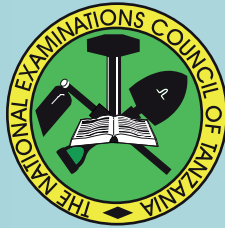


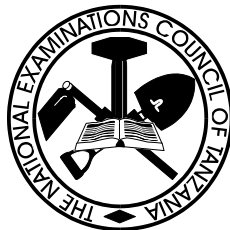
THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA



**CANDIDATES' ITEMS RESPONSE ANALYSIS FOR
ACSEE 2015**

151 ECONOMICS

THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA



**CANDIDATES' ITEMS RESPONSE ANALYSIS FOR
ACSEE 2015**

151 ECONOMICS

Published by
National Examinations council of Tanzania,
P.O. Box 2624,
Dar es Salaam, Tanzania.

© **The National Examinations Council of Tanzania, 2015**

All rights reserved.

Table of Contents

FOREWORD.....	iv
1.0 INTRODUCTION.....	1
2.0 ANALYSIS OF THE CANDIDATES' PERFORMANCE IN EACH QUESTION	2
2.1 Paper 1: Economic Theory.....	2
2.1.1 Question 1: Subject Matter of Economics.....	2
2.1.2 Question 2: Production.....	6
2.1.3 Question 3: Population.....	10
2.1.4 Question 4: Theory of the Market.....	15
2.1.5 Question 5: Theory of Demand and Supply.....	19
2.1.6 Question 6: Employment and Unemployment Theory.....	24
2.1.7 Question 7: Trade Cycles.....	29
2.1.8 Question 8: Theory of the Firm.....	33
2.2 PAPER 2: 151/2 – ECONOMIC DEVELOPMENT.....	37
2.2.1 Question 1: The Structure of the Tanzanian Economy.....	37
2.2.2 Question 2: Environmental Economics.....	42
2.2.3 Question 3: Economic Planning.....	47
2.2.4 Question 4: National Income.....	49
2.2.5 Question 5: Public Finance.....	53
2.2.6 Question 6: International Trade.....	57
2.2.7 Question 7: Financial Institutions.....	62
2.2.8 Question 8: Economic Growth and Economic Development.....	64
2.2.9 Question 9: Economic Integration and Cooperation.....	69
2.2.10 Question 10: Marketing and distribution.....	74
3.0 THE ANALYSIS OF PERFORMANCE PER TOPIC.....	77
4.0 CONCLUSION.....	78
5.0 RECOMMENDATIONS.....	78
Appendix.....	80

FOREWORD

The National Examinations Council of Tanzania is pleased to issue the Advanced Certificates of Secondary Education Examinations (ACSEE) 2015 items response analysis booklet in Economics subject. The analysis provides feedback to students, teachers, parents, policy makers and the public in general on the performance of the candidates.

The Advanced Certificate of Secondary Education Examination marks the end of two years of Advanced Secondary Education. It is a summative evaluation which among other things shows the effectiveness of the education system in general and education delivery system in particular. Essentially, candidates' responses to the examination questions is a strong indicator of what the education system was able or unable to offer to the students in their two years of Advanced Secondary Education.

The analysis presented in this report intends to contribute towards understanding of possible reasons behind the candidates' responses in Economics subject. The report highlights some of the factors that made candidates to score high marks in the questions. Such factors include ability to; adhere to the demand of the question, identify task of the questions, express themselves in English Language and acquisition of knowledge of the concepts related to the subject. On the other hand, the report highlights factors which made few candidates to score low marks in the examinations. Such factors include; failure to adhere to the demands of the questions, failure to identify the task of the questions and lack of knowledge of the concepts 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 candidates' performance in future examinations administered by the Council.

The National Examinations Council of Tanzania will highly appreciate comments and suggestions from teachers, students and the public in general that can be used for improving future items response analysis in Economics subject.

Finally, the Council would like to thank the Examination Officers and all who participated in analyzing the data used in the analysis.



Dr. Charles E. Msonde
EXECUTIVE SECRETARY

1.0 INTRODUCTION

This report on the performance of candidates in Advanced Certificate of Secondary Education Examination 2015 in Economics subject is based on the analysis of individual questions.

The examination comprised two papers which are Economics 1 (Economic Theory) and Economics 2 (Economic Development). Paper 1 consisted of eight (8) questions divided into section A and B of which candidates were required to answer five (5) questions, choosing at least two questions from each section. Paper 2 had ten (10) questions, five questions from section A and five questions from section B. Candidates were required to attempt five questions, choosing at least two (2) questions from each section. Each question in paper 1 and paper 2 carried 20 marks.

The number of candidates who sat for ACSEE in May 2015 was 7,418, of which 99.7 percent passed with grade A to D while 0.3 percent failed by obtaining grade E. The candidates' performance in this subject in 2015 has increased by 0.13 percent as compared to that of 2014 where 99.57 percent of 7,622 candidates who sat for that Examination passed and 0.43 percent failed with grade E and F. Generally the performance of the candidates in this subject was good.

This report highlights the requirements of each question, strengths and weaknesses of candidates in answering questions. Some extracts selected from the scripts of candidates have been attached to show the strengths and weaknesses of candidates in answering the questions. This report will be useful to teachers, students, parents and other educational stakeholders in taking proper measures aiming at improving the performance in this subject.

2.0 ANALYSIS OF THE CANDIDATES' PERFORMANCE IN EACH QUESTION

2.1 Paper 1: Economic Theory

2.1.1 Question 1: Subject Matter of Economics

This question had two parts, (a) and (b). In part (a), candidates were required to explain the following economic concepts: Conspicuous consumption, Central economic problem, Scale of Preference and Specific Economic Laws. In part (b) candidates were required to distinguish Microeconomics from Macroeconomics by providing six points.

The question was attempted by 37.9 percent of all candidates, of which 30.6 percent scored from 10 to 17 marks, 49.8 percent scored from 6 to 9.5 marks and 19.6 percent scored 0 to 5.5 marks. Generally the performance in this question was good as 80.4 percent of all the candidates scored from 6 to 17 marks out of 20 allotted marks.

In part (a), most of the candidates who attempted this question were able to explain the meaning of some of the given concepts in economics and they provided examples to substantiate their arguments. For example they explained the concept of conspicuous consumption as those goods which are purchased and consumed for their snob appeal like gold, chains and rings. On the other hand, they explained the central economic problem as the allocation of the scarce resources to satisfy the many unlimited human wants and this problem can be solved through choice in Economics. Furthermore they explained scale of preference as a sort of all unsatisfied wants arranged in order of preference and relative importance while specific economic laws are laws which apply to only one social economic formation or rather within a specific mode of production. In part (b), the candidates analysed the differences between Microeconomics and Macroeconomics. They explained that Microeconomics deals with the behaviour of the individual economic entities such as theory of the firm, consumer behaviour and theories of demand and supply while Microeconomics deals with the behaviour of the whole economy which includes national income, inflation and aggregate demand and aggregate supply. A sample of a good response is shown in extract 1.1.

1.1 Extract 1.1

01.	(9). To explain the Concept of Economics
	(i) <u>Conspicuous Consumption</u> ; As the term derived from Thorstein Veblen in (1957-1980) in this book according to him, in classes of (1989) to identify the Ostentation expenditure of people. For the purpose of satisfy their needs, so satisfy the physiological needs rather than the psychological needs.
	(ii) <u>Central economic problems</u> ; Is the main economic problem which resulted due to the limited supply of resources (Insufficient of resource) that cause what, when, who, for whom to produce. known as scarcity.
	(iii) <u>Scale of preference</u> . Refers to the list of want that starting with best pressing want and ending with pre least pressing want.
	(iv) <u>Specific Economic laws</u> ; These are the Economic laws which has specified to a certain economic system. So there are private or Capitalist Economic laws, and socialist Economic laws. Where socialist Economic laws for example, Commercial law, and so on.
	Also, Capitalist Economic laws, these are the ownership of resor major means of production by individual.

01. (b) Required to distinguish the following Macro-Economic and Micro Economic

Macro-economic is the branch of Economics that deals with aggregate economic variable, this variable leads to affect the whole economy.

Micro-Economic is the branch of Economics that deals with the individual part of Economy

The following to mention and explain the different between Macro-Economic and Micro-Economics

(i) Macro-economic is the branch of Economic - that deals with aggregate economic variable, this variable tends to affect the whole economy WHILE Micro-economic is the branch of economic that deals with the individual part of Economy.

(ii) Macro-Economic deal with the Economic variable WHILE, Micro-Economic deals with the single firm

(iii) Macro-Economic It give the explanation and performance of Aggregate Economic variable, WHILE Microeconomic give explanation and performance of individual individual firm

(iv) Macro-economic Involved to answer all the problem facing whole Economy WHILE Micro-Economic answer the problem facing individual firm through studying Micro-Economic

Extract 1.1 is a sample from a candidate who managed to explain the meaning of the given concepts in economics and distinguished the term microeconomics from macroeconomics.

On the other hand, some of the candidates who did not perform well in this question failed to give the proper meaning of the given economic concepts. They instead mentioned the concepts and gave wrong explanations on them while others attempted only part of the question in part (a), for example one candidate explained conspicuous consumption as the process of buying goods and services from different places while it means those goods which are purchased and consumed for their snob appeal like gold, Porsche cars etc, and such goods are demanded for prestige and in part (b) some of the candidates defined the concepts instead of

analysing their differences due to the fact that they did not understand the topic. One candidate for example differentiated the terms by stating that Microeconomics is the economics which deal with individual decision while Macroeconomics is the economics which deal with many or society decision as shown in the extract 1.2

Extract 1.2

i) Conspicuous Consumption
is the process of buying goods and services ~~for~~ from different places.

ii) Central economic problem
These are economic problems which take place in central economic system, where is the system whereby ~~there~~ the major means of production are owned by the central government.

b) Micro economics is the economic which deals with individual decision, and Macro economics is the economic deals with many or society decision. The following are the difference between micro economics from macro economics:
Micro economics deals with the object and decision of the individual while macro deals with objects and decisions of the society or many people.
Micro economic deal with consumer's freedom of choice is limited while in macro economic the consumer's freedom of choice is unlimited.
In Micro economic there are different and many economic questions or what to produce while in macro, it is not like that.

Extract 1.2 is a sample of a response from a candidate who provided explanations on two of the concepts in part (a) and defined the concepts in part (b) instead of analysing their differences.

2.1.2 Question 2: Production

This question had two parts, (a) and (b). In part (a) the candidates were required to calculate the value of marginal product and fill in the blanks so as to get the data which could be used to draw the marginal product curve which in turn could be used to show the areas where the firm can experience return to scale while in part (b), the candidates were required to explain the main forms of interventions taken by the Tanzanian government to control the economic activities in the country.

The question was attempted by 51.4 percent of all the candidates, out of which 56.4 percent scored from 10 to 20 marks, 34.3 percent scored from 6 up to 9.5 marks and only 9.3 percent scored 0 to 5.5 marks out of 20 allotted marks. Generally the performance in this question was good.

Some of the candidates who scored high marks were able to calculate the values of the marginal product and plot the marginal product curve as well as providing the required interpretation of those curves. Furthermore they explained how the government intervene the economic activities of the nation in order to accelerate the economic development of the nation such as the provision of the subsidies, fixing the prices of the agricultural products and setting the minimum wage as seen in Extracts 2.1 (a), (b) and (c).

Extract 2.1(a)

2(a)											
	Labour (units)	1	2	3	4	5	6	7	8	9	10
	Total Product	30	70	120	180	250	300	390	450	460	
	Marginal product	-	40	50	60	70	70	70	40	20	10

$$\text{Marginal product} = \frac{\Delta \text{Total Cost}}{\Delta Q L}$$

(b) Forms of Intervention taken by Tanzania government to control economic activities
 fixing the price, government of Tanzania fix the price so as to protect both buyer and seller. Example fixing the minimum and maximum price.

Nationalizing, government of Tanzania intervene by taking private sectors to be owned by the government so as to control monopoly.

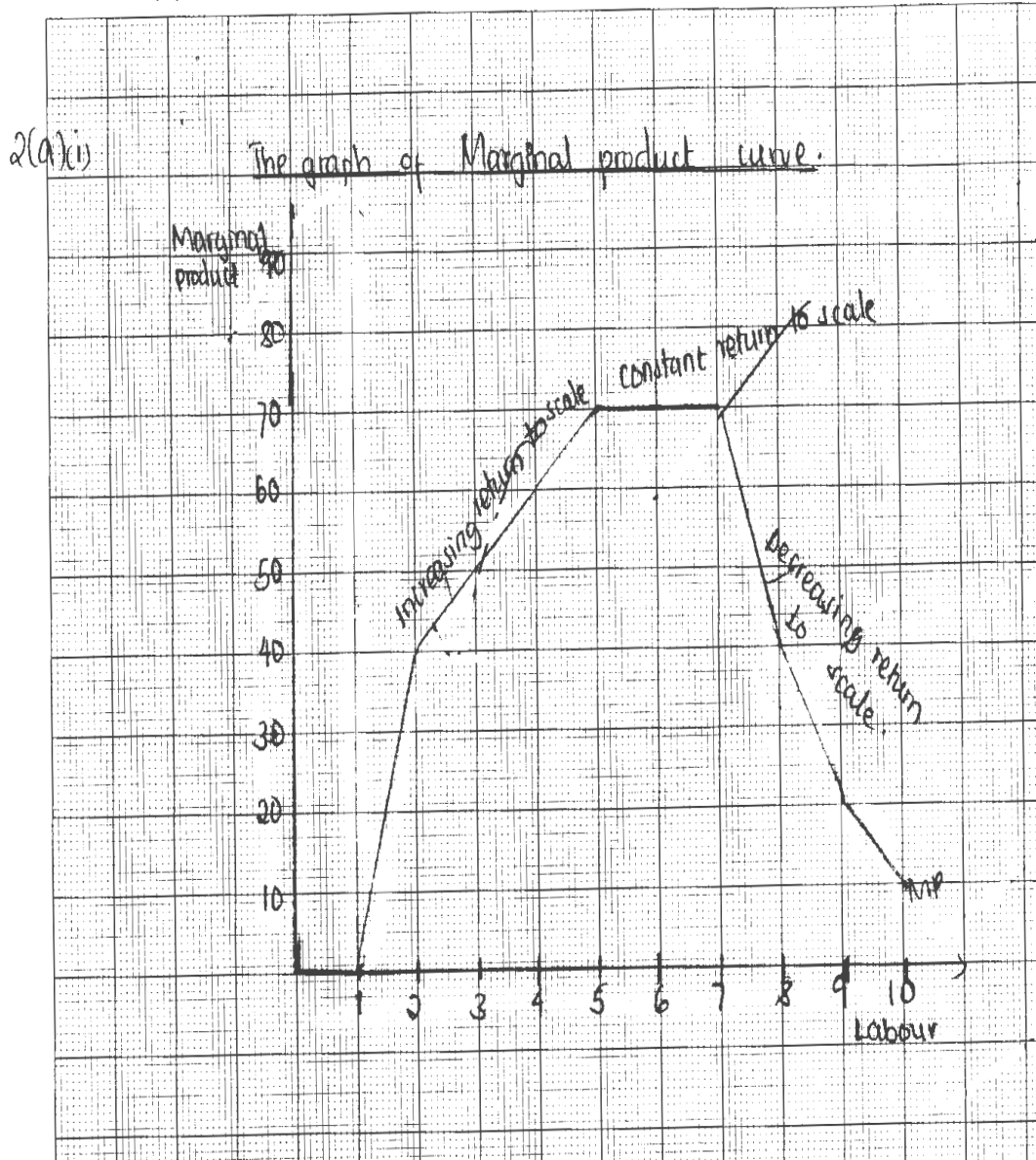
Subsidies, also government of Tanzania offer subsidies to the business or economic activities so as to promote export. Such as by reducing tax especially indirect tax.

Protecting consumers rights, by emphasizing consumers to form associations so as to protect their rights and to increase their bargaining power.

Government's legislation, government of Tanzania is making laws which govern and direct business or economic activities, which are conducted in a country.

Extract 2.1(a) is a sample of a response from a candidate who calculated the marginal product in (a) and provided government interventions in (b).

Extract 2.1(b)



Extract 2.1(b) is a sample of a response from a candidate who presented the laws of return to scale and the marginal product curve graphically.

Extract 2.1 (c)

Q. a) i/

Labour (units)	1	2	3	4	5	6	7	8	9	10
Total Product	30	70	120	180	250	320	390	430	450	460
Marginal Product	30	40	50	60	70	70	70	40	20	10

$$MP = \frac{dTP}{dL} \text{ or } \frac{\Delta TP}{\Delta L}$$

ii/ Marginal production curve drawn has three regions of returns to scale such as increase scale of returns, constant returns to scale and decrease in returns to scale.

Increasing returns to scale starts from the unit of labour 1 to 4 units where by there is an increase in ~~pro~~ marginal production at an increasing rate of return as seen in phase I in the curve.

Constant returns to scale is seen at 5 units of labour to 7 units of labour where by an increase in labour units doesn't affect marginal production hence constant marginal production at phase II in the marginal product curve.

Decreasing returns to scale is also another return to scale found of the marginal product curve whereby the production declines at an increase rate of units labour. It is seen at phase III and at ~~the~~ 8 units of labour to 10 units of labour.

Extract 2.1(c) is a sample of a response from a candidate who interpreted correctly the three stages of the laws of returns to scale.

However, some of the candidates who performed poorly could neither calculate the marginal product values nor plot the graph correctly. For example some of them just copied the question while others interpreted the data wrongly. These candidates seemed to have a poor background in mathematics as well as insufficient knowledge of the economic theories in part (a). In part (b), the candidates could not explain how the government may intervene the economic activities in the nation in

order to speed up the economic activities in the nation instead they explained different economic policies such as privatization, monetary policy etc, while others just mentioned a few forms of government interventions in the economy as shown in Extract 2.2 which is an example of a poor response in this question.

Extract 2.2

26.	Privatization. This means that is the shifting of the ownership of public/government assets to private ownership. The Tanzania government control economic by doing privatization so as to reduce the burden of the government.
	Monetary policy. Tanzania government control the economic activities by putting some monetary policies like reduction of money on the economy, open market and so forth.

Extract 2.2 is a sample of a response from a candidate who attempted part of the question and explained on privatisation and monetary policies instead of explaining on how the government intervene in order to control the economic activities of the nation

2.1.3 Question 3: Population

Candidates were required to describe five features of population census and five problems of carrying census in Tanzania.

The question was attempted by 83.8 percent of all the candidates of which 60.1 percent scored from 10 to 20 marks, 33.7 percent scored from 6 to 9.5 marks and only 6.2 percent scored 0 to 5.5 marks, thus the performance in this question was good since 93.8 percent obtained 6 to 20 marks out of 20 allotted marks.

The candidates who performed well in this question were able to describe the five salient features of population census which are periodicity, universality, individual enumeration, simultaneity and defined territory. They also provided relevant examples to substantiate their points. Furthermore they described the problems encountered when carrying out population census giving examples from the census

conducted in Tanzania. Extract 3.1 is a sample of a good answer from the script of the candidate.

Extract 3.1

03.	<p>Census. Refers to the process which involve collection or collecting, analysing as well as ^{compiling} comparing demographic data pertaining to a given population - concern in a given period of time. It involve counting the total number of people in a particular area. It has got features as well as some problems that are experienced during the conducting of ansu. The following are the features of population census.</p> <p>Periodicity. That is census is done in different period interval whether five year (every after five years) or (every after ten years). This is done so as to have comparable details or information of economic, as well as social trend of populations.</p> <p>Universality. The coverage of the process or program should cover the whole area concern so as to have a bird information of the whole concerned area if its conducted within the territory or whole country.</p> <p>Specificity. It should be done in a specific country or territory so as to be known by every individual within the economy. Also if its taken to a only particular group such as children, old people or Youth are also should be known.</p> <p>Enumeration of all people. Also when census is conducted its should involve enumeration of all people as well as their personal characteristic so as to determine total number of people with their respective characteristic such as employed, unemployed, welfare of the people and so on.</p> <p>Simultaneously. It should be also conducted repeatedly in a given period of time so as to be well off in comparing economic trend of the partcula given</p>
-----	--

	The following are the problems of carrying census in
3.	Tanzania
	Shortage of fund, due to low development in the country it become difficult for the government to manage all the cost involved in conducting census hence the country is forced to seek for help in developed country which create dependency.
	Lack of enough skilled manpower, due to low number of educated people the government lack enough skilled manpower to conduct population census hence it cause difficulties in achieving the determined goal of knowing the number of people in the country. For example in Tanzania most of rural areas its people are not counted due to insufficient manpower
	Uncooperative respondents, due to illiteracy among the people there is a tendency of thinking that counting people is all about superstition hence people refuse to be counted. This lead in obtaining wrong information since there is some people who were not counted.
	Inaccessibility of some areas, due to physical features like hills and mountains and lack of transport facilities it become difficult to reach in some areas. For example the people who live in the highlands of Mount Kilimanjaro it become difficult for them to be accounted due to lack of infrastructures hence it become difficult to obtain their data.

Extract 3.1 is a sample of a good response from a candidate who managed to describe the features of population census and explain the problems encountered when carrying out population census in Tanzania.

On the other hand, some of the candidates who did not perform well mentioned few features and explained them wrongly while others were unable even to mention the five features and explain the problems encountered in carrying out population census in Tanzania, for example one candidate wrote "It must be known or well announced" as one of the features of population census which is

wrong while another candidate wrote that population census leads into wrong budgeting. Extracts 3.2 is an example of a poor response

Extract 3.2

3.	<p>Population census is the systematic process of collecting, analysing and summarising data on amount number of population at a given place. It can also be defined as a way of collecting data and amount or number of people at a given area. Features of population census are as follows</p> <p>It is periodically, population census occur periodically from time to time. It can either be every after five years (5) that is quinquennial census or it can be every after 10 (ten) years which is decennial census</p> <p>It is specificity, population census must be specific in place, time and where the population census get to be gathered.</p> <p>Nationality or Internationality, it should be done national wise and not only part of place. population census is normally done national wise. It involve the whole nation.</p> <p>It must be known or well announced, population census must be well announced as everybody should be aware on the date and day that census will be conducted so as it should be easier for the collection of information in an easy way.</p>
----	--

3. Problem of carrying census in Tanzania are as follows

It leads to insufficient fund due to the fact that the government spends a lot of money during census, where by this causes insufficient fund left after census due to the usage of a lot of fund.

It leads to poor provision of social services, during census there is a need of providing social services to workers and individuals. And so it is difficult for the government to properly provide social services to all sectors.

It decreases national income as during census it takes time like three (3) - 2 days and thus leads to wastage of time. Instead of doing something productive that will increase national income a person just being idle doing nothing.

Leads to increase in dependence ratio, as in census it helps in knowing the number of employed and unemployed and so in Tanzania there is a large number of people who are unemployed and thus leads to increase in dependency ratio.

It leads to wrong budgeting when wrong information may be given out. Because in other areas they only do assumptions which by then may bring problems in budgeting of the nation.

Extract 3.2 is a sample of a response from a candidate who provided two correct features of population census which are periodicity and specificity instead of five features and explained on insufficient funds, poor provision of the social services and wrong budgeting as the problems encountered in carrying population census in Tanzania contrary to the demands of the question.

2.1.4 Question 4: Theory of the Market

This question had two parts, (a) and (b). In part (a) the candidates were required to explain four types of price discrimination while in part (b) they were required to provide six ways of controlling monopoly.

The question was attempted by 60.3 percent of all the candidates whereby 53.3 percent scored from 10 to 20 marks, 31.4 percent scored from 6 to 9.5 marks and 15.3 percent scored 0 to 5.5 marks out of 20 allotted marks. The performance in this question was good.

The candidates who performed well explained the correct types of price discrimination such as price discrimination based on the personal income or price discrimination based on sex and were able to provide six ways which can be used by the government to control monopoly which include price control and paying of tax. They also used examples to support their arguments as seen in Extracts 4.1(a) and (b).

Extract 4.1(a)

SECTION A:

4 a) The following are the types of the price discrimination;

Price discrimination based on personal income; People are charged different fees depending on their level of income. For example; the doctors and lawyers charge high fees to the low income earners and charge high fees to those with high income for the services that they give.

Price discrimination based on the nature of products; Producers charge high prices for the branded products since they pay fees for the brand names and trade marks but they charge low prices for the unbranded products.

Price discrimination based on age, sex and status; For example; barbers charge low prices for children and charge high prices to the adult people. Also ladies are charged less price per in cinemas compared to the gentlemen who are charged high prices fees. Also people living in Mairaki are charged high prices than those living in Manurewa due to their differences in economic status of the people in those areas.

Price discrimination based on the use of products; For example; coal is transported at a low fare compared to other minerals like copper since it is very essentially used in the factories as a source of fuel.

Extract 4.1(a) is a sample of a response from a candidate who managed to provide the types of price discrimination.

Extract 4.1(b)

4 b) How can monopoly be controlled

MONOPOLY: monopoly is person or producer or seller of a commodity which does not have close substitute. monopoly is a single producer. **MONOPOLY MARKET:** is a market where there is only one supplier of a commodity which does not have close substitute. a monopoly is a price maker and he gains supernormal profit. The following are ways to control monopoly:

Price control: the price of a commodity sold by a monopoly should be controlled so as to minimize the supernormal which was obtained by him a price should be equal to m cost of production so as to ensure he obtains only normal profit at $AR = AC$ (Average revenue = Average cost).

Taxation: government should highly tax the monopoly hence discourage them as taxation reduces profit hence due to high profit also high tax, this will make them get discouraged hence they will collapse into small firms.

Trade Liberalization: this will be done by subsidizing the small firms or producers so as they can grow to ensure competition, also by reducing tax on investment to ensure conducive environment for other firms to invest on the commodity.

Control of major means of production ownership; this is nationalizing.

Extract 4.1(b) is a sample of a response from a candidate who explained the ways which can be used by the Government to control monopoly power in the economy.

However, some of the candidates misconceived the question and provided the conditions of price discrimination while others described the types of price setting in different market structures such as price-mechanism, treaty auctioning and different government policies. This is possibly due to the fact that the concepts are covered in the same topic of theories of a market. Extract 4.2 shows one of the candidates who provided different ways of price setting such as Haggling and

Treaty agreements. Moreover, he/she explained on the government price control in the economy instead of providing types of price discrimination.

Extract 4.2

4.	
a/	<p>Price discrimination; this refers to the process of fixing different price of commodities in different market in the economy, necessary conditions of price discrimination are such as goods are sold on special orders and also geographical location between the two markets of the commodity.</p> <p>The following are the types of price discrimination;</p> <p>Haggling; this is the type of price discrimination that commodities are bought to those who offer the highest price and therefore this is one of the type of price discrimination.</p> <p>Treaty agreement; also another type of price discrimination is treaty agreement that commodities are sold according to the treaty agreed between the buyer and the seller.</p> <p>By the government forces; also another type of price discrimination is by the government force that is through price ceiling and price floor that on price ceiling price is set above the equilibrium price and protect consumers and price floor price is set below the equilibrium price and protect producers and therefore this refers to the type of price discrimination.</p>

Extract 4.2 is a sample of a response from a candidate who instead of providing types of price discrimination he/she provided the ways of fixing price in different market structures and the ways through which the government control price.

2.1.5 Question 5: Theory of Demand and Supply

This question had two parts (a) and (b). In part (a) the candidates were given demand and supply functions and were required to solve them graphically to find the equilibrium price and quantity while in part (b) the candidates were required to outline the factors which affect supply.

The question was attempted by 52.8 percent of all the candidates out of which 52 percent scored from 10 to 19 marks, 34.7 percent scored from 6 to 9.5 and 13.3 percent scored 0 to 5.5 marks out of 20 allotted marks. The performance in this question was generally good.

Some of the candidates had high scores because they calculated the equilibrium price and quantity. Moreover, they were able to explain the factors which influence supply economically. Extract 5.1 is an example of a good response in this question.

Extract 5.1

Given	under the equilibrium level $Q_S = Q_D$
	$20P_2 + 5 = 10P_1 - 95$
	also at equilibrium $P_D = P_S$
	$20P + 5 = 10P - 95$
	$20P - 10P = -95 - 5$
	$10P = -100$
	$P = -10$
	\therefore equilibrium price is -10
	equilibrium quantity
	from $Q_D = 10P_1 - 95$
	but $P = -10$
	$Q_D = 10(-10) - 95$
	$Q_D = -195$
	neglect -ve sign
	equilibrium price will be 10
	equilibrium quantity will be 195.
	This can be shown on graph as shown below.

Qb) Supply refers to the amount of goods and services sold in the market by the producers or supplier. The following are the factors affecting supply

Number of firms in the market
 This is the main factor which affects supply in the way that when there is many number of firms supply tend to be high but when the number of firms are few the supply decrease.

Price of commodity and services supplied, when the price is high also the supply of that commodity become high but when the price is low it discourage the supplier lead to decline in supply.

State of technology this also affect supply in the way that when the technology used is more advanced lead to high production and high supply but when the technology used is poor supply tend to decline.

Extract 5.1 is a sample of a response from a candidate who computed the values of y or price which indicate y-intercept and the values of x or quantity which indicate x-intercept. Furthermore, he/she outlined the factors which influence the quantity supplied by the firms in the market such as the number of the firms, price of the commodity and the state of technology.

However, the candidates who did not perform well in this question failed to calculate the values of y-intercept or price and x-intercept or quantity and as a result they could not determine the equilibrium price and quantity as well as plotting the demand and supply curves in part (a). In part (b) some of the candidates provided the factors which influence price elasticity of supply instead of the factors which affect supply as the question requires while others were able to provide the factors which affect supply although they could not give the

required explanation. Extract 5.2 is an example of a poor response in this question.

Extract 5.2

9(a)	From
	$Q_D = 10P - 95$
	When $P = 20$
	$Q_D = 10 \times 20 - 95$
	$Q_D = 200 - 95$
	$Q_D = 105$
	again
	From
	$Q_S = 20P + 5$
	$P = 20$
	$Q_S = 20 \times 20 + 5$
	$Q_S = 400 + 5$
	When price increases lead to surplus of commodity and the demand of a commodity fall at greater. The surplus of commodity remain is 2900 unit of commodity
	When price fall by 2
	$P = 10$
	$P = 5$

4b)	The length of production period This also affect supply in the way that when the length of production is short the supply of such commodity is high compared with the commodity which is length of production is Long.
5a)	given that demand function $(P_1) = 9\frac{1}{2} + \frac{Q}{10}$ supply function $(P_2) = -\frac{1}{4} + \frac{Q}{20}$ From $P_1 = \frac{19}{2} + \frac{Q}{10}$ $P_1 = \frac{95 + Q}{10}$ $10P_1 = 95 + Q$ $10P_1 - 95 = Q$ (quantity demanded) also $P_2 = \frac{Q}{20} - \frac{1}{4}$ $P_2 = \frac{Q - 5}{20}$ $20P_2 = Q - 5$ $20P_2 + 5 = Q$ (quantity supplied)

Extract 5.2 is a sample of a response from a candidate who failed to compute the values of y-intercept or price and x-intercept or quantity. Moreover he/she explained a factor which influences price elasticity of supply instead of the factors which affect supply.

2.1.6 Question 6: Employment and Unemployment Theory

This question required the candidates to analyse five advantages of unemployment and give five problems of unemployment in less developed countries.

The question was attempted by 89.2 percent of all the candidates. This was one of the questions which were performed well as 73.4 percent scored from 10 to 20 marks, 21.4 percent scored 6 to 9.5 marks and only 5.2 percent scored 0 to 5.5 out of 20 allotted marks.

The candidates who performed well understood the requirements of the question and explained the advantages of unemployment in the economy such as the increase in the supply of labour, the development of the informal sector and the increase in the discipline and efficiency of labour and they also gave examples from the Tanzanian economy. These candidates also were able to provide problems of unemployment in the economy such as increase in the dependency ratio, increase in the government burden and increase in the income gap between the rich and the poor although some of them could not exhaust all the points. Extract 6.1 illustrates a relatively good response in this question.

Extract 6.1

Co:	<p>unemployment - is the situation where by a people are able and willing to do the work but could not find the job. unemployment can be caused by change in climate, technological change, also education and training. The following are advantage of un-employment.</p>
	<p>Increase in supply of labour - when people become un-employed it help to increase supply of labour as many people will be un-employed so it led to them to accept the work in order to get income.</p>
	<p>Increase in work discipline - work discipline will increase as labour will fear to loss the job so the work discipline will increase. as people will maintain the discipline in order to maintain his work. so also it's the advantage of un-employment.</p>
	<p>development of informal sectors - also due to un-employment it led to development of informal sectors like Maza Ntite, Machinga which help in selling daily consumption in street. also it's the advantage of un-employment.</p>
	<p>firm can pick the best employees - also due to un-employment it lead to hard worker due to that the firm can pick the best employees in a certain work & also it's the advantage of un-employment as firm can pick the best employees in a certain work.</p>
	<p>help to control inflation - due due to un-employment it lead to decrease in purchasing power of the people which led to avoid demand pull inflation hence to maintain economic stability of the country. so also it's the advantage of un-employment. The following are the problems of un-employment in less developed country.</p>

G

Decrease in the size of National income - due to un-employment it lead to under-development of the economic sector as well as the size of the National income will decrease as there will be no effective performance of economic sector in the country.

Decrease in saving capacity - also the saving capacity among the people will decrease as the people will be un-employed hence will be no income to save among the people hence decrease in saving capacity among the people. so also it's the problems of un-employment.

Increase in dependence ratio - also the dependence ratio will increase as due to people become un-employed it may lead to people to depend hence the increase in dependence ratio in the country. so also it's the problems of un-employment to the developing countries.

Increase in government burden - also government burden will increase in providing subsidies to the farmer also to provide assistance to the people due to un-employment increase, so also it's the problem of un-employment in developing country.

Emergence of social evils - social evils will increase in the country as when people are un-employed it lead to the emergence of social evils example thefts, robberies due to them become un-employed. so it's the problem of un-employment in developing country.

Extract 6.1(b) is a sample of a response from a candidate who was able to provide advantages of unemployment in the economy and the problems of unemployment in the economy.

However, few candidates misinterpreted the question by providing the causes of unemployment instead of providing the problems of unemployment. Others mentioned some problems and advantages but could not support them with satisfactory explanation. They also failed to give examples from the Tanzanian situation. For example one of the candidates wrote a reduction in the government expenditure as an advantage of unemployment while in reality as the level of unemployment increases in the economy government expenditure also increases since it has the role of providing essential services to all the people including those who are unemployed in the economy. Extract 6.2 is an example of poor response.

Extract 6.2

6. Unemployment refers to the situation in a country where there is availability of labour to work but they find no job. Unemployment in less developed countries for instance Tanzania caused by number of factors such as low investment, low production. There are different types of unemployment such as residual, structural unemployment and hidden unemployment.

The following are the advantages of unemployment in less developed countries.

Reduce government expenditure on financing economic activities so as to reduce unemployment, Government reduce the provision of loans to its citizen hence will reduce the money on its own supply. Reduction of government expenditure will enable the government to finance other activities.

Discourage monopoly, This is due to the absence of investment whereby there will be unemployment, when there will be employment will encourage monopoly hence cause the problem of price fixing, Misunderstand between monopolies and the government because monopolies tend to fix their own price instead of government price.

Discourage capital out-flow, Unemployment discourage capital out-flow, when there is no privatization which tend to increase capital out-flow, especially when privatize public sector to the private sector outside the country. Privatization increase unemployment and discourage unemployment.

Increase security, This is when a person lack employment but when get employed, The income will increase hence will cause fear and security because of having a lot of money on his hand due to the

6. effects of employment, so unemployment increases security, Unemployment discourage holding of money by the the people who are employed. People who are employed gets a lot of money so they tend to hold them hence lower the disadvantages of holding money.

Apart from the advantages of unemployment, The following are the problems of unemployment.

Low investment level, In ~~low~~ less developed countries there is low investment due to poor govt policies which discourage investment, Investments will encourage employment and discourage unemployment hence solves the problem of unemployment.

Low science and technology level which emphasises the uses of modern tools and techniques of production. The uses of modern techniques will increase production of goods and services hence increase employment and discourage unemployment. High level of science and technology will encourage development of industries hence encourage employment.

Political instability may cause unemployment due to the stagnant of economic sectors due to insecurity and fear of engaging in production processes. No body will concentrate on production when there is war in a country or there is different ideologies in politics issues.

Poor government policies on implementation of strategies on alleviation of unemployment problem, In most of less developed countries the government employ poor policies especiall on education sector whereby those who get education are the ~~the~~ ones who are going to get employment and majority of the people are illiteracy, so it the problem.

Extract 6.2 is a sample of a response from a candidate who explained the causes of unemployment instead of the problems of unemployment.

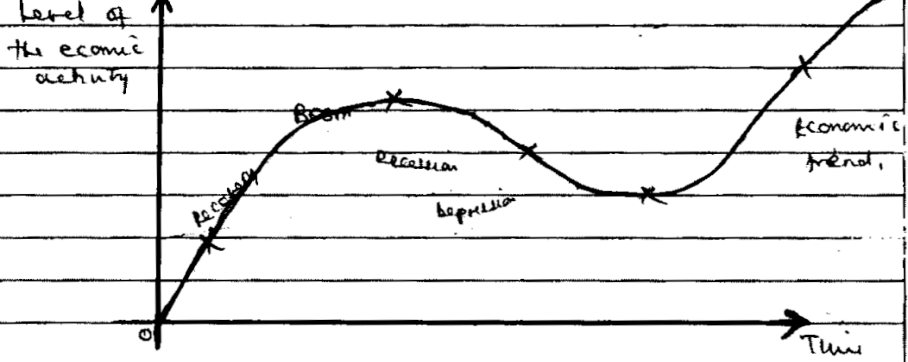
2.1.7 Question 7: Trade Cycles

This question had two parts, (a) and (b). In part (a), the candidates were required to explain four phases of trade cycles while in part (b) they were required to account for six important features of trade cycles.

The question was attempted by 93.0 percent of all the candidates. The performance in this question was good as 71.9 percent scored from 10 to 19 marks, 24.7 percent scored 6 to 9.5 marks and only 3.3 percent scored 0 to 5.5 marks out of 20 allotted marks.

The candidates who scored high marks in this question explained the four stages of the trade cycle using well labeled diagrams supported with the examples from the Tanzanian economy. They also gave the important features of the trade cycle such as the fact that trade cycle is in cyclical fluctuations as they are periodical and cumulative in nature as shown in Extract 7.1.

Extract 7.1

7.a)	<p>Trade cycle is the expansion and contraction of the economic activities in the economy. This is the rise and fall of the economic activities caused by factors like age of the capital goods and sometimes harvesting seasons. Trade cycle has four phases graphically are:</p>
	
	<p>Boom; this refers to when economic activities in the country are at the peak. This phase is mainly characterized by the high level of investment, production increases, standard of living is also increased. In this phase investors are most attracted because of the favourable economic condition that exists.</p>
	<p>Recession; this is when the economic activities are going down and it is a period between boom and depression. Under this phase investment started to fall, production also is decreasing, incomes of the people start to fall. It is very dangerous to the investors because under this phase investors loses.</p>
	<p>Depression; is when the economic activities are at the low level, this is also called economic slump. That is many banks become bankrupt</p>

7.b)	<p>Trade cycle is repetitive in nature; due to the fact that trade cycle is the cycle that has no an end. Therefore it is repetition and repeating the phases. When starts at Boom will pass all phases and it will start again at the boom stage. It is recurrent in nature.</p>
	<p>Trade cycle, it is well marked in capital goods; Capital goods refers to the goods used to produce other goods. Therefore the rise and fall of trade cycles is mainly marked in the capital goods like machines. When new machines are introduced it is likely to stay at the boom.</p>
	<p>The movement from the peak/boom to depression is very high while the movement from depression to to the peak/boom is very slow. This is due to the facts that during depression many economic activities wind up, so to establish them again it took a period of time.</p>
	<p>Trade cycle is reinforcing in nature; the occurrence of trade cycle it is faced with the forces that makes the occurrence of another face. Because it is cumulative that means one the boom/peak phase occurs the recession phase will come.</p>
	<p>Finally; trade cycles shows how the level of economic activities are experienced in the country. Also it measure the economic performance by making comparisons.</p>

Extract 7.1 is a sample of a response from a candidate who illustrated the four features of the trade cycles by using a well labeled diagram and explained the important features of the trade cycle with examples from the Tanzanian economy.

Nevertheless, there were some candidates who not only misinterpreted the question but also failed to draw the diagram to demonstrate the four phases of the trade cycles. They also failed to explain the important features of the trade cycles chronologically as it is required in the sequence of occurrence. Others attempted

only part of the question and ended up with wrong answers. Extract 7.2 is an example of a poor response in this question.

Extract 7.2

7 a Trade cycle refers to the fluctuation of the economy from high stage to lower stage and from the lower to high stage. The following are the phases of the trade cycle:-

i) Depression.
This is the lowest stage of the economy where it is characterised by the following features:-

- High unemployment level
- Continuous price fluctuations/price instability
- Low level of production
- Low level of consumption
- Excessive over dependence.

ii) Recession
It is the stage where by the economy starts to decline or fall. It is classified with the following characters:-

- Fall in employment opportunities
- Fall in income levels
- Fall in production
- Fall in standard of living
- Fall in level of consumption.
- Price instability
- High cost of living.

iii) Recovery
It is the phase of the trade cycle where by the economy starts to rise up. The following are the characteristics of recovery:-

- Rise in employment opportunities
- Rise in income levels
- Rise in production.

Extract 7.2 is a sample of a response from a candidate who could neither draw a well labeled diagram to show the phases of the trade cycles nor explain the phases of the trade cycles instead he/she just outlined the phases without adhering to required chronological order of occurrence.

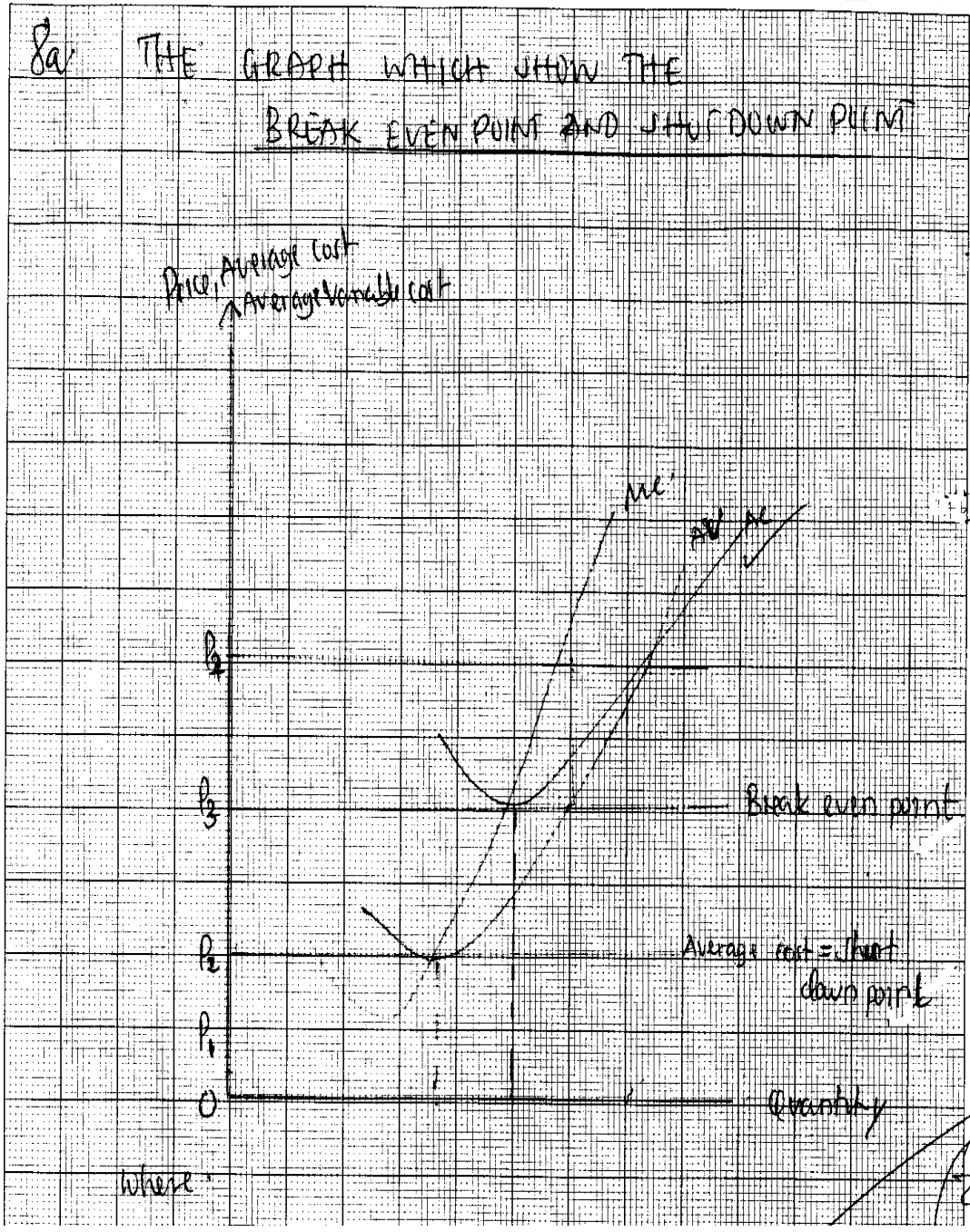
2.1.8 Question 8: Theory of the Firm

This question had two parts, (a) and (b). In part (a) the candidates were required to use a well labeled diagram to distinguish between break-even point and shut down point of a firm in perfect competition while in part (b) they were required to examine seven factors which would influence the firm to go on production even when it makes losses.

This question was attempted by 29.4 percent of all the candidates out of which 52.1 percent scored from 10 to 20 marks, 30.5 percent scored from 6 to 9.5 marks and 17.4 percent scored 0 to 5.5 marks out of 20 allotted marks. Generally the performance in this question was good.

The candidates who had good performance in this question drew the diagrams to show the break- even point of the firm operating under perfect competition in the long run. They also showed the shutdown point of the firm operating under perfect competition in the long run whereby at the break-even point the individual firm earns only normal profit while at the shut-down point the individual firm is making loss which is equal to total fixed cost. Furthermore, the candidates explained the factors which may force a firm to continue producing although it is making loss, such as to maintain customers, to minimize loss, to provide important services to the public such as water, electricity. Extract 8.1.is an example of a good response in this question.

Extract 8.1



8b. Firm is an unit of production which establish with aim to generate profit. Factors which influence the firm to go on production even if it makes losses are as follows:

If the firm undertake Research. If the firm undertake research of a certain product if even if obtain loss, it continue until the findings is obtained.

If the firm obtain subsidies from the government or other institution. If firm run its business per depending subsidies from either government can continue because it can cover their cost through subsidies.

It cover variable cost. If the firm cover all variable cost can continue in producing the goods. This is because those cost which are fluctuating according to the changes of good can be covered.

If firm create goodwill of his company. When a company wants to create a good reputation to the public in order to attract consumers. If even if it obtain loss can go on production.

If is the branch of big firm. When the firm is operated under the big firm even if that small firm obtain loss can be financed with big firm and assist small firm to continue.

If a firm start a business. When a firm is starting a business initially always obtain loss because low knowledge to the consumer about the goods sold as well as therefore the demand of that goods is low. So the business is continue with production in order to create demand.

Extract 8.1 is a sample of a response from a candidate who used a well labelled diagram to show the break-even and shut-down points of a firm under perfect competition and gave examples from the Tanzanian economy to explain the factors which may influence a firm to continue with production although it is making loss.

On the other hand, some of the candidates who did not perform well could neither draw relevant diagrams to illustrate both break-even point and shut-down point of a firm under perfect competition nor provide the factors which may influence a firm to continue with the production process although it is making loss while others

attempted part of the question by providing few factors which may influence a firm to continue producing while it is making loss. Extracts 8.2 (a) and (b) are samples of candidates' poor responses.

Extract 8.2(a)

8. (a) Perfect competition market refers to the market structure with high degree of competition. This market is an imaginary market and do not exist in the real world. Under perfect competition break even point and shut down point of a firm can be easily distinguished as:-

Break even point is the point of the firm that is able to cover ~~all~~ variable cost ~~and~~ ~~for~~ variable cost only. In this point a firm can continue to produce because it can cover costs of production.

Shut down point - This is the point where a firm is able to cover only fixed cost of production. In this point a firm is advised to close in order it do not lose all costs of production (Variable cost and fixed cost).

Diagram that shows break even point and shut down point.

Extract 8.2(a) is a sample of a response from a candidate who drew a poorly labeled diagram and provided wrong explanation on a firm producing under perfect competition in the long run.

Extract 8.2(b)

8 b/	Factors that would influence the firm to go on production even when it makes loss are:-
	Availability of raw materials:- When there is available materials that produces certain commodity thus the firm will be forced to go on production
	Availability of variable cost:- If a firm is able to incur variable variable cost of production thus will continue in production.

Extract 8.2(b) is a sample of a response from a candidate who explained two factors which influence a firm to continue producing under perfect competition instead of providing the factors which influences the firm to go on producing even if it is making loss.

2.2 PAPER 2: 151/2 – ECONOMIC DEVELOPMENT

2.2.1 Question 1: The structure of the Tanzanian Economy

This question had two parts, (a) and (b). In part (a) the candidates were required to explain six strategies that can be used to improve agricultural sector in Tanzania while in (b) the candidates were required to provide reasons that justify the need of business ownership to be left to the general public and not to individuals.

The performance in this question was good as it was attempted by 68.3 percent of the candidates out of which 21.6 percent scored from 10 to 20 marks, 60.4 percent scored from 6 to 9.5 marks and only 18 percent scored 0 to 5.5 out of 20 allotted marks.

The candidates with good performance this explained the strategies which can be used to improve agricultural production in Tanzania such as the use of the modern agricultural implements, introduction of irrigation schemes, provision of both the credit facilities to the farmers and agricultural extension services to the farmers as well as commercialization of the agricultural sector. Also the candidates managed to provide the reasons for the need of leaving business ownership to the general

public such as insuring national security, reducing income gap and provision of the essential services to the public. Extract 1.1 is an example of a good response in this question.

Extract 1.1

1	(a)	<p>Agricultural sector is an economic sector which is involved in extraction of raw material directly from nature. The agricultural sector in Tanzania employs many people than any other economic sectors.</p> <p>The strategies that can be used to improve agricultural sector in Tanzania are:-</p> <p>Mechanization of agriculture. The agricultural sector can be improved by encouraging using of motorized machines in agriculture. The motorized machines such as tractors enable the agricultural sector to be transformed into the large scale operation and thereby development in the agricultural sector.</p> <p>Establishment of irrigation scheme. The agricultural sector may be developed through establishment of irrigation schemes which widely reduce the problem of seasonality of production. Irrigation schemes enables the farmers to produce the agricultural products throughout the year.</p> <p>Control of price of agricultural product. The agricultural sector is widely affected by the problem of price fluctuations. The Government should undertake to control the price of the agricultural products in order to develop the agricultural sector. The price fluctuation of agricultural products result into farmers low revenues hence limited chance of expansion.</p>
---	-----	--

1b which are unprofitable but they improve the public welfare. In such undertakings the private sector would be reluctant to undertake because of the profit motive in their operation. In such undertakings the Government should get involve and own the business enterprises.

National security. The Government should own the business in the undertakings which affects the national security. The ownership of the undertakings such as production of arms is usually under the Government control because it affects the national security.

Provision of essential services to the public. The Government should own the business enterprise in order to provide the essential services such as health, education, transport and communication services in the country. Example, the Government own Tanzania Telecommunication Company Limited (TTCL) for providing of communication services.

Heavy capital outlay. The Government should own the business enterprises in such undertakings in which the establishment requires heavy capital outlay. Example establishment of a railway require high initial capital which the private sector could not raise. Hence the Government should own business in undertakings which requires heavy capital outlay.

Extract 1.1 is a sample of a response from a candidate who was able to explain the strategies of improving the agricultural sector in Tanzania and provide reasons for the need of leaving business ownership to the general public.

On the other hand, some of the candidates who did not perform well misunderstood the question hence provided irrelevant answers, for example some provided the strategies of improving the agricultural production and reasons for public ownership while others explained on the agricultural development schemes and state farms. Extract 1.2 is an example of a poor response in this question.

Extract 1.2

1@ Agriculture; Refers to the system which involves the keeping of livestock and cultivation of different crops which will lead to the improvement in the economy. Example of crops are Cash crops like Cotton, Coffee and Tea. There are only three types of Agriculture system which are Settler Agriculture found in Kenya, Angola, Mozambique and Botswana and Peasant Agriculture found in Uganda and Plantation Agriculture found in Zaire and Gabon. The following are the strategies that can be used to improve Agriculture Sector in Tanzania areas follows:

Introduction of Agriculture development schemes and plans; This was due to the fact that in promoting different schemes in Agriculture will lead into good development in Agriculture for example in Subima livestock scheme and Uluguru and also in Maasai livestock in East Africa.

Also Agriculture experiments should be improved; This means that these areas which are producing may be ground out in Nachingwea and Urambo they must be improved in experiments of crops for to bring big development.

State farms also should be improved; Means these farmer found in Ivory Coast and Guinea should be improved in one way another for the purpose of creating development in Agriculture sector.

P6 It will destroy the whole process of providing and reducing public debts in the country.

It because the business ownership also help to raise revenue; Means in the whole economy especially in Tanzania there business ownership they have been promoting different sources of getting loans so as to promote development.

Another to reduce Monopoly, - Also the main issues of business ownership to be left on public it was to the fact that it supported much to the development and reducing the Monopoly existing in the Market Center.

It because business ownership create employment to the people and the why it was estimated to be left on public ownership of the business so as to reduce competition from the other country - for example in Tanzania and other country world wide.

Generally; Agriculture and business ownership in Tanzania have been created a good development in one way another by promoting different material which helped country to be in a level of development economically and socially.

Extract 1.2 is a sample of a response from a candidate who misinterpreted the question as he/she wrote on agricultural development schemes, state farms and the types of agriculture

2.2.2 Question 2: Environmental Economics

The question had two parts (a) and (b). In part (a) the candidates were required to explain the main economic significance of controlling negative externalities while in part (b) the candidates were required to provide six measures of controlling negative externalities.

The question was attempted by 29.5 percent of all the candidates out of which 23.9 percent scored from 10 to 20 marks, 49.3 percent scored from 6 to 9.5 marks and 26.8 scored 0 mark to 5.5 marks out of 20 allotted marks. Generally the performance in this question was good.

The candidates who performed well in this question were able to explain the main economic significance of controlling negative externalities in our environment which are the improved standard of living of the people, increased efficiency of labour and preserving the existing stock of the world resources as well as providing six measures which can be adopted in dealing with externalities such as the formulation of strict policies by the government, imposition of the special taxes and the use of modern agricultural practises in the economy. Also the candidates supported their points with examples from the Tanzanian economy. This can be shown in the Extracts 2.1

Extract 2.1

2a) can be made possible.

Continue

To sum it all up the above mentioned are the main economic significance of controlling negative externalities.

2b) Negative externalities are the costs that are experienced by the third party due to certain economic activities. Such activities include increase in pollution due to mining, as well as environmental degradation etc. The following ways to which negative externalities can be controlled

To start with, imposing of special tax. Tax should be paid by those who impose negative externalities. This special taxes go hand in hand with the amount of damage that the party has done to the third party. Therefore the larger the negative externality the higher the tax paid.

In Addition, educational training on environmental conservation. Individuals in the society have to obtain special education on various ways of improving and conserving the environment. Example better farming methods.

As well as, direct control from the government. The government can enforce direct control on negative externalities through liquidation of firms that are seen as the main

2b contributors to the negative externalities in
 Cantin

Moreover, recycling of end products
 Firms can use these end products to produce
 other productive items through the use
 of recycling. This thus reduces the negative
 externalities of firms by products to the
 environment

Furthermore, formulation of strict
 policies. The government can formulate strict
 laws and policies on environmental conserva-
 tion and impose the punishment of any
 contributor of negative externalities.

Lastly, bargaining of the firm to
 reduce these negative externalities by the
 government. Though this system is not very
 effect most firms still do this with the
 government

To sum it all up the above mentioned
 are the various ways in which both the
 government and the nation can control negative
 externalities

Extract 2.1 is a sample of a response from a candidate who explained both the significance of dealing with the negative externalities and measures to be taken in dealing with externalities.

However, some of the candidates performed poorly because of explaining on the effects of negative externalities while others mentioned few points on the measures used to control externalities and explained measures used in the environmental conservation. Extract 2.2. is an example of a poor response.

Extract 2.2

2a)	<p>Economic significance of controlling negative externalities:-</p> <p>Results to increase in production of goods and services, this is ev of the economic significance of controlling the negative externalities such as pollution and waste disposal whereby it will lead to increase in production due to the suitable environment for conducting production activities and as a result production of more quality and at high quantity products.</p> <p>It leads to proper utilization of the resources in production, as a result of controlling negative externalities such as pollution and poor waste disposal it will lead to proper utilization of the resources such as water which could not be used with wastes in it, and therefore as a result of controlling negative externalities resources such as water from waterbodies will be properly utilized in the production of goods and services.</p> <p>It will result to an efficient environment for conducting production activities, as a result of controlling the negative externalities it will result to create a sustainable environment for production activities due to the fact that production will be conducted in such an environment without any destructions or without any pollution or threat and thus suitable environment for production activities thus providing efficient environment for production.</p> <p>leads to sustainable development in the country as a result of controlling the negative externalities it will result to sustainable development in the country which occurs or is attained when there is positive externalities, so due to the fact that the positive externalities are obtained after controlling the negative externalities such as</p>
-----	--

26) The labour intensive technique of production will help to control the negative externalities of pollution that is caused by the machines in most of the industries and so as a result of adoption of labour intensive technique of production in these industries much labour will be used compared to machines and thus reduce or control pollution as a negative externality.

Also, the use of natural fertilizers and manure in agriculture, this also will help to control the negative externality of polluting the water with the chemicals especially for those sprays and industrial chemicals used as fertilizers, pesticides and insecticides in agriculture which when mixed with water they form poisonous like substance due to the fact that these chemicals are poisonous. Therefore the use of natural fertilizers and manure will help to control water pollution from the industrial chemicals as a negative externality.

Through adopting environmental conservation measures, this is also one of the ways in which the negative externalities can be controlled whereby through the adoption of the environmental conservation measures such as land reclamation, proper methods of cultivation as well as use of dust bins and waste pits it will lead to the control of the negative externalities since the environment will be well maintained through these environmental conservation measures.

Extract 2.2 is a sample of a response from the candidate who misinterpreted the question as he/she explained the effects of negative externalities. The candidate also provided the methods of environmental conservation which are contrary to the demands of the question.

2.2.3 Question 3: Economic Planning

The question had two parts (a) and (b). In part (a) the candidates were required to explain the importance of Economic planning in Tanzania while in part (b) the candidates were required to explain five problems facing Economic planning in Tanzania.

This question was attempted by 92.5 percent of all the candidates out of which 74.9 percent scored from 10 to 19.5 marks, 20.7 percent scored from 6 to 9.5 marks and only 4.4 percent scored 0 mark to 5.5 out of 20 allotted marks. Generally the performance in this question was good.

The candidates who performed well in this question were able to explain both the importance of the economic planning in Tanzania which include the proper allocation of the scarce resources, reduction of the income gap, elimination of unnecessary competition. They also managed to explain the problems facing the economic planning in Tanzania like the poor development of the social and economic infrastructures, natural calamities, unreliable statistical data and dependence on the foreign aid. The candidates presented examples from the Tanzanian economy to support their arguments. For example one of the candidates stated how economic planning is useful in reducing the income gap between the Tanzanians and bringing balanced regional development in the country. He/she showed how economic plans are used as solicitants of foreign aid from the donor countries such as the United States of America, China and the international financial institutions such as the World Bank and the International Monetary Funds.

On the other hand, there were few candidates who misunderstood the question and wrote on the effects of economic planning on the economic development of Tanzania while others attempted part of the question by providing wrong answers as seen in Extract 3.2.

Extract 3.2

3② the importance of economic planning in Tanzania.

It led to increase in production; the different ideas settled will lead to increasing in production of goods and services hence growing in economy of the countries due to high income obtained.

It help in settling business ideas; economic planning help entrepreneurs in settling of business ideas on ↓ they can produce and increase sales revenue hence increase capital and gross national income for the development of economic growth.

It help the farmers to determine their agricultural activities; economic planning led to increase in cultivation and keeping animals activities where farmers can organize in how to develop the agriculture in order to have or obtain great quantity of products.

It help to increase level of investment; economic planning led to increase in level of investment after firms have planning on how to increase production and obtain profit

It help to increase level of economic growth; the economic planning led to increase in growth of the economy of the country after the high level of national income obtained from production

3.	Ⓔ	Economic planning have many important roles which it plays in development of economy, but it characterised ^{based} with many problems includes.
		Low level of science and technology; the low level of technology used in planning the economy on different sectors led to low development of economy and growing of the economy in the countries.
		Low level of investment;

Extract 3.2 is a sample of a response from a candidate who misunderstood the question as he/she wrote on the effects of the economic planning instead of the importance of the economic planning. Moreover he/she provided two wrong points on the problems facing the planning process in the Tanzanian economy which are low level of science and technology and low level of investment.

2.2.4 Question 4: National Income

The question had three parts, (a), (b) and (c). In part (a) the candidates were required to calculate: (i) Average Propensity to Consume (APC) and (ii) Average Propensity to Save (APS). In part (b) the candidates were required to calculate the changes in the (APC) and (APS), if one had a disposable income of T.shs 10,000 and Consumption was Tshs 12,000, then to comment on the answer. In part (c) the candidates were required to explain six leakages of Multiplier.

The question was attempted by 9.9 percent of all the candidates out of which 32.1 percent scored from 10 to 20, 50.4 percent scored from 6 to 9.5 marks and 17.5 percent scored 0 to 5.5 out of 20 allotted marks. Generally the performance in this question was good.

The candidates who performed well in part (a), (b) and (c) of this question were able to calculate Average Propensity to Consume and Average Propensity to save

correctly as well as commenting on the values obtained. Also the candidates were able to interpret the economic significance of the data obtained in the national income and explaining the factors for the leakages of multiplier such as the taxation policy, strong liquidity preference, savings and net imports as required by the question asked. For example one of the candidates explained that high imports or negative net exports and inflation are among the factors which lead into the leakages of the multipliers. Some of the candidates calculated correctly the values of APC and APS as shown in Extract 4.1.

Extracts 4.1

4. (a) (i) Average Propensity to Consume refers to the proportion of disposable income which is spent currently to purchase goods and services

$$\text{Average propensity to consume} = \frac{\text{Consumption expenditure}}{\text{Disposable income}}$$

$$= \frac{20000 - 1500}{20000}$$

$$= 0.925$$

∴ The average propensity to consume = 0.925

(ii) Average propensity to save = proportional of income which is used to save

$$\text{APS} = \frac{\text{Saving}}{\text{Disposable income}}$$

$$= \frac{1500}{20000}$$

$$= 0.075$$

∴ The average propensity to save = 0.075

(b) Given the following data

Extract 4.1 is a sample of a response from a candidate who used the data to calculate APC and APS and interpreted the data correctly.

However there are some candidates who did not perform well because they misunderstood the question as they could neither calculate nor interpret the data correctly and as a result they could not give the economic significance of the data obtained while others failed to explain the operation of the multiplier to improve the economy as shown Extracts 4.2. (a) and (b).

Extract 4.2(a)

4a)	
i)	APC Average propensity to consume = $\frac{\text{Disposable income}}{\text{Consumption}}$
	$APC = \frac{\text{Disposable income}}{\text{Consumption}}$
	$APC + APS = 1$
	$APS = \frac{\text{Disposable income}}{\text{Saving}}$
	$APS = \frac{20000 \text{ Tsh}}{1500 \text{ Tsh}}$
	$APS = 13.3333 \text{ Tshs}$
	$APC + 13.33 = 1$
	$APC = 1 - 13.33$
	$APC = -12.333$
	$APC = (12.3333)$
	$\therefore APC = (12.3333 \text{ Tshs})$
	$\therefore \text{Average propensity to consume} = 12.3333 \text{ Tshs}$
ii)	$APS = \frac{\text{disposable income}}{\text{Saving}}$
	$APS = \frac{20000 \text{ Tshs}}{1500 \text{ Tshs}}$
	$APS = 13.3333$
	$\therefore \text{Average propensity to save}$
	13.3333

Extract 4.2(a) is a sample of a poor response from a candidate who calculated APC and APS by using a wrong formula whereby he/she divided disposable income to savings instead of dividing savings to disposable income which led him to the wrong answer.

Extract 4.2(b)

4.0	<p>The following are the leakages of multipliers:</p> <ul style="list-style-type: none">Low productivity; when the country has low productivity, it experiences low disposable income and most of the country is having low productivity because of low technology.Low wages to workers; in order to be applicable, this theory states that the extra income must be used in consumption and not paying debt, but due to the low payment of wages to workers, they are forced to borrow money for their benefit to obtain basic needs.Less ability of entrepreneurs; the entrepreneurs are not engaged in production and conducting business, which makes the country have low disposable income.Scarcity of resources; due to having a limited supply of resources, it is not easy to obtain full employment of resources, hence the leakage of multipliers.State of technology; in order for investment to be achieved, it must be that the country has high technology, but most countries, especially less developed ones, are not having high technology, which makes the leakage of multipliers.
-----	--

Extract 4.2(b) is a sample of a response from a candidate who wrote on state of technology, scarce resources, less ability entrepreneurs and low productivity as the leakages to multipliers instead of the leakages of the multipliers.

2.2.5 Question 5: Public Finance

This question had two parts (a) and (b). In part (a) the candidates were required to design seven mechanisms that can be used to reduce the government expenditure in developing countries like Tanzania while in part (b) the candidates were required to describe three Roles of Public Finance.

The question was attempted by 52.8 of all the candidates out of which 22.4 percent scored from 10 to 20 marks, 35.6 percent scored from 6 to 9.5 marks and 42 percent scored 0 to 5.5 out of 20 allotted marks. Generally the performance in this question was good.

The candidates who performed well in this question were able to design mechanisms that can be used to reduce government expenditure in developing countries like Tanzania. The candidates also explained the role of public finance in the economy as shown in Extracts 5.1(a) and (b).

Extract 5.1(a)

5.1(a) The government expenditure refers to the total spending of the government. These spending can occur so as to make a development thing or provision of goods and services. The government of Tanzania can reduce its expenditures by doing different things which are:

- **Ranking of public enterprises:** This is the one of the government solution about the increase of expenditures where by the government can rent those enterprises which the government can not handle to manage them and those who needs huge capital.
- **Diversifiers:** This refers to the total sell of the public enterprises. The government can sell the enterprises to the private individuals who can manage and make them to be good than when it is hands of the government.
- **Reduction of unnecessary expenditures** Eg Buying of good government cars which are very expensive. Also the government can stop buying of things which are not necessary to the governments Eg Cars, High buildings

Extract 5.1(a) is a sample of a response from a candidate who explained the mechanisms of reducing government expenditure correctly. The candidate highlighted key mechanisms like the privatization of the public trading firms which are operating at loss or inefficiently and the purchase of expensive and luxurious cars which tend to increase government expenditure.

Extract 5.1(b)

5	<p>Investing money in productive things Eg Business AIs. the government can reduce its expenditure - by investing in productive thing which will help the government to obtain profit.</p> <p>Joint venture. Joint venture refers to the situation where by people or group joined together for the certain purpose. The government can form a joint venture with other the private sector to reduce the cost because they share in terms of cost.</p> <p>Foreign investment also the government can allow foreigner to invest in Foreign 'and - this will help foreigner to reduce cost because they will not provide financial support to those sectors which were in hands of investors.</p> <p>Transform provision of services from the gover- nment to the private sector. AIs the government can call private sector in providing services so the provision of services will not fall to the government only but also to the individuals.</p>
5b	<p>Public finance refers to the policy of the government which show how the government obtain and spent its revenue at so as to improve the welfare of the people. Public finance has different roles which are:</p> <p>Financing public utilities. The money obtain- by the government help to finance public utilities like building roads, schools, health centers which are used by the majority.</p>

Extract 5.1(b) is a sample of response from a candidate who explained correctly the role played by public finance.

On the other hand, there were some of the candidates who lacked sufficient knowledge on the topic hence could not design the mechanisms of reducing government expenditure and the role of public finance in the economy. Others mentioned a few mechanisms but failed to explain the role played by public finance in the economy. Extract 5.2 is an example of a poor response.

Extract 5.2

a) Government expenditures; Are the aggregate variable which are needed by in the country example roads to be constructed. The following are the mechanism that can be used to reduce the government expenditures in developing countries:-

Public social benefit; Government should base on the needs which are publically needed and have benefits to the public example roads and ignore other expenditures. x

Elasticity; Other expenditures tend to change so the government should fulfill provide the expenditure which are perfect inelastic that are mostly needed in the society and ignore other elastic expenditures. x

Productivity; Also it is the mechanism, that the government should find only those expenditures which are productive and ignore expenditures which are non productive such as roads and social services. x

Flexibility; Also other expenditure are flexible that may be used to fulfill certain uses and at the same time may be used to fulfill other needs so these are the ones whereby the government had to be used so as to reduce expenditures. x

Sanctions; Government should put sanctions on different thing which will enable the government to reduce the rate of expenditure. x

Certainty; Also expenditure should be for certain purpose and other non importance should be ignored hence it will reduce government expenditure. x

b) Public Finance; refers to the money work where by a government collect revenues. The government depends on tax to get reven, and the following are the roles of Public finance. x

Used to allocate resources; As it make on

C5 Collecting revenue, it is also used to allocate different resources so as it can grow more and more, hence it play great part to allocate resources. x

To stabilize the economy; Also public finance helps on stabilizing the economy through expenditures and taxes charges if it is when the economy of the country fluctuate it may either increase or decrease rate of tax and expenditure only to stabilize the economy.

To reduce inequality; Also it is used to reduce gaps in the society, and the way used by public finance is tax. Where by high income earners charge high amount or rate of tax compared to low amount of income earners.

Extract 5.2(b) is a sample of a response from a candidate who wrote on the canons of taxation and could not describe the role of public finance as she/he ended up mentioning collection of tax, stabilisation of the economy and reduction of income inequality which are among the reasons for taxation in the economy.

2.2.6 Question 6: International Trade

The question had two parts (a) and (b). In part (a) the candidates were required to describe factors affecting terms of Trade while in part (b) the candidates were required to evaluate five gains from international trade to a country.

The question was attempted by 61.4 percent of all the candidates out of which 59.7 percent scored from 10 to 20 marks, 35.8 percent scored from 6 to 9.5 marks and only 4.5 percent scored 0 to 5.5 out of 20 allotted marks. Generally the performance in this question is good.

The candidates who performed well in this question were able to evaluate gains from international trade to a country which include the increase in the growth rate of the national income, earning the foreign exchange by the member states and widening the size of the market. They were also able to describe the factors which

influence Terms of Trade such as change in Tastes, market condition, change in technology and economic growth of a particular country. Also the candidates had enough knowledge on International Trade in such a way that they managed to give examples with reference to the Tanzanian International Trade. Extract 6.1 is an example of a good response.

Extract 6.1

Qn 6:	Cotton, coffee, sugar and others. Hence this can promote
→ ^(b)	of economical development in a country.
	A country can be able to get goods / products that it can not be able to produce, such as petroleum (oil); this can be to the part of Tanzania; while nations like UAE can be able to get Agricultural products to support it help, since it can't produce Agricultural products.

Qn 6 (a)	<p><u>Quotas</u>: This also affects terms of trade, as the quantity of Importation of certain products tends to decline, hence leading to unfavourable terms of trade. And if there are no quotas there will be much importation than exportation hence leading to unfavourable terms of trade. Hence affecting terms of trade of a country.</p>
Qn 6 (b)	<p>The following are gains from international Trade to a country:-</p> <p><u>A country can gain Foreign Currency.</u> This is whereby when a nation exports valuable or other products for example food products, raw materials it can gain foreign currency, from the nation that it sells to; hence this promotes economic development to a country.</p> <p><u>A country can gain Revenue.</u> This is through imports done by other nations, hence through tariffs, a nation can gain revenue for the products imported to the nation. Hence this promotes economic development to a country.</p> <p><u>A country can gain new technology.</u> Through international trade, new technology can be imported from rich nations to least developed nations, hence improve different processes. Such technology include processing machines, vehicles, computers, Televisions and others.</p> <p><u>A country can gain/get Market for her products (expand market).</u> Through international trade a nation can get/expand the size of her market, hence can get market to sell her products for example Raw products, like -</p>

Extract 6.1 is a sample of a response from a candidate who provided the reasons for the international trade such as development of the diplomatic relationship, transfer of technology and the level of employment. However he/she could not evaluate gains from international trade to a country contrary to the demand of the question.

Candidates who did not perform well misunderstood the question by describing the reasons for international trade instead of the factors which affect international trade. Also, they could not evaluate gains from international trade as some of them

focused on the effects of international trade while others attempted part of the question. Extract 6.2. is an example of a poor response.

Extract 6.2

6	b>.	International Trade is the Trade between Nations, through Importing and exporting goods among members in that International Trade. For example in Absolute Advantage in the International Trade is state that when a country have Absolute Advantage means use for fewer resources in the production of certain commodity than others, so International Trade is all about buying and selling of goods and services between Nations.
		In International Trade, there are Gains or Benefits through it as follows.
		Diversification of the Economy, this is one of the benefit or gains of international trade because the Economy is being divided so every member of International Trade gains.
		Different in Natural resources; In International Trade members gain through Natural resources, how? because let take An example Tanzania and south Africa are in the International Trade, Tanzania have Tin while south Africa have Oil, through International Trade Tanzania can gain in oil also south Africa can gain in Tin while.

Different in human skills; Another Benefits / Gains from International trade is skills which different members have. like for example. If Tanzania and Mexico here are in the International Trade but Tanzania produce cigarettes and Mexico produces Alcohol, through exportation and Importation Tanzania will get the skills of producing Alcohol and Mexico will want to produce cigarettes.

Free Trade is; Though International Trade members may gain or benefit but through free Trade this means is the complete removal of Trade barriers like Tariffs, Quota, among members in the International Trade so as to trade freely. and through this common monetary currency will happen also, customs union, Economic union, Common Market.

Extract 6.2 is a sample of the response from a candidate who could not describe the factors which affect terms of trade instead he/she gave reasons for the international trade. The candidate also did not evaluate gains from the international trade instead he/she wrote on the effects of international trade.

2.2.7 Question 7: Financial Institutions

The question had two parts (a) and (b). In part (a) the candidate were required to elaborate six problems facing financial institutions in Tanzania while in part (b) the candidates were required to outline four contributions of the Bank of Tanzania (BOT) to the economic development of the nation.

The question was attempted by 85.9 percent of all candidates out of which 45.2 percent scored from 10 to 20 marks, 34.7 percent scored from 6 to 9.5 marks and 20.1 percent scored 0 to 5.5 out of 20 allotted marks. Generally the performance in this question was good.

The candidates who performed well in this question were able to elaborate the problems facing financial institutions in Tanzania which include low level of borrowing, government intervention, low saving habit of the people, non performing loans and low levels of skills of banking as well as other credit facilities. Moreover they provided examples from the commercial banks operating in Tanzania to show the problems facing financial institutions in Tanzania. Furthermore these candidates outlined clearly the contribution of the Bank of Tanzania (BOT) to the economic development of this country. Extracts 7.1 is an example of a good response.

Extract 7.1

7.b)	<p>It control import of the country; through bank of Tanzania the import can be controlled due to that is the one who issue on foreign currency and the one control the volume of import so that to control deficit in balance of payment.</p> <p>Also it finance the government during deficit budget; through bank of Tanzania the government can be financed money so that to balance the deficit budget of the country. This deficit budget is the situation where by government expenditure excess income.</p> <p>It lead to the stabilization of economy; Because is the one control money supply by using monetary policy such as bank rate, open market operation which lead to the stabilization of economy from economic effect such as inflation, deflation, depression.</p> <p>It provide employment opportunities to Tanzania people; Because through bank of Tanzania those skilled personnel can be employed to central bank and other works and lead to provide employment opportunities in the country.</p>
------	--

Extract 7.1 is a sample of a response from a candidate who outlined the contribution of (BOT) to the economic development of the nation.

However, few candidates who did not perform well misconceived the question; some of them mentioned the problems facing the economy such as poor transport and communication while others attempted part of the question. Extracts 7.2 is an example of a poor response

Extract 7.2

When they incurred losses, subsidies even on the foreign government impose high taxes so in that way it discourage the development of our financial institutions like Banking System and insurance in a country which may hinder them to develop in a country

Extract 7.2 is a sample of a response from a candidate who explained that the (BOT) has no contribution to the economic development of the nation which is contrary to the demands of the question.

2.2.8 Question 8: Economic Growth and Economic Development

This question had two parts (a) and (b). In part (a) the candidates were required to examine the factors which hinder development while in part (b) the candidates were required to provide reasons which make Tanzania to be classified as a country with dependent economy.

This question was attempted by 50 percent of all the candidates out of which 57.1 percent scored from 10 to 19.5 marks, 33.4 percent scored from 6 to 9.5 marks and 9.5 percent scored 0 to 5.5 marks out of 20 allotted marks. Generally the performance in this question was good.

The candidates who performed well in this question analysed the factors which hinder the economic development like the use of inappropriate technology, a higher rate of population growth when compared to the growth rate of national income and occurrence of the natural calamities. They also provided the reasons which make Tanzania to be categorized as a country with dependent economy which include dependence on the foreign capital, international trade, foreign experts, international financial institutions and foreign technology in production. These candidates were able to provide examples from the Tanzanian economy to substantiate their arguments. The extract 8.1 demonstrates this.

Extract 8.1

8a) Development-means is the change from the lower level to the higher level. Development may be in terms of political, social, cultural and economic. The following are the factors which hinder development.

Lack of food - due to lack of food has hindered development because development can not be obtained without food. When changes are needed from a lower level to higher level of needs there are some activities to be done but due to lack of food these activities can not be done.

Low technology - also this has contributed much to hinder the development. If a country is still possessing low technology or it lacks totally technology its development will not be achieved.

Social and political instabilities - also development can not take place in the areas which lack peace and security. In the area which has social and political instabilities the development will not be achieved because will lack cooperation to ensure that they are working together so as to achieve a common goal.

Population pressure/overpopulation - also development is hindered by overpopulation. In the areas which has a large total number of people it is very difficult for that place to develop because people will be more compared to the resources available and hence will cause the resource available to not be equal with the total number and this will lead into underdevelopment.

Poor infrastructure - also development is hindered by poor infrastructure such as roads, electricity. These are very crucial to the economic development but when its availability is poor it means the development will not be well attained. So even poor infrastructure may hinder development because people can not reach to the higher level while still possessing poor infrastructure.

NUMBER	SUBJECT NAME
861	<p>Dependent economy - is the situation where by one country is dependent on another country so as to attain its objectives. Tanzania has been classified as a country with dependent economy due to the following reasons:</p> <p>Trade dependency - this is the dependency where by a country is more depending on international trade to get goods and services. Tanzania is said to be a dependent country because mostly of the goods which are consumed in the country are imported from outside.</p> <p>Financial dependency - this is the dependency where by a country is more depending on other countries so as to achieve its financial affairs. Tanzania is said to be a dependent country because mostly of the time it incurs deficit budget and thus it needs assist donor such as IFM, UNB and developed countries to assist her budget.</p> <p>Capital dependency - this is the dependency where by a country is depending on other countries so as to run its normal activities. Tanzania is said to be a dependent country because it depends on other country to get capital goods in which it will help her to run her daily activities. Capital goods such as machine are always imported from abroad because Tanzania can not produce capital goods.</p> <p>Technological dependency - this is the dependency where by a country is depending on other country technologically. A country of Tanzania is said to be economic dependent because it possess low technology so if it wants to develop in its technology she is supposed to import technology from outside. And the technology of Tanzania is mostly depending on outside because it can not have its own technology. So Tanzania is said to be technological dependency because all of her technology tools or equipment have been imported from outside.</p>

Extract 8.1 is a sample of a response from a candidate who managed to analyse the factors which hinder development and provide reasons which classify Tanzania as a country with dependent economy.

On the other hand, there were some candidates who misunderstood the question hence failed either to give factors which hinder development or give reasons which make Tanzania to be categorised as a country with dependent economy. Some of the candidates responded on the categories of dependence instead of the factors which hinder development. Others stated that lack of industries and big

commercial farms are the causes for Tanzania to be categorised in that group. in that managed to attempt only a part of the question as shown in Extract 8.2.

Extract 8.2

Factors which hinder development
presence of advanced of science and technology leads the country to be developed because in productive activity become to use more machines than labour, especially in Agriculture become to use a tractor instead of hoes and the products also is advanced
presence of diversification in the country also lead the country to make development for example the country depends the different aspects in production such as Trade

So Mining, Industries and Agriculture is very differ in development with the country which depend only one kind of production like Tanzania depend in Agriculture.

High employment opportunities to the people encourage the country to be developed because the employer become to pay a tax especially progressive tax to the country then the nation revenue also increase.

Presence of enough capital to the people also leads the people to produce more in the country and quality products then the exportation will be high, the country get more revenue through foreign currency.

presence of investment, through investment the country can increase the revenue / income through taxes from the investors also the transportation become modernified due to transporting of goods from the productive area to the industrial or market area who invest.

Extract 8.2 is a sample of the response from a candidate who explained on the factors which accelerate development such as the presence of enough capital, employment opportunities and investment which are contrary to the demands of the question.

2.2.9 Question 9: Economic Integration and Cooperation

This question had two parts (a) and (b). In part (a) the candidates were required to analyse seven strategies that can be adopted to widen the market size in the East African Community while in part (b) the candidates were required to examine four challenges that the new East African cooperation faces.

This question was attempted by 19.4 percent of all the candidates out of which 31.3 percent scored from 10 to 20 marks, 50.5 percent scored from 6 to 9.5 marks and 18.2 percent scored 0 to 5.5 out of 20 allotted marks. Generally the performance in this question was good.

The candidates who performed well in this question were able to analyse the strategies that can be adopted to widen the market size in the East African Community such as the improvement of the transport and communication networks reduction of the trade barriers among the member states and the promotion of the exports and diversification of the economies of the member states. They also had sufficient knowledge on the challenges that the new East African Community is facing like the political misunderstanding between the presidents of the member countries. They provided examples from the community when examining those challenges such as the conflict between the presidents of Tanzania and Rwanda. Extract 9.1 is an example of a good response.

Extract 9.1

9a East African Community consists of Tanzania, Uganda, Kenya, Burundi and Rwanda. East African community was formed during the colonial rule. The following are seven strategies that can be adopted to widen the market size in East African community.

Differentiated commodities. Each country should specialize in the production of commodity of its comparative advantage so as to facilitate exchange and stimulate or widen the market size in East Africa community.

Improve the transport and communication will facilitate the transportation of commodities from industries to the market that will lead to the widening of the market size and quicken the transportation.

Development of set technology lead to the increase the quality and quantity of production at low average cost that leads to the widening of the size of the market due to the increase of the quantity.

Political will and commitment of the leaders will widen the market scope of the

96

Difference in level of the economy is the challenge of East African cooperation. because it leads to uneven distribution of gains for example Kenya is well developed compare to other countries that made the country to benefit from trade.

Difference in political ideology where by Kenya are totally capitalist while Tanzania still have elements of command economy. It's among of the challenges of the new East African cooperation.

Poor transport and communication. is the challenge that face East African cooperation where by many rural areas are still underdeveloped with poor transport and communication. where the transport and communication network is poor that limits the scope of market in the new East African Community.

Political instability is among the challenges which face the new East African cooperation for instance Kenya is faced mostly by affected by political instability that lead to

Extract 9.1 is a sample of a response from a candidate who analysed correctly the strategies which can be adopted to widen the size of the market and examined the challenges of the new East African Community.

On the other hand, some of the candidates who did not perform well just mentioned few strategies but failed to analyse them and explain how they can be adopted to improve some sectors of the economy while others explained differences in languages and the presence of pests and diseases as challenges to the new East African Community as shown by one of the candidates in Extract 9.2.

Extract 9.2

9 @ Market refers to the place where commodities or goods are sold or bought. Example of the market in Tanzania is Kariakoo Market. Mombasa market and Uvizi market in Kenya. The strategies that can be adopted to widen the market size in East Africa Community are the following:

To improvement of exports and imports, trade in East African Community, export lead to improvement of foreign currency and also import lead to improvement of foreign currency:

To expansion of Agricultural sectors this may lead to the production of raw materials like cotton, sisal, maize and bananas. This may lead to the improvement of market:

To improvement of transport and communication, it's the good way of helping to transport the commodities from where to produced up to where to sold; or to be consumption.

To reduce charged tax, so for each business the charged tax is reduced so as to be powerful for supply for more the commodities or goods:

To modernization the industries in East Africa Community, like textile industries, coffee industries for example in Mbeya, so this lead to the expansion of production of raw materials.

To improvement of science and technology, mostly in the agricultural sector, like machine for simplify work, this lead to the high production of commodities or goods.

To improvement of economic planning this is main to plan about the business and

9 a) and trade and how to increase the industries or to make preparation for future time, this also lead to the widen of market size.

9 b) New East African Cooperation means that united of all countries in East Africa like Tanzania, Kenya, Uganda, Rwanda and Burundi. This was formed in 2001. The challenges that the facing New East African are the follows:

Different language, This is the main challenges which face these countries, for example in Tanzania the national language is Swahili but in Kenya the national language is English, so this lead the problem of communication.

Political instability like in Kenya and Tanzania mostly in Kenya day per day the political stability occur like civil war and also in Tanzania civil war between Peasants and nomadism like Maasai and Gogo tribes.

Economic dependant, those country Kenya, Tanzania, Uganda, Rwanda and Burundi are the economic dependant countries, its only because that countries are the developing countries.

Pest and diseases, like HIV/AIDS also the organism that affect badly the animals like goat, cow and dog. These problem is facing the East Africa Community.

Therefore the New East Africa Community has faced by alot of challenges that lead to withdraw in the economic development.

Extract 9.2 is a sample of a response from a candidate who explained the improvement of some sectors instead of analysing the strategies of widening the market size in the community and explained that different languages and the presence of pests and diseases as the challenges to the new East African Community.

2.2.10 Question 10: Marketing and distribution.

This question had two parts (a) and (b). In part (a) the candidates were required to distinguish transportation from communication and in part (b) the candidates were required to explain eight problems facing transport and communication in Tanzania.

This question was attempted by 66 percent of all the candidates out of which 56.2 percent scored from 10 to 18 marks, 39.1 percent scored from 6 to 9.5 marks and 4.7 percent score 0 to 5.5 out of the 20 allotted marks. The performance in this question was generally good.

The candidates who performed well in this question were able to distinguish transport from communication and could manage to explain eight problems facing transport and communication in Tanzania. These problems are like natural or climatical conditions which make most of the roads to be passable only during the dry season especially within the rural areas, congestion, poor development of transport and communication net work systems and unreliable market. Extract 10.2 is an example of a good response.

Extract 10.1

10(a)	<p>Transport refers to the movement of goods, services, raw material, machine and people from one place to the other through the use of means of transport such as roads, and vehicles, trains, air crafts and ships. While communication refers to the transferring of information, knowledge, skill, attitude from one person to another or from one generation to another, it may be face to face or through means of transmission such as telephone, letters, telegram and telefax.</p>
10(b)	<p>Transport and communication refers to the movement of commodity and labour, transmission of knowledge, skills and attitude from place to another or from one person to another.</p> <p>Climate problem due to the change in climate condition for example during high rainfall which make most of the area within the country to be unpassable due to poor roads especially in rural areas and some underdeveloped region within Tanzania hence limit the movement. Also telephone lines are destroyed during high rainfall with thunderstorms.</p> <p>limited market due to the low income</p>

2) of the people of Tanzania hence they fail to feel to use means of transport such as air craft thus make the means of transport to be uneconomical within the country.

Limited funds provided by the government in the construction of means of transport ^{network} such as roads, railways and airport. This lead to the construction of poor transport network which stay for short time hence damaged.

Embezzlement of public funds and corruption by the government officials and constructors who are given the responsibility of construct things like bridge, roads and rail ways. Therefore the limited fund provided by the government used by those people for personal interest and few amount, used for construction hence poor transport network results

low technology used in the construction of transport network due to the backward development of technology of the country for example the use of outdated machine such as locomotive machine in the construction of roads

Limited coverage as most of the transport network are not reachable in some parts of the country this may be due to physical barriers such as rocks and mountains. Also the network is still poor hence most people in different country failed to communicate through phones.

Inefficient in the provision of the communication network example cable lines and telephone line. For example TTEL, some time they are lazy in the solving of the problems of their

Extract 10.1 is a sample of a response from a candidate who managed to distinguish the term Transport from communication and explained the problems facing the transport and communication sector in the economy.

On the other hand, there are some candidates who did not perform well. These candidates were only able to distinguish transport from communication but they failed to explain the problems facing transport and communication in the country. Some of them explained the issues of lack of education, government support and advanced technology as problems facing transport and communication while others mentioned the natural factors and poor infrastructures without any explanation as seen in the extract 10.2.

Extract 10.2

P/10.	
	The following are the problem facing Transport and Communication in Tanzania which are:
	poor infrastructure, this is also one among of the problem facing communication and transport in Tanzania such infrastructure are road, railway and others infrastructure which tend to support transport and communication.
	lack of government support, also this is the one among of the problem facing the Transport and communication in Tanzania.
	lack of transporting and communication facilities, this is also one among of the problem facing transport and communication in Tanzania.
	lack of advanced technology this is one among of the problem facing transport and communication in Tanzania.
	Natural factors such as mountains hills, also this is the one among of the problem facing transport and communication in Tanzania.
	lack of education to the people concerning with the transport and communication

Extract 10.2 is a sample of a response from a candidate who mentioned some of the points correctly but provided wrong explanations. He/she also gave wrong points such as lack of education and advanced technology as the problems of transport and communication in Tanzania.

3.0 THE ANALYSIS OF PERFORMANCE PER TOPIC

The 2015 ACSEE Candidates' items response analysis shows that the performance of the candidates was generally good since the percentage of the candidates who scored an average of 30 percent or more is between 58. and 97.60 percents. A similar case is observed in the 2014 ACSEE performance whereby the percentage

of the candidates who scored an average of 30 percent or more ranged from 65.60 to 98.30. Despite such good performance in all the topics in 2014 and 2015 the performance in the topic of public finance declined from 74.70 percent in 2014 to 58.00 percent in 2015. The reason behind this is that in the 2014 ACSEE the candidates were tested on the taxable capacity and the functions of the budget the themes which are analysed annually during the budget and there are different sources of materials on this practical concepts while in the 2015 they were tested on the mechanisms of reducing government expenditure and the roles played by public finance. Designing the mechanisms which may lead into a reduction in the government expenditure and explaining the roles played by public finance needs a sufficient knowledge on the topic and there are few references on these concepts hence this might have caused some of the candidates fail to score comparatively higher marks.

4.0 CONCLUSION

The analysis given in this report has shown that there is a significant improvement in the ability of the candidates in answering questions in Economics subject. The main strengths observed from the analysis of the candidates' responses indicate that the candidates have improved in understanding and identifying the question task and the use of technical terms as reflected by their responses. However there are few candidates who still have some problems in interpreting mathematical calculations and derivations of the economic theories and integrating theories and the practical Tanzanian economy.

5.0 RECOMMENDATIONS

In order to improve more candidates' performance in future, the followings are recommended:

- (a) Candidates should be encouraged to read the examination questions carefully so as to be able to identify the requirement of the question.
- (b) Economics Teachers should be encouraged to teach the students how to tackle economics questions especially in identifying the task of the question, mathematical derivations, summarising the economics data through graphs, tables and charts.
- (c) Teachers should be encouraged to use guest-speakers practical sceneries such as banks, markets, entrepreneurial skills in both industrial and agricultural sectors.

Also they may use national and international trade exhibitions such as Sabasaba and Nanenane which are taking place in the country annually to facilitate the learning and teaching process.

- (d) Students should be encouraged to use internet as the alternative source of learning/teaching materials.

Appendix

Analysis of Candidates' performance per Topic in Economics Subject.

151 Economics

S/N	Topics	Number of Questions	Percentage of the Candidates who scored the Average of 30% or above	Remarks	Percentage of the candidates who scored the Average of 30% or above	Remarks
			2014		2015	
1	Trade Cycles	1	87.60	Good	97.60	Good
2	Economic Planning	1	96.70	Good	95.60	Good
3	International Trade	1	95.00	Good	95.50	Good
4	Marketing and Distribution				95.30	Good
5	Employment and Unemployment				94.80	Good
6	Theories of the Market	1	66.40	Good	93.80	Good
7	Population	1	87.60	Good	93.80	Good
8	Production				90.70	Good
9	Economic Growth and Development	1	65.60	Good	90.50	Good
10	Theories of Demand and Supply	1	98.30	Good	86.70	Good
11	Theories of the Firm	1	92.70	Good	82.60	Good
12	National Income	1	89.90	Good	82.50	Good
13	The structure of the Tanzanian Economy	1	87.80	Good	82.00	Good
14	Economic Integration and Cooperation	1	96.90	Good	81.80	Good
15	The Subject Matter of Economics	1	93.80	Good	80.40	Good
16	Financial Institution	1	85.20	Good	79.90	Good
17	Environmental	1	74.00	Good	73.20	Good

S/N	Topics	Number of Questions	Percentage of the Candidates who scored the Average of 30% or above	Remarks	Percentage of the candidates who scored the Average of 30% or above	Remarks
	Economics					
18	Public Finance	1	74.70	Good	58.00	Good
19	Theories of Money	1	91.10	Good		
20	Privatisation	1	89.00	Good		

