



**THE UNITED REPUBLIC OF TANZANIA**

## National Five Year Development Plan 2016/17 – 2020/21

**“Nurturing Industrialization for Economic Transformation and Human Development”**

**Ministry of Finance and Planning**

**30 March 2016**



## TABLE OF CONTENTS

1.0	INTRODUCTION.....	1
1.1	BACKGROUND .....	1
1.2	FYDP II ORIENTATION.....	1
1.3	OBJECTIVES OF FYDP II.....	2
1.4	SALIENT FEATURES OF THE PLAN .....	2
1.5	PROCESS OF DEVELOPING FYDP II .....	2
1.6	STRUCTURE OF THE DOCUMENT .....	3
2.0	SITUATION ANALYSIS AND ASSESSMENT OF IMPLEMENTATION OF PREDECESSOR FRAMEWORKS.....	4
2.1	MACROECONOMIC DEVELOPMENTS .....	4
2.2	PRODUCTIVE SECTORS.....	7
2.3	INFRASTRUCTURE DEVELOPMENT .....	7
2.4	IMPROVING BUSINESS ENVIRONMENT .....	8
2.5	SOCIO-ECONOMIC DEVELOPMENT .....	8
2.6	GOOD GOVERNANCE AND ACCOUNTABILITY .....	9
2.7	FINANCING STRATEGY.....	10
2.8	MONITORING AND EVALUATION .....	10
2.9	SCIENCE, TECHNOLOGY AND INNOVATION (STI) .....	11
2.10	OVERALL ASSESSMENT .....	12
2.11	KEY MESSAGES FOR STRATEGIC INTERVENTIONS .....	13
3.0	STRATEGIC REPOSITIONING FOR PLAN IMPLEMENTATION.....	16
3.1	OVERVIEW .....	16
3.2	STRUCTURAL TRANSFORMATION AND SOCIAL DEVELOPMENT IN TANZANIA .....	16
3.3	THE FUNDAMENTAL CONSIDERATIONS TO THE FYDP II ORIENTATION .....	20
3.4	SELECTION OF PRIORITIES .....	25
4.0	STRATEGIC INTERVENTIONS FOR INDUSTRIALIZATION AND SOCIAL ENHANCEMENT .....	30
4.1	INTRODUCTION .....	30
4.2	INTERVENTIONS TO FOSTER INDUSTRIALIZATION AND ECONOMIC GROWTH .....	30
4.3	INTERVENTIONS FOR HUMAN DEVELOPMENT .....	36
4.4	ENVIRONMENT FOR DOING BUSINESS.....	48
4.5	FLAGSHIP PROJECTS OF THE PLAN .....	50
5.0	FINANCING STRATEGY.....	52
5.1	OVERVIEW.....	52
5.2	GOVERNMENT/PUBLIC RESOURCES .....	53
5.3	MOBILIZATION OF NON-GOVERNMENT/NON PUBLIC RESOURCES .....	58
5.4	DEVELOPMENT FINANCING INSTITUTIONS.....	60
5.5	SPECIALIZED BANKS/FINANCE INSTITUTIONS.....	61
5.6	OTHER CONSIDERED FINANCING ARRANGEMENTS .....	62
5.7	GOVERNMENT IN SUPPORTING PRIVATE SECTOR DEVELOPMENT FINANCING.....	62
5.8	RATIONALIZING PUBLIC EXPENDITURE AND DEVELOPMENT FUNDS .....	62
6.0	IMPLEMENTATION STRATEGY .....	65
6.1	OVERVIEW.....	65
6.2	KEY CHALLENGES TO IMPLEMENTATION EFFECTIVENESS .....	65
6.3	REFORMS FOR EFFECTIVE IMPLEMENTATION .....	67
6.4	INTERVENTIONS FOR STATE/GOVERNMENT EFFECTIVENESS .....	70

6.5	DECENTRALIZATION BY DEVOLUTION AND LOCAL ECONOMIC DEVELOPMENT (LED) APPROACH.....	72
6.6	IMPLEMENTATION FRAMEWORK .....	74
7.0	MONITORING AND EVALUATION .....	78
7.1	OVERVIEW .....	78
7.2	MONITORING AND EVALUATION FRAMEWORK .....	78
7.3	STRATEGY FOR MONITORING AND EVALUATION .....	79
7.4	UNDERLYING ASSUMPTIONS FOR M&E STRATEGY.....	83
7.5	FYDP-II RESULTS FRAMEWORK.....	83
	ANNEXES.....	85
	ANNEX I: SUMMARY OF RECURRING LESSONS FROM OTHER COUNTRIES	
	INDUSTRIALIZATION EXPERIENCE.....	86
	ANNEX II: SPECIFIC SECTOR INTERVENTIONS.....	91
	ANNEX III: COSTING AND FINANCING ENVELOPE .....	178

## **1.0 INTRODUCTION**

The Second Five Year Development Plan (FYDP II) 2016/17 – 2020/21 takes into account the integration of the Five Year Development Plan (FYDP) and the National Strategy for Growth and Reduction of Poverty (NSGRP/MKUKUTA) planning frameworks. The theme of FYDP II “Nurturing Industrialization for Economic Transformation and Human Development” incorporates the main focus of the two frameworks, namely growth and transformation (FYDP) and poverty reduction (MKUKUTA). The FYDP II outlines new interventions to enable Tanzania industrialize in a way that will transform its economy and its society. It also outlines interventions carried over from predecessor plans, - FYDP I and MKUKUTA that are deemed critical for the aspiration of FYDP II goals. More importantly, and in tandem with the two predecessor Plans, FYDP II also implements Tanzania’s Development Vision (TDV) 2025 which aspires to have Tanzania transformed into a middle income, semi industrialized nation by 2025. The also Vision outlines five attributes to characterize Tanzania in 2025: (i) high quality livelihoods; (ii) peace, stability and unity; (iii) good governance and the rule of law; (iv) an educated and learning society; (v) a strong and competitive economy.

### **1.1 Background**

Implementation assessments of TDV 2025 conducted in 2009 and 2010 revealed a number of risks facing achievement of the goals if strategic repositioning of implementation was not made. The Government of Tanzania (GoT) reverted to long and medium term planning in 2011, in a bid to ensure strategic reorganization to attain TDV 2025 goals. In this regard the Long Term Perspective Plan (LTPP) was developed and adopted in 2011 to organize and steer efforts towards achieving aspirations of the Vision. The implementation of the LTPP was sequenced in three five-year development plans, (FYDPs). Each of the three Plans has a specific theme to underline its thrust and priority interventions. The first Five Year Development Plan (FYDP I), 2011/12 - 2015/16 “Unleashing Tanzania’s Latent Growth Potentials” focused on debottlenecking binding constraints to growth. The designated themes for FYDP II (2016/17-2020/21 and FYDP III (2021/22 - 2025/26) were respectively “Nurturing an Industrial” and “Realizing Competitiveness-led Export Growth”.

### **1.2 FYDP II Orientation**

Though focus of FYDP II had already been determined within the framework of LTPP, its contents needed equally focus on interventions pertaining to poverty reduction and improved livelihoods, which were the predominance of the MKUKUTA framework. The Government’s decision to merge FYDP and MKUKUTA frameworks taken in May 2015 aimed at improving efficiency and effectiveness through organizing national resources under one framework in order to accelerate achievement of TDV 2025 aspirations and address challenges, which beset the parallel implementation of the two frameworks. The challenges included the existence of many similar priorities with varying scope and emphasis, leading to resources being spread too thinly; weak coordination and unclear division of responsibilities in monitoring, evaluation and reporting.

It is envisaged that merging of the two Frameworks will: (i) facilitate mainstreaming poverty reduction agenda into the core of the nation's development planning framework; (ii) improve coordination with respect to prioritization, implementation, monitoring, evaluation and reporting; (ii) enhance resource mobilization and utilization by articulating clear national key result areas (NKRAs) and focusing both domestic and foreign resources on implementation

of national priorities; (iv) align national priorities with sector strategies through MTEFs and the Strategic Budget Allocation System (SBAS); and (v) ensure coherence of public expenditure with national priorities. FYDP II thus fuses together the core focuses of MKUKUTA and FYDP in a way that ensures implementation of FYDP addresses issues pertaining to growth and economic transformation as well as those pertaining to poverty reduction.

### **1.3 Objectives of FYDP II**

The Plan is built on three pillars of accelerating transformation namely, industrialization, human development, and implementation effectiveness. Specifically, the Plan aspires to:

- i. Build a base for transforming Tanzania into a semi-industrialized nation by 2025;
- ii. Accelerate poverty-reducing economic growth that is broad-based and inclusive to allow shared benefits to the majority of the people through increased productive capacities and job creation especially for the youth and the disadvantaged groups;
- iii. Improve quality of life and human wellbeing;
- iv. Foster development of self-propelling domestic productive and exporting capacities;
- v. Promote requisite industrial human skills, production and trade management, operations, and quality assurance;
- vi. Consolidate Tanzania's strategic geographical location through improved environment of doing business to position itself as a regional trade and logistic hub;
- vii. Foster and strengthen plan implementation effectiveness, including prioritization, sequencing, integration and alignment of interventions;
- viii. Emphasize the role of local actors in planning and implementation, and
- ix. Assimilate global and regional solidarity agreements, specifically SDGs with the aim of mainstreaming them into the national development planning and implementation frameworks.

### **1.4 Salient Features of the Plan**

- i. The Plan has the following distinct features:
- ii. Some of the interventions are packaged and aligned along development corridors, zoning and clustering to provide investors with economies of conglomeration. Coordination and sequencing of implementation is emphasized to spur the required synergies, complementarities, and impacts.
- iii. The Plan embodies a "business unusual" approach not only for fostering implementation effectiveness but also for embracing strategic partnership with the private sector, facilitating its development and competitiveness, and creation of conducive environment for its operations to thrive.
- iv. The Plan identifies and seeks to entrench the necessary policy and institutional reforms required for enabling its implementation.

### **1.5 Process of developing FYDP II**

The Government reviewed implementation of FYDP I and NSGRP II in order to assess progress made visa-a-vis the set objectives and targets and to identify major challenges and their respective remedies that could inform formulation of FYDP II. Past industrialization efforts and strategies were also reviewed to ensure that useful lessons are carried forward, past mistakes are avoided, and new efforts and socioeconomic dynamics are put in a proper perspective.

Development of the Plan also benefitted from rich experiences and recommendations drawn from other change processes nationally, regionally and globally. These include National Constitutional Review, consultations on the Post 2015 Development Agenda; tripartite process for EAC, SADC and COMESA; etc. There were also other internal consultations and peer reviews at various stages to ensure shared understanding by key stakeholders at all stages and to enrich the substance of the Plan.

The consultations were done at three stages: first, seeking opinions and inputs from targeted stakeholders (e.g. industrial and business owners and practitioners, high level decision makers in government and politicians; as well as representatives from academia, research institutions and the civil society. Second, consultations were done for building consensus on the priority areas and interventions and to validate the content. Third, consultations were undertaken to facilitate and obtain approval of the Plan. These involved other key stakeholders including Parliamentarians. In all the stages of consultations, broader representation was observed to ensure that the Plan benefits from inputs of all levels of the society and balance the varying interests. Thirdly, checks of rationale, relevance and pragmatism of the proposed interventions for FYDP II were ensured through a robust approval process of the Government and Parliament.

The Plan has also benefited from analytical work, which highlighted the pre-requisites for nurturing and leap-frogging to a semi-industrialized economy given current and future conditions both locally and globally. The analytical work guided prioritization of choices and interventions for their implementation.

## **1.6 Structure of the document**

FYDP II is organized as follows. The introductory first Chapter is followed by presentation of situational analysis and assessment of FYDP I and MKUKUTA II, drawing challenges, lessons to carry forward and prospects to take advantage of in FYDP II are outlined. The third Chapter proposes strategic repositioning that is needed for FYDP II implementation, clearly outlining the criteria used for selection of the priority areas and interventions. The fourth Chapter outlines the strategies for nurturing an industrial economy and achieving the desired human development milestones.

The fifth Chapter identifies the potential sources of and strategies for financing the Plan. It is followed by chapter six, which deals with implementation strategies for the Plan, suggesting reforms to be undertaken to ensure favorable conditions for economic growth and transformation; the requisite institutional arrangements for implementation as well the roles and responsibilities of various institutions and stakeholders. The seventh Chapter presents the Plan's monitoring and evaluation (M&E) strategy and framework; including the main objectives of the envisaged FYDP II (M&E) framework, institutional arrangements, indicator framework, reporting and dialogues structure and M&E Products linked to FYDP II implementation.

## **2.0 SITUATION ANALYSIS AND ASSESSMENT OF IMPLEMENTATION OF PREDECESSOR FRAMEWORKS**

This chapter presents socio-economic and governance situations in Tanzania. It also highlights results from the assessment of FYDP I and MKUKUTA II and brings together insights on achievements and challenges that informed the discourse for FYDP II<sup>1</sup>.

### **2.1 Macroeconomic developments**

During FYDP I and MKUKUTA II implementation, Tanzanian economy followed the same positive trajectory as in the pre-FYDP I/MKUKUTA II years, growing at an average of 7 percent per annum. Encouraging developments have been noted during implementation of the ending Plan. The current per capita income of TZS 1,997,139.19 in 2015 or US\$ xxxxxx<sup>2</sup> up from US\$ 749.3 (2010) implies that Tanzania is on the verge of crossing the low middle income country threshold of per capita income of US\$1,045, though far from meeting the target of US\$ 3,000 by 2025. Despite outperforming many other developing and industrialized countries, the growth rate was lower than the targeted rate of 8-10 percent deemed necessary to eradicate absolute poverty and to place the country on a rightful path to realizing the national objective of raising per capita income to US\$ 3,000 by 2025. One of the reasons for missing the target is weak implementation of strategic projects in power sector, railway, and agriculture, as shall be discussed under respected sector sections. This weakness partly is explained by slow pace in decision-making within Government. Efforts need to be scaled up to diversify the sources of growth, to include the sectors that employ the majority of the poor.

The five fastest growing sectors over this period have been information and communication, finance and insurance, wholesale and retail trade, and manufacturing (Figure 1). The agriculture sector lagged behind, growing at only 3.4 percent (2014) from 2.7 (2010), far below the FYDP I target of 6 percent. The economy is transforming as evidenced by increasing employment and GDP shares of services and industry with a corresponding declining GDP share of the agriculture sector as indicated in Figure 2.1-2.4).

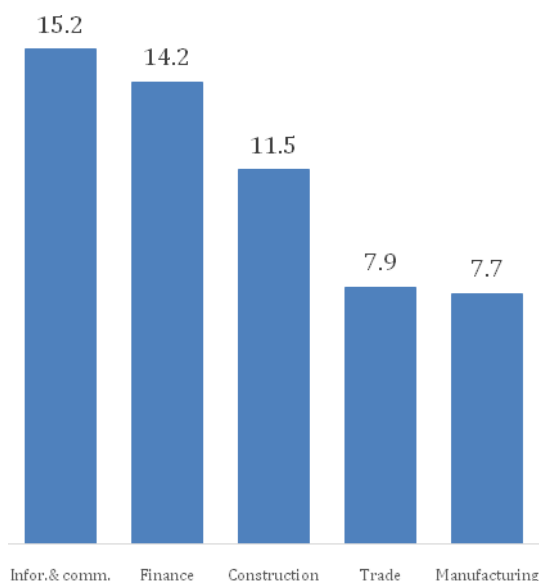
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<sup>1</sup> Annex A2 to this Plan presents detailed situation analysis. Comprehensive reviews of the FYDP I and MKUKUTA II are separately presented in their respective implementation reports.

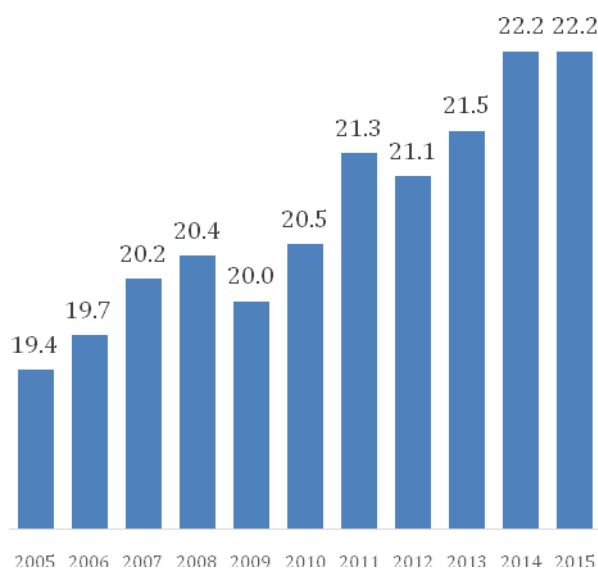
<sup>2</sup>the indicative exchange rate provided by BOT (TZS 2,227 per USD)



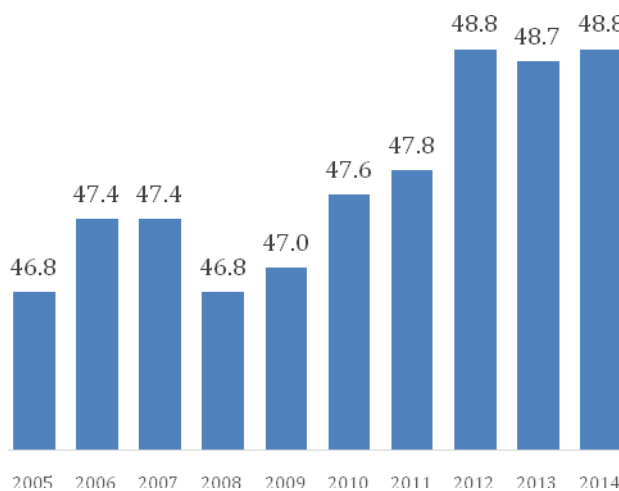
**Figure 2.1: Average growth rates over the FYDP I period**



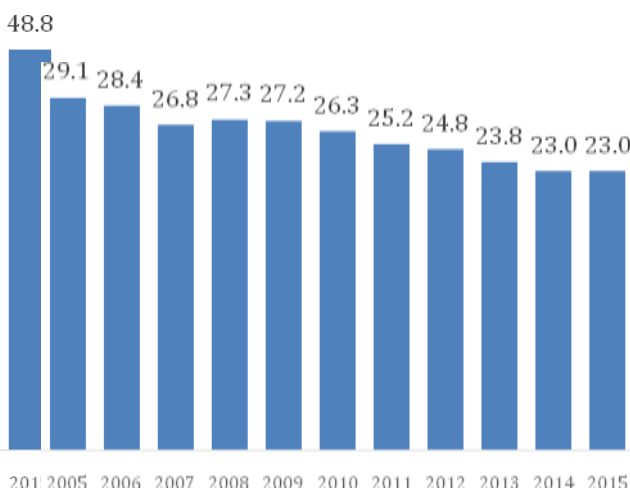
**Figure 2.2: Increasing GDP share of industry and construction: 2005-2015**



**Figure 2.3: Increasing GDP share of services sector 2005-2015**



**Figure 2.4: Declining GDP share of agriculture 2005-2015**



On average, the macroeconomic environment remained stable. However, signs of macroeconomic volatility have started to be felt with respect to value of domestic currency, by the end of June 2015, the national debt stock was US\$ 19.10 billion equivalent to 34.7 percent of GDP. It represented a 73 percent increase from the US\$ 10.96 billion recorded in March 2011. Since 2013, with prudent monetary policy, a favorable food situation and declining fuel prices have sustained the inflation rate at single digit. On the contrary to the Tanzania shilling depreciated rapidly, over 2013- 2015. This was linked mainly to the appreciation of the US dollar in international financial markets, decline in aid inflows, increasing costs of imports and rising import bill (especially, importation of capital goods). This led Tanzania to gain export competitiveness as the shilling depreciated against currencies of major trading partners.

Fiscal performance continued to experience “stresses” due to faster rates of increasing expenditure compared to domestic resources mobilization; though revenue collection generally increased with domestic annual revenue collections, including local governments' own sources reaching sh. 10,957,765 billion, equivalent to 86.7 percent of the targeted sh. 12,636.5 billion; up from sh. 5,578 billion in 2010/11. As such, the revenue to GDP ratio increased modestly from 11.6 percent in 2010/11 to 12.4 percent in 2014/15. Despite such progress, the ratio was well below the FYDP I target of 14.4 percent, and below that of neighboring countries, Kenya (17.7 percent) and Mozambique (22.4 percent).

Most of the fiscal policy challenges faced relate to budget credibility (unrealistic resource envelop and expenditure plans, accumulation of budget arrears, weak budget control), thus calling for further reforms of Public Finance Management; mismatch between approved budgets and expenditure outturns, misuse of public finances as frequently revealed by reports of the Controller and Auditor General (CAG), weak enforcement of procurement and financial regulations, and inadequate financial allocations to development budget. Other challenges include low mobilization of LGAs own revenue and unsecured full funding for priority investments and limited private sector funding.

Investment is a primary determinant of productivity growth and economic transformation. The average investment rate measured by the gross capital formation as a ratio of GDP stands at 28.5 percent, much higher than the 21.4 percent in Kenya, but less than the 29.2 percent in Uganda. It made a significant surge from around 13 percent recorded in the early 2000. Despite performing better than comparator regional neighbors, Tanzania is lagging behind the required rates of investment for economic transformation. Malaysia, for example, invested almost 40 percent of its GDP pre-crisis period. Vietnam seems to be following the same path.

Nevertheless, it is encouraging that Tanzania has remained a desirable destination for Foreign Direct Investment (FDI). The value of FDI has reached US\$ 2.14 billion in 2014 from US\$ 936 million in 2005. The facilitating role of the Tanzania Investment Centre (TIC) as a one-stop point for investors played a pivotal role. However, other EAC members are increasingly competing with Tanzania for FDI flowing to the region. Moreover, FDI to other EAC members recorded an annual average growth rate of 64 percent between 2010 - 2014 compared to Tanzania's 12 percent. Sustaining high level of FDIs will not only depend on investment opportunities but largely on conducive environment in doing business and investment relative to its competing countries. There are some concerns on the quality of some of the FDIs and the tendency for most of the FDI targeting service and extractive activities, which offer limited employment opportunities and insignificant linkages to the rest of the economy.

The investment field in Tanzania is characterized by two main challenges, namely; (i) suboptimal investment and disparities between beneficiary sectors. Primary causes for this challenge include: limited promotion of alternative opportunities, weak investment climate (bureaucracy, and multiplicity of regulations), disparities in quality of infrastructure between regions, regional competition for FDI, and weak institutional capacity to accelerate reforms (ii) Dormant assets (reference is made to assets (industries and land) remaining idle. Primary causes for this challenge include: Weak enforcement of investment contracts, weak business environment, lack of finances and technical knowhow, reluctance of banks to accept idle assets as collaterals, weak market conditions (quality standards, supply chains), weak supportive facilities (insurance, financial, marketing and technology), and unfavorable international trading relations.

## 2.2 Productive sectors

**Agriculture:** Agriculture supports the livelihood for the majority of Tanzanians; yet remains underdeveloped and generally subject to the whims of nature. At present, the agricultural sector provides about 70 percent of employment, 23 percent of the GDP, 30 percent of exports and 65 percent of inputs to the industrial sector. About 50 percent of all households keep livestock. Most of the agriculture exports have continued to be in raw, mainly due to weak agro-processing industrial base. Most of the privatized key agro-processing industries, e.g. leather industries, have not performed per expectation, resulting in continued export of raw produces.

**Tourism:** From 2012, the sector of tourism has been the leading sector in terms of foreign exchange earnings.

**Manufacturing:** The share of manufacturing in the GDP remained relatively low, at 7.3 percent, in 2014, with food and beverages accounting for more than 40 percent of the manufacturing output. Other products dominating the manufacturing sector in Tanzania include furniture, rubber and plastic, and non-metallic mineral products. The sector is steadily moving towards product specialization, such as products that are inputs to other processes (i.e., intermediate technologies relating to machinery, electronics and garments). The share of the manufacturing sector in total exports increased from 17 percent in 2012 to 23 percent in 2014 which is above the FYDP I target of 19.1 percent by 2015. The growth is attributable to domestic firms taking advantage of the expanding regional markets, particularly the EAC and SADC trading blocks. The share of manufacturing in total employment also rose from 2.6 percent in 2010 to 3.1 percent in 2014. Manufacturing production also doubled in real terms between 2005 and 2014. However, low productivity, weak market conditions (quality standards, supply chains), inadequate finances, unfavorable international trading relations, low usage of advanced and modern technologies, challenging business environment, dormant assets and sub-optimal sectorial linkages have remained the long standing challenges facing this sector.

## 2.3 Infrastructure development

During implementation of FYDP I significant investments were made in infrastructure assets. Currently, with an exception of Katavi to Tabora and Kigoma, and Manyara to Tanga, all regional headquarters are connected to each other by tarmac roads. However, infrastructure gaps persist, with the quality and quantity aspects lagging behind comparator countries. The country was ranked 102<sup>nd</sup> in the 2015 World Economic Forum's (WEF) global competitiveness ratings among 140 countries, far behind Kenya (64<sup>th</sup>) and Ghana (79<sup>th</sup>). The length of the road network (district, urban and feeder roads) is estimated at 143,279 km, comprising of 9,781 km (paved) and 133,499 (unpaved). Because of the deteriorating railway conditions, most shippers have switched from rail to road, damaging the road network and ultimately raising road maintenance costs. In recent years, the sub-sector has been exposed to management inefficiencies, weak oversight, and incidences of over commitment beyond available resources. Horrid traffic jams and regional disparities in the distribution of good road infrastructure are the other emerging concerns.

Limited investment in railway infrastructure has seen the railway network, which covers 14 out of the 26 regions, deteriorating overtime. However, notable progress was made in improving operational efficiency of ports, for instance, by extending operations of the Dar es Salaam port from the previous 8 hours to 24 hours. The handling capacity also improved

from 9.9 million tons (2011/12) to 14.6 tons (2014/15). However, these developments remain insufficient to support economic transformation and industrialization. Remaining challenging areas include, management and operations inefficiencies, inadequate infrastructure, which constrained competitiveness of ports in Tanzania relative to ports in neighboring countries. Overall, the absence of intermodal transport system remains an impediment to economic transformation. The air and marine time transport which have important roles in accelerating growth and enhancing economic transformation face similar challenges. To revive ATCL, new investment will be needed to address inadequate facilities and weaknesses in airport services, which need to meet or even exceed domestic and international standards.

Energy production and distribution facilities have been at the center of public infrastructure development program. The major sources of electricity production in Tanzania are increasingly being diversified, in particular natural gas, which currently account for 34 percent of electricity production. Progress has been made in generation capacity from 900MW (2010) to 1,246.24MW (June 2015), which is some progress equivalent to 44.8 percent of the target of 2,780MW by 2015. Despite missing the target, the completion of production plants in Dar es Salaam will narrow the gap between supply capacity and demand. Key challenges characterizing the energy sector include low access, to both urban and rural population, and high costs of power production, distribution and transmission. It worth highlighting that over 40 years of Government monopoly has resulted into complete absence of competition in electricity supply, overreliance on Hydro Electric Power (HEP), underinvestment, limited diversification of energy resources and weak efforts to expand customer base and optimally serving clients. Moreover, inefficiencies of TANESCO's operations and the expensive emergency power production contracts have further constrained the sector's ability to accelerate industrialization and economic transformation.

## **2.4 Improving business environment**

A conducive investment climate is underpinned by effective political, economic and social policies favoring investors seeking to take advantage of the vast and, in many instances, untapped investment opportunities. Major reforms have been implemented towards improving the business environment.

However, progress has been slow in other dimensions of ease of doing business and Tanzania has missed the target set of ending FYDP I among the top 100 countries in the world in doing business environment rankings. According to the World Bank Report - Doing Business- as at June, 2014 Tanzania was ranked 145th out of 189 countries. Before that, Tanzania stood at 136th and 128th positions in 2013 and 2011 respectively. The country has only been able to achieve the target set in the FYDP I of being among the top 100 countries in enforcing contracts (45). The worst positions for Tanzania in 2014 was in dealing with construction permits (169) and paying taxes (148). The only improvement that Tanzania made between 2013 and 2014 was trading across borders. As such, the private sector faces difficulties in dealing with construction permits, and paying taxes, trading across borders. Policy, institutional constraints, energy generation, shortage of skills, cumbersome bureaucracy that limits access to land for industrial purposes still impeded the growth of the private sector.

## **2.5 Socio-economic development**

The most recent Household Budget Survey (HBS) confirms that poverty is becoming more responsive to economic growth. The basic poverty has declined substantially from 34.4 percent (2007) to 28.2 percent (2012) and extreme poverty from 11.7 per cent to 9.7 percent. It is the first major decline in poverty in twenty years, and consequently, raising the Human

Development Index (HDI) score for Tanzania from 0.466 (2011) to 0.521 (2014). Human Development outcomes such as education, health, water and nutrition improved, but overall levels continue to remain low. The country has registered sharp increases in pupil-teacher ratio, pupil-textbook ratio, gender parity and enrolment in primary and secondary schools. Infant mortality, under-5 mortality and the maternal mortality rates have all been on a declining trend. However, it is only the under-5 mortality rate whose decline met and surpassed the MKUKUTA II's target<sup>3</sup>. The decline is linked to the improvements in health services, including extensive coverage of under-five immunization, vitamin-A supplements, use of insecticide treated bed nets and advanced malaria drugs.

Maternal mortality rate also declined from 578 per 100,000 live births (2004) to 454 deaths per 100,000 (2013). However, the rate remains far away from the MKUKUTA II's target of 265 deaths per 100,000 live births. Access to improved water in rural areas has also increased substantially, from 40 percent (2013) to 67 percent (June 2015). However, large disparities persist in access to improved water and sanitation facilities between urban (water: 83.9 percent, sanitation: 71.9 percent) and rural (water: 44.1 percent, sanitation: 15 percent), as well as widening inequities between the rich and poor, regions and LGAs. Inadequate financial allocations and human resources remain the primary challenges affecting further advanced in water, health and education. Other challenges include school dropouts, mismatch between quality and qualifications of graduates and needs of the labor market, households' and lack of understanding the value of education. Disparities and limited access between regions and socio-economic groups, poor quality of medical services, inadequate qualified workers, and weak functioning rural health systems are primary impediments to better health outcomes. Low access to safe water sources and improved sanitation is on the account of dilapidated infrastructure, weak policy and institutional arrangement for sanitation, limited coordination between different entities, and climate change.

The recent mega trends in population growth, urbanization and climate change risk derailing some of the gains. The population of Tanzania is growing at 2.7 percent annum, which is more than twice the global average (1.2 percent) and the average in Africa (2.5 percent). The population of Tanzania is therefore expected to double in 26 years. Nevertheless, urbanization is accelerating at an annual rate of 5.2 percent, more than twice the world average (2.1 percent) and higher than the average for Africa (3.5 percent). Dar es Salaam is growing at 5.6 percent and the city is one the fastest growing cities in Africa. Urbanization is already putting intense pressure on basic services and urban infrastructure at a time when emerging cities still lack the resources and institutions to provide citizens with access to productive jobs, housing, and basic services. Traffic jam in the large urban areas, particularly, the capital city of Dar es Salaam is getting worse as it takes over 3 and 2.5 hours round trip by public and private transports; the City is increasingly scattering.

## **2.6 Good governance and accountability**

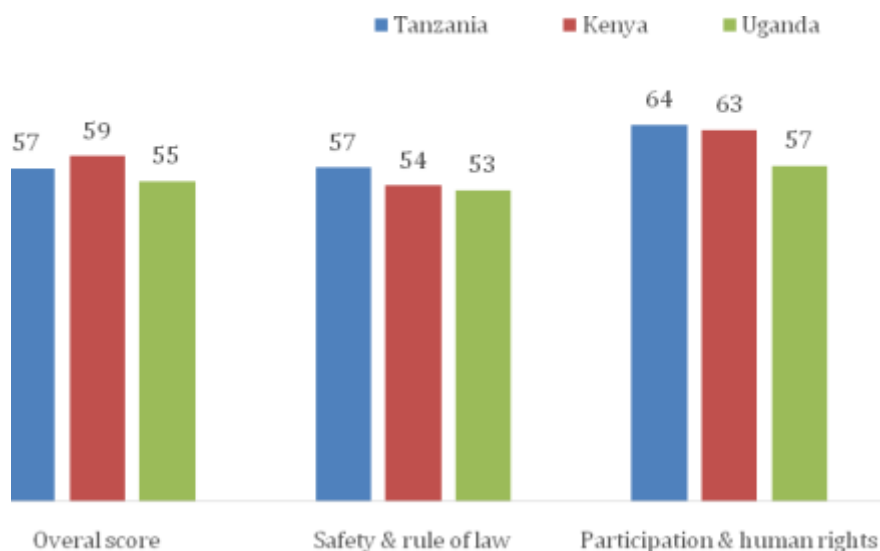
The Government has upheld the spirit of democratic principles as evidenced by the past four competitive, free and fair, and peaceful multiparty elections. This trend has been well acknowledged by global governance indices. The country is ranked 15 out of 52 countries in the Mo Ibrahim Index of African Governance (IIAG) with an overall score of 56.7 (out of 100) in 2014, which is higher than African average of 50.1, and also higher than the East Africa regional average of 44.3 (Figure 2.5). Over the past decade, increasing freedom of

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<sup>3</sup>World Bank's 2015 World Development Indicators (WDI). Under5- mortality rate currently stands at 487 deaths per 1,000 per children, a decline from 106 in 2003.

speech, political participation, changing social values and rapid urbanization have combined with enhanced democratic values in raising public expectations and demand for accountability. Such trends require concerted efforts by the Government to be responsive to the people's needs and aspirations.

**Figure 2.5: Tanzania maintains higher scores in most of IIAG's governance indicators**



Despite the need for further efforts, the Government made headways in a number of areas including, reforming public finance management systems (internal and external audits), service delivery system (health and education), institutional development (regulators, policies and laws), and enhanced accountability and autonomy of LGAs in determining their own development priorities, raising and managing own resources. Moreover, reforms to enhance economic freedom and improve business and investment environment are advancing. Despite such developments, four major challenges hinder further progress on governance aspects. They include incidences of grand and petty corruption and lawlessness; weak accountability and quality of public services; weak public systems, processes and procedures; and, sub-optimal public finance management system.

## 2.7 Financing strategy

Financing is identified as the core challenges to the implementation of development plans in the country. For instance, FYDP I required TZS. 8.9 trillion each year, out of this, TZS 2.9 form the Government and the remaining TZS 6.0 trillion from the private sector and development partners. However, there was no clear funding strategy for the implementation of the Plan. As a result, this level of finances as not achieved because new sources to expand the conventional/traditional sources, along with new, innovative instruments, were not implemented fully. Attempted propositions to revamp resources mobilization under the BRN framework were blocked in Parliament on political grounds. PPP arrangements have not been successful and Dar es Salam Stock Exchange (DSE) remains weak.

## 2.8 Monitoring and evaluation

Another key challenge identified for effective implementation of plans is *forging a robust monitoring and evaluation framework*. Various efforts were taken by Government to improve Plan implementation at both fronts – at strategic initiative (projects) and at operational (government service delivery) levels in order to fulfill expectations of its citizens and partners, by institutionalizing robust M&E systems in MDAs, RSs and LGAs. The

implementation of NSGRP II was monitored through the MKUKUTA Monitoring Master Plan, through a set of indicators; some of which were tracked annually and others periodically. The FYDP initiated the Big Results Now (BRN) as its tool for M&E, particularly for tracking implementation of key result areas and reforms. BRN was inspired by Malaysia's Big Fast Results approach. The methodology is premised on the concept that, by implementing key innovations at critical points in the way Government operates, the existing system can be propelled to deliver even more effectively and efficiently. Delivery is monitored through the identified National Key Result Areas (NKRAs), concrete actions, milestones and indicators; clearly and carefully identified through a robust lab (thinking and consensus building) process.

Three-year implementation plans were developed in relation to these, with implementation beginning in July 2013. In 2014 a further 6 NKRAs were selected under the chapeau of Improving the Business Environment. These are (i) access to land and security of tenure, (ii) contract enforcement, (iii) curbing corruption, (iv) labour laws and skillsets, (v) realigning regulations and institutions, and (vi) multiplicity of taxes, charges and levies. Healthcare became the thirteenth NKRA in 2015. Implementation of all these will begin on 1 July 2015. Implementation in the first six NKRAs started in July 2013. In the two years since BRN was introduced, we have seen impressive results in these NKRAs, demonstrating that the BRN methodology works.

M&E in general and that of BRN face several challenges, namely prioritization has remained weak, including addition of new NKRAs while others have not been implemented effectively. There was under-disbursement of the funds even to selected NKRAs; lack of ring-fencing of the selected priority. Implementation effectiveness requires results of the M&E to be associated with rewards and penalties. However, the existing system seems to be reluctant to take this direction.

## **2.9 Science, Technology and Innovation (STI)**

STI is an important enabler in economic and social development as it supports production of material goods and services. Tanzania has resolved to set aside 1 percent of its GDP for STI related activities annually exclusive of private spending for the same. However, the implementation of this target has been dismal as the Government expenditure on R&D (as a percentage of GDP) stands only at 0.4 percent. Besides finances, Tanzania has low usage of advanced and modern technologies, primarily due to high costs of sourcing and updating rights to modern technology, restrictive patent rights, and limited knowledge on existing technologies. There is also a limited contribution of the private sector to R&D, mainly due to weak incentives to invest in R&D, ignorance on the financial and economic advantages of adopting new technologies, and weak multi-stakeholder platforms and partnerships. Another important dimension of technology is information and communication (ICT). This is now become one of the critical enabler of socioeconomic development and transformation. As to provide the basis for advances in the use of ITC, Tanzania has completed the National ICT Infrastructure Backbone Project, by laying 7,560 kilometers of Optic Fibre Cable (OFC) Backbone covering 24 regions of Tanzania Mainland. The OFC provides basis for scaling up the broadband access connectivity and efficient services and regional connectivity to provide 40 percent of the communications services of the land-locked countries. Connectivity to submarine cables (EASSy & SEACOM) and cross-border connectivity with neighboring countries namely Kenya, Uganda, Rwanda, Malawi, Burundi and Zambia has been successfully implemented. However, limited education levels and human resources to adopt, manage and operate new technologies, weak monitoring of quality standards of hardware and

software, low awareness and usage of open-source software are among the challenges facing the sector.

## 2.10 Overall Assessment

Table 2.1 summarizes the progress made towards the national targets for 2015/16. During the assessment in December 2015, overall FYDP I performance was 50. Given the increase in flow of funds to strategic project since the 5<sup>th</sup> Phase Government, FYDP performance is expected to reach 60 percent by June 2016. The growth rate so far attained is lower than the targeted rate of 8-10 percent deemed necessary to eradicate absolute poverty and to put the country on a rightful path to realizing objectives of TDV 2025 as illustrated in Figure 2.6. Sequel to the challenge of realizing the projected per capita income of US\$ 3,000 by 2025, it suggests that economic growth has to be maintained to a rate of at least 8 per cent per annum up to 2020 and beyond. This can only be achieved with a shift to a higher value production frontier than the current one that is dominated with primary production. While modest, the achievements under the preceding plans Tanzania on a reasonable footing to start pursuing industrialization which will facilitate the much needed value addition of the abundance of primary goods that the country is endowed with.,

**Table 2.1: FYDP I progress against targets**

Target area	FYDP I target	Progress	Comment
<b>Average annual growth</b>	8 percent	6.7% over 2011-2014	Below target
<b>Global rank of Tanzania in World Bank's doing business surveys</b>	Decreasing below 100	131 in 2015 and 130 in 2014	Below Target
<b>Manufacturing sector GDP contribution</b>	Increasing sector contribution to 12.9 percent by 2015/16	Constant at 7 percent over 2007-2013 (rebased data) 9 percent old data	Below target
<b>Manufacturing sector employment</b>	Growing from 120,000 people 2010 to over 221,000 people by 2015/16	615,323 in 2014 (ILFS)	Well above target
<b>Tertiary enrolment rate</b>	Increased from 1.5 to 4 percent	4 percent in 2012	On target
<b>Manufacturing share in total country's export</b>	Accounting for 19.1 percent by 2015/16	25.1% in 2013	Above target
<b>Mineral sector in GDP</b>	3.7 percent	4.3 percent in 2013	Above target
<b>Fisheries Sector in GDP</b>	5% in 2015/16	2.4 percent in 2013	Below target
<b>Increase share of Tanzania in world trade</b>	From current 0.022 percent to 0.1 percent by 2015/16	0.016 percent in 2014	Below target
<b>Increase contribution of trade to GDP</b>	From current 16 to 20 percent by 2015/16	19 percent (exports/GDP) in 2014	Approximately right

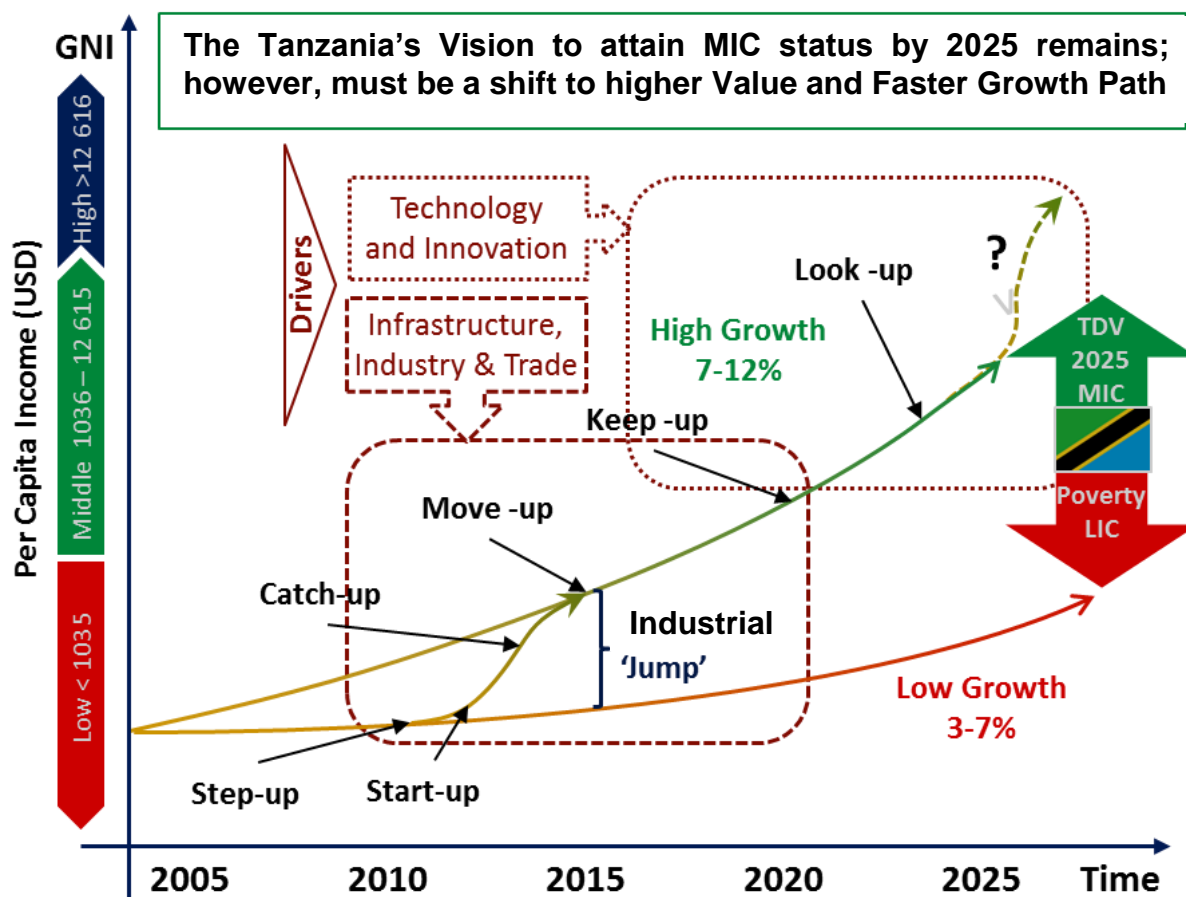
*Source: FYDP I and MKUKUTA II Implementation Reviews, 2016*

It is with this understanding that FYDP II has put more emphasis on industrialization and openness to the regional and global trade than before. This will require concerted efforts to build and organize the domestic productive capacities in a more orderly manner while also ensuring availability of a conducive environment for doing business and investment. The



envisaged industrialization, among others, has to be based on the country's comparative advantages, upgrading and innovativeness with a focus to integrating into the regional and global value chains to consolidate its trade share. With the current levels of income in the country and the region, Tanzania is now better positioned to steer for export-led industrialization than before; but at the same time, with careful selection of industrial path for import substitution.

**Figure 2.6. Required Change in Economic Growth Trajectory for MIC Target**



NB: (i) MIC= Middle Income Country  
(ii) LIC= Low Income Country

### 2.11 Key messages for strategic interventions

The following messages can be sifted from the analysis in this Chapter, for onward incorporation in strategic choices and interventions.

#### Message 1: Macroeconomic performance has been good but volatility is an emerging concern

Economic growth is gradually becoming pro-poor, further emphasize that for poverty to be further reduced, the FYDP II needs to sustain high rates of economic expansion. Therefore, a number of growth constraints outlined in the situational analysis need to be addressed for the country to attain its development goals.

Despite years of a renowned track record in maintaining macroeconomic stability, there are, emerging signs of volatility. Such volatilities range from prolonged periods of instability in inflations rates, domestic revenue missing out on established targets, rising national debt, to volatilities in public expenditure and the resultant budget deficit. These trends class for FYDP

II to strengthen procedures and mechanisms, accountability and institutions responsible for the management of fiscal policy.

The private sector remains as the engine of growth, poverty reduction and the driver of economic transformation. The three roles cannot be effectively delivered if the prevailing business and investment environments remain unfriendly. In addition, it is necessary for the policy interventions to ensure smallholder farmers, micro and small businesses are all part of the growth process.

**Message 2: Achievements in social sectors have been modest but quality and sustainability concerns are mounting**

Disparities in growth rates between service and less poverty reducing sectors (communication, finance and construction) and sectors with high potential for poverty reduction but lagging behind (agriculture and manufacturing) calls for (i) rekindling growth in sectors where the poor generate their livelihoods, (ii) pursuing policy initiatives that would raise the contribution of the service sector on poverty reduction, and; (iii) industrialize through regional trade.

Commendable achievements have been made in the areas of social service delivery and outcomes. However, population pressure, weak fiscal policy, and rapid urbanization risk derailing some of gains. In the backdrop of huge demand for prioritizing quality delivery of education and health services, rapid population growth by itself calls for further investments in social infrastructure including classrooms and health centers, as well as facilities such as teaching equipment, textbooks etc. Rapid population growth has resulted in un-managed urbanization and has implications on the environment and stresses the natural resources.

**Message 3: Infrastructure holds the key to transformation**

Significant investments have been made in both hard and soft infrastructure during implementation of FYDP I. However, infrastructure gaps still exist in power and transport sectors to satisfy needs of growing demand for FYDP II.

**Message 4: Decentralization and Local Economic Development**

Effective service delivery requires efficient and decentralized system to respond to local needs in a timely manner. Likewise, decentralization is key to ensure that growth is broad-based and includes all communities and large part of the country's population (including small holders, small and micro businesses etc.). FYDP II must strategically approach and deal with persistent spatial disparities in development through decentralization based on the principle of subsidiarity, which empower the local communities and LGAs to sustainably exploit their environment and natural resources, and better protection for vulnerable groups.

**Message 5: Prioritization of resource allocation to achieve maximum impact**

The Government was overambitious during the preceding FYDP I and MKUKUTA II, resulting in weak resource prioritization and allocation. Thus, focusing on few high return investments, effective policy coordination and implementation, and a robust Monitoring and Evaluation (M&E) system, are necessary to attain the intended development policy outcomes.

**Message 6: M&E systems are strong but need further reforms for accommodating FYDP II needs**

Reforms have been implemented in the area of M&E with the objective of ensuring a robust M&E framework. A number of challenges however remain for tracking key results. A more robust M&E system will be needed to suit FYDP II M&E needs.

**Message 7: Major impediments to human development, economic transformation and industrialization**

They include (i) inadequate financial, human and technical resources (ii) weak business and investment environment (iii) low productivity (iv) weak and inadequate infrastructure facilities (v) limited linkages between economic sectors (vi) limited macro-micro linkages (vii) weak implementation of sectorial and national development plans and the subsequent activities. The effects of climate change reinforce some of these impediments, e.g. distractions of infrastructure, loss of productivity in agriculture, and disease outbreaks.

**Message 8: Overall - path to TDV 2025 is still filled with hurdles that need fast leveling**

Over the period of FYDP I and MKUKUTA II implementation considerable success has been achieved that need concerted efforts in areas of boosting sustainable pro-poor growth.

### 3.0 STRATEGIC REPOSITIONING FOR PLAN IMPLEMENTATION

#### 3.1 Overview

This Chapter presents the imperative to reposition the framework for implementation in light of FYDP II orientation (industrialization and human development focus) in the context of domestic, regional and global dynamics. Economic transformation and human development are not new issues in the Tanzania's development agenda. They have been central in most the previous plans. The critical question therefore is why and what is different this time. To answer this question, the Chapter begins with a brief account of early attempts at transformation of both industrial and social development in Tanzania, with a view of identifying lessons to be considered to inform the chosen path of FYDP II. It also attempts to assess the terrain in which the late industrializing countries are faced with taking into consideration the increased move for trade liberalization and economic globalization. It enlists also experiences from some comparator countries and ends by delineating the key criteria for selecting priority areas for both industrial and social interventions.

#### 3.2 Structural Transformation and Social Development in Tanzania

##### 3.2.1 Record of Industrial Transformation and Current Status

The need to step up industrialization has remained high in the Tanzania's development agenda since early days of its independence. The approach however has not been stable, being much influenced with the changes in the socioeconomic management landscape. The early phase of industrialization in Tanzania (1961-1966) followed the colonial approach, focusing on industrial promotion through Import Substitution industrialization strategy (largely simple processing of consumer goods for the elite urban consumers). Between 1961-the Arusha Declaration in 1967, there were 186 industries, most, of which were labor intensive providing 200,000 employments and contributing 4 percent to GDP. The industries include Coca-Cola, East African Breweries, Tanganyika Packers, British American Tobacco, Metal Box all privately owned. Consequently industrial production was unbalanced largely being import net and of very limited scales. In terms of ownership structure industry was foreign dominated. Table 2.2 shows development of the industrial sector.

**Table 3.1: Number of industries in Tanzania**

Period	Pre-1961	1961-1970	1971-1980	1981-1990	1991-1995	1996-2000	2001-2005	2006-2010	2011-2013
Number of industries	61	125	411	1,188	1,176	3,430	5,153	12,849	50,656

Source: NBS, 2016

The second phase of industrialization had promotion of local ownership of the tertiary sectors of the economy at a core. Declaration of policy of socialism and self reliance as enshrined in the Arusha Declaration of 1967 led to championing of industrialization through state created entities. After the Arusha declaration in 1961, state-led import substitution industrialization started with the nationalization of existing industries and the establishment of new industries under parastatal organizations. During the period, foreign investors participated mainly through management agreements and as suppliers of machinery and equipment for industries. The period also saw an increased role of the government in setting, implementing and monitoring monetary and exchange rate policies. The National Development Corporation was reorganized and further strengthened as a special purpose vehicle to drive

implementation of the Declaration in regard to industrialization and ensuring local ownership. In earnest industrialization followed the same strategy of import substitution.

It was not until 1975 that a shift of paradigm towards structural change was articulated as a long agenda in Basic Industry Strategy (BIS, 1975-1995). The BIS was intended to be a 20 year plan (1975-95), being implemented in four phased five year plans. This strategy emphasized industrial activities that could transform the economy so that most of the industrial demand would be met primarily from domestic sources using obtaining resources in the country. Industrial goods were to meet basic needs of the population and intermediate and capital goods were to be produced to meet domestic demand. Moreover, a number of industrial support institutions were established and resources allocation for research and development.

However, by early 1980s currency overvaluation was depressing the export sector and shortage of foreign exchange and imported intermediate inputs was adversely affecting industrial performance. Furthermore, the control measures introduced by the government, including import licensing, exchange controls and price controls, created a business environment that did not facilitate the industrial sector to build capabilities to compete.

Following the persistence of the economic crisis, Tanzania to adopt the policy package under structural adjustment programmes in 1986 with the objective of restoring economic stability and accelerating structural reforms in order to create sustainable position of country's balance of payment, correcting budget deficits, cutting down inflation, reforming microeconomic framework of policies and increasing incentives to agricultural producers. The economic reforms and industrial restructuring assumed that enterprise level inefficiencies are a reflection of distorted or inappropriate macroeconomic policies. In the same vain, trade liberalisation was adopted to force enterprises to compete with imports. The state controlled industrialisation was gradually giving way to market led industrialization exhibiting trade liberalisation and privatisation. Initially however, structural adjustment programmes marked led to deindustrialisation as reforms eroded several industrial capacities (by 1990, 22 out of 24 textile factories had closed). Indeed this was a period of widespread deindustrialisation.

### **3.2.2 Industrial Performance in Recent Years and Challenges**

Since the mid-1990s the policy stance changed and brought the question of industrial development back to the development agenda in the context of market orientation and private sector led development. In 1996, a 25 year Sustainable Industrial Development Policy for Tanzania (SIDP 2020) began to be implemented with the aim of enhancing sustainable development of industrial sector. For the period 1996-2020 the government aimed at achieving sustainable growth in the industrial sector in order to create favorable levels of employment, economic transformation, equitable development, import substitution and export promotion. Industrial sector continue to play key role in providing employment and exports. However, the sector growth has been fluctuating widely. In 2005, the sector was growing at 9.6 percent per year and up to 11.5 percent in 2007 and then down to 4.7 percent in 2009, mainly due global economic and financial crisis. Since then, growth has gradually improved to 6.0 in 2015 due to increased investment and production in textile, iron, cement, drinks, cigarettes, agro-processing and construction materials. During this period, the industrial sector has been contributing about 7 percent of GDP.

**Figure 3.2: Performance in selected indicators of industrial sector**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sectoral growth (%)	9.6	8.4	11.5	11.4	4.7	8.9	6.9	4.1	6.5	6.8	6.0
Share in GDP (%)	7.3	7.5	7.0	7.0	6.9	6.9	7.6	7.5	6.4	5.6	4.2

NBS, 2016

According to the national 2015 industrial census, Tanzania has 50,656 industries. However, majority are small-scale industries as indication in Table 3.4. Regional wise, the industries are distributed as follows: Dar es Salaam 7,705 (15.2%) then Mara 3,573 (7.1%), Ruvuma 3,517 (6.9%) and Morogoro 3,302 (6.5%). Sector wise, there are 20,228 (39.9%) food and agro processing; textile 13,758 (27.2%) and furniture 7,071 (14.0%). It is apparent that the starting point in any industrialization strategy should not ignore small scale industries.

**Table 3.4: Distribution of industries by size in terms of number of employees**

Number of employees	Number of Industries	%
1-4	41,919	85.1
5-9	6,002	12.2
10-19	493	1.0
20-49	412	0.8
50-99	170	0.3
100 - 499	199	0.4
500+	48	0.1
<b>Total</b>	<b>49,243</b>	<b>100.0</b>

Source: Industrial Strategy 2016.

So far, the Government had privatized 196 industries. Out of these, performance in terms of production and profitability and contribution to tax revenues has been satisfactory in 34 industries. They include Tanzania Portland Cement Company, Minjingu Phosphate Company Ltd, Metalbox Tanzania Limited, Kibo Paper Industries Ltd, Auto Mech Limited, Kilombero Sugar Company, Tanga Cement, Mbeya Cement and Tanzania Breweries LTD. However, 33 have been making loss. These are Ubungo Spinning Mill; Musoma Textile Mills Limited, Keko Pharmaceutical Industries Ltd, Tanzania Pharmaceutical Industries Ltd, Concrete Roof Tile Plant, The Giraffe Extract Company (T), Tanzania – China Friendship industries, and Moshi Leather Goods Ltd. About 39 closed production. Those, which closed production, include leather industries, iron, cashewnut processing, farm implements, as well as soap and edible oil. The industries are CMSC; Tanzania Bag Corporation LTD (Moshi); Kisarawe Brick Manufactures Ltd; Mbeya Ceramics Company Ltd; Steel Rolling Mills; Tanganyika Packers Ltd (Shinyanga Meat Plant); Ubungo Garmets Ltd; Tanzania - China Friendship Textile Mills; and Arusha Metal Industries Ltd.

The challenges facing the privatized industries include stiff competition from imported predicts (e.g. cements, processed food); availability of reliable power supply; change of production line (or to godowns) in some privatized industries; and obsolete plants. Other challenges include inadequate capital and inadequate investment in machinery and buildings; installation of some plants; and some investors using the industries as collateral for other forms of business.

Generally, the challenges of implementing industrialization strategies include private industrialists have not been a significant part and are some atmosphere of mistrust between political power and private sector, which is key if the government has to play a role of

developmental state. The manufacturing sector, in particular, suffer from *weak domestic value chains; caused mainly by* weak sector's linkages to the rest of the economy, weak diversification through utilization of a diverse natural resource base in the country (forestry, agricultural products, minerals and fisheries). Also, the sector is characterized by *low productivity*; occasioned largely by weak access to finance, modern technologies and technical knowhow, challenging business environment (time and resource spent on interacting with tax and regulatory authorities, nuisance taxes and business unfriendly laws and regulations), unstable and unreliable supply of water and energy, underdeveloped transport infrastructure, and weak incentives for both the private and public sectors to prioritize Research and Development (R&D) activities.

These challenges manifest themselves in low growth and informality of most of the small scale-manufacturing firms, which operate in household backyards due to lack of industrial parks. This has also not made it difficulties for formal linkages between small scale and large-scale firms.

### **3.2.3 Record of social transformation**

The immediate post-independence period was characterized by inadequate social services provision and near absence of skilled human resources. Targeted as one of the ills (enemies) to development, ignorance was to be addressed vehemently. It was actually the Arusha Declaration of 1967 which can be credited as the first attempt towards social transformation. Through aggressive policies, which included nationalization of private education and training infrastructure, the government was able to chart out its manpower development plan. There was unprecedented literacy campaign that involved training within the country and abroad, as high as for managerial and industrial skills.

The largest impact of the economic crisis fell on social services provision as the government could not continue funding and safeguarding early achievements, in terms of both quantity and quality. Various forms of cost sharing were introduced in social services namely education, health and water. Given the general poverty level, affordability became the main challenge.

During mid 1990s the government implemented a number of measures intended to revamp social-service provision, including promoting private providers in social. Such measures included review of policy, such as the Education and Training Policy of 1995, in a view to step up human resources and skills development.

### **3.2.4 Industrialization Lessons from Other Countries**

A common lesson is each of the reference countries is that of taking deliberate measures aimed at promoting industrial development and transformation. China, for example, had a breakneck industrialization program dubbed 'The Great Leap Forward', which led the country to its industrial transformation. Other countries such as India progressively oriented industrial production to primarily satisfy the huge and multiple domestic basic needs. As such, irrespective of their ideological orientations, industrialization was essential for fostering their development and freedom. As most of countries had limited domestic markets all embarked on national industrialization programs that opened up and integrated their domestic production with global markets, but with variations that factored in the local initial conditions, and whatever else was peculiar to the domestic environment. These invested to ensure close link between industries and other sectors of the economy with more focus on

enhancing general productivity

In general, the experiences of other countries as further elaborated in Annex I, point out the following realities that are useful for Tanzania's industrial transformation:

- (i) There is no single route to industrialization; country specificity matters;
- (ii) Technology and innovation are critical for productivity improvement;
- (iii) Human capital Development and uplifting the country's skills profile is imperative for industrialization;
- (iv) Targeting niche markets including integrating into the regional and global value chains are important;
- (v) Linking trade and industrial policy smoothens the industrialization path;
- (vi) Export drive and promotion of domestic and foreign private investments play an important role in bolstering productive capability and financing of industrialization;
- (vii) Focus has to be made in ensuring availability of conducive business environment, including readily availability of quality infrastructure and services, stable macroeconomic management and discipline, and predictable policies and transparent processes and procedures, strengthening safety and security;
- (viii) Industrialization is generally capital and skills intensive endeavor, it would be imperative therefore to have specific strategies to bolster financial mobilization and skills development.
- (ix) Successful industrialization requires smart developmental state to spearhead strategic industries using various mechanisms including state procurement.

### **3.3 The Fundamental Considerations to the FYDP II Orientation**

#### **3.3.1 The Regional and Global Socioeconomic Terrains for Tanzania**

Despite continuing high growth and an increasing rate at which poverty declines rate over recent years, Tanzania future growth is not all promising unless bold decisions. There are for this: (i) the slowdown of economic growth in a number of Tanzania's key strategic trade and investment countries, including China and end of commodity super-cycle will have negative effects on Tanzania's exports; (ii) rapid population growth increases pressure on jobs, social services, and infrastructure particularly in urban areas; (iii) climate change is already affecting agriculture, energy and water sources; (iv) the trend of ODA flow to Tanzania is already dipping at a time when investment to bridge the gap in infrastructure is highly required; and (v) Tanzania's competitiveness has stalled with a number of countries in the region already showing overtaking Tanzania in improvement in doing business environment.

Nevertheless, with intensifying globalization, Tanzania is increasingly becoming part of the global economy and the international and regional trade is becoming an important growth driver of the economy. Tanzania exports continued to increase at an annual average of 9.5 percent since 2011. The bulk of Tanzania's manufactured exports are for the region whereby intraregional exports to the rest of Africa accounted for approximately 72.4% of the total value of Tanzania's manufacturing exports in 2014. Exports destined for markets in the East African Community (EAC) accounted for 46.6% and that for or the Southern African Development Community as 47.1%. With the signing of the SADC-COMESA - EAC Tripartite, the share will even be higher. In order to increase trade performance regionally and internationally, the country should build the necessary productive capacities that can be leveraged to harness opportunities with the emerging markets.



In addition, Tanzania has a number of preferential trade windows to exploit in a bid to expand its export trade, such as AGOA, Everything But Arms (EBA) and bilateral agreements with several countries. To this effect, however, it requires to significantly invest in improving its transport and energy infrastructure as well as in creating a pool of skilled human resource to allow commensurate expansion of its domestic productive and delivery capacities. There are other new forums of solidarity emerging in the form of (Tokyo International Conference on African Development (TICAD) with Japanese Government and the Forum of Cooperation between Africa and China (FOCAC) of Chinese Government, presenting substantial of financial pledges to support Africa's development. Tanzania has to align properly to benefit from these opportunities.

They're other African own initiatives that complement the orientation of FYDP II. The East African Community has of recent articulated a strategy to implement its Industrialization Policy (2012-2032). The Strategy is premised on the collective commitment of Partner States to fast track equitable and sustainable development for majority of the people through industrialization to enhance structural transformation and diversification of the economies. The Region's overriding objective is to create a modern, competitive and dynamic industrial sector, fully integrated into the global trade. The strategy is in line with orientation of FYDP II, emphasizing for the following:

- (i) Diversifying the manufacturing base and raising value addition of locally available resources prior to exports to 40 percent from the currently estimated value of 8.62 percent by 2032;
- (ii) Strengthening national and regional institutional frameworks and capabilities for industrial policy design and implementation; and delivery of support services to ensure sustainable industrialization in the region;
- (iii) Strengthening R&D, Technology and Innovation capabilities to facilitate structural transformation of the manufacturing sector and upgrading of production systems;
- (iv) Increasing the contribution of (i) intra-regional manufacturing exports relative to total manufactured imports in to the region from the current 5 percent to about 25 percent by 2032 and (ii) growing extra regional manufacturing exports relative from the current 32 percent to over 50 percent by 2032; and
- (v) Transforming Micro, Small and Medium Enterprises (SMEs) into viable and sustainable business entities capable of contributing up to 50% of manufacturing GDP.

Similarly, the SADC Industrialization Strategy and Roadmap 2015 – 2063 recognizes that for trade liberalization to contribute to sustainable and equitable development for the populace of the respective countries, concerted efforts have to be taken build the requisite productive and trade capacities. The Strategy is anchored on three pillars namely; industrialization as champion of economic and technological transformation; competitiveness as an active process to move from comparative advantage to competitive advantage; and regional integration and geography as the context for industrial development and economic prosperity.

There are also a number of initiatives for which Tanzania has ratified and therefore had influenced FYDP II orientation, including the following

- (i) Africa Mining Vision (AMV) 2050 is a pathway on how mining can be used to drive continental development and tackle the paradox of great mineral wealth existing side by side with pervasive poverty. With emphasis to value addition industries on minerals
- (ii) Africa's Agenda 2063, African, as a continent, is looking ahead towards the next fifty years with a vision of an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena, popularly referred to as Africa's Agenda 2063.

- (iii) The SADC Regional Indicative Strategic Development Plan which is a comprehensive development and implementation framework guiding SADC Regional Integration Agenda over a period of fifteen years (2005-2020), which aims at deepening integration, accelerate poverty eradication and the attainment of other economic and non-economic development goals.
- (iv) Sustainable Development Agenda: on 25 September 2015, world leaders adopted the 2030 Agenda for Sustainable Development. The Agenda has set 17 Sustainable Development Goals (SDGs). Goals that are congruent with FYDP II direction are: Goal 9 - infrastructure and industrialization; 1 - ending poverty; 2- agriculture and food Security; 3 – Health; 4 – Education; and 5 - gender equity. Likewise, industrialization will place a huge toll on utility supplies e.g. energy and water, so naturally Goals number 6 - water and sanitation, and number 7 - energy supplies will need to be mainstreamed while number 17 is critical for realization of the Plan and SDGs.

### **3.3.2 Embedding the FYDP II Orientation**

After assessing the speed of social economic transformation and its attendant poverty reduction and after scanning the regional and global socioeconomic terrains for which Tanzania currently found herself, the Plan re-orient the national efforts towards industrialization based on existing comparative advantages in terms of natural resource and labor endowment as well as geographic location.

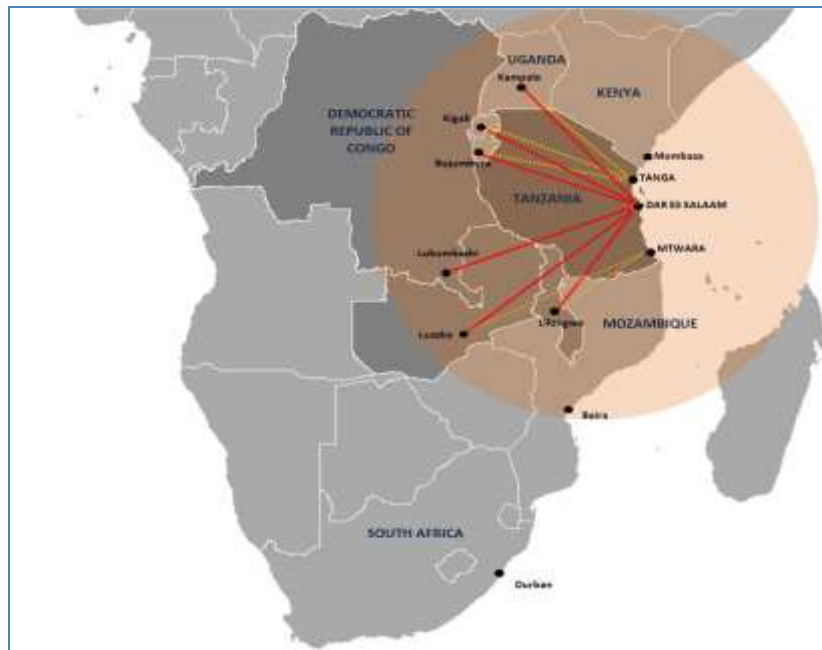
#### ***Tanzania's Comparative Advantages***

Tanzania resolves to hasten the industrialization process in order to minimize reliance on exportation of raw commodities. Tanzania's industrialization aims to harness the country's niches or comparative advantages. Tanzania's strategic comparative advantages lie in (i) the abundance of natural resource endowments, particularly agricultural land, water for irrigation and fishing, forests, minerals (gemstones, iron ore, coal, tin, phosphate, uranium, salt, soda ash), large fresh water lakes and ocean resources including fisheries, and tourism resources (wildlife, mountains, long coastline & pristine beaches, rich cultural heritage); (ii) a young, growing and low-cost labour force; (iii) rapid urbanisation; and (iv) country-wide ICT backbone infrastructure investment. The analysis shows that the majority of the industries are small scale and strategies should aim at provide space for their growth. However, there will be need to strike a balance between small scale for domestic market and large-scale industries capable of penetrating the regional and international market.

#### ***Geographical Location Advantage***

The industrial strategy of the Plan recognizes and takes advantage of Tanzania's strategic geographical location. Having direct territorial access to the Indian Ocean and located at the centre of the east coast of the African continent, Tanzania has the potential to become the least-cost trade and logistics/ trade facilitation hub of the Great Lakes Region as it links up with global markets. However, this will hinge on building adequate physical and soft infrastructure (transport, energy, ICT) and getting transit policy issues right. Tanzania is, by its location, a traditional bridge for inter-trade and intra-trade, being the place of physical intersection of the transport corridors which link the markets of the Tripartite (EAC, SADC and COMESA) Regional Trading Arrangement. Figure 3.1 illustrates the trade impact area of the inland.

**Figure 3.1: Strategic International Shipping Gateway and Trade Impact Area of Tanzania**



African markets that can trade with and from there avail linkage of the regional group of countries with access to the rest of the World through the gateway seaports of Tanzania, provided there is appropriate and adequate supply of multi-modal transportation infrastructure with efficient services. Tanzania is, therefore, an ideal location for market-seeking industries that target the emerging African (EAC, SADC and COMESA) market.

**Figure 3.2: Tanzania’s Geographic Location in Relation to International Maritime Shipping Routes to Asia and Middle East via the Indian Ocean**



Tanzania with a maritime coastline of about 1,000 kilometers is favorably situated halfway between the Horn of Africa in the North East and Cape of Good Hope to the South (**Figure 3.2**). Thus, Tanzania has a natural disposition to become the leading multi-modal

transportation and logistics hub with wide scope for regional and global trade facilitation, presented with advantages for shipping, warehousing and bulk storage.

Rather than build more walls is instead pushing for openness and integration to a new paradigm that prizes ever closer collaboration with the rest of the world. This coupled with improved cross-border trade would stir up the industrialization drive considered under the Plan. This places a premium on collaborative cross-border security. Rather than duplicate efforts by having custom facilities to inspecting goods twice as they cross borders, efforts need to be considered to forge further customs collaboration, with officials working side by side, trained to common standards and procedures, and operating transparently under a common roof.

The logistics clusters would act as natural magnets to attract all sorts of manufacturing and processing industries that would readily supply the co-located trading enterprises for transportation and distribution of goods to markets. It has been estimated that by the year 2050, 60 percent of aggregate global trade in all commodities including energy minerals will be shipped through the Indian Ocean. Tanzania should seize the unfolding advantage to position itself among the maritime economies.

### **3.3.3 Linking industrialization and Human Development**

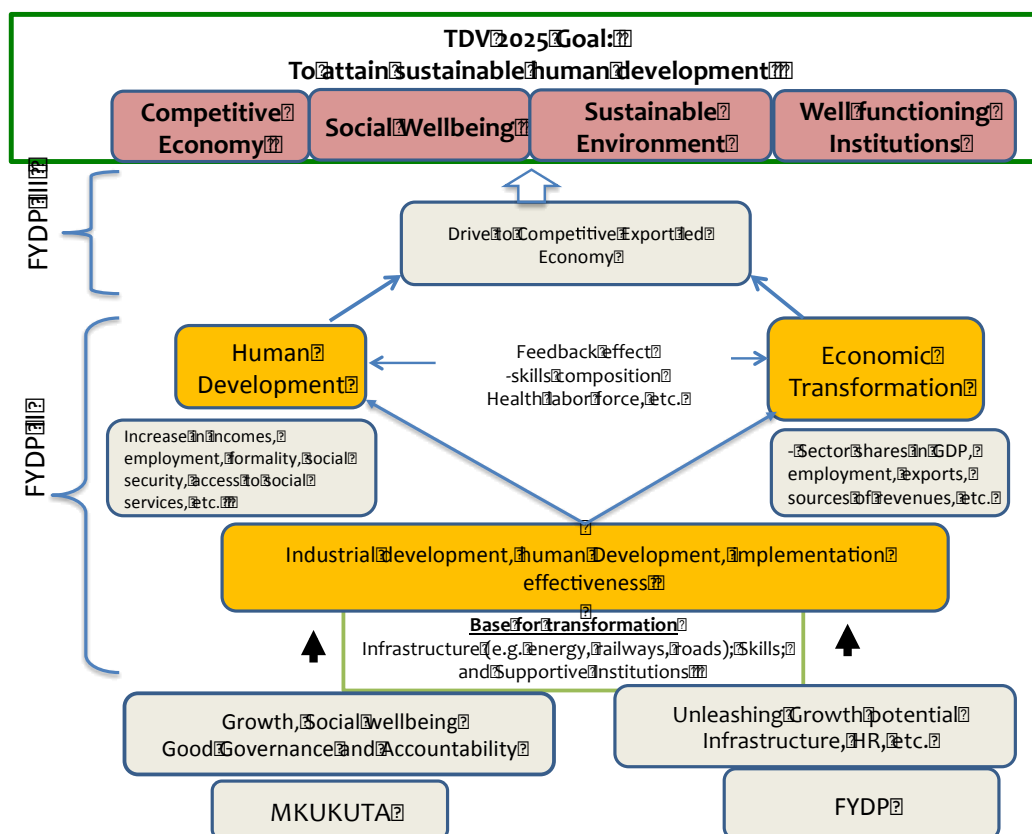
The challenge for Tanzania is how to attain inclusive growth and ensure equity in the society. Significance and relevance of non-inclusive growth is spelt out in several respects, especially in the light of increasing unemployment (particularly, youth unemployment), high and pervasive rural poverty and increasing income inequalities in the midst of high economic growth. Promoting growth with equity requires a holistic Sustainable Human Development (SHD) policy framework that is pro-people, pro-jobs, and pro-nature (environment), in accordance with SGDs. The Tanzania Development Vision 2025, envisaging a transformation process that is industry/manufacturing sector-led, able to build a diversified competitive economy and desirable human development outcomes. FYDP II as the lynchpin to this process builds the foundation for the requisite structural change and socially inclusive development.

Conceptually, FYDP II does this by embracing the symbiotic link between industrialization and human resources development, which were the characterizing focus of MKUKUTA II and FYDP I (Figure 3.3). The two dimensions interact dynamically in a synergetic manner, which is requisite for structural change and socially inclusive development. For instance, while on one hand, the industries provides test ground for skills, which are one of the components emphasized in human development realm; on the other, skills take industry to a higher level of technological progress. The spiral thus grows to higher level as this interaction deepens. In terms of progress towards TDV 2025 aspirations, the link from industry to skills enables HD to move towards skill targets through apprenticeship, on-job industrial training etc. This enables the shift from low to high skills. The link from skills to industry enables sophistication of industry to move from low tech to high tech diversification through technological innovation, training curricular, technological transfer/ favorable international conditions etc. The end result of these two processes is increased growth and ultimate improvement of human welfare (employment and income distribution).

In this conceptual underpinning, the fast results are achieved if these interactions take place in an environment of factor and skill endowments (i.e. Tanzania's comparative advantage) and appropriate technologies which reflect the capability of an economy to create greater

wealth and distribute it across different segments of the population. This greater wealth will improve human development if it is used to fulfill individual and collective needs by expanding human capabilities and extending human freedoms. Successful transformation ensures that economic growth forms part of a virtuous circle of cumulative causation that accentuates productivity, and income convergences between agriculture and non-agricultural sectors. This is important in the context of Tanzanian economy, which is largely agrarian in nature, in particular in terms of its concentration of the labor force though, a gradual shift in the sector composition of GDP away from agriculture has begun to emerge.

**Figure 3.3: Conceptual Framework**



2

### 3.4 Selection of Priorities

The interventions for FYDP II and their selection criteria are grouped into four main categories: those related to industrialization per se, those geared towards fostering human development and social transformation, interventions gearing towards improving environment for doing business in Tanzania, and those deemed necessary to get implementation right.

#### 3.4.1 Industrial Interventions

Industrialization that is envisaged under FYDP II focuses on realizing the country's aspirations, and is anchored on current and future lynchpin drivers of the economy especially the country's niches current and future; fostering innovation and technological adaptation; strategically repositioning the country to maximize on the global and regional economic dynamics. In view of these, the following criteria were used to inform selection of priority industrial activities and interventions for FYDP II:

(i) *Potential tin Contributing to the Realization of the National Development Aspirations (strategic)*

The activity or intervention to be elected must be relevant to and in line with realization of the National Vision 2025 targets particularly that of propelling Tanzania to become a semi-industrialized middle-income country by 2025. This criterion encompasses impact large/substantial impact (growth, employment creation, poverty reduction) and national security.

(ii) *Anchored on Tanzania's niches or Comparative Advantages: in-country resource availability*

Tanzania's industrialization should aim to harness the country's niches or comparative advantages, both current and future, including (a) abundant natural resource endowments, (b) strategic geographical location; (c) regional integration; (d) rapid urbanization; and (e) country-wide ICT backbone infrastructure investment.

(iii) *Market demand and dynamics*

Efforts to promote particular products and services under the plan will need to take into account demand in the domestic, regional or global markets. In particular, Tanzania needs to prioritize products and services with growing demand in targeted markets. Access to a growing market demand plays a vital role in driving industrialization. While all markets will be targeted, products that will allow Tanzania to quickly integrate into regional and global markets will be accorded high priority. Activities that have great potential to boost foreign exchange earnings or facilitate its savings will be prioritized.

(iv) *Sustainability of the Transformation Process*

The transformation process envisaged in TDV 2025 is being implemented through a sequential process of FYDPs as outlined in LTPP. Unfinished activities from FYDP I who are fundamental for the transformation process have been carried over in FYDP II, which in turn prepares the ground for implementation of FYDP III in order to sustain the transformation process.

(v) *Technology Appropriateness*

This criterion emphasizes innovation and competitiveness for driving productivity and economic growth. Priority is on activities that contribute to the development of domestic technological capabilities and deliver win-win-win solutions on growth, environmental considerations and social considerations.

(vi) *Unfinished activities from FYDP I and MKUKUTA II*

The FYDP II will continue with the ongoing activities that were started in both FYDP I and MKUKUTA II which are still in line with FYDP II objective.

Based on the above criteria, particularly that comparative advantage and availability and access to market, four scenarios evolve for Tanzanian industries and export specialization (Figure 3.4.)

a. *Products where both Tanzanian Comparative Advantage and world demand is growing - Zone 1.*

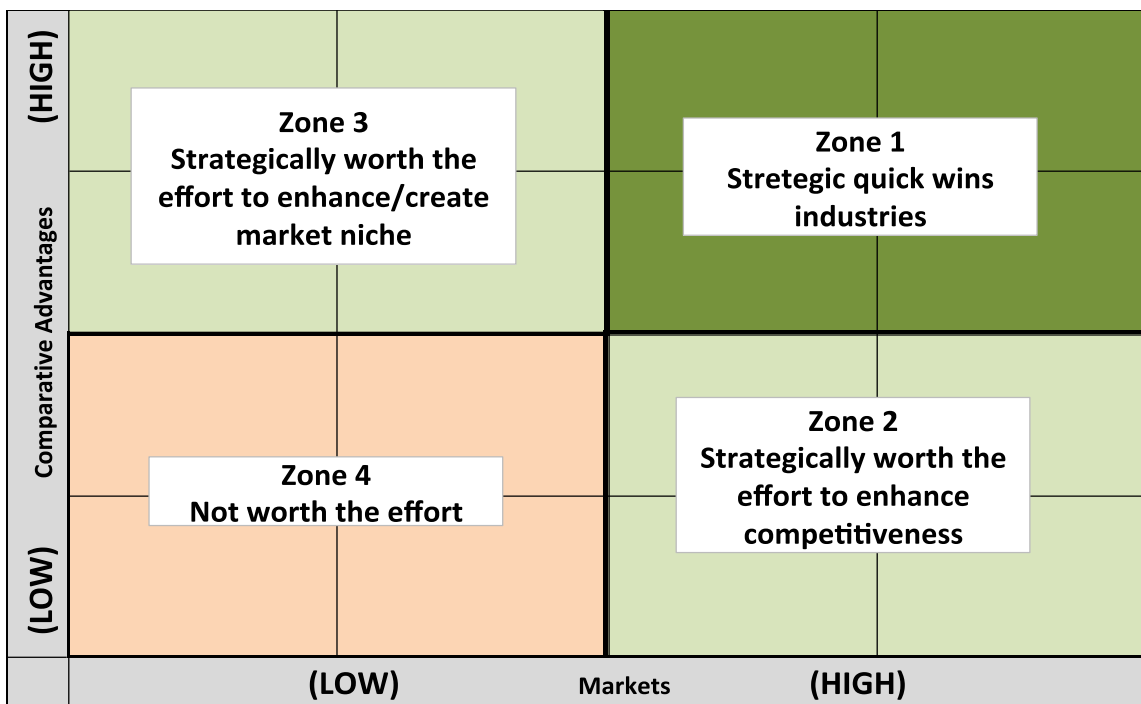
The products are cashew nuts, cereals (excl. those which have been hulled); cocoa beans, whole/broken, raw/roasted; coconuts; gold (incl. gold plated with platinum); oil seeds and oleaginous fruits; oil-cake and other solid residues; precious stones (excl. diamonds)

and semi-precious; and sesame seeds. Efforts of public sector and the private sector should be directed to support specialization on the production and trade of those products. As such, many of these products are familiar, as they tend to constitute the main exported products. However, others may escape to the radar and may constitute interesting opportunities for further specialization.

*b. Products where Tanzanian Comparative Advantage is falling but world demand is rising – Zone 2*

Tanzania has commodities whose comparative advantage is declining but there is a growing world market. These are vegetable fats and oils; tanned/crust hides and skins of bovine; sunflower seed/safflower oil; palm kernel/babassu oil; Iron and non-alloy steel in primary forms; footwear with outer soles and uppers of rubber/plastic; foliage, branches and other parts of plants; boxes, cases, crates and similar articles; beer made from malt; articles for the conveyance/packing of goods. These are products where Tanzania’s competitors might be presenting better production and trade conditions. Therefore, Tanzania is losing efficiency in production relatively to other products being exported by Tanzania. Although in some of these products, Tanzanian exports are growing, they are growing slower than world demand. With smart market interventions, there is potential for growth in this area.

**Fig. 3.4 Scenarios of Tanzania’s Industries and Export Specialization**



*c. Products where Tanzanian Comparative Advantage is growing but world demand is falling – Zone 3.*

For some products the comparative advantage is increasing but the world market is falling. These are ceramic sinks, washbasins; containers for the transport; filters (i.e., optical elements); jute and other textile bast-fibres; parts suit; etc. Those products present certain risk as they suggest that specialization is moving towards products where demand is weak. Although Tanzania, in this way, will be capturing market share, it will be in products where world demand is losing interest.

- d. *Products where both Tanzanian Comparative Advantage and world demand are falling – Zone 4.*

This category includes wooden furniture of a kind used in offices; wood sawn/chipped lengthwise, sliced/peeled; T-shirts, singlet and other vests; electrical transformers (excl. dielectric); durum wheat; bars and rods of iron/non-alloy steel; angles, shapes and sections of iron/non-alloy steel; and aerials and aerial reflectors of all kinds. Tanzania should, unless for strategic reasons, avoid directing efforts to this category of products.

### **3.4.2 Human Development**

The following are criteria for selection of priority areas for social development.

- a. *Potential to Contribute to the Realization of the National Development Aspirations.*  
Intervention should have a potential to significantly contribute to the development objective social transformation and aspiration of the Development Vision 2025.
- b. *Sustaining and Consolidating Current Social Development Achievements*  
An intervention will be selected if it is aimed at sustaining and consolidating levels of achievements. A number of social indicators once achieved they have to be consolidated to avoid slippage and these include immunization and mortalities in the health sector.
- c. *Improving delivery/quality*  
Governments have primary responsibility to deliver social services. An intervention will be selected for FYDP II if it has potential of improving quality of service delivery to the communities.
- d. *Social Protection*  
Social protection is a broad area that encompasses wide range of social groups, however an intervention on social protection will be selected if it is aimed at those groups that have no support at all. These will include people with disability that cannot support themselves and very old people without any support.
- e. *Contribution to quality of human wellbeing*  
Quality of life is one of the desired conditions in the aspiration of Tanzania's development Vision. A social intervention potentially contributing to a desired state of human wellbeing will be prioritized.

### **3.4.3 Better business environment**

The Plan aims to continue scaling up efforts to create conducive environment for doing business and investing in the country. Thus, the plan gives priority to interventions aimed at boosting quantity, connectivity and quality of infrastructure and services as well as policy and institutional reforms aiming at making ease to start a business; dealing with provision of business permits, including construction permits and employability of foreign experts; acquiring utility connection, including getting electricity; registering of property; getting credit and accessing finances; protecting investors; paying taxes; cross-border trading; enforcing contracts; and resolving insolvency.

### **3.4.4 Implementation effectiveness**

Implementation effectiveness hinges on financial, human and institutional capacity in planning, decision-making, and organization and coordination for implementation. The Plan therefore prioritizes the interventions which aim at:



- i. Reforms to enhance mobilization of finances required for the implementation of the Plan
- ii. Reforms to enhance efficiency, effectiveness and transparency in policies, including taxes, incentives, land administration and accessibility
- iii. Effective institutional and actions organization and coordination to ensure timely and quality public services delivery, and
- iv. Reforms to Eradicate Corruption and ensure Good Leadership
- v. Reforms to entrench Implementation Culture
- vi. Reforms specific to implementation of Plan Flagship projects
- vii. Reforms to re-activate the role of the State in in economic governance
- viii. Reforms to ensure effective and working decentralization for local economic development (LED) based on the principle of subsidiarity

Based in the above series of areas of focus, the next chapter, the Plan present interventions related to priority industries, human development, enabling environment, and show the flagship projects. The interventions related to resource mobilization are presented in Chapter 5 and those related to implementation effectiveness are in Chapter 6.

## 4.0 STRATEGIC INTERVENTIONS FOR INDUSTRIALIZATION AND SOCIAL ENHANCEMENT

### 4.1 Introduction

This chapter presents the strategic interventions to rally the society behind implementation of the Vision 2025 objectives and targets of FYDP II. It outlines the interventions of strategic discourse in relation with the four focus areas of the Plan; namely promotion of growth and industrialization as a cradle for economic transformation; enhancement of human and skills development; improvement of the environment of doing business, and; improving implementation effectiveness. Performance targets are set to provide basis for effective implementation as well as monitoring and evaluation. This chapter provides broad areas of priority interventions, which are further articulated in Annex II.

### 4.2 Interventions to Foster Industrialization and Economic Growth

#### 4.2.1 Manufacturing Subsector

This Plan has been formulated in consistence with the Vision 2025, which is further elucidated in the Tanzania Long Term Perspective Plan (LTPP), 2011/12-2025/26, industry, broadly defined to cover manufacturing, mining, quarrying and construction, would by 2025 account for over 30 percent share in GDP. However, targets for the industry sector and manufacturing sub-sector during the plan period have been reset taking into account the realities and is indicated in Table 4.1

**Table 4.1: Overall Industrial Sector Performance and Manufacturing Sub-Sector Targets, 2016/17 – 2020/21**

S/N	Indicator/Target	2015	2020	2025
1.	Industrial and construction			
1.1	Average Growth rate (%)	9.33	10.9	9.2
1.2	Share to GDP ( at current prices)	21.1	23.7	25.0
1.3	% Share on Total Foreign Exchange Earnings			
1.4	% Share on Total Wage Labour			
2.	Of Which Manufacturing			
2.1	Average Growth rate (%)	6.9	13.3	10.59
2.2	Share to GDP (at current prices)	5.7	5.8	5.9
2.3	% Share on Total Foreign Exchange Earnings			
2.4	% Share on Total Wage Labour			
3	Of which agro processing			
3.1	Average growth rate(%)	6.95	13.21	10.58
3.2	Shares to GDP(at current prices)	2.4	2.4	2.4

Attainment of the manufacturing sub sector targets set is predicated onto the implementation of the following industrial activities. Further elaboration is provided in Table A III, of Annex II.

#### (a) Special Economic Zones and Export Processing Zones

Development of Special Economic Zones and Export Processing Zones will be given priority as a means to promote investment and trade in industrial activities and products. The

following are the identified priority SEZs/EPZs: Bagamoyo SEZ, Kurasini Logistic Centre, Mtwara SEZ (free port zone), Kigoma SEZ, Tanga SEZ, Ruvuma SEZ, and Manyoni SEZ.

(b) Industrial Parks

Development of industrial parks is aimed at facilitating industrial development. Industrial parks will be developed in the following areas: Tanga-Kange, Kilimanjaro Machine Tools Company (KMTC), Mtwara, Lindi, Songea, Sumbawanga, Dodoma, Kagera, Mara, Manyara, Njombe, Katavi, Geita, Simiyu, Shinyanga and Morogoro.

(c) Micro, Small and Medium Enterprises Parks

This sector is very important for the development of the industrial sector and for creating jobs particularly for the youth. Therefore, facilitation of this sector will be done through the development of parks. Strategic interventions are as follows: o industrial parks infrastructure will be developed in regions of Mtwara, Lindi, Songea, Sumbawanga, Dodoma, Singida, Shinyanga, Kagera, Mara, Manyara, Njombe, Katavi, Geita, Simiyu and Morogoro.

(d) Automotive Industry

Under this sector the strategic choices are made in the following areas: Commercialization of Tanzania Automotive Technology Centre (Nyumbu), Revamping General Tyre-Arusha, Plant for Tractors and agricultural inputs-Carmatec Arusha, as well as Motorcycle assembly plant.

(e) Petro and Chemical Industries

This sector will cover the following strategic investment; Liquidation of Natural Gas (LNG), construction of LNG Plant in Lindi, Mtwara Petro Chemical industry complex and improvement of Petrochemical laboratory at TIRDO.

(f) Development of pharmaceutical industries

The focus under this sector includes the construction of strategic pharmaceutical industries including Agave Syrup Factory (PSPF) in Tanga.

(g) Building and Construction Materials Industries

This includes the following; Ceramics, Cement, and Kisarawe Kaolin

(h) Agro-Industries

Adding value for the agricultural products depends on the existence of the agro-processing industries in Tanzania. Emphasis will be on the following priority activities: Leather industries in Dodoma and Singida, Edible oils industries, Oil Palm production at Kimala Misale, Construction of Metal Silo for small holder farmers, establishment of Food processing Training Cum Production Centres in Morogoro and Dar es Salaam.

(i) Coal for Industries and Households

As a source of industrial energy as well household fuel to provide alternation to biomass based fuel and serve forest.

(j) Iron and Steel

Emphasis is placed on development of Iron and Steel technologies from locally available ore deposits and revamping of privatized industries

#### **4.2.2 Mining and Metals**

Mining has now placed Tanzania in the higher ranks of African economies in terms of FDI attraction and a very top of the list in terms of non-oil economies. The progressive

liberalization of the economy that began in 1980's, has helped to shape a new structure for the Tanzanian economy. In that new structure, the private sector generally has been able to play a more active role in several sectors and to become the dominant player in some, including mining and tourism. Tanzania is endowed with variety number of industrial minerals and precious metals, including iron ore, soda ash, coal, clay soil, uranium, gold, diamond and tanzanite, a rare metal so far worldwide being found only in the East African country. It is unfortunate however that most of these non-renewable resources have been exported without being processed to deny jobs that would have been created had some of the beneficiation and value addition activities been undertaken in the country. The plan seeks to promote resources based industrialization. The Targets set over the plan period with regard to mining subsector are expounded in Table 4.4.

**Table 4.2: Indicators and Targets for Implementation of Mining Sector Interventions during FYDP II**

S/N	Indicator/Target	2014/15	2020/21	2025/26
1.1	Average Growth rate (%)			
1.2	Share to GDP (%)			
1.3	Total Foreign Exchange Earnings			
1.4	Of which % of raw export			
1.5	Of which % beneficiated			
1.6	% Share on Foreign Exchange Earnings			
1.7	% Share on Total Wage Labour			

Specific interventions identified towards realization of these targets are listed below and further elaborated under Table AII.2 in the Annex.

a) Minerals Beneficiation and Value Addition

Under this sub sector, strategic interventions include the followings: processing of precious metals and gemstones; Caustic Soda Refinery Plant, Liganga Iron Ore and Steel, Kabanga Nickel, and Mkuju Uranium Project.

### 4.2.3 Construction

Construction is one of key activities of Tanzania's economy and is increasingly growing. The gross value of annual investment into the construction industry has over the ending plan been around Tshs. 4 trillion. The sector is, however in terms of value, dominated with foreign companies. The domestic companies have a business stake of only 30 percent. Therefore, the Plan will focus on strengthening the participation of domestic companies in the sector share. Targets set for the industry in this regard are as indicated in Table 4.3

**Table 4.3: Set Performance Indicators and Targets for Construction Sub-Sector during FYDPII**

S/N	Indicator/Target	2014/15	2020/21	2025/26
1.1	Average Growth rate (%)	14.1	26.8	33.28
1.2	Share to GDP (%)	12.5	22.62	28.0
1.3	% Share of domestic companies	40	60	80
1.4	% Share in Total Employment	98.7	99.2	101.3

Specific interventions to be taken towards realization of the set targets are outlined in Table AII 3. The interventions are aimed at promoting local Construction companies participation

in the Industry by improving access to equipment and skills development. Detailed interventions are provided in Table AII.3.

#### 4.2.4 Agriculture

The Agricultural sector remains central to Tanzania's industrialization and livelihood of majority of the people in rural and urban areas with about 70 percent of the population earning their living through agricultural related activities. The performance of agricultural sector, though improved, remains far short of Vision 2025 set targets objectives. For the Plan period efforts will be directed to consolidate and further scale up the achievements so far recorded. Table 4.8 indicates the targets for the sector over the plan period.

**Table 4.4: Overall Agricultural Sector Performance Targets, 2016/17 – 2020/21**

S/N	Indicator/Target	2015	2020	2025
<b>Agriculture</b>				
	Average Growth rate (%)	3.1	6.0	8.0
	% Share to GDP (current prices)	28 (2014)	23	21
	% Share on Total export Earning			
	% Share on Total Employment	67 (2014)*	60	48
	Productivity (% growth)	3.3	4.0	4.0
<b>1. Crops</b>				
1.1	Average Growth rate (%)	3.41	6.0	8.0
1.2	% Share to GDP (current prices)	16.2	15.0	14.6
1.3	% Share on Total export Earning	8.5	9.8	19.9
1.4	% Share on Total Employment			
1.5	Hectare under irrigation		700,000	1,000,000
<b>2. Livestock</b>				
2.1	Average Growth rate (%)	3.16	6.99	8.49
2.2	Share to GDP (at current prices)	7.4	6.0	4.8
2.3	% Share on Total Export Earnings			
2.4	% Share on Total Employment			
<b>3. Forestry and Products</b>				
3.1	Average Growth rate (%)	5.17	6.85	7.53
3.2	Share to GDP (at current prices)	3.2	3.5	3.0
3.3	% Share on Total Export Earnings			
3.4	% Share on Total Employment			
<b>4. Fisheries</b>				
4.1	Average Growth rate (%)	2.72	5.67	6.42
4.2	Share to GDP(at current prices)	2.9	3.3	2.8
4.3	% Share on Total Export Earnings			
4.4	% Share on Total Employment			

Interventions identified for realization of the set targets over the plan period are shown in Table AII.4.

**Crops:** The prioritized products are Maize, Rice, Sunflower, Pulses, Floriculture, Cotton, Sisal, Grape, Sunflower. Interventions for acceleration of the sector include among others, expansion and improvement of irrigation systems, improvement of R&D in crops cultivation, improvement of extension services, improving agricultural land use plans, as well as enhancing the availability of market. Other strategic interventions include the development of MKULAZI Agricultural City, and SAGCOT.

**Livestock:** Prioritized products include; Beef, Chicken, Dairy

**Fisheries:** Prioritized products include: freshwater fishing, sea and deep sea fishing, Deep sea and fishing, aquaculture

#### 4.2.5 Environmental and natural Resources Management

Tanzania is privileged to have rich resources of wildlife. The same has increasingly becoming a cradle of its burgeoning tourism sector. As such, protecting of wildlife and its habitats is one of the focuses of the Plan. Over recent years invasion and encroachment of the wildlife habitats has increased along with poaching. This is threatening development of this natural resource and associated tourism. Table 4.5 indicates the targets set for the sector to the realization of this plan.

**Table 4.5 Overall Performance Indicators and Targets for Environment and Protection**

S/N	Indicator/Target	By 2025/26	2014/15	2020/21
1.1	% share of GDP Income from sustainable utilization of forest, water and marine resources	20%		10%
1.2	% of energy derived from Renewable Green Energy	70%	36%	50%
1.3	No. Of Commercial Forest Plantations established			
1.4	Increase the percentage of forest cover (Ha)	200,000	60,000	130,000
1.5	Reduced charcoal consumption in Urban areas	60%	90%	30%
1.6	% of large projects complying with approved Environmental Impact Assessment (EIA) and audit regulations	90%		60%
1.7	% Contribution from sustainable tourism to GDP	13.2%	4%	8%
1.8	% of water for House and commercial use supplied from the natural ecosystems	80 %		60%

Specific Interventions geared towards the realization of the targets are as follows: Promotion of renewable green energy technologies (biogas, LPG, Solar Energy), Climate change adaptation, enforcement of EIA, and SEA, tourism and hospitality industry as well as natural resources conservations and strengthening of contribution of natural resources and products. Details are provided in Table AII.5.

#### 4.2.6 Science Technology and Innovation

Technological change is widely acknowledged as one of the main drivers of long-term growth. Technology change happens in all spheres of human life and different sectors of economies, albeit, at differentiated speed. The recently endorsed new global development declaration on the “Sustainable Development Goals”, among others places technology change and innovation higher on the agenda, specifically goal number 9 “build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation” and generally all other 16 goals as they require improved ways of implementation.

While it is unattainable that technology makes production processes more efficient, thereby increasing the competitiveness of countries and reducing their vulnerability to market fluctuations, structural change, i.e. the transition from a labour-intensive to a technology-intensive production frontier, if not implemented in a well guided approach can drive massive of labour, especially unskilled off their jobs. Analogously, this can also be applicable countries. Countries with less technological advancements can caught up and replaced with advanced countries even in production lines that were traditionally of comparative advantages. In case of Tanzania, for instance, its replacement as world’s privileged, in case of

cashew-nuts and palm-oil production by Vietnam and Malaysia respectively and, of recently, on tilapia trade by China.

Technological change also requires the labour force to be prepared to use increasingly complex machinery and equipment, which widens the inequality between highly skilled and unskilled workers in terms of wage distribution. Industrialization has historically been accompanied by increasing pollution and the depletion of natural resources. Economic growth also entails a rise in the use of inputs, materials and fossil fuels, which generate environmental pollution and degradation, especially in low income countries. It is imperative therefore that as countries seek to undertake economic upgrading through technological advancement and innovation be prepared to acquire the necessary capabilities to catch up and reduce the gap with per capita incomes in high income countries.

Reaching advanced levels of inclusive and sustainable industrial development requires not only increasing incomes but also conscious efforts to sustain growth, promote social inclusiveness and move towards greener structural transformation, as well as, managing the trade-offs between them. This can be attained only with accumulation of internal sciences, technology and innovation (STI) capabilities. STI capabilities are strengthened by investing in human capital, institutions, improving innovation systems and upgrading in industrial clusters and global value chains.

Technological capabilities are expanded in developed countries through tinkering with the frontiers of science and technology and in developing countries by acquiring and adapting technologies created elsewhere. And further, promoting social inclusiveness in manufacturing requires matching the choice of technologies to a country's resource and skill endowment. Tanzania has no other escape route had it to realize its determination for sustainable growth and economic transformation through industrialization as elucidated in this plan than cautiously organizing the society towards accumulation of own sciences, technology and innovation capabilities. This development needs to be carefully tracked. Table 4.6 indicates the indicators and targets set in tracking the development in this area while specific interventions are outlined in Table AII 6 in the Annex.

**Table 4.6 Indicators and Targets for Science Technology and Innovation Capabilities Development in Tanzania.**

S/N	Indicator/Target	2014/15	2020/21	2025/26
<b>4</b>	<b>Of the Manufacturing</b>			
	% share of resource based	69(2010)*	55	38
<b>4.1</b>	% Share of Low Tech	17(2010)*	29	39
<b>4.2</b>	% Share of Medium Tech	11(2010)*	24	32
<b>4.3</b>	% Share of High Tech	2(2010)*	6	8
<b>4.4</b>	<b>R&amp;D Expenditure</b>			
<b>4.5</b>	Total Expenditure (bill Tshs.)	40.7	90.2	
<b>4.6</b>	Of which % on agriculture	38.6	38.8	40.0
<b>4.7</b>	Of which % on manufacturing	TB	40.0	42.8
<b>4.8</b>	Of which % on mining, construction & utilities	TB	13.5	10.6
<b>4.9</b>	Of which % on Services	7.6	8.5	6.6
<b>4.10</b>	<b>Institutional Technological Capabilities</b>			
<b>4.11</b>	% R&D expenditure by Public Sector	58		
<b>4.12</b>	% R&D expenditure by Private Sector	9		

S/N	Indicator/Target	2014/15	2020/21	2025/26
4.13	Number of Qualified Researchers	6,355	9,556	12,639
4.14	R&D institutions with ISO Certifications			
4.15	R&D institutions with foreign partner institution	11		
4.16	Technological capability for imitation & adaptation			
4.17	Up Grading			
4.18	Number of firms practicing KAIZEN			
4.19	Number of Firms exporting			

### 4.3 Interventions for Human Development

People's development is the lynchpin objective of any development plan in Tanzania. The industrialization and transformation are, thus, the trusted means to the realization of the central objective, i.e. human development. They have to provide expanded freedom of choice for every Tanzanian citizen, in the rural and urban centers, by affording access to production, consumption and employment opportunities.

The freedom of choice is fostered with education, skills and health conditions of an individual and society at large. With this understanding, the plan seeks to raise both availability and quality of services required by an individual and society at large for self-propelling improvement inequality livelihood.

#### 4.3.1 Education and Capability Development

In this context, education has been referred to the total process of imparting knowledge and starts at early ages in families, through childhood development, adolescence, to lifelong learning. It is one of the major inputs into human development in terms of building human capability. Furthermore, education and training are essential on economic transformation by providing skills and generation of technology and workforce that can be deployed to change country's endowments from comparative advantages (CA) to competitive advantages. In the contrary, decline in the quality of education has negative implications for human development and reduces the contribution of human capital to growth. Thus, policies towards securing access and improved quality in all levels, i.e. early learning, basic education, vocational and technical, tertiary and high education needs to be designed in such a way that it becomes a means of retooling human capital to transform the economy in a sustainable manner.

FYDP II needs to address the quality of education as well as, ensuring that its provisions are well aligned with and tailored to meet needs of both the local society and competition in the domestic, regional and global economies.

The quality of education is delivered through two sides. It is directly related to the quality of the recipient as well as the teaching and teaching environment. The quality of the recipient is determined with the mental health and preparedness, which is crucial during the early 1,000 days of livelihood. At the same time, the teaching and teaching environment need to be friendly and enticing. The role of teachers in improving the quality of education is crucial and therefore it is vital to improve the professional competencies of teachers and to raise their morale by improving the quality of teaching environment.

Table 4.7 highlights some of the targets envisaged to the realization of the Plan with regard to human development and human capital.



**Table 4.7 Overall Performance Indicators and Targets for Education and Capacity Development 2016/17 – 2020/21**

S/N	Indicator/Target	2014/15	2020/21	2025/26
<b>1</b>	<b>Education</b>			
<b>1.1</b>	<b>Early Learning</b>			
1.1.1	Gross Enrolment Ratio (% of Eligible)	36.9	60	95
1.1.2	Net Enrolment Ratio (% of Eligible)	33.4	50	90
1.1.3	Pupil/Qualified Teacher Ratio (PTR)	77:1	50:1	40:1
1.1.4	% number of Qualified Teachers	13,600	15,400	17,200
<b>1.2</b>	<b>Primary Education</b>			
1.2.1	Gross School Enrollment Ratio	93.3	100	100
1.2.2	Net Enrolment Ratio (% of Eligible)	84.4	100	100
1.2.4	Percentage of cohort passing the examination (PSLE)	57	80	90
1.2.5	Pupil/Teacher Ratio	43:1	37:1	30:1
1.2.6	Pupil/Text Book ratio	3:1	1:1	1:1
1.2.7	Pupil/Classroom Ratio	75:1	50:1	40:1
1.2.8	Pupil/Latrine Ratio (Boys)	56:1	25:1	25:1
1.2.9	Pupil/Latrine Ratio (Girls)	58:1	20:1	20:1
1.2.10	Pupil/desk Ratio	4:1	3:1	3:1
1.2.11	% of Schools with clean water		40	60
	% of Schools with electricity	18.3	30	50
1.2.12	Transition rate from standard seven to form one	55.5	70	90
<b>1.3</b>	<b>Secondary Education</b>			
1.3.1	Gross Enrolment Ratio in lower secondary schools (%)	41.7	43	48
1.3.2	Net Enrolment Ratio (% of Eligible)	32.9	40	45
1.3.3	Pupil/Teacher Ratio in lower secondary schools	24:1	20:1	20:1
1.3.4	Pupil/Classroom Ratio in lower secondary schools	25:1	24:1	24:1
1.3.7	Pupil/Latrine Ratio in lower secondary schools	29:1	20:1	20:1
	% of Schools with electricity	77.3%	85%	90%
1.3.6	Percentage of students passing form IV examination	69.8	90	100
1.3.7	Transition rate from form four to form five	10.5	15	20
	<b>Higher Secondary Education</b>			
1.3.8	Gross Enrolment Ratio (%)	4.1%	6.9%	10%
1.3.9	Net Enrolment Ratio (% of Eligible)	2.0%	4.2%	8%
1.3.10	Of which male	1.1%	2.2%	4%
1.3.11	Of which female	0.9%	2.0%	4%
1.3.12	Percentage of students passing form VI examination	98.3	100	100
<b>1.4</b>	<b>Higher Education</b>			
1.4.1	Higher education enrolment rate	3.3%	6.9%	10%
1.4.2	Of which male	2.1%	3.6%	5%
1.4.3	Of which female	1.2%	3.3%	5%
1.4.4	Loan/Grant to science subjects	30%	50%	70%

### 4.3.2 Creative Industry

Entertaining industry is one of the rapidly growing tertiary economic activities in Tanzania, attracting massive of the youth labor force in particular. The industry, sometimes known as show business or show biz, is part of the tertiary sector of the economy and in Tanzania is broadly defined to include a large number of sub-industries devoted to entertainment. In the popular parlance, the term show biz in particular connotes the commercially popular performing arts, especially musical theatre, vaudeville, print, comedy, film, and music, cinema, television, radio, animation, gaming and visual effects, internet advertising, sports and all sorts of cultural entertains.

Tanzanians, particularly urban dwellers, are increasingly spending more on entertainment and projections for the coming years with a steady growth in their disposable income, suggests entertainment industry in Tanzania and the regional market of East and Central Africa to expand by 12.5 percent annually over the Plan period. The industry is however still at its infancy stage and it needs carefully nurturing to reach its fullest potential. Table 4.8 identifies the performance indicators and targets for the entertainment industry over the Plan period.

**Table 4.8 Indicators and Targets for Creative Industry**

S/N	Indicator/Target	2014/15	2020/21	2025/26
1.1	Annual Growth	12.5		
1.2	%Share on GDP			
1.3	Number of registered training institutions			
1.4	Number of students registered for entertainment industry training education			
1.5	Number of skilled administrators and coaches			

Table AII 8 in the Annex identifies strategic interventions to be undertaken to promote the entertainment industry in Tanzania over the Plan period.

### 4.3.3 Skills Development

Skills Development is about developing a set of ability, knowledge and attitude of the national labor force for the purpose of improving productivity, performance and competitiveness. "Skills development" is a conceived concept and is inclusive of any abilities, which are useful for making a lawful living, not only those transmitted in education and training programmed for particular occupations". The term is not confined to institutional based training but includes industry and labor market training which may occur in different settings covering a full range of applied learning at all skills levels – professionals, technical and vocational.

The recent labor market survey has revealed the following as being the main skills gaps or concerns:

- (i) Tanzania employees do generally have appropriate education qualifications but have, either low levels or lack of soft or behavioral skills to affect labor productivity negatively.
- (ii) About 80% of the occupations currently available as well as for occupations in demand in next three to five years are based on science and mathematics related subjects, while pass rates in Form IV and VI were lowest in mathematics and science related subjects.
- (iii) Another dimension of skills gap is with regard to expectations of graduates as about 79% of graduates are aspiring for wage employment upon completion of their basic training and only 17% were for self-employment, clearly jeopardizing the goal of

promoting self-employment, despite that about 44% of graduates hardly get employed in a year.

- (iv) There has been a growing aspiration to acquire degrees or equivalent qualifications and many institutions responsible for technical/tertiary education have been converted into higher learning institutions with far reaching implications on the balance of ratios between engineers and technicians and artisans.

With the notable gaps of skills in the country as indicated in Table 4.9 in comparison with the set targets 2025, the future approach to skills development will need to be manner that is more focused to bridge the gaps.

**Table 4.9 Indicators and Targets for Skills Development**

Selected Occupations	2012	2015/16	2020/21	2025/26
Engineering, Manufacturing & Construction	14,196	17,600	58,092	148,800
Agriculture	3,717	4,475	8,908	15,130
Science	16,049	20,920	56,490	87,100
Health and Welfare	48,215	64,000	123,672	212,200
Services, Social Science, Business, Law	105,433	119,529	216,398	401,689
Humanities and Arts	8,738	9,870	18,045	32,680

In accordance with projections made for FYDP I, Tanzania was supposed by 2015 to have 26,000 physical scientists, 88,000 architects and engineers, 22,000 life scientists and 64,000 medical, dental and veterinary scientists. In addition, should have 30,000 economists and related professionals, 63,000 accountants and financial experts, 320,000 teachers and 130,000 of management skills. To meet this requirement, it was further projected to have at least 80,000 students graduating from tertiary and higher educational institutions and over 230,000 from vocational training schools every year from 2011 to come close to the skills levels for a country to have sound labor-force reflective of requirements to propel into middle income status being indicated in Table 4.10 As has been revealed from the implementation review of the ending Plan these targets could not be attained. There is a need therefore to scale up the efforts this time round.

**Table 4.10 Comparison of Tanzania and Average MIC Skill Levels**

Skill Level	Occupation Category	Tanzania (% of working population) 2011	MIC Average % of Working Population
High	Legislators, Managers, Senior Officials	0.2	2.72
	Professional	0.7	4.66
	Technicians and Associates	1.8	4.73
Medium	Clerks	0.4	4.55
	Service Workers, Market Sellers	9.1	11.77
	Crafts and Related Trade Workers	4.1	17.35
	Skilled Agriculture and Fishery Workers	n.a	0.42
Low	Plant & Machine Operators	1.3	5.66
	Agriculture & Elementary Occupations	83.7	48.83

Invariably, the targets set for FYDP II in this regard are indicated in Table 4.11 as follows:

**Table 4.11 Indicators and Targets for Skills Development, 2015/16 – 2020/21**

S/N	Indicator/ Target	2014/15	2020/21	2025/26
1.1	Tertiary enrolment rate increased (%)	3.0	4.5	6.0
1.2	Annual number of students graduating from tertiary/higher education	40,000	80,000	120,000
1.3	Of which % of women/girls	36%	48%	50%
1.4	Average annual number graduates from vocational schools	150,000	700,000	1,000,000
1.5	People with skills obtained through informal system learning for six priority sectors (annually)	20,000	200,000	250,000
1.6	Internship training or graduates at the working places (annually)	10,000	230,000	300,000
1.7	Apprenticeship training for students at the working places (annually)	1,000	20,000	30,000
1.8	% of working population with high level skills	3.6	12.1	12.1
1.9	% of working population with medium level skills	16.6	33.7	33.7
1.10	% of tertiary and higher learning with access to student loan	45.6	80	90
1.11	Of which % of science and engineering students	30	56	63
1.12	Improved satisfaction of employers with quality of local employees (%)	44	60	70

Specific interventions proposed in view of raising the availability and quality of skilled labor force are annexed in Table AII 9

#### 4.3.4 Health

Health is a sector with many dimensions including care outside of the context of everyday usage of the term. While it is an end in itself (e.g. reduced deaths, longevity, etc.), providing quality health care ensures that people are fit to participate in economic activities. Tanzania has made significant process in reducing child mortality, combating malaria, addressing non-communicable diseases, among others. These gains must be sustained and consolidated. In some areas, e.g. maternal mortality, progress has been slow and more efforts are required. Addressing this depends critically on strengthening of health service delivery system with service delivery geared towards improving the health of mothers and children. It also entails, addressing the prevalent illnesses such as malaria and HIV and AIDS which are major causes of deaths as well as address human resource crisis which constrains provision of adequate health care.

Another important input to human development is access to clean and safe drinking water by the individuals and citizenry. While commendable gains are recorded in the past period, much is needed to ensure majority of Tanzania with access clean and safe water in close distance and reasonable shortest time possible. The challenges are surmountable, as highlighted in chapter two whereas in 2015, only 67 percent have access to clean water sources in rural areas. And, in Dar es Salaam about 68 percent of the Dar es Salaam residents had access to clean water by 2014. Though urban areas are better off than rural areas, challenges remain too. Efforts are needed in terms of investment in water sources infrastructures and distribution to households including proper treatment of water sources to reduce and or eliminate water borne diseases, which in the end reduces burdens in the health sector. Water supply is very much related to environment

**Table 4.12 Indicators and Targets for the Health Sector**

S/N	Indicator/Target	2014/15	2020/21	2025/26
<b>2.1</b>	<b>Heath</b>			
2.1.1	Infant Mortality Rate per 1,000 births	45	42	40
2.1.2	Under five Mortality Rate per 1,000 births	81	45	40
2.1.3	Births attended by a skilled health worker (Percentage)	51	75	90
2.1.4	Maternal Mortality Rate per 100,000	432	250	220
2.1.5	Life Expectancy (Years)	62	66	70
2.1.6	National HIV Prevalence rate (Percentage)	5.1	3	1.5
2.1.7	Access to safe water and sanitation in urban areas (% of total)	86	90	95
2.1.8	Access to safe water and sanitation in rural areas (% of total)	67.7	80	90
2.1.9	Health expenditure, public (% of Govt. expenditure)	8.1	15	15
2.1.10	Percentage of people reported to travel a long distance to health services facilities	36	25	15
2.1.11				

Specific interventions related to health are outlined in Table AIII10

### 4.3.5 Water Supply and Sanitation Services

Water is one of the vital natural resources that touch all aspects of human life; from domestic, agricultural and industrial development to the cultural and religious values embedded in societies. In that respect, water is a very important resource for socio-economic development in any country. Availability of adequate clean, safe and affordable water and sanitation services in a country has impact on improving the standard of living of people as well as contributing to economic growth. The Government continues to invest in the development of water resources and increasing access to safe and clean water as part of broader development strategy. In that regard, various interventions have been done aimed at the protection, conservation and efficient utilization of water resources for agriculture, industry and improving access to water supply and sanitation services in rural and urban areas.

However, the Government is cognizant that meeting the set targets calls for huge investments in water supply infrastructure in both rural and urban areas. This adds to other factors such as increasing multi sector demands, environmental and water degradation due to pollution, over abstraction, poor land use practices and encroachment of land for agriculture, urbanization and industrial development to increase pressure on water sources. Therefore, as we think of increasing water supply services for domestic, industries, irrigation and other socio-economic needs; we also need to increase investments in water resources management to ensure water resources are available and utilized in a sustainable manner.

For the past first five years, commendable gains are recorded; much is needed to ensure majority of Tanzania with access clean and safe water in close distance and reasonable shortest time possible. The challenges are surmountable, as highlighted in chapter two whereas in 2015, a total **21.8 million** people equivalent to **68.9 percent** have access to clean water sources in rural areas; 86 percentage of people living in urban Centre's with access to safe and clean water services and, in Dar es Salaam about **72 percent** of the Dar es Salaam residents had access to clean water by 2015. It is important to notice that, the delivery of the

planned targets requires a significant increase in financial and human resources. The table bellows summaries the targets to be achieved in the forthcoming five years:

<b>Water and Sanitation</b>	<b>2015/16</b>	<b>2020/21</b>	<b>2025/26</b>
1. Percentage of rural population with access to piped or protected water as their main source	72	85	90
2. Proportional of the households in Rural areas with improved sanitation facilities	25	75	85
3. Percentage of Regional Centre's population with access to piped or protected water as their main source	86	95	100
4. Percentage of households connected to convention public sewer systems in Regional Centre's	20	50	70
5. Percentage of Non Revenue Water (NRW) for Regional Centre's	37	25	20
6. Percentage of district capitals and areas small towns population with access to piped or protected water as their main source	60	70	85
7. Percentage of Dar es salaam population with access to piped or protected water as their main source	72	95	100
8. Percentage of household connected to convention public sewer systems in Dar es Salaam	10	40	60
9. Percentage of Non Revenue Water (NRW) for Dar es Salaam	47	30	25
10. Number of water sources demarcated and gazette for protection and conservation	59	161	250

#### **4.3.6 Urban Planning, Housing and Human Settlement Development**

The low level of productivity in particular, characterizes Tanzanian urban areas, and cities by global standards. Moreover, most of the enterprises in urban areas are small, informal, and usually bypassed by the benefit from the process of urbanization due to low urban density and limited trickle down of urbanization economies. As such, inadequate urban infrastructure and basic services constrains the potential economic benefits to be derived from the growth of cities due to disconnections between people, industries, and markets.

The Plan is informed that the majority of Tanzanians will live in urban areas in the near future and therefore support interventions prepare Tanzania capitalize on this and develop thriving, efficient cities that function well by providing people and firms with basic services of an adequate quality, including providing productive job opportunities. Without such preparedness, Tanzania risks to have poor quality of urbanization, which leave Tanzania with a network of poorly planned and serviced cities. The strategic direction of the Plan is to ensure that, increasingly, Tanzania is characterized by planned and serviced urban settlements with functioning town planning procedures, including improved solid and liquid

waste management, use of sustainable transport and cleaner energy. The plan also addresses critical implications of rapid urban population growth on settlements.

Achievements of this goal will be monitored through the following indicators:

**Table 4.14 Indicators and Targets for Urbanization, Housing and Sustainable Human Settlements**

Indicator	2015/16	2020/21	2025/26
1. Number of Towns with Up-to-date General Planning Schemes (Master Plans)	-	25	45
2. Number of Regularized Properties in Unplanned Settlements	380,000	480,000	670,000
3. Number Property owners in unplanned settlements with residential licenses	230,000	300,000	420,000
4. Number of unplanned settlements regularized			
5. Density from the CBD (people per square kilometer)	20,000	40,000	60,000
6. Average number of persons per sleeping room	2.7(2014)*	2.5	2.0
Percentage of Households which own houses they live in	76.4(2014)*	77	79
7. % of land surveyed	11	20	50
8. Proportions of villages with Land use Plans	12	20	30
9. Number allocated plots	952,516	2,952,516	4,952,516
10. Number of farms allocated	5,078	5,400	6,000

#### 4.3.7 Food Security and Nutrition

Nutrition is a component of Tanzania's Vision 2025 on National Strategy for Growth and Reduction of Poverty (MKUKUTA for Tanzania mainland and MKUZA Vision 2020 for Zanzibar) with a target of reducing the prevalence of stunting from 42% in 2010 to 15% by 2025.

The World Health Assembly (WHA) Resolution 65.6 (2012) endorsed the comprehensive implementation plan of maternal, infant and young child nutrition, in which six global nutrition targets for 2025 are specified. Tanzania will prioritize seven targets by the year 2020/21 for inclusion in the national development agenda.

Nutrition is a critical component of SDG1 (End poverty in all its forms everywhere); SDG 2 (ending hunger, achieve food security and improved nutrition); SDG 3 (healthy lives and wellbeing) and SDG 6 (water and sanitation for all).

The benefits of improved nutrition at the community level are huge both economically and socially. Improved nutrition will: (a) contribute to reduction of extreme poverty (SDG1); (b) improve educability of children (SDG 4); reduce gender inequality (SDG5); further reduce child deaths, contribute to reduction of maternal mortality and reduce the risk of developing communicable and non-communicable diseases and enhance recovery from illness (SDG3); and programmes on scaling up nutrition actions will link up with progress in water and sanitation (SDG6) and foster Global Partnership for Sustainable Development and promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (SDG 8 and 17).

SDGs 1, 2 and 6 will not be achieved reached if under nutrition is not addressed. Addressing nutrition interventions would save millions of children from dying. The immediate causes of

malnutrition which are inadequate food and diseases are exacerbated by poor maternal and childcare practices and inadequate access to health care. Poor nutrition affects health outcomes and vice versa. Interventions to scale up for improved nutrition outcomes that can most be feasible will include; breastfeeding promotion and support, complementary feeding promotion and support, hand washing and hygiene behaviours, Vitamin A supplementation deworming, therapeutic zinc, iron and folic acid (for pregnant women), multiple micronutrient powders, prevention and treatment of severe and moderate acute malnutrition.

The malnutrition-infection relationship is the most obvious and understood with inadequate dietary intake causing weight loss and hence growth faltering and hence vulnerability to infections and morbidity. Diseases also alter metabolism, nutrient absorption and loss and lack of appetite, hence weight loss, growth faltering and hence malnutrition.

Poor nutrition affects health outcomes, with micronutrients deficiencies depressing the immune system, poor pregnancy outcome and susceptibility to infections, and severity of infectious diseases.

Poor health affects nutrition outcomes with infections resulting in micronutrient deficiencies, depleting of body nutrient stores, suppressing appetite and limit the ability of women to care for the child.

Under nutrition is the largest contributor of child deaths, which has direct implications for goals 1, 2 and 6 of reducing child mortality. The proposed interventions will; reduce micronutrient deficiencies among vulnerable groups, reduce prevalence of anaemia in pregnant and lactating women and children 0-24 months, achieve optimal breastfeeding and complementary feeding practices (increase EBF rates), reduce low birth weight, moderate and severe wasting (impacting on morbidity and stunting levels). These outcomes directly relate to high-level health systems improvement in sustainable ways, as interventions will be embedded on capacity development of health facilities and technical staff to deliver on selected interventions coupled with strengthened monitoring systems for effective nutrition and health outcomes.

**Table 4.15: Indicators and Targets for Food Security Interventions**

Food Security and Nutrition indicators	2015/16	2020/21	2025/26	International threshold cut-off prevalence rates for public health significance (%) at <-2SD		
				Mild	Moderate	Severe
Food Self Sufficiency Ratio						
Reduce the prevalence of stunting in children aged 0 – 59 months from 35% in 2016/17 to 28% in 2020/21	34.7 %	28%	15%	10-<20	20-<30	30 and above
Wasting (weight for height) of under fives Maintain prevalence of acute malnutrition (Wasting) among children aged 6 – 12 years at <5% by 2020/21	3.8	<5	Maintain <5	1-<5	5-<10	10 and above



Food Security and Nutrition indicators	2015/16	2020/21	2025/26	International threshold cut-off prevalence rates for public health significance (%) at <-2SD		
				Mild	Moderate	Severe
Reduce by 25% the current level the prevalence of anaemia among women of reproductive age (haemoglobin concentration <11g/dl) by 2020/21	40%	Reduce by 25% from baseline	Reduce by 50% from baseline	10-<20	20-<30	30 and above
To increase the proportion of household accessing adequately iodized salt from 64% to 90% by 2020/21	64%	80%	90%			
Reduce by 10% the current level of the prevalence of Low Birth Weight (LBW) among Children by 2020/21	7% (of 53 delivered in a health facility)	Reduce by 10%	Reduce by 30%			
Increase the rate EBF from 41.8 % to at least 50 % by 2020/21	41.8	50%	60%			
Reduce the prevalence of vitamin A deficiency among children aged 6 – 59 months (serum retinol level < 20 µg/dl) from 33% in 2010 to < 25% by 2020/21.	33%	<25%	<20%	5-<10	10-<20	20 and above

#### 4.3.8 Poverty Reduction and Social Protection

Efforts to reduce poverty in Tanzania have been a continuous activity since Independence. A number of initiatives were developed for guiding national efforts towards achieving transformation that will enable the country become a middle income country and rid herself of abject poverty by 2025. Towards achieving the later objective, national efforts have been rallied through the National Strategy for Growth and Reduction of Poverty (NSGRP/MKUKUTA) I (2005-2010) and II (2010 – 2015). In the same vein of attaining TDV 2025 goals, the Government launched the Long Term Perspective Plan (LTPP) spanning 2011/2012 to 2025/2026 with the objective of reviving planning, which is essential for achieving transformation. LTPP is being implemented in three sequential Five Year Development Plans (FYDPs) with the first covering the period 2011/2012 to 2015/2016.

Assessment of all these efforts have indicated mixed results including a number of challenges, which require further initiatives to address them. One of these efforts is the design of the Second Five Year Development Plan which integrates poverty reduction issues including Social Protection to help reduce poverty; avoid economic deprivation and vulnerability, protect human rights and improve capabilities and labor market results through increased human capital, inclusive growth, decrease inequality and increase social cohesion. Table 4.16 highlights some of the proposed targets to the realization of the Plan with regard to poverty reduction and social protection.

**Table 4.16 Indicators and Targets for Poverty Reduction and Social Protection**

<b>Social Protection</b>	<b>2014/15</b>	<b>2020/21</b>	<b>2025/26</b>
Coverage of health insurance scheme			
NHIF	7.2	22	
CHF	12.8	22	
Coverage of the social security scheme	7.3	30	
Inspectors per 10,000 employed persons	TBD	TBD	
Proportion of eligible elderly receiving pension			
Youth percentage in vulnerable employment	82.3	56.3	
Employed persons to have suffered work related injuries and illness	22.3	TBD	
Proportion of children with disability attending primary school	76	100	
Proportion of orphans attending schools		TBD	
Children aged 5-17 engaging in child labor	28.8	24.9	
Proportion of eligible elders receiving free medical services			
Proportion of people living with disabilities engaged in economic activities			
<b>7.0 Poverty Reduction</b>			
Basic needs poverty (National)	28.2	19.3	
Basic needs poverty rural areas	33.3		
Basic needs poverty urban areas	21.7		
Basic needs poverty Dar es salaam	4.1		
Food poverty (National)	9.7		
Food poverty rural areas	11.3		
Food poverty urban areas	8.7		
Food poverty Dar es salaam	1.0		
Inequality (National)	0.34		
Inequality rural	0.29		
Inequality urban	0.37		
Inequality Dar es salaam	0.35		
Unemployment rate	10.3		

### 4.3.9 Good Governance

The Government of Tanzania has continued to pay attention and according high priority governance and accountability, taking into account the effects of ineffective management of the public sector. Mismanagement of public resources, corruption, poor service provision, tax evasion, and unnecessary bureaucratic snags are some of the effects, which have significant bearing on the achievement of development goals. The realization of the goals and targets of the second Five Year Development Plan (FYDP II), therefore, hinges on the existence of good governance and effective accountability. These are essential to ensuring good use of the resources in accordance with the plans, effective participation of the private sector in developing industries and enterprises that spur economic growth and create jobs, and effective participation of citizens in demanding accountability and respecting the rule of law. While governance covers broad spectrum of areas, this FYDP focuses on few components considered necessary for achieving its main objectives. These are (i) Effective use of the rule of law (ii) Enhanced democracy, political and social tolerance (iii) peace, security and political stability (iv) Good corporate governance, and (v) Active role of state in economic governance.<sup>4</sup>Table 4.17 summarizes some of the envisaged targets to the realization of the Plan with regard to good governance.

**Table 4.17 Indicators and Targets for Interventions Related to Good Governance**

S/N	Indicator/Target	2014/15	2020/21	2025/26
<b>3.</b>	<b>Good Governance</b>			
3.1.	Number of corruption cases convicted as a percentage of total number of investigated cases sanctioned for prosecuted	10.39	23	33
3.2	% of court cases that have not been disposed for more than 24 months as a % of all court cases (criminal and civil cases)		10	5
3.3	CPIA transparency, accountability, and corruption in the public sector rating (1=Low to 6=High)		4	4.5
3.4	Proportion of births registered within 90 days after birth	6.04	90	95
3.5	Seats of Women in Parliament (% of total)	36.5	44	50
3.6	Proportion of population reporting to be satisfied with government basic services			
3.7	% of those contacting a service provider that paid a bribe, by sector (Lands, Education Health, Judiciary systems, Police, Tax administration) within the last year	TBD	TBD	
3.8	Percentage of turnout of eligible voters in regular elections and by-elections			
3.9	Proportion LGAs posting public budgets, revenue and actual expenditures on easily accessible public notes boards			

<sup>4</sup>The use of “state” here refers to the government and public institutions responsible for public administration, regulations, and provision of economic and social services

S/N	Indicator/Target	2014/15	2020/21	2025/26
3.10	Percentage of villages that have functioning village office (Functioning village office refers to office that has a physical address comprising at least a room, a meeting space, a filing system, basic office furniture such as desk and chairs; basic office materials such as pens, paper and envelopes; and a whether proof notice board to which the public have ready access)			

#### 4.4 Environment for Doing Business

Over the past 5 years, Tanzania has improved its business regulatory landscape and that has been able to create a relative conducive environment to investments. However, World Bank report reveals that Tanzania has not been very successful in improving business environment. In fact, it ranks Tanzania among countries with worsening global rank on most key business environment indices. The deteriorating global ranking of Tanzania in ease of doing business suggests that other countries have been doing much better as compared to Tanzania.

In this context, future undertakings to improve business environment for Tanzania, require a new and more effective approach. Consequently, concerted efforts are needed at the policy and institutional levels to coherently align visions and processes amounting to attracting investment flows and facilitation for their prospects commensurate with agreed objective targets and milestones over the coming years. These efforts will have to include also continuous improvement of business climate for existing domestic and foreign investors through infrastructure development; quality of services and facilitative regulatory framework.

In this light, Table 4.18 establishes the performance indicators to the implementation of FYDP II towards improving environment for doing business and investment in Tanzania. Three categories of interventions have been distinguished to involve (i) improvement on the quality of business supportive infrastructure and services, (ii) improvement in the global ranking of Tanzania in ease of doing business, and (iii) reforms to be undertaken in view of realizing specific area targets as follows:

**Table 4.18: Performance Indicators for Enhancing Ease of Doing Business in Tanzania during FYDP II**

S/N	Indicator/Target	2025/26	2014/15	2020/21
1.	Infrastructure (Position in Global ranking)	100	102	102
1.1	Road (Position in Global ranking)	102	112	106
1.1.1	%of paved road length of total road network	15	6.8	10
1.1.2	% of districts connected to each other by paved road	50		
1.2	Railway (Position in Global ranking)	78	88	84
1.2.1	Length in Km of standard gauge	2,000	0	1,341
1.3.	Ports(Position in Global ranking)	98	106	102
1.3.1	Cargo Freight (‘million tons) per year			
1.3.2	% Share on Total Foreign Exchange Earnings			

S/N	Indicator/Target	2025/26	2014/15	2020/21
1.4	Electrical Power (generation in MW)	10,000	1501	4,915
1.4.1	Electricity – Regions connected to national grid	26	19	23
1.4.2	Electricity – national grid length (in km)	13,165	4901	9511
1.4.3	Electricity – Per capita consumption (KWh)	490	108	377
1.4.4	Reduced Power losses percentage	12	19	14
1.5	Water – Total population access to piped water			
1.6	% of Population – usage of telephone	80	57.29	66.64
1.6	% of Population – internet	80	22	66.64
1.8	% of public institutions connected to e-Government	100		100

Interventions to be taken towards improving the business environment during implementation of the plan are outlined in Table AII 16-17

#### 4.4.1 Global Competitiveness

		2025/26	2015/16	2020/21
2	Ease of Doing Business (Global Ranking)	95/189	139/189	100/189
2.1	Starting Business	91/189	129/189	111/189
2.2	Dealing with Construction Permits	87/189	126/189	100/189
2.3	Getting Electricity	29/189	83/189	44/189
2.4	Registering Property	55/189	133/189	94/189
2.5	Getting Credit	100/189	152/189	113/189
2.6	Protecting Investors	40/189	122/189	83/189
2.7	Paying Taxes	92/189	150/189	121/189
2.8	Trading Across Borders	102/189	180/189	141/189
2.9	Enforcing Contracts	14/189	64/189	25/189
2.10	Resolving Insolvency	45/189	99/189	60/189

#### 4.4.2 Sector Specific Interventions

3	Macroeconomic Stability	2015	2020	2025
3.1	%Economic Growth	7.0	10.0	10.3
3.2	Per capita GDP (US\$)	1005	1500	2567
3.3	Change in Inflation (%)	5.1	5	5
3.4	Exchange Rate	1985.39	2185.62	2686.62
3.5	Foreign Exchange Reserve (months of import bill)	4.8	4.0	4.0
3.6	Balance of payments (current Account balance/GDP)	-7.35	-20.78	-18.06
4	Budget (Tshs bill)	14,604	32,663	62351
4.1	Of which % of Recurrent	74.5	67.2	59
4.2	Of which % of development	25.4	32.8	41
4.3	Of which % allocation to RA and LGAs			
5.1	Total Revenue Collection (Tsh bill)	10958	35168	86434
5.2	Total revenue to GDP (%)	14.3	18.3	18.5

5.3	Of which Tax revenue % of Total	90.27	93.2	93.2
5.4	Tax revenue to GDP (%)	12.1	17.1	17,3
5.5	Of which non-tax revenue % of Total	9.72	6.8	6.8
	Non tax revenue to GDP (%)	1.3	1.1	1
5.3	Of which RALGAs % of total revenue			
6	Finance (domestic vs. external)			
6.1	% of population with bank account			
6.2	% of firms with bank account			
6.3	% loans to private sector to GDP	17	59	70
6.4	Difference on interest rate	5.64	5.81	7.4

#### 4.5 Flagship Projects of the Plan

Out of the prioritized projects and implementation effectiveness interventions, the plan has identified a few to the status of flagship projects. These are the projects representing the critical path to the realization of the Plan. By characteristics, flagships are project large enough to influence and catalyze the envisaged transition towards Tanzania's industrialization and socio-economic transformation and vividly demonstrating changes in relation with the set Plan objective targets. As such, the choice of these projects based on their potency to propel Tanzania's supply structure to the higher level of growth, sophistication, value chain and competitiveness to allow effective integration alignment of the economy in the evolving market dynamics nationally, regionally and globally. In addition, the select flagship projects had fulfilled the basic criteria for any project to be considered for the Plan, including:

- i. Based on the country's comparative advantages;
- ii. Strategic geographical advantage and potency of positioning the country as a regional trade gateway and logistics hub;
- iii. Creating employment for the growing young labor force of all gender;
- iv. Increasingly mainstreaming the country's rural economy and primary commodity production amid the growing regional and global value chains; and
- v. Bolstering efforts for human development and poverty reduction.

In view of the fore criteria, the Plan has the following select flagship projects:

- i. Realization of the Central Development Corridor, with it comprising the following projects:
  - a) Development of the proposed new Bagamoyo Port and expansion and modernisation of the Dar es Salaam, Mwanza and Kigoma Ports;
  - b) Establishment of Bagamoyo Special Economic Zone, the Kurasini Trade and Logistics Centre, the Dodoma Trade and Logistics Centre, and Kigoma Special Economic Zone;
  - c) Establishment of the Agricultural City of Mkulazi;
  - d) Development of Machinery and Automotive Assembly Industries;
  - e) Construction of a new Central Railway Line to Standard Gauge.
- ii. Development of the North-West Corridor of Tanga, with which the following projects have been identified:
  - a) Expansion and modernization of the Tanga Port;
  - b) Development of Tanga Special Economic Zone;
  - c) Rehabilitation and revitalization of operations in the Ruvu –Tanga – Moshi spur of the Central Railway Line;

- d) Construction of the Arusha – Musoma Road;
  - e) Construction of the Lake Albert (Uganda) – Tanga oil-pipeline; and
  - f) Soda Ash Refinery and development of associated chemical and glass sheet industries.
- iii. Development of the Mtwara Development Corridor, involving the following projects:
- a) Expansion and modernization of Mtwara Port;
  - b) Mtwara Petrochemical Special Economic Zone;
  - c) Preparatory works for the construction of Liquefied Natural Gas Plant;
  - d) Iron Ore Mining and Iron and Steel Complex Plant; and
  - e) Preparatory works for establishment of the gas-based Fertilizers Plant
  - f) SAGCOT
  - g) Preparatory works for construction of Mtwara – Liganga Mchuchuma Railway Line to standard gauge
- iv. Improving availability and reliability of electrical power, particularly:
- a) Increasing power generation by 2,899.3 MW from a mix of fuel sources – gas, hydro, geothermal, wind and coal.
  - b) Enhancing power transmission by constructing 3,119.3 km of 400 kV and 549 km of 220 kV in various parts of the country.
  - c) Enhancing rural electrification.
  - d) Improving power distribution for Arusha, Dar es Salaam and Mwanza Cities.
- v. Mass training for development of rare and specialized skills for industrialization and human development and fostering science, technology and innovations, for which the following interventions have been flag-shipped:
- a) Completion and operationalization of Mlonganzila and Dodoma Schools of Medicine;
  - b) Strengthening the training and scholarship provision fund for scientists, engineers and other rare professionalisms;
  - c) Increasing budget allocation for research and development activities;

By design, one common feature in all five set of flagship is their package approach, such that a set will be completed if each of the components is adequately completed. This is why the Plan emphasizes proper sequencing of the implementation within the set of flagships. Moreover, within the corridors, the implementation will require zoning and clustering. Thus, effective coordination is key for effective implementation and therefore, a robust work-plan shared across actors will be required to ensure each one is fully informed what and when to execute their components within a set of flagship. These issues are subject matters of the chapter on implementation.

## 5.0 FINANCING STRATEGY

### 5.1 Overview

Success in Plan implementation hinges, amongst others, on national capacity to mobilize financial resources, from both domestic and external sources, as well as ability to utilize those resources effectively and efficiently. Financing of public spending in Tanzania has been mainly relying on mobilization from the so-called traditional revenue sources of domestic and external. Lessons of past performance have revealed these sources are generally insufficient. The orientation of Plan requires more resources especially for financing industrialization.

As indicated in Chapter 4, implementation of the Plan requires Tshs xxxxxx, hence the urgent need to augment its financing sources. This chapter presents strategies and reforms to be undertaken in mobilizing adequate resources to finance planned development activities and general public services delivery. It covers strategies to be deployed for both domestic and external sources and the way of channeling them for implementation in the public sector and private sector as well as other actors. Table 5.1 summarizes the contribution from each source.

The chapter also proposes complementary measures for effective and efficient expenditure execution and predictability in delivery of the mobilized resources. The combined effect of the two measures has the potential of increasing government fiscal space in general and space for development spending in particular.

Revenues projections are made based on the following assumptions: Real GDP to grow at 7.8 percent on average annually and implementation of prudent fiscal reforms that will unlock new revenue sources and reduce leakages. FDIs in the gas sector are assumed to begin flowing in 2018/19.

**Table 5.1: Sources to the Financing of the Plan**

	2016/17	2017/18	2018/19	2019/20	2020/21
Sources	48,203,779	71,979,676	102,503,323	141,797,831	189,047,867
Public/Government	20,157,292	23,641,461	28,796,114	34,337,396	39,705,471
▪ O/w Tax	14,300,187	17,475,721	22,373,333	27,645,397	32,775,084
▪ Non-tax	1,408,555	1,542,874	1,670,581	1,806,699	1,947,160
▪ Grant	1,248,836	1,295,806	1,344,953	1,395,943	1,443,870
• o/w domestic	136,000	136,000	136,000	136,000	136,000
• Foreign	1,156,631	1,184,505	1,213,052	1,242,287	1,272,370
▪ Borrowing	3,199,714	3,327,060	3,407,247	3,489,357	3,539,357
• o/w domestic	1,597,157	2,003,356	2,508,506	3,052,412	3,082,412
• Foreign	1,602,557	1,323,704	893,741	436,945	456,945
Private sector	28,046,487	48,338,215	73,707,209	107,460,435	149,342,396
• o/w Domestic	22,272,575	39,618,300	58,592,540	87,644,898	127,842,234
• FDI <sup>b</sup>	5,773,912	8,719,915	15,114,669	19,815,537	21,500,162
Tax to GDP ratio	15%	15%	16%	18%	18%
Non- tax to GDP ratio	1.3%	1.3%	1.2%	1.1%	1.0%

Source: MACMOD Feb 2016, most data from GFS; b= Balance of Payment (BOP)

Figures for fiscal years were computing averages

It has to be noted that the Government has made a decision to spend 30-35 percent of its total revenue for development activities, starting with 6.08 trillion shillings in year 2016/17 up to 13.9 trillion shillings in 2020/21.

The strategies presented in this chapter are built on the desire of the Plan to: (i) scale up domestic revenue mobilization; (ii) identify opportunities for public-private partnerships; (iii) make sure that priority investments secure full funding to ensure results; (iii) develop the



domestic financial market to leverage private sector financing and strengthen private long-term domestic financing; (iv) build strong debt management capacity in the Government; (v) build a strategy to reduce borrowing costs including leveraging guarantees from multilateral financial institutions and develop domestic debt market.

## **5.2 Government/public resources**

### **5.2.1 Tax revenue**

This is a conventional means of raising public revenue for government spending. The tax revenues will raise from 16,043,391.40 in 2016/17 to 35,168,919.17 in 2020/21, which results in a ratio of tax revenue to GDP of 18 percent by 2020 (from current around 13 percent).

To achieve this increase, the Government needs, therefore, to take deliberate actions to reform the taxation system and step-up revenue collection by encouraging compliance and at the same time expanding tax base. This will involve the following measures geared to:

- i. Strengthening collection of various taxes such as import duties, excise duties, VAT and other taxes using maximum automation in order to reduce human influence. This measure will go parallel with building the capacity within TRA to monitor transfer pricing and invoice mispricing;
- ii. Strengthening customs tariff collections at Dar es Salaam port, all border posts and all inland Container Terminals in the country so as to curb tax evasion and avoidance;
- iii. Expanding the tax net by bringing in informal sector and taxing incomes that are not channeled through the payroll. The strategies address the challenges of absence of systems and mechanisms to reach many taxpayers by linking the Taxpayer Identification (TIN) system and the national identification (ID) system and the limited knowledge of potential taxpayers who fall in the informal sector economy. The later will entail an exercise to quantify the size of the informal economy and enforcing compliance;
- iv. Strengthening the capacity of the Local Governments to mobilize resources through proper identification of local revenue potentials and addressing the key factors undermining their revenue collection capacity. The strategies including building and maintaining the technical and professional capacity to operate and maintain the ICT revenue collection systems at local and central level.
- v. Developing a framework for taxing mobile money payments for revenue collection from electronic payments;
- vi. Intensifying mining inspections including verification of quantities, contents of mineral production and regular auditing of mining company transactions; maximizing collection of both taxes and royalties from mineral resources; and strengthening the capacity of Tanzania Minerals Agency (TMA) and Tanzania Extractive Industries Transparency International (TEITI);
- vii. Enhancing measures that will ensure maximum collection from auctioning of hunting blocks, sale of trophies, and charges and fees.
- viii. Minimize exemptions whose efficacy and intended impact are doubtful, e.g. exemption on oil used some mining companies. This will require reforms which induce shift in socio-culture among the benefiting elite, political leaders and organizations and requires strong will and commitment by the political leadership.
- ix. Ensure corruption zero temperance in all aspects of revenue collection across all MDAs and LGAs.

TRA will be strengthened by building on new initiatives introduced since elections in October 2015, – including efforts to improve TRA relations with taxpayers, close loopholes leading to revenue leakages, legally enforce requirements for businesses to pay unpaid tax charges (e.g. taxes due for unpaid container charges) and improved monitoring – to boost tax compliance. All tax reforms will be carrying out a with view of achieving high revenue collection without suffocating the private sector.

As efforts to increase collection are strengthened, efforts will also be directed to minimize the application of tax exemptions, building on existing reforms under the VAT Act of 2014, and following through on government plans to reduce the value of tax exemptions to 1% of GDP from the current level of around 1.5% by 2017/18.

For implementation effectiveness, the Government will continue to earmark some tax revenues for specific investment of national interest and continue strengthening the existing ones, such as:

*i. Road Fund*

The road fund is collected through fuel levy and is the primary source of road projects financing in the country.

*ii. REA*

The Rural Energy Fund (REF) represents a mechanism to finance rural electrification. This Fund will utilise opportunity through Climate Change Fund to encourage renewable energy sources.

*iii. Railway Development Fund.*

The fund serves as a market entity for railway investment and financing. The fund is projected to invest at least 70 percent of its capital in railway projects.

*iv. Skills Development Fund*

The Plan will continue the Government resolves to gradually reduce the level of skills development levy and earmarked the funds so generated exclusively for skills development in the country. The portion of the funds, which goes to support higher education, will be reviewed in tandem with reforms to making the Higher Education Student Loan Board (HESLB) run based on loan recovery with some modest interest rate. Studies in other countries show that private returns to higher education are higher enough to enable graduate to service the education loan in semi-commercial basis.

## **5.2.2 Non-tax revenue (NTR)**

Non-tax revenue is an area where potentials have not adequately been exploited. Under the plan, non-tax revenue collection will increase from 1,408,555.89 in 2016/17 to 1,947,160.35 in 2020/21. The government will enhance collection of non-tax revenue from all potential sources (agencies, public assets, etc.) in order to augment tax revenue. The sources will include:

- i. Rents, concessions, and royalties;
- ii. Dividend from state-owned enterprises;
- iii. Revenues from sales of state assets;
- iv. Revenue (including interest or profit) from investment funds (collective investment schemes);
- v. Fines and assets forfeitures collected as a penalty;
- vi. Fees for the granting or issuance of permits or licenses;

- vii. User fees for the use of public services and facilities;
- viii. Donations and voluntary contributions; and
- ix. Tribute and/or indemnities.

A part of revenue collection function will be outsourced to private collectors to reduce costs and to increase collection efficiency. As for MDAs, the Government will review existing retention schemes with a view to harmonizing them and introducing incentives for MDAs to actively pursue sustainable growth in NTR. Furthermore, the Government will set-up appropriate schemes that would incentivize MDAs to pursue revenue collection as a key performance indicator, both for individual officers and for relevant departments.

The immediate and medium term measures to raise NTR include following:

*i. Focus on Natural Resources*

The major categories of the natural resources that will be looked at include: forestry, wildlife (tourism and hunting blocks), fishery (including the deep sea fishing), mining (all major categories) using ICT.

*ii. Government Agencies*

These organizations are instrumental to capital finance access through equity and debt instruments. For some lines of Agencies/parastatals, Government will review the legal and operational status of executive agencies and create robust entities capable of operating commercially and generating surpluses for the national exchequer.:

*iii. Property taxes*

Government will actively facilitate LGAs to put in place mechanisms and practices to elevate property tax as key source of revenue by establishing comprehensive valuation rolls, setting realistic rates and keeping them under regular reviews; instituting performance linkages between enforcement of property taxes and transfers from the centre, e.g. GPG, that will incentivize LGAs to treat property taxes as principal source of revenue.

*iv. Sale of share/Non-core Public Assets*

Revenues collected from the sale of shares owned by the Government in public enterprises or privatization as well as dividends/retained earnings from those enterprises.

The Plan emphasizes that an effective collection of NTR requires ICT based automation, which is well aligned to the legally allowed retention scheme.

### **5.2.3 Domestic borrowing**

The Government will continue to borrow from the domestic market for financing its expenditure, particularly investment expenditure on infrastructure development. In this FYDPII a new approach is included which allows pooling of infrastructure financing together in order to get the benefits of the economies of scale.

The government will invest TZS. 1 trillion in equity to allow the TIB Development Bank to leverage that capital in order to undertake projects worth more than the equity. TIB will implement the leveraging program within the maximum allowable regulatory levels by the Bank of Tanzania Capital Adequacy Ratio (CAR). The TIB program, on the other hand, allow the government to focus its development budget solely on service oriented sectors like

education, health, local roads etc. which require direct government subvention.

#### **5.2.4 New/innovative Domestic Sources**

##### ***i. Natural Resources Fund***

Tanzania has intensified exploitation of non-renewable natural resources in recent years. The Natural Resources Fund (NRF) will be formed to assure intergenerational equity i.e., benefits to both current and future generations of the country, or vertical and horizontal equity objectives.

To generate resources for the Fund, the government without suffocating the private sector accord special oversight over strategic natural resources (e.g. the Mining Sector) in order to enhance revenue collections through continued improvements in mining inspections, verification of quantities and contents of mineral production and regular auditing of mining company transactions.

##### ***ii. Revenue bonds***

Regional and local governments will borrow for their qualified potential projects guaranteed by their own potential revenues, without collaterals. Borrowing will be made specifically for profit making projects from which debt servicing and amortization can be derived.

#### **5.2.5 ODA, Other Official Flows (OOF) and other external resources**

The Government will continue to attract Official Development Assistance in the form of grants and loans. The source of Foreign Financing will include among others: issuing sovereign bonds and soliciting concessional loans. Among the key instruments in this option are:

##### ***i. Foreign grants and concessional loans***

The government will continue to use this financing window as an important source of funds for national development. Borrowing will mainly be on concessional terms, while non-concessional debt will be limited to projects with a high economic rate of return, especially for energy, transport and infrastructure. In view of increased financing requirements, Tanzania will continue working with all multilateral financing institutions such as African Development Bank, World Bank, IMF, BADEA and others as well as bilateral development partners.

Besides the traditional external sources of finances, the Plan will explore and harness from the following innovative sources:

##### ***i. Funds from Foundations /philanthropies***

The government will access these funds and support other actors in their initiative to access these funds. The focus will be on for example the Belinda & Gate Foundation.

##### ***ii. Foreign market bond***

The Government will issue commercial debt (sovereign bonds) to tap on international capital market resources for financing. The Government is in final processes of conducting country rating to determine credit worthiness for borrowing from international financial markets.

**iii. National Climate Fund**

National Climate Fund can be created to access and manage the global climate change finance such as done in by Brazil, China, and Indonesia. There is room for additional earning by maintaining forest cover and trading the associated carbon credits. Proper management of industrial emissions and marketing the carbon credits will provide additional sources of funding. Tanzania can also introduce an indirect ‘carbon tax’ based on the carbon content of the oil, coal and natural gas to provide more finances for development expenditure.

**iv. Debt to Health Initiative**

Utilize the Global Fund initiative established to fight AIDS, tuberculosis and malaria. The Debt to Health initiative aims at channeling resources of indebted countries from debt repayment towards health development.

**v. Diaspora Bonds**

Tanzanians living abroad will be encouraged to invest back home through Diaspora bonds. A conducive environment will be designed to facilitate the Diaspora to invest back home. This will include creation of special savings instruments for this purpose, improvement in the banking processes, reduction in costs of money transfers to Tanzania, securitization of remittances, and facilitating the inflow of remittances.

**vi. Regional Economic Arrangements and South-South Cooperation**

Within the framework of regional integration, Tanzania is a member of two regional blocks in the sub-continent, the East African Community (EAC) and Southern African Development Community (SADC). Within these regional blocks, member countries have forged effective financing mechanisms for the joint financing of economic infrastructures to link their economies. Also through the Treaties and Protocols, member states have agreed to cooperate in various areas including industrial development. In EAC the proposed financing mechanisms include; regional industrial fund within the framework of the EAC Development Fund, PPPs, development partners, foreign direct investment, portfolio investments, EAC financial and capital markets. In SADC a number of instruments such as the Finance and Investment Protocols, Guidelines and Fiscal Framework for Tax Incentives, National Investment Policy and Promotion Instruments, and PPPs have been developed.

### **5.2.6 Public Private Partnerships**

Stocks of the public sector through public-private partnership are encouraged to share synergies between the public and private sectors in mobilizing resources. PPP approach has been widely used in other countries to finance infrastructure and other investment projects. PPP is a way to amalgamate public and private capital for public projects in which the private sector may have interest to share in the ownership. PPP Act (2010) and PPP Regulations (2011) give areas of collaboration, which comprised of investment capital, managerial skills and technology.

Division of roles is made in a manner such that while the private sector does the actual investment, the public sector will mostly undertake facilitative role, ranging from putting physical infrastructure, ensuring macroeconomic stability and setting the rules of the game. Intervention of the Government is twofold; (i) general intervention, that is creating enablers of industrialization; and (ii) specific interventions, including support to the selected or priority industries and collaboration with the private sector through public-private partnership (PPP). In designing the specific interventions to nurture the selected industries, the FYDP II

has specified requisite Government interventions, comprising those from the social sectors, for example; development specialized skills and provision of services such as water and energy supply for industrial use.

The PPP fund will ensure feasible PPP pipeline projects which reflect FYDP II Priorities are fully funded.

**Table 5.2: General policies to enhance public finance mobilization and optimum utilization**

Category	Policies to mobilize finance	Policies to use finance effectively
Domestic public finance	<p><i>Reforms to the tax system</i></p> <ul style="list-style-type: none"> <li>Minimize the application of tax exemptions</li> <li>Build capacity within the TRA to monitor transfer pricing and trade mispricing</li> <li>Broaden the geographic distribution of the tax base by improving the capacity of LGAs to collect taxes and introducing modern tax revenue administration systems in LGAs</li> <li>Diversify sectoral contributions to the tax base through, for example, strengthening the taxation of property</li> <li>More effective taxation of the informal sector by effectively identifying taxpayers (complete the integration of the national ID system with the TRAs Tax Identification Numbers; enlist the help of ward, Mtaa and village executives to identify and register businesses)</li> <li>Develop mobile money payment options to effectively facilitate electronic payment of taxes</li> </ul> <p><i>Deepen fiscal decentralization</i></p> <ul style="list-style-type: none"> <li>Better coordination of revenue collection across spheres of government</li> <li>Empower LGAs to generate their own revenue</li> </ul> <p><i>Sovereign bonds</i></p> <ul style="list-style-type: none"> <li>Carefully consider the fiscal risks (implementation, debt sustainability, roll-over, exchange rate and macroeconomic risks) associated with a sovereign bond issue</li> </ul>	<p><i>Enhance public financial management systems</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Implement guidelines to prevent accumulation of arrears</li> <li><input type="checkbox"/> Develop plan to gradually reduce the existing debt stock</li> <li>Reduce the use of expenditure floats at fiscal year end</li> <li>More timely compilation of fiscal outturn data</li> </ul> <p><i>More influential role for Tanzania's DFIs together with regional and international development banks</i></p> <ul style="list-style-type: none"> <li>DFIs such as TIB Development Bank to play a more influential role in designing and structuring development projects associated with FYDP II, and linking these projects to funding opportunities (e.g. arranging and leveraging funds for investment; developing bankable projects; managing project funding and implementation)</li> </ul>
International public finance	<p><i>Tie development objectives to climate change targets</i></p> <ul style="list-style-type: none"> <li>Tap into new sources of climate-related funding</li> </ul> <p><i>Broaden the donor base</i></p> <ul style="list-style-type: none"> <li>Focus on South-South cooperation to expand relations with large southern donors (e.g. China, India, Brazil, Saudi Arabia, Turkey, South Africa)</li> </ul>	<p><i>More strategic use of aid allocations</i></p> <ul style="list-style-type: none"> <li>Channel aid allocations to support public financial management</li> <li>Allocate large share of ODA to support tax administration reforms</li> </ul>

### 5.3 Mobilization of non-government/non public resources

Implementation of FYDP will, to a large extent, depend on the capacity of the non-government sector (private sector, CSOs, NGOs, FBOs, individuals and groups of individuals) to mobilize financial resources as the main expected investor.

A large part of the investments will be carried out by the private sector, using their own funding, private credit provided by domestic banks, market capitalization, and capital formation. The Plan, based on the laws recognizes that a prospective investor can have either rightful ownership or non-ownership of sources of finance. In the first category, an investor mobilizes own financial resources and invests in the form of ownership equity which can be acquired in a variety of ways such as previously accumulated savings; contributions from others; loans from investment funds and stock exchange, etc. Non-ownership sources do not entitle ownership status to the financier. Most of the non-ownership sources are debt securities. The role of the Government is to set legal and regulatory framework right for all

this to happen in a predictable manner.

The Government will also facilitate access and growth of new and innovative sources of private sector financing instruments and institutions. The instruments are:

***i. Debt instruments***

These include debentures and secured bonds and commercial papers issued by the private sector for purposes of mobilizing resources from the market. Potential lenders are then attracted to provide resources to investors in industries and other sectors. Current players in the market such as UTT AMIS, pensions and social security institutions as well as insurance companies have to be more vibrant and scale up such operations in the priority areas identified for investment. Issuance of bonds for purposes of raising capital from the market will involve both secured instruments and unsecured ones, in order to widen access to resources.

Debentures and commercial papers, for example, are not secured by physical assets or collateral. They are backed only by the general creditworthiness and reputation of the issuer. They are important instruments for mobilization of loan resources especially where there are no readily available collaterals. It is thus important to inculcate social trust and values; at the same time, in the event of default ensure speedy judicial process in providing resolutions to such commercial disputes in financial markets.

***i. Finance lease and hire purchase***

These instruments provide resources outside own resources. Institutions that are ready to provide these financing alternatives should be encouraged to expand by providing appropriate conducive environment for their establishment and development. Through finance lease lessor will for example, purchase equipment at agreed periodic payments from the lessee in exchange for the use of the asset. At the end of the lease term, the lessee will obtain ownership of the equipment upon successful offer to buy the equipment. Other modalities include investor buying equipment on installment payments and ownership becomes fully transferred when the agreed price is entirely paid. Like in the case of debt instruments, functioning of the lease and hire purchase is also premised on trust and proper understanding of the lessees. Social trust and values are important.

***ii. Venture capital***

Tanzania has increasingly been attracting foreign venture capitalists to risky high potential investments for seed capital funding. Venture capital is usually a pooled financing option whereby a number of investors may want to put capital in a newly planned project and to also venture in management and control functions until it pays back; and then the project graduates as the venture capitalist(s) withdraws for it to be fully owned and operated by the initial owners. Although venture capital as a source of financing is not commonly used in Tanzania, there are institutions that have pioneered to offer venture capital opportunity, including Tanzania Venture Capital and Private Equity Project (TVC) - a joint project between Tanzania Private Sector Foundation (TPSF) and TMS Consultants Ltd. One characteristic of this financing option is that it requires prospectively profitable areas such as high tech investments, high growth Small and Medium Enterprises (SMEs), etc., for venture capitalists to be attracted.

***iii. Foreign Direct Investment and other private sector financial flows***

For a foreseeable future, the private sector capacity to mobilize adequate investment capital to finance country's development programs will need to be supplemented by foreign private

sector financing. This could come in the form of foreign direct investments and portfolio private sector investments. The complementary inflows include international private transfers, including private development assistance (PDA), remittances, Foreign Direct Investments (FDIs) and other international private capital flows, such as bank lending and equity and bond portfolio inflows

In order to facilitate private sector finances, the Government will implement a range of measures to reduce borrowing costs, including support to the development of the domestic debt market, fostering regional cross-border participation in the T-bill market, and leveraging guarantees from multilateral financial institutions to attract private investments and sovereign loans.

#### **5.4 Development Financing Institutions**

The private sector will need increased access to industrial capital and specialized development finance institutions are key in this regard. Existing development finance institutions will play important role and newly specialized ones will be established to widen financing space. Some actions will be taken to strengthen the existing institutions, including recapitalization and capacity building for these institutions to adequately execute their functions with utmost competence. Both technical and financial capacities of finance development institutions will be enhanced.

While ensuring adverse impact on macroeconomic stability is mitigated, generally, the Plan will encourage national DFI to organize the Loans Syndications as an alternative non-tax financing opportunity as some banks join together to finance a large public project under a certain arrangement.

##### **5.4.1 Tanzania Investment Bank (TIB)**

Tanzania Investment Bank's core objective is to provide debt finance at the long-term end of the market. Such loans assist enterprises in setting up new and expansion projects to increase the productive capacity. Tanzania Investment Bank (TIB) places special emphasis on projects that are export oriented and on those, which utilize local resources. Although the bank operates on a commercially sustainable basis, it does at the same time, have a responsibility of contributing to the development of the country in terms of empowering SMEs, increasing employment, and other important socio-economic considerations of human development. This means TIB is engaged in financing for both economic transformation and poverty reduction. Following objectives and the nature of functions TIB which are aligned to the goals of this national plan, the Government will design a mechanism to enable TIB to finance emerging investment projects in the areas of the national priority. TIB does not provide subsidized loans from its ordinary resources but can manage funds on an agency basis for special and specific considerations. This is a window the Government can use to accomplish financing of some earmarked projects as a way of sharing synergies with the bank to minimize risks and to harness the available expertise.

##### **5.4.2 Tanzania Agricultural Development Bank (TADB)**

The primary objective of Tanzania Agricultural Development Bank (TADB) for which the bank is established is to provide short, medium to long-term financing to agricultural sector. The bank is an apex agricultural financing bank, and will be catalyst to existing agro-financing activities through provision of short, medium and long-term facilities through institutions like commercial banks, community banks, savings and credit cooperative



societies (SACCOS), and microfinance institutions (MFIs) that are active in lending to the agricultural sector. In view of this, the Government will support TADB to enable agriculture as a priority sector of the country.

Government through the TADB will directly finance the large projects mainly in infrastructure development for irrigation, storage and transport. This will be done in collaboration with commercial banks by the way of credit extension to the private sector engaging in agriculture and individual small holders. The operational model will be agreed between the Government, Central bank and Commercial banks.

### **5.4.3 National Development Corporation (NDC)**

NDC was established soon after independence in 1962 to fill the gap of promoting and financing critical development projects. The vision of NDC has been to leading industrialization prose in Tanzania. NDC will be further strengthened to continue identifying, promoting and implementing strategic industrial development projects in partnership with private sector in the form of PPP. The Government will channel its funding of industries through NDC as an institution that is statutorily mandated to industrialize the country. NDC will take a lead role in soliciting collaborative private investors with whom to share in the establishment of strategic industries that can transform the economy. Industrial priorities of this plan will be put into practice by the NDC projects development capabilities and financing packaging.

The Plan underscore the fact that, the effectiveness of the national DFI and PPP arrangements require strengthening of the existing legal and regulatory frameworks. For this, the Plan will support the review and amendment of the Government Loans, Grants and Guarantee Act to enable it to serve as a comprehensive legislative framework that includes primary legislation and regulations. This framework should cover the establishment of the debt management office, with measures to ensure that this entity is fully functional.

### **5.5 Specialized banks/finance institutions**

Specialized development banks and financial institutions will be empowered to finance development sectors in the country. Tanzania Investment Bank (TIB) and Tanzania Agricultural Development Bank (TADB) are among the banks that will be recapitalized for this purpose. TIB is mandated to take a lead role in industrial development finance. Recapitalization of TIB will be done from within the country, and more financing of the bank from outside, especially from the regional investment banks will be attracted for TIB to meet the huge industrial capital requirement. TIB can play more influential role in designing and structuring development projects associated with FYDP II, and linking these projects to funding opportunities (e.g. arranging and leveraging funds for investment; developing bankable projects; managing project funding and implementation). Also, the models of specialized banks that have succeeded in other countries like establishment of specific Industrial Development Bank will also be explored for Tanzania as one of the sources of sophisticating its finance sector.

Because banks in the country target also high growth sectors as their prime customers, opening of specialized windows for businesses in the existing banks is encouraged in order to unlock financial barriers to emerging businesses; particularly, those with potential for profits. Banks will, however, need to use competent financial analysts to guide in their selection of the borrower to avoid bad risks as a way to maintain stability of the banking industry in the country.

## 5.6 Other Considered Financing Arrangements

### 5.6.1 SMEs Bank –

Small and Medium Enterprises will be nurtured to grow into large businesses through financing from specialized banks. Finca (Tanzania) Ltd. which has graduated from microfinance institution to a licensed microfinance bank is a kind of the model of specialized banks for SMEs financing.

### 5.6.2 Cooperatives and Community Banks

Cooperative and community banks will be supported to spearhead development at the local and regional levels. These are banks that are close to the people and can cater for financial needs of specific groups in a specialized manner. Cooperative and community banks will be responsible for inspiring saving and investment behavior at different community levels.

## 5.7 Government in Supporting Private Sector Development Financing

In order for the private sector to effectively mobilize finances to develop industries and participate in investments in flagship and other projects, the government will support the issues presented in Table 5.2

**Table 5.3 Government Interventions to Support the Private Sector**

Category	Policies to mobilize finance	Policies to use finance effectively
<b>Domestic private finance</b>	<p><i>Expanded role for the private sector through PPPs</i></p> <p>Greater private sector involvement in development-focused investments (e.g. transport and energy infrastructure investments) to transfer some government spending responsibilities to the private sector</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Articulate more specific PPP policies and market them effectively to potential investors</li> <li><input type="checkbox"/> Improve the quality of the business climate (combat corruption, clear government policy stance on macroeconomic management) to attract more private investment</li> </ul> <p><i>Improve financial intermediation to bolster access to private credit</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Support the development of Tanzania's capital market</li> </ul> <p>Step up the removal of obstacles to lending</p> <p>Support greater competition in the banking system</p> <p>Targeted sectoral approach to loosening constraints in accessing credit (e.g. in agriculture)</p> <p><i>Further develop the market for government securities</i></p>	<p><i>Technical assistance to government and the private sector in the preparation of bankable PPP projects</i></p>
<b>International private finance</b>	<p><i>Improve the quality of the business climate Explore options for additional non-concessional borrowing and borrowing on commercial terms</i></p>	

## 5.8 Rationalizing Public Expenditure and Development Funds

### 5.8.1 Rationalizing Public Expenditure

The Plan intends to ensure that at least 35 percent of the national budget is allocated to development component; ring-fence funds for flagship projects and selectively abandoning

cash budget for strategic projects and revisiting the basis of cash budget in some strategic projects; and exploring scope of earmarked sources of revenue for some strategic choice projects.

In order to improve the level of efficiency and to instill discipline in expenditure management under the Plan period, the Government will stick to realistic budget estimates that reflect accurate estimates of revenue and expenditures. Furthermore, the development projects to be included in the annual budget estimate will be selected only if approved by the Planning Commission in line with the public investment management (PIM) criteria.

Each MDA will be required to submitting annual budgets with procurement plans and cash flow forecasts drawn from the latter to improve execution efficiency. The disbursement will be on a quarterly basis to spending units to improve budget execution. In order to ensure resource predictability:

- (i) Under the plan, the Government will introduce a set of transparent rules for cash rationing of the appropriated budget when revenue and grants are under-collected.
- (ii) The Government will also develop a prudent Medium Term Fiscal Framework as a basis for the formulation of annual budgets

The government will continue with bulk purchases of goods and services directly from producers or continuing with single source procurement of government vehicles through GPSA after approval by the Prime Ministers' Office. It will oversee Public Procurement Act in order to curb all loopholes emanating from weak management of public funds;

The government will control non-productive expenditures by government agencies by conducting regular monitoring and evaluation exercise with the view to ascertaining their economic viability for national development.

The government will strengthen Monitoring and Evaluation of the budget execution at all levels of government. The Public Expenditure Tracking system will be strengthened and will address all Internal Audit recommendations as part of budget execution. Several measures to improve public expenditure will be implemented including rationalization of expenditure of MDAs, particularly the parastatals and agencies; containing Government expenditures in electricity, telephone and water by making regular follow-ups; removing all ghost workers from government and enforce continuous monitoring of the pay roll. The Government will also reduce operational costs in various government institutions through control of expenditure in vehicle maintenance, fuel consumptions, government ceremonies and foreign travel. In general, the key reforms on the expenditure side include:

- (i) Review the current pay and allowance system for the civil service in order to establish clear links between performance and rewards and ultimately promote higher levels of productivity. The strategies will include measures to enforce stricter sanctions for non-performance, such as absenteeism.
- (ii) Adopt a financing strategy to liquidate arrears and to prevent the build-up of further arrears in the future.
- (iii) Take appropriate actions in the case of officials who breach PFM laws, regulations, or guidelines, as determined by findings from the Internal Auditor reports, the CAG special audits and procurement audits
- (iv) Consolidate the Integrated Financial Management Information System used in central government with a similar system used by LGAs for budget execution data (revenue and expenditure), and for related financial asset and liability data.
- (v) Extend the use of Tanzania Interbank Settlement System (TISS) and Electronic Funds

Transfer (EFT) to LGAs. Currently this covers all MDAs and RASs.

- (vi) Introduce an e-procurement system for the purchase of goods at the Medical Stores Department (MSD) and Government Procurement Services Agency (GPSA).

### **5.8.2 Rationalizing Special Development Funds**

There are is a plethora of empowerment and development related funds (at micro scale), which target more or less the same social group with the objective of supporting entrepreneurial development and job creation. They include the Youth Development Funds, Mwananchi Empowerment Funds, SELF, etc. However, these funds remain fragmented and uncoordinated, resulting in duplication of effects and increases in overhead and administrative costs.

The Plan proposes a review the existing micro empowerment and development funds with the view of consolidating and formalizing them under one or few institutions. The consolidated funds will be used to capitalize the new institutions (or windows in existing institutions) or used as guarantee to loans given to the targeted groups by the commercial banks.

## **6.0 IMPLEMENTATION STRATEGY**

### **6.1 Overview**

The Plan has identified more explicitly set of measures to be implemented in order to realize the desired economic transformation. Such measures include building resilient infrastructure systems, creating conducive environment for investment and doing business, building quality human capital as well as improving social wellbeing. The Plan has also identified concrete strategies for financing and monitoring and evaluation of the Plan. This chapter sets out mechanisms for making this to happen- by putting measures to strengthen implementation effectiveness.

The Chapter begins by echoing on the implementation challenges highlighted in chapter two of this Plan. It ends in subsequent sections by suggesting set of measures to strengthen implementation, including setting up an institutional framework for implementation of the Plan.

### **6.2 Key Challenges to Implementation Effectiveness**

The challenges of implementation largely relate to institutional capacities required to ensure that there is good governance and accountability and enforcement of the legal and regulatory frameworks. The challenges also reflect weak institutional capacity to coordinate and organize mobilization of finance, monitor and evaluate implementation of planned activities.

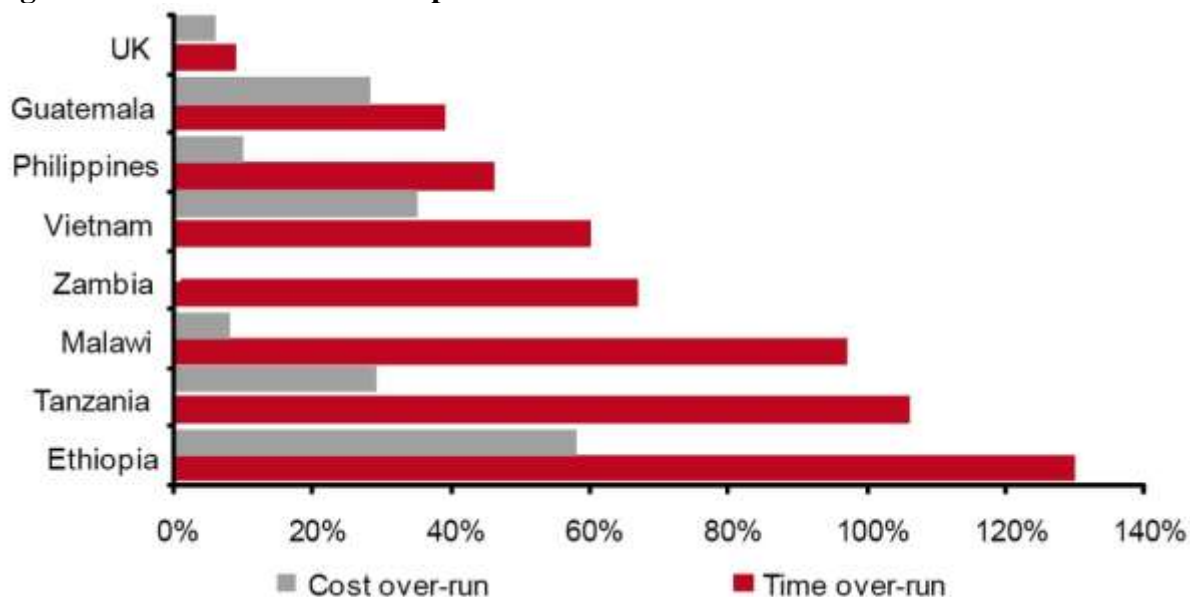
#### **6.2.1. Policy incoherence, instability, and unpredictability**

There is weak alignment of policies, procedures, planning, and coordination, reflected in lack of consensus among key stakeholders and ultimately policy reversal. The cases in point, include the hike of land charges and compensation rates, implantation of the VAT Act of 2014, the changes in examination results grading, multiplicity of taxes and institutional charges and cumbersome procedures for acquisition of village land on one hand, and the need to promote commercial farming and rural industrialization on the other. The weak coordination leads to entities acting in on their own, under unclear chain of command, thus causing plethora of priorities; incompatible implementation sequencing and resources allocation alignment. In some cases, there have been policy reversals, resulting into partial implementation of projects and programs, as well as and slowdown in reforms. All these cost the nation in terms of forgone fixed costs/sunk costs, inadequate outputs, and ultimately weak impact.

#### **6.2.2. Effects of corruption on implementation**

Although there has been progress in tackling corruption as reflected in PCCB operations, CAG reports, etc., the low level of value for money is apparent in some of the government-funded projects. Shoddy works common in constructions are suspect of corruption tendencies and they inflict immense costs to the society in terms of incomplete projects, delayed commencement of projects, early maintenance, rehabilitation and renovation, in some cases, re-construction. Figure 6.1 compares Tanzania with some countries in the level of corruption in construction sectors. Similarly, corruption is reflected in low quality in service delivery. Sometimes, shoddy works are results of thinly spreading the available resources for political appeasement. Political pressure has oftentimes triumphed over evidence based expert opinions.

**Figure 6.1: Indicator of corruption in the construction sector**



**6.2.3. Weak Prioritization**

Tanzania’s plans had failed to stick to the principle of prioritization, mostly during the design stage where everything is considered as “priority”, and occasionally during the implementation. Here again, the main cause is the undue pressure from both domestic and international stakeholders. As Mwalimu Nyerere once said, “*Kupanga ni Kuchagua*”. Some inter-temporal trade-off is inevitable. The principle is that plan should start with those areas, which yield the highest impacts with a view of creating additional capacities for other issues to be embraced in subsequent rounds of plans. Weak prioritization manifests itself in untimely project completion due to inadequate disbursements.

**6.2.4. Inadequate Mobilization of Financial Resources**

There have been little innovations in resources mobilization. The Government continues to fund most of the development projects mainly from own domestic revenues, concessional loans and grants, which unfortunately have increasingly declined over recent years. The disbursement is done on cash-budget basis, which was adopted as an interim macro-economic stabilization measure over two decades ago. As a result, the level of fund disbursements constrains implementation of projects either because are always inadequate to meet requirements as per action plan or released untimely. Some of the Government own Development Finance Institutions, such as TIB and recently the TADB though have mandates to raise syndicated loans to finance projects upfront, are ill capitalized.

Other challenges to development financing in Tanzania included low competitiveness and efficiency of the financial sector; quality and variety of financial services; shallow capital market; low tax collection capacity of TRA and LGAs; tax exemptions, delays in release of concession loans and grants, waivers, tax holidays and similar preferential facilities; narrow tax base; un-simplified/unified tax reforms; tax policies and regulations.

**6.2.5. Inadequate decentralization and localization of the national priorities**

The decentralization by devolution (D-by-D) that was envisaged to transfer implementation of national development issues to the local government did not go to the full length. Some central ministries still hold more powers to control implementation of local development activities. Of recent there has been more budgetary resources going directly to the LGAs, their capacity in many other aspects has, however, not received commensurate attentions. As

a result, LGAs and Lower Level Governments (LLG) have failed to fully assimilate the national development priorities in the typical local context (Local Economic Development – LED Approach).

Inadequate assimilation of the national development priorities to local level partly explains the failure of Tanzania to translate good macroeconomic performance e.g. high growth into substantial poverty reduction; increasing income and spatial inequity. Experiences in other countries and regions have shown that local and regional economic development strategies (LED) have become a necessary and viable complement to traditional development strategies. LED approach leads to many significant social benefits, by promoting voice, participation, and sustainability across LGAs and regions. But for LED to be effective, capacity strengthening at the LGA and LLG level is required.

#### **6.2.6. Weak system for follow-up, monitoring and Evaluation**

There is an adage that goes “don’t expect the uninspected”. To ensure effectiveness in implementation there is need to have robust systems for constant follow up and inspection. The monitoring and evaluation activities, both physical and financial performance is required to ensure effective plans implementation but in most cases are ill funded. The current audit approach is mainly procedural based and less on value for money and it is done oftentimes too late to correct mistakes.

#### **6.2.7 Delayed Decision Making**

A combination of policy incoherency, policy instability and unpredictability, on one hand and corruption on the other hand, result in slow decision-making process. This has been one of the issues the private sector has been complaining about. Slow in decision making has repelled investors, especially international investors with several country options for investment destinations. Other challenges under this area include lengthy procedures for acquiring land for investments; weak enforcement of property rights; poor land use planning and management; weak integrated land management information system; challenges in energy supply and low private sector participation (among other factors due to high cost of doing business thus deterring new entrants and crippling current players through reduced profit margins).

Far-reaching reforms are required to address these challenges and ensure implantation effectiveness of the Plan.

### **6.3 Reforms for Effective Implementation**

To achieve the various strategic objectives envisaged in this plan, core forms will have to be reviewed, mainstreamed, accelerated and deepened with the focus on creating an enabling environment for economic growth and human development. The core reforms will address weaknesses in public service management; public finance management; public goods and services delivery systems; Local-Central government relations; business and investment environment; citizens’ participation; access to legal and judicial services; citizens and corporate responsibility; and enforcement of rule of law and order. The reforms to support the Plan targets the following areas:

#### **6.3.1 Reforms to Eradicate Corruption, Promote Good Leadership**

The Plan is predicated on the eradication of corruption and promotion of good leadership and effective governance. These are the cornerstones of a country’s economic development and the following will be implemented and performance measures devised to monitor:

- i. Having no tolerance to corruption and recognizing that corruption is the number one

enemy to the country's development. Reforms to make institutions and agencies that control corruption and oversee ethics in private and public service delivery effective and compliant.

- ii. Promoting effective governance by focusing on three issues: fast-tracking decision-making processes, enhancing commitment to the implementation of development goals by the civil servants, and having proactive government leaders.
- iii. Demand Government leaders being proactive and pro-business, Halt institutional dysfunction that can prevent socio-economic development by indiscipline, inefficiency, lack of accountability and immorality
- iv. Strengthen the functioning of the Boards of Directors of state-owned enterprises to ensure these boards fulfill their oversight functions appropriately and are directly accountable for their performance.
- v. Enable the Treasury Registrar to oversee state-owned enterprises and to support the Government in making strategic decisions related to public investments in these organizations.

### **6.3.2 Entrenchment of Implementation Culture**

BRN has generated good lessons which warrant scaling up with the view of entrenching work culture and attitudes. Rates of BRN projects implementation were good. The Plan implementation will benefit from the experience of BRN model, hence qualify for harnessing and mainstreaming them into the whole government machinery.

Culture can be a major factor behind success and or failure of plans/projects. From the BRN initiatives, it has been observed some projects were able to deliver successfully within the planned period even without the requisite financial resources. The BRN methodology should therefore be strengthened and extended to be used in the implementation of FYDP II. To start with, the Labs should be organized along the FYDP II flagship projects.

BRN systems already exist in some MDAs and nonexistence in others. BRN will be mainstreamed in the structures of the MDAs. The departments responsible for Policy and Planning in each MDAs will be the delivery units. These units will link up with the department responsible for FYDP II delivery in the Ministry of Finance and Planning. Specifically, the Plan demands the following:

- i. Reform governing institutions and make them effective in pursuing their functions.
- ii. Reform institutions with focus on: independence, transparency, responsibility and accountability. These should be the key features that must be part and parcel of each institution in the country.
- iii. Effectively coordinate all functions and records of key outcomes of all government institutions, including the LGAs.
- iv. For all national level strategic projects, which involve several actors and bold decisions for some aspects of project execution, there will be mechanisms set to refer such projects back to the Cabinet for implementation guidance.
- v. Introduce a special window in the procurement process to deal with national strategic projects.

The Plan will gradually on a pilot bases, require the civil service management to make appointments and promotions open, competitive, and merit-based for vacancies below the level of Permanent Secretary - mainly principal officers, heads of section, TGS directors, and executive directors of independent parastatals and agencies.



The plan will expand the use of Human Capacity Management Information System (HCMIS) for strategic staffing decisions in the public sector and for improving performance management within service delivery units.

### ***6.3.3 Reforms for Improved Business Environment (including Executive and Autonomous Agencies)***

The private sector, which will be the main driver of industrial investments, oftentimes interfaces with the executive and semi-autonomous agencies of the Government. The efficiency and effectiveness of the agencies is thus key for effective implementation of the Plan. The Plan will support efforts to review strategic agencies, which hold key for successful implementation of the plan. They include TANESCO, regulators of standards e.g. TBS, TDFA, etc. The entrenchment and inculcation of the BRN culture in these agencies will be an integral part for envisaged reforms in order to enhance their pro-business and pro-private sector supportive role.

Generally, the Plan will support legal review aimed at improved business environment by eliminating conflicting laws and regulations, regulations which retard decision-making,

### **6.5.1 Specific reforms for Flagship Projects**

Besides the requirement for the FYDP II BRN implementation Lab to commence with the flagship projects, the five sets of Flagship require special and tailored reforms for their effective implementation, as follows:

- (i) Realization of the Central Development Corridor and North-West Corridor of Tanga corridor as well as Mtwara Development Corridor
- (ii) Reforms to facilitate zoning and clustering of some economic activities (productive sector, economic services, and social services) to flourish along the selected corridors.
- (iii) Improving availability and reliability of electrical power including finalizing discussions regarding de-bundling TANESCO to separate operators in the production, transmission and distribution of electricity. In the reform, the role and mandate of the electricity regulator will be expanded to include projection and determination of national demand and inviting independent power producers to compete. There is a need to have an independent manager in charge of transmission.
- (iv) Mass training for development of rare and specialized skills:
  - (a) The Plan support increasingly allocating revenue generated from Skills Development Levy (SDL) to skills development, particularly for skills required in priority industries. A forum will be created where private sector will participate to express the demand for skills and shape the interventions for the provision of technical education and vocation training. Moreover, the Plan will set strategies for scholarship and other support for higher education related to priority industries.
  - (b) Behind successful training in specialized skills is quality education at primary and secondary level. Thus, the Plan proposes gradual review of the school level administration to ensure quality delivery of education, starting with primary school administration to secondary school administration.
  - (c) The Plan will pilot school administration based professional management approach, where the school managers are granted power to oversee staff incentives.

### ***6.3.5 Land Administration Reforms***

The land use plan and management is a key variable for management of urbanization and in unlocking the potential for growth by making land accessible for productive uses in rural and

urban area. The current land policy, as governed by the two Acts, namely, the Land Act and Village Land Act, does not facilitate industrialisation, include mining sector forms. renewed focus on formalization of land ownership and commercialization appear to be combining to intensify land disputes and create additional disputes including those between investors and existing land holders/users. The acquisition of land for investment is complicated and takes long time. The bureaucracy and procedures in acquiring land for investment is cumbersome and thus deterrent. Transactions costs are high to investors with the current regime of land policy. Reforms are required to address the follow specific issues:

- i) Ways in which surveyed land can be a good source of sustainable income for the government (during titling and extraction of rent in strategic locations) and for the private sector as capital/share/equity or save as collateral in accessing finances. This include formalizing unplanned urban settlements and increase the number of surveyed villages and delivering Certificates of Customary Right of Occupation (CCRO). This also requires strengthening of MKURABITA programme/concept and implementation.
- ii) The need to have a one-stop center to deal with land issues and decisions for investment, including increasing availability and access to land serviced land in line with the economic activities designated (title deeds, irrigation schemes, feeder roads, power, etc.);
- iii) The review the Village Act No 4 and Land Act No 5 to enable it to support industrialization and socio-economic transformation, with the view of eliminating conflict with other laws, including those affecting agriculture land, mining, and industrial location.
- iv) Ensuring proper land use planning, management, and settlement development, including enforcing property rights and standards, as well as promoting the development of secondary towns;
- v) Carrying out reforms in land sector, including formalization of unplanned urban settlements and increase the number of surveyed villages; and
- vi) Ensuring environment sustainability in development of township, towns, and cities, including strengthening national and sub-national (LGAs) land development planning.
- vii) Creation of industrial “land banks” nationally and at lower levels; and
- viii) Establishing an effective land registry.

### **6.3.6 Formalization Reforms**

Tanzania’s economy dominantly informal and nation cannot account for ‘who’ does ‘what’, and ‘where’. Informality constrains development of infrastructure in unplanned settlements; hinders growth of business due to limited scope of contractual enforcement; increases costs of social service provisions and costs of collecting government revenues. Without concrete database of the production pillars - people, their entitlements to locations, and their activities in general - the economic transformation process is rendered futile since planning and policies will be based on incorrect statistics.

The Plan will support efforts to formalize the economy, including (i) identification of the country’s people (ii) availability of a comprehensive land use plan, and (iii) establishment of a comprehensive and deep transactional businesses registration database.

## **6.4 Interventions for State/Government Effectiveness**

### **6.4.1 Building an Integrated government**

Other set of reforms will focus on ensuring government institutions work in an integrated manner (joined-up government); open government aimed at increasing transparency and

opening-up government business, with ICT (e-government) being a major vehicle in achieving both goals.

#### **6.4.2 *Effective use of the Rule of Law***

Necessary measures must be taken to ensure equal access to timely justice to all people. These measures will include, first; to improve the capacity and efficiency of justice institutions through investing in human resource development and streamlining processes and procedures; second; to improve court infrastructure (including construction of new primary courts). In addition, to enhance independence of the judiciary and to improve efficiency of adjudication of cases; fourth, to deepen the legal sector reform and the law reform and fifth, to strengthen measures and actions to curb petty and grand corruption as a national agenda with clear monitoring and evaluation tools.

#### **6.4.3 *Enhanced democracy, political and social tolerance***

Deepening of democracy and participation will be accelerated through:

- (i) Investing further in the electoral process and expand freedom of expression, transparency, and access to information.
- (ii) Promoting domestic accountability and effectiveness of watchdog and oversight institutions, and to put in place mechanisms for strict follow up, accountability and sanctions.
- (iii) Ensuring separation of powers and effectiveness of the three pillars of government, including enhancing the institutional and human resource capacity of each pillar of the state for the proper execution of its functions;
- (iv) Designing interventions to promote the culture of hard work, self-confidence, self-esteem, creativity, and innovation and moral integrity among the youth from early childhood.

#### **6.4.4 *Safety, peace, security and social stability***

Strategic actions to ensure peace, individual security and safety of property and stability will include:

- (i) Enhancing border control and immigration, and to check the inflow of arms.
- (ii) Strengthening capacity (physical, human, and financial) of law enforcement agencies and to strength mechanisms for arbitration and conflict resolution among and within communities.
- (iii) Finalizing national identification process and strengthening of vital registration from the grassroots, both in urban and rural areas.
- (iv) Expanding civic education and public awareness on the importance of national unity and to fight tribal polarization and sectarian sentiments.

#### **6.4.5 *Good corporate governance***

Several legislations aimed to reforming and providing reasonable level of sound corporate governance have been in place, including the Companies Act, (Cap 212) and the Capital Markets and Securities Act of 1994. The Public Corporations Act (1992) provides the regulatory frameworks for corporate governance in public companies. Strategic actions to enhance corporate governance include:

- (i) Addressing remaining bottlenecks to investment climate and business environment
- (ii) Promoting strategic acquisitions, mergers, or joint ventures between public and private companies, and between domestic enterprises and multinational companies in order to foster diffusion of technological innovation and managerial skills, aimed at increasing global competitiveness.
- (iii) Promoting effective public-private dialogues and ensure implementation of agreed

milestones. The existing forums such as the TBNC will be strengthened in order to facilitate effective public-private dialogue and monitor the implementation of the agreed milestones.

- (iv) Use open data dashboards as the key instrument for government interactions with citizens in the areas of policy making, monitoring, and implementation.
- (v) Introduce an annual service delivery survey to determine levels of citizen satisfaction with priority social services.
- (vi) Leverage technology to facilitate mobile governance: This should include the appropriate use of m-health applications, one-stop e-services for businesses, and citizen feedback mechanisms to enable citizens to provide feedback on matters such as teacher absenteeism, lack of staff, and/or stock-outs of essential drugs at health facilities.

#### **6.4.6 Active role of state in economic governance**

To be effective in economic management, the state will have to carry additional and specific time-bound actions, and in some cases employ non-conventional tools to drive development actors in a desired direction. The following actions will be the key ingredients of strategic implementation:

- (i) Demonstrating strong political leadership and implementation mechanism that transcend political boundaries to retain long term horizon in development planning, supported by a competent and committed cadre of merit-based and well remunerated civil servants.
- (ii) Aligning implementing institutions with the incentive systems that creates a working synergy between government institutions, the private sector, and the market and regulatory institutions.
- (iii) Promoting strong national market players, without succumbing to patronage and capture by maintaining a competitive environment among them.
- (iv) Ensuring that macro-economic policy is strongly aligned with the development agenda, so that there are mutually supportive combination of macro, meso, and micro outcomes.
- (v) Facilitating industrial development by overcoming constraints, particularly infrastructure gap, concessional sources of financing, and human resource development in priority industries.
- (vi) Promoting knowledge creation, and facilitate research and development to foster innovation and adoption of new technologies in major sectors.
- (vii) Establishing a special fund for project development. The fund will be used for all national strategic concepts/proposals, be it from government, partnership/joint venture or purely from private initiatives. The management of the fund to support the preparation of bankable project documents will be established latter

### **6.5 Decentralization by Devolution and Local Economic Development (LED) Approach**

To ensure trickle down effects both from economic growth and service delivery to local level and households, the Plan proposes further decentralization of the Government system in order to respond to local needs in a timely manner. Local government must be increasingly empowered to make planning decisions. This entails shift mandates and resources to the local level as follow:

#### **6.5.1 Reforms to strengthen Local Economic Development (LED) initiatives**

The Plan will institute reform to contribute greatly to the transformation and shaping of the country's economic status through greater decentralization and transparency. It entrenches the BRN methodology; efforts will be directed to ensure there is effective coordination among actors in MDAs and RS, and LGAs in order to deliver conducive business

environment/enablers for private sector to flourish. This entails also implementing the unfinished business of the Local Government Reform Program which include administrative (human resources management) and fiscal decentralization as well as harmonization of laws and lower local government authorities (LLGA).

Under the Plan, the role of LGAs will be critical for issues related to land for investment, development of SME clusters, support of Local Economic Development (LED) initiatives, etc. The core aim of LED in FYDP II is to direct practical approaches to be used by regions, LGAs, and communities in designing and implementing locally customized interventions. Effective LED planning ensures that priority issues are addressed and limited resources are well targeted to promote local growth and poverty reduction.

Recognizing the capacity of LGAs, the Plan will build and strengthen their capacity in line with key LED strategies which involve:

- i. Regions and LGAs tendering and procurement procedures must favor small contractors and emerging businesses.
- ii. Marketing of LGAs investment opportunities, to local and international businesses, including supporting service centres that provide assistance and information to businesses that wants to start operations in their respective areas of jurisdiction.
- iii. Developing Economies Locally Through Action and Alliance (DELTA), which focuses on building institutions within LGAs and exploiting private sector resources that can foster and support policy reform for private sector development.
- iv. Supporting Living Laboratory, which provide practical demonstrations of what could work better in their respective localities and create sustainable jobs and real community benefits.
- v. Supporting communities to develop their own economic solutions, including exploring new ideas for improving the creation for and distribution of work to disadvantaged groups and minorities.
- vi. Ensuring that the local investment climate is functional for local enterprises supporting small and medium sized enterprises encouraging new enterprises attracting inward investment
- vii. Investing in physical (hard) infrastructure by improving the built environment (roads, sewerage, airports) for businesses investing in soft infrastructure including human resource development, institutional support and regulatory issues
- viii. Supporting the growth of business clusters targeting particular geographical areas for regeneration or growth (i.e. area or spatial targeting) supporting survivalist, primarily informal sector enterprise targeting certain disadvantaged groups.

The Plan recognizes that effective LED is community driven as well as LGA supported. A community begins LED strategy planning process by identifying the people, public institutions, businesses, community organizations and other groups with interests in the local economy. The skills and resources that each of these stakeholders bring to the strategy process provide a critical foundation for success. The LGA and RA will be responsible for ensuring conducive local business environment, particularly those affecting the SMEs. Progress in this aspect will be evaluated the through Local Business Enabling Environment (BEE) Survey

The Government will address the challenges related to financing LED, because most of the LGAs often have limited resources to deliver LED services. Through the Plan, the Government will safeguard LED expenditure when it comes to budget time from being out

competed by other expenditure items in order to ensure LGA LED becomes a vehicle for local transformation. Sources of funding for LED initiatives include:

- i. Local authority revenue raised from the usual own sources, without necessarily falling in the trap of introducing nuisance taxes;
- ii. Central government transfers, e.g. the TZS 50 million for each village;
- iii. Donor grants – including international NGOs, foundations, e.g. environmental aligned;
- iv. Private sector funding such as funds from corporate social responsibility; and
- v. Foundations, especially for environmental improvements, human resource initiatives and poverty alleviation.

In order to ensure effective monitoring and evaluation of LED initiatives, LGAs will be facilitated to conduct the Local Business Enabling Environment (BEE) Survey to obtain information on citizens' perceptions of local conditions and regulations that affect them and local businesses, with the goal of highlighting policies and practices that hinder business development and identify key concerns and issues facing their localities.

The Ministry of Finance and Planning in collaboration with the President's Office Regional Administration and Local Government will develop a guide for rolling out the LED approach. The guide will include, among others, approaches to measure the performance of the leadership at the regional and LGA level so that the citizenry will be informed of their local development. The Local Business Enabling Environment (BEE) Survey will be one of such evaluation tool for local leaders' performance. Effective performance of LED will, in aggregate, diversify the national economy and government revenue sources and reduce overly dependency on Dar es Salaam. It will also reduce push factor for migration from rural (township) to large cities and relieve pressure on urban social amenities and infrastructure.

### **6.5.2 Specific LGA Reform – Dar es Salaam City**

The Dar es Salaam City is hub of the national economy and provides the basis for social transformation in terms of revenue collection, growth of the private sector, job creation, markets, etc. However, performance of the city is constraining by its administrative structure, which as implication on management of the city development. There are overlapping mandates of the city district municipals, the city municipal (LGAs), and regional administration (RS) in Dar es Salaam, which undermines regional coordination. As a result, the major services such as transportation, land use planning, water and waste management are not coordinated on a metropolitan-wide basis. The Plan proposes:

- a) Reform of the institutional and governance arrangements of Dar es Salaam city in order to improve coordination, accountability, and service delivery. The reform aims triggering the evolution of Dar es Salaam into an efficient metropolitan area by providing redefining the role and functions of the DCC and, in particular, to provide it with a clear mandate to require the municipal councils to coordinate services on a metropolitan-wide basis.
- b) Reforms to allow and pilot with the city (DCC) capability to raise adequate revenue sources that match their expenditures and install the systems to ensure that the City councils are accountable to citizens.

## **6.6 Implementation Framework**

### **6.6.1 Planning and Implementation Coordination**

The implementation of the Plan will be streamlined through a coherent planning process, whereby all actors are aligned to the set objectives and targets. Since the implementation of the Plan involves a myriad of key stakeholders and institutions priorities the planning will

adopt the following steps

a) Annual Development Plans (ADPs)

FYDP II Priorities will be further articulated through the Annual Development Plans (ADPs). The Identification of annual priorities and sequencing be done through a consultative process using the dialogue structure that will be established. The ADPs will be derived from reviews of an implementation matrix of the FYDPII, which also lays out the status of implementation of preceding year's targets. The Ministry of Finance and Planning will spearhead and coordinate this process including the formation of a dialogue structure and production of ADPs.

b) Budget Guidelines

The Budget Guidelines will further translate the ADPs into a financeable programme to guide actors on issues related to measures for resources mobilization, expenditure management and budget resources allocation. The Budget guidelines will scale up program approach and financing in order to provide interface with all actors involved in project implementation.

c) Annual Plan and Budgets

Based on the National Annual Development Plan(ADPs) and the Budget Guidelines, MDAs and LGAs will Develop Institutional Annual plans and budget that will be tabled for further budget scrutiny carried out by a central committee coordinated by the Ministry of Finance and Planning.

d) Budget Scrutiny

Budget proposals will be scrutinized through a transparent and iterative process. The aim is to facilitate further prioritization and sequencing of interventions including identifying areas of synergies and cross sector collaboration. The Ministry of Finance and Planning will coordinate this process.

e) Creation of SMART performance indicators for each of the implementing MDAs;

f) Adoption of a real time response to a problem during implementation.

This will be achieved through regular consultation between coordinator of the ADPs and the implementing MDAs and LGAs facilitated through a dialogue structure.

### **6.6.2 Institutional Arrangements**

The institution framework presented in this section responds to thrust of the Plan, which is to build an industrial economy and undertake a socio-economic transformation with high productivity and quality social services delivery. While guided by the focus of the plan, the institutional framework intends to achieve the following key implementation objectives:

- (i) Ensuring coherence of policies and implementation;
- (ii) Strengthening vertical chains of intra- agency/ministerial accountability and inter-ministerial coordination;
- (iii) Strengthening horizontal coordination;
- (iv) Creating strong state-business/investor relationship at sectoral levels;
- (v) Strengthening the coordination of the national innovation system, which is bring together individuals, business organizations, government, academia, and research institutions; and
- (vi) Facilitating adoption of a more problem-driven and flexible approach to implementation;

As stated earlier, the focus of the Plan is building an industrial economy. For the largest extent the private sector role is central. The state, will inevitably play a smart role to catalyze and support the private sector play its role more efficiently. This section articulates the roles and responsibilities and the modes and structures of interaction, collaboration and dialogue. The aim is to create a structure flexible enough to facilitate timely response to problems as they arise in the process and adjust thereto. The key stakeholders and their roles include the following;

(i) Central government

While central ministries will be responsible for overall coordination of the implementation of the plan, The ministry of Finance and Planning, in particular, will:

- (a) provide central point of coordinated development planning, synchronise and prioritise public investment projects for funding;  
issue Annual Development Plans and Budget guidelines;
- (b) Set performance targets with associated timeframes and timelines
- (c) monitor and evaluate the implementation of the plans
- (d) facilitate dialogues between investors and the sector ministries and/or thematic agency to address issues at hand;
- (e) Mobilize financial resources and allocate resources to selected priorities and other government operations;
- (f) Ensure prudent use of financial resources by undertaking project monitoring missions, expenditure tracking and reviews
- (g) Ensure macroeconomic stability and predictability

(ii) Sector Ministries and thematic agencies;

- (a) Provide the central point of coordination to sector projects;
- (b) Provide real time solutions/guidelines to issues related to investment in sectoral areas;
- (c) Maintain and safeguard the national stock of capital
- (d) facilitate acquisition of needed infrastructures to private sector investment;
- (e) provide and enforce standards for services delivery;
- (f) provide technical support and backstopping to LGAs and Regional Secretariats, and Business sector such as land acquisition;
- (g) promote resource-based industries and to invest in commercially viable PPP projects
- (h) undertake feasibility studies and prepare projects

(iii) Regional Secretariat and LGAs;

- (a) facilitate the business sector in developing businesses;
- (b) facilitate acquisition of facilities for investment and businesses;

(iv) Private sector;

- (a) Establish business to create wealth
- (b) Develop bankable projects

(v) Academia;

- (a) Build capacity and quality of the national stock of human capital;
- (b) train graduate engineers in challenges of society that requires technology solutions to be applied;
- (c) Train technicians and skilled labour for use in the industrial sector, agriculture, and services sector.



(vi) Industrial Research Institutions;

- (a) Lead industrial innovation for national economic development;
- (b) assimilate and adapt technology for application to the local environment; to lead industrial innovation to find technology solutions to economic challenges;
- (c) Link and coordinate research in academia with industrial research institutions.

(vii) Financial Institutions

- (a) provide financial services and intermediation to industry sector;
- (b) Conduct project development and confirm commercial sustainability before physical implementation.

(viii) Labour: Provide the necessary and essential human capital.

The Planning Commission will require each main public sector actor (agency), in collaboration with relevant implementing partner for each of the strategic project, to submit a detailed work plan, with all necessary details of project activities, sequencing as well as cash flows for their execution.

## 7.0 MONITORING AND EVALUATION

### 7.1 Overview

This chapter proposes the requisite monitoring and evaluation framework for realization of FYDP II. It is being developed on the basis that monitoring and evaluation are not new practices in Tanzania. They have been here since the country adopted performance management systems (PSM) and results based management (RBM) in the late 1990s, aiming at raising transparency and accountability by the government system in delivery of services to trigger economic transformation and human development in a more coherent manner. The framework involves general and specific objective indicators and targets to be realized at macro, sector and project or intervention levels. It also spells out institutional arrangement, roles and responsibilities as well as assumptions underlying realization of effective framework for FYDP II monitoring and evaluation.

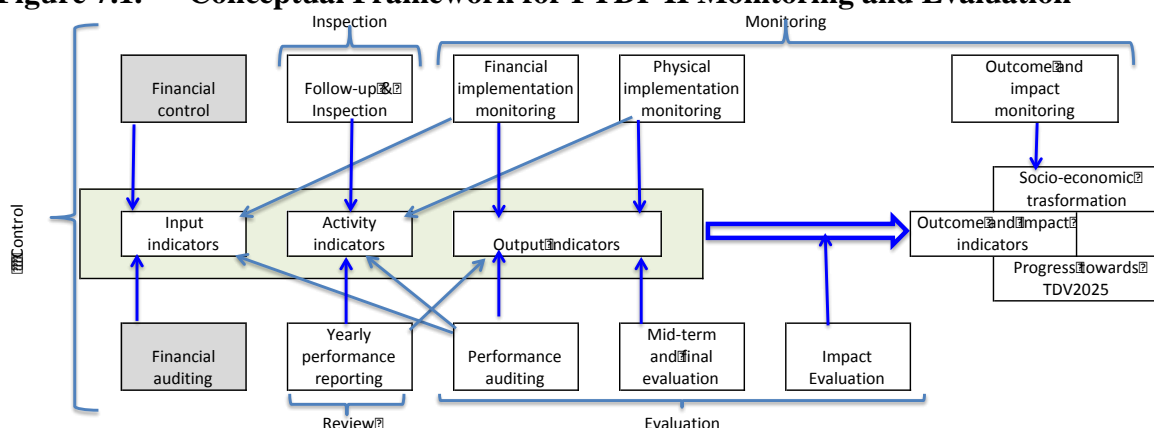
### 7.2 Monitoring and Evaluation Framework

The monitoring and evaluation (M&E) framework for FYDP II emphasizes for availability of reliable data in order to gauge quantitative and qualitative information. It further emphasizes on having in place analytical capabilities in order to generate new insights for policy makers and distill reliable information to be communicated to the citizenry on progress made and gaps to be filled to evoke commitment and consistence towards realization of the Plan.

It is with this background that improvement of Government-wide M&E with standard tools and guidelines, and objective targets at all three levels – national, sectoral, and LGA - has been emphasized to further improvement of RBM in terms of better articulation of indicators as requires and as specified in the Medium Term Strategic Planning and Budgeting Manual.

Generally, the framework and institutional arrangement for FYDP II monitoring and evaluation is embedded in the prevailing Government-wide Monitoring System (GMS) as indicated in Figure 7.1. The experiences and lessons coming from implementation of the existing M&E framework have sharpened the proposition design of FYDP II with a focus on enhancing implementation efficiency and effectiveness.

**Figure 7.1. Conceptual Framework for FYDP II Monitoring and Evaluation**



The framework identifies and defines main M&E components and set the scope of the M&E policy, which follows a public value chain approach. The framework emphasizes clear roles for control, inspection, review, monitoring and evaluation. The roles and responsibilities of for each node are assigned to institutions in Section 7.3.2.

The overall objective of M&E Framework is to avail constructive engagement space with stakeholders. At macro level, the framework uses an integrated approach that combines outcome reported by Ministries, Departments and Agencies (MDAs), Local Government Authorities (LGAs), other public institutions and the private sector implementing strategic projects and interventions as well as analysis of outcomes and impacts felt at macroeconomic development indicators. At meso (sectorial and cross-cutting interventions) level, reporting will be on the overall objective targets and transformation changes attained in relation to the set sector and project/intervention targets. At micro (project/intervention) level reporting is designed to inform achievements and gaps to the expected timeline targets, milestones and runs in terms of time and cost as was stipulated in the action plans.

Specifically, FYDP-II framework for monitoring and evaluation are, to:

- i. Track progress and demonstrate results of FYDP-II interventions over the immediate, medium and long term, including reporting on regional and international targets such as the SDGs that are integrated into national development frameworks;
- ii. Facilitate setting of a research agenda, detailed analysis of data on growth, transformation and human development trends and dissemination of the findings to inform a wide range of stakeholders;
- iii. Coordinate and facilitate MDAs, LGAs, private sector and other stakeholders to regularly and systematically track progress of the implementation of priority initiatives of FYDP II;
- iv. Assess performance in accordance with the agreed objectives and performance indicators and targets to support management for results (i.e. evidence-based decision making), compliance with Government policies (accountability) and constructive engagement with stakeholders (policy and implementation dialogue);
- v. Dispense an Early Warning System for potentially challenging issues or processes in relation with implementation of FYDP-II, which may need urgent corrective measures and provide continuous learning ground for MDAs, LGAs and other freelance M&E practitioners during the implementation of FYDP-II; and;
- vi. Continue to institutionalize and harmonize the use of M&E information in policy formulation, planning and budgeting in the public sector in particular and the economy in general, including sustained technical support and training for entrenchment of an M&E culture in Tanzania.

### **7.3 Strategy for Monitoring and Evaluation**

Although there are monitoring and evaluation systems within MDAs, there are concerns that establishment and use of M&E tools in Tanzania has been relatively slow, sporadic and largely limited to monitoring and reporting on targeted activities. Moreover, there is absence of a comprehensive and integrated framework and whole-of-government M&E system to provide overall guidance on the development and application of M&E across sectors. The lack of an integrated and effective M&E system is an impediment to measuring actual impacts of development results on human development thus making it difficult to flag areas of risk or identify critical issues that need deeper analysis and policy responses in a timely manner. Most critically there is lack of capacity to synthesize information that is collected for strategic decision-making and accountability.

Overall, there is insufficient capacity with respect to staffing and specific technical expertise to identify and disaggregate available data, and adequately coordinate, manage and report new data among the multiple partners that are involved in implementing the national development agenda and policies. This has led to over reliance on national surveys and

censuses by the National Bureau of Statistics (NBS) as the main source of reliable data for national, sector, private sector and Local Government systems. Survey data is available at specific periods as per Tanzania Statistical Master Plan (TSMP) calendar, in most cases in five (5) year periods; thus making it difficult to track progress in implementation on a yearly basis.

The strategy, therefore, aims at building a system that is robust, comprehensive, fully integrated, harmonized and well-coordinated to monitor the implementation of national development initiatives as well as evaluating their outcomes and impacts. Equally important, it intends to strengthen implementation, monitoring and evaluation (including impact assessment) and reporting during the implementation of FYDP-II. It will also mean ensuring full coordination and operationalization of the monitoring, evaluation and reporting systems as articulated in the Medium Term Strategic Plan and Budgeting Manual. FYDP II will also adhere to the principles of monitoring and strategic issues as stipulated in the Public Investment - Operational Manual (URT 2007) and strategic issues for monitoring.

Efforts to improve existing routine data systems will continue, being of critical importance in enhancing monitoring and evaluation of the priority areas embedded in the Plan. The framework of routine data systems is built under the implementation of the Tanzania Statistical Master Plan (TSMP). The most efficient features of routine data are their availability at little cost and timeliness. The value attached to routine data is vital in terms of data production in a short period of time or high frequency data such as price data. The National Bureau of Statistics has a legal mandate of providing guidelines to all Ministries, Departments and Agencies on how to retrieve administrative data from their respective sectors. These features and developments in routine data have informed the design of the FYDP II monitoring and evaluation framework.

For all MDAs, LGAs and other implementing agencies, a five year medium- term Plan will be developed reflecting on the priority areas. The programme will identify clear terms involved in developing data systems coupled with sector databases starting from lower level up to the national level. Issues that will be considered during development of the system include; accuracy of the data, precision, completeness, timeliness, coverage, analysis, accessibility, confidentiality, as stipulated in the principles and standards of official statistics. Stakeholders' analysis will be conducted, and results will be incorporated in the programme.

Governance and leadership, as well as, financial framework for generating and disseminating routine data systems have been developed. New sources of financial streams for supporting M&E have been identified bringing on board new stakeholders.

### **7.3.1 Approach**

In order to ensure effective tracking, evaluation and feedback on FYDP-II implementation, a well-coordinated government-wide M&E system will have to be established. In this regard, MDAs, LGAs, CSOs, private sector, research and academic institutions will be involved in formulation and implementation of M&E activities in an integrated approach that entails the involvement of all key actors and primary stakeholders. This will enable all key actors to fully internalize and own the system as well as utilize the results to inform and shape requisite intermediate interventions.

### **7.3.2 Institutional arrangements**

The governance arrangements for FYDP-II M&E will be set out for FYDP-II M&E Master

Plan. The key features under consideration are:

- i. An institutional framework that is inclusive in the manner that it brings together all relevant stakeholders to carry out data generation (Survey and Routine Data), research and analysis, communication and feedback mechanism and linking to relevant Government policy, decision making bodies and users;
- ii. An indicator framework that tracks FYDP-II implementation and results, specifying data sources, frequency of reporting, and institutional responsibility, among others;
- iii. A survey calendar to be implemented by the National Bureau of Statistics (NBS) to provide estimates for key FYDP-II indicators, including mid-term review of trends in poverty reduction.
- iv. A calendar of planning, budgeting and reporting;
- v. Defined outputs of FYDP II M&E, including survey reports, analytical and implementation progress reports.
- vi. A funding mechanism and a budget for the implementation of FYDP-II M&E.

The consolidation of these key features will deepen integration of FYDP-II strategic interventions into the budget process, financing options and the public expenditure review (PER) process. It will also strengthen the alignment strategic plans of MDAs, LGAs and other strategic implementing agencies to FYDP-II interventions to ensure that plans priorities, implementation action plans, sequencing and reporting implementation of FYDP-II is enhanced.

### **7.3.3 Roles and Responsibilities**

In order to avoid overlaps, conflicting roles and uncertainty in the monitoring and evaluation function during the implementation of FYDP-II, roles and responsibilities of key actors are clearly delineated, thus providing guidance for the activities and outputs that will be coordinated at the national, sector and other relevant institutions will be elaborated in accordance with the Plan and Budgeting Manual for the whole of government.

- i. MOFP: will continue to be responsible for planning and budgeting, and administering disbursement of finance according to the approved plans' interventions and ensuring that relevant implementing institutions of Government and non-state actors, develop action plans, cash requirements-flows and results indicators that are consistent with realization of planned interventions for FYDP-II. MoFP will also be responsible for producing the Tanzania Human Development Report, Poverty and Environment Mapping Report, SDGs Performance Reports, and Stakeholders' Engagement Reports (with regard to policy and interventions implementation dialogue). In this regard, it will continue with the responsibility of coordinating implementation of FYDP-II by key actors through the development of annual plan and budget, producing an overall annual national implementation report and overall socioeconomic performance report (Economic Survey), capturing progress and issues pertaining to the strategic components of the FYDP-II. In addition, it will have the responsibility of mobilizing financial resources particularly in funding government stakes in strategic interventions of the Plan and tracking expenditure for financial accountability and producing budget monitoring and evaluation reporting and site field mission reports.

For effective monitoring, MoFP will coordinate other actors responsible for flagship projects to develop 3-feet work plan with implementation milestones and the KRAs. This system will be a forum to assign remunerations is in line with the performance management system, which was introduced under PSRP.

- ii. PO-PSM: is responsible for ensuring provision of requisite human resources to

operationalize the Plan and M&E strategy. This will include recruitment of M&E specialists, as well as, socioeconomic statistical analysts. This will entail also reviewing organisational structures, manning, capacity analysis and determining capacitation programmes for M&E sections across the public sector in collaboration with MoFP commensurate with sufficient capacity needed to deliver on the Plan and M&E strategy.

- iii. MDAs and LGAs: these are key implementing agents and therefore central for reporting day to day and timeline implementation performance, monitoring and evaluation, as well as, reporting on progress against planned milestones, time and cost outruns, alignment of plans and budget implementation and their strategic plans, including monitoring targets and interventions with their delivery responsibilities set out in FYDP-II. Local Government Authorities (LGAs): These will be responsible for reporting on progress of implementation and achievements of planned outputs. This involves focusing on implementation constraints including tracking of specific local economic development planned for their locality.
- iv. Development Partners (DPs): they will support M&E strategy by providing financial and technical assistance for its operationalization, capacity building for M&E, and use of M&E products.
- v. NBS: The role of NBS will be to provide core statistics that are critical for the monitoring and evaluation of FYDP-II goals and strategic interventions. It will entail scaling up and deepening of the implementation of existing Statistical Master Plan. The main objective of the master plan is to strengthen the national statistical system in Tanzania so as to enable it produce quality statistics for decision makers in an objective, timely and cost effective manner.
- vi. Private sector and other strategic partners: the general thrust of the Plan has been developed in the ambit of market-led economic management framework. In this context the private sector and others are instrumental to the realization of the Plan priority areas. Their participation is through straight own implementation or by partnership with the public sector. They are, therefore, part of the plan and should assist its implementation by providing information needed for reviewing policy and implementation modalities that enable or hinder the development of businesses and investments.

The M&E framework for FYDP II will explore mechanisms and tools to capture policy information from non-state actors, particularly the private sector who are central player in industrial investment. They will be required to provide reliable information in areas of their interest and levels of financing they are going to put in realizing their businesses. For major investments and required support from the public sector, they have to disclose their investment action plans and implementation milestones to inform schedule of support actions by the public.

#### **7.3.4 Evaluation of FYDP II**

Evaluation will be conducted at three phases; annual, mid-term to the plan horizon, and end of the plan horizon. The details of the evaluations are as discussed hereunder:

- i. *Annual Internal Evaluation*

The internal evaluation will involve production of Tanzania Human Development Reports (THDR), PER and sector Annual reviews to stimulate dialogue and inform the plan and budgeting process.

- ii. *Mid-term Evaluation*

This will be conducted after two and half years during the Plan's implementation. This review will be coordinated by MoFP and will address performance against the intended objectives and targets. It will recommend any changes required to square back implementation towards achieving the objective targets set in the original set up of the Plan.

*iii. Final Evaluation*

This is to be conducted after four-and-a-half years of the Plan's roadmap of implementation. The evaluation will be coordinated led by MoFP, though importantly done by external/independent evaluators, to ensure independence and objectivity as stipulated in the Public Investment Management - Operational Manual (URT 2007). The evaluation will assess the overall effectiveness of FYDP-II against its objectives/goals and the targets, and where possible it will look on outcomes and impacts. It will also constitute to the main analytical reports to inform ways to coordinate implementation of the successor FYDP. The evaluation plan detailing specific policy and programme evaluation to be conducted during the life span of FYDP-II will be contained in M&E plan. Capacity development plan in evaluation will have also to be developed as an integral part of M&E strategy.

*iv. Diagnostic data and analysis:*

In some issues, the M&E framework will allow detailed diagnostic work to provide more insights to the constraints economic agents, including men and women face in realizing economic opportunities. In some strategic projects, impact evaluation research will be supported beyond those provided by overall assessment of the Plan.

#### **7.4 Underlying assumptions for M&E strategy**

While M&E strategy is desirably necessary, its effectiveness assumes availability of fundamental success factors, including the following:

- i. Strong political will and commitment to transparency, accountability and results based management;
- ii. A coherent institutional framework with surveillance mandates on performance and results monitoring and evaluation with clout to call defaulting implementing agents to remedial actions;
- iii. Policy consistency and persistence to ensure that the framework, which defines responsibility, intended targets, outcomes and results of interventions are relevant and holding;
- iv. Alignment of roles, responsibilities and sequencing implementation of priority interventions across spectrum of plans of MDAs and LGAs sharing delivery responsibility of the projects/interventions;
- v. Dedicated resources for monitoring through the budget and a revitalized Pooled Fund Facility for M&E strategy, including key review of policies, institutional, building analytical capacities and availing core statistical data for monitoring and evaluation.

#### **7.5 FYDP-II Results Framework**

The extended results framework will be presented in a separate M&E framework document. In the plan will be a results matrix, which among others, includes the following set of indicators:

- i. Indicators associated with aspects of industrialization and economic transformation;
- ii. Indicators associated with Human development;
- iii. Indicators associated with policies that remove constraints to further economic transformation;
- iv. Indicators associated with ways of working and institutional development.

Given the importance of industries and the employment channel, data on industrial production, employment, and wage disaggregated by gender will be important for the FYDP II monitoring system. In developing the FYDP II monitoring Framework, efforts should be made to target employment and earnings by gender. Some of the indicators in the results matrix (appended) include:

- i. Unemployment rate (disaggregated) such as rural vs. urban; farm vs. non-farm, formal vs. informal; wage vs. own incomes, etc.;
- ii. Labor force participation rate and labor productivity (GDP per worker), GDP per capita;
- iii. Poverty levels (various indices), and inequities such as proportion of income earned by the bottom quintile; farm yield, etc.;
- iv. Manufacturing Value Added (MVA), exports (as measured in volume and value) showing level of value addition/processing - non-traditional exports)
- v. Savings rate and investment rate; gross fixed capital formation by key sectors - public sector gross fixed capital formation vs. private sector.

### **7.5.1 Baseline and Targets**

This section of FYDP II result matrix will establish baselines and set targets on aspects related to:

- i. Industrialization and economic transformation;
- ii. Policies that remove constraints to further economic transformation and human development
- iii. Working culture and institutional development.

The last point above is related to quest to improve service delivery as Tanzania strengthens policies and programs to improve quality and efficiency in the face of growing demand. In this regard, new perspectives in surveys should include *Client survey data* collected regularly, and published in gender-disaggregated formats. These surveys will cover both traditional human development services and other services used by households in the production of goods and services for sale and for household consumption

### **7.5.2 M&E Plan Implementation Framework(s)**

FYDP II M&E implementation framework will be detailed and form a separate document, clearly indicating, among others,

- i. Link/interface to other process such as TSMP;
- ii. Link to local government M&E systems, such as LGMD;
- iii. Link to LED setup;
- iv. Roles and responsibilities of all key actors in M&E;
- v. Strengthening of M&E, including a national department to coordinate M&E (function, staffing, financing, etc.).



# **ANNEXES**

## ANNEX I: SUMMARY OF RECURRING LESSONS FROM OTHER COUNTRIES INDUSTRIALIZATION EXPERIENCE

### Institutional, political and policy

- **Coherent Policy choices** important – Botswana, Ghana
- **Policy must be flexible** to the environment – South Korea
- Firm line with **corruption** needs to be taken to prevent policies being undermined – Botswana, Ghana, Rwanda,
- The **decentralisation of State authority** combined with development mandates can lead to good results<sup>5</sup> - China.
- **Institutions** need to be **well designed and properly aligned and coordinated** – Rwanda
- **Continuous improvement** of the business environment is possible with the right institutions and targets – Rwanda.
- Institutional set-up needs to be in line with strategy and should ensure **no overlapping responsibilities** – Dubai, Rwanda
- An **overarching strategy** needs to be in place rather than piecemeal, chaotic approaches to allow industrial, trade, education and technology policies to be harmonised. – Taiwan, Thailand, Ghana
- **High level commitment** to reform packages is crucial – Ghana, Rwanda
- **Political stability** is important – Ghana
- **Ideology** should not get in the way of effectiveness – Poland
- **Solid government finances** and low aid dependency free up policy space – Malaysia

### Resource Revenues

- **Resource wealth** should be used to finance diversification of future sources of growth – Botswana, Dubai, Oman
- **Countercyclical** management of resource revenues can encourage macroeconomic stability – Botswana, Chile.
- **Political independence** of resource management organisations is necessary to prevent political interference and damaging political agendas – Chile, Malaysia

### Agriculture

- Effective **land management** system needed – China
- Agriculture development in general and food security is important component of economic transformation – China
- Rural economic transformation is critical for effectiveness of local market and poverty reduction strategy - China
- Agriculture should be commercialized with **farmers** being organised but left **free to choose** what they grow and sell, and trade in agricultural produce should be liberalised – China.
- **Agricultural research programmes** should be invested in to modernise agriculture – China.
- **Land use rights** need to be appropriate to a commercial agricultural system – China

### Infrastructure

- **Infrastructure** investments should not be overlooked – Chile, Rwanda, Dubai

### Inequality and education

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<sup>5</sup> Lee – also, if regional authorities are free to experiment, the methods used in successful regions can be imitated in others.

- The potential growth of **Inequality** should not be neglected – Botswana, Ghana, Chile
- **Social safety** nets are needed to insure against the inequality that can increase as the economy grows – Chile.
- Investment in **human capital** is important – South Korea
- A good quality **education system** can also help to reduce inequality – Chile
- And if this **education system is tied to the needs of industry**, it can address skill shortages – Rwanda
- **Poverty reduction programmes** should also be designed in line with the overarching Strategy – Vietnam, China, Malaysia, Rwanda

### Social

- **Ethnic Inclusiveness** to avoid social tensions – Malaysia
- **Empowerment** is a slow process. Impatient intervention can be damaging – Malaysia, Zimbabwe
- **Involvement of all stakeholders** – Rwanda
- **Openness to outsiders** to mobilise their skills and experience - China, Malaysia, Vietnam.

### Specific Private Sector Policies

- **National champions** should be promoted – China, Ghana, Dubai (for booming sectors if possible with a big-push approach)
- **Barriers** to entry and to trade should be identified and removed – China, Malaysia
- **Foreign Investment** is important – Ghana, Poland
- **Simplified trading regulations** – Malaysia, Poland
- **Access to finance** is necessary to private sector development – Oman, Ireland, China, Malaysia, Costa Rica
- **Informal sector finance** can be legitimized through alternative exchanges – Vietnam
- **Subcontracting arrangements** can encourage knowledge, capital and technology spillovers – Taiwan.
- **Local Content Requirements** can also encourage spillovers of skills and capital.

## Specific Country Lessons

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### Botswana

- Policy choices are important for strong development.
- A firm line with corruption has prevented development strategies from being scuttled through graft.
- Effective countercyclical use of resource revenues was important to government fiscal space. Botswana seems to have skilfully balanced the interests of the nation with the need to incentivise foreign capital and expertise to continue operating in Botswana – even after the diamonds are expected to run out. (Relevant to Natural Gas and PPPs)
- Inequality is an inherent side effect of a resource based economy unless consciously addressed through redistributive policies.
- Implementing redistributive policies in tandem with managing resource revenues counter cyclically is a key challenge.
- Tanzania should be careful not to put all of its eggs in two baskets (the government and a single foreign partner) and to mobilise its resource wealth to stimulate diversification.

### Chile

- Countercyclical management of resource revenues is important to maintaining stability, especially when those revenues constitute a large share of the economy.
- The political independence of revenue management decisions allows this system to operate and removes the potential for politicians to use revenues for political purposes.
- Investing in infrastructure is important.
- Despite economic growth, social safety nets are required to prevent rising inequality.
- Quality education was something Chile neglected during its development, which probably added to inequality.

### China

- Agriculture is a source of wealth for most of the population but effective land use and management plan is required: allocation of specific land for agriculture and other economic activities to reverse the current situation where arable land is becoming scarce as it is turned into other uses. Tanzania should allocate and protect arable land for agriculture as well as allocate and service land for other specific economic activities;
- State authority should be decentralized and local governments should be mandated to attract investors in their localities and provide internal incentives like reward, promotion and recognitions for best performers as China did with Township & Village enterprises;
- Diversifying agricultural production and liberalizing trade in agriculture; introduction of high value crops and giving freedom to farmers to sell their crops including food crops, this will make agriculture a profitable undertaking and attract more youth to engage in agriculture;
- Modernize agriculture by introducing massive research programmes in agricultural science and technology; and establishing an agricultural science and extension system to increase production;
- Promotion of "national champions" which could compete with large foreign corporations, this can be done by identifying promising local investors and provide them with the required support to enable them to grow and be able to compete internationally; and
- Removal of barrier to entry and reduction of trade barriers to enable more Tanzanians to invest;

### Dubai

- The institutional set-up needs to ensure proper coordination with no overlapping responsibilities
- Local ownership in booming sectors should be promoted
- Careful management of natural resources is crucial to financing economic transformations.

## **Ghana**

- Government promotion of key strategic sectors can lead to growth and spillover effects
- Reform packages that are comprehensive and far reaching must have commitment at the highest levels.
- A stable political environment with reduced corruption helped growth.
- The appropriate policies are important
- The importance of foreign investment should not be overlooked in the process of reducing 'foreignisation'. High levels of capital and technology which are not available locally are necessary to rapid transformation.
- Inequality remained during the transformation and Tanzania should try to avoid this.

## **Malaysia**

- Ethnic inclusiveness is important in a multi-ethnic society to prevent social tensions.
- Economic empowerment is a very slow process and radical interventions to encourage this can be highly destructive.
- Solid government finances and low aid dependency are important to having freedom in policy space.
- Operational independence of large state-owned energy and utilities removes them from damaging political infighting and allows them to prioritise company objectives rather than political agendas.
- Revenues from these operations should be controlled by the operation itself, with the state as a silent beneficiary / shareholder.
- Tanzania should simplify its trading regulations to promote trade and exploit its comparative advantage as a regional hub

## **Oman**

- Prudent management of natural resource wealth mean diversification can be financed sustainably.
- Access to finance is important to the development of the private sector.

## **Poland**

- Tanzania should not be blinded by the dogma of ideology when pursuing economic policies and instead consider effectiveness and evidence.
- The legacy of socialist ideologies needs to be recognised and, where they continue to impede development, gradually but continuously reformed. For example, cumbersome state bureaucracies, general attitudes.
- If domestic capital is lacking, as in Tanzania, foreign investment and open trade are crucial to creating a competitive capital-intensive industrial sector<sup>6</sup>.

## **Rwanda**

- A firm line must be taken with corruption if well designed institutional reforms are not to be undermined through theft and malfeasance.
- A well designed institutional structure can lead to ongoing and well informed reform ideas to be generated so that the business environment is continuously improved.
- The continual involvement of all stakeholders was necessary for reform ideas to be fully informed of the realities of the Rwandan economy and to prevent them from becoming rigid in their thinking
- Commitment at the highest level is necessary for such deep reform strategies to work
- Openness to outsiders – diaspora and ex-patriates – can mobilise their skills and experience towards developing the economy.
- Clearly defined roles and responsibilities of various institutions prevents chaotic and damaging reform efforts.

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<sup>6</sup> Although sectors that are labour intensive also need to be promoted outside of this aim to avoid growing inequality.

- Education needs to be closely linked to private sector needs to avoid skill shortages that impede industry growth.
- Infrastructure should not be neglected whilst focusing on improving the business environment.

### **South Korea**

- The policy environment must be adaptable to changes in the economic environment and must have the institutional structure behind it to permit such flexibility.
- Human capital investment is important and allows labour intensive sectors to be competed in<sup>7</sup>.
- An overarching strategy needs to be in place so that industrial policy is in harmony with trade policy, and human resource policy etc. A holistic approach is key.

### **Taiwan**

- Because of the lack of skills, capital and technology in Tanzania, well managed subcontracting arrangements could lead to the transfers of these from foreign firms.
- Local content requirement policies can also encourage the spillover of gains from foreign operations in Tanzania and promote local business growth, especially when combined with subcontracting arrangements.

### **Vietnam**

- Poverty reduction programs should be closely linked with broader development programmes to be effective and not clash with their goals.
- Making land use rights more appropriate to a commercial economic system is crucial to a country with a comparative advantage in agriculture like Vietnam or Tanzania.
- Tanzania has a relatively good record on investor protection but to stem its recent decline should further encourage shareholder participation in company decision.
- Informal sector finance can be legitimized through creating an alternative securities market where stocks not eligible for the main exchange can be traded.

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<sup>7</sup> Which are sectors that lead to less inequality growth.

**ANNEX II: SPECIFIC SECTOR INTERVENTIONS**

**Table AII 1: Manufacturing Subsector Strategic Interventions**

Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
<b>SEZ/EPZs Strategic Choices</b>						
Bagamoyo SEZ	Funds for outstanding compensation	Land acquisition and compensation	47.5			Port construction to start by January 2017 and accomplished by 2020
	Funds for resettlement of Pande and Zinga residences	Resettlement of Pande and Zinga Residence	102			<ul style="list-style-type: none"> <li>• Port side Industrial zone fully operational by 2020.</li> <li>• Employment estimated at 20,000 by December 2020</li> </ul>
	Financing of supporting infrastructure, Port and Portside Industrial Zones	Construction of supporting infrastructure	2200			Estimated investment projects (factories) to be attracted by 2020 is 10
		Constructions of Port Infrastructure		22000		
	Funds to facilitate Joint Working Team and Joint Task Force for Bagamoyo SEZ	Facilitation of JWT and JTF	0.5			
Development of Portside Industrial Zone and Mbegani Sea port			44			
Kurasini Logistics Centre	Funds for outstanding compensation, demolition, clearance and chain link fencing	Land acquisition and compensation, demolition, clearance and chain link fencing	3.7			
	Survey and procedures for registration of Title Deed	Registration of Title Deed	0.3			
	Project infrastructure	Development of Kurasini Logistics Centre		880		
Mtwara SEZ (Freeport Zone)	Project infrastructure	Cost for connecting water to the project area	0.17			Increased port capacity to handle about 15-20 Million metric tons per annum hence increased port revenue

Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
	Project infrastructure	Cost for connecting electricity to the project area	0.88			Expected number of firms attracted is 8 Estimated employment created is 250
	Freeport Zone Master Planning and environmental assessment	Cost for SEZ Master Plan and SEA for the whole 110 Ha.	1.5			
	Project infrastructure	Cost for onsite infrastructure on 10 Ha. Phase 1 area	1.84			
	Establishment of facilities to service the oil and gas exploration companies	Development of Mtwara Freeport Zone		44		
Kigoma SEZ	<ul style="list-style-type: none"> <li>Funds for outstanding compensation</li> <li>Financing of Project infrastructure</li> </ul>	Land compensation	2.1			<ul style="list-style-type: none"> <li>Operational by June 2019</li> <li>Expected number of firms attracted is 5</li> <li>Estimated employment created is 200</li> </ul>
		Construction of Project infrastructure	25			
		Detail design of project infrastructure	1			
		Development of Kigoma SEZ		5		
Tanga SEZ	<ul style="list-style-type: none"> <li>Funds for outstanding compensation</li> <li>Financing of Project infrastructure</li> <li>Feasibility plan and Master not done</li> <li>Detail design not done</li> </ul>	Land and compensation	2.7			<ul style="list-style-type: none"> <li>Operational by June 2019</li> <li>Estimated employment created by 2020 is 100</li> <li>5 firms attracted by 2020</li> </ul>
		Cost for onsite and offsite infrastructure	70			
		Feasibility study, master plan and cadastral survey	1.125			
		Detail design	1.5			
		Development of Tanga SEZ		5		
Ruvuma SEZ	<ul style="list-style-type: none"> <li>Funds for outstanding compensation</li> <li>Feasibility plan and Master not done</li> </ul>	Land and compensation	1.3			<ul style="list-style-type: none"> <li>Operational by June 2019</li> <li>Expected Number of firms attracted is 2</li> <li>Estimated employment created is 100</li> </ul>
		Feasibility study, master plan and cadastral survey	1.25			
		Cost for onsite and offsite infrastructure	50			
	<ul style="list-style-type: none"> <li>Financing of Project infrastructure</li> </ul>	Development of Ruvuma SEZ		2		
		<ul style="list-style-type: none"> <li>Feasibility plan and Master</li> </ul>	Feasibility study, master plan and cadastral survey	0.75		



Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
	not done	Detail design	1.1			<ul style="list-style-type: none"> <li>attracted is 10</li> <li>Estimated employment created is 500</li> </ul>
		Cost for Project infrastructure	30			
		Investment by Private Sector in Mara SEZ		3		
	<ul style="list-style-type: none"> <li>Detail design not done</li> </ul>	Registration of Title Deed	0.85			
	<ul style="list-style-type: none"> <li>Project infrastructure not done</li> </ul>					
Manyoni SEZ	<ul style="list-style-type: none"> <li>Funds for outstanding compensation</li> <li>Feasibility plan and Master not done</li> <li>Detail design not done</li> <li>Project infrastructure not done</li> </ul>	Land and compensation	0.594			<ul style="list-style-type: none"> <li>Operational by June 2020</li> <li>Expected Number of firms attracted is 1</li> <li>Estimated employment created is 20</li> </ul>
		Feasibility study, master plan and cadastral survey	0.5			
		Detail design	0.9			
		Project infrastructure	15			
		Investment by Private Sector in Mara SEZ		1		
<b>Industrial Parks Interventions</b>						
Tanga - Kange	Lack of Industrial Park infrastructure such admin office, sewage system, internal roads, communication facilities, stable power connections, etc.	Fund mobilization/ provision budget for construction of infrastructure for the park				<ul style="list-style-type: none"> <li>Industrial plots with associated basic infrastructure in place to attract developers and operators.</li> <li>Operational by 2017</li> </ul>
Kilimanjaro Machine Tools Company(KMTC )	<ul style="list-style-type: none"> <li>Commercial production stopped since 1989</li> <li>Machines are in good conditions though obsolete as technology has changed tremendously</li> <li>Potential investors to invest on 230ha not yet secured</li> <li>Lack of design and cadastral survey/ plots demarcation due to unavailability of fund</li> </ul>	<ul style="list-style-type: none"> <li>Rehabilitate buildings and other associated infrastructure</li> <li>Carrying out repair and maintenance of machines and equipment as per production technological roots,</li> <li>Build new industry on a reserved land of 230 ha</li> <li>Seek potential investor for</li> </ul>	4.45			<ul style="list-style-type: none"> <li>Developed downstream industries that can be implemented to secure further benefits from Liganga iron ore and steel long products</li> <li>Demarcated plots for industries constructions</li> <li>Industrial cluster demarcation in the park</li> </ul>

Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
	<ul style="list-style-type: none"> <li>• Unavailability of Industrial Park infrastructure such admin office, water, sewage system, internal roads, communication facilities, stable power connections, etc.</li> </ul>	development of the KMTC under PPP arrangements				
Development of Industrial Parks (Mtwara, Lindi, Songea, Sumbawanga, Dodoma, Singida, Shinyanga, Kagera, Mara, Manyara, Njombe, Katavi, Geita, Simiyu and Morogoro)	<ul style="list-style-type: none"> <li>• Investor to develop the area not yet secured</li> <li>• Lack of Industrial Park infrastructure such admin office, sewage system, internal roads, communication facilities, stable power connections, etc.</li> </ul>	Development of basic infrastructure (road works and drainage system, water supply system, electricity and securing the area) in the areas identified	750			<ul style="list-style-type: none"> <li>• Industrial park infrastructure in place to attract developers and operators.</li> <li>• Working sheds/business premises in place by 2020</li> <li>• Operational offices in place by 2020</li> </ul>
		Construction of working sheds/business premises:	22.5			
		Construction of 5 operational offices	2.5			
Capacity enhancement for TEMDO to develop suitable technologies (machinery, equipment and devices) .	<ul style="list-style-type: none"> <li>• Lack of local capacity to manufacture machinery, equipment and devices for use in production activities</li> <li>• Worn out infrastructure and outdated Research and Technology Development facilities</li> <li>• Underfunding of R&amp;D activities</li> <li>• Lack of skilled and competent human resource</li> </ul>	<ul style="list-style-type: none"> <li>• Rehabilitation and upgrading of R&amp;D infrastructure and facilities</li> </ul>	1			<ul style="list-style-type: none"> <li>• Modern R&amp;D infrastructure and facilities available</li> <li>• Adequate budget for prototype development available</li> <li>• Skilled and competent human resource available for technology development and transfer</li> </ul>
		Increase R&D budget for prototype development	0.8			

Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
		Training of personnel in research, design and technology development	0.3			
		Technology transfer to local manufacturing SMEs	40			Suitable technologies (machinery, equipment and devices) available for the industrial park investors
<b>MSMEs Parks Strategic Choices</b>						
Domestic Capacity to utilize iron and steel	<ul style="list-style-type: none"> <li>• Unavailability of large size foundries</li> <li>• Lack of coking coal</li> <li>• Inadequate skilled personnel</li> <li>• Scarce iron raw materials for smelting</li> <li>• Low quality and productivity of manufacturing sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish 3 Comprehensive foundries at Liganga, Nyumbu and KMTC with ... tonnages</li> <li>• Establish coking coal plant for coke coal production</li> <li>• Enhance training to metallurgists related skills</li> <li>• Fast tracking establishment of metallurgical complex</li> </ul>	24			<ul style="list-style-type: none"> <li>• Foundries of .....tonnages at Nyumbu , .....KMTC and ..... Liganga</li> <li>• Coking coal plant of .....tonnages per year at Liganga/ Ngaka</li> <li>• Liganga metallurgical complex operational by 2019/20 to ..... More than 1 million tons per year.</li> </ul>
Strengthening manufacturing enterprises through quality and productivity improvement (KAIZEN) phase II	Delay in implementation of Phase I	The continuous intervention through implementation for upgrading the Tanzania's KAIZEN movement to the next stage.	0.6		6.681	Tanzania's KAIZEN movement improved to the next stage by 2020.
Improvement SMEs access to industrial infrastructure in Mtwara, Lindi ,	Lack of Industrial Park infrastructure such operational offices, drainage system, internal roads, communication facilities, stable power	Development of basic infrastructure (road, drainage system, water supply system, electricity and securing the area)			0.75	<ul style="list-style-type: none"> <li>• Basic infrastructure (road, drainage system, water supply system, electricity) installed by 2020.</li> <li>• Area for developing SMEs</li> </ul>

Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
Songea, Sumbawanga , Dodoma, Singida Shinyanga Kagera Mara, Manyara, Njombe, Katavi, Geita, Simiyu and Morogoro	connections, etc					secured
		Construction of working shades/business premises			22.5	Working sheds/business premises in place by 2020
		Construction of operational office			2	Operational offices in place by 2020
Facilitation of technology transfer	<ul style="list-style-type: none"> <li>• Scarcity of technology development centers in Dar es salaam and Mara</li> <li>• Low capacity of the existing TDCs in Shinyanga Lindi, Iringa, mbeya, Arusha and Moshi</li> </ul>	Establishment of new technology development centers in Dar es Salaam, Singida, Mara and strengthening seven existing TDCs of Shinyanga Lindi, Iringa , Mbeya, Arusha and Moshi			8.29	<ul style="list-style-type: none"> <li>• Establish new technology development centers in Dar es salaam and Mara by 2020</li> <li>• Seven existed TDCs of Shinyanga, Lindi, mbeya, Arusha and Moshi strengthened by 2020</li> </ul>
		Development of incubations in Dar es salaam, Singida, Arusha, Lindi , Iringa Shinyanga, Rukwa, and Mwanza for promotion of technology and innovation			4.44	
Enhance capacities of the existing business information and SME products display centers in all regions	Worn out of existing building structures	Renovation of 25 existing building structures			0.1	25 building structures rehabilitated by 2020
	Lack of information collection and determination facilities	Purchase and install information collection and determination facilities			0.25	Information collection and determination facilities installed by 2020

Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
Implement one District one product strategy	Weak or lacking business organization structure to collaborate with	Review districts profiles and develop techno economic profiles	0.05		0.45	.....districts profile and development of techno economic profile by 2020
	Low entrepreneurship and business acumen	Facilitate establishment of new small scale industries	2.4		24	.....New small scale industries established by 2020
SMEs access to finance	High financial implication I terms of working capital and personnel	Facilitate SMEs to attain TFDA and TBS standard requirement			0.55	SMEs met Standard requirement of TFDA and TBS met by 2020
	Lack of finance to SMEs enterprise	Enhance SMEs credit guarantee scheme (NEDF)			4	SMEs credit guarantee scheme enhanced by 2020
<b>Automotive industry Strategic Choices</b>						
Commercialization of Tanzania Automotive Technology Centre (Nyumbu)	Worn out infrastructure and outdated RD technology capacities	Rehabilitation of infrastructure and upgrading R&D technology capacities	38			<ul style="list-style-type: none"> <li>• Improved infrastructure</li> <li>• R&amp;D laboratory</li> <li>• A new foundry</li> </ul>
	Underfunding of R&D activities	Increase R&D budget	15			<ul style="list-style-type: none"> <li>• Available budget for R&amp;D</li> <li>• Pipeline of proved technologies</li> <li>• Practical researchers</li> </ul>
	Untitled land	Titling of land	1			<ul style="list-style-type: none"> <li>• Land title</li> <li>• Proper land use planning</li> </ul>
	Aging out skilled and competent human resource	<ul style="list-style-type: none"> <li>• Recruitment and training of personnel</li> <li>• -South South Corporation programme</li> </ul>	3.3			<ul style="list-style-type: none"> <li>• Adequately manned institution</li> <li>• A pool of skilled and personnel professional competence</li> <li>• Technology transfer and assimilation</li> </ul>
	Failure to commercialize developed automotive technologies	PPP for automotive assembly			232	<ul style="list-style-type: none"> <li>• Technologies disseminated to SMEs</li> <li>• Design layout of the assembly plant</li> <li>• Construction of assembly plant</li> <li>• Commercialization of Nyumbu</li> </ul>

Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
						Truck • Spin-off companies • More innovations
<b>Automotive industry Strategic Choices</b>						
General Tyre (Arusha)	<ul style="list-style-type: none"> <li>Worn out plant associated infrastructure and outdated tyre manufacturing technology</li> <li>Unavailability of funds to revive and modernize the tyre manufacturing plant</li> </ul>	<ul style="list-style-type: none"> <li>Replacement of outdated equipment and machines</li> <li>Fund mobilization for completely revival and modernization of the tyre manufacturing plant.</li> </ul>	60			<ul style="list-style-type: none"> <li>Resume and increase capacity of tyre production in the country</li> <li>Reduce foreign expenditure to import tyres</li> <li>Growth of industrial sector for contribution to GDP</li> <li>Create employment and technology transfer to Tanzanian</li> </ul>
CAMARTEC-Arusha	Inadequate of agricultural inputs related industries	Construction of tractors and agricultural tools		222.7		Increase in agricultural inputs
Tractors assembly plant (TAMCO – Kibaha)	Shortage of tractors assembly plants	Assembling tractors which will be used in supporting agricultural growth		329.6		Increase the number of tractors in the market
Motorcycles Assembly Plant	Distance of the site from the basic infrastructures	<ul style="list-style-type: none"> <li>Connection of basic infrastructure to the site Installation</li> <li>Installation of step down transformer from 11kV to 400V</li> </ul>				200 nationals will be employed including engineers, technicians, marketers, sales persons, and other supporting staffs.
<b>Petro and chemical Industries Strategic Choices</b>						

Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
Liquidation of Natural Gas (LNG)	Lack of local capacity to manufacture gas equipment and devices such as gas cylinders, gas cookers and gas equipment.	Facilitation of TEMDO to develop and commercialize suitable technologies/processes for the manufacture of gas equipment and devices.	400			<ul style="list-style-type: none"> <li>• Suitable technology/process for the manufacture of gas equipment and devices available locally;</li> <li>• Capacity to manufacture gas equipment and devices enhanced</li> <li>• Gas equipment and devices manufactured locally.</li> </ul>
	Acquisition of LNG plant site and resettlement	Identify site for resettlement and land survey	25			<ul style="list-style-type: none"> <li>• LNG site identified and compensated</li> <li>• Resettlement surveyed</li> </ul>
LNG plant in Lindi	Lack of plant to process massive discovered natural gas	Construction and operation of of a joint onshore Liquefied Natural Gas plant and associated infrastructure				<ul style="list-style-type: none"> <li>• Consultant for negotiation of the Host Government Agreement (HGA) hired</li> <li>• Necessary negotiation completed</li> <li>• Construction of LNG plant started by 2020</li> </ul>
Mtwara Petro Chemical Industries Complex	Distance to Mtwara port and gas reserves which is a critical resource in petrochemical industries	<ul style="list-style-type: none"> <li>• Construction of offsite and onsite infrastructure facilities, especially utilities like water, electricity and gas</li> <li>• Development of the complex</li> </ul>		11,135		<ul style="list-style-type: none"> <li>• Injection of substantial domestic and foreign direct investments</li> <li>• Employment creation during the construction phase, as well as operation and maintenance</li> </ul>
Petrochemical laboratory at TIRDO	<ul style="list-style-type: none"> <li>• There is no specialized laboratory for the petrochemical industry in Tanzania</li> <li>• Most of the petrochemical products e.g. fertilizers need tailored quality assurance</li> </ul>	<ul style="list-style-type: none"> <li>• Establish an accredited petrochemical laboratory at TIRDO</li> <li>• Establish database for nutrient requirement in each agricultural zones</li> <li>• Establish quality assurance</li> </ul>	8.5			<ul style="list-style-type: none"> <li>• Specialized accredited petrochemical laboratory at TIRDO by 2018.</li> <li>• Data base on nutrient requirement in all agricultural zones established by 2019</li> <li>• Quality assurance systems</li> </ul>

Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
	services to ensure quality products to meet both national and internal standard requirements	systems in petrochemical factories				established in fertiliser plants in Mtwara, Tanga, Iringa by 2020
<b>Development of pharmaceutical industries Strategic Choices</b>						
Agave Syrup Factory in Tanga	<ul style="list-style-type: none"> <li>• Financing of the project</li> <li>• Availability of skills local personnel</li> </ul>	<ul style="list-style-type: none"> <li>• Form JVC</li> <li>• Acquire industrial premise</li> <li>• Secure counterpart funding</li> <li>• Training of local personnel</li> </ul>	15			<ul style="list-style-type: none"> <li>• The Factory operational by Dec 2019</li> <li>• ... Direct employment</li> </ul>
Construction of other strategic pharmaceutical industries	<ul style="list-style-type: none"> <li>• Land compensation not finalized</li> <li>• Delays of compensation results into increase in compensation cost due to accrued interest as well as encroachment of the area by citizens</li> <li>• Feasibility plan and Master not done</li> <li>• Detail design not done</li> <li>• Lack of adequate technology</li> </ul>	<ul style="list-style-type: none"> <li>• Paying compensation</li> <li>• Construction of the site</li> <li>• Securing the investors</li> </ul>	100.22			Increase in accessibility of pharmaceutical equipments
<b>Textile and Cloth Industries</b>						
<b>Building and Construction industries Strategic Choices</b>						
Ceramics	Lack of suitable local technology for the production of ceramic products such as tiles, refractory bricks, etc.	Facilitation of TEMDO to develop and commercialize suitable technologies for production of ceramic products such as tiles, refractory bricks, etc.	500			Establishment of small to medium scale industries for the production of ceramic products



Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
		Construction of Ceramic factory in Dar es Salaam		118.35		Ceramic products produced by 2019
Cement	Inadequate cement production	Construction of Cement Factory in Tanga				2.5 million tonnes per day produced by 2020
Kisarawe kaolin	High buildings construction costs					
<b>Agro-industries Strategic Choices</b>						
Dodoma and Singida leather industrial park	<ul style="list-style-type: none"> <li>• No proof of existing recent feasibility study.</li> <li>• Issues of compensation is still unresolved</li> <li>• The project cost need to be established</li> </ul>	<ul style="list-style-type: none"> <li>• Carry out feasibility study</li> <li>• Preparations for compensation</li> <li>• Market analysis</li> </ul>	32.96			<ul style="list-style-type: none"> <li>• Value addition to meet and skin by 2020</li> <li>• Strengthening of leather industries by 2020</li> </ul>
Meat, hides and skin processing industry at Ruvu	<ul style="list-style-type: none"> <li>• Issues of compensation is still</li> <li>• Lack of grading livestock products</li> <li>• Little value addition in livestock</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of modern abettor at Ruvu ranch</li> <li>• Leather tanning facility</li> <li>• Animal fattening system</li> <li>• Waste management facilities</li> </ul>		22.59		Abettor main line construction
Edible oils industries	<ul style="list-style-type: none"> <li>• Low production and productivity</li> <li>• Lack of modern technique of production to meet national and international demand</li> <li>• Lack of support infrastructure and incentives to make it operate</li> <li>• Lack of appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Mount Meru Millers Limited (MMML) for Sunflower Oil Production and Packaging Facility in Singida</li> <li>•</li> </ul>		343.85		<ul style="list-style-type: none"> <li>• 1,000 Metric tons of oil per day</li> <li>• Introduce new oil refinery technologies to Tanzania</li> <li>• Provision of 142 direct and 1000 indirect employment.</li> <li>• Locally manufactured oil processing plants available for use by the small to medium scale processors</li> </ul>

Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
	technology for locally small scale edible oil processing plants	Facilitation of TEMDO to Commercialize small to medium scale edible oil processing technology (processing plant – cleaning, expelling, filtering, refining and packaging)	600			Medium scale edible oil processing technology facilitated and commercialized
Oil Palm Production at Kimala Misale - Coast	<ul style="list-style-type: none"> <li>• Lack of roads connectivity</li> <li>• Delay of provision of land title deed to NDC</li> </ul>	<ul style="list-style-type: none"> <li>• Identification of about 10,000 Ha of land in Kimala Misale for Project implementation</li> <li>• Construction of basic infrastructure such as roads and power supply</li> </ul>	247.2			<ul style="list-style-type: none"> <li>• 10MW of electricity</li> <li>• Total employment of 1,000 employees</li> <li>• Additional raw materials (oil palm) will be sourced from local farmers to be engaged through contract farming programme.</li> </ul>
Construction of metal silos for small holder farmers	<ul style="list-style-type: none"> <li>• Lack of financing</li> <li>• Lack of basic infrastructures on the site</li> </ul>	<ul style="list-style-type: none"> <li>• Feasibility study</li> <li>• Construction of basic infrastructures</li> </ul>		155.89		Empowerment of small holder farmers
Bagamoyo Eco Energy Ltd for Sugar Production	<ul style="list-style-type: none"> <li>• Lack of basic supportive infrastructures</li> <li>• Inadequate sugar supply</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of basic supportive infrastructures</li> <li>• Construction of sugar factory</li> </ul>		303.99		<ul style="list-style-type: none"> <li>• 125,000 metric tons of sugar, 15,000 cubic meters of ethanol and production of 85,000MWh per year.</li> <li>• Comprehensive out-growers' development program, jobs, technology and skills transfer to local farmers, and increasing Government revenue (direct and indirect taxes).</li> </ul>
<b>Coal for Industries and Households Strategic Choices</b>						

Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
Rural Electrification through Decentralized Small to Medium Scale Electricity Generation Facilities Using Locally Available Coal and Biomass	<ul style="list-style-type: none"> <li>• Rural electrification is less than 5%</li> <li>• Poor (electrified) services for health, schools and water supply</li> <li>• Poor economic activities</li> <li>• Rampant diseases from use of fuel wood</li> <li>• Environmental degradation from intensive use of fuel wood</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of clean energy technologies for electricity generation</li> <li>• Utilization of locally available coal and biomass materials</li> <li>• Development and dissemination of local technologies for electricity generation</li> </ul>	1,200			<ul style="list-style-type: none"> <li>• Advanced (electrified) diagnostic services.</li> <li>• To increase access and quality of education, this is mandatory to the perceived industrialized economy.</li> </ul>
Use of carbonized coal briquettes to substitute charcoal and firewood as cooking fuel in Tanzania	<ul style="list-style-type: none"> <li>• Rampant diseases from use of fuel wood</li> <li>• Environmental degradation from intensive use of fuel wood</li> <li>• Drudgery of women in search of fuel wood</li> </ul>	<ul style="list-style-type: none"> <li>• Development of carbonized coal briquettes in substitution of fuel wood and charcoal for household cooking</li> <li>• Utilization of locally available coal and biomass materials</li> <li>• Development and dissemination of local technologies for household cooking</li> </ul>	3.4			<ul style="list-style-type: none"> <li>• Availability of clean cooking fuel</li> <li>• Reduced use of biomass fuel</li> </ul>
Comprehensive assessment of Tanzania coal quality using accredited laboratory	<ul style="list-style-type: none"> <li>• Despite the abundant coal deposits, less is on their quality</li> <li>• Danger of utilizing quality (coking) coal for thermal applications</li> <li>• Technology development is impaired in absence of coal quality information</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of coal quality databank for Tanzania</li> <li>• Undertaking a detailed sampling and analysis of Tanzania coal</li> </ul>	5.5			<ul style="list-style-type: none"> <li>• Known quality of available coal</li> <li>• Enhanced coal utilization</li> <li>• Enhanced coal export</li> <li>• Development of coal utilization technologies for industries, households, and for chemical industry</li> </ul>

Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
<b>Iron and Steel Strategic Choices</b>						
Development of iron and steel technologies from locally available ore deposits	<ul style="list-style-type: none"> <li>Existing ore deposit under-utilized</li> <li>Overdependence on scrap metal for iron and steel industry</li> <li>Low technological capacity in iron and steel industry</li> <li>Low quality of iron and steel products</li> <li>Low iron and steel per capital consumption and hence low GDP</li> </ul>	<ul style="list-style-type: none"> <li>Capacity development to the TIRDO accredited metallurgical laboratory</li> <li>Carrying out evaluation of raw materials for iron &amp; steel and other related industries.</li> <li>Characterization and optimization of raw materials and direct reduction (DR) process parameters for production of high-grade sponge iron from e.g. Liganga and Maganga Matitu iron ores</li> <li>Develop appropriate iron and steel technologies for SMEs Transfer the technology of sponge iron as metallic feedstock in rolling mills and foundries to replace conventional scrap metal Assist local industries to produce high quality iron &amp; steel products e.g. high strength steel reinforcement bars.</li> </ul>	5.3			<ul style="list-style-type: none"> <li>Strengthen the infrastructure for conducting applied R&amp;D and testing activities in iron &amp; steel, coal, oil, natural gas, and agro-processing</li> <li>Best practices production methods in iron &amp; steel, coal, oil, natural gas, and agro-processing made available to SMEs Improved quality of locally manufactured products as well as enhanced capability and competitiveness of the industry</li> <li>Increased knowledge and skills to improve technical competence for supporting the industry.</li> <li>Improved local support services for increasing competitiveness and ensuring sustainability of the industries</li> <li>Enhanced value addition of raw materials in iron &amp; steel, coal, oil and natural gas</li> <li>Creation of employment in emerging SMEs through technology transfer</li> <li>Increased foreign exchange earnings through improved quality products and services</li> </ul>

Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
<b>Industrial services Strategic Choices</b>						
Provision of Professional Coal Analytical Services for Supporting Industrial Coal Users (Cement, Paper Mills and Others) and the Proposed Thermal Power Plants (Kiwira, Mchuchuma, and Ngaka)	<ul style="list-style-type: none"> <li>Tanzania coal is analyzed abroad</li> <li>Abroad analysis is skeptical and is associated with delays</li> <li>Tanzania coal quality is less known which poses for cheating in coal export deals</li> <li>There is a rampant revenue loss due to adulterated coal quality</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening the technical capacity to the coal accredited laboratory at TIRDO</li> <li>Dedicating the TIRDO coal laboratory into a reference coal laboratory</li> </ul>	2.5			<ul style="list-style-type: none"> <li>Increased government revenue (GDP) from coal quality assurance in industries and power sector</li> <li>Technologies transfer for industrial purposes include carbonization for metallurgical coke production; combustion; gasification, coal to liquid, different area and blending</li> <li>Development of coal briquetting technologies will benefit the industries and household</li> <li>Increased human resource and skills</li> <li>Increase employment in coal industries and SMEs</li> </ul>
Improving competitiveness to industries through energy management	<ul style="list-style-type: none"> <li>Energy cost to industries consumes up to 40% of total revenue</li> <li>The high energy cost makes industries not attractive</li> <li>The high energy cost makes products not competitive regionally and internationally</li> </ul>	<ul style="list-style-type: none"> <li>Introduce energy management practices to industries</li> <li>Train the industries to adopt the practices and energy efficient technologies</li> <li>Energy management skills development to industrialists</li> </ul>	0.89			<ul style="list-style-type: none"> <li>Increased revenue and GDP from industries</li> <li>Reduced energy consumption</li> <li>Reduced energy bills</li> <li>Increased competitiveness of industrial products</li> <li>Environmental management</li> </ul>
Revival of privatized industries	<ul style="list-style-type: none"> <li>Majority of the privatized industries are said to be marginally contributing to the development agenda</li> <li>Less is known on their status</li> </ul>	<ul style="list-style-type: none"> <li>Undertake an industrial audit to establish the status of the privatized industries</li> <li>Undertake the needs assessment</li> </ul>	1.5			<ul style="list-style-type: none"> <li>Prioritize industries and respective intervention</li> <li>Mitigate industrial problems</li> <li>Increase industries contribution</li> </ul>

Location/ Type	Challenges	Intervention Required	Cost/Source (Tshs Bill)			Expected Results
			Govt	Private	DPs	
	<ul style="list-style-type: none"> <li>Some are said to have shifted their basic role</li> </ul>	<ul style="list-style-type: none"> <li>Establish a prioritized strategy by taking into consideration of employment, GDP contribution and contribution to socio-economic development</li> </ul>				<ul style="list-style-type: none"> <li>to GDP and employment</li> <li>Assist TIB in industrial studies' investment</li> </ul>

**Table AII 2: Mining Subsector Strategic Interventions**

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs billion)			Expected Results
			Govt	Private	DPs	
<b>Minerals Beneficiation and Value Addition Strategic Choices</b>						
Processing of precious metals and gemstones	<ul style="list-style-type: none"> <li>• Unorganized market for small scale mining</li> <li>• Unreliability raw material stocks</li> <li>• High volatile global commodity price</li> <li>• Existence of black market and smuggling activities</li> <li>• Lack of Mineral Value Addition Act</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing a gemstones/gold bourse</li> <li>• BOT start buying and stocking refined gold</li> <li>• Enforce the restriction of raw gemstones export</li> <li>• Establishment of tin processing plant</li> <li>• Formulation of mineral value addition act</li> </ul>	200	122.27		<ul style="list-style-type: none"> <li>• Increased minerals value</li> </ul>
	<ul style="list-style-type: none"> <li>• Low assaying, lapidary and jewellery making skills</li> <li>• Low gem identification, stone carving and laboratory services</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of lapidary, gemology, jewelry design, jewelry manufacturing, stone carving and gem identification specialized training course at VETA level and accreditation by international institutions like GIA, GIT</li> </ul>	50			<ul style="list-style-type: none"> <li>• Increased skills for minerals value addition</li> </ul>
	<ul style="list-style-type: none"> <li>• Low activities of lapidary and jewellery industry</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce restriction of gold export only refined up to bullions</li> <li>• Establishment of lapidary and jewelry industries</li> </ul>	29			<ul style="list-style-type: none"> <li>• Increased employment and national income</li> </ul>
Caustic Soda Refinery Plant	<ul style="list-style-type: none"> <li>• Incomplete environmental clearance</li> <li>• Not yet identified development partner</li> <li>• Lack of feasibility study</li> </ul>	<ul style="list-style-type: none"> <li>• Compensation to the residents</li> <li>• Construction of the refinery plant for caustic soda</li> <li>• Carry out feasibility study</li> </ul>	0.7			<ul style="list-style-type: none"> <li>• Feasibility study carried out</li> <li>• Compensation completed</li> <li>• Plant for caustic soda constructed</li> <li>• 1 million tons of caustic soda per year</li> <li>• Revenue of 400 billion per year</li> </ul>

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs billion)			Expected Results
			Govt	Private	DPs	
Liganga iron ore and steel	<ul style="list-style-type: none"> <li>• Compensations/ resettlement not started</li> <li>• Delayed road and railway construction</li> <li>• Unreliable source of power</li> </ul>	<ul style="list-style-type: none"> <li>• Set aside budget to finalize compensation in</li> <li>• Construction of road and railway</li> </ul>	3.34	3,785.9		<ul style="list-style-type: none"> <li>• 4000 direct jobs</li> <li>• Liganga project operational by 2018/19</li> </ul>
Kabanga Nickel	<ul style="list-style-type: none"> <li>• Unreliable infrastructure (power supply and rail transport);</li> <li>• Fall of Nickel price in the World market;</li> </ul>	<ul style="list-style-type: none"> <li>• Generation of enough power to run the mine and construction of standard gauge railway line from Kabanga to Dar es Salaam</li> </ul>				
Mkuju Uranium Project	<ul style="list-style-type: none"> <li>• Obtaining mining development agreement</li> <li>• Cumbersome regulations to enter game reserve</li> <li>• World price after Fukushima incident</li> <li>• Inadequate funding for monitoring activities</li> <li>• Inadequate trained personnel in radiation monitoring</li> <li>• Lack of specialised laboratory and equipment</li> <li>• Low public awareness in radiation related issues</li> <li>• Specialized equipment for surveillance inspections</li> <li>• Capacity to conduct inspections</li> <li>• Occupational exposure due to Radioactive dust and radon gas) and external exposure (Gamma radiation).</li> <li>• Safe disposal of radioactive waste arising from uranium mining.</li> </ul>	<ul style="list-style-type: none"> <li>• Scrutinizing the draft MDA and sign process to take effect;</li> <li>• Awareness campaign;</li> <li>• Infrastructure development like roads, water, electricity, railways etc);</li> <li>• MEM to discuss with Ministry of Natural Resources and Tourism on how to wave regulation to operate in game reserve for mining companies;</li> <li>• Ministry in collaboration with UN on equipping TAEC laboratory, specialized equipment for surveillance inspection, training of personnel in radiation monitoring and upgrade of Dar port to handle class seven material</li> <li>• Capacity building;</li> <li>• Establishment of steering committee which will have a memorandum of</li> </ul>		1,680.00		<ul style="list-style-type: none"> <li>• Mining development 2016</li> <li>• 4,000 direct jobs during construction phase and then 1,500 operation</li> </ul>



Location/Type	Challenges	Intervention Required	Cost/Source (Tshs billion)			Expected Results
			Govt	Private	DPs	
		understanding between ministries				

**Table AII 3: Construction Subsector Interventions**

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
<b>Promoting Local Construction Industry Strategic Choices</b>						
Equipment	<ul style="list-style-type: none"> <li>Weak capital</li> </ul>	<ul style="list-style-type: none"> <li>Promoting Hire and purchase mechanism</li> <li>Establishment of contractors assistance fund</li> </ul>	26.7			<ul style="list-style-type: none"> <li>Hire purchase mechanism enhanced</li> <li>Contractors fund in place by June 2020</li> </ul>
Skills Development	<ul style="list-style-type: none"> <li>Low skills and lack of experience</li> </ul>	<ul style="list-style-type: none"> <li>Conditional partnerships between local and domestic companies</li> <li><i>Field attachment</i> of students to domestic and foreign construction companies</li> <li>Training of local contractors</li> </ul>	267.74			<ul style="list-style-type: none"> <li>8,593 contractors trained by 2020</li> <li>3,500 field attachment trainees domestic and foreign construction companies by 2020</li> </ul>

**Table AII 4: Agricultural Subsector Interventions**

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
<b>Crops Strategic Choices</b>						
Maize	<ul style="list-style-type: none"> <li>• Low productivity</li> <li>• High post harvest loss</li> <li>• Limited storage capacities</li> </ul>	<ul style="list-style-type: none"> <li>-Increase use of modern technology</li> <li>-Construction of 150 collective warehouse Based Marketing schemes –COWABAMA</li> </ul>	22.37			<ul style="list-style-type: none"> <li>Increase maize production by 100,000 tons annually</li> <li>-Post harvest losses reduced</li> </ul>
Rice	<ul style="list-style-type: none"> <li>• Weak rice cultivation practice</li> <li>• Limited irrigation coverage</li> <li>• Low productivity</li> </ul>	<ul style="list-style-type: none"> <li>-Project for supporting rice industry Development in Tanzania</li> <li>- Increase use of modern technology</li> </ul>	9.35	3.11	18.707	1.963 million tons of paddy produced per year by 2018
		<ul style="list-style-type: none"> <li>Linking KPL commercial Farm with smallholder farmers to raise productivity to world class levels (Mngeta and Kihansi Valley) using improved irrigation and System for Rice Intensification (SRI) and state of the art rice drying and milling technology</li> </ul>			305.10	<ul style="list-style-type: none"> <li>• Project’s phase I operational and producing at least 50,000 tons (Mngeta farm) and 10,000 tons (smallholders out-growers) per annum.,</li> <li>• technology installation Large-Scale Zero Tillage Mechanized farming introduced</li> <li>• Create at least 86 full time jobs and 325 part time jobs during phase I of project development.</li> </ul>
Expanded Rice production Project (ERPP)	<ul style="list-style-type: none"> <li>• Weak rice cultivation practice</li> <li>• Limited irrigation coverage</li> <li>• Low productivity</li> </ul>	<ul style="list-style-type: none"> <li>• Improving crop productivity through irrigation and crop management</li> <li>• Innovative marketing strategies</li> <li>• Sustainable seed systems.</li> <li>• Project management and coordination</li> <li>• Improved rice production</li> </ul>	1.0		48.791	<ul style="list-style-type: none"> <li>• Increase Rice Production and Productivity.</li> <li>• Expansion of Rice marketing</li> <li>• Increased productivity from 4-6MT to 8-10MT/ha</li> <li>• Increased seed production on 400ha.</li> </ul>

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
		techniques through (SRI).				
Agricultural Sector Development Programme II (ASDP II)	Land and Water mismanagement	Sustainable Water & Land Use Management	1.45			<ul style="list-style-type: none"> <li>• Integrated water use &amp; management for crops/irrigation &amp; livestock/fishery development</li> <li>• Land use planning and sustainable watershed &amp; soil management</li> <li>• Mainstreaming resilience for climate variability/change and natural disasters</li> </ul>
		Enhanced Agricultural Productivity	1.517			<ul style="list-style-type: none"> <li>• Agric. research for development - AR4D</li> <li>• Extension, training &amp; info. services</li> <li>• Access to agricultural inputs</li> <li>• Access to mechanization services</li> </ul>
		Rural Commercialization & Value Addition	1.483			<ul style="list-style-type: none"> <li>• Stakeholder empowerment &amp; organization</li> <li>• Value addition &amp; agro processing</li> <li>• Rural marketing</li> <li>• Access to rural finance</li> </ul>
		Strengthening Sector Enablers	1.778			<ul style="list-style-type: none"> <li>• Policy and regulatory framework</li> <li>• Institutional capacity strengthening, communication and knowledge management and ICT</li> <li>• Food security and nutrition</li> <li>• ASDP2 sector c coordination (planning &amp; implementation at national, regional and LGA levels)</li> <li>• Monitoring &amp; evaluation (incl. Agricultural statistics).</li> </ul>
Sunflower	<ul style="list-style-type: none"> <li>• Compliance with and adherence to internationally recognized food safety and</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting contract farming in the local sunflower industry;</li> </ul>				<ul style="list-style-type: none"> <li>• Increase of sunflower production in Tanzania.</li> <li>• Greater penetration of sunflower</li> </ul>

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
	<ul style="list-style-type: none"> <li>quality standards</li> <li>• Availability and accessibility of high-quality certified sunflower seeds</li> <li>• Availability of agricultural inputs, including fertilizers and pesticides</li> <li>• Management capacities of farmers' associations to sustainably increase sunflower production</li> <li>• Adoption of GAP</li> <li>• Access to finance and limited use of insurance across the value chain</li> <li>• Storage capacity and application of premiums and discounts for quality</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening coordination across the sunflower industry,</li> <li>• Promoting the use of locally produced sunflower products;</li> <li>• Improving the quality of sunflower products to comply with both national and international standards,</li> <li>• Reviewing any policy constraints or issues that affect the sunflower industry</li> <li>• Provide timely and appropriate market entry support for effective market development</li> </ul>				<ul style="list-style-type: none"> <li>oil in Tanzanian markets, through improved oil quality and food safety.</li> <li>• Expansion of sunflower oil market in the Eastern, Southern and Central African regions through increased production volume.</li> <li>• Expansion of sunflower oil into foreign markets, particularly India, Europe Middle East and the United States, through greater adoption of high-quality seed postharvest practices</li> </ul>
Pulses	<ul style="list-style-type: none"> <li>• Lack of commercially available improved pulse varieties and deficient seed multiplication system</li> <li>• Limited interest from farmers in using improved varieties because of the high cost of seeds and other inputs</li> <li>• Low productivity levels resulting from the limited availability of agricultural inputs, training and services to improve production and reduce losses</li> <li>• Limited access to rural finance for pulse production.</li> <li>• Low levels of quality assurance and disease control</li> </ul>	<ul style="list-style-type: none"> <li>• strengthen policy support institutions, that will promote pulses as a viable agricultural crop,</li> <li>• Improve quality standards and improve inter-institutional coordination.</li> <li>• Tackles weaknesses in supply conditions generally and production level inputs in particular</li> <li>• Effectively build the skills of stakeholders throughout the different stages of the value chain, in order to ensure that productivity rises, losses fall and professionalism improves.</li> </ul>	2.6			<ul style="list-style-type: none"> <li>• Increased production of pulses to cater for the increase in demand for legume-based proteins</li> <li>• Increased pulse exports particularly to India in, which can be extended with branding ;</li> <li>• To tap in the huge South Asian diasporas in regional markets, as well as Middle Eastern and European markets, which is an existing consumer base which remains untapped to a considerable degree by Tanzanian exporters;</li> <li>• Increased export of processed pulses from the United Republic of Tanzania due to the ban on imports of pulses from India.</li> </ul>

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
	<ul style="list-style-type: none"> <li>in the production of pulses</li> <li>Limited availability of efficient storage and warehousing along the value chain</li> </ul>					<ul style="list-style-type: none"> <li>Increased Investment in the country opportunities</li> </ul>
	<ul style="list-style-type: none"> <li>Low levels of investment attracted into the sector at the levels of research and development, inputs, production techniques, postharvest handling and storage, and distribution</li> <li>Lack of market information and trade promotion</li> </ul>	<ul style="list-style-type: none"> <li>Scale up production and trade by strengthening PPPs for seed development, access to finance, and technology transfer and farmer support services.</li> <li>Promote skills building along the value chain to professionalize the sector.</li> </ul>	1.5			
Floriculture	The construction of greenhouses which is considered to be the most expensive accounting for more than 50% of total investment cost	Research on cheap materials for the construction of green houses	4.5			Cost of greenhouses reduced
	Purchase of land and rose planting materials, which represent more than 18 and 12%, respectively	<ul style="list-style-type: none"> <li>Diversification of the industry towards the southern highlands could further enhance the growth of the industry</li> <li>The involvement of stakeholders in the acquisition of inputs, research and market information</li> </ul>	1.3			Costs of Land reduced particularly in the southern Highlands
	Growers consider the policy as being too general and not applicable to the flower industry	To formulate guidelines under the existing National Agricultural Policy that specifically and actively promotes the cut flower industry in Tanzania.				Cut flow production promoted and enhanced
	Several introduced municipal	Engagement of municipal				Municipals Taxes reduced

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
	taxes were affecting business planning.	officials as stakeholders in floriculture business				
Cotton	<ul style="list-style-type: none"> <li>• Poor cotton farming practices result in suboptimal yields</li> <li>• Excessive price volatility limits farmer motivation to grow cotton and increases poverty</li> <li>• Mistrust between farmers and ginners hinders cooperation</li> <li>• Quantity and quality of cotton lint is unreliable and inadequate for the domestic textile industry</li> <li>• Limited productivity and value addition in the cotton by-product subsector</li> <li>• Insufficient policy support for the sector hinders development</li> <li>• Lack of institutional coordination and support in specific areas of the value chain leads to various inefficiencies, including limited service provision and advocacy</li> <li>• Structural problems within the industry impede development</li> <li>• Burdensome taxes reduce competitiveness</li> <li>• The impact of climate change on cotton production.</li> </ul>	<ul style="list-style-type: none"> <li>• Raise the profitability of cotton production through increased productivity and quality control.</li> <li>• Improve the policy environment to raise the efficiency and competitiveness of the cotton value chain.</li> <li>• Improve the competitiveness of textile and garments firms through raised productivity and product diversification.</li> <li>• Strengthen the Government focus on investment as a vector for growth and integration in the value chain.</li> <li>• Strengthen the capacity of firms to diversify markets to raise profitability.</li> </ul>	5.2			<ul style="list-style-type: none"> <li>• Availability of raw materials (local cotton is available at a discount of 5 % of the world market price)</li> <li>• Increased ability to access the Preferential market in the United States and EU markets</li> <li>• Cheap products produced as a result of Low labour costs (~US \$ 0.40 per hour – similar to Bangladesh and among the lowest labour costs in the world)</li> <li>• Increased employment potential to both skilled and unskilled labour</li> <li>• An array of investment promotion incentives (including Export Processing Zones (EPZs) and Special Economic Zones (SEZs) managed by the Export Processing Zones Authority (EPZA).</li> </ul>
Sisal	<ul style="list-style-type: none"> <li>• Low production in the country</li> <li>• There huge capacities to produce various sisal products but underutilized due to low</li> </ul>	Increase sisal production through encouraging Estate farming, and establishing smallholder and out grower	1.71			<ul style="list-style-type: none"> <li>• Increased Sisal Production</li> <li>• More investments both FDI and</li> </ul>

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
	<p>fiber production and unfavorable policies in local production</p> <ul style="list-style-type: none"> <li>• Low utilization of the abundance labour</li> <li>• Low value addition to the raw sisal fibre as only the 2% of the sisal plant is utilized to produce fibre the remaining 98% biomass that is thrown away as "waste" at cost both financially and to the environment is now known to contain serious economic value and is being seriously exploited. (see sisal energy)</li> <li>• Low level of research</li> </ul>	<p>schemes</p> <p>Increased capacity utilization to produce various sisal products</p> <p>Encourage Investment in sisal industry so as to utilize the abundance of managerial, skilled and semi-skilled workers with qualifications and experience in the sisal industry built over a period of more than 100 years of commercial production.</p> <p>Opens up further market opportunities for sisal to produce energy, medicinal, composite and value added products such as pulp for paper, which will be very competitive.</p> <p>Carry out the extensive Market Research into new fiber-based products that has market potential running into millions of tons worldwide</p>				<p>Local in sisal industry</p> <ul style="list-style-type: none"> <li>• High level of productivity due to utilization of the abundance of managerial, skilled and semi-skilled workers with qualifications and experience in the sisal industry.</li> <li>• Increased production of fiber that can be utilized in the production of various sisal products</li> <li>• Strengthened Tanzania only sisal Research Centre in the world at Mlingano, Tanga now equipped with an ultra-modern Meristematic</li> </ul>
Grape	<ul style="list-style-type: none"> <li>• Insufficient agricultural extension services</li> <li>• low labour productivity</li> </ul>	Government should employ more extension officers in order to help to overcome production challenges	0.8			<ul style="list-style-type: none"> <li>• High yield as well as quality improvement</li> <li>• Labour productivity improved</li> </ul>
		Provision of agriculture technologies and information/knowledge from research experts to farmers	0.6			
	<ul style="list-style-type: none"> <li>• High price of Inputs Insecticides and fertilizer</li> <li>• Delayed payment by</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing grape Board and provision of credit to grape farmers</li> <li>• Increase budget for subsidized</li> </ul>	1.0			<ul style="list-style-type: none"> <li>• Affordable prices of inputs</li> <li>• Prompt and reliable payment system</li> <li>• Reliable Market established</li> </ul>



Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
	<ul style="list-style-type: none"> <li>• processing firms</li> <li>• Unreliable markets and low prices</li> <li>• Unreliable rainfall,</li> <li>• Low level of Investment</li> </ul>	inputs				<ul style="list-style-type: none"> <li>• More yield due to irrigation</li> <li>• Large scale production</li> </ul>
		Written contract between producers and the buyers (Processing Firms)				
		Government should invest in processing industries in order to increase market for this crop				
		Increase irrigation techniques				
		Encourage large scale investment including FDI	0.4			
Sunflower	<ul style="list-style-type: none"> <li>• Low production and productivity</li> <li>• Lack of modern production technologies to meet national and international demand</li> </ul>	<ul style="list-style-type: none"> <li>• Increase sunflower production and productivity through the adoption of modern production techniques to</li> <li>• Meet national and international demand.</li> </ul>	3.3			Increase the production of sunflower to .....tons by 2020
	<ul style="list-style-type: none"> <li>• Low skills across the value chain</li> <li>• Lack of coordination and institutional capacity across the value chain</li> </ul>	<ul style="list-style-type: none"> <li>• Modernize the sunflower industry through strengthening coordination, institutional capacity and skills across the value chain.</li> </ul>	4.3			Strengthening coordination, institutional and skills across the value chain by 2020
	Low quality of sunflower products	Improve the quality of sunflower products to comply with national and international standards	1.65			Quality of sunflower products improved by 2020
	<ul style="list-style-type: none"> <li>• Small growth of the sunflower sector</li> <li>• Incoherent policies with the nation objectives</li> </ul>	Stimulate growth in the sunflower industry by implementing coherent and supportive policies in line with national development objectives	1.0			Growth in sunflower industry improved by 2020
Mkulazi Agricultural City	Incomplete land layout and design Lack of core infrastructure No prospecting investor obtained Shortage of water and irrigation infrastructure	Construction of basic infrastructure	3,117.8			<ul style="list-style-type: none"> <li>• Established basic infrastructure in place by 2020</li> <li>• Obtain potential investors by 2020</li> </ul>

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
SAGCOT	<ul style="list-style-type: none"> <li>Lack of smallholder farmers aggregated into commercial farmer organizations</li> <li>Small number of nucleus farms</li> <li>Low value chains in agriculture</li> </ul>	<ul style="list-style-type: none"> <li>Large scale Nucleus Farms and Sustainable Agriculture projects financed by TADB</li> </ul>	984.000			<ul style="list-style-type: none"> <li>At least 10 large nucleus farms</li> <li>500,000 smallholder farmers aggregated into commercial farmer organizations by 2020</li> <li>Lending to at least fourteen value chains in the eight sub sector of focus</li> </ul>
Capacity building for ASDP	<ul style="list-style-type: none"> <li>Shortage of skilled personnel on data collection, analysis and Data based reporting under ASDP</li> <li>Clear demarcation with other statistical data</li> </ul>	Development on Data collection, Analysis and Data based reporting under ASDP :	3.56	4.71	10.47	....Personnel on Data collection, Analysis and Data based reporting under ASDP trained by 2020
	<ul style="list-style-type: none"> <li>Projects have been conducted under the absence of ASDP basket fund which is the main source of DADPs.</li> </ul>	Project for strengthening the Backstopping capacities for the DADP planning and implementation under the ASDP Phase II	3.67	4.90	10.91	Strengthening the linkage between farmers and market
	Low capacity of irrigation human resources personnel	irrigation human resources development by strengthening the capacity of Arusha technical college			2.45	Increase in number of skilled personnel
	Weak irrigation development capacity especially at local level	Project for capacity development for the promotion of irrigation scheme under DADPs phase 2			8.02	505,000 farmers using irrigation by 2019
	Low rural agricultural development	Rural agricultural Development			0.67	Rural agricultural enhanced by 2020
Irrigation schemes	<ul style="list-style-type: none"> <li>Unreliable rainfall</li> <li>Weak irrigation development capacity especially at local level limited irrigation infrastructure available</li> <li>Limited irrigation infrastructure</li> </ul>	promotion of irrigation scheme Development Under the District Agricultural Development plan phase II			8.02	<ul style="list-style-type: none"> <li>.....irrigation schemes scheme developed by 2020</li> <li>Construction and operationalize of Mwampuli irrigation scheme by 2020</li> <li>Irrigation system for cotton and</li> </ul>
		Mwamapuli irrigation scheme	99		126.18	
		Construction of irrigation system for cotton and	8,180			

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
	available • Weak operation and maintenance of irrigation infrastructure	horticulture (12,300ha) Small scale irrigation Development project Small Scale Irrigation Development Project SSID			75.718 30.08	horticulture constructed by 2020 • irrigation area Increase by 37,000ha in 2020 • rice production increased by 191,400tons in 2020 • Annual increase of irrigated land: 30,000ha by 2018
Improvement of R&D in crops cultivation	Chronic diseases to crops like maize, cassava etc	Establishing researches on chronic diseases to crops like cassava maize paddy etc.	1.75			Researches on chronic diseases established by 2020
	Shortage of seeds for difference crops	Production of seeds for different crops	5.0			....tons seeds for different crops produced by 2020
	Lack of technologies which adds nutrients to soil	Analyzing different agricultural systems and providing technologies which will add nutrient to the soil	2.4			Soil nutrients improved
	Weak research infrastructure	Improving research infrastructures and capacity building to the researchers	15.73			Research infrastructure improved by 2020
Extension officers	Shortage of extension officers	Providing training to the farmers and improving cultivation practices through increasing the number of extension officers	882.64			Number of extension officers increased from 10,089in 2015 to 16,225in 2020
Agricultural land use plan	Existence of land conflicts	Preparing the plans for agricultural sustainable land use through surveying the farms and providing ownership title to the farmers	4.1			Farmers been able to use land as a collateral for bank loans by 2020 Eliminating land conflicts by 2020
Women and youth empowerment through agriculture	• Lack of land titles • Poor linkage of farmers with financial institutions • Low level of technology use	• Indicating and surveying the agricultural land. • Continuing with surveying the land and provision of land titles • Linking farmers with financial institutions	9.34			• Increase the number of land titles to farmers • Linkages of farmers to financial institution improved by 2020 • Usage of technologies improved by 2020

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
		<ul style="list-style-type: none"> <li>Improving the use of technology</li> </ul>				
Market availability for crops	<ul style="list-style-type: none"> <li>Poor participation of private sector on construction of markets and silos</li> <li>Lack of commodity exchange market</li> <li>Lack of strategic markets at the boards</li> </ul>	<ul style="list-style-type: none"> <li>Incorporating private sectors on construction of markets and silos</li> <li>Introducing market products in accordance with the law (commodity exchange Act 15 of 2015).</li> <li>Construction of strategic markets at the borders, improving and empowering corporative unions</li> </ul>	2.4			<ul style="list-style-type: none"> <li>Private sectors involved on construction of markets and silos</li> <li>Introduction of commodity exchange markets.</li> <li>strategic markets at the borders Constructed by 2020</li> </ul>
		<ul style="list-style-type: none"> <li>Encouraging cooperative unions and private sector to establishing agro processing industries</li> </ul>	2.04			Processing industries established by 2020
Skills development for improved livestock productivity	<ul style="list-style-type: none"> <li>Lack of high skilled personnel to provide quality livestock efficiently</li> <li>Lack of community based national livestock early warning system</li> </ul>	Strengthening Livestock Training Agency (LITA) to provide quality livestock training efficiently	1.67			<ul style="list-style-type: none"> <li>30 LITA staff in long (PhD &amp; MSc) and short courses trained</li> <li>class rooms at Madaba and Morogoro Campuses in good condition</li> </ul>
		Community based national livestock early warning system project	6.54			Community early warning system enhanced by 2020
Regulatory Framework for Animal Health services	<ul style="list-style-type: none"> <li>Inefficient of regulatory framework for animal health services</li> <li>Low capacity of institution of the Veterinary Council to regulate animal health services effectively and efficiently</li> </ul>	Enhancing Regulatory Framework for Animal Health services	1.67			<ul style="list-style-type: none"> <li>Regulatory framework for animal health services improved to enhance the capacity for monitoring and enforcement of Animal Health Services.</li> <li>Institution capacity of the Veterinary Council to regulate animal health services effectively and efficiently strengthened</li> </ul>

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
Beef and others	<ul style="list-style-type: none"> <li>• Low quality and productivity</li> <li>• Rudiment slaughtering premises</li> <li>• Lack of competitive market for meat industry stakeholders</li> </ul>	Meat quality and marketing improvement	3.72			<ul style="list-style-type: none"> <li>• Tanzanian Meat quality standard codes available and quality control mechanism applied;</li> <li>• Pictorial livestock and meat grades available and livestock and meat are graded;</li> <li>• Meat industry stakeholders are competitive in market; and</li> <li>• TAMEPA, TALIMETA and CCWT organized and functional.</li> </ul>
Beef Industry Development: Lake Zone (Mwanza, Shinyanga, Mara and Kagera), Central (Dodoma, Singida and Tabora), Northern Zone (Manyara, Arusha and Kilimanjaro) and Eastern Zone (Morogoro and Pwani).	<ul style="list-style-type: none"> <li>• Low quality beef products</li> <li>• Under exploitation of resources in livestock sector</li> <li>• Shortage of skilled personnel in livestock related field</li> </ul>	<ul style="list-style-type: none"> <li>• To increase production of quality beef cattle in the country that meet international standards.</li> <li>• Increase national outputs through exploitation of under-exploited resources in the livestock sector.</li> <li>• Develop local human resources capacities for operation and management of ranches.</li> <li>• Pictorial livestock and meat grades available and livestock and meat are graded</li> <li>• Meat industry stakeholders are competitive in market</li> <li>• Enhance technical skills development in meat value addition</li> <li>• Purchase and installation of hide pullers in areas of high slaughter figures.</li> <li>• To undertake massive livestock breeding programme</li> </ul>	ASDPSAGC OT		16.92	<ul style="list-style-type: none"> <li>• Production of quality beef cattle in the country enhanced to meet international standards by 2020</li> <li>• .... human resources trained for operation and management of ranches.</li> <li>• Enhance Meat industry stakeholders competitiveness in market by 2020</li> <li>• Enhance technical skills development in meat value addition to .... Personnel by 2020</li> <li>• massive livestock breeding programme undertaken through both natural and Artificial Insemination by 2020</li> <li>• ....ha of pasture and crops growing, and paddock and wire fenced by 2020.</li> </ul>

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
		through both natural and Artificial Insemination <ul style="list-style-type: none"> <li>Facilitate pasture and crops growing and padlock and wire fencing</li> </ul>				
Chicken	<ul style="list-style-type: none"> <li>Low quality and quantity of DOC produced in the country</li> <li>Unsatisfied production and marketing of indigenous chicken rearing</li> <li>Lack of poultry stakeholders organization</li> </ul>	Establishment of Multi-Stakeholder Innovation Platforms (MSIP) for improvement of marketing system and commercialization of indigenous chicken in: Arusha, Dodoma, Kilimanjaro, Morogoro, Mtwara, Mwanza, Shinyanga, Singida, Tabora and Tanga.	4.14			<ul style="list-style-type: none"> <li>Organized commercial indigenous chicken producers</li> <li>Increased quality and quantity of DOC produced in the country</li> <li>Improved production and marketing of indigenous chicken</li> <li>Women and youth groups involved in chicken rearing</li> <li>Improved livelihoods of women and youth</li> <li>Established and strengthened poultry stakeholders organizations</li> </ul>
Dairy	<ul style="list-style-type: none"> <li>Lack of milk drinking culture of the human population;</li> <li>Inadequate internal market for milk and milk products</li> <li>Low capacity of production, collection, processing and marketing of a wide range of dairy products produced in the country;</li> <li>High rate of rural poverty</li> </ul>	School milk feeding programme in Tanzania	1,750.29			<ul style="list-style-type: none"> <li>Developed milk drinking culture of the future human population;</li> <li>Expanded milk drinking culture of the future human population;</li> <li>Internal market for milk and milk products;</li> <li>Increased capacity of milk production, collection, processing and marketing of a wide range of dairy products produced in the country;</li> <li>Reduced imports of milk and milk products;</li> <li>Employment creation along the dairy value chain (for every 100 litres produced 4 jobs are created);</li> <li>Reduced rural poverty by increasing farmers' income; and</li> </ul>

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
						<ul style="list-style-type: none"> <li>• Increased government revenue through formal marketing of milk and milk products.</li> </ul>
<b>Fisheries Strategic Choices</b>						
Deep sea fishing	<ul style="list-style-type: none"> <li>• Low fish export from Tanzania EEZ</li> <li>• Lack of data collected from the EEZ fisheries resources</li> <li>• Inadequate fish processing, value addition and marketing</li> </ul>	Construction of fishing landing port (Tanga or Dar es Salaam or Mtwara)	1,336.20	400.86	801.72	<ul style="list-style-type: none"> <li>• Employment and business opportunities increased</li> <li>• Fish export from Tanzania EEZ increased</li> <li>• National food security improved</li> <li>• Reliable data collected from the EEZ fisheries resources</li> <li>• Tourism opportunities improved</li> <li>• Fish processing, value addition and marketing improved</li> </ul>
	<ul style="list-style-type: none"> <li>• Worn out of TAFICO infrastructure</li> <li>• Fish Post harvest loss</li> <li>• Low government revenue from fishing</li> <li>• Lack of modern fisheries facilities</li> </ul>	Operationalization of new TAFICO along the coast of Indian ocean	26.39			<ul style="list-style-type: none"> <li>• Current value of TAFICO assets</li> <li>• TAFICO infrastructures rehabilitated;</li> <li>• Establish a modern fisheries handling facilities at RasMkwavi, TAFICO Dar es Salaam;</li> <li>• Appropriate use of under/un utilized facilities;</li> <li>• Increased government revenue;</li> <li>• Enhances livelihood opportunities and income</li> <li>• Fish post-harvest loss reduced;</li> <li>• Improved fisheries Laboratory services along the coast of Indian ocean;</li> <li>• Enhanced mariculture production and marketing;</li> <li>• Employment increased; and</li> <li>• Food security enhanced.</li> </ul>
	Lack of deep sea fishing facilities	Strengthening fisheries market of				Fisheries markets strengthened by

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
Sea fishing		Feri (DSM), Kirumba (Mwanza) and Munganza (Kagera )				2020
		Construction of pools for fish farming				Increase fish production from 10,000 tons to 50,000 tons per year
		Procurement of 5 fishing vessels				15,000 employments per year
		Empowering seaweed farmers especially women and youth groups in the coastal region				Increase production from 12,000 tons to 20,000 tons per year
Aquaculture	<ul style="list-style-type: none"> <li>• Shortage of skilled personnel</li> <li>• Lack of low cost aquaculture technology</li> </ul>	Establishment of national aquaculture development programme	1,246.40			<ul style="list-style-type: none"> <li>• Increased income from aquaculture</li> <li>• Increased aqua-farmers practicing aquaculture operations</li> <li>• Increased production of aquaculture products</li> </ul>
Automatic water Quality Monitoring and Reporting in Aquaculture	<ul style="list-style-type: none"> <li>• Inadequate supply of fish to the existing fish processing industries</li> <li>• Lack of modern technology in aquaculture</li> <li>• There is a need of establishing automatic monitoring and reporting systems of aquaculture industry in Tanzania and identification of baseline conditions suitable for aquatic life.</li> </ul>	<ul style="list-style-type: none"> <li>• Training of SMMEs owner of fishing processing industries on modern fish farming technology</li> <li>• Establishment of automatic monitoring and reporting system I Tanzania and identification of baseline conditions suitable for aquatic life</li> <li>• Environmental impact assessment</li> </ul>	0.70			<ul style="list-style-type: none"> <li>• Increase fish production</li> <li>• Modern technology on fish farming transferred to fish farmers by 2018</li> <li>• Fish farmers trained on new fish farming technology by 2020</li> </ul>
<b>Fish Processing</b>						
Empowerment of artisanal fishers in Tanzania	<ul style="list-style-type: none"> <li>• Lack of fisheries resource management</li> <li>• Lack of resources utilization and marketing</li> </ul>	<ul style="list-style-type: none"> <li>• Fisheries Resource Management</li> <li>• Fisheries Resources Utilization and Marketing</li> </ul>			30.650	<ul style="list-style-type: none"> <li>• Fisher folks marketing ability and income generation strengthened through acquisition of entrepreneurship skills by 2020;</li> <li>• Alternative livelihood to fishing communities will be promoted by 2020;</li> <li>• Sustainable fisheries promoted through educating fishing</li> </ul>



Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt	Private	DPs	
						communities on sustainable fisheries management by 2020; <ul style="list-style-type: none"> <li>• Increased fish catches, revenue and food security;</li> <li>• Reduced fish post harvest losses and poverty reduction among fishing communities by 2020; and</li> <li>• Improved fisheries resources management and environmental protection by 2020</li> </ul>

**Table AII 5: Environmental and Natural Resources Conservation Interventions**

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill.)			Expected Results
			Govt	Private	DPS	
<b>Promotion of Renewable green Energy technologies (Biogas, LPG, Solar Energy ) Strategic Choices</b>						
Household level (rural and urban)	Policy, institutional capacity	<ul style="list-style-type: none"> <li>• Need for a Green Growth Strategy</li> <li>• Enact a Charcoal production and Use Regulation policy</li> </ul>				Increased renewable energy sources
<b>Climate adaptation and mitigation and projects Strategic Choices</b>						
		<ul style="list-style-type: none"> <li>• Strengthening the forest institutions responsible for forest management and development</li> <li>• Climate Fund and Financing mechanisms established</li> </ul>				<ul style="list-style-type: none"> <li>• Increased community resilience capacity to climate risks</li> <li>• Reduction on Damage and loss due to natural disasters</li> </ul>
<b>Enforcement of EIA and SEA regulations for all major projects Strategic Choices</b>						
Major industrial zones	Institutional, Policy and Legal	Cabinet decision on new National Environment Policy (NEP)				Reduced water and air pollution
<b>Undertake Tourism and hospitality industry Strategic Choices</b>						
Key Tourism potential areas (Kilimanjaro/Arusha)	Capacity and knowledge gaps (including attitude, cultural)	Comprehensive Tourism and Hospitality strategy				Increased Revenue from Tourism industry
		Increased forest and habitat cover for increased ecosystem services (clean water, air,) and products				
Outdoor recreation facilities along the coast of Dar es salaam city	Realization of fund and technical expertise to turn the project into reality.	Development of outdoor recreation facilities along the coast of Dar es salaam city	4,454			<ul style="list-style-type: none"> <li>• Open areas are properly utilized for public recreation and to attract additional visitors and to become an integral part of the local tourism economy in Tanzania.</li> </ul>

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill.)			Expected Results
			Govt	Private	DPs	
						<ul style="list-style-type: none"> <li>Poverty eradication through new employment opportunities.</li> <li>Revenue to the Government through taxes; and</li> <li>Increase number of international and domestic tourists hence revenue to the government.</li> </ul>
<b>Tourism Strategic Choices</b>						
Increasing the number of tourist	<ul style="list-style-type: none"> <li>Attract more tourist to visit Tanzania</li> <li>Encouraging of local tourism</li> <li>Increase of new tourist attraction centers</li> <li>Increase revenue from tourism</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening training on hotel and tourism hospitality</li> <li>Add impetus to tourism landmark</li> <li>Encouraging local tourism</li> <li>Open up tourism opportunities in the southern zone</li> <li>Increase the number of beds</li> <li>Increase the number of tourism products</li> </ul>				<ul style="list-style-type: none"> <li>Increase the number of tourists visiting Tanzania from 1200000 to 2000,000 by 2020</li> <li>Increase the number beds to 1,735 in 2020</li> <li>Number of local tourist visiting various tourist centers increased</li> <li>Number of personnel trained on tourism disciplines to increased</li> <li>Number of tourism products increased</li> </ul>
	<ul style="list-style-type: none"> <li>Lack of Theme Parks in Dar es Salaam City</li> </ul>	Construction of Theme Park in Dar es Salaam City			0.5	<ul style="list-style-type: none"> <li>Theme park constructed in Dar es salaam by 2020</li> </ul>
<b>Natural Resources Strategic Choices</b>						
Strengthening the contribution of natural resources products (forestry and bees) to the Economy		<ul style="list-style-type: none"> <li>Resolving territorial disputes between citizens and the surrounding areas near by reserves</li> <li>Improving infrastructures within the game reserves</li> <li>Continuing within the bee keeping program of 2007-2016</li> <li>Increasing the area for planting trees from 60,000ha in 2015 130,000 ha in 2020</li> <li>Establishing authority responsible for wildlife</li> </ul>				

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill.)			Expected Results
			Govt	Private	DPs	
		management				
	Poor management of natural resources	Sustainable Management in natural resources			4.88	Natural resources management strengthened
	Inadequate capacity to combat wildlife crime	Combating Wildlife Crime and advancing Conservation			0.83	Wildlife crime reduced
	Poor management of wet lands	<ul style="list-style-type: none"> <li>• Kilombero wet land management</li> </ul>			2.08	Kilombero wet land managed
	Inadequate natural resource management	<ul style="list-style-type: none"> <li>• Resilient natural resources management for growth</li> </ul>			55.675	Natural resources management improved by 2020
<b>Natural resources (forestry) Strategic Choices</b>						
	High loss of forest cover due to unsustainable use	Tree Planting	2.84			.....ha of trees planted by 2020
National tree planting and management strategy 2016-2020	<ul style="list-style-type: none"> <li>• Unsustainable livestock management practices</li> <li>• Un-coordinated implementation of environmental best practices</li> <li>• Incidences of wildfires</li> <li>• Inadequate compliance to the national legislations and by-laws</li> <li>• Inadequate monitoring and evaluation programmes</li> <li>• Inadequate incentives for tree planting and forest protection and management</li> <li>• Inadequate stakeholders involvement</li> <li>• Unsustainable human activities on vulnerable areas</li> <li>• Unsuitable tree species in water catchments including high water consuming tree species, alien and exotic tree species</li> <li>• Inadequate use of alternatives to</li> </ul>	<ul style="list-style-type: none"> <li>• Tree planting in open areas degraded areas, institutional area, water sources etc.</li> <li>• Improve public awareness on tree planting</li> <li>• Financing resources mobilization</li> <li>• Monitoring and evaluation at national level</li> </ul>	105.150			185,000ha (280 million trees) planted every year

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill.)			Expected Results
			Govt	Private	DPs	
	energy sources • No green areas preserved in expansive urban developments					
	Poor value private value chain	Private Forestry and Value Chain in Tanzania			2.64	Private forest value chain improved
	Inadequate institutional capacity in forestry and beekeeping	Capacity Building in Forestry and Beekeeping Institutions			0.5	Institutional capacity in forestry and beekeeping enhanced
		Enhancing the Forest Nature Reserve Network for Biodiversity Conservation			1.32	Forest Nature Reserve Network for Biodiversity Conservation enhanced
<b>Heritage</b>						
Heritage liberation program	There is no liberation heritage program leading to disappearance of heritage	<ul style="list-style-type: none"> <li>• Acquire land for construction</li> <li>• Construct buildings for liberation program</li> </ul>	11.12			<ul style="list-style-type: none"> <li>• Availability of 25 hectares of land.</li> <li>• Publication in place</li> <li>• Availability of four Blocks</li> </ul>
Cultural tourism promotion along the central slave and ivory trade caravan route	• Difficulties in coordinating the stakeholders to participate in the project	▪ Identify, demarcate, map and erect sign posts in relevant locations along the route			0.239	<ul style="list-style-type: none"> <li>▪ Attractive, accessible well conserved and managed Central Slave and Ivory Trade Route.</li> <li>▪ Increased revenue from collection to the Division of Antiquities and local government authorities</li> <li>▪ Increased number of tourists/visitors on the route and promote income generating</li> </ul>
		▪ Declaration of Mamboya, Mpwapwa and Kilimatinde heritages sites as national monuments.			0.068	

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill.)			Expected Results
			Govt	Private	DPs	
		<ul style="list-style-type: none"> <li>▪ Restoration and consolidation of the Slave Route in the selected centers</li> </ul>			0.678	activities to local communities.
		<ul style="list-style-type: none"> <li>▪ Preparations and implementation of awareness raising strategy for the route</li> </ul>			0.239	
		<ul style="list-style-type: none"> <li>▪ Construction of onsite museum and rehabilitation of historic monuments along the route 300,000</li> </ul>			0.717	
		<ul style="list-style-type: none"> <li>▪ Preparations of the Tourism Master Plan for the Slave Route 30,000</li> </ul>				

**Table AII 6: Science Technology and Innovation Interventions**

Strategic choice	Location/ Type	Challenge	Required Intervention	Cost/Source (Tshs billions)			Expected Result
				Government	Private	DPs	
<b>Technology Advancement</b>							
Acquire, Adopt and adapt technologies for building technical capabilities for industrial development	Technology agreements	Low technological capabilities limits competitive growth	Develop technology road maps, build relevant human capital and promote technological adoption and adaptation mechanisms	4.00	1.50	2.00	Competitive products and services in manufacturing sector
Develop and partner with local and foreign Private sector to Invest in Technology Parks (Parks provide mechanisms for innovating R&D and testing for market)	PPP arrangements for investments – Prioritized sectors and geo-locations	Limited Product and service development and testing for markets.	Investment and marketing	50.00	150.00	10.00	Increased quality and standards of products and services readily available for market.  Increased number of innovations
<b>Research and Innovation</b>							
Invest in local research and innovation focusing human and industrial development with special consideration to value addition. Support STI policy implementation and Impact evaluation of interventions	R&D institutions	Limited and uncompetitive output from R&I for uptake by industry	Increased support/investment in competitive research granting Increased support/investment in Commissioned research granting	30.00	4.00	5.00	Increased locally generated knowledge for human and industrial development improved health and education services, water and sanitation
Develop and equip research infrastructure for higher learning and R&D Institutions	R&D institutions	Low capacity for production of quality R&D output from local facilities. Competitive R&D outputs need cost effective use of facilities	Increased support/investment in research facilities	40.00	0.00	10.00	Improved research environment that will be translated in to Quality research for better products while informing policy and supporting decision making
Build competent and competitive human capital (vocational,	Pre-employment and Post-	Low level of skills and competence to	Increased investment in human capacity building at all levels in	94.5	0.00	10.5	Competent and competitive work/labour force,

technical, professionals, graduates and postgraduates) in areas relevant to industrial development	training institutions <sup>8</sup>	cater for industrialization	accordance with the National Skills Development Strategy (NSDS)				developed.
<b>Innovation</b>							
Promotion of Innovation initiatives at Local Government Authorities (LGA) through supporting SMEs, Clusters, and startups	LGA, NEEC, Innovation platforms	Unemployment; unfavorable environment (policy and resources) for uptake of innovations; weak linkages between R&I and industry	Job creation through support of innovation platforms; Nuture innovation ecosystem; Strengthen linkages between R&I and industry	23.00	8.50	2.00	Increased employment (both self and institutional) Enhanced commercialization of research and innovation outputs Improved linkages between R&I and industry
Expand and exploit ICT opportunities particularly for improving quality and access of social and business services	Primarily social service sector	Geographic divide and resources limits access to quality social and business services	Increase access to and use of ICT platforms particularly in health services and education delivery system	15.00	2.00	8.00	Improved quality and access of health services and education delivery particularly in rural areas

<sup>8</sup> See the National Skills development strategy (NSDS) developed by the Ministry of Labour and Ministry of Education, Science and Technology and Vocational training.



**Table AII 7: Human Development Interventions**

Location/Type	Challenges	Intervention Required	Cost Implication (TshsBil.)			Expected Results
			Government	Private	DPs	
<b>Education</b>						
Early Learning	<ul style="list-style-type: none"> <li>Deteriorating family cohesion , parenting and virtues</li> <li>Inadequacy descent pre-schooling facilities and teachers</li> </ul>	<ul style="list-style-type: none"> <li>Train teachers for pre-primary schools</li> <li>Implement comprehensive plan for free education</li> <li>Increase rooms for pre-primary education</li> </ul>	70.10			<ul style="list-style-type: none"> <li>The number of schools and teachers with curricula and syllabi improved</li> <li>Availability of the English language curriculum</li> </ul>
Primary School	<ul style="list-style-type: none"> <li>Inadequate number of teachers in relation to number of students across LGAs</li> <li>Poor quality and standards of school environment</li> <li>Weak inspections</li> <li>Improper Methodology for Learning and Teaching of 3Rs</li> <li>Unqualified teachers and lack of incentives for upgrading</li> <li>Weak administration and enforcement of code of conducts</li> <li>High pupils teacher ratio</li> <li>Inadequate text books</li> </ul>	Improvement of Literacy and Numeracy Strategy (LANES)			31.99	<ul style="list-style-type: none"> <li>Improved Pupils to Class Ratio</li> <li>Improved Pupil to Latrine Ratio</li> <li>School inspectorate tools reviewed to incorporate 3Rs and distributed to all QAs</li> <li>ESDP Developed and sub sector operational plans in operation</li> <li>LGAs meet annual target for schools achieving acceptable primary PTR range</li> <li>Outreach visits to sensitize communities about enrolment conducted annually implemented</li> <li>Education Sector Performance Report (ESPR) in place</li> <li>The proportion of pupils and books improved</li> </ul>
		Program for Results (P4R)			416.62	
		Construct class rooms and latrines	800.00			
		Implement comprehensive plan for free education	150.00			
		Enhance School Inspection	9.26			
		Improve availability of water, electricity	200.00			
		Training science subject teachers	15.00			
		Review and improve teaching curriculum	12.15			
		Procure text books	100.00			
Secondary School	<ul style="list-style-type: none"> <li>Unqualified teachers and lack of incentives for</li> </ul>	Secondary Education Development Programme (SEDP II)	1.00	19.66		<ul style="list-style-type: none"> <li>Increase completion rate at O-Level and A-Level</li> </ul>

Location/Type	Challenges	Intervention Required	Cost Implication (TshsBil.)			Expected Results
			Government	Private	DPs	
	<ul style="list-style-type: none"> <li>upgrading</li> <li>Weak administration and enforcement of code of conducts Weak inspections</li> <li>Inadequate number of mathematics and science teachers</li> <li>Poor quality and standards of school environment</li> </ul>	Implement comprehensive plan for free education	185.00			<ul style="list-style-type: none"> <li>Specialty Qualification Training Records in place</li> <li>Improve examination pass rate in mathematics and science subjects</li> <li>Improved Students to Class Ratio</li> <li>Improve Students to Latrine Ratio</li> <li>Increased number of secondary school meeting minimum infrastructure requirements</li> <li>Improved Students to Class Ratio</li> </ul>
		Enhance School Inspection	9.26			
		Construct classrooms and Latrines	600.00			
		Training more science subject teachers	35.00			
		Improve availability of water, electricity and latrines	100.00			
Higher Learning Education	<ul style="list-style-type: none"> <li>Increasing number of students who need loans for higher education through Loan Board</li> <li>Rapid change of technology</li> <li>Shortage of lecturers in universities</li> </ul>	Enhance Loan Board to continue issuing loans for higher education	2,500.00			<ul style="list-style-type: none"> <li>Eligible students facilitated with loans for higher education</li> <li>ICT infrastructure enhanced</li> <li>Increased number of lecturers</li> </ul>
		Expand use of advanced ICT technology	12.15			
		Train more lecturer for different courses	100.00			

**Table AII 8: Sports and culture Interventions**

Challenges	Intervention Required	Cost Implication (Tshs. Bill.)			Expected Results
		Government	Private	DPs	
<b>Sports and culture Strategic Choices</b>					
<ul style="list-style-type: none"> <li>Tanzania is lagging behind in Sport worldwide</li> <li>No purposeful investment has been done to boost sport, hence lagging behind</li> </ul>	<ul style="list-style-type: none"> <li>Construction of National Sports Complex</li> <li>Construction of Malya Sports College</li> </ul>	243.90			<ul style="list-style-type: none"> <li>Availability of National Sport Complex</li> <li>Availability of college to train sports</li> </ul>
<ul style="list-style-type: none"> <li>Poor environment for Bagamoyo College of Arts</li> <li>Absence of culture complex in the country</li> </ul>	<ul style="list-style-type: none"> <li>Rehabilitation of Bagamoyo College of Arts</li> <li>Construction of Culture Complex</li> </ul>	100.96			<ul style="list-style-type: none"> <li>Improved learning environment</li> <li>Availability of Culture Complex</li> </ul>

**Table AII 9: Skills Development Interventions**

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs. Bill.)			Expected Results
			Government	Private	DPs	
<b>Skills Development</b>						
Strategic Skills Development for achieving Middle Income Economy.	<ul style="list-style-type: none"> <li>• Education institutions does not consider skills requirement of the labour market</li> <li>• Low quality Education</li> <li>• Inaccurate investment and Insufficiency financial resources for skills development</li> <li>• Lack of opportunities for apprenticeship and internship</li> <li>• Lack of strong labour market information system</li> <li>• Lack of National Skills Development Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare National Skill Development Strategy</li> <li>• Prepare curriculum for training suitable for labour market demand, working cultures and confidence of self employment</li> <li>• Increase equipment and infrastructure for practical training</li> <li>• Increase the number of qualified teachers and tutors</li> <li>• Increase colleges which offer middle cadre skills</li> <li>• Provide internship training for graduates at the working places</li> <li>• Provide apprenticeship training for students at the working places.</li> <li>• To develop and strengthen the national labour market information collection system</li> <li>• To initiate and strengthen the availability of labour market information in all regions of the county</li> </ul>	357.38	-	-	<ul style="list-style-type: none"> <li>• National Skill Development Strategy in place.</li> <li>• Increased staff with practical training.</li> <li>• Skilled Tanzanians to be absorbed in new emerging sectors of Oil, Gas, ICT, Mining, Agri-business, Tourism and Hospitality services, transportation and logistics.</li> <li>• Reduced low skilled labour force to middle cadre.</li> <li>• Labour market information system in place.</li> </ul>

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs. Bill.)			Expected Results
			Government	Private	DPs	
		<ul style="list-style-type: none"> <li>To conduct the Labour Force and Manpower Surveys in every two years.</li> <li>To identify people with skills obtained through informal system learning for six priority sectors</li> <li>To provide training and certificates which are recognized by the labour market</li> </ul>				
Education and Skills for Productive Jobs.	<ul style="list-style-type: none"> <li>The cultural barriers to technical and vocational skills levels.</li> <li>The need for soft skills such as work ethics, teamwork, and communication to meet the demand of employers.</li> </ul>	<ul style="list-style-type: none"> <li>Train 2500 graduates country-wide in agribusiness skills to establish agri-business enterprises.</li> <li>Train 6100 extension officers' country wide.</li> <li>Train 2,750 in agribusiness skills needed by Tanzanian emerging commercial sector</li> <li>Twenty (20) Agricultural and Livestock Training Institutes (MATIs &amp; LITIs) upgraded with tools for more practical, competence-based training</li> <li>Train 20,000 young smallholder farmers in modern irrigation management skills in 10 regions of Tanzania</li> </ul>	80,20		267.35	<ul style="list-style-type: none"> <li>Number of graduates trained on agribusiness enterprises.</li> <li>Number of extension officers trained.</li> <li>Number of public training providers with at least 30% private sector representation on their board</li> <li>Number of training providers receiving financing from the Skills Development Fund (i.e. grant agreements signed)</li> <li>Number of enrolled students in alternative, TVET and university training programs in targeted sectors funded by the Skills Development Fund or supported to attend training by the National Student Voucher scheme</li> </ul>

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs. Bill.)			Expected Results
			Government	Private	DPs	
		<ul style="list-style-type: none"> <li>Raise the number of Tanzanians with basic ICT skills from 10-17 million.</li> </ul>				
Vocational Training	<ul style="list-style-type: none"> <li>Skills Mix not conducive, middle cadres is low</li> <li>Low access to and improved quality and equity of technical vocational education and training</li> <li>Low capacity of secondary teacher education in science and mathematics.</li> </ul>	<ul style="list-style-type: none"> <li>Construct infrastructures in 13 institutions</li> <li>Expand the ICT infrastructure for 53 institutions</li> <li>Increase enrolment for students</li> </ul>	12.83		83.91	<ul style="list-style-type: none"> <li>Expanded infrastructure at 13 institutions (4 RVTSCs, Morogoro Vocational Teachers Training Centre, Arusha Technical College and 6 TTCs) with about 8,000 trainees attending at any given time</li> <li>Expanded and extensive use of ICT in instruction at 53 institutions</li> <li>Increased capacity for teaching, policy formulation, planning and quality assurance in technical vocational education and teacher education</li> </ul>
	No modern workshop for practical training to students in 30 vocation training colleges	<ul style="list-style-type: none"> <li>Construct workshop to equip students in practical training</li> <li>Improve learning environment for students</li> </ul>	300			<ul style="list-style-type: none"> <li>Availability of modern training workshops</li> </ul>
Folk Education Development Programme II	<ul style="list-style-type: none"> <li>Most of the college buildings and infrastructures are in dilapidated form</li> <li>Poor enrolment in most FDC as compared to planned enrolment</li> </ul>	<ul style="list-style-type: none"> <li>Construction of buildings for FDC colleges in the country</li> <li>Improve infrastructure in FDC colleges</li> <li>Capacity Building</li> </ul>	663.22		284.28	<ul style="list-style-type: none"> <li>Increased number of FDCs graduates managing their own income generating projects</li> <li>Increased technical knowledge in communities</li> </ul>

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs. Bill.)			Expected Results
			Government	Private	DPs	
Youth Development Programme	Increasing Youth Unemployment.	<ul style="list-style-type: none"> <li>Enhance youth entrepreneurship skills</li> <li>LGAs to allocate special areas for business to support youth</li> <li>Provision of soft loans to youth</li> <li>Promote local and international markets for products produced by youth</li> </ul>	33.6			<ul style="list-style-type: none"> <li>Reduced Youth unemployment.</li> <li>Availability of markets for youth produced products</li> <li>Entrepreneurship skills to youth enhanced</li> </ul>
Increase number of rural planners from Institute of Rural Development Planning	<ul style="list-style-type: none"> <li>Shortage of offices in the college</li> <li>No proper use of land plan</li> <li>New campus has shortage of offices</li> <li>Shortage of accommodation for students</li> </ul>	<ul style="list-style-type: none"> <li>Construction of Academic Blocks at Main Campus and Lake Zone Centre Mwanza</li> <li>Land-scapping at Dodoma Campus</li> <li>Construction of Administration Blocks at Dodoma Campus Lake Zone Centre Mwanza</li> <li>Construction of hostel blocks at Dodoma Campus and Lake Zone Centre Mwanza</li> </ul>	125.33			<ul style="list-style-type: none"> <li>Availability of office space and well equipped offices</li> <li>Student and staff canteen in place</li> <li>Availability of administration block</li> <li>Availability of academic block</li> <li>Availability of Investment Centre</li> </ul>

**Table AII 10: Health Interventions**

Location/ Type	Challenges	Intervention Required	Cost Implication (Tshs Bill)			Expected Results
			Government	Private	DPs	
<b>Health</b>						
Improve livelihood of Tanzanian	<ul style="list-style-type: none"> <li>Potential new AIDS infection if not managed</li> <li>Youths are more vulnerable to AIDS infection</li> <li>New born are vulnerable to mother to child transmission of AIDS</li> </ul>	Mainstream AIDS issues in core sectors	111.35			<ul style="list-style-type: none"> <li>90% of core sectors incorporate AIDS issues in their strategic plans by June 2021</li> <li>Increased HIV and AIDS counseling by June 2021</li> <li>A number of children below 15 years receive ART by June 2021</li> </ul>
		Prevent new infections to young people	412.00			
		<ul style="list-style-type: none"> <li>Testing of children under 15 years</li> <li>Reduce new infections of AIDS</li> </ul>	3,986.33			
Strengthening of Referral System	Physical barriers resulting into lack of access to better health services at different levels of service delivery	Construction of 8,743 dispensaries and 2,751 Health Centres	13,369.21			<ul style="list-style-type: none"> <li>Increased access to health services.</li> <li>Reduced Congestion of patients at National levels.</li> <li>Strengthened availability of blood at the Lake Zone</li> <li>Improved diagnostic services and reduced congestion to National level.</li> <li>Improved TB and infectious diseases control</li> <li>Create conducive working environment for planning and coordination HIV and AIDS interventions.</li> <li>Improved diagnostic services</li> </ul>
		Construction of 29 new District Hospitals for new Districts Hospitals	610.36			
		Construction of 5 Regional Hospital for new Regions	415.44			
		Construction of Zonal Hospitals in Southern, Western, Eastern and Lake zones.	400.00			
		Construction of regional satellite blood bank in five BRN regions Kigoma, Mara, Mwanza, Simiyu and Geita	0.50			
		Completion of 2 storey X-ray building at Mbeya Referral Hospital	3.00			
		Construction of new ward and rehabilitation of the existing buildings at Kibong'oto Infectious Centre	2.00			
		Renovation, rehabilitation and equipping of 21 regional hospitals	126.00			



Location/ Type	Challenges	Intervention Required	Cost Implication (Tshs Bill)			Expected Results
			Government	Private	DPs	
		Construction and rehabilitation of infrastructures at Mirembe and Isanga Institutes for Mental Health	6.00			
		Completion of office building at National AIDS Control Programme (NACP)	5.00			
		Construction of National Laboratory	11.00			
Improve availability of specialized services	Increased costs of referral Abroad	Equip Referral, Specialized and National Hospitals with modern equipment.	424.73			<ul style="list-style-type: none"> <li>• Reduce the number of referral abroad</li> <li>• Improvement of diagnostic services</li> </ul>
		Short and long term training to health staff in Referral, Specialized and National Hospitals.	63.44			
		Procurement and maintenance of medical equipment for Regional and District Hospitals through ORIO project	25.00			
Strengthening of Training Institutes	Shortage of Health Professionals in the Health Sector	Rehabilitate, redesign, remodeling of old buildings and construction of new buildings in 77 Health training Institutions.	27.50			<ul style="list-style-type: none"> <li>• Increased number of Health professional in the Sector</li> <li>• Improved capacities of HRH to provide specialized services</li> </ul>
		Counter Part funds for construction of Health Training Institutions carried out by the Global Fund	3.00			
		Long course training for health professionals	26.50			

**Table AII 11: Water Subsector Interventions**

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs Bill)			Expected Results
			Govt.	Private	DPs	
<b>Water Resource Management Strategic Choices</b>						
Protection, development and management of water sources in the country (all Basin Water)	<ul style="list-style-type: none"> <li>•Pollution and encroachment of water sources in the country</li> <li>•Climate change and variability which causes insufficient short rains</li> <li>•Exacerbating decrease of water flows</li> <li>•Destruction of water source areas (watershed, wetlands, springs and recharge areas)</li> <li>• Inadequate water storage facilities infrastructure that impedes the national's ability to deal with climate variability impacts.</li> </ul>	<ul style="list-style-type: none"> <li>•Demarcation and gazettement of 161 water sources</li> <li>•Preparation and approval for Integrated Water Resources Management and Development Plans (IWRM&amp;D Plans) for all 9 Water Basins</li> <li>•Drilling of 150 groundwater monitoring boreholes, and rehabilitation of existing 120</li> <li>•Construction and rehabilitation of offices for 9 Basin water Board.</li> </ul>	250.00		456.12	<ul style="list-style-type: none"> <li>•161 Water source identified and demarcated</li> <li>•IWRM &amp;D Plan in all 9 Basin prepared</li> <li>•150 groundwater monitoring boreholes drilled</li> <li>•120 groundwater borehole rehabilitated</li> <li>•9 Basin water office constructed and rehabilitated</li> </ul>
Water quality management and pollution control	<ul style="list-style-type: none"> <li>•Increasing pollution of water source from Municipal sewage, mining and industrial activities, agriculture etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Rehabilitation of 9 existing laboratory buildings and construction of 8 new water laboratories;</li> <li>• Conduct water quality monitoring of all important water sources; and</li> <li>• Development of comprehensive fluoride database and maps in</li> </ul>	10.500		21.301	<ul style="list-style-type: none"> <li>•8 Laboratory building constructed;</li> <li>•9 Laboratory building rehabilitated;</li> <li>•Water quality pollutants/contaminants determined;</li> <li>•A comprehensive fluoride database and maps in fluoride belt developed.</li> </ul>

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs Bill)			Expected Results
			Govt.	Private	DPs	
		fluoride belts				
<b>Rural water Supply Strategic Choices</b>						
Scale up water supply in Rural areas	<ul style="list-style-type: none"> <li>• Shortage of water supply infrastructure in rural areas;</li> <li>• Low capacity of some consultants and contractors to supervise and implement water projects;</li> <li>• Financial constraints as a results of delay in disbursement which result in increased costs due to accruing of interest rate;</li> <li>• Low awareness of communities contribution to capital investment, O&amp;M and conservation of water sources</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of 38,759 new water points to serve 9,644,750;</li> <li>• Rehabilitation of 19,889 non-functioning water points to restore water supply service to 4,972,250;</li> <li>• Installation of 17,686 water points from extension of existing infrastructure, to serve 4,463,000 people; and</li> <li>• Recruitment and deployment of 386 Water Engineers and 3,338 Water Technicians to LGAs up to the ward level</li> </ul>	950.000		528.528	<ul style="list-style-type: none"> <li>• Increase the number of people with access to water in rural areas from 20,022,283 in 2015 to 43,285,159 in 2020.</li> <li>• Improved water supply and sanitation services in rural areas</li> </ul>
Improvement of Same - Mwanga water project	Shortage of water supply infrastructures	Construction of water source, intake, storage facilities, transmission lines and distribution networks	10.000		88.340	Improved water supply and sanitation services in Same and Mwanga townships
<b>Urban water supply Strategic Choices</b>						
Improvement of water supply in Mtwara - Mikindani from River Ruvuma	<ul style="list-style-type: none"> <li>• Increase of water demand due to rapid increase of population;</li> <li>• Inadequate water storage facilities infrastructure that impedes the national's ability to deal with climate variability impacts; and</li> <li>• Shortage of water supply</li> </ul>	Construction of water source, main transmission line, storage facilities and distribution networks	150.000		550.000	Improved provision of water supply services in Mtwara urban areas and along the main pipes

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs Bill)			Expected Results
			Govt.	Private	DPs	
	infrastructure					
Rehabilitation and improvement of water supply in Arusha city	<ul style="list-style-type: none"> <li>• Increase of water demand due to rapid increase of population; and</li> <li>• Shortage of water supply infrastructure</li> </ul>	Construction of water source, main transmission line, storage facilities and distribution networks	100.000		514.6152	Water supply and waste water infrastructures for Arusha rehabilitated and extended
Extention of Kahama - Shinyanga water project to Tabora, Nzega, Igunga and 89 Villages	Shortage of water supply infrastructures	Construction of water source, intake, storage facilities, transmission lines and distribution networks	150.000		590.348	Water supply infrastructures for Tabora, Nzega and Igunga, 89 villages constructed and water supply service improved
Improvement of water supply and sanitation services in Regional centre's	<ul style="list-style-type: none"> <li>• Increase of water demand due to rapid increase of population;</li> <li>• Inadequate water storage facilities infrastructure that impedes the national's ability to deal with climate variability impacts;</li> <li>• Shortage of water supply infrastructure</li> <li>• Weak legal framework to address vandalism;</li> <li>• Dilapidated water infrastructure; and</li> <li>• High level of Non Revenue Water (NRW)</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of major water supply and sanitation projects at Chalinze phase III Project, Musoma - Bukoba project, Dodoma project, Mugango - Kiabakari, Bunda, and New Regional HQ project;</li> <li>• Construction of 22 treatment plants;</li> <li>• Construction of 44 storage tanks;</li> <li>• Construction of 60 wastewater treatment ponds;</li> <li>• Construction of 887 Km of sewer lines;</li> <li>• Installation of 200,000 new house connections; and</li> <li>• Construction of 330 Km new transmission main and laying of 2,111km of distribution network</li> </ul>	250.000		503.804	Water supply infrastructures improved and Non Revenue water Reduced in all regional centre's

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs Bill)			Expected Results
			Govt.	Private	DPs	
Improvement of water supply in DSM	<ul style="list-style-type: none"> <li>Weak legal framework to address vandalism;</li> <li>Dilapidated water infrastructure; and</li> <li>High level of Non Revenue Water (NRW)</li> </ul>	<ul style="list-style-type: none"> <li>Completion of on-going strategic projects in DSM (Lower Ruvu, Upper Ruvu, Kimbiji and Mpera Deep Water Production Boreholes);</li> <li>Construction of Kidunda Dam;</li> <li>Construction of 76km access road to Kidunda dam</li> <li>Expansion of water supply networks; and</li> <li>Implement NRW strategy in DSM</li> <li>Construction of 11 water storage tanks;</li> <li>Drilling of 26 boreholes and construction of 10 kiosks in low income areas; and</li> <li>Construction of 7 water treatment ponds and 156 km of the public sewer line;</li> </ul>	130.000		594.185	<ul style="list-style-type: none"> <li>Kidunda dam and access road constructed;</li> <li>Water supply infrastructures improved; and</li> <li>Non Revenue water Reduced from 47% in 2015 to 30% in 2020;</li> <li>26 borehole and 10 kiosks in low income area constructed; and</li> <li>7 water treatment ponds and 156 km of the public sewer line constructed</li> </ul>
Water supply improvement in National projects, District HQ and small towns	<ul style="list-style-type: none"> <li>Weak legal framework to address vandalism;</li> <li>Dilapidated water infrastructure;</li> <li>High level of Non Revenue Water (NRW);</li> <li>Lack of skilled of staff; and</li> <li>Pollution of water sources</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of wanging'ombe, Maswa, Mugango-Kiabakari, Handeni Trunk Mian (HTM) chalinze, Makonde and Kahama- Shinyanga projects, District HQ, and Small Towns;</li> <li>Construction of 37 treatment plants;</li> <li>1,091 Km of new transmission main constructed and 3,518 Km of distribution network expanded;</li> <li>306 storage tanks constructed;</li> <li>110,000 Household water connections installed; and</li> <li>Recruitment of 260 Water Engineers and 1,040 Water Technicians to enhance the human resources technical capacity</li> </ul>	1.553		0.381	<ul style="list-style-type: none"> <li>37 treatment plants constructed;</li> <li>306 storage tanks constructed;</li> <li>Water supply infrastructures improved; and</li> <li>Non Revenue water Reduced in all District HQ, Small towns and National Projects; and</li> <li>110,000 Household water connections installed</li> </ul>

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs Bill)			Expected Results
			Govt.	Private	DPs	
Construction of Dams in dry regions including DSM	<ul style="list-style-type: none"> <li>• Climate change and variability which causes insufficient short rains</li> <li>• Exacerbating decrease of water flows</li> </ul>	Rainwater harvesting dams/pools in Dodoma, Singida, Tabora, Mara, Simiyu, Arusha, Shinyanga, Manyara, DSM etc. constructed	50.000		150.000	<ul style="list-style-type: none"> <li>• 8 Strategic dams constructed;</li> <li>• 6 dams rehabilitated for rainwater harvesting in in 9 regions; and</li> <li>• Water supply infrastructures improved</li> </ul>
		Construction of 8 strategic dams for environmental conservation, preventing floods etc.	350.000		560.000	
		Rehabilitation of the existing dams	75.000		150.000	
<b>Water Program Delivery Support Strategic Choices</b>						
Program Coordination and Performance Monitoring	<ul style="list-style-type: none"> <li>• Human resources capacity constraints in IA's in area of financial management, contract management, PPP and project follow-ups, which has contributed to slow in implementation of water projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of ongoing Office Building projects for MOWI, Basin Water Boards, Urban Water Supply and Sanitation Authorities and Water Laboratories;</li> <li>• 5 Major PPPs Projects devel</li> <li>• 6,000 staff trained in enhanced Management Information System (MIS), contract management and Social and Environmental Safeguards (SES) guidelines</li> <li>• MIS enhanced to produce Interim Financial Reports (IFR), Contracts and other sector M&amp;E reports</li> </ul>	• 0.250		0.409	<ul style="list-style-type: none"> <li>• On going Office Building projects for MOWI, Basin Water Boards, Urban Water Supply and Sanitation Authorities and Water Laboratories constructed;</li> <li>• 5 Major PPPs Projects developed and implemented;</li> <li>• Implementation of Projects in the Water Sector enhanced</li> </ul>

**Table AII 12: Urban Planning, Housing and Human Settlement Development Interventions**

Location/Type	Challenges	Intervention Required	Cost/Source (Tshs. Bill)			Expected Results
			Govt.	Private	DPs	
	<ul style="list-style-type: none"> <li>• Rapid Urbanization</li> <li>• Outdated master plans</li> <li>• Unplanned settlements and growing slums in urban centers</li> <li>• Less transparent, inefficient and worse resourced land sector</li> <li>• Small proportions of villages with land use plans</li> </ul>	<ul style="list-style-type: none"> <li>• Formulate and implement a well-designed National Urban Development Strategy</li> <li>• Preparation of General Planning Schemes (Master Plans for major Tanzanian cities)</li> <li>• Establishing land rangers' and building inspectors' Units in order to efficiently manage land development</li> </ul>	190.00			25 master plans prepared
	<ul style="list-style-type: none"> <li>• Overlapping mandates of the LGAs in Dar es Salaam with that of the regional administration which undermines regional coordination</li> <li>• Major services such as transportation, land use planning, water and waste management are not coordinated on a metropolitan-wide basis</li> </ul>	<ul style="list-style-type: none"> <li>• Reform the institutional and governance arrangements to improve coordination, accountability, and service delivery, thus enabling Dar es Salaam to evolve into an efficient metropolitan area.</li> <li>• Local government must be increasingly empowered to make planning decisions.</li> </ul>				New LGAs structure for Dar es Salaam
	<ul style="list-style-type: none"> <li>• Poor urban infrastructure and amenities</li> <li>• Limited financial resources required to meet the demand for urban infrastructure investment</li> </ul>	<ul style="list-style-type: none"> <li>• Pursue new sources of financing, such as Private Public Partnerships (PPPs), for investment in urban infrastructure</li> <li>• Scaled up to all Urban Local Government Authorities (ULGAs), including property taxes, so as to boost Own Source Revenue (OSR)</li> </ul>				<ul style="list-style-type: none"> <li>• LGA Level PPP contracts on key strategic amenities and locations</li> <li>• Urban LGAs with property Revenue Collection and Information System (LGRIS)</li> </ul>
	Poor urban mobility and access to service quality, jobs, etc.	Transform Dar es Salaam by expanding and improving DART, including swiftly expansion of new variant of DARR; Introduce few (oligopolistic) but efficient				Improved urban mobility

		regulated public transporters; and integrated transport and land-use planning.				
<b>Housing and Sustainable Human Settlements Strategic Choices</b>						
Zonal Offices in Dar es Salaam, Morogoro, Dodoma, Tabora, Mwanza, Arusha, Mtwara and Mbeya	<ul style="list-style-type: none"> <li>Poor housing and over crowding</li> <li>inadequate office spaces</li> <li>insufficient teaching premises like classrooms, libraries and dormitories to properly accommodate academic functions</li> </ul>	Construction and Rehabilitation of Buildings	29.30			<ul style="list-style-type: none"> <li>Ardhi House building rehabilitated;</li> <li>8 Zonal Land Zonal Offices constructed</li> <li>Classrooms, libraries and dormitories for Ardhi Institutes Tabora constructed and for Ardhi institute Morogoro rehabilitated.</li> <li>Increase students enrolment and thus reduce shortage of land sector experts .</li> </ul>
Kilombero, Ulanga/Malinyi Districts in Morogoro region	<ul style="list-style-type: none"> <li>Unplanned settlements and growing slums in urban centers</li> <li>Less transparent, inefficient and worse resourced land sector</li> </ul>	Land Tenure Support Programme	20.00			Regularized, surveyed and titled land in two districts by 2018
Country wide	Poor infrastructure	Tanzania International Boundaries Reaffirmation Project	54.29			<ul style="list-style-type: none"> <li>New boundaries protocol established by 2018</li> <li>Well defined borderline</li> </ul>
181 LGAs in Tanzania Mainland	Proportion of districts, villages and reserved land with undisputed Government notes	Programme for Planning, Surveying and Titling of Land in Tanzania	1,129.00			Unplanned settlement reduced and increase of land as collateral
Kigamboni - Dar es Salaam	Absence of Master Plan for Kigamboni City	Implementation of Kigamboni New City Master Plan	66.28			Kigamboni area planned, surveyed and allocated
Low cost houses	Low income earners cannot afford to own houses	Promotion of Appropriate Technology for Affordable Housing	14.69			<ul style="list-style-type: none"> <li>Improved housing standard of the low income bracket</li> <li>Job creation for the youths</li> <li>Affordable low cost building materials</li> <li>Availability of affordable housing for low income earners</li> </ul>
<b>Land</b>	Inefficient sustainable land use plans	<ul style="list-style-type: none"> <li>Preparation sustainable land use plan</li> </ul>	215			<ul style="list-style-type: none"> <li>7,500 villages and 25 districts land use plans prepared</li> <li>2,500,000 citizens provided customary right of occupancy</li> <li>250 land registry at district and village level</li> </ul>



						constructed <ul style="list-style-type: none"> <li>• 2,000,000 citizens in line with registering other legal documents provided</li> </ul>
Land administration Country wide	<ul style="list-style-type: none"> <li>• Absence of integrated land management information system</li> <li>• No or weak land compensation fund</li> <li>• Lack of verified data on virgin lands which are not developed for long time</li> <li>• Land conflicts</li> <li>• Absence of land bank</li> </ul>	<ul style="list-style-type: none"> <li>• Put in place Integrated land management information system</li> <li>• Strengthening land services in 8 zones</li> <li>• Building the capacity of the councils through training and equipments</li> <li>• Strengthening the land compensation fund</li> <li>• Verifying the virgin lands which are not developed for long time</li> <li>• Establishing national land advisory council</li> <li>• Providing training to the community about land laws</li> <li>• Strengthening the land conflicts solving services by establishing 100 new land and housing councils in districts with majority of land conflicts</li> </ul>	260			<ul style="list-style-type: none"> <li>• Integrated land management information system in place</li> <li>• capacity of the councils enhanced through</li> <li>• Land compensation fund strengthened</li> <li>• Undeveloped virgin lands identified</li> <li>• National land advisory council established</li> <li>• Community trained about land laws</li> <li>• 100 new land and housing councils established in districts with majority of land conflicts by 2020.</li> </ul>
<b>Housing Strategic Choices</b>						
Country wide	<ul style="list-style-type: none"> <li>• Absence of national housing bank</li> <li>• Tax on construction materials of low cost houses especially in villages</li> </ul>	<ul style="list-style-type: none"> <li>• House construction</li> </ul>	2,635.44			<ul style="list-style-type: none"> <li>• 50,000 low cost houses constructed</li> <li>• Tax on construction materials of low cost houses especially in villages reduced</li> <li>• Low cost construction corporative unions established and strengthened</li> </ul>
Urban and rural planning	<ul style="list-style-type: none"> <li>• Incomplete provincial master plans</li> <li>• Unavailable satellite cities in Dar es Salaam and other cities</li> <li>• Non-formalized operating business</li> </ul>	<ul style="list-style-type: none"> <li>• Provincial master plans</li> <li>• Encourage Satellite cities development</li> <li>• Formalization of businesses</li> </ul>	293			<ul style="list-style-type: none"> <li>• Provincial capitals master plans completed</li> <li>• Satellite cities in Dar es salaam and other cities developed</li> <li>• Property and Business Formalization Program (PBFP) in un-surveyed areas implemented</li> </ul>
surveying and mapping	<ul style="list-style-type: none"> <li>• No satellite receiving station in Tanzania</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of satellite receiving station at University of Dodoma</li> </ul>	79			<ul style="list-style-type: none"> <li>• Satellite receiving station at University of Dodoma constructed.</li> </ul>

	<ul style="list-style-type: none"> <li>No base mapping available in the country</li> </ul>	<ul style="list-style-type: none"> <li>Improving landmarks between Tanzania and neighboring countries.</li> </ul>				
	Unsecured international boundaries.	<ul style="list-style-type: none"> <li>Strengthening 7 international boundaries</li> </ul>				<ul style="list-style-type: none"> <li>Tanzania international boundaries secured and improved</li> </ul>

**Table AII 13: Food Security and Nutrition Interventions**

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs. Bill)			Expected Results
			Govt.	Private	DPs	
<b>Food Security and Nutrition Strategic Choices</b>						
Construction of grain silos in 7 zones	Shortage of storage capacity	construction of grain silo storage system in 7 zones			128.14	Increased storage capacity by 2020
<b>Nutrition specific interventions areas: Strategic Choices</b>						
Promotion of Maternal Infant and Young Child Feeding practices (MIYCF) including nutrition related WASH, ECD and Health key family practices in order to prevent stunting and improve early childhood development	<ul style="list-style-type: none"> <li>• Low percentage of mothers practicing timely initiation of breastfeeding and exclusive breastfeeding</li> <li>• Poor quality of health care, nutrition, protection of young children</li> <li>• There has been high rate of deaths for infants</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct TOT's on SBCC IYCF, WASH, ECD and Health (at regional level)</li> <li>• Deliver Services to Children and Support Early Childhood Programmes to Vulnerable Children</li> <li>• Care givers and educating parents</li> <li>• Promoting and Enhancing awareness to Community on Early Child Development (ECD)</li> <li>• Coordination, Monitoring and Evaluation of ECD</li> </ul>	334.24	8.91	18.89	<ul style="list-style-type: none"> <li>• To contribute to the reduction of malnutrition prevalence among children under five years and women of childbearing age (15-49 years) including adolescent girls in Tanzania</li> <li>• Increased quality ECD services for children from vulnerable including with albinism and children from poor families</li> <li>• Increased early life skills development and nutrition</li> <li>• Sensitized communities on the importance of ECD</li> </ul>
	Inadequate support from families, communities, policy makers and skilled/trained personnel to breast feeding mothers	Training of Health service providers (Nurses, Midwives, and Clinicians) on SBCC IYCF, WASH, ECD and Health (at district level)				Increased proportion of adolescents, pregnant women and mothers / caregivers of children under two years who practice optimal maternal, infant and young child nutrition behaviours
	Inadequate supportive supervision to trained personnel conducting infant feeding counseling	Training of Health service providers (Nurses, Midwives, and Clinicians) on growth monitoring and promotion using WHO 2006 growth standards				Increased coverage and quality of MIYCN services at the community level by June 2021

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs. Bill)			Expected Results
			Govt.	Private	DPs	
		Organise quarterly meeting among health service providers and CHWs at Health Facility level				·Improved MIYCN law enforcement through advocacy and capacity building of key institutions
		Training of community health workers on SBCC IYCF, WASH, ECD and Health (at district level)				·MIYCN is promoted at all levels through mass-media and the use of new technologies
	.Inadequate enforcement of maternity rights for women working in informal and private sector.	Procurement of Supplies: o Flipcharts, Counseling cards, leaflets for SBCC on MIYCF including nutrition related WASH, ECD and Health key family practices to all health services providers and community health workers o job aids, guidelines, training packages to all health services providers and community health workers Reporting tools (registers and forms)				Improved quality of MIYCN services at the health facilities level by June 2021
	Inadequate access, availability and utilization of health care services.					Strengthened synergies between MYICN and health, WASH, Food Security, Social Protection, Education and IMAM
Interventions that improve vitamin and mineral intake	Low awareness of the micronutrient problems at all levels	Prevention of Anemia	18	7	40	improving physical work capacity,
	Low adherence to Iron and folic acid supplements among women	Training of health staff on Anemia Prevention among women, adolescent and children (at regional and district level)				reducing disease burden and mortality
	High levels of anemia in women of reproductive age	Procurement of Supplies:				

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs. Bill)			Expected Results
			Govt.	Private	DPs	
	inadequate supplies for prevention of anemia	Iron Folic acid, Micronutrient Powders, Multiple Micronutrient tablets				
		Job aides (posters/charts etc.), guidelines, training packages				
		Reporting tools (registers and forms)				
	1/3 of children underfive are vitamin A deficiency	Vitamin A Supplementation and Deworming through Child Health Days and routine				Vitamin A deficiency eliminated as a problem of public health significance
		Orientation on Planning and Management of Child Health Days (at regional and district level)				
		Training of RHMT/CHMT's on social mobilisation tool kit on VASD (at regional and district level)				
		Organise social mobilization activities for two rounds of VASD (at district level)				
		Procurement of Supplies:				
		Vitamin A capsules and deworming tablets				
		Job aides (posters/charts etc.), guidelines, training packages				
		Reporting tools (registers and forms)				
	low coverage of USI	Promotion of Universal Salt Iodization				Iodine deficiency disorders as problem of public health significance eliminated
	Low awareness of the problem of iodine deficiency disorders at all levels;	Training of Nutrition Officers, health inspectors and salt traders on quality control of iodized salt				improved cognitive development

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs. Bill)			Expected Results
			Govt.	Private	DPs	
		Promotion of iodized salt through community radios				
		Procurement of Supplies:				
	inadequate supplies for prevention IDD	Iodized salt test kits				
		Job aides (posters/charts etc.), guidelines, training packages				
		Reporting tools (registers and forms)				
		Provision of guidelines and strategies for use of micronutrient powder and fortification (of salt, flour, edible oil) and food-based strategies (vegetable gardens).				
Interventions that lead to proper management of acute malnutrition (IMAM)	limited personnel who can manage acute malnourished children	Conduct TOT's on treatment of severe acute malnutrition (at regional level)	20		46	Improved quality of services for management of severe acute malnutrition in at least 75% of health facilities by 2021
		Training of Health service providers (Nurses, Clinicians) on				
	limited screening and treatment of acute malnutrition	treatment of severe acute malnutrition (at district level)				At least 75% of children under five years old are reached through SAM screening at community level by 2021
		Training of community health workers on screening and referral severe acute malnourished children (at district level)				
		Training on use of anthropometric equipment for regular nutrition assessment in facilities without SAM services (at district level)				Functional Management Information System for severe acute malnutrition is available in at least 80% of districts by June 2021

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs. Bill)			Expected Results
			Govt.	Private	DPs	
	inadequate coordination and integration of management of acute malnutrition	Organize quarterly meeting among health service providers and CHWs at Health Facility level				Strengthened coordination of integrated management of severe acute malnutrition at the national and sub national level by June 2021
	inadequate supplies for management of acute malnutrition	Procurement of Supplies: oAnthropometric equipment (height/length measuring board, weighing scales, MUAC tapes) to all health facilities (Hospitals, HC's and dispensaries) oTherapeutic nutrition supplies to facilities managing children with SAM (Ready to Use Therapeutic Food (Plumpynut), Therapeutic Milk (F100, F75)oJob aides (posters/charts etc.), guidelines, training packagesoReporting tools (registers and forms)				·Essential therapeutic nutrition supplies and equipment are available in at least 90% of health facilities providing services for management of severe acute malnutrition by June 2021
Interventions promoting enrichment of nutrient density of the diets of young children		Carry out research in matters relating enrichment of nutrient density of the diets of young children 6–23 months of age)	0.4	0.4	0.8	Protein Energy Malnutrition in children 5-59 months reduced to levels below WHO targets by 2025
		Prepare methods for the correction or avoidance of malnutrition				
		Collaborate with the producer, manufacturers and distributors of articles of food, to ensure proper nutritional value of the food marketed in the United Republic or exported to foreign countries				

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs. Bill)			Expected Results
			Govt.	Private	DPs	
programmes that improve public health, water, and sanitation	poor availability and quality of basic social services essential for nutrition improvement, including health, water and sanitation;	Advocate through media on;	2	2	7	
	inadequate household food and nutrition security especially in rural areas;	Immunization				
	inappropriate socio-cultural behaviours and practices that negatively impact nutrition;	Family planning				
	high prevalence of communicable and non-communicable diseases that impair growth.	management of malaria				
	Management of nutrition in emergencies	management of diarrhea and pneumonia;				
		De-worming;				
		access to safe drinking water;				
		Promotion of good hygiene and access to sanitation facilities and practices eg. elimination of open defecation and hand-washing with soap;				
		- nutrition care for people living with HIV/AIDS and TB;				
		management of non-communicable diseases, particularly obesity-related				



Location/Type	Challenges	Intervention Required	Cost Implication (Tshs. Bill)			Expected Results
			Govt.	Private	DPs	
		illnesses.				
Programmes that address issues of nutrition governance and accountability:		i) Planning and Advocacy	13.2	5	40	
	Weak institutional capacity for nutrition leadership and programme delivery	Hold annual planning and budgeting sessions to ensure integration of nutrition interventions into MTEF				
		Hold meeting with sectoral Nutrition focal persons and NGOs/CBOs to develop a consolidate Annual Work plan on nutrition for the district				
	Lack of a well-defined nutrition accountability framework;	Conduct nutrition advocacy meetings with RHMTs, DHMTs, DEDs, District Treasurers, DPLOs, and DMOs (Regional level) to increase resource allocation on nutrition				
	Lack of Nutrition Management Information System (NMIS)	ii) Monitoring and evaluation	45		134	
		Conduct national nutrition Survey after every two years				
		Support quarterly supervision of nutrition activities (district and regional level)				
		Support workshop on monitoring of District AWP on nutrition every 6 months				
	Poor functioning of multi-	iii)Coordination and partnership	23		67	

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs. Bill)			Expected Results
			Govt.	Private	DPs	
	sectoral coordination mechanisms at all levels;	Conduct annually Joint multisectoral Nutrition review meetings				
		Support establishment of Regional and District Nutrition Steering Committees				
		Orientation of Regional and District Nutrition Steering Committees members				
		Conduct biannual monitoring visits				
	Low prioritization of nutrition actions in the allocation of financial and human resources at all levels;	iv) Policy and strategy development	18.7		56	
		Print and disseminate Food and Nutrition Policy				
		Print and disseminate Multisectoral Nutrition action plan				
		Cascade MNAP to subnational levels				
		Develop Resource mobilization strategy for MNAP				
		Establish a nutrition tracking system to cover all LGAs				
		Conduct nutrition PER after every two years				

**Table AII 14: Poverty Reduction and Social protection Interventions**

Location/Type	Challenges	Intervention required	Govt.	Private	DPs	Expected Results
<b>Social Protection Strategic choices</b>						
WDF/YDF/TWB	Low women/youth participation in economic activities	Enhance low cost credit to women/youth				Reduction of gender income inequality and enhancement of national social protection and safety net by June 2021
NHIF/CHF	Low coverage of health insurance of the population	Expand coverage of health insurance of the population				Increased coverage of health insurance of the population
Programme on implementation of universal social pension scheme to eligible elders	Universal social pension scheme not implemented in the country	Implement universal social pension scheme to eligible elders				Increased number of eligible elders receiving universal social pension
Women and Girls' Empowerment Programme	Low women participation in economic activities	Women Economic Empowerment	883.21	883.21		Reduction of gender income parity and enhancement of national social protection and safety net by June 2021
	High rate child marriages Increasing rate of early pregnancies	End Child Marriage and Early Pregnancies	3.690	3.690		Reduction of gender income parity in education and employment by June 2021
NSPF	Fragmented interventions	SP Cabinet decision on NSPF				Reduction of number of poor households.
<b>Poverty Reduction Strategic choices</b>						
Develop and implementation of Local Economic Development (LED) initiatives	Low pace of poverty reduction	Institutionalize LED approach in LGAs	2.5			Reduction of Headcount ratio for food and basic needs poverty
SDGs	Inadequate implementation of MDGs	SDGs localization	2.5		1	SDGs fully integrated in national and sector plans
M&E	Lack of National M&E framework.	Develop M&E framework to track the implementation of poverty reduction initiatives including SDGs	1.5			M&E activities institutionalized across government.

**Table AII 15: Good Governance Interventions**

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs. Bill)			Expected Results
			Govt.	Private	DPs	
<b>Good Governance Strategic Choices</b>						
Prevention and Combating Corruption	<ul style="list-style-type: none"> <li>• There is a shortage of staff houses in regions</li> <li>• Absence of modern special building for investigation</li> <li>• lack of office building for African Corruption Unity Advisory Board</li> <li>• Office buildings in regions are in bad condition</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of Tanzania Institute of Good Governance and Anti-Corruption</li> <li>• Construction of infrastructures</li> <li>• Construction of Special building for Investigation at Headquarters</li> <li>• An advisory board of the corruption of African Unity</li> <li>• Rehabilitation of Office Buildings in Regions</li> </ul>	250.35			<ul style="list-style-type: none"> <li>• Investigation building in place</li> <li>• Availability of offices in regions</li> <li>• Availability of staff houses in regions and 2 districts</li> <li>• Availability of training college for good governance and corruption</li> <li>• Advisory Board for the Corruption of African Unity building in place</li> <li>• Availability of office buildings in regions</li> </ul>
Fire and Rescue Force	<ul style="list-style-type: none"> <li>• There is no buildings in new planned HQ</li> <li>• There are shortage of fire tenders in regions</li> <li>• Fire and rescue training institute is in bad condition</li> <li>• Office buildings in regions are in bad condition</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of Fire and Rescue Head Quarter – Five Storey Building located at TAZARA - Mchicha in DSM</li> <li>• Acquisition of 140 Tenders</li> <li>• Rehabilitation and Extension of the Fire and Rescue Training Institute at Chongo, Handen</li> <li>• Rehabilitation and Extension of 25 Fire Stations countrywide</li> </ul>	169.22			<ul style="list-style-type: none"> <li>• Availability of office buildings in regions</li> <li>• Availability of new building at new located HQ</li> <li>• Availability of sufficient tenders in regions</li> <li>• Availability of rehabilitated building at training institute</li> <li>• Availability of office buildings in regions</li> </ul>

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs. Bill)			Expected Results
			Govt.	Private	DPs	
Tanzania Prisons Services	<ul style="list-style-type: none"> <li>•The Government spends huge amount of money to buy shoes for prisons and staff</li> <li>•Buying uniforms for prisons is very expensive</li> <li>•Unutilized irrigation infrastructure</li> <li>•Building Brigade have no working tools</li> <li>•Unprocessed agricultural products leading to low pricing in the market</li> <li>•Absence of working tools and offices complicates the process of quarrying</li> <li>•There are opportunity of using homemade furniture but not captured</li> </ul>	<ul style="list-style-type: none"> <li>• Renovation of Shoe Production Workshop</li> <li>• Acquisition of Machines for Uniform and Cloth Production Factory</li> <li>• Acquisition of Machines and Farm Implements for Irrigation Agriculture</li> <li>• Equipping Building Brigade</li> <li>• Construction of a Building and Installing Machines for Commercial Agriculture (Oil crops)</li> <li>• Construction of Office and Installing Machines for Quarry Production</li> <li>• Construction of Workshop for Furniture Production</li> </ul>	14.58			<ul style="list-style-type: none"> <li>• Tanzania Prisons to use self-manufactured shoes</li> <li>• Tanzania Prisons to use self-manufactured uniforms</li> <li>• Full utilization of irrigation infrastructure for agriculture</li> <li>• Full equipped Building Brigade</li> <li>• Ability to add value in agricultural products</li> <li>• Availability of office and installed machine for quarry production</li> <li>• Availability of furniture workshop</li> </ul>
National Identification	Tanzanian have no national identification cards	Issue ID cards to all people aged 18 and above	359.56		70.81	All eligible citizens issued with IDs by June 2021
Immigration	<ul style="list-style-type: none"> <li>• Lack of friendly environment for maintaining law of order</li> <li>• Unconducive working environment for living</li> <li>• Various areas not connected with ICT infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Maintaining Law of Order for Public Safety and Security</li> <li>• Improving Working and Living Environment</li> <li>• Strengthening MIS, IEC and ICT</li> </ul>	483.15			<ul style="list-style-type: none"> <li>• Improved working environment for maintaining law of order</li> <li>• 9 offices and staff buildings constructed and rehabilitated</li> <li>• Number of regions lined with ICT network</li> </ul>

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs. Bill)			Expected Results
			Govt.	Private	DPs	
Tanzania Police Force	<ul style="list-style-type: none"> <li>Increasing need of training but limited with capacity of the college</li> <li>Long time for testing crime offence for investigation</li> <li>Office building and residential houses in bad condition</li> <li>There are shortages of staff houses in most areas</li> <li>No sufficient equipment for patrol</li> <li>Increasing need of airplanes and helicopter</li> <li>There are shortages of ICT equipment</li> <li>Most vehicles are not in good condition</li> <li>There is rapid change of technology</li> <li>Increase of marine crimes</li> </ul>	<ul style="list-style-type: none"> <li>Extension of Professional Police Colleges</li> <li>Construction of Zonal Laboratories for Crime Offense Investigation</li> <li>Construction of Police Posts</li> <li>Construction of Regional Police Commanders' Offices</li> <li>Surveys for Police Force areas</li> <li>Construction of Staff Residential Houses</li> <li>Acquisition of Patrol Equipment</li> <li>Acquisition of Airplanes and Helicopters</li> <li>Acquisition of ICT Equipment</li> <li>Acquisition of Motor Vehicles Spare parts</li> <li>Construction of Health Centres</li> <li>Rehabilitation of Police Centres, Regional Commanders Offices and Staff Residential Houses</li> <li>Human Resource Development</li> <li>Acquisition of Patrols' Boats</li> </ul>	1,922.			<ul style="list-style-type: none"> <li>Increased capacity of enrolment at the college</li> <li>Speeded sample tests for crime offences</li> <li>Availability of Police services at near posts</li> <li>Availability of Regional Commanders' offices in all regions</li> <li>Shortages of staff houses reduced</li> <li>Availability of patrol equipment</li> <li>Availability of airplanes and helicopters</li> <li>Availability of ICT equipment</li> <li>Availability of health services in all areas</li> <li>Equipped staff to match the growing technology</li> <li>Availability of marine working equipment</li> </ul>

**Table AII 16: Infrastructure Development Interventions**

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs.Bill)			Expected Results
			Govt.	Private	DPs	
<b>Roads Strategic Choices</b>						
Construction of Dar es Salaam – Isaka – Rusumo-Tabora (1,341Kms), central railway system to Standard Gauge	<ul style="list-style-type: none"> <li>Way leave for the new line from Isaka – Rusumo</li> <li>Project financing</li> </ul>	<ul style="list-style-type: none"> <li>Preparation of Cabinet Paper on financing mode of Project</li> <li>Negotiation with Investors on financing and implementation of the project.</li> <li>Fast track procurement process for acquisition of contractors</li> <li>Begin construction</li> </ul>	8,900.05			High speed – SGR for smooth passenger and cargo transportation between Dar – Isaka
Construction of 1,220 Kms of Railway line from Tabora-Kigoma, Isaka-Mwanza, Uvinza-Musongati, and Kaliua-Mpanda-Karema.	<ul style="list-style-type: none"> <li>Way leave for the new line from Uvinza - Musongati.</li> <li>Project financing</li> </ul>	<ul style="list-style-type: none"> <li>Spearhead obtaining of project Feasibility study and detailed design.</li> <li>Preparation of Cabinet Paper on financing mode of Project</li> <li>Negotiation with Investors on financing and implementation of the project.</li> <li>Fast track procurement process for acquisition of contractors</li> <li>Begin construction</li> </ul>	8,115.70			1,220 kms of railway construction from Dar – Kigoma; – Isaka – Mwanza ;– Uvinza – Musongati; and Kaliua – Mpanda – Karema
Construction of railway line from Mtwara-Mbambabay (Ameliabay) with branches to Liganga and Mchuchuma 1,000 kms (std gauge)	Project financing	<ul style="list-style-type: none"> <li>Spearhead obtaining of project Feasibility study and detailed design.</li> <li>Preparation of Cabinet Paper on financing mode of Project</li> <li>Negotiation with Investors on financing and implementation of the project.</li> <li>Fast track procurement process for acquisition of contractors</li> </ul>	6,607.55			1,000 kms of railway construction from port of Mtwara with the coal and iron fields of Mchuchuma and Liganga
Construction of Tanga-Arusha-Musoma rail with branches to Minjingu and	Project financing	<ul style="list-style-type: none"> <li>Spearhead obtaining of project Feasibility study and detailed design.</li> <li>Preparation of Cabinet Paper on financing mode of Project</li> <li>Negotiation with Investors on financing</li> </ul>	7,312.85			<ul style="list-style-type: none"> <li>Increase in efficiency of Tanga Port.</li> <li>Facilitate Uganda’s import and export trade with Tanzania.</li> <li>Facilitate transportation of soda ash and fertilizer to the market, from Engaruka and</li> </ul>

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs.Bill)			Expected Results
			Govt.	Private	DPs	
Engaruka		and implementation of the project. •Fast track procurement process for acquisition of contractors				Minjingu respectively.
procurement of 63 high horsepower locomotives	Funding source for this procurement is not in place.	•Fast track obtaining of funds for procurement of locomotive and wagons •Allow private operators to put their wagons and pay user fee to RAHCO for the use of railway.	0.459			63 high horsepower locomotives procured by 2020 for transport between Dar es salaam and Kigoma
Procurement of 2,234 goods wagons	funding source for this procurement has not yet been found	Fast track obtaining of funds for procurement of locomotive and wagons	0.381			2,234 goods wagon procured by 2020
		Allow private operators to put their wagons and pay user fee to RAHCO for the use of railway.				Increased number of freight serviced by TRL between DSM and Kigoma to 3 million tons per year.
Construction of Dar es salaam - Chalinze - Morogoro Express way, 200 km	Project financing	Expedite completion of feasibility study		1,155.81		Decongestion of the Dar es Salaam City.
Construction of Arusha - Moshi - Himo Junction Dual Carriageway, 105km	Project financing	Expedite soliciting of funds	808.4			Enhance traffic movement along Arusha – Moshi – Holili areas.
Upgrading Kidahwe (Kigoma) - Ilunde - Malagarasi – Kaliua, 188km	Project financing	Expedite soliciting of funds	334.05			Boost economic activities
Upgrading of Itoni – Mkiu – Ludewa – Manda to Bitumen Standard (211.42) Km	Project financing	Expedite soliciting of funds	378.59			Boost economic activities



Location/Type	Challenges	Intervention Required	Cost Implication (Tshs.Bill)			Expected Results
			Govt.	Private	DPs	
Upgrading to Bitumen standard for the Manyoni-Itigi-Tabora Road, 245 km	Project financing	Expedite soliciting of funds	126.94			Boost economic activities
Tabora – Ipole - Koga- Mpanda , km 350	<ul style="list-style-type: none"> <li>Project financing</li> <li>Land compensation</li> </ul>	<ul style="list-style-type: none"> <li>Expedite valuation of land and properties section of Mpanda – Koga – Ipole</li> <li>Ministry of Works should set aside fund for compensation in FY 2016/17</li> </ul>	2,941			Boost economic activities
Sumbawanga – Mpanda – Nyakanazi, 346.6km	Project financing	Ministry of Works should set aside fund for construction	400			<input type="checkbox"/> 346.6km of road constructed. <input type="checkbox"/> Boost economic activities
Masasi – Songea – Mbamba bay, 898km.	Project financing	Expedite financial negotiation with prospective financiers i.e AfDB	167		466	Boost economic activities
Upgrading to Bitumen Standard for the Chunya-Makongolosi-Rungwa-Itigi-Mkiwa road 456km	Project financing		1,053.37			Boost economic activities
Bagamoyo – (Makurunge) – Saadan – Tanga Road, km 178	Project financing	Completion of feasibility study and detail design	178			178 km constructed
Arusha & Kilimanjaro	<ul style="list-style-type: none"> <li>Compensation Poor coordination among key stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Expedite the design review which is conducted by JICA.</li> <li>Enhance good coordination with stakeholders involved in the project ( Tanroads, EAC, AfDB etc)</li> <li>To clarify issue of legal and regulatory justification of compensation</li> </ul>	139.3			Enhance traffic movement along Arusha – Holili road.

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs.Bill)			Expected Results
			Govt.	Private	DPs	
Country wide	<ul style="list-style-type: none"> <li>• Use of World Bank law on compensation rise contradiction with ours.</li> <li>• Dissemination of project outputs national wide</li> </ul>	<ul style="list-style-type: none"> <li>• Dissemination of the “Operational Guideline for District and rural road management”</li> <li>• Modal of improvement and technical transfer conducted in Iringa and Dodoma regions should be disseminated country – wide.</li> </ul>	9.131			Rural roads maintenance system development enhanced.
Construction of Interchange at Ubungo Dar es Salaam	<ul style="list-style-type: none"> <li>• Compensation for land and properties</li> <li>• Failure to agree on dividing the contract and managing project risks</li> </ul>	Expedite soliciting of funds for feasibility study and detail design and compensation	222.7			Decongestion of the Dar es Salaam City.
Construction of Fly-over at Tazara Dar es Salaam	Compensation for land and properties	Begin construction	66.587			Decongestion of the Dar es Salaam City.
Construction of Fly-over at Uhasibu Dar es Salaam	Compensation for land and properties	Expedite soliciting of funds for feasibility study and detail design and compensation	50.587			Decongestion of the Dar es Salaam City.
Construction of Fly-over at Chang’ombe, Dar es Salaam	Compensation for land and properties	Expedite soliciting of funds for feasibility study and detail design and compensation	50.587			Decongestion of the Dar es Salaam City.
Gerezani road widening	Compensation for land and properties	GoT should set aside funds for compensation in FY 2016/17	22.938			Decongestion of the Dar es Salaam City.
New Bagamoyo road 2 - Mwenge – Morocco section.	Delay in project financing approval from government of Japan		0.891			Decongestion of the Dar es Salaam City.
Construction Selander bridge		<ul style="list-style-type: none"> <li>• Obtain financing from Korea</li> <li>• Do Feasibility and detail design studies</li> <li>• Start construction</li> </ul>				Decongestion of the Dar es Salaam City.

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs.Bill)			Expected Results
			Govt.	Private	DPs	
Dar es Salaam Outer Ring Road Namely: Bunju-Mbezi (Morogoro Road) – Pugu (34 km).	Project financing	Start Construction	794.371			<ul style="list-style-type: none"> <li>• Decongestion of the Dar es Salaam City.</li> </ul>
Road sector support program	Bottlenecks on the major international corridors and too much reliance on road transport mode	MOW/TANROADS to accelerate the project process considering due to date of disbursement implementation	134.511			<ul style="list-style-type: none"> <li>• Enhance transport network</li> <li>• Dar es salaam traffic congestion eased by 2020</li> <li>• Rural roads good- fair condition increased by 2020</li> </ul>
Road sector support program II	Bottlenecks on the major international corridors and too much reliance on road transport mode	MOW/TANROAD to accelerate the project process considering due to date of disbursement implementation and develop an action plan for that purpose	144.532			<ul style="list-style-type: none"> <li>• Enhance transport network</li> <li>• Dar es salaam traffic congestion eased by 2020</li> <li>• Rural roads good- fair condition increased by 2020</li> </ul>
<b>Ports Strategic Choices</b>						
Dredging and expansion of the entry to Dar es Salaam Port, Dar es Salaam	The project aimed at increasing efficiency and throughput of Dar es Salaam Port. The objective of this project is to increase water depth for berths number 1 – 7 from the current depth of less than 10 meters to at least 12.	Expedite procurement of contractor	1,113.50			Throughput and efficiency of the port increased.
Container Terminal - Berths 13 – 14 Dar es Salaam	The objective is to develop a modern terminal with two berths (13 & 14) to match the increase traffic. The terminal will include the quay of minimum 750 meters length; minimum 13 meters channel depth and dredging of the port entrance.	Expedite procurement of contractor	890.8			Throughput and efficiency of the port increased.

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs.Bill)			Expected Results
			Govt.	Private	DPs	
Development of Kisarawe Cargo Freight, Kisarawe	TPA intends to develop an inland Cargo Depot (ICD) to relieve congestion at the Dar es salaam Port which is projected to be 1.7 million TEU in 2017 (currently capacity is 310,000)	Expedite procurement of contractor	267.24			Port efficiency improved by 2020.
Construction of Bagamoyo Port, Bagamoyo	<ul style="list-style-type: none"> <li>Land Compensation</li> <li>Agreement between China Merchants Holdings International Limited (CMHI) and Oman State General Reserve Fund (SGRF) and Tanzania regarding the project has taken so long.</li> </ul>	<ul style="list-style-type: none"> <li>Finalization of agreements between China Merchants Holdings International Limited (CMHI) and Oman State General Reserve Fund (SGRF) and Tanzania Government</li> <li>Finalization of Compensation</li> <li>Signing Contract agreements for development of Bagamoyo SEZ</li> <li>Soliciting funds for construction</li> </ul>		22,270		<ul style="list-style-type: none"> <li>Port will be able to handle more cargo i.e. 20 million containers annually</li> <li>Expected to transform Tanzania into a transport logistics hub and gateway to the regional and international trade with linked industrial platform for value addition and manufacturing processes.</li> </ul>
Construction of 24m deep Mwambani- Port - Kigombe area, – Tanga	Negotiation with private sector / investors on financing mode of the project has taken long time	<ul style="list-style-type: none"> <li>Review the Feasibility study &amp; detailed design report</li> <li>Expedite negotiation with Private Sector/ Investors on financing mode of project</li> </ul>		22,200		Mwambani port will enable Tanzania to achieve a robust and inclusive economic growth as the project is introducing the idea of Value Corridor[1] approach as oppose to extractive[2]corridor approach which is existing at the moment in Tanzania. Therefore, having this kind of project will stimulate industrial development along the corridor anchor towns as specified from time to time
Improvement of Mtwara Port by constructing 4 new berths	Feasibility study and detailed design for port improvement not in place	<ul style="list-style-type: none"> <li>Expedite the conduct of project Feasibility study and Detailed design.</li> <li>Kick start financial negotiation to acquire a loan from prospective financiers</li> </ul>	402.55			Improvement of Mtwara port will increase its efficiency.

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs.Bill)			Expected Results
			Govt.	Private	DPs	
Modernization of Kigoma Port	<ul style="list-style-type: none"> <li>Feasibility study and detailed design for port improvement not in place</li> </ul>	<ul style="list-style-type: none"> <li>Expedite the conduct of project Feasibility study and detailed design.</li> <li>Kick start financial negotiation to acquire a loan from prospective financiers</li> </ul>	201.5			Modernisation of Kigoma port will increase its operational efficiency particular serving DRC freight through lake Tanganyika and Central railway.
construction and rehabilitation of Mwanza South Port, Mwanza region	<ul style="list-style-type: none"> <li>Feasibility study and detailed design for port improvement not in place</li> </ul>	<ul style="list-style-type: none"> <li>Expedite the conduct of project Feasibility study and detailed design.</li> <li>Kick start financial negotiation to acquire a loan from prospective financiers</li> </ul>	201.5			Modernization of Mwanza port will increase its operational efficiency
<b>Air Transport Strategic Interventions</b>						
Revamping Operations of Air Tanzania.	<ul style="list-style-type: none"> <li>Regulation of aviation sector</li> <li>Ground handling service</li> </ul>	<ul style="list-style-type: none"> <li>Reform ATCL</li> <li>Purchase new aircrafts</li> </ul>	485			Smooth operations of ATCL as a national carrier will have a direct impact on tourism industry which currently is among large contributors of government revenue.
	Poor infrastructure	Rehabilitation and extension of Aerodromes(Annex)	1,829			<ul style="list-style-type: none"> <li>Air craft accidents reduced by June 2020</li> <li>Four aviation radar procured by June 2020</li> </ul>
Improvement of Metrology forecastServices	<ul style="list-style-type: none"> <li>Project financing</li> <li>No office premises</li> <li>Outdated radar</li> </ul>	<ul style="list-style-type: none"> <li>Construction of Central forecasting office.</li> <li>Acquisition of 5 weather radar.</li> </ul>	54.21			<ul style="list-style-type: none"> <li>New central forecasting office by June 2020</li> <li>Five weather radar procured by June 2020</li> </ul>
<b>Maritime Transport Strategic Choices</b>						
Procurement of 7 new lake vessels and rehabilitation of 8 existing vessels for lake Victoria, Tanganyika and Nyasa	<ul style="list-style-type: none"> <li>Dilapidation of lake vessels</li> <li>Shortage of passenger and cargo vessels</li> </ul>	<ul style="list-style-type: none"> <li>Procurement of 3 ship and rehabilitation of 3 for Lake Victoria,</li> <li>Procurement of 2 ship and rehabilitation of 3 for Tanganyika</li> <li>Procurement of 2 ship and rehabilitation of 2 for Nyasa</li> </ul>	121.5			<ul style="list-style-type: none"> <li>Seven (7) new passenger and cargo vessels procured by 2020.</li> <li>Eight (8) passenger and cargo vessels rehabilitated by June 2020.</li> </ul>
<b>Energy generation Strategic Choices</b>						

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs.Bill)			Expected Results
			Govt.	Private	DPs	
Kinyerezi I Extension – 185MW gas-fired plant	Project financing	<ul style="list-style-type: none"> <li>Expedite negotiation with respective project financiers including the GoTZ</li> <li>TANESCO should expedite extension of contract with Ms. Jacobsen Electro Ltd (contractor) who executed Kinyerezi I 150 MW.</li> </ul>	410			185 MW added to National Grid by June 2018.
Kinyerezi II – 240 MW combined cycle gas-fired plant (project financed by the GoTZ and Japanese Bank for International Cooperation – JBIC)	<ul style="list-style-type: none"> <li>Availability of enough water for combined cycle operations</li> <li>Water project financing</li> </ul>	<ul style="list-style-type: none"> <li>TANESCO to undertake water supply study for operation of Kinyerezi II, III and IV.</li> <li>TANESCO to fast track implementation of water supply project</li> </ul>	110		638.09	240 MW added to the National Grid by June 2019.
Kinyerezi III – 600MW combined cycle gas-fired plant, to be implemented as PPP project in two phases (phase I - 300MW)	Project financing	<ul style="list-style-type: none"> <li>Treasury Registrar to approval Joint Venture Agreement</li> <li>TANESCO to expedite negotiations of PPA with Partners</li> <li>Expedite Project Implementation Agreement.</li> </ul>		832.898		300 MW added to National Grid by June 2020
Kinyerezi IV – 330MW combined cycle gas-fired plant, to be implemented as PPP project	Project financing	<ul style="list-style-type: none"> <li>Treasury Registrar to approve Joint Venture</li> <li>Agreement and shareholding agreement</li> <li>Fast track feasibility study to be approved by Minister for Finance and Planning.</li> </ul>		890.8		330 MW added to National Grid by 2020.
Singida Geowind Phase I – MW 50 wind plant, Singida	<ul style="list-style-type: none"> <li>Project financing</li> <li>NDC failed to secure loan</li> </ul>	Implement the project as PPP.		302.872		50 MW added to National Grid by June 2018.

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs.Bill)			Expected Results
			Govt.	Private	DPs	
Kilwa Energy Phase 1 – 210 MW gas-fired plant, Somanga Fungu - Kilwa	Project financing	<ul style="list-style-type: none"> <li>Government guarantee is needed to allow sourcing of funds from prospective banks i.e. DBSA</li> <li>Conclude Project Implementation Agreement</li> <li>Conclude Gas Supply Agreement</li> </ul>		584		210MW added to national grid by 2018.
Malagarasi 44.7MW hydropower plant – Malagarasi river Kigoma	Project financing	<ul style="list-style-type: none"> <li>Preparation of tender document</li> <li>Soliciting funds</li> </ul>	355.18			44.7 MW added to the national grid and Kigoma region connected to the grid by 2020
Kakono 87MW hydropower plant – Kagera river	Project financing	<ul style="list-style-type: none"> <li>Preparation of tender document</li> <li>Soliciting funds</li> </ul>	823.45			87MW added to the national grid by 2020
200MW coal fired power plant – Kiwira Mbeya	Project financing	<ul style="list-style-type: none"> <li>STAMICO to undertake the feasibility study</li> </ul>	5	450		200MW added to the national grid by 2020
Ngaka 400MW coal fired power plant – Ngaka Ruvuma	Project financing	<ul style="list-style-type: none"> <li>Undertake feasibility study for 200MW phase I and 220kV transmission from Ngaka to Songea</li> <li>NDC and TANCOAL to mobilize funds</li> <li>Negotiation for PPA wit TENESCO</li> </ul>		450		400MW added to the national grid by 2020
Mchuchuma 600MW coal fired power plant – Njombe	Project financing	<ul style="list-style-type: none"> <li>Fund mobilization</li> <li>Negotiation for PPA with TENESCO</li> </ul>		1,200		600MW added to the national grid by 2020
Construction of Rusumo 80MW hydropower plant to be equally shared by Tanzania, Burundi and Rwanda.	Compensation of Project Affected Peoples	<ul style="list-style-type: none"> <li>Financing secured from World Bank for power plant construction</li> <li>Financing secured from AfDB for construction of transmission line from Rusumo to Nyakanazi substation</li> </ul>	236.867			27MW added to the National Grid and power trade between three countries Tanzania, Rwanda and Burundi attained by June 2020.

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs.Bill)			Expected Results
			Govt.	Private	DPs	
Development of Geothermal and Ngozi 200MW Geothermal plant, Ngozi -Mbeya	Project financing	<ul style="list-style-type: none"> <li>Government to finance the deep wells drilling phase to establish steam reservoir properties (USD 21 million).</li> <li>Expedite PPP process to acquire private partner.</li> </ul>	45.99		495.52	200MW to be attained by 2020
<b>Energy distribution strategic choices</b>						
Rural electrification projects under REA (completion of Turnkey PhaseII and commencement of III)	Project financing	<ul style="list-style-type: none"> <li>Ring fencing petroleum levy</li> <li>Increase electricity charge/levy from 3% to 5% as required by law</li> </ul>	1,191.79			Electricity connection level in urban and rural increased at least 50% and access increased at least 75%.
<b>Energy transmission strategic choices</b>						
Dar – Tanga - Arusha 400kV, km 682	<ul style="list-style-type: none"> <li>Project financing</li> <li>compensation of way leave</li> </ul>	<ul style="list-style-type: none"> <li>Expedite financial negotiations with Exim Bank of china.</li> <li>Expedite payment of compensation for Project Affected Peoples in order to acquire way leave</li> <li>Expedite procurement of consultant</li> </ul>	1,143.31			Evacuation of power from Dar to Tanga and Arusharegions by June 2020. The project will enhance availability of reliable power in the regions.
Singida – Arusha-Namanga 400kV, km 414	Compensation of way leave	valuation and compensation should be fast-tracked	380.817			Evacuation of power from Singida to Namanga via Arusha also the project will enhance availability of reliable power in the regions and enhance regional power trading.
Somangafungu - Kinyerezi 400kV, km 203	Project financing	<ul style="list-style-type: none"> <li>fast track financing negotiation with Tanzania Investment Bank (TIB)</li> <li>Upgrade feasibility study from 220kV to 400kV</li> </ul>	182.61			The project will enable evacuation of power produced by Kilwa Energy (an independent power producer) and future gas-to-power generation to reach national grid at Kinyerezi Complex.
Makambako – Songea 220kV, km 250	Untimely release of funds issued by Sida and counterpart funds	Expedite timely release of funds.	34.23			The project is expected to connect the Ruvuma Region to the national grid by June 2017.



Location/Type	Challenges	Intervention Required	Cost Implication (Tshs.Bill)			Expected Results
			Govt.	Private	DPs	
North West Grid 400Kv –Mbeya – Sumbawanga – Nyakanazi – Kigoma, km 1,148	Project financing	<ul style="list-style-type: none"> <li>• Upgrade feasibility study from 220kV to 400kV</li> <li>• Expedite project financial negotiations.</li> </ul>	1,264.89			The project will enable the regions of Katavi, Rukwa and Kigoma to have reliable power supply which is very crucial input for industrial development.
Chalinze - Dodoma 400kV, km 350	Project financing	<ul style="list-style-type: none"> <li>• Fast track feasibility study</li> <li>• Expedite financial negotiations.</li> <li>• Payment of compensation</li> </ul>	297.97			The project is expected to evacuate power from Kinyerezi power plants to load centres hence provide reliable power supply in the regions of Morogoro and Dodoma.
Bulyanhulu – Geita – Nyakanazi 220kV, km 199	Project financing	Expedite compensation of project affected people.	146.98			Evacuation of power from Bulyanhulu – Geita – Nyakanazi and Rural Electrification for 15 villages in Geita District
Construction of domestic gas supply Infrastructure in Dar es salaam.	<ul style="list-style-type: none"> <li>• Project financing</li> <li>• Compensation for the way leave</li> </ul>	Expedite financial negotiations.	224.93			Increase household use of gas for domestic purposes and hence reduce consumption of biomass and protect environment.
Construction of domestic gas supply Infrastructure in Mtwara	<ul style="list-style-type: none"> <li>• Project financing</li> <li>• Compensation for the way leave</li> </ul>	Expedite financial negotiations.	13.139			Increase household use of gas for domestic purposes and hence reduce consumption of biomass and protect environment.
Construction of domestic gas supply Infrastructure in Bagamoyo	<ul style="list-style-type: none"> <li>• Project financing</li> <li>• Compensation for the way leave</li> </ul>	Expedite financial negotiations.	24.5			Increase household use of gas for domestic purposes and hence reduce consumption of biomass and protect environment.
Construction of domestic gas supply Infrastructure in Lindi	<ul style="list-style-type: none"> <li>• Project financing</li> <li>• Compensation for the way leave</li> </ul>	Expedite financial negotiations.	6.24			Increase household use of gas for domestic purposes and hence reduce consumption of biomass and protect environment.

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs.Bill)			Expected Results
			Govt.	Private	DPs	
Establishment of ICT equipment, manufacturing, E – waste recycling and Software development Centers	<ul style="list-style-type: none"> <li>• Skilled personnel on ICT sector</li> <li>• Project financing</li> <li>• Proper proposal for establishing the project</li> </ul>	Sector is required to develop a solid project proposal for the said interventions.				<ul style="list-style-type: none"> <li>• Establish a computer and /or radio manufacturing/ assembling plants; recycling centers for ICT and electronic hardware;</li> <li>• establishing ICT incubators and ICT</li> </ul>
ICT Park, EPZA – Bagamaoyo		<ul style="list-style-type: none"> <li>• Land compensation (already paid)</li> <li>• Land survey and topographical survey and geotechnical investigation (75% paid)</li> <li>• Preparation of master plan</li> <li>• Preparation of detailed engineering drawings and BOQ for basic infrastructure</li> <li>• Construction of basic infrastructure through PPP</li> </ul>	3.509			Promotion of high quality jobs in the country.
The National ICT Broadband Backbone (Phase III – Sub – phase II), Dodoma		<ul style="list-style-type: none"> <li>• Backbone Network Expansion</li> <li>• Regional Transmission Network</li> <li>• IDC in Dodoma</li> </ul>	688.366	5.		<ul style="list-style-type: none"> <li>• The capacity of ICT backbone network further expanded to cover more services,</li> <li>• enhance its contribution to information industry and telecom infrastructure and make Tanzania a telecom HUB in South east Africa by June 2020</li> </ul>
Postal Communications: National Addressing System in 92 districts			157.877			<ul style="list-style-type: none"> <li>• The capacity of ICT backbone network further expanded to cover more services,</li> <li>• 6. enhance its contribution to information industry and telecom infrastructure and make Tanzania a telecom HUB in South east Africa by June 2020</li> </ul>

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs.Bill)			Expected Results
			Govt.	Private	DPs	
11.5 Develpoment of Wireless Sensor Networks for Industrial Environmental Monitoring	<ul style="list-style-type: none"> <li>• There is great emission of pollutant gases in manufacturing industries</li> <li>• Currently rudimentary technologies are employed to monitor industrial pollutants. These technologies are inaccurate and unsafe to users</li> </ul>	<ul style="list-style-type: none"> <li>• Establish innovate industrial environmental pollutant gases (CO, O<sub>2</sub>, CO<sub>2</sub>, CO, SO<sub>2</sub>, H<sub>2</sub>S, NO, NO<sub>2</sub>, HC and PM10(Lead)) monitoring base on sensor technology</li> <li>• Awareness creation in the use sensor technology to monitor industrial processors</li> <li>• Transfer of sensor industrial process monitoring technology to SMMES</li> </ul>	1.5			<ul style="list-style-type: none"> <li>• Increased industrial safety</li> <li>• Reduced environmental pollution</li> <li>• Capacity on sensor industrial monitoring of pollutants and process established in Tanzania by 2018</li> </ul>
Advanced Cyber Security Training Services (TIRDO)	<ul style="list-style-type: none"> <li>• Critical infrastructure security in Tanzania is insufficient</li> </ul>	<ul style="list-style-type: none"> <li>•Training on cyber security issues to raise awareness</li> </ul>	0.5			<ul style="list-style-type: none"> <li>• Increased security in industry</li> </ul>
	<ul style="list-style-type: none"> <li>• Media used in banking transaction for industrial business is not safe</li> <li>• Lack of awareness of cyber security threats</li> </ul>	<ul style="list-style-type: none"> <li>•To establish security measures in industrial Tanzania ( major automated industrial)</li> <li>•Development of Industrial application software</li> </ul>				<ul style="list-style-type: none"> <li>• Increased security in industrial infrastructure</li> <li>• Increased awareness on cyber security threats in Tanzania</li> </ul>

**Table AII 17: Doing Business Strategic Choices**

Location/Type	Challenges	Intervention Required	Cost Implication (Tshs.Bill)			Expected Results
			Govt.	Private	PDs	
<b>Easy Doing Business. Strategic Choices</b>						
Starting Business	<ul style="list-style-type: none"> <li>Long Time and procedures to start business</li> </ul>	<ul style="list-style-type: none"> <li>Establishing one stop centre at TIC</li> <li>Reduce the registration time and procedures</li> </ul>				<ul style="list-style-type: none"> <li>Starting business, time and procedures reduced</li> </ul>
Dealing with Construction permit	<ul style="list-style-type: none"> <li>Long and cumbersome procedures</li> </ul>	<ul style="list-style-type: none"> <li>Reduce time and procedures required in getting construction permit</li> </ul>				<ul style="list-style-type: none"> <li>Time and procedures for obtaining construction permit reduced</li> </ul>
Getting Electricity	<ul style="list-style-type: none"> <li>Inadequate power supply</li> </ul>	<ul style="list-style-type: none"> <li>Increase power production through completion of Kinyerezi I&amp;II Gas projects; introduction of Coal Power Plants and renewable energies such as wind power.</li> <li>Power Connection and transmission eg from Kinyerezi to the national grid; connecting power from Zambia-Tanzania-Kenya; connecting electricity from Mchuchuma to Makambako and North west- power transmission etc</li> </ul>				<ul style="list-style-type: none"> <li>Elimination of electricity problem in the country</li> </ul>
Registering Property	<ul style="list-style-type: none"> <li>Long and cumbersome procedures</li> </ul>	<ul style="list-style-type: none"> <li>Enhance the capabilities of BRELLA, COSOTA and other property registering institutions</li> </ul>				<ul style="list-style-type: none"> <li>Property right registration improved</li> </ul>
Getting credit	<ul style="list-style-type: none"> <li>Lack of collateral.</li> <li>High interest charges by Banks and other lending institutions</li> <li>Bank regulations</li> </ul>	<ul style="list-style-type: none"> <li>Expedite activities of MKURABITA in providing customary right of occupancy</li> <li>Expedite procedures of providing title deeds by Ministry of Land</li> <li>Encourage Banks and other lending institutions to lend at reasonable interest rates</li> </ul>				<ul style="list-style-type: none"> <li>More funds for starting and expansion of businesses available</li> </ul>

Protecting Investors	<ul style="list-style-type: none"> <li>• Inadequate protection of investors</li> </ul>	<ul style="list-style-type: none"> <li>• Enact law and regulations to protect investors</li> </ul>				<ul style="list-style-type: none"> <li>• More investors ready to invest</li> </ul>
Paying Taxes	<ul style="list-style-type: none"> <li>• Existence of multiple taxes</li> <li>• Non transparency in taxation</li> </ul>	<ul style="list-style-type: none"> <li>• Review taxation system</li> <li>• Adherence to the avoidance of double taxation agreement</li> </ul>				<ul style="list-style-type: none"> <li>• Transparency in Taxation system</li> </ul>
Trading Across Borders	<ul style="list-style-type: none"> <li>• Existence of various Non Tariff Barriers</li> </ul>	<ul style="list-style-type: none"> <li>• Removal of NTBs through operationalisation of one border posts; introduction of single customs territory; reduction of customs procedures and documentation</li> </ul>				<ul style="list-style-type: none"> <li>• Transit time reduced</li> </ul>
Enforcing contract	<ul style="list-style-type: none"> <li>• Poor negotiation capacity</li> <li>• Long period used in concluding a contract</li> </ul>	<ul style="list-style-type: none"> <li>• Increase capacity of negotiators through training</li> <li>• Reduce time taken for concluding contract</li> </ul>				<ul style="list-style-type: none"> <li>• Contract enforcement process Enhanced</li> </ul>
Resolving Insolvency	<ul style="list-style-type: none"> <li>• Long and cumbersome procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Increase efficiency of the Commercial Courts</li> </ul>				<ul style="list-style-type: none"> <li>• Insolvency disputes reduced</li> </ul>

## **ANNEX III: COSTING AND FINANCING ENVELOPE**

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