economic development, this aid it leads to the increase of production in the country because they get a lot of money which can be used in the production process, therefore it leads to the using of advanced technology due to the good communication between the host country which applies the system of borrowings.</p> <p>It influence the trade communication, also due to the improve of economic development it influence the country to export their commodity and to import other commodity from the outside so this lead to the use of foreign currencies from the outside for example Tanzania get some aid from U.S.A so because of this it influence the good communication and U.S.A can import their commodities to Tanzania.</p> <p>It influence the government to participate effectively in the government expenditure, because of foreign aid it influence the government to circulate their money effectively on constructing roads, railways, industries, for company to improve their economic standard so the foreign aid it lead the country like Tanzania to solve the problem of economic instability due to the influence of production and trade activities.</p> <p>The following are the disadvantage of foreign aid.</p>
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Increase of poverty, this occur when the government such as finding the money in order to pay where they borrow so because of this it lead to the decline of the national income which lead the occurrence of poverty and this is especially in the less development country (LDC).
 Collapse of trade cycle, because of the high payment which the government they bring back it may lead the collapse of or fall of trade cycle for instance decline of production decline the living standard of people a fall of employment opportunity, this all lead to the fall of economic stability in the country.
 Therefore the government they must control the production in order to maintain the foreign aid because it may lead the increase of less thinkers in the nations for example when everything is produced from outside it may lead the increase of dependency from outside.

Extract 11.2 shows a candidate who failed to examine advantages and disadvantages of foreign aid to a recipient country.

2.2.4 Question 4: Marketing and Distribution

The question had two parts, (a) and (b). In part (a), the candidates were required to summarize three strengths and three weaknesses of Savings and Credit Cooperative Societies (SACCOS) operating in Tanzania. In part (b), candidates were required to describe four methods used by farmers to market their products in the rural areas in Tanzania.

The question was attempted by 23.7 percent of the candidates out of which 7.4 percent scored from 12 to 19 marks, 29.1 percent scored from 7 to 11.5 marks and 63.5 percent scored from 0 to 6.5 out of the 20 allotted marks. The performance in this question was generally average, 36.5 percent. Figure 12 shows the distribution of the candidates' scores.

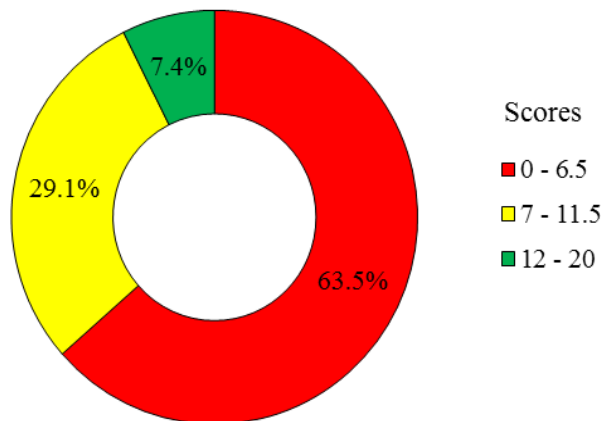


Figure 12: *Candidates' Performance in Question 4.*

The candidates with good performance, from 12 to 19 marks, explained the strengths and weaknesses of SACCOS with accurately vivid examples in part (a). For instance, one candidate provided strengths like *provides long term loans to its members, give advice to its members, require a fair rate of return*, and weaknesses of SACCOS as *did not provide banking services like creation of credit in the economy, incur high investment risk, lack of enough fund for smooth operation*. In part (b), the candidates were able to describe four methods used by farmers to market their products in the rural areas in Tanzania. For example, one of the candidates described the methods like *marketing boards, co-operative societies and use of private crop buyers*. Extract 12.1 shows a sample of a good response.

Extract 12.1

4(a)	<p>The following are the strengths of Savings and Credit Cooperative societies (SACCOS) in Tanzania.</p> <p>Provide long term loans to its members. The cooperatives societies help its members by giving them long term loans which help the members in expansions of their business hence it helps in improving member's standard of living.</p> <p>Give advice and require a small amount of collaterals / security. The credit and saving cooperative societies tend to give advice to its members when giving them loan, also they do not require a huge amount of collaterals security compared to commercial banks who require a huge amount of security.</p> <p>Require a fair rate of return compared to commercial banks. The savings and credit cooperative societies in Tanzania require a fair rate of return as their main objective is improvement of welfare compared to commerce commercial banks who are after profit maximization, hence they charge high rate of returns to their customers.</p> <p>The following are weaknesses of Savings and Credit Cooperative societies (SACCOS) in Tanzania.</p> <p>They do not provide banking services. Examples of banking services include safeguarding deposits and creation of credit in the economy. Hence they limit their members with varieties of services they can be offered by these Savings and credit cooperatives societies in Tanzania.</p> <p>They incur higher investment risks. The savings and credit cooperatives societies in Tanzania suffer a high risks of investment such as loss which may occur due to provision of the long term loans to its members.</p> <p>Lack of enough funds to smoothly operate. The savings and credit cooperatives societies in Tanzania have a shortage of capital to run the cooperatives day to day basis. This situation limits the provision of its activities to the members.</p>	
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4(b)	The following are methods used by farmers to market their products in rural areas in Tanzania.
	Through marketing boards. These organisations are set up by the government with the aim of dealing with the agricultural products. Farmers may market their products through the use of marketing boards who buy the produce from the farmers in a better settled prices of different produce. Also they sell produce and store agricultural produce of farmers.
	Through cooperative societies. These are voluntary associations who aim at benefit the interest of its members. Example is agricultural cooperative societies. In order to market their products, farmers have to use the cooperatives societies that consist of experts of market who can market their products.
	Through the use of private crop buyers. The private crop buyers purchase agricultural produce directly to the farmers hence helping the farmers in marketing the agricultural produce. Private crop buyers buy produce in cash basis hence help farmers to obtain income for his daily requirement.
	Through produce broker and direct selling. The farmers in rural areas in Tanzania may market their products through the use of produce brokers who will negotiate farmers with prospective buyers of agricultural produce. Also the farmers through marketing their products, they may sell directly to the buyer premise through moving from one premises to another.

Extract 12.1 shows a good response from a candidate who was able to explain strengths and weaknesses of SACCOS operating in Tanzania in part (a). He/she also described four methods used by farmers to market their products in the rural areas in Tanzania in part (b).

The candidates who performed averagely gave insufficient explanations on both parts of the question. In part (a), some of the candidates provided few points while others provided the correct points without explanations. In part (b), some of the candidates described only two instead of four methods used by farmers to market their products in the rural areas in Tanzania.

The candidates who performed poorly in this question were unable to provide strengths and weaknesses of SACCOS operating in Tanzania in part (a). They also failed to provide various methods used by farmers to market their products in the rural areas in part (b). This indicates that the candidates had insufficient knowledge in marketing

and distribution. For example, in part (a), one candidate provided *high initial capital, economies of scale, high number of branches* as strengths of SACCOS, and *Bureaucratic tendency, located in town places and use of low level trained personnel in order to reduce the cost of running cooperative* as weaknesses of SACCOS. In part (b), some of the candidates described the factors leads to economic welfare instead of the methods used by farmers to market their products in rural areas in Tanzania. For example, one candidate wrote *methods of production, distribution of wealth and nature of increase in national income*. Another, candidate described the essentials of market such as *presence of buyers and sellers, an area or a region, contact between buyers and sellers and existence of commodity* instead of the methods used by farmers to market their products in rural areas in Tanzania. A sample of a poor response is shown in Extract 12.2.

Extract 12.2.

4	<p>Spread over the country and mobilizing saving and offer credits to the people.</p> <p>Economies of Scale, Another Strength was in Cooperative Societies of Saving and Credit in Tanzania. A large number of people engage in it, those that earned more profit which enjoy the economies of scale such as financing economies through ploughing back profit.</p> <p>High number of branches, A Saving and Credit Cooperative Societies has large number of branches in Tanzania. It is almost in each of the districts of the Tanzania from up to Koroqwa. Saving and Credit Cooperative Society found in Koroqwa district.</p> <p>Apart from the strength there is weakness of Saving and Credit Cooperative Societies operating in Tanzania. It</p> <p>Bureaucratic tendency, One of the weaknesses of the Saving and Credit Cooperative Societies in Tanzania there is large part and complication in taking services from them. For example procedures for saving loan are complex and take a lot of time. Hence that is a weakness.</p> <p>Located in town places, Another weakness of the Saving and Credit Cooperative Societies in Tanzania they are located in the town places but in rural areas are unavailable. This is one of the weaknesses of the Saving and Credit Cooperative Societies.</p> <p>Use of low level trained personnel, In order to reduce the cost of running the Cooperative the Saving and Credit Cooperative Societies many of them in Tanzania employ the unqualified.</p>
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A. b).	Market is the place where buyers and sellers meet into contact. Farmers in the rural areas had fewer various method to market their products in Tanzania.
	The following are the methods used to market their products in rural areas in Tanzania.
	Irrigation method; In dry areas farmers use the method of irrigation so as to market their products, hence irrigation method helps their products to grow up well as to market it. Therefore farmers use irrigation method to market their products.
	Fertiliser method; due to the addition of artificial fertilizers in the farms it is one among the methods used by farmers to market their products in Tanzania.
	Leaching method; also farmers in rural areas apply the method of leaching in their farms so as to market their products. Hence farmers in rural areas use leaching method to market their products.
	Climate method; the farmers in rural areas plant their products according to the climatic conditions, for instance they grow watermelon and cucumber during dry season whereby they are being consumed much, hence they are being marketed their products already.

Extract 12.2 shows response from a candidate who was unable to provide the correct strength and weakness of SACCOS operating in Tanzania in part (a). In part (b), one of the candidates described the methods used to improve agricultural production instead of the methods used by farmers to market their products in rural areas in Tanzania.

2.2.5 Question 5: International Trade

The question had two parts (a) and (b). In part (a), the candidates were required to distinguish five economic concepts: (i) Balance of Trade from Balance of Payments (ii) Trade Diversion from Trade Creation, (iii) Theory of Absolute Advantage from theory of Comparative Advantage, (iv) Devaluation from Depreciation and (v) Quotas from Tariffs. In part (b), the candidates were required to explain five main items falling under the invisible trade of the Balance of Payment.

The question was attempted by 50.8 percent of the candidates out of which 72.9 percent scored from 0 to 6.5 marks, 27 percent scored from 7 to 11.5 marks and 0.1 percent scored from 12 to 14.5 marks out of the 20 allotted marks. The performance in this question was generally poor as 72.9% of the candidates scored from 0 to 6.5 marks. Figure 13 shows the distribution of the candidates' scores.

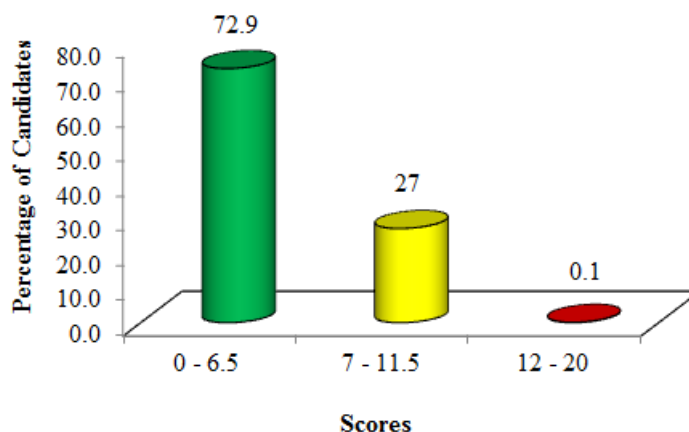


Figure 13: *Candidates' Performance in Question 5.*

The candidates with poor performance failed to meet the requirements of the question. In part (a), majority of the candidates failed to distinguish the given economic concepts while others provided partially incorrect answers. In part (b), most of the candidates gave incorrect main items falling under the invisible Balance of Payment. For example, one of the candidates mentioned the types of Balance of Payment like *favourable and unfavourable Balance of Payment*. Another candidate explained things, such as *technology, education, devaluation, quotas and free trade*, rather than invisible Balance of Payment. This indicates that the candidates had insufficient

knowledge of International Trade concepts. Extract 13.1 shows a sample of such responses.

Extract 13.1

5(a)	(i) Balance of trade Means is trade where by the export (visible export) increase the import (visible import) in trade activities. Also there are some word used in trade like favourable balance of trade and unfavourable balance of trade.
	While
	Balance of payment, Means is the situation where by the receipts is greater than payment in trade activities.
	(ii) Trade diversion, Means the categories of trade that means international trade and home trade. Home trade is the trade that conducted within the country boundary. International trade is the trade that across the boundaries or between two country or more than two country.
	While
	Trade creation, Means the process of selling and buying of goods and services for mutual benefit in the society.

5	(b) Invisible balance of payment is the term which is refers to those thing which can not be seen and touch. The following are the main items falling under the invisible balance of payment: God; is the one of the invisible Sound; is the one of the invisible in the balance of payment; Sound is the one of the invisible thing which can not be seen and touch, so it is the one of the invisible balance of payment. Air; is the one of the invisible thing which can not be touch and seen. Air is the one of thing which is take inhaled by living organism but can not be seen and touch. God; is the one invisible thing.
5	(b) since God can not be touch touched and seen by the naked eyes. Angel; is the one of the invisible thing since can not be touched and seen by the naked eyes. Thus Angel is the one of the item falling under the invisible balance of payment. Satan; is the invisible thing since can not be seen or touched. Therefore Satan is the main item falling under the invisible balance of the balance of payment.

Extract 13.1 shows responses from a candidate who failed to distinguish the given economic terms in part (a). In part (b), he/she provided intangible items, such as *Sound*, *Air*, *God*, *Angles* and *Satan* instead of the items falling under the invisible Balance of Payment account.

Furthermore, the candidates who performed moderately managed to distinguish few economic concepts but were unable to distinguish other concepts in part (a). Others were unable to mention even a single item falling under the invisible balance of payments in part (b).

Few candidates who performed well in this question, 0.1 percent, were able to distinguish the given economic concepts in part (a). In part (b), these candidates managed to explain the main items under

invisible Balance of Payment like *banking services, insurance services, tourist activities, training services and medical services*. Extract 13.2 shows a good response from one of the candidates.

Extract 13.2

5(a)		
(i)	Balance of trade this refer to the difference between	
	Visible export of goods and Visible import of goods	
	within the country of a certain financial Year.	
	WHILE: Balance of payment refer to the	
	difference between total income (visible and invisible)	
	Export and total payment of (visible and invisible) import	
	within a given financial Year	
(ii)	Trade diversion Is a situation in which a country leave	
	buying and selling of goods and services from a country	
	non-member country in which it had less cost and	
	buy or engage in exchange of goods and services to	
	member country in an intergration which has high	
	cost than before.	
	WHILE: Trade creation. Is a situation where by	
	a member country engage in exchange among member	
	countries in the intergration which have less cost	
	and leave a trade net with non member country	
	Which was of high cost.	

5 (iv) Devaluation This is a deliberate government decision to reduce the value of domestic currency in terms of foreign currencies. This may be with the aim of promoting export and discouraging imports.

WHILE

Depreciation refers to the fall of the country's domestic currency in terms of other or foreign currencies. Depreciation is not influenced by the government, it may be influenced by factors such as decrease in demand for exports or increase in demand for imports.

5 (v) Quotas They can also be referred to as import quotas. This is a form of protectionism where by government impose a certain amount of goods and services and the quality needed in order to import goods and services to its country. Import Quota limit both the quantity and quality of the product to be imported.

Tariffs This is another form of protectionism where by a country impose high tax to the importers in order to discourage importation and improve balance of payments. There are different types of tariffs such as prohibitive tariff, revenue tariff and Optimum tariffs.

5 (a) (iii) Theory of absolute advantage this was a theory of international trade which was put forward by economist known as Adam Smith. According to the theory it states that "If a country is more efficient in production of certain commodity but less efficient in production of another commodity than the other country there is a chance of international trade where by each country will specialize in production of a commodity which it has absolute advantage that is more efficient and imports the commodity which it has absolute disadvantage that is less efficient."

WHILE

Theory of comparative advantage was put forward by an economist known as David Ricardo. To improve the absolute advantage theory, he theory states that "If a country has absolute advantage in production of both commodities and ~~absolute~~ ~~disadvantage~~ in the other has absolute disadvantage of both commodities there is still a chance of international trade where by each country will specialize in a commodity which it has low opportunity cost of producing it and import from the other the commodity which it has high opportunity cost of producing."

5	(b)	Invisible balance This refers to the difference between the exports of invisible items and imports of invisible items. It can be calculated by the formula below:- $\text{Invisible balance} = \text{Exports of invisible goods} - \text{Imports of invisible items}$ $\text{Invisible balance} = \text{Exports of invisible items} - \text{Imports of invisible items.}$ <p>The following are the five main items falling under the invisible balance of the balance of payments. Balance of payments refers to the difference between what we earn from abroad and what we pay from abroad.</p> <p>Banking services it is one among the major item falling under invisible balance of the balance of payments where by the Banking services such as Transferring of money from one country to another are recorded in the invisible balance</p> <p>Tourism This is a situation where by people visit different countries, under invisible balance Tourism activities which are taking place in the country are mixed with those tourism activities conducted by the people of a domestic country.</p> <p>Insurance This is a compensation against risk and dangers such as Accidents, theft and other things. It falls under invisible balance of the balance of payments</p> <p>Selling and buying of shares between one country and the others. This is the difference between shares to abroad and shares received from abroad.</p>
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Extract 13.2 shows a sample of a response from a candidate who was able to distinguish the given economic concepts in part (a), and also explained main items falling under invisible Balance of Payment in part (b).

2.2.6 Question 6: Economic Integration and Cooperation

The question had two parts, (a) and (b). In part (a), the candidates were required to explain six principles guiding the United Nations Organization in fulfilling its objectives. In part (b), the candidates were required to describe the four forms of regional economic integration.

The question was attempted by 44.1 percent of the candidates out of which 2.3 percent scored from 12 to 16 marks, 48.2 percent scored from 7 to 11.5 marks and 49.5 percent scored from 0 to 6.5 out of the 20 allotted marks. The performance in this question was generally average as 50.5 % of the candidates scored from 7 marks and above. Figure 14 shows the distribution of the candidates' scores.

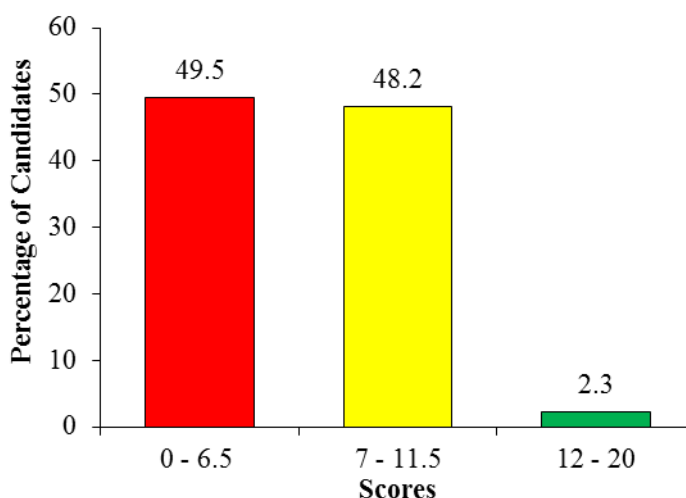


Figure 14: *Candidates' Performance in Question 6.*

The candidates who scored high marks, 2.3 percent, were able to meet the requirements of the question. In part (a), most of candidates explained principles guiding the United Nations Organization. For example, one of the candidates provided the principles like *sovereign equality, peaceful settlement of disputes, territorial integrity and political independence and non-intervention in domestic matters*. In part (b), most of the candidates managed to explain forms of economic integration, such as *free trade area, custom union, common market union, common monetary union*. Extract 14.1 shows a good response from one of the candidates.

Extract 14.1

6. a).	The following are principles guide the United nations organization in fulfilling its objectives: Non-interference of internal matters, the United nations does not interfere the internal matters of the states. For example the matters
6. a).	fall on the economic, political and social aspects. The provide the good conditions for fulfilling the objective of maintaining world peace. Sustainable utilization of resources, the United nations encourage the states to use the resources by considering the coming generation. This help to fulfill the objective of maintaining the environmental conservation in the world so that could reduce the negative externalities. Peaceful settlement of disputes, also the United nations encourage to solve the internal conflicts in a peaceful way. That could provide political understanding among the countries or individuals inside the nation boundaries. Encourage international cooperation, the United nations encouraged this by influencing creation of various ^{regional} economic integration such as East Africa community which encourage the basis of international trade among the member country. Thus increase the volume of trade in the world. Universal declaration of human rights, this fulfill the objective of maintaining the world peace. Where by the presence of human rights would not lead to any quarrels or instabilities.

6 b)	Economic integration is the process of removing barriers to member countries and conduct different activities in the country. Regional economic integration helps to improve infrastructure, widen the market, and increase the production of goods and services. The following are the forms of regional integration
	free trade area; This is the removal of barriers and each non member country has its own tariff. There is no common tariff to non-member countries.
	Customs union; This is the process whereby there is removal of barriers to member countries and there is existence of uniform tariffs to non-member countries. This is different from free trade area.
	Common market; This is the form of economic integration whereby there is customs union and there is free movement of goods and services in the country.
	Economic union; This is the form of economic integration which involves removal of barriers to member countries and uniform tariffs to non-member countries also free movement of people from one area to another and joint institutions such as roads, railways, and
	Monetary union; This is the form of economic integration which involves common currency among the country which promotes trading facilities.

Extract 14.1 is a good response from a candidate who was able to provide the principles guiding the United Nations Organization in part (a), and he/she managed to explain forms of economic integration in part (b).

The candidates who performed moderately provided insufficient explanations on both parts of the question. In part (a), some of the candidates were able to explain principles which guide the United Nations Organization in fulfilling its objective by providing two correct points out of the six required. Others provided the points without explanations. In part (b), most of the candidates were able to describe four forms of regional economic integration.

On the other hand, the candidates with poor performance, 49.5 percent, failed to meet the demand of the question. In part (a), some of the candidates provided wrong answer. Others misinterpreted the question by providing the condition necessary for economic integration, such as *common language and one currency*. Others provided points like *to ensure availability of resource, availability of market, and to improve technology* which was incorrect. In part (b), the candidates failed to describe the forms of regional economic integration. For example, one of the candidates described forms, such as *transaction, development, different resources and technological gain* which were wrong. This shows that the candidates had inadequate knowledge on forms of regional economic integration. Extract 14.2 shows poor responses of a candidate.

Extract 14.2

06	<p>United Nations Organization - refer to combination of different countries</p> <p>The following are principles which guide the United Nations Organization in fulfilling objectives,</p> <p>To ensure availability of resources - this is the principle which guide the United Nations Organization to fulfill its objectives through availability of natural resources, e.g. minerals,</p> <p>Common language - other principle of UNO</p> <p>United Nations Organization is to have one common language in order to fulfill its objectives</p> <p>Availability of Market - Price means that there should be availability market in a country. Price principle guide the United Nations Organization in fulfilling its objectives.</p> <p>To ensure that there is Trade Union - Price help United Nations Organization to fulfill their objectives through trade union.</p> <p>Currency - also the United Nations Organization establish the use of one currency in order to fulfill their objectives. Example the use of USD (Dollar), \$</p> <p>To employ technology - the principle of United Nations Organization first is to employ technology in order to increase the production of goods and services which could help them to fulfill their objectives.</p>	
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06	41	
		Regional economic integration - refer to the situation where by people from different regions meet together for the purpose of economic activities.
		The following are four forms of the regional economic integration these are
		Transaction - This means people from different region meet together for the purpose of transaction.
		Development - also for the purpose of developing the economic level.
		Different resources - people move from one area or from home areas to find or seek for a job and different activities which could earn them
		Technological gain - This a type or form of economic regional economic integration in which people gain different or new technology on how to maximise production

Extract 14.2 shows responses from a candidate who was unable to explain principles which guide the United Nations Organization in fulfilling its objectives in part (a). He/she also failed to describe the four forms of regional economic integration in part (b).

2.2.7 Question 7: Economic Planning

This question had two parts, (a) and (b). In part (a), the candidates were required to explain the meaning of economic concepts: (i) General planning, (ii) Compulsory planning, (iii) Short term planning, (iv) Medium term planning and (v) Perspective planning. In part (b) candidates were required to differentiate planning under command economies from planning under free market economies.

The question was attempted by 42.9 percent of the candidates out of which 8.5 percent scored from 12 to 19.5 marks, 59.2 percent scored from 7 to 11.5 marks and 32.3 percent scored from 0 to 6.5 out of the 20 allotted marks. The performance in this question was generally good. Figure 15 shows the distribution of the candidates' scores.

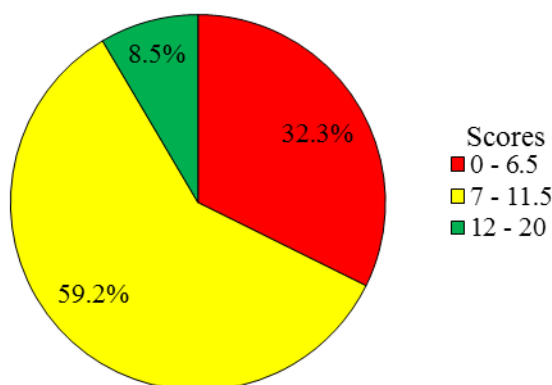


Figure 15: Candidates' Performance in Question 7.

Few candidates who scored high marks, 12 to 19.5, managed to provide the meaning of the given economic concepts. In part (a), the candidates had enough knowledge on the concepts of planning. For example, one of the candidates provided the meaning of general planning as *the type of economic planning which cover all economic sectors of a country*. In part (b), some of the candidates managed to distinguish planning under command economies from planning under market economies, i.e, under command economies *the ownership of resources is under public while under free market economies the ownership of economic resources is by individual*. Under command economy, *planning is comprehensive*, while under *free market economies there is partial planning* and under command economies the public is given first priority while under free market

economies the *individual capitalist* is given first priority. Extract 15.1 shows a sample of a good response.

Extract 15.1

7. a)	(i) General planning refers to the one that covers or considers all economic sectors and regions in a country. General planning aims at the development of the whole economy, with all its sectors and covering all regions of the country. For example the national budget.	
	(ii) Compulsory planning is the kind of planning available in the command economy whereby the government directs all economic sectors in undertaking economic activities. The government directly involves itself in planning and directing all the economic variables in the country. For example in socialist economies like Cuba, Korea.	
	(iii) Short term planning refers to the planning that takes a shorter time for the formulation and implementation of the objectives or goals. It normally takes about one day to about two years for plan formulation and interpretation. An example is the national budget.	
	(iv) Medium term planning is the planning that takes an average period of about two to two twelve or not fifteen years for the plan formulation and implementation of the predetermined goals or objectives.	

7.a) v)	<p>Perspective planning is the planning that takes a long long time for the plan formulation and implementation of the determined objectives or goals. It usually takes about twenty five years and even beyond. An example of such planning is the basic industrialization policy or strategy.</p>
7. b)	<p>Economic planning refers to the process of organizing the allocation of resources in order to achieve certain economic objectives in a specific period of time and institutional setup. Planning in Command and free market economies usually differ in the following ways.</p> <p>In Command economies, planning is undertaken by the government through the planning agency while in free market economies planning is undertaken by the private individuals.</p> <p>In Command economies, the government undertakes planning with the major aim of promoting the welfare of all citizens in the country while in free market economies the private individuals undertake planning with the major aim of individual gains and profit maximization.</p> <p>In Command economies, planning resources are allocated through planning by the government while in free market economies resources for planning are allocated through</p>

7. b)	price mechanism influenced by the market forces of demand and supply.	
	In Command economies, planning is done to cover the whole economy and all regions of a country by the government while while	
	In free market economies, sectoral planning is dominant whereby individuals plan for individual sector and not collectively due to dominance of individuality.	
	In Command economies, planning is directive and restrictive as the government directs all sectors and economic variables while in free market economies, there is more economic freedom and planning involves individual freedom of both producers and consumers.	
	Therefore planning in different economic systems generally differs in the way the resources are allocated, the plan undertaker and the major aims of the plans.	

Extract 15.1 is a good response from a candidate who was able to provide the meaning of economic concepts in part (a). He/she correctly distinguished planning under command economies from planning under market economies in part (b).

The candidates who performed averagely in this question were able to explain the meaning of economic concepts. In part (a), some of the candidates were able to explain two or three meaning, while others were unable to explain any of those terms. In part (b), candidates differentiated planning under command economies from planning under free market by giving only few points. For example, one candidate provided only three points instead of five points.

Moreover, the candidates who scored poorly were unable to explain all economic concepts given. For example, one of the candidates failed to explain the meaning of perspective planning. He/she explained *that based on issue in the country economy for the production process in the country*. In part (b), the candidates failed to differentiate planning under command economies from planning under market economies. For example, one of the candidates gave differences like *planning in command economy not free planning*

while planning for market economy are free planning for economic. In addition, some candidates provided the meaning of the concepts instead of distinguishing economic concepts. Extract 15.2 shows a sample of a poor response from a candidate.

Extract 15.2

7.	a	
	(v) <u>Perspective planning</u> :	These are planning that based on
		on issues in the country economy for the production process in the country, thus aimed at only one issue in the process of production in the country. for example, in the matter of Agriculture Production.
	(iv) <u>Medium term planning</u> :	These are planning in which are over the large area of being implemented in the process of production in the economy, especially the whole country.
	(iii) <u>Short term planning</u> :	These are planning in which they covers the short areas is with small areas in the economic system in the country development, especially local areas.

2.	(ii) compulsory planning: These are planning in which the certain issues in the country should follow to allow easily planning activities in the process of production and distribution in the country. For example, the plan is care of environment this is done by every individual in the country.	
	(i) General planning: This is the plan in which the only issue in the controlling the economy in the country is starting from every element in the country development.	
	(b) (i) planning in Command economies is the planning system in which relies on the state and the freedom in economic decision is sometimes not occurred as is only have on state and therefore government intervention.	
	while	
	planning in free market economy: is the planning system in which the planning process relies on both private and state or public ownership in order for them to occur in the process of production.	
	(ii) planning in a command economies: The freedom of choice is only made by the state and not by the individuals in the planning processes.	
	while	
	planning process in free market economy: There is both freedom of choice in freedom of making plans in the country in general to the country.	
	(i) Planning process in a command economies: The only means they use in planning of a plan is a centralized planning system.	
	while	
	planning free market: there are both centralized and decentralized planning in the country.	

Extract 15.2 is a response of a candidate who was unable to explain the meaning of economic concepts in part (a). He/she also failed to differentiate planning under command economies from planning under market economies in part (b).

2.2.8 Question 8: Structure of the Tanzanian Economy

The question had two parts, (a) and (b). In part (a), the candidates were required to identify six obstacles faced by developing countries like Tanzania in their efforts to industrialization. In part (b), candidates were required to provide four solutions to overcome obstacles faced by developing countries like Tanzania in the process of industrialization.

The question was attempted by 96.6 percent of the candidates. Out of these, 76.5 percent scored from 12 to 20 marks, 21.1 percent scored from 7 to 11.5 marks and 2.4 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was good as 97.6 of the candidates scored from 7 marks and above. Figure 16 shows the distribution of the candidates' scores.

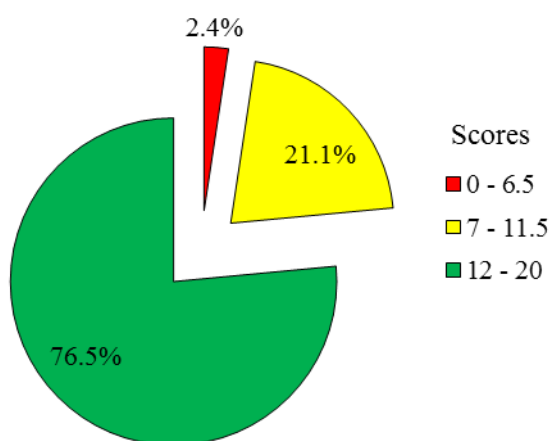


Figure 16: Candidates' Performance in Question 8.

The candidates who scored high marks (12 to 20 marks) were able to identify obstacles of industrialization processes faced by developing countries in part (a). For instance most of the candidates identified obstacles, such as *shortage of hydroelectric power, low level of science and technology, lack of fund and poor development of the social and economic infrastructure*. In part (b), the candidates managed to provide solutions on those obstacles, such as *ensuring constant supply of hydroelectric power, improvement of infrastructure, clear policies on industrial sector*. This indicates good mastering and competence of the subject matter in industrialization. Extract 16.1 shows a candidates' good response.

Extract 16.1

8a)	Developing Countries these are those countries which are less developed mostly are sub-Saharan countries like Tanzania, Kenya, Somalia. the following are obstacles faced by the developing countries like Tanzania in their efforts to industrialize.
	Shortage of Hydro-electric power: Any industry need electrical power so that it may run its daily activities but most of developing countries have this problem of shortage of hydroelectric power hence discouraging industrialization.
	Low level of Science and technology: developing countries still have very low level of science and technology to establish heavy industries these countries use local technology in production which can't be used in heavy industries.
	Lack of fund: as most of these countries are very poor and tend to have very high dependency ratio this is the burden to the government so they fail to invest in the industries because they require high revenue to be established.
	poor government policies on the industrial sector: Most of these countries government have not yet set clear policies on how to improve industrial sector they have only based in other sector which they think they can afford to run it and it's profitable to them example agriculture sector in Tanzania.
	poor infrastructure: When talking about infrastructure here we talk about both communication and transportation these are not well constructed this discourages even the investors to build industries fearing to get loss because the cost of production will be increased by these.

8.	Lack of market for the produced goods: It's commonly known that most of the products produced in developing countries are of low quality because of various factors such as level of science and technology. This reduces the market for those products hence discouraging industrialization.	
	b) Solutions to Overcome obstacles: Ensuring constant supply of Hydro electric power or use other means of energy: These problems may be solved by constant supply of HEP or finding other source of power which will be appropriate in running those industries efficiently. The government should formulate clear policies on industrial sector: In this the government may decide to give loans to private sector who needs to invest in industries and come with other strategies such as "SERIKARI YA UMWANDA". Improvement of infrastructure: Construction of transport and communication systems will motivate the investors to construct industries over since they won't get hardship in transporting raw materials to the industries and products to the market area. Improving the level of science and technology: This may be done through various ways such as imitating from other countries which technology are they using which makes them to be the best in the industrial sector.	

Extract 16.1 shows a sample of good response from a candidate who managed to identify obstacles of industrialization processes in Tanzania in part (a). A candidate also managed to provide solutions for obstacles of industrialization in part (b).

The candidates who had average scores, 7 to 11.5 marks, were able to identify few obstacles of industrialization in developing countries. Some of the candidates managed to explain three obstacles. Others failed to explain their points correctly in part (a). In part (b), some of the candidates managed to provide only two points out of four while others listed all required points without explanations.

Moreover, few candidates who performed poorly, 2.4 percent, were unable to identify obstacles and solutions to overcome those obstacles faced by the developing countries in their effort to industrialize. This indicates that they had insufficient knowledge of the subject matter. For instance, in part (a), some of the candidates gave only two points. Others misinterpreted the demand of the question and identified things, such as *population pressure*, *unstable export sector* and *dependence of one sector* instead of obstacles of industrialization. In part (b), some of the candidates provided incorrect solutions for obstacles of industrial development. For example, one candidate provided incorrect solution such as *quotas on pollution*, *environmental regulation* and *better property rights*. A sample of a poor response is shown in Extract 16.2.

Extract 16.2

7(a)	Developing countries. Are those countries that are still developed in economical, political, socially and others like Tanzania. The Tanzania country is a developing country because it has got no many resources to improve in economics.	
	The following below are the obstacles faced by the developing countries like Tanzania in their efforts to industrialize which are:-	
	Import quotas; The developing countries like Tanzania can not be developed because of the importation quotas that hinder the nation. Therefore the developing countries can not develop in economics when the government fail to control.	
	Total ban; The existence of total ban may affect the developing countries. This is because when the people decide to perform a certain object but must of them decide to dump their ideas. Therefore the developing country may never develop.	
	Tariffs and tax; This may lead to the obstacles of the developing countries due to existence of many taxes imposed in a country. This obstacles may facilitate to the underdevelopment of the country in economics and political in any areas.	
	Environmental pollution; The destruction of environmental issues may lead to the obstacles which limit the development of developing countries like Tanzania. Therefore the government should eliminate this obstacle in order to having with environmental conservation	
	political barriers; The existence of wars may lead to the obstacle of developing countries like Tanzania in their efforts to industrialize. Therefore this obstacle should be eliminated in order to achieve development	

8(b)	Developing countries. These countries which are characterized by low level of development of economic sectors. Developing countries use poor technology in production hence poor quality of products.	
	The following are the solutions to overcome obstacles faced by the developing countries like Tanzania in the process of industrialization:	
	Reduce population pressure. Developing countries should adopt strong policy to control population pressure in the country in order to achieve industrialization in the country.	
	Diversification of the economy. Developing countries should diversify the economy in a country in order to achieve industrialization.	
	Per capita income should increase. Developing countries should adopt strong measures to improve per capita income in the country in order to achieve industrialization.	

Extract 16.2 shows responses from a candidate who provided types of trade barriers instead of obstacles faced by developing countries like Tanzania in their effort to industrialize in part (a). In part (b), a candidate failed to provide solution to overcome those obstacles.

3.0 ANALYSIS OF CANDIDATES' PERFORMANCE PER TOPIC

The topicwise analysis of 2018 ACSEE in Economics subject shows that the performance of the candidates was good since the candidates had good performance in 10 out of 16 topics examined. The performance of the candidates in the topics tested is summarized in *Appendix A*, where green colour indicates topics with good performance, yellow colour indicates topics with average performance and red colour indicates topics with weak performance.

The topics with good performance include: Structure of the Tanzanian Economy (97.6%), Privatization (94.7%), Economic Growth and Development (92.9%), Public Finance (79.8%), Subject Matter of Economics (79.2%), Employment and Unemployment (72.6%), National Income (70.3%), Economic Planning (67.7%), Theories of Demand and Supply (64.2%) and Theory of the Firm (62%). The good performance on these topics was attributed to the fact that, the candidates were able to follow the required instructions; they were able to identify the tasks of the questions; and had sufficient knowledge on the subject matter.

The averagely performed topics were Population (55.9%), Economic Integration and Cooperation (50.5%), Trade Cycle (47.3%) and Marketing and Distribution (36.5%). Average performance was a result of misconception of some concepts, partial knowledge on the concept related to the questions and inadequate explanations of some points. However, the performance in the topics of International Trade and Theory of Money was weak with an average of (27.1%) and (11.6%), respectively. The poor performance in these topics was caused by misinterpretation of the question, inadequate knowledge on the topics and attitude of students towards those topics.

Furthermore, a comparison of candidates' performance per topic for ACSEE 2017 and 2018 is shown in *Appendix B*. The analysis shows that in 2018 examination there has been a noticeable improvement in candidates' performance on the topic of Theory of the Firm compared with 2017 examination. Moreover, compared to 2017, on average, the candidates performed poorly in the topics of the International Trade and Theory of Money in 2018 Economics Examination (See *Appendix B*). The poor performances in these topics were caused by misinterpretations of the question in part (b) of both questions and inadequate knowledge on the sub-topics tested.

4.0 CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

The general performance of the candidates in Economics subject for the 2018 the Advanced Certificate of Secondary Education (ACSEE) was good. The candidates had good performance in 10 out of 16 topics examined in paper 1 and 2. The candidates performed well in this examination because they were able to identify the demand of the questions, follow the required instructions and they had a sufficient knowledge on the subject matter. Furthermore, other candidates did not perform well because of wrong interpretations of the requirements of the questions and inadequate knowledge on arithmetic and drawing skills.

4.2 Recommendations

In order to improve the performance of prospective candidates in this subject, it is recommended that:

- (a) Students should be encouraged to do many exercises to get experience in applying various formulas/concepts in answering questions as well as revising all the topics to make sure that they understand the concepts thoroughly well.
- (b) Subject teachers should strive to equip themselves with learner centred teaching and learning methods. They should also equip themselves with knowledge on current economic issues and apply them in teaching and learning of Economics. This will build interest or motivate students in the learning process.
- (c) Subject teachers should ensure that questioning and discussion elicit students' thinking and solution strategies and should build on them, leading to greater clarity and precision.
- (d) Economics Syllabus should be covered on time by subject teachers in order to make students to acquire enough knowledge for all topics.
- (e) School administrators should ensure the availability and proper use of internet facilities or online materials and facilitate study tours, guest speakers with subject teachers as an alternative source of teaching and learning activities. This will broaden the students' understanding and enable them to acquire knowledge and skills in different areas of the subject.

Appendix A

Analysis of Candidates' Performance in each topic

S/n	Topics	No.of questions	% of candidates who scored the average of 35 or above.	Remarks
1	Structure of the Tanzanian Economy	1	97.6	Good
2	Privatization	1	94.7	Good
3	Economic Growth and Development	1	92.9	Good
4	Public finance	1	79.8	Good
5	Subject Matter of Economics	1	79.2	Good
6	Employment and Unemployment	1	72.6	Good
7	National Income	1	70.3	Good
8	Economic Planning	1	67.7	Good
9	Theories of Demand and Supply	1	64.2	Good
10	Theory of the Firm	1	62.0	Good
11	Population	1	55.9	Average
12	Economic Integration and Cooperation	1	50.5	Average
13	Trade Cycle	1	47.3	Average
14	Marketing and Distribution	1	36.5	Average
15	International Trade	1	27.1	Weak
16	Theory of Money	1	11.6	Weak

Appendix B

Comparison Summary of Candidates' Performance per topic for ACSEE 2017 and 2018

S/N	Topic	2017			2018		
		Number of questions per topic	Percentage of Candidate who scored an average of 35 percent or above	Remarks	Number of questions per topic	Percentage of Candidate who scored an average of 35 percent or above	Remarks
1	<i>Structure of Tanzanian Economy</i>	1	94.9	Good	1	97.6	Good
2	<i>Privatization</i>				1	94.7	Good
3	<i>Economic Growth and Development</i>	1	83.5		1	92.9	Good
4	<i>Public Finance</i>	1	65.9	Good	1	79.8	Good
5	<i>Subject Matter of Economics</i>	1	89.7	Good	1	79.2	Good
6	<i>Employment and Unemployment</i>				1	72.6	Good
7	<i>National Income</i>	1	54.7	Average	1	70.3	Good
8	<i>Economic Planning</i>				1	67.7	Good
9	<i>Theories of Demand and Supply</i>	1	75.7	Good	1	64.2	Good
10	<i>Theory of the Firm</i>	1	18.7	Weak	1	62.0	Good
11	<i>Population</i>	1	71.1	Good	1	55.9	Average
12	<i>Economic Integration and Cooperation</i>	1	94.4	Good	1	50.5	Average

13	<i>Trade Cycle</i>	1	88.8	Good	1	47.3	Average
14	<i>Marketing and Distribution</i>	1	99.2	Good	1	36.5	Average
15	<i>International Trade</i>	1	87.8	Good	1	27.1	Weak
16	<i>Theory of Money</i>	1	51.2	Average	1	11.6	Weak
17	<i>Production</i>	1	81.4	Good			
18	<i>Markets</i>	1	49.9	Average			
19	<i>Financial Institutions</i>	1	48.8	Average			

