



# **USAID/Tanzania Country Strategic Plan FY 2005-2014**

---

**"IMPROVING THE QUALITY OF LIFE IN TANZANIA"**

**May 2004**



## Table of Contents

<b>Executive Summary</b>	<b>i.</b>
<b>1. Overall Assistance Environment in Tanzania</b>	<b>1</b>
A. Country Setting	1
B. USG Foreign Policy Interests in Tanzania	7
C. Donor and Host Country Relationships	11
<b>2. USAID Tanzania's Strategic Approach</b>	<b>13</b>
<b>3. HIV/AIDS Strategic Objective</b>	<b>19</b>
A. Strategic Objective Statement	19
B. Situation Analysis	20
C. Prior USAID/Tanzania Experience in HIV/AIDS	22
D. Consultative Process	22
E. Development Hypothesis and Results Framework	26
F. Synergies	34
G. Linkages, Themes, and Tools Approach	35
H. Implementation Modalities	36
<b>4. Health Strategic Objective</b>	<b>37</b>
A. Strategic Objective Statement	37
B. Situation Analysis	37
C. Prior USAID/Tanzania Experience in Health	40
D. Consultative Process	40
E. Development Hypothesis and Results Framework	42
F. Synergies	51
G. Linkages, Themes, and Tools Approach	51
H. Implementation Modalities	53
<b>5. Economic Growth Strategic Objective</b>	<b>54</b>
A. Strategic Objective Statement	54
B. Situation Analysis	55
C. Prior USAID/Tanzania Experience in Economic Growth	58
D. Consultative Process	59
E. Development Hypothesis and Results Framework	62
F. Synergies	68
G. Linkages, Themes, and Tools Approach	69
H. Implementation Modalities	70
<b>6. Environment and Natural Resources Strategic Objective</b>	<b>71</b>
A. Strategic Objective Statement	71
B. Situation Analysis	72
C. Prior USAID/Tanzania Experience in Environment and Natural Resources	74
D. Consultative Process	75
E. Development Hypothesis and Results Framework	77
F. Synergies	81
G. Linkages, Themes, and Tools Approach	81
H. Implementation Modalities	82
<b>7. Democracy and Governance Strategic Objective</b>	<b>84</b>
A. Strategic Objective Statement	84
B. Situation Analysis	84

C. Prior USAID/Tanzania Experience in Democracy and Governance	86
D. Consultative Process	87
E. Development Hypothesis and Results Framework	90
F. Synergies	94
G. Linkages, Themes, and Tools Approach	95
H. Implementation Modalities	96
<b>8. Program Support Objective</b>	<b>97</b>
A. Program Support Objective Statement	97
B. Mission Experience	98
C. Strategic Approach to Linkages, Themes, and Tools	99
D. Opportunity Hypothesis and Results Framework	101
E. The PSO Team	104
F. Funding and Management of PSO Activities	104
G. Linkage, Theme, and Tool Tables	105
<b>9. Mission Program Management</b>	<b>106</b>
A. Staffing	106
B. Field Support Requirements	106
C. Management Issues	107
<b>10. Resource Requirements</b>	<b>108</b>
A. Program Levels and Sources	108
B. SO Resource Requests and Funding Scenarios	108
C. Summary Comments on Funding Levels	116
D. Operating Expenses	116
E. Summary	117
<b>11. Parameters Setting Cable</b>	<b>119</b>

## Annexes

Annex 1.	Summary of Mandatory Analyses - Gender Analysis and Action Plan - Environmental Threats and Opportunities Assessment - Conflict Vulnerability Assessment
Annex 2.	Gender Analysis and Action Plan
Annex 3.	Environmental Threats and Opportunities Assessment
Annex 4.	Conflict Vulnerability Assessment
Annex 5.	Summary of Key Assessments
Annex 6.	Agriculture Sector Assessment
Annex 7.	Health Sector Analysis
Annex 8.	HIV/AIDS Sector Assessment and Strategy Recommendations
Annex 9.	Basic Education in Tanzania Mini Assessment
Annex 10.	Democracy and Governance Assessment
Annex 11.	ICT Strategy Concept Paper
Annex 12.	Millennium Challenge Account Study
Annex 13.	General Budget Support in Tanzania
Annex 14.	Mission's Virtual Team
Annex 15.	Producer Associations
Annex 16.	Expanded Results Frameworks
Annex 17.	Budget Table
Annex 18.	Linkages, Themes, and Tools Tables

## Acronyms

ABC	- Abstain, Be faithful or use a Condom consistently
ACI	- Anti-Corruption Initiative
ADS	- Automated Directives System
AfDB	- African Development Bank
AFR	- Africa Bureau
AFR/SD	- Africa Bureau's Sustainable Development Office
AGOA	- African Growth and Opportunities Act
AIDS	- Acquired Immune Deficiency Syndrome
AMMP	- Adult Morbidity and Mortality Project
ANC	- Ante-natal Care
ANGAZA	- Hope or Light (in Swahili)
APHIS	- Animal and Plant Health Inspection Service
APS	- Annual Program Statement
ART	- Antiretroviral Therapy
ARV	- Anti-Retroviral
ASARECA	- Association for Strengthening Agricultural Research in East/Central Africa
ASDP	- Agricultural Sector Development Program
ASDS	- Agricultural Sector Development Strategy
ASSP	- Agricultural Services Support Programme
ATAP	- Agricultural Transport Assistance Program
BCC	- Behavior Change Communication
BDS	- Business Development Services
BEST	- Business Environment Strengthening in Tanzania
BT	- Biologically Transformed
CAs	- Cooperating Agencies
CAG	- Controller and Auditor General
CBD	- Community-Based Distribution
CBNRM	- Community-Based Natural Resource Management
CBO	- Community-Based Organization
CCM	- Chama Cha Mapinduzi
CCM	- Country Coordinating Mechanism
CDC	- Centers for Disease Control
CHW	- Child Health Weeks
CIPE	- Center for International Private Enterprise
CPR	- Contraceptive Prevalence Rate
CS	- Child Survival
CSP	- Country Strategic Plan
CSO	- Civil Society Organization
CSH	- Child Survival and Health
CVA	- Conflict Vulnerability Assessment
CYP	- Couples Years of Protection
DA	- Development Assistance funds
DANIDA	- Danish International Development Agency
DCA	- Development Credit Authority
DCHA	- Democracy, Conflict and Humanitarian Assistance
DG	- Democracy and Governance

---

DFID	- Department for International Development
DHMT	- District Health Management Team
DHS	- Demographic and Health Survey
DOD	- Department of Defense
DPG	- Development Partner Group
EAC	- East African Community
ECA	- Eastern and Central Africa
EG	- Economic Growth
EGAT	- Economic Growth, Agriculture and Trade
ENR	- Environment and Natural Resources
E/NRM	- Environment/Natural Resource Management
ESF	- Economic Support Funds
ETOA	- Environmental Threats and Opportunities Assessment
EU	- European Union
FAA	- Foreign Assistance Act
FANC	- Focused Ante-natal Care
FBO	- Faith Based Organization
FEWSNET	- Famine Early Warning System Network
FGC	- Female Genital Cutting
FGM	- Female Genital Mutilation
FMRP	- Financial Management Reform Program
FOI	- Freedom of Information
FP	- Family Planning
FSN	- Foreign Service National
FTA	- Free Trade Area
FY	- Fiscal Year
GDA	- Global Development Alliance
GDP	- Gross Domestic Product
GFATM	- Global Fund for AIDS, Tuberculosis and Malaria
GFCCM	- Global Fund Country Coordinating Mechanism
GGCU	- Good Governance Coordination Unit
GMO	- Genetically Modified Organism
GOT	- Government of Tanzania
HAART	- Highly Active Antiretroviral Therapy
HIPC	- Heavily Indebted Poor Country
HIV	- Human Immunodeficiency Virus
HTA	- High Transmission Area
IAA	- Interagency Agreements
IARC	- International Agricultural Research Center
ICNL	- International Center for Non-for-Profit Law
ICT	- Information and Communications Technologies
ID	- Infectious Disease
IDI	- International Development Intern
IDU	- Infectious Disease Unit
IEC	- Information, Education, and Communications
IEHA	- Initiative to End Hunger in Africa
IFAD	- International Fund for Agricultural Development
IFI	- International Finance Institution

---

IMF	- International Monetary Fund
IPT	- Intermittent Presumptive Treatment
IQC	- Indefinite Quantity Contract
IR	- Intermediate Result
ISHI	- Live (in Swahili)
ISP	- Integrated Strategic Plan
ITN	- Insecticide-Treated Net
IUD	- Inter-Uterine Device
JICA	- Japanese International Cooperation Agency
LGRP	- Local Government Reform Program
LSRP	- Legal Sector Reform Program
LTM	- Long-term Methods
MCA	- Millennium Challenge Account
MCH	- Maternal and Child Health
MDA	- Ministries, Departments and Agencies
M&E	- Monitoring and Evaluation
MIS	- Management Information System
MOF	- Ministry of Finance
MOH	- Ministry of Health
MOJCA	- Ministry of Justice and Constitutional Affairs
MPs	- Members of Parliament
MPP	- Mission Performance Plan
MSD	- Medical Store Department
MSE	- Micro and Small Enterprises
MTEF	- Medium-Term Expenditure Framework
NACP	- National AIDS Control Program
NACSAP	- National Anti-Corruption Strategy and Action Plan
NEP	- New Entry Professional
NEPAD	- New Partnership for Africa's Development
NGO	- Non Governmental Organization
NMSF	- National Multisectoral Strategic Framework
NRM	- Natural Resource Management
NWP	- Nature, Wealth, and Power
ODA	- Official Development Assistance
OE	- Operating Expenses
OFDA	- Office of Foreign Development Assistance
OI	- Opportunistic Infection
ORS	- Oral Rehydration Salts
OVC	- Orphans and Vulnerable Children
OYB	- Operating Year Budget
PAC	- Post-Abortion Care
PCB	- Prevention of Corruption Bureau
PEDP	- Primary Education Development Plan
PER	- Public Expenditure Review
PESA	- Private Enterprise Support Activities
PETS	- Public Enterprise Tracking Surveys
PHN	- Population, Health and Nutrition
PIA	- Performance Improvement Approach

---

PLHA	- People Living with HIV/AIDS
PMTCT	- Prevention of Mother-to-Child Transmission
PORALG	- President's Office, Regional Administration and Local Government
PRBS	- Poverty Reduction Budget Support
PRSP	- Poverty Reduction Strategy Paper
PSRP	- Public Sector Reform Program
PSC	- Personal Services Contractor
PSO	- Program Support Objective
PVO	- Private Voluntary Organization
R&D	- Research and Development
RATES	- Regional Agricultural Trade Expansion and Support Program
RATIN	- Regional Trade Intelligence Network
RCH	- Reproductive Child Health
RCHS	- Reproductive and Child Health Survey
RCSA	- Regional Center for Southern Africa
RCO	- Regional Contracting Officer
REDSO	- Regional Economic Development Services Office
RF	- Results Framework
RFE	- Rapid Funding Envelope
RFMC	- Regional Financial Management Center
RLA	- Regional Legal Advisor
RATIN	- Regional Trade Intelligence Network
SAA	- Strategic Assistance Area
SACA	- Savings and Credit Association
SACCO	- Savings and Credit Cooperative
SADC	- Southern Africa Development Community
SAFEX	- South African Commodities Exchange
SAKSS	- Strategic Analysis and Knowledge Support System
SATF	- Social Action Trust Fund
SIDA	- Swedish International Development Agency
SO	- Strategic Objective
SOT	- Strategic Objective Team
SPS	- Sanitary and Phytosanitary
STI	- Sexually Transmitted Infection
SWAp	- Sector Wide Approach
TAACS	- Technical Advisors in AIDS and Child Survival
TACAIDS	- Tanzania Commission for AIDS
TACARE	- Lake Tanganyika Catchment Reforestation and Education Project
TAS	- Tanzania Assistance Strategy
TB	- Tuberculosis
TBD	- To Be Determined
TCMP	- Tanzania Coastal Management Partnership
TDGI	- Tanzania Democratic Governance Initiatives Project
TFR	- Total Fertility Rate
THIS	- Tanzania HIV Indicator Survey
TI	- Transparency International
T-MAP	- Tanzania Multisectoral AIDS Program
TNBC	- Tanzania National Business Council

---

TPSF	- Tanzania Private Sector Foundation
TRADE	- Trade for African Development and Enterprise
UK	- United Kingdom
UN	- United Nations
UNDP	- United National Development Program
UNFP	- United Nations Population Fund
UNGASS	- United Nations General Assembly Special Session
UNICEF	- United Nations Children's Fund
USAID	- United States Agency for International Development
USDH	- United States Direct Hire
USG	- United States Government
USPSC	- United States Personal Services Contractor
VCT	- Voluntary Counseling and Testing
VSHP	- Voluntary Sector Health Program
WBI	- World Bank Institute
ZACP	- Zanzibar AIDS Control Program
ZANGOC	- Zanzibar NGO Cluster



---

## Executive Summary

Following decades of one-party socialism and economic stagnation, Tanzania embarked on a fundamental political and economic transformation in the early 1990s. The nation's first multi-party elections were held in 1995. Tanzania has made major strides in converting to a market economy, institutionalizing reforms that are controlling inflation and deficit spending, attracting increased investment, privatizing public enterprises, and sustaining annual economic growth rates among the best in sub-Saharan Africa. However, Tanzania still faces formidable impediments to its democratization and development goals. Challenges include structural obstacles to economic growth, institutional and human capacity limitations, HIV/AIDS and high rates of other infectious diseases and of population growth, corruption, the government's uneasy relationship with civil society organizations, and unsustainable natural resource exploitation.

USAID/Tanzania's response to Tanzania's development challenges and to the Government of Tanzania's (GOT) Development Vision 2025 is to help accelerate the country's progress towards sustainable development. The Mission's goal is to "Improve the Quality of Life in Tanzania". In this strategy, USAID will help institutionalize the positive changes that have already occurred in Tanzania. USAID's strategy is tightly aligned with Tanzania's goals for good governance and poverty reduction through sustainable income generation and access to quality services. We have made major contributions to the progress that Tanzania has made over the last ten years, and we have played a leadership role in many areas, making us uniquely positioned to continue making significant contributions to future development. USAID/Tanzania has developed a sound, innovative strategic plan with cutting-edge models of program management that will make optimal use of our limited human and financial resources.

A discussion of some key issues and our five Strategic Objectives (SOs) follows:

- **Planning Parameters and Program Focus.** The major parameters were laid out in a parameters cable on August 11, 2003. In that cable, the Mission was authorized to prepare a ten-year strategy for the period FY 2005 – 2014 with a focus in five areas: HIV/AIDS, health, economic growth with an emphasis in agriculture, environment and natural resources, and democracy and governance. The cable also authorized the development of our Program Support Objective (PSO). Our new strategy flows directly from the current strategy FY 1997 – 2004. The strategic program focus represents the results of lessons learned, analytical agenda, and feedback from USAID's partners and counterparts regarding what is most needed in Tanzania.
- **Consultative Process.** USAID/Tanzania holds to the guiding principle of consultation and collaboration with partners and stakeholders both in developing and implementing the strategy. In addition to consulting with the GOT, the Embassy, non-governmental organizations (NGOs), USAID/Washington, other donors, and the private sector, we also undertook an analytical agenda that informed the strategy's development. As a result, USAID/Tanzania believes that its strategy responds to Tanzania's key development challenges by leveraging our comparative advantages and capitalizing on our past achievements.

- **Timeframe.** USAID proposed a ten-year timeframe for the following reasons. First, Tanzania has been a stable country and we expect this stability to continue over the next decade. Second, we expect Tanzania to continue pursuing its reform agenda and believe that the institutionalization of these reforms will take at least a decade. Third, we believe that our program reflects a balanced strategic approach which adequately responds to the realities of the development environment that will exist in Tanzania for at least the next ten years. The program areas of concentration are ones in which USAID has a clear comparative advantage and is expected to continue to have. Fourth, we expect that the donor community will continue to provide the support that Tanzania requires to ensure that the development agenda is addressed. Finally, Tanzania is at a crossroads. The country has unloaded much of its socialist baggage and has embraced more political, economic, and social openness – and over the next decade more and more leaders will be drawn from a population that did not grow up under socialism. This represents a real opportunity for the US to contribute to and make an impact on Tanzania’s sustainable development path.
- **Integrated Nature of Tanzania Program.** Based on our experience in Tanzania, our comparative advantages, and the acknowledged leadership roles we have played in HIV/AIDS, Family Planning, Reproductive and Child Health, the environment, and democracy and governance, and what we can bring to the table in the economic growth sector, we will continue working in these five technical sectors since they respond directly to Tanzania’s major challenges. In all five areas, we are in a position to provide important and unique assistance to address the development challenges. Our SOs are focused on achieving maximum results in each technical area, and they have been designed to maximize synergies across the SOs. Moreover, at this time, we see no other donors who could or would take our place in these sectors. Our five SOs are integrated and contribute to our goal of improving the quality of life in Tanzania.
- **Program Support Objective (PSO).** Our strategy includes an innovative PSO that will act as the Mission’s mechanism to coordinate and integrate linkages, themes, and tools (LTT) across the Mission’s five SOs. The goal of the PSO is to deepen the impact of the Mission’s development program. Over the strategy period, the PSO will add value and will enable customer SOs to achieve larger reductions in the transmission and impact of HIV/AIDS, generate more improvements in family health status, raise incomes among more producer association members, conserve biodiversity over larger areas, and engender greater public accountability. The PSO will also add value by extending the reach of our programs through the adoption of tools such as public-private alliances. Specifically, the PSO will achieve its objective of adding value by informing programming decisions at all levels with an understanding of the potential and opportunities offered by the Mission’s selected themes (e.g., gender, HIV/AIDS, and governance) and tools (public-private alliances, capacity building, and information and communications technologies or ICT), as well through capitalizing on linkages between SOs. For example, our PSO will be used to help mainstream gender across our portfolio.

- **Millennium Challenge Account (MCA).** USAID/Tanzania analyzed Tanzania's potential eligibility for MCA funds. Currently, it appears that Tanzania will not qualify for MCA for two reasons: 1) it scores poorly on the control of corruption indicator and 2) it does not pass a sufficient number of indicators in the investing in people area. Tanzania also fails the trade policy indicator, but is expected to simplify its tariff structure later this year. USAID/Tanzania's strategic approach involves focusing investments in areas where it has a comparative advantage and can make an impact on Tanzania's progress toward sustainable development and reduced poverty. The Mission will focus its efforts in areas that will help to improve the control of corruption indicator, as well as some of the investing in people indicators and the trade policy indicator.
- **Resource Management.** Currently, the Mission manages substantial funds that it has leveraged in addition to its operating year budget (OYB).<sup>1</sup> The Mission expects this trend to continue. In this strategy, we expect that our management burden will be significantly greater than implied by the OYB-funded program. For example, the Mission will manage funding from other sources (e.g., ESF, initiatives, and other donors, etc). In addition, there is also a Mission management burden for expected public-private alliance activities and for assisting the expected activity from organizations like the Global Fund. Some of these "below the line" resources are labor-intensive and will require USAID resources to manage. With the projected substantial increase in HIV/AIDS funds in 2005 and 2006, we almost certainly will need to add a USDH, two professional FSNs, and possibly an administrative assistant to our HIV/AIDS SO Team.

All of the aforementioned strategic considerations have resulted in a program that best responds to Tanzania's development challenges and makes the best use of scarce USG resources for Tanzania. Our program consists of a development assistance portfolio in five technical areas. In each of these five areas, we are in a position to provide important and unique assistance to address Tanzania's development challenges.

### **HIV/AIDS Strategic Objective – Enhanced Multisectoral Response to HIV/AIDS**

The purpose of this SO is to reduce the transmission and impact of HIV/AIDS in Tanzania.

The Intermediate Results are:

- Improved preventive behavior and social norms;
- Increased use of prevention-to-care products and services;
- Improved enabling environment from community to national levels; and
- Enhanced multisectoral response to HIV/AIDS.

USAID brings particular strengths to HIV/AIDS, deriving its comparative advantage from twenty years of experience in supporting the development and implementation of national

<sup>1</sup> From FY 03 to FY 04, the value of the additional funds that USAID/Tanzania's has leveraged in addition to its OYB funds has more than doubled – increasing from \$4.3 million to \$10.3 million. Sources include: initiatives (excluding the HIV/AIDS initiatives), other donor gift donations, and ESF. All of these require USAID resources to manage.

responses both globally and in Tanzania. USAID has been the largest donor in Tanzania for HIV and has set in place strong foundations for partnerships between the public and voluntary sectors for systems strengthening and service delivery. The Mission is widely identified with quality and achievement in its programs including voluntary counseling and testing (VCT), social marketing of condoms and positive, unbranded behavior change messages.

Tanzania is one of 14 countries targeted in the President's Emergency Plan for AIDS Relief. The Emergency Plan offers USAID and its partner USG agencies (e.g., Centers for Disease Control, US Peace Corps, Department of Defense, the US Embassy, etc.) the opportunity to rapidly expand the scope of HIV/AIDS activities in Tanzania to encompass care and treatment, including the provision of anti-retroviral therapy. USAID/Tanzania's HIV/AIDS SO<sup>2</sup> will significantly contribute to the accomplishment of the USG's larger program in Tanzania, thereby helping to realize the Emergency Plan goals. Further, the HIV/AIDS strategy, as elaborated here will inform the overall USG strategy for Tanzania which will be formalized later this year. The Emergency Plan emphasis on rapid results also compels USAID to find new ways of doing business in HIV/AIDS in Tanzania, with new partners, using rapid financing mechanisms, and reorienting programs to target activities more carefully at specific populations. USAID/Tanzania has been formulating its new, ten-year strategy for combating AIDS in Tanzania just as the Emergency Plan has been starting up, thereby allowing the Mission to incorporate the intent and requirements of the Emergency Plan into the new strategy.

### **Health SO: Health Status of Tanzanian Families Improved**

The purpose of this SO is to strengthen family planning and maternal and child health services.

The Intermediate Results are:

- Communities empowered to practice healthy behaviors and use services for targeted health problems;
- Family level access to targeted health services increased; and
- Sustainability reinforced for targeted health programs.

The Health SO will be measured by improved nationwide indicators for total fertility rate and the under-five mortality rate. The Outcome Intermediate Result that contributes to the Health SO goal is "target health practices improved and use of health services increased". USAID's program will build on three positive features of Tanzania's health systems: a) the availability and reach of existing health facilities, b) an institutional process of health sector reform that has potential for major improvements in health service delivery, and c) the strong long-standing multi-donor presence.

---

<sup>2</sup> As of May 2004, the US government remains the largest single donor supporting Tanzania's response to AIDS. Global fund awards, which would place the GFATM in the leadership position, have yet to translate into funding on the ground.

USAID is recognized as Tanzania's major donor in family planning and as the leading donor for maternal and child health. The Mission has continuously achieved or exceeded its targets, particularly in couple's years of protection (CYP), Vitamin A supplementation and intermittent presumptive treatment (IPT) of malaria in pregnancy. USAID has a comparative advantage in partnering with NGOs and has played a strategic role in providing resources to fund non-governmental activities and to flexibly respond to emergency needs in the sector.

### **Economic Growth: Incomes of Small Farmers Increased in Selected Agricultural Commodity Sub-sectors**

The purpose of the Economic Growth (EG) SO is to increase incomes of rural families by increasing their productivity, market access, and trade opportunities for selected agricultural commodities.

The Intermediate Results are:

- Increased productivity of selected agricultural commodities; and
- Increased trade of selected agricultural commodities.

The EG SO will achieve its results through the strengthening of farmers' productive and business capacities and by improving the policy and regulatory environment to increase market efficiencies and competitiveness of Tanzanian commodities. A centerpiece of this SO will be the development of financially viable and democratically managed producer organizations. This will allow the SO to reach a large number of beneficiaries with a set of integrated services. The ability of these organizations to provide assistance and support to their member farmers and to serve as effective advocates for continued improvements in the competitiveness of the agricultural sector will be keys to the sustainability of the interventions under the SO.

The EG SO is well positioned to play a strategic role in the overall effort to expand market-driven agricultural growth in Tanzania to support the GOT in its strategic approaches and policy positions via the Poverty Reduction Strategy Plan (PRSP) and Agricultural Sector Development Strategy (ASDS). The EG SO will help create an enabling and conducive policy environment for improving production and productivity of the agricultural sector, to serve as a basis for increasing farm incomes and reducing poverty.

### **Environment/Natural Resources SO: Biodiversity Conserved in Targeted Landscapes through a Livelihood Driven Approach**

The purpose of the Environment and Natural Resources (ENR) SO is to improve rural livelihoods while conserving biodiversity.

The Intermediate Results are:

- Policies and laws that integrate conservation and development applied;
- Participatory, landscape-scale conservation practiced; and

- Conservation enterprises generate increased and equitable benefits from sustainable use of natural resources.

The ENR program rationale rests on the linkage between environment and economic growth and poverty alleviation, and the challenge of sustainable management of Tanzania's biodiversity assets. Through a livelihood driven approach that emphasizes improved governance of natural resources, the SO will generate results relevant to both USG and GOT priorities in areas of conservation, economic growth, and governance.

The ENR SO builds on the foundation and opportunities established during the previous program that has performed at a high level, consistently meeting or exceeding expectations and achieving target results. USAID is regarded as a leader in the natural resources sector by both the donor community and the GOT. By continuing to lead, USAID would, with a modest investment, be able to leverage significant resources, as well as host country commitment, to attain the proposed objectives.

### **Democracy and Governance: Public Accountability Strengthened in Selected Policy Areas**

The purpose of the Democracy and Governance (DG) SO is to increase the role of civil society in governance thereby enhancing governmental accountability.

The Intermediate Results are:

- Intra-governmental accountability strengthened;
- Civil society advocacy improved; and
- Provision of public budget and expenditure data at district level expanded.

The theme of enhancing accountability resonates throughout the Mission strategy and reflects the prioritization of the GOT and the Mission. Holding the government accountable for policy directions, budgetary allocations, expenditure, and service delivery will enhance Tanzania's efforts at poverty reduction, and therefore, improve socio-economic development. It will help ensure that resources are being used for service delivery and are having a greater impact.

USAID Tanzania has been involved in the democracy and governance sector since 1994 in aiding Tanzania in its transition from single party socialism to a multiparty democracy. USAID activities have included policy dialogue with the GOT, support for civic education and association building, turning government functions over to the private sector, and working with the GOT to improve fiscal accountability. USAID/Tanzania's DG SO has built important relationships and has a track record of working with civil society and parliament.

### **Program Support Objective (PSO): Program Impact Deepened**

The purpose of the PSO is to deepen the impact of the Mission's development program by promoting, coordinating, and institutionalizing the integration of linkages, themes, and tools (LTT) into and across the Mission's five SOs.

The Intermediate Results are:

- Continuous learning/change facilitated; and
- LTT integrated across/into Mission programs.

The Mission's innovative objective of deepening program impact through LTT draws its inspiration and structure from a tested approach. Over the past few years, USAID/Tanzania has used a PSO and other mechanisms as vehicles to promote synergies within the Mission's development program. And indeed, despite the fact that these efforts took place within the flexibility-limiting context of an already mature strategy and program, Mission teams witnessed value added to their development results. The value added serves as the rationale for "doing business differently" by encouraging synergistic behaviors within the Mission and among its development partners. The new strategy provides a vehicle to build this approach in from the start, so as to maximize the potential benefits of LTT to strengthen our development program. The Mission will use the PSO as the principal mechanism to achieve this objective.

### **Summary**

The next ten years are critical for Tanzania. The country is at a crossroads. Much of the socialist baggage has been unloaded and new leadership is emerging. Furthermore, reforms that have been instituted in the last decade can now be institutionalized. This represents a real opportunity for USAID. We can play an important role; we can contribute to and make a substantive impact on accelerating Tanzania's progress towards sustainable development. USAID's program reflects a balanced strategic approach that can respond to the realities of the development environment that will exist in Tanzania for at least the next decade. The program areas of concentration are ones in which USAID has a clear comparative advantage. In developing the strategy, the Mission designed SOs that are focused to achieve maximum results in each sector and to encourage synergistic behavior across the portfolio. We believe that the USAID/Tanzania strategy makes the best use of scarce USG resources for Tanzania.

## 1. Overall Assistance Environment in Tanzania

### A. Country Setting

Since independence in 1961, Tanzania has stood out as one of the few stable countries in Eastern and Southern Africa. Tanzania plays a constructive role among its neighbors by hosting more than half a million refugees and leading efforts to resolve regional conflicts peacefully. Tanzania adopted a socialist agenda after independence but is now on a path of democratic governance and market-based economic reform. However, its political and economic development is impeded by several harsh realities: high rates of infectious disease such as HIV/AIDS; unsustainable natural resource exploitation; structural obstacles to higher economic growth; institutional and human capacity limitations; corruption; a fragile democracy on Tanzania's mainland; and a struggling democracy in Zanzibar.



Figure 1

Tanzania's increasing importance to the US is demonstrated by the doubling of the US Mission's Direct Hire staff, planned doubling of the Peace Corps program, and the inauguration in March 2003 of the new, \$70 million US Mission complex in Dar es Salaam, including a separate USAID office building.<sup>3</sup> With a large Muslim population in both Zanzibar and on the Mainland, Tanzania is in an important geographic position in East Africa to work with the United States in combating global terrorism. It is in the United States' interest for Tanzania to remain politically stable, and to assist and accelerate economic and political development.

Tanzania lies near the bottom of various development indicators. It is ranked 160 out of 175 countries in the 2003 United Nations Development Program (UNDP) Human Development Index. The World Bank estimates Tanzania's 2004 per capita income at \$280. Women's income levels are 50% of men. About half the population of 35 million subsists on less than \$0.65 per day, and 40% of Tanzanians are unable to meet their basic daily needs. About 60% of the women in Tanzania are estimated to live in poverty. Only 76% of adults are literate.<sup>4</sup> Life expectancy is 44 years<sup>5</sup> and falling while the infant mortality rate is

<sup>3</sup> The number US Direct Hire (USDH) employees in the US Mission has grown from 34 prior to the August 1998 bombing attacks in Kenya and Tanzania to 65 authorized USDH positions today, with likely additions in the near future to exceed 70 USDHs. In addition to the State Department, USAID, and Peace Corps, the US Mission includes a Defense Attache's Office (DOD), and an office of the Centers for Disease Control (CDC/HHS). The number of Peace Corps Volunteers has increased from 84 in 2002 to 110 in 2003 and is expected to reach 240 in 2005.

<sup>4</sup> The men's literacy rate is higher (83%) than the women's literacy rate (64%).

<sup>5</sup> Human Development Report 2003, UNDP.



99 per 1,000<sup>6</sup> and rising. Both of these phenomena are being exacerbated by a national HIV/AIDS infection rate of 9.6%.<sup>7</sup>

To cope with its development challenges, the Government of Tanzania (GOT) has focused on a long-term social and economic development plan for the first quarter of the 21<sup>st</sup> century that is articulated in two key development strategies: Tanzania's Development Vision 2025, and the Poverty Reduction Strategy Paper (PRSP). The GOT development framework as outlined in the Development Vision 2025 includes: improving the Tanzanian quality of life; maintaining a peaceful, stable and unified country; and promoting good governance, an educated society, and a competitive economy with sustained growth. The PRSP supports these goals through poverty reduction and sustainable development, particularly in the countryside. The focus on agricultural growth and commercialization of all productive sectors is essential for the success of the PRSP.

## **Economic, Biophysical, Social, and Political Environment: Opportunities and Challenges**

### **Economic Environment**

Tanzania currently enjoys one of the fastest growing economies in sub-Saharan Africa due to GOT's commitment and success in pursuing an economic reform agenda. In 1986, the GOT began implementing policies to transform a centrally-directed and state-owned economy into a market-driven one. The GOT simultaneously moved to control inflation, curb deficit spending, engage in civil service streamlining, gain modest control over budgetary outlays, divest control of over 80% of the parastatals, and privatize water, electricity, railroads, and the telecommunications sectors. Tanzania has benefited from an estimated \$85 million in debt relief for 2002-3, which is being plowed back into education and health sectors. Many bilateral donors are simply forgiving Tanzania's debts outright.

Over the past five years, Tanzania's economy has grown at an accelerating rate, averaging 4.5% per annum, and climbing to 5.6% in 2001 and 6.2% in 2002.<sup>8</sup> Inflation has fallen from 16% in 1997 to 4.5% in 2002. Overall exports have grown (in both value and volume) and diversified. Because of an improved macroeconomic environment and greater openness, foreign direct investment rose from \$50 million in 1994 to \$260 million in 2001. During 2001, the agriculture sector grew at a record 5.5%, up from 3.5% in 2000. In 2002, the sector registered a slight decline to 5%.<sup>9</sup> Nearly 15 years of investment in rural roads has opened areas of high economic potential, including parts of the southern highlands, for easier market access and rural transport. Because the agricultural sector contributes over 50% of Tanzania's gross domestic product (GDP), employs 84% of the total labor force, and accounts for 60% of Tanzania's export earnings, it will lead the economy for years to come. It is estimated that 80% of women are employed full or part-time in agriculture and that

<sup>6</sup> Tanzania's Ministry of Health's Reproductive and Child Health Section, 1999.

<sup>7</sup> National AIDS Control Program (NACP) Syphilis and HIV antenatal survey (January – December 2002).

<sup>8</sup> *Recent Macroeconomic Performance*, Public Expenditure Review Fiscal Year 2003, National Consultative Meeting, President's Office – Planning and Privatization, May 13, 2003, page 1. The International Monetary Fund gave a lower estimate of growth in 2002 of 5.5% because of the Iraq War and the present drought. Given these external shocks, a 5.5% growth figure for 2002 remains a robust figure.

<sup>9</sup> Ibid page 7.

30% of rural enterprises are owned by women, so it follows that interventions in this sector will help to raise women's incomes.

The majority of Tanzania's formal economic activity is in major cities; however, 88% of the country's estimated 17 million poor live in rural areas. Most of Tanzania's rural poor still largely depend on subsistence agriculture and are unable to participate in broader markets because poor roads, exorbitantly expensive utilities and legal, institutional, and regulatory barriers still impede their involvement. This has led to a rapid urbanization of Tanzania's population which has increased from 19% to nearly 30% between 1988 and 2003. A major challenge over the next decade will be to reach beyond the capital and major cities to smaller market towns and villages, where most Tanzanians reside.

### **Biophysical Environment**

Tanzania, with an area of 942,784 km<sup>2</sup>, is endowed with a diverse natural resources base upon which its population relies for survival and livelihood. These resources include forests, agricultural lands, rangelands, wildlife, fisheries, minerals and aquatic resources. Tanzania's wildlife resources are among the richest in the world. Ranking among the African countries with the highest number of bio-geographic divisions (phytochoria)<sup>10</sup> and exhibiting broad ecological differentiation,<sup>11</sup> Tanzania is a "mega-biodiverse" country. High diversity and degree of threat to biodiversity make Tanzania especially important to the United States sustainable development agenda.

The 2004 Environmental Threats and Opportunities Assessment (ETOA) notes the high degree of degradation to which these resources are subject (see Annex 3). With 88% of the country's poor being rural and the agricultural sector contributing over 50% of GDP, land degradation, in its various forms (e.g., soil erosion, deforestation, bush fires and overgrazing) is understandably one of Tanzania's most pressing problems. Furthermore, poverty, unproductive agriculture, high population growth, inappropriate national policies, and weak governance also threaten Tanzania's natural resource base in a number of ways. These include encouraging slash and burn agriculture, deforestation, unsustainable forest management, and habitat loss. This, in turn, leads to not only watershed degradation, erosion, and soil fertility loss but also vulnerability to conflict and disaster, and loss of biodiversity.

USAID/Tanzania fully recognizes the importance of the environmental analysis and its role in supporting and informing the strategic interventions. The ETOA report takes stock of the natural resource base, analyzes the major environmental problems facing Tanzania today, and summarizes among its key findings (see Annex 1) the actions necessary to achieve conservation and sustainable management of tropical forests and biodiversity in Tanzania; and the extent to which these actions meet the needs thus identified.

---

<sup>10</sup> Only Zaire and South Africa have more regions, while Angola, Cameroon, Nigeria, and Sudan, (like Tanzania), have five phytochoria each. As a result of this variety, Tanzania (like Zaire and Madagascar) has the highest number (11,000) of plant species in Africa, except South Africa (20,000).

<sup>11</sup> Tanzania can be divided into six ecological zones.

---

## Social Environment

With poverty reduction as the Government's primary policy objective, the social condition of Tanzanians is expected to gradually improve over the course of the strategy period. However, Tanzania currently ranks near the bottom of social indicators as most of the population struggles to meet the daily needs of food, clothing, and shelter. The World Bank estimates that 30% of Tanzanian children under the age of five suffer from malnutrition. Tanzania's population of 35 million has doubled over the past 25 years. With a growth rate of 2.9%<sup>12</sup> per year the population is projected to reach 52 million by 2025. Currently, over half of Tanzania's population is under the age of 25 and life expectancy continues to fall in large part due to the HIV/AIDS epidemic.

Tanzania continues to face serious health challenges. Movement from a centralized, public-sector system to a decentralized district-based approach mixing public, voluntary, and private sector providers<sup>13</sup> has been slow and service provisions have suffered. For every 1,000 babies born today, 147 do not survive to see their fifth year<sup>14</sup> due to malnutrition and preventable diseases such as tuberculosis and malaria which remains the primary killer of children in Tanzania. Positive trends in family planning, child survival, and malaria have leveled off or even reversed in recent years, in large part due to the impact of HIV/AIDS. With a national HIV/AIDS infection rate of 9.6%<sup>15</sup> (based on antenatal sentinel surveillance), the epidemic is the largest cause of adult mortality. Tanzania's orphan population is currently estimated at over 1.1 million (with 50-60,000 new orphans each year). With 50% of hospital bed-use now attributed to AIDS, the epidemic overshadows every aspect of Tanzania's development. Furthermore, HIV/AIDS transmission, testing, and care tend to affect women and men differently. Young people (ages 15 – 24) exhibit 60% of new infections, particularly among young girls. Gender differences in mobility influences who shows up at voluntary counseling and testing (VCT) sites. Other influences that impact VCT attendance include knowledge about sexually transmitted diseases and reproductive health, as well as control over sexual behavior. These issues are being considered in the HIV/AIDS program.

Life expectancy, which was 65 years in 1990, is projected to drop to 37 years by 2010.

Tanzania is one of 14 countries to receive significant USG support under the President's Emergency Plan for AIDS Relief (also referred to as the Emergency Plan in the document). The Mission has positioned itself to strengthen local capacities to ensure that these funds result in reduction of new infections, increased number of AIDS patients receiving treatment, and greatly expanded access by HIV-infected mothers to anti-retroviral (ARV) prophylaxis.

With a 76% literacy rate, Tanzania ranks well above the average literacy rate of 62% in sub-Saharan Africa. However, the education system remains deeply flawed and suffers from poor quality, inefficiency, inadequate access, and low retention rates. Although primary school is

---

<sup>12</sup> Tanzania Population and Housing Census Report, 2002.

<sup>13</sup> The private and voluntary sectors include private for profit, non-governmental, community based, civil society and faith based organizations.

<sup>14</sup> Tanzania's Ministry of Health's Reproductive and Child Health Section, 1999.

<sup>15</sup> National AIDS Control Program's (NACP) surveillance report Number 17 (January – December 2002).

free and mandatory, the enrollment rate is only 80.7%. The enrollment rate for females is slightly lower than for males in primary school. However, the gap widens considerably in secondary school. Of the 22% of primary students who transition to secondary school,<sup>16</sup> 5% are females.<sup>17</sup> The GOT has made progress towards improving the condition of education, initiating a series of reforms in primary education in the 1990's with the aim that all children have equitable access to quality education. Tanzania's Primary Education Development Plan (PEDP) articulates a vision of Universal Primary Education within a wider context of the GOT's development policy framework. Tanzania's Development Vision 2025 and Tanzania's PRSP further outline plans to create a well-educated society with a high quality of life.

## **Political Environment**

The GOT embarked on a major political transition in the early 1990s to formally abandon a single-party socialist government in favor of a multi-party democracy. A special commission was appointed to recommend formal, legal, and constitutional changes congruent with a multi-party democratic system. Tanzania's first multi-party elections took place in 1995, with the Chama Cha Mapinduzi (CCM) party winning over 75% of the seats in Parliament. Despite the presence of a parliamentary opposition, dissent and contestation remain marginalized, with those outside the old party structure holding unequal access to the levers of power, authority, and information. Opposition parties remain fragmented and unable to articulate platforms that attract voters.

Tanzania's first multi-party elections in 1995 and subsequent elections in 2000 were judged by observers to have been generally free and fair on the mainland, but deeply flawed in Zanzibar where election irregularities led to violence and bloodshed in 2001. Unless remedied, failure of establishing a level political playing field in Zanzibar could have broader consequences for democracy and stability in Tanzania. The April 1999 Flash Points study discussed the potential for conflict in Zanzibar based on tensions between the two main political parties and recommended working with civil society to mitigate the political stalemate. Since then, the two parties have negotiated a political reconciliation accord and are implementing it with some positive results. Zanzibar's May 2003 by-elections were held in a peaceful, free, and fair environment, fulfilling a critical test of the accord.

Corruption in politics is one of Tanzania's chief development challenges. The government has drawn up a National Anti-Corruption Strategy Action Plan and created the Corruption Prevention Bureau with a mandate for investigation and prosecution of some types of cases. Little real action has been taken to actually control grand corruption, and it is unclear whether requisite political will can be generated. A recent study on the GOT's efforts to fight corruption reports that citizens do not agree the GOT is doing all it can to tackle high-level corruption. NGOs and Parliament, however, have shown signs that they are interested in taking on a greater role.

As in all post-socialist states, Tanzania's civil society remains weak and uncertain as to how to access the government on a wide variety of health, education, land use, and human rights issues. In November 2002 Parliament passed the NGO Act, which threatens the

---

<sup>16</sup> The Economic Survey 2002 – The President's Office of Planning and Privatization. Dar es Salaam, Tanzania, June 2003. The primary school completion rate is 46%.

<sup>17</sup> Human Development Report 2003, UNDP.

inherent voluntary, non-governmental nature of NGOs due to overly restrictive provisions which require registration, governmental coordination, and criminalizes operating an unregistered NGO. NGOs are continuing to lobby the GOT to address some of the Acts' more worrisome provisions. And, USAID will continue to determine how the government might be persuaded to further modify the NGO Act. The challenge facing Tanzanian society over the next decade will be how civil society and government will interact to compel further democratization, while preserving the country's stability.

While women are beginning to influence government policy from the NGO side, their gains within government have been less notable. Tanzania's Constitutional provision for 48 appointed "special seat" women members has ensured female representation, yet currently women occupy only 12 out of 231 seats in Parliament. Likewise, women only hold nine of 46 ministerial and deputy ministerial positions and only one of 20 Regional Commissioner positions.

Tanzania is approaching a critical period in its transition to democratic governance. In October 2005, general elections will test the durability of the electoral process and institutions of democratic governance. As in other states transitioning from a single party state to democracy, it is often the second and third elections, rather than the first, which determine a country's willingness to accept electoral uncertainty. Since the opposition has established a political beachhead in Zanzibar, the commitment of the ruling party to allow the democratic process to play out will indicate the current regime's commitment to a pluralistic democracy. Maintaining momentum for reform and keeping space for civil society will be essential to keeping Tanzania from moving on track toward democratic consolidation.

### **Critical Assumptions and Potential Country Risks**

Unlike many of its East African neighbors, Tanzania has avoided major conflicts in the recent past, because of its strong tradition of policies and institutions that foster a socially harmonious, multicultural, multi-ethnic, and multi-religious society. Over the strategy period, the Mission assumes that Tanzania will continue to enjoy social and political stability. Tanzania has not been thrown off course in the last ten years during its transition from a socialist to a democratic state, and we do not expect it to do so in the next ten years. A younger generation in and outside government will gradually take the reins of power and quicken the pace of political, economic, and social reform. This represents an ideal opportunity for the US to allocate resources and substantively contribute to Tanzania's development.

The Tanzania Conflict Vulnerability Assessment (CVA) team identified the following risks or triggers: the 2005 elections, a rise in Islamic militancy, economic shocks, US policy, and Union matters. The CVA team concluded that "...none of these tensions were viewed as an immediate threat by anyone with whom we talked." One event the CVA recommended the Mission continue to monitor is the 2005 elections which were referred to as "...an upcoming watershed, even as a possible flash point, particularly on the Zanzibar islands." While the elections could trigger instability, the situation is not insurmountable. The CVA noted that "Tanzania finds itself in a dramatic transition, with high but not immediate or unmanageable risks." "The Government of Tanzania and its ruling party, the CCM, can run a free and fair presidential election in 2005 because the risks of not doing so are high, and because

Government and the CCM have the policies and institutions that count for Tanzanian inclusiveness very much within their control.” USAID has examined the CVA and has taken these triggers into consideration. The Mission is closely following Zanzibar events, as instability there will affect the Mission’s plans. The Mission has been allocated \$500,000 in Economic Support Funds (ESF) to support ongoing reforms in Zanzibar leading to the general elections in 2005.

Tanzania remains in a period of transition on the socio-economic front. At the macroeconomic level, we expect the GOT to continue the structural and policy reform programs that have led to the privatization of many of its parastatals. Economic growth rates will gradually increase however, the economy is still growing too slowly to have a positive impact on poverty. It is unlikely that poverty will decline substantially in rural areas, unless structural and policy reforms in the agricultural sector are implemented. The government’s determination to proceed with decentralization will continue to be impeded by weaknesses in capacity, as regional and local offices strain to respond to new demands and responsibilities. Tax administration and revenue collection will remain as problems.

A majority of the population remains without adequate access to quality education or health services. Tanzania faces an ongoing struggle to reduce HIV/AIDS transmission rates, care for those affected, and reverse existing trends. Tanzania will continue to require large amounts of donor assistance to cope with the HIV/AIDS epidemic and the socio-economic impact it is having on children and adults of productive age.

## **B. USG Foreign Policy Interests in Tanzania**

### **Link to the U.S. Department of State/USAID Strategic Plan**

Since the Embassy bombing in 1998, Tanzania’s importance to the US for security and strategic reasons has grown substantially. The Mission Performance Plan (MPP) states that efforts to counter the threat of terrorism constitute the MPP’s primary goal. US national interests in Tanzania are the following: 1) Tanzania plays a constructive role among its East and Central African neighbors in leading efforts to resolve regional conflicts peacefully and hosting more than half a million refugees and 2) Tanzania is a key ally in combating terrorism. In a volatile region, it is a stable country on a path of democratic governance and market-based economic reform and growth, and offering avenues for outreach to Muslims that account for 35% of the population on the mainland and 99% in Zanzibar.<sup>18</sup> It is in the United States’ interest for Tanzania to remain politically stable, and for the United States to assist and accelerate economic and political development to support Tanzania’s positive role in the region.

The USAID/Tanzania strategy is consistent with the mission of the US Department of State-USAID Strategic Plan: “To create a more secure, democratic, and prosperous world for the benefit of the American people and the international community.”<sup>19</sup> By helping to improve the quality of life for ordinary Tanzanians, USAID’s efforts will address some of the root causes of crisis, conflict, and terrorism. In particular, the strategy will contribute directly to

<sup>18</sup> The CIA World Factbook, 2003.

<sup>19</sup> United States Department of State and the United States Agency for International Development, Strategic Plan: Fiscal Years 2004 – 2009, Aligning Diplomacy and Development Assistance, August 2003, page 1.

the US Department of State-USAID Strategic Plan goals of democracy and human rights; economic prosperity and security; and social and environmental issues. Over the strategy period, USAID will work with the U.S. Embassy and other USG agencies in Tanzania to help ensure that its development assistance program is fully aligned with the Embassy's foreign policy efforts.

Tanzania's increasing importance to the U.S. is demonstrated by the doubling of the Mission's US Direct Hire (USDH) staff, planned doubling of the Peace Corps program, and the inauguration in March 2003 of the new, \$70 million U.S. Mission complex in Dar es Salaam, including a separate USAID office building.<sup>20</sup>

### **Link to Presidential and Agency Initiatives**

The Tanzania strategy will directly support the Presidential and Agency Initiatives summarized below:

*President's Emergency Plan:* The \$15 billion, five-year program provides \$10 billion in new money, including up to \$1 billion for the Global Fund for AIDS, tuberculosis, and malaria. The Emergency Plan encompasses HIV/AIDS activities in more than 75 countries and focuses on 14 countries in Africa and the Caribbean to develop comprehensive and integrated prevention, care, and treatment. As one of the 14 priority countries, Tanzania will work to prevent the spread of HIV/AIDS through its activities at local and national levels.

*Initiative to End Hunger in Africa (IEHA):* As a significant step to meet the United Nations (UN) Millennium Development Goal of halving the number of severely impoverished and malnourished people by 2015, the United States will increase its financial commitments by over 25% to boost agricultural productivity and trade in Africa. These investments will focus on harnessing science and technology and unleashing the power of market forces to increase smallholder agricultural productivity. The Mission's Economic Growth SO contains a series of activities to increase rural incomes, and will serve as an effective initial step toward the Millennium Development goal of reducing hunger. In 2005, Tanzania will submit an IEHA Action Plan to USAID/Washington proposing how this program will be implemented.

*Joint Regional Trade Proposal/REDSO TRADE Initiative Partner's Fund:* These two initiatives bring additional resources to the Mission to improve trade links and the capacity of Tanzania to engage in export markets. The Joint Regional Trade Proposal (JRTP) is an effort by eight Southern Africa Missions to strengthen and broaden their regional trade efforts, and to build the capacity of all countries in the region to export, both within the region and beyond. The purpose of the Trade for African Development and Enterprise (TRADE) program is to strengthen and reinforce regional efforts to increase competitiveness in Central and East Africa. Key focus areas of focus will be trade capacity, market linkages, customs and trade facilitation, and transportation issues.

*Anti-Corruption Initiative:* The Africa Bureau's five-year Anti-Corruption Initiative supports President Bush's desire to focus on countries that have demonstrated political will and

---

<sup>20</sup> See related footnote on page 1.

progress towards democratic and open government principles. The goal is to reduce corruption in sub-Saharan Africa by addressing the enabling environment for corruption. In August 2003, Tanzania submitted a successful proposal to the Africa Bureau describing how it plans to support this initiative. The intent of the Mission's program is two-fold: 1) establish a model district-level public expenditure tracking system that can be replicated, and 2) support professional development of the media to report more effectively on use of public funds.

*Water for the Poor Initiative:* Announced at the August, 2002 World Summit on Sustainable Development, the USG's Water for the Poor Initiative will work towards UN Millennium Development Goals related to: access to clean water and sanitation services; improved watershed management; and increasing the productivity of water. USAID/Tanzania's ENR SO will contribute directly to achievement of Initiative objectives. The SO's landscape based, livelihood-driven approach to conservation will rely in part on watershed and/or marine resource management approaches, generating results in areas of both watershed management and water supply.

*Leland Initiative:* The Leland Initiative is a five-year USG Information and Communications Technology (ICT) effort aimed at helping African countries to cross the "digital divide." The initiative's overarching goal is to extend full Internet capacity to 20 or more African countries, through: improving connectivity; increasing access to information for sustainable development; enhancing local ICT capacity; and making African information available to the world. Tanzania is among the Leland Initiative's target countries. The new Mission strategy is relevant to the Initiative, as it will mainstream ICT into implementation as a development "tool." As such, the Mission anticipates supporting ICT activities both cutting across and embedded into its development programs.

*Africa Education Initiative:* The President's Africa Education Initiative will target improved access and quality of education through increased funding for scholarships, especially for girls, improved teacher training, enhanced use of new learning technologies, and increased community involvement in education. Finally, with the assistance of U.S. Historically Black Colleges and Universities, the initiative will provide textbooks in local languages. With initiative funds, USAID intends to implement a teacher training program for marginalized communities to improve the quality of teaching in needy districts. The Mission will draw upon its previous basic education support experience in the area of improving the quality of teaching and the environment for learning from primary through secondary school in Zanzibar.

The Tanzania strategy will give support to and draw support from regional strategies (e.g., the Regional Economic Development Services Office and the Regional Center for Southern Africa). Over the course of the strategy, the Mission will work with colleagues in the Africa Bureau and in the pillar bureaus to maximize the impact of its development activities. Since Tanzania is not a Low Income Food Deficit Country, it is not a priority for food aid. Though the Mission's strategy does not currently envision activities that fall under the realm of Food for Peace, Office of Foreign Disaster Assistance, or the Office of Private and Voluntary Cooperation, the Mission will work with these offices should the situation arise.



---

## Tanzania's Eligibility for the Millennium Challenge Account

To assess Tanzania's potential eligibility for Millennium Challenge Account (MCA) funds, a Mission study analyzed the MCA performance indicators and reviewed the median scores on each of the indicators for sub-Saharan Africa.<sup>21</sup> Currently, it appears that Tanzania will not qualify for MCA funds for two main reasons: (i) it scores poorly on the control of corruption indicator, and (ii) it does not pass a sufficient number of indicators in the investing in people area.

*Encouraging Economic Freedom:* Tanzania's strongest of the three MCA policy areas is encouraging economic freedom. It comfortably scores above median on three indicators – country credit rating, regulatory quality, and days to start a business – and its level of inflation of 4.5% is significantly less than 20%. Tanzania's three-year budget deficit indicator suggests that it performs well relative to sub-Saharan Africa, but not to the larger pool of low-income countries. Tanzania's challenge in the area of economic freedom is its trade policy score. It does poorly relative to sub-Saharan Africa and to low-income countries in general. While Tanzania fails the trade policy indicator, as part of the East African Community's protocol, Tanzania is expected to simplify its tariff structure by removing one tariff band by late 2004.

*Ruling Justly:* Tanzania scores above the median on four of the six ruling justly indicators, only failing to score above the median on the political rights and control of corruption indicators. Tanzania does well on the indicators of voice and accountability, government effectiveness, and rule of law. Regarding the corruption indicator, the fact that Tanzania scores poorly, even relative to sub-Saharan Africa, means it is unlikely that Tanzania will qualify for MCA funds in the near future. However, the Transparency International Corruption Perception Index for Tanzania has improved over recent years. Corruption is one of the issues which the Mission addresses in the new strategy. With Africa Bureau Anti-Corruption Initiative funds, for example, the Mission plans to work with districts on a public expenditure tracking system.

*Investing in People:* Based on some estimates,<sup>22</sup> Tanzania may have difficulty qualifying for MCA funds as a result of the investing in people indicators. Tanzania falls well below the median, even by sub-Saharan African standards, on the two indicators measuring public expenditure on health and primary education.<sup>23</sup> Also, with a primary school completion rate of 60%, Tanzania does not score above the median.<sup>24</sup> It will be difficult for Tanzania to qualify in future years unless strong efforts are made to allocate more public resources to health and primary education, and the primary education completion rate improves. As part of its Development Vision 2025, the GOT aims to have a well-educated and learned society by 2025. Consequently, primary education is now free and mandatory. After roads, education is the most heavily donor-funded sector. Tanzania narrowly scores below the

---

<sup>21</sup> See Annex 12 for details of the December 2003 study.

<sup>22</sup> Radelet, Steve. (2003) "Which Countries Are Most Likely to Qualify for the MCA? An Update," Washington, DC: Center for Global Development (May 30). Radelet, Steve. (2004) "Which Countries Are Most Likely to Qualify for the MCA? An Update using MCC Data," Washington, DC: Center for Global Development (April 22).

<sup>23</sup> One way of improving the public expenditure indicators is to capture more of the aid provided in support of health and primary education sectors in the Government's budget. This is currently taking place in Tanzania.

<sup>24</sup> Only 20% of females passed the Primary School Leaving Examination (PSLE) in 2002 compared to 35% of males. See Annex 9: USAID Mini-Assessment: Basic Education in Tanzania, p. 11.

median on public expenditure on health. The only indicator on which Tanzania appears strong in this area is the immunization rate of 89%. Its score is very high relative to sub-Saharan Africa and low-income countries generally.

*Implications for USAID/Tanzania:* USAID/Tanzania's strategic approach involves focusing investments in areas where it has a comparative advantage and can make an impact on Tanzania's progress towards sustainable development and reduced poverty. The Mission will focus its efforts in areas that will improve Tanzania's control of corruption indicator, some of the investing in people indicators, and the trade policy indicator.

## **C. Donor and Host Country Relationships**

### **The Government of Tanzania**

Tanzania's national development programs are articulated in the Tanzania Development Vision 2025, the Poverty Reduction Strategy Paper (PRSP), and the Tanzania Assistance Strategy (TAS). The Tanzania Development Vision 2025 is the GOT's main policy initiative outlining its long-term economic goals of poverty reduction and sustainable economic growth. Tanzania aims to emerge to a middle income country with a high level of human development by the first quarter of the millennium by: improving the Tanzanian quality of life; maintaining a peaceful, stable and unified country; and promoting good governance, a competitive economy, and an educated society. These goals are further outlined in the PRSP which sets forth Tanzania's medium-term strategy goals. The PRSP was developed through broad consultations with national and international stakeholders in the context of debt relief through the Highly Indebted Poor Countries (HIPC) Initiative. The PRSP is viewed as an instrument for channeling national efforts toward broadly agreed-upon objectives and is an integral part of ongoing macro-economic and structural reforms. The PRSP supports the goals of poverty reduction, improving the social well-being of Tanzanians, and promoting sustainable development, particularly through strengthening the agricultural sector.

The Tanzania Assistance Strategy (TAS) provides a framework for improving aid coordination and enhancing national ownership of the development process in Tanzania. Finalized in June 2002, the TAS is designed to promote consultations and dialogue between the GOT and its development partners to evaluate progress on development activities. It seeks to ensure that external resources are transparently and effectively managed to attain the development strategies set forth in the Development Vision 2025 and the PRSP. Tanzania has demonstrated a commitment to the broader development agenda of the New Partnership for Africa's Development (NEPAD). In October 2003, the GOT participated in the Second Eastern Africa Region Heads of State and Government Summit to devise a regional plan to support NEPAD's key principles of poverty reduction and sustainable economic development through good governance and private sector participation.

### **Other Donors**

Even as the GOT seeks to reduce its dependency on external support in the long term, technical assistance, budget support, new credit, and debt relief under the HIPC Initiative

will continue to be vital for Tanzania in the short term. By consulting with other donors in each sector, we ensure that we are not working at cross-purposes.

Japan (agriculture, transport) and the United Kingdom (public sector finance, agriculture) are Tanzania's first and second largest bilateral partners, together providing more than one-third of bilateral assistance. Other bilateral donors include Denmark (health); Sweden (information technology, wildlife); Germany (information technology, wildlife, health); Norway (energy); and the Netherlands (rural development, health). USAID has been the lead bilateral donor for HIV/AIDS<sup>25</sup> and for wildlife and coastal resource management. USAID activities in health, governance and civil society attract contributions from several bilateral donors. Multilateral donors include the World Bank and the International Monetary Fund (IMF), which provide over 50% of all multilateral financing; the United Nations agencies; the African Development Bank (rural micro enterprises) and the European Union (rural roads, basic education). The donors have created an Independent Monitoring Group in Tanzania which periodically assesses coordination and the donor relationship with government, and recommends improvements. This type of institutionalized "mutual review" process, conducted by an independent body, is unique to Tanzania.

Tanzania has seen a significant increase in the amount of official development assistance (ODA) it receives. From 1999 to 2001, net ODA rose from \$990 million to over \$1.2 billion, of which 58% is estimated to have accrued to the Government. In addition, donors have increasingly shifted their assistance away from financing individual projects toward other forms of assistance, particularly sector baskets and general budget support facility. In Tanzania's FY 2002, the share of assistance received by Government that was provided as budget (or program) support stood at 58%, up from 32% in FY 1999.<sup>26</sup> And, it appears this trend will continue. USAID does not contribute to any of the sector baskets or to general budget support. The Mission is in an increasingly unique position in this respect, and is better able than most donors to offer specialized technical assistance. We've been able to capitalize on this comparative advantage.<sup>27</sup> The GOT recognizes our assistance program so our "seat at the donor table" is well established. We also play leadership roles in the donors group and sub-sector working groups.

---

<sup>25</sup> Under the Emergency Plan, USAID's response to HIV/AIDS is part of the overall USG response. The US government remains the largest single donor supporting Tanzania's response to AIDS. Global fund awards, which would place the Global Fund for AIDS, Tuberculosis and Malaria (GFATM) in the leadership position, have yet to translate into funding on the ground.

<sup>26</sup> Tanzania's fiscal year begins on 1 July and ends on 30 June. FY 1999 refers to 1 July 1998 – 30 June 1999.

<sup>27</sup> For example, the British already use USAID's more targeted means for direct assistance to Parliament. Eight donors (including USAID) are contributors to the Rapid Funding Envelope account that USAID devised to rapidly mobilize assistance to NGOs active in HIV/AIDS.

## 2. USAID/Tanzania's Strategic Approach

### Planning Parameters

USAID/Washington issued the Tanzania Parameters Guidance cable on August 11, 2003 (see section 11). The Mission's Concept Paper was deemed a sound and acceptable approach for the preparation of the Country Strategic Plan (CSP) reflecting a sustainable development strategy for the period FY 2005 – 2014.

The approved programmatic areas are HIV/AIDS, health, economic growth with emphasis on agriculture, environment/natural resources management, and democracy and governance for ten years starting at an annual base level of \$36 million. USAID/Washington also approved the Mission's innovative Program Support Objective (PSO) as a mechanism for deepening the impact of its development activities through coordination and integration efforts.

Staffing levels within USAID/Tanzania were set at seven positions, which include one HIV/AIDS officer; this is compared to the Mission request of eight U.S. Direct Hire (USDH) positions plus one HIV/AIDS Officer for a total of nine positions. The Mission was encouraged to not exceed \$3.8 million for the Operating Expense (OE) budget in 2005. The Africa Bureau concurred with the Mission's request for two international development interns if they are funded by USAID/Washington.

### Comparative Advantages

Given the Agency's experience in Tanzania, as well as its overall strengths, USAID's areas of greatest comparative advantage lie in HIV/AIDS; health; private sector development through policy and institutional reform, improved market linkages, agriculture, and trade; environment/natural resources management (E/NRM), especially wildlife, coastal resources, and Community-based Natural Resource Management (CBNRM); and democratic governance. Prior assistance programs have given USAID a solid foundation on which to build a new program.

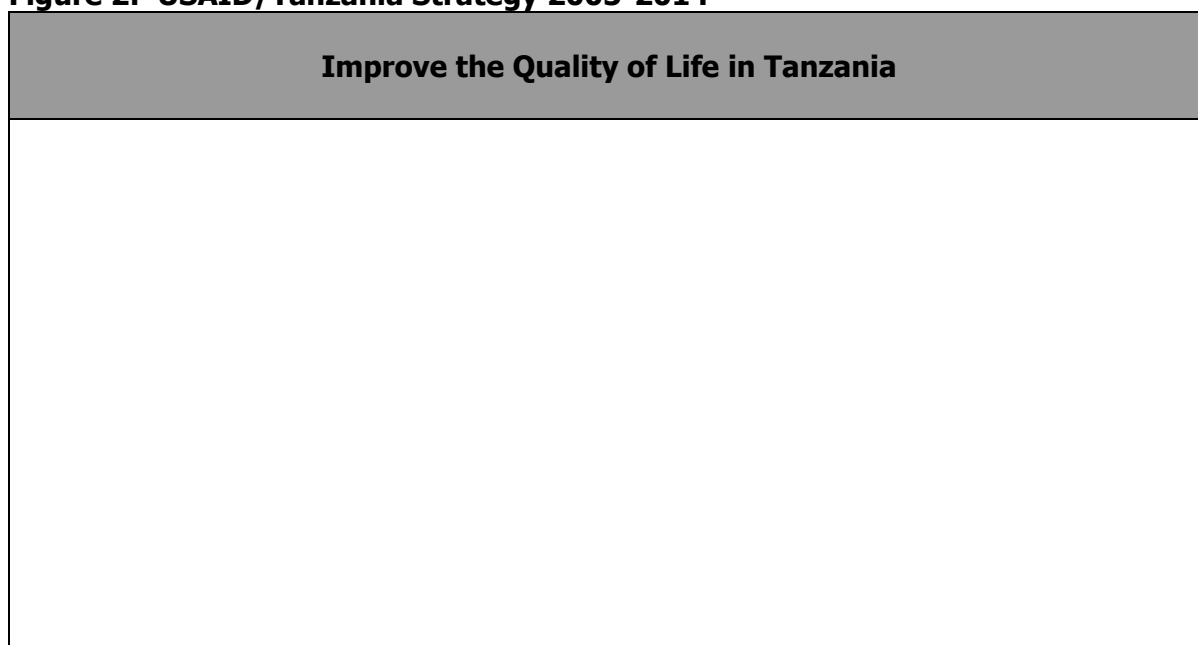
- **Health and HIV/AIDS.** In both health and HIV/AIDS, USAID remains the best staffed donor in Tanzania with the greatest access to international expertise in the HIV/AIDS area. This enables the Mission to provide targeted assistance and help solve problems on short notice to keep health programs moving forward. We also provide the most reliable and useful demographic and health statistics for planning and monitoring progress in health programs. Continued USAID involvement in HIV/AIDS is important, particularly if progress is to be realized in this sector.
- **Economic Growth.** USAID is uniquely poised to catalyze broad-based economic growth leading to poverty reduction based on progress in the agricultural sector. USAID has a far greater depth and analytical capacity in markets and trade, and in science and technology, than any other bilateral donor. Expanded domestic, regional, and international trade is essential to accelerate growth rates, and USAID's

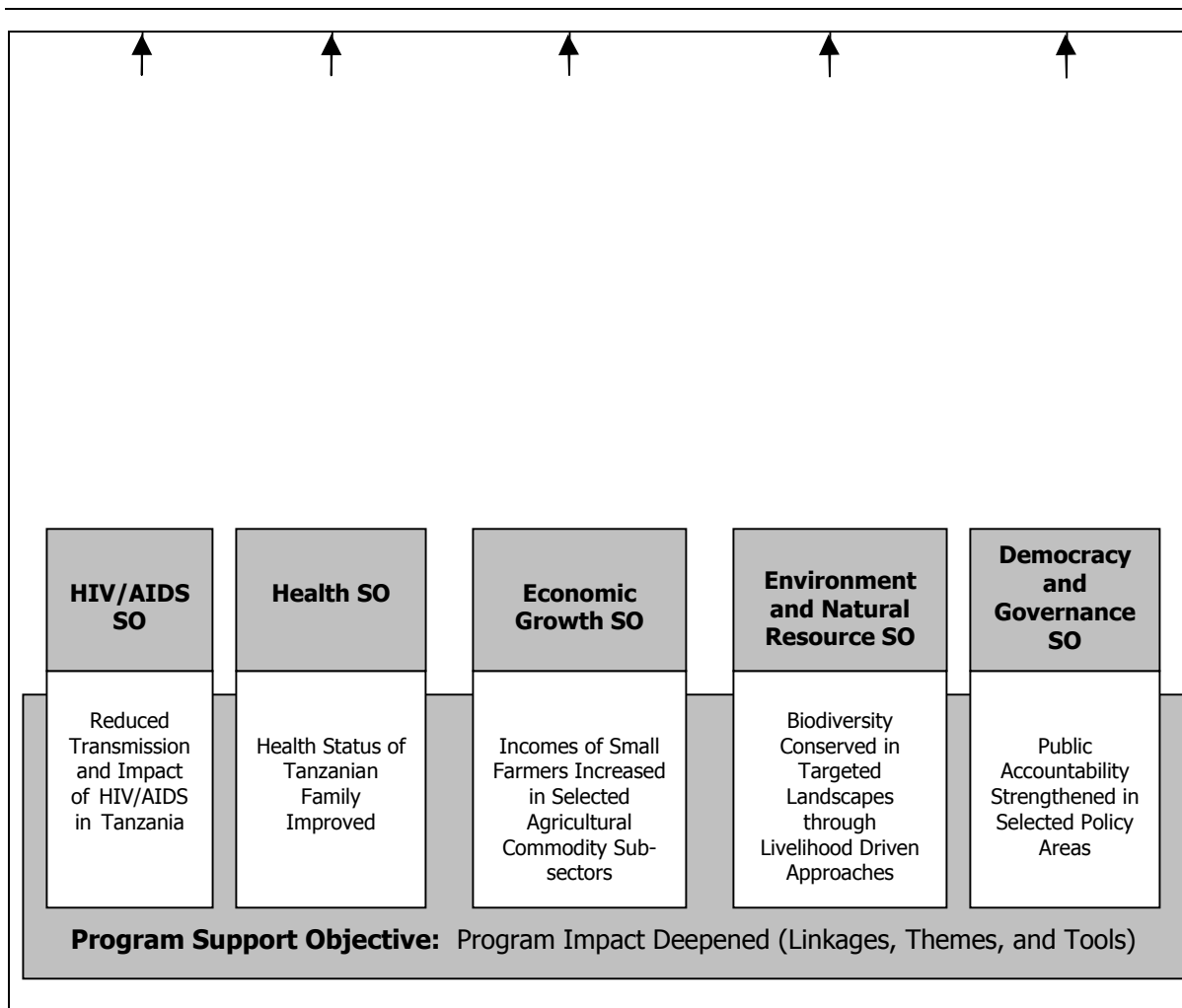
Regional Trade Hubs in East and Southern Africa can help provide expertise in designing interventions in economic growth.

- **Environment.** Over the past strategy period (1997-2004), a strong partnership between USAID, the GOT, the private sector, other donors, and NGO partners has led to a robust institutional and legal framework for sound environmental management. This framework offers additional opportunities for economic growth.
- **Democracy and Governance.** Finally, USAID's ten years of experience in supporting the growth of civil society and the NGO community in health and HIV/AIDS, E/NRM, DG, and private sector development provides the institutional knowledge to continue to strengthen democratic institutions and improve government accountability. Past work in the judicial system (in establishing a nationwide system of alternative dispute resolution) and current work in strengthening Parliament broadens the foundation from which USAID can make further contributions in consolidating democracy in Tanzania.

USAID occupies an increasingly unique position in Tanzania, because, unlike many donors, USAID does not contribute to general budget support and sectoral basket funding for health and education. These funding modalities will soon operate in the roads and agricultural sectors. USAID is the lead donor in wildlife and coastal resource sub-sectors of environment, as well as in HIV/AIDS, and has taken the lead in establishing multi-donor funding mechanisms, such as a cooperative, rapid funding account for NGOs in health, to which eight donors contribute. By operating outside the basket and budget support mechanisms, the Mission is the best positioned donor to offer targeted technical assistance – including business development assistance to appropriately oriented private firms. Other donors, such as the British, are already using USAID's more targeted mechanisms for direct assistance to Parliament and NGOs active in HIV/AIDS.

**Figure 2: USAID/Tanzania Strategy 2005-2014**





### Mission Goal and Vision

*The Mission's goal is:* "Improve the Quality of Life in Tanzania". This goal supports the Africa Bureau's vision statement which identifies reducing poverty and improving the quality of life throughout the region. It is consistent with the mission of USAID and the Department of State under the US Department of State/USAID Joint Strategic Plan. With its focus on accelerated economic growth and improved welfare, assistance under the new strategy will also track closely with the GOT focus on agricultural development, market reforms, poverty reduction, and the fight against the HIV/AIDS epidemic under the PRSP, the TAS, and Tanzania's Development Vision 2025.

After the 1998 Embassy bombing, Tanzania's importance to the United States has grown for security and strategic reasons. With the substantial increase in USG presence in Tanzania since 1998, USAID expects to be involved in Tanzania's economic development for at least the next 20 years. It is one of the stable countries in Eastern and Southern Africa. Given Tanzania's continued social and political stability and its steady economic liberalization progress over the last decade, the new, ten-year strategy (2005-2014) will help Tanzania to address its key challenges. Tanzania is at a crossroads. The country has unloaded much of its socialist baggage and has embraced more political, economic, and social openness – and over the next decade more and more leaders will be drawn from a population that did not

grow up under socialism. This represents a real opportunity for the US to contribute substantively to Tanzania's sustainable development.

While progress has been made, most major reforms are not fully institutionalized. We believe that Tanzania will continue to pursue its reform agenda. However, the implementation of these reforms will take at least a decade. We expect the donor community will continue to provide the support Tanzania requires to ensure this happens.

The ten-year strategy reflects a bilateral foreign aid commitment to a country that is demonstrating its dedication to reducing poverty and achieving sustainable economic growth. USAID/Tanzania's program reflects a balanced strategic approach that responds to the realities of the development environment that will exist in Tanzania for at least the next decade. The program will help Tanzania continue on its path to democracy, and given its important geographic position in East Africa, the program can contribute to the USG goal of countering the threat of terrorism. Finally, the program areas of concentration are ones in which USAID has a clear comparative advantage. While it is reasonable to expect that some program adjustments will be made, the overall strategic focus is not expected to change. Triennial and Mission reviews, as well as annual reporting, will provide opportunities to examine progress on a regular basis and will serve as a platform for dialogue.

While the Tanzanian economy is growing, the World Bank and others have stated that its growth rates must be higher (at least 8% per annum) and sustained over a long period of time if the ordinary citizen is to have a better life. Despite possible internal and external shocks (drought, disease, and limited conflict), USAID can contribute substantially to this aim by remaining committed to a long-term development program.

The Mission will work towards "Improving the quality of life in Tanzania" by ensuring people-level improvements in Tanzanians' economic status through increased private sector-led economic growth and competitiveness in agriculture and by helping to halt the deterioration of the health status and helping to contain the HIV/AIDS epidemic. By 2014, there will be greater participation by average citizens in determining their own futures. A broad range of stakeholders – from central government to local communities – will be participating in both conservation and sustainable natural resource utilization efforts and sharing equitably in the benefits. Rural incomes in target regions will have risen due to increased agricultural productivity, burgeoning agribusinesses and producer organizations, improved market linkages, and expanded trade. Tanzanians' role in their own governance will have evolved so that they can work through a stronger civil society and more independent Parliament to demand a more accountable and responsive government. These changes will have made Tanzania an even more respected leader in the region.

### **Rationale for Programming Areas**

While assistance under the new strategy will continue in the same broad assistance areas in which we currently work, SOs, targets, sub-sectors, and approaches will change markedly based on lessons learned, our analytical agenda, and new Agency objectives. The strategy builds on the successful health, environment/natural resource, and democracy programs already underway. In addition, the strategy includes an Economic Growth (EG) SO with an emphasis on agriculture and trade, as well as a new SO in HIV/AIDS. The proposed

programs are closely aligned with the GOT's priorities as set out in the PRSP. Each of these programming areas closely supports Agency and Africa Bureau goals, as well as Tanzania's development vision. USAID's assistance in these particular areas, especially taken together, strongly contributes to reducing poverty and improving quality of life in Tanzania.

Education is a major development constraint in Tanzania and the education sector depends heavily on donor support. It is estimated that approximately 13% of total donor funds in Tanzania went to the education sector in 2003. Although USAID was not previously involved in basic education in Tanzania in the last strategy, the Mission brought the issue into its strategic considerations. The Mission determined however, (and the Africa Bureau concurred) that because of the combination of the level of donor support for education, lack of available funding under the main education Development Assistance (DA) account, and the fact that additional staff would be required to launch a new education program in Tanzania, it would not propose education as a new SO. Rather, the Mission conducted a mini education assessment (see Annex 9) that identified potential opportunities in our SO sectors to include an aspect of education (e.g., girls' education, HIV/AIDS orphans' education) that complements the GOT and other donor efforts.

Though not slated as SOs in the strategy, the areas of gender, capacity building, Information and Communications Technology (ICT) and public-private alliances receive special attention as cross-cutting themes and tools under the new PSO.

### **Linkages, Themes, and Tools (LTT)**

To move the Mission towards its goal of improving the quality of life in Tanzania, SO activities must complement each other and work together. Establishing guiding principles — values and beliefs that steer an organization's members as they pursue its purpose — will enhance this integration. The principles affect how the Mission works both internally as a team and externally with the GOT, partners, and other donors. The Mission identified guiding principles that will advance this integration:

- Promote linkages and synergies<sup>28</sup> across SOs;
- Incorporate cross-cutting themes and tools; and
- Maximize opportunities for consultation and collaboration with partners and stakeholders.

The SOs described in this strategy were designed with consideration given to linking with fellow SOs. The Mission is building on its previous experience and success with SO linkages, and incorporating this knowledge in the design of the strategy where it makes sense. While SO teams have primary responsibility for developing linkages with other SOs and for incorporating cross-cutting themes and tools, the Mission designed the Program Support Objective (PSO)<sup>29</sup> to support and oversee promotion of synergies across SOs and advance cross-cutting themes and tools to enhance program performance. The PSO team is comprised of "PSO champions" from all Mission teams.

---

<sup>28</sup> USAID/Tanzania defines synergy as an overall result that is achieved by multiple activities (across two or more SOs) that is greater than the sum of the specific activities.

<sup>29</sup> As per ADS 201.3.7.10, a PSO contains activities that are implemented exclusively to support the achievement of the SOs. For more detail, see PSO section 8 that follows the SO sections.



## Program Support Objective

As a Mission, we developed an innovative approach to maximize our resources and deepen the impact of our development activities. We call it the Linkages, Themes, and Tools (LTT) approach. With this approach, all SO teams commit to the strategic integration of linkages, themes, and tools into and across SOs.

- **L: Linkage:** a shared result (as defined by a common indicator/s) between two or more SOs. The result appears in two or more results frameworks.
- **T: Cross-Cutting Theme:** a development problem that the Mission has determined requires integration into and across all SOs. The Mission's themes are gender, HIV/AIDS, and governance.
- **T: Tool:** an implementation approach (or a way of doing business) adopted by the Mission as an effective means to deepen development results. The Mission's tools are information and communications technology (ICT), capacity building, and public-private alliance building.

In developing the strategy, Mission teams collaborated to identify linkages, themes, and tools that offered opportunities for synergy and increased program effectiveness. The PSO will serve as a mechanism for institutionalizing the approach. We believe that the PSO will enhance our planning and coordination efforts across the portfolio in a structure and manner that did not formally exist within the Mission. The PSO promises to be particularly useful for mainstreaming gender and reflects a strong level of support from Mission leaders. Through the PSO, for example, the Mission will be able to mainstream gender both conceptually and practically.

By adopting a proactive and systematic approach to LTTs (e.g., gender) across our portfolio, the Mission expects that it can achieve greater results than would have been possible otherwise. For a more detailed description on the PSO and the LTT approach, please see the PSO Section 8 that describes our innovative approach in detail and the LTT Tables in Annex 18.

## Participatory Planning Process

USAID/Tanzania holds to the guiding principle of consultation and collaboration with partners and stakeholders both in developing and implementing the strategy. Through field visits, meetings in Washington, and virtual involvement, USAID staffs in the Africa Bureau and in the Pillar Bureaus have participated actively in developing the strategy. In Tanzania, the Mission has involved the Embassy and other USG agencies,<sup>30</sup> GOT counterparts, NGOs, the private sector, and other donor partners in exploring new strategic directions. In doing so, we have ensured that we are complementing each other's programs and not working at cross purposes.

In addition to the consultations, the Mission undertook an extensive analytical agenda that informed the strategy's development. The analytical agenda included the mandated

<sup>30</sup> Other USG agencies include the Peace Corps, Department of Defense, Internal Revenue Service, U.S. Forest Service, Centers for Disease Control (CDC), and the Department of the Interior.

automated directives system (ADS) assessments (gender, CVA, and environment) as well as many others that are summarized in the annexes.

**Post-Strategy Approval**

USAID/Tanzania hopes for approval of the new strategy by August 2004. The full Performance Monitoring Plan will be ready by fourth quarter FY 2005. Each SO describes its implementation plans in its respective section.