



**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY
NATIONAL EXAMINATIONS COUNCIL OF TANZANIA**



CANDIDATES' ITEM RESPONSE ANALYSIS REPORT ON THE ADVANCED CERTIFICATE OF SECONDARY EDUCATION EXAMINATION (ACSEE) 2020

151 ECONOMICS



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FOREWORD

The National Examinations Council of Tanzania is pleased to issue the Candidates' Item Response Analysis (CIRA) for Advanced Certificate of Secondary Education Examination (ACSEE) 2020 in the Economics subject. The analysis provides feedback to the educational administrators, students, teachers, parents, policy makers and the public in general on the performance of the candidates.

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

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

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



Dr Charles E. Msonde
EXECUTIVE SECRETARY

1.0 INTRODUCTION

This report presents the performance of the candidates who sat the Advanced Certificate of Secondary Education Examination in June and July 2020 on Economics. It shows how the candidates performed on each question.

The examination tested the candidates' abilities as per the requirements of the 2009 syllabus. The examination comprised two papers: 151/1 Economics 1 (Economic Theory) and 151/2 Economics 2 (Economic Development). Each paper consisted of 8 questions which were distributed into Sections A, B, and C. In each paper, the candidates were required to answer 6 questions in Section A and 2 questions from each sections, namely B and C. In Section A each question carried 10 marks, while in Sections B and C, each question carried 20 marks.

A total of 11,313 candidates sat the ACSEE 151 Economics paper. Among them, 11,188 (99.28%) candidates passed this examination while 81(0.72%) candidates failed. Generally, the candidates' performance in 2020 has increased by 1.03% when compared to the 2019 performance where 11,377 candidates sat the examination in which 11,103 (98.25 %) candidates passed and 198 (1.75 %) candidates failed.

This report analyses performance on each question by giving an overview of what the candidates were required to do, how they responded to the questions, and what reasons led to their good or poor performance. The candidates' performance on each question was considered weak if their scores ranged from 0 to 34 marks, average if the scores ranged from 35 to 59 marks and good if the scores ranged from 60 to 100 marks. Similarly, the overall candidates' performance in the entire examination was considered weak if the candidates' scores range from 0 to 34%, average if the scores range from 35 to 59% and good if their scores ranged from 60 to 100%.

Special colours are used to show their performance, whereby green stands for good, yellow for average, and red for weak as seen in graphs and the appendix. Some extracts showing the candidates responses are included to provide a general overview of how the candidates responded in accordance with the demands of each question.

2.0 ANALYSIS OF THE CANDIDATES' PERFORMANCE ON EACH QUESTION

2.1 PAPER 1: 151/1 ECONOMIC THEORY

2.1.1 Question 1: Production

This was a short answer question in which the candidates were required to describe five factors that determine real wages.

The question was attempted by all 11,047 (100%) candidates; among them 9,440 (85.5%) scored from 0 to 3 marks, 1,051 (9.5%) scored from 3.5 to 5.5 marks, and 556 (5%) scored from 6 to 10 out of the 10 allotted marks. Generally, the performance of candidates on this question was poor since 85.5 percent scored from 0 to 3 marks. Figure 1 shows the distribution of the candidates' scores.

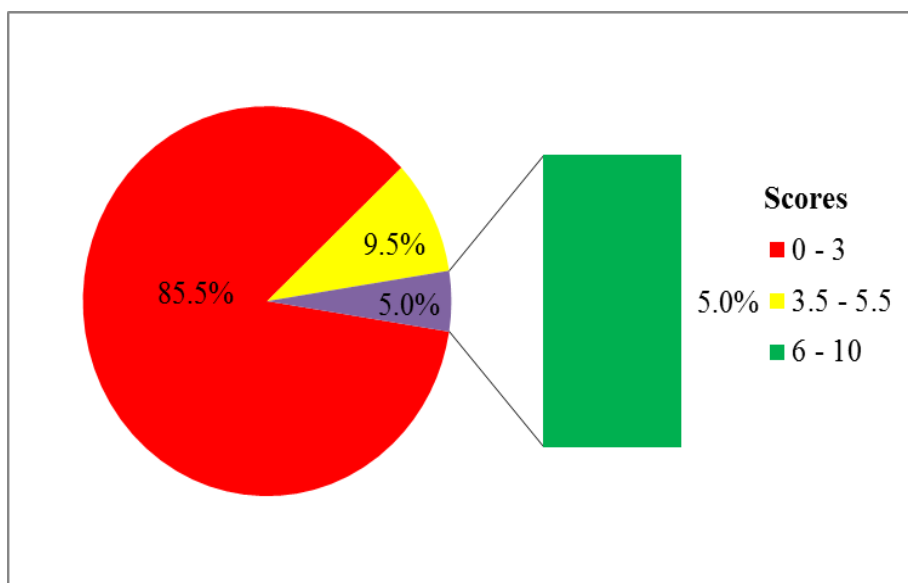


Figure 1: Candidates' Performance on Question 1

A total of 9,440 candidates (85.5%) who attempted this question failed to understand the requirements of the question. Most of them misinterpreted the concepts of nominal wages and real wages. Hence they failed to describe the factors that determine real wages, namely the regularity of the job, time and cost of training, and permanency of the work. Instead, they described factors that determine efficiency of labour. Real wages of the workers in one field may differ due to different inborn qualities and the level of education and training, as well as conditions under which the work is performed. however,

nominal wages are constant because they are a fixed amount of money. These concepts differ because the real wage rate is the quantity and quality of goods which can be bought by a certain amount of money given as wages. This involves mathematical derivations while nominal wage refers to a fixed amount of money given as a wage rate. For example, some of the candidates incorrectly defined real wages and nominal wages as the amount of remuneration that a person receives at the end of the month as the payment for the work done. Moreover, other candidates explained the level of output of the firm as a factor which determine real wages of the labourer while labour is paid a wage because it is employed as a factor for production. This indicates that the candidates had insufficient knowledge of the concepts used in pricing labour as a factor for production and they explain factors that influence productivity of labour or wages instead of the factors that determine real wages. The responses from the candidates who performed poorly had several weaknesses which make them score different marks within the group. Extract 1.1 is a sample of the poor responses.

1.	Real wages refers to the amount of money that a person receive at the end of month and payment of work he or she has done, there are different theories of wage such that is substitution theory of wage, market theory of wage, bargaining power theory of wage and marginal productivity theory of wage.
	The following are the factors for determining real wage as shown below as follows:
	Experience of a worker can determine a real wage or amount of money he or she received at the end of month for example when a worker is experienced for a long time his or her wage differ to the worker who is in work for a short period of time because she or he will be lacked experience.
	Efficiency of other factors of production also can determine a real wage for example you can't compare the wage of lazy worker and hard worker in the production process because of their efficiency.
	Income also is another determinant of real wage because a low income earner is differ

2.	From high income earner in a production process and hence income is another determinants of real wage.
	Weather condition also is another determinant of real wage that during a certain period of time a worker can not found a high wage for example during winter season while during harvest period a worker earn high amount of money take an example in industrial sector example Sunflower industry.
	Size of the firm also is a determinant of real wage where large firm earn a larger amount of money than small firm and hence you can determine a wage.
	Wealth of a worker is another determinant of a real wage because the poor people earn low wage while rich people determine their wage is high and hence wealth is another determinants of wage.
	Therefore above are the factors to determine real wage also. Here are two types of wage which are real wage and nominal wage - where nominal wage is an amount of money used to buy goods and services.

Extract 1.1 is a sample of the poor responses.

The Extract shows the candidate failed to describe the determinants of real wages; instead, he/she explained the factors that influence productivity of labour.

However, 1,051 candidates (9.5%) with moderate scores insufficiently explained the determinants of real wages. Most of these candidates had a better understanding of the question as they correctly explained some of the determinants of real wages such as meal allowance and health insurance. Some of the candidates explained less than the five required points while others partially explained all the five required points but without satisfactory explanations. Also, other candidates mixed up correct responses with those that were suitable for wage differentials or wages in general instead of real wages.

A total of 556 candidates (5%) who performed well on this question precisely described the factors that determine real wages such as extra facilities, nature of the job, and working hours. The candidates provided clear explanations with vivid examples in most of the points. For example, some of the candidates explained that extra facilities like rewards to the best workers, transport allowance, uniforms, and education discount to their children may determine the real value of their real wages. However, the candidates' scores in this category varied because some of them did not exhaust all the required points while others could provide the necessary details with examples in some points only. A sample of a good response is shown in Extract 1.2

1.	The following are the factors that determine real wages.
	Extra income. This is the extra payment a person may earn from other activities apart from their normal job. If a person has extra income sources then their real wages would be high enough in consideration to good standards of living due to a high purchasing power. But for labourers without extra income, they have low real wages or nominal wages. For example a full time teacher who has private tuition sessions has real wages.
	Extra facilities. These facilities include incentives provided at the work places. In some work areas, workers are provided with uniforms, health insurance, educational discounts for their children and so forth. Labourers in such places earn real wages because some of their living expenses are already paid for, thus the income earned may be spent on consumption as labourers have high purchasing power. This is not the case for work areas that give no extra facilities.
	Nature of the job. The kind of the job also determines the real wages of the labour. Labourers whose supply is perfectly inelastic in the short run, that is specialists, have high real incomes because in the short run, their supply is low. But for normal jobs they earn nominal wages because their supply is high hence wages are low.
	Working hours. A labourer who works beyond the agreed time of work is most likely to earn real wages because they are paid extra for the extra efforts they have invested in the job. Contrast to those who work within the agreed hours, they don't get paid more than the agreed pay. Hence earn low real wages or nominal wages.

Extract 1.2 is a sample of the good responses.

2.1.2 Question 2: Population

This was a short answer question in which the candidates were required to analyse five effects of high population density in developing countries.

The question was attempted by all 11,306 (100%) candidates; among them 384 (3.4%) scored from 0 to 3 marks, 2,324 (20.6%) scored from 3.5 to 5.5 marks, and 8,598 (76%) scored from 6 to 10 out of the 10 allotted marks. Generally, the performance of candidates on this question was good since 96.6 percent scored 3.5 marks and above. Figure 2 shows the distribution of the candidates' scores.

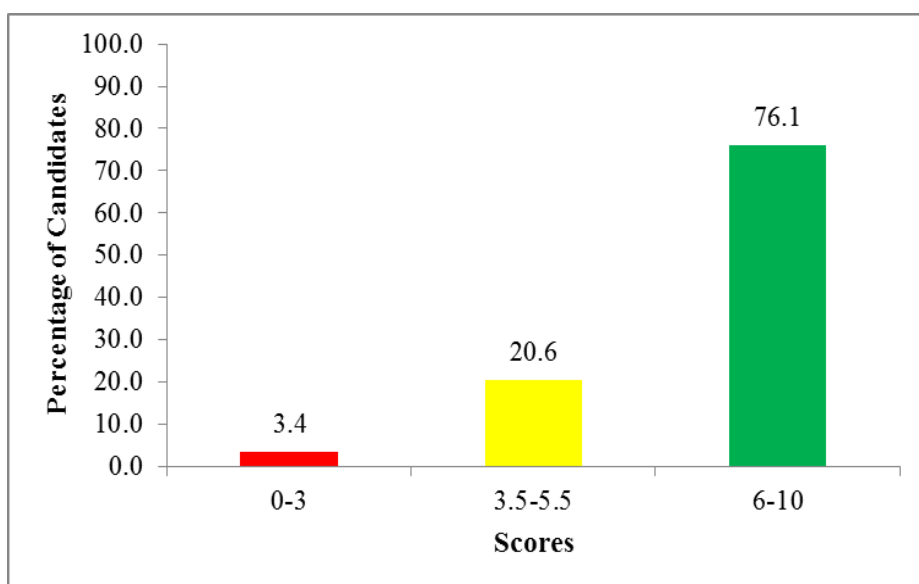


Figure 2: Candidates' Performance on Question 2

A total of 8,598 candidates (76%) who performed well on this question analysed the effects of high population density on developing countries, and they had a clear understanding of the demands of the question. Most of the candidates highlighted effects such as poor living standards, which lead into the congestion in social services; environmental degradation since a higher population demands more natural and artificial resources to survive; and a higher dependence ratio, which tends to discourage savings and investment. Concerning the increase in dependence ratio, some of the candidates explained that; due to the problem of unemployment, the majority of the unemployed people become a burden to the employed as well as those who migrate town. The variation of scores

among the candidates in this category was attributed to the individual candidates' ability to offer clear explanations, relevant examples, and the number of points analysed. This is shown in Extract 2.1.

2.	Population density refer to the number of people per square kilometre. High population density is the situation when number of people occupying an area is greater than square kilometre of an area, this is due to different factors such as climate, relief, soil and high birth rate. The following are the effects of high population density in developing countries as follows:
	Congestion in social services. Population increase in an area than square kilometre cause congestion in social services such as health and water services in which become a problem. For example in Tanzania in rural areas urban areas there is high population density which cause congestion in social services.
	Overutilization and exhaustion of resources. This is due to the fact that number of people become high than available resources such as land so this will cause overutilization of resources and exhaustion of resources such as loose in land fertility. For example in Congo there is exhaustion of minerals due to high population density in some areas.
	Problem of unemployment. This is due to the fact that labour supply will be greater than available resources to be utilized in different economic activities such as agriculture. For example, high population density in developing country lead to decline in agricultural land hence unemployment.
	Dependency ratio increase. This is due to problem of unemployment in which number of dependant will increase due to unemployment hence fall in welfare of people.
	Increase in aggregate demand. High

Extract 2.1 is a sample of the good responses.

A total of 2,324 candidates (20.6%) who scored averagely clearly analysed the effects of high population density on the developing

countries only in less than the five effects to be analysed. Some candidates analysed all the five required points, but they gave partial explanations. Nevertheless, some of these candidates misinterpreted the question and mixed up correct responses with the causes of high population density. The weakness of each candidate examined made them to score different marks within this group.

Additionally, 384 candidates (3.4%) performed poorly on this question. They failed to adhere to the demand of the question. They had insufficient knowledge and skills in population theories. For example, some of them misconceived the question and provided factors for high population density in urban centres. These include rural-urban migration, which is accelerated by people from the rural areas that search for greener pastures, white-collar jobs, or high income-generating opportunities, instead of the effects of higher population density. In contrary, others provided factors for a higher fertility rates such as using labour-intensive production techniques and chauvinism, instead of the effects of population density. However, many candidates in this category tried to analyse at least two effects. Extract 2.2 shows a sample of the poor responses.

2.	Briefly analyse five effect of high population density in developing countries.
	Population density, This refer to the total number of people per square kilometre.
	The following are the effect of high population density in developing countries.
	Social and economic infrastructure, Also one among of the factor in which tends to increasing population was due to various social services such as schools, hospital and other health services. electricity this tends to support a person to move to that area so it tends to increase population of that place.
	Climate, Also one among of the factor in which led to the population density was climate also it seems that favourable climate attract people to move in such are unlike the place where there is unfavourable climate condition so most people preferred to move in area where there is good climate.

	soil fertility. Also one among of the this influence population density was soil fertility due to most of people preferred a fertility soil in case of Agricultural sector so as to get a good quality of product so this influence the population density to increase in that area due to fertility which attracted	
2.	the sector of Agriculture: Natural resources, Also one among of the factor in which it tends to influence the population density is due to Natural resources like Minerals, this it tends to attract people to migrate and wants to engage in activities of digging so as to attain such resources so this led to population density. Commercial and administrative activities, Also one of the things in which influence population density was due to different activities in which the government tends to perform in case of developed the economy of a country it tends to create a good environment for most of the people to increase population density. Generally the population density it tends to promote the economy of a particular area to increase fast due to various activities in that area which made people to visit such area and tends to bring positive impact on the development of the economy	

Extract 2.2 is a sample of the poor responses.

The Extract shows the candidate failed to analyse the effects of high population density on developing countries.

2.1.3 Question 3: Theory of Demand and Supply

This was a structured question, with parts (a) and (b). In part (a), the candidates were given a table and required to (i) calculate income elasticity of demand for commodity A, B, C, and D, and (ii) to give classification of each type of commodity. In part (b), the candidates were required to analyse four practical applications of elasticity of supply.

The question was attempted by 6,860 (100%) of the candidates; among them 1,905 (27.8%) scored from 0 to 6.5 marks, 3,646 (53.1%) scored from 7 to 11.5 marks and 1,309 (19.1%) scored from 12 to 20 out of the 20 allotted marks. Generally, the performance of candidates on this question was good since 72.2 percent scored 7 marks and above. Figure 3 shows the distribution of the candidates' scores.

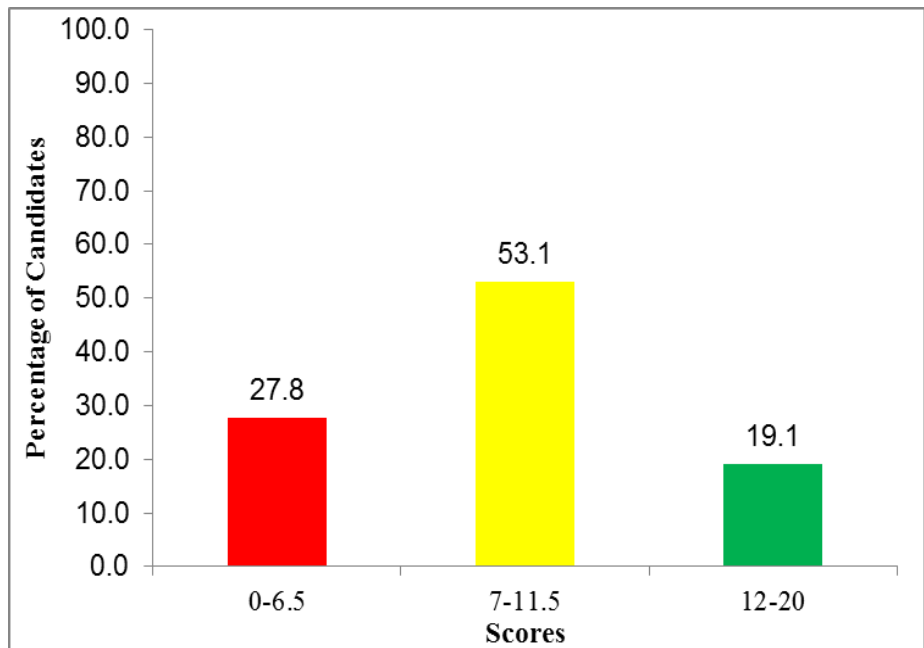


Figure 3: Candidates' Performance on Question 3

A total of 1,309 candidates (19.1%) performed well in this question. These were familiar with the mathematical skills applied in economics. They correctly calculated and provided economic information revealed in the mathematical derivations. For example, in part (a) (i), some of the candidates calculated the income elasticity of demand for each commodity, and, in part (ii) they managed to classify each type of commodity. However, some disparities were observed in their scores. The disparities were caused by the extent of accuracy of their correct points in their calculations, interpretation of the mathematical derivations, classification of the commodities, and the demands of the question. In part (b), the majority of the candidates correctly analysed practical applications of the elasticity of supply such as decision making by the government in correcting deficit balance of payments and policy makers in tackling structural rigidities

like the land tenure system, determining economic growth, and development regulating supply of commodities and agricultural implements in the economy as well as the stabilization of the prices of agricultural products. Besides, in this part, the scores varied due to different abilities of the candidates to argue and the number of correct arguments presented. Extract 3.1 shows a sample of the good responses.

2	a/i/ Income elasticity for each Commodity	
	* Commodity A	
	Original income (Y_0) = 40,000	
	New income (Y_1) = 100,000	
	Original quantity (q_0) = 120,000	
	New quantity (q_1) = 150,000	
	Income elasticity of demand (YED) = ?	

	From	
	$YED = \frac{\Delta q}{\Delta Y} \cdot \frac{Y_0}{Q_0}$	
	Where $\Delta Q \rightarrow$ Change in quantity	
	$\Delta Y \rightarrow$ Change in Income	
	$Y_0 \rightarrow$ Original income	
	$Q_0 \rightarrow$ Original Quantity.	
	$YED \rightarrow$ Elasticity of demand.	
	$YED_A = \frac{120,000 - 150,000}{40,000 - 100,000} \cdot \frac{40,000}{120,000}$	
	$YED_A = \left[\frac{-30,000}{-60,000} \cdot \frac{40,000}{120,000} \right] = 0.5 \times \frac{1}{3}$	
	$= 0.167 \text{ of demand}$	
	\therefore Income elasticity for Commodity A is 0.167	
	Since it is positive, the Commodity is a Normal Consumer good.	

3a/	17. Commodity D	
	Original Quantity (Q_0) = 80,000	
	New Quantity (Q_1) = 40,000	
	Original Income (Y_0) = 40,000	
	New income (Y_1) = 100,000	
	$YED_D = \frac{\Delta q}{\Delta Y} \cdot \frac{Y_0}{Q_0}$	
	$= \frac{80,000 - 40,000}{40,000 - 100,000} \cdot \frac{40,000}{80,000}$	
	$YED_D = -\frac{2}{3} \times \frac{1}{2} = -0.333$	
	\therefore Income Elasticity of demand for Commodity D is -0.333	

3a) Classification

• Commodity A

⇒ Is the ^{normal} consumer good due to positive income elasticity of demand.

• Commodity B

⇒ Is the ^{normal} consumer good due to the positive income elasticity of demand.

• Commodity C

⇒ Is the normal good due to Zero income elasticity of demand.

3 a) i) • Commodity B

Original income (Y_0) = 40,000

New income (Y_1) = 100,000

Original Quantity (Q_0) = 150,000

New Quantity (Q_1) = 450,000

From

$$YED = \frac{\Delta Q}{\Delta Y} \cdot \frac{Y_0}{Q_0}$$

$$YED_B = \frac{150,000 - 450,000}{40,000 - 100,000} \times \frac{40,000}{150,000}$$

$$= \frac{-300,000}{-60,000} \times \frac{40,000}{150,000} = 5 \times \frac{4}{15}$$

$$= 1.333$$

$$\therefore YED_B = 1.333$$

∴ Income elasticity ^{of demand} for Commodity B is 1.333

• Commodity C

Original Quantity (Q_0) = 100,000

New Quantity (Q_1) = 100,000

Original income (Y_0) = 40,000

New income = 100,000

$$YED = \frac{\Delta Q}{\Delta Y} \cdot \frac{Y_0}{Q_0} = \frac{100,000 - 100,000}{-100,000 + 40,000} \cdot \frac{40,000}{100,000}$$

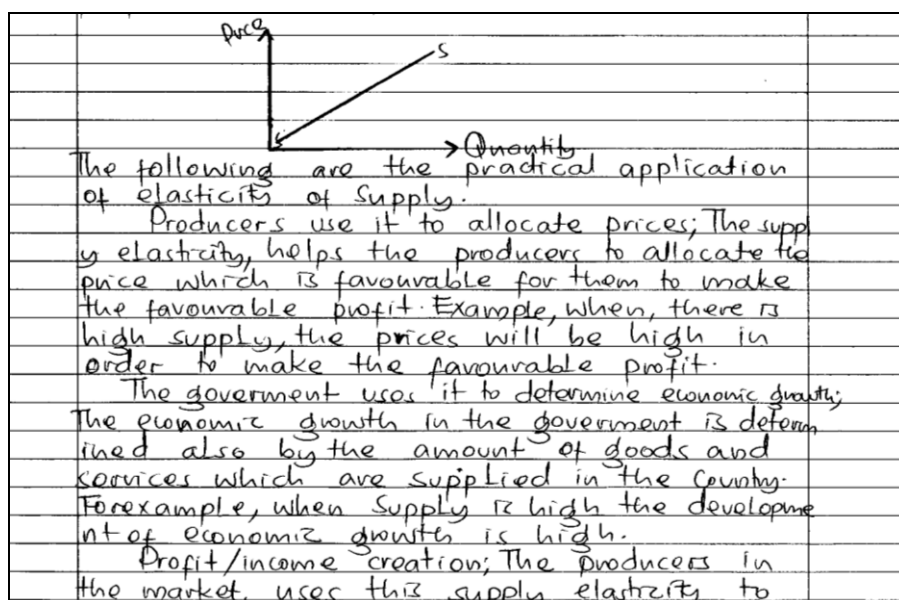
$$= 0 \times \frac{1}{25} = 0$$

∴ Income elasticity ^{of demand} of Commodity C = 0

3a) ii) Commodity D

⇒ Is the inferior good due to negative income elasticity of demand.

b/ Elasticity of Supply; Is the degree of responsiveness of the quantity of goods sold in the market due to the change in the price of the commodity. Elasticity of supply include inelastic, elastic, unitary, perfect inelastic and perfect elasticity of supply.



Extract 3.1 is a sample of the well attempted questions.

In this Extract the candidate managed to (i) calculate the income elasticity of demand for each commodity, and (ii) give the classification of each type of commodity. In part (b), the candidate managed to analyse four practical applications of elasticity of supply.

However, the 3,646 candidates (53.1%) who scored moderately used some of the formulae to calculate the income elasticity of demand for different commodities in part (a) (i) and (ii). Some of the candidates properly gave the classification required for each commodity. Similarly, in part (b), some of the candidates correctly provided answers while others due to inadequate mathematical skills wrong formula application others failed to give relevant explanations and practical applications of the elasticity of supply. Although the candidates provided sufficient points to the demands of the question, they scored less marks in parts (a) and (b) because their points were unsupported.

Moreover, the 1,905 candidates (27.8%) who performed poorly on this question failed to apply mathematical skills and the required formulae to determine the required variables. In part (a), some of the candidates applied the wrong formula in computation of income elasticity of demand. Consequently, they provided the wrong classification of commodities. In addition, others were good at

calculation but they failed to classify the commodities. In part (b), most of the candidates in this category failed to give the practical application of elasticity of supply in the economy for they confused the practical applications of elasticity of supply. This indicates that not only did they have insufficient knowledge about the theories of demand and supply but also they failed to integrate the theories and practical application into the economy. Extract 3.2 shows a sample of the poor responses.

3. a. i.	Quantity A.
	Income elasticity of demand = $\frac{150,000}{100,000} = 1.5$
	Quantity B
	Income elasticity of demand = $\frac{150,000}{40,000} = 3.75$
	Income elasticity of demand = $\frac{450,000}{100,000} = 4.5$
	Quantity C
	Income elasticity of demand = $\frac{100,000}{40,000} = 2.5$
	Income elasticity of demand = $\frac{100,000}{100,000} = 1$
	Quantity D
	Income elasticity of demand = $\frac{20,000}{40,000} = 0.5$
3. ii.	In Quantity demanded A, the Income elasticity of demand is Low.
	In Quantity demanded B the Income elasticity of demand in both years are somehow high.
	In Quantity demanded C the Income elasticity of demand in both years are Equal.
	In Quantity demanded D the Income elasticity of demand in both years are Very high.

b. Practical applications of elasticity of supply:	
i. In Industries, they check on the peoples demand before production.	
ii. In firms, They buy commodities or goods depend on the demand of a certain product.	
iii. In hospitals, They buy commodities or services according to needs like Oxygen Machine.	
iv. In Agriculture, They Make decision on What to produce according to what is needed by people and which raw Material is Marketable like Wheat.	

Extract 3.2 is a sample of the poor responses.

The Extract shows the candidate failed to compute the income elasticity of demand because he/she used a wrong formula in part (a). In part (b) the candidate failed to analyse and provide the practical applications of the elasticity of supply.

2.1.4 Question 4: Subject Matter of Economics

The question had parts (a) and (b). In part (a), the candidates were required to illustrate production possibility frontier by using a graph. In part (b), they were required to identify four assumptions of production possibility frontier.

The question was attempted by 8,406 (100%) of the candidates. Among them, 1,840 (21.9%) scored from 0 to 6.5 marks, 3,829 (45.5%) scored from 7 to 11.5 marks, and 2,737 (32.6%) scored from 12 to 20 out of the 20 allotted marks. Generally, the performance of candidates on this question was good since 78.1 percent scored 7 marks and above. Figure 4 shows the distribution of the candidates' scores.

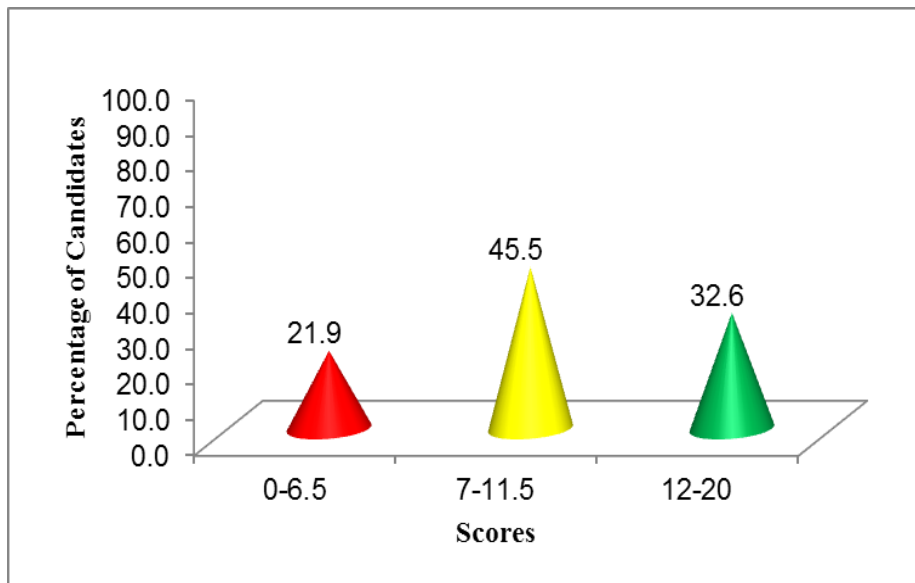


Figure 4: Candidates' Performance on Question 4

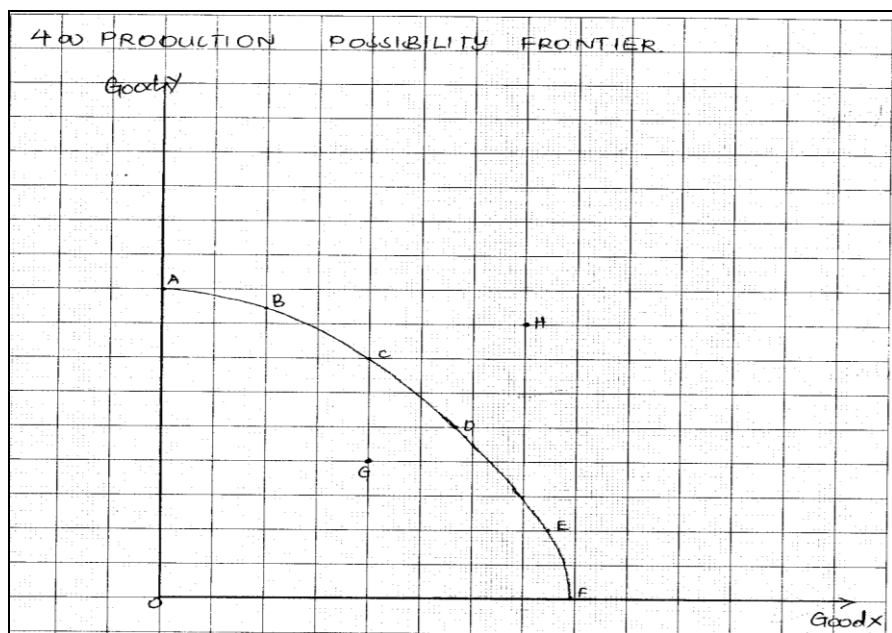
Most of the candidates (2,737 (32.6%)) who performed well on this question had a sufficient knowledge of the Production Possibility Frontier. They had the sufficient arithmetic skills and mathematical derivations to use formulae and interpret the observations in explaining the production possibility curves and related concepts. They managed to use statistics and diagrams to illustrate the assumptions of the production possibility frontier in production. In part (a), for example, some of the candidates illustrated the Production Possibility Curve using graphs. Furthermore, in part (b), the candidates identified assumptions of Production Possibility Frontier (PPF). They gave out assumptions such as the constant level of technology, only two goods are produced, and fully utilization of resources. Nevertheless, the differences observed from the candidates' scores depended on the ability of the candidates to illustrate the production possibility curves in the diagram provided and the mathematical skills to identify the assumptions of the production possibility frontier. Extract 4.1 shows a sample of good responses to this question.

4a.	<p>Production possibility frontier is a curve that illustrates possible combination of output produced at a given level of technology and resources. The production possibility frontier illustrate these concepts:</p> <p>Scarcity. This is the state where by the goods are limited in supply. In the graph scarcity is indicated by point H that is outside the curve it shows that the resources were not enough to reach that level of output.</p>	
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	<p>Opportunity cost. This is the the forgone alternative after choosing one good/choice among others. It is shown by the points along the curve that is one is able to produce some units of good X after sacrificing some units of good Y. It is indicated by points A, B, C, D, E, F.</p> <p>Unemployment of resources. This is shown by the point inside the curve that is point G. It implies that the resources were not utilized and instead were left idle thus the producer got output below the capacity of producing.</p> <p>Choice. This is choosing of one alternative amongst many. It is indicated by points A, B, C, D, E, F, G, H implying that the producer chose to produce at that point and chose to produce that combination of output at given level of technology and resources.</p>	
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4a	<p>Efficient utilization of resources. This is indicated by the points along the curve points A, B, C, D, E, F. It shows that the resources were fully employed to obtain maximum output of the given combination given the level of technology and resources.</p> <p>Economic growth. This may be indicated by outward shift of the curve that is to the right. It would imply that the economy has grown and has been able to attain the point that was unattainable in the past.</p>	
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	The production possibility frontier may show the laws of increasing opportunity cost if it opens concave to the origin; decreasing opportunity cost if it is convex to the origin and constant opportunity cost if it is a straight line.	
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4b.	<p>The following are the assumptions of production possibility frontier.</p> <p>The level of technology given is constant throughout the production process that is technology neither increases or decreases in its level but remains constant throughout at a specified period of time and the given available resources.</p> <p>There are only two goods produced. The production possibility frontier assumes that there are only two goods to be produced at a constant level of technology and the available scarce resources in the production of the two goods.</p>	
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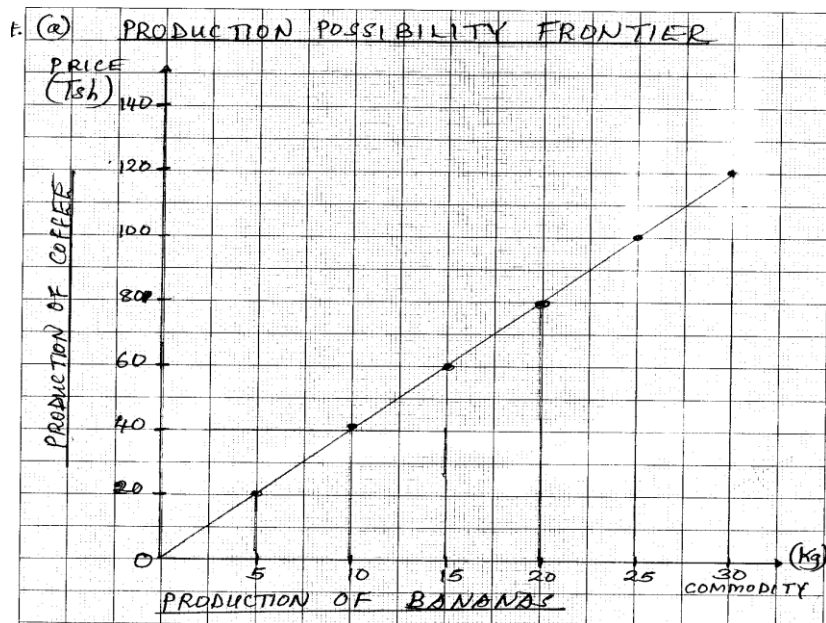
	the production possibility frontier	
	assumes that the resources are fully utilised	
	in the economy as the resources available	
	are scarce. The production possibility frontier	
	assumes the resources available are fully	
	and efficiently used such that there is no	
	wastage in the production of the two goods	
	being produced.	

Extract 4.1 is a sample of good responses.

On the other hand, the 3,829 candidates (45.5%) with average marks showed a better understanding of the requirements of the question. Some of the candidates clearly attempted in part (a) by illustrating production possibility curves with clear labelled diagrams but failed to identify the assumptions of Production Possibility Frontier in part (b). In contrast, other candidates correctly identified the assumptions of production possibility frontier and failed to illustrate it clearly. In this category, the marks of the candidates differ due to their ability, clarity, and accuracy in illustrating and identifying the production possibility frontier. This indicates that the candidates were less equipped with the relevant knowledge about the topic.

On the other hand, 1,840 candidates (21.9%) with poor performance on this question failed to recognize the requirement of the question. Most of the candidates in this category misunderstood the question and deviated from the demand of the question due to their insufficient knowledge and skills in the subject matter. In part (a), for instance, some of the candidates failed to illustrate the Production Possibility Frontier by sketching positive linear graphs with incorrect labelling. In part (b), these candidates failed to give the assumptions of the Production Possibility Frontier. Some of the candidates stated that Labour is not mobile; there are homogenous products and no climatic change. In contrast, others stated that capital and land are fixed factors and the quantity of money to be used is a variable. Both are contrary to the assumptions of the Production Possibility Frontier. Furthermore, some of the candidates stated that all factors of production are variable, and the economy can produce more than two commodities. This indicates that the candidates were not familiar with the Production Possibility Frontier and the related concepts in production. Nevertheless, some candidates in this group failed to score some marks as they highlighted at least one or two correct assumptions of the

production possibility frontier, though they failed to explain such points coherently. Extract 4.2 shows a sample of the poor responses from a candidate who misinterpreted the question.



4. (b) The following are the economic assumptions of production possibility frontier:
- It assumes that there are only two economic activities in which in real sense it is very rare to occur such kind of situation.
 - It assumes that labour are not mobility factor of production. In reality labour is a mobility factor of production.
 - It assumes there are homogeneous products. Production possibility frontier assuming that labour produce the homogeneous products.
 - It assumes that there is no climatic change within/during production production processes.
 - Assumming there is no government intervention which is hypothetical situation.
 - In general the assumptions of production possibility frontier are hypothetical issues.

Extract 4.2 is a sample of the poor responses.

The Extract above shows the candidate provided an incorrect illustration of Production Possibility Frontier and its assumptions.

2.1.5 Question 5: Theory of Money

This question had parts (a) and (b). In part (a), the candidates were required to elaborate five factors that influence demand for money. In part (b), the candidates were given a table and were required to calculate; (i) Laspayer's Price Index using 2015 as a base year (ii) Paasche's Price Index using 2013 as a base year and interpret the results.

The question was attempted by 7,360 (100%) of the candidates. Among them, 2,651 (36%) scored from 0 to 6.5 marks, 2,619 (35.6%) scored from 7 to 11.5 marks and 2,090 (28.4%) scored from 12 to 20 out of the 20 allotted marks. Generally, the performance of candidates on this question was good since 64 percent scored 7 marks and above. Figure 5 shows the distribution of the candidates' scores.

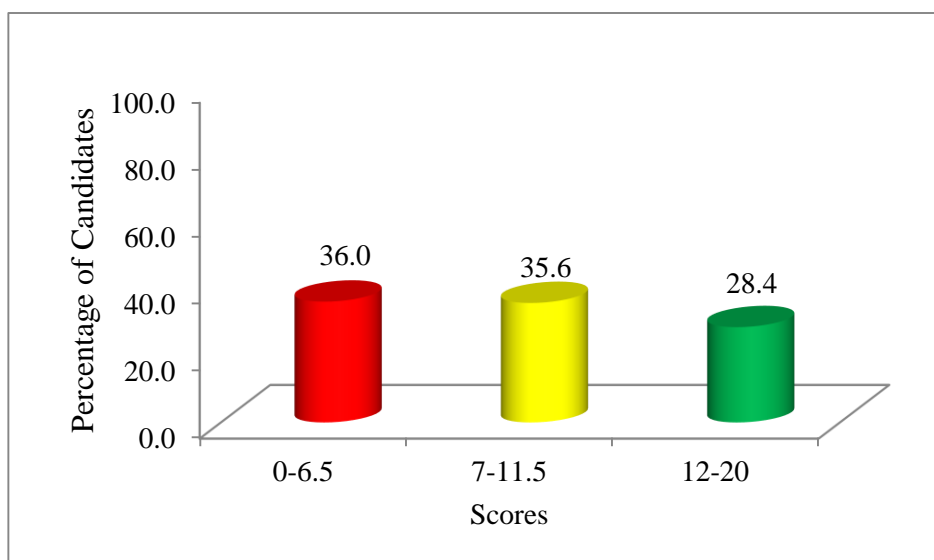


Figure 5: Candidates' Performance on Question 5

The analysis shows that the 2,090 candidates (28.4%) who performed well on this question addressed demands of the question. They accounted for the factors that influence the economic transactions which lead into the flow of cash in demand for money in the economy. Most of the candidates explained the three essential factors which are the transaction motive, precautionary, and speculative motive. The candidates explained that, if there is more transactions, people demand more money to finance,

demand money to meet unforeseen contingencies or at a higher interest rate, demand less money, and hold securities to earn a higher interest rate in part (a). In part (b), the candidates applied relevant mathematical formulae to calculate and interpret Laaspayer's and Paasche's Price Indices using 2015 and 2013 as a base year respectively. These candidates failed to score full marks because some of them explained all the three required motives. However, they provided unsatisfactory descriptions to some of the motives; others could not calculate or interpret the findings observed after the calculation for both Laaspayer's and Paasche's indices in the economy. Most of the candidates' responses showed their ability and knowledge of the demand for money. The slight weaknesses observed from the candidates' responses varied from one candidate to another, thus affecting their range scores. Extract 5.1 presents a sample of the good responses.

05	<p>a) Money is anything that is acceptable by society as medium of exchange. there some qualities of good money example acceptability, durability, scarcity, difficult to counterfeit, divisibility, portability, Malleability and homogeneity. But also there various factors that influence people to demand for money.</p> <p>The following are the factors that influence demand for money</p> <p>Transactional Motives: people demand money for the day to day life in the transaction. example we buy < basic needs like foodstuff, clothes, and various commodities that we use in day to day life.</p> <p>Precautionary Motives: people demand for money to unforeseen events like illness so this influence demand for money. Example accident, illness that unforeseen to the people so we demand money for treat < people who get an accident or get < disease/infection.</p> <p>Speculative Motives: people also demand money for further increase of income. Example bonds, and interest so influenced < people demand for money in order to increase of their income through bonds for the rate of interest.</p> <p>Financial motives - due to that, < person demand money instead of want to buy < commodities at a period of time. Example</p>
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05	<p>b)</p> <p>1) Laspeyres price index</p> $= \frac{\sum P_{01} Q_0}{\sum P_0 Q_0} \times 100$ <p>Where by</p> <p>P_{01} - current year</p> <p>Q_0 - base quantity</p> <p>P_0 - base year.</p> $= \frac{(190 \times 18) + (590 \times 14) + (390 \times 15) + (170 \times 30) + (210 \times 30) + (270 \times 38) + (510 \times 15) + (1110 \times 14) + (510 \times 10) + (310 \times 30) + (410 \times 30) + (30 \times 38)}{39190} \times 100$ $= \frac{65370}{39190}$ $= 166.8$ <p>In approximately, $166.8 = 167\%$</p> <p>then</p> $167\% - 100\% = 67\%$ <p>\therefore Laspeyres price index by using 2013 as a base year is 67%</p> <p>Interpretation:</p> <p>The price level rise 67%</p> <p>Cost of living rise 67%</p> <p>Rise of level of income</p> <p>Decline of the price</p> <p>Fall of living living standard</p>	
09	<p>11) Paascher's price index</p> $= \frac{\sum P_{01} Q_1}{\sum P_0 Q_1} \times 100$ $= \frac{(510 \times 18) + (1110 \times 14) + (510 \times 15) + (310 \times 30) + (410 \times 30) + (30 \times 38) + (190 \times 18) + (590 \times 14) + (390 \times 15) + (170 \times 30) + (210 \times 30) + (270 \times 38)}{39190} \times 100$ $= \frac{65370}{39190}$ $= 166.8$ <p>In approximately, $166.8 = 167\%$</p> <p>then</p> $167\% - 100\% = 67\%$ <p>\therefore Paascher's price index using 2013 as a base year and interpret is 67%</p> <p>Interpretation:</p> <p>The price level rise 67%</p> <p>Cost of living rise 67%</p> <p>Rise of level of income</p> <p>Decline of the price</p> <p>Fall of living living standard</p>	

Extract 5.1 is a sample of the good responses.

However, the 2,619 candidates (35.6%) with average marks correctly interpreted the question and provided some correct responses with relatively correct explanations of some factors in part (a) and calculated accurately at least one of the price indices in part (b). Nevertheless, some of the candidates provided few, insufficient, and less supported points per the requirements of the question in part (b) due to inadequate arithmetic skills and wrong calculations. They only managed to fetch information from the table, but they failed to apply the correct formulae and make interpretation for Laaspayer's and Paasche's Price Index in part (i) and (ii) respectively.

Moreover, in part (a), most of the 2,651 candidates (36%) who performed poorly on this question failed to elaborate the factors influencing demand for money. Instead, they provided the characteristics of money such as acceptability, malleability, homogeneity, and durability. They failed to address to the demand of the question. For example, some of the candidates confused the demand for money today and the demand for money during the barter trade. They also explained money as those commodities used in exchange during the modern barter trade. In part (b), most of the candidates failed to apply mathematical skills and the required formulae to calculate Laaspayer's and Paasche's Price Index. Some of the candidates used the correct formulae but they failed to calculate and provide the correct responses. In contrast, others used the wrong formulae in calculation. For example, a candidate applied the following wrong formula:

$$(i) LP = e \left(\frac{P_o \cdot Q_n}{Q_o P_o} \right) \times 100\% \qquad (ii) PP = e \left(\frac{P_n \cdot Q_o}{Q_n P_o} \right) \times 100\%$$

using the above formula leads to incorrect answers. However, some of the candidates managed to explain at least one or two factors to be considered in demand for money, though they did not give clear explanation. Others managed to calculate Paasche's or Laaspeyre's but they failed to interpret the findings in daily transactions in the economy. Extract 5.2 shows a sample of the poor responses.

5. (a) Money is anything that is accepted by the society as a medium of exchange. The following are five factors that influence demand for money:

As a measure of value, money is demanded so that to measure the value of a certain commodity. The value of a commodity is measured by the price of that commodity, for example, if PRADO TX is 120,000,000 Tsh cost, then that price is the value or store of a value of that car.

5 (a) As a medium of exchange, money is highly demanded so that for making exchanges or transactions we get commodities from producers because we give money to them. Then for money is a means of exchange of commodities with it.

As a store of value, money is demanded for the storing of commodities and services for the future use, for example, selling a piece of land for coming to buy again in other generation or time, then storing of value for transferring commodities. Through money, immovable commodities such as land can be transferred from one place to another, for example, buy selling a house in Mwanza and going to buy another house in Mwanza is a transfer of commodities.

05 (b) (i) solution

$$LIP = e \left(\frac{P_0 + Q_n}{Q_0 P_0} \right) \times 100\%$$

$$= (12 \times 510) + (7 \times 110) + (7 \times 510) + (32 \times 310) + (22 \times 410) + (20 \times 300) + (18 \times 190) + (14 \times 550) + (15 \times 330) + (30 \times 170) + (30 \times 210) + (38 \times 270)$$

$$LIP = 6120 + 770 + 3570 + 9920 + 7020 + 6000 + 3420 + 5100 + 6200 + 10260 + 5850$$

$$LIP = 35400$$

$$= 30930$$

$$= 1.145$$

Q5	(i)	$= 1.145$	
		Multiply by price index 100%	
		$1.145 \times 100\%$	
		\therefore Laspeyres Price Index = 114.5%	
		Interpretation	
		(i) Living standard decline	
		14.5%	
		(ii) Avg price increase 14.5%	
Q5	(ii)	Solution	
		$P.P = \frac{\sum (P_n Q_0)}{\sum (Q_n P_0)} \times 100\%$	
		$= \frac{(12 \times 190) + (7 \times 390) + (7 \times 350) + (22 \times 170) + (22 \times 210) + (20 \times 270)}{(510 \times 18) + (14 \times 110) + (15 \times 50) + (30 \times 310) + (30 \times 410) + (22 \times 70)}$	

Extract 5.2 is a sample of the poor responses.

The Extract shows that the candidate failed to elaborate factors influencing demand for money in part (a). He/she also failed to apply the correct formula to compute the price indices in part (b).

2.1.6 Question 6: Employment and Unemployment

In this question, the candidates were required to discuss three causes and three remedies of structural unemployment.

The question was attempted by 8,258 (100%) of the candidates, out of which 4,189 (50.7%) scored from 0 to 6.5 marks, 2,900 (35.1%) scored from 7 to 11.5 marks and 1,169 (14.2%) scored from 12 to 19 out of the 20 allotted marks. Generally, the performance of candidates on this question was satisfactory since 49.3 percent scored 7 marks and above. Figure 6 shows the distribution of the candidates' scores.

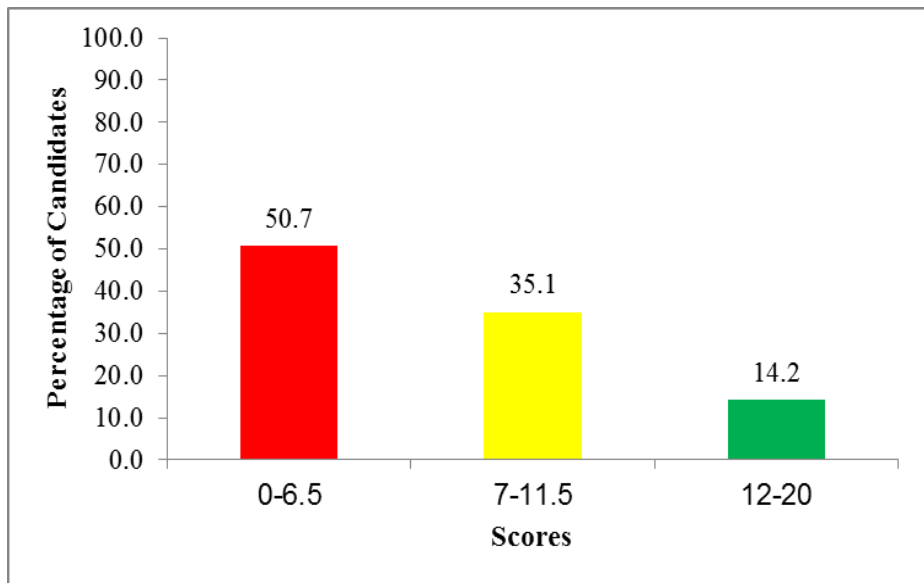


Figure 6: Candidates' Performance on Question 6

A total of 1,169 candidates (14.2%) who performed well on this question failed to discuss the causes and remedies of structural unemployment. They explained structural unemployment as the employment caused by overall social and economic changes in society, which may affect not only demand and supply in specific economic industries but also rural-urban migration and change of wooden products to plastic utensils. Some of the candidates provided the following causes: use of capital intensive production technique, which replaces many workers in farms and industries and the exhaustion of mineral deposits which makes specialists in minerals such as geologists to be thrown out of their jobs. Other candidates gave out remedies such as control of the rate at which the population is growing so that the available chances of employment can absorb the increasing labour force and the use of both fiscal and monetary policies to create income generating job opportunities. Besides, the people should be encouraged to consume locally-produced capital as well as consumer goods to protect domestic industries. These candidates explained the causes and remedies of structural unemployment though they did not explain well some points from their responses which determined the scores by each candidate. Extract 6.1 is a sample of the good responses.

The following are the remedies of structural unemployment;

Training and retraining of workers. This is when the structural unemployment is as a result of change in the level of technology and thus the workers are supposed to be trained and retrained so as they could be able to adopt with the technological changes and thus enabling them to secure their jobs.

Diversification of the economy. This tends to solve structural unemployment by engaging in production of other ^{economic} activities rather than depending on one economic activity. For example rather than depending on agriculture activities one could engage in other activities like mining, fishing, and so forth thus making the changes in economic structure not to affect the workers.

The use of labour intensive technique. This tends to solve the structural unemployment whereas the employers should use labour intensive technique in production rather than high use of capital intensive technique so as the machine usage could be substituted with human labour and thus

Change in taste and preference.

This is as a result of change in demand of goods due to change in taste and preference whereas a producer tends to be discouraged to produce as a result of decline in demand. For example a producer who deals with production of wooden chairs whereas, as a result of change in taste and preference individuals start demanding plastic chairs rather than the wooden ones thus resulting into unemployment due to decline in demand for wooden chairs.

Extract 6:1 is a sample of the good responses.

On one hand, the 2,900 candidates (35.1%) with average marks managed to discuss the remedies of structural unemployment but failed to discuss precisely its causes. Some of these candidates explained the causes of structural unemployment, but they failed to discuss precisely its remedies. Besides, other candidates provided the required number of points for both causes and remedies, but most of them contained unsatisfactory explanations; therefore, their responses determined their scores.

On the other hand, the 4,189 candidates (50.7%) with poor performance failed to discuss the causes and remedies of structural unemployment. Some of the candidates provided the wrong responses on the causes, such as increase in the costs of production and government policies. The candidates explained that increase in the cost of production due to the rise in the price of the factors of production such as labour. Therefore, the industries failed to cover the costs of production. Furthermore, other candidates provided the wrong measure for controlling structural unemployment such as a decrease in government revenues due to the fall of industrial production, which in turn deteriorates the standard of living. The responses from the majority of these candidates showed that they understood the requirements of the question, but they failed to exhaust the required number of points or provided unsatisfactory explanations. Their responses demonstrated a poor understanding of the problem of structural unemployment in the economy. Extract 6.2 is a sample of the poor responses.

06.	Unemployment refers to the condition whereby people are willing and able to work but have not found jobs due to various factors such as a fall in demand or climatic change. Structural unemployment is the type of unemployment resulting from the collapse of an industry and therefore unemployment to workers whom used to work there before. It leads to social and economical changes in the society but also changes in demand and supply in specific economic industries. The followings are the causes of structural unemployment. Increase in the cost of production due to the price of factors of production such as labour and therefore the industry being unable to cover the costs of production hence incurring loss and therefore decline of an industry due to a failure of the firm to cover the costs.	
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Poor management of an industry due to the mis use of the entrusted power ~~leading~~ such as the practise of corruption or misuse of funds and the capital generated and therefore failure to employ resources so as to assure production activity and therefore decline of an industry.

The existing Government policy, for example when the government has a policy of strengthening agriculture activities in the economy and therefore provides subsidies and incentives to the agriculture sector may lead to the movement of labour to other sector of the economy and therefore lead to a decline of an industry hence structural unemployment.

06. Apart from that, the remedies of structural unemployment are such as increase in the dependency ratio in the society due to a high number of people unemployed due to structural unemployment in the society and therefore remain a small number of the working group within an economy.

The Government revenue decreases from the industrial sector and therefore when the revenue collected decreases, it may result also to a decrease in the government expenditure and therefore may lead to poor social services within a society in an economy.

Poor living standard of people in the society due to low income generated and also a decrease in investments within an economy which leads to a massive decline in the living standard of people since industrial sector is also influenced by various investments which promote growth.

Lastly, structural unemployment is just one of the types of unemployment while others are such as casual unemployment, residual unemployment, technological unemployment, seasonal unemployment and others on but unemployment is mainly of two types and that is voluntary unemployment and involuntary unemployment.

Extract 6.2 is a sample of the poor responses.

In this Extract the candidate failed to discuss three causes and three remedies of structural unemployment. Instead, he/she discussed the general causes of unemployment.

2.1.7 Question 7: Theory of the Firm

In this question, the candidates were required to use six points to explain why a firm may operate below the shutdown point.

The question was attempted by 3,173 (100%) candidates. Among them, out of which 866 (27.3%) scored from 0 to 6.5 marks, 1,050 (33.1%) scored from 7 to 11.5 marks, and 1,257 (39.6%) scored from 12 to 20 out of the 20 allotted marks. Generally, the performance of the candidates on this question was good since 72.7 percent scored 7 marks and above. Figure 7 shows the distribution of the candidates' scores.

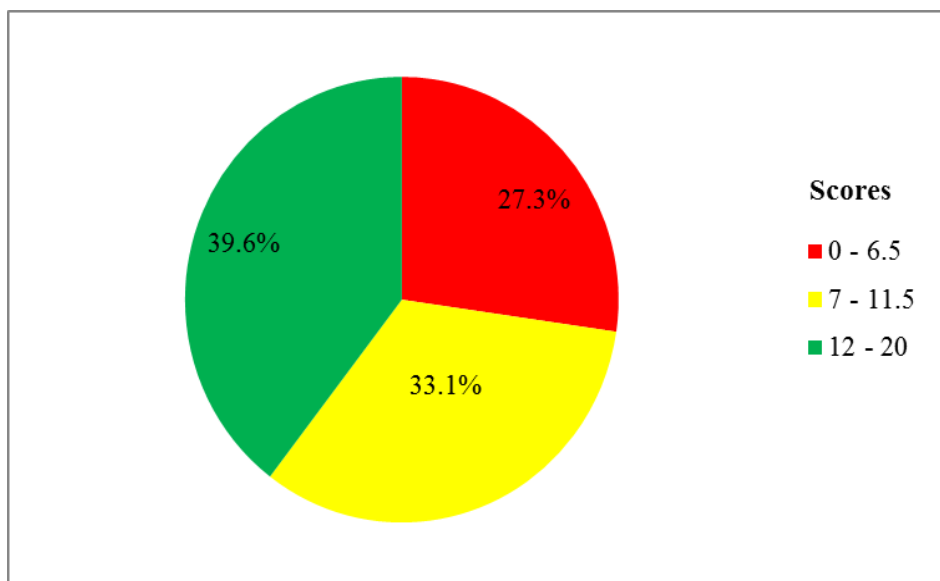


Figure 7: Candidates' Performance on Question 7

The 1,257 candidates (39.6%) who performed well on this question correctly explained why a firm may operate below the shutdown point. Most of these candidates defined the shut-down point as the situation in which the price of the firm is set below the average variable cost. For example, some of the candidates failed to explain that, when the firm is newly established and it is still growing expecting to gain prosperity in the long-run may produce below the shutdown point with the expectation of improvement in the long-run. Also, other candidates

described the reason for fear of failing to cover higher depreciation costs that may be incurred during the period of closure. When capital pieces of equipments such as machines and buildings are shut-down they need to undergo maintenance which is a cost with zero production, and, in some cases, a firm may fail to meet them without external aid. However, clarity and a good flow of ideas in explaining the points, proper presentation of introduction and conclusion part, and the number of correct points examined determined the extent of their scores. Extract 7.1 is a sample of the good responses.

7	Shut down point is the point where by a firm is able only to cover the running cost of production which is average variable cost of production when the firm operate under shut down point may get loss the following are the reasons for the firm proceed to produce in shut down point.	
	During economic depression; During the period of depression that meant all economic activities are at low level the firm will not be able to maximize the profit and cover all cost of production so during this period the firm continue to operate because all economic activities are at the low level.	
	Fear of losing the potential consumers; when the firms having the potential consumers that are able to buy huge amount and quantity of goods and services make the firm even though operating at shut down point to continue producing.	
	When a firm producing by contract; the firm can engage in contract may be with the government and the agreement is	

7	<p>For that firm to produce to the certain year so when the firm producing and reach at the point of shutdown point the firm is required to continue producing until the time that they agreed.</p> <p>Availability of stock of capital goods; when the firm accumulate the huge amount of capital and start the production and suddenly reach the point of shut down it will not stop producing because of the large amount of capital goods available and those capital goods can be perishable means they can not stay for long time so the firm will continue producing.</p> <p>When a firm produce essential goods; essential goods these are the goods that are necessary for a person to get these goods are like clothes and Food materials so when the firm is in shutdown point can not stop producing because these goods are essential to the people but the firm will find the way of eradicating the shutdown point either by imposition of high price to the goods and services.</p> <p>During the starting of a firm; when a firm is starting the business they are likely face the problem of shutdown point means they are not making profit and this can be due to the small number of customers in the market that a firm even so will continue producing and admitting the product and the customers will increase.</p>	
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Extract 7.1 is a sample of the good responses.

The 1,050 candidates (33.1%) who scored average marks failed to explain all required points. Others explained six points with less supporting explanations which enabled them achieve average scores. This performance indicates that the candidates were less equipped with the knowledge of production costs incurred by the firm both in the short-run and long-run. However, some of the candidates mixed the reasons for the operation of the firm in the short-run with long-run such that they provided partial explanations, and this determined their scores.

In contrast, the 866 candidates (27.3%) who performed poorly failed to explain why a firm may operate below the shut-down point. Some of the candidates explained by giving incorrect points such as low level of science and technology, poor advertisements, and inadequate capital. Other candidates explained that poor storage facilities and media systems may cause the firm to run below the shutdown point because of poorly developed infrastructures and warehousing whereby the firms delay to get goods from the producers. The responses by the majority of the candidates had several weaknesses, but the candidates managed to write the introductory part as expected. Extract 7.2 shows a sample of the poor responses.

9.	Firm, Refer to small operating Industries
	Where by are divided into Many group and they sell different commodities to different buyers.
	The following are the reason why a firm May operate below the shut down point.
	Low Level of science and technology.
	A firm operate below the shut down point because the production of some commodities faces a lot problems like delaying in harvesting like Cotton.
	Poor transportation and communication - system a firm May run below the shut down point because of poor construction Infrastructures Where by the firm delay to get good from the producer.

7.	Small firm are buyers of large firms or Industries, This May cause the firm to work Under Industri- es all over.
	Inadequate capital or enough fund unprovision, So No firm have poor capital, and fund they need help from provided the government to pull them up. Example handcraft.
	Poor government support, Some firm are dying because of facing heavy taxes from the go- vernment setting plan.
	Selling of outdated product, A firm May work Under the shut down point because of outdated prod- ucts like food and cosmetics.
	Poor skills of running and controlling income, Some people run large firms where they face a problem of controlling their income also running the work until they die.
	Generally, A firm May faces some difficul- ties which can be eradicated at Partly by enac- ting of laws to sellers and buyers of a certain prod- uct.

Extract 7.2 is a sample of the poor responses.

In this extract a candidate failed to explain why a firm may operate below the shut-down point. Instead, he/she provided irrelevant points.

2.1.8 Question 8: Trade Cycle

In this question the candidates were required to examine five causes of trade cycle in the economy

The question was attempted by 11,195 (100%) of the candidates; among them, 239 (2.1%) scored from 0 to 6.5 marks, 1,445 (12.9%) scored from 7 to 11.5 marks, and 9,511 (85%) scored from 12 to 20 out of the 20 allotted marks. Generally, the performance of candidates on this question was good, since 97.9 percent scored 7 marks and above. Figure 8 shows the distribution of the candidates' scores.

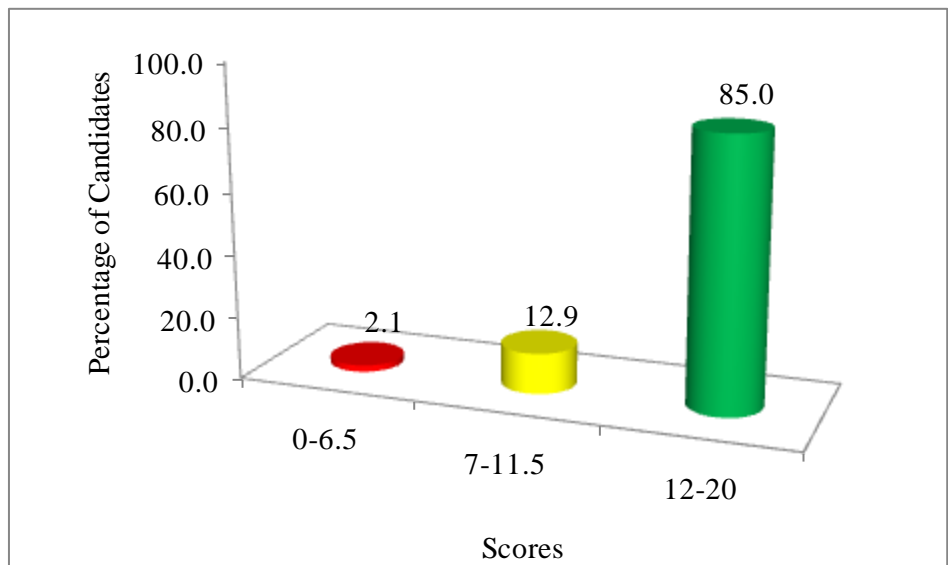


Figure 8: Candidates' Performance on Question 8

The 9,511 candidates (85%) who scored high marks addressed the demand of the question. The candidates analysed the trade cycle as the fluctuations of the business activities in the economy which occur in the long-term economic growth of boom and depression. For example, some of the candidates successfully examined the causes of trade cycles in the economy like innovations in the structure of the economy and the marginal efficiency of capital. The candidates explained innovation as a cause of the fluctuation of the business activities in the economy because innovations tend to move resources from the production of old consumable and productive goods to newly invented products; fluctuations are thus put in outflows. Fluctuations in the rate of investment are mainly caused by fluctuations in the marginal efficiency of capital which in turn depends on the supply price of capital assets and their prospective yield. The prospective yield depends on the business expectations, although marginal efficiency of capital is the principal cause of cyclical fluctuations. The scores of the candidates in this group varied because some of them did not exhaust all the required points while others provided the necessary details with relevant examples to only some of the points. This indicates that the candidate had a sufficient knowledge about the topic concerned. A sample of the good responses is shown in Extract 8.1.

8.	Trade cycle, is a tendency of the economy or a business activity to fluctuate over a period of time. Trade cycle can be indicated by level of investment, price level, level of aggregate demand and consumption. Trade cycle can be featured by having four phases, downward trade cycle occur suddenly,
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contraction and expansion, wave like structure and trade cycle is periodicity and dynamic means tend to change over time. The following are the causes of trade cycles in the economy.
<p><u>Climatic factor</u> trade cycle can be due to favourable or unfavourable climate. favourable climate leads to increase in production such as in agriculture hence led to increase in income and employment which led to expansion period of boom or peak and unfavourable climate discourage production which lead to decrease in production hence results to unemployment, decline in production such as in agriculture and industry which is the period economy experience depression and recession.</p> <p><u>Monetary factor</u> means increase in money demand or decrease in money demand or increase or decrease in money supply, when the government apply monetary factors such as increase in interest rate led to decrease in money supply where the economy experience depression and recession and when a government apply expansionary monetary policies such as provision of employment, increase in</p>

8. Investment led to increase in money supply which economy experience economic expansion which is recovery. On other hand when the government apply contraction monetary policy like decrease in wages led to an economy to fall such as the period of depression and recession.

Fiscal factors, this involve expansionary fiscal factors and contraction fiscal factors. This means as the government apply ~~with~~ expansion fiscal policy such as increase in government spending results to income and employment which is the period of recovery, on other hand when the government apply contraction fiscal policy by increasing taxation and decrease expenditure results to unemployment, fall in income, fall in investment which is the period of recession and depression.

Psychological factor, Business men/ women apply optimism and pessimism means during economic depression or recession they concentrate in production expecting that a good time is around the corner. On other which increases production and economy become a peak on other hand during economic boom they are limited and fall in producing for fear further loss hence led to low production which results to fall in income, investment and unemployment where an economy experience depression period.

Extract 8.1 is a sample of the good responses.

However, the 1,445 candidates (12.9%) who scored moderately on this question managed to explain the required points averagely. This is due to partial knowledge about Trade Cycle. For example, some of the candidates provided less than the five points required while others

exhausted all the required points but did not provide sufficient explanations.

Furthermore, the 239 candidates (2.1%) who performed poorly failed to examine the causes of trade cycle in the economy; and instead, they explained that availability of markets, raw materials, skilled and unskilled labourers are the causes of fluctuations in business activities. The candidates wrote that the availability of these factors of production help sellers or buyers to purchase the commodities needed in the production or consumption processes. Some of the candidates provided factors such as transport and communication facilities as the main causes of business activities since they facilitate communication during the dry period unlike during the rainy season, thus fluctuations in the economic activities. Most of the candidates in this group understood the requirements of the question, but they had inadequate knowledge of examining the required conditions. Some candidates confused the causes of trade cycle and its effects such as changes in the level of employment and aggregate demand. Apparently, they had insufficient knowledge of the subject matter. The variation in their marks was caused by their different abilities to give clear explanations with relevant examples. Extract 8.2 shows a sample of the poor responses.

Q8	<p>A trade cycle is a trade which bring back the results of the productions of commodities.</p> <p>The following are the causes of trade cycles in the economy one as follows.</p> <p>Availability of market market help the seller or buyer to purchase a commodity as concerned by the productivity produced by the producer.</p> <p>Another causes of trade cycles in the economy Availability of raw materials and products which produce in different ways as given by the consumers.</p> <p>A part from that the causes of trade cycles in the economy availability of skilled and unskilled labour that could both produces the quantity products which as needed by the consumers.</p> <p>It helps the economy to expand due to the high technology and science as ways the country could produce high quality and quantity that would be needed by the consumers in the market.</p> <p>Presence of infrastructure like road, railway, air and communication network system thus helps to transport raw materials to the industries and goods products to the consumer as to be used for demand.</p>	
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Extract 8.2 is a sample of the poor responses.

In this Extract the candidate failed to examine the causes of trade cycle in the economy. Instead, he/she explained the availability of resources in order to produce goods for the available markets.

2.2 PAPER 2: ECONOMIC DEVELOPMENT

2.2.1 Question 1: Economic Integration and Cooperation

The candidates were required to differentiate economic integration from economic cooperation by giving five points.

The question was attempted by 11,093 (100%) of the candidates. Among them, 5,192 (46.8%) scored from 0 to 3 marks, 4,151 (37.4%) scored from 3.5 to 5.5 marks, and 1,750 (15.8%) scored from 6 to 10 out of the 10 allotted marks. Generally, the performance of the candidates on this question was average, since 53.2 percent scored 6 marks and above. Figure 9 shows the distribution of the candidates' scores.

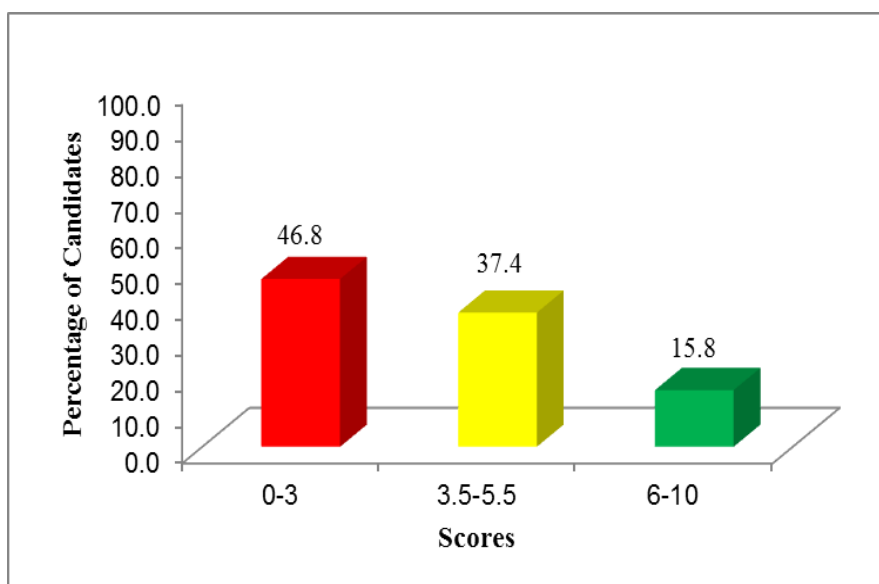


Figure 9: Candidates' Performance on Question 1

A total of 1,750 candidates (15.8%) who performed well on this question had a sufficient knowledge of the concepts of economic integration and cooperation. They managed to differentiate Economic Integration from Economic Cooperation. For example, some of the candidates described precisely that economic integration is restricted to a certain geographical area within the continent and the member countries need to have similar political and social backgrounds while

economic cooperation does not have regional or geographical boundaries as it involves countries from different regions in and outside the continent and does not require such similarities. candidates in this category provided the East African Community as an example of the economic integration and Commonwealth as an example of the economic cooperation. Such performance could be attributed to the fact that the topic is taught in other subjects like Commerce, Geography and General Studies. Therefore, the candidates might have benefited from such lessons to answer the question. Their scores in this category varied due to several factors. Example the number of correct responses provided and the degree of accuracy of the candidates' explanations. Extract 9.1 is an example of the candidate's good responses.

1.	Economic integration, this is the organization of selected economies so as to trade free among member countries after removal of trade barriers. Example of economic integration is Southern African Development Community (SADC).
	Economic Cooperation, is the union of various countries in all aspect such social, economic, political as well as cultural aspect. The followings are the difference between economic integration and economic Cooperation;
	Regional boundaries, economic integration need union of people countries which are neighbours whereas economic Cooperation it does not take it in consideration where nation from different part of the world can be in Cooperation.
	Level of development; economic integration involve nations which have similar level of development but economic cooperation does not need all countries to have similar level of development.
	Trade barriers; economic integration involve the removal of trade barriers among member countries where by economic Cooperation can operate with the existence of trade barriers among member countries.
	Organized structure, in economic integration there is well organized structure that guide the integration such as head of the integration, Gap but economic Cooperation does not have organized structure.
	In economic integration trade is the main activity and aim of integration where by in economic Cooperation Countries join for any activity rather than trade it can be recreational activities.

Extract 9.1 is a sample of the good responses.

Furthermore, the 4,151 candidates (37.4%) who performed moderately differentiated economic integration and economic cooperation. They provided less than the five differences required. Most of the candidates distinguished the two concepts and supported them with the required explanations and examples although only to some extent. Other candidates provided the five required differences but partially explained some of the points. In contrast, others gave satisfactory explanations with examples but provided less than the five differences required. Further observations found that some of the candidates' responses contained a few correct differences mixed up with the advantages of economic integration and cooperation. Examples include the member countries may enjoy the benefits of specialisation. These learners might have inadequate knowledge of the topic concerned.

Additionally, the 5,192 candidates (46.8%) with poor performance on this question failed to differentiate economic integration from economic cooperation. Some candidates provided forms of economic integration such as Preferential Trade Area, Custom Union and Common Market Cooperation as the factors which differentiate economic integration from economic cooperation. Others categorised member countries in the economic integration as those who are located in the same continent while those which include members from different continents as belonging to economic cooperation. Other candidates wrongly understood the question. This explained the advantages of economic integration and cooperation instead of their differences while other candidates discussed the necessary conditions for economic integration instead of the difference between those concepts in the economy. Repetition of the points was another weakness observed in the candidates' responses. A sample of the poor responses is shown in Extract 9.2.

1.	<p>Economic integration is based on a country's economy while economic cooperation is based on more than one country in economic activities. Example SADC which involves many countries like ZAMBIA, MALAWI, TANZANIA, SOUTH AFRICA which are united together in economic activities.</p> <p>In economic integration a country can have its own planning while in economic cooperation more than one country decides the united planning for the development of the economies of all countries.</p> <p>In economic integration a country can decide to provide certain services to its people while in economic cooperation the countries have decided to meet the common services that benefit all countries that cooperate. Example ECOWAS.</p> <p>In economic integration it is difficult to measure the attainable level of the economy while in economic cooperation the countries have the ability to measure the attainable goals together by comparing with other countries with the cooperation.</p> <p>In economic integration may have face problems in achieving goals like lack of fund. Example Southern Sudan while in economic cooperation the countries may support each other in order to achieve the goals. Example SADC.</p> <p>The explained factors above are the differences between economic integration and economic cooperation.</p>	
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Extract 9.2 is a sample of the poor responses.

In this Extract, the candidate wrongly described the differences between economic cooperation and economic integration.

2.2.2 Question 2: Economic growth and Development

The question required the candidates to examine five benefits of economic growth in Tanzania's economy.

The question was attempted by 11,303 (100%) of the candidates. Among them, 1,113 (9.8%) scored from 0 to 3 marks, 4,434 (39.3%) scored from 3.5 to 5.5 marks, and 5,756 (50.9%) scored from 6 to 10 out of the 10 allotted marks. Generally, the performance of the

candidates on this question was good, as 90.2 percent scored 6 marks and above. Figure 10 shows the distribution of the candidates' scores.

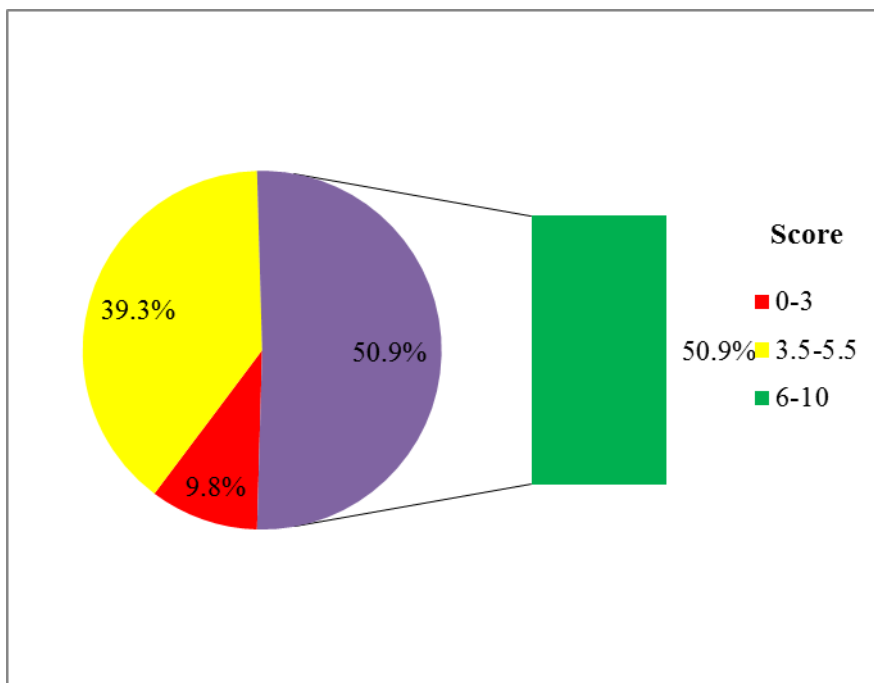


Figure 10: Candidates' Performance on Question 2

The 5,756 candidates (50.9%) who had good performance on this question understood its requirements. They managed to examine the benefits of economic growth in the Tanzanian economy. Most of them explained that improved balance of payments and more social welfare benefits due to economic growth lead to an increase in gross national product, which in turn enable the country to have enough goods for consumption and export and a country may have more receipts from abroad as opposed to her payments to abroad. In case of increased social welfare benefits the candidates explained that a country can provide social welfare benefits such as unemployment benefits, old age pensioners, free medical and educational services. The candidates managed to examine the benefits of economic growth due to sufficient knowledge and skills in economic growth and development. Other benefits which were discussed by candidates include decrease in dependence on external assistance due to the increase in self-sufficiency, political stability due to increase in literacy, industrialisation, decline in the cost of living and increase in the standard of living, due to increase in high-quality food, shelter,

better standards of hygiene and medical care, and a higher standard of education. However, some of the candidates in this category failed to provide the necessary details with examples as required by the question while others provided less than the five points required. Consequently, these candidates failed to get full marks on this question. Extract 10.1 is a sample of the good responses.

02.	<p>Economic growth is the increase or rise in level of economy of a given country from a lower level to a higher level. Economic growth may be attained through efficient utilization of resources like; land, water, mineral, forest and human - resources and many others. The following are among the benefits for economic growth.</p> <p>Increase in level of investment; For example; Industrial investments, educational investment, physical ports investments, market and production and others. These also tend to raise the number of working population in the country hence rise the GDP of a country.</p> <p>Increase in level of employment; For example; Economic activities like; fishing, agriculture, mining are both then effectively utilized by the given population in the country hence decreasing the dependancy ratio in the country.</p> <p>Raises standards of living among the people; For example; Financial freedom may be obtained as a result of economic growth whereby level of employment hence income earned among each individual increases for better enjoyment of basic needs like; food and shelter, clothes among the population.</p>	
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Extract 10.1 is a sample of the good responses

Moreover, the 4,434 candidates (39.3%) who had average performance on this question outlined the benefits of economic growth, but they provided inappropriate explanations. Most of them outlined less than the five benefits required, while those who exhausted all five benefits provided unsatisfactory explanations without vivid examples. Some of the candidates confused the

concepts economic growth with economic development whereby economic development includes the distribution of resources in the economy while economic growth deals only with the quantitative growth of the economy. Thus, some of the candidates did not understand the meaning of economic growth and economic development. Accordingly, they partially explained some points. This shows that the candidates had insufficient knowledge about that particular topic. Their partial knowledge is evident in their respective scores.

Furthermore, the 1,113 candidates (9.8%) who performed poorly on this question misconceived the requirements of the question and provided incorrect responses about the shortcomings of economic growth instead of the benefits of economic growth in the Tanzanian economy. For example some of the candidates explained the weakness of economic growth such as increase in the income gap and poor standards of living for the majority instead of the benefits of economic growth. In case of income inequality, some of the candidates explained that the few rich people accumulate more of the wealth of the nation and become richer while the majority become poorer and fail to meet even the basic needs. Apparently, they had insufficient knowledge about the concepts of economic growth and development. A further analysis of the responses of the candidates showed that some of them understood the requirements of the question, but they failed to give the number of points required. Additionally, others deviated from the question and explained the disadvantages instead of the benefits of economic growth. A sample of the poor responses is shown in Extract 10.2.

2.	Economic growth; refers as the quantitative improvement of the level of economy from one step to another stage; the economic growth as the situation in the improvement in the infrastructure, health services, science and technology. The following are the benefits of economic growth in the Tanzania economy.	
	Level of formal education; due to the level of education it encourage to the development in the techniques due to the presence of many professional in the process of growing economic in the country. The government must provide good education in all level of school in order to improvement of the countries.	
	Science and technology; due to the availability of science and technology in the Tanzania country it encourage to the development in the economic growth due to the good technology used to the provide goods and services in the country.	
	Infrastructure; due to the availability of road railway and airport it facilitate economic growth from one stage to another due to the good infrastructure which encourage to the economic growth in the Tanzania country.	
	Communication and transport; due to the presence of system of communication and transport in the country it facilitate improvement in the economic growth in the country of Tanzania. The government must improved in communication and transportation system.	
	Availability of market; due to the availability of internal and external market in the process of buying and selling item from one	

Extract 10.2 is a sample of the poor responses.

In this Extract the candidate provided areas of cooperation instead of the benefits of economic growth in the Tanzanian economy.

2.2.3 Question 3: National Income

The question had three parts (a), (b), and (c) in which data were given in the table. In part (a), the candidates were required to present the given data using Lorenz Curves. In part (b), they were required to give the economic interpretation of the information revealed by the curves.

In part (c), they were required to explain briefly five benefits of income inequality in the economy.

The question was attempted by 8,513 (100%) of the candidates. Among them, 1,461 (17.2%) scored from 0 to 6.5 marks, 3,576 (42%) scored from 7 to 11.5 marks and 3,476 (40.8%) scored from 12 to 19.5 out of the 20 allotted marks. Generally, the performance of candidates in this question was good, as 82.8 percent scored 7 marks and above. Figure 11 shows the distribution of the candidates' scores.

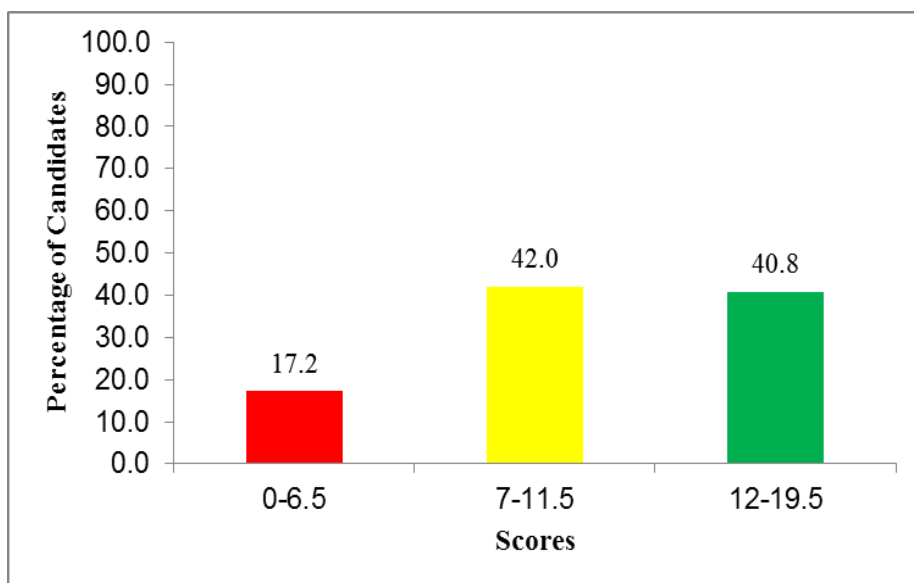
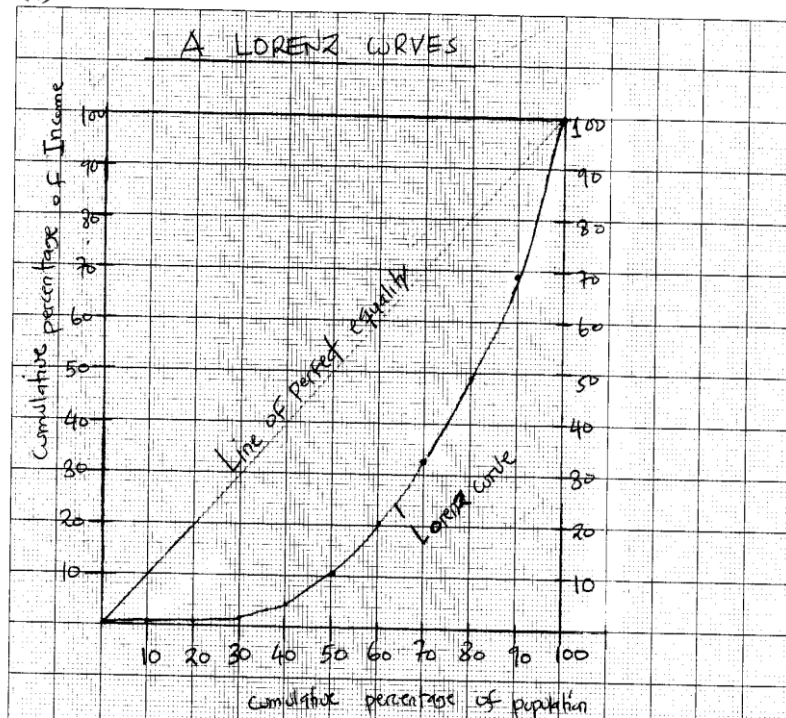


Figure 11: Candidates' Performance on Question 3

A total of 3,476 candidates (40.8%) performed well on this question. They understood the requirements of the question due to their sufficient knowledge about national income accounting and determination. This indicates a good mastery of the subject matter in the particular topic. Most of the candidates who had a sufficient mathematical knowledge and skills correctly presented the data through Lorenz Curves and clearly gave the economic interpretation of the information revealed by the curves in part (a) and (b). In part(c), most of the candidates who attempted this question managed to explain the benefits of income inequality, such as *the expansion of the private sector since the individuals are employed more in the private sector, it enables the few rich people to undertake large scale production and increase the level of employment in the economy as well as wealth or riches becoming an incentive to work since the rich*

people undertake risks, efforts and time in production to become richer. The variation of marks among the candidates was caused by the individual ability, accuracy, and mathematical skills to calculate, interpret, and provide the necessary details in responding to the question. A sample of the good responses is shown in Extract 11.1.

3(9)



3	b) a country represented by a lorenz curve has has high income inequality because the lorenz curve is located far from the line of perfect equality	
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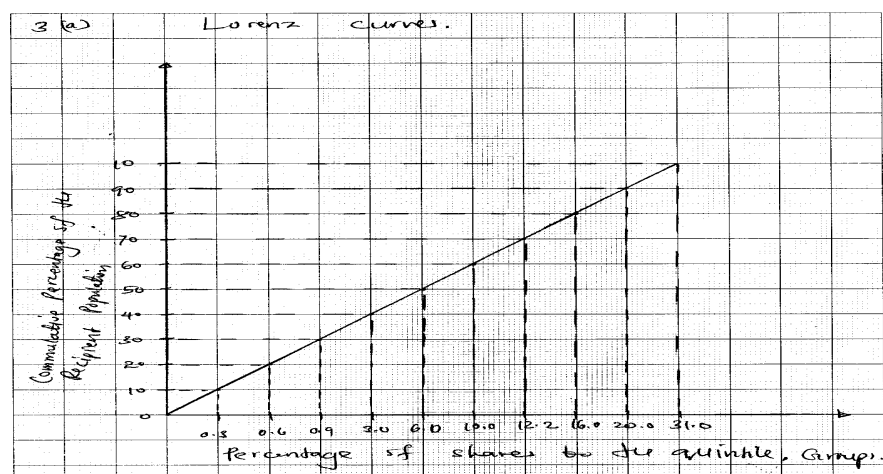
8(c)	(ii) Increase of investment.	
	The high income earners does not prefer consumption rather than they prefer to save and to invest; this will contribute to high level of investment in the country.	
	(iii) Increase relationship between employees and employers.	
	since there is high number of unemployment in the country, those who has employment opportunities create a good relationship and with their employers.	
	(iv) Increase of job hard working.	
	The poor people fight to succeed their goal to reach good quality of life thus they will tend to work hard in order to gain more in their life.	
	(v) Increase innovation and development of informal sectors to the poor people.	
	due to unemployment in the country and presence of high income inequalities, poor people can strive to establish informal sectors to get income for satisfaction of their basic needs such as shelter, clothes and food.	
	In addition, income inequality can adverse the economy through brain drain of educated people to search high payment, outflow of income because of rich people tend to invest their enterprise outside the economy (country).	

Extract 11.1 is a sample of the good responses.

Moreover, the 3,576 candidates (42%) who had an average performance demonstrated inadequate arithmetic skills. Hence, they applied the wrong formulae to calculate. In part (a) and (b) only a few candidates managed to plot data through Lorenz Curves and interpret

the information revealed by the curves. Most of the candidates in this category managed to provide correct responses to part (c). They gave a sufficient number of points with examples. In this part, some of the candidates explained less than the five points required on the benefits of income inequality in the economy while those who exhausted all the five points provided unsatisfactory explanations to some of the points. The weakness observed made the candidates fail to score high marks.

Furthermore, the 1,461 candidates (17.2%) with the lowest marks failed to use the data provided to construct Lorenz Curves and to interpret the Lorenz curves drawn to give the economic interpretation in part (a) and (b) due to their poor mathematical knowledge and skills. While in part (c), some of the candidates managed to explain at least one benefit of economic growth. In contrast, others provided all the five required points, but they provided unsatisfactory or partial explanations. For example, some of the candidates gave incorrect answers by explaining that *income inequality improves; the commercial banks; schools and small scale industries*. This shows that the candidates lacked sufficient knowledge about the concepts of measuring and determining national income. Other candidates gave the disadvantages of income inequality instead of the benefits of income inequality; for instance, one of the candidates stated that rich people have a higher marginal propensity to consume. Therefore, consumption will decrease in the economy. Conclusively, the responses given by each candidate determined their respective scores. Extract 11.2 is a sample of the poor responses.



3c.	<p>Income inequality is the process of providing equal income to the labours.</p> <p>The following are the benefits of income inequality in the economy.</p> <p>Improve living standard of people. Income inequality can improve the standard of the people. Example houses provide food and shelters.</p> <p>Improve economic infrastructure. Example roads, railway ways, airways, harbours. Income inequality can improve infrastructure through pay tax.</p> <p>The improve social services. Example good hospitals, schools, clean water supply. Income inequality can benefit to improve social service to the economy. The government can be able to provide good social services by receiving tax to the society.</p> <p>The improvement of small industries activities. Example steel and iron. Income inequality can improve industrial sectors by providing good machines.</p> <p>It can increase government revenue. Example tax. Income inequality can increase government revenue and help the government to improve in other sectors.</p> <p>Although income inequality can ^{increase} cause through the availability of resource, equal-distribution of social services, reduce dependency in economic in of other countries, reduce dependency ratio in economy.</p>
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Extract 11.2 is a sample of a poor response.

In this Extract the candidate who failed to present the data through Lorenz Curves drew a linear graph and failed to give economic interpretation as well as to explain the benefits of income inequality to the economy.

2.2.4 Question 4: Public Finance

The question had three parts namely (a), (b) and (c). The information was given using a table showing different categories of direct and indirect taxes. In part (a), the candidates were required to calculate the amount of tax payable in each category and fill in the blank spaces. In part (b), they were required to identify the taxation system in

categories (a), (b), and (c) and give the reasons for their classification in each category. In part (c), they were required to give one practical example of the taxes imposed in each of the categories (a), (b) and (c).

The question was attempted by 6,044 (100%) of the candidates; among them, 454 (7.5%) scored from 0 to 6.5 marks, 1,134 (18.8%) scored from 7 to 11.5 marks, and 4,456 (73.7%) scored from 12 to 20 out of the 20 allotted marks. Generally, the performance of candidates on this question was good, since 92.5 percent scored 7 marks and above. Figure 12 shows the distribution of the candidates' scores.

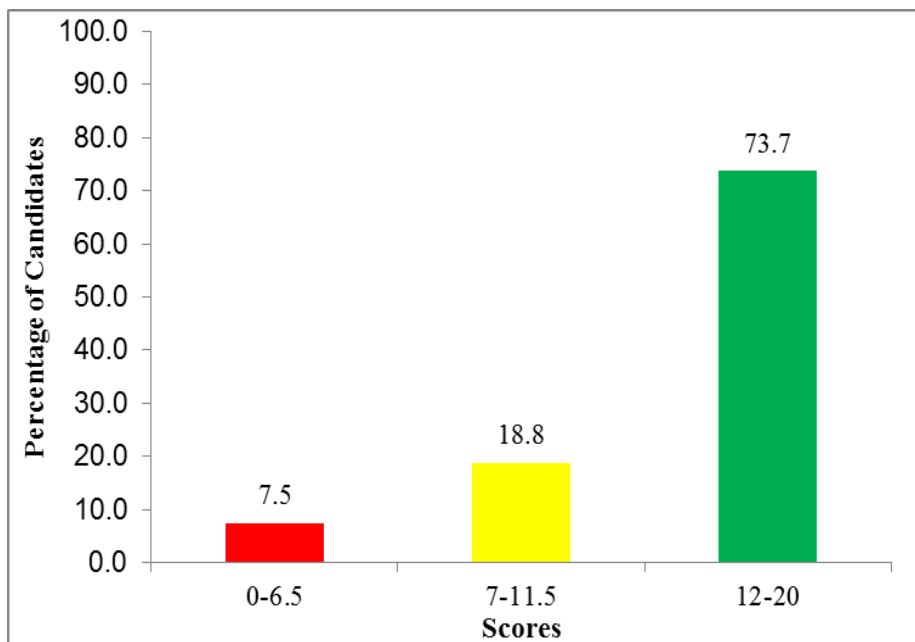


Figure 12: Candidates' Performance on Question 4

The 4,456 candidates (73.7%) who performed well in this question managed to calculate and identify the taxation systems. Such performance might be because the topic is taught in commerce as well as in economics subjects. Hence, the candidates transferred the knowledge to answering the question. For example, some of the candidates managed to calculate the amount of tax payable in part (a) and to identify the taxation system in category (a), (b), and (c) as well as to give reasons for the identification in each category. Furthermore, the candidates managed to give practical examples of the taxes imposed in each category. For instance, in category (a), the candidates explained that it is a progressive taxation system in

which the amount of tax paid is directly proportional to the level of income. That is, as the income of an individual increases, the tax rate also increases and this is always the case with “Pay As You Earn” PAYE which is a direct tax imposed on employees. Some of the candidates identified category (b) as a proportional taxation system or an indirect tax imposed on consumer goods and services such as VAT. This is because the same proportion or percentage of the price of a commodity is paid as tax by all income groups of people in the economy. Other candidates identified category (c) as an indirect tax or specific tax that is imposed on properties or commodities at a fixed rate. For example, if the Government imposes a tariff for all imported motorcycles in the country to be 10,000/= Tanzanian Shillings regardless of their current market value, such a taxation system is regressive because low income earners will pay a greater proportion or percentage of their total income as tax, unlike the higher income earners. Nevertheless, the candidates’ scores on this question varied due to several factors. These factors include the mathematical skills and ability to calculate, interpret and identify the taxation systems and their relevant practical examples in the economy. Extract 12.1 shows a sample of the good responses.

40		income	tax	tax	Average tax	Marginal	
	Category	(Tsh.)	Rate	Payable	Rate	tax rate	
	A	400,000	0	0	0	0.25	
	A	800,000	25%	200,000	0.125	0.50	
	A	2,000,000	30%	1,000,000	0.35	0.80	
	B	400,000	40%	160,000	0.4	0.4	
	B	800,000	40%	320,000	0.4	0.4	
	B	2,000,000	40%	800,000	0.4	0.4	
	C	400,000	60%	240,000	0.60	0.3	
	C	800,000	30%	240,000	0.45	0.2	
	C	2,000,000	20%	400,000	0.25	0.1	

4(b)	2,000,000 pays only 20% of tax imposed	
	i) The Average tax rate and Marginal tax rate is higher to the low income earner compared to High income earner.	
4(c)	- Category A it is direct tax where mainly based on level of income as income of individual increase the tax rate also increase	
	- Category B it is indirect tax especially charged on consumption of goods by income earners through VAT. Where tax imposed on consumption of commodities is the same to all income levels	
	- Category C it is indirect tax but based on the scale of production in production process large scale firm incur low burden of tax due to its fund capacity compared to the other small scale firms	

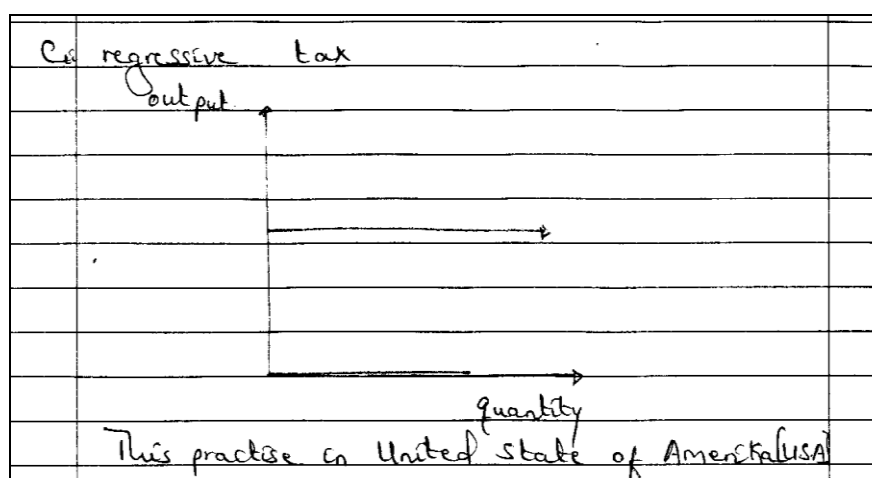
Extract 12.1 is a sample of the good responses.

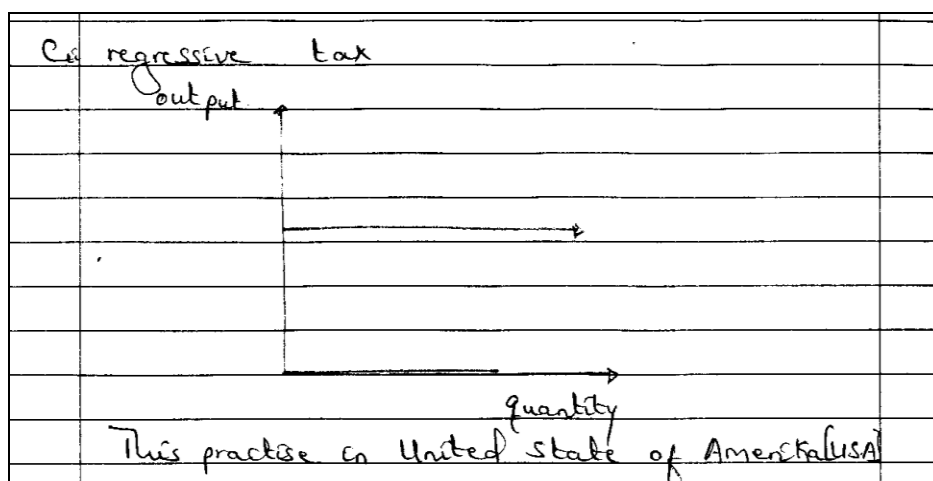
However, in part (a), 1,134 candidates (18.8%) with average marks showed adequate arithmetic skills and application of relevant formulae. The candidates identified the requirements of the question. However, they failed to provide correct responses to the whole question. They managed to calculate the tax payable in category (a), (b) and (c) and filled in the blank spaces. In part (b), most of the candidates identified one or two taxation systems in category (a), (b) and (c). However, most of the candidates failed to give one practical example of the taxes imposed in each category. This is due to the fact that the candidates failed to integrate their theoretical knowledge into the classroom and the practical application of the knowledge of taxation to the Tanzanian economy.

Furthermore, the 454 candidates (7.5%) who performed poorly on this question failed to calculate the amount of tax payable to fill in the blank spaces, to identify the taxation systems, and to give one practical example of the taxes imposed in each category. Some of the candidates

instead of identifying the taxation systems in each category, drew incorrect diagrams to illustrate the taxation systems as progressive, proportional, and regressive. In contrast, others provided corporate taxes, excise duties, and Ad Valorem taxes. Furthermore, one of the candidates failed to calculate the amount of tax payable. They also incorrectly identified taxation systems such as repossession, retrospective and adhesive. This situation indicates that they had insufficient knowledge about the concepts of direct and indirect taxes imposed in the Tanzanian economy. A sample of the poor responses is shown in Extract 12.2

	Category	Income (Tshs)	Tax Rate	1ax Payable	Average Tax Rate	Marginal Tax Rate
4	A	400,000	0	800,000	0	0.25
	A	800,000	25%	320,000	0.125	0.50
	A	2,000,000	50%	8395,892.04	0.35	0.80
	B	400,000	40%	200,000	0.4	0.4
	B	800,000	40%	400,000	0.4	0.4
	B	2,000,000	40%	8290,000	0.4	0.4
	C	400,000	60%	238,333.33	0.60	0.30
	C	800,000	30%	3892,300.896	0.45	0.20
	C	2,000,000	20%	42810.46	0.25	0.10





Extract 12.2 is a sample of the poor responses.

The Extract shows that the candidate failed to calculate the amount of tax payable and to identify the taxation systems in categories (a), (b) and (c). Instead, he/she filled wrong answers in the blank spaces and drew irrelevant diagrams.

2.2.5 Question 5: Financial Institution

In this question, the candidates were asked to describe six advantages and four disadvantages of the operation of foreign commercial banks in the economy.

The question was attempted by 8,069 (100%) of the candidates; among them, 1,809 (22.4%) scored from 0 to 6.5 marks, 3,877 (48.1%) scored from 7 to 11.5 marks, and 2,383 (29.5%) scored from 12 to 19.5 out of the 20 allotted marks. Generally, the performance of the candidates on this question was good, since 77.6 percent scored 7 marks and above. Figure 13 shows the distribution of the candidates' scores.

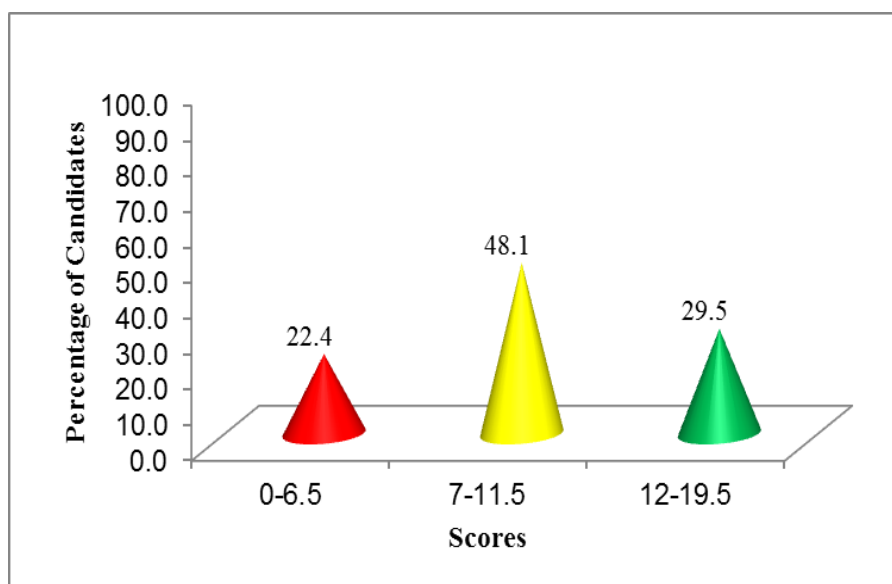


Figure 13: Candidates' Performance on Question 5

A total of 2,383 candidates (29.5%) performed well on this question. They managed to describe the advantages and disadvantages of the operations of foreign commercial banks in the economy. Some of the candidates managed to describe precisely the advantages such as; *increase in the assets of the country through investment as they build offices to accommodate the commercial transactions and increase in demand for the social and economic infrastructures such as transport, warehousing, water, electricity and communications*. The good performance on this question might be because most of the candidates were exposed to many commercial bank operations in their daily life. This implies that the candidates had acquired sufficient knowledge about financial intermediaries in the economy. However, the marks scored by each candidate varied due to their differences in responding to the questions. A sample of the good responses is shown in Extract 13.1.

Increase government revenue;

The operations of foreign commercial banks contribute to the National income through taxation and increasing level of foreign currency inflow. Also through employment opportunities provided to workers in these foreign commercial banks who are directly taxed as local people in the economy. Thus the government revenue is re-allocated to improving the living standard of people in the economy.

Increase in foreign currency;

The foreign commercial banks lead to an increase in foreign currency reserves of the central bank since the foreign banks trade foreign currency for local money to aid circulation of money in the economy. Thus the foreign currency aid the performance of international trade in the economy through importation of essential goods like medicines and machines for production.

Increase Capital inflow; The operation of foreign commercial banks has increased the level of capital inflow since it performs the acts of offering loans to individuals to aid investments, also helps the country towards capital accumulation through revenues contributed by the foreign commercial banks. Also capital inflow in form of foreign currencies that enter the performance of international trade for instance through Bureau De Change.

Increase government revenue;

The operations of foreign commercial banks contribute to the National income through taxation and increasing level of foreign currency inflow. Also through employment opportunities provided to workers in these foreign commercial banks who are directly taxed as local people in the economy. Thus the government revenue is re-allocated to improving the living standard of people in the economy.

Increase in foreign currency;

The foreign commercial banks lead to an increase in foreign currency reserves in the central bank since the foreign banks trade foreign currency for local money to aid circulation of money in the economy. Thus the foreign currency aid the performance of international trade in the economy through importation of essential goods like medicines and machines for production.

Increase Capital inflow; The operation of foreign commercial banks has increased the level of capital inflow since it performs the acts of offering loans to individuals to aid investments, also helps the country towards capital accumulation through revenues contributed by the foreign commercial banks. Also capital inflow in form of foreign currencies that enter the performance of international trade for instance through Bureau De Change.

5	<p>The following are the disadvantages of foreign commercial banks;</p> <p>Low deposits on local commercial banks; The operation of foreign commercial banks in the economy has decreased the number of individuals operating with local banks hence affecting the banking habit of individuals to local commercial banks. And this has been a limitation to commercial banks locally oriented in credit creation as the level of deposits are low. Thus decreasing profit level of local commercial banks.</p>
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	<p>Capital outflow; The operation of foreign commercial banks has increased the level of capital outflow in form of foreign currencies and incomes gained. These banks operate under the influence of their origin or headquarters from foreign countries. Thus incomes gained by these banks are accumulated by the headquarter banks thus creating capital outflow in the economy for instance Barclays Bank from Britain.</p> <p>Risky financial institutions; The foreign commercial banks are a risky, because most of them tend to be unstable financially due to failure to obtain reserves who will work with the bank through depositary and saving functions. Most the bank tend to experience failure after some time and go bankrupt thus causing losses to individuals who had faith in the bank and also leads to closure of the banks.</p> <p>Decrease in savings in local commercial banks; Since the foreign commercial banks offer different modes of banking, people tend to prefer</p>
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Extract 13.1 is a sample of the good responses.

Furthermore, the 3,877 candidates (48.1%) who performed moderately insufficiently explained the advantages and disadvantages of the

operations of the foreign commercial banks in the economy. For instance, concerning advantages, the candidates provided less than the six required advantages. In addition, those who exhausted all the advantages unsatisfactorily explained to some of the points without vivid examples. As for the disadvantages the candidates gave less than the four required points. This indicates that they had insufficient knowledge of the topic.

However, the 1,809 candidates (22.4%) with poor performance misconceived the question and failed to address the requirements of the question. Some of them gave the advantages and disadvantages of the local commercial banks instead of foreign commercial banks. In addition, others partially explained on the advantages and disadvantages of the operations of foreign commercial banks in the economy. For example, some of the candidates explained that foreign commercial banks encourage the establishment of the local financial institutions since they are more developed in science and technology, and they are concentrated mainly in the rural areas. Similarly, other candidates explained that foreign commercial banks employ only foreigners to work in our country, and they are paid higher salaries. This indicates that the candidates had insufficient knowledge of financial institutions. Extract 13.2 shows a sample of the poor responses.

The foreign commercial bank advises the central bank and other bank on the operations. The foreign banks have used occasion to advise the government's financial institution during their operation example National Bank of Commerce may get advice from Barclays Bank.	
Foreign commercial banks during their operation may lead to some disadvantages such	
Failure to store the value of gold; The foreign may deplete then may lead to failure of keeping the value of the gold as reserve requirement.	
Failure to control credit; during the inflation the banks may fail to control the credit. The credit allocated by the central bank may fail to be controlled by foreign banks.	

Special deposit; the foreign bank may start operating the Special deposits of either Institution such the education sector or health sector.
Open market Operation: the resource that bank had may start selling up for inflation example Selling of Gold. This may led to deficit of the bank.
In order for the foreign bank to survive it need to have reserve require ment to solve the security late after inflation.

Extract 13.2 is a sample of a poor response.

The Extract shows that the candidate provided monetary policy instead of the advantages and disadvantages of foreign commercial banks.

2.2.6 Question 6: Structure of the Tanzanian Economy

In this question, the candidates were required to suggest six strategies which can be adopted by the Tanzanian government to improve production in the agricultural sector.

The question was attempted by 10,236 (100%) of the candidates. Among them, 88 (0.9%) scored from 0 to 6.5 marks, 1,754 (17.1%) scored from 7 to 11.5 marks, and 8,394 (82%) scored from 12 to 20 out of the 20 allotted marks. Generally, the performance of candidates on this question was good, since 99.1 percent scored 7 marks and above. Figure 14 shows the distribution of the candidates' scores.

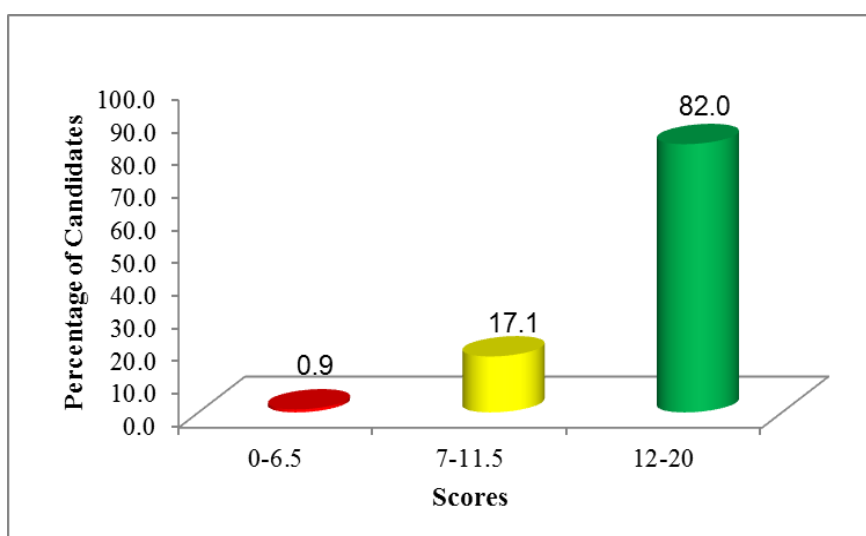


Figure 14: Candidates' Performance on Question 6

The 8,394 candidates (82%) with high scores in this question understood the requirements of the question. The candidates analysed the real situation in the current agricultural sector and suggested potential strategies to be adopted to improve the agricultural sector. For example, some of the candidates suggested strategies like; *to encourage farmers to use modern agricultural implements and organic fertilizers because they are cheap and friendly to the environment, provision of extension services and credit facilities to farmers to enable them advance in science and technology and increase Gross National Product, and establishment of mechanization and diversification of agriculture in order to increase the land under cultivation as well as increasing productivity in the agricultural sector.* Other candidates suggested research facilities in which the Government should facilitate and use domestic research centres, which are important in adopting imported technology to local conditions. These candidates failed to score full marks because they provided explanations which did not contain some of the key concepts in some points. Besides, some of them did not write the introduction and conclusion parts in their responses. The weaknesses observed from the candidates' responses varied from one candidate to another, affecting their range scores. Extract 14.1 shows a good response from one of the candidates.

6	Agricultural sector; this is a sector that deals with the production of the agricultural products both food and cash crops. The following are strategies adopted by the Tanzania government to improve production of the Agricultural sector.
	Establishment of the irrigation schemes; this means that the government of Tanzania has tried to establish irrigation scheme for water supply than depending of Rain in the country.
	Improvement of infrastructure; this means that the government of Tanzania has also improved infrastructure such as road and railway that help to enable the one peasant to supply good to consumer at a reasonable price.
	price control/stabilization; Also the government of Tanzania has also tried to control and fix the price of the agricultural product to ensure that there is no price fluctuation in the world market due to several factor such as penetrability , natural factors.

	provision of subsidies and assistance. Also	
	the government of Tanzania has tried to provide	
	subsidies to the Agricultural sector example offering	
	of pesticides, also the offering of crops and	
	farming tools.	
	provision of Education to peasant; Also	
	the government of Tanzania has tried to provide	
	education to peasants and farmers on how to incre-	
	ase their production of crops in the country	
	and methods used in Agriculture.	
	Encouraging the use of modern tools and	
	Organic fertilizer; this means that the government	
	of Tanzania has also encouraged peasants and farmers	

Extract 14.1 is a sample of the good responses.

Moreover, the 1,754 candidates (17.1%) with average scores supplied partial explanations without exemplifying the strategies that can be adopted by the Government of Tanzania to improve the agricultural sector. The candidates correctly interpreted the question and provided suitable strategies. They provided general strategies for improving production instead of specifically explaining the strategies to be adopted to improve the agricultural sector in Tanzania. Some of the candidates in this group repeated the same points which had already been awarded marks, only with different explanations. Although some weaknesses were observed in their explanations, they did not provide all the basic information required.

Furthermore, the 88 candidates (0.9%) with poor performance failed to understand the demands of the question, to suggest strategies which can be adopted by the Tanzania government to improve production in the agricultural sector. Some of the candidates had insufficient knowledge and skills in the agricultural sector. For example, some candidates wrongly suggested that the establishment and improvement of small scale industries in the rural areas to reduce the level of unemployment in the economy, to improve the standard of living of the people in the villages by providing them with manufactured goods, and to mobilize more people especially those who are unemployed in the urban and marketing centres to participate in the agricultural sector. However, many candidates in this category described at least two essential strategies to improve production. The disparities observed on their scores were due to the accuracy of their correct points, the number of correct points per

question's demand and good presentations of introduction and conclusion parts. This shows that the candidates had inadequate knowledge of the subject matter. Extract 14.2 illustrates a poor response.

6	the occurrence of people in the economy and also to increase their challenges in the suitable production of the agricultural sectors.	
	Supportive of the government are improved, many people are engaging in production in agriculture and then to manage time for treating them in order to increase their people to achieve in the country for our economy and	
	also many people are so improved and then to manage them for use their occurrence of government to support the improvement of production in agriculture sectors and then to manage them.	
	To stabilize the production of the economy the economy are so stabilized and then to increase them for the aim of having their people to manage their occurrence and then to have many opinions to the people who deals with many economic sectors and then to have their challenge in the all process of production and also to have the chance of working hard in whole process of production of the economy.	
	Production in agricultural sector have got also problem which adopt them to the economy which are lack of skilled labour, lack of capital, poor market, poor science and technology.	

Extract 14.2 is a sample of the poor responses.

2.2.7 Question 7: Marketing and Distribution

In this question, the candidates were required to explain the six main problems that have faced cooperative societies in most less developed countries like Tanzania.

The question was attempted by 9,697 (100%) of the candidates; among them, 1,796 (18.5%) scored from 0 to 6.5 marks, 6,233 (64.3%) scored from 7 to 11.5 marks, and 1,668 (17.2%) scored from 12 to 20 out of the 20 allotted marks. Generally, the performance of candidates on this question was good, since 81.5 percent scored 7 marks and above. Figure 15 shows the distribution of the candidates' scores.

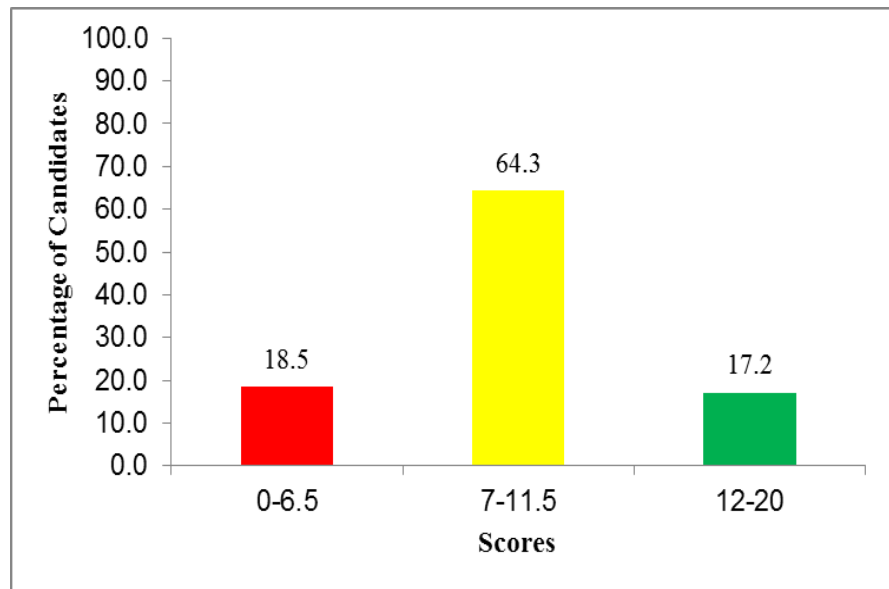


Figure 15: Candidates' Performance on Question 7

As pointed out above, 1,796 candidates (18.5%) got high marks. They managed to explain the main problems that have faced cooperative societies in most less developed countries like Tanzania. The candidates explained clearly how farmers are exploited by middlemen and other private crop buyers in the rural areas. For example, some of the candidates explained that cooperative societies face cut-throat competition from the private sector unless they improve their operations and run on commercial bases they are likely to be wiped away, many members especially in the rural areas are illiterate, and they tend to be conservative. Other candidates explained that many cooperative societies lack capital and credit facilities to mechanise and expand business. In the rural areas there is a shortage of financial intermediaries because the income of the farmers fluctuates rapidly in the economy. As a result, they lack capital to expand their activities. Nevertheless,

clarity and a good flow of ideas on the explanations to the points, the number of correct points examined, proper presentation of introduction and the conclusion part determined the differences in their scores. Extract 15.1 shows a sample of the good responses.

7.	Cooperative societies are the organization of people within the society with the aim of promoting the agricultural products in the rural areas and helping farmers to get market for their crops. With the role played by the cooperative societies still there are some obstacles that face them in their activities - such as -
	Poor infrastructure: As mostly these cooperative societies do conduct their activities in most of the rural areas that their transport network is not well developed that cause hardship to the cooperative societies to manage their activities as they are usually providing education to the farmers on how to maximize their production but due to the problem of transportation network they fail to reach the interior.
	Lack of fund: As the cooperative societies do help the farmers out in the production in which sometimes they face a problem of low financing capital to the farmers as other farmers are not well capable of getting the enough money to apply in their farms for scientific application as the cooperative advice them also the cooperatives fail to finance the farmers on the modern machines like tractors and plough which are very usefull in the agricultural sector.
	Lack of trained personnel: The cooperative societies face the problems of hiring of the unqualified workers who do not understand the main functions of the co-

7.	perative in which they end up misusing- of the funds without benefiting the farmers which becomes a problem in the coopera- tive and fail to succeed.	
	Poor storage facilities: As the cooperatives - get involved with the finding of the market - for the produced goods from the farmers in which they purchase the products from the farm to the area of storage as the area of production is in rural areas so the crops have to be transported to urban in order to get market. But due to poor storage of the products the quality tend to fall hence the cooperative obtain small capital and fail to develop well.	
	Corruption and embezzlement of fund: Mostly the cooperative societies face with the problem- of misuse of the fund found or obtained by the cooperatives for the personal gain that discourage the development of the - cooperative and develop mistrust among the members but also the farmers leading to the unfavourable development of the cooperatives.	
	Poor government support: The Tanzanian government fail to support the cooperatives and the farmers during their production compari- ng that agriculture is the main economic activity in the economy still the government fail to finance the farmers in order to obtain good production and rise the government revenue. Example: The government fail to provide edu-	

Extract 15.1 is a sample of the good answers.

Moreover, the 6,233 candidates (64.3%) with average scores on this question managed to explain unsatisfactorily some problems without vivid examples. Others outlined less than the six points

required. They failed to analyse and defend their points with relevant examples. They might have failed to integrate the knowledge of cooperatives societies with their activities in the economy. However, some of these candidates explained the problems in a negative way and considered such points as challenges, which were incorrect. Explanations such as exploitation of farmers by middlemen or most farmers in the rural areas are illiterate and conservative were given by some of the candidates as challenges. Others mixed the correct with incorrect responses because they also wrote about the challenges facing price fluctuation and transportation problems in rural areas, where most of the members are found.

Furthermore, the 1,796 candidates (18.5%) with poor performance failed to address the demand of the question. Some of the candidates misconceived the question by providing challenges with inadequate explanation. In addition, others provided some points such as poor development of social and economic infrastructures which include educational facilities, water, electricity, warehousing, transport and communication networks. They only explained how they connect people instead of explaining them how they act as a stumbling block to the operations of the cooperative societies in the rural areas. Other candidates supported the activities of the private crop buyers especially when cooperative societies are highly indebted whereby the activities of the middlemen which are financed by private crop buyers tend to kill the activities of the cooperative societies. This shows that the candidates had poor knowledge about the operation and contribution of the cooperative societies to the Tanzanian economy. Some candidates mixed up the correct and incorrect responses. They failed to distinguish problems from challenges. Also, some candidates' responses indicated several weaknesses. However, some candidates managed to write the introductory and the conclusion parts. Extract 15.2 illustrates a poor response of a candidate.

7.	Cooperative societies are the voluntary	
	organization of people with common economic, social	
	interest goals that should be attained for their	

benefits. These cooperation established so as to bring development easily to the societies members. The following below are the problems that have faced Cooperative societies in most less developed countries like Tanzania;

Poor infrastructures; For example poor roads have been still a problems in most less developed countries like Tanzania which hinders the connection of people from one place to another for economic issues.

Differences in language; This has been a problem faces the Cooperative societies which leads to difficulties in exchange of commodities as well as in technology exchange.

Differences in Currencies; Also difference in currencies has been a problem in cooperative societies in less developed countries like Tanzania that hindering trade activities within the Cooperative Societies.

7. Differences in ideologies; For example other countries based on Capitalism and other based on socialism. So due to this cooperative societies will face difficulty on their agreements.

Differences in economic or income status; For example Very strong economically country will gain more while less strong economically country will gain less as a result of differences in gains.

1	Low government revenues; This is due to removal of tariffs which plays a great role in increasing the government revenues as a source of revenue. So countries will lack revenue in terms of tariffs.	
	Therefore cooperative societies especially in less developed countries like Tanzania faces many problems like differences in ideologies, currencies and languages as a result of difficulties in the cooperative societies.	

Extract 15.2 is a sample of the poor responses.

2.2.8 Question 8: International trade

In this question, the candidates were required to give six causes of disequilibrium in the balance of payments of the economies of less developed countries.

The question was attempted by 2,693 (100%) of the candidates. Among them, 390 (14.5%) scored from 0 to 6.5 marks, 993 (36.9%) scored from 7 to 11.5 marks, and 1,310 (48.6%) percent scored from 12 to 20 out of the 20 allotted marks. Generally, the performance of candidates on this question was good, since 85.5 percent scored 7 marks and above. Figure 16 shows the distribution of the candidates' scores.

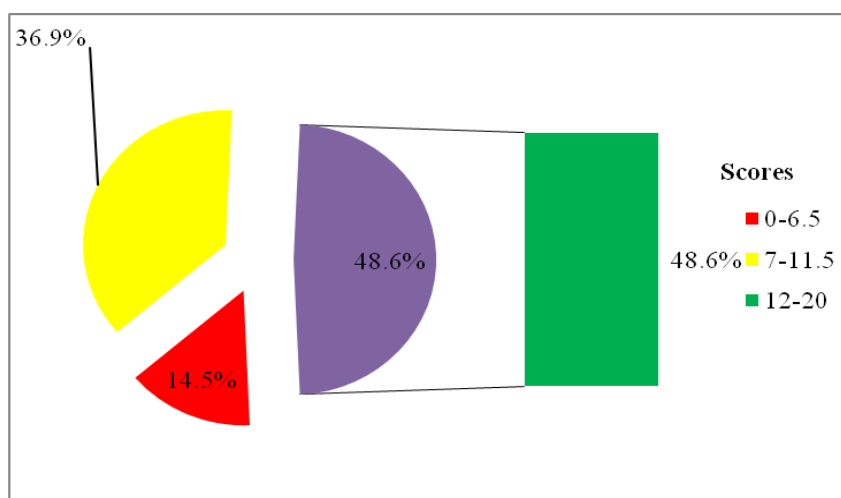


Figure 16: Candidates' Performance on Question 8

The 1,310 candidates (48.6%) who scored high marks managed to elaborate the causes of disequilibrium in the balance of payments in the economy by analysing the total receipts and payments in the economy. Some of the candidates explained that structural disequilibrium and devaluation policy are the major causes of this disequilibrium. When fundamental changes take place in the economies of these countries, they lead into a greater outflow of capital or a smaller inflow of capital and cause disequilibrium in the balance of payments. In contrast, price elasticity of demand of the exports of these countries is inelastic. Therefore, when they employ devaluation policy to adjust these disequilibrium, they worsen the balance of payments. For example, a candidate explained that most of the exports of the developing countries are low primary agricultural and mineral products. In addition, the prices of these commodities not only fluctuate but also these countries are not flexible to produce other commodities and as a result they end up earning low foreign currencies. Consequently, the candidates indicated a good mastering and competence in International Trade. Nevertheless, a few candidates in this group confused the factors which cause disequilibrium with those which cause deteriorates the balance of payments as all these tend to make the less developed countries suffer due to unfavourable terms of trade while the developed countries enjoy the favourable terms of trade. Extract 16.1 shows a sample of the good responses.

8.	<p>Disequilibrium in the balance of payments: Refers to the situation where by payments of a country to abroad is greater than receipts of a country from abroad. This is most occur in less developed countries in which earnings of a country from abroad is small than payments of a country to abroad. Balance of payments involves favourable, unfavourable and balanced. Less developed country is in disequilibrium.</p> <p>The following are the causes of disequilibrium of the balance of payments of the economy in less developed countries.</p> <p>Increasing demand of importing: In most of less developed countries lack of well capital industries, this facilitate to increase demand of goods which are imported from developed countries, such as China, USA and Japan. This contributed to the disequilibrium balance of payments since a country payments is higher than country receipts from abroad. In less developed countries import is higher than exports this facilitated to the disequilibrium balance of payments.</p>	
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	<p>Unfavourable Climate: Climatic Condition in most of less developed countries is not favourable which facilitate to the disequilibrium balance of payments due to poor climatic condition affect production, they lead to increasing imports and contributed to higher payments to abroad. Most of less developed countries such as Ethiopia, Somalia, Uganda and Eritrea faced with poor climatic condition which lead to increase in imports which contributed to the disequilibrium balance of payments.</p> <p>Devaluation policy: Is the purposeful action done by government to reduce exchange ^{value} of domestic</p>
7	<p>Currency in terms of foreign exchange. Most of less developed countries ^{were} devalue their currency which facilitated decline of exports and increase in imports, devaluation policy facilitated to the disequilibrium ^{of} balance of payments.</p> <p>Shortage of Capital goods: In less developed countries capital goods were are very scarce - Compare to developed countries, the facilitating-disequilibrium balance of payments since less-developed countries cannot produce since investment is very low due to political instability discourage for investments. The increase of import facilitating balance of payments problems.</p> <p>Unfavourable terms of trade: Terms of trade is the ratio between price index of imports and price index of exports. Terms of trade in less developed countries is Unfavourable which contributed to the decline price index of exports and facilitating-balance of payments problems in less developed countries.</p> <p>Low exports: In less developed countries exports is low compared to imports; due to low exports it increase government payments to abroad while a country receive low earnings from abroad since export is very low in less developed countries. Since most of less developed countries depend on exports imports.</p> <p>Therefore: Balance in the payments of economies in less developed countries is - very disequilibrium rather than favourable in most of less developed countries include Africa, Asia and Latin America.</p>

Extract 16.1 is a sample of the good responses.

However, 993 candidates (36.9%) who had average scores on this question explained less than the six required causes of disequilibrium in the balance of payments of the economies of less developed countries. Others failed to clearly explain and support their points with examples. Apparently, the candidates lacked sufficient knowledge of the topic. The observations made on the responses of the candidates in this group revealed that they were knowledgeable about the subject matter, but they failed to present in the required format of an essay and the provision of the points with partial explanation and lack of relevant vivid examples and arguments to support the points required by the demand of the question.

Moreover, the 390 candidates (14.5%) who scored poorly failed to give the causes of disequilibrium in the balance of payment of the economies of less developed countries. Some of the candidates provided incorrect points that both developing and developed countries engage in international trade as equal partners; this is not entirely true because the developed countries have a greater bargaining power, and they enjoy both monopsonistic and monopolistic power in the world market while the developing countries are only price-takers. Accordingly, they suffer disequilibrium in the balance of payments. Most of the candidates who performed poorly showed a poor understanding of the subject matter. They had a poor command of the English language and interpreted the question wrongly. However, some candidates managed to explain at least two correct causes of disequilibrium in the balance of payments as well as the introductory and conclusion parts of the responses. These weaknesses made the candidates score different marks. Extract 16.2 shows a sample of the poor responses.

8:	Disequilibrium in the balance of payments; Refer	
	to the situation where the Exports payments is larger or	
	greater than the Import payments the amount means that	
	the huge payments is paid out then the received payment	

In the economies of less developed countries; Due to that the following are the Causes of disequilibrium in the balance of payments due to unfavorable term of Trade and low exports to become the problem :-

Lack of accurate data (Information); The information that provided to the less developed country is not accurate depend on the data that are provided due to that its lead us to face the unfavorable term of trade and to have low exports due to become the one of the problem in the Economy of developed country.

Lack of Skilled Manpower; the availability of skilled people that are able to calculate the amount of trade or payment should be payed its very lack to the developed country that its lead to the one of the cause that the developed less countries payed the huge amounts to the articles or exports than they received in as imported one, this become one of the causes

Corruption; this is the one which become the one of the big causes that caused the payment of the large export value than the imported that they take some of the amount that sent to in the provided data as the final calculation we payed large export than what its planned to payed is the Embellishment of the fund its very large that contribute to the disequilibrium in balance of payments in the less developed country

8. Dependency; this is the situation where the less developed country depend much in the exports due to that the exported one they need much of that than what we want due to that they faced the unfavorable balance of trade and the low exports to be dominant that lead to the dependency much in other hence the disequilibrium occur

Income Inequalities; the different in income between the developed and less developed country its may lead to be the causes of the disequilibrium in the balance of payments

payments of the economies that the exported one is not equal	
to its income and to one imports, its not equal as the	
value we exported due to that the disequilibrium the occur	
in the low developed countries.	
Poverty and the poor government policy; the	
one of the dis causes of the disequilibrium is the policy	
which the governments use and the poverty they have to the	
less developed country our poverty. It may lead to the pay	
ments we received to be low than what we offered	
all of that may caused such problems	
Generally the above causes of the disequilibrium is	
the balance of payments does not only causes the problem	
but also it has got some of the advantages to the	
less developed country which enable them to continued	
to trade with them even though it's faced the disequilibrium	
is the balanced	

Extract 16.2 is a sample of the poor responses.

In this Extract, the candidate failed to give causes of disequilibrium in the balance of payments in the economy as he/she provided the problems of economic planning.

3.0 ANALYSIS OF CANDIDATES' PERFORMANCE PER TOPIC

The topic-wise analysis of the 2020 ACSEE in the Economics subject shows that the performance of the candidates was good since the candidates had good performance in 13 out of the 16 topics examined. The performance of the candidates in the topics tested is summarized in Appendix A, where green indicates topics with good performance; yellow colour indicates topics with average performance; and red indicates topics with weak performance.

The topics with good performance include *Structure of Tanzanian Economy* (99.1%), *Trade Cycle* (97.9%), *Population* (96.60%), *Public Finance* (92.5%), *Economic growth and Development* (90.2%), *International Trade* (85.5%), *National Income* (82.8%), *Marketing and Distribution* (81.5%), *Subject Matter of Economics* (78.1%), *Financial Institution* (77.6%), *Theory of the Firm* (72.7%), *Theories of Demand and Supply* (72.2%) and *Theory of Money* (64.0%). The good performance in these topics could be attributed to the fact that the candidates followed the required instructions; they identified the

requirements of the questions; and they were knowledgeable about the topics examined.

The averagely performed topics were *Economic Integration and Cooperation* (53.2%) and *Employment and Unemployment* (49.3%). The average performance resulted from the misconception of some concepts, partial knowledge about the concepts related to the questions and insufficient explanations of some points. However, the performance in the topic of *Production* was weak, with an average of 14.5% . The poor performance in this topic was caused by misinterpretation of the question; misunderstanding the task and some concepts in the question; inadequate knowledge of the topic, especially on the part of arithmetic skills, and proficiency of the students in English language.

A comparison of candidates' performance per topic for ACSEE 2019 and 2020 shows that, in the 2020 examination, there has been a noticeable improvement in candidates' performance on the topics of *Theory of Money* and *International Trade* compared to the 2019 examination in which the candidates poorly performed. Moreover, compared to 2019, the candidates performed poorly in the topic of *Production* in 2020. The poor performance in this topic was caused by misinterpretation of the question, misunderstanding of some concepts in the questions, and inadequate knowledge about the sub-topics tested, especially those involving mathematical derivations. The comparison of the candidates' performance in each topic for ACSEE 2019 and 2020 is shown in Appendix B.

4.0 CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

The general performance of the candidates in the Economics subject for the 2020 Advanced Certificate of Secondary Education (ACSEE) was good. The candidates demonstrated good performance in 13 out of 16 topics examined, in Papers 1 and 2. The candidates performed well in this examination because they managed to identify the demands of the questions, followed the required instructions, and had a sufficient knowledge of the subject matter. In contrast, other candidates did not perform well because of the wrong interpretations of the requirements of the questions and inadequate knowledge on arithmetic and drawing skills.

4.2 Recommendations

To improve the performance of prospective candidates in this subject, the following are the recommendations:

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

Appendix A

Analysis of Candidate's Performance in each topic

S/n	Topics	No.of questions	% of candidates who scored the average of 35 or above	Remarks
1	Structure of the Tanzanian Economy	1	99.1	Good
2	Trade Cycle	1	97.9.0	Good
3	Population.	1	96.6	Good
4	Public Finance	1	92.5	Good
5	Economic Growth and Development.	1	90.2	Good
6	International Trade.	1	85.5	Good
7	National Income	1	82.8	Good
8	Marketing and Distribution.	1	81.5	Good
9	Subject Matter of Economics.	1	78.1	Good
10	Financial Institutions.	1	77.6	Good
11	Theory of the Firm	1	72.7	Good
12	Theories of Demand and Supply	1	72.2	Good
13	Theory of Money	1	64.0	Good
14	Economic Cooperation and Integration	1	53.2	Average
15	Employment and Unemployment	1	49.3	Average
16	Production	1	14.5	Weak

