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Evaluation of the Implementation of the 2nd National 5yrs Development Plan, 2016-2021

The United Republic of Tanzania

Ministry of Finance

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF FINANCE AND PLANNING (MoFP)

EVALUATION REPORT OF THE IMPLEMENTATION OF THE SECOND NATIONAL FIVE-YEAR DEVELOPMENT PLAN (FYDP II) 2016/17-2020/21

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ACT	–	Agricultural Council of Tanzania
AEP	–	Alternative Education Pathways
AfCFTA	–	African Continental Free Trade Area Agency
AGOA	–	African Growth and Opportunity Act
AICC	–	Arusha International Conference Centre
AIDS	–	Acquired Immunodeficiency Syndrome
AQSRB	–	Architects and Quantity Surveyors Registration Board
ASDP	–	Agriculture Sector Development Programme
ATCL	–	Air Tanzania Company Limited
BACAC	–	Bagamoyo College of Arts and Culture
BEE	–	Business Enabling Environment
BIM	–	Building Information Modelling
BRT	–	Bus Rapid Transit
c2c	–	cotton-to-clothing
CAG	–	Controller and Auditor General
CAP	–	Comprehensive Action Plan
CARMATECH	–	Centre for Agriculture Mechanization and Rural Technology
CET	–	Common External Tariff
CHF	–	Community Health Fund
CHWs	–	Community Health Workers
CIP	–	Census of Industrial Production
CMSA	–	Capital Market and Securities Authority
COBET	–	Complementary Basic Education and Training
CoC	–	Certificate of Conformity
COSOTA	–	Copyright Society of Tanzania
CoST	–	Construction Sector Transparency Initiative
COSTECH	–	Commission for Science and Technology Commission for Science and Technology
COVID-19	–	Corona Virus Desease-2019
CPIA	–	Country Policy and Institutional Assessment
CRB	–	Contractors registration Bureau
DPG-E	–	Development Partners Group on Environment, Natural Resources and Climate Change
DSE	–	Dar es Salaam Stock Exchange
DTIS	–	Diagnostic Trade Integration Study
EAC	–	East Africa Community
EAMCEF	–	Eastern Arc Mountains Conservation Endowment Fund
EASTRIP	–	East Africa Skills for Transformation and Regional Integration Project
EIA	–	Environment Impact Assessment
EP4R	–	Education Program for Results
EPZ	–	Export Processing Zones

EQUIP-T	–	Education Quality Improvement Program
ERB	–	Engineers Registration Bureau
EWURA	–	Energy, Water and Utility Regulatory Authority
FCC	–	Fair Competition Commission
FDCs	–	Folk Development Colleges
FDI	–	Foreign Direct Investment
FSS	–	Food Self Sufficiency
FY	–	Financial Year
FYDP	–	Five Year Development Plan
GAM	–	Global Acute Malnutrition
GAP	–	Good Agricultural Practices
GCLA	–	Government Chemist Laboratory Authority
GDP	–	Gross Domestic Product
GER	–	Gross Enrolment Rate
GFCF	–	Gross Fixed Capital Formation
GNI	–	Gross National Income
GPS	–	Global Positioning System
HCI	–	Human Capital Index
HDI	–	Human Development Index
HESLB	–	Higher Education Students Loans Board
HIV	–	Human Immunodeficiency Virus
IAP	–	Implementation Action Plan
ICBAE	–	Integrated Community Basic Adult Education
ICT	–	Information, Communication and Technology
IDRAS	–	Integrated Domestic Revenue Administration System
IIDS	–	Integrated Industrial Development Strategy
ILFS	–	Integrated Labour Force Surveys
IPOSA	–	Integrated Program for Out of School Adolescents
ITEP	–	Integrated Training for Entrepreneurship Promotion
JAST	–	Joint Assistance Strategy for Tanzania
KCPL	–	Kiwira Coal and Power Limited
LANES	–	Literacy and Numeracy Strategy
LBT	–	Labour-Based Technology
LBW	–	Low Birth Weight
LED	–	Local Economic Development
LGA	–	Local Government Authority
LLGA	–	Lower Local Government Authorities
M&E	–	Monitoring and Evaluation
MERL	–	Monitoring, Evaluation, Research, and Learning
MITM	–	Ministry of Industry, Trade and Marketing
MNRT	–	Ministry of Natural Resources and Tourism
MoESTVT	–	Ministry of Education, Science, Technology and Vocational Training
MoFP	–	Ministry of Finance and Planning

MoWTC	–	Ministry of Works, Transport and Communication
MPI	–	Multi-dimension Poverty Index
MSMEs	–	Micro, Small and Medium Enterprises
MWTI	–	Morogoro Works Training Institute
NACTE	–	National Council for Technical Education
NARCO	–	National Ranching Company
NAWAPO	–	National Water Policy
NCAA	–	Ngorongoro Conservation Area Authority
NCC	–	National Construction Council
NCCS	–	National Climate Change Strategy
NCD	–	Non Communicable Diseases
NCT	–	National College of Tourism
NDC	–	National Development Corporation
NEDF	–	National Entrepreneurship Development Fund
NEMC	–	National Environmental Council
NER	–	Net Enrolment Rate
NESR	–	National Environment Status Report
NFE	–	Non-Farm Enterprises
NFRA	–	National Food Reserve Agency
NGOs	–	Non-Governmental Organisations
NHC	–	National Housing Corporation
NHIF	–	National Health Insurance Fund
NHPP	–	Nyerere HydroPower Project
NICTBB	–	National ICT Broadband Backbone
NIDA	–	National Identification Authority
NPK	–	Nitrogen, Phosphorus, and Potassium
NRW	–	Non Revenue Water
NSC	–	National Sanitation Campaign
NSMIS	–	National Sanitation Management Information System
NSSF	–	National Social Security Fund
NTMs	–	Non-Tariff Measures
OECD	–	Organisation for Economic Co-operation and Development
OSBP	–	One Stop Border Posts
OSHA	–	Occupational Safety and Health Authority
PERs	–	Public Expenditure Reviews
PMO	–	Prime Minister's Office
PPF	–	Parastatal Pension Fund
PPP	–	Public-Private Partnerships
PPRA	–	Public Procurement Regulatory Authority
PSLE	–	Primary School Leaving Examination
PSSN	–	Productive Social Safety Net
PVoC	–	Pre-Export Verification of Conformity
PWP	–	Public Works Programme
R&D	–	Research and Development

REER	–	Real Effective Exchange Rate
RMNCAH	–	Reproductive, Maternal, Neonatal, Child, and Adolescent Health
RPL	–	Recognition of Prior Learning
RUWASA	–	Rural Water Supply and Sanitation Agency
RWSS	–	Rural Water Supply and Sanitation
SADC	–	Southern African Development Community
SADC	–	Southern African Development Community
SAGCOT	–	Southern Agricultural Growth Corridor
SBR	–	Statistical Business Register
SDGs	–	Sustainable Development Goals
SDL	–	Skills Development Levy
SEP	–	Skills Enhancement Program
SET	–	Skills for Employment Tanzania
SEZ	–	Special Economic Zone
SGR	–	Standard Gauge Railway
SIDP	–	Sustainable Industrial Development Program
SIS	–	School Information System
SME	–	Small and Medium Enterprises
SNHI	–	Single National Health Insurance
SoEs	–	State Owned Enterprises
SPS	–	Sanitary and Phytosanitary
SQA	–	Schools Quality Assurance
SSA	–	Sub-Saharan Africa
SSRC	–	School Summary Report Card
SSTP	–	Sustainable Structured Training Program
STAMICO	–	State Mining Corporation
STR	–	Simplified Trade Regime
SUMATRA	–	Surface and Marine Transport Regulatory Authority
TADB	–	Tanzania Agricultural Development Bank
TAE	–	Technical Assistance to Exporters
TAEC	–	Tanzania Atomic Energy Commission
TaFF	–	Tanzania Forest Fund
TAFIRI	–	Tanzania Fisheries Research Institute
TAICO	–	Tanzania Association of Informal Construction Workers
TANAPA	–	Tanzania National Parks
TANCIS	–	Tanzania Customs Integrated System
TANTRADE	–	Tanzania Trade Development Authority
TARURA	–	Tanzania Rural and Urban Roads Agency
TBC	–	Tanzania Broadcasting Corporation
TBS	–	Tanzania Bureau of Standards
TCCIA	–	Tanzania Chamber of Commerce, Industries and Agriculture
TCRA	–	Tanzania Communications Regulatory Authority
TCU	–	Tanzania Commission for Universities
TDV	–	Tanzania Development Vision

TEMDO	–	Tanzania Engineering and Manufacturing Design Organization
TFA	–	Trade Facilitation Agreement
TFB	–	Tanzania Film Board
TFDA	–	Tanzania Food and Drugs Authority
TFS	–	Tanzania Forest Service Agency
TIC	–	Tanzania Investment Centre
TICTS	–	Tanzania International Container Terminal Services
TIRDO	–	Tanzania Industrial Research and Development Organization
TMDA	–	Tanzania Medicines and Medical Devices Authority
TML	–	Tanzanite One Mining Ltd
TNNS	–	Tanzania National Nutritional Survey
TPA	–	Tanzania Ports Authority
TPR	–	Tan Power Resources Limited
TPSF	–	Tanzania Private Sector Foundation
TRA	–	Tanzania Revenue Authority
TSCP	–	Tanzania Strategic Cities Project
TSIP	–	Transport Sector Investment Program
TTB	–	Tanzania Tourist Board
TTSA	–	Tanzania tree Seed Agency
TUCTA	–	Trade Union Congress of Tanzania
TVET	–	Technical and Vocational Education and Training VET
UHC	–	Universal Health Coverage
UWSS	–	Urban Water Supply and Sanitation
VET	–	Vocational Education and Training
VETA	–	Vocational Education and Training Authority
WASH	–	Water Sanitation and Hygiene
WEF	–	World Economic Forum
WMA	–	Weights and Measures Agency
WTO	–	World Trade Organisation
WTTC	–	World Travel and Tourism Council
ZRPT	–	Zones for Conservation and Protection for Tourism

EXTENDED EXECUTIVE SUMMARY

1. INTRODUCTION

Background: This report is based on the evaluation of Tanzania's Second Five Years Development Plan (FYDP-II for 2016/17 to 2020/21) whose theme is "Nurturing Industrialization for Economic Transformation and Human Development" as implemented until mid-2020 in order to start planning for the FYDP-III starting July 2021. The FYDP II aspires, among several specific objectives, to build a base for transforming Tanzania into a semi-industrialized nation; consolidate the country's strategic geographical location as a regional production, trade and logistic hub; promote availability of requisite skills for industrial and service delivery; and accelerate broad-based and inclusive economic growth that takes care of the youth and disadvantaged groups. The plan's objectives are also compliant with global and regional development frameworks such as the Africa Agenda 2063 and SDG 2030.

Approach Used in Analysis and Presenting the Evaluation Results: The targets for each thematic segments of the FYDP-II were assessed in order to understand and appreciate(a) the overall performance in reaching the stipulated objectives, targets and performance indicators; which were at two levels: outcome indicators and output/process indicators; (b) the extent to which implementers applied management for results in realizing FYDP II goals; (c) the adequacy of FYDP II financing and utilization of the sources of finance; (d) the challenges encountered in the implementation of FYDP II and propose remedial measures; (e) some untapped opportunities towards the attainment of the FYDP II objectives and targets; and (f) some general and specific policy recommendations.

2. OVERALL PERFORMANCE OF THE IMPLEMENTATION OF FYDP II

The assessment has revealed that the country performed well in **maintaining macroeconomic stability** during the implementation of FYDP II. About 93.8 percent of the targets were met. Other notable achievements were: GDP growth reached 70 percent of the target; inflation declined by 147.1 percent compared to the target; budget increased by 101.4 percent; foreign exchange reserves in terms of months of imports increased by 122.5 percent or equivalent of 4.9 months of imports compared to the target of 4 months; total revenue collection reached 92.5 percent of the target; interest spread achievement of 143.7 percent of the target and; non-tax revenue to GDP ratio achievement of 270.9 of the target.

Industrial sector performance during FYDP II was high. About 75 percent of the targets were met. Industry's contribution to GDP reached 25.1 percent compared with 21.1 percent in 2015/16. Some 8,477 industries were established by June 2020, creating some 482,601 new jobs. These achievements have created a solid foundation for achieving a semi-industrialized country by 2025.

In **the manufacturing sector** the set targets for FYDP-II were achieved by 66.6 percent. There was some accelerated growth of the manufacturing sector, increasing from 5.2 percent in 2016/17 to 8.5 percent in 2020/21. It also doubled its share of employment from 3.1 percent to 6.75 percent in 2020/21 and the number of exporting firms increased five-fold from 247 to 1,180 during the same period.

The interventions in the **agriculture sector and sub sectors** during FYDP II resulted in positive performance for attaining about 77 percent of set targets. The sector's real growth rate increased from 3.4 percent in 2016/17 to 4.4 percent in 2019/20. The share of GDP (current prices) reached 28.2 percent in 2018 from 29.7 percent in 2017, while its share to employment remained at around 67 percent. The positive performance was also recorded in the agriculture's share of total export earnings, which increased from 8.5 percent to 9.0 percent (2019/20); nearing the target of 9.8 percent set for June 2021. The area under irrigation increased from 461,376 ha (2014) to 694,715 ha by mid 2020, compared to the target of TZS 700,000 ha by June 2021.

All of the targets (100 percent) set for **mining sector** during FYDP II were met. Annual growth almost doubled to 12.6 percent from 6.9 percent in 2015/16; while revenue increased to a historical high of TZS 6,500.5 billion in 2020/21. The government put in place the Extractive Industry Policy and Regulations in 2017, which resulted to the beneficiation of more than 90 percent of the minerals by end of 2019.

In the **trade sector 4** out of 6 traditional exports had their export values increased and for gold, diamond, and other minerals. The share of Tanzania's exports to SADC also increased. Efforts went into the construction of a gold refinery, product-specific development strategies (leather, sunflower, pulse); training traders on exporting, establish regional SEZs, and investing hard/soft infrastructure (one stop border posts, trade promotion, roads, ports expansion).

Successes were also recorded in the **tourism sector** whereby the number of tourists visiting Tanzania reached 1.5 million in 2019 (from 1.1 million in 2015), accompanied with increased number of nights spent per tourist. Earnings from tourists increased from US$ 1.9 billion in 2015 to US$ 2.6 billion in 2019. The successes are attributed to enhanced domestic and international marketing campaigns for the sector; upgrading of infrastructure; skills development, and review of regulatory environment.

In the **natural resources and environment sector** about 81.8 percent of the planned targets by 2020/21 were either fully met or made some commendable progress by mid 2020. Among the notable drivers for the success were the use of renewable energy, which increased from 36 percent to 39 percent; households using charcoal in urban areas declined from 90 percent to 60.5 percent; and the identification and protection of natural water sources.

The overall performance for the targets of the **infrastructure and services** development, until June 2020, was 91 percent. This has been attributed to achieving FYDP-II outcome targets for roads (104 percent), railways (60.1 percent), seaports (75 percent), aviation (129.9 percent), Air Tanzania Corporation Ltd (89.7 percent), meteorology (91.5 percent) and electricity (77.8 percent), telecommunication (94.1 percent). The assessment reveals that individual interventions that have attained almost 100 percent or more include connecting public institutions to e-Government (247 percent), increase in people using internet (177 percent), ports position in global ranking (105 percent), and regions connected to electricity (95.7 percent). Among the flagship projects that were implemented and required huge financial resources included the Standard Railway Gauge (SGR) and the Julius Nyerere Hydropower Dam. Given the high success rate in the construction of infrastructural projects that covered transportation (e.g., roads, railways, and ports), energy, communication, real estates, education, health; there was also a corresponding success rate in meeting targets set for the construction industry. There were also trainings offered to engineers and contractors throughout the country.

In the **health sector** about 70 percent of the planned targets were fulfilled as evidenced by the reduction of infant and under-5 mortality rates to 38.4 percent and 53 percent per 1,000 births, respectively; maternal mortality rate reduction by 25.7 percent, and increased births attended by skilled workers increased from 51 percent to 80 percent. HIV prevalence rate reduced from 5.1 percent to 4.6 percent; and health care facilities increased by 21.1 percent accompanied by employment of about 1.28 million new health workers. Overall, Tanzanians life expectance increased from 61 to 66.7 years.

Access to **water supply** increased to 85 percent in Dar es Salaam, 84 percent in Regional Headquarters and 64 percent in District Headquarters (2020 Water Sector Report). The proportion of households using protected water source in the rainy season and during dry season reached 88 percent and 77 percent, respectively. The proportion of households with any toilet facility has reached 93 percent.

In attaining **food and nutrition security** the targets were achieved by 94.3 percent by mid-2020, based on, among others, successful reduction of stunting and wasting among children below 5 years of age; proportion of women of reproductive age with anaemic condition. It also includes increased proportion of women practicing exclusive breast feeding of new born babies for the first six months.

In the **education and capacity development** area the achievements are mainly based in rolling out fee-free expanded access to basic education schooling system; and constructing classrooms, teachers' colleges, supplying teaching equipment, laboratory equipment and ICT. Among the achievements in **skills development** include improved learning environment (equipment, rehabilitating buildings and ICT facilities in TVET and FDC centres).

The targets for the development of Tanzania's **creative industry** were surpassed by 19.1 percent. The industry's GDP grew at an average of 13.3 percent, for the past four years, higher than the planned target. The number of registered students for degree course increased by more than 250 percent, while those pursuing certificate and diploma courses increased by about 95 percent.

Targets for **poverty reduction** were attained by 83.8 percent as evidenced by increased status of the Human Development Index (reached 92.6 percent of its target) and the proportion of urban population living below food poverty line (115.9 percent). Both the Multi-dimension Poverty Index (MPI) and Poverty Head Count (PHC) achieved 68.7 percent of their targets.

Social protection performance was met by 111.1 percent for the coverage of the health insurance scheme by NHIF and 113.6 percent, for coverage under the Community Health Fund (CHF). Coverage of the social security scheme reached 110 percent of the target. Some progress was made in domesticating the local economic development (LED) and related strategies at LGAs level. This includes nurturing the growth of Micro, Small and Medium Enterprises (MSMEs) that are supported by, and are well linked to large-scale enterprises in manufacturing, construction, tourism, and other priority areas of economic transformation and human development.

The Government stepped up efforts to accord the highest priority to **governance and accountability** whose targets were achieved by 85 percent. Among the notable areas of achievement are related to successfully conviction of corruption cases as a proportion of cases investigated by PCCB; increased score in the Country Policy and Institutional Assessment (CPIA) on transparency, accountability, and corruption in the public sector rating and increased proportion of women among members of parliament.

The above-mentioned achievements owe to the availability of **adequate financing**, among other factors. The targets for attaining goals of the financing strategy during the second FYDP were surpassed by 98 percent using a combination of borrowed funds from both concessional and non-concessional sources. The share of domestic resources in development spending expanded to 80 percent of the overall development spending. As an outcome of the relaxed investments regulations, the private sector invested 3 times more than the FYDP-II's target.

3. APPLICATION OF MANAGEMENT FOR RESULTS (M4R) DURING THE IMPLEMENTATION OF FYDP II

All of the reviewed sectors and sub-sector, had without exception, some guiding policies and implementation strategies which provided the needed guidance in **management for results (M4R).** The country had also established specialized institutions and agencies under sector ministries to oversee the implementation of FYDP-II goals. M4R in **macroeconomic management** was facilitated by a set of consistent and predictable macroeconomic policies to aiming to achieve sustained economic growth. They included strategies to pursue pro-growth impact of fiscal instruments, domestic sterilization, exchange rate management and ensuring consistency in the various elements of the macro policy framework. They resulted in a stable macroeconomic condition supported by well managed inflation rate, exchange rate, interest rates, balance of payments, fiscal deficit and external debt as well as promotion of external trade. The Bank of Tanzania supervised the performance of banking and non-banking institutions to ensure compliance to laid down guidelines.

The second **agricultural sector development programme (2016/17 to 2026/27** aims to modernize and commercialize sector using an inclusive approach to ensure smallholder farmers (crops, livestock and fisheries) are not left behind. The sector is jointly managed by agricultural sector line ministries (ASLMs), which include those responsible for lands and health in addition to the Ministries responsible for crops, livestock, and fisheries. The ministries are supported by sub-sector specific policies (e.g. Marketing Policy), research institutions (e.g. TARI for agriculture and TAFIRI for fisheries) and specialized agencies such as the National Food Reserve Agency (NFRA) and commodity boards for traditional cash crops such as cotton, cashew nuts and coffees; and for cereals and legumes (e.g. Crops and other Produce Board (CPB)). The private sector in the horticultural sector is coordinated for support by the Tanzania Horticulture Association (TAHA).

The management to get better **food and nutrition security** results was a collaborative effort involving the ASLMs, including the Ministry of Industries and Trade, whose agencies such as Tanzania Bureau of Standards (TBS) set standards for food quality and safety. On the other hand, the Tanzania Food and Nutrition Centre (TFNS) provide guidance on food preparations and preservations.

In order to ensure that the **mineral sector** increases its share of contribution to GDP and employment creation, the country adopted policies that encourage value addition of minerals before exportation, enhanced public shares in new mining ventures, participation of small-scale miners and establishment of mineral markets in major towns. Several mineral processing factories have been established following the 2017 legislation that requires all minerals to be beneficiated in the country. The initiative has been supported by opening one-stop auction/selling centres for precious minerals in mineral producing districts. In order to encourage and promote profitable **trade** the government has undertaken several pro-trade initiatives, including undertaking huge investments in soft/hard infrastructure to advance trade sector in the medium to long run; establishment of one stop border posts, and a number of trade promotion measures; adopting and implementing the Blueprint initiative and encouraging investments in the development of sub-sectors such as leather, cotton, sunflower.

The government has also actively engaged in trade and tariff negotiations with all trade blocks that Tanzania takes part in (e.g., establishment of the African Continental Free Trade Area (AfCFTA) and the EAC negotiations on strategies for advancing cotton, clothes, leather and shoes sectors; industrial value addition; and the review of the EAC's Common External Tariff (CET).

In the **tourism sector** the government's strategy to manage for results included expanding the number of tourism assets; targeting both international and domestic tourists in tourism marketing campaigns; and capacity development for personnel (e.g. park rangers and tour guides) serving the sector. The number of national parks increased from 16 to 22 in the past four years. The establishment of Julius Nyerere National Park will also open wildlife tourism in regions such as Ruvuma. Communities empowered to conserve nature through Wildlife Management Areas (WMA) in return for shared benefits from enhanced tourism.

The approach for managing for results in the **natural resources and environmental protection** arena include building the capacity of specialized agencies such as TANAPA to effectively collaborate with other stakeholders to manage natural resources through different measures such as controlling harvesting of creatures; and expediting surveillance in the Indian Ocean Tanzania waters to curb illegal fishing. Promoting the use of renewable energy and use of coal briquettes is seen as part of natural conservation efforts as emphasized in SDGs 2030 goal number 7. The country has adopted decentralized forest management by encouraging the planting of community woodlots, supported by agencies and initiatives such as Tanzania Forest Service Agency (TFS), the Tanzania tree Seed Agency (TTSA), the Eastern Arc Mountains Conservation Endowment Fund (EAMCEF), and the Tanzania Forest Fund (TaFF).

The country's agenda to build a competitive and industrialized nation depends to a great extent on the performance of the **energy sector**. For that reason, the government in the last four years embarked on diversification of power sources focusing on hydropower generation (from the flagship project of Julius Nyerere Hydropower Dam (JNHD)) and natural gas power generation. In addition to TANESCO and TPDC, there are some newly created agencies such as PURA (upstream exploration of petroleum/natural gas), PBPA (bulk procurement and importation of fuel). EWURA continues with its role to safeguards public interests by ensuring fair electricity tariffs are applied. The recently adopted Local Content Policy and Guidelines encourages Tanzanians to be actively engaged in the energy sector.

The M4R in the **roads sector** has involved the establishment of TARURA to enhance efficiency in implementing roads outside the main trunk roads under TANROADS, which enhanced its enforcement of existing rules and regulations governing road usage. Specialized agencies as useful partners in roads construction include: the National Construction Council (NCC); Architects and Quantity Surveyors Registration Board (AQRB), Engineers Registration Board (ERB), and the Contractors Registration Board (CRB). There have been some deliberate efforts to encourage local companies to participate and win road construction and supervising tenders. At the same time, the government resorted to the use of force account in public construction projects (saving between 30 to 40 per cent of the construction costs). There is also a policy for involving informal collective groups (women and youth), and small contractors as players in promoting the use of labour-based technology as advocated by the International Labour Organization (ILO).

In order to increase the speed of transportation of goods and people by **railway**, the government has embarked to increased resource allocations to railways infrastructure and services, including increasing reliance on own sources of funds have helped to improve services as witnessed by the resumption of train passenger services in Dar-es-salaam city and between Dar and Arusha via Tanga and Moshi. The new and only standard railway gauge railway (SGR) in Tanzania will be electric-powered to take advantage of the JNHP, which will more than double the electricity supply in the country.

In water transportation, the Tanzania Ports Authority (TPA) is mandated to oversee all the improvements in **ports and deployment of new vessels,** which are proudly made by a Tanzanian company.

A revamped **Air Tanzania Company Ltd** after the purchase of 11 air crafts (with 8 already delivered by August 2020). Parallel to efforts to revamp ATCL, the government also invested in the improvement of airports and enhancing air safety by installation of new aviation radars at strategic areas. TCCA has remained with 58 active airports that can handle crafts after suspending more than 200 small airfields that lacked minimum service and safety standards to handle aircraft. There are some advanced stages in the commissioning of building a new international airport at Msalato, Dodoma. While waiting for the completion of Msalato airport, the runway for the old Dodoma airport was extended in order to ensure that larger aircrafts can land.
In **meteorology,** the installation of weather radars has improved considerably the accuracy of weather forecasting in the country, thus allowing stakeholders to make more accurate decisions in agriculture, mining, oil and gas exploration, transport, business transactions, social events, etc. The interpretation of the satellite and radar data has also been improved following the training of technical staff on weather radar management.

The Tanzania National Construction Council (NCC) oversees the performance of the **construction industry,** which entails mainly infrastructure projects (road construction, rehabilitation and upgrading of airports, power generation, railways, etc). In order to achieve better results the government initiated measures for increased enforcement of rules and regulations in the construction industry (increasing inspections of infrastructure projects, registration, monitoring and deregistration of unethical contractors); provided capacity development and knowledge creation (research on latest technology in the construction industry, and, unit costs of construction projects; advantages and disadvantages of projects under the "design and build" model). Several bodies work collaboratively to achieve better results. They include the Engineers Registration Board (ERB), Contractors Registration Board (CRB), and the Architects and Quantity Surveyors Registration Board (AQSRB).

The country has broad and sector specific policies, programmes and institutions that have been key in the **management of poverty reduction** results. The Ministry of Finance and Planning (MFP) coordinates efforts to mobilize resources for poverty reduction. On the other hand, the Vice President's Office has the central role of monitoring and coordinating the implementation by sector ministries and the interaction with other government organs and other stakeholders. Among the several programs used to target resource-poor households is the Productive Social Safety Net Programme (PSSN), entailing conditional cash transfers and public works programme coordinated by Tanzania Social Action Fund (TASAF).

There are several policies enacted to guide the provision of **social protection.** These include the National Social Security Policy (2003); National Ageing Policy (2003); and conditional cash transfer programme to target the extreme poor across the country. National social security institutions include National Social Security Fund (NSSF); Public Service Pensions Fund (PSPF) for all employees working directly under the government and the Parastatal Pension Fund (PPF) for all employees working under governmental parastatals.

In the **health sector,** the observed successes in reducing under-five and infant mortality, through declines in morbidity and mortality from malaria and other childhood diseases are attributed to collaborative efforts between the Ministry responsible for health and other sector ministries, departments and local/foreign agencies. Among the key interventions that helped to improve health care include adopting new management systems, building of health facilities at village, ward, district and regional levels, as well as training and recruitment of health personnel. The government also introduced universal health insurance through the Community Health Insurance Fund (CHF), although by June 2020, only 25 percent of the population had obtained CHF cover. The Ministry for Health, assisted by agencies such as Tanzania Food and Nutrition Centre (TFNC), NIMRI and TIRDO, took a lead role in 2020 in the fight against COVID-19, which yielded better results than the approaches adopted by neighbouring countries. In improving water supply, the government established a new dedicated agency, the Rural and Urban Water and Sanitation Authority (RUWASA) with a better accountability system compared to previous water departments under the LGAs. Meanwhile, mandates for sustainable water resource management are still under the nine Water Basin Authorities, which adhere to the Integrated Water Resources Management and Development Plans (IWRM&D Plans).

In the **education and capacity development** field, several initiatives were implemented that led to the observed positive results. These include: several specialized education programs established to advance the sector; reforms in school inspections, textbook policy, infrastructure development (classrooms construction, rehabilitation of teachers' colleges, ICT); and focus on inclusive approaches (with improved education facilities for the vulnerable groups). The school inspection function was strengthened with the construction of district level offices.

The National **Skills Development Strategy** adopted in 2016 helped to guide skills development in the country. Among the approaches and interventions, which helped to yield better results included: building of about 540 new technical institutions by mid-2019; investment into infrastructure development in VETA and TVET centres; upgrading skills of entrepreneurs from the informal sector and youth through various skills programmes including: internship, apprenticeship, recognition of prior learning and modern agricultural farming; and facilitating private sectors workers to access new technology without having to attend colleges. Some 27 TVET Centres were connected to the National ICT Broadband Backbone (NICTBB) during 2019/20.

Furthermore, in implementing Skills Development for Employability: 59,878 youth have been trained in various skills/trades through Internship, Apprenticeships, Recognition for Prior Learning (RPL) and Modern Agricultural Farming using Greenhouse Technology. Through RPL approach, youth who have acquired skills through non formal system were assessed, trained and certified. In addition to that various initiatives have been taken to ensure youth are economically empowered, these include; provision of training to 28,390 youth on entrepreneurship education, business administration and formalization of youth owned business companies.

The Ministry for Information, Culture, Arts and Sports (MICAS) and the Ministry of Industry and Trade (MIT) have been responsible for the **creative industry**. In 2020 COSOTA was transferred to be accountable to ministry responsible for sports and culture. BASATA has worked closely with the government to coordinate the participation of Tanzanian artists in national and regional events thus raising their profiles. The interest among Tanzanians to study courses in the creative industry appears to have been motivated by the positive demonstrative effects of international arts and cultural festivals hosted by Tanzania as well as the rise of successful arts who have acquired international reputations.

There are several policies enacted to guide the provision of **social protection**. These include the National Social Security Policy (2003); National Ageing Policy (2003); and conditional cash transfer programme to target the extreme poor across the country. National social security institutions include National Social Security Fund (NSSF) which serves Private Sector Employees and the Public Service Social Security Fund (PSSSF) which provide social security benefits to Public Employees.

As part of establishing a society that observes **good governance** and rule of law, several institutions are in place to implement policies related to promoting good governance, preventing and combating corruption. In order to hasten the issuance of national identification cards and birth/death certificates, for example, NIDA improved their systems by buying new machines, while and RITA decentralized centres for collecting cards. The Prisons department introduced Vocational Centres to impart skills that can be applied once inmates leave the prison. The establishment of a separate building dedicated for the Investigation Division of PCCB is meant to enhance confidentially of investigative work by the Agency.

4. ADEQUACY OF FYDP-II FINANCING AND UTILIZATION OF THE SOURCES OF FINANCE

The FYDP II Financing Strategy was expected to mobilise TZS 136 trillion. Out of the total amount, TZS 82.4 trillion was expected from traditional sources (e.g. revenues, grants and donations, and concessional borrowing) and TZS 53.3 trillion from non-traditional sources (e.g. bonds). The evaluation has revealed that the Government achieved the targets of collecting tax revenue by 98 percent. The domestic revenue as percentage of GDP increased from 13 per cent to 15 per cent. On the other hand, borrowing from non-concessional sources was more than twice the target, reaching TZS 12.2 trillion compared to the target of TZS 5.7 trillion. Borrowing from concessional sources was also above the target, reaching TZS 10.2 trillion from the target of TZS 6.2 trillion (64 per cent higher than the target). The implementation of FYDP II was estimated to cost TZS 107 trillion, equivalent to an average of TZS 21.4 trillion annually for each of the five-year period. The public sector was expected to contribute about TZS 59 trillion, with the private sector expected to invest TZS 48 trillion. FYDP II review has revealed that the overall private sector investments reached TZS 152 trillion. In the absence of mechanisms to track how much of the TZS 152 trillion went directly to support FYDP II priority areas, it undeniable that private sector investment is critical part of the development and investment process in Tanzania. Overall, the private sector's investment was consistently expanding over of the past 4 years, a phenomenon that was supported by consistent increase in national savings - an important source of financing investment.

The implementation of FYDP-II was estimated to cost TZS107 trillion, equivalent to an average of TZS21.4 trillion annually for each of the five-year period. The public sector was expected to contribute about TZS 59 trillion, with the private sector expected to invest TZS48 trillion. This evaluation has revealed that the private sector invested 3 times higher (TZS 152 trillion) than the Plan's target of TZS 48 trillion. The private sector's investment was *consistently* expanding in each of the past 4 years, a phenomenon that was supported by consistent increase in national savings - an important source of financing investment. Furthermore, by 2019, the target for public sector investment (TZS 59 trillion) was surpassed by TZS 6 trillion. Development spending more than tripled to TZS 12.8 trillion (2020/21) up from the baseline of TZS 4.3 trillion (2015/16). In GDP terms, the development spending has doubled to 8 percent of GDP (2020/21), up from 4 per cent (2015/16). The share of domestic resources in the development spending is expanding and is currently standing close to 80 per cent of the overall development spending. However, the application of non-traditional sources of revenue was not fully pursued. It is noted that some preliminary studies have been undertaken to assess possible introduction of some of the instruments such as municipal bonds, diaspora bonds, infrastructural bonds and natural resources fund.

5. CHALLENGES ENCOUNTERED IN THE IMPLEMENTATION OF FYDP II AND PROPOSE REMEDIAL MEASURES

The main challenges that held back efforts towards attaining **macroeconomic stability** include: (i) slower annual growth rate compared to the target of 10 percent, which must have affected the growth of income per capita, reaching US$1,080 by 2020, leaving a gap of USD 1,920 per capita to realize the TDV2025 goal of reaching USD 3,000 per capital by 2025; (ii) despite well intended efforts to drive reforms with a view of achieving a vibrant economy, a number of policy and regulatory hurdles have persisted in the business environment; (iii) the modest reduction in poverty illustrates that economic growth has not been sufficiently broad-based. Growth is concentrated in telecommunications, financial services, retail trade, mining, tourism, construction and manufacturing.

In the **industrial sector** the main challenges going forward include: (i) inadequate financing (only 9 percent of total Budget); (ii) weak policy and regulatory environment; (iii) inadequate local industrial skills and knowledge; and (iv) weak coordination of the key industrial stakeholders along the whole value chain.

The **manufacturing sector** is faced with challenges related to weak implementation of and coordination of Integrated Industrial Development Strategy, high cost of doing business and inadequate access to commercial bank credit, modern technologies and skilled technical workforce.

Challenges encountered in the **agriculture sector** include insufficient funds as well as dependence on rainfall for agriculture; low agriculture productivity and inadequate value addition of agriculture commodities as well as market constraints.

The **trade sector** has faced challenges related to high trading costs, multiple agencies with duplicative procedures, difficulties in obtaining trade information (rules/procedures). The country has yet to adequately market its manufactured products to penetrate the SADC and EAC markets.

In the **tourism sector** challenges include tourism training colleges lacking international accreditation leading to Tanzanians ending up in low paying and unskilled positions; limited diversification, inadequate complementary infrastructure, business environment (multiple licenses), and limited participation of local communities.

The main challenges in the **natural resources and environment area** include: (i) low and declining financing (yearly average was less than TZS 40 billion); and (ii) inadequate strategic framework and coordination of environmental and climate change issues.

In the development of **infrastructural services** some projects were delayed due to the onset COVID-19 which slowed down importation of equipment and international travel by experts.

In the **construction industry** challenges included delays to access land, issuance of construction permits, inadequate skilled labour, investment shocks in the industry, and currency depreciation. Lack of adequate capacity to design and negotiate joint projects under PPP framework for the private sector to inject capital in developmental undertakings such as the building of infrastructure for irrigated farming, warehouses and cold chains, construction of theatres and sports complexes, and building and operating of sea ships.

6. UNTAPPED OPPORTUNITIES TOWARDS THE ATTAINMENT OF THE FYDP II OBJECTIVES AND TARGETS

Among the untapped opportunities in **macro-economic management** include the need to (a) further deepen structural transformation that is inclusive enough; (b) promote growth that is broad-based; (c) invest more in human capital and skills development of its current and future workforce; (d) developing the domestic market by promoting "Buy Tanzania", which can be used as a testing ground before taking outside the country; (e) take advantage of available external markets within the African continent and outside the continent.

In developing the **industrial sector**, there are still opportunities related to support regions to establish industrial parks and establish a coordinated mechanism for regions to pick areas they have some comparative advantages, avoid duplication of efforts and prevent harmful competition among regions that have similar industrial projects. The Ministry of Industry and Trade (MIT) has also a list of potential manufacturing opportunities; which include cement production, fabrics and garment, fertilizers, steel, soda ash, oil palm processing and leather products[1].

Among the untapped opportunities in the **agricultural sector** include diversification of crops from the traditional crops to other crops such as horticultural crops. There are abundant opportunities for investments in large-scale commercial farming of crops such as sugarcane, rice, wheat, coffee, tea, sunflower, pulses, floriculture, cotton, sisal, grape, simsim, sugarcane farming and sugar production.

The **fisheries sub-sector** requires investments in establishing fish ports and fish harvesting from the exclusive economic zone. There are also untapped opportunities exist in commercial fish cage culture in both marine and freshwater areas. There is also need to strengthen agriculture value chains to include smallholder farmers; and involve the private sector to work with government under PPP framework to expand irrigated land, build market infrastructure and undertake market research to identify the customers.

Livestock sub-sector, there are still opportunities to modernize the existing ranches, establishment of new ranches; establishment of modern animal slaughter facilities and processing plants; establishment of tanneries, production of footwear and leather goods; and establishment of dairy farms and facilities for milk processing. Food preservation and processing involving micro-nutrient fortification to enhance **food and nutrition security** is not widely used by small and medium-sized factories.

In the **mining sector** there is ample opportunity to promote **natural resources beneficiation** and support the participation of small-scale miners and women. The processing of precious metals and gemstones would increase the value of Tanzania's exports. Other opportunities within the mining sector include investment in minerals smelters; establishing a caustic soda refinery plant in Engaruka; processing of nickel in Kabanga; and extracting uranium in Mkuju. Opening of more outlets for selling of minerals officially is an area that needs to be encouraged.

In **trade** in general, there are several opportunities the country could exploit to its advantage. They include taking advantage of geographical location to serve land-locked countries, which can involve, inter alia, advancing policy reform aimed at eliminating non-tariff barriers to regional and international trade; accelerate reforms identified in the Blueprint initiative; infrastructure development in Special Economic Zone (SEZ)/EPZ located in border regions; developing the manufacturing sector based on locally produced raw materials and export developing economic with a growing middle class.

In the **creative industry** the sector has a potential to contribute in jobs creation and wealth provided the government and private sector work closely to nurture the sector, through inter alia, capacity building of artists and companies in the creative industry, enhancing the copy rights of artists and construction of theatre and sports complexes.

In the **tourism sector** there are some untapped opportunities related to diversification of the tourism sector beyond nature-based attractions; and further integration between the tourism sector and other local businesses.

In the **forest sector,** untapped opportunities include opportunities in commercial timber and energy markets, and creating knock-on environmental, social and economic benefits.

In the **energy sector,** there are opportunities to mobilize the private sector to invest in several mini-hydropower projects from natural river falls, establishing off-grid power supply to serve communities that cannot be effectively and efficiently served though main grid power system.

In **the oil and gas** sector, untapped opportunities include: establishment of chemical industries e.g. distillation units for the production of naphtha and other special boiling point solvents used in food processing; development of petrochemicals industries and small-scale production of chemicals and solvents e.g. chlorinated methane, formaldehyde, acetylene etc. from natural gas.

In the **construction sector** there are opportunities for real estate development and other urban services to serve the fast-growing urban population; improving the urban transportation network; need for more resilient buildings in the face of climate change and extreme events like storms, earthquakes, floods, high wind speeds and soaring temperatures.

In the **transportation infrastructure,** the role of private sector is untapped to collaborate with government, using PPP model, in routine maintenance of roads, railways, seaports, airports and power transmission lines. The private sector capital could also be harnessed to invest in transport logistical hubs, involving the construction of warehouses and cold chain facilities currently lacking at most of the airports and sea ports. The private sector can also be motivated to buy more vessels for lake and ocean transportation vessels as well as medium/large sized airplanes to take advantage of government efforts to rehabilitate airports and build new ones.

In the **health sector,** there is opportunity to effectively implement universal coverage of health insurance in collaboration with the private sector; motivating the private sector to invest in more disease diagnostic centres; and in the manufacturing of medical equipment and drugs for domestic use and exporting.

In the **water sector** the construction of water dams is among the undeveloped potentials for improving water supply for domestic, industrial and agricultural uses.

In **information and communication technology (ICT),** there is still an opportunity for government to continue collaborating with private sector in rolling out last mile connectivity of broadband internet to reach more institutions/firms/people.

In **education and capacity building** there are opportunities to transform the education sector into an ***outcome-based system;*** ensure ***equitable access*** to education and training for all, including the most disadvantaged; empower children to use what they have learned by complementing the goal of schooling on achieving standardized learning outcomes with the goal of making a positive impact on the economic and social well-being of students and their communities; and education infrastructure development.

In promoting **good governance,** the country should continue to take advantage of existing international protocols to curb trans-boundary crimes, including cybercrime. Efforts to preventing and combat crime could be enhanced by tapping on the thriving social media as well as establishing PCCB offices below the district headquarters.

In order to mobilize more **financial resources** for development projects, the government should continue with initiatives to explore the feasibility of different instruments for financial resource mobilization, including infrastructural and municipal bonds.

7. POLICY RECOMMENDATIONS

The following are policy recommendations specific to each of the sub-sectors as part of enhancing the attainment of developmental goals articulated in the TDV2025, and specifically in the design and implementation of the thirds FYDP. On **attaining macroeconomic stability,** it is recommended that there is need to take measures that will further deepen structural transformation; invest more in **human capital and skills development** of its current and future workforce while increasing the job generation by key sectors that drive growth and, focus on broad-based growth.

In order to nurture the growth of **industrial and manufacturing**, there is need to increasing budgetary allocation to the sector to reach at least 15 percent of total budget; the Tanzania Investment Centre (TIC) should be empowered to become more proactive in soliciting FDI for industrial investments; there should be continued efforts to improve industrial policy and business regulations; and realize the establishment of an industrial bank. It is also equally important to review the current economy-wide liquidity and access to commercial bank credit; support plans by regional administrations to promote investments in manufacturing investments, including the establishment of special economic zones; and reducing the cost of doing business by reviewing industrial taxation and fostering e-Government.

In the **agriculture sector it is recommended that there should be more efforts** to increase agricultural productivity especially of smallholders; promote Climate-Smart Agriculture; expand value addition/agro-processing; promote domestic and export markets and related infrastructure; invest more resources to increase irrigated crop land by involving LGAs and the private sector. Furthermore, there is need to fulfill the target agreed under the Malabo declaration to allocate at least 10 percent of national budget to the agricultural sector. Public funding is expected to stimulate and enhance agribusiness that has a strong link between agriculture inputs, manufacturing, markets and diversification towards high value agricultural commodities guided by both domestic and external demand.

In the **mining sector** the government is urged to continue with its policy to encourage mineral beneficiation, establishing mineral markets in producing regions, and supporting the contribution small-scale and women miners.

In the **trade sector** it is expected that there will be some accelerate reforms identified in DTIS and Blueprint; and efforts to address logistic bottlenecks to conducting trade; improving transport infrastructure to connect remote place with the markets; and take advantage of Tanzania's geographical locations and the existing regional markets as encouraged by trade protocols.

In the **natural resources and environment** area, there should be sustained efforts towards developing forest and bushfire suppression strategy, training and equipping firefighters; scaling up rural and urban electrification and use of natural gas so to reduce use of charcoal, and implementing climate change resilient policies and strategies.

In the development of the country's **infrastructural services** there should be continued efforts to build the capacity of local engineering companies and suppliers so that they actively participate in the booming construction industry.

In the **construction industry,** there is also need to improve business and investment environment (e.g. simplifying and transparency in construction permitting, reviewing legal mandates of CRB, ERB, and AQRB); raise domestic competition (e.g. support local small and medium contractors through trainings, research, encourage joint ventures).

In the **health sector** the government is urged to continue equipping and supplying adequate drugs and medicines and manning the new health facilities- especially those located in rural areas as well as fast-tracking achievement towards universal health insurance coverage.

Meanwhile, it is expected that in the **water and sanitation sector** there is a need to reinforce supervision at community water distribution facilities with a focus to ensuring timely repair of water systems. There is a need for research to understand factors associated with coverage and access to water and sanitation.

In order to have healthy society that is **food and nutrition secure,** it is recommended to (i) engage the private sector in investing irrigated farming; and (ii) formalize micro-nutrients fortification, including production of iodized salt. Micro-nutrients fortification of maize flour should not be left to middle and large-scale millers alone, but involve small and micro-scale millers as well.

In the efforts to improve **education and capacity development** is recommended that deliberate and systematic efforts should be taken to transform the sector so that it is outcome-based; ensure equitable access to education by all segments of the society; investing in improving and expanding education infrastructure; and ensuring well-designed incentives to increase teacher effort and student achievement.

Related to the education sector there is also the importance of **skills development** that requires further efforts to upgrade skills in the informal sector and in sector specific areas; improve quality by strengthening oversight bodies VETA, NACTE, and TCU; advance the public-private sector cooperation in delivering training; and introduce a credible information system on skills supply and demand to inform planning and training. In the nascent sector of **creative industry,** the government should continue to mobilize the private sector to invest in establishing sports complexes; and encourage capacity building programmes for people and institutions engaged in the creative industry.

In order to enhance the pace of **poverty reduction** the main recommendations include:(i)further structural transformation, the process where people move out of low productivity agriculture into more remunerable activities of the economy, thus pulling more people out of poverty trap; and, (ii) the development of rural economy, modernized/commercialized agriculture that is market oriented, which currently provide livelihoods to about two thirds of Tanzanians; iii) investing in a healthy and well educated/skilled human capital ready to respond to a knowledge-based and industrial competitive economy.

It is recommended that social protection policy should focus to break the vicious cycles of unequal opportunity and vulnerability; and instead putting in place mutually reinforcing interventions to build capacity and foster better livelihoods. The policy should encompass the need to have improved service delivery and infrastructure for all; have expanded employment opportunities and higher productivity; investments in human capital to help people develop the skills they need; and protection for the most vulnerable people in the society. For that to happen, social protection policies should be supported with **local economic development (LED) and related strategies** that are based on (a) improved institutional reforms whereby LGAs undertake fundamental institutional reforms and engage with other actors in facilitating community economic development that harness the available opportunities; (b) effective and capable institutions at sub-national level (region and districts); and (c) engagement with private sector to plan and implement development initiatives at local level.

In a bid to enhance **good governance**, there should be continued support to the respective specialized agencies. The Prevention and Combating Corruption Bureau (PCCB), for example, should be supported to establish branches offices at ward levels; while the LGAs should enhance transparency for the public to access information on utilization of public resources.

In the **financing strategy** there is need to (a) continue with robust efforts to uncover tax evasions and further rolling out of digital technology in tax and non-tax collection (b)streamlining and harmonizing several taxes, levies and fees (c)) attract private capital into PPP (d)) introduce auction platforms for natural resources (e)) invest in formal credit rating to facilitate reduced cost of borrowing, and reduced perceived risks (f) consider tax relief to enhance private equity and venture capital (g) address constraints to accessing innovative finances (h) use ODA to leverage other financial sources (i)accelerate use of mobile bidding platform for treasury-bonds (j) consider introducing project specific bonds (k) consider offloading parts of the Government shares in the stock market, and (l) accelerate the introduction of other types of bonds.

Projects to be carried over to the third FYDP: Some of the interventions that were meant to be implemented in the second FYDP will have to be carried forward in the third FYDP. Such projects are those not likely to be completed by June 2021 as shown in the respective clusters in Chapter 3 and Chapter 4 of this report.

CHAPTER ONE: BACKGROUND AND INTRODUCTION

1.1 Introduction

The theme of FYDP II "Nurturing Industrialization for Economic Transformation and Human Development" incorporates the main focus of two frameworks, namely growth and transformation (FYDP I) and poverty reduction (MKUKUTA II). To date FYDP II has been implemented for four years and much progress and challenges have been observed. The overall objective of this assignment was to undertake a final evaluation of the implementation of the second National Five-Year Development Plan for the period between 2016/17 – 2020/21.

1.2 Objectives of FYDP II

FYDP II is built on three pillars of transformation in the sense of industrialization, human development, and implementation effectiveness. In a more specific way, the plan aspires to:

(i) Contributing towards transforming Tanzania into a semi-industrialized nation by 2025;
(ii) Fostering development of sustainable productive and export capacities;
(iii) Consolidating Tanzania's strategic geographical location through improving the environment for doing business and positioning the country as a regional production, trade and logistic hub;
(iv) Promote availability of requisite industrial skills (production and trade management, operations, quality assurance, etc.) and skills for other production and services delivery;
(v) Accelerate broad-based and inclusive economic growth that reduces poverty substantially and allows shared benefits among the majority of the people through increased productive capacities and job creation especially for the youth and disadvantaged groups;
(vi) Improve quality of life and human wellbeing;
(vii) Foster and strengthen implementation effectiveness, including prioritization, sequencing, integration and alignment of interventions;
(viii) Intensify and strengthen the role of local actors in planning and implementation, and
(ix) Ensure global and regional agreements (e.g. Africa Agenda 2063 and SDGs) are adequately mainstreamed into national development planning and implementation frameworks for the benefit of the country.

1.3 Objectives of the Evaluation

The main objectives of the evaluation of FYDP II are to:

(i) Assess overall performance of the implementation of FYDP II in line with agreed objectives, targets and performance indicators;
(ii) Evaluate the use of management for results towards the implementation of FYDP II;
(iii) Review the adequacy of FYDP II financing and utilization of the sources of finance;
(iv) Identify challenges encountered in the implementation of FYDP II and propose remedial measures; and

(v) Identify untapped opportunities towards the attainment of the FYDP II objectives and targets; and provide policy recommendations.

1.4 Rationale

FYDP II intends to contribute to transforming Tanzania into a semi industrialized middle income country by 2025 as outlined in TDV 2025. In principle, FYDP II is supposed to build on the successes of FYDP I ("Unleashing Growth Potentials 2011/12 – 2015/16) and at the same time act as the foundation through which FYDP III ("Realizing Competitiveness Led Export Growth") will implement the last and final leg of Vision 2025. In this respect, the role that FYDP II plays to achieve TDV 2025 is crucial. From this perspective, the evaluation did not only assess the implementation of FYDP II as a standalone development plan, but also placed in the long term context of TDV 2025, and more specifically, assessed whether FYDP II has set the foundations for FYDP III to be properly formulated and implemented by the Government of Tanzania.

1.5 Approach and Methodology

A range of manageable research methods were used to assist in the evaluation of FYDP II. These included desk review; round table and selected media reports. FYDP II performance indicators for different sectors were used to inform the analysis. The rationale for this was to ensure that analytical findings adequately assess the extent to which FYDP II objectives and targets have been achieved. In this regard, desk reviews and trend analysis, Key stakeholders' consultations, and consultative meetings were among the information and data collection methods employed during FYDP II evaluation; this is as briefly discussed below.

1.5.1 Data Collection, Analysis and Reporting

Desk Reviews

This method aimed at identifying, verifying, treating, and analysing qualitative and quantitative data from secondary sources to assess achievement of FYDP II in relation to set objectives and indicator targets. In this regard, various literature and sources from 2015/16 to 2019/20 were reviewed including (not limited to): Fifth Regime Government Achievements Report; Annual Development Plans and reports; Voluntary National Review of the Sustainable Development Goals (SDGs) 2019; Tanzania Human Development Reports; Tanzania Demographic and Health Survey; FYDP II Progress Implementation Reports; National Panel Surveys Reports; Easy of Doing Business Reports; HBS reports; Annual Economic Surveys; Country report on Agenda 2063; Budget Speeches 2016/2017-2020/2021; Ruling Party Election Manifesto and related review reports; and National Industrial Reports, to mention, but a few.

1.5.2 Interviews and Consultative Framework

Due to time limitations, limited consultations were held with several ministerial officials in a meeting held at the MoFP mostly to discuss MDAs experience in monitoring and evaluation of FYDP II. The meeting was held on September 15, 2020 in Dodoma.

1.6 Organization of the Report

The rest of this report is organised as follows; chapter one provides an introduction and background while chapters two to four discuss the FYDP II evaluation results in terms of: results from implementing FYDP II's objectives; challenges and potential solutions; untapped opportunities; lessons learnt and good practices; and recommendations. Chapter five presents findings from evaluation of the financing strategy and the last chapter provides results from evaluating monitoring and evaluation strategy.

CHAPTER TWO: MACRO- ECONOMIC STABILITY

2.1 An Overview

This section dwells on interventions that ensure a stable macroeconomic environment, availability of requisite infrastructure and related services and improved environment for doing business. Macro-economic variables and their targets and indicators included in the analysis are economic performance; monetary policy, fiscal policy and finance.

During the implementation of FYDP II, Tanzania achieved more positive trajectory compared to that of FYDP I and MKUKUTA II. The country has achieved robust macro-economic statistics. The following shows targets and indicators for macroeconomic stability as well as achievements.

2.2 Results from Implementing FYDP II's Objectives

Outcome performance

Performance Summary	
No. of indicators:	22
No. of indicators that have attained targets/likely to attain targets:	10
Out of which:	
No. of indicators to have surpassed targets:	10
No. of indicators that have not attained targets/unlikely to attain targets:	6

Overall Key Findings:

(i) Supported by prudent monetary and fiscal policies, Tanzania's economic conditions remain stable, with economic growth estimated at about 7 percent, inflation at under 5 percent, an adequate level of foreign reserves, and manageable public debt.

(ii) Prudent fiscal and monetary policies have delivered economic stability. To sustain these gains, increase private investment, and create jobs,

(iii) Financial system remains stable

(iv) Future macroeconomic prospects will depend on enhancing the attractiveness for investing and doing businesses in Tanzania and increasing the skills of the labour force.

Tanzania's solid macroeconomic performance during the past four years is being put to the test by the COVID-19 pandemic. Most recently the economy has been significantly challenged by the ongoing effects of the pandemic, especially in sectors reliant on global demand. Inflation has been low and stable, but Gross Domestic Product (GDP) growth is expected to slow to 5.5 percent[2] in 2020. Tourism, a major contributor to GDP growth, has declined significantly despite the country reopening for tourism in June and is expected to underperform during the peak season of July–October. Leading indicators of private domestic demand show a deceleration. Domestic credit growth has slowed to 6.9 percent in January–June 2020 from 8.9 percent in the first half of 2019. Imports of capital goods, which is a

[2] African Development Bank African Economic Outlook amid COVID-19

major component of private investment, declined by about 24 percent[3] year-over-year in the second quarter of 2020.

A full recovery in 2021-2022 requires government attention to reforms to improve the business environment as a key input to bolster recovery of the private sector. Tanzania trails its regional peers in terms of actual reforms. According the World Bank Doing Business Report 2020, Tanzania ranks 141 out of 190 economies in ease to doing business, trailing Rwanda, Kenya, and Uganda and Sub-Saharan peers like Zambia, Malawi, and Mozambique. Reforms for a more favourable and predictable business environment are needed, particularly in terms of business regulation as per the government's "Blueprint for regulatory reforms to improve the business environment."

Reflecting strong income growth over the past decade, on July 1, 2020 the World Bank announced that Tanzania's gross national income (GNI) per capita increased from USD1, 020 in 2018 to USD1, 080 in 2019, exceeding the threshold for lower-middle income status. Increased GNI per capita is impressive but not enough to reach these goals. Investing in both human development and physical capital is key to achieving these broad goals and improving the quality of life for all Tanzanians.

Outlook

The country's sustained political stability, strategic geographical location, diversified economy with abundant natural resources and strong record of economic governance, point to a positive medium-term outlook that will see progress toward long-term development goals.

The fifth government's ambitious development agenda focuses on creating a better business environment through improved infrastructure, access to financing, and education progress. It seeks to capitalize on previously underexploited strengths and opportunities.

[3] Op.cit.

Table 2.1.1: Targets and Indicators for Macro-economic Stability

S/N	Indicators/Targets	2015/16	2020/21	Achievements by 2019/2020	Ratio Achieved
1	**Economic Performance**				
1.1	Economic Growth, real (percent)	7.0	10.0	7.0	
1.2	Per capita GDP, nominal (USUSD)	1005	1500	1,121	74.7
2	**Monetary Policy**				
2.1	Inflation (percent)	5.1	5	3.4	147.lt
2.2	Nominal Exchange Rate (TZS/USD 1	1985.39	2185.62	2,299	105.2
2.3	Foreign Exchange Reserves (months of imports)	4.8	4.0	4.9	122.5
2.4	Current account balance as percent of GDP-	-7.35	-20.78	-3.2 (As of 2019)	84.6
3	**Fiscal Policy**				
3.1	Budget (TZS. billion)1	14,604	32,663	33,105	101.4
3.1.1	Of which recurrent (percent)	74.5	67.2	63	93.8
3.1.2	Of which development (percent)	25.4	32.8	37	112.8
3.1.3	Of which allocated to RS and LGAs				
3.2	Total Revenue Collection (TZS. billion)	10958	17,375.9	16,075.0 (2019/20[4])	92.5
3.2.1	Of which Tax revenue (percent)	90.27	93.2	94.7	101.6
3.2.2	Of which non-tax revenue (percent)	9.72	6.8	5.3	77.9
3.3	Total revenue to GDP (percent)	14.3	18.3	14.0 (As of 2019)	76.5
3.3.1	Tax revenue to GDP (percent)	12.1	17.1	11.7 (As of 2019)	68.4
3.3.2	Non-tax revenue to GDP (percent)	1.5	3.1	8.4 (As of 2019/20)	270.9
4	**Finance**				
4.4	Share of loans to private sector in (GDP) (percent)	17	59	11.1 (As of 2019)	18.8
4.5	Interest rate spread	5.64	5.81	8.35[5]	143.7

Using Median Formula[6], overall performance outcome of macroeconomic developments was 93.8 percent

Performance analysis of each Outcome

A: Economic Performance Outcomes

Outcome Performance

Performance summary	
No. of indicators:	2
No. of indicators that have attained targets/likely to attain targets:	0
Out of which:	
No. of indicators to have surpassed targets:	0
No. of indicators that have not attained targets/unlikely to attain targets:	2

[4] Up to March 2020

[5] Bank of Tanzania, Monthly Economic Review, May 2020

[6] Median formula: (n+1)/2; where n is the number of observations

Table 2.1.2: Economic Performance Outcomes

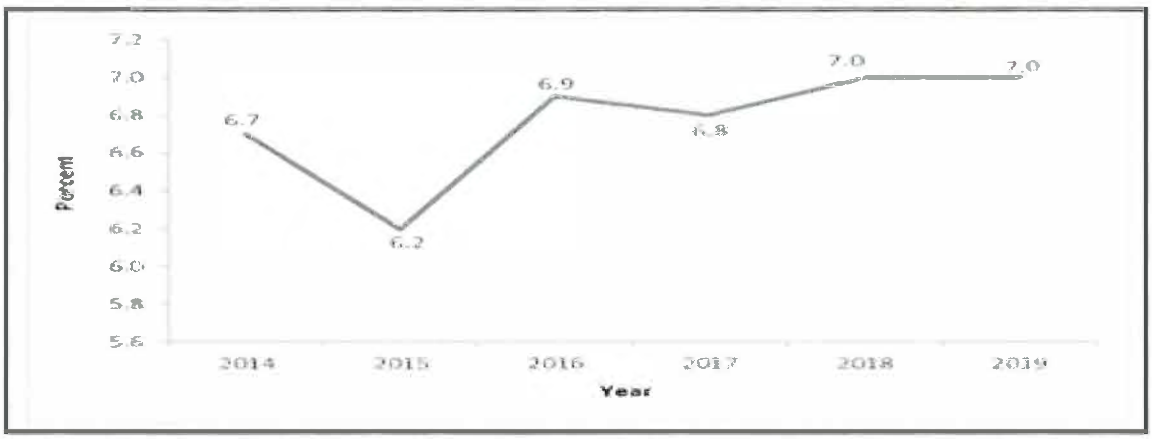
S/N	Indicators/Targets	2015/16	2020/21	Achievements 2019/2020	Ratio achieved
1	**Economic Performance**				
1.1	Economic Growth, real (percent)	7.0	10.0	7.0	
1.2	Per capita GDP, nominal (USD)	1005	1500	1,121	74.7

Key Findings on Economic Performance

i. Economic performance fell short by 30 percent; and
ii. Per capita GDP fell short by 25.3 percent.

As shown in the figure 2.1.1 below, the GDP growth rate is still lower than the FYDP II targeted rate of 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 USD 3,000 by 2025. However the fact that the economy had not grown at 10 percent consistently since 2000, it would be impossible to reach USD 3000 by 2025.

Figure 2.1.1: GDP Growth Rates at Constant 2015 Prices, Tanzania Mainland, 2014-2019



In 2019, the national GDP growth rate was 7.0 percent same as in 2018. The growth was driven by investment in infrastructure including construction of railways, roads and airports, the availability of reliable electricity, improvements in transportation services, increase in mineral extractions particularly gold and coal and increase in the production of agricultural produce.

During that period, the economic activities with the highest growth rates included mining and quarrying (17.7 percent), construction (14.8 percent) arts and entertainment (11.2 percent), and transport and storage (8.7 percent).

The annual GDP in Tanzania Mainland has been growing at an average rate of 6.7 percent from 2014 to 2019

Sources of Growth: The five fastest growing sectors over this period have been mining and metals (17.7 percent); construction (14.1 percent); creative and entertainment industry (11.2 percent); transportation and storage (8.7 percent) and agriculture, which employs most Tanzanians, grew by 4.4 percent.

It should be noted that the increase in GDP in constant terms is well in excess of population growth. The measure of GDP per capita in USD is typically used to compare countries and track growth but, as can be seen, it is not a true reflection of real per capita increase in GDP when expressed in Tanzanian Shillings (TZS), due to devaluation of the Tanzanian shilling (TZS). While achieving middle income status with GDP per capita of USD 3000 is an ambitious target, Tanzania has made some good progress towards that goal; already Tanzania has reached Low-Middle Income status.

Trends in sectorial shares of GDP and total employment: A decline in the GDP share of agriculture and a corresponding rise in the shares of modern sectors apparently confirm that structural transformation is taking place in Tanzania mainland. Nevertheless transformation is quite moderate, since the agriculture sector has just managed to raise its level of value addition by 26.6 percent and therefore limiting the extent to which its share of GDP is contracted by the fast growing service sub-sectors. The relative large size of the agriculture GDP, its continuing moderate growth and the low initial GDP base of the fastest growing sectors also explain the marginal rise in the GDP shares of the fastest growing sectors.

GDP growth is influenced by investments and business environment.

(i) ***Importance of investments in GDP growth:*** Investment is one of the main determinants of long-run growth rate and productivity of an economy's and critical in sustaining growth and development. Tanzania is slowly strengthening the role of investment in the growth process.

Foreign direct investment (FDI) in Tanzania as of 2020: Tanzania is one of the most preferred destinations for foreign investment in Africa (it counts among 10 biggest recipients of FDI in Africa). According to UNCTAD's 2020 World Investment Report, the FDI inflow in Tanzania reached USD 1.1 billion in 2019 (Table 2.1.3) and showed an increase compared to the previous year (USD 1 billion). The current FDI stock was estimated at USD 21.8 billion in 2019. The mining sector, the oil and gas industry, as well as the primary agricultural products sector (coffee, cashew nuts and tobacco) draw most FDI. The country's primary investors are China, India, Kenya, United Kingdom, Mauritius, Oman, the United Arab Emirates, Canada, the United States, the Netherlands, South Africa, and Germany. In 2017, Tanzania approved new regulations in the mining sector that allows the government to tear up and renegotiate mining contracts, partially nationalize mining companies, introduce higher royalties, enforce local beneficiation of minerals and bring in strict local-content requirements.

Table 2.1.2: Trend of Investments 2017-2019

Foreign Direct Investment	2017	2018	2019
FDI Inward Flow[7] (million USD)	938	1,056	1,112
FDI Stock (million USD)	13,500	14,556	21,824
Number of Greenfield Investments[8]	22	19	24

Source: UNCTAD, 2020

Note: * The UNCTAD inward FDI Performance Index is based on a ratio of the country's share in global FDI inflows and its share in global gdp.

** The UNCTAD Inward FDI Potential Index is based on 12 economic and structural variables such as GDP, foreign trade, FDI, infrastructures, energy use, R&D, education, and country risk.

*** Green Field Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

**** Gross Fixed Capital Formation (GFCF) measures the value of additions to fixed assets purchased by business, government and households less disposals of fixed assets sold off or scrapped.

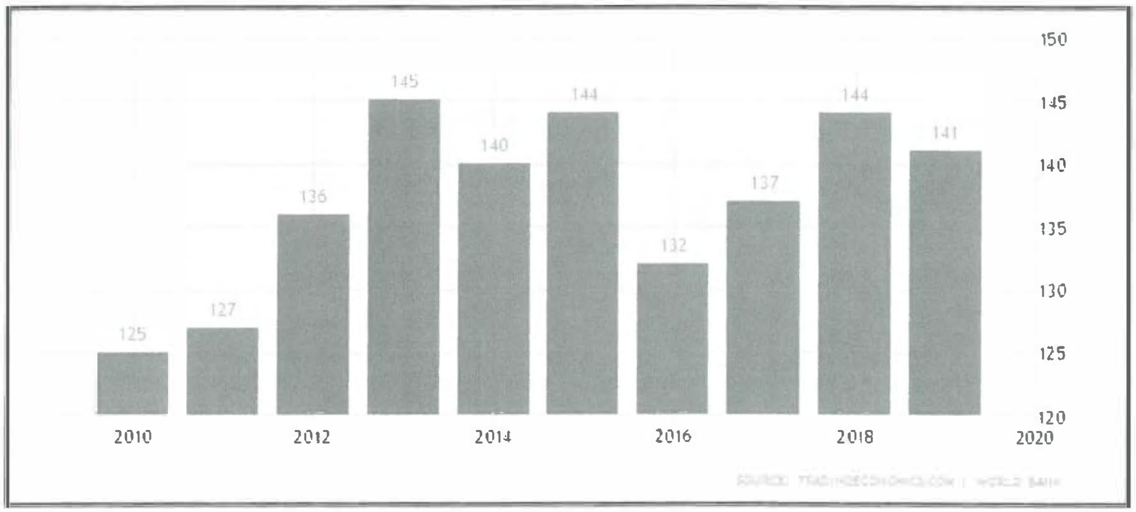
(ii) ***Improvements in doing business environment:*** Investors are drawn to the country's commitment to implement sound macroeconomic policies, its efficient privatization program and abundant natural resources.

[7] Note: The UNCTAD Inward FDI Performance Index is based on a Ratio of the Country's Share in Global FDI Inflows and its Share in Global GDP. The UNCTAD Inward FDI Potential Index is based on 12 Economic and Structural Variables Such as GDP, Foreign Trade, FDI, Infrastructures, Energy Use, R&D, Education, and Country Risk.

[8] Green Field Investments are a Form of Foreign Direct Investment where a Parent Company Starts a New Venture in a Foreign Country by Constructing New Operational Facilities from the Ground Up. Gross Fixed Capital Formation (GFCF) Measures the Value of Additions to Fixed Assets Purchased by Business, Government and Households Less Disposals of Fixed Assets Sold Off or Scrapped.

Ease of Doing Business Rank Tanzania 2010-2019

Figure 2.1.2: Ease of Doing Business Rank Tanzania 2010-2019



Sources: Trading Economics.Com World Bank 2019 -National Bureau of Statistics

Tanzania is ranked 141 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings, an improvement from 144 in 2018 (see Figure 2.1.2). The 141 rank is however below the FYDP II's target of 100 ranking by 2020. Ease of doing business index ranks countries against each other based on how the regulatory environment is conducive to business operation stronger protections of property rights. Economies with a high rank (1 to 20) have simpler and friendlier regulations for businesses.

Government's efforts towards improving business environment touched on:

(i) Streamlining the procedures for obtaining various permits and other services with the view to reducing the cost of doing business. In 2017 through Finance Act, a total of 110 agricultural and livestock related fees and penalties have been eliminated.

(ii) Different Institutions have established electronic systems in delivering services, this include, Online registration of companies, business names, registration of Trade and service marks, patent rights and registration of industrial licenses;

(iii) The government has established One Stop Boarder Post at Rusumo, Mutukula, Holili, Kabanga, Horohoro, Sirari, Namanga and Tunduma, which simplifies cargo clearance process;

(iv) The government reduced number of Road blocks along central corridor from 15 road blocks to 3 road blocks. The reduction of roadblocks reduces time and cost in transportation of transit goods;

Despite well intended efforts to drive reforms with a view of achieving a vibrant economy, a number of policy and regulatory hurdles have persisted, and such hurdles are reflected by the country missing the targets set for the individual Doing Business indicators (see annex 1). In the light of this, the government has committed to further improving business environment by preparing a Comprehensive Action Plan (CAP) for implementation of Government roadmap for improving business environment (known as ROADMAP). The CAP will be strongly supported by a robust monitoring and evaluation framework along with the robust communication strategy intended to inform and engage both public and private stakeholders.

In line with the roadmap the CAP addresses 11 Key Results Areas, namely: starting business, dealing with construction permit, getting electricity, registering property, paying taxes, trading across border, getting credit, protecting minority Investors, enforcing contracts, resolving insolvency and employing workers.

Challenges

The growth target of 10 percent during FYDP II has not been attained. Hence the challenge is to attain the targeted 10 percent growth and ultimately the target of USUSD 3000 GDP per capita by 2025 from the current value of USUSD 1,080. This reveals a need to grow faster in the remaining life span of TDV 2025.

Among key challenges in the medium and long term include low total factor productivity growth, a substantial infrastructure deficit, considerable poverty, and a skill mismatch in the labor market.

While there are signs of economic transformation manifested in: employment shares, with share from agriculture in total employment decreasing from76.5 percent to 67.0 percent and that of manufacturing increasing from 2.6 percent to 3.1 percent between 2016 and 2019, there is need to speed up pace of economic transformation.

The modest reduction in poverty illustrates that economic growth has not been sufficiently broad-based. Growth is concentrated in telecommunications, financial services, retail trade, mining, tourism, construction and manufacturing. While growth was formerly driven largely by public spending and international aid, this is no longer the case. Growth today is generated mainly by the private sector, but the sectors with the highest rates of growth are predominantly capital-intensive and concentrated in large urban areas. Growth has largely failed to affect the great poverty challenges, failing to generate more employment and additional jobs in all parts of society and improving incomes for the vast majority of the population.

B: Monetary Policy Outcomes

Monetary policy through a mix of instruments such as sale of government securities, foreign exchange operations, repurchase agreements and stand-by facilities (i.e. the discount window and Lombard facility) assisted in maintaining price stability in support to economic growth. Adherence to a tight monetary policy was essential particularly in the period 2011 and 2012 where the inflation rate escalated to double digits (12.6 percent and 16 percent respectively "URT, 2013"). Sectorial and macro reforms are ongoing including the implementation of a roadmap to improve the business and investment. Notably, is the planned revision of the National Investment Policy (1996) and the Tanzania Investment Act (1997) based on benchmarks outlined by OECD.

Outcome Performance

Performance summary	
No. of indicators:	4
No. of indicators that have attained targets/likely to attain targets:	4
Out of which:	
No. of indicators to have surpassed targets:	4
No. of indicators that have not attained targets/unlikely to attain targets:	0

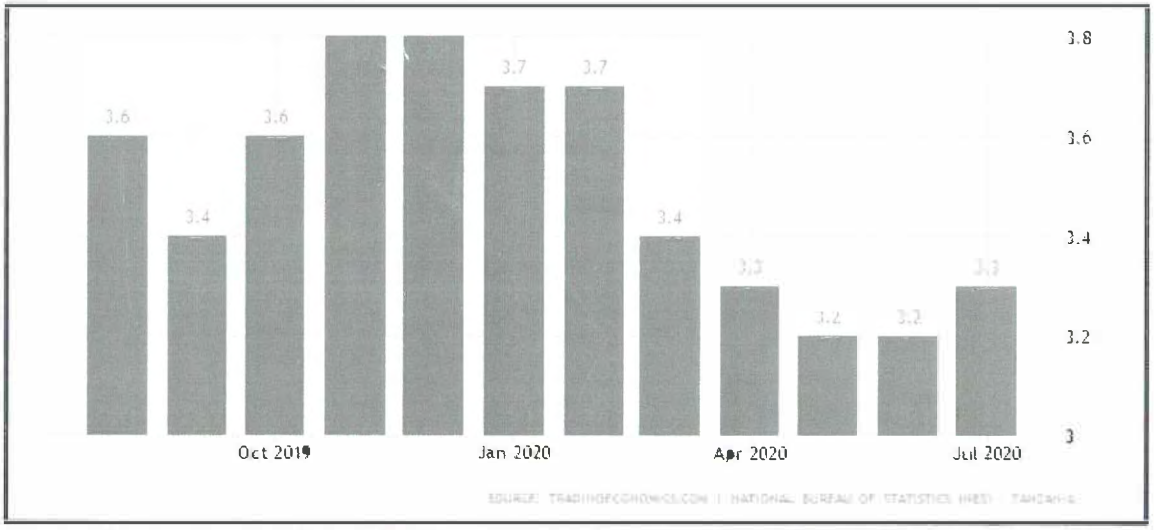
Table 2.1.3: Monetary Policy Outcomes

2	Monetary Policy	2015/16	2020/21 Targets	Achievements by 2019/2020	Proportional change
2.1	Inflation (percent)	5.1	5	3.4	147.1 percent
2.2	Nominal Exchange Rate (TZS/USD I	1985.39	2185.62	2,299	105.2 percent
2.3	Foreign Exchange Reserves (months of imports)	4.8	4.0	4.9	122.5
2.4	Current account balance as percent of GDP-	-7.35	-20.78	-3.2	84.6 percent

Key Findings

- The economy has experienced single digit inflation rate as shown in the table below. The FYDP II inflation target of 5 percent has been met as the inflation rate was 3.5 and 3.4 percent for 2018 and 2019 respectively.
- ***Exchange Rate:*** The exchange rate has remained stable since 2016 but higher than the FYDP II target exchange rate TZS/USD of 2185.62; it surpassed its target by 5.2 percent.
- Foreign exchange Reserves and number of months of imports surpassed its target by 22.5 percent; foreign exchange reserves are able to import goods for 4.9 months instead of 4 targeted number of months
- The current account balance as percent of GDP surpassed its target by 84.6 percent. The current account represents a country's imports and exports of goods and services, payments made to foreign investors, and transfers such as foreign aid.

Figure 2.1.3: Tanzania Inflation Trend 2015-July 2020 of Inflation Rate

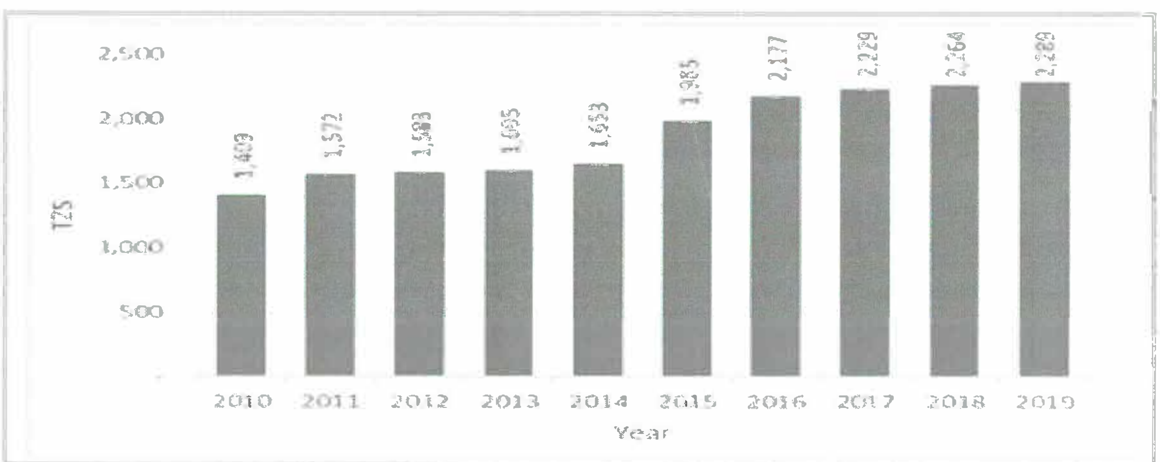


Sources: Sources: Trading Economics.Com World Bank 2019 -National Bureau of Statistics

In 2019, the rate of inflation has remained low (single digit) averaging 3.4 percent compared to 3.5 percent in 2018 (Figure 2.1.3).

The inflation rate in May 2020 was recorded at 3.4 percent compared to 3.5 percent same time last year. The decrease was attributed to improvement in food supply in the country as well as low global oil prices.

Figure 2.1.4: Mean Exchange Rate (TZS to 1 USD), Tanzania, 2010 – 2019



Source: Bank of Tanzania Annual Monetary Policy Statements

Economic activities with the highest contribution to GDP are agriculture (26.6 percent); construction (14.3 percent); wholesale and retail trade (8.8 percent) and manufacturing (8.5 percent).

Since 2016/17 the monetary policy has been sound with the objective of price stability and economic growth. This has kept inflation low at below 5 percent by 2020.

C: Fiscal Performance Outcomes

Outcome Performance

Performance summary	
No. of indicators:	11
No. of indicators that have attained targets/likely to attain targets:	3
Out of which:	
No. of indicators to have surpassed targets:	4
No. of indicators that have not attained targets/unlikely to attain targets:	4

Table 2.1.4: Fiscal Performance Outcomes

3	Fiscal Policy	2015/16 Base line	2020/21 Target	Achievements by 2019/2020	Proportional change (%)
3.1	Budget (TZS billion)1	14,604	32,663	33,105	101.4
3.1.1	Of which recurrent (percent)	74.5	67.2	63	93.8
3.1.2	Of which development (percent)	25.4	32.8	37	112.8
3.1.3	Of which allocated to RS and LGAs				
3.2	Total Revenue Collection (TZS billion)	10958	17,375.9	16,075.0 (2019/20[9])	92.5
3.2.1	Of which Tax revenue (percent)	90.27	93.2	94.7	101.6
3.2.2	Of which non-tax revenue (percent)	9.72	6.8	5.3	77.9
3.2.3	Of which revenue from RSs and LGAs (percent)	-	-		-
3.3	Total revenue to GDP (percent)	14.3	18.3	13.1 (2019)	76.5
3.3.1	Tax revenue to GDP (percent)	12.1	17.1	11.7percent (2019)	68.4
3.3.2	Non-tax revenue to GDP (percent)	1.5	3.1	2.7	270.9

Key Findings

i. The budget allocation has been increasing since 2016 and the target for 2020/21 was 33.1 trillion TZS, more than the targeted budget of 32,663 trillion by 1.3 percent. The budget for development programmes continue to increase from 25.4 percent in 202015/16 to 37 in 2019/20, higher by 28.0 percent compared to the target figure of 32.8 percent for 2020/21 (Table 2.1.5).

ii. Total revenue collections fell short of the target by 7.5 percent, with tax revenue surpassing its target by 1.6 percent, while non-tax revenue fell short by 22.1 percent of its target.

iii. Tax revenue to GDP ratio fell short by 31.6 percent and non-tax revenue to GDP ratio was 87.2 percent of the target

[9] Up to March 2020

Table 2.1.5: Revenue and expenditure (Billion TZS) for the year ending 30 June, Tanzania Mainland, 2015–2019

	2015	2016	2017	2018	2019
Total Revenue	**10 958**	**14 048**	**16 640**	**17 945**	**18 530**
Non-Tax Revenue (incl LGA)	1 066	1 637	2 585	2 753	3 018
Total Income from Taxes	**9 892**	**12 410**	**14 055**	**15 191**	**15 511**
Income Tax	3 728	4 605	4 833	5 158	5 148
Customs and Excise Duty	2 495	3 090	3 116	3 314	3 586
Sales Tax/VAT	3 032	3 554	3 979	4 479	4 782
Other Taxes	1 279	1 921	2 216	2 299	2 131
Refunds	-642	-782	-90	-58	-135
Total Expenditure	**14 604**	**17 760**	**18 899**	**20 458**	**22 301**
Recurrent Expenditure	10 893	13 420	11 626	12 852	13 807
Development Expenditure	3 710	4 340	7 273	7 616	8 494
Internal Expenditure	2 265	2 905	5 141	5 397	6 536
External Expenditure	1 446	1 435	2 131	2 219	1 958

Source: Ministry of Finance and Planning Budget Speeches 2015/16-2019/2020

Table 2.1.6: Tax Revenue to GDP (percent)

Year	**Tax Revenue to GDP Ratio**
2014/15	12.4
2015/16	13.1
2016/17	12.5
2017/18	12.3
2018/19	13.1

Source: Ministry of Finance and Planning Budget Speeches

Revenue Collections during the 2019/2020

Total resources mobilized during the ten-month period from July 2019 to April 2020 amounted to TZS 26.13 trillion equivalents to 92.4 percent of the annual target of 33.11 trillion. These were mobilized from the following sources:

(i) Tax Revenue amounted to TZS 14.63 trillion, which is equivalent to 93.4 percent of the target;

(ii) Non-tax revenue amounted to TZS 2.25 trillion, which is equivalent to 87.20 percent of the target;

(iii) LGAs own source amounted to TZS 571.12 billion, equivalent to 89.7 percent of the target;

(iv) Grants and concessional loans disbursed amounted to TZS 2.41 trillion, equivalent to 94.5 percent of the target;

(v) Loans from domestic sources, including rollover of matured Treasury bills and bonds, amounted to TZS 4.45 trillion, equivalent to 103.8 percent of the target; and

(vi) External non-concessional loans amounted to TZS 1.82 trillion, equivalent to 78.7 percent of the target.

During July 2019 to April 2020, revenue collection as percentage of GDP was at 13.6 percent which is the same level as last year. The growth in revenue (in absolute number) as compared to last year was driven by the following:

(i) Strengthening enforcement of tax laws and proper management of Electronic Fiscal Devices (EFDs);
(ii) Provision of taxpayers' education and taxpayer services; and
(iii) Strengthening mineral control.

D: Finance Outcomes

Outcome Performance

Performance summary	
No. of indicators:	3
No. of indicators that have attained targets/likely to attain targets:	1
Out of which:	
No. of indicators to have surpassed targets:	1
No. of indicators that have not attained targets/unlikely to attain targets:	2

Key Findings

i. Share of loans to private sector fell short of the target by 431.7 percent (in GDP)[10]

ii. The target for interest rate spread was surpassed by 43.7 percent[11]

[10] It is important to note that during the period July 2019 to April 2020, credit to private sector grew by 8.7 percent compared to 6.5 percent in 2018/19. Credit to private sector increased to 19.7 trillion shillings compared to 18.6 trillion shillings reported in April 2019. The increase was attributed to the effective management of monetary policy.

[11] The government through the Bank of Tanzania (BOT) continued to implement accommodative monetary policy helping to reduce interest rates in financial markets including the lending and deposits rates.

Between July 2019 and April 2020, lending rates decrease to 16.85 percent compared to the average of 17.16 percent in 2018/19. During the same period, one-year lending rates decreased to an average of 16.24 percent from 17.79 percent.

Furthermore, the overall deposit rates were 7.02 percent during the period from July 2019 to April 2020 compared to an average of 7.62 percent in the same period in 2018/19. On the other hand, one-year deposit rates increased to an average of 8.77 percent between July 2019 and April 2020 compared to 8.21 percent in 2018/19

Table 2.1.7: Finance Outcomes

4	Finance	2015/16	2020/21	Achievements by 2019/2020	Remarks
4.1	Finance (domestic vs. external)				
4.2	Population with bank accounts (percent	Not Indicated	Not Indicated	32 percent[12] 63 percent[13] (2017 Findex)	
4.3	Firms with bank accounts (percent)				
4.4	Share of loans to private sector in (GDP) (percent)	17	59	11.1percent (2019)	18.8 percent
4.5	Interest rate spread	5.64	5.81	8.35[14]	143.7 percent

Source: MoFP budget speeches

2.3 Management for Results

(i) Need to sustain macroeconomic policies.

(ii) Sustained economic growth requires a stable and predictable macroeconomic environment.

(iii) The key strategic policy issues in this endeavor include impact of fiscal policy, domestic sterilization, exchange rate management and ensuring consistency in the various elements of the macro policy framework.

(iv) Macroeconomic stability requires interventions which address balance in fundamental macro variables such as inflation rate, exchange rate, interest rate, balance of payments, fiscal deficit and external debt as well as promotion of external trade.

(v) Stability can be ensured by effective management of both demand side and supply side. The cluster strategies and intervention packages to support this target hinge around the following main areas:

a. Inflation: Low inflation rate protects incomes and provides confidence of economic actors. Single digit inflation rate is desired and as far as possible maintained close to the inflation rate prevailing in the major trading partners (not higher than 4 percent). In order to achieve this, the following strategies are required: i. Pursuing and sustaining non- inflationary/prudent fiscal and monetary policies such as restricting budget deficit and bank borrowing; ii. Strengthening productive capacity in order to meet the challenges of imported inflation; iii . Strengthening preparedness in addressing exogenous shocks such as increases in oil prices.

b. Balance of payments: Reducing the deficit in the balance of payments requires a multi-pronged approach. The strategies include:

(i) Pursuing measures that lead to an increase in both the volume and value of exports, especially non-traditional (such as through value

[12] Of the population in the lowest wealth quintile
[13] Of the population in the richest quintile
[14] Bank of Tanzania, Monthly Economic Review, May 2020

addition and negotiating better prices). The interventions include sustaining production, improving competitiveness including maintaining a competitive exchange rate; trade related services e .g. quick clearance of goods and increased transit trade to make Tanzania a logistic hub for the region, business capacity enhancement, quality assurance and packaging;

(ii) Addressing the import side prudently in order to reduce the import bill. Interventions in this area relate to promoting consumption of locally produced goods and services to out-compete imports, and curtailing dumping of imports, such as counterfeits known to be of poor quality and in some cases unfit for human consumption;

(iii) Strengthening external market opportunities, especially regional, in order to create more export opportunities;

(iv) Strengthening economic diplomacy at regional and global levels;

(v) Implementing other complementary measures: curbing capital flight;

(vi) Policies and practices that encourage remittances from abroad, and

(vii) Prudent pursuance of trade liberalization.

c. Official (foreign) reserves: The target is to maintain a level of reserves equal to at least six months of imports. The build-up and maintaining targeted reserve level are to be achieved through:

(i) Undertaking export drive, including aggressiveness in transit trade and trade logistics for regional and global markets; and

(ii) Prioritizing imports in favor of strategic ones for enhancing production especially of exportable.

d. Exchange rate management: To ensure competitive exchange rate, efforts will be directed at:

(i) Pursuing prudent foreign exchange operations;

(ii) Promoting exports; measures to increase competitiveness of exports and market access regionally (especially in EAC and SADC) and globally; and

(iii) Undertaking trade policy-related measures that promote exports

e. Interest rate and efficiency financial markets– Efforts will be directed to maintain an interest rate structure that encourages financial savings and leads to greater mobilization of deposits (private sector savings), while encouraging borrowing (credit to the private sector) . Strategies required realizing these multiple objectives include:

(i) Conducting Bank of Tanzania's Open Market Operations in a prudent manner;

(ii) Deepening financial sector reforms through full implementation of Second Generation Financial Sector Reform Programme;

(iii) Improving efficiency of commercial bank operations as well as operations of capital markets taking into account development of the same in EAC Common Market, SADC and beyond; and
(iv) Implementing measures that minimize borrowing risks (such as through insurance schemes), especially in strategic sectors such as agriculture and SMEs.

f. Fiscal deficit: efforts will be directed at both components of the government budget – i .e. revenue and expenditure. On the revenue side the strategies will include:
   (i) Improving revenue yield out of expected recovery of both global and domestic economies through improving efficiency in tax administration;
   (ii) Widening the tax net in order to collect more revenue, especially from the extractive sector, as well as incomes of the informal sector;
   (iii) Enhancing collection of non-tax revenue, especially rents from natural resources; and
   (iv) Strengthening role of PPP in order to ease pressure on government budget.

   With respect to expenditure, efforts will be directed at:
   (i) Improving efficiency and effectiveness in the use of both financial and human resources;
   (ii) Improving public financial management and accountability;
   (iii) Improving public financial management and accountability; and
   (iv) Ensuring value for money.

g. External debt: the large share of external debt in total national debt and burden of servicing (flow) requires better and more prudent way of managing (from contracting to monitoring). Unsustainable external debt is a threat to macroeconomic stability. Strategies to address the external debt problem will include:
   (i) Enhancing export drive to be able to generate sufficient foreign exchange for meeting timely debt service obligations and avoid fiscal stress in Government budget;
   (ii) Improving monitoring and coordination, in order to avoid build-up and future debt burden;
   (iii) Timely servicing of debt in order to avoid accumulation of arrears on non-serviced debt;
   (iv) Improving data/information management, especially on private category borrowers

2.4 Untapped Opportunities towards FYDP II Objectives and Targets

Opportunity 1: Need to further deepen structural transformation

Structural transformation, the process where people move out of low productivity agriculture into more remunerable activities, will determine whether Tanzania can pull itself out of poverty going forward. Despite the noticeable transition of labour from agriculture to industry and services, the share of agriculture in total employment remains high (at 58 percent, reaching 79 percent among the poor) while it continues to contribute far less to value-added than these other sectors. There is also a need for further market orientation and value addition in the agricultural sector.

Opportunity 2: Invest more in human capital and skills development of its current and future workforce while increasing the job generation by key sectors that drive growth.

This needs to be coupled with a better enabling environment that fosters small firms growth and survival chances, furthers agricultural transformation, and reduces vulnerability to negative domestic and international economic and weather shocks. Currently, the more productive industry and service sectors favor the more educated and the better off, perpetuating inequities in access to productive employment opportunities. This, coupled with the distressingly low level of educational attainment in the overall population, keeps a majority of the population stuck in informal sector wage and self-employment. Most businesses remain small and unregistered, or stop operating when they are still young, and operate without fixed business location. They also lack access to formal sources of finance, limiting their growth potential.

With an increase in the economic returns in the more productive industry and service sectors, there is a growing need for investments in human capital especially among the poor and the vulnerable. Increasing access to productive employment opportunities is key to sustaining the momentum picked up during the last few years.

Opportunity 3: emerging signs of increased participation of the poor in the growth process; however, they continue to suffer from lack of capacities and limited access to productive resources and better job opportunities.

This call for more efforts to build productive capacities of the poor and the unemployed youth to enable them pursues self employment and accesses the required productive resources.

Opportunity 4: Focus on broad-based and shared growth

The modest reduction in poverty illustrates that economic growth has been less sufficiently broad-based and shared. Growth is concentrated in telecommunications, financial services, retail trade, mining, tourism, construction and manufacturing. While growth was formerly driven largely by public spending and international aid, this is no longer the case. Growth today is generated mainly by the private sector, but the sectors with the highest rates of growth are predominantly capital-intensive and concentrated in large urban areas. Growth has largely failed to affect the great challenges, generating more employment and additional jobs in all parts of society and improving incomes for the vast majority of the population. There is need to take advantage of the ongoing transformation to develop sectors that can make big impacts in terms of increasing productivity growth and employment; in this regard, the linkage between industry/manufacturing, agriculture and service sectors is of paramount importance

Opportunity 5: External Markets
Untapped opportunities towards further macroeconomic stability relate to external market opportunities, especially regional, in order to create more export opportunities; promoting economic diplomacy at regional and global levels; strengthening productive capacity in order to meet the challenges of imported inflation; addressing the import side prudently in order to reduce the import bill which has contributed to trade deficit; Interventions in this area relate to promoting consumption of locally produced goods and services to out-compete imports, and curtailing dumping of imports, such as counterfeits known to be of poor quality and in some cases unfit for human consumption and; undertaking export drive, including aggressiveness in transit trade and trade logistics for regional and global markets;

2.5 Lessons Learnt and Good Practices

Experiences from many countries show that besides infrastructure and other regulatory frameworks, sustainable economic growth requires a stable and predictable macroeconomic environment. This environment includes fiscal policy, domestic sterilization, exchange rate management and consistency in the various elements of the macro policy framework. Macroeconomic stability requires interventions, which address balance in fundamental macro variables such as inflation rate, exchange rate, interest rate, balance of payments, fiscal deficit and external debt as well as promotion of external trade. Effective management of both demand side and supply side can ensure stability.

2.6 Recommendations

a) Pursuing and sustaining non- inflationary/prudent fiscal and monetary policies such as restricting budget deficit and bank borrowing;
b) Strengthening productive capacity in order to meet the challenges of imported inflation;
c) Ensuring preparedness in addressing exogenous shocks such as increases in oil prices, food, currency volatility;
d) Addressing the import side prudently in order to reduce the import bill. Interventions in this area relate to promoting consumption of locally produced goods and services to out-compete imports, and curtailing dumping of imports, such as counterfeits known to be of poor quality and in some cases unfit for human consumption;
e) Strengthening external market opportunities, especially regional, in order to create more export opportunities;
f) Strengthening economic diplomacy at regional and global levels;
g) Undertaking export drive, including aggressiveness in transit trade and trade logistics for regional and global markets;

h) Pursuing prudent foreign exchange operations;
i) Conducting Bank of Tanzania's Open Market Operations in a prudent manner;
j) Deepening financial sector reforms through full implementation of Financial Sector Reform Programme;
k) Implementing measures that minimize borrowing risks (such as through insurance schemes), especially in strategic sectors such as agriculture and MSMEs; and
l) Improving revenue yield out of expected recovery of both global and domestic economies through improving efficiency in tax administration.

CHAPTER THREE: INDUSTRIAL DEVELOPMENT

3.1 INDUSTRY

3.1.1 An Overview

The general industrial structure of Tanzania as defined ISIC comprises of mining and quarrying, manufacturing, electricity and gas, water supply and construction which altogether are expected to contribute a minimum of 40 percent of GDP by 2025 as specified by the 1996 Sustainable Industrial Development Policy (SIDP). The Government of Tanzania regards industrialization as the main catalyst to transform the economy, generate sustainable socio-economic growth and reduce poverty. In this regard, the Government introduced its Sustainable Industrial Development Policy (SIDP) in 1996 to phase itself out of investing directly in productive activities and allow the private sector take that role. The main purpose of the Government's SIDP is to design a plan for industrializing Tanzania so that the country becomes semi-industrialized by 2025. It was conceived that in order for Tanzania to become a semi-industrialized country, the contribution of manufacturing to the national economy must reach a minimum of 25 percent of GDP by 2025. In this regard, SIDP's main focus is development of the industrial sector, for example, by constructing a new standard-gauge 2,700 Kilometres, Central Railway Line, constructing Stigler's Gorge electricity power generation, developing skills and creating a better environment for doing business. Other Government support to create enabling environment for industrial growth includes: establishing SEZs/EPZs (Special Economic and Export Processing Zones), industrial parks, and logistics hubs and strengthening research and development institutions. With an emphasis on infrastructure, industrialisation and domestic value addition, these are important facet in creating the required enabling environment.

The FYDP II identifies industrialisation, along with human development and implementation effectiveness as the main policy objectives and key driver of economic transformation. Here the focus is on industrialization. Indeed, the 5th Phase Government is relentlessly pursuing industrialisation as an overriding priority in the implementation of FYDP II. Such emphasis follows consensus in the literature that industrialisation plays a critical role in economic development (Martorano, *et al*., 2017). Despite the importance and priority attached to industrialisation, there are some effort needs to be done. In 2016, the Government prepared an action plan for implementing FYDP II with regards to industrialisation. The strategy was to use domestic resources to provide an enabling environment for private sector investment in industries while mobilising Foreign Direct Investments (FDIs) to provide the capital for the desired industrial development. However, it appears the strategy on how to industrialize has was not fully implemented. In future, the roles of NDC, SIDO and industrial support institutions such as TIRDO, TEMDO, and CAMARTEC will need to be revisited and supported to play a major role in the country's industrialisation strategy.

The FYDP II industrial sector interventions and targets were continuation of implementation of SIDP whose review and assessment of performance during the five-year period is attempted in this brief report. Overall, as of September 2020, Government achieved 75 percent of the targets set in 2015/16, implying commendable progress towards attaining Vision 2025 of becoming a semi-industrialised country.

According to Tanzania's Minister of Finance and Planning budget speech in 2019/20, Tanzania has a per capita GDP of TZS 2,458,490 or USD 1,090 implying the country has reached a lower middle-income industrialised country. Since the country is at the bottom (USD 1,046 – USD 4,125) of the lower middle-income countries, targets for FYDP III should aim at using industrial contribution to double per capita GDP growth towards reaching an upper lower middle-income country by 2025 – a tall order, but where there is a will, it can be done (Figure 3.1.1).

Figure 3.1.1: World Countries Income Groups

Source: https://www.quora.com/Which-are-the-middle-income-country

3.1.2 Results from Implementing FYDP II's Objectives

Overall Performance

The overall assessment of implementation of Industrial Sector FYDP II targets when baseline indicator targets set in 2015/16 are compared with achievements made is rated high as shown below (Table 3.1.1 and 3.1.2).

Table 3.1.1: Overall Industrial Sector Performance

Indicator	Number of targets against baseline indicators set 2015/16	Assessment of progress based on available data (percent)
Achieved	3	75 percent
Not achieved	1	25 percent

FYDP II overall industrial sector indicator targets show 75 percent of the targets were achieved. These results indicate Tanzania is making good progress towards achieving semi-industrial status by 2025.

Table 3.1.2: Industrial Sector Performance Evaluation against Targets

S/N	Indicator/Target	2015/16 Baseline	2020/21 Target	Progress by 2019/20	Ratio Achieved	Remarks
1	Real growth rate (percent)	9.1 percent	10.6 percent	5.8 percent (MIT, 2020/21 Budget)[15]	54.7 percent	Not achieved
2	Share of GDP (current prices) percent	21.1 percent	23.7 percent	25.1 percent (IMF, April 2020)[16]	105.9 percent	Achieved
3	Share of total exports (percent)	27.1 percent	27.5 percent	28.6 percent	104 percent	Achieved
4	Share of total employment (percent)	8 percent	12.5 percent	14.4 percent	115.2 percent	Achieved

In 2019/20 FYPD II Tanzania's industrial sector contributed around 25.1 percent to the country's GDP compared with 23.7 percent targeted for 2020/21. The sectors also experienced an average annual growth of 5.8 percent over the past 5-year FYDP II period compared with 10.9 percent targeted for 2020/21, implying this target was not achieved. According to 2020/21 budget speech by the Minister of Industry and Trade (MIT), about 8,477 industries were established during FYDP II period (2016/17 – 2020/21); of which 201 were large-scale, 460 were middle-scale, 3,406 were small and 4,410 were micro enterprises[17]. The 2020/21 Budget speech also noted that in 2019/20 alone, 303 industries were established, of which 138 were large establishments (95 being industries established under Tanzania Investment Centre (TIC). These industries employ over 36,025 people. The 2020/21 budget speech envision by end 2020, industries will have created over 480,000 jobs. Based on research findings by Balchin *et al.* (2016), some sectors in Tanzania appear to have greater potential for growth than others, including agro-processing, fast-moving consumer goods and construction materials. For example, the domestic and export markets for textile products show enormous opportunity for pushing Tanzania's industrialisation (URT, 2016a, MoFP Economic Survey 2016).

[15] Ministry of Industry and Trade 2020/21 Budget Speech
[16] IMF (April,2020) in https://www.nordeatrade.com/en/explore-new-market/tanzania/economical-context
[17] Large scale (employees greater than 100 people or have more than TZS 800 million in capital investments, middle-scale employees are between 50-99 or have TZS 200-800 million in capital investment, small-scale employees 4-49 people or have capital which is less than TZS 200 million, while micro enterprises employ less than 3 people or have less than TZS 20 million in capital invested.

3.1.3 Adequacy of FYDP II Financing and Resource Utilization

The financing of industrial interventions is largely a private sector activity with Government creating a conducive policy and legislative environment to entice domestic and external investors to the sector as well as "influencing and facilitating strategic investment in selective industrial support (Vision 2025). Implementation of FYDP II needed substantial amount of finance to push progress in many of the planned projects. The Ministry of Finance (MoFP) convened a high-level workshop in Dodoma on 4th October 2018 to deliberate on FYDP II financing after the Government realised inadequate financing was being channelled to develop industries in the country. The idea of the meeting was to attract private sector investments through Public-Private Partnerships (PPPs) and other financing instruments (Balchin, 2018). The meeting was supported by the ODI–SET team and involved all the relevant ministries, departments and agencies and private sector invitees.

Recent progress has included a review of the PPP Act of September 2018, aimed at addressing some shortcomings to allow more efficient application and operationalisation of PPPs. The main amendments included (i) removing the joint venture arrangement to allow private investors to decide on modalities of investment; (ii) moving the PPP Centre from Prime Minister's Office (PMO) to MoF so as to empower the Minister for Finance and Planning to make decisions on the projects requiring government financing; (iii) relegating the functions of the National Investment Steering Committee to the Technical Committee (comprising of a few permanent secretaries and some private sector entities); and, finally, (iv) replacing the project list with a Project Concept (PPP idea) such that the selection of projects for financing via the PPP mechanism is determined not by the pre-identified list but rather in accordance with objective criteria. The law specifies the timeframe within which the PPP Centre should respond to the Contracting Authority as 30 working days. However, the *removal of international dispute settlement mechanisms in the amendment is against best practice. It is advisable for the Government during FYDP III to consider ways of addressing any concerns of foreign investors about opportunities for international arbitration in the event of disputes. In addition, there is need to define more clearly the role of the private sector vs. the role of government (by making public investments which play the role of facilitating and crowding in private investment).*

In another attempt to garner financing for industrialisation, the Government called upon the pension funds to participate in industrialisation by providing financing to private sector actors seeking to invest in industries. The total level of investment in social security schemes grew from TZS 7.8 trillion in 2014/15 to TSZ 11.2 trillion by 2019/20. In response to the call by government, over 35 industries were funded by pension funds during FYDP II, creating 250,000 jobs. These include (i) TZS 54 billion for a shoe factory in Moshi in cooperation with TIRDO and the Parastatal Pension Fund (PPF); (ii) a National Social Security Fund (NSSF) Joint Venture project to construct a 200,000 tons per year sugar factory in Morogoro at Mkulazi Prison; (iii) a TZS 9 billion NSSF loan to revive the Mwanza Milling Factory in 2017; (iv) a TZS 4.7 million investment to expand the NDC Biotech Product in Kibaha; (v) over TZS 339 billion invested by PPF, the Local Authorities Pension Fund, the Government Employee Provident Fund and NSSF in 12 firms and several others.

Commercial bank credit and investment finance has not been sufficient to provide needed capital required for the industrial projects. Overall, since 2015, liquidity in the economy has been a challenge and commercial credit to private sector has continued to decline, effectively crowding out the private sector and constraining the sector to play its role as an engine of industrial growth.

3.1.4 Challenges and Potential Solutions

The challenges facing industrialisation as observed during implementation of FYDP II unleashing the potential of this sector are many and have no easy solutions. Some of these are discussed briefly as follows:

Table 3.1.3: General challenges

Challenge	Potential Solution
Inadequate capital – (i) Inadequate budget allocation (averages 9 percent of total budget); (low commercial banks credit -Industrial credit accounts for 10.5 percent while the largest share of credit is given to personal loans which account for 27.4 percent followed by trade at 20.5 percent). (iii) FDI investments are low, less than 5 percent of the inflows.	1) Greater budgetary allocation for industrial development to enable fulfilling its PPP commitments, improve infrastructure necessary for supporting industrial growth (stable and reliable electricity, water, roads, railroads, etc). Current average of 9 percent of total budget is inadequate to achieve Government resolve to industrialise the country and could be increased to 15 percent or more; 2) Bank of Tanzania should review monetary policy to ensure adequate level of liquidity in the economy and steer high growth of credit to the private sector in support economic and industrial growth; 3) Establish industrial loan bank (s) to cater specifically for industrial development and avail credit to start-ups. 4) Direct capital market to support mobilisation of funds for industrialisation 5) Facilitate establishment of regional industrial parks 6) Support establishment of regional industrial bonds as a means of raising funds for industrialisation; and 7) Continue encouraging Pension Funds institutions to finance regional industrial plans under PPP arrangements.
The business environment is not sufficiently attractive to domestic and foreign investors. (Tanzania Ease of Doing Business Index: ranked 141 of 190 economies (2019); Global Competitive Index: Ranked 113 out of 137 (2017/18).	The country's Blue Print observes that, '*Government acknowledges that Tanzania still faces a number of policy and regulatory challenges which slow down the growth of the private sector and the industrialization*' (URT, 2018c - MITM). In addition, the Blueprint makes recommendations in a number of specific areas. These include: (i) the need for tax relief to promote domestic industries (including raw materials for producing animal feed) (ii) fostering backward linkages to agriculture to support industrialisation, (iii) establishment of one-stop-service centres for investment and trade facilitation in order to guide investors, and. (iv) provision of incentives to the energy sub-sector to support industrialisation, especially review of power rates and encouraging alternative power sources such as solar power. Other important actions needed for FYDP III include: (i) revisiting the PPP Act to remove stipulations that discourage FDI, particularly the re-introduction of

Challenge	Potential Solution
	international arbitration in the event of disputes; (ii) Fast-tracking review of the large number of industrial taxations, while fostering ICT-based tax payment systems; and (iii) ensuring predictability of investment policies, rules and regulations.
Local skills, knowledge and capability-building is inadequate to drive and own the industrialisation process, systems and strategies.	Review learning curriculum at all levels to ensure the country is well-prepared to take advantage of the Fourth Industrial Revolution. During FYDP II, some ASMs miners use outdated and manual equipment and very low health-damaging technologies such as mercury. Tanzania needs to prepare its young men and women in relevant industrial-related skills, including greater focus on: • New technologies, innovations, productivity-enhancing ICT-based systems and technologies, and other skills relevant to the 4^{th} industrial revolution; • Advanced manufacturing, production, supporting inclusive technology adoption and unlocking ICT data to unleash innovation in the manufacturing processes and systems; • Embracing digital technologies, including virtual systems and e-government to serve the industrialisation drive, reduce cost of doing business and attract greater domestic and foreign investments due partly of moving towards a corruption-free middle-income industrialised country; and • Soft skills such as contract negotiations, ethical behaviour, "*uzalendo*" or patriotism, change in mind-set to cherish hard work, love of God and one another, to mention, but a few examples
Inadequate coordination of the key actors in the industrialisation resolve and facilitation of domestic and foreign investors.	All the 26 regions of Mainland Tanzania have developed regional investment guides, prime among the intervention activities being industrial investments. High-level coordination is needed, not only to avoid duplication and poorly conceived unprofitable industrial enterprises, but also keenly sourcing domestic, regional and international markets to avoid failure and frustration in the future. Further, some few regions have established "one-stop-centres" and allocated industrial park and other land for industrial investments, but most of these are on "paper" but little action has been done to translate the good intentions into reality. Given modern age information communication technology and since all completed investment guides are in the regions' websites; interested investors might be interested to invest in Tanzania, only to find hopes diminished, time and money wasted ensuing frustration. FYDP III should pay particular attention and make follow-up in the regions to ensure investor promises of land and other facilitation are indeed in place. At the national level, a crucial step was taken in 2018 to address the longstanding challenge of coordination of the industrialisation programme (SIDP) by forming a Joint Programme and Inter-Ministerial Task Force to oversee implementation of the strategy, coordinated by PMO. The task force is chaired by the Permanent Secretary of PMO and involves permanent secretaries of all relevant ministries, departments and agencies in accelerating implementation of the industrialisation strategy. MIT should also be accorded a bigger role especially during FYDP III to facilitate marketing of industrial products. The task-force also involves the private sector in recognition that the industrial strategy is driven and financed largely by the private sector.

3.1.5 Untapped Investment Opportunities in the Industrial Sector

During FYDP II the Government through the Prime Minister's Office directed that all regions and their LGAs prepare Regional investment guides, in which many untapped industry human development-related interventions were identified. The regional investment guides have been uploaded onto the respective regional websites to provide information and entice investors, both domestic and foreign to make Tanzania their investment destination of choice. *FYDP III should continue supporting the regional identified industrial investments and put in place coordinated mechanism to avoid duplication and unnecessary competition among regions that have similar industrial projects.*

The manufacturing sector section includes priority industrial projects for implementation by the private sector under various investment arrangements for the short, medium and long-term industrial interventions to guide the industrial process towards achieving the country's Vision 2025. Implementation of some of the projects began in 2017 and as of September 2020, most had not been completed or started at all, implying the projects have to be monitored during FYDP III to fast-track implementation. These are discussed in the Manufacturing section of this report.

3.1.6 Lessons Learnt and Good Practices

Lessons Learnt

Implementation of FYDP II industrial interventions during the five-year period provides several key messages/lessons as follows:

(i) *Committed political leadership is and has been important.* High-level political leadership need to continue to create the enabling environment for industrialisation. In particular: (i) recognising the private sector as the engine of industrial growth, (ii) directing investments towards development of the supportive infrastructure (stable, reliable electricity, water, roads, railroads, communications, etc); (iii) facilitating creation of a literate, educated skilled workforce, and (iv) putting in place investment policies, legislation, rules, regulations and strategies that will provide the incentives to make Tanzania an investor-friendly country of choice; to name, but a few interventions that needs to be undertaken during FYDP III in an effort to improve the business environment.

(ii) *The manufacturing sector in support of industrialisation, 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 although improving, 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 made it difficult for formal linkages between small-scale and large-scale firms – challenges that have to be addressed in FYDP III.

(iii) *Availability of raw materials for establishing industries matter, but the skills and knowledge set matter most.* As the regional investment guides amply show, Tanzania is blessed and endowed with unparallel natural resources to fuel "resource-based" industrialisation. The main challenge is inadequate skills' set, innovation acumen, and a mindset of workforce that cherishes "business as usual" and avoids risk and dare to fail mentality. Industrialisation requires a literate, numerate, and educated workforce which is responsive to the ever-changing technologies, systems and processes, including new ways of doing business that are risky but have high pay-off.

(iv) *Implementation Effectiveness is crucial: The quality of implementation of the industrial policy, strategy and intervention activities matter.* The Government has put in place very good policy under the *Sustainable Industrial Development Policy (SIDP)* and implementation strategy (FYDP I & II and follow-on plans), but the quality of implementation is less satisfactory. It relies on a mind-set of attracting external foreign investors and overlooks domestic investors, while both are needed to complement one another. Addressing this might require strategic policy and change of mid-set. Sustainable industrialisation of a country has to be owned and driven by the people and external support used as a catalyst to help share skills and knowledge and avoid "re-inventing the wheel". Going forward, greater support to support private sector organisations such as Tanzania Private Sector Foundation (TPSF) and Tanzania Chamber of Commerce, Industries and Agriculture (TCCIA) will be needed to champion the industrialisation drive to ensure domestic industrial investors are accorded the right incentives to participate in the country's industrialisation process.

(v) *Stability and predictability of business policies and laws/regulatory environment matter to investors.* Domestic or foreign investors aim at making a profit and in most cases maximise shareholder profits. Investors develop a business plan and calculate profitability to make decision to invest or not to invest. Once the investor makes a decision to invest and puts the plan into action, changes in the initial assumptions as a result of country changes in policies, rules and regulations, the whole business plan is ruined and prior project financing is put at risk. Such a business environment is neither good for domestic investors nor foreign investors. The business rules of the game must be stable and predictable to attract long-term capital investment to fuel the country's industrialization resolve.

International Good Practices

Tanzania has resolved to become a middle-income industrialised country by 2025. A prospect for realising this vision is low despite the country having recently attained lower middle-income status. Manufacturing is probably the only proven development model so far that has helped to bring jobs, export revenues and rapid and sustained prosperity to a range of countries, both developed and developing countries. Although most industrialising countries have domesticated the process of initiating and sustaining their industrial sector investments, several good practices are common to most countries during their industrialisation phase and can be summarised as follows:

(i) With the exception of Hong Kong, no other country in the world has developed its industrial base without prior infant industry protection. This means in reality Tanzania must review and coordinate its regulatory agencies for these to provide necessary support for industrial growth rather than frustrate investors especially start-ups and infant industries. Some of the important agencies are: Tanzania Bureau of Standards (TBS), Fair Competition Commission (FCC), Tanzania Communications Regulatory Authority (TCRA), Energy and Water Utilities Regulatory Authority (EWURA), Tanzania Trade Development Authority (TANTRADE), Business Registrations and Licensing Agency (BRELA), Public Procurement Regulatory Authority (PPRA), Tanzania National Construction Council (NCC), Tanzania Medicines and Medical Devices Authority (TMDA), Occupational Safety and Health Authority (OSHA), to mention, but a few. The functions and roles of these agencies of Government must be coordinated properly to give space and opportunity for domestic industries to start, grow and mature before being subjected to industrial quality "international standards" which took over 100 years in some countries to acquire.

(ii) The process of industrialization and export expansion go together. You cannot produce what you cannot sell either domestically, regionally or internationally. This implies FYDP III with the focus on "*Realizing Competitive and industrialization for Human Development*" (2021/22-2025/26) is very important. In particular facilitating export-led growth of the Regional Investment manufacturing products aspirations and Transforming Tanzania into the manufacturing hub of East, Central and South African countries.

(iii) In all industrialising countries, without exception, Government intervention for capital accumulation, infrastructural, institutional and human development, as well as abundance of food supply, has played a significant role in the industrialization process.

(iv) Emphasis on an educated skilled workforce. Science and art were important factors in rapid industrialization because these provide new forms of power and new machinery and knowledge (LIST, F. (1856). This implies Tanzania's approach to "free education" for all is a good idea, but the quality of education at all levels is seemingly low. Greater efforts is needed to learn from successful countries such as South Korea, Thailand, Hong Kong, Vietnam, China, and Cuba, not only to avoid "re-inventing the wheel" but also to use lessons learned to reform the education system to be able to support a middle-income country skills and knowledge set required for sustained broad based inclusive socio-economic growth and development.

(v) A high rate of domestic savings and FDI are the main source of financing industrial investment in most industrialising countries. This implies the Bank of Tanzania must play a better role in managing liquidity in the economy, assuring businesses of affordable access to commercial bank credit and Tanzania Investment Centre (TIC) has to become more pro-active in mobilising FDI industrial investments.

(vi) Most industrialising countries used monetary and fiscal policies to support industrial growth. Industrial taxation system was made friendly to investors to enable them make good profit and plough back the profit for re-investment. Internal tariffs/charges and free movement of goods between the regions of the country were allowed, export and import tariffs were carefully designed to ensure these did not hamper trade and imports of some goods that compete with domestically produced goods were prohibited. Imports of raw materials and intermediary goods for industrial use were made free of taxes. Governments used monetary and fiscal policies to support their infant industries.

(vii) Research and Development (R&D) played a critical role in industrialisation. Governments supported R&D through budgetary allocation to research institutions, with specific, measurable deliverables within a specified timeframe. This implies the need for government to provide greater financing to agencies such as the Small Industries Development Organization (SIDO), Tanzania Commission for Science and Technology (COSTECH), Tanzania Industrial Research and Development Organization (TIRDO), Tanzania Engineering and Manufacturing Design Organization (TEMDO), Centre for Agriculture Mechanization and Rural Technology (Carmatec), University and higher learning technical schools; to enable these R & D organisations support more effectively the country's industrialisation process.

3.1.7 Recommendations

The main recommendations emanating from the assessment of FYDP II implementation of the industrial sector interventions are as follows:

a) **Review of target indicators:** The indicator targets for 2025 set in 2015/16 should be reviewed and intervention activities developed in FYDP III to achieve targets should be implemented with an eye to reach a high lower middle-income industrialised county by 2025.

b) **Adopt lessons:** The lessons learned and international good practices discussed in the preceding section should be taken into account in implementing FYDP III interventions;

particularly Government continuing to create an enabling environment for industrial development, especially continuing to focus on infrastructure and creating more investor-friendly business investment climate.

c) **Design special incentives:** The Government is urged to review and streamline specific incentives for attracting mega investors by streamlining the roles of key regulatory institutions and procedures for attracting strategic investors, providing dedicated energy lines and gas infrastructure to industrial parks and SEZs in all 26 regions of the country and introducing a customs green lane to enhance efficiency in facilitating strategic projects.

d) **Fast-track Implementation of the Blueprint:** The Government is urged to fast-track implementation of business environment blueprint reforms, including: (i) deliberate measures to simplify paying tax, (ii) enhance competitiveness of the manufacturing sector by reducing import duties on material inputs not produced locally, reviewing corporate income tax to make industrial investments more profitable, reducing electricity rates for the manufacturing sector from USD 0.12/kwh to USD 0.06/kwh; (iii) tightening enforcement of customs and standards to ensure fair competition between domestic producers and importers; and protecting infant industries through stiff import tariffs for goods directly competing with those produced domestically.

e) **Support Efforts for Productivity Enhancement:** Government is urged to support efforts to improve productivity in existing industries by addressing capital shortage using the banking system monetary policy adjustments and capital market as well as attracting FDI, and addressing the skills shortages, including simplifying the process for hiring foreign experts with industrial skills and knowledge as well as technology and innovations as drivers of competitiveness.

f) **Support establishment/strengthening of regional industrial development banks**/industrial loans banks to mobilise funds to support investment in long-term industrial development projects. Create regional industrial development fund (to be funded initially by Government, supportive Development Partners, private sector and pension funds organisations) and managed/administered by an apex industrial bank along the lines of Tanzania Agricultural Development Bank (TADB).

g) **Industrial Bonds:** Support possibilities of establishing EAC regional industrial bonds as a means of raising funds for industrialisation.

h) **Set up regional credit guarantee scheme (CGS):** CGS and other innovative financial products (seed & venture capital, leasing & inventory financing) to enhance SME access to credit lending by commercial banks; and

i) **More budget to support industrial development:** Increase national and regional budgetary allocation to the industrialisation programmes in support of translating their industrial investment guide projects. This recommendation could be accomplished by returning the high-yielding revenue sources taken over by TRA to local governments – especially property tax.

The next Section discusses the Manufacturing sector which is the main component of Tanzania's resolve to become a semi-industrialised country by 2025.

3.2 MANUFACTURING

3.2.1 An Overview

The manufacturing sector in Tanzania consists mainly of food processing (24 percent), textiles and clothing (10 percent), chemicals (8.5 percent), and others, including beverages, leather and leather products, paper and paper products, publishing and printing, plastics and non-metallic mineral products. The share of Manufacturing in GDP remained relatively low at 8.5 percent as of June 2020, but higher than 5.2 percent at the FYDP II baseline period in 2015/16, with food and beverages accounting for more than 40 percent of the manufacturing output. Despite these observations, the sector has been steadily moving towards product specialization, especially products that provide inputs to other processes such as intermediate technologies relating to machinery, electronics and garments.

FYDP II conceived the manufacturing/industrialisation to be an engine of growth to transform the economy and facilitate achievement of the country's Development Vision 2025. It was envisaged that the country could be industry/manufacturing sector-led which would facilitate building a diversified competitive economy and which will lead to desirable human development outcomes, including poverty reduction. In this regard, FYDP II was expected to build the foundation for the requisite structural change and socially inclusive development process. FYDP II would do this by embracing the symbiotic link between industrialization and human resources development, which, respectively were the characterizing focuses of MKUKUTA II and FYDP I.

Thus, FYDP II considered the manufacturing sector as one of the basic determinants of long-run sustainable growth. Interventions for manufacturing were set taking into account aspirations of the country's Development Vision 2025 as well as actionable programmes and projects included in the Tanzania Long Term Perspective Plan, 2011/12-2025/26 (LTPP). Overall, implementation performance is rated high when indicator targets are compared with actual progress made by October 2020, with 66.6 percent of the targets fully achieved and remaining 33.4 percent making commendable progress towards reaching planned targets. The following discussion provides a brief evaluation of the performance and achievements made in implementing the manufacturing sector interventions for the FYDP II period 2016/17 to 2020/21.

3.2.2 Results from Implementing FYDP II's Objectives

Overall Performance

The overall assessment of manufacturing sector in the implementation of the FYDP II interventions based on targets set in 2015/16 and achievements made as of October 2020, are summarised on Tables 3.2.1 and 3.2.2.

Table 3.2.1: Manufacturing Sector Overall Performance

Indicator	Number of targets against baseline indicators set 2015/16	Progress based on available data
Achieved	6	66.7 percent
Progress	3	33.3 percent

The overall performance assessment of the manufacturing sector is rated high. As of October 2020, over 66.7 percent of the indicator targets in the manufacturing sector were achieved and 33.3 percent have made commendable progress towards achieving set targets (Refer to Table 3.2.1 and 3.2.2). However, the country has still a long way to go to achieve the main manufacturing outcome envisaged in FYDP II of over 10 percent annual growth and share in total exports increasing from 24 percent in 2014/15 to 30 percent in 2020/21.

Table 3.2.2: Manufacturing Sector Performance Evaluation against Targets

S/N	Indicator/Target	2015/16 Baseline	2020/21 Target	Progress by 2019/20	Percentage Achieved	Remarks
1	Share of GDP (at current prices) percent	5.2	12.5	8.5[18]	68	Progress
2	Real growth rate (percent)	6.5	10.5	8.3[19]	79	Progress
3	Share of total employment (percent)	3.1 (2014)	5.4	6.75	125	Achieved
4	Edible oil production (000 tonnes)	100	250	1,600	640	Achieved
5	Share of resource based (percent)	69 (2010)	55	52	114	Progress
6	Share of low tech (percent)	17 (2010)	29	35	121	Achieved
7	Share of medium tech (percent)	11 (2010)	24	28	117	Achieved
8	Share of high tech (percent)	2 (2010)	6	8	133	Achieved
9	Number of exporting firms	247	729	1,180	162	Achieved

FYDP II identified the Manufacturing sector as a leader of industrialization process for a number of justifications. Historically the sector has been an important driving force to economic development; has been most knowledge-intensive sector of the economy and recipient of technological progress; exhibits higher productivity and scope for innovation; and that competitiveness of manufacturing is one of the basic determinants of long-run sustainable growth.

Under FYDP II, the key interventions to develop the manufacturing subsector were:

(i) Creating an enabling environment and strong systems to support the variety of manufacturing planned activities envisaged in the Plan. This will entail the following:

[18] Ministry of Industry and Trade 2020/21 Budget Speech

[19] Op. cit. (Note 14)

a) Creating a logistics centre;
b) Establishing Special Economic Zones, Export Processing Zones and Industrial Parks; and
c) Strengthening R&D institutions.

(ii) Promoting MSMEs and local content; and

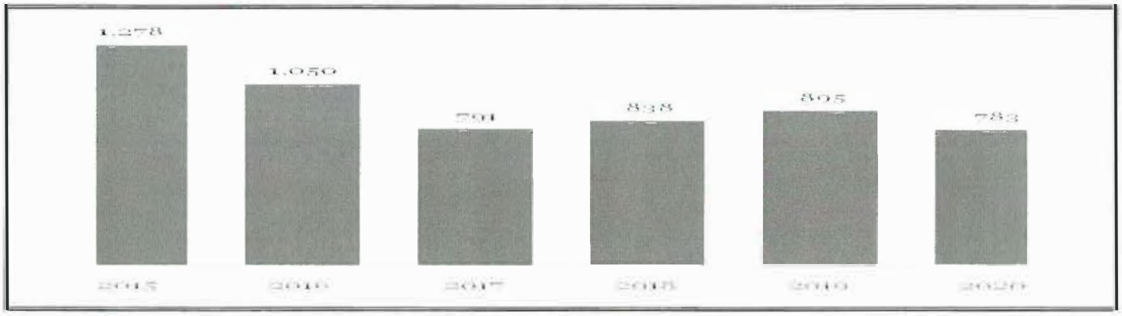
(iii) The key manufacturing projects as shown in Table 3.2.3.

During FYPD II Tanzania's manufacturing sector contributed around 8.5 percent (USD 782.8 billion) to the country's GDP in 2019/20 compared with 5.2 percent targeted in 2015/16. The sector also experienced an average annual growth of 8.3 percent over the past 5-year FYDP II period compared with 6.5 percent targeted in 2015/16, implying this target was achieved. The main manufactured goods exports include cotton yarn, manufactured coffee and tobacco, sisal products (yarn and twine), plastic items and textile apparels.

According to 2020/21 budget speech by the Minister of Industry and Trade (MIT), about 8,477 industries were established during FYDP II period (2016/17 – 2020/21); of which 201 were large-scale, 460 were middle-scale, 3,406 were small and 4,410 were micro enterprises The 2020/21 Budget speech also noted that in 2019/20 alone, 303 industries were established, of which 138 were large establishments (95 being industries established under Tanzania Investment Centre (TIC). These industries employ over 36,025 people. The 2020/21 budget speech envision by end 2020, the industries will have created over 480,000 jobs.

Based on research findings by Balchin et al. (2016), some sectors in Tanzania such as manufacturing appear to have greater potential for growth than others, including those undertaking agro-processing, fast-moving consumer goods and production of construction materials. For example, the domestic and export markets for manufactured textile products show enormous opportunity for pushing Tanzania's industrialisation (URT MoFP, 2016a). Figure 3.2.1 shows the trend in exports of manufactured goods. The declining trend in manufacturing exports is disappointing given FYDP II focus to support greater value addition to the country's raw materials. The main reason for the decline in exports appear to be low production of manufactured goods, partly explained by private investors' low production due to inadequate access to bank commercial credit. Other reasons include low foreign-direct investments (FDI).

Figure 3.2.1: Tanzania manufactured goods earnings 2015-2020 (Millions of USD)



Source: Bank of Tanzania quarterly and annual reports

3.2.3 Management for Results

The Government's approach towards management for results in the manufacturing sector during FYDP II has been to create favourable policy and infrastructure support that facilitates manufacturing growth through private sector investments. In this regard, the Government has used substantial financial resources to increase supply of electricity, improve transport network infrastructure of roads, railroads, air transport, harbours, water supply, and soft infrastructure such as facilitating creation of a skilled, knowledgeable workforce through the education system.

In addition, the Government has cherished good policy thrust such as establishment of manufacturing export processing zones (EPZs), introduction of Integrated Industrial Development Strategy (IIDS) in 2010 and strategies such as the Tanzania Long Term Perspective Plan. In this regard, the government has emphasised on making room for private sector to take lead in manufacturing sector development while the Government embraces the role as enabler, largely by creating environment for easiness of doing business, fair trade practice, transparency, trade openness, and promotion of indigenous knowledge in entrepreneurship.

The status of Government FYDP II implementation of key interventions to develop the manufacturing subsector as of June 2020 is discussed briefly as follows:

A. Creating a Logistics Centre

The Government has successfully laid the basic foundation for establishment of modern investment Logistics Centre (LC) whose status review shows:

(i) The Government acting through the Export Processing Zones Authority (EPZA) has obtained Certificate of Occupancy number DSMT1003173 and is entitled to the rights of occupancy in and over 60.4 acres of land located in Kurasini, Temeke District in Dar es Salaam Region for development of a Trade and Logistic Centre.

(ii) The TLC will include a dedicated trade and logistic platform for Agricultural commercial crops like Tea, Coffee, Cashew and Horticultural Crops. This platform will create an internationally competitive environment that will further export by performing the following key functions : -

   a. Agricultural products volumes consolidation by producers prior to auction via TMX;
   b. Warehouse quality and quantity verified and receipted safekeeping for sellers and temporary storage for buyers who will be participating in the product procurement through auction conducted by TMX;
   c. Facilities for break – bulk and blending operations as well as to repackage the product; and
   d. To provide a single location On Stop Service Centre (OSSC) that will complete all the necessary documentation to facilitate shipping from Dar es Salaam Port.

(iii) The completion of the project will add tremendous value to Tanzania by reducing its dependency to neighbouring countries for value addition and trading of its commercial crops; reducing transportation and warehouse logistic costs; improve cargo throughput in Dar es Salaam Port; simplifying World Market Price Discovery and improve branding of our products worldwide.

B. Industrial Parks Establishment

The Government is making commendable progress in the establishment of industrial parks (Figure 3.2.2).

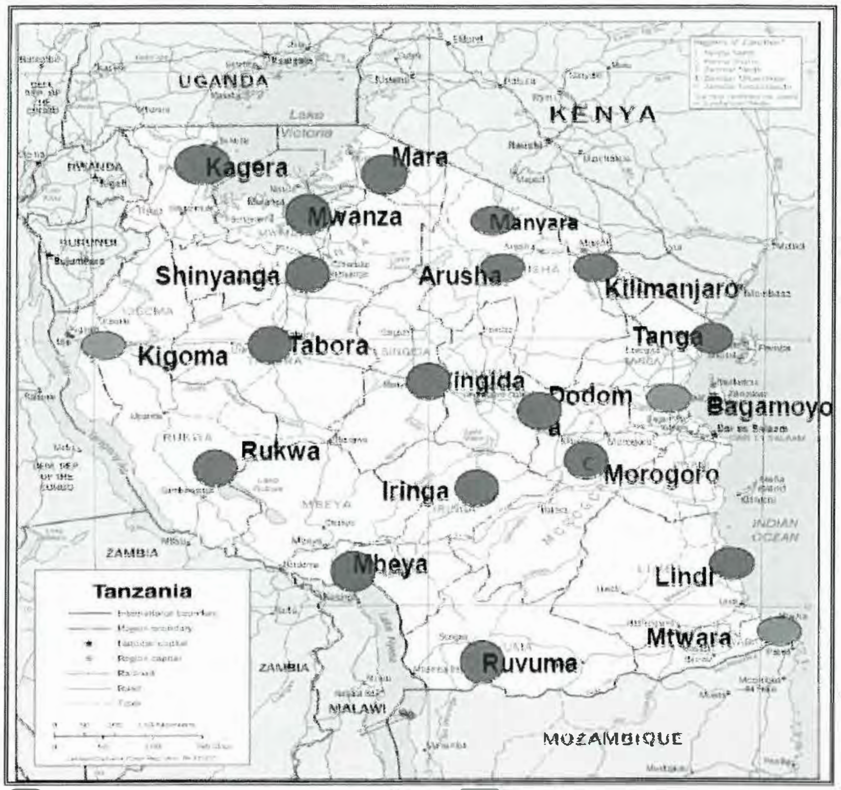
(i) Bagamoyo Special Economic Zone (SEZ).
- Will be built on a 9,000 hectares area.
- Located 50 Kilometres North of Dar es Salaam City.
- Will be development in form of a Township.

(ii) Mtwara SEZ/Free Port Zone.
- 2,650 hectares for projects, industrial parks
- Free Port Zone (10+100 hectares) oil and gas

(iii) Others industrial parks: As shown on Map 1 and identified through the Regional Investment Guides, 2020.

(iv) The Government and regional authorities continued during FYDP II to develop SEZ and Export Processing Zones (EPZ), infrastructure with the following characteristics:
- SEZ and EPZ sites have been earmarked in all regions of Tanzania;
- Each site is approximately 2,000 hectares up to 9,000 hectares;
- Local and foreign investors are invited to develop SEZ/EPZ infrastructure in the earmarked regions;
- Infrastructure investments include development of industrial parks, ICT parks, free port zones and free trade areas; and
- The Government accepts any form of partnership as described in the Public-Private Partnership (PPP) legislation as well as Land concession agreement or any other form beneficial to the investor and the Government.

Figure 3.2.2: Location of earmarked industrial parks in SEZ



Earmarked industrial parks in SEZ   Area with possibilities of having oil and gas

Source: Export Processing Zones Authority (EPZA)

From Figure 3.2.2 it is indicated that green spots represents area with possibilities of having oil and gas reserves whereas the red dots show distribution of the Special Economic Zones in Tanzania. It is recommended that FYDP III continue to support and sustain gains in the development of SEZ and EPZ as a cornerstone for accelerating investments in the manufacturing sector as well as foster industrialisation in the country's resolve to reach a high lower middle-income country by 2025.

C. Strengthening Research and Development (R&D) Institutions

The key to innovation in manufacturing, industrial and economic growth lies in R&D. During FYDP II the Government continued to support R&D since it informs decision makers on effectively targeting issues that have the greatest potential public benefit. As such, the process of setting research priorities is of pivotal importance for favouring the Science, Technology and Innovation (STI)-driven development of low- and middle-income countries, including Tanzania.

The Government created Tanzania Commission for Science and Technology (COSTECH) in 1986 by Act of Parliament to coordinate and promote research and technology development activities in the country. It is the chief advisor to the Government on all matters pertaining to science and technology and their application to the socio-economic development of the country. As of June 2020, there were 19 research and development (R&D) institutes affiliated to COSTECH. However, only a few specifically focus on manufacturing R&D. These include: Small Industries Development Organization (SIDO), Tanzania Commission for Science and Technology (COSTECH), Tanzania Industrial Research and Development Organization (TIRDO), Tanzania Engineering and Manufacturing Design Organization (TEMDO), Centre for Agriculture Mechanization and Rural Technology (CARMATEC), and University and higher learning technical schools.

The main challenge facing R&D in the manufacturing sector is low financing of the organisations/institutes. Over the FYDP II period, the yearly average R&D budget allocation was less than 1 percent of the total government budget. Thus, for example, for 2020/21 budget of TZS 34.88 trillion (USD15.8 billion) less than 1 percent equivalent to TZS 3.5 billion (USD1.6 million) was allocated to R&D, which is too low to fund any meaningful R&D to support the manufacturing sector. There is need to look into the possibility of merging those institutions with the role of supporting R&D in the manufacturing sector in order to reduce operational costs. Further, during FYDP III, greater budgetary allocations should be accorded to R&D as well as soliciting greater R&D financing support by the private sector and Development Partners.

D. Promoting Micro, Small and Medium Enterprises (MSMEs) and Local Content

According to the Financial Sector Development Trust (FSDT)20, Tanzania's MSMEs contribute up to 27 percent of the country's GDP and employs more than 5.2 million people. However, majority of MSMEs experience limited access to finance and effective use of financial products and services as major barriers to growth. The lack of access to finance by MSMEs attributes to Financial Services Providers' strict requirements on formal registration, collateral, credit history and lack of MSME tailored products. The Government during FYDP II continued to support MSMEs' access to finance, including developing affordable business legal identity certificates for micro enterprises, supporting creation of financial credit outlets (SACCOS, VICOBA, Community financial instruments, etc). The FSDT is supported by Government and various Development Partners to work with financial sector stakeholders to drive innovative solutions that will increase access and usage of financial products and services by underserved MSMEs. FSDT work focuses on Innovation and Solutions, Knowledge Exchange and Data, Thought Leadership and Convening, Policy and Regulatory change to support MSMEs.

With regards to local content, during FYDP II, the Government continued to encourage value addition to Tanzania's raw materials, prohibited exports of raw minerals which have to be beneficiated in the country and amended the Mining and Petroleum laws and regulations to address local content issues. For example, the New Mining (Local Content) (Amendments) Regulations 2019 have made some changes to the Mining (Local Content) Regulations 2018, which include: Local shareholding requirement for indigenous Tanzanian companies reduced from 51 percent to 20 percent; Timeline extensions for review of local content plans by

[20]https://www.fsdt.or.tz/sme-finance/

Mining Commission and Local Content Committee, starting at 60 days; and Local shareholding requirement for a Tanzanian bank reduced from 51 percent to 20 percent. The Petroleum (Local Content) Regulations, 2017 The Petroleum Act (CAP. 392) define Local Content as: The quantum of composite value added to, or created in, the economy of Tanzania through deliberate utilization of Tanzanian human and material resources and services in the petroleum operations in order to stimulate the development of capabilities indigenous of Tanzania and to encourage local investment and participation. Thus, the Government envisages all domestic and foreign businesses will maximise local content through:

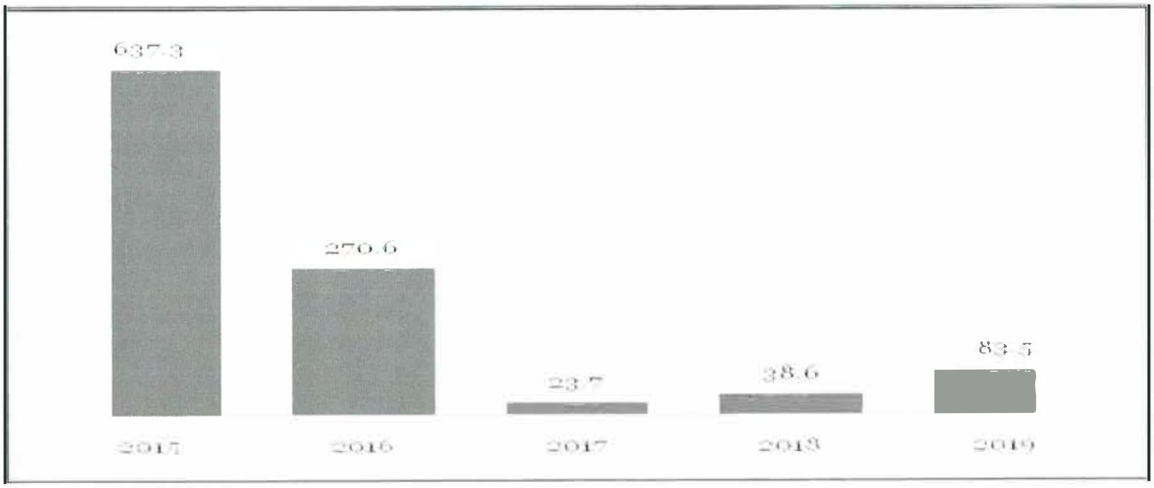
(i) Employment and training of Tanzanians;
(ii) Provision of goods and services by Local companies and Tanzanian citizens;
(iii) Transferring of knowledge and technology to Local companies and to Tanzanian citizens;
(iv) Provision of support to Local companies and Tanzanian citizens; and
(v) Investment and the promotion of cooperation in w, training, research and enterprise development.

3.2.4 Adequacy of FYDP II Financing

During the entire FYDP II period, while Government focus was on greater support to manufacturing sector as the main driving force for industrialisation, the monetary policy taken had the unintended effect of crowding out the private sector from commercial bank credit. Tightening of commercial credit to private sector businesses has severely affected manufacturing sector with high impact on exports of manufactured goods. Also, the tight liquidity among commercial banks deprived manufacturers and other businesses of their much-needed funds to increase production and sales - a situation that is made complex by a delay in Government's payment of arrears to some businesses. In an attempt to reverse the deteriorating manufacturing situation, the Bank of Tanzania reduced the discount rate from 12.0 percent to 9.0 percent effective from August 2017 in order to increase liquidity to banks to stimulate growth of credit to private sector. But this stimulus is yet to arrest the situation. Further fiscal and monetary stimulus measures are needed during FYDP III to increase liquidity to the economy as well as increase commercial bank credit to businesses to stimulate investments in manufacturing of goods and various products as well as reverse the declining manufactured goods exports.

Tanzania's attraction of Foreign Direct Investments (FDI) to the manufacturing sector has been less successful (Figure 3.2.3 below). As the data shows, for the FYDP II period, FDI inflows to the manufacturing sector reached a peak in 2015 at USD 637.3 million, but progressively declined to its lowest level in 2017 at USD 23.7 million and since then FDI inflows have rebound a little to USD 83.5 million in 2019. It appears part of the reasons for declining FDI was the Government tough measures imposed in 2016 which among other stipulations required foreign investors form joint venture partnership with Tanzanian counterpart requirement – a legislative requirement which was removed in September 2018.

Figure 3.2.3: Tanzania: Manufacturing FDI Inflows (Millions of USD)



Source: URT (2018a)

3.2.5 Challenges and Potential Solutions

The Controller and Auditor General (CAG) audited public corporations in 2018/19 and found several areas in the manufacturing sector where improvements are needed. The National Development Corporation (NDC) has 13 manufacturing-related projects, but 7 are facing several challenges that CAG recommends to NDC to resolve expeditiously. These include: TAMCO-Kibaha and Kange Tanga, Malaria insecticide products factory, Tractor assembly factory, Coal production at Ngaka, Kilimanjaro KILOMETRESTC machinery spare parts factory and General Tyre factory in Arusha which is not operational.

NDC also implement the joint venture agreement signed on 5th with August 2016 with URSUS S.A of Poland to establish tractor assembly factory at Kibaha, Tanzania. The contract was initially signed on 22nd October 2015 between ARSUS S.A of Poland and SUMA JKT and later transferred to NDC as per Government directives. As of June 30th, 2019, the joint venture had assembled 526 tractors out of 822 whose parts had arrived at the site. Out of those tractors completed, 400 had been purchased on credit. According to CAG, the slow purchase of the remaining tractors is due to lack of tractor and other agriculture machinery service centres in the country and recommended to NDC to encourage private entrepreneurs to establish machinery service centres in rural areas.
With regards to inability to make General Tyre East Africa factory in Arusha operational, the CAG recommended to NDC to seek joint venture with willing domestic or foreign investors to make the factory begin production of tyres to cater for increasing demand in the domestic and regional market.

The CAG in his audited report of the Centre for Agricultural Mechanisation and Rural Technology (CAMARTEC) observed that the firm was required under the FYDP II to produce TZS 222.7 billion worth number of tractors for use in cultivation of various crops in rural areas, but as of the audit period in June 2019, CAMARTEC had not incorporated the tractor requirement in its operational plan. CAG recommended CAMARTEC and Ministry of

Industries and Trade to develop a new plan to ensure implementation of the Governments' desire to produce and distribute tractors during FYDP III to enhance agricultural production and productivity in the country. Other challenges include:

(i) Lack of clarity in the legal and institutional frameworks, guidelines and procedures for development and implementation of manufacturing Public-Private Partnership (PPPs);
(ii) Weak domestic value chains, caused mainly by weak linkages between the sector and the rest of the economy;
(iii) Low productivity due partly to inadequate access to commercial bank credit, modern technologies and skilled technical workforce; and
(iv) Inadequate supportive manufacturing environment especially excessive time and resources spent on interacting with tax and regulatory authorities, multiplicity of taxes which erodes investment profits.

These challenges, to some extent were addressed during FYDP II, but further improvements are needed during implementation of FYDP III to create a more enabling environment for private sector investment in the manufacturing sector.

3.2.6 Untapped Opportunities

During FYDP II the Government through the Prime minister's office conducted a study countrywide to identify untapped manufacturing investment opportunities in each of the 26 regions. The output of the study was a report titled investment guide for each region, in which many untapped manufacturing industry-related interventions were identified. The regional investment guides have been uploaded onto the respective regional websites to provide information and entice investors, both domestic and foreign to make Tanzania their investment destination of choice.

Table 3.2.3 presents priority manufacturing projects for implementation by the private sector under various investment arrangements for the short, medium and long-term interventions to guide the industrial process towards achieving the country's Vision 2025. Implementation of some of the projects began in 2017 and by end of FYDP II some of the projects had not been completed or started at all, implying the projects have to be monitored during FYDP III to fast-track implementation.

Table 3.2.3: Key Priority Manufacturing Industrial Projects Identified by Ministry of Industries and Trade for the Short Medium and Long Period

A: Short-term (quick win) projects (12 months)

1) Expansion of TOOKU Garment a1B WM SEZ, Mabibo – DSM
2) Expansion of Mazava Fabrics and Production Ltd
3) Expansion of Mbeya Cement Factory
4) Revival of Bora Shoe Factory
5) Expansion of Tanga Cement Factory
6) Expansion of juice processing at Mwandege in Mkuranga, Coast region, by Bakhresa Food
7) Products Ltd
8) Star City SEZ – Morogoro
9) Construction of leather industrial clusters at Zuzu – Dodoma
10) Development of Chamwino sunflower processing cluster
11) TAMCO Industrial Estate, Kibaha, Coast region
12) Ferrostaal Fertilizer Plant in Lindi
13) Biolarvicides Project – TAMCO Kibaha
14) Global Packaging Project – TAMCO Kibaha
15) MOVE MAX Refinery Plant – Kamal Industrial Estate – Zinga Bagamoyo
16) Goodwill Ceramic Ltd, at Mkiu – Mkuranga
17) Hengya Cement Factory – Tanga
18) Steel Factory in Mlandizi, Coast region by Kilua Steel Co. Ltd
19) FSJ African Starch Development Co. Ltd at Bungu A Kibiti, production of starch from cassava
20) Arusha Tyre Manufacturing Factory
21) Revival of Mponde Tea Estate in Lushoto
22) Rubber plantations and industry
23) KMTC Manufacturing Factory

B: Medium-term projects (30 months)

1) Kigoma Agro Forest Plantations Ltd
2) Kigoma SEZ
3) Bagamoyo SEZ
4) Bagamoyo SEZ Phase 1 and 2B
5) Bunda and Manyara SEZ
6) Kange Industrial Park in Tanga City
7) Liganga Iron Ore Project
8) Mchuchuma Coal to Electricity Project (4 x 150 MW)
9) Establishment of handloom cluster in Tabora and Mwanza
10) Establishment of Fertilizer Blending Plant (NPK fertiliser) in DSM
11) Furniture cluster
12) Rice cluster and related value chain processing for local and export
13) Extraction of fibres from banana pseudo-stem and conversion to useful products
14) Cassava processing factory for tapioca starch; products use
15) Development of sunflower processing Clusters at Kizota-Dodoma, Singida and Manyara
16) Development of industrial parks (Mtwara, Lindi, Songea, Sumbawanga, Dodoma, Singida, Shinyanga, Kagera, Mara, Manyara, Njombe, Katavi, Geita, Simiyu and Morogoro)
17) KMTC Industrial Estate

C: Long-term projects (54 months)

1) Soda ash at Engaruka
2) Mkulazi Agriculture City/SEZ for cereals production
3) Oil palm project at Kimala Misale
4) Meat processing and allied products
5) Development of land for sesame farms and oil production plant at Kilwa
6) Ruvuma and Manyoni SEZ
7) Mtwara Petro Chemical Industries Complex

Management of knowledge is a key aspect to adopting best practice in manufacturing; and,

f) Reducing the cost of doing business by progressive reviewing and amending policies that do not adequately support the manufacturing sector, reducing high and multiple taxation of the manufacturing sector, as well as using monetary and fiscal policy to discourage dumping of cheap, often used imported manufactured goods that compete unfairly with domestically produced goods.

3.3 AGRICULTURE

3.3.1 An overview

The agriculture sector remains central to Tanzania's industrialization as it provides markets for industrial products and raw materials for industries. Agriculture offers direct employment to about 66 percent of Tanzanians; contributes about one quarter to national gross domestic product (GDP) and about one third of the foreign exchange earnings. It also provides almost all of the staple food requirements except for sugar, wheat and edible oils and supplies almost all of the raw materials needed by agro-based industries. The Long Term Perspective Plan 2011/12-2025/26, which translates the Tanzania's Development Vision 2025 provides guiding principles that include: (i) developing strong forward and backward linkages between the agriculture sector and other sectors in the economy; (ii) creating favourable environments for the private sector to engage profitably in activities in the sector; (iii) developing effective training and research programmes to benefit key stakeholders; (iv) ensuring sustainable production based on available resources and the environment; and (v) good governance of resources, and especially land, water and forests.

During the FYDP II period, the Agriculture sector key targets were to attain real growth rate of 7.6 percent; GDP share of 24.9 percent; share of total exports, 24.9 percent and share in total employment at 56.5 percent. Also, in the list of targets include concretizing and deepening value chains, promoting skills along the value chains and strengthening agricultural marketing to ensure profitability.

3.3.2 Results from Implementing FYDP II's Objectives

Outcome Performance

Among the specified 22 outcome indicators for the sector, 14 had some data to allow for performance assessment as shown in table 3.3.1 below. The values of the indicators comparing the baseline value, the target, and the resulting value after implementing the interventions are shown in table 3.3.2.

Table 3.3.1: Outcome Performance

Performance summary	
No. of outcome indicators:	22
No. of indicators that have no data	8
No. of indicators that have attained targets/likely to attain targets:	10
No. of indicators to have surpassed targets:	1
No. of indicators that have not attained targets/unlikely to attain targets:	3

Table 3.3.2: Agricultural Sector Performance Targets, 2016/17 – 2020/21

S/N	Indicator	Baseline 2015/16	Target 2020/21	Latest achievement	Percentage Achieved	Remarks
AGRICULTURE						
1.	Real Growth rate (percent)	3.4	7.6	4.4 (2019/20)	57.9	Not achieved
2.	Share of GDP (current prices) (percent)	29.7	29.4	28.2 (2018)	95.9	Likely to be achieved
3.	Share of total employment (percent)	66.9 (2014)*	56.5	67	0.0	
CROP SUBSECTOR						
1.	Average growth rate (percent)	3.4	7.6	4.4 (2019/20)	57.9	Not achieved
2.	Share of GDP (current prices) (percent)	16.3	16.7	14.8	88.6	Not achieved
3.	Share of total export earnings (percent)	8.5	9.6	9.0 (2019/20)	93.8	Likely to be achieved
4.	Share of total employment (percent)	62.5(2014)*	52.7	60 (2019/20)	0.0 p	Lagging behind significantly
5.	Hectare under irrigation	461,376	700,000	694,715	99.	Likely to be achieved
LIVESTOCK SUBSECTOR						
1.	Average growth rate (percent)	2.2	5.2	5.0 (2019/20)	127	Target achieved
2.	Share of GDP (current prices) (percent)	7.4	6.0	7.4 (2019/20)	0.0	Lagging behind significantly
FORESTRY						
1.	Average growth rate (percent)	5.17	6.85	4.9 (2019/20)	71.5	Not achieved
2.	Share of GDP (current prices) (percent)	3.2	3.5	2.7 (2018)	77.1	Not achieved
FISHERIES						
1.	Average growth rate (percent)	3.1	4.6	9.2 (2019/20)	200.0	Target achieved
2.	Share of GDP (current prices) (percent)	2.9	3.3	1.7 (2018)	51.5	Not achieved

Please note that the following indicators have not been evaluated: percentage of agriculture share to total export earnings, percentage growth of agriculture productivity, percentage of livestock share to total export earnings, percentage livestock share of total employment, percentage forestry share of total export earnings, percentage forestry share of total employment, percentage of fisheries share to total export earnings, and percentage fisheries share of total employment. Reasons to exclude above indicators in evaluation include lack of data. Hence, there is a need for such sectors and subsectors to strengthen routine data systems and adopt ICT use.

Outcome Results from Implementing FYDP II Interventions

In the agriculture sector, the FYDP II targets were for attaining real growth rate 7.6 percent in 2020/21 from 3.4 percent in 2015/16; GDP share to reach 24.9 percent in 2020/21from baseline value of 29.7 in 2015/16; share of total exports, to be 24.9 percent from baseline value of 20.4 percent in 2015/16 and; share in total employment to be 56.5 percent in 2020/21 from 62.5 percent in base year 2015/16. The overall performance of the Agriculture sector is 74.3 percent mostly due to the sector being dependent on rainfall.

A. Crops Sub-Sector Outcome Results

(i) Cash crop production increased to 1,144,631 tonnes in 2018/19 (from 796,502 tonnes in base year 2015/16),

(ii) Exports of horticulture products increased to USD 779 million in 2018/19 (from USD 412 million in 2015/16),

(iii) In 2019/20 food crops production continued to flourish such that food self-sufficiency reached 118 percent.

(iv) Irrigation area increased to 561,383 hectares in 2019/20 (from 461,326 hectares in 2015/16) approaching the target of 700,000 ha in 2020/21,

(v) Food crops storage capacity increased to 621,000 tonnes in 2019/2020 (from 371,000 tonnes in 2016/2017),

(vi) Some 8.6 percent of districts requiring special arrangements to distribute food by NFRA and CPB and sell at subsidized prices,

(vii) In 2019/2020 earnings from traditional crops increased by 5 percent to USD 829.9 million compared to (2015/2016: earnings of USD 793.4 million). Increased earnings were due to cashew, coffee and cotton. Lower earnings were generated for tobacco (due to both low export volumes and prices) and cloves (due to lower prices),

(viii) Private sector investments in the sugar sector successfully undertaken by modernizing the production of sugar by Kagera Sugar Company and initiating new sugar production projects by the public sector (consortium led by NSSF) in Morogoro and the private sector in Bagamoyo.

Photo 3.3.1: Paddy yields from RIC-C seed variety developed by TARI Katrin-Ifakara, Morogoro region.

B. Livestock Sub-Sector

Livestock subsector growth reached 5.0 percent (2019) and nearly attained the target of 5.2% (2020/21) but the share of GDP reached 7.4 percent (2019). There is a need to improve livestock productivity and processing of major livestock products such as meat, milk, hides and skin.

By end of 2019/20 the population of cattle had reached 33.4 million, goats (21.29 million), sheep (5.65 million), poultry (83.28 million), of which traditional chicken were 38.77 million and improved/hybrid chicken were 44.51 million); pigs (2.14 million) and donkeys (657,389). Compared to cattle (25.8 millions), goats (17.1 millions), sheep (4.8 miliions), poultry (37 millions), of which traditional chicken 37.0 millions and improved/hybrid chicken were 32 million); while pigs reduced to 2.4 millions.
Improvements of private-sector owned cattle ranches and investments in beef processing factories have started to flourish. Restocking of stations for cattle breeding in various parts of the country (e.g. Kitulo and Nangaramo), including the strengthening of seven (7) Zonal and National Artificial Insemination Centres (NAIC).

Annual livestock vaccine production has increased from 26,367,200 doses in 2015/16 to 58,016,325 doses in 2019/20 equivalent to an increase of 120 percent. The incidence of animal diseases has decreased from 20 percent to 11 percent between 2015/16 and 2019/20 respectively. Also, livestock mortalities due to disease have decreased from 352,726 in 2015/16 to 221,732 in 2019/20 equivalent to 37 percent. The decrease in the incidence of livestock diseases is due to the construction 104 new dips and the rehabilitation of 542 dips, bringing the total number of functional dips to 1,738 together with livestock dipping campaigns.

The Tanzania Dairy Board initiated a school milk drinking Program in 49 schools involving 33,115 children in Arusha, Kilimanjaro, Njombe, Mbeya and Tanga regions. Tanzania has started exporting one-day old chicks to Kenya, Rwanda, Burundi, DR Congo, Comoro, Malawi, South Korea and Turkey. However, the ministry, in collaboration with crop boards, has opened a special register of all farmers in the country indicating their basic attributes in terms of what they own and do for different crops.

Fisheries

Fisheries sub sector average growth rate reached 9.2 percent in 2019/20, surpassing the target of 4.6 percent (2020/21). This is due to increased activities by adopting fish breeding in private ponds and private investors in the sub sector. However, the share of the subsector in GDP in 2019/20 was 1.71 percent of GDP short of the target in 2020/21 of 3.3 percent.

Small fishers dominate natural water fishing and contribute at least 95 percent of the total fish production in the country while the remaining 5 percent contributed by commercial fishing. Commercial fishing is mainly undertaken in deep sea by international ships and mostly for catching "Kambamiti". In 2019/2020, a total of 202,053 fishermen who use modern fish equipment, 58,930 fishermen fished 392,933 tonnes worth 1.85 Trillion Tanzania Shillings.

Fish contributes approximately 30 percent of protein from animals. Fish consumption per person per year in Tanzania has increased from 8.2 kilograms in 2015/16 to 8.5 kilograms in 2019/2020. Either, according to FAO, an average of global fish consumption per person per year is 20.3 kilograms (FAO, 2019). The Government continues to promote fish consumption among Tanzanians.

C. Forestry

The forestry sub-sector average growth rate in 2019/20 was 4.9 percent short of the target of 6.85 percent in 2020/21 while GDP share was 2.7 percent (2019/20) short of the target of 3.5 percent in 2020/21. The Govrnment continue to sensitize the communities to undertake tree planting and the government to put stringent rules to protect wanton tree cutting in the community forests.

Reasons for stagnant performance in agriculture sector growth

Unmet target for agricultural growth is affected largely by low productivity, surprisingly; increasing levels of off-farm employment are not associated with low productivity but rather with continued low returns in the sector and limited incentives for increasing production and trade, especially in food crops. The majority of smallholders remain cut off from the benefit of economic growth story with little access to technological improvements, market access and inputs that enhance productivity, regardless of the input subsidy scheme programme which did not reach all farmers.

There are weak farming practices of farmers whereby farmers operate low-technology businesses on small and fragmented plots of land without access to proper infrastructures, proper inputs and other productivity enhancing methods. This weakness can be triangulated and used as strength to rectify the system that have been doing thing for traditional for years, for instance land inheritance to a member of families for cultivation range from 0.2ha to 2ha, besides, 70% of the land is hand tools worked, reliant on rain-fed farming, mostly without the use of proper inputs. The evidence shows that, only 11 percent (about 44 million hectares) of the total arable land under cultivation are owned by smallholder farmers in Tanzania (Wolter 2008)[21]. The planted area has been stable for some years, indicating that land expansion has ceased to be a major source of agricultural growth.

There is considerable room for improvements in allocation efficiency by better access to off-farm activities, so that farmers can use available resources efficiently. Deliberate efforts should be dedicated on easier access to credit for expansion of land cultivation in areas with land expansion potential like Ruvuma, so as to utilize more efficiently the excess family efforts. Also major gains to agricultural productivity can be achieved from better connectivity with markets. A study by Lyatuu, *et.al* (2015)[22] found high impact when rural infrastructure to the improvement of productivity, hence infrastructure development is the key for agricultural growth, development and poverty reduction.

3.3.3 Management for the Results

Agriculture is guided by of sector-specific policies and strategies and a number of macro reforms that have a bearing on agriculture. These include fiscal and monetary policies at the macro level.

Agriculture-specific policies and strategies include the National Agriculture policy of 2013, the second Agriculture Sector Development strategy, Kilimo Kwanza; The National Livestock Policy of 2006; National Forestry Policy of 1998; Agricultural Marketing Policy (2008); National Irrigation Policy 2010; Other policies that have a bearing on agriculture are land policy of 1995; The National Environmental Policy of 1997; The Local Government Reform Policy of 1998; National Micro-Finance Policy of 2000; Gender Policy of 2000; Water Policy of 2002; Co-operative Development Policy of 2002; The National Trade Policy of 2003; National Youth Development Policy of 2009; Public Private Partnership (PPP), Policy (2009).

Furthermore, policies that recognize existence of regional and international conventions and commitments with a bearing in the development of the agricultural sector, the most significant ones include the EAC Food Security Action Plan, African Union's (AU) Abuja Declarations (2006) which calls for mobilisation of resources for implementing priority food security interventions and the Maputo Declaration (2003) that commits Member States to allocate at least 10 percent of their national budgetary allocations to agriculture and rural development.

[21] Wolter, D. (2017). Tanzania: The challenge of Moving from Subsistence to Profit. Business for Development. Paris, France.

[22] Eliamoni Titus Lyatuu Fengying Nie Cheng Fang, "The Role of Agriculture in the Economic Growth and Poverty Reduction in Tanzania" Journal of Economics and Sustainable Development www.iiste.orgISSN 2222-1700 (Paper) ISSN 2222-2855 (Online) Vol.6, No.14, 2015

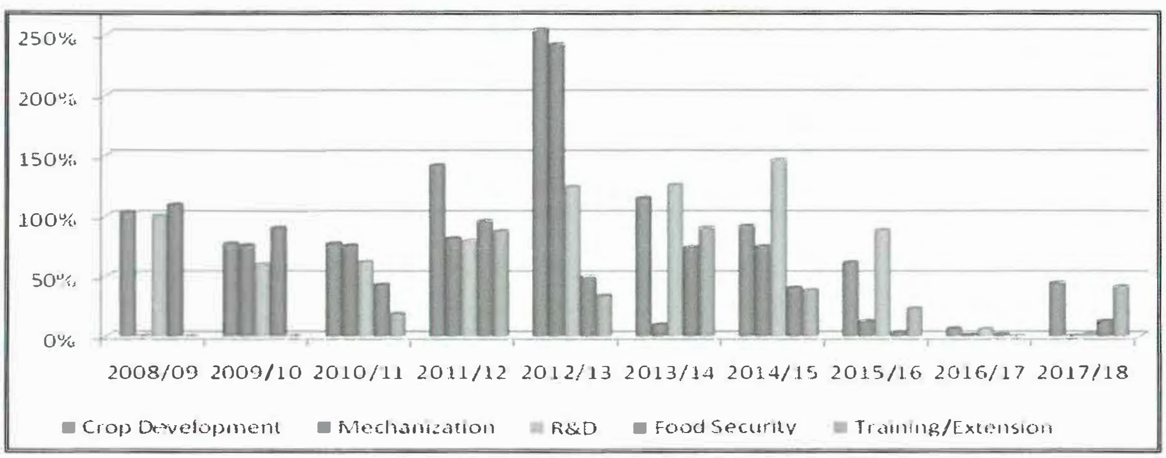
The sector is managed by a number of Government Ministries, namely, Ministry of Agriculture, Ministry of livestock and Fisheries, Ministry of Industry and Trade and President's office Regional Administration and Local Government.
The main objective of all these policies and institutional framework which oversees them is to develop an efficient, competitive and profitable agricultural industry that contributes to the improvement of the livelihoods of Tanzanians and attainment of broad-based economic growth and poverty alleviation.

In addition to the Ministry of Agriculture there are 9 institutions and 10 boards specific to cash crops. Food crops and other produces are handled by the NFRA and the Crops and Other Produce Board (CPB). Private sector stakeholders are represented by the Agricultural Council of Tanzania (ACT) and MVIWATA, both members of the Tanzania Private Sector Foundation (TPSF), an umbrella organisation. The Tanzania Agricultural Development Bank (TADB) was launched in 2015 to provide some leverage on agricultural sector lending, which has not been covered well by ordinary commercial banks.

3.3.4 Adequacy of FYDP II Financing and Resource Utilization

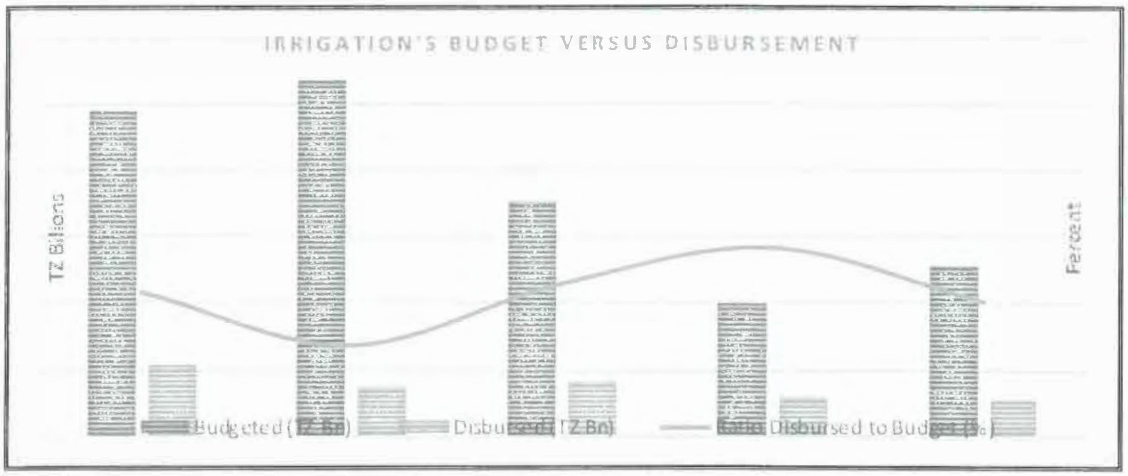
For the period of 2016/17 – 2020/21, the actual expenditure for agriculture sector (crops, fisheries, livestock, and forestry) was TZS.104.5 billion while planned expenditure was at the tune of TZS. 9101.86 billion, which is equivalent to 11.5 percent of the planned expenditure on the sector.

Figure 3.3.1: Comparison of Ratio of Disbursed Funds Compared to Approved Budgets in the Crops Sub-Sector



The scenario whereby the sector receives far less amount of money compared to what was approved by Parliament was common during FYDP II implementation.

Figure 3.3.2: Irrigation Budgets versus Disbursement



3.3.5 Challenges and Solutions

The main challenges facing the sector relates to inadequate application of Climate-Smart Agriculture (CSA), which is most important advanced strategy for transforming agriculture into a high productive sector and become imminent towards contributing to poverty reduction and industrialization. These include:

(i) Inadequate comprehensive land use plans and unresolved land tenure/ rights problems. This has resulted into mismanagement of land resource and persistent conflicts among users.

(ii) Low use of climate information services and agro-weather advisories in agricultural planning and farm management decision making (Highly inadequate agro-climate information services and inappropriate agro-weather products).

(iii) Inadequate water storage and rainwater-harvesting system in terms of construction of storage structures – to secure planned future water supply and irrigation schemes.

(iv) Inadequate mobilization of domestic natural, human and financial resources for generating funds internally and hence limit the dependence on donor funds in the implementation of climate-smart agriculture programs.

(v) Use of sub-standard and poor quality agricultural inputs, which negate the impact of efforts to increase agricultural productivity and promote value addition.

(vi) Although Climate-Smart Agriculture has been accepted widely at national level, , climate change issues have not been effectively incorporated into the Local Government Authority's (LGAs) development planning (District Agriculture Development Plans – DADPs) and budgeting. This may be caused by the cross-cutting nature of the climate change issues.

(vii) Farmers are yet to realize benefits obtained from application of farm best practices as well as cost of not applying them.

3.3.6 Untapped Investment Opportunities

The untapped opportunities include diversification of agricultural crops from the traditional tea, coffee and sisal to other crops to be more competitive in the market because of the abundant land and rainfall. At the same time strengthening agriculture value chains to include smallholder farmers could help alleviate household poverty significantly. Other opportunities are improving irrigation, market infrastructure and market research to identify the customers.

3.3.7 Lessons Learnt

The strengthening of horticulture and flowers is a promising business because worldwide flower hectares are fast shrinking and Tanzania can fill in the gap due to availability of land for cultivation.

3.3.8 Recommendations

a) Improved production practices, water management and adoption of water saving (WUE) technologies for irrigation should be promoted more aggressively.

b) Train, equip and deploy adequate numbers of land use planners at grass root level to reduce unplanned land management.

c) Strengthen and enforce by-laws on Soil and Water Conservation (S&WC), livestock stocking rates and grazing management in areas threatened by degradation due to unsustainable production practices.

d) Mechanisms should be established to build capacity at local government level on climate change issues to support incorporation into the local development plans (DADPs) and budgets.

e) New Irrigation schemes should adopt a successful model of having Water User Groups (WUGs) and work as cooperatives.

f) Tanzania Meteorological Agency (TMA) should train and equip its staff to produce and disseminate timely, relevant, well-interpreted and reliable forecasts to the agricultural community using communication channels that are easily accessible to the targeted stakeholders.

g) TMA should replicate the forecast systems that have been successfully implemented in Same and Lushoto Districts.

h) The institutions and companies that are involved in the supply of agricultural machinery should also sustainably provide spare parts.

i) The Tanzania Official Seed Certification Institute (TOSCI) should extend its presence in all parts of the country to ensure quality seed is sold to farmers.

j) Producers of certified seed including Agricultural Seed Agency (ASA) should embrace irrigation instead of unreliable rain-fed systems to ensure a reliable supply of improved seeds to farmers every season.

k) To improve pastures, proper grazing management on rangelands and the control of livestock numbers, there is need for government to allocate land to individual pastoralists; hence, village land use plans are inevitable.

l) Private sector need to be given due weight in implementing Climate-Smart Agriculture, hence, public-private partnership (PPP) need to be highly embraced in that case.

m) For agriculture sector to be a sure source of raw materials for our industries, adoption of new technology in the form of ICT and usage of new farming methods should be stressed. Being sure of markets for our processed products and modern inputs for farming will enable the sector to be competitive.

n) Agriculture has to be strengthened from grassroots level and be part and parcel of the value chains. Currently they are not and this leads to illegal selling practices like for cashewnuts where small farmers sell early to bulky producers and buyers before the seasonal market opens. They use local containers to measure cashew nuts for sale without using weighing machines.

o) It is imperative for the government to source for funds (internally) to setup structures that will ensure a sustainable supply of agricultural products under a changing climate. One option the government can consider is to fulfil the Malabo declaration of putting 10 percent of the public expenditure to agriculture, and to ensure its efficiency and effectiveness for evidence based agricultural interventions.

p) To harness the water resource and prevent water shortages and losses, there is need to increase construction of storage dams within basins, earth dams within catchments, village and farm ponds and promote rooftop rainwater harvesting (RWH). There is a need to make sure water bodies, water catchments are well protected.

q) Climate-Smart Agriculture practices that are already giving good results should also be promoted widely to other areas with similar biophysical conditions/ agro-ecological zones/ livelihood zones.

r) In addition, the capacity of the Tanzania Fertilizer Regulatory Authority (TFRA), in terms of labour, skills, knowledge and allocation of funds, should be urgently strengthened so that it can discharge its duties fully and effectively.

s) Strong coordination of all the stakeholders practicing Climate-Smart Agriculture in the country and the government intentional pursuance power of involvement of the DPs, private sector, NGOs, CBOs, CSOs, women and youth is of paramount importance.

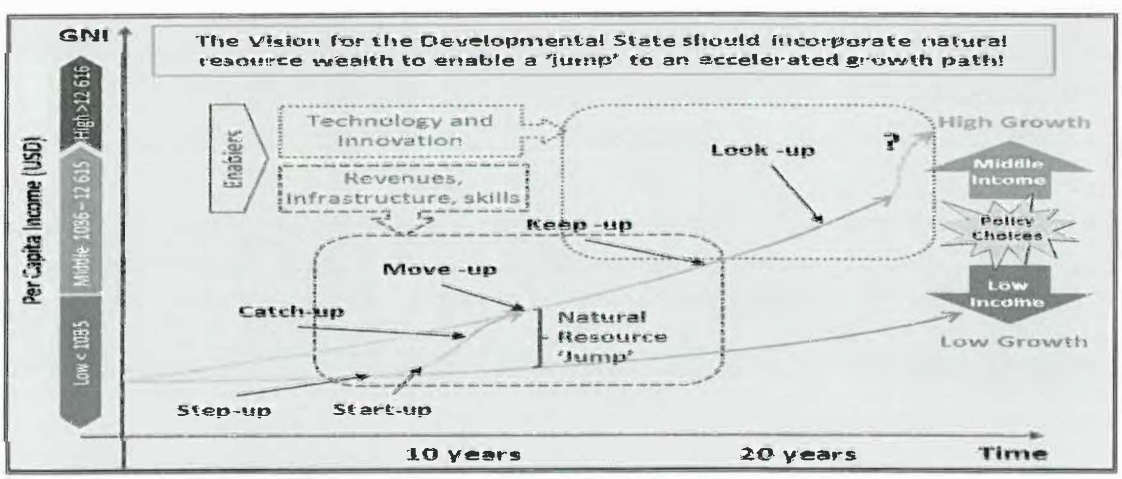
t) There is need for government to enhance management and control of migration of livestock across Districts and Regions to prevent unnecessary conflicts, which usually disrupts progress and stability of programmes or initiatives.

3.4 MINING

3.4.1 An Overview

Tanzania is well endowed with various minerals including: metals (gold, iron ore, nickel, copper, cobalt, silver); industrial minerals (diamond, tanzanite, ruby, garnet, limestone, soda ash, gypsum, salt, phosphate, gravel, sand, dimension stones and lately graphite), and fuel minerals (coal, uranium). Mining and quarrying activities in Tanzania contributed 5 percent of GDP in 2019/20 in the year ending June 2020 or TZS 6,500.7 billion compared with TZS 2,916.3 billion in 2014/15, which is substantial increase. Tanzania's Development Vision 2025 plan is to have a Mining Sector which will contribute about 10 percent of GDP by 2025.

The discovery of large, deep-sea natural gas reserves in Tanzania provide a remarkable economic opportunity as well as challenges of how to develop the new sector to ensure maximum benefit to the country and avoid the natural resource curse problems. The gas reserve is projected at over 57 trillion cubic feet (tcf) of natural gas, with potential to transform the country's economy. However, there are two key policy concerns around the development of natural gas sector. The first is how "local content" can be maximized in the prospective commercial activities in a way that benefits the economy; and secondly, the ability of the Government and other stakeholders to support the critical developments of the Liquefied Natural Gas (LNG) production facility, since the gas advantage will only make sense if it can be converted to liquid. Also, Tanzania has large reserves of helium, soda ash and other minerals. The government could use the large mineral resource endowments as socio-economic growth accelerator to achieve sustained high income semi-industrialised country. As Figure 3.4.1 shows, the government needs to establish a minerals wealth resource endowment, for example, by setting aside 10 percent of the mineral revenue which will be invested to benefit current and future generations, especially through infrastructure development, including: electricity supply, water, education, health and transport systems (roads, railroads, etc) to accelerate equitable and inclusive development over time.Figure 3.4.1: Use Minerals Revenue as Socio-economic Growth Accelerator



Source: GREAT Insights (2017)

The FYDP II aimed at development of the mining sector by undertaking several key interventions, namely: (i) Minerals beneficiation; (ii) Minerals value addition; (iii)

Establishment of bourses; (iv) Hire purchase; (v) Conditional partnerships (foreign-local; large-small); (vi) Infrastructure support (transportation - rail, road; energy); and (vii) Training and skills development. In the pursuit of these major interventions, the Government targeted realisation of 5.3 percent real growth, contribution of 3.2 percent of to GDP, 1.9 percent share in total employment, and 10.4 percent contribution in total exports. To a large extent all the envisaged targets were met as of September 2020. The discussion below amplifies the main findings.

3.4.2 Results from Implementing FYDP II's Objectives

Overall Performance

The overall assessment of implementation of Mineral Sector FYDP II targets when baseline indicator targets set in 2015/16 are compared with achievements made as of September 2020/21 is rated high as shown below (Table 3.4.1).

Table 3.4.1: Overall Performance

Indicator	Number of targets against baseline indicators set 2015/16	Progress based on available data (percent)
Achieved	5	100

As Tables 3.4.1 and 3.4.2 shows, all minerals related indicators were achieved against targets in 2015/16.

Table 3.4.2: FYDP II Mining Sector Indicators and Targets Performance Assessment

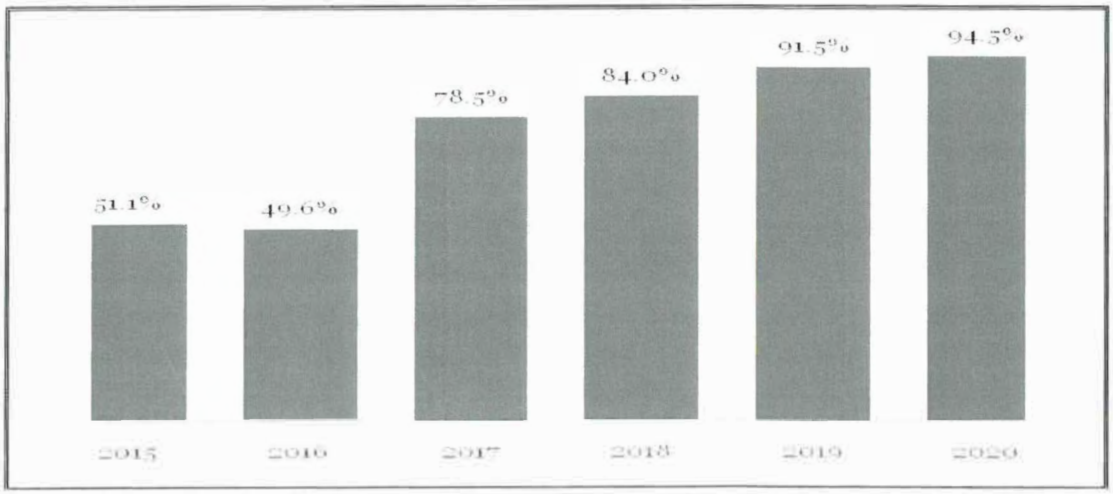
S/N	Indicator/target	2015/16 Baseline	2020/21 Target	Progress Actual	Percentage Achieved	Remarks
1	Real growth rate (percent)	6.9	5.3	12.6[23]	77	Achieved
3	Total foreign exchange earnings (TZS, billion)	2,621	4,204	6,500.7[24]	160	Achieved
	Of which raw exports (TZS, billions)		343.6	357.5		
	Of which beneficiated (TZS, billions) *		6,527.9	6,143.2[25]		
4	Share of foreign exchange earnings (percent)	14.6	10.4	31.3	-397.6	Not Achieved
	Of which of raw exports (percent)	99	15	5.5 t		
	Of which beneficiated (percent)	1	85	94.5		
5	Share of total employment (percent)	1.1 (2014)	1.9	2.3	121	Achieved

Source: Bank of Tanzania Annual Reports for each year ending June, Ministry of Minerals 2020/21 Budget. * Mandatory beneficiation of minerals was imposed in 2017

[23] Ministry of Minerals 2020/21 Budget Speech
[24] Bank of Tanzania Annual Report 2019/20
[25] Op. cit. (Footnote 33)

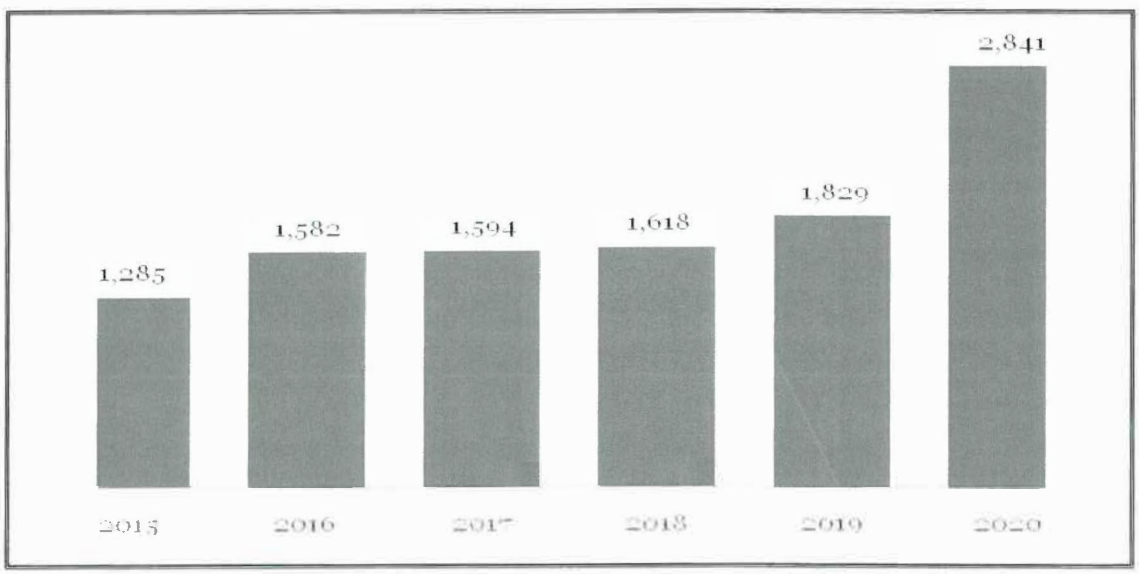
Tanzania's mineral exports have continued to increase since 2016/17 partly due to unprecedented changes in extractive industry policies, rules and regulations, strategies and plugging loopholes that hindered achievements of greater benefits to the country from the natural endowments (Figures 3.4.2 and 3.4.3). Mineral exports reached the highest peak in Tanzania's history during the fiscal year ending June 2020 at USD 2,840.5 million, equivalent to TZS 6,500.7 billion.

Figure 3.4.2: Minerals Exports Beneficiated (%)



Source: Authors based on Bank of Tanzania annual reports

Figure 3.4.3: Tanzania Minerals Exports 2010-2020 year ending June (Millions of USD)



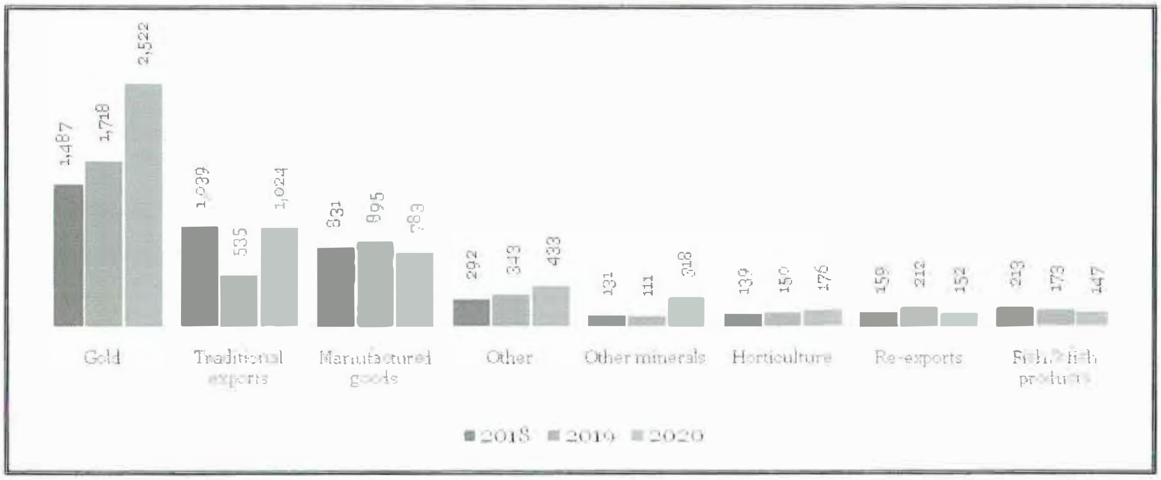
Source: Authors based on Bank of Tanzania annual reports

Gold is the main driver of Tanzania's exports growth in the non-traditional export category. For example, in the year ending May 2020, Export of gold rose by 46.8 percent to USD 2,522.1 million as a result of an increase in both volume and price, and accounted for 55.7 percent of non-traditional exports (Figure 3.4.4). Tanzania exports gold mainly to South

Africa, India and Switzerland. Other mineral exports of Tanzania include diamonds, tanzanite, rubies, sapphires, emerald, copper, silver and other precious stones.

Apart from revenue earnings, minerals contribute a substantial amount of employment. According to the 2020/21 budget speech by the minister responsible for minerals, between 2016/17 and 2019/20, the sector contributed 1,000,505 jobs, of which 80.9 percent or 809,696 were direct employment. The artisanal, small-scale mining sub-sector employs about 1.5 million people in rural areas, contributing not only to household income but also supporting Government's efforts to alleviate poverty which is more severe in rural settings.

Figure 3.4.4: Tanzania Exports of Goods (Millions of USD)



Source: Authors based on Bank of Tanzania annual reports

3.4.3 Management for Results

During FYDP II the Government adopted "business unusual" in the management for results in the mineral sector. In an unprecedented move, the Government put in place good legislation in 2017[26] to guide and ensure the country benefit more from the extractive industry. As a result, the country has now solid foundation to reap the benefits of its large extractive minerals endowments. Tanzania's Vision 2025 sets out an ambition for mining to contribute 10 percent of GDP – a goal that is within reach during implementation of FYDP III. Already the Government has started implementing its resolve by building a wall at Mirerani to plug loopholes in Tanzanite smuggling, built mineral trading centres to enable orderly sales of minerals and also taking stern measures to curb malpractices in the mineral sector, including banning export of raw minerals. The 2017 legislation requires all minerals to be beneficiated in the country.

[26] In 2019 the Minister for Minerals made further amendments to the 2010 and 2017 legislations through the Written Laws (Miscellaneous Amendments) (No.2) Bill of 2019 (the Mining Act Amendment Bill) on 9 February 2019. Among the main stipulations, includes: Mining (Mererani Controlled Area) Regulations; Mining (Mineral Beneficiation) Regulations; Mining (Diamond Trading) Regulations; Mining (Minerals and Mineral Concentrates Trading) (Amendment) Regulations; Mining (Local Content) Regulations (the New Local Content Regulations); and Tanzania Extractive Industries (Transparency and Accountability) Regulations.

In another bold move, in 2019, the Government was able to garner development agreements and issue of Special Mining Licences ("SMLs") for Bulyankulu, North Mara and Geita, Tulawaka and Buzwagi. In May 2017 a new mine Ashanti Gold's medium scale and New Luika mine were opened, adding more firms in gold mining in the country. Overall, the Government has put in place an enabling environment that should ensure a win-win situation for mining investors, the Government and the people of Tanzania.

3.4.4 Adequacy of FYDP II Financing and Resource Utilization

Mining is largely undertaken by the private sector. The main role of the Government is to create an enabling environment for undertaking mining in an orderly beneficial manner to investors, the Government and the people of Tanzania. In this regard, the Government during FYDP II has made excellent commendable people-centred policies, legislation, rules, regulations and strategies. The Government budget for minerals defrays recurrent outlays for employees and the development budget funds interventions beneficial for improving the mining extraction and beneficiation environment. Under FYDP II, the government budgeted TZS 11.2 trillion equivalents to 9.2 percent of the total national budget for interventions in the extractive sector. The main investments include: Construction of the Pipeline to transport Crude Oil from Uganda to Tanzania; Construction of the Liquefied Natural Gas plant; Construction of the Mchuchuma Coal-Fired Thermal Plant and the Liganga Iron Ore mining and Steel Complex Plant among others. These investments are in various stages of implementation and have not yet started bearing "fruits". These and others will be keenly monitored during FYDP III.

Other ongoing Government mining sector investments are through the State Mining Corporation (STAMICO), National Development Corporation (NDC) and newly formed Twiga Company Limited. STAMICO and NDC operate with their respective associates, subsidiaries, and joint ventures which includes: Stamigold Company Limited, Buckreef Gold Mine, Kyerwa Tin Ltd, Tanzanite One, Kabulo Coal Mine, Kiwira Coal and Power Ltd, Buhemba Gold Mine, Ubena Zomoni and Chigongwe project, Mchuchuma-Katewaka Coal mine, Engaruka Basin Soda Ash project, Maganga Matitu Sponge Iron project, Katewaka Coal project, Bukoba Silica sands project, and Tancoal Energy Ltd.

3.4.5 Challenges and Potential Solutions

There are several challenges facing the Government's investments in the mineral sector. The most important ones and suggested way forward are summarised in Table 3.4.3.

Table 3.4.3: Mineral Sector Government Investments Challenges

S/No.	Project	Project overview	Challenges	Potential solutions
1	Buckreef Gold Mine	The project is a joint venture between STAMICO (45percent) and Tanzania American International Development Corporation (TANZAM 2000) (55percent) signed on 25th October, 2011. The venture requires a total of USD 5.9 million for the re-development of the Special Mining License (SML 04/92). The project was expected to start in 2014, but as of end 2019 the project had not started operations.	The main challenge is that parties to the venture have not managed to raise the required capital investment to start project.	A new cost-benefit analysis should be conducted by STAMICO to inform Government decision on whether to continue with the venture or not based on original venture agreement on exit procedures.
2	Buhemba Gold mine	The mine was formerly owned by Meremeta Mining Limited then transferred to Stamico by the then Ministry of Minerals and Energy in July, 2011. The corporation target is to re-develop the mine. The mine is estimated to have underground gold reserve of over 441,772.29 ounces. The mine was planned to start production in June, 2016. However, by end 2019, the project had not started operations.	The challenge is both financial (capital) and weak management. In 2019, the Corporation began developing a business plan of the project.	Complete the business plan and seek capital domestically through joint venture with Tanzanian entrepreneurs.
3	Ubena Zomozi stone quarry aggregate project	Stamico owns ten Primary mining licenses acquired in 2016 at Chalinze with an estimated reserve of over 41.5 million tons of stones. Business plan indicates that the project was planned to be completed in July 2018 and requires an initial cost capital outlay of USD 1.75 million. As of June 2020, the project had not taken off.	The main challenge is lack of capital.	STAMICO should view project as a potential Public-Private Partnership (PPP) project and seek domestic investors' interest because business plan shows the project is profitable.
4	Liganga Iron Ore and Mchuchuma Coal	The project is joint venture arrangement signed on 11th September, 2011 between NDC and Sichuan Hongda (Group) Co. Ltd through a founded joint company Tanzania China International Mineral Resources Co. Ltd (TCIMRL). The project aims to develop Liganga iron ore mine and Mchuchuma coal mine. The project investment cost is estimated to be USD 3 billion. As of September, 2020, the project had not commenced.	The project has not started because of ongoing investment and shareholding review between the Government and the investor.	Government should continue negotiating a good profit-sharing agreement that takes into account a win-win take between the investor and the Government.

S/No.	Project	Project overview	Challenges	Potential solutions
5	Maganga Matitu Sponge Iron Project	The project is implemented by Maganga Matitu Resource Development Company Limited (MMRDL), a Joint Venture Company between NDC and MM Steel Resources Public Limited (MMSR PLC) signed on 28th October, 2019. The project's objective is to produce sponge iron to serve the domestic steel mills and exportation.	Parties to the venture are reviewing project investment and financing structure given that MMSR PLC has already spent TZS 85.7 billion after the project feasibility study proved that iron reserves at Maganga Matitu is not commercially viable and recommended the project to focus on coal production.	Despite large investments by MMSR PLC so far, NDC should continue to negotiate a better deal for the Government while honouring joint venture capital recovery stipulations.

Other mining sector challenges observed by the Controller and Auditor (CAG) annual reports include the following:

1) ***Coal***: (i) In March, 2017, the Ministry of Minerals granted Dangote Industries (Tanzania) Limited mining licence number PML Application No. 0062/2016 for an area measuring 9.98 Kilometres at Ngaka area, Mbinga District, Ruvuma previously owned by Tancoal Energy Limited mine owned by NDC for development and operation of coal mine. However, Dangote failed to operate the mine and returned the licence to the Ministry. As at end 2019, the licence had not been returned to the original owner Tancoal Energy Limited; (ii) According to CAG 2018/19 audited statement, TanPower Resources Limited (TPR) agreed in 2015 to transfer 70 percent shareholding in Kiwira Coal and Power Limited (KPCPL) (Being 700,000 shares) to the Government through STAMICO for a consideration of one shilling and payment of USD 4.74 million as management fees. Transfer of the shareholding was not completed because of absence of tax clearance certificates which is required by the Business Registration and Licensing Agency (BRELA) before effecting the transfer of the shares. The certificate is withheld by Tanzania Revenue Authority (TRA) due to outstanding tax liability of TZS 2.92 billion payable by Tan-Power Resources Ltd. CAG recommended that "*the Ministry of Minerals consider returning mining licence of part of the mining site of TANCOAL Energy Limited and enforce Tan-Power Resources Limited to make payment of tax liability*" (CAG, 2018/19).

2) ***Tanzanite:*** Invasion of mining prospecting areas by small-scale miners. According to CAG, there has been invasion by small miners in Tanzanite mining license No. 490/2013 issued on 20th June, 2013 which is joint venture owned on 50:50 shareholding by the Government of Tanzania through State Mine Corporation (STAMICO) and TanzanitOne

Mining Ltd (TML). According to the supervision quarter report for the month of September to December 2019 by STAMICO representative at the mining site submitted on 24th December, 2019, mining site invasion had increased especially in the area that is close to block B bordering small scale miners. The report mentioned six miners who upon inquiry, explained that they were granted permission to operate at the sites by the Ministry of Minerals without producing any evidence to confirm their assertion. According to CAG, the "*intruders into the site deplete mineral reserves and the unregulated operations lead to loss of Government revenues*" and recommended that: "STAMICO ensures adequate security at the site to stop intrusion".

3) ***Gold***: Inadequate management of tailings reserves at STAMIGOLD and Buhemba Gold mines. In February 2020 CAG observed tailings reserves at Buhemba (796,400 tons) and STAMIGOLD (8.35 million tons) with substantial amount of gold but remained unprocessed and were undergoing deterioration due to rains and other environmental factors. CAG recommended that: "*STAMICO request approval of processing the tailing reserves from respective authorities by first determining an environmental safety and cost- effective method of processing them supported by a detailed study report. Also, STAMICO consider improving safety and storage method of the reserves*" (CAG. 2018/19).

3.4.6 Untapped Opportunities in the Minerals Sector

Natural resources beneficiation: Adding value to minerals is an opportunity that is backed by recent Government directive to add value to minerals before exportation. This is an area which FYDP III should take on board. Table 3.4.4 provides a list of untapped opportunities in the regions as extracted from the respective regional investment guides. Investors, both domestic and international are invited to take advantage of those opportunities by exploiting and beneficiating the raw extracted minerals.

Table 3.4.4: Tanzania untapped opportunities for exploitation and beneficiation in the Minerals Sector

Region	Minerals Opportunities
Mbeya	Gold, coal, sand, stones, morum and industrial minerals such as marble, limestone, iron ore and phosphates
Katavi	Copper, gold, iron ore, nickel, cobalt, lead, mica, moonstone, garnet and coal
Dodoma	Quartz, limestone, gold, uranium, green tourmaline, copper, nickel, manganese, spessartine garnet, scapolite, gypsum
Manyara	Tanzanite, ruby, green garnet, green tourmaline and rhodonite, tsavorite and tremolite
Mwanza	Gold, diamond, iron, coal, nickel, Tanzanite, uranium and natural gas
Morogoro	Rhodonite, nenicull lime stone, graphite, green tourmaline, amethyst
Iringa	Gold, lime, gemstones
Ruvuma	Coal, gold, copper, aquamarine, corundum
Kilimanjaro	Uranium, aquamarine, manganese, red garnet, copper, gypsum
Kagera	Gold, limestone, tin, nickel
Kigoma	Diamond, gold, iron, uranium, natural gas
Simiyu	Nickel, copper, iron ore, gold
Geita	Gold

Region	Minerals Opportunities
Singida	Diamond, copper

Source: PO-RALG (2020), Regional Investment Guides

3.4.7 Lessons Learnt and Good Practices

The main lesson in implementing mineral sector development in Tanzania during FYDP II is that historical practices followed by Tanzania until 2015/16 did not work in favour of the country and its people to benefit from its unique natural resource endowments. The Government has embraced "business unusual" in the development of the mining sector and the results are evident as shown in the preceding sections (Figure 3.4.2). The literature provides international "Good Practices" in mining that favour investors to ensure their profit stake is much higher than the resource owner. However, there are good mining development principles that benefit both the investor and Government on behalf of the people worth emulating as follows:

(i) Designing environmental regulation that adequately protects the environment, which also establishes clear rules for investors;
(ii) Where capacities of the Government and the mining industry allow, considering adoption of more innovative approaches to environmental regulation, such as performance-based regulation and economic incentives;
(iii) Making mandatory requirements for Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP) for the mining industry, setting out clear roles for the Government, mining companies, environmental services experts, civil society organizations and community groups;
(iv) Establishing laws and regulations for mine closure that prevent large environmental legacies and public costs;
(v) Ensuring that affected communities are informed in advance of mining projects about land use options which are available after mine closure;
(vi) Investing in capacities of regulators for monitoring and enforcement of regulations;
(vii) Improving intra-governmental coordination mechanisms, such as those between mining and environmental ministries, local governments, human rights commissions and other Government agencies;
(viii) Enhancing access to mining-related information that is important and relevant to local communities; and
(ix) Opening legal avenues for local communities and indigenous people affected by mining to have a say in mining projects; defining minimum standards for adequate consultation and consent; investing in the capacities of communities affected by mining; and providing access to remedy for people affected by mining.

3.4.8 Recommendations

a) *The mineral sector indicator targets for 2025 set in 2015/16 are still valid* and only minor adjustments are needed for the FYDP III targets. The foundation created during FYDP II in terms of creating an enabling environment for mineral sector development should be sustained and is expected to be sufficient to achieve mineral targets by 2025.

b) *Government should continue embracing "business unusual" philosophy in the development of the mining sector.* The literature and experience in mineral rich countries tends to favour investors at the expense and detriment of the resource owners, often taking greater share of the profits in the pretext of maximising shareholder returns. Mining policies, legislation, rules and regulations put in place during FYDP II should be honoured by all subsequent government regimes in order to create policy predictability and assure minerals benefits to the people of the country, while ensuring investors have a fair share of their mining investment operations.

c) *Purposively skill up the workforce*: The mining sector is not labour intensive, but it is highly knowledge intensive. However, The country needs to create the knowledge and skills base for the mineral sector. Among the skilled labour, there are mismatches as the labour market is disconnected from the rapidly changing technological needs of the mining industries.

d) *Establishment of mineral suppliers' clusters*: These are important in order to use the mineral sector as the anchor client to stimulate broader industrial development in the country in support of the Government's resolve to become a semi-industrialised country by 2025.

e) *Foster application of new technologies, especially for Artisanal, Small and Medium (ASMs) mining sub-sector.* Technological innovations in the mining industry are increasing rapidly, touching on many facets of the industry, from surveying, exploration, production, processing and data analytics. The Government is urged to facilitate private sector investments for automated mining equipment and machinery because of the changing mix of physical capital and labour in the production and minerals beneficiation process. Tanzania, being a mineral rich country should not be left-out in the on-going mining technological revolution.

f) *The Government should use revenue for the mineral sector as a growth accelerator towards realisation of Vision 2025 and SDGs.* Natural resources are finite and are depleted without warning. As such, availability of mineral endowments should not change the country's developmental goals but rather the returns should be used to enhance the development process by enabling the economy to 'jump' to an accelerated growth resource-led path as discussed in the introductory section of this report.

The next Section discusses Trade which is very important in ensuring beneficiated minerals and other products produced in Tanzania have access to sustainable beneficial markets.

3.5 TRADE

3.5.1 An Overview

FYDP II recognised that trade and industrialization are basically two sides of the same coin. Thus, the trade sector was made an integral part of the FYDP II's objectives. The third FYDP II's objective specifically stated that the FYDP II will "consolidate Tanzania's strategic geographical location through improving the environment for doing business and positioning the country as a regional production, trade and logistic hub". The fourth objective stated that the role of FYDP II will be to "promote availability of requisite industrial skills (production and trade management, operations, quality assurance, etc.) and skills for other production and services delivery."

During the FYDP II implementation, 4 out of the 6 traditional exports had increased export values with 3 out of the 6 traditional exports experiencing increasing export volume. Export values increased for gold, diamond, and other minerals while declining for manufactured goods, horticulture and re-exported goods. The GDP share of exports declined for the first 3 years of FYDP II and has remained below the baseline value. Import values have been on the decline across the capital, intermediate and consumer goods. Whereas Tanzania's values of exports to the region declined at the beginning of FYDP II, there are signs of recovery towards the end of FYDP II. Below is the detailed assessment of the progress made in different trade-related areas that the FYDP II intended to address.

3.5.2 Results from Implementing FYDP II Objectives

Table 3.5.1: Outcome Performance

Performance summary	
No. of outcome indicators:	21
No. of outcome indicators with available data:	12
No. of indicators with available data have attained/likely to attain targets:	8
No. of indicators with available data and have not attained/unlikely to attain targets:	4

Table 3.5.2: Performance under each trade related outcome indicators

	Indicator	**2015 Baseline**	**FYDP II target 2020**[1]	**Achieveme nt by 2019**[2]	**Percentage Achieved**	**Remarks**
1	Share of exports in GDP (%)	18.4	22.0	16.1	73	Likely to attain the target
2	Share of services in total exports (%)	41.4	45	44.3	98	Likely to attain the target
3	Share of exports to EAC (%)	7.7	NA	13.5	NA	No target, however the performance is higher than the baseline
4	Share of manufacturing exports to EAC (%)	6.1	7	10.8	154	Target achieved
5	Share of exports to	14.2	22	26.4	120	Target achieved

	Indicator	2015 Baseline	FYDP II target 2020[1]	Achieveme nt by 2019[2]	Percentage Achieved	Remarks
	SADC (%)					
6	Share of imports in GDP (%)	26.2	32.0	17.9	56	Lagging behind significantly
7	Share consumer goods in total imports (%)	27.6	15	26.0	58	Lagging behind significantly
8	Share of intermediate goods in total imports (%)	29.5	32	32	100	Target achieved
9	Share of imports from EAC (%)	2.9	7.5	3.6	48	Lagging behind significantly
10	Share of imports from SADC (%)	8.0	10	6.6	66	Unlikely to attain the target
11	Increasing exports of services (TZS million)	6,803,82 8.9	Increasing	9,796,547.4	100	Target achieved
12	Reducing value of imports (TZS million)	24,675,2 58.2	Reducing	23,713,760. 6	100	Target achieved

[1] The FYDP II's M&E strategy presented the FYDP II's targets using calendar year.
[2] Data were reported using calendar year.

Key findings:

i. Overall import and export trends
   - Share of exports in Gross Domestic Product (GDP) declined for the first 3 years of FYDP II and has remained below the baseline value.
   - Share of imports in GDP declined as well.
   - Import values have been on the decline across the capital, intermediate and consumer goods.
   - However, the import values are picking up as we approach the end of FYDP II.

ii. Traditional exports:
   - 4 out of the 6 traditional exports (66.7 percent) had increasing export values.
   - 3 out of the 6 traditional exports (50.0 percent) have increasing export volume.
   - Despite the export volume for tea remaining unchanged, its export value increased.
   - It is opposite for coffee, where its export value declined despite an increase in export volume.

ii. Non-traditional exports
   - Export values increased for gold, diamond, and other minerals.
   - Export values declined for manufactured goods, horticulture and re-exported goods.
   - Re-exported goods had the largest decrease in export value.

v. Regional trade
   - Whereas Tanzania's values of exports to the region declined at the beginning of FYDP II, there are signs of recovery towards the end of FYDP II

The FYDP II's strategic areas for the trade sector consisted of 35 expected results spread across 32 outcomes, and 3 processes. The evaluation team obtained data from national publications for 17 out of the 32 outcome indicators (53 percent). The outcome indicators whose data were available are: 1) increasing volume of exportable itemsl 2) increasing value of exportable items 3) reducing value of imports 4) export shares in GDP, and; 5) import shares in GDP. For the first three indicators, the FYDP II's monitoring documents set qualitative targets ('increasing or 'reducing'). We benchmarked the 2016-2019 averages against the 2015 baseline for the three indicators to see whether the set target 'increased or 'reduced'. We also separated the export items into two domains of 'traditional exports' (cotton, tea, coffee, sisal, tobacco and cashewnuts) and 'non-traditional exports' (gold, diamond, other minerals, manufactured goods, fish, horticulture and re-exported goods).

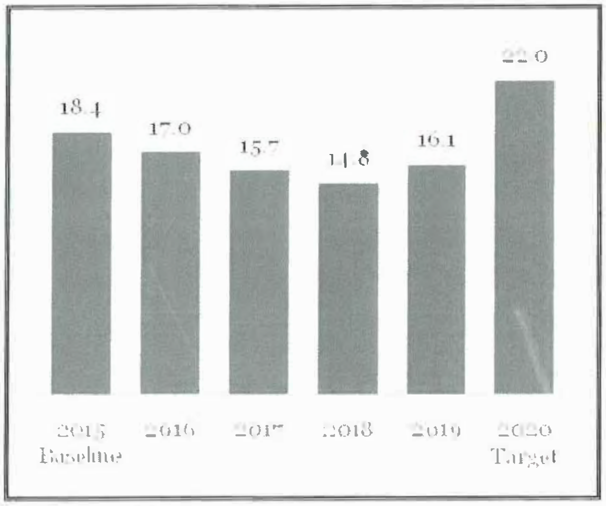
The overall performance of the trade sector during FYDP II is highlighted by the export and import shares in GDP (Figure 3.5.1 and 3.5.2). Figure 3.5.1 shows that the share of exports in GDP declined consistently during the first three years of FYDP II before recovering in 2019. Despite the recovery, throughout the FYDP II, the exports shares were below the baseline value in 2015. Figure 3.5.2 shows that the import shares in GDP declined as well. It is unlikely for the end of FYDP targets to be met for both imports and exports shares in GDP. Figure 3.5.3 shows that, out of the 6 traditional exports, the export value increased for 4 items (cotton, sisal, tea and cashewnuts) against their 2015 baseline export value (66.7 percent of the traditional export items). In terms of export volumes, 2 out of the 6 traditional exports (cotton and cashewnuts) experienced higher volumes (on average) against their baseline export volumes in 2015 (Figure 3.5.4). Tea had the same export volume during FYDP II (2016-2019) as was the case at the baseline in 2015. Tobacco is the only traditional export that experienced a decline in volume.

There are interesting trends for the export values and volume for tea and coffee. Despite its export volume remained unchanged; the export value of tea increased (28,000 tons). It is opposite for coffee, where its export value declined despite an increase in export volume. Further investigation is needed to identify the sources of such trends (whether the quality of Tanzania's tea has improved and is fetching higher prices or the increase in export value is due to the increase in the global price of tea).[2] The analysis for the non-traditional exports reveals that the export values for gold, diamond, and other minerals are higher than their baseline values in 2015 (Figure 3.5.5). The other non-traditional items of manufactured goods, horticulture and re-exported goods have however experienced a decline in their export values during FYDP II implementation phase (Figure 3.5.6). Re-exported goods had the largest decline in export value (43.1 percent) when compared to its baseline value in 2015.

Figure 3.5.7 and 3.5.8 reveal two trends; First, is the increased share of Tanzania's exports to SADC from the baseline share of 12 percent (2015) to 14 percent (2019) (Figure 3.5.7). Despite the increase, the 14 percent share remains far below the target of 22 percent. Second, the share of exports to EAC declined from 10 percent (2015) to 5 percent for the next three years before recording an upward trend to 7 percent in 2019. Third, is the recovery in Tanzania's exports towards the end of FYDP II (Annex 2). The largest decline in the values of Tanzania's exports to the region comes from exports to the EAC (38.9 percent decline from the baseline value), the largest recovery comes from exports to the same region of EAC (51.8 percent) and exports to SADC (36.0 percent). Other progress includes an increasing share of exports to the EAC region as well as manufacturing exports to EAC from 6.3 percent (2016) to 10.8 percent (2019) which is 3 percentage points higher than the FYDP II's target of 7 percent. The target for the share of exports to SADC has been surpassed reaching 26.4 percent (2019) against the target of 22 percent by 2020. The target for the share of intermediate goods has been attained as well.

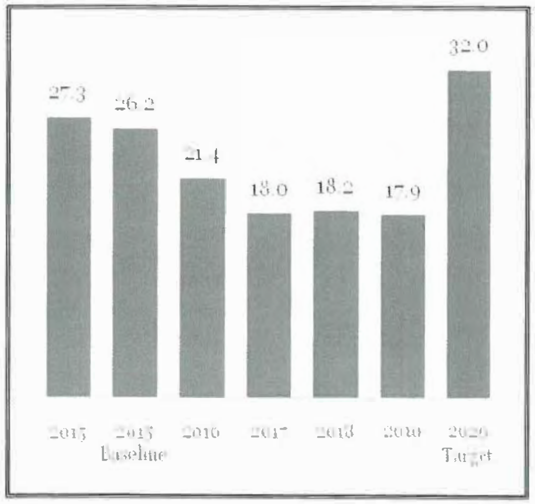
In line with the FYDP II's objectives, the values of import are on the decline across the three categories of capital, intermediate and consumer goods (Figure 3.5.9). However, the decline in the importation of capital goods is not inspiring for a growing economy like Tanzania that needs capital goods to sustain and raise productive capacities. Future studies could look at the two possible hypotheses on the declining import values for capital goods. First, there is likely contraction in sectors using capital goods, and second, the productive sector is switching to cheaper sources of capital goods. However, there are signs of import values picking up towards the end of FYDP II (Figure 3.5.10).

Figure 3.5.1: Export shares in GDP



Source: MoFP(2019)

Figure 3.5.2: Import shares in GDP



Source: MoFP(2019)

Figure 3.5.3: Traditional exports values (USD Million)

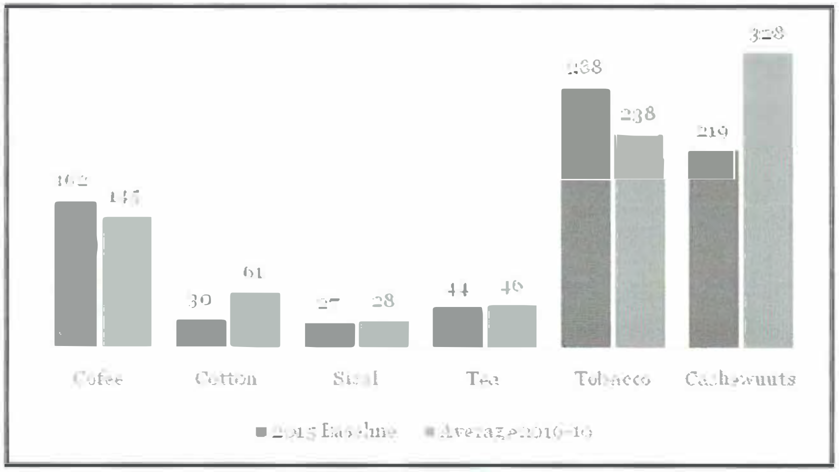


Figure 3.5.4: Traditional export volume (000 tons)

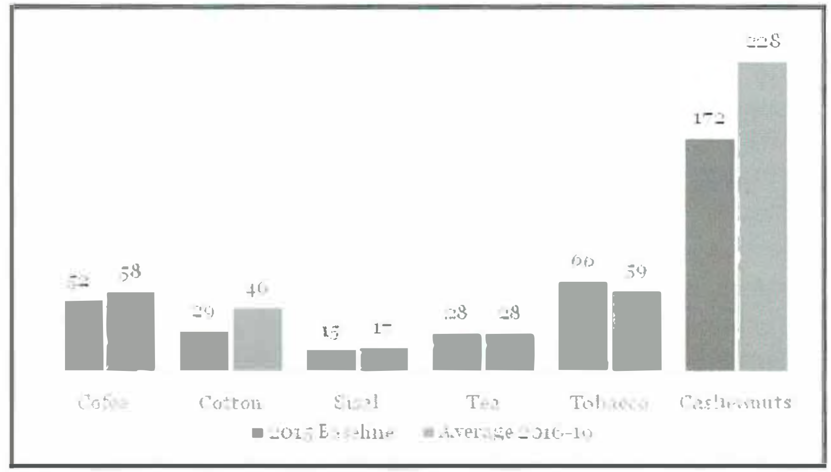


Figure 3.5.5: Non-traditional exports values – minerals (USD Million)

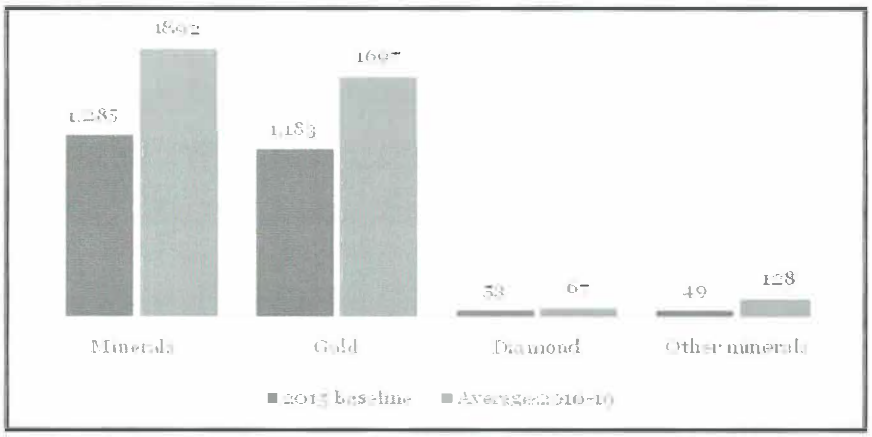
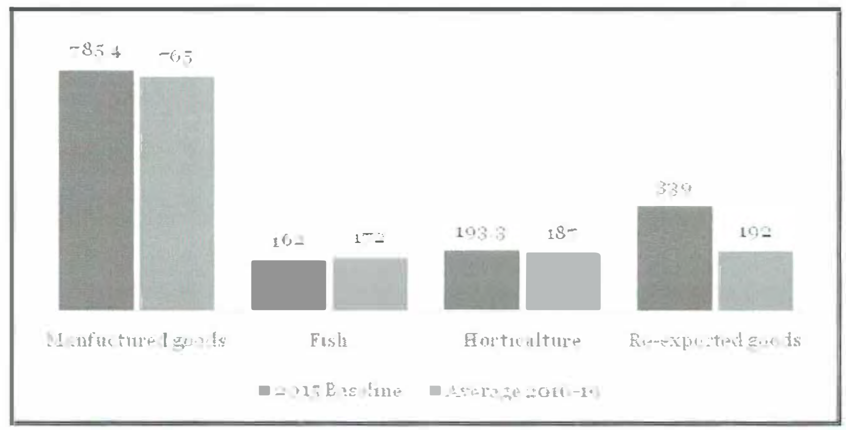


Figure 3.5.1: Non-traditional export volume – others (USD Million)



Source: MoFP (2019)

Figure 3.5.7: Tanzania's values of exports to the region (USD Million)

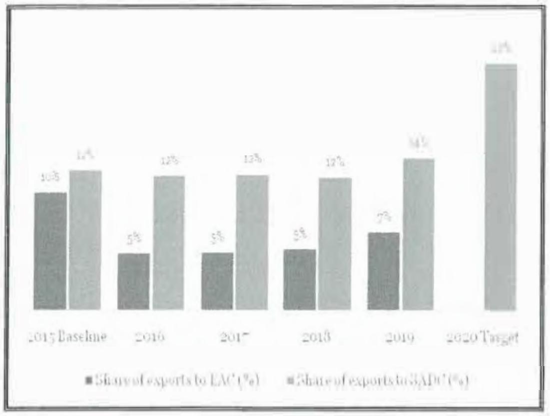


Figure 3.5.8: Tanzania's exports to SADC

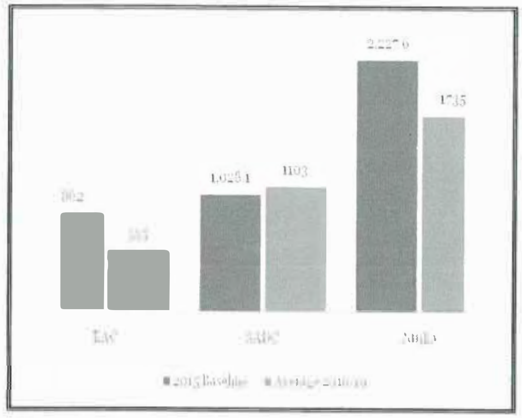


Figure 3.5.9: Values of Tanzania's imports (USD Million)

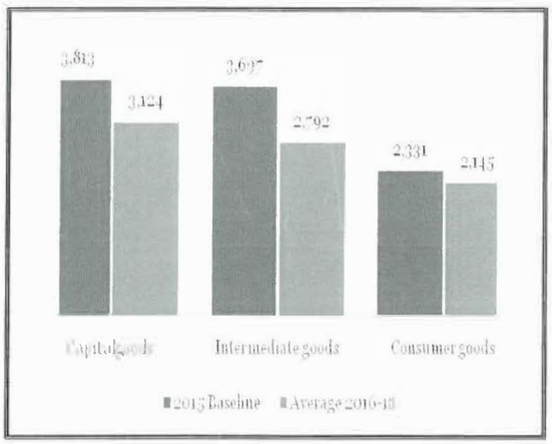
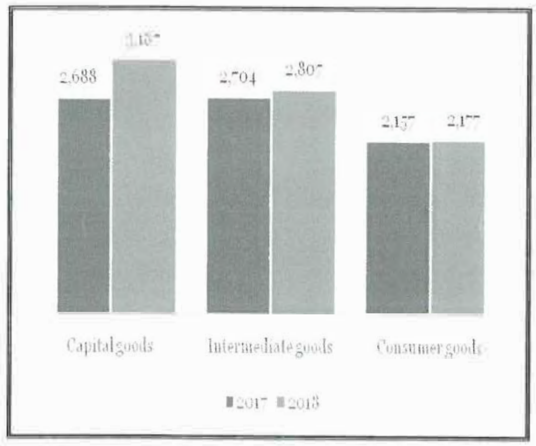


Figure 3.5.10: Picking up of values of Tanzania's imports (USD Million)



Source: MoFP (2019)

Table 3.5.2: Output and Process Related Performances

Performance summary	
No. of output indicators:	3
No. of output indicators with available data:	3
No. of indicators with available data have attained/likely to attain targets:	3
No. of indicators with available data and have not attained/unlikely to attain targets:	0

Key efforts:

i. Financed infrastructure projects that address binding constraints to private sector development
ii. Constructing the first gold refinery with capacity to process up to 100 tonnes of gold annually
ii. Developed product-specific development strategies (leather, sunflower, pulse)
v. Capacity building to local traders to effectively engage in exporting
v. Continued with the implementation of the Blueprint for Regulatory Reforms to Improve the Business Environment' (the 'Blueprint initiative' from herewith)

The FYDP II's strategic areas for the trade sector included 3 process indicators and none as output indicators. It is worth mentioning that the FYDP II's documents did not postulate baselines and targets for the process indicators. We are therefore reporting on the Government's efforts towards the three process indicators. We consider such efforts as Targets that the Government intended to achieve.

Promoting value addition through processing and manufacturing: During FYDP II implementation, the Government did the following: 1) encouraged regional authorities to establish Export Processing Zones (EPZs) 2) financed large infrastructure projects that address binding constraints to private sector development (Standard Gauge Railway (SGR), expansion of Dares Salaam port, construction of the Kinyerezi power plant and the Stigler's Gorge hydropower project, to mention the few) 3) encouraged processing of minerals by constructing the first gold refinery in the country. Once completed, the refinery is expected to be the biggest ever mineral refinery in the east Africa region. It will have an annual gold processing capacity of up to 100 tonnes targeting purity of 99.99 percent. The processing will halt exportation of raw gold, which subjects the country to substantial loss of money.

Utilizing abundant/diverse resources including agricultural/mineral resources:
Some of the initiatives included: 1) measures to protect and stimulate domestic production of sunflower oil by raising the tariff (from 10 percent to 35 percent) on imported crude and semi-refined edible oil 2) developed product-specific development strategies on the basis of their potential to develop a long value chain, create more jobs and utilize locally available raw materials. The strategies are leather sector development strategy, the sunflower sector strategy, the cotton-to-clothing (c2c) strategy and the pulses roadmap. The leather strategy has introduced tax reliefs for raw materials being used in leather production. The sunflower strategy has resulted into of the production of locally made oil refinery machine, sunflower seeds pressing machine and oil expelling machine.

Fostering effective trade-induced industrialization: Measures undertaken included: investing in capacity building to local traders to effectively participate in international and regional trade, through incubation programs, workshops, researches (e.g. in cashew processing equipment; and sunflower processing). Among the objectives of the Blueprint initiatives to facilitate trade as a means towards industrialization, as of 2019, the Blue print initiative has seen the restructuring of a total of 173 fees, among which 163 fees were removed and the charges for the remaining 10 fees reduced. Of the 163 that were removed, 114 were in the agriculture, and 44 in the livestock sector that where been charged by regulatory bodies such as the Tanzania Bureau of Standards (TBS), Government Chemist Laboratory Authority (GCLA), and Tanzania Food and Drugs Authority (TFDA).

The Government also implemented a number of initiatives beyond what the FYDP II articulated. These initiatives included: improving the company registration processes using an online system (Online Registration System-ORS), advancing the tobacco market to address unfair competition activities; developing the Kurasini Trade and Logistic Centre; training regional stakeholders on the management and operations of land that has been set aside in the regions for SEZ, and; reviewing SME policy, trade policy and the industrial policy.

3.5.3 Management for Results

Key summarized issues:

i. Investment in soft/hard infrastructure to advance trade sector in the medium to long run
ii. Investment in one stop border posts, and a number of trade promotion measures
iii. The Blueprint initiative is being implemented, though at a pace not pleasing the private sector
iv. Investing in product-based development strategies (leather, cotton, sunflower)

The Government strategies that were deployed to deliver on the expected FYDP II's trade related objectives can be categorized into the four main domains 1) investing in hard and soft infrastructure 2) trade promotion and facilitation 3) capacity building and research, and; 4) regulatory reforms. The first domain (infrastructure development) involved investments in road and railway networks (the SGR, for example) that are expected to stimulate domestic productive activities and facilitate freight movement within the country and to/from neighbouring land locked countries (Burundi, Rwanda, and the Democratic Republic of the Congo (DRC)). The SGR will cover 500 kilometres of standard gauge rail lines over the next five years and expected to reduce freight cost by 40 percent. In 2018, Rwanda and Tanzania signed an agreement for the extension of the same line from Isaka to Kigali (575km). During the period under evaluation, the country also observed a surge in regulatory bodies using online portals when interacting with businesses. An example is the introduction of an online application system by TBS[3]. Also some progress has been noted in the EPZ, in terms of regional authorities increasingly allocating land for the zones. However, lack of advanced infrastructures in such zones remains an important challenge.

The second domain of trade promotion and facilitation involved numerous activities: 1) launching of eight One Stop Border Posts (OSBP).[4] The OSBP are perceived to have facilitated trade operation by fast-tracking inspections at the borders 2) developed strategic border markets that are expected to expand opportunities for Tanzanians living in the border locations to expand their exports to the neighbouring countries. Such efforts are directed towards the border markets in Rusumo (Tanzania/Rwanda), Tarakea (Tanzania/Kenya), Tunduma (Tanzania/Zambia), Mutukula (Tanzania/Uganda) and Holili (Tanzania/Kenya) 3) participating in international and regional trade fairs (e.g. China International Importation Expo), as well as organizing trade fairs with bilateral countries. An example is the Tanzania-Egypt trade fair that was held in September, 2019 in Dar es Salaam 4) introduced coffee auctions in Kagera, Ruvuma and Songwe to allow competitive buying and selling that should result into better prices to farmers 5) introduced the national strategy to increase exports through African Growth and Opportunity Act (AGOA) market 6) introducing the trade information portal that provides traders with transparent information on trade procedures 7) linking domestic producers with foreign markets. Among the success stories are the National Food Reserve Agency (NFRA) export of maize to Zimbabwe, and some private companies securing rice market in France.

Measures taken under the domain of policy reforms included: 1) launching of the Blueprint initiative. The Business Facilitation Act is in the pipeline to accelerate the implementation of the Blueprint initiative. The private sector is however concerned with the slow pace in accomplishing the reforms identified in the initiative[5] 2) introducing the Trade Remedies Act, 2020 to protect Tanzania against negative trade outcomes (import surge, dumping and subsidized import products) 3) currently reviewing the Sustainable Industrial Development Program (SIDP), 1996-2020 and the Small and Medium Enterprises (SME) Policy 2003 4) implementing product-based strategies (leather strategy and the sunflower strategy 2016-2020), 5) actively engaged in trade and tariff negotiations with all trade blocks that Tanzania take part in (e.g. establishment of the African Continental Free Trade Area (AfCFTA) and the EAC negotiations on strategies for advancing cotton, clothes, leather and shoes sectors; industrial value addition; and the review of the EAC's Common External Tariff (CET).

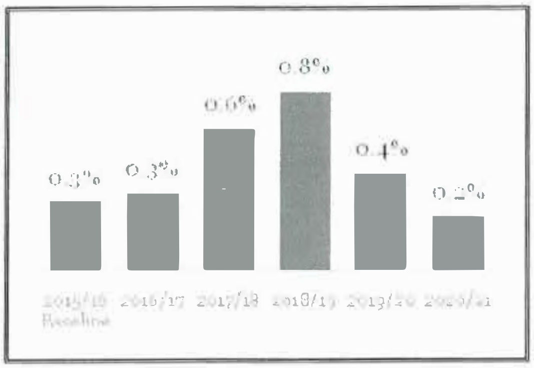
The fourth domain of capacity building involved capacity development initiatives to local traders to effectively participate in international and regional trade, through the incubation programs, workshops, and researches (e.g. in cashew processing equipment and sunflower processing). Other efforts went into improving access to finance through the credit lines under the National Entrepreneurship Development Fund (NEDF), advertisements of trade opportunities, and expanding bilateral, regional and international trading opportunities. The Government has also been addressing inefficiencies in port operations that lead to delays in cargo releases. One of the bold measures to have been taken includes the removal of the exclusivity clause in the Tanzania International Container Terminal Services (TICTS) concession. The move has made available a larger number of berths to handle the container trade

3.5.4 Adequacy of FYDP II Financing and Resource Utilization

The concept of adequacy refers to the state of being sufficient for the purpose concerned. We operationalised the 'adequacy' concept in two ways: First by assessing trends of the share of sectorial development budget in the overall national development budget. Such budget shares can be calculated in one of two ways 1) the entire Government budget as the denominator, or 2) with the entire Government budget minus financial operations and debt servicing as the denominator. We chose the former because is a better measure for benchmarking with Tanzania's regional and income peer countries[6]. The second way in which we operationalize the 'adequacy' concept is by assessing trends in the execution rate of the sectorial budgets (the concept is sometimes known as budget variance). The credible sources of 'sectorial' budgets and expenditures are the sectorial Public Expenditure Reviews (PERs). However, during FYDP II, the PERs were not undertaken for the sectors that are the focus of this evaluation. Hence, in the absence of annual 'sectorial' budgets, we used the sector ministry budgets/expenditures as proxies for the sectorial budgets. The trade sector is under the Ministry of Industry, Trade and Marketing (MITM) and we focus on the development budget of that ministry as a proxy development budget of the trade sector.

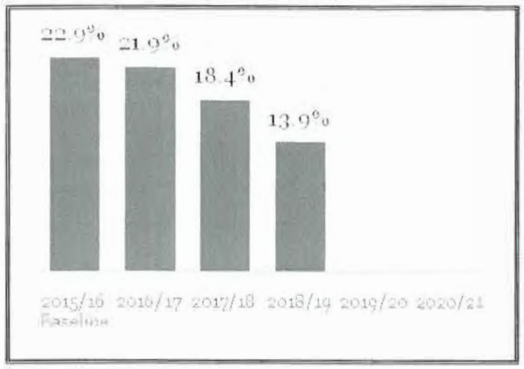
Figures 3.5.11 and 3.5.12 reveal contradicting evidences on the importance given to the trade sector during FYDP II implementation. In the case of resource budgeting, the sector was accorded high importance as revealed by the consistent increase in its share of the overall national development budget; from the baseline share of 0.3 percent (2015/16) to 0.8percent (2018/19) (Figure 3.5.11). However, such importance is not matched with the trends in the budget execution rate. During the same first three years of FYDP II implementation, the execution rate was on the downward trend (Figure 3.5.12). With the declining in the sector's share of the overall development budget from the peak of 0.8 percent (2018/19) to 0.2 percent (2020/21), an overall inference is that the trade sector has been losing its importance in resource allocation during FYDP II implementation.[7]

Figure 3.5.11: Sectorial share of the development budget-trade sector



Source: MoFP(2015/16-2020/21)

Figure 3.5.12: Development budget execution rate-trade sector



Source: MoFP(2015/16-2020/21)

3.5.5 Development Constraints in the Trade Sector

Our literature review identified two major developmental constraints in the trade sector: 1) the trade potential for Tanzania is yet to be fully utilized - with the country standing at 103rd position out of 153 countries in the trade openness index[8] 2) limited contribution of the sector to poverty reduction. Among other efforts, these constraints require reducing multiplicity of agencies with duplicative procedures. Reducing the number of regulatory bodies will minimise the costs of trading (time consuming and expensive procedures), as well as eliminating the overlapping trade regulations. Moreover, instead of targeting 100 percent physical inspection, testing, and certification, the costs of trading will largely be reduced by reverting to risk-based approaches. Reducing costs of trading will allow Tanzania to take advantage of its relatively good geographical location and most likely contain the tendency for trading activities diverting to informal channels. Studies that have used 'mirror trade data' reveal that the informal exports from Tanzania to partner EAC countries could account for as much as USD262 million – involving tonnes of agricultural produce such as maize, rice, dry beans, coffee, and cloves.

Over the years, the number of exports products from Tanzania has been on the rise. However, the country's domain of export is still largely dependent on mineral and traditional agricultural exports (both exports collectively account for about 80percent of total exports). Reports show that manufacturing exports are almost entirely accounted for by knitted apparel exports to USA under the AGOA initiative. Increasing diversification of export products will likely increase the global share of exports from Tanzania which has been declining from 0.029 percent (2015) to 0.027 percent (2019). The share can also be increased by expanding export destinations. Currently, the 7 countries of South Africa, India, Switzerland, Belgium, China, Japan and Vietnam account for almost 53 percent of Tanzania's total exports.

The second development constraint characterizing the trade sector in Tanzania is the limited contribution of the sector to poverty reduction. The overall economic growth (averaging 6.8percent between 2016 and 2019) and the inadequate growth of non-mineral trading sector remain insufficient to absorb the 700,000 annual new entrants to the labour market[9]. Further efforts are needed to improve access to accurate information on trade rules/procedures and increase the participation of women representatives in trade policy-making processes. Reports show the small-scale trading activities as the major source of livelihood for many, especially rural women – who accounts for 70-80 percent of the participants in cross border trading. Much progress has been made in addressing some aspects of business-enabling environment including commitment to regional integration. More efforts are needed especially on the institutional related reforms as identified in the DTIS and the Blueprint. The two-reform agenda offer an opportunity to accelerate reforms that will allow Tanzania to realize its goal of increasing economic competitiveness through improving trade environment.

3.5.6 Untapped Opportunities towards FYDP II Objectives and Targets

Opportunity 1: Taking advantage of geographical location
Studies show that across the world, coastal economies are likely to see faster economic growth than landlocked economies because for those accessing global markets is faster and transport cost are lower, which in turn should attracts investment. Advancing policy reforms, removing the tariff and nontariff barriers to regional and international trade (highlighted in section 1.4) will shift Tanzania onto a higher growth trajectory with real benefits from accessing a much larger markets, and ultimately create jobs and reduce poverty. See opportunity 4 in the chapter on trade sector which outlines strategic railway lines that allow Tanzania to take advantage of its geographical location.

Opportunity 2: Accelerate reforms identified in the Blueprint initiative and in the DTIS 2017
The Blueprint initiative did not identify trade specific areas for reforms, but it proposed list of cross cutting reforms that will directly and indirectly support the advancement of the trade sector. The 2018 DTIS is an ideal reference document for reforms in direct support to the trade sector. It has outlined specific trade related reforms in four areas of trade policy and trade facilitation, agriculture, mining and extractives, and tourism.

Opportunity 3: Infrastructure development in Special Economic Zone (SEZ)/EPZ located in border regions

In the presence of growing cross border trade (formal and informal), policy makers could focus on incentivise value addition to products crossing borders to Burundi, Rwanda, DRC and Zambia. One possible incentive measure is to advance infrastructure development in locations that the regional authorities have set aside as SEZ/EPZ. According to published studies, the SEZ/EPZ option should be approached with caution. First, the regional authorities will require technical support to ensure that the allocated land for SEZ/EPZ is strategically located and the infrastructures are in line with the nature of business operations expected to relocate to the zones. Second, better understanding is needed on spatial dynamics of manufacturing and agro-processing relocation within, for instance, urban agglomerations. Such an understanding will assist the Government to design optimal incentives and public investments that will likely influence firm location. Some studies on industrial location in developing countries have concluded that rather than providing subsidies and tax breaks, the focus should be on streamlining laws and regulations to make the business environment more attractive.

Opportunity 4: Trading opportunities in manufactured goods

Studies show that the country offers abundant natural resources which provide for plenty of raw materials for the manufacturing industries such as pharmaceutical industries, cotton for garment and textile industries, sisal for canvassing, iron for steel, as well as various minerals and gemstones. Untapped opportunities also prevail in the production of construction materials such as ceramics and cement and agro-industries to add value to agricultural, livestock, forestry and fisheries products. Food and beverages manufacturing have a lot of potential and includes manufacturing, processing, and preservation of meat, fish, fruit, vegetables, dairy, oils and fats for the growing middle-income population domestic and in the region. The middle-class in Africa has tripled over the past 30 years and it is estimated that about 310 million out of Africa's 1.3 billion people are now classified as middle class.

Opportunity 5: Trading opportunities in the agriculture sector

Studies reveal potentials in the agriculture sector to include large-scale commercial farming of crops such as sugarcane, rice, wheat, coffee, tea, sunflower, pulses, floriculture, cotton, sisal, grape, and simsim. The sugarcane farming and sugar production potential is large given the vast water sources, good climatic conditions and huge regional market potential. Huge potential also exists in agro-processing that would further expand Tanzania access to the regional market of SADC and EAC.

Opportunity 6: Trading opportunities in the mining sector

The processing of precious metals and gemstones would increase the value of Tanzania's exports. Other opportunities identified in published reports include investment in minerals smelters; establishing a caustic soda refinery plant in Engaruka; processing of nickel in Kabanga; and extracting Uranium in Mkuju. The Government has a good geological database and a high resolution airborne geophysical survey in some potential areas of the country.

Opportunity 7: Trading opportunities in the fisheries subsector
Studies highlight potentials in the fisheries sub-sector to include establishment of fishing harbour and fishing activities in the exclusive economic zone. There are also around 3000 hectares suitable for shrimp farming in Mafia Island. Untapped opportunities exist in commercial fish cage culture (mud crabs, oysters, grouper and scallops for mariculture) in both marine and freshwater areas (tilapias, African catfish, rainbow trout and freshwater prawns). Value addition in fish and other fisheries products are also potential areas to advance the trade sector.

Opportunity 8: Trading opportunities in the livestock sector
According to the published studies, potentials in livestock sub-sector include joint venture projects with the National Ranching Company (NARCO) and other privately owned ranches to modernize the existing ranches, establishment of new ranches (cattle, sheep and goats) and the establishment of modern slaughtering facilities and processing plants; establishment of tanneries, production of footwear and leather goods; and establishment of dairy farms and facilities for milk processing; investment in livestock farming focusing on beef, dairy, chicken, hides and skins as prioritized products.

Opportunity 9: Trading opportunities in the oil and gas
According to published reports, untapped opportunities in the oil and gas subsector include: establishment of chemical industries e.g. distillation units for the production of naphtha and other special boiling point solvents used in food processing; development of petrochemicals industries and small-scale production of chemicals and solvents e.g. chlorinated methane, formaldehyde, acetylene etc. from natural gas.

3.5.7 Lessons Learnt and Good Practices

Good practice 1: Electronic submission and processing of information required by customs
Studies show that economies with the most efficient trading environments share common features. Among them is the installation of, and efficiently working electronic single windows. Single window solutions allow trade stakeholders to interface electronically, submitting and distributing documents including customs declarations, import/export permit applications, trading invoices and certificates of origin to accelerate and secure the supply chain.

Good practice 2: Use of risk-based inspection of goods
Successful countries in the trading sector also use risk-based inspection modality to limit physical inspections to only a small percentage of shipments, thus reducing customs clearance times. Published reports show that the system should be able to balance inspection costs and risk by combining people's skills and experience with the appropriate technology and software for inspections. Reports specifies that the article 7.4 of the World Trade Organisation's (WTO) Trade Facilitation Agreement (TFA) encourages all border agencies to apply risk management to control customs in connection with import, export, and transit of

goods. Each WTO member is encouraged to use selectivity criteria to concentrate on high-risk consignments that will expedite the release of low-risk goods.

Good practice 3: Deepening regional cooperation
Studies in the trade sector indicate that successful countries in the trading sector also tend to trade within customs unions or engage in other forms of bilateral and multilateral trade agreements. Such trading arrangements make the time and cost for complying with border formalities negligible. Other details from the literature show that regional trade agreements improve access to foreign markets and have played an important role in further liberalization following autonomous reforms.

Good practice 4: Adopting appropriate and trade promotion policy measures
According to the studies in the trade sector, several policy measures advance the trade sector. They include: exchange rate liberalization, macroeconomic stability, easing import and export restrictions, including licensing, as well as tariff reductions or waivers for investment goods, and duty waiver or drawback schemes for imported materials and components for re-exports of finished goods. Also, trade reforms are usually proceeded by the reduction and elimination of Non-Tariff Measures (NTMs), followed by the rationalization of tariff structures and reduced tariff rates. Functioning of capital markets is very important, especially for SMEs that cannot easily tap international capital markets when domestic borrowing rates are high. Further information from the literature shows that the Real Effective Exchange Rate (REER) is important as well and if it is allowed to appreciate, export competitiveness will be reduced. Some countries, with high rates of inflation, have used exchange rate policy to help control domestic inflation, but with negative consequences for domestic production and exports, unless productivity can be increased more rapidly than overseas. Export processing zones were important for some countries.

Good practice 5: Well-functioning domestic and international logistics is a precondition of national competitiveness.

Studies advocate for advanced physical infrastructure, especially in the transport area as necessary for advancing the trade sector including the need for complementary actions on competition policy in the transport sector. Not surprisingly, studies show that an effective logistics sector is now recognized almost everywhere as one of the core enablers of development. Published reports position logistics as a network of services that supports the physical movement of goods, trade across borders, and commerce within borders. It comprises an array of activities beyond transportation, including warehousing, brokerage, express delivery, terminal operations, and related data and information management.

Good practice 7: Training and communication with trade stakeholders
Reports advocate for the trade ministry to not confine its consultations to other agencies of the executive branch at the national level. The reports advice for extending those consultations to legislative branch and/or to subnational units of Government. Involvement of stakeholders is considered as necessary in obtaining public support for reform program. The

private sector is the ultimate beneficiary of trade policy and should be involved as much as possible in its development and execution.

Good practice 8: Political stability, good institutions and labour supply
Improved institutions are considered in the studies on trade sector as necessary to cope with reforms, and labour market rigidities should be avoided as among the means to curb the growth of informal trading activities. Such studies further elaborate that an efficient framework of regulation is necessary and should aim at keeping regulatory burdens on enterprises to the necessary minimum, fosters competition and helps ensure genuine market openness. Moreover, effective trade policy should be supported by other domestic policies, including industrial, educational, labour market and social policies.

3.5.8 Recommendations

a) Improve the quality and transparency of trade-related regulations
Reference is made on simplifying and streamlining procedures, improving administrative efficiency and eliminate redundant regulations that no longer address public safety and welfare concerns. Studies including the DTIS are advocating for specific reforms under the ***trade policy and trade facilitation*** domain to focus on: 1) phase out export taxes and export bans 2) expand the content of the national business portal 3) regular update of the trade facilitation assessment 4) remove multiple agencies with duplicative procedures 5) introduce risk management practice in multiple regulatory agencies (also provide training on such risk management practices) 5) raise public awareness of the EAC Simplified Trade Regime (STR) at all EAC borders 6) publicize the traders charter to further support, for example, the informal cross border trading 7) establish toll free hotline for reporting abuse 8) address the unnecessarily delays between lodging for and actual issuance of debit notes by TBS and issuing receipts, lodging and release of the Certificate of Conformity (CoC).

b) Address logistics bottlenecks
Logistic bottlenecks have increased supply chain costs and prevent many poor people in rural areas to participate and benefit from trade. Specific recommendations from the reviewed literature include: 1) accelerating the ongoing investment in physical infrastructures to reduce supply costs 2) such investment in physical infrastructure should be based on sound return on investment 3) complement the ongoing efforts in hard infrastructure with investment in soft infrastructure 4) standardized the Local Government Authorities'(LGAs) by-laws by enacting regulations setting a fee range within which all LGAs' fees will fall 5) create a one-window facility for a single permit to be used across the LGAs 6) Weights and Measures Agency (WMA) should provide a weight band to allow flexibility 7) amend the Tanzania Ports Authority's (TPA) regulations to adopt and consistently apply either the weight or volume or size charging system of wharfage to all the imports and exports 7) harmonize Tanzania Revenue Authority (TRA) and Surface and Marine Transport Regulatory Authority (SUMATRA) regulations on the licensing and registration of clearing and forwarding agencies as well as introducing and online application system.

c) **Accelerate the reforms proposed in the DTIS and other reports aiming at advancing trading in agriculture**

Specific recommendations that have been highlighted in established reports include:(i) establish an "agriculture trade portal" as a place to go for information on Sanitary and Phytosanitary (SPS) requirements, TBS standards, trade permits including introducing an online application system; (ii) mandatory trade requirements and trade restrictions (e.g. export bans) must be transparent and well-advertised; (iii) allow for existing public and private test data from other countries to be used in product registration; (iv) eliminate the need for domestic trials where efficacy is already known and/or can be left to private competition (for example, mandatory farmer preference trials for seed, trials for new combinations of Nitrogen, Phosphorus, and Potassium (NPK), mandatory multi-year and multi-location trials for new agrichemicals); (v) eliminate mandatory inspections and product registration requirements that do not have a direct and justifiable health or safety objective 8) review and revise standards for at least 5 strategic commodities making clear distinction between aspects that must be complied with on health and safety grounds and voluntary aspects used to determine product value[10]; (vi) consistent with international good practice, make the Tanzania Atomic Energy Commission (TAEC) adopt a risk-based approach to agri-food inspections based on acceptance test results from internationally-accredited laboratories and spot inspection of products from areas with little or no risk of radiation exposure and for known traders who previously passed the test; (vii) eliminate market restrictions to provide space for private sector engagement with small farmers - as appropriate, Government may introduce guidelines for market behaviour ; and (vii) eliminate administrative controls on domestic trade (permits required to transport food and other agriculture products across district borders).

d) **Accelerate the reforms proposed in the DTIS and other reports aiming at advancing trading in mining and extractives**

Specific recommendations that have been highlighted in established reports include: (i) implement a transparent and predictable taxation regime and revenue management system; (ii) improve educational system including vocational trainings; (iii) scale-up support programs for SMEs (deficient access to finance, and infrastructure constraining potential to increase local value added along the extractive industry value chain); (iv) publish clearly defined and consistent regulations; (v) align duties and tariffs; (iv) review the SoEs' roles and responsibilities; (vii) consider merging State Mining Corporation (STAMICO) and the mining entity in National Development Corporation (NDC); (viii) separate out regulatory and commercial functions to the extent possible, and fully clarify the roles of the TPDC; (ix) establish a legal distinction between small-scale and artisanal mining activities; (x) reward formalization through support initiatives; and (xi) decentralize the enforcement authority to regional and district offices, and invest in staffing and capacity building for zonal mining offices.

e) Address remoteness from the markets as well as advancing infrastructure facilities are largely needed in the EPZs and logistics centres

Intensifying the poverty impact of integration policies by bringing a greater focus on tackling remoteness from markets at the sub-national level and facilitating the activities of poor and small traders. The ongoing road infrastructure development is an encouraging trend and more is needed in terms of other market infrastructures (strategic placement of markets, improving access to warehouse facilities, encouraging farmers associations, improving the institutional framework for contract farming, and facilitating compliance with Good Agricultural Practices "GAP"). Such efforts will reduce transport costs, raise prices received by smallholders, and increase their participation in the market.

3.6 TOURISM

3.6.1 An Overview

The FYDP II recognised the important role of the tourism sector in the socio-economic development in Tanzania. The country is endowed with rich and diverse natural resources and is recognised as the only country in the world that has allocated more than 25 percent of its total area for wildlife and other resources' conservation (national parks, game reserves, protected areas, etc.). Among other targets, the FYDP II aimed at raising the growth rate of the sector coupled with increasing share of sectorial GDP and employment.

Much progress has been made to advance the sector. By 2019, the number of tourists visiting Tanzania had reached 1.5 million. The number is 34.3 percent higher than the baseline value of 1.1 million visitors. However, because of COVID-19, the FYDP II's target of 1.8 million visitors is unlikely to be attained. The target for the number of nights spent by tourists has been surpassed well before the end of FYDP II. Moreover, the number of nights spent by tourists, earnings from tourists and from visiting antiquities has been on the rise. Below is the detailed assessment of the progress made towards different tourism sector-related targets that FYDP intended to accomplish.

3.6.2 Results from Implementing FYDP II's Objectives

Table 3.6.1: Outcome Performance

Performance summary	
No. of outcome indicators:	14
No. of outcome indicators with available data:	8
No. of indicators with available data have attained/likely to attain targets:	3
No. of indicators with available data and have not attained/unlikely to attain targets:	5

Table 3.6.2: Performance under each of the tourism related outcome indicators

S/No	Indicators	2015 Baseline	FYDP II target 2020[1]	Achievement by 2019[2]	Percentage Achieved	Remarks
1	Contribution to GDP (%), current prices	17.2	18.3	17.2	94	Unlikely to attain the target
2	No. of tourists arrival	1,137,182	1,759,750	1,527,230	86	Unlikely to attain the target
3	Average number of nights spent by tourist	10	12	13	108	Target achieved
4	Average expenditure per tourist per day (non-package) (US$)	141	300	216*	72	Unlikely to attain the target
5	Average expenditure per tourist per day (package) (US$)	305	400	379*	94	Unlikely to attain the target

S/No	Indicators	2015 Baseline	FYDP II target 2020[1]	Achievement by 2019[2]	Percentage Achieved	Remarks
6	Share of foreign exchange earnings (%)	21.9	21.4	25	117	Target achieved
7	Earnings from tourists (US$ billion)	1902	3.6	2605	72	Unlikely to attain the target
8	Increased revenue from collection to the Division of Antiquities and local government authorities	720,242.2	NA	1,220,830	125	Target achieved

[1] The FYDP II's M&E strategy presented the FYDP II's targets using calendar year.
[2] Data were reported using calendar year.
* The figure is for 2018.

Key findings:	
i.	By 2019, the no. of tourists visiting Tanzania had reached 1.5 million. The number is 34.3percent higher than the baseline value of 1.1 million visitors.
ii.	Because of Corona Virus Desease-2019 (COVID-19), the FYDP II's target of 1.8 million visitors is unlikely to be attained.
iii.	The FYDP II's target for the no. of nights spent by tourists has been surpassed well before the end of FYDP II.
iv.	No. of nights spent by tourists, earnings from tourists and from visiting antiquities have been on the rise. The FYDP II's target on earnings from tourists is however unlikely to be attained (because of COVID-19).

The FYDP II's strategic areas for the tourism sector consisted of 36 expected results spreading across 14 outcomes, 10 outputs, and 12 processes. One of the outcome targets is to reach 1.8 million tourists visiting Tanzania by 2020. As of 2019, the number of tourists visiting Tanzania had reached 1.5 million, which is 34.3 percent higher than the baseline value of 1.1 million visitors in 2015 (Figure 3.6.1). It is however, due to COVID-19 for the 2020 target of 1.8 million tourists is unlikely to be attained. The reasons include the lockdowns in European, and Asian countries, and the cancelation of international flights to Tanzania.[11]As a result, the Ministry of Natural Resources and Tourism (MNRT) has downscale the target from 1.8 million to 437,000 tourists in 2020. Revenue from the sector is also expected to fall from TZS 2.6 trillion to TZS 598 million.

Despite such setbacks, the FYDP II's target for the average number of nights spent by tourists has been surpassed well before the end of FYDP II. By 2019, the number stands at 13 days which is 1 day higher than the FYDP II target of 12 days in 2020 (Figure 3.6.2). The average of 13 days spent by tourists in Tanzania is also 30 percent improvement from the 2015 baseline value of 10 days. Over the evaluation period, the average tourist expenditure per day (package and non-package tourists) has been fluctuating (Figures 3.6.3 and 3.6.4). Despite the fluctuations, the latest 2019 data on tourist expenditure of USD 216 and USD 379 for non-package and package tourists respectively are higher than the baseline average expenditures of USD 141 and USD 305 (year 2015). In the absence of COVID-19 the country was on course to attain the FYDP II's targets of USD 300 and USD 400 respectively for the non-package and package tourists.

Positive progress is also observed from the FYDP II's indicator 'earnings from tourists.' The earnings have increased from the baseline figure of USD 1.9 billion in 2015 to USD 2.6 billion by 2019 which is 36.8 percent increase from the baseline (Figure 3.6.5). For the reasons discussed above (COVID-19) the earnings are projected to slightly decline and it is unlikely for the 2020 FYDP II's target of USD 3.6 billion to be attained. Despite the large drop of revenue in 2016 from tourists visiting antiquities and LGAs (Figure 3.6.6),[12]such revenue recovered and reached USD 182 million in 2019, the rate that is 19.2 percent higher than the baseline of USD 156 million (2015). The FYDP II's monitoring documents did not state a target for this indicator.

Figure 3.6.1: Tourists arrival (million)

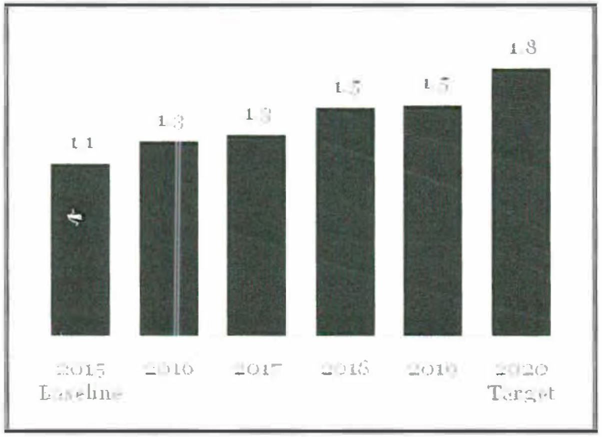


Figure 3.6.2: Nights spent by tourists

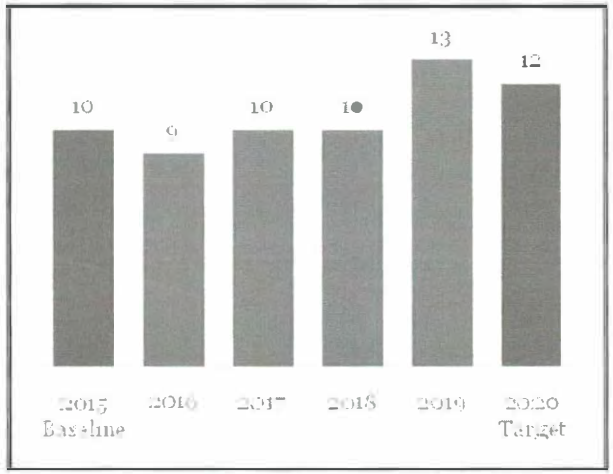
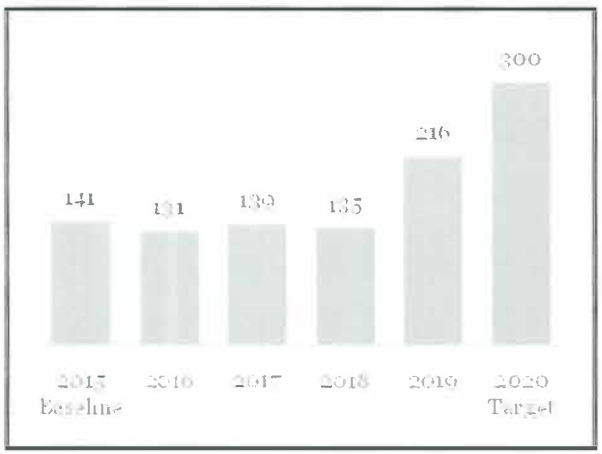


Figure 3.6.2: Expenditure per tourist (package)

Figure 3.6.4: Expenditure per tourist (non-package)



Source: MNRT (2019)

Figure 3.6.5: Earnings from tourists (USD billion)

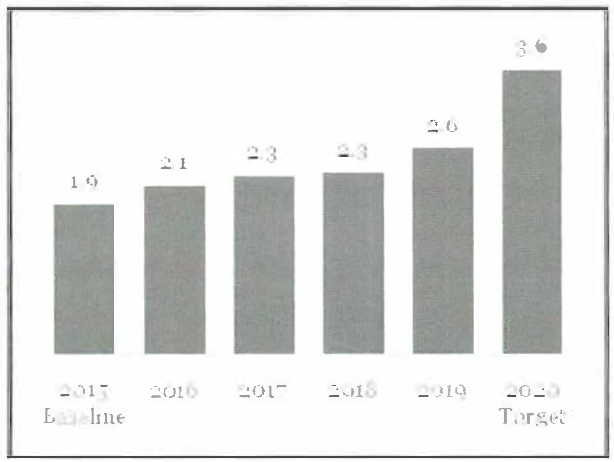


Figure 3.6.6: Revenue from antiques

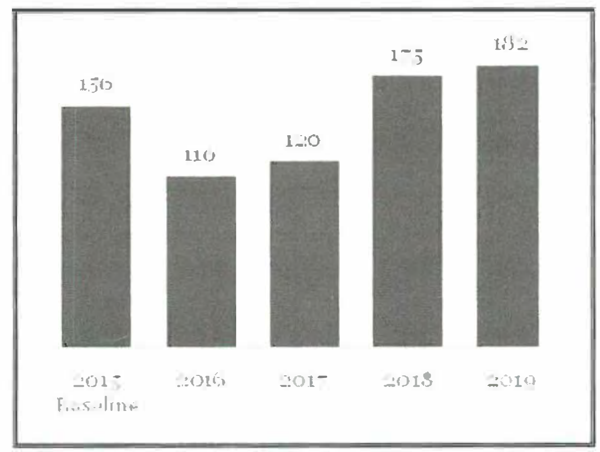


Table 3.6.2: Output and Process Related Performance

Performance summary	
No. of output and process indicators:	26
No. of output and process indicators with available data:	15
No. of indicators with available data have attained/likely to attain targets:	15
No. of indicators with available data and have not attained/unlikely to attain targets:	0

Key findings:
i. Promoted Tanzania as a unique tourist destination (participation in international exhibitions, launched a new tourism TV channel, use of social media, country's embassies abroad to promote the sector).   ii. Infrastructure development (construction, upgrading and rehabilitating of airports across the country).   iii. Invested in skills development (courses delivered through the National College of Tourism (NCT); expanded outreach by rolling out training courses outside Dar es Salaam)   iv. Encouraged local tourism (Tanzania Tourist Board (TTB) participating in domestic exhibitions; tourism promotion through television and radio programs).   v. Improved enabling environment (reviewed regulations for wildlife ranch, farm, breeding facility, zoo or sanctuary; introduced regulations on investments in special wildlife areas).

The evaluation team had access to data for 5 out of 22 process and output indicators (22.7percent). Data for the remaining indicators have been requested from the authorities.

Aggressive promotion and marketing of Tanzania as a unique tourist destination: The Government through the TTB promoted Tanzania as a unique tourist destination. Promotion activities included: participation in international exhibitions (International Tourismus Börse Berlin, China international expo and road show, world travel market-London and the international Mediterranean tourism market). During the period under evaluation, TTB also launched a new brand campaign "Tanzania, Unforgettable'' and a new tourism TV channel dubbed Tanzania safari channel. The former seeks to encourage travellers and tourists to visit and share Tanzania's amazing tourism offering to the world. The TV channel was a collaborative effort between the TTB, Tanzania Broadcasting Corporation (TBC), Tanzania National Parks (TANAPA), and the Ngorongoro Conservation Area Authority (NCAA). Other efforts included the use of social media to promote tourism, facilitating the visits of foreign journalists to Tanzania tourist attractions, and use of the country's embassies abroad to promote the sector.

Infrastructure improvement (roads, airports, sea ports): In the roadwork, for example, the Government made massive investments by tarmacking a total of 3,537km of roads between 2015/16 and 2019/20; rehabilitating 300.29km of trunk roads, and constructing 12 large bridges.[13]During FY 2020/21 the Government has set aside TZS 91.9 billion for constructing, upgrading and rehabilitating airports across the country. TZS 60.7 billion will come from domestic resources and the remaining TZS 31.1 billion from development partners.

Improving training and skills development: Throughout the evaluation period, different skills development courses were delivered through the NCT. In 2018 alone, a total of 145 Tanzanians attended NCT's training courses on rescue techniques, food and beverage services, tour guiding skills, and leadership. Another group of 157 and 611 Tanzanians attended training on marketing and financial management, and tourism value chain respectively. Outreach for the training courses was expanded by rolling out short-term trainings to different regions in Tanzania.

Encourage domestic tourism: The FYDP II also delivered on its intention to promote domestic tourism. During the FYDP II implementation, the TTB participated in several domestic exhibitions. The events included: Sabasaba, Nanenane, world tourism week, Serengeti Cultural Festival, Haydom tourism festival, welcome to the south, *urithi* festival, and the memorial for the *Maji Maji* rebellion. Such efforts were complemented with a number of television and radio programs promoting domestic tourism. In 2018 alone, the number of such television and radio programs reached 70 and 111 respectively.

Improve enabling environment for tourism sector: To further advance the business environment for the tourism sector, the Government reviewed the 2013 regulations on the registration of wildlife ranch, farm, breeding facility, zoo or sanctuary. Moreover, regulations in investments in special wildlife areas "The wildlife Conservation" (Special Wildlife Investment Concession Areas Regulations) were introduced during the FYDP II implementation phase. The regulations have extended the durations for investors to engage in strategic investments for 30 years in addition to other incentives to lure more investments into the sector. Other efforts to improve the business environment included the revision of fees and levies (e.g. tour operator registration fees). As with the other sectorial reform agenda in Tanzania, it is challenging to come across a systematic reporting and monitoring of reforms and the impact of such reforms to the business environment (whether the reforms including the speed to which they are undertaken and the sequencing meet the intended objectives).

A number of other FYDP II's output and process targets have been attained: They included (a) rehabilitation of the liberation committee building (b) 25ha has been acquired at Mabwepande for construction of the liberation heritage resources center (c) slave route from Bagamoyo to Ujiji identified, mapped and gazette and one sign post mounted at Caravan Serai slave trade center (d) Mamboya heritage site declared as national monument on 1st May, 2020 (e) Mpwapwa heritage site declared as national monument on 1st May, 2020 6) Caravan Serai Site, Ujiji and Kwihara memorial museum rehabilitated, and (f) two (2) sites along slave route of Ujiji, and Caravan Serai rehabilitated.

The Government did also implement several other initiatives beyond what the FYDP II envisaged. They included: introducing regulations on different aspects of the sector (trading in wild animals, tourism infrastructure developments, investing in special wildlife areas etc.). Other initiatives included: investing in training staff from TANAPA, NCAA, TAWA and TFS on the establishment of *"Jeshi Usu"*. The Government has also strengthened the use of MNRT portal in the application and issuance of licenses under different MNRT's institutions. In collaboration with other ministries the MNRT has resolved several disputes that have involved communities and national parks managements. In addition, the Government invested in capacity building to community guards in villages surrounding national parks.

3.6.3 Management for Results

Key summarized issues:	
i.	The Government management for results strategy for the tourism included 1) expanding the number of tourism assets 2) promoting tourists' attractions targeting both international and domestic tourists 3) streamlining revenue collection and management systems 4) capacity development.
ii.	Availability of reliable and timely sectorial data is challenging (including sectorial data that would assist investors to appraise their tourism projects).

During the FYDP II implementation phase, the management for results strategies for the tourism sector is grouped into five (5) domains which are: expanding the number of tourism assets; improving quality of the tourist assets; promoting tourists' attractions targeting both international and domestic tourists; streamlining revenue collection and management systems, and capacity building. During the period under evaluation, the number of national parks increased from 16 to 22. The increase came from upgrading the several game reserves including Burigi, Biharamulo, Kimisi, Ibanda, and Rumanyika-Orugundu. The Government also continued to invest in improving the quality of the existing tourism assets. Examples included (a) fencing selected national parks (e.g. Mkomazi) (b) importing black rhinos from South Africa, and (c) getting rid of invasive vegetation threatening the wildlife and their respective environment in Tarangire, Saadani, Ziwa Manyara, Arusha, Kitulo, Rubondo, Mahale, Lake Manyara, and Saanane. A number of tourist sites were also renovated. They included the Dr. Livingstone museum in Ujiji Kigoma, the museum in Dar es Salaam; and the Arusha declaration memorial building.

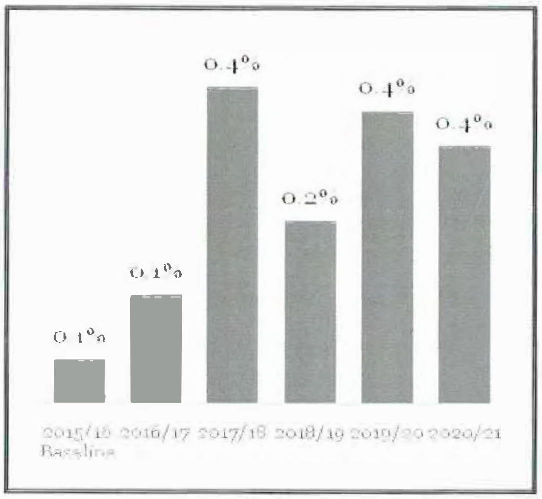
The Government did also implement several other initiatives beyond what the FYDP II envisaged. They included: introducing regulations on different aspects of the sector (trading in wild animals, tourism infrastructure developments, investing in special wildlife areas etc.).

Similar to many other sectors, the availability of reliable and timely sectorial data remains a challenging area under the management for results in the tourism sector. The MNRT's website and other Government entities associated with the sector do not post (at least on their websites) all important sectorial data. Availability of data that would assist investors in investment decisions is also problematic. An example is information on annual sales from restaurant or hotel businesses which cannot be found from the public domain. Possible source of learning on better ways of presenting tourism data is from the World Travel and Tourism Council (WTTC). The WTTC provides rich and well organised tourism country level data for many countries including Tanzania. Such data include: annual contribution of the travel and tourism sector to the national GDP; sectorial employment; impact of international visitors; domestic spending; leisure and business spending in the sector.

3.6.4 Adequacy of FYDP II Financing and Resource Utilization14

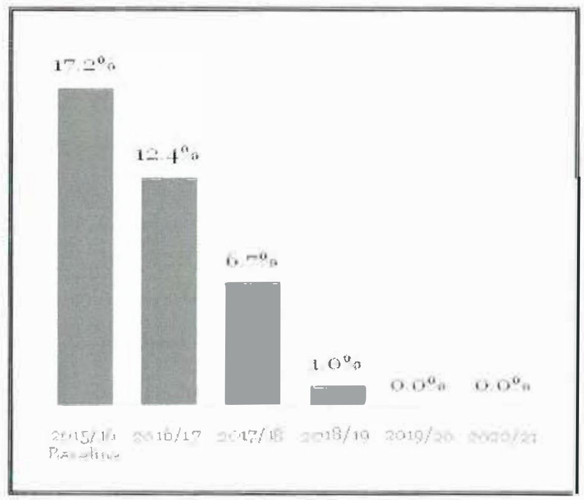
Differently from the trade sector, the share of the tourism sector's development budget increased between FY 2015/16 (0.1percent) and FY 2017/18 (0.4percent) and remained at the same level thereafter (Figure 3.6.7). The trend in the execution rate, however, mirrors the experience of the trade sector, consistent declining rates of budget execution (Figure 3.6.8). Despite the decline, it is however worth highlighting that some of the investments that go into infrastructure development through other sectors' budgets are likely to benefit the tourism sector as well. In other words, public resources that are beneficial to the sector are more than what has been budgeted in the tourism sector.

Figure 3.6.7: Sectorial share of the development budget-tourism sector



Source: MoFP (2015/16-2020/21)

Figure 3.6.8: Development budget execution rate-tourism budget



Source: MoFP (2015/16-2020/21)

3.6.5 Development Constraints in the Tourism Sector

Despite the sector rapid expansion in recent years, the vast majority of Tanzanians have yet to share in its benefits to the fullest extent possible. Reports show that poverty persists in most tourists visiting areas, particularly near the Serengeti national park, indicating that strong linkages with local communities have yet to be established. Another important constraint is the global structure of the sector where majority of tourists subscribes to package tours organized abroad. About 64 percent of tourists from Europe and USA coming to Tanzania subscribe to package tours organized through travel agencies located abroad. As a result, only a portion of the spending remains in the country.

To enhance the poverty reduction effects of the tourism sector, there is a need to enhance investment in tourism related trainings and complementary infrastructure. The former needs to focus on enabling the local tourism training colleges access international accreditation status. The move will reverse the current situation where Tanzanians end up in low paying and unskilled positions making the growth of the sector not inclusive. Research reports show the average annual income per worker in the tourism industry in Tanzania as considerably higher than the general average income of a worker in Tanzania. However, when compared to peer countries, the annual income is lower than in Uganda and Kenya. The gap reflects not just the differences in skills sets between the different countries, but also the constraint ability of the tourism sector in Tanzania to foster inclusive growth at scale.

There is an urgent need to diversify the existing tourism products and geographical focus, and streamline the complex revenue collection and management systems. Reference is made on multiplicity of taxes, levies and fees, excessive upfront payments and cumbersome processes. To further expand tourism businesses there is also a need to come up with locally oriented marketing, product packages that are sensitive to the local population. By reducing the complexity of the tax system, small businesses will have less entry barriers which in turn will raise the opportunity for a viable tourism sector and increase its overall level of competitiveness. These business environment related issues are well elaborated in the Blueprint and DTIS documents. The Government is currently addressing some of these constraints. Examples include efforts by the TTB in promoting domestic tourism and the recent Government move to streamline revenue collection and increasing the number of tourism assets. Recently, the TRA has taken over the responsibility of collecting tourist fees from Ngorongoro crater.

3.6.6 Untapped Opportunities towards FYDP II Objectives and Targets

Opportunity 1: Diversification of the tourism sector beyond nature-based attractions

Given its natural assets, the country's tourism offers multiple opportunities for economic development, employment growth, and linkages within and between sectors. Diversification beyond nature-based attractions is the key opportunity. Reports are explicit that the potential diversifications include beach, and cultural tourism. The former refers to development of beach areas along Tanzania's vast coastline – which requires relatively inexpensive beach resorts and frequent charter flights from Europe. These objectives will demand heavy investment in infrastructure, and reforms in the business environment (implementation of a business-friendly taxation system including eliminating and streamlining redundant levies to increase the competitiveness of the sector). The coast line in Tanzania is home to diverse and excellent natural and cultural resources that have the potential to serve as world-class tourist attractions. The reviewed reports further advocate for advancing the cultural tourism by investing in promoting specific attractions with a rich history (e.g. the ruins of Kilwa in the south; the old Swahili trading towns of Mikindani; ruins of Kilwa, and trekking in the Usambara and Udzungwa mountains). Business tourism, according to the reviewed studies, can be developed, for instance, in cities like Arusha which benefits from hosting and being close to most acclaimed natural sites in the world such as the Serengeti, Mount Kilimanjaro, and Ngorongoro crater. It is possible to also combine business tourism by also offering packages and circuits.[15] However, conference facilities (including the Arusha International Conference Centre (AICC)) requires major upgrading. The recent discovery of vast natural gas reserves in the southern part of the country is another opportunity to diversify into business tourism. Reports highlight that Kenya managed to develop business tourism facilities very successfully, and now ranks only second behind South Africa as a venue for business meetings in a market worth approximately USD 24 million annually. The advantage of business tourism is its potential to positively spill-over by making the country a more attractive proposition for foreign investors.

Opportunity 2: Further integration between the tourism sector and other local businesses

Research reports show that for every US dollar spent in the tourism sector generates USD 3.20 in the rest of the economy, benefiting a wide supply chain of different products. This multiplier effect would assist in addressing rural-urban migration, improve infrastructure, and contribute to the dynamism of associated sectors such as arts and crafts and the furniture industry. According to the reviewed studies, nearly all of the furniture in the tourists' accommodation facilities is imported from China, evidence that the trade linkages between tourism and local industries have yet to be firmly established. The challenge is to strengthen skills of local businesses to make the multiplier effects of the tourism sector significant.

3.6.7 Lessons Learnt and Good Practices

Good practise 1: Training through collaborations with advanced institutes

In terms of advancing professional training in the sector, one of the successful training programs in the SSA come from Gambia. Reviewed reports show that the country's institute of travel and tourism has forged close links with the University of Amsterdam in the Netherlands and South Nottingham College in the United Kingdom. The institute has benefited from visiting lecturers which considered to have resulted in course improvements as well as advanced teaching. Further information from the reviewed reports show that the private sector in South Africa has extensively invested in advanced professional training. Examples include the Accor academy and Sun international's continuous training centre for its staff. The latter is reported to have adopted modern training facilities among which is the use of video game modules when delivering training. Their training facilities and approaches have been found to enhance employee loyalty and pride.

Good practise 2: Supplier relationship between tourist companies and communities

There are also good practises around the world on sector operators reaching out to local communities to establish supplier relationships. Reviewed reports show that the Orient Exprese Hotel chain in Peru is a good example of a corporate social responsibility program. The program engages community initiatives ranging from dance and folklore groups, producers of lamb, potatoes, trout, and fish supplies. Communities have therefore been able to raise their productivity because of the ready market from the hotel chains. Reviewed reports also highlight other examples including the Nepal's 'explore village' initiative, and the Namibia's conservancy program. The latter allows communities to benefit from Government's technical advice on ways in which communities can joint venture with private tour operators (e.g. subleasing community-reserved land to private tourism investors in return for direct payments to local community institutions).

Good practise 3: Monitoring and adopting to the most recent trends in the tourism industry

Despite wildlife watching continuing to be the most important tourism segment in Africa, the Government also needs to be familiar with other trends in the sector. Reviewed reports identified the trends to include: Growth of the Chinese market, shopping safaris, preference of the millennials who are the growing group of global tourists (seeking new and authentic experiences); wildlife tourism that focuses on one or more charismatic species; wireless communication; sharing accommodation; cultural heritage tourism; domestic travel (increasing number of middle class because of GDP growth); the growing combination of business and leisure trips; growing numbers of millionaires around the world; residential tourism; nature/adventure tourism; intraregional tourism; ecotourism; branded tourism attractions; adventure tourism; sustainability and focus on wildlife corridors (dispersion and migration are fundamental biological determinants of species survival); wellness, health, and retirement.

Good practise 4: Quality of the sector's administration matters

Tourism is essentially a private sector activity but is highly dependent on public sector support. Tourism cuts across many sectors and there is often little communication between them. Reviewed reports identified among the ministries with functions and/or activities related to tourism, in addition to the ministry responsible for tourism, are the ministries responsible for finance, land, public works, transport, agriculture, labour, culture, national parks, immigration and customs, and commerce. The reviewed reports therefore indicate that to be successful, tourism requires coordination and complementarity of actions within Government and between the Government and the private sector, local Governments and communities that are specifically impacted by tourism.

Good practise 5: Availability of land for tourism

The reviewed literature shows that countries such as Egypt, Madagascar and Mozambique have successful resolved the challenge of land availability for tourism by establishing sites for tourism development (e.g. special tourism investment zones). Urban development corporations have also developed land for tourism, as was the case in the early days of the Jamaican tourism. Cape Verde bought large tracts of uninhabited land to create two types of dedicated tourism development areas: Integrated Tourism Development Areas (ZDTIs), which have special tourist value, and Zones for Conservation and Protection for Tourism (ZRPT), areas of high biodiversity and tourism value. The report further shows the ZDTIs and ZRPT role that has allowed the Government to earmark prime coastal sites for tourism development and environmental protection. Leasing has also been used as a successful tool to secure land for tourism development. One hundred of the Maldives' many islands, according to the reviewed reports have been leased for tourism. The leasing model consists of auctioning uninhabited islands in a bidding process, with criteria published in advance and evaluated by independent and disinterested persons. Not only is the bidding process transparent and public but it also gives significant weight to such environmental considerations as the setback from the high-water mark, height limits for buildings, and protection measures to prevent beach and coastal erosion.

3.6.8 Recommendations

a) Accelerate the well-known reforms that have been documented over the years

The Government's primary role in tourism should be to develop strategies for the sustainable growth of the sector, to formulate policy, to create the conditions for public investment, and to provide an enabling business environment to complement private sector activity. A policy that encourages private investment will be conducive to long-term private investment in the sector. Reference is made to the reforms proposed in the blueprint initiative and in the DTIS 2018. The regulatory reforms should be accompanied by breaking the disconnection between tourism schools and the skills needed by businesses operating in the sector. Professional tourism services result in higher guest satisfaction and a broader mix of tourism products.

b) Intensify linkages with other sectors

Reviewed reports advocate for a need for developing and implementing a strategy that will enhance tourism sector backward links including capacity building program for relevant institutions that are pivotal for such links to emerge. Such efforts, according to the reviewed reports, will counter the current tendency where many resorts rely on imported materials, equipment, and food. Synergies with local communities can also be expanded with the sector involving members of these communities in the management of tourism facilities. Reforms are also needed to allow the use of revenues derived from tourism activities to advance local infrastructure and supporting local business initiatives.

c) Enhance good governance for increased coordination and dialogue

Governments play a role in improving the investment and business climate over time. Reviewed reports advocate for a need to prioritize actions necessary to increases inter Government coordination and dialogue focusing on specific targets for investment, job creation, and fiscal revenue. Further details from the surveyed literature advocate for the labour supply gap analysis to be coupled with measures for public and private training institutions to produce labour force required by the tourism sector. Urgent need for a one stop-shop for tourism registration, licensing, and tax payments as well as harmonization of concession procedures and policies. Nevertheless, the reports call for the data-collection capacity of relevant Government institutions to be strengthened including increasing the number of industry surveys that support sector-based researches.

d) Enhance the poverty reduction potential of the sector

Studies show that the tourist sites generate revenue for the sites and for the local people. The latter benefits from seasonal hard work performed in difficult conditions (e.g. guide and porters in Kilimanjaro national park). The studies advocate for increased engaging with and empowering these associations of local people working in the industry may well be the most important action to increase the pro-poor impacts of local people around national parks.

e) Invest in complementary and strategic infrastructure that support tourism growth

According to the reviewed literature, the air and road connections are the most commonly mentioned constraints to the growth of tourism in Sub-Saharan Africa (SSA) to which Tanzania belong. The studies advocate for Government to create an attractive environment for investors and tourists by building highways, repair bridges, upgrade airports, improve cultural heritage sites and support events and festivals. There are several ongoing efforts in these areas, including rehabilitation of airports and the investments going into the national carrier.

3.7 NATURAL RESOURCES AND ENVIRONMENT PROTECTION

3.7.1 An Overview

Natural Resource Management (NRM) refers to the sustainable utilization of major natural resources, such as land, water, air, minerals, forests, fisheries, and wild flora and fauna. Together, these resources provide the ecosystem services that provide better quality to human life. Natural resources provide fundamental life support, in the form of both consumptive and public-good services. Ecological processes maintain soil productivity, nutrient recycling, the cleansing of air and water, and climatic cycles. Tanzania is extremely fortunate to have an abundance of Natural Resources and adoption of sustainable management of those resources in an environmentally friendly manner is very important. The focus of FYDP II aimed at nurturing industrialization for socio-economic and equitable growth; whose achievement in a sustainable manner strongly depends on proper management of natural resources and the environment in the context of climate change.

Key targets for natural resources and the environment addressed during the FYDP II period included: (i) Increasing share of GDP accrued from sustainable utilization of forest, water and marine resources; (ii) Increasing the proportion of energy derived from renewable green energy; (iii) Increasing natural forest cover by 130,000 hectares; (iv) Planting 100 million trees country wide; (v) Reduction of charcoal consumption in urban areas, and (vi) Increasing the proportion of districts with climate change and disaster risk reduction strategies. To some extent, FYDP II implementation of interventions in those six areas have been largely successful, with 81.8 percent of the planned targets either achieved or making good progress as of June, 2020. However, much remains to be done to ensure natural resources and environmental management issues are fully addressed within the framework of "green growth", as well as fostering better preparedness to achieve climate change resilience – areas which have to be continued and prioritized during implementation of FYDP III.

3.7.2 Results from Implementing FYDP II's Objectives

Overall Performance

Table 3.7.1 and 3.7.2 provides a summary of performance assessment in implementation of FYDP II interventions in the sub-sector when targets set in 2015/16 are compared with progress made as of June 2020.

Table 3.7.1: Summary overall performance

Indicator targets	Number of targets against baseline indicators set 2015/16	Assessment of progress based on available data (percent)
Achieved	7	63.6 percent
Progress	2	18.2 percent
Unlikely to attain targets	2	18.2 percent

Table 3.7.2: Natural Resources Management, Environment and Climate Change

S/No.	Indicator/target	2015/16 Baseline (Percent)	2020/21 Target(Percent)	Actual Performance by 2019/20 (Percent)	Percentage Achieved	Remarks
1	Natural Resource Management					
1.1	Share of GDP accruing from sustainable utilization of forest, water and marine resources (percent), current prices	TBD	10	Forestry (2); Water and marine fisheries (2.9)	34.5	Target for 2020/21 was unrealistic. Progress
1.2	Proportion of energy derived from renewable green energy (percent)	36	50	39[27]	39	Progress
1.3	Area of natural forest cover (Ha)	240,000	130,000	35.4 million ha; Planted forests 240,000[28]	NA	Target grossly underestimated Natural forest cover. Target achieved
1.6	Reduction in incidences of illegal fishing in lakes and marine ecosystems (percent)	80	60	99[29]	165	Target Achieved
1.7	No. of deaths and missing persons affected by natural disasters	3,547	2,837	Deaths and missing persons decreased from 303 per 100,000 people in 2015 to 257 in 2019[30]	NA	Rephrase/Discard target during FYDP III and use SDG 13 targets
2	**Environment**					
2.1	No. of ha of commercial forest plantations established	554,000	925,000	59,023[31]	6.4	Target not met
2.2	Reduction in charcoal consumption in urban areas (percent)	90	60 t	60.5[32]	98.3	Target achieved
2.3	Proportion of large projects complying with approved EIA and audit regulations (percent)	TBD	60	93[33]	155	Target achieved
3	**Climate Change**					
3.1	Proportion of districts with climate change and disaster risk reduction strategies (percent)	0	60	65[34]	108.3	Target achieved

[27] Tanzania Energy Outlook 2019, found at https://www.iea.org/articles/tanzania-energy-outlook

[28] According to FAO about 40percent of the Tanzania's 88,359,000 hectares total land area is covered by forests and woodlands that provide for wildlife habitat, unique natural ecosystems and 240,000 planted forests (www.fao.org › docrep)

[29] Xinhua (2020)

[30] NBS (2019), *Implementation Status of SDGs Indicator Framework*, July 2019

[31] Ministry of Natural Resources 2020/21 Budget speech, Table 6.

[32] NBS (2019)

[33] NEMC (2020)

[34] NBS estimate as of June 2020

3.7.3 Management for Results

Water and Marine Resources

During FYDP II period the Government with help from some Development Partners continued to manage the abundant water and marine resources by (i) controlling illegal fishing, (ii) prohibiting importation and manufacturing of fishnets that do not meet prescribed fishing standards and allows for an increase in number of fish in lakes and rivers, (iii) expediting surveillance in the Indian Ocean Tanzania waters to curb illegal fishing; (iv) sensitizing citizens and entrepreneurs to enter into aquaculture as well as addressing challenges caused by poor quality fish seed and aqua feeds and (v) identifying and protecting natural ecosystem/water Basins. These interventions proved successful as observed by Tanzania Minister of Finance in his 2020/21 Budget speech as follows:

(i) Fish production in the last three years has increased, supported by improved enforcement of targeted fisheries and aquaculture regulations, tougher measures to curb illegal fishing, and the country's efforts to address challenges caused by poor quality fish seed and aqua feeds;
(ii) Fish production in the country grew by nearly 16 percent to 448,467 MT by the first quarter of 2020 as the government reported achievements in the fisheries and aquaculture sector, including improvement in the management of the fisheries resources[35].[36];
(iii) The fisheries sector achievements also include increase in the number of Nile Perch from 417,936 tons in 2015 to 816,964 tons in 2020;
(iv) Tanzania's fish exports also increased during FYDP II by nearly 83 percent to TZS 692 billion (USD 298 million EUR 264 million) in 2019 as the government launched the revamping of the Tanzania Fisheries Corporation, a State firm promoting the fish trade in and out of the country;
(v) The government has continued to promote investment in aquaculture and has increased the fish farmers from 18,843 to 26,474 in 2020;
(vi) In December 2019, the Deputy Minister for Livestock and Fisheries, said fish stocks in the country's water bodies were on the increase after the government had managed to control dynamate fishing by 99 percent[37]; and
(vii) The fishing industry on Mainland Tanzania provides 202,053 direct employment and 4.5 million indirect employment opportunities.

The main natural ecosystem/water Basins identified and protected are shown on Table 3.7.3.

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[35] Minister of Finance Budget Speech, 2020/21
[36] Minister of Finance Budget Speech, 2020/21
[37] Xinhua (2020), ***Tanzania** declares crackdown on importers of illegal fishing gear*http://www.xinhuanet.com/english/africa/2020-01/19/c_138718831.htm

Table 3.7.3: Tanzania Natural Water Sources Identified and Protected

Basin	Name of Source	Use/ Area	Area Demarcated	Demarcated Area (m^2)
Lake Rukwa	Kawa dam in Katandala River	Domestic	Nkasi	2,200,000
	Milala dam in Kausi River	Domestic	Mpanda	2,300,000
	Chokaa well	Domestic	Mjiwa Chunya	95,928
	Kidole well		Mjiwa Chunya	13,084
	Kiswaga well		Mjiwa Chunya	29,831
	Matundasi A well		Matundasi Village	7,794
	Matundasi B well		Matundasi Village	12,047
	Mkola well		Makongolosi Village	200,000
	Halewa/Swaya River	Domestic	Mwasanga Mbeya Town	16,226
	Mfwizimo/Iziwa River		Iziwa, Mbeya peak, Mbeya Town and Mpomu Village Mbeya Rural	11,572
	Nzovwe River		Mwakibete Ward, Mbeya Town	260,000
	Ivumwe River		Mwakibete ward in Ivumwe street Mbeya	118,000
	Imeta River		Mwansekwa Ward Mbeya Town	178,000
	Hanzya River		Nsoho ward Mbeya Town	279,000
	Mfwizimo/Lunji River		Iziwa Mbeya Town	82,653
	Sisimba River		Iganzo village Mbeya	104,000
Wami - Ruvu	Mindu dam	Domestic	Morogoro Municipal	4,000,000
	Makutopora well-fiel	Domestic	Mzakwe, Mamba, Mchemwa and Gawaye	85,000,000

Source: URT MoW June, 2020

Renewable Energy and Use of Charcoal

As discussed in the sub-section on Electricity and Energy, Tanzania made substantial progress in developing renewable energy as an integral component of its industrialization resolve. The Government during FYDP II has been making efforts to reduce emissions of greenhouse gases, including from residential sources and land use change, whilst 'ensuring access to affordable, reliable, sustainable and modern energy for all Tanzanians in both rural and urban areas by 2030 to meet SDG 7 goal. The Government is also interested in addressing environmental global challenges as codified in the Paris Agreement (UNFCCC, 2015) and the Sustainable Development Goals (SDGs), respectively. Achieving these global ambitions, the Government has put in place interventions and policies to deliver relevant outcomes. As observed by some analysts (Ouedraogo, 2017), the residential sector is the largest consumer of energy, primarily as biomass energy for cooking.

During FYDP II policy-makers in Tanzania have sought to reduce urban households' dependence on charcoal as a way of reducing deforestation and air pollution, and pursuing a broader modernization agenda. The first national energy policy was adopted in 1992, with revised policies being adopted in 2003 and 2015 and implemented during FYDP II. All three policies have included objectives seeking to transition away from biomass energy, electricity and fossil fuels. However, as the National Bureau of Statistics (NBS) 2019 Household survey shows, 60.5 percent of all urban households use charcoal as their main cooking fuel, compared with 58.9 percent in Dar es Salaam (NBS, 2019). In rural areas where the majority of Tanzania's 56 million people reside, the use of charcoal and firewood is even higher – a situation which is being addressed by the Government through rural electrification and increasing electricity and gas supply in the country.

With regards to supply of rural renewable energy, the Minister for Energy in his 2020/21 Budget speech observed that the number of villages with access to electricity rose to 9,112 in April 2020 from 2,018 in 2015. Further, the number of customers connected to the main source of power also reached over 2.766 million, up from 1.473 million, or an increase of 1.293 million new connections. According to the minister, power generation in the country had also increased to 1,601.84 megawatts as of April 2020, up from only 1,308 MW in 2015. About 78.4 percent of the total population in urban areas has access to the grid electricity while households connected are 37.7 percent. The households electrified by solar photovoltaic technology are 30.4 percent [Rural Energy Agency April 2020].

Environmental Impact Assessment (EIA)

Under the country's environment policy and strategy, all large projects are mandated to comply with approved EIA and audit regulations. During FYDP II (2016/17-2020/21), the National Environmental Council (NEMC) approved 2,062 projects, of which 93 percent of the projects had an acceptable EIA.

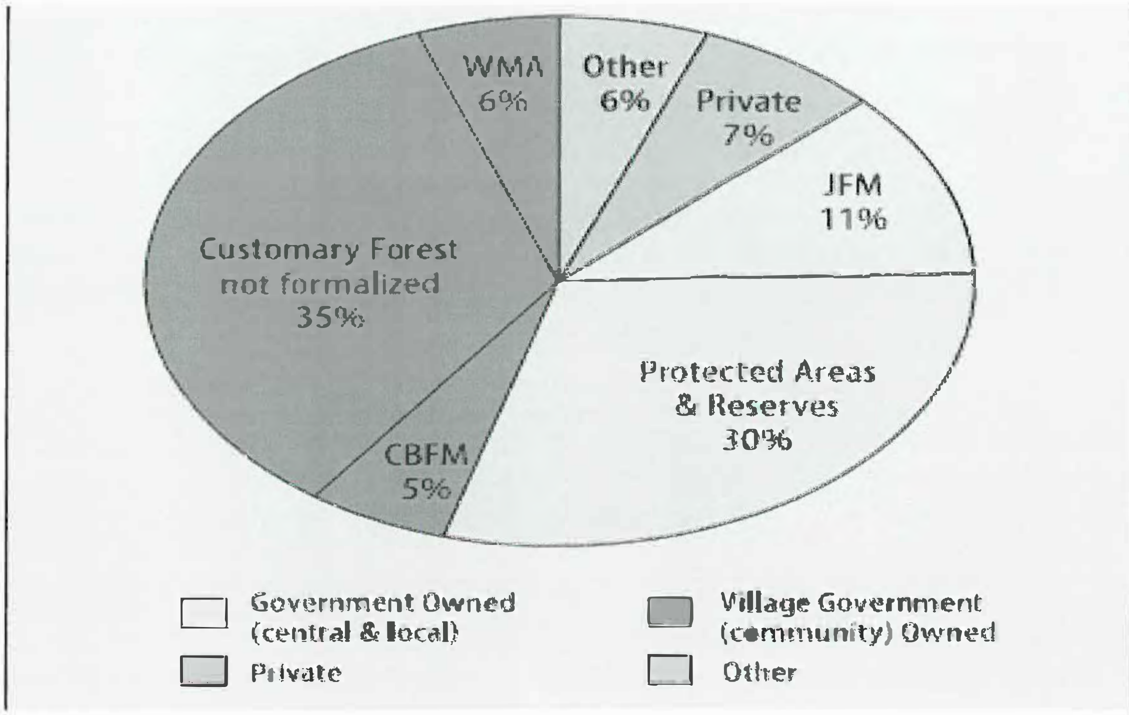
Deaths and Missing Persons Affected by Natural Disasters

During FYDP II the Government continued to entice households residing in food-prone areas to move to more safe locations and intensifying mitigation measures which included creation of awareness and precaution methods. Efforts made in this area have been able to reduce deaths and missing persons by 15.2 percent from 303 per 100,000 people in 2015 to 257 in 2019. Much remains to be done to improve disaster preparedness and take corrective mitigation measure – aspects that FYDP III has to continue to address.

Forestry

During FYDP II the Government took important steps toward reforming the forestry regulatory framework in the past. Following a global shift toward decentralized forest management in the 1990s, Tanzania conducted a major review of its forest policy and legislation to transfer forest resource ownership and management responsibilities to local communities. The government also has put in place the necessary institutional framework, which includes: Tanzania Forest Service Agency (TFS), the Eastern Arc Mountains Conservation Endowment Fund (EAMCEF), and the Tanzania Forest Fund (TaFF). The government efforts in conserving the country's forests have resulted into new ownership patterns as a conscious effort to improve forest resource management (Figure 3.7.1).

Figure 3.7.1: Tanzania Forest Ownership



Source: FAO (2019)

The involvement of village representatives and communities is particularly crucial considering most deforestation occurs on village land (MOFP, 2016). In August 2018, the Government announced to restore 5.2 million hectares of degraded and deforested land and urged all districts in the country to begin planting trees in their respective localities. Overall, there has been good response all over the country. For example, Southern Highlands is estimated to have 210,000–250,000 hectares of tree plantations, 64 percent of which are smallholder plantations (Mankinen et al. 2016). Pine (*Pinus patula*), is the main species planted (67 percent), while Eucalyptus species and wattle (*Acacia mearnsii*) plantations cover 33 percent of the planted area.

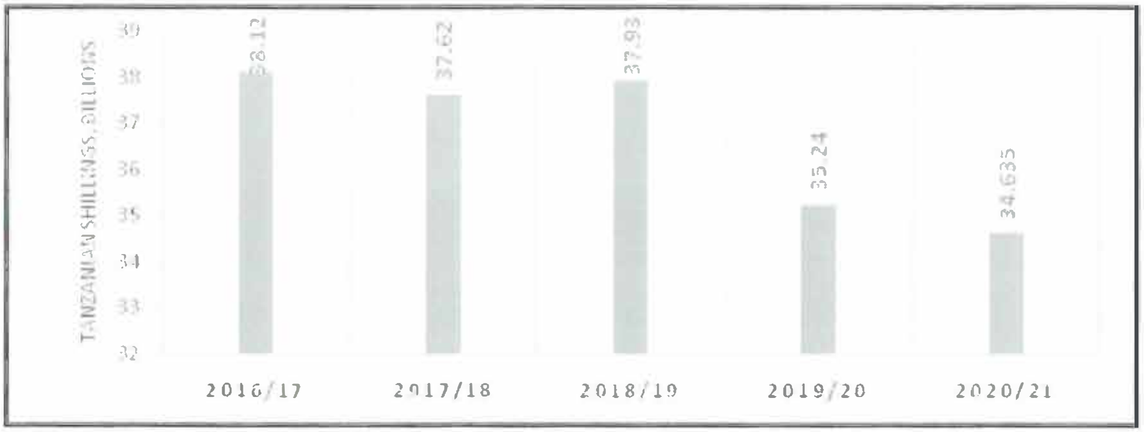
Climate Change

During FYDP II the Government responded to growing climate risks by adopting the National Climate Change Strategy (NCCS), which is the guiding framework for taking action on climate change. The NCCS sets forth strategic priorities for climate action and is a good step toward integrating climate change into development planning. These plans are relatively new, and while some implementation was done during FYDP II, there is still significant need for further clarifying priority investments during FYDP III to improve Tanzania's resilience to climate change and to assist in leveraging and channelling climate finance more strategically, to deliver results on the ground.

3.7.4 Adequacy of Financing Natural Resources Management, Environment and Climate Change

Figure 3.7.2 shows government financing in the sub-sector. Overall, less than TZS 40 billion has been spent yearly during the FYDP II period, with a little decrease in financing in 2019/20 and 2020/21.

Figure 3.7.2: Government Trend in Financing Natural Resources Management, Environment and Climate Change



Source: Authors based on Ministry of Natural Resources and Tourism Budget Books.

The resources are highly inadequate to make much difference in addressing the severe environmental and climate change challenges as discussed subsequently. However, Tanzania's Development Partners (DPs) have been of great help in facilitating and financing the sub-sector. The main DPs financing the sub-sector are shown on Figure 3.7.3.

Figure 3.7.3: Development Partners Group on Environment, Natural Resources and Climate Change (DPG-E)

The Development Partners Group on Environment, Natural Resources and Climate Change (DPG-E), was formally established in 2004 with the aim to build a coordinated development partner response to the Government's Joint Assistance Strategy for Tanzania (JAST), within the overarching framework of Tanzania's National Development Plan. Over the years the nature and objectives of the DPGE have evolved, and as of June 2020 the DPGE provides a platform for DPs active in Environment, Natural Resources and Climate Change to:

(i) Conduct a structured policy dialogue with the Government of Tanzania (GoT) and other stakeholders in related policy areas;
(ii) Ensure coordination / harmonization of DPs projects and programmes; and
(iii) Promote joint advocacy and communication (versus GoT, DPG main and other stakeholders).

Within the Government of Tanzania (GoT) the DPG-E works closely with the Vice-President's Office (VPO), the Ministry of Natural Resources and Tourism (MNRT) and the Ministry of Livestock and Fisheries Development (MLFD). Within the DPs, there are three sub-groups, namely:

(i) Wildlife sub-group: promotes dialogue on policy issues related to wildlife conservation, including tourism, wildlife trade, anti-poaching, capacity building, but also engage with the government in planning and organizing key international and national events related to wildlife conservation;
(ii) Forest sub-group: promotes dialogue on policy and technical issues related to forest conservation and management in Tanzania, including measures to address deforestation and illegal harvesting, tree planting and agro-forestry practices, biomass energy, value chain development and community-based forest management; and
(iii) Climate Change sub-group: promotes dialogue on policy and technical issues related to climate change, including international processes and decisions on climate change - on both mitigation and adaptation.

According to data from the Ministry of Natural Resources and Tourism, the yearly financing of the sub-sector is about TZS 133.7 billion.

3.7.5 Challenges in Natural Resources Management, Environment and Climate Change

Various efforts and interventions during implementation of FYDP II have been directed towards strengthening natural resource management, preventing environmental degradation and other interventions related to climate change to protect and conserve the environment in Tanzania. However, some challenges are still not yet resolved. These challenges include: lack of accessible good quality water for rural and urban inhabitants; loss of biodiversity; deforestation and Environmental pollution. At the same time other factors that challenge environmental stability include population growth, land use changes for example for mining, climate change, inadequate land and water management at various managerial levels; inadequate financial and human resources ; rapid growth of rural and urban population, inadequate institutional coordination and inadequate monitoring, evaluation, research and learning; inadequate capacity to implement programs; inadequate involvement of major stakeholders such as Local communities, NGOs, and the private sector in addressing environmental problems. These challenges are real and FYDP III has to continue addressing them in an attempt to create quality environment that will facilitate attainment of sustained high standard of living for all Tanzanians. Other challenges and potential solutions are shown on Table 3.7.4.

Table 3.7.4: Challenges and Potential Solutions

Challenge	Potential Solutions/Recommendation
Lack of accessible good quality water for rural and urban inhabitants	Continue during FYDP III to identify and protect natural water catchment areas. Practice good control and management of water resources by Central Govt, LGAs and all sub national authorities.
Loss of biodiversity	Adopt alternative household energy use and scale-up use of renewable energy; Foster equitable distribution of revenue from these resources to encourage the communities to protect the resources. Continue efforts to electrify all villages in Tanzania through the Rural Electrification Agency (REA).
Deforestation and Environmental Pollution	Review and implement strong laws and surveillance; involvement of the surrounding communities to protect the environment.
High forest and bush fires	Review fire outbreak disaster preparedness strategy, train methods and techniques of fire suppression to workforce and equip fire brigades with modern fire suppression equipment, including aircrafts and fire-extinguishing fire bombs.
Environmental instability and population growth	Continue improving conditions of living in rural settings to discourage high rural-urban migration and sensitize citizens on the importance of preservation of the environment.
Land use alteration/changes	Have land use plans at both national level and sub national levels, Revenue from land should benefit LGAs as well
Climate Change	Expeditiously continue to implement the climate change resilient policies and strategies put in place during FYDP II by all levels

Challenge	Potential Solutions/Recommendation
	of government. Work collaboratively with DPs to channel greater financing to address climate change issues and challenges.
Inadequate land and water management at various managerial levels and sub national levels	Recruit and carry out capacity Building; inclusion of the stakeholders in setting standards
Inadequate institutional coordination and inadequate monitoring, evaluation, research and learning;	• Mandatory Monitoring, evaluation, research and learning culture to be practiced at all levels and for plans, programs, projects, and • Strengthen coordination and linkages amongst sectors and Nation and sub national levels for environmental management.
Inadequate capacity to implement programs; inadequate involvement of major stakeholders such as Local communities, NGOs, and the private sector in addressing environmental problems.	• There is a need for Mind-set Change towards capacity building and Monitoring, Evaluation, Research, and Learning (MERL). Ensure stakeholder inclusion through dialogue and making, MERL mandatory for implementing plans, programs and projects. • Enhance resource mobilization to support environmental management, and • Strengthen stakeholder involvement and engagement in environmental management.
Monitoring, Evaluation, Research, and Learning has several inadequacies, including implementation and enforcement.	• Strengthen research and development to support environmental management, • Enhance monitoring and evaluation system to support environmental management, • Enhance environmental data generation, management and dissemination, • Enhance human resource capacity for environmental management. A weak Monitoring, Evaluation, Research and Learning leads to insufficient environmental information and data generation and accessibility, and • Strengthen enforcement of relevant legislation and bylaws because currently there is inadequate enforcement and compliance.

3.7.6 Untapped Opportunities in Natural Resources

Fishery Sub-sector

While acknowledging Fisheries is discussed under Agriculture, FYDP II has specific targets for this subsector under Natural Resources – the main reason from which the following discussion emanates. Within the fisheries sub-sector, the Government could entice private sector investment to take advantage of opportunities to introduce new fishing effort for tuna for canning. In this regard; there may be opportunities for increasing the exploitation of some other tuna-like species such as bonito, frigate tunas, and kingfish, which are currently caught on the Tanzanian coast using drift nets. More work needs to be done during FYDP III to determine the stock structure, migratory patterns and reproductive cycles, as well as the potential for other fishing vessels such as medium sized long liners. Tanzania Fisheries Research Institute (TAFIRI) is experimenting with fish aggregating devices (FADs) to investigate the potential of a fishery for such species.

Other opportunities include establishment of fishing harbour and fishing activities in Tanzania's exclusive economic zone. There are also about 3,000 hectares suitable for shrimp farming in Mafia Island. The Regional Investment Guides recently completed also show untapped opportunities in commercial fish cage culture (mud crabs, oysters, grouper and scallops for mariculture) in both marine and fresh water areas (tilapias, African catfish, rainbow trout and freshwater prawns). Value addition in fish and other fisheries products are also potential areas to advance the fishery sub-sector.

Forestry

There are several untapped opportunities in the forestry sector, including the potential to transform the forestry sector – promoting its sustainable growth, ensuring large and small-scale growers can exploit compelling opportunities in commercial timber and energy markets, and creating knock-on environmental, social and economic benefits. Tanzania's private forestry is unable to keep pace with demand for timber and fuel-wood, leading to a supply deficit of about 22 million which could be turned into a lucrative opportunity.

The Government could also encourage developing the right institutions, skills and incentives in order to increase the planting of newly introduced or adapted local species of trees. The country could develop a critical mass of growers, providing the necessary demand for commercially-oriented and sustainable research, training and extension services, while also providing the necessary supply for industrial processing facilities and functioning value addition markets. For example, Tanzania could become a regional hub as a major supplier of paper and paper-products across the region. Such success within the commercial forestry sector would relieve the pressure on natural forests as well as reduce deforestation. It would also significantly increase rural incomes.

3.7.7 Lessons Learned and Good Practices

With regards to ***natural resources management***, good lessons learned include: (i) Greater appreciation of the value of natural resources, a decrease in illegal use – especially in fishing and wildlife conservation, and closer natural resource monitoring; (ii) Greater involvement of local communities in the management of natural resources and advocating higher benefits/revenue to communities by those entrepreneurs engaged in profitable businesses, especially in mining, wildlife, and reserved forests; and (iii) Promotion of more diverse land use patterns in rural areas, retaining greater biodiversity outside protected areas and offering use right, including title deeds to village lands and in unplanned urban areas.

With regards to protecting ***forest cover***, the lessons learned is that encouraging tree planting in all regions, districts and wards pays a high dividend in terms of improving rainfall patterns and fostering cleaner air, while providing extra income for households and entrepreneurs engaged in tree plantations. Provision of free tree seedlings and encouraging planting of trees with tap soil below 0.5 meters and above ground space of more than 3.5 meters which have synergy with the traditional agriculture system or the country's ecological zones is the best practice to foster greater tree planting in the country.

With regards to ***climate change*** the Government is making good progress in three important areas which have lessons for future further actions, namely: (i) mitigation measures – the process of reducing greenhouse gas emissions and, thereby, associated climate change. In this aspect the main lesson is that regular follow-up to all industrial and manufacturing businesses to ensure they control undesirable gas emissions such as measures implemented by Twiga cement factory and instituting strict restrictions on importing used vehicles with more than ten years since being manufactured are beginning to bear good fruit in terms on cleaner air. Another good practice which needs close monitoring is prohibition of bush burning cultivation which has important implications in terms of retaining soil fertility and reducing carbon gas emission; (ii) adaptation – the process of adjusting in response to, or in anticipation of, climate change. Lessons learned in this area relates to indentifying and protecting water sources which in those areas has increased retention of water and almost yearly availability of water in the protected areas. Other good lessons relate to encouraging tree planting not only to replace trees cut for firewood and charcoal, but also improve the ecosystem and provide cleaner air; and (iii) Improving coordination between the various Government ministries, departments and agencies as well as other stakeholders who work on issues related to natural resources and climate change vulnerabilities and hazard risk reduction to ensure better preparedness. Those efforts need to be continued in FYDP III.

International best practice entails designing climate change resilient strategies in all sectors of the economy, especially in agriculture, water and forestry management and adopting 'green growth' – which means fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which people's well-being relies - clean air and water, and the resilient biodiversity needed to support food production and human health.

3.7.8 Recommendations

a) **FYDP III is urged to re-phrase some indicators target for 2025** to make them more meaningful, "smart" and measurable such as Indicator 1.3. Area of natural forest cover (Ha) and Indicator 1.4 Number of important natural water sources in the 9-natural ecosystem/water Basins identified and protected should be re-phrased and where possible use SDG indicators in this area which are measurable and easier to obtain baseline data.

b) **The effectiveness of community-based forestry regimes** can be greatly enhanced by increasing technical and financial support. This is critical given that 64 percent of the forest area falls under these regimes. Support is needed to strengthen governance of customary forests, bolster local skills and technologies to improve incomes from the sustainable production of wood and non-wood products, finance local institutions through payment for ecosystem services, and bring transparency in village land dealings.

c) **Deal with deforestation rates across the country**. In particular, community-owned forests under informal governance systems are experiencing the highest levels of deforestation due to weak governance. Other customary tenure regimes, such as sacred forests, also reflect weak governance and receive little legal protection. These are important issues that can be addressed during implementation of FYDP III.

d) **Adopting a narrative of 'green growth'** may be a more effective way to advance resilience, and eventually support a transition to a low-carbon and climate -resilient economy.

e) **Improving both structural and procedural approaches** is advisable given that coordination challenges are a significant barrier to advancing issues related to the environment and climate change.

f) **Acknowledging the importance of strong vertical integration** between the national and the local levels should be an intrinsic part of implementing policy and planning aimed at improving management of natural resources, environment and climate change.

g) **Create an open database:** In order to strengthen accessibility to and use of information, and to identify research gaps, it is recommended to create an open database for the sub-sector.

h) **Carry overs to FYDP-III**: Untapped opportunities identified in the preceding section should be considered during implementation of FYDP III interventions.

3

3.8 INFRASTRUCTURE

3.8.1 Introduction

Infrastructure is regarded as a necessary and essential enabler for economic growth. It is for this reason that the Government of Tanzania dedicated the second five year development (FYDP-II) plan to unprecedented massive investment in physical and soft infrastructure development related to new and rehabilitation of roads, railways, ports, electricity and telecommunication. Other types of infrastructure also considered are the special economic zones (SEZs) and export processing zones (EPZ), Industrial parks, and industrial parks targeting SME. The FYDP-II therefore assigned some major and specific objectives as follows:

Electricity Energy: The main objective is to improve electricity generation from the current 1,450 MW to 4,915 MW and improve the reliability of power supply for all users both in rural and urban areas as the country braces to become a semi-industrialized and middle income economy by 2025. Planned key activities included the upgrading/construction of new transmission lines and distribution networks from the current 5,575.3 kilometres (km) to 9,511 km in order to cope with the increased power generation from multiple sources: hydro, natural gas, wind and geothermal.

Roads: The main objective is to have in place standard roads network in strategic areas and therefore improve in the global competitiveness ratings and increase local participation in the sector. Specific objectives are to (i) Construct roads in strategic areas; (ii) Construct 3,187 km of strategic roads and bridges; (iii) Reduce traffic congestion in Cities; and, (iv) Increase local participation in construction sector.

For the outputs to be delivered it was determined to secure funds for financing construction of roads and bridges; land acquisition and compensation. Total investment required to implement these projects is TZS 9,582.5 billion of which TZS 4.763.5 billion was to be financed by the Government and TZS 4.819 billion by the private sector.

Railways: There are two main objectives, one related to the infrastructural network and the other on services offered by the railway transportation system.

(a) Objective in the railways infrastructure development: The sub-sector transport network is to provide efficient and reliable rail-based transportation services within Tanzania and the neighbouring land linked States. The specific outputs based on this main objective are (i) Funds for construction of new SGR lines secured; (ii) Development of realistic power plan for operation of SGR; and (iii) Capacity of railway institution (TRC) to manage SGR including maintenance enhanced.

    The main activities identified include mobilising funding for the construction of the projects; land acquisition and compensation; ensure availability of reliable source of power for SGR and capacity development for responsible railway Institution to take over operation and maintenance of SGR. The total investment required to implement these projects is TZS 437.28 billion.

(b) Objective in offering railway transport services: The main objective is to improve hauling capacity of railway in servicing freight and passengers. The specific objectives included to (i) procure and repair rolling stock to increase capacity and availability of operating equipment; (ii) procure, rehabilitate and maintain workshops machines, tools and plants; (iii) rehabilitate existing railway track to reduce speed restrictions and accidents; (iv) repair, rehabilitate and strengthen weak bridges and culverts to meet required safety standards; (v) improve signaling and telecommunications for efficient operation of trains using modern signaling equipment; and (vi) enhance security, safety and quality of the railways transport services. The total investment required to implement activities related to the objectives is TZS 1,087,865,150,596

There are also some objectives that are specifically related to TAZARA and Dar-es-salaam Passenger Commuter Train as follows:

(i) Tanzania Zambia Railways Authority (TAZARA). The main objective is to increase efficiency of the TAZARA by improving the existing railway infrastructure and services. The specific objectives are to: (i) Review TAZARA Act No. 4 of 1995 to make the Authority more business-oriented; (ii) Restructure Tanzania Zambia Railway Authority (TAZARA); (iii) Conduct feasibility studies for new railway lines and branches; and (iv) Solicit funds for development of rail infrastructure and procurement of rolling stock. The total budget required for all interventions was TZS 932.445 billion.

(ii) Dar-es-salaam Commuter Passenger Train Services. The objective is to provide efficient and reliable commuter rail and train services through maintenance of the existing railway lines between (Dar es Salaam and Mwakanga stations), developing new dedicated railway routes and provision of proper rolling stock. The main activities include developing Dar es Salaam commuter train services, including rehabilitation of existing rail infrastructure, development of dedicated new commuter railway lines, and procurement of new rolling stock and establishment of reliable power plan for commuter operations. A total of TZS 185.665 billion is required to implement this project.

Ports: The main objective is to improve port infrastructure and services in order to increase efficiency of sea ports and inland waterways. The specific objectives are to (i) Develop Dar es Salaam maritime gateway (Berth 1 – 7, RoRo Terminal and dredging of entrance channel) (ii) Develop Kwala dry port; (iii) Develop major sea and lake ports; (iv) Revamp marine transportation through procurement and rehabilitation of vessels; and (v) Acquisition of Ports Operations equipment. The main activities for ports infrastructures include: improving the interfaces between transport modes; implementation of Dar-es-Salaam Maritime Gateway Project; development of a dry Port at Kwala – Ruvu; development of Mbegani (Bagamoyo) Port; development of a new port at Mwambani area-Tanga; development of four (4) Berths at Mtwara Port; modernization of ports along Lake Tanganyika and Lake Victoria; and equipment procurement. The total investment required to implement these projects is TZS 3,036 billion to be sourced from the Government and private sector through PPP.

Civil Aviation and Meteorology: There are two main objectives, one for improvement of aviation service and Safety and meteorological services.

(a) Improvement of aviation service: Installation of Civil Aviation with the main objective of improving aviation safety and operations. Specific Objectives include improvement of surveillance of the Tanzanian airspace through installation of four (4) civil aviation radars and to train thirty three (33) TCAA experts on civilian radar management. The total investment required to implement these projects was TZS 61,338.49 million to be sourced from the Government.

(b) Meteorological Services: The objective is to have modern infrastructure and provide quality meteorological services. The specific objectives are to (i) Modernize and develop meteorological infrastructure, instruments and equipment; (ii) Implement quality management system for meteorological services provided to aviation and maritime activities The main activities related to investment in weather radars and meteorological instruments expected to cost TZS 23 billion to be financed by the Government.

Information Telecommunication Technology (ICT): Objective The main objective is to enhance development and usage of ICT as critical enabler of socio-economic development and transformation. The specific objectives are to establish ICT equipment manufacturing, E - waste recycling and Software Development Centres; build National ICT Broadband Backbone Phase III; enhance Tanzania to be a telecom HUB in Southern East Africa; iv. Strengthen Postal Communications through Postcodes and National Addressing System in 92 districts; and enhance Advanced Cyber Security Training Services (TIRDO).The key areas that the Government and the private sector will need to invest for the period of five years in ICT include: The establishment of ICT equipment manufacturing; E-waste recycling and Software Development Centres; building National ICT Broadband Backbone; strengthening Postal Communications through postcodes and National Addressing System; and enhancing Advanced Cyber Security Training Services. The implementation of ICT strategy is expected to cost TZS 502,080 million, which shall be provided through Government budget.

3.8.2 Overall Outcome Performance in Infrastructure Development

The FYDP-II had included a total of 107 outcome/output/process indicators to be used in assessing the pace in improving the country's infrastructure and its related services. Among them 78 indicators (73.9 percent) had adequate data to assess the level of achievement reached, while 43 of them (40.2 percent) lacked enough information to merit some assessment of their performance (see Figure 3.8.1 and Table 3.8.1).

Figure 3.8.1: Analysis of Number of Outcome Indicators

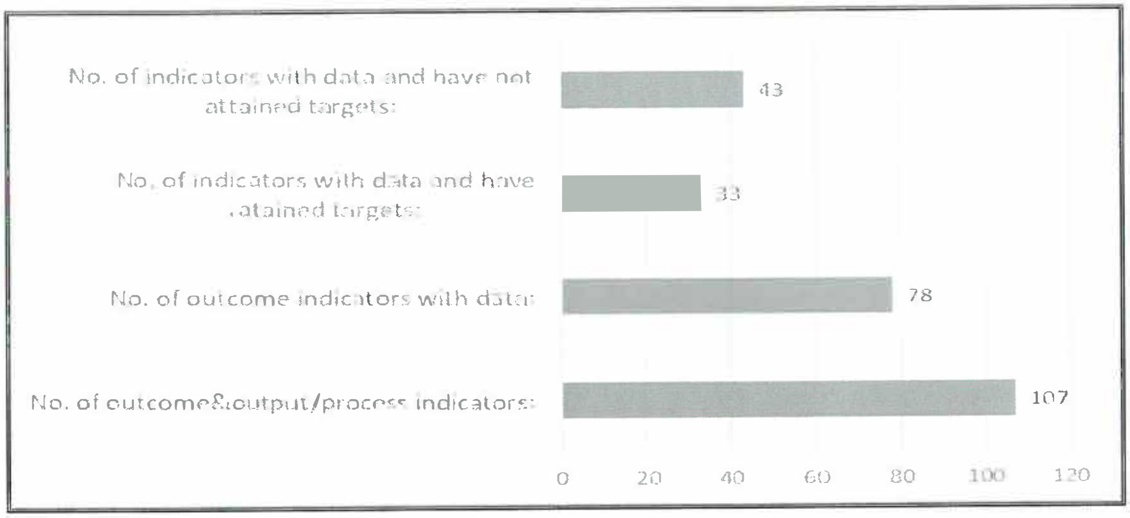


Table 3.8.1: Comparison of Outcome Performance of Infrastructure sub-sectors

Outcome Performance summary		Infrastructure sub-sectors							
Status of Indicators	**Total**	**Energy**	**Roads**	**Railways**	**Sea Ports**	**Aviation**	**Meteorology**	**ICT& E-Govt**	**Ratio to all**
No. of outcome & output/process indicators:	107	31	21	15	16	5	8	11	-
No. of outcome indicators with data:	78	18	12	13	13	5	8	9	72.9 percent
No. of indicators with data and have attained targets:	33	9	4	9	4	3	0	4	30.8 percent
No. of indicators with data and have not attained targets:	43	9	8	2	9	2	8	5	40.2 percent

Photo 3.8.1: Ubungo Road Interchange nearly competed June 2020

The levels of attainment in realizing the set target are summarized in Table 3.8.2, which indicates that interventions that have attained 100 percent or more are four: connecting public institutions to e-Government (247 percent), increase in people using internet (177 percent), ports position in global ranking (105 percent), regions connected to electricity (95.7 percent) (Table 3.8.3). Among the promising areas include increments in volume of cargo handled by sea ports, which stands at 69.7 percent as of April 2020. The performance would have been higher than it been for the interference to global trade caused by the outbreak of COVID-19.

Table 3.8.2: Summary of Outcome Performance for infrastructural development by sub-sectors

Type of Infrastructure	Baseline 2014/15	Target 2020/21	Actual Performance	Proportion achieved (percent)
1.1 Infrastructure (Position in Global ranking, out of 189 countries)[1]	102	102	102	0
1.2 Road position in global ranking	112	106	86	119
1.3 Proportion of paved roads in total road network (percent)	6.8	10.0	8.9	89
2. Electricity				
Energy power generation in MW[1]	1,501	4,915	1,601.82	32.6
Population access to energy power (percent)[1]	67.8	No target	84.6	125
Regions connected to national power grid[1]	19	23	22[1]	95.7
National Grid Length[1]	4,901	9,511	5,725.4	60.2
Population Per Capital consumption of electricity (kWh)	108	377	136	36.1
Power loss during transmission (percent)[2]	19	14	16.4	-17.14
3. Roads				
3.1. Road position in global ranking (connectivity)	112	106	86	123
3.2. Proportion of paved roads in total road network (percent)	6.8	10.0	8.9	89
4. Railways				
4.1. Railway position in global ranking	88	84	83	98.8

Type of Infrastructure	Baseline 2014/15	Target 2020/21	Actual Performance	Proportion achieved (percent)
4.2. Length in Km of standard gauge	-	1,219	250	20.5
5. Ports				
5.1 Ports position in global ranking	106	100	72	128
5.2 Cargo freight (million tons per year)	15.4	28.0	19.52	69.7
5.3 Ship turn-around time (days) (Reference: June 2019)	3	1	3	0
5.4 Ship Dwell-time (days) (reference: June 2019) (performance is measured against planned reduction)	7	3	5	50
5.5 No. of ship calls at ports per month	1661		2,106	26.8
6. Telecommunication				
6.1. Population with access to telephone services (percent)	57.29	66.64	85	128
#Number of people with mobile phones		39 mil	43 mil	10.3
6.2. Population proportion using internet (percent)	9.0	66.64	47	70.5
#Number of people using internet		9 mil	25 mil	177
6.3. Proportion public institutions connected to e-Government	30.00	100.00	346	346
Aggregate unweighted average of achievements compared to target by 2020				**83.8**

Note: [1]WEF ranking for 2019 show Tanzania was ranked 121th position for all infrastructures and 86[th] position for roads.

Source: Targets: MOFP (2016): FYDP II Table No. 4.23: Performance Indicators for Infrastructure and Services Development. **Achievements**: Sector Reports by Ministries

The World Economic Forum (WEF) undertakes an independent assessment of relative performance of different countries' efforts to improve their infrastructure as part of creating some enabling environment for business. The latest report is for 2019, which indicates that Tanzania has made some positive changes in different areas as shown in Table 3.8.3.

Table 3.8.3: Global Ranking of Tanzania in the Quality of Infrastructure in 2019

2nd pillar: Infrastructure 0–100	-	**44.9 ↓**	**121**
Transport infrastructure 0–100	-	**39.7 ↑**	**110**
2.01 Road connectivity 0–100 (best)	70.0	70.0 ↑	86
2.02 Quality of road infrastructure 1–7 (best)	4.1	51.7 ↑	65
2.03 Railroad density km/1,000 km²	3.0	7.6 ↓	83
2.04 Efficiency of train services 1–7 (best)	3.2	37.1 ↑	60
2.05 Airport connectivity score	12,583.1	34.5 =	90
2.06 Efficiency of air transport services 1–7 (best)	4.1	51.1 ↑	98
2.07 Liner shipping connectivity 0–100 (best)	13.2	13.2 ↑	76
2.08 Efficiency of seaport services 1–7 (best)	4.1	51.9 ↑	71
Utility infrastructure 0–100	-	**50.2 ↓**	**122**
2.09 Electricity access % of population	32.8	32.8 ↑	128
2.10 Electricity supply quality % of output	15.8	87.7 ↑	101
2.11 Exposure to unsafe drinking water % of population	63.2	37.6 ↓	116
2.12 Reliability of water supply 1–7 (best)	3.6	42.6 ↑	117

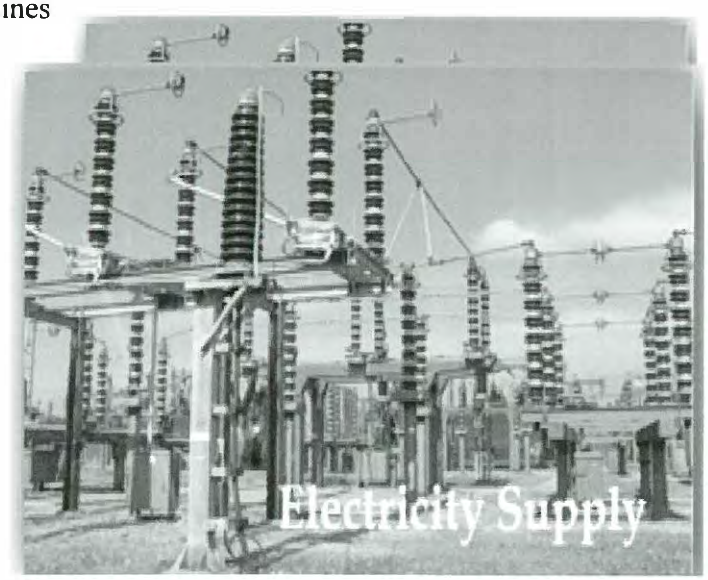
Source: WEF, 2019

A more detailed analysis for each of the sectors listed in Table 3.8.3 above is presented below.

Summary: Overall Performance of the Infrastructure Sector	*The outcome targets for improving infrastructural facilities have been achieved by an unweighted average of 83.8 percent; and could be* ***87.8 percent*** *if the global position ranking of all overall national infrastructures is excluded due to lack of reliable data.*

3.8.3 Electricity Energy Performance Assessment

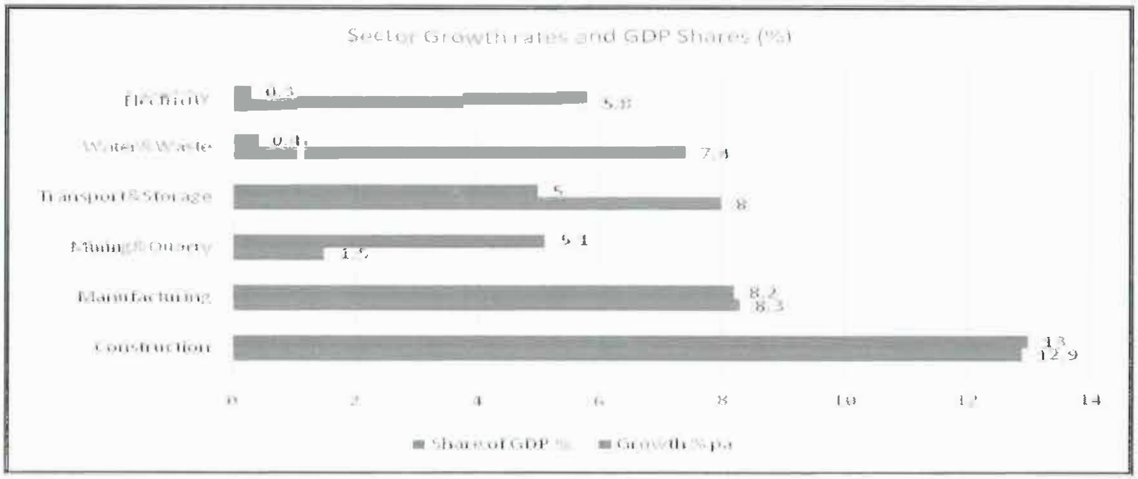
Electricity in Tanzania has been generated by TANESCO and, until two years ago, one Independent Power Producer (IPP) which feed the national grid and areas outside the grid. Installed generation capacity as in June, 2017 was 1,450 MW mainly from hydro and thermal power plants a whilst transmission system comprised of fifty-five (55) grid substations interconnected by transmission lines network totalling 5,575.3 Kilometres with power loss of 17 percent. Per capita electricity consumption in Tanzania is at 137 kWh, which is among the lowest in Sub-Sahara Africa countries.



The target is to increase power generation to 4,915 MW from a mix of fuel sources and per capita electricity consumption to 377kWh by 2020/21. The demand for electricity had continued to increase such that by end of February 2020 it reached MW 1,151.66 compared to MW 1,116.58 for the same time in 2019 (3.14percent increment). However, power generation per annum increased from GWh 7,374 in 2018 to GWh 7,692 in 2019. This is an increase of 4.3 percent in supply was higher than the annual increase of 3.14 percent in electricity demand, which has helped to eliminate power shedding in the country.

Although the average contribution of electricity as a sub-sector to the national GDP is less than 1 percent (Figure 3.8.2), it is an essential enabler of other value addition undertakings and services in any economy. The annual growth rate of electricity has been above 5 percent per annum due to the massive investments in different electricity generation and distribution projects for the past five years in accordance to the specifications contained in the second five year development plan as shown in Table 3.8.4.

Figure 3.8.2: Comparison of Electricity Sector's Growth Rate and Contribution to GDP with other Industries in Tanzania (2018)



The Below there is a brief presentation of the results from the implementation of those plans.

3.8.3.1 Results from Implementation of Energy sector Objectives set in the FYDP-II

The results are analysed at two levels: (i) the outcome or impact level, which is a higher order of the desired or ultimate consequences of the implemented plans to enhance the generation and supply of electricity in the country; and (ii) process and outputs level of the investments.

(a) Outcome Assessment

There are six (6) outcome indicators for the energy sector as shown in Table 3.8.4. It is shown that only 20 percent of the outcome indicators are expected to attain the target by the end of the FYDP-11, which is about connecting all the regions to the national electricity grid. Other two indicators which promises to be realized are that on population access to electricity (which improved by 24.8 percent within the last four years, and the extension national grid length. Two indicators are still far from the target, namely per capital electricity consumption (at only 36.2 percent), and energy generation, with a shortfall of 3,313.18 MW below the target of 4,915 MW. The magnitude of the shortfall against the target cannot be offset by the expected power from the new JNHP, which will still leave a gap of 1,208.2 MW. This is the amount of power that must be generated over and above the planned power from JNNHP if the target for 2020/21 is to be fulfilled.

Outcome Performance

Energy: Outcome Performance summary	
No. of output indicators:	6
No. of output indicators with data:	6
No. of indicators with data and have attained targets:	1
No. of indicators with data and have not attained targets:	5

Table 3.8.4: Energy Sector Indicators, Targets and Achievements

S/N		2015/16	2020/21	Latest Progress	Proportional Achieved (percent)
1	Energy power generation in MW[1]	1,501	4,915	1,601.82	32.6
2	Population access to energy power (percent)	67.8	No target	84.6	124.8[a]
3	Regions connected to national power grid[1]	19	23	22[b]	95.7
4	National Grid Length[c]	4,901	9,511	5,725.4	60.2
5	Population Per Capital consumption of electricity (kWh)	108	377	137	36.3
6	Power loss during transmission (percent)	19	14	16.4	117.1
	Unweighted average of percentage achievement				**77.8**

Note: [a]Relate to increment over the baseline position in 2015; [b]Newly connected regions during the period are Lindi, Mtwara, Njombe and Ruvuma. Ongoing projects to two regions (Katavi and Kigoma) started in 2020. [c]Additional 824.38 km over the last five years.

The plan was to increase electricity generated to reach 4,915 MW by 2020/21 from about 1,308 MW in 2015. However, according to Minister's Budget Speech in June 2020, the country managed to reach about 1,601.84 MW in 2020 (April). The Julius Nyerere Hydropower Project (JNNHP) for 2,115 MW was not in the FYDP-II but ongoing and has reached 85percent of the work plan by April 2020. Also not in the plan is the construction of a kV220 transmission line for the Standard Gauge Railway (SGR), phase one from Dar-es-salaam to Kingolwira in Morogoro. Additional transmission lines planned, which were not part of the FYDP-II include 132 kV transmission line from Kiteto to Kilindi. The country has also stepped up production of supplies needed for energy distribution such as electric wires, transformers, wooden poles, cement poles, and electric wires; thus contributing to employment generation. In rural electrification some 9,112 villages out of about 12,000 villages had been connected by April 2020. This is about 75 percent of the villages in the country. This has been possible to surplus of energy (325 MW per day) generated such that there is no longer power shedding. Connection charges for rural houses were lowered to TZS 27,000 per connection/meter. Consequently, there was an increase of connected customers by 88 percent from 1,473,217 in 2015 to 2,766,745 by April 2020.

(b) Output Performance in the Energy Sector

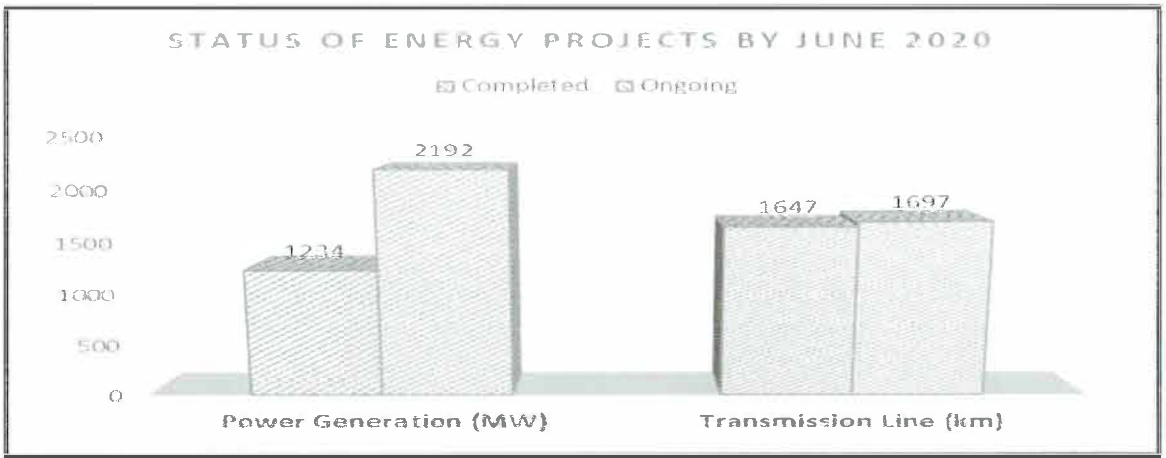
Several projects were planned to be undertaken during the second five-year development until June 2021.

Output Performance summary	
No. of output indicators:	25
No. of output indicators with data:	12
No. of indicators with data and have attained targets:	8
No. of indicators with data and have not attained targets:	4

There were four strategic objectives, with a total of 25 planned outputs during the five-year period. It involved plans for the installation of new energy generation plans/stations and construction of power line to connect power sources with major towns in Tanzania (sees Figure 3.8.3 and Table 3.8.5). Some progress has been made in fulfilling the plans although

64 percent of the power generation projects were planned to be completed by mid-2020. However, there was relatively more advanced implementation in the construction of power lines whereas 49.7 percent were still ongoing with plans to complete by June 2021. Given that funds are available for completing the projects there is no doubt that there will be almost 100 percent accomplished by the end of the FYDP-II.

Figure 3.8.3: Status of Power Projects (June 2020) in generation and transmission



a) SO-1: Increase electricity generation to 4,915 MW, whose investments was supposed to lead to 25 outputs:

   (i) Completed projects: include: Kinyerezi I and II to generate 424 MW; Somanga Fungu Gas Power Plant (300 MW in Lindi Region); Mtwara Gas Power Plant 300 MW; Kilwa Energy Gas power station 210 MW in Lindi Region

   (ii) Ongoing projects include: Kinyerezi III and III to generate 930 MW; Singida Geo-Wind phase I (50 MW); Malagarasi hydropower plant 45 MW in Kigoma Region; Kakono Hydro power plant 87 MW in Kagera Region; Rusumo Hydro power plant 80 MW; Kiwira coal fired power station 200 MW in Mbeya Region; Ngaka coal fired Power Station (400 MW), phase I of 200 MW and Development of Ngozi Geothermal power plant (Mbeya) for 200 MW.

Table 3.8.4: Status of Completed and Ongoing Power Projects[1]

Status of Projects	Power Generation (MW)	Transmission Line (km)
Completed	1234	1647
Ongoing	2192	1697
Total	3426	3344
Ratio Completed (percent)	36.0	49.3

Table 3.8.5: Output Indicators for the Energy Sector (25 output indicators)

Strategic Objectives (SO)	Outputs	Planned Completion	Status in August 2020		Comments (reasons for under-performance
			Stage of Completion[1]	Proportion of Completion (percent)	
SO-1: Increase electricity generation to 4,915 MW					
a)	Kinyerezi I Extension (OCGT) 185 MW completed	June, 2019	Completed but generate 150MW	100	Commissioned in 2016
b)	Kinyerezi II (CCGT) 240 MW	August 2018	Completed	100	Commissioned in 2018
c)	Kinyerezi III (CCGT) 600 MW, phase I (300 MW) completed by June 2021	June 2021	Ongoing		Check completion rate (percent)
d)	Kinyerezi IV (CCGT) 330 MW completed by June 2021	June 2021	Ongoing		Check completion rate (percent)
e)	Singida Geo wind phase 1 (50 MW) completed by June 2021.	June 2021	Ongoing		
f)	Somanga Fungu Gas Power Plant 300 MW in Lindi Region completed by Dec 2020	December 2020	Completed	100	
g)	Mtwara Gas Power Plant 300 MW completed	June 2021	completed		
h)	Kilwa Energy Gas power station 210 MW in Lindi Region completed	June 2021			
i)	Malagarasi hydropower plant 45 MW in Kigoma Region completed	June 2021	ongoing		Planned: 800
j)	Kakono Hydro power plant 87 MW in Kagera Region completed	June 2021			
k)	Rusumo Hydro power plant 80 MW in Kagera Region completed	June 2020	ongoing	61	
l)	Kiwira coal fired power station 200 MW in Mbeya Region completed	June 2021	ongoing		
m)	Ngaka coal fired Power Station (400 MW), phase I of 200 MW completed	June 2020	ongoing		
n)	Development of Ngozi Geothermal power plant (Mbeya) 200 MW completed	June 2021			
SO2: Upgrade/construct new transmission					

Strategic Objectives (SO)	Outputs	Planned Completion	Status in August 2020		Comments (reasons for under-performance
			Stage of Completion[1]	Proportion of Completion (percent)	
lines and distribution networks to cope with the increased power generation					
o)	REA phase III commenced and completed	June 2021	ongoing	More than 80 villages covered	Remaining 20 percent of villages by June 2021
p)	Dar-Tanga-Arusha transmission line 400 Kv, 682 km completed	June 2021			
q)	Singida-Arusha-Namanga transmission line 400 kV, 414 km	December 2019	ongoing	100	
r)	Somanga Fungu-Kinyerezi transmission line 400 kV, 203 km completed	June 2021			
s)	Makambako-Songea transmission line 220 kV, 250 km completed	August 2018	Completed in September 2019	100	Extending beyond Njombe to Ruvuma, Lindi, and Mtwara. 112 villages along the grid connected
t)	North-West Grid transmission line 400 kV, 1,148 km completed	June 2021	ND	ND	
u)	Chalinze-Dodoma transmission line 400 kV, 350 km completed	June 2021	Ongoing (starting from Rufiji)	N	
v)	Bulyankulu-Geita Nyakanazi transmission line 220 kV, 199 km completed	June 2021	ongoing	ND	
w)	Rusumo-Nyakanazi transmission line 220 kV, 98 km completed	June 2020	ongoing	ND	
SO3: Develop Natural Gas Infrastructure for domestic supply					
x)	Domestic gas supply infrastructure in Dar es salaam constructed	June 2021	Ongoing		Mikocheni area
y)	Domestic gas supply infrastructure in Mtwara constructed	June 2021	ongoing	ND	
z)	Domestic gas supply infrastructure in Bagamoyo constructed	June 2021	ND	ND	
aa)	Domestic gas supply infrastructure in Lindi constructed	June 2021	ND	ND	
Grand Total: TZS Million 21,560,554		Of which:	GOT: TZS Million 18,071,447	Private Sector: TZS million 3,489,107	

Note: Note if "Completed"/ "ongoing" or "Incomplete"/ "cancelled" or "postponed"

Source: Ministry of Finance and Planning (2017), Implementation Strategy for the National Five - Year Development Plan (2016/17 – 2020/21): Transportation (June 2017), pages 253-260

Note: [1]Excluding Julius Nyerere Hydropower Project, which was started as a Flagship Project after the launch of FYDP-II document

b) SO2: Upgrade/construct new transmission lines and distribution networks to cope with the increased power generation, whose planned outputs included REA phase III commenced and completed:

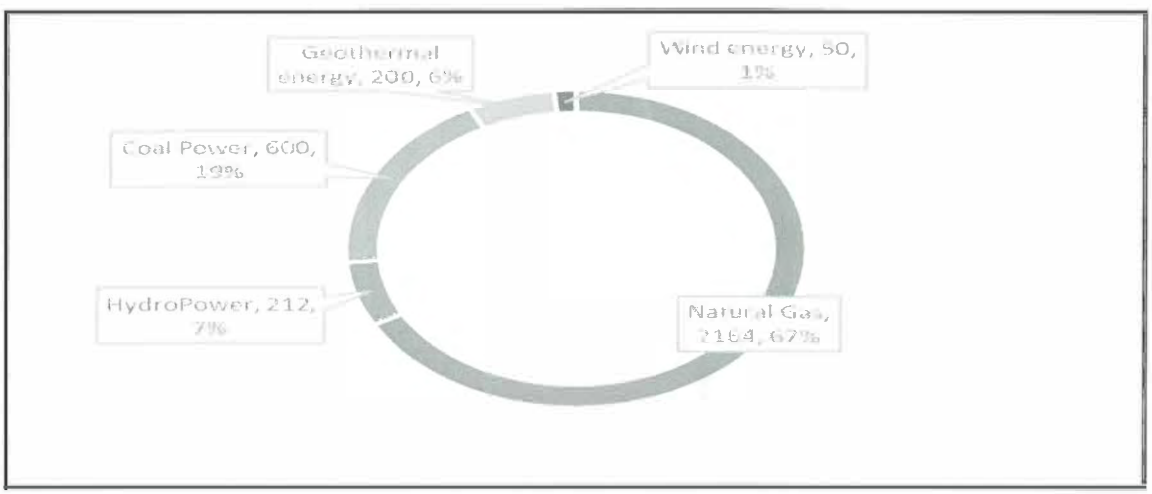
   (i) Completed the following electricity transmission lines: Dar-Tanga-Arusha (400 Kv- 682); Singida-Arusha-Namanga (400 kV- 414 km); Somanga Fungu-Kinyerezi (400 kV-203 km); Makambako-Songea (220 kV- 250 km); and, Rusumo-Nyakanazi (220 kV- 98 km).

   (ii) Ongoing work to complete the following transmission lines: North-West Grid (400 kV- 1,148 km); Chalinze-Dodoma (400kV- 350 km); Bulyankulu-Geita Nyakanazi (220 kV- 199 km);

c) SO3: Develop Natural Gas Infrastructure for domestic supply, which includes 5 outputs related to domestic gas supply infrastructure in Dar es salaam, Mtwara, Bagamoyo, and Lindi. All of them are ongoing and none is yet to be completed.

The country's strategy is to increasingly reduce reliance on power generated from heavy oil and diesel and replace with relatively cheaper sources that include natural gas energy, hydropower, coal energy, geothermal energy, and wind energy (Figure 3.8.4). Solar energy is among renewable energy sources besides wind energy.

Figure 3.8.4: Development of New Energy Sources (MW) Dominated by Natural Gas (67 percent)



Role of Natural Gas and Oil in the Energy Generation and Industry

Natural gas increased by 24 percent in production from 37 billion cubic feet (bcf) in 2015 to 46 bcf in April 2020. The contribution of natural gas to total power generation increased 36 percent in 2015 to 57 percent in April 2020. A total of 457 companies belonging to Tanzania are actively engaged in the sector. Tanga and Mtwara ports have been modified to handle oil tankers since July 2015 and July 2018, respectively. Tanzanian higher learning institutions embarked to diploma, bachelor and master degree courses on oil and natural gas. This adds to certificate courses which VETA had pioneered in collaboration with international institutions for accreditation of full technicians in the sector. The government has also managed to reduce fuel adulteration from 19.2 percent in 2015 to 4 percent in March 2020. The implementations of plans to encourage Tanzanians to use natural gas for cooking and running vehicles are ongoing with a special focus in Dar-es-salaam, Pwani and Mtwara regions. The number of vehicles using LNG has increased from 60 to 400 in 2020, with households connected to pipe LNG reaching 1,000 and 48 industries also using the system.

There are also some interesting developments in the exploration of oil in Tanzania. Initial exploration for oil undertaken at Eyasi Wembere Oil Block where two short well with depth of 300 metres were drilled in Igunga district (Tabora region) and Meatu district (Shinyanga region).

Flagship Projects

There are two flagship projects in the energy sector. One of them is the Julius Nyerere Hydropower Project (JNHP) meant to generate enough power to allow the country to export expected surplus to neighbouring countries. The second is the East African Crude Oil Pipeline (EACOP) involving the construction of a pipeline for crude oil transportation from Hoima (Uganda) to Tanga-Chongoleani port (Tanzania). All the preparatory work for EACOP is ready to commence work once contractual arrangements between participating companies are completed. The project will contribute to employment generation and foreign exchange earnings. The onset of COVID-19 also affected the pace of its implementation.

3.8.3.2 Management for Results

Among the key management approached adopted the government and its specialised agencies in enhancing results in the energy sector include:

(i) The decision to implement the Julius Nyerere Hydropower Project, which was not in the FYDP-II document adopted in 2016 but included among the planned projects have added an extra impetus towards generation of electricity for the country's industrial development as well as those in the EAC and SADC regions.

(ii) Establishment of a Rural Energy Fund, whose resources are obtained from special levies charged for each litre of fuel bought and mobile phone time charges resulted to more successful rate of electrification of rural households;

(iii) Established several specialized agencies to safeguard the interests of the public: TPDC (hold Joint Venture shares in investments under PPP arrangements), PURA (upstream exploration of petroleum/natural gas), PBPA (bulk procurement and importation of fuel). EWURA on the other hand safeguards public interests by ensuring fair electricity tariffs are applied;

(iv) Switching from post-payment to pre-payment system of billing customers reduced the level of payment defaults and enhanced revenue collections;

(v) Relocating the sites of transformers to places near residents reduced levels of vandalism that included draining of transformer oil, which resulted to costly replacements due to blowing up;

(vi) Subsidizing the cost of power connections in rural homes to about TZS 27,000 stimulated demand for new connections and therefore increased TANESCO's customer base;

(vii) Continue to take initiatives to encourage Tanzanians to be actively engaged in the energy sector as per the Local Contents policy; and

(viii) Training of Tanzanians to have the necessary skills, by VETA and other training institutions, needed in the emerging natural gas and solar energy sub-sector.

3.8.3.3 Adequacy of FYDP II Financing and Resource Utilization

The budget foreseen for financing activities that would lead to the planned outputs was TZS 21,560,554 million, of which expected private sector contribution was TZS 3,489,107 million (MOFP, 2018): An analysis of the trend of annual and actual budget released over time indicated that percent of the planned budget for five years was approved by the Parliament. A further analysis also indicates that for the first four years only percent of the approved budget was disbursed. The under-allocation of budget contributed to undermining the ability of TANESCO to implement its plans to the fullest. On the other hand, REA, which appear to have a more stable and higher percentage of budget implementation performance managed to implement more projects and therefore had reached more than 80 percent in April 2020.

3.8.3.4 Challenges Facing the Energy Sub-Sector

(i) Unreliable supply of electricity caused by aged distribution infrastructure have contributed to higher operational costs by TANESCO, which are passed over to customers by increased electricity tariffs. This has in turn curtailed the creation of a competitive industrial base compared to those in Kenya and Ethiopia. Solution adopted is continued replacement of aged transmission wires and poles, including the adoption of metal and cement poles, which are less prone to rotting and fires.

(ii) High cost of electricity generation caused by the contribution of fossil-fuel powered generators, some of them very inefficient due to old age. The solution has been to phase out all fuel powered generators and pursue a highly diversified energy sources consisting of 49 percent from natural gas turbines, 7 percent from hydro power plants, 37 percent from coal powered plants, 7 percent from a geothermal plant and 2 percent from wind. The government has undertaken most of the planned studies needed to realise this goal although implementation of has been delayed.

(iii) Slow process for approval of private sector initiatives to invest in mini-hydropower, wind power and solar power projects. Examples include private sector wind-power projects in Makambako and Singida that were proved to be feasible some 12 years ago but are yet to be implemented. The solution could be the separation of core responsibilities of production/generation and distribution of electricity into separate institutional entries instead of being done by TANESCO alone.

(iv) Inadequate safeguard measures to ensure sustainable water catchments that can assure reliable all-season water discharge feeding the hydro-power generation dams. The solution is known: take adequate measures to minimize interferences to the water ecosystems through economic activities by upstream communities. A special livelihoods enhancement fund contributed by end-users of electricity could be useful in finding alternative economic undertakings or even relocating communities away from critical water catchments that need to be safeguarded at any cost.

3.8.3.5 Untapped Opportunities towards FYDP II Objectives and Targets

(i) Mini-hydropower systems: There are many untapped sites that are potentially suitable for generation of hydropower energy, and which private sector investors have shown interest or can willingly be able to invest. Such untapped sites are prevalent in Njombe, Iringa, Mbeya, Kigoma, Tanga and Ruvuma regions, among others.

(ii) Off-grid power supply: Although electricity from wind or solar is slightly more expensive than hydro or natural gas generated power, the two systems provide a very useful option for providing electricity to communities that cannot be effectively and efficiently served though main grid power system. High potential areas for wind-power generations, notably those in Makambako (Njombe region) and Singida region, were identified more than 10 years ago and investors have been ready to invest. However, it seems there are some issues, either technical or administrative or policy related, which have been holding back these projects.

3.8.3.5 Recommendations

Among the recommendations worth pursuing include:

a) Continue with the implementation of recommendations for institutional reforms to streamline core responsibilities of power generation, power transmission and power distribution to separate entities.

b) Establish special fund for safeguarding upstream water catchments and also encourage Tanzanians to use natural gas for cooking and motoring.

c) More efforts towards investment in mini-hydro power projects that can feed into main grid electricity or could be ideal off-grid power system.

d) Encourage private sector to invest in off-grid power system by harnessing wind, solar and hydro-power energy.

e) Delays in implementing (or cancelling) wind power projects which have been on the drawing board for more than 10 years is do not augur well in projecting an image of a country eager to attract domestic and foreign investors in the sector.

3.8.4 Roads

3.8.4.1 Results from Implementation of Roads Objectives set in the FYDP-II

The FYDP-II M&E Plan have indicated two outcome indicators, namely (i) Tanzania's position in road ranking; and (ii) proportion of paved roads in total network. Below is an assessment of the outcome and outputs/processes indicators as specified in the FYDP-II.

(a) Outcome Assessment: Roads Infrastructure

Performance summary	
No. of outcome indicators:	2
No. of outcome indicators with data:	0
No. of indicators with data and have attained targets:	-
No. of indicators with data and have not attained targets:	-

The condition of the country's roads network has improved over the past four years such that Tanzania's global ranking has improved from 112th position to 86th position by December 2019 (Table 3.8.7). The ranking has been caused by addition of more kilometres of paved roads in the country (Figure 3.8.4).

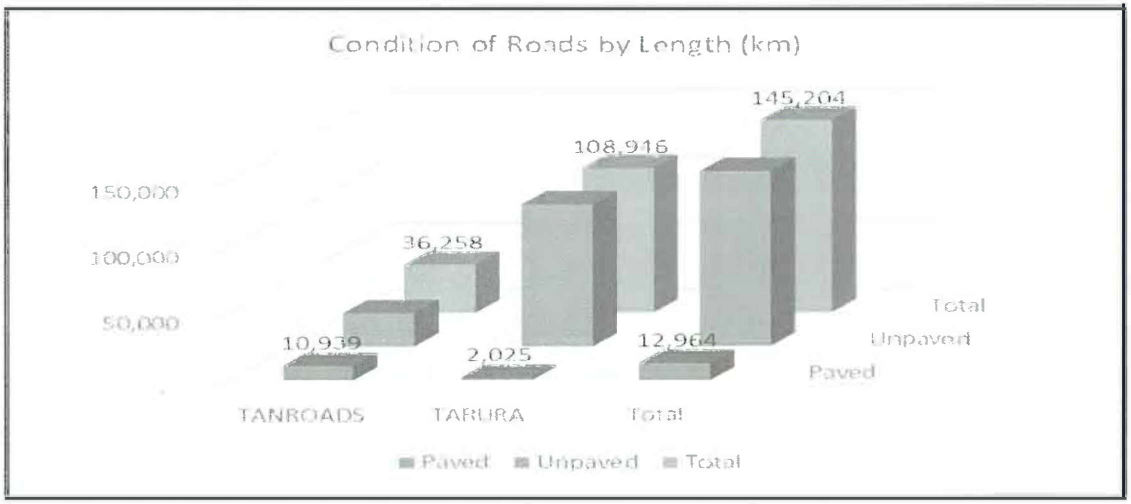
Table 3.8.7: Outcome Indicators for Roads Infrastructure

S/N	National Indicator for 2nd Five Year Development Plan Achievements	Baseline 2015/16	Target for 2020/21	Achievements by 2020
1	Road position in global ranking	112.00	106.00	86
2	Proportion of paved roads in total road network (percent)	6.80	10.00	8.9

Source: For Targets: Ministry of Finance and Planning (2017), Monitoring and Evaluation Framework, Annex 2- National Indicators, Table 1: Industrialization and Economic Transformation Indicators For FYDP II- ME, page 53. For achievements: Ministry of Works, Transport and Communication (2020).

The country's road network as by June 2020 was 145,204.19 km, out of which 36,258 km is managed by TANROADS of which 10,939 km (30 percent is paved); and some 108,946.19 of the network is managed by TARURA (of which only 2,105 km is paved (1.86 percent) (see Figure 3.8.5).

Figure 3.8.5: Roads condition as managed by TARURA and TANROADS in 2020



Source: Ministry of Works, Transport and Communication (2020).

The specified outcomes as indicated above were supposed to be as a consequence of three strategic objectives, leading to 19 outputs and processes as explained below based on Table 3.8.7.

(b) Output Assessment for Roads

Performance summary	
No. of output and process indicators:	19
No. of output and process indicators with data:	12
No. of indicators with data and have attained targets:	4
No. of indicators with data and have not attained targets:	8

Road Output Key findings:
i. The FYDP II's target to deliver training to engineers and contractors was surpassed (two years prior to the end of FYDP II)

There were 19 output indicators specified in the road sector, but during the analysis data for 7 indicators could not be accessed. For those indicators with data, about 33 percent have almost attained target. The rest of them were still in progress as shown in Annex Table 2. Among the successfully completed projects, by 100 percent or nearing that mark within this year are the Manyoni-Itigi road (245 km), Masasi-Songea-Mbinga section of the road leading to Mbamba Bay (less than 20 km remaining by October 2020), TAZARA Flyover and Ubungo Interchange (already in use by October 2020). Highly advanced projects likely to be completed before June 2021 are The Salender Bridge, Itoni-Ludewa road, and Tabora-Mpanda road (Table 3.8.8).

(a) SO1: Construction of roads in strategic areas, which was designed to invest in the implementation of 11 road projects. They included new roads: Dar es Salaam – Chalinze – Morogoro Express way (228 km) (not started, still at feasibility stage) and

Arusha – Moshi – Himo junction dual carriage way (105 km); Sumbawanga – Mpanda – Nyakanazi (346.6 km); Masasi – Songea – Mbamba Bay (898 km); and Bagamoyo – (Makurunge) – Saadani – Tanga road (178 km). It also involved upgrading to bitumen standards the following roads: Kidahwe (Kigoma) – Ilunde-Malagarasi – Kaliua (188 km); Itoni – Mkiu - Ludewa – Manda (211.42 km); Manyoni – Itigi – Tabora Road (245km); Tabora – Ipole – Koga – Mpanda (340 km); Chunya – Makongorosi, Rungwa – Itigi - Mkiwa road (300 km). The management of rural roads was also planned to be enhanced.

(b) SO2: Decongestion of Dar es Salaam City, which included 7 projects leading to the following outputs: Ubungo Interchange (completed in 2020), TAZARA Flyover (completed in 2019), Uhasibu Fly Over Bridge, Chang'ombe Flyover Bridge, widened Gerezani road (1.3 km) and New Salender Bridge; Dar-es-salaam Outer Ring Road (Bunju – Mbezi Mwisho (Morogoro road) – Pugu (34 km).

(c) SO3: Increase local participation in Construction Sector through the following projects: promoting hire purchase mechanism and strengthening of Contractors Assistance Fund by June 2021; conditional partnerships between local and domestic companies enhanced; and internship program to students in domestic and foreign construction companies enhanced.

Table 3.8.8: Status of Planned Road Projects Listed in the FYDP-II

Strategic Objectives (SO)	Outputs	Planned Completion	Status in August 2020: Stage of Completion[1]	Status in August 2020: Proportion of Completion (percent)	Comments
SO1: Construction of roads in strategic areas					
a)	Dar es Salaam – Chalinze – Morogoro Express way (228 km) constructed	June 2021	Feasibility study for Phase 1: Dar es Salaam – Chalinze (144 km) was completed in December 2017 under PPP arrangement.	Preparations	Construction could not start as planned due to forecasted competition on traffic with other ongoing projects such as SGR and Kwala dry port which could transfer risks from the Private (Concessionaire) to the Government. The feasibility study from Chalinze – Morogoro to other places is required.
b)	Arusha – Moshi – Himo junction dual carriage way, 105 km constructed	June 2021	Construction of Sakina –Tengeru road to dual carriageway (14.1 km) and the Arusha Bypass road (42.4 km) were completed. Construction of Tengeru – Himo-Moshi – Himo (105	Delayed	JICA expressed interest for financing the Tengeru-Moshi-Himo road section but negotiations for financing has taken too long.

Strategic Objectives (SO)	Outputs	Planned Completion	Status in August 2020		Comments
			Stage of Completion[1]	Proportion of Completion (percent)	
			km) including weighbridge is required		
c)	Kidahwe (Kigoma) – Ilunde-Malagarasi – Kaliua (188 km) upgraded to bitumen standard	June 2021	Construction of Kidahwe – Uvinza and Malagarasi – Kazilambwa – Kaliua including Kikwete Bridge (180.6 km) are completed. Construction of Chagu – Kazilambwa section (36 km) is ongoing and Uvinza – Ilunde – Malagarasi (51 km) is under procurement for works.	Delayed	Commitment of funds from OPEC/Kuwait and ABU DHABI Funds for Uvinza – Malagarasi and Kazilambwa – Chagu sections has taken too long to be concluded.
d)	Itoni – Mkiu - Ludewa – Manda to bitumen standard (211.42 km) upgraded to bitumen standard.	June 2021	Works are on-going on Lusitu – Mawengi section (50 km)	42	Good progress
e)	Manyoni – Itigi – Tabora Road (245 km) upgraded to bitumen standard	June 2021	Works are completed by 100percent on Manyoni – Itigi – Chaya and Chaya – Tabora. Works are ongoing on Chaya – Nyahua section (85 km)	63 percent	Good progress though delayed commencement
f)	Tabora – Ipole – Koga – Mpanda (340 km) constructed	June 2021		No data	
	Usesula – Komanga Section (115.5 km)			41.4	Good progress though delayed commencement
	Komanga - Kasinde Section (112.8 km)			59.67	Good progress though delayed commencement
	Kasinde –			47.48	Good progress though

Strategic Objectives (SO)	Outputs	Planned Completion	Status in August 2020		Comments
			Stage of Completion[1]	Proportion of Completion (percent)	
	Mpanda Section (107.7 km)				delayed commencement
g)	Sumbawanga – Mpanda – Nyakanazi (346.6 km) constructed by June 2021	June 2021			No information
			Works on Sumbawanga-Mpanda road (188.5km)	100	Completed
			Works on Mpanda – Ifukutwa – Vikongwe (37.69km)	90.2	Almost completed
			Vikonge – Uvinza (159km) not started	0	Budget constraint
			Works on Kidahwe-Kasulu section (63km)	98.6	Almost completed
			Works on Nyakanazi-Kibondo Section (50km)	83.0	Almost completed
			Works on Kibondo – Kasulu-Manyovu (260km), Contract Signed on 20th February 2020.	10	Preparatory work. Under mobilization for works
h)	Masasi – Songea – Mbamba Bay (898 km) constructed by June 2017	June 2021	Works completed on Masasi – Songea – Mbinga. Works almost done for Mbinga – Mbamba Bay (66 km), remaining less than 20 km in October 2020	Above 95	In October 2020 a section of 20 km was yet to be completed between Mbinga and Mbamba Bay
i)	Chunya – Makongorosi, Rungwa – Itigi - Mkiwa road (km 300) upgraded to bitumen standard	June 2021	Works are on-going on Chunya – Makongolosi road section (39km).	64.7	Good progress though delayed commencement
j)	Bagamoyo – (Makurunge) –	June 2021			
			Tanga – Pangani	50	Ongoing

Strategic Objectives (SO)	Outputs	Planned Completion	Status in August 2020		Comments
			Stage of Completion[1]	Proportion of Completion (percent)	
	Saadani – Tanga road km 178 constructed		Section (50km). Contract for works is signed. Works are under mobilization under GOT funding		
			Construction of Pangani Bridge and upgrading to bitumen standards from Pangani – Mkange (120.8km) are under tendering stage under GOT/AfDB funding.	10t	Tender stage
k)	Rural Road management in the Country enhanced	June 2021	TARURA- was established and working on its share of rural and urban roads	100	Fully accomplished and TARURA is in full swing
SO2: Decongestion of Dar es Salaam City					
l)	Ubungo Interchange constructed	June 2021	Near completion	95	Test run of vehicles from Kimara to City Centre and that from Mwenge to Buguruni conducted
m)	TAZARA Flyover	June 2018	Completed	100	Operational
n)	Uhasibu Fly over constructed	June 2021	Works on going	4.36	Under construction in tandem with BRT Phase 2 Project
o)	Chang'ombe Flyover	June 2021	Works on going	4.36	Under construct in tandem with BRT Phase 2 Project
p)	Gerezani road (1.3 km) widened (1.3 Km)	June 2021	Works on going	78.80	Almost completed
q)	New Salender Bridge Constructed	June 2021	Ongoing	42.7	Good progress
r)	DSM Outer Ring Road (Bunju – Mbezi Mwisho (Morogoro road) – Pugu (34km) constructed	June 2021	Studies for the required standards not done	0	Budget constraint
SO3: Increase local					

Strategic Objectives (SO)	Outputs	Planned Completion	Status in August 2020		Comments
			Stage of Completion[1]	Proportion of Completion (percent)	
participation in Construction Sector					
s)	Promoting hire purchase mechanism and strengthening of Contractors Assistance Fund by June 2021	June 2021	Work in progress	50	Ongoing
t)	Conditional partnerships between local and domestic companies enhance	June 2021	Some ongoing projects but details not yet availed	50	Ongoing
u)	Internship program to students in domestic and foreign construction companies enhance	June 2021	Total Contractors as of December 2019 was 10,822 out of this Foreign Contractors are 410 and Local Contractors are 10412	50	Ongoing
Unweighted average achievement for output targets with data				50	For targets with data, with highest achieved (100percent) and lowest (0percent)
Grand Total: TZS Million 9,582.5		Of which:	GOT: TZS Million 4,763.5	Private Sector: TZS million 4,819.0	

Note: [1]Note if "Completed"/ "ongoing" or "Incomplete"/ "cancelled" or "postponed"

According to the Minister's budget speech in May 2020, the government had, between 2015 and March 2020, constructed some 2,624.27 km of paved roads, and some 82.6 km for decongesting traffic in urban areas. At the time of submitting the budget some 1,298.44 km of paved roads were under construction, some 300.9 km of trunk roads had been rehabilitated.

There has been investment in 17 major bridges, up to March 2020, 12 major bridges namely; Magufuli (Morogoro), Nyerere (Kigamboni), Kavuu (Katavi), Sibiti (Singida), Lukuledi II (Lindi), Ruvu Chini (Pwani), Magara (Manyara), Momba (Rukwa), Mlalakuwa (Dar es Salaam), Mara (Mara), Mtibwa (Morogoro) na Lukuledi (Lindi) had been completed, 5 bridges namely; New Selander, Msingi, Wami, Kitengule and Ruhuhu were under various stages of construction. Other major bridges which were under preparation for works include Kigongo – Busisi (now under construction), Sukuma, Simiyu, Mkenda, Mtera, Godegode, Malagarasi Chini and Ugalla.

Feasibility studies and detailed designs for 4,856 km of trunk and regional roads for upgrading to bitumen standard and 12 major bridges had been completed, while feasibility study for 452.3 km for rehabilitation to paved standard was ongoing. Furthermore, feasibility studies and detailed designs of 3,653.13 km of trunk and regional roads were at various stages of implementation.

3.8.4.2 Management for Results: Roads

Key summarized issues:	
i.	Establishment of TARURA to enhance efficiency in implementing roads outside the main trunk roads under TANROADS
ii.	Increased resource allocations to the construction of roads and bridges
iii.	TANROADS enhanced its enforcement of existing rules and regulations governing road usage
iv.	Specialized agencies useful partners in roads construction include: the National Construction Council (NCC); Architects and Quantity Surveyors Registration Board (AQRB), Engineers Registration Board (ERB), Contractors Registration Board (CRB)
v.	Establishment of hire-purchase for equipment for local contractors
vi.	Increased supervision of contractors involved in road construction and penalize those under-performing, including deregistration of unethical local and foreign contractors
vii.	Special system to encourage local companies to participate and win road construction and supervising tenders
viii.	Use of force account in pubic construction projects (saving between 30 to 40 percent of the construction costs).
ix.	Acknowledged the role of the informal, collective groups (women and youth), and small contractors as an important entry point to widen the use of labour-based technology.

Among the instruments that have been key to the success in expanding the road network in Tanzania is the establishment of a Roads Fund contributed by fuel users. There have also been several institutions that have been key in ensuring that TANROADS and TARURA deliver outputs of good quality by using qualified engineers and contractors. The Architects and Quantity Surveyors Registration Board (AQRB) registers companies in that field and also undertakes training and audits the construction projects. The Engineers Registration Board (ERB) does registration of engineers, technicians, and engineering consulting companies, undertake professional training as well as inspecting engineers' activities. On the other hand, Contractors Registration Board (CRB) registers new contractors of various fields and evaluates construction projects. CRB also run training courses and inspects construction projects. In an effort to empower local contractors, CRB started the Contractors Assistance Fund, which provided tender bids bonds and advance payments guarantee to small and medium contractors to facilitate the participation of local contractors in implementation of works projects.

3.8.4.3 Adequacy of FYDP II financing and resource utilization for Roads

The plan was to construct roads amounting to 3,187 km of strategic roads and bridges; reduce traffic congestion in cities; and increase local participation in construction sector. Funds were to be secured not only for the financing construction of roads and bridges, but land acquisition and compensation as well. The identified projects are estimated to cost TZS 9,582.5 billion of which TZS 4,763.5 billion to be financed by Government and TZS 4,819 billion by private sector.

The road sector has been given a higher priority in resource allocation, thanks to the Road Fund system that ring-fences collected tax revenue specifically for the sector. However, it would seem over-ambitious plans to start new road projects has tended to lead to delays in funds disbursement for ongoing projects. On the other hand, the categorization of roads and division of institutional responsibilities between TANROADS and TARURA has resulted to more effective implementation and utilisation of allocated funds due to the specialisation. TARURA has changed the narrative in the supervision of roads in urban and rural areas by proving that it can deliver on time good quality roads through the use of force account.

3.8.4.4 Challenges facing Roads Sub-Sector

(i) The fallacy of new roads, but delayed travel time: The growth of trading centres and small towns alongside trunk roads/highways has resulted to a secondary problem of pedestrians' safety, which has been solved by the erection of road humps/bumps in almost all villages, trading centres and towns where the roads pass through. This has led to increased travel time between points, almost doubling the time it would take without the humps. Since time is money, delayed turn-around of trucks engaged in domestic and regional trade implies increased transaction costs. There should be a way to solve the problem. Studies should be undertaken to see if there is some economic justification for adding fly-over bridges in busy settlements along the highways or creating some short by-passes with restrictions to prohibit stoppage so that new settlements are not established along the by-passes. It is most likely that the marginal benefits will outweigh marginal costs for solving this problem.

(ii) Collusion to escalate costs of construction: Reports by the CAG indicate that at some point there were some collusion between contractors and local leaders at council level resulted to escalated construction cost per kilometer of roads. This has been resolved by the establishment of TARURA, which has minimized interference from corrupt leaders. However, the new system for using "force account" should be regularly reviewed due to historical lessons that compelled the government to abandon it in the 1990s in favour of outsourcing arrangements.

(iii) Infrastructure projects are not adequately analyzed and opportunities marketed as part of the local development programmes (the cluster approach).

(iv) The investments in roads constructions are not adequately integrated with other services (e.g. charco dams, communication, power, sewerage, even tree planting and preservation on the road reserve) in order to optimize their returns to communities through which they pass through.

(v) Laxity to uphold work quality during procurement, development and usage to reduce direct and indirect maintenance costs.
(vi) Local contractors unable to cope with rapid technological advancement which demand to acquire more modern equipment and new skills; hence local companies are outwitted by better funded foreign companies.
(vii) Inadequate capacity of local contractors in terms of finance and equipment to take up major construction works that lead to high cost of implementation of program and/or delay of projects completion.
(viii) Inadequate budget and delayed disbursements of funds which affects the implementation of programs/ projects and related capacity building.
(ix) Research in the roads and construction sector has yet to be initiated.
(x) Imposition of VAT for road projects particularly those with tax exemption contracts signed before 1st July, 2014 increase construction costs; and
(xi) Payment for royalty for gravel, sand for road works increases cost of construction

3.8.4.5 Untapped Opportunities towards FYDP II the Road Sector Objectives and Targets

Among the untapped opportunities in roads construction includes:

(i) Approved development strategies for the enhancement of different categories of infrastructure (roads, railway, ports, airports, dams, electricity, pipelines, water projects). These provide some opportunities for private sector investment and financing arrangements; and,
(ii) Presence of policies and legislations such as Public Private Partnership (PPP) Policy and Act and the Environmental Management Act (EMA) Act which guides programme implementation.
(iii) There exists some local expertise in the construction sector (contractors) and consultants which could be tapped by providing opportunities to prove themselves after some capacity building interventions;
(iv) Existence of sector training institutions which enhance, knowledge sharing and capacity building;
(v) Good relationship and mutual trust from Development Partners who supports implementation of works programs.

3.8.4.6 Recommendations

a) To carry over the unfinished projects to the third FYDP.

b) Undertake period review of the performance of TARURA, especially to identify weaknesses in the tendering processes and also in the use of "force account", which was in earlier years abandoned due to some inherent weaknesses in the absence of strong oversight and morally upright officials.

c) Support TARURA and TANROADS to uphold systems that ensure good value for money during procurement, development and road usage to reduce direct and indirect maintenance costs.

d) Strengthen TANROAD and TARURA systems that ensure that infrastructure projects are adequately analyzed and opportunities marketed as part of the local development programmes (the cluster approach). This includes ensuring that new roads are adequately integrated with other services (e.g. charco dams, communication, power, sewerage, even tree planting and preservation on the road reserve) in order to optimize their returns to communities through which they pass through.

e) Continue with the programme that encourage and enable local contractors to cope with rapid technological advancement which demand to acquire more modern equipment and new skills so that they can adequately compete with foreign companies

f) Enhance the Local Contractor's Fund to assist local companies access finance and equipment to take up major construction works.

g) Enhance the system for hire-purchase programme for the benefit of local contractors

h) Government to improve its system for payment of contractors' certificates to avoid delays in the completion of projects.

i) Initiate research work in the roads and construction sector; and,

j) Negotiate with Local Government Authorities (LGAs) to rationalize royalty charges for gravel, sand for road works, which are seen to increase costs for road construction by TARURA.

3.8.5 Railways

Railway transportation has proved to be relatively the cheapest mode of transportation compared to roads or air transport system. While the resolve to modernise the central line had been in the plan for many years, up to the close of FYDP I (2015) the country had undertaken the necessary technical studies but was inconclusive on the financing modalities Tanzania. Studies have been done for other SGR corridors including Dar es Salaam – Mwanza (1,219 km), Mtwara Port to Mbamba Bay on Lake Nyasa (1,000 kilometres), Tanga – Arusha - Musoma (1,023 km), Kaliua - Mpanda – Karema, Tabora to Kigoma (411 km), Uvinza to Musongati (156 km), Isaka to Kigali (356 km). During FYDP II the Government decided to mobilize funds through various domestic and international financing instruments. The implementation of these plans, among others, is presented below by looking at the intended outcomes based on the outputs presented in Table 3.8.9.

3.8.5.1 Results from Implementation of Objectives Set in the FYDP-II

(a) Outcome Assessment

The FYDP-II had only 2 national level outcome indicators, of which only one had some data to gauge its status by mid-2020.

Performance summary	
No. of outcome indicators:	2
No. of outcome indicators with data:	1
No. of indicators with data and have attained targets:	0
No. of indicators with data and have not attained targets:	1

The FYDP-II had intended to implement several infrastructural projects shown in Table 12.9 so as to give rise to two main higher level outcome indicators: (i) Tanzania's position in global ranking of railways infrastructure improved from 88th in 2015 to 84th by 2020; and (ii) introduce a railway network built on Standard Gauge (SGR) for the first time, starting with 1,341 km by 2020/21 out of the total SGR length of 1,457 km between Dar-es-salaam and Mwanza. The outcome target for SGR length of 1,219, km had been reached by 25.9 percent by April 2020. This is because although the stretch of 300 km between Dar and Morogoro had reached 90 percent, the longer portion of 422 km between Morogoro and Makutupora in Dodoma had reached 49.2 percent. However, it is noted that the former section is likely to be completed before December 2020 because electricity connections are also at advanced stage and some test runs of the train have been conducted in the finished sections.

Table 3.8.9: Summary of Outcome Indicators for Railways

S/N	National Indicator for 2nd Five Year Development Plan Achievements	Baseline 2015/16	Target for 2020/21	Achievements by 2020/21	Proportion of Achievements (percent)
1	Railway position in global ranking	88.00	84.00		
2	Length in Km of standard gauge	-	1,219	250.	20.5

Source: Ministry of Finance and Planning (2017), Monitoring and Evaluation Framework, Annex 2- National Indicators, Table 1: Industrialization and Economic Transformation Indicators for FYDP II- ME, page 53.

Key findings:

i. Some huge investments made in rehabilitating the old railway tracks in addition to the construction of SGR.
ii. The rehabilitation work has resulted to the opening of routes between Dar and Tanga, Tanga to Moshi and Moshi to Arusha, as well the section between Tabora and Mpanda. These section have been idle for decades
iii. The rehabilitation work will certainly contribute to improving Tanzania's railway ranking in global position
iv. The average annual growth rate of the railways sector has been slower than the rest of service sectors due to neglect of the railway mode of transport.

(a) Output Performance (Railways)

Overall the attainment of planned outputs had reached about 90 percent and 49.6 percent for Lot I and Lot II respectively by December, 2020.

Railways: Output Performance summary	
No. of output and process indicators:	13
No. of output and process indicators with data:	12
No. of indicators with data and have attained targets:	9
No. of indicators with data and have not attained targets:	1

Key findings:

Overall, the Tanzania SGR project runs 1,219 km (Dar es Salaam to Mwanza) at an estimated cost of USD7.5 billion to be constructed over five years. As already indicated, by April 2020 it had reached about 26 percent of the specified target by June 2021. This implies that the project is unlikely to be completed in the remaining period of FYDP-II. However, a bonus project for Tanzanians is the successful revival of Dar-Tanga-Moshi-Arusha railways system that was not included in the FYDP-II. On the other hand, the planned major maintenance for the central railway between Dar es Salaam and Isaka (970 km) had reached 99.9 percent by December 2020 and is most likely to be completed before June, 2021. Otherwise, all the procurement plans to supply TRC and TAZARA with new engines and wagons went as planned as shown in Table 3.8.10.

According to the Minister's Budget Speech in June 2020, feasibility studies for the construction of new SGR infrastructure had been completed for the following routes: Mtwara-Mbamba Bay (1,000 km); Tanga-Arusha-Musoma (1,023 km), Kaliua-Mpanda-Karema, and Tabora-Kigoma (411 km), Uvinza-Musongati (156 km), Isaka-Kigali (356 km), and Dar-es-Salaam City Commuter Train.

The FYDP-II had three strategic objectives meant to generate 13 outputs through projects for building and rehabilitation of railway infrastructure (Table 3.8.10). They include the following:

(a) SO1: Improve hauling capacity of Tanzania Railways Corporation (TRC) in servicing freight and passengers, involving procurement and repair of rolling stock to increase capacity of operating equipment and improve availability of train services

(b) SO2: Restructuring of Tanzania Zambia Railway Authority (TAZARA), leading improved operational services

(c) SO3: Improvement of the existing railway infrastructure and services; involving the completion of feasibilities for studies for Chikola – Magamba (20Kms) and Mlimba Mchuchuma/Liganga (360 kilometres) as well as rehabilitation of spotted areas along permanent way (975 kilometres). Other interventions were meant to procure and rehabilitate rolling stock and have some improved signaling, Telecommunication (S&T) and Management Information System (MIS).

(d) SO4: Commuter transportation system and service improved, which included 5 outputs by June 2021: (i) funds for rehabilitation mobilized; (ii) development of infrastructure and acquisition of rolling stock secured; (iii) rehabilitation /improvement of Ubungo commuter rail (12 kilometres) conducted; (iv) City Centre – Mwakanga commuter rail (18 kilometres) rehabilitated and improved; and (vi) Rolling Stock for TRC Ubungo/Pugu: 4 Locomotives and 16 Coaches; and TAZARA: Mwakanga: 4 Locomotives and 16 Coaches.

(e) SO5: Development of Power Plan for electrification of Commuter Rail Operations, involving one output, namely: Power plan for electrification of commuter trains developed

(f) SO6: Acquisition of land for railway right of way in identified routes, with one output, namely, land for construction of railway lines on identified routes acquired and compensation of project affected peoples paid.

Overall Rating of Achievement in Implementing Planned Outputs	*Unweighted average of achievements of planned outputs in the Railways Sector by mid-2020*	**90 percent**

Table 3.8.10: Output Indicators for the Railways Industry

Strategic Objectives (SO)	Outputs	Planned Completion	Status in August 2020		Comments
			Stage of Completion[1]	Proportion of Completion (percent)	
SO1: Improve hauling capacity of Tanzania Railways Corporation(TRC) in servicing freight and passengers.					
a)	Procurement and repair of rolling stock to increase capacity of operating equipment and improve availability of train services	June 2021	completed	100	New engines=11; 2 wagons rehabilitated=367 3 Shunting engines rehabilitated=7
SO2: Restructuring of Tanzania Zambia Railway Authority (TAZARA)					
b)	Operations of TAZARA improved	June 2021	completed	100	Rehabilitation of 7 engines (Locomotives) completed. Rehabilitation of 400 wagons completed Fuga station improved.
SO3: Improvement of the existing railway infrastructure and services					
	Conduct feasibility study Chikola – Magamba (20 kms)	June 2019	Not implemented	0	Sourcing Funds
	Procurement of Kongolo quarry and concrete sleepers Plant equipment	June 2021	Completed	100	Procurement of 1 Excavator, 1 Dump Truck and 1 Drill Rig done

Strategic Objectives (SO)	Outputs	Planned Completion	Status in August 2020		Comments
			Stage of Completion[1]	Proportion of Completion (percent)	
	Conduct feasibility study for Mlimba Mchuchuma/Liganga (360 Kms)	June 2021	Not implemented	0	Sourcing funds
c)	Maintenance of Spotted areas along Permanent way 975Kms	June 2021	on going	51	Dar to Tunduma Normal maintenance will be done
d)	Improvement of permanent way Machines	June 2021	Completed	100	Tamping machine No.3 which was down for over 15 years , now it is back to work after rehabilitation
e)	Procure and rehabilitate Rolling stock	June 2021	ongoing	50	Depending on availability of funds
f)	Signalling, Telecommunication (S&T) and Management Information System(MIS) improved	June 2021	On going	Not available	Depending availability of funds
SO4: Commuter transportation system and service improved					
g)	Funds for rehabilitation, development of infrastructure and acquisition of rolling stock secured	June 2021	succeeded	100	
h)	Rehabilitation /improvement of Ubungo commuter rail (12 Km) conducted	June 2021	ongoing	80	TRC
i)	Rehabilitation/ improvement ofDSM station – Mwakanga commuter rail (18 Km)	June 2021	on going	50	Operational
j)	Provision of Rolling Stock Locomotive 4 Coaches 16 Mwakanga: (TAZARA) Locomotive 4 Coaches 16	June 2021	completed	100	For TAZARA 4 Locomotives and 16 Coaches not yet procured due to funds sourcing
SO5: Development of Power Plan for electrification of Commuter Rail Operations					
k)	Power plan for electrification of	June 2018	completed	100	

Strategic Objectives (SO)	Outputs	Planned Completion	Status in August 2020		Comments
			Stage of Completion[1]	Proportion of Completion (percent)	
	commuter trains developed				
SO6: Acquisition of land for railway right of way in identified routes					
1)	Land for construction of railway lines on identified routes acquired and compensation of project affected peoples (PAPs) paid	June 2021	ongoing	50	
Unweighted average of achievements of planned outputs by mid-2020				90	
Grand Total: TZS 185,665 million		Of which:	GOT: TZS 185,665 Million	Private Sector: TZS 0	

Note: It could be "Completed"/ "ongoing" or "Incomplete"/ "cancelled"/ "postponed"

Source: Ministry of Finance and Planning (2017), Implementation Strategy for the National Five - Year Development Plan (2016/17 – 2020/21), Transportation (June 2017), page 268.

3.8.5.2 Management for results: Railways Sector

Key summarized issues:

i. Increased resource allocations to railways infrastructure and services, including increasing reliance on own sources of funds have helped to improve services as witnessed by the resumption of train passenger services in Dar-es-salaam city and between Dar and Arusha via Tanga and Moshi
ii. Successfully integrating the roll-out of SGR with electricity infrastructure for powering the new trains to run on SGR system
iii. Increased engagement of local companies as suppliers of building materials sources from domestic industries.

3.8.5.3 Adequacy of FYDP II financing and resource utilization

The interventions in developing the railways sector were envisaged to cost about TZS 185.67 billion for the five year period. All of the funds for the projects were expected to come from government. The inability to complete some of the planned projects indicates there were some shortfalls in mobilizing adequate financial resources.

3.8.5.4 Challenges and Potential Solutions

Among the challenges the country will have to face is the lack of seamless movement of railway wagons designed for three types of railway gauges: the "Cape Gauge" used by TAZARA (Cape Town (South Africa)-Kapirimposhi (Zambia)-Dar-es-salaam (Tanzania), the meter-gauge used by TRC(Dar-es-salaam-Tanga-Moshi-Arusha) and the expected SGR, also used by TRC (Dar-es-salaam- Morogoro-Dodoma-Tabora, where it branches to Kigoma, Mpanda and Mwanza).

3.8.5.5 Untapped opportunities for Railways development towards FYDP II objectives and targets

Competition posed by trucks and buses using newly build roads will have to be faced by some aggressive marketing and improvement of services to be offered by the revamped railway system. It is also important to consider establishing special transport hubs along its network whereby cargo is exchanged between railway wagons and road trucks. This will imply to continue with investments for improved rural roads so that trucks can feed cargo into the railway network.

3.8.5.6 Recommendations

The government is advised to include interventions that cannot be accomplished before June 2021 to be part of the FYDP III. Delayed activities are shown in Table 3.8.10. The carry-over should be accompanied by new projects to established railway transport hubs to facilitate inter-modal flow of goods and passengers using roads, air, water and railways.

3.8.6 Ports Infrastructure

Tanzania has a diverse system of Sea and Inland waterways (Lake Ports). The major sea ports are Dar es Salaam, Tanga and Mtwara while smaller sea ports are Kilwa, Lindi, Mafia, Pangani and Bagamoyo. The Lake Ports include Mwanza North and South, Nansio, Kemondo Bay, Bukoba and Musoma on the Lake Victoria; Kigoma and Kasanga on Lake Tanganyika and Itungi Port, Kiwira, Manda, Liuli and Mbamba Bay on Lake Nyasa.

3.8.6.1 Results from Implementation of Objectives for Ports Infrastructure Set in the FYDP-II

The analysis is based on status reached in attaining the intended 5 outcomes from the different investments; as well as the drivers of the outcomes, namely interventions/projects and processed that resulted to some 11 specified outputs.

(a) Outcome assessment

Ports: Output Performance summary	
No. of output and process indicators:	5
No. of output and process indicators with data:	4
No. of indicators with data and have attained targets:	4
No. of indicators with data and have not attained targets:	4

The government expected that after some multiple interventions to improve ports services the country with have improved on 5 outcome indicators relative to the situation in 2015/16. The latest data for Tanzania's position in global ranking of ports could be accessed, and so the average achievement is based on those indicators with data when combined. There appears to have been no change in the number of days for turn-around for ships at our Tanzanian ports, but managed to shorten by 50 percent ship's dwell time, although the target for 3 days instead of 7 could not be reached. The number of ships calling at Tanzanian ports has increased by 26.7 percent (Figure 3.8.7). The increased traffic of ships and improvements in dwell-time appear to have contributed to the observed increase by 70 percent in the amount of cargo handled by all sea ports (Figure 3.8.6). The overall unweighted average for attaining outcome indicators is 75 percent as shown in Table 3.8.11.

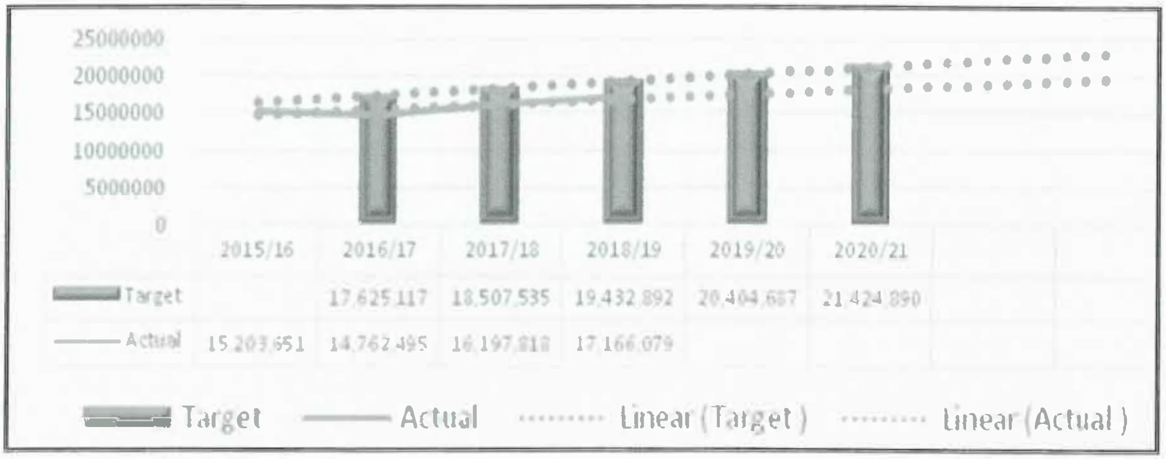
Table 3.8.11: Outcome Indicators for Maritime Transport Infrastructure and Services

S/N	National Indicator for 2nd Five Year Development Plan Achievements	Baseline 2015/16	Target for 2020/21	Achievements by 2020/21	Proportion of Achievements (percent)
1	Ports position in global ranking	106	100	72	128
2	Cargo freight for all TPA Ports (million tons per year)	15.4	16.1	17.44	109
3	Ship turn-around time (days)	3	1	3 (June 2019)	0
4	Container Dwell-time (days)	7	3	4.4 (June 2020)	46.7
5	No. of ship calls at ports perannum	1661	1,985	1,685	101.4
	Overall unweighted average performance compared to target by 2020				**75**

Note: [a] based on increment over the past four years

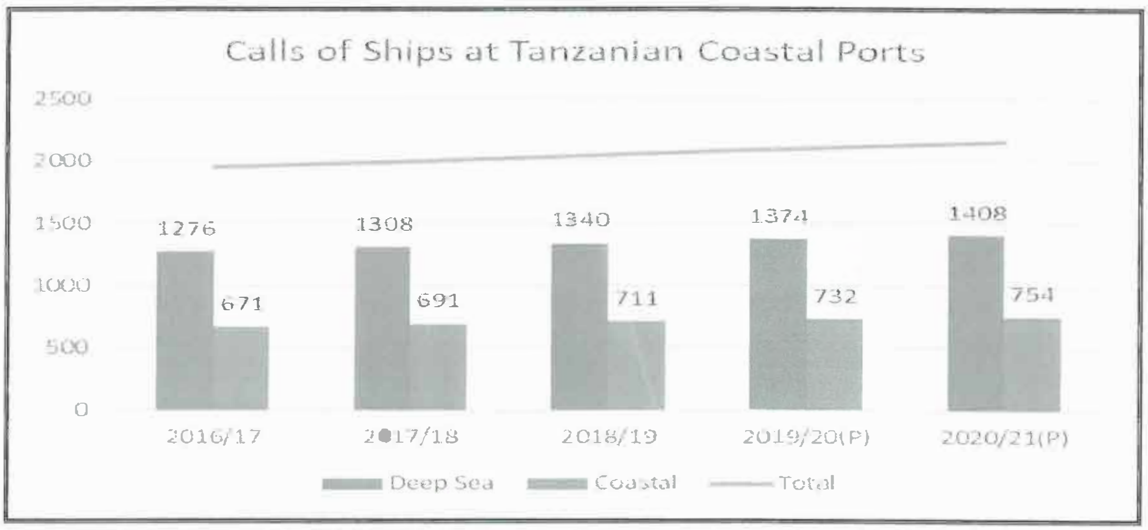
Source: Ministry of Finance and Planning (2017), Monitoring and Evaluation Framework, Annex 2- National Indicators, Table 1: Industrialization and Economic Transformation Indicators for FYDP II- ME, page 53.

Figure 3.8.6: Actual (until June 2020 and Projected Cargo Traffic (metric tons) through Dar Port (Table 2A.1).



Source: TPA (2019). The 3rd Corporate Strategic Plan for the Period 2016/17 – 2020/21. Revised in December 2019. (Table 2A.1). Tanzania Ports Authority, Dar-es-salaam.

Figure 3.8.7: Actual and Projected Ship Calls at Tanzanian Ports 2015/16 to 2020/21



Source: TPA (2019). The 3rd Corporate Strategic Plan for the Period 2016/17 – 2020/21. Revised in December 2019. (Chart 2A.8). Tanzania Ports Authority, Dar-es-salaam.

(b) Output assessment of Ports

The government had 7 strategic objectives, with 11 expected outputs from projects aimed at improving ports services in the country. On average, the outputs targets were realized by 44.4 percent compared to the planned levels by June 2021 for those 9 indicators with data.

Ports: Output Performance summary	
No. of output and process indicators:	8
No. of output and process indicators with data:	8
No. of indicators with data and have attained targets:	4
No. of Indicators with data and have not attained targets:	0
Key findings:	

There were seven strategic objectives adopted for ports development, which would lead to 11 outputs as detailed in Table 3.8.12 and summarized below:

(a) SO 1: Development of Dar es Salaam Maritime Gateway Project (Berth 1 – 7, Ro-Ro terminal and dredging of entrance channel, which include three outputs: (i) Ro-Ro berth of 260m and depth of 14m CD at the Gerezani Creek constructed; (ii) Deepening and Strengthening of berth 1-7 completed; and (iii) Entrance channel at Dar es Salaam port widened and deepened up to 15m Chart Datum completed

(b) SO2: Development of Kwala dry port, with one output: A dry Port at Kwala developed

(c) SO3:Construction of preliminary basic infrastructures by SUMA JKT

(d) SO4: Modernization of Kigoma Port, with one output: Rehabilitation of quays and operational yards at Kigoma port completed

(e) SO5: Development of Mbegani Port –Bagamoyo, also with one output: Construction of Mbegani port –Bagamoyo completed

(f) SO6: Development of Mwambani Port, Tanga, with one output: Development of Mwambani Port completed

(g) SO7: Construction of berths 12 – 14 at Dar es Salaam Port, with one output: Container berths with 700m long and 15m CD and yards with 135 m^2 completed

Among the highlights in the improvements of Tanzania's Sea and Lake ports include:

(i) *Dar es Salaam Port:* Construction of the Kwala dry port in Pwani Region to decongest Dar es Salaam Port and roads between the Port and Ruvu (90kms) at a cost of TZS 35 billion by May 2020. Investment has been done in cargo handling equipment and scanner.

(ii) *Tanga Port:* Phase one of the the port expansion including dredging the quay to allow larger vessels to anchor as well as rehabilitation of warehouses at berths 1 and 2 completed. It's capacity has been increased by from 700,000 tons to 1,201,000 tons per annum.

(iii) Rehabilitation, fendering and cathodic protection to quay no.2 was implemented between September 2016 and June 2017.

(iv) Mtwara Port: The port was to be expanded to increase its capacity from 400,000 to 750,000 tons. Work included expanding concrete surface by $600m^2$ as well as construction of a 300 metres long berth that had completed.

(v) Other Ports: Berths constructed or improved in Lake Victoria: Lushamba, Ntama, Magarini, Mwigobero, and Nyamirembe; Lake Tanganyika, Kagunga; and Lake Nyasa it is Kiwira and Itungi.

(vi) In Lake Nyasa the Government has invested in two high capacity (above 1,000 tons) ferries and one vessels with the capacity of 350 passengers and 200 tons. In Lake Victoria a ferry with a capacity of 1,200 passengers and 400 tons cargo had reached 60 percent by June 2020.

Table 3.8.12: Status of Implementation of Planned Interventions by August 2020

Strategic Objectives (SO)	Outputs	Planned Completion	Status in August 2020		Comments (reasons for under-performance
			Stage of Completion	Proportion of Completion (percent)	
I- PORTS					
SO 1: Development of Dar es Salaam Maritime Gateway Project (Berth 1 – 7, RoRo terminal and dredging of entrance channel					
a)	Ro-Ro berth of 260m and depth of 14m CD at the Gerezani Creek constructed	June 2019	Completed	100	RoRo berth completed and put in use since September 2019
b)	Deepening and Strengthening of berth 1-7 completed	June, 2019	Completed 4 out of 7	57.14	Berth 5 is scheduled to be completed by December 2020, construction of berths 6-7 and container terminal are in progress
c)	Entrance channel at Dar es Salaam port widened and deepened up to 15m Chart Datum completed	June 2019	Procurement	Not applicable	Finalizing procurement
Development of Ruvu dry port					
d)	Development of a dry Port at Kwala by construction of preliminary basic infrastructures by SUMA JKT	June 2019	Construction in progress	40	Strategic works implemented
e)	One (1) additional berth of 300m long constructed	June 2019	ND construction in progress	87	Substantial completion expected to be in Mid-December 2020
Modernization of Kigoma Port					
f)	Rehabilitation of quays and operational yards at Kigoma port completed	June 2021	Procurement	Not applicable	The Government is finalizing financing GoJ through JICA
Development of Mbegani Port – Bagamoyo					
g)	Construction of Mbegani port – Bagamoyo completed	June 2021	Postponed	0	The Government us reconsidering the conditions spelt out by the private sector partners
Development of Mwambani Port, Tanga					
h)	Development of Mwambani Port	June 2021	Postponed	0	To be reconsidered after getting

Strategic	Outputs	Planned	Status in August 2020		Comments
	completed				recommendations from the Updated Tanzania Ports Master Plan.
Construction of berths 12 – 14 at Dar es Salaam Port					
i)	Container berths with 700m long and 15m CD and yards with 135 m² completed	June 2021	Procurement	Not Applicable	Finalizing procurement of Consultant
Sub-Total Cost	TZS Billion 3,036	Of which:	GOT: TZS billion 1,742		Private Sector: TZS billion 1,294
II- Lake Transportation					
Revamp marine transportation through procurement and rehabilitation of Marine Vessels					
(a)	Lake Nyasa: Procurement of 2 barges and 1 ship (TPA)	June 2020	Completed	100	The 1 ship and the 2 barges are now operated by MSCL
	Building of One Marine Vessel for transportation of passengers and cargo at Lake Victoria (MSCL)	June 2021	On going	70	Overall completion of the project is 70 percent while the fabrication was at 22% by 30th Septemmber 2020.
	Rehabilitation of MV Victoria and MV Butiama at Lake Victoria (MSCL)	June 2020	Completed	100	MV Victoria and MV Butiama have started operations
	Construction of Slipway at Lake Victoria (MSCL)	June 2020	Completed	100	
	Building of one new vessel in Lake Tanganyika for transportation of passengers and cargo (MSCL)	June 2021	The Project is still at the stage of final Engineering estimated	Not Applicable	
Overall unweighted average performance for planned outputs with data				**66.73**	
Sub-Total	TZS Billion 252,284	Of which:	GOT: 252,284	Private sector: TZS Billion NIL	
Grand Total I+II above		TZS Billion 255,320		Private Sector: TZS 1,294 billion	

Note: [1]It could be "Completed"/ "ongoing" or "Incomplete"/ "cancelled"/ "postponed"
Source: Ministry of Finance and Planning (2017). Implementation Strategy for the National Five - Year Development Plan (2016/17 – 2020/21): Transportation (June 2017), page 268.

Summary: Ports Overall performance of attaining output targets	**Ports Infrastructure: Overall unweighted average performance for planned outputs with data**	**66.73 percent**

3.8.6.2 Management for Results

The plans to develop Mbegani Port and an associated Special Economic Zone in Bagamoyo were postponed after reconsidering the conditions spelt out by private sector partners in the project. Among the most remarkable development in ship building is the involvement of a Tanzanian company (Songoro Marine Company) in a the projects on the Lake Nyasa . The company has ably executed its tenders to build cargo and passenger ships on time.

3.8.6.3 Adequacy of FYDP II financing and resource utilization

Some of the planned projects were delayed or postponed due to financial constraints or unfreiendly terms of coorperation provided by the private sector in accordance with PPP regulations

3.8.6.4 Challenges and potential solutions

Some of the ships plying the three lakes and the Indian Ocean are outdated and would require some repairs or overhaul. The occasional ship accidents on Lake Victoria and the Indian Ocean are a testimony to that problem. One of the solutions could be to initiate a special lake and sea travel fund that could draw contributions from taxes levied on customers of all sea and lake vessels using Tanzanian waters.

3.8.6.5 Untapped opportunities towards FYDP II objectives and targets

There is still more to be done to improve lake and sea transportation, which if fully developed could contribute more to the economy and also generate tax revenue to the government. There is also a need to establish feeder networks within lakes and Indian Ocean to ferry passengers from smaller ports to larger ports and key sea transport hubs.

3.8.6.6 Recommendations

The government should consider to carry over to the third FYDP all of the interventions that were not accomplished in the FYDP-II. The next plan should also consider scaling up the construction of more cargo and passenger ships to avoid overloading of existing ships. The plans for new ships should go in tandem with the establishment of feeder vessels ferrying passengers and cargo from smaller ports to special hubs on lakes and the ocean

3.8.7 Revamping Air Tanzania Corporation

Air Tanzania Corporation Ltd (ATCL), which is wholly owned by Government, was launched in September 2006 but been facing stiff competition in both domestic and regional markets resulting to financial losses and a tarnished image as a national carrier. The government included in the FYDP II interventions that would resource ATCL's credibility and embark on a sustainable business model. In 2015/16 ATCL operated only one Dash 8 Q300 aircraft . The revamping of ATCL was meant to ensure that it plays a more active role in the growth of tourism, given the rich diversity of tourist attractions in the country. The FYDP-II included interventions that would solve ATCL's challenges related to inadequate fleet of aircrafts to cater for increasing demand; shortage of skilled labour in the aviation sector particularly aircraft pilots and aircraft engineers and air service management; poor airport infrastructure and lack of airports in potential destinations; inadequate use of IT and automated systems to increase ATCL competitive advantage. The main objective of the Government is to revive the national air carrier (ATCL) by 2020. In order to do that, the FYDP-II had specified some five outcomes, namely: Operational Efficiency of ATCL enhanced, Human Resource capacities and working conditions enhanced, ICT facilities improved, ATCL market share domestically and internationally increased, as well as safety, quality and security of aircraft, passengers and cargo ensured. In order to achieve the intended outcomes, some nine corresponding processes and activities were planned as part of solving the aforementioned challenges.

3.8.7.1 Results from implementation of Objectives

(a) Output Results from Implementation of Objectives Set in the FYDP-II

The FYDP-II had planned to implement 9 interventions that could lead to the revival of Air Tanzania Ltd, four of which were fully attained by June 2020.

Revamping of Air Tanzania Corporation Ltd: Output Performance summary	
No. of output and process indicators:	9
No. of output and process indicators with data:	9
No. of indicators with data and have attained targets:	4
No. of indicators with data and have not attained targets:	2

Table 3.8.13: Output Indicators for Air Tanzania

S/N	Expected Outcome	Output Indicator for 2nd Five Year Development Plan Achievements	Baseline in 2015/16	Target for 2020/21	Achievements by 2020/21	Proportion of Achievements (percent)
1	Operational Efficiency of ATCL enhanced	Number of Aircrafts increased to eight by June 2020	1	8	8	100

S/N	Expected Outcome	Output Indicator for 2nd Five Year Development Plan Achievements	Baseline in 2015/16	Target for 2020/21	Achievements by 2020/21	Proportion of Achievements (percent)
2	Human Resource capacities and working conditions enhanced	Number of pilots increased	11	84	75	100
		Number of engineers increased	27	191	101	52.9
		Capacity of NIT to offer aviation courses enhanced by June, 2021.	Low	Air Hostess and engineering course stared	Pilot course to start soon	70
3	ICT facilities improved	Use of IT and automated systems enhanced by 2018	satisfactory	Automation and intergration of the Operating and Administrative systems by 100	60	60
4	ATCL market share domestically and internationally increased	ATCL domestic market share increased	2.5	75	68.5	91.3
			0	2		50
5	Safety , quality and Security of Aircraft, passengers and cargo ensured	Put in place major ATCL Certifications (incl. IATA, IOSA,TCAA)	0	100		100
		Ensure recertification of ATCL by TCAA and IOSA by June, 2020	0	100	100	100
		Unweighted average of output performance by 2020				**85**
	Total Budget	TZS 2.5 trillion			TZS 1.3 trillion	

Source: This report: Annex Table 7

Key findings:

The airline successfully expanded its fleet to 8 aeroplanes: four Dash 8 Q400 for short range flights; two Airbus A220-300 for medium range flights and 2 Boeing 787-8 Dreamliner crafts for long range hauls. This has allowed the expansion of domestic destinations from three (3) to thirteen (13), and regional/international destinations from one (1) to seven (7) (Comoro, Uganda, Burundi, Zimbabwe, South Africa (Johannesburg), and India (Mumbai). Permits to fly to China (Guangzhou), was also obtained. Training was conducted as it also trained 75 , 101 engineers and 91 air hostesses. The installation of automatic passenger check system and accounting system was also undertaken. The airline also managed to forge strategic alliance and joint ventures with other airlines. Also the company rejoined vital association to the airline operations including IATA, AFRAA, IATA Clearing House as well as conforming to the IATA Operational Safety Audit (IOSA) and TCCA certifications as planned.

3.8.7.2 Management for Results

The revival of ATC as part of the FYDP-II was included in the CCM Election Manifesto, which directed the Government to purchase more than 11 new aircrafts. Advance payment for the additional three (03) aircrafts was made in 2020 with expectation of delivery January, August and October 2021. This is one of the strategies to boost tourism in the country. Established regional destination up to June 2020 are Bujumbura, Entebbe, Harare, Lusaka, Comoros, Johannesburg and international Mumbai-India and Guangzhou-China expected to be launched in January, 2021. In realizing that ATCL had a weak financial base to borrow and procure new crafts, the Government decided to buy the crafts and entered into a hire-purchase agreement with the company. The Government also decided to procure the crafts directly from the manufactures in order to get them at competitive costs. Parallel to the revamping of ATCL, the Government also invested in the improvement of airports and enhancing air safety through the installation of new aviation radars at strategic areas as shown in the sections for Aviation and Meteorology.

3.8.7.3 Adequacy of FYDP II financing and resource utilization

The projects earmarked to revamp ATCL were well funded on procuring of aircraft, however the project should incorporate proportionally development of operating infrastructure. Also, the Government supports ATCL on training particularly to pilots, engineers and air hostesses. ATCL is considered as revenue generating project and so financial management systems were installed and commissioned to ensure that all the generated income is well managed to support operations, however the Government need to find a proper way for settling previous accumulated debts for increasing company competitive edge.

3.8.7.4 Challenges and potential solutions

The onset of COVID-19 resulted to scaling down of flights, which resulted to reduced passenger traffic and goods, and hence loss of income to the airline. One of the lessons from the experience of COVID-19 was the need to have dedicated cargo planes because there was less restrictions on cargo trade between countries. ATCL have already some plans to buy some cargo planes as well in order to provide reliable and competitive services to exporters of perishable goods (flowers, vegetables, fruits, fish products and dairy) produced in the country for the export market. Other challenge include previously accumulated debts which affect financial statements of the company and company's trust worthy.

3.8.7.5 Untapped opportunities towards FYDP II objectives and targets

There still demand for short, midium and long haul aircraft to service in the domestic, regional and international market, given that by December 2020 it was flying to 16 destinationsout of 33 planned destinations, implying that about5 domestic,7 regions and 5 international destinations are not served by air transport system. There are also market potentials for regional air transportation within the SADC and EAC, with very limited direct flights to the ECOWAS countries. ATCL should take advantage to open new routes to such countries on its own or through shared code routes.

3.8.7.6 Recommendations

ATCL will have to consider opening new destinations and routes within Tanzania, the EAC, SADC, and ECOWAS member states. Buying cargo planes should also be in its priority list so as to support exporters of horticultural, fisheries and other products to the European and Far East markets. Moreover, the Government on its part should finalize plans to establish a dedicated aviation collage given the projections that air transportation is among sub-sectors least developed and therefore posed to expand as people's purchasing power improves.

3.8.8 Civil Aviation (Airports and Radars)

The Tanzania Civil Aviation Authority- TCAA legislative mandate includes safety and security regulation, economic regulation and the provision of Air Navigation Services (ANS). The ANS include air traffic management; aeronautical information management, and communication, navigation and surveillances. The Authority also coordinates search and rescue activities when circumstances require, while the investigation of aircraft accidents and incidents is coordinated by the Air Accidents Investigation Bureau (AAIB) under the Minister of Works, Transport and Communication.

Initially the State had one Radar at JNIA which covered only 25% of the whole airspace under TCAA jurisdiction. The Government of United Republic of Tanzania (GOT) needs to improve Air Navigation Services by improving surveillance system. (MSSR) mode-S capable. The four radars for Julius Nyerere International Airport, Kilimanjaro International Airport, Mwanza Airport and Songwe Airport provide upper airspace coverage of the Tanzania airspace including the air spaces of Burundi and Rwanda. Also portions of the airspaces of Malawi, Zambia, Uganda and Kenya will be covered. Those for Radars has been installed and working. The total cost related to equipment with consultancy services and Surveillance Network Linkage adds up to a total amount of about 67.3Bill. This endeavour will attract more over flights and the growth of aviation industry as well as increase the government revenue from over flight charges. The main objective of the planned interventions during the FYDP-II was to improve aviation safety and security operations. A total of 54 experts trained on radar management.

The FYDP-II had planned to implement 13 interventions that could lead to improved aviation services in terms of airport facilities and air safety as shown in Table 3.8.14 and Table 3.8.15.

3.8.8.1 Results from implementation of Objectives

(a) Outcome Results from Implementation of Objectives Set in the FYDP-II

The overall performance of the planned outputs in aviation sector as at April 2020 was 60 percent as shown below.

Aviation Airports and Radar: Outcome Performance summary	
No. of output and process indicators:	5
No. of output and process indicators with data:	5
No. of indicators with data and have attained targets:	3
No. of indicators with data and have not attained targets:	2

It is found that 60 percent of the planned outcomes were realized, with one new airport constructed at Chato, Geita region (against plans to have three new airports) (Table 3.8.14). The upgrading of JNIA by completing and commissioning Terminal III will contribute to uplifting the image of Tanzania as the airport will be able to handle more passengers with comfort, saving the country from embarrassment of overcrowding, especially for incoming passengers. The training of staff and installation of radars surpassed the target well ahead of time.

Table 3.8.14: Outcome Indicators for Air Transport

S/N	Outcome Indicators for the Aviation Sector during the FYDP-II	Target for 2020/21	Achievements by 2020/21	Proportion of Achievements (percent)
1	Airports Rehabilitated	7	3	42.8
2	New Airports Constructed	3	1	33.3
3	Julius Nyerere Airport Upgraded	1	1	100
4	Aviation safety improved:			
4.1	Installation of Aviation Radar	4	4	125
4.2	Training of aviation staff on radar management	33	54	163
Unweighted average performance for Aviation Outcome Indicators by 2020				**171.7**

(b) Summary of Outputs Achieved in Airports and Aviation

The overall performance of the planned outputs in aviation sector as at April 2020 was 60 percent as shown below.

Aviation Airports and Radars: Output Performance summary	
No. of output and process indicators:	13
No. of output and process indicators with data:	13
No. of indicators with data and have attained targets:	7
No. of indicators with data and have not attained targets:	6

Results from this evaluation, and based on availed information, suggest that it was possible to achieve 54 percent of the planned interventions by mid-2020. Some of the lagging interventions, which will require some extra efforts to accomplish before June 2021 include upgrading of some airports whose process was still at tender and contract negotiation stages or finalizing internal processes with financiers (see Table 3.8.15).

Table 3.8.15: Output Indicators for Airports

Strategic Objectives (SO)	Outputs	Planned Completion	Status in August 2020		Comments
			Stage Reached	Proportion of Completion (percent)	
SO1- Upgrading and Rehabilitation of 26 Airports					
a)	Upgrading and Rehabilitation of Kigoma Airport	June 2020	Under procurement through EIB financing	Less than 25	
b)	Upgrading and Rehabilitation of Tabora Airport	June, 2019	Phase II Completed. Phase III. Contract signed.	100	Government is finalizing internal processes with Financier
c)	Upgrading and Rehabilitation of Sumbawanga Airport	June, 2019	Contract signed.	Less than 5	Government is finalizing internal processes with Financier
d)	Upgrading and Rehabilitation of Shinyanga Airport	June, 2019	Contract signed.	Less than 5	Government is finalizing internal processes with Financier
e)	Upgrading and Rehabilitation of Iringa Airport	June, 2020	Rehabilitation works in progress	More than 80	
f)	Upgrading and Rehabilitation of Musoma Airport to Code 3C	June, 2020	Tendering stage	Less than 5	
g)	Upgrading and Rehabilitation of Songea Airport	June 2020	Rehabilitation works in progress	42.20	
	Extra: Installation of air navigation system at Mpanda airport	June 2019	completed	100	Resumed usage of Mpanda airport
SO-2: Construction of five (5) New Airports					
a	Upgrading and Rehabilitation of Mtwara Airport to Code 4E	June 2019	Works in progress	42	
b)	New Greenfield Airport at Msalato-Dodoma constructed	June2021	At tendering stage	5	
c)	New Greenfield airport for Geita region constructed	June 2019	completed	90.35	
SO-3: Julius Nyerere International					

Strategic	Outputs	Planned	Status in August 2020		Comments
Airport (JNIA) to be a Hub					
d)	Upgrading and Rehabilitation of JNIA to attain Hub status	June 2021	completed	100	Operational
SO-4: Improving aviation safety and operations					
e)	Four (4) primary surveillance radars procured	June 2021	Completed with one extra at Mpanda.	125	Done at Mwanza, Dar-es-salaam, Kilimanjaro, Mpanda and Songwe
f)	Train (54) staff on surveillance radar management	June 2020	Trained five times more staff than planned	500	Formal completion with certificates postponed due to COVID-19
Unweighted average performance for Aviation Output Indicators by 2020				**88**	
Sub-Total Cost	TZS billion 1,037.82		GOT: TZS billion 313.82	Private Sector: TZS billion 724.00	

Source: Ministry of Finance and Planning (2017), Implementation Strategy for the National Five - Year Development Plan (2016/17 – 2020/21): Transportation (June 2017), page 26

Key findings:

(i) The government had plans for upgrading and rehabilitation of 26 airports, but in the FYDP-II it planned to starting with the upgrading and rehabilitation of seven (7) airports: of which that for Tabora, Iringa, and Musoma were upgraded; and those for Kigoma, Sumbawanga, Shinyanga, and Songea were still in various stages of implementation;

(ii) The run-way for Dodoma airport was extended and that for Kahama was improved while procurement plans for the new airport of Msalato in Dodoma has been initiated starting with compensations for residents to be relocated;

(iii) A new airport at Chato in Geita region was built as specified in the FYDP-II to cater for tourists coming to the newly established national park;

(iv) The upgrading and rehabilitation of Tabora, Iringa, and Mtwara airports was also undertaken;

(v) The construction of new terminal at JNIA and officially commissioned

(vi) Training of aviation staff was undertaken; and,

(vii) Dodoma Airport was modified to handle larger aircraft than before as an interim measure while waiting for the International Airport to be built at Msalato, Dodoma.

3.8.8.2 Management for Results

There are some advanced stages in the commissioning of building a new international airport at Msalato, Dodoma. While awaiting for the completion of Msalato airport, the runway for the old Dodoma airport was extended in order to ensure that larger aircrafts can land.

Meanwhile, contractors were also in site for the rehabilitation of airports at Songea, Kigoma, Musoma, and Shinyanga. The navigation system at Mpanda airport was also fixed and started receiving aircrafts. In order to ensure security within the airports managed by TCCA, new cargo scanners were installed for both outgoing and incoming luggage. In the financial year 2019/20 alone three new scanners were installed at JNIA-Dar airport, two in Mwanza and Arusha airports, and one each at Iringa, Kigoma, Songwe, Bukoba, Tanga, Lindi and Shinyanga. However, the outbreak of COVID-19 reduced incoming and outgoing flights by 23.4 percent. This resulted to reduced passengers and cargo by 17 percent and 12.2 percent, respectively for the year ending June 2020 compared to the same period ending June 2019.

3.8.8.4 Challenges and potential solutions

Some of airports at the regional and district towns have unpaved runways and their buildings are dilapidated due to ageing and/or lack of regular maintenance. Opening of more airports could lead to a more vibrant aviation industry. The solution could be to initiate a special tax embedded in air-tickets for the revival and opening of new airports.

3.8.8.5 Untapped opportunities towards FYDP II objectives and targets

While many assess viability of national airlines from financial perspective only hence rating them as risky businesses, there are strong evidences of cumulative positive economic returns, especially considering the linkage to tourism, export cargo, forex savings that would otherwise be used to purchase services from foreign airlines. There is also the question of non-tangible benefits emanating from the pride of having a national carrier. There are expanding opportunities in cargo freight if ATCL decided to diversify its services into cargo especially horticulture (vegetables and fruits), animal products and fishery products. There are also some expanding opportunities for ATCL take advantage of (i) Tanzania's strategic geographical location in the region; (ii) increase in passengers and freight demand due to continued expansion and stable economy leading to more economic transactions towards 2025 (iii) continue providing surveillance over Rwanda and Burundi.

3.8.8.6 Recommendations

ATC should endeavour to open more regional flights as a way of transforming Dar-es-salaam or Mwanza or Dodoma as among active aviation hubs in the region. It should also consider the option of service diversification to include cargo freight as one its main businesses due to the opportunities exporting perishable agricultural goods. It should also move fast to have some reward schemes for loyal passengers and customers so that they stick to it. The establishment of an aviation college should be carried out in tandem with marketing its services to the region.

3.8.9 Meteorology

Meteorology services are critical for improving efficiency and productivity of weather dependent sectors including agriculture, marine, energy, transport, construction, tourism, fishing and environment. The FYDP-II included some plans to solve some challenges in the meteorology agency related to (i) the need for replacing mercury-based instruments in compliance with Minamata Convention on mercury 2013 to replace all mercury instruments by 2020; (ii) inadequate internationally compliant and modern meteorological instruments; (iii) inadequate climate change monitoring equipment and research; (iv) inadequate awareness among citizens on the importance of weather and climate information. The main objective of the interventions was therefore to have modern infrastructure and provide quality meteorological services. The specific objectives were modernize and develop meteorological infrastructure, instruments and equipment; enhance human resources capacity; address research and climate change science issues; and sensitize public awareness on importance of weather and climate services. The allocated budget for activities that would lead to the expected outcomes was TZS 20,000,000,000 that was to come from Government..

3.8.9.1 Results from implementation of Objectives

The FYDP-II had identified some 4 outcome/output indicators, of which all of them had adequate information to allow for evaluation of the implementation status reached by mid-2020. The overall performance of the planned outcomes is about 91.5 percent as some of the weather radars are still under construction (Table 3.8.16).

Meteorology: Performance summary	
No. of output and process indicators:	4
No. of output and process indicators with data:	4
No. of indicators with data and have attained targets:	0
No. of indicators with data and have not attained targets:	4

Table 3.8.16: Outcome Indicators for Meteorology

S/N	Outcome Indicators for 2nd Five Year Development Plan Achievements	Target outputs by 2020/21	Achievements by 2020/21	Proportion of Achievements
1	Modernization and development of meteorological infrastructure, instruments and equipment to support delivery of efficient and reliable service undertaken	3	3	100 percent
	Unweighted average overall performance			91.5percent

3.8.9.2 Management for Results

The installation of weather radars has improved considerably the accuracy of weather forecasting in the country, thus allowing stakeholders to make more accurate decisions in agriculture, mining, oil and gas exploration, transport, business transactions, social events, etc. The interpretation of the satellite and radar data has also been improved following the training of technical staff on weather radar management. Installation of the modern meteorological instruments has improved the quality of meteorological services provided as well as enhanced compliance with international requirements of replacing mercury based instruments. Other initiatives that have been undertaken with objective of improving metrological servicesinclude the formulation of the National Meteorological Authority Act No.2 of 2019 and implementation of quality management system in provision of meteorological services for aviation sector under ISO 9001:2015.

3.8.9.3 Adequacy of FYDP II financing and resource utilization

It appears that there was adequate resource allocation for the planned interventions because what is pending to be accomplished is already work in progress with set aside funds to pay the contractors.

3.8.9.4 Challenges and potential solutions

The implementation of the FYDP II faceddelay in disbursement of development funds that affected timely completion of weather Radar project and procurement of meteorological instruments. Others challenges were decrease in revenue due to COVID-19 pandemic and reluctance of some meteorological stakeholders to comply with TMA cost recovery scheme.

3.8.9.5 Untapped opportunities towards FYDP II objectives and targets

At the moment data/information on weather forecast is provided as a public good to the public. However, there are opportunities to introduce user-fees for more precise and location-specific data for some categories of users such as companies engaged in oil and gas exploration, commercial agriculture, and academic institutions offer meteorological studies.
Furthermore, the country has some open opportunities to work closely with the World Meteorological Organization, and regional and international bodies including EAC and SADC-MASA. The TMA will become increasingly important as Tanzania graduates to a middle and industrialized economy.

3.8.9.6 Recommendations

a) Continue to expand the coverage of weather radars in more strategic locations of the country in the FYDP III.
b) Explore opportunities for producing tailor-made weather data for customers who can pay some user-fees in exchange for such services
c) Enhance collaboration with international and regional organisations such as the World Meteorological Organization, and SADC-MASA.
d) Prepare special programmes to sensitize citizens on the importance of forecasted weather information so that they improve on their planning functions

e) Build a future generation of citizens who are plan based on weather information but cultivate that culture among the young generation.

3.8.10 Communication (ICT and E-Government Interventions)

The FYDP II had been quite ambitious when it came to the development of the communication sector, targets for the five year included manufacturing of ICT-based items, setting up of ICT parks, completion of the National ICT Backbone (NICTB), development an e-Gov and adoption of open data. Specifically, centres for manufacturing of ICT equipment, electronic waste recycling and software development were to be setup. Bagamoyo was one of the locations earmarked for such an ICT parks where it would have been developed within the Bagamoyo EPZA. Part of the ICT capacity the national capacity in cyber security, the Tanzania Industrial Research and Development Organization (TIRDO) was to be turned into a training centre on advanced cyber security. To improve communication, alongside the ICT backbone was the upgrading of the postal communications, 92 districts were to be covered by the National Addressing System. The Govt. envisaged building an e-enabled Govt. service delivery system through the adoption of open government, open data and formulation of the governance and institution framework for an effective e-Government.

Information Communication and Technology

Indicators in FYDP II for communication thematic area is inadequate, for example many indicators related to an e-enabled service delivery (e-Government, open government and open data) are not reported. The Government Electronic Payment Gateway (GePG) is one of successful e-enabled services; the system is at the core of the Government's good performance in revenue collection. The implementation of open data appears to have backtracked as many ministries have failed to design and deploy online services, more often even basic information that in the past was regularly uploaded online is now missing. Cases include budget speeches, annual review reports and basic sector performance statistics.

(a) Outcome Results from Implementation of Objectives Set in the FYDP-II

ICT and e-Government: Outcome Performance summary	
No. of outcome indicators:	9
No. of output and process indicators with data:	7
No. of indicators with data and have attained targets:	4
No. of indicators with data and have not attained targets:	3

Table 3.8.17a: Outcome Indicators for ICT

S/N	Output Indicators for 2nd Five Year Development Plan Achievements	Status in 2015 (number)	Situation in 2020 (number)	Change Between 2015 and 2020
1	Mobile phone users (number) increased	39 mil	43 mil	10.3percent
2	Internet Users Increased	9 mil	25 mil	177.8percent
Unweighted average performance of Outcome indicators by 2020				**94.1percent**

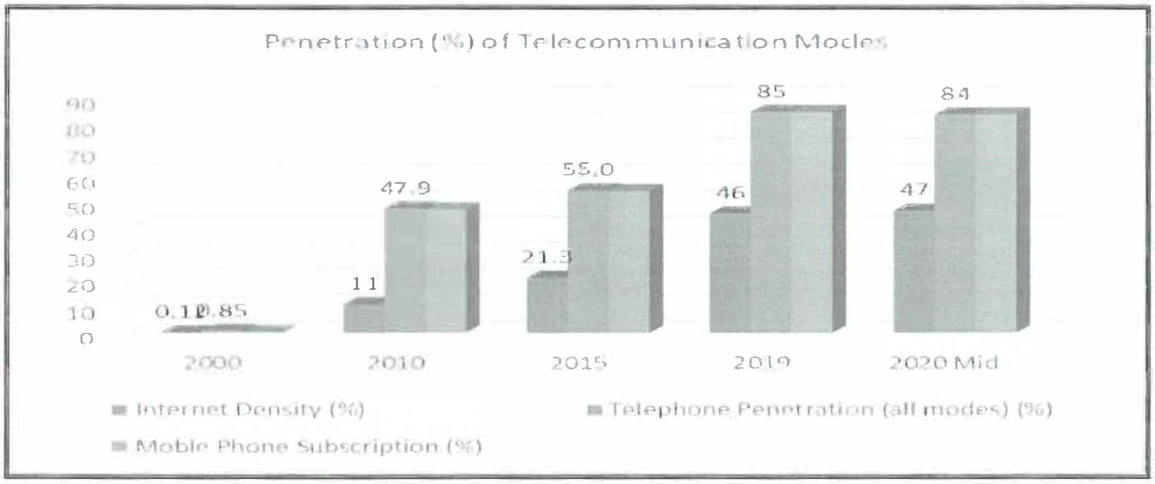
There was an increase by 10 percent and 178 percent in the number of mobile phone and internet users, respectively between 2015 and mid-2020 (table 3.8.17a). This has resulted to achievements, actually surpassing, the targets set for both telephone and internet penetration as shown in Table 3.8.17b and Figure 3.8.8. However, there is still low usage of fixed phones and broadband internet.

Table 3.8.17b: Outcome Indicators for ICT

Target	Target Indicator	TZ Baseline	TZ Status	Status end of FYDP I	Targets for FYDP II	Status by mid of	Ratio achieved (percent)
		2000	2010	2015	2020	2020	2020
Information and Communication Technology	Internet density-penetration (percent of population)	0.12	11	21.33	31.67	47	148.4
	Broadband Internet Subscription		0.01	1.2	2.5	0.02	0.8
	Telephone penetration/Tele-density (percent of population)	0.85	47.93	54.95	61.98	84	135.5
	Fixed telephone subscription (percent of population)	0.52	0.4	2.6	4.8	0.13	2.7
	Mobile phone subscription (percent of population)	0.33	47.53	54.69	61.84	84	135.8
Postal Services	Population per post office (Number of people served by one post office)	110,646.98	83,764.65	56,882.33	30,000		84.7
	Average number of Inhabitants per post-office box	271	250	191	12		
Unweighted average of achievements for ICT Outcomes (for indicators with data in 2020)							84.7

Source: This report: Annex Table 7

Figure 3.8.5: Penetration of Communication Modes in Tanzania in 2019



Source: TCRA (2020)

Key Findings:

(i) The installation of the NICTB phase III, construction of a national data centre (in Dar es Salaam) and expansion of NICTB line constructed in Phase I were completed in June 2016.

(ii) The use of mobile phones and internet has expanded fast and surpassed the targets

(iii) Private sector companies worked closely with TTCL in rolling out broadband internet but there are still some delays in ensuring last-mile connectivity to both public and private institutions

3.8.10.1 Challenges and Potential Solutions

Among the identified challenges in promoting the use of mobile telephone and internet include (a) some communities still lack electricity, which could be solved by introducing solar power gadgets (b) high cost for mobile companies rolling out 4G towers in areas with very low usage of data systems (c) ineffective coordination between institutional level ICT departments/divisions and the institution responsible for coordinating, overseeing and promoting the rolling out of broad-band internet (d) insufficient mobile phone networks especially in remote villages.

3.8.10.2 Untapped opportunities towards FYDP II objectives and targets

There is still a huge potential to promote and expand the use of mobile phones and internet for different economic transactions by the private sector in banking, marketing of goods and services, education, transport, and health, among others. This is all possible owing to the successes in rolling out mobile telephony and coupled with potentials to roll out broadband internet to village levels.

3.8.10.3 Recommendations

The Government should continue to accomplish goals to encourage the use mobile phones and internet in for both public and private sector-related transactions. Some special tax relief incentives should be offered to private sector operators who incur costs to use broadband internet.

3.8.11 E-Government Interventions

The implementation of e-Government in the country was coordinated, supervised and overseen by the e-Government Agency that was established in 2012 under the President's Office, Public Service Management and Good Governance. It was noted in the FYDP-II document in 2015/16 that the trend of e- Government implementation was characterized some notable initiatives such as (i) the development and deployment of several Government-wide systems including Human Capital Management Information System (HCMIS); Integrated Financial Management System (IFMS); Land Management System (LMS); Geographical Information System (GIS); Tanzania Customs Integrated System (TANCIS) and Government e-Payment Gateway; (ii) the automation of some of the business processes like procurement management (e-Procurement), passport management (e-Passport), education sector (e-Education) and health sector (e-Health); (iii) the development of e-Government standards, guidelines and procedures for the purpose of providing guidance on implementing various e-Government initiatives in public institutions; and, (iv) the development and deployment of e-Government shared resources including the Government Network for enabling public institutions to be connected in a secured network.

There were 9 indicators suggested for assessing the attainment of E-Government objectives, of which 8 had some data and considered to have been well implemented at different levels.

E-Government: Outcome Performance summary	
No. of outcome indicators:	9
No. of output and process indicators with data:	8
No. of indicators with data and have attained targets:	8
No. of indicators with data and have not attained targets:	0

Key Findings:

As of June 2020 the backbone had terminals at: 150 district headquarters, 150 district hospitals, 121 police stations, 65 postal offices, 25 courts and 455 secondary schools as part of the e-Schools programme. Some 43 locations in the mainland Zanzibar have video conference facilities.

3.8.11.1 Challenges and potential solutions

Among the identified challenges in promoting E-Government include (a) lack of comprehension of the e-Government legal regime; (b) ineffective coordination between institutional level ICT departments/divisions and the institution responsible for coordinating, overseeing and promoting e-Government implementation; (c) lack of streamlined mechanisms for providing information to the public; (d) insufficient e-Government infrastructure; and (e) insufficient channels in delivering Government services to the public.

3.8.11.2Untapped opportunities towards FYDP II objectives and targets

There is still a huge potential to expand E-Government system to reach grass-roots institutions in all fields and sectors. This is possible owing to the successes in rolling out mobile telephony and coupled with potentials to roll out broadband internet to village levels.

3.8.11.3 Recommendations

The Government should continue to accomplish goals to ensure all public institutions subscribe to e-Government and the private sector is sensitizing on the importance of getting connected to broadband internet. Some special tax relief incentives should be offered to private sector operators who incur costs to use broadband internet.

3.9 CONSTRUCTION

3.9.1 An Overview

The FYDP II recognised the construction industry as one of the key economic activities in the country. Among other interventions, the Plan therefore intended to focus on strengthening the participation of domestic companies in order to enable them to get a fair and equitable share in the gains of the anticipated construction boom associated with industrialisation and to ensure that it builds enough capacity to compete in the domestic and ultimately in regional and global construction markets. During FYD II implementation, the construction industry was the fastest-growing sector. Further growth of the sector is possible by addressing constraints in the areas of access to land, construction permits, inadequate skilled labour or low human capital index. Below is the detailed assessment of the progress made towards different construction-related targets that FYDP intended to accomplish.

3.9.2 Results from Implementing FYDP II's Objectives

Outcome Performance

Performance summary	
No. of outcome indicators:	4
No. of outcome indicators with available data:	3
No. of indicators with available data have attained/likely to attain targets:	3
No. of indicators with available data and have not attained/unlikely to attain targets:	0

Table: 3.9.1: Performance under each of the Construction Related Outcome Indicators

S/No.	Indicators	2015 Baseline	FYDP II target 2020[1]	Achievement by 2019[2]	Percentage Achieved	Remarks
1	Average growth rate (%)	12.9	9.6	14.8	154	Target achieved
2	Share of GDP (%)	11.1	11.8	14.3	121	Target achieved
3	Share of domestic companies (%)	40	60	96	160	Target achieved

[1] The FYDP II's M&E strategy presented the FYDP II's targets using calendar year.
[2] Data were reported using calendar year.

Key findings:

i. During FYD II implementation, the construction industry was the fastest-growing sector. The average annual growth rate of the industry was more than twice the overall GDP growth rate, and consistently higher than both the baseline and the FYDP II target

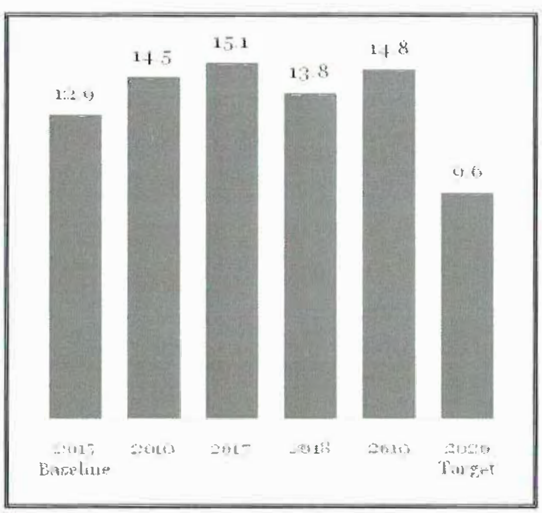
ii. Despite the promising growth, the sector encounters bottlenecks and challenges in the areas of access to land, construction permits, inadequate skilled labour or low human capital index[16], investment shocks in the construction sector, mainly the fall of the

Tanzanian shilling and availability of materials and equipment that hinder the potential of the sector as a contributor for achieving the vision of reaching middle-income country status.

The FYDP II's strategic areas for the construction industry[17] comprised of a total of 10 expected results distributed across 4 outcomes and 6 outputs and processes. The outcome results ranged from the growth rate of the industry, and its GDP share, to the industry's shares of domestic companies and employment. Over the evaluation period, the construction industry was the fastest-growing sectors in Tanzania. The growth rate was mostly in response to the country's investments in commercial, residential, transport and other infrastructural projects. The average annual growth rate of the industry which stands at 14.5 percent, is more than twice the overall economy expansion rate of 6.8 percent, with annual growth rate remaining above the baseline growth rate throughout the FYDP II implementation phase.

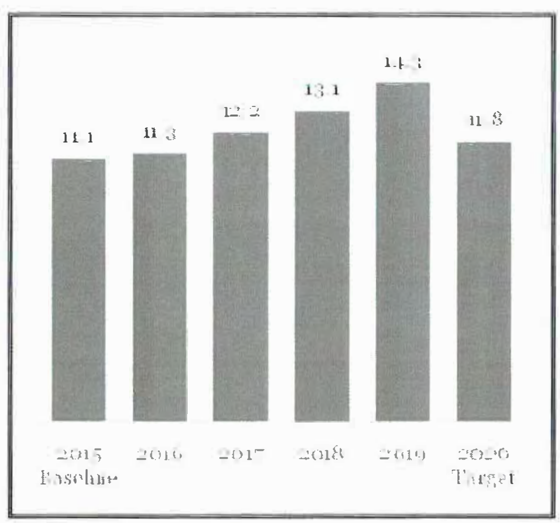
The construction industry has also consistently expanded its share of national GDP. Figure 3.9.2 shows that by 2019, the sector's GDP share stands at 14.3 percent, which is 3.2 percentage points higher than the baseline of 11.1 percent and 2.5 percent points higher than the end of FYDP II's target of 11.8 percent. In 2018, the industry was the largest contributor to the national GDP growth rate (Figure 3.9.1). The growth rate of the sector including its expanding GDP share has been primarily driven by the development in the roadwork, buildings and mining industries. In the roadwork, for instance, the Government has made massive investment by tarmacking a total of 3,537.0 kilometres of roads between 2015/16 and 2019/20; rehabilitating 300.9 kilometres of trunk roads, and construction of several large bridges, [18] airports and other infrastructures (e.g. health facilities, Government buildings in Dodoma, student hostels at the University of Dar es Salaam).[19]For the other indicator (Share of domestic companies), by 2019, that share increased to 96 percent from the baseline share of 94 percent.

Figure 3.9.1: Construction industry: Growth rate (percent)



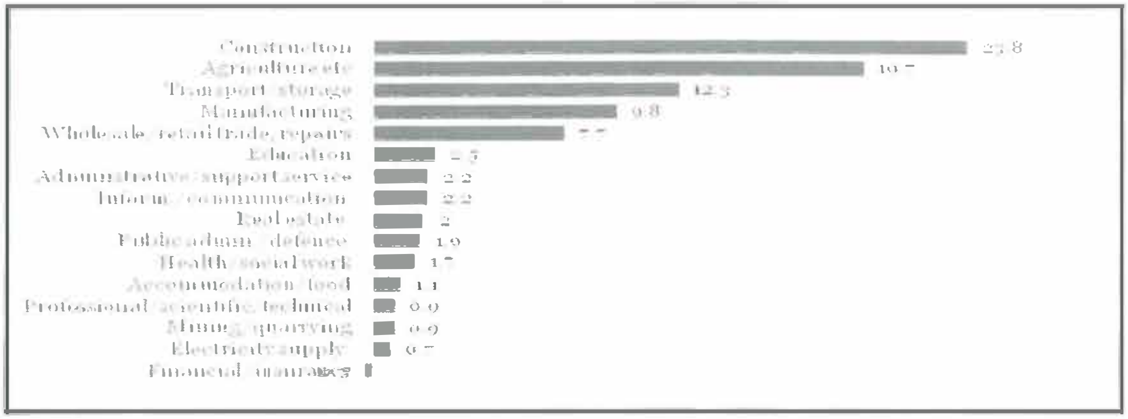
Source: MoFP (2015-2018)

Figure 3.9.2: Construction industry: Share of GDP (percent)



Source: MoFP (2018)

Figure 3.9.3: Construction sector contribution to the GDP growth (2018)



Output Performance

Performance summary	
No. of output indicators:	6
No. of output indicators with available data:	1
No. of indicators with available data have attained/likely to attain targets:	1
No. of indicators with available data and have not attained/unlikely to attain targets:	0

Key findings:	
i.	The FYDP II's target of delivering training to engineers and contractors was surpassed two years prior to the end of FYDP II.
ii.	Training outreach was enhanced by rolling some of the training programs to regions outside Dar es Salaam
iii.	Some of the training colleges were rehabilitated and upgraded. Investments also went into improving teaching equipment and machinery.

Construction industry expected outputs under the FYDP II ranged from the training of contractors, field attachment of trainees, and the establishment of contractors' fund,[20] to strengthening of hire purchase mechanisms. Throughout the FYDP II implementation phase, the Engineers Registration Board (ERB) and the National Construction Council (NCC) delivered several trainings to engineers and contractors. As of 2018, a total of 11,963 engineers and contractors attended such trainings,[21] a performance that is 39.2percent higher than the FYDP II target of 8,593 by 2020 (Figure 3.9.4). In other words, the FYDP II's target has been surpassed two years prior to the program end. Increased awareness on the side of stakeholders on the need to upgrade knowledge explained such progress. Figure 3.9.5 and 3.9.6 disaggregate training trends between ERB and NCC.

The thematic focus of the training events included regulations and procedures for dispute resolutions, management of construction and engineering consulting contracts. Outreach to the Contractors Registration Bureau's (CRB) Sustainable Structured Training Program (Sustainable Structured Training Program) was enhanced by rolling the program to several regions beyond Dar es Salaam. In addition to the trainings that ERB and NCC delivered, the Government owned Morogoro Works Training Institute (MWTI) advanced courses in several fields including engineering supervision of bridges, buildings, electrical, basic artisans, and labour-based technology. During the period under evaluation, the institute invested in upgrading its buildings, as well acquiring improved teaching equipment and machinery.

Figure 3.9.4: Cumulative no. of trainees

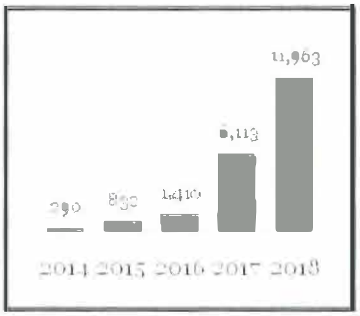


Figure 3.9.5: Cumulative no. of ERB trainees

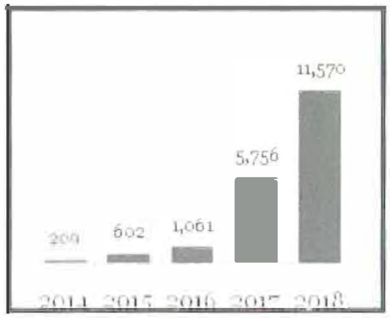
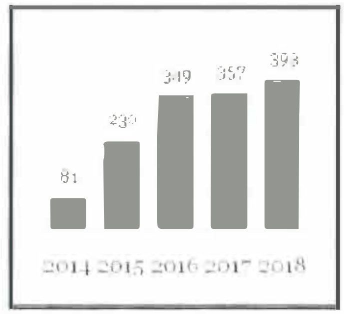


Figure3.9.6: Cumulative no. of NCC trainees



Source: United Republic of Tanzania (2016, 2017, and 2018)

3.9.3 Management for Results

Key summarized issues:	
i.	Increased resource allocations to public infrastructure projects (road construction, rehabilitation and upgrading of airports, power generation, railways etc)
ii.	Increased enforcement of rules and regulations in the construction industry (increasing inspections of infrastructure projects, registration, monitoring and deregistration of unethical contractors)
iii.	Capacity development and knowledge creation (research on latest technology in the construction industry, unit costs of construction projects; advantages and disadvantages of projects under the "design and build" model).
iv.	Use of force account in pubic construction projects (saving between 30 to 40 percent of the construction costs).
v.	Acknowledged the role of the informal, collective groups (women and youth), and small contractors as an important entry point to widen the use of labour-based technology.

During the FYDP II implementation phase, the management for results strategy for the construction industry can be grouped into four main domains 1) increasing resource allocations to public infrastructure projects 2) improving regulatory environment and enforcement of rules and regulations in the construction industry 3) capacity development and knowledge creation, and; 4) use of force account in the construction of public sector buildings. The first component (resources allocations) is discussed in the next section. Despite some concerns on the quality aspects, the use of force account for relatively small construction projects has allowed the Government to save between 30 to 40 percent of the construction costs.

In strengthening the regulatory environment, FYDP II implementation observed increasing inspections of construction projects, registration, monitoring and deregistration of unethical contractors (CRB), engineers (ERB), and architects and surveyors (Architects and Quantity Surveyors Registration Board (AQSRB)). The regional offices of the AQSRB were also strengthened allowing for regular inspections of architects and surveyors. Whereas professionalism in the industry was advanced with engineers required to take professional oath, the measures to enhance transparency were advanced through the support from Construction Sector Transparency Initiative (CoST) international secretariat. The CoST initiative conducted several training events targeting transparency in procurement activities within the construction industry.

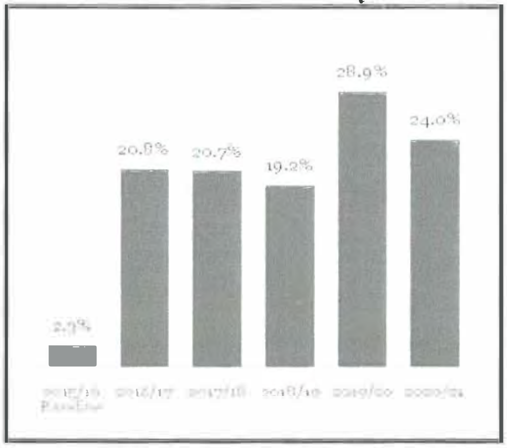
During the FYDP II implementation phase greater emphasis was accorded to research. Such efforts went into supporting the Tanzania Transportation Technology Transfer Centre in disseminating information on latest technology in construction and transportation. The Government also, through the NCC, financed researches in different thematic areas including the participation of local consultants in the construction projects; unit costs of construction projects including price indices for the building materials; as well as studies on the advantages and disadvantaged of projects under the "design and build" model. One of the knowledge products to emerge from such processes was the directory of construction materials.

The Governmentalso acknowledged the involvement of the informal, collective groups (women and youth), and small contractors as an important entry point to widen the use of Labour-Based Technology (LBT). In further support to the sub-sector, the Government facilitated the launching of Tanzania Association of Informal Construction Workers (TAICO) and has been actively encouraging stakeholders to join the association.

3.9.4 Adequacy of FYDP II Financing and Resource Utilization[22]

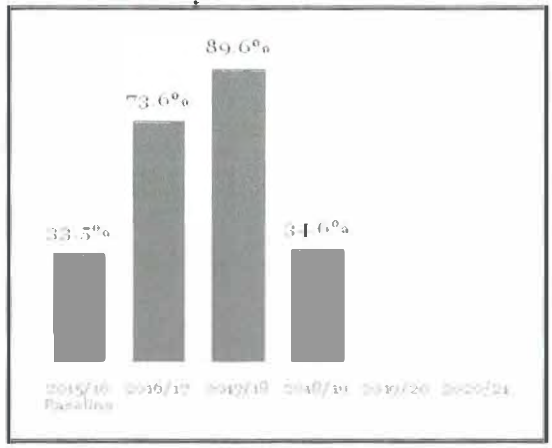
Figure 13.7 shows clearly that the Government priority during FYDP II implementation phase was on infrastructure development. The sector that was allocated just 2.3 percent of the national development budget at the baseline (FY 2015/16) saw a jump to 20.8 percent just the following year (the first year of implementing FYDP II). The rise in the share of construction sector development budget in the national development budget persisted thereafter reaching a peak of TZS 28.9 percent (FY 2019/20). The execution rate also increased, reaching a peak of 89.6 percent (FY 2017/18) before declining to 34.6 percent in the following year (Figure 3.9.8). Despite the decline, the execution rate of 34.6 percent remains significantly higher than what other sectors/ministries are experiencing.

Figure 3.9.7: Sectorial share of the development budget-construction industry



Source: MoFP (2015/16-2020/21)

Figure 3.9.8: Development budget execution rate-construction industry



Source: MoFP (2015/16-2020/21)

3.9.5 Development Constraints in Construction Industry

The overarching development constraint in the construction industry is its limited contribution to poverty reduction. The industry needs to enhance its backward and forward linkages to stimulate the local economy, and productivity. There is also a need to advance proficiency including raising the share of graduates accessing practical training, and the participation of local contractors in large construction projects. The industry is predominately foreign dominated in value terms. Reports show foreign contractors constituting less than 4 percent of all the registered contractors but they account for over 60 percent in value terms. Local contractors and consultants are constrained by inadequate capital, expertise and equipment and practical training offerings. To advance the industry, exposure of graduates to professional and practical skills is necessary and will address the skills deficiency challenge facing the sector (2019 WEF report ranking Tanzania 106th out of the 130 countries on skills levels in terms of capacity, deployment, development and know-how).

It is worth noting that; the country's global ranking on 'dealing with construction permits' has been improving since 2014; from 177th global ranking in 2014 to 149th rank in 2020. Breaking down the index, we observe progress from the declining number of days to process construction permits from 308 days (2011) to 184 days (2020) and an improvement in the building quality control index in 2020 which stands at 12 (out of 15). There is however need to address the increasing number of procedures to secure building permits that have increased from 21 procedures (2011) to 24 procedures (2020). That number is 9 higher than the SSA average of 15 procedures. To advance business environment, there is a need to review regulations governing the industry. Reports show the ERB compels the public to use services from the registered engineering consulting firms only. However, some of the sections in the Engineers registration amendment Act No. 24 (2007) and Public Procurement Act (2011) allow a consulting engineer to practice as an individual consultant. Competitiveness amongst local engineers could be enhanced by addressing such regulatory areas. Other regulatory issues that require attentions are elaborated in the Blueprint document.

3.9.6 Untapped Opportunities towards FYDP II Objectives and Targets

Opportunity 1: Fast growing and urbanising population

Rapid growing population and urbanisation present an opportunity for both investors and other stakeholders to invest in housing projects including mortgage and the housing finance sub-sector. With its annual population growth rate of 2.97 percent, Tanzania has been adding 1.5 million to its population each year since 2015. The country is projected to be the 10th most populous country in the world by 2100 despite its relatively small size.

According to a study by Shelter Afrique,[23] the total housing deficit is estimated at three million units valued at USD 180 billion. It is estimated that 200,000 units are annually demanded with a projected combined cost of USD 12 billion. Such opportunities can be taped by improving urban planning and accelerating reforms that will advance the business environment in the construction industry, the housing finance and property market. The reform, according to the reviewed literature, should aim at reversing the current state where nearly the entire urban housing stock has been built by individual households and not by established developers. Expanded marketable land titles could potentially encourage financial sector innovations in favour of a more competitive formal housing market. The ongoing efforts to establish a housing information centre and expanding land titling are expected to improve the understanding and monitoring of housing needs for delivery of effective solutions. The reviewed reports advocate for the ongoing activities under then Tanzania Strategic Cities Project (TSCP)[24] to be expanded to include these items; implementation of the recently prepared urban local economic development strategies, including construction for eight major cities and Municipalities (Arusha, Tanga, Mbeya, Mtwara, Mwanza, Ilemela, Dodoma and Kigoma) should also contribute to promote role of the sector in economic development and transformation.

Opportunity 2: Improving the urban transportation network

Tanzania is rapidly urbanizing, at an annual average rate of 5.1percent. That rate is 1 percentage point higher than the SSA average and 3 percentage point higher than the global average. For the major urban areas such as Dar es Salaam, Arusha, and Mwanza, the focus should be on advancing the urban transportation networks in order to improve mobility and reduce congestion. Reports advocate for measures to include improving key road junctions, construction of high capacity roads as well as introduction of mass transport services (Bus Rapid Transit in Dar es Salaam (BRT) has set an example). Investments in secondary towns is necessary as well, specifically if poverty reduction is to be accelerated. A landmark study in 2017, that used the Kagera panel data, shows that secondary towns in Tanzania are better at reducing poverty than megacities – mostly because of their (the secondary towns) closer proximity to the rural poor. It will therefore be a policy mistake to purely concentrate on growth engines in the larger cities. Policy recommendations emerging out of the study results include 1) toned to spur a natural-resource based industrial model where agro-processing and other value adding industries are located close to rural producers in smaller urban centers. Poor people will benefit from such interventions through both the migration channel, as well as through the hinterland effect 2) develop housing programs and land policies for secondary towns 3) introduce interventions that will attract skilled workers to such towns.

Opportunity 3: Need for more resilient buildings in the face of climate change and extreme events like storms, earthquakes, floods, high wind speeds and soaring temperatures.

According to the reviewed studies, the building standards need to evolve to reflect such changing situations. These standards in addition to research and development and capitalisation should also focus on efficiency gains through shifts towards energy saving technologies like improved windows and insulation, use of less energy-intensive materials, and buildings design. Statistics the reviewed literature show that the building sector accounts for a significant 39percent of total energy-related CO_2 emissions and 36percent of final energy use. Global reports highlight recent sharply rising energy demand for cooling systems and air conditioners, linked with improving incomes in developing countries (where Tanzania belongs) and higher temperatures e.g. heat waves in many parts of the globe (an outcome of climate change).

Opportunity 4: Extension of the central corridor SGR line

As a coastal economy bordering eight countries, 6 of which are nearly or completely land-locked, Tanzania is well situated to become a regional economic and transit hub. The SGR is not entirely an untapped opportunity. It is a tapped opportunity that the Government is currently implementing with the construction of the Dar es Salaam – Morogoro line and from Morogoro to Makutopora. The main role of the upcoming FYDP III will be to steer the SGR line extension to Burundi and the DRC. Reports show that the extending and linking the SGR to DRC and Burundi will give the two landlocked countries direct access to the Dar es Salaam port, and greatly boosting Tanzania's central transport corridor. In terms of competition, the SGR to the neighboring landlocked countries will make the competitor's line (the Kenya's northern corridor line) less economically viable. The Government has already signed agreements with Burundi and the DRC and the preliminary feasibility study of detail design plans has been successfully concluded. The first phase of the construction will start from Uvinza district in Kigoma region in north western Tanzania to Gitega, via Msongati region, in Burundi. The railway will then be extended to the eastern regions of DRC. In the medium term a railway network planned for development to standard gauge is 2,561 km and its specific project network lines components are as follow:

i. Dar es Salaam-Isaka-Mwanza (1,219 km)
ii. Tabora-Uvinza-Kigoma (411 km)
iii. Kaliua-Mpanda-Karema (321 km)
iv. Isaka-Rusumo (371 km)

v. Keza-Ruvubu (36 km)

vi. Uvinza-Kalelema towards Musongati (203 km).

Opportunity 5: Rehabilitation of the Tanzania Railway Corporation (TRC) central railway network

FYDP III could also proceed with the current efforts to rehabilitate the TRC's central railway network. Reports show that the emphasis for the ongoing rehabilitation is to increase haulage capacity of freight traffic which is currently standing at 0.2 million metric tonnes. Recent estimates show that the rehabilitation has an opportunity to increase freight traffic to 3.0 million metric tonnes by 2021. Reviewed reports show that the rehabilitation of the line will involve procurement of new and revamping of existing rolling stocks to increase capacity and availability of operating equipment. There is however a need to undertake more analysis to generate a better understanding on how the TRC central line and the SGR complement each other when it comes to cargo and passenger movements.

Opportunity 6: Small businesses in infrastructure and construction

Tanzania is heavily investing in infrastructure development. Given the significant infrastructure gap, the investment trend is likely to continue for the foreseeable future. The trend offers several opportunities to businesses operating in that space. To tap into these opportunities, businesses will have to raise their standards to globally accepted norms. According to the reviewed literature this can be done through innovation, development of skilled manpower to handle advanced projects and investment in cutting-edge technology. Businesses will need solid finance through the financial industry supplying construction equipment loans and infrastructure loans.

3.9.7 Lessons Learnt and Good Practices

Good practise 1: Introduction and updating of the building codes.

Reviewed reports show that successful reforms in other countries advocate for the following: 1) introduce the building codes for the country. The building code system is necessary to address (together with other measures), the haphazard and unlawful real estate development in Tanzania which risk health, safety, and security of the people. The existing town development laws are not as specific as the building codes. While the laws only require a building to be given a certificate of compliance after its completion; the code demands buildings to be certified whether it is fit for human settlement or not 2) create public-private mechanisms for updating every 5 to 10 years. Building code should be updated in light of research, improving building techniques, and the availability of new products and technology, evolving skill level and maturity and the pressure to enforce new policies 4) incorporate building codes into the framework of construction law and the construction permitting system. Such approach, will establish common points of reference between regulators and industry practitioners for public health and safety, energy efficiency, fire protection, structural efficiency, and conservation and environmental integrity.

Good practise 2: A dedicated website where all procedural requirements, including guidelines, as we as provide advisory services targeted to the needs of end users

Studies that have been reviewed show that good practice usually combines an exhaustive publication of administrative requirements for construction-permit applications with the possibility of interacting with one building-permit official for a preliminary project screening. Moreover, this initial advisory interaction can be informal, but it is decisive to determine what specific laws and regulations are applicable to the project.

Good practise 3: Automate processes and develop electronic tools common among all permitting agencies and industry practitioners

Reports show that the world's leading examples of successful automation of construction permit procedures, such as Singapore and Hong Kong, consistently point to the importance of simplifying procedures. Further information from the reviewed reports show that new tools such as Building Information Modelling (BIM) add automated compliance checks that can play a powerful role in improving future industry compliance with building code requirements. Fees are also collected once and by one entity only.

Good practise 4: Lower the burden of controls on public agencies by involving private-sector engineers in plan reviews and inspections.

This approach, according to the reviewed reports, can be adopted to address the bottlenecks experienced in traditional local public building authorities. The reports specifically state that the third-party plan reviews and inspections to be delegated to private-sector engineers (as in Austria), or private engineers can take prime responsibility for carrying out these tasks (as in the United Kingdom).

3.9.8 Recommendations

a) Adopt some good practises for the introduction and updating of the building codes

Reports show that successful reforms in other countries advocate for the following areas to be considered: 1) introduce the building codes for the country. The building code system is necessary to address (together with other measures), the haphazard and unlawful real estate development in Tanzania which risk health, safety, and security of the people. Reports show that the existing town development laws are not as specific as the building codes. While the laws only require a building to be given a certificate of compliance after its completion; the code demands buildings to be certified whether it is fit for human settlement or not 2) create public-private mechanisms for updating every 5 to 10 years. Building code should be updated in light of research, improving building techniques, and the availability of new products and technology, evolving skill level and maturity and the pressure to enforce new policies 4) incorporate building codes into the framework of construction law and the construction permitting system. Such approach, will establish common points of reference between regulators and industry practitioners for public health and safety, energy efficiency, fire protection, structural efficiency, and conservation and environmental integrity.

b) A dedicated website where all procedural requirements, including guidelines, as we as provide advisory services targeted to the needs of end users

Reports show that good practice usually combines an exhaustive publication of administrative requirements for construction-permit applications with the possibility of interacting with one building-permit official for a preliminary project screening. This initial advisory interaction can be informal, but it is decisive to determine what specific laws and regulations are applicable to the project.

c) Automate processes and develop electronic tools common among all permitting agencies and industry practitioners

Reports show that the world's leading examples of successful automation of construction permit procedures, such as Singapore and Hong Kong, consistently point to the importance of simplifying procedures. Further details from published reports reveal that new tools such as Building Information Modelling (BIM) add automated compliance checks that can play a powerful role in improving future industry compliance with building code requirements. Fees are also collected once and by one entity only.

d) Lower the burden of controls on public agencies by involving private-sector engineers in plan reviews and inspections.

According to published reports, this approach can be adopted to address the bottlenecks experienced in traditional local public building authorities. Reports shows that third-party plan reviews and inspections can be delegated to private-sector engineers (as in Austria), or private engineers can take prime responsibility for carrying out these tasks (as in the United Kingdom). Moving toward practitioner-focused enforcement of building controls requires developing robust professional qualification systems and professional supervision.

e) Impose full transparency about building inspection schedules and the results of inspections

Good-practices highlighted in published reports advocate for building inspections to be organized on the basis of a schedule predetermined among the inspection bodies, the main building agency, and the contractor. The reports further advocates for the inspections to be objective-based and focused on the different construction steps of a building's construction cycle. All inspections should therefore lead to documented and transparent results through formal reports, including the reasons behind any stop-orders. They should be supported by checklists of the building aspects to be inspected.

f) **Monitor reforms with a set of appropriate indicators within an established public-private working group**

According to published reports, building-control reform should be made a permanent process and should involve a large panel of experts and end users from both the public and the private sectors. Further information from the published reports advocates for the use of specific performance indicators for reduced red tape and for effective building-control procedures. Indicators should also be established and measure achievements in attaining key public goods, including safety, fire prevention, and energy efficiency.

g) **Develop the capacity of domestic construction** firms to increase the share of construction they undertake compared to foreign construction firms.

CHAPTER FOUR: HUMAN DEVELOPMENT

4.1 ACHIEVEMENTS IN HUMAN DEVELOPMENT

4.1.1 Results from Implementing FYDP II's Objectives

Outcome Performance

Performance summary	
No. of outcome indicators:	12
No. of indicators that have attained targets/likely to attain targets:	3
Out of which:	
No. of indicators to have surpassed targets:	3
No. of indicators that have not attained targets/unlikely to attain targets:	9

Key findings:

i. The target for human development Index has been achieved
ii. The target for Multi-dimension Poverty Index (MPI) has been surpassed by 31.3 percent.
iii. The target for Proportion of population below food poverty line in urban areas has been achieved
iv. Little progress has been made with respect to other poverty reduction targets.
v. Achievements in inequality have as of 2018 have been low than targets, at the national level and in rural and urban areas
vi. Unemployment rate fell short of its target by 21.3 percent
vii. **Inequality:** Achievements in inequality have as of 2018 have been fell short of their targets by 16.2 percent, 10.3 percent and 2.7 percent at national, rural and urban areas respectively.
   - Poverty reduction has not been responsive to Tanzania's remarkable economic growth, and inequality has worsened
   - The beneficial effects of economic growth were partly offset by worsening inequality.

Non Income Poverty

i. Number of graduates from higher education increasing from 40,000 (2014) per annum to 80,000 with those graduating from folk, vocational and technical education surging from 150,000 (2014) to around 00,000 by 2020/21
ii. Under five mortality rate reduced from 81 deaths per 1,000 live births (2014/15) to around 45 deaths per 1000 live births by 2020/21;
iii. Maternal mortality ratio reduced from 432 deaths per 100,000 live births (2014/15) to 250 deaths per 100,000 live births by 2020/21;
iv. Access to clean and safe water in rural areas improved from 67 percent (2014/15) to 80 percent by 2020/21;

4.1.2 Management for Results

Tanzania joined other nations in the eradication of poverty after its commitment at the World Social Summit in Copenhagen in 1995 (The President's Office, 1995). This culminated in the formulation of poverty-oriented policies. Poverty eradication was incorporated into the long term vision, Tanzania Development Vision 2025, and in the medium term policy, National Strategy for Growth and Reduction in Poverty (NSGRP) (Ministry of Finance and Economic Affairs, 2010). In 1998 the country formulated the National Poverty Eradication Strategy (NPES). The long-term goal of NPES was to provide a framework to guide poverty eradication initiatives in order to reduce absolute poverty by 50percent by the year 2010 and eradicate absolute poverty by the year 2025.The National Poverty Eradication Strategy (NPES) provides guidance and a broad framework for poverty alleviation policies and programmes. The main goal of the strategy is active involvement of the poor in identifying and participating in poverty eradication programmes (Vice President's Office, 1998).

All sector policies and strategies also mainstreamed poverty interventions. Other poverty reduction frameworks were National Strategy for Growth and Reduction of Poverty (NSGRP I) 2005/06-2009/10 and NSGRP II/First Five Year Development Plan 2011/12-2015/16. The most recent strategy on Tanzania's growth and poverty reduction is centered on the Second Five Year Development Plan 2016/17-2020/21(FYDP II). This document was drafted with important insight from the preceding strategies', FYDP I and MKUKUTA II, accomplishments and shortfalls. The four major priority areas for action include: (i) promotion of economic growth and industrialization, (ii) stimulating human development and social transformation, (iii) enriching the environment for business and enterprise development and, (iv) strengthening effective implementation (Ministry of Finance and Planning, 2016). Improvement of agricultural productivity, deeper agricultural value chains and better supporting infrastructure are emphasized in the plan. There are outlined strategies that will lead to increased production and productivity of food and cash crops, the development of irrigation schemes and support to the livestock, forestry and fisheries industries (MOFP, 2016). Human development and social transformation are other concerns addressed by various interventions. These interventions include, consolidation of gains in education, facilitation of development of capabilities, improvements of specialized skills' qualities and quantities, improvements in access to services like health, safe water and sanitation, food and nutrition, social protection, and good governance (MOFP, 2016). There are several programs that the government is using with the objective of lowering poverty level of poor households in the medium term. These programs include that Tanzania Social Action Fund (TASAF) Productive Social Safety Net Programme (PSSN), conditional cash transfers and public works programme.

In implementing the strategies, the institutional framework has been clearly spelt out. The Vice President's Office has the central role of monitoring and coordinating the implementation by sector ministries and the interaction with other government organs and other stakeholders. A Poverty Eradication Advisory Committee with representatives from Ministries, the private sector, NGOs and donors will advise on the implementation, supervision and coordination.

As shown in the table below, Tanzania (United Republic of)'s HDI value for 2018 is 0.528 which put the country in the low human development category positioning it at 159 out of 189 countries and territories. Between 2015 and 2018, Tanzania (United Republic of)'s HDI value increased from 0.519 to 0.528, an increase of 41.8 percent.

The table 4.1.1 below reviews Tanzania's progress in each of the HDI indicators. Between 2015 and 2018, Tanzania's life expectancy at birth increased by 1.9, mean years of schooling decreased by increased by 0.1 years but expected years of schooling decreased by 0.5 years.

Tanzania (United Republic of)'s GNI per capita increased 243 PPP dollars or by about 9.5 percent within 4 years.

Table 4.1.1: Human Development Indicators, Targets and achievements for Poverty Reduction

S/N		2015/16	2020/21	Achievements by	Percentage of Achievement
1	**Human Development**				
1.1	Human Development Index (HDI)[38]	0.52	0.57	0.528 (2018)	Target met by 92.6 percent
2	**Inequality**				
2.1	Income Inequality (National)	0.34	0.34	0.395 (As of 2018)	Deteriorated by 16.2 percent (Inequality increased)
2.2	Income Inequality (rural)	0.29	0.29	0.32 (As of 2018)	Deteriorated 10.3 percent (inequality increased)
2.3	Income in equality (urban)	0.37	0.37	0.38 (As of 2018)	Deteriorated 2.7 percent (inequality increased)
3	**Poverty Reduction**				
3.1	Proportion of population below Basic Needs Poverty line (National)	28.2 (2012)	16.7	26.4 (As of 2018)	Target met by 15.7 percent
3.2	Proportion of population below Basic Needs Poverty line (rural)	33.3	19.7	31.3 (As of 2018)	Target met by 14.7 percent
3.3	Proportion of population below basic needs poverty line (urban)	21.7	12.8	15.8 (As of 2018)	Target met by 66.3 percent
3.4	Proportion of population below food poverty line (national average)	9.7	5.7	8.0 (As of 2018)	Target met by 42.5 percent
3.5	Proportion of population below food poverty line (rural)	11.3	6.7	9.7 (As of 2018)	Target met by 34.8 percent
3.6	Proportion of population below food poverty line (urban)	8.7	5.1	4.4 (As of 2018)	Target was surpassed by 19.4 percent[39]
3.7	Multi-dimension Poverty Index (MPI)[40], Poverty Head Count	64	38.4	26.4 (As of 2018)	Target was surpassed by 46.9 percent
4.0	**Employment Opportunities**				
4.1	Unemployment Rate	10.3	8.0	9.7 (As of 2018)	Target met by 26.1 percent

[38] The HDI is a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. A long and healthy life is measured by life expectancy. Knowledge level is measured by mean years of schooling among the adult population, which is the average number of years of schooling received in a life-time by people aged 25 years and older; and access to learning and knowledge by expected years of schooling for children of school-entry age, which is the total number of years of schooling a child of school-entry age can expect to receive if prevailing patterns of age-specific enrolment rates stay the same throughout the child's life. Standard of living is measured by Gross National Income (GNI) per capita expressed in constant 2011 international dollars converted using purchasing power parity (PPP) conversion rates.

[40] The Multidimensional Poverty Index (MPI) identifies multiple deprivations at the household and individual level in health, education and standard of living. The MPI reflects both the incidence of multidimensional deprivation (a headcount of those in multidimensional poverty) and its intensity (the average deprivation score experienced by poor people). The lower the MPI, the better the poverty level

Using Median Formula[41], the overall achievement of outcome performance for poverty reduction was 83.8 percent.

- The pace of poverty reduction however, has slowed down since 2012. During 2007–12, poverty averaged a decline of one percentage point a year, but this lowered to 0.3 percentage points per year in 2012-18.
- The impact of economic growth on poverty reduction has dampened in recent years. During 2007-12 a 10 percent increase in gross domestic product per capita growth produced a 10 percent decline in the proportion of poor people. This has declined to 4.5 percent in 2012-18.
- Now poor families are burdened with a large number of dependents, lower access to basic services and particularly low human capital, limiting their potential to access productive employment opportunities. Less than one-third of Tanzanian children are currently enrolled in lower secondary schools.
- More importantly, poor parents pass on their poverty to their off spring. Both economic and social mobility remain low in Tanzania.
- Significant gaps in living standards persist between rural and urban areas. Rural households lag considerably behind their urban counterparts in almost all monetary and non-monetary dimensions of poverty. That said, disparities in well-being within urban areas are becoming more pronounced. Both consumption inequality and inequality of opportunity are higher in urban areas than in rural areas.
- In addition, agriculture, which is the main stay for most rural population, has its growth remained low, mainly due to low productivity and low value addition. Despite the noticeable transition of labour from agriculture to industry and services, the share of agriculture in total employment remains high (at 58 percent, reaching 79 percent among the poor) while it continues to contribute far less to value-added than these other sectors.
- Also the more productive industry and service sectors favour the more educated and the better off, perpetuating inequities in access to productive employment opportunities. This, coupled with the distressingly low level of educational attainment in the overall population, keeps a majority of the population stuck in informal sector wage and self-employment. Most businesses remain small and unregistered, or stop operating when they are still young; they also lack access to formal sources of finance, limiting their growth potential.

The way forward

- In order to further reduce poverty and inequality, Tanzania needs to intensify Structural transformation, the process where people move out of low productivity agriculture into more remunerable activities; there is also a need for further market orientation and value addition in the agricultural sector.
- Tanzania needs to invest in human capital and skills development of its current and future workforce while increasing the job generation by key sectors that drive growth. This needs to be coupled with a better enabling environment that fosters

[41] Median Formula+ (n+1)/2; where n is the number of observations

small firms growth and survival chances, furthers agricultural transformation, and reduces vulnerability to negative domestic and international economic and weather shocks.

Table 4.1.2: Tanzania (United Republic of)'s HDI trends based on consistent time series data and new goalposts 2015-2018

	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2011 PPPUSD)	HDI value
2015	63.1	8.5	5.9	2,562	0.519
2016	63.8	7.8	6.0	2,648	0.518
2017	64.5	7.8	6.0	2,743	0.522
2018	65.0	8.0	6.0	2,805	0.528

Source: UNDP Human Development Report 2019

Tanzania (United Republic of)'s 2018 HDI of 0.528 is above the average of 0.507 for countries in the low human development group and below the average of 0.541 for countries in Sub-Saharan Africa. From Sub-Saharan Africa, countries which are close to Tanzania (United Republic of) in 2018 HDI rank and to some extent in population size are Côte d'Ivoire and Uganda, which have HDIs ranked 165 and 159 respectively.

Inequality-adjusted HDI (IHDI): The HDI is an average measure of basic human development achievements in a country. Like all averages, the HDI masks inequality in the distribution of human development across the population at the country level. The 2010 HDR introduced the IHDI, which takes into account inequality in all three dimensions of the HDI by 'discounting' each dimension's average value according to its level of inequality.

As seen in the table below, when the HDI value of HDI is discounted for inequality, the HDI falls to 0.397, a loss of 24.9 percent due to inequality in the distribution of the HDI dimension indices. Côte d'Ivoire and Uganda show losses due to inequality of 35.8 percent and 26.7 percent respectively. The average loss due to inequality for low HDI countries is 31.1 percent and for Sub-Saharan Africa it is 30.5 percent. The Human inequality coefficient for Tanzania (United Republic of) is equal to 24.9 percent.

Table 4.1.3: Tanzania's IHDI for 2018 Relative to Selected Countries and Groups

	IHDI value	Overall loss (percent)	Human inequality coefficient (percent)	Inequality in life expectancy at birth (percent)	Inequality in education (percent)	Inequality in income (percent)
Tanzania (United Republic of)	0.397		24.9	25.3	27.0	22.4
Côte d'Ivoire	0.331	35.8	35.0	33.3	47.4	24.4
Uganda	0.387	26.7	26.7	27.2	27.9	24.9
Sub-Saharan Africa	0.376	30.5	30.4	29.7	34.0	27.6
Low HD	0.349	31.1	30.9	30.4	37.4	25.0

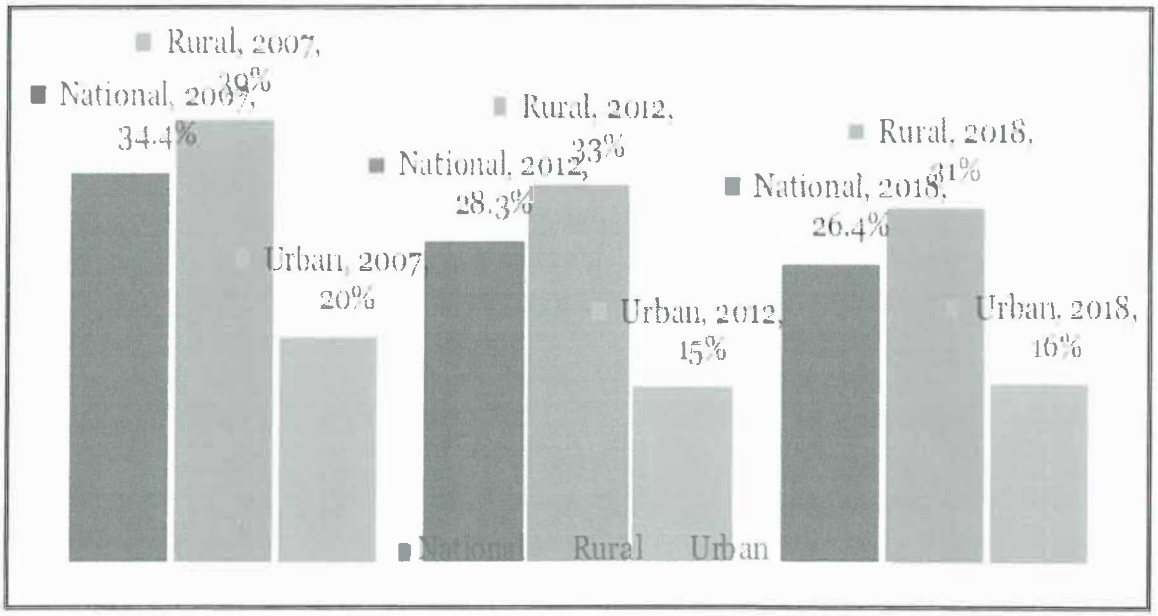
Source: UNDP Human Development Report 2019

The FYDP II's strategic areas for the poverty reduction consisted of three (3) expected results spread across six (6) outcomes and three (3) outputs. The analysis of poverty developments in Tanzania is largely based on trends derived from latest Household Budget Surveys (HBSs) 2017-2018. However, the analysis is based on National Panel Surveys (NPSs); and Demographic Health Survey (DHS) data. Additionally, combines spatial information from the population census and other sources with HBS data to: (i) provide an analysis of the evolution, profile, and determinants of poverty and inequality; (ii) explore movements in and out of poverty and their drivers; and (iii) examine the distribution of poverty and living conditions across the country at a detailed geographic level. The second and final part examines the pattern of structural transformation, firm profiles, job creation, and financial inclusion using the rebased GDP figures released in February 2019, plus data from the Statistical Business Register (SBR), Census of Industrial Production (CIP), national accounts, NPS, Integrated Labour Force Surveys (ILFS), and other sources. The analysis is also based on literature reviews of recent studies on poverty assessment in Tanzania.

Key HBS 2017-2018 findings compared to previous HBS 2007 and 2011-2012

Between 2007 and 2018 Tanzania national poverty rate fell from 34.4 to 26.4 percent and extreme poverty fell from 12 to 8 percent (Figure 4.1.1). The poor are defined as those whose consumption are below the national poverty line and did not meet their basic consumption needs. The extreme poor were not able to afford enough food to meet the minimum nutritional requirements of 2,200 kilocalories (Kcal) per adult per day.

Figure 4.1.1: National Poverty Lines 2007-2018



Source: URT (HBS: 2017- 2018)

Extreme poverty decreased from 13.3 to 9.7 percent in rural areas and from 7.4 to 4.4 percent in urban areas. Poverty declined faster between 2007 and 2012 than it has ever since. For 2007-2012, poverty averaged a decline of 1 percentage point (PP) a year but the total reduction since has been from 28.2 to 26.4 percent. In rural areas, between 2012 and 2018 poverty eased from 33.4 to 31.3 percent, while urban poverty stagnated at around 16 percent.

Poverty in urban areas apart from Dar es Salaam slightly begun to fall in 2012. Between 2007- 2012 poverty reduction in urban areas was driven entirely by a plunge in the proportion of poor people in Dar es Salaam, from 14 to 4 percent and in other urban areas the drop was marginal, from 22.7 to 21.5 percent. In contrast, between 2012 and 2018, urban areas outside the metropolitan city saw poverty fall to 19.2 percent, while in Dar es Salaam it rose to 8 percent. However, this increase is questionable: it may be driven by changes in the sampling method as survey-to-survey imputation results indicate a decline in poverty from 14 to 8 percent in 2007–12 and stagnation since then.

The depth and severity of poverty also eased. For 2007–18, the depth of poverty, which measures how far on average poor households are from the poverty line, decreased from 10 to 6 percent—in other words, a poor household would on average need TZS 3,058 per adult equivalent per month to escape poverty. Since poverty is deeper in rural areas, the amount needed there is TZS 3,650, far more than the TZS 1,726 per adult equivalent per month for poor households in urban areas. The low poverty severity index which was more than halved, from 4.5 in 2007 to 2.1 in 2018, suggests that inequality between poor households is fairly low.

Slow progress in poverty reduction has pushed up the number of poor people, leaving a noticeable share of the population still at risk of at least transitory poverty. Because the population grew faster than poverty was reduced in 2018, about 14 million Tanzanians lived in poverty, up from 13 million in 2007 and 12 million in 2012. In 2018, 32 percent of the population lived in urban areas, up from 29 percent in 2012. As urbanization accelerated, the increase of the poor was proportionately higher in urban areas, but the majority still live in rural areas. In 2007–18, the urban population rose by about 7 million and the number of urban poor by 0.6 million—a result of both urbanization and the dilatory pace of urban poverty reduction. Most of the changes occurred outside Dar es Salaam, where the population has gone up by nearly 5 million and the number of poor by nearly 0.7 million. In rural areas, the total population went up by only 26 percent, the number of poor people was almost unchanged, and the number of extremely poor declined. However, over 80 percent of the poor (11.3 million) continue to live in rural areas, where 3.5 million of them suffer extreme poverty; in urban areas, 2.6 million live in poverty and 745,000 in extreme poverty.

Poverty and Inequality Reduction. Considering Tanzania's remarkable economic growth, reducing its poverty has been quite slow. Growth in Gross Domestic Product (GDP) averaged 6.3 percent in 2007 to 3.3 percent in 2017, decreased as population size adjustiment. The figures are based on the GDP series of 2015, as released in February 2019. The new series shows a slight increase in GDP and less volatility in economic growth since 2012. The trend in the previous rebasing, released in December 2014, base year 2007, was similar, with DGP growth averaging 6.3 percent for 2008-2013. However, persistent growth has had a modest impact on poverty.

The growth elasticity of poverty dropped from a low –1.02 in 2007–12 to -0.45 in 2012–18. Thus, a 10 percent increase in GDP growth per capita can be expected to produce a 4.5 percent decrease in the proportion of the poor. This is very low—for developing countries, on average poverty is expected to drop by over 20 percent when per capita GDP rises by 10 percent. In 2007–12 the pattern of growth in household consumption diverged significantly from GDP growth due to a discrepancy between price deflators, but the difference narrowed in 2012–18. How much poverty reduction responds to economic growth depends on whether economic growth is defined based on changes in GDP per capita in the national accounts or measured directly from the household surveys on which poverty estimates are based. Economic growth estimated using changes in mean household consumption per capita calculated from HBS 2007 and 2012 was 0.9 percent annually, significantly lower than growth in GDP per capita. Using a survey-based mean consumption to measure growth shows an estimated growth elasticity of poverty of –4, which implies that household consumption has more impact on poverty reduction than GDP per capita.

The difference between the estimates of the growth elasticity of poverty is due to the discrepancy between the price deflators— the GDP deflator and the Consumer Price Index (CPI)—used to convert nominal GDP and household consumption values to real terms. The GDP deflator implies a much slower rate of inflation than the CPI, which resulted in significantly higher growth of real GDP per capita than of mean household consumption. In

2012–18, GDP and CPI deflators produced similar inflation rates of about 38 percent, making the growth rates more comparable, whether based on household consumption per capita (1.5 percent) or GDP per capita (3.3 percent). Thus, no matter how growth is measured, the response of poverty to economic growth is very low (–0.73 using survey mean figures and –0.45 using GDP figures).

Poorer people therefore have benefited less from economic growth. The pro-poor growth signs that emerged in 2012 seem to have reversed in 2018—consumption growth in 2012–18 was significantly lower for those at the bottom of the consumption distribution than among the better-off). The pattern replicated that of 2001–07 but not 2007–12, when growth mainly benefited poorer groups.

The beneficial effects of economic growth were partly offset by worsening inequality. The poverty headcount fell faster in 2007–12 than in later years, despite a much lower increase in mean household consumption. In 2012–18, the positive impact of household consumption growth on poverty reduction (the growth effect) was largely offset by the rise in inequality (the redistribution effect). The deterioration in the Gini coefficient supports this: having gone down from 38.5 to 35.8 percent in 2007–12 it has risen to 39.5 in 2018. Throughout the region, inequality was lower than it had been initially in rural areas (at 33.5 percent) but jumped in urban areas, essentially in Dar es Salaam where the Gini coefficient reached 43 percent in 2018, up from 40 percent in 2007 and 36 percent in 2012.

Growth was driven by sectors where few in the general population work, particularly the poor. The fastest growing sectors were construction, information and communication technology (ICT), real estate, non-market services (e.g., education, health, and public administration), and to a lesser extent mining, transport, and trade. Each of these sectors employs on average no more than 3 percent of the population. However, 60 percent of their employees tend to be significantly more educated and better-off. These sectors employ over 20 percent of Tanzanian workers with lower secondary education and above. Within agriculture, where most Tanzanians work, particularly the poorer ones, the crops and livestock subsectors grew relatively fast at about 5 percent. However, even there, few of the poor produce market-oriented crops and livestock; they mostly operate subsistence farms.

Tanzanians with more education and skills were thus better positioned to benefit from fast-growing sectors. Better-off Tanzanians, who have more human capital and productive assets, were better able to take advantage of the opportunities generated by the fast-growing sectors. Their income and consumption rose significantly faster than for those with less education and fewer endowments, and employed in sectors growing more slowly. As a result, inequalities widened. Another result was the persistence of the urban-rural welfare gap: urban dwellers with more education and assets could better access productive jobs and maintain their higher economic status. Policies to empower the rural poor did partly reduce urban-rural gaps among poorer groups, but among the better-off inequality worsened.

A greater proportion of households are operating their own businesses, which could be a pathway out of poverty. In 2018, about 14 percent of households own Non-Farm Enterprises (NFEs), up from 9 percent in 2012. Here, however, there is a location and gender bias: the proportion of households operating NFEs is about three times higher in urban areas and fewer women own NFEs than men. Since 2012, the proportion of women engaged in NFEs has risen in rural areas but fallen in urban areas. The profile of households operating NFEs closely resembles that of the better-off households: (1) the house-hold heads were more educated, with lower secondary school completion rates of about 17 percent, compared to 12 percent nationally and less than 6 percent among farmers. (2) They had fewer children and thus fewer household members and lower dependency ratios. In 2018 the average size of an NFE household was about five, and of farming households six (3) Households that operated NFEs, especially in urban areas, were at the top of the consumption distribution, with average monthly consumption about 2.5 times that of farming households.

Despite being better-off, most NFE households continued to operate in the informal sector, lacked access to formal funding sources, and created few jobs. In 2018 the majority of NFEs were either mobile with no fixed location (24 percent) or operated out of the owner's house (32 percent). Moreover, in 2012 only 11 percent had been registered with the business registration and licensing agency (BERLA), and in 2018 this had not changed. Moreover, in both 2012 and 2018, most NFEs were no more than two years old. Despite initially relying on personal savings or agricultural proceeds to start their businesses, after 2012 more NFEs began to use formal sources of credit to run their operations, though the increase is from a very low basis. The share of NFEs funded by owner savings fell from 36 to 33 percent and the share funded by Credit Co-Operative Society (SACCOS) and bank loans rose from 2 to 3 percent. Reliance on loans from family or friends also grew. It will take a long time for NFEs to create economies of scale and scope. Only a few employ workers who are not members of the household. In 2018, 27 percent of NFEs were working proprietorships, and 25 percent reported having unpaid household members working in the business. Only 7 percent hired paid workers who were not household members.

A large proportion of the population is clustered around the poverty line. Raising the consumption of poor households by just TZS 350 per adult equivalent per day would lift about half of the poor out of poverty. However, a quite significant proportion of Tanzanians who live just above the poverty line are at risk of being pushed into poverty by an economic shock. Mobility in and out of poverty is thus very high.

4.1.3 Challenges

(i) According to the World Bank's "Tanzania Mainland Poverty Assessment Report (2019), along with the reduction in poverty, the country is showing signs of a structural transformation as more people are moving towards industry and services, reducing the overall share of employment in agriculture. Those who stay in agriculture are also diversifying towards non-farm wage and self-employment.

However, the report notes that the more productive industry and service sectors favour the more educated and the better off, perpetuating inequities in access to productive employment opportunities. This, coupled with the distressingly low level of educational attainment in the overall population, keeps a majority of the population stuck in informal sector wage and self-employment. Most businesses remain small and unregistered, or stop operating when they are still young, and operate without fixed business location. They also lack access to formal sources of finance, limiting their growth potential.

(ii) Despite the noticeable transition of labour from agriculture to industry and services, the share of agriculture in total employment remains high (at 58percent, reaching 79 percent among the poor) while it continues to contribute far less to value-added than these other sectors.

(iii) Demographic pressures pose a challenge to poverty reduction: Tanzania is in the early stages of the demographic transition. With high fertility of around five births per women and the decline of mortality, the momentum of high population growth is expected to continue in the coming years. The country could gain from a demographic dividend—meaning a large working-age population—starting in 2020–30, but the dependency ratio (the proportion of children below 14 years old and elderly above 65 years in the household) will remain high.

(iv) High fertility may slow poverty reduction and under-mine pro-poor growth prospects. The country's high population growth of 2.9percent will continue to weigh heavily on the country's future growth and its capacity to reduce poverty. At the household level, families with large number of children have limited capacity to reduce poverty. At the national level, demographic pressures pose challenges for public service provision, labour markets, land and resources, and so forth and can put a break on growth in per capita incomes. The best way to reduce population growth and accelerate demographic change is by slowing down fertility. Empowering women through education and employment support, as well as with family planning services, would help to reduce fertility and stimulate per capita economic growth.

4.1.4 Untapped Opportunities towards FYDP II Objectives and Targets

Despite the recorded economic growth Tanzania has not yet full utitize opportunities in agriculture sector over the last decades. The country remains predominantly agricultural, with about 65 percent of the population living in rural areas. Growth in the agricultural sector remains low, at around 4percent per year, and in the rural areas the growth in productivity can barely keep up with population growth. The birth rates in rural areas are high (6.1 births per woman compared to 3.7 in the urban areas).

Government and donors have used significant resources to improve the social sectors but necessary support has not been given to agriculture and other productive sectors. Processing of food and other agricultural produce and other forms of manufacturing is also very limited in the rural areas creating very few additional employment opportunities.

4.1.5 Lessons learnt and Good Practices

Lessons

(i) The difficulty in eliminating poverty lies not only in reducing the poverty-stricken population, but also in boosting people's capabilities for self-initiated development

(ii) The modest reduction in poverty illustrates that economic growth has not been sufficiently broad-based

(iii) Growth is concentrated in telecommunications, financial services, retail trade, mining, tourism, construction and manufacturing.

(iv) The sectors with the highest rates of growth are predominantly capital-intensive and concentrated in large urban areas.

(v) One major cause for the lack of poverty reduction despite economic growth is that the country has partially succeeded in raising productivity in agriculture over the last decades.

(vi) Growth in the agricultural sector remains low, at around 4percent per year, and in the rural areas the growth in productivity can barely keep up with population growth; birth rates in rural areas are high (5.2 births per woman compared to 3.7 in the urban areas).

(vii) Poverty reduction require a substantial and sustainable improvement of the standard of living of the majority of the population, mostly engaged in agriculture and living in rural areas.

Good Practices

(i) Key to poverty reduction is creating productive jobs where disadvantaged people live, which in statistics shows up as growth.

(ii) Fundamentally, poverty reduction is not about redistributing the benefits of growth—it is about bringing growth processes to poor areas. Since poor areas benefit from technical and organizational innovations made elsewhere in the world, it is possible create productive jobs faster and in greater quantity than ever before; the puzzle helps spread such "best practices." In this regard, saving, investment, education, resources, and new technology are all needed—and fairly easy to obtain. What are hard to obtain are the institutions that allow these factors of production to be combined and translated into productive job creation; to create and sustain large numbers of productive jobs requires a complex web of institutions.

(iii) The institutional fabric of societies consisting of firms, government and other types of organizations needs to combine competition and cooperation under agreed rules needed to create employment.

4.1.6 Recommendations

a) Further structural transformation, the process where people move out of low productivity agriculture into more remunerable activities is needed in order for Tanzania to pull herself out of poverty.

b) Tanzania needs to invest more in human capital and skills development of its current and future workforce while increasing the job generation by key sectors that drive growth. This needs to be coupled with a better enabling environment that fosters small firms growth and survival chances, furthers agricultural transformation, and reduces vulnerability to negative domestic and international economic and weather shocks.

c) The development of rural economy and agriculture will be instrumental for an effective poverty-reduction strategy. The disadvantage of being engaged in agriculture seems to have diminished during recent years, but what seems to matter to farmers is access to cash crops and to markets, indicating the importance of encouraging a more commercial agriculture. Connectivity of farmers and rural poor people to infrastructure using modern communication and transport means is also vital for expanding their living standards.

d) There is a need for further market orientation and value addition in the agricultural sector, where most of the poor population depend for their livelihoods.

e) There is need to address demographic pressure facing the country by promoting family planning.

4.2 HEALTH

4.2.1 An Overview

Health is a critical component of people-centred socio-economic development. Healthy people live longer and have higher capacity to contribute further to the development of their society. Tanzania has made commendable progress in improving the health of its people as evidenced in progressive increase life expectance from below 40 years at independence in 1961 to over 66 years in 2020. The progress is largely due to implementation of the country's development plans, of which the health sector has played an important role as witnessed by significant reduction in child and maternal mortality, combating malaria, addressing non-communicable diseases, among others. However, the health gains achieved have to be consolidated, improved further and sustained through resolute implementation of FYDP I and FYDP II as well as follow-on development plans.

During implementation of FYDP II emphasis was focussed on strengthening health service delivery system with service delivery geared towards improving the health of mothers and children; addressing commonly prevalent illnesses such as malaria and HIV and AIDS and Non-communicable diseases (NCDs) which are major causes of deaths as well as addressing the human resource crisis which constrains provision of adequate health care. Table 4.2.1 shows indicators and targets for the development of the health sector during the FYDP II 2016/17 – 2020/21 period and achievements made as of September 2020. Government managed to achieve planned target by 70 percent.

4.2.2 Results from Implementing FYDP II's Objectives

Overall Performance

The overall assessment of implementation of Health Sector FYDP II targets when baseline indicator targets set in 2015/16 are compared with achievements made as of September 2020 is rated satisfactory as shown in table Table 4.2.1 below.

Table 4.2.1: Overall Performance

Indicator	Number of targets against baseline indicators set 2015/16	Progress based on the available data (percent)
Achieved	3	30
Progress	5	40
Not Achieved	3	30

Overall assessment of the performance of implementation of the Health indicators/targets during FYDP II is rated high. 40 percent of the indicators showed some progress against the baseline targets and 30 percent were fully achieved. (Table 4.2.2).

Table 4.2.2: **FYDP II Progress Against Targets**

S/No.	Indicator/target	2015/16 Baseline	2020/21 Target	Progress Actual
1	Infant mortality rate per 1,000 births	43	42	38.4
2	Under-five mortality rate per 1,000 births	67	45	53
3	Births attended by a skilled health worker (percent)	51	75	80
4	Maternal mortality rate per 100,000	432	250	321
5	Life expectancy (years)	61(2012)	66	66.7
6	National HIV prevalence rate (percent)	5.1	3	4.6
7	Access to safe water and sanitation in urban areas (percent of total)	86	90	84
8	Access to safe water and sanitation in rural (percent of total)	67.7	80	72.6
9	Share of government expenditure (percent)	8.1	15	5.9
10	People reported to travel a long distance to health services facilities (percent)	36	25	36

Ensuring healthy lives and promotion of well-being for all at all ages

FYDP II identified three (3) areas, namely: (i) reduced maternal mortality rate, (ii) reduced infant and under-5 mortality rate, and (iii) proportion of births attended by skilled health worker.

With regards to proportion of births attended by skilled health personnel, increased from 51 percent 2014/15 to 80 percent in 2020/21 which is above the target. Tanzania's under-5 mortality rate decreased from 67 per 1,000 live births to 53 per 1,000 live births in 2020/21 and Infant mortality also decreased from 43 per 1,000 live births in 2015/16 to 38.4 per 1,000 live births in 2020/21. With regards to HIV national pandemic, Tanzania has been making progressive improvements to reduce infection and prevent others from contracting the virus (Figure 4.2.1). This significant decline is due to improvements made in health services delivery across the country.

People reported to travel a long distance to health services facilities appears to remain unchanged from the base period of 36 percent despite an increase in the number of health facilities constructed in the rural areas. The target was to reduce travel to health facility by 25 percent but this indicator has not been met. The Government's resolve to mobilise resources for construction of a health facility in each ward in the country should make it easier to attain the targets set for FYDP III.

According to National Bureau of Statistics (NBS) Life expectancy target for increased from 61 years in 2015/16 to 66.7 years in 2020/21. However, this achievement indicates that, Tanzania can improve life expectance of the people to 72 years by 2030 as SDGs target required.

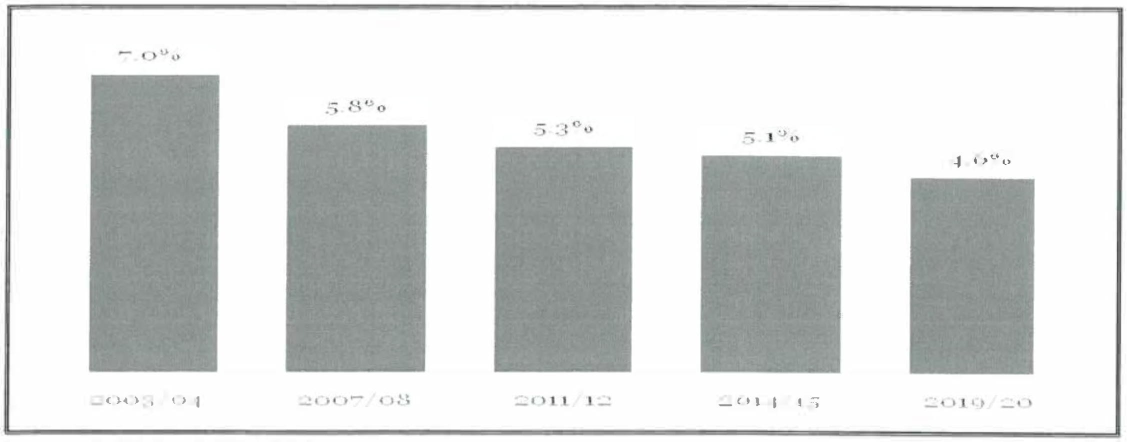
Ensuring Availability and Sustainable Management of Water and Sanitation for All

The FYDP II had two indicators, namely: (i) Access to safe water and sanitation in urban areas (percent of total) whose targets for 2020/21 was 90 percent of the people, and (ii) Access to safe water and sanitation in rural (percent of total) whose target for 2020/21 was 80 percent. With regards to urban areas, water access reached 84 percent made from the 2015/16 baseline of 86 percent, the decrease of water access in urban area was due to population increase. With regards to rural water access there is commendable progress from the base value of 67.7 percent to 72.6 percent although the 80percent target was not met. Tanzania has made substantial improvement in the water and sanitation sub-sector. For example, the total number of water points constructed is more than 50,995 benefiting over 11,607,822 people. Total cumulative achievement by 2019/20 was over 95,733 water points, serving 22,792,322 people in rural areas of Mainland Tanzania, equivalent to 72.58 percent of the 31,623,999 people of rural population (2012 Population and Household Census). Government efforts to scale up urban and rural water supply in the next five years should make FYDP III water and sanitation targets easier to attain by 2025.

4.2.3 Management for Results

As discussed earlier, the country has made impressive gains in reducing under-five and infant mortality, through declines in morbidity and mortality from malaria and other childhood diseases. HIV prevalence has also fallen (Figure 4.2.1).

Figure 4.2.1: Tanzania HIV prevalence rate (percent)



Source: MOHCDGEC, 2019

Some decline in Maternal Mortality has been noted during this period. The unfinished work on reaching some targets set for 2025 and achieve health related "Sustainable Development Goals" by 2030 should be continued during implementation of FYDP III. The strategy used to achieve results discussed above is outlined briefly as follows:

(i) ***Improving prioritisation***: During FYDP II, the Government made special efforts to create an enabling environment for better performance of health facilities as well as health staffs. There were conscious efforts to improve prioritization in supporting health systems to attain equity in health and social welfare and ensuring well-stocked health facilities in terms of medicines, supplies and staff. Through the Star Rating, quality assurance system, FYDP II interventions have paved the way towards improving the quality of care at primary level, moving the country's health facilities towards certification and then accreditation.

(ii) ***Emphasis on community-based health care***: FYDP II health interventions extended coverage of key maternal and neonatal interventions, and stronger health promotion, disease prevention and social welfare services within Local Government Authorities (LGAs). LGAs have been mandated to be in charge of delivering social services, and the PO-RALG given the task to supervise, coordinate and monitor their activities, in line with the policies and guidelines of the Sectoral Ministries, a key role that needs to be continued during implementation of FYDP III. Management for results through Decentralization-by-Devolution approach provides avenue to improve governance and management responsibilities and capacities at the health facility level, including strengthening the voice of citizens in health service delivery and management. During FYDP III Performance management was emphasized at all levels of the sector to increase outputs and impact. Integrated delivery of a reviewed package of essential healthcare interventions, strengthened Comprehensive Council Health Planning decentralized to the facility level, better management of health facilities at all levels, and health system strengthening in aspects such as Integrated Logistics System. These interventions helped to attain indicator targets set for FYDP II but needs to be continued during FYDP II to sustain the gains achieved and improve further health performance.

(iii)***Improving health provision infrastructure***. One of the targets for FYDP II was to reduce the distance people have to travel to obtain health services. The strategy used by government was to construct additional health facilities. Between 2018 and August 2019, a total of 421 (8.3 percent of all health facilities in the country) were constructed or renovated consisting of 350 health centres and 71 District Council Hospitals). Over the FYDP II period Government had a 21.1 percent increase in number of health facilities from 7,014 in 2015/16 to 8,783 in 2019/20. All the new and renovated facilities have been equipped to offer safe surgery services as well as essential drugs and other health services.

(iv)***Addressing health human resource shortages:*** The management strategy used during FYDP II was to increase the number of health facilities, and in so doing increase the number of health workers of all cadres. The country's health systems can only function well with adequate number of health workers in an effort to provide better health services. During FYDP II by end of 2019 the Government had improved access to Primary Health Care (PHC) services through posting of trained staff - about 6,180 out of 7,680 new healthcare workers permits were allocated to Primary Health facilities. Between 2016/17 and 2019/20, the Government employed over 11,832 health workers. Despite commendable progress, there are still challenges which need to be addressed during FYDP III. These relates to under-investment in education and training of health workers and the mismatch between education and employment strategies in relation to health systems and population needs, which contributes to continuous shortages of health workers, especially in underserved rural areas. This challenge is compounded by difficulties in deploying health workers to rural, remote and under-served areas – calling for a need for FYDP III to develop an incentive package to entice health work forces at all levels specifically in underserved rural areas.

(v) ***Access to health insurance***: As discussed subsequently, only 10 percent of Tanzanians have comprehensive health insurance, of which 1 percent is private insurance. Government's strategy during FYDP II has been to improve health service insurance cover through mobilising enrolment into National Health Insurance and Community Health Insurance Fund (CHF). As of June 2020, only 25 percent of the population had obtained insurance under the CHF arrangement. During FYDP III fast tracking of health financing through health insurance cover will be essential in the country's resolve to achieve Universal Health Coverage (UHC) as well mobilizing resources for health sector and reduce dependency on Development Partners.

(vi)***Addressing the spread of HIV***: During FYDP II the strategy used by Government was to initiate policy revisions to move Tanzania closer to epidemic control. Following 2018 shifts to scale-up Pre-Exposure Prophylaxis (PrEP) for key populations and discordant couples as well as initial roll out of self-testing, the Government moved to scale-up PrEP

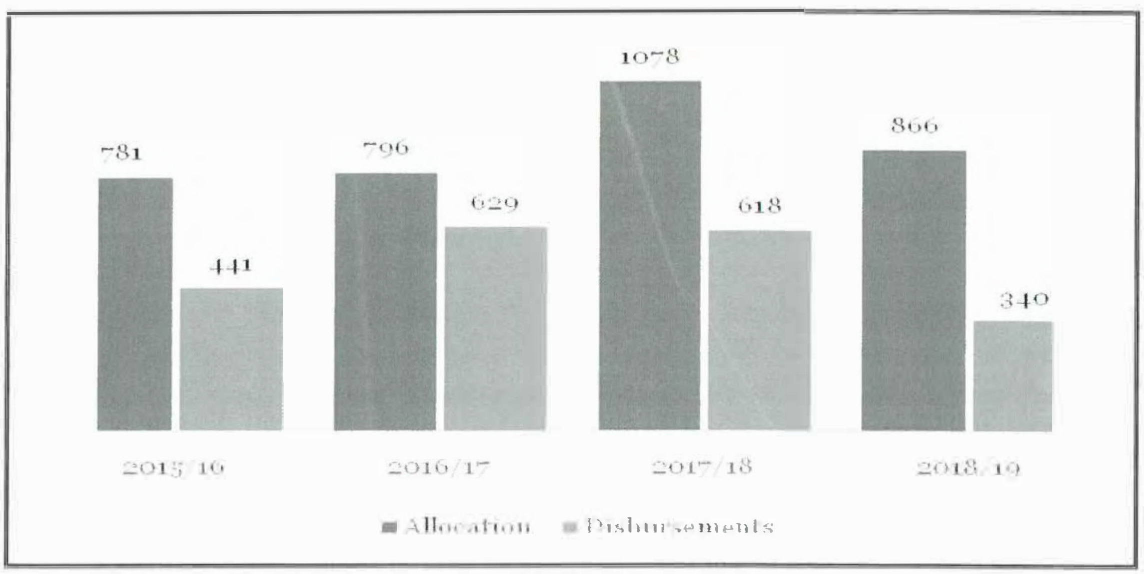
Figure 4.2.3: Ministry of Health Budget Allocations by Source (TZS, Billions)

Source: Minister for Health Budget Speeches, 2015/16, 2017/18, 2018/19, 2019/20, Budget Books

Health Financing Challenges

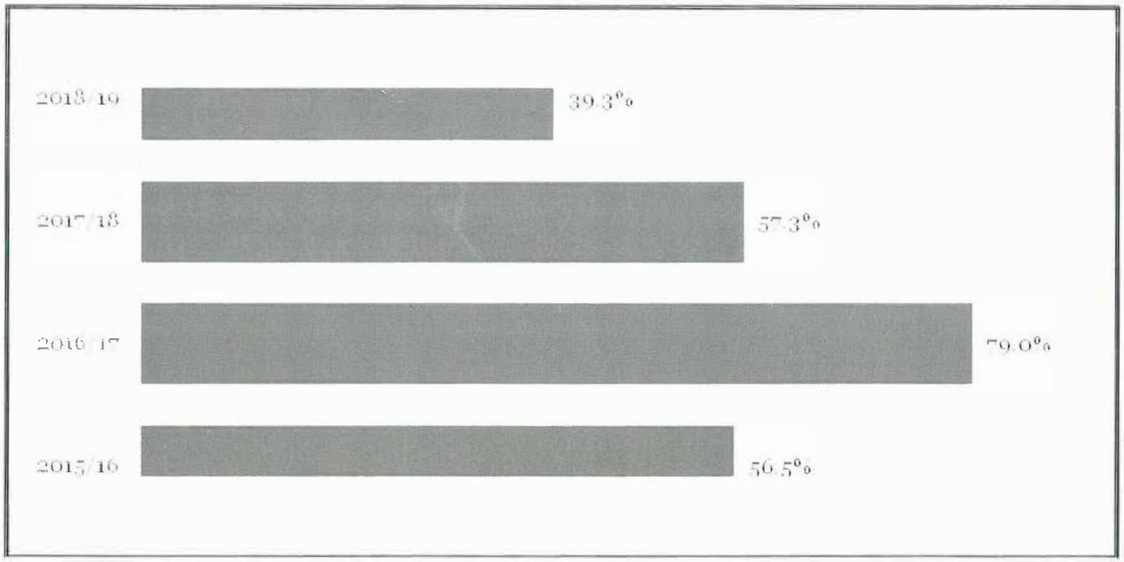
The main challenge was a limited budget to finance the implementation of planned activities as shown in Figure 4.2.4 below.

Figure 4.2.4: Health Budget Allocations vs. Disbursements (TZS billions)



Source: Minister for Health Budget Speeches, 2015/16, 2017/18, 2018/19, 2019/20, Budget Books

Figure 4.2.5: Health Budget Funds Disbursements (Percent)



Source: Authors based on Minister for Health Budget Speeches, 2015/16, 2017/18, 2018/19, 2019/20, Budget Books

As shown in Figures 4.2.4 and 4.2.5 the average rate of disbursement between 2015/16 and 2018/19 was only 58 percent - implying nearly half of the financing budgeted and allocated for health financing is not disbursed. This inability to consistently make planned financial and other resources available has derailed planned health activities to some extent affected attainment of FYDP II planned targets.

The second, equally serious challenge in Tanzania's health system is the low health insurance cover (Table 4.2.4).

Table 4.2.4: Tanzanians Enrolled in Health Insurance (Percent)

	NHIF (Percent)	CHF (Percent)	Private Insurance (Percent)	Total (Percent)
2016/17	7	19	1	27
2017/18	7	24	1	32
2018/19	8	25	1	34

Source: MOHCDGEC 2018/19 implementation report as presented to the parliament on July, 2018

As highlighted in table 4.2.4, 34 percent of Tanzanians have active health insurance, of which a large majority (25 percent in 2018/19) are under the limited health coverage Community Health Insurance Fund. This implies that about 9 percent of Tanzanians had comprehensive health insurance cover in 2018/19, of which 8 percent under NHIF and only 1 percent under private health insurance. This is a resinous challenge because over 80 percent of Tanzanians depend on income from agriculture which in turn depends on availability of rainfall – a very uncertain income source, while illness is unpredictable. Health insurance therefore is a major concern and should be taken-up in FYDP III to fast-track nation-wide education campaigns on the importance of enrolment into the available health insurance cover systems.

Other Health financing challenges reported by Tanzania's Controller and Auditor Reports:

- "*Also noted a drastic increase of medical bills to the Government through the Ministry of Health, Community Development Gender Elderly and Children from hospitals in India from TZS 28,609,803,615.40 reported outstanding balance as at 30th June, 2017 to TZS 45,731,070,267.31 as at 31st December, 2017*" (CAG, March 2018).
- An increase in external debt mainly attributed to borrowings from Multilateral sources such as IDA for Strengthening Primary Health Care for Results Program (TZS 99.0 billion) (CAG, March 2018).
- Unexplained difference of TZS 25,186,381,363 Government contributions to National Health Insurance Fund (NHIF). Government disbursed TZS 200,511,342,363 to NHIF under Vote 22 but Revenue as per Funds statements was TZS 175,324,961,000 (CAG, March 2018).
- Ministry of Health, Community Development, Gender Elders and Children paid 6 employees' salaries "*who are no longer in Public service*" amounting to TZS 11,478,359.38. (CAG, March 2018).

4.2.5 General Challenges, Potential Solutions, Lessons Learned and Good Practices

Challenges, lessons and Potential Solutions

Highlighted challenges in health sector, needs intervention to be addressed. The following discussion, therefore, suggest areas of focus to address the high infant, under-5 and maternal mortality rates – deaths which are preventable by taking the right actions. The main lessons/challenges (Table 4.2.5) facing the country in the Governments' efforts to improve health and promote people's well-being can be outlined as follows:

(i) ***Continue focussing on poverty reduction interventions***. Poverty is the root cause of poor health and social well-being. Poverty refers to lacking enough resources to provide the necessities of life—food, clean water, shelter and clothing, access to health care, education, transportation; to mention a few. Since independence in 1961, the Government has focussed its Vision, policies, strategies and plans to end poverty, with limited success. FYDP II also addressed many aspects of addressing poverty in the interventions implemented and FYDP III will consolidate the gains achieved in FYDP II towards eliminating poverty by 2025.

(ii) ***Put greater efforts on socio-economic development policies and strategies that are people-centred and inclusive both between urban and rural areas and between groups of people***. Inclusive growth tends to leave no one marginalised and outside the growth trajectory. This has a tendency to foster larger populations in society to have greater access to the health services and other supportive infrastructure, improving equitable health access between regions and districts and between the relatively well-off and marginalized vulnerable populations such as the disabled, elderly, women (mostly due to cultural barriers) and youths due partly to lack of decent employment.

(iii) ***Continue improving health systems and infrastructure.*** Foster equitable access and remove the bias towards favouring urban populations in terms of location of hospitals and other health facilities, which creates the challenge of sick and ill rural inhabitants to travel long distances in search of health services.

(iv) ***Scale up equipping, drugs and manning health facilities in rural-based health centres***, particularly provision of qualified doctors and nurses who are enabled to have supporting equipment to carry out life-saving operations such as helping mothers deliver safely.

(v) ***Fast-track campaigns to increase health insurance coverage and finalizing the Health Insurance Act for which will guarantee access to minimum benefit package.*** . Out-of-pocket health spending leads into catastrophic and impoverishing health spending thus increasing vulnerability to poverty.

(vi) ***Develop sustainable health strategies, ICT-based systems, legislation and regulations that will ensure continuation of political and administrative commitment*** to prioritise Health and the well-being of the people as one of the main objectives of people-centred socio-economic development of the country.

(vii) ***Improve implementation of health policies, strategies and plan***s. For example, in the area of reducing infant, under-five and maternal mortality rates several strategies and guidelines have been developed during the FYDP II such as Government campaign "*Jiongeze tuwavushe salama*" to reduce infant and maternal mortalities in which all Regions' commissioners have taken oaths to spearhead this initiative. In this initiative the MOHCDGEC reported several achievements including improved health facilities infrastructure at 7 referral hospitals, increased antenatal visits to 59 percent in 2018/19 and collection of safe blood; but most deliveries occur in the rural areas where the majority of people live and the initiative has largely benefitted urban-based populations, contrary to its initial objectives. Foster commitment at all levels of higher and lower Government levels to continue implementation of the good five-year development plans which over time will surely improve the health and well-being of all Tanzanians.

Table 4.2.5: Health Financing Challenges and Potential Solutions

S/No.	Challenges	Potential Solutions
1.	Persistent low budgeted financing of the health sector. Baseline in 2015/16 (8.1 percent), Target by 2020/21 (15 percent), Actual 2020/21 (5.9 percent).	The Government is urged to declare health sector financing as a budget priority and allocate a minimum of 10-15percent of the total budget. This might require a change in mind-set for officials responsible for budgetary allocations to understand one of the main pillars of "people-centred" development is improvement in the health of the people.
2.	Disparities between the already low budgetary Health budget allocations to actual disbursements. Average disbursements were only 58 percent of budgeted health financing between 2016/17 and 2020/21.	There is no easy solution to this challenge because the Government operates on a "cash-based" budgeting system and can only disburse if money is available. Making Health sector allocation one of the top priority sector in resource spending would help. For Development support Government should request "upfront" disbursement of committed financing and work closely with respective beneficiaries to ensure all funds are used properly through an agreed ICT-based Monitoring and Evaluation (M&E) system.
3.	Inadequate financial management and control systems in the Ministry of Health, Local Government levels and health related Agencies such as health insurance key actors (NHIF, CHF, private health insurers and others.	1. The Ministry of Health and its agencies should strengthen internal financial controls, especially their internal audit departments, 2. Strengthen M&E systems and take stern measures, including court action for any perceived or alleged malpractices. 3. Develop strategy for settling mounting internal and external health-related debts, while speeding up development of capacity for local treatment so as to be able to serve a bigger population and minimize foreign currency spending.
4.	Inadequate support by Government of private health providers	1. Review private health provider taxation system in order to reduce the wide range of taxes in this important sector by changing mind-set to view private sector health providers as offering a public good. This will enable them reduce fees and charges for treatment and provider greater motivation to their employees. 2. Government should scale-up public-private arrangements (PPP) in the provision of health services in both rural and urban areas to increase the number of health providers.

4.2.6 FYDP II Untapped Opportunities and Good Practices

Key challenges and opportunities. The objectives and targets developed and implemented for the Health sector during FYDP I and II are adequate to improve the health and well-being of the people. The main challenge is in implementation to achieve set indicators. The reasons for inadequate implementation are many, but the main ones relate to inadequate financing of the health sector – public, private and development partner financing. Without adequate financing to enable an increase in the number, quality and equitable access to health infrastructure, especially in rural areas where over 70 percent of the people live; attainment of health objectives will continue to be strained. A related aspect is committed implementation of plans and strategies developed in an equitable manner to ensure no one is left-out. This may require a change in mind-set to cherish equitable distribution and access of health resources between urban and rural areas and between various groups of the population, including the most vulnerable, elderly, women and youths.

FYDP I and II have left no quick wins in health that can be tapped. Further, in the health sector there is no one-size-fits-all solution or best international practices. *Successful health models* generally share a number of common features across four dimensions which could be explored further to improve health and well-being, namely:

(i) ***Focus of service setting.*** Successful models tailor their care settings for either a targeted age group (such as youths and elderly) with various combinations of illnesses or individuals who use a significant amount of care (determined thorough analysis of health facility attendees). In this regard examples of care settings include enhanced primary care, transitional care, integrated care, home-based care, and others.

(ii) ***Care and condition attributes.*** Successful models include practices such as targeting patients most likely to benefit from an intervention (such as delivery systems), coordinating care and communication among patients and providers, promoting patient and family engagement in self-care, and facilitating transitions from the hospital and referrals to community resources.

(iii) ***Delivery features.*** Successful models often feature the use of care managers alongside primary care providers to identify and work with high-risk patients. In addition, they often put high-risk patients under the care of specific physicians who treat a limited number of patients to enhance communication and adherence. Insurance systems such as CHF which reach a large number of beneficiaries are scaled up to ensure greater coverage and access to health services and referral systems are made open to CHF insurance holders – exclusion implies only the few already well-off have access to high quality health services.

(iv) ***Organizational culture.*** For care models to be successful, Government and other key health administration and management actors must emphasize good, accountable and committed leadership at all levels; be capable of adapting based on the objectives and targets of the development plan and local circumstances; offer specialized, customizable training for health team members in each heath provider facility; and effectively use data access, sources, and application to improve provision of health services.

Tapping opportunities offered by virtual health services. Virtual health combines clinical care and professional collaboration through telemedicine, telehealth and collaboration at-a-distance to connect clinicians, patients, care teams and health professionals to provide health services, support patient self-management and coordinate care across the health care continuum. Specific to physician-patient encounters, virtual health enables live and asynchronous clinical interactions, clinical practice and patient management supported by a wide range of communication (including the use of drones as now practised in the Lake Zone, collaboration and cognitive computing technologies along with digital devices and better use and management of health data for decision-making.

4.2.7 Recommendations

a) **Fast-track attainment of health targets:** Some of the FYDP II health sector indicators targets were not achieved and progress is slow to achieve all SDGs by 2030. Target setting for FYDP III should take into account the progress made during implementation of FYDP II, fast-track implementation with an eye towards progressive achievement of all 2025 health targets as well SDG targets. Good foundations laid during FYDP I and II should enable expeditious implementation during FYDP III to achieve planned health targets.

b) **Give priority to Health Sector:** The Government is urged to prioritise Health sector as the main engine for improving the health and well-being of the people, reverse declining budget allocations to the sector as well commit to expeditiously to disburse all resources budgeted. Implore Development Partners to disburse up-front their General Budget Support (GBS) commitment and other support for the health sector to enable effective implementation and funding of all planned health activities.

c) **Recruit health experts:** The Government is urged to improve teaching and learning environment and recruit new staff and specialists to cover the existing human resource gap and the growing demand resulting from the new and improved 352 health facilities constructed largely during FYDP II. Furthermore, the Government is urged to employ Community Health Workers (CHWs) to help scale up improvement in reproductive, maternal and child health at the community level.

d) In recognition of mounting domestic and external health-related debts, the Government should develop a comprehensive Health Sector Strategic plan to settle all debts without further delays and develop capacity for local treatment so as to be able to serve a bigger population and minimize foreign currency spending. This will require liaising with all relevant stakeholders to mobilize the necessary funding for infrastructure and staffing needs.

e) The Government and heath stakeholders should explore opportunities offered by virtual health services. In this regard, virtual health should combine clinical care and professional collaboration through telemedicine, telehealth and collaboration at-a-distance to connect clinicians, patients, care teams and health professionals to provide health services, support patient self-management and coordinate care across the health care continuum. Where applicable such services and making availability of drugs and equipment could be facilitated by use of drones' technology.

f) Develop greater capacity in the next FYDP III to address the challenge of Disease Control Programmes in HIV/AIDS, Malaria and Tuberculosis, especially in early detection, treatment and prevention. Greater focus should be put on Reproductive, Maternal, Neonatal, Child, and Adolescent Health (RMNCAH) in general as well as control of communicable diseases. Overall service utilisation during implementation of FYDP II was not adequately reaching the required level, especially in rural areas – indicating a need to review implementation strategy in FYDP III. Non-communicable diseases are increasing and unhealthy life styles are becoming more prominent which might need special targeting during FYDP III. Further, the referral system does not always function as required, sometimes due to a lack of adequate transport to the next level of care or due to an inability at the referral level to provide adequate services, issues that need to be taken over and resolved during implementation of FYDP III.

4.3 WATER AND SANITATION

4.3.1 An Overview

All the specified 10 outcome indicators for the sector had some data to allow for some performance assessment as shown below.

Performance summary	
No. of outcome indicators:	10
No. of indicators that have no data	1
No. of indicators that have attained targets/likely to attain targets:	0
No. of indicators to have surpassed targets:	0
No. of indicators that have not attained targets/unlikely to attain targets:	10

(i) Overall there is good progress in performance despite the fact that none of the indicators with data have attained the target.

(ii) Significant increase in service, access to water supply has increased to 85 percent in Dar es Salaam, 84 percent in Regional Headquarters and 64 percent in District Headquarters (2020 Water Sector report).

(iii) Significant increase in access to sanitation and hygiene. Source: (Routine monitoring system for sanitation, 2018).

(iv) By December 2018, access to improved sanitation in the country was over 50 percent while Open Defecation (OD) status dropped to 3 percent.

(v) Proportion of households using protected water source in the rainy season is 88 percent.

(vi) Proportion of households with protected water source in dry season has reached 73 percent.

(vii) Households within a kilometre to a source of drinking water in the rainy season is 89 percent.

(viii) Households within a kilometre to a source of drinking water in dry season is 77 percent.

(ix) Proportion of households with any toilet facility has reached 93 percent.

An intervention for human development and social transformation in the implementation of the FYDP II focus on many related areas, among them is Water Supply and Sanitation.

Second Five Year Development Plan (FYDP II) objectives include Universal access to safe water to be realized "through the involvement of the private sector and the empowerment of local government". The importance of water supply and adequate sanitation is recognized in the FYDP II, and one of the primary goals is to achieve "increased access to clean, affordable and safe water and sanitation as well as decent shelter, and a safe and sustainable environment. Here under is the assessment of performance of the Water and Sanitation sector during the FYDP II (2016/17–2020/21 implementation phase. The assessment covers the attainment of the Plan in terms of achievement of objectives through interventions and targets through observing changes in values of indicators.

For the Water and Sanitation sector, the objectives were to increase access to safe water in rural areas, regional centers and Dar es Salaam, to increase proportion of households with improved sanitation facilities in rural areas, regional centres and Dar es Salaam, to increase Non-revenue water (NRW) for regional centres, and Dar es Salaam. The indicators and the targets are access for safe water in rural areas (70.1 percent); regional centers and Dar es Salaam (84 percent). The proportion of rural households with improved sanitation facilities has reached (57 percent); households with improved sanitation facilities in regional centres is now (50 percent) and households with improved sanitation facilities in Dar es Salaam is (40 percent). As regards Non-Revenue Water (NRW) for regional centres is at (41 percent) and for Dar es Salaam alone it has reached (30 percent). Non -Revenue water (NRW) is water that has been produced and is "lost" before it reaches the customer, the remedy is to carry out maintenance and repair.

Table 4.3.1: Indicators, Their Baseline Values, Targets and Actual Performance

S/No.	The indicator	Baseline 2016/17	Target 2020/21	Achievement (2019/2020)	Percentage of Achievement (Percent)	Remarks
1	Percentage of rural population with access to piped or protected water as their main source	68.9	85	70.1	82	Target not met
2	Proportional of the households in Rural areas with improved sanitation facilities	25	75	57	76	Target not met
3	Percentage of Regional Centre's population with access to piped or protected water as their main source	86	98	84	86	Target not met
4	Percentage of households connected to convention public sewer systems in Regional Centre's	20	50	13	26	Target not met
5	Percentage of Non-Revenue Water (NRW) for Regional Centre's	37	25	41	-33	Target not met
6	Percentage of district capitals and areas small towns population with access to piped or protected water as their main source	60	70	64	91	Target not met
7	Percentage of Dar es salaam population with access to piped or protected water as their main source	72	95	85	89	Target not met

S/No.	The indicator	Baseline 2016/17	Target 2020/21	Achievement (2019/2020)	Percentage of Achievement (Percent)	Remarks
8	Percentage of household connected to convention public sewer systems in Dar es Salaam	10	40	10	25	Target not met
9	Percentage of Non-Revenue Water (NRW) for Dar es Salaam	47	30	48	-6	Performance Deteriorated
10	Number of water sources demarcated and gazette for protection and conservation	59	161	Na		

Source: Ministry of Water, 2019/20

4.3.2 Results from Implementing FYDP II's Objectives

Between 2016/17 and 2019/20, significant improvements in Water and Sanitation intervention coverage were made across both rural and urban areas through the four subsectors, namely, through Water Program Delivery Support, Rural Water Supply, Urban Water Supply and Water Management. These interventions contributed to improved results that access to clean and safe water in rural areas and in urban areas as well as improved sanitation although not to the extent of achieving the targets set in 2016/17. According to HBS 2017 -18 report (HBS June 2019), the proportion of households using protected water source in the rainy season has reached 88 percent, while households using protected water source in the dry season (73 percent). Households which are within a kilometre to a source of drinking water in the rainy season (89 percent) and households within a kilometre to a source of drinking water in dry season (77 percent). Proportion of households with any type of toilet facility has reached (93 percent). Each subsector had received substantial technical assistance and support from the Government and Development Partners. The greatest gains observed during this period were in increased availability of water in all the areas covered. While many improvements were observed during this period in water and sanitation, gaps in coverage and challenges in implementation remain that should be the focus of future efforts (FYDP III).

Water wastage is a problem in dealing with water supply through leakages caused by faulty pipes. In regional centers, the rate of wastage has currently risen to 41 percent from 37 percent in 2016/17 baseline value. Non-Revenue Water is that water which is wasted before it reaches the consumer. To reduce the wastage, effective Monitoring and Evaluation to detect leakages and prompt repair should be adopted.

Water supply in districts and areas in small towns is very much needed because the natural sources have been affected by climate change and expansion of agricultural activities. At the beginning of implementation of FYDP II 2016/17; the proportion of population in district capitals and small towns with access to piped or protected water as their main source was 60

percent. After implementation of the strategies, the rate has increased to 64 percent by 2020. The target was to reach 70 percent of households in 2020/21 and 85 percent in 2025.
The city of Dar es Salaam has a fast-growing population which needs safe and protected water as main source. Most of the water comes from Ruvu in the Coast region as well as from Deep wells to supplement the main source. In 2016/17 the percentage of Dar es Salaam population with access to piped or protected water as their main source was 72 percent as baseline while until 2019/20 the rate has increased to 85 percent of the population the target for 2020/21 is 95 percent. This performance is less than expected and it cannot be easily attained in the remaining period and at this pace, the Vision 2025 target of attaining 100 percent coverage as well is a challenge to be carried by the final FYDP III implementing LTP (2015 -2025).

The performance of the connection of households in Dar es Salaam to public sewerage system has not changed at all. At the start of the FYDP II, 10 percent of households had been connected to convention public sewer systems and yet until 2019/20 the rate has remained the same while the implementation target was set at 40 percent. This zero-change performance was due to population growth and the accompanied expansion of Dar es Salaam. The remaining task is to attain the 40 percent as well as the Vision 2025 target of 60 percent which is a challenge to FYDP III.

Water loss is a continuing problem in Dar es Salaam since the start of implementation of the FYDP II and it was planned to reduce it from 47 percent in 2016/17 the base year, to 30 percent in 2020/21 the end of the plan period. However, Non - Revenue Water (NRW) has increased to 48 percent in 2019/2020 during the implementation of Program. The target was to reduce the loss before the water reaches the consumers to 30 percent in 2020/21 and the Vision 2025 performance had been set to reduce the loss to 25 percent. It will be a tall order to attain these rates even at the end of the third FYDP in 2025/26.

There are 250 water sources in Tanzania ranging from water basins, lakes and rivers. It was planned in the FYDP II to increase the number of water sources demarcated and gazette for protection and conservation increased by 161 to the 59 water sources already gazette for protection. However, none was demarcated and gazette. The importance of demarcating and gazette these sources cannot be less emphasized. This activity should be a priority in the FYDP III.

The National Environment Status Report (NESR) further indicate that, in 2016 about 19.0 percent of population in Tanzania Mainland used improved sanitation facilities where by improved sanitation facilities are more common in urban areas (41.9 percent) than in rural areas (9.5 percent). Similar to access to water supply, routine monitoring system for sanitation indicates significant increase in access to sanitation and hygiene. According to the National Sanitation Management Information System (NSMIS), by December 2018, access to improved sanitation was over 50 percent while Open Defecation (OD) status dropped to 3 percent, see Table 4.3.2.

Table 4.3.2: National Sanitation and hygiene status by December 2018 indicator coverage

Indicator	Coverage
Households with Basic toilets	97percent
Households with improved toilets	53.6percent
Households with hand washing facilities	18.5percent
Households with drinking water safe storage facilities	7percent
Open defecation	3percent

Source: National Sanitation Management Information System (NSMIS), MoHCDGEC, 2018

Significant achievements have also been made in increasing access to WASH services in Schools, healthcare facilities and other public places. All achievements observed for sanitation and hygiene are attributed to implementation of the National Sanitation Campaign (NSC) all over the country.

Despite significant achievements, the sector is constrained by outdated policy. The National Water Policy, 2002 fall short of clear mechanism for addressing emerging issues such as climate change, water resources availability especially for marginalized and disadvantaged groups, financing, sustainable technology, and population dynamics. Currently the sector undergoes several reforms including review of the National Water Policy (NAWAPO) 2002 to incorporate new developments in the sector. The Water Supply and Sanitation Act, 2019 has been amended from the 2009 Water sanitation Act to further guide implementation and organizational arrangement. Furthermore, service delivery coordination mechanisms have been changed by merging rural and urban water supply services to form Rural Water Supply and Sanitation Agency (RUWASA)

Collaborative Behaviours, Building Blocks and Guiding Principles WASH sector in Tanzania employ several dialogue mechanisms to engage stakeholders. The WSDP II programme is sub-divided into sub-sector components each managed by a Technical Working Group (TWG); Integrated Water Resources Management (IWRM), Rural Water Supply and Sanitation (RWSS); Urban Water Supply and Sanitation (UWSS); Sanitation and Hygiene (Household and Institutional). The 5th sub-component, Programme Delivery Support (PDS) supports the four sub-components while the Steering Committee (SC) provides overall guidance. Along with TWGs meeting, joint sector reviews and supervision mission are conducted every six months. Further to TWGS and joint missions CSOs prepare equity report that provides insight of WASH sector from independent observer perspective. Development Partners have established independent working group for coordination purposes. All these dialogue mechanisms include multiple stakeholders from Government, Development Partners, NGOs and CSOs. This year (2019) the sector conducted a forum during Maji week, the first Maji week Scientific Conference. The conference brought together academia, policy makers and practitioners to deliberate on policy, science and practice as a nexus and come up with policy recommendations and areas that need further research.

4.3.3 Management for Results

The Government's policy and strategies for water and sanitation as outlined in the FYDP II, are guided by the National Water Policy (2002) and the National Water Development Strategy. Both the policy and the strategy focused on four strategic choices, namely, Water Resource Management dealing with, Protection, development and management of water sources in the country (all 9 Basin Water); making a clear targeted coverage of rural and urban areas. In addition, the country Tanzania has been implementing the National Sanitation Campaign (NSC) since 2012 with the aim of increasing the proportion of households and schools with improved sanitation and hygiene conditions

Addressing inequalities in the sector: national water policy declares that water service providers should ensure that low income groups are identified and provided with appropriate water supply and sanitation services. With regard to Water Resources, the policy exempts low income groups from applying a drilling permit when drilling a shallow hand dug wells of a maximum of 50 meters. Furthermore, in consideration of needs of women and girls during menstruation, the Government has exempted sanitary pads from Value Added Tax (VAT since 2018. The price for sanitary pads has thus decreased. With regard to inequalities in access to sanitation and hygiene, the national sanitation campaign is implemented all over the country with financial resource allocation prioritized to rural districts where over 70 percent of Tanzania population resides. For the case of the urban poor living in unplanned settlements, the Government promotes off-grid sanitation. Under off-grid sanitation, technology options such as decentralized waste treatment facilities such as DEWATS and simplified sewer systems are implemented for safe management of faecal sludge and wastewater. The DEWATS in Kigamboni for example provide service to about 282,000 people while the facility in Temeke reaches 44,578 people. The simplified sewer system in Vingunguti provide services to over 1,500 people while the one in Mwanza city serves over 3000 people. Other decentralized faecal sludge management projects are underway in Shinyanga, Arusha and Manyara where Shit Flow Diagrams (SFD) has been prepared to inform planning.

The water, sanitation and hygiene (WASH) sector in Tanzania is a cross pectoral initiative implemented under Water Sector Development Programme (WSDP 2006-2025). The WSDP programme encompasses water resources management; rural and urban water supply; sanitation and hygiene. The main focuses of the programme is on addressing strategic objectives of the Water, Health and Education policies

SDGs and the water, sanitation and hygiene sector National wide surveys on WASH under SDG indicators are on preparations through the National Bureau of Statistics (NBS). In order to ensure that upcoming national surveys effectively prepare WASH data under SDG monitoring framework, a WASH data Technical Working Group has been formed under the NBS for harmonisation of definitions and indicators across the sector. The available national report therefore indicates WASH status under Millennium Development Goals (MDGs). As reported in the 2017 National Environmental Status Report, in 2016, about 6 out of 10 persons (59.7 percent) had access to improved sources of drinking water. In urban areas nearly 9 out of 10 obtain drinking water from improved sources. Reports from routine evaluations show significant increase in service. In December 2018, as reported the 2018 water sector status report, access to water supply has increased to 85 percent in Dar es Salaam, 80 percent in Regional Headquarters and 64 percent in district headquarters.

Urban water supply strategic choice program under FYDP II dealt with projects to rehabilitate Water supply in Arusha, Improve Mtwara – Mikindani supply from Ruvuma, Improvement of water supply and sanitation services in Regional Headquarters. Some improvements have been taking place along Kahama to Shinyanga, Tabora, Nzega, Igunga and 86 villages (82 percent) as well as water supply in Dar es Salaam and construction of dams. During the FYDP II implementation there was water supply improvement in National projects, District HQ and small towns, improvement of water supply in DSM, Water supply improvement in National projects, District HQ and small towns and construction of Dams in dry regions including DSM.

4.3.4 Adequacy of Funding FYDP II and resource Utilization

The planned budget for the program was TZS 5,994.69 billion, while the actual expenditure was TZS.714.9 billion which is less than the envisaged for implementation.

On the other note, public funding to the water and sanitation was about USD1.6 billion USD during WSDP Phase I (2007-2015). The sector needs about USD 3.33 billion to eliminate inequalities in the planning phase of WSSD II by the year 2021, so far mobilized funds are estimated to the amount of USD 1.93 billion leaving a funding gap of US 1.4 billion. Public Private Partnership (PPP) approach has been employed to close the gap.

4.3.5 Lessons Learnt

In the water sector, one big lesson that the country should learn from is that Sanitation in Tanzania suffers setbacks as toilets are by heavy rains. However, few measures are being taken to harvest and preserve the water instead of leaving it to flow into the sea, lakes or just go underground.

Rainwater harvesting is not seriously undertaken even with the presence of many buildings with expansive roof covers. The amount of funds spent on trying to get water from far palaces could be used to harvest rainwater, preserve it and prevent it from just draining into the sea, lakes and ground. Such water could serve other purposes other than for drinking. For example, 2019/2020 rainy season was long with a lot of water wasted.
Another lesson, which is related to the one above is that Climate change has negatively impacted water resources in many countries including Tanzania. The impact (e.g. inadequate water supply to sustain agricultural and personal usages) has raised the need for developing adaptation strategies and consideration of climate change in developing water supply projects.

There is also another opportunity for learning from existing practices even from within the country Tanzania can expand the role of NGOs in supporting spread of improved sanitation services in both rural and peri-urban areas. A good example is the case of Arusha city council where the council has been collaborating with an NGO "Tanzanian Federation for the Urban Poor (TUFUP); a community organization that is focused on helping the poor people living in peri-urban areas, especially those residing in informal settlements. They do this through activities such as, mobilizing communities to form saving and credit groups, supporting latrine construction, and promoting prevention of HIV/AIDS. They have six groups in Arusha city, each having five members in the ward. In Arusha City, the federation focuses on low-cost housing, solid waste collection and waste water management including construction of low cost latrines, HIV/AIDS, community profiling, community advocacy, mobilization, empowerment and income generation projects

4.3.6 Recommendations

Table 4.3.3 provides a summary of the recommendations for each examined component area based on the key findings from the assessment.

Table 4.3.3: Recommendations for the Water and Sanitation Interventions

S/N	Component Area	Summary of Recommendations
1	**Water Program Delivery Support**	• Assess capacity of staff in water quality surveillance and • Monitoring and evaluation (M&E) to identify gaps and areas for improvement.
2	**Rural Water Supply**	• Consider a rapid survey to quantify the real gaps in access • Reinforce supervision at community water distribution facilities with a focus on repair • Carry out operational research or further analysis to understand factors associated with coverage and access
3	**Urban Water Supply**	• Consider a rapid survey to quantify the real gaps in access to water • Reinforce supervision at water distribution facilities with a focus on repair
4	**Water Management**	• Integrate routine monitoring of quality of water and water services • Access, of care into supervisory visits conducted to ensure quality is maintained and to better target mentoring and refresher training efforts. • Set up mechanism for periodic external rapid assessments of both quality and quantity of water • Consider setting up a mobile phone reporting system to improve NRW and report breakages of facilities to be repaired. • Enhance mobilisation of financial resources required from private sector through PPP • Ensure effective institutional organization and coordination • Ensure effective strategies for implementation of water projects.

4.4 FOOD AND NUTRITION SECURITY

4.4.1 An Overview

Food and nutrition are among development priorities in Tanzania, and the Government has taken important initiatives to address them. The FYDP-II identified some eight (8) outcome indicators to gauge changes in food and nutrition security among citizens as shown in Table 6.1. These relate to levels of Food Self Sufficiency (FSS), stunting and wasting among children below 5 years of age, anaemic condition among women of reproductive age, weight of babies at birth, exclusive breast feeding and utilization of iodized salt. The results of different interventions are indicated below based on some recent surveys and as reported by the ministers responsible for agriculture and health (Table 4.4.1).

4.4.2 Outcome Results from Implementing FYDP II's Objectives

There was adequate data to assess the attainment of outcomes from nutritional for all the eight (8) indicators. Among the indicators, 37.5 percent had attained and surplus the planned target by April 2020.

Table 4.4.1: Food Security Performance

Food Security Performance summary	
No. of outcome indicators:	8
No. of outcome indicators with data:	8
No. of indicators with data and are likely to attain targets:	3
No. of indicators with data and have not attained targets:	5

Table 4.4.2: Food and Nutrition Outcome Indicators

	Food Security Interventions	Benchmark in 2015	Target by 2020	Latest Progress	Ratio Achievement in Percent	Remarks
1	Food Self Sufficiency Ratio	120	140	121*	86.4	Very Little Progress
2	Prevalence of stunting in children aged 0 – 59 months percent	34.7	28[1]	31.8	43.30	Significant progress
3	Wasting (weight for height) of Under-five	3.8	Less than 5	Less than 3.5	100	Target met on year before end of FYDP II
4	Prevalence of anaemia among women of reproductive age (haemoglobin concentration <11g/dl) percent	40	30	28.7	113.00	Target met on year before end of FYDP II
5	Proportion of households accessing adequately iodized salt percent	64	80	62 (2018)	77.5	Achievement deteriorated from baseline
6	Prevalence of Low Birth Weight (LBW) among Children (Out of 53 delivered in a health facility)	7	5.7	6.3	53.80	Target not achieved but little progress made compared to baseline figure
7	Rate of Exclusive Breast Feeding EBF percent	41.8	50.0	59	118.0	Target met on year before end of

	Food Security Interventions	Benchmark in 2015	Target by 2020	Latest Progress	Ratio Achievement in Percent	Remarks
						FYDP II
8	Prevalence of vitamin A deficiency among children aged 6 – 59 months (serum retinol level < 20 μg/dl) percent	33	33	No latest data	No progress tracked	The last survey conducted 2010, so no progress tracked
	Unweighted average achievements in meeting outcome indicators				94.3	

Note: *Average attained for the past five years. [1]Global Acute Malnutrition (GAM) 3.8 (2014) to 3.5 (2018) Stunted from 34.7 to 31.8[2]. However, children who received Vitamin A supplement increased from 41percent in 2015 to 64 percent in 2018 (NBS-TSED, 2020);

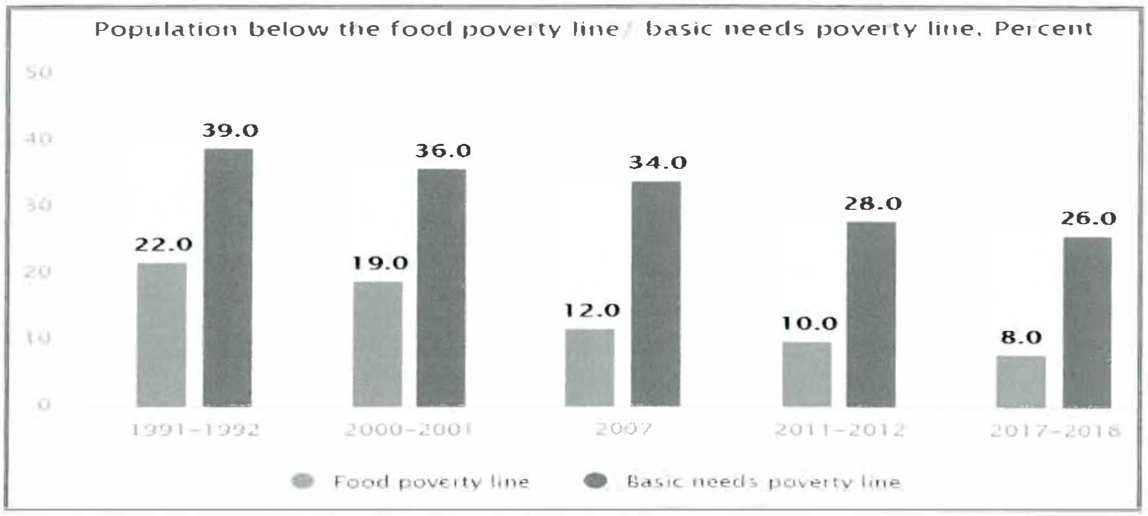
Source: Tanzania National Nutritional Survey (TNNS of 2014 and 2018)

Key findings:
i. Overall the attainment of outcomes from nutritional interventions is about 94.4 percent Nutritional indicators that have surpassed target are those on reduction of women of reproductive health with anaemic conditions; women practicing exclusive breast feeding to their babies during the recommended first crucial months (see Figure 2);
ii. The use of iodized salt is an outcome most likely to be achieved by June 2021 due to the aggressive campaign by the government to make fortification of essential minerals, including iodine, mandatory for food factories
iii. Food Self Sufficiency (FSS) at an average of 120 percent for the last five years must have contributed to the positive nutritional and health status of the population although access to food by about 9 percent of the households experiencing food poverty is still an issue (see Figure 1)

Overall Findings from the Outcomes Assessment

The proportion of population suffering from food poverty was reduced from 22 percent in 1991/92 to about 8 percent in 2017/18, which is a decline of 63.6 percent. This has been more impressive than the rate of reducing basic needs poverty rates, which declined by 33.3percent during the same period (Figure 4.4.1).

Figure 4.4.3: Trend of Population (percent) Suffering from Food Poverty: 1991 to 2018



Source: NBS-TSED (2020) - Based on Household Budget Survey of 2018/19 (reduced from 17percent in 2007, to 3percent in 2012, remained unchanged in 2018).

The proportion of women practicing exclusive breastfeeding to their children quadrupled over a 3 years period between 2015 and 2018 when the surveys were conducted. The proportion increased from 16 percent in 2015/16 to 59 percent in 2018 (see Figure 4.4.4).

Figure 4.4.4: Trend of Mothers Practising Exclusive Breastfeeding (percent) for Children below 6 months: 2014 to 2018

Source: NBS (2020) Dashboard for Socio-Economic Indicators. TSED- Tanzania Socio-Economic Data. NBS http://www.tsed.go.tz/dashboard/Dashboard#/

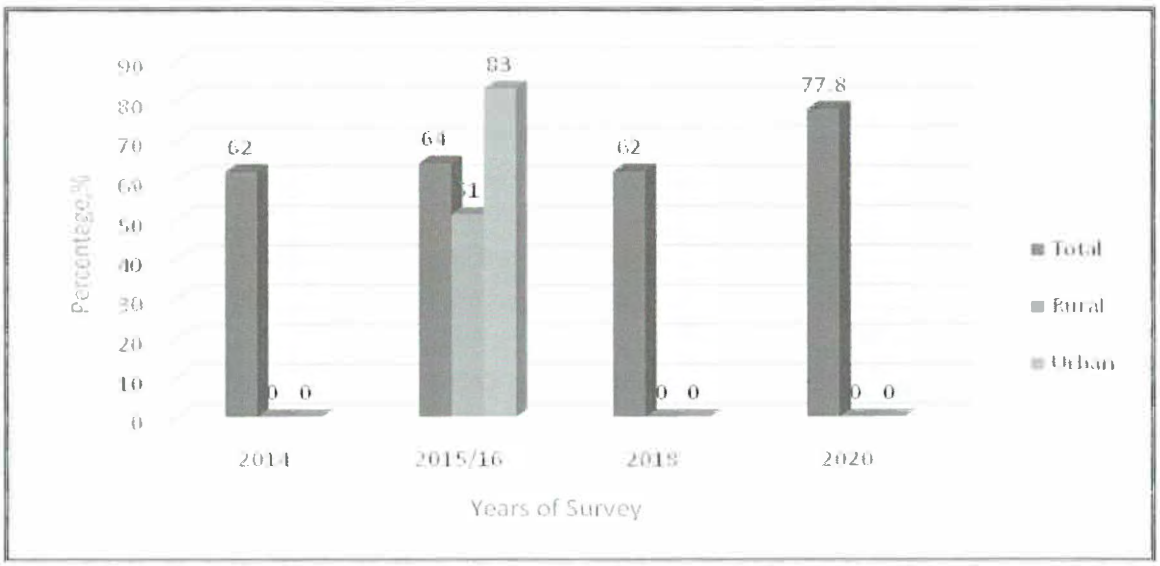
There has also been some positive changes in reducing the proportion of children experiencing under-weight relative to their age whereas the proportion had been reduced by half from 31 percent in 1996 to 15 percent in 2018 (Figure 4.4.5).

Figure 4.4.5: Trend of Children under 5 years suffering from Under-Weight Problem (1991/92 to 2018)

Source: NBS (2020) Dashboard for Socio-Economic Indicators. TSED- Tanzania Socio-Economic Data. NBS http://www.tsed.go.tz/dashboard/Dashboard#/

The proportion of households using iodized salt has remained stagnant relative to the situation in 2014/15. The survey in 2015 indicate that urban households have more access to iodized salt compared to rural households

Figure 4.4.6: Trend of Households Using Iodized Salt (percent) between 2014 and 2020



Source: NBS (2020) Dashboard for Socio-Economic Indicators. TSED- Tanzania Socio-Economic Data. NBS http://www.tsed.go.tz/dashboard/Dashboard#/

According to the Minister of Agriculture's budget speech for 2020/21, the country managed to maintain an average of 121 percent food self-sufficiency ratio, with a lowest of 112 percent in 2019/20 harvesting season. Despite attaining a high overall FSS for the country, the prevalence of stunting among children below 5 years was about 31.8 percent in 2018, slightly lower than the level of 34 percent in 2015. These levels are above the target of 28 percent set for 2020/21. According to Tanzania Demographic and Health Surveys (TDHS), malnutrition among children and women is still a problem for the country, despite some progress made in reducing stunting prevalence among children from 50 percent in the 1990s to 34 percent in 2015. During the same period, the prevalence of underweight among children under five years decreased from 25 percent to 14 percent; and the prevalence of global acute malnutrition among children under five years decreased from 8 percent to 5 percent. Prevalence of anaemia among women of reproductive age decreased from 48 percent in 2005 to 41 percent in 2010 but increased again to 45 percent in 2015/16.

It should also be noted that the country is now facing a new problem of excessive nutrient intakes that lead to overweight obesity and diet related non-communicable diseases. According to the TDHS 2015/16, 28 percent of women of reproductive age are overweight and obese (28.1 percent for Mainland and 38.9 percent for Zanzibar). However, the problem is more confined to urban dwellers as rural people are relatively more affected by under-nutrition. For example, the prevalence of stunting among children living in urban areas was 24.7 percent compared to 37.8 percent for children living in rural areas.

4.4.3 Management for Results

The outcomes specified for attainment of food and nutrition security are based on joint efforts between at least three sector ministries. The Ministry responsible for agriculture had to ensure there was adequate and nutritious food for domestic consumption. It is for that reason that its researchers have worked closely with extension officers to introduce specific seeds for crops that have improved nutritional contents. These include orange fleshed sweet potatoes (rich in vitamin A), yellow maize (also rich in vitamin A) and iron-rich kidney beans. Medical staff from hospitals, health centres and dispensaries has also collaborated with Community Development Officers in the Local Government Authorities (LGAs) to impart knowledge and skills among mothers on improved methods for food preparation. On the other hand, the Ministry of Industries and Trade is responsible ensuring safety of processed food stuffs. Although there are no official statistics, fortification of milled flour is still limited to medium and large-scale processors, with small and micro level processors, who also play an important role in the food value chain don't practice.

4.4.4 Challenges and Potential Solutions

(i) Food safety: handling in warehouses and processing facilities and in shops.

(ii) Food factories: technology and cost for fortification material seems to be limiting the adoption of the practice by some medium-scale and most of the small-scale grain millers and oilseed processors.

(iii) There is only one legislation that compels food processors to adopt micro-nutrient fortification i.e the national food fortification standards for oil, wheat, and maize flour that was approved in 2010.

(iv) Some mothers from very poor household cannot afford to ensure balanced diet for their infants and children. TASAF however has some programmes to identify and assist such families but its outreach is still limited, although there are plans to cover as many households as possible.

4.4.5 Recommendations

a) **Optimize Usage of Privately Owned Warehouses:** Provide support to privately own warehouses so that they can comply to food safety conditions.

b) **Scale-Up Nutrition Education Among Citizens:** Most families and especially women who are usually lead in the selection and preparation of food are not fully knowledgeable on nutrition matters. It is therefore necessary to step up efforts to use various forms of mass media to deliver nutrition messages to reach a higher proportion of people.

c) **Support SMEs in Food Processing:** Encourage the establishment and support to more small, medium and large-scale food industries, which can mandatorily fortify foods (salt, maize flour, wheat flour and cooking oil).

d) **Enhance Food Fortification**: Reinforce a legislation that compels all food processors, irrespective of scale of operation, to incorporate relevant micronutrients biomarkers (iron, folic acid, vitamin A and Iodine).

e) **Scale-up intervention to promote healthy life style** (healthy diet, physical activity, medical checks) among adult women and men through community, school, and health system and mass-media platforms.

f) **Train nutrition officers** at Regional Secretariats and LGAs; Nutrition Focal Persons at MDAs on the use of Multi-sectoral Nutrition Information System.

EDUCATION SECTOR

4.5.1 An Overview

The provision of quality education in Tanzania is the mandate of the Government under the management of the Education Sector. The major role is to provide equitable quality education and training at all levels and facilitate a conducive environment for stakeholders to participate actively in its delivery process. The government through FYDP II intended to invest in the quantity and quality of education through interventions that ensure that the provision of education is well aligned with, and tailored to meet needs of both the local society and competition in the domestic, regional and global economies. During the implementation of the plan, Government has made significant efforts to ensure that all school-aged children irrespective of gender, cultural, economic and geographical backgrounds have the opportunity to enrol in school. The FYD II was aligned with five-year Education Sector Development Plans (ESDP) to gear its implementation.

The FYD II evaluation present progress reached towards achieving the goals set out in the plan and identifies key challenges to be brought forward for the next plan (FYD III). The sector in the FYD II was categorized into three main areas, Education and Capacity Development, Skills Development and Science Technology and Innovation.

4.5.2 Education and Capacity Development

This area include Pre-Primary, Primary, Secondary, Adult and Non-Formal Education as well as Higher Education and comprised of 37 indictors of which 31(83.8%) recorded an improvement from baseline year (2015/ 2016). Data shows 26 (70.3%) indicators were on track towards the 2020 targets and out of these, 13(35.1%) indicators have surpassed the targets. Furthermore, data shows 6 indicators exhibit a declining trend from baseline which calls for further discussions on why there were no improvement.

Performance summary	
No. of outcome indicators:	37
No. of outcome indicators with available data:	37
No. of indicators with available data have attained/likely to attain targets:	26
No. of indicators with available data have surpassed targets:	13
No. of indicators with available data and have not attained/unlikely to attain targets:	11

Table: 4.5.1: Performance under each of the education related outcome indicators

S/N	Indicator/Target	2015 Baseline	FYDP II target 2020	Achievement by 2020	Remarks
1	**Early Learning**				
1.1.	Gross Enrolment Ratio (%)	36.9	95	78.5	likely to attain the target
1.2.	Net Enrolment Ratio (% of eligible)	33.4	50	35.9	Unlikely to attain the target
1.3.	Pupil/qualified teacher ratio (PTR)	77:1	50:1	130:1	Lagging behind significantly
1.4.	Number of qualified teachers	13,600	15,400	13,230	Unlikely to attain the target
2	**Primary Education**				
2.1.	Gross Enrolment Ratio	93.3	100	110.6	Surpass the Target
2.2.	Net Enrolment Ratio (% of eligible)	84.4	100	95.7	Likely to attain the target
2.3.	Percentage of cohort passing PSLE	57	75	82.24	Surpass the Target
2.4.	Pupils/Teacher Ratio	41:1	40:1	56:1	Lagging behind significantly
2.5.	Pupils/Text Book ratio	3:1	1:1	1:4	Lagging behind significantly
2.6.	Pupils/Classroom Ratio	75:1:	50:1:	1:75	Unlikely to attain the target
2.7.	Pupils/Latrine Ratio (Boys)	56:1	25:1	54:1	Lagging behind significantly
2.8.	Pupils/Latrine Ratio (Girls)	58:1	20:1	1:51	Lagging behind significantly
2.9.	Pupils/desk Ratio	4:1	1:1	4:1	Lagging behind significantly
2.10.	% of Schools with clean water		40	49.3	Surpass the Target
2.11.	% of Schools with electricity	18.3	30	43.5	Surpass the Target
2.12.	Transition rate from Std Seven to Form One	55.5	80	91.1	Surpass the Target
2.13.	Adult literacy rate	77.9	85	77.6	likely to attain the target
3	**Secondary Education**				
3.1.	Gross enrolment ratio in lower secondary schools (%)	41.7	43	46	Surpass the Target
3.2.	Net enrolment ratio (% of eligible)	32.9	50	36	Unlikely to attain the target
3.3.	Pupils/teacher ratio in lower secondary schools by subject	24:1	20:1	23:1	likely to attain the target
3.4.	Pupils/classroom ratio in lower secondary schools	43:1	40:1	41:1	likely to attain the target
3.5.	Pupils/latrine ratio in lower secondary schools	29:1	20:1	27:1	Unlikely to attain the target
3.6.	Proportion of schools with electricity (%)	77.3	85	69.8	Likely to attain the target
3.7.	Students passing Form IV examination (%)	67.9	80	80.65	Surpass the Target
3.8.	Transition rate from Form Four to Form Five (%)	10.5	20	19.2	Target achieved
3.9	Improve examination pass rate in mathematics	16.8	Improve	20	Target achieved

S/N	Indicator/Target	2015 Baseline	FYDP II target 2020	Achievement by 2020	Remarks
3.10	Improve examination pass rate in science subjects	52.7	Improve	56.2	Target achieved
4	**Higher Secondary Education**				
4.1.	Gross Enrolment Ratio (%)	5.7	6.9	6.9	Target achieved
4.2.	Net Enrolment Ratio (% of eligible)	2	4.2	3.3	Likely to attain the target
4.2.1.	Of which male (%)	1.1	2.2	3.3	Surpass the Target
4.2.2.	Of which female (%)	0.9	2	3.2	Surpass the Target
4.3.	Percentage of students passing Form VI examinations	98.9	100	99.51	Likely to attain the target
5	**Higher Education**				
5.1.	Higher education enrolment rate (%)	3.3	6.9	8.2	Surpass the Target
5.1.1.	Of which male (%)	2.1	3.6	4.5	Surpass the Target
5.1.2.	Of which female (%)	1.2	3.3	3.7	Surpass the Target
5.2.	Loan/Grant to science subjects (%)	30	50	63.9	Surpass the Target
5.2.1	No. of students facilitated with higher education loans	95,831	Increase	132,392	Target achieved
5.3.	Increase high skills	3	5		Captured in the Ministry of Labour and Employment
5.4.	Increase medium skills	13	20		Captured in the Ministry of Labour and Employment
5.5.	Low skills	84%	60%		Captured in the Ministry of Labour and Employment

[1] The FYDP II's M&E strategy presented the FYDP II's targets using calendar year.
[2] Data were reported using calendar year.
* The figure is for 201

Key findings:

i. The fee-free pre-primary, primary and lower secondary education policy came into force at the beginning of 2016 and led to an immediate increase of 38 percent in pre-primary enrolment and 44.6 percent in Form 1.

ii. Largely due to the fee-free basic education policy, transiting to secondary school has increased from 67.1percent (2015/16) to 77.55 percent (2020/202120), close to the FYDP II's 2020 target of 80percent.

iii. Gross Enrolment Rate (GER) and the Net Enrolment Rate (NER) for pre-primary education have been the most challenging areas. Both have been on the decline and unlikely to reach the FYDP II target of 95 percent and 50 percent respectively by 2020.

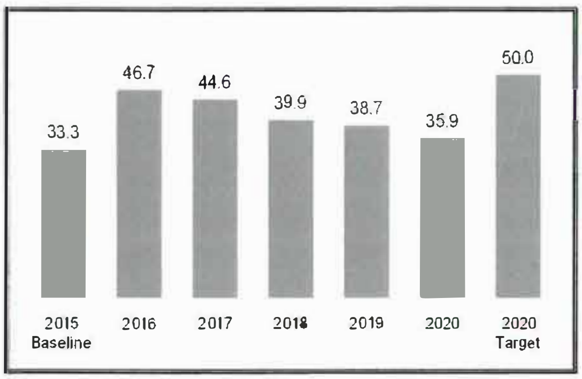
iv. The GER and NER for primary education have been on the rise. The former has already surpassed the FYDP II target and the latter is likely to do so.

1.1. Pre-Primary Education

Pre-Primary Education is a formal education system for children (school age 5-6 years) with a duration of at least one year before joining the Primary Education level. The Government recognizes that the early years of a child's life builds the foundation for lifelong growth. The children who are denied the opportunity in these early years of education are likely to perform lower at subsequent levels than their peers. Various efforts have been put in place to ensure the all children are enrolling to schools. Pre-primary enrolment continued increasing from 1,069,823 pupils in 2015 to 1,377,409 pupils in 2020.

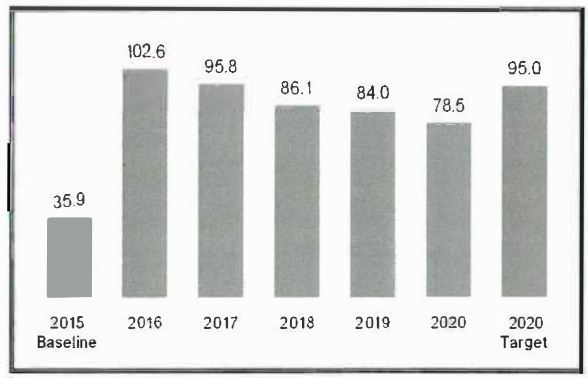
The Gross Enrolment Ratio (GER) and NER in pre-primary stands at 78.5% and 35.9 respectively which were below the 2020 target of 95 and 50. Figure 4.5.1 and 4.5.2 indicated downwards trend in both GER and NER since 2016. The decrease in enrolment can be attributed by a huge number of pre-primary aged children across the country were enrolled in the first year of implementing the Fee Free Education Policy and the decrease in the population of pre-primary aged children in recent years as reflected in the National Beaural of Statistics (NBS) Population Projections data (2016-2021).

Figure 4.5.1: GER pre-primary school from 2015 – 2020



Source: URT (2020)

Figure 4.5.2: NER pre-primary school from 2015 - 2020

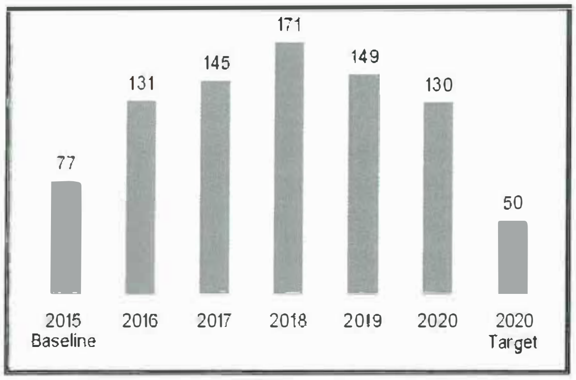


Source: URT (2020)

Despite the decrease, data shows a positive trend with government efforts towards attaining the target as depicted in the MoEST (2020), the Annual Education Sector Performance Report which shows percentage of Standard I pupils with at least one year of pre-primary education increased from 54.8 % in 2015/16 to 80.5% in 2019/20. It further, shows that in pre-primary enrolment we have attained a Gender Parity Index (GPI) of 0.97 where the enrolment of boys was at 50.7% and girls 49.3%. This shows the Government's efforts to address the gender gap in the provision of education is starting well at the very earliest levels of the system.

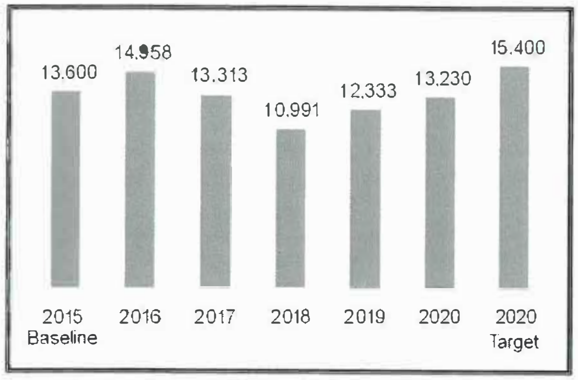
Effective teaching and learning of Pre-primary education to a large extent depends on the presence of adequately skilled and qualified teachers who are key determinant for quality education provision at this level. A Pupil Teacher Ratio (PTR) of 1:25 is considered optimum for pre-primary education. Data in Table 4.5.1 shows the number of qualified teaching staff increased from 13,600 in 2015 to 10,594 in 2020 below the target of 15,400. However, this increase did not meet the demand of teachers to meet the policy requirements. Figure 4.5.3 shows the PTR is lagging behind the target, which stand at PTR 1:30 against target of 1:50 in 2020. The government need to improve the situation which is crucial in setting the proper foundation towards attaining improved learning outcomes in subsequent levels of education.

Figure 4.5.3: Pupil/qualified teacher ratio from 2015 - 2020



Source:URT (2020)

Figure 4.5.4: Number of Primary Teachers from 2015 - 2020

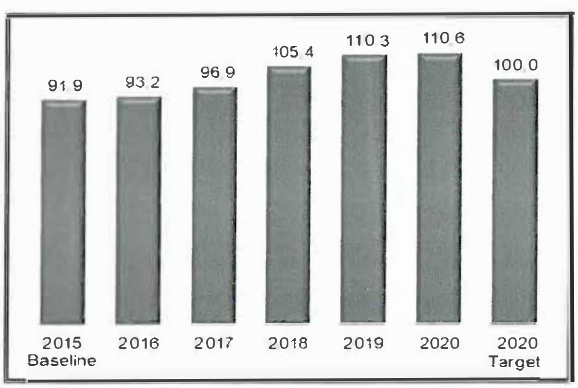


Source: URT (2020)

1.2. Primary Education

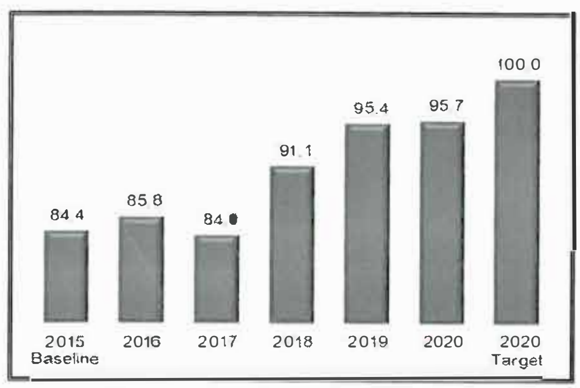
Primary Education is a seven-year education cycle after one year of Pre-Primary Education. It is universal and compulsory for all children aged 7 to 13 years old that begins with Standard I and ends with Standard VII. During the implementation of FYDII, Significant progress has been noted in primary education. The GER for primary education has been consistently on the rise from 91.9 at the baseline reaching 110.6 by 2020 higher than the FYDP II's target of 100 by 2020. The NER for primary education has increased from 84.4 in 2015 to 95.7 in 2020 and slightly to below the FYDP II's target of 100 as shown in Figure 4.5.5: and 4.5.6.

Figure 4.5.5: GER primary school (percent)



Source:URT (2020)

Figure 4.5.6: NER primary school



Source:URT (2020)

The MoEST (2020) affirmed the increased of enrolment in Primary schools by 31.7% from 8,298,282 pupils in 2015 to 10,925,896 pupils in 2020. The overall increase of enrolment was attributed to the implementation Fee Free Education Policy and improvement of school infrastructure that attracted parents to send their children to schools including pupils with Special Needs.

Table: 4.5.2: presents the number of teaching staff and respective PTR in primary education from 2015 to 2020. The total number of teachers decreased by 1.4% from 197,420 in 2015 to 194,736 in 2020, translating to an overall PTR of 1:56 which is far higher than the recommended national standard of 1:40. Also, data shows out of the 194,736 primary school teachers, 98.5% are qualified, which make Pupil Qualified Teacher Ratio (PQTR) of 1:57. The Government has laid down initiatives to improve PTR that includes employing new teachers for primary to address the gap.

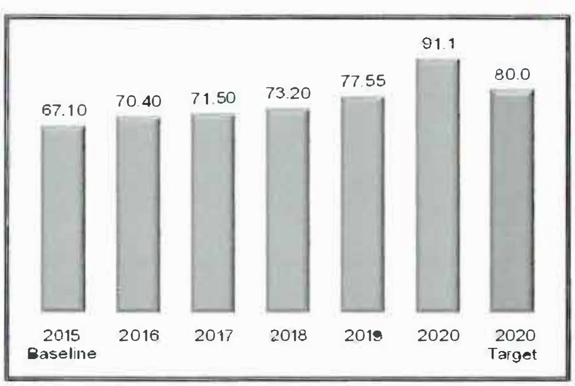
Table: 4.5.2: Teaching Staff and PTR in Primary Education, 2015 - 2020

Indicator	2015	2016	2017	2018	2019	2020
Overall Total Teachers	197,420	206,806	197,563	199,683	196,286	194,736
Total Qualified Teachers	191,420	201,513	192,497	195,951	192,061	191,815
Pupil Teacher Ratio (PTR)	**1:41**	**1:42**	**1:47**	**1:51**	**1:54**	**1:56**
Pupil Qualified Teacher Ratio (PQTR)	**1:42**	**1:43**	**1:48**	**1:52**	**1:55**	**1:57**

Source: BEST, 2020

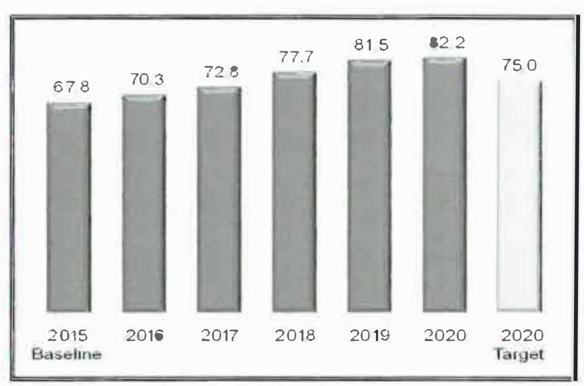
Table 4.5.7 presents the number of pupils leaving primary education and joining secondary education from 2015 to 2020. The data shows that the number of pupils transitioning to secondary school has increased from 67.1% in 2015 to 91.1% in 2020 and surpass the 2020 targets of 80%. The increase in transitions is due to an overall upward improvement in the pass rate from 67.8% in 2014 to 82.24% in 2020 as shown in Figure 4.5.8. This improvement is a result of increased Government efforts to improve school infrastructure, timely release of capitation grants and greater emphasis on Schools Quality Assurance.

Figure 4.5.7: Transition rate from Primary Education to secondary, 2015-2020



Source:URT (2020)

Figure 4.5.8: Percentage of Cohort passing (PSLE)



Source:URT (2020)

1.3. Secondary Education

The secondary education consists of two sequential cycles namely four years of Ordinary Level Secondary Education and 2 years of Advanced Level Secondary Education. Form 4 and Form 6 examinations mark completion of secondary education cycles and the results of these examinations are used for and selection of students for further formal education and training such as Colleges and Universities.

Total enrolment in secondary schools (I-VI) in this reporting period, increased by 39.4% from 1,774,383 in 2015 to 2,473,506 students in 2020 (MoEST,2020). This includes enrolment in Form 1 – 4 which increased by 40.9% from 1,648,359 in 2015 to 2,322,259 in 2020 and Form 5 - 6 increased by 20.0% from 126,024 to 153,420 in the same period. The increased enrolment is accredited by the implementation of Fee Free Education Policy, improved teaching and learning environment including rehabilitation and construction of school infrastructure, as well as strong partnership between Government, Non-Governmental Actors and Development Partners.

Figure 4.5.9: GER and NER in Lower Secondary (I-IV)

	2015 Baseline	2016	2017	2018	2019	2020	2020 Target
GER	41.7	42.6	41.3	43.7	43.9	46.0	43.0
NER	32.9	33.4	33.3	34.6	34.8	36.0	50.0

Source:URT (2020)

Figure 4.5.10: GER and NER in Upper Secondary (V-VI)

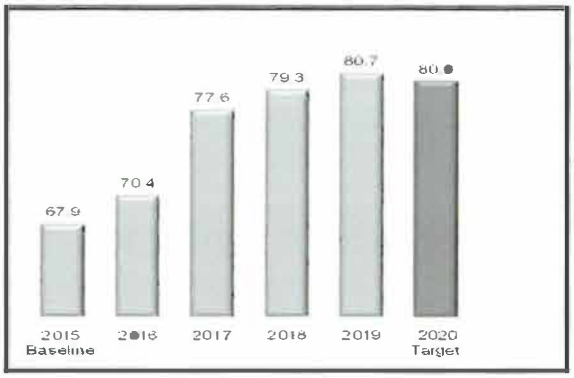
	2015 Baseline	2016	2017	2018	2019	2020	2020 Target
GER	6.6	6.8	6.8	6.6	6.7	6.9	6.9
NER	3.3	3.2	3.0	3.0	3.2	3.3	4.2

Source:URT (2020)

The Gross Enrolment Ratio (GER) and Net Enrolment Ratio (NER) at Lower Secondary Education (I-IV) stand at 46 and 36 in 2020 respectively. Both of these indicators have shown slow but steady improvement from 2017 as observed in Figure 4.5.9: On the other hand, Table: 4.5.1: shows GER and NER for upper secondary education (V-VI) were recorded 6.9 and 3.3 respectively in the same period. The NER for girls in upper secondary education in the same year was 3.2 compared to 3.3 for boys.

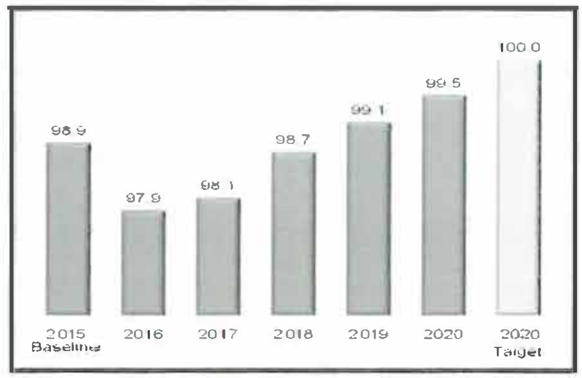
The Certificate of Secondary Education Examination (CSEE) Performance in Secondary Schools from 2015 to 2019 the pass rate increased from 67.9% to 80.7% respectively while the Advanced Certificate of Secondary Education Examination (ACSEE) increased from 98.9 to 99.51 in the period slightly lower by 0.49% towards the 2020 target.

Figure 4.5.11: Students Passing Form IV Examinations, 2015 - 2019



Source: URT (2020)

Figure 4.5.12: Students Passing Form VI Examinations, 2015 - 2019



Source: URT (2020)

1.4. Higher Education

Enrolment in Higher Learning institutions (HLIs) decreased from 225,330 in 2014/2015 to 189,291 in 2019/2020 academic year. The decreased number of students enrolled was results of country wide academic audit to all higher learning institutions for the purpose of quality assurance conducted by Tanzania Commission for Universities (TCU) between 2016 and 2017 of which admission of students in 19 university institutions were banned and subsequently cancelled registration of 10 university institutions. However, the GER for HLIs (including tertiary institutions) increased from 3.3 in 2015 to 8.2 in 2020 due to a number of factors including rehabilitation and/or construction of lecture theatres, lecture rooms, new libraries and hostels at HLIs.

MoEST (2020) shows there were a total number of 6,176 staff in University Institutions in 2019, 16% are technical staff and 84% teaching staff of which 31.4% are PhD and 52.1% are Masters' holders. The report shows that there is still a challenge in having adequate academic staff in higher learning institutions; hence, there is a need to develop and upgrade more staff to suit the teaching requirements.

In 2019/2020, the Government through the Higher Education Students' Loans Board (HESLB) disbursed loans to 132,392 students from 95,831 in 2014/15 which in equivalent of an increase of 38.2%. The percentage of loan and grants to science students increased to 63.9% (2020) from 30 in 2015 all students who received loans.

Output and Process Performance

Performance summary	
No. of output and process indicators:	14
No. of output and process indicators with available data:	14
No. of indicators with available data have attained/likely to attain targets:	14
No. of indicators with available data and have not attained/unlikely to attain targets:	0

Key findings:

i. Teaching and learning environment were advanced through the provision of desks, construction and rehabilitation of schools, FDCs, teachers' colleges; and provision of special needs equipment.

ii. Expanded use of ICT in teaching and learning at all levels (ICT equipment)

iii. Capacity building to teachers (training, review and improve curriculum)

iv. Enhanced school inspection (regular inspections, providing vehicles and office buildings to the district level Schools Quality Assurance (SQA) offices).

v. Implemented two large programs 1) Literacy and Numeracy Strategy (LANES) 2) Education Program for Results (P4R). The programs supported in-service training for the revised curricula; focus on learning outcomes in the 3Rs; improvements in actual education service delivery etc.

FYDP II documents had a total of 28 output and process indicators. From the desk review of Government documents (budget speeches, sector performance reviews etc.), the evaluation team obtained data for 11 out of the 28 indicators (39.3 percent). Below is an update on the progress made to implement activities associated with the 11 indicators. In the absence of numerical targets, we consider the 'activities' that have been implemented under each indicator as the proxy targets.

Improving teaching and learning environment: The Government's school desks campaign that kicked off in March 2016 directed all regions to have sufficient school desks. Nine months later, proportion of desks reaching 97.2 percent of the needs. Other efforts by the Government to strengthening the teaching and learning infrastructure included: renovating dilapidated primary, secondary schools and teachers' colleges and provision of special needs equipment. The 2018 report by the MoEST confirmed the construction of 1,937 classrooms, 4,417 pit latrines, 333 dormitories, 27 teacher's houses, 14 dining halls, 22 administration blocks, 4 laboratories, 20 FDCs lecture rooms and 19 libraries; rehabilitation of 165 existing facilities (21 secondary schools, 141 primary schools and 3 teacher colleges). Other efforts include the establishment of 125 satellite centers to increase access to pre-primary education for children to start school at the right age in remote areas.

Expanding use of ICT in teaching and learning at all levels: Through the Education Quality Improvement Program (EQUIP-T), the Government introduced the School Information System (SIS) to help school leaders and school administrators better manage their schools to improve learning outcomes. ICT equipment have also been procured and distributed to Schools, teachers' colleges and Quality Assurance offices.

Improving working environment for teaching staff at all levels (commensurate remuneration, housing in close proximity to work premise): The Government has invested in the availability of basic school infrastructure including classrooms, pit latrines, dormitories, dining halls, administration blocks, laboratories, libraries and lecture rooms for schools as well as for the FDCs. A report by the MoEST in 2018, for instance, confirmed the construction of 27 teacher's houses.

Train teachers for pre-primary schools: The Government has introduced a program intending to train one teacher per school for the estimated 16,109 teachers who will be allocated to teach in pre-primary classes.

Enhance school inspection: Reports show that, on average, 8 out of 10 schools (77percent) were visited for inspection by the school quality assurance officers. Even in the more poorly performing districts, Uyui (43 percent), Ubungo (41 percent) (source of report needed), close to half of schools were inspected. The Government has also improved its resource allocation to the sector with resources such as vehicles to the SQA functions and the construction of 100 SQA district level offices (financed through the EP4R program). Through the LANES program, the Government launched SQA framework that reflected a revitalized approach to SQA which moves away from a 'policing' approach to compliance-based school inspection, and emphasizes continuous support at the school level (management, pedagogy, community engagement, etc.), to improve quality education and student learning outcomes.

Review and improve teaching curriculum: The in-service training for the revised curricula, reaching a large number of teachers, was viewed as an historic achievement. The vast majority of trained teachers (126 of the 196 surveyed teachers) indicated to become more confident, and more motivated, and more creative in delivering sessions, and in the designing locally relevant learning materials.

Improve availability of water, electricity: The Government has also improved its resource allocation for the construction of school latrines, water infrastructure (water tanks and other Water Sanitation and Hygiene (WASH) facilities). Such efforts complemented the overall investments that were made to renovate dilapidated schools and colleges. For instance, during the FY 2019/20, the Government reported the construction of 9,712 school latrines (5,539 for girls; 3,645 for boys; and 528 for teachers).

Increased access in basic education: Government continuing making efforts to ensure that all school-aged children have access to education by dedicating an increasing amount of resources to support expansion of the basic education subsector. Some of the notable initiatives included; expansion and provision of required facilities and basic school infrastructure through rehabilitation and construction of essential buildings which include classrooms, dormitories, laboratories and toilets to ensure schools have conducive environment for teaching and learning. For instance, in the FY 2019/20 it had successfully registered a total of 395 new schools. The registered schools included 15 pre-primary, 265 primary and 115 secondary schools. These additional schools have resulted in a total of 18,152 primary schools from 16,899 in 2015 and 5,143 secondary schools from 4,708.

4.5.3 Management for Results

Key summarized issues:

(i) Several specialised education programs were established to advance the sector (EP4R, LANES, EQUIP-T, UTC etc.)

(ii) Reforms in school inspections, textbook policy etc. were among the important reforms introduced during FYDP implementation phase

(iii) Infrastructure development (classrooms construction, rehabilitation of teachers' colleges, ICT)

(iv) Focus on inclusive approaches (invest in education facilities for the vulnerable groups)

During the FYDP II implementation, a number of reforms and programs were implemented within the education sector. They included: The Education Program for Results (EPforR), the Literacy and Numeracy Education Support (LANES), Education Quality Improvement Program (EQUIP-T), TESP, UTC, Tusome Pamoja Program, development of SQA Framework. The implementation of School Information System (SIS) through the support of EQUIP-T assisted the Government through and school management teams to better manage schools for improved learning outcomes. The School Summary Report Card (SSRC) on the other hand, ensures that communities assess performance of schools against a sub-set of quality indicators.

The inclusive education strategy focused on the equity side of the education sector by facilitating improved access to quality education for the vulnerable groups in Tanzania. Through the initiative, provisions are made for special needs students (e.g. orphans and those with visual or hearing impairments). Guidelines on supporting students with albinism; and supplying special education equipment to special schools to advance learning environment, were also additional efforts to address equitable access to quality education. The efforts were complemented by training teachers on teaching using the sign language. Further efforts on advancing equity in education included an update of the teacher deployment strategy. The strategy aims at addressing the imbalance and shortages of teachers, especially in science subjects as well as their often-inequitable allocation – including allocation between administrative and teaching roles.

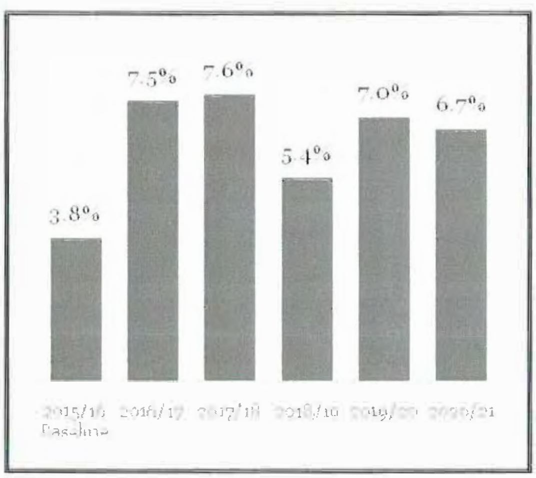
The Government did also introduce a single book policy and the textbook strategy to address the challenge of textbook shortages in schools. Apart from the Government procuring and distributing books in schools, capitation grant also is intended to support schools in complementing necessary supplies including teaching and learning materials.

Further investments in the education sector involved infrastructure development (e.g. classroom construction, rehabilitation of teachers' colleges); registration of new primary and secondary schools; and the introduction of the online schools' registration system to accelerate school registration. Teachers colleges were provided with academic books, and advanced ICT infrastructure (learning management system and computers). Further training was given to teachers from underperforming schools in mathematics, by advancing their teaching knowledge and skills.

4.5.4 Adequacy of FYDP II Financing and Resource Utilization[25]

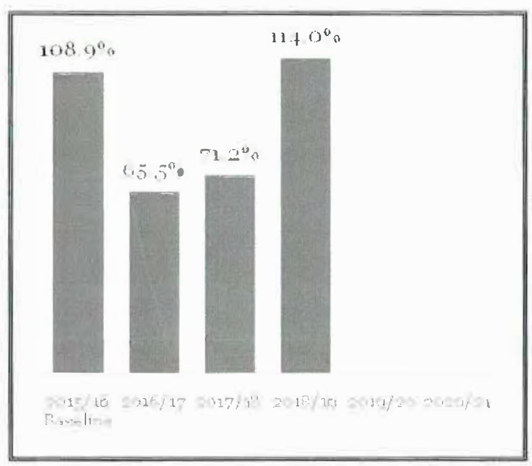
Throughout the FYDP II implementation phase, the share of the education sector's development budget in the overall national development budget was higher than at the baseline (Figure 4.5.7). However, we observe a declining trend from a peak of 7.6 percent (FY 2017/18) to 6.7 percent (FY 2020/21). On the other hand, we are also observing an improvement in execution rate of the education sector development budget, from 108.9 percent (FY 2015/16) to 114 percent (FY 2018/19) (Figure 4.5.8). Education remains a strategic sector and accounts for one of the largest expenditures, but in the FY 2017/2018 budget, the sector made an optimal decision to allocate the largest portion of its budget on infrastructure development.

Figure 4.5.7: Sectorial share of the development budget-education sector



Source: MoFP (2015/16-2020/21)

Figure 4.5.8: Development budget execution rate-education budget



Source: MoFP (2015/16-2020/21)

4.5.5 Development Constraints in the Education Sector

As discussed in the preceding sections, much progress had been made in advancing the education sector. However, the sector is experiencing three development constraints 1) quality and learning outcomes 2) inequity in access and transition from lower to higher education levels 3) geographical disparities in educational outcomes. In terms of the first constraint (quality and learning outcomes), more efforts are needed to reduce the student/classroom ratio which has increased to 75:1in 2020 at primary education from the FYDP II baseline of 72:1 in 2015. The introduction of fee-free basic education (primary and lower secondary education) was a bold and decisive move to improve access to education to all Tanzanians of different backgrounds. The move resulted into rapid increase in the number of children in schools, which has in turn, created pressure in terms of a need for more classrooms, teachers, and expansion in the budget. Equally important the move has created a knock-on effect of increasing demand for secondary education. Studies show the fee-free education demands an estimated 27,000 new classrooms for pre-primary and primary schooling and 2,700 at the secondary level. As discussed in the preceding section, the Government is fully aware of these challenges and has been increasingly investing in, for example, new schools to accommodate increasing influx of students.

To raise the quality of the education provision, both financial and human resources need to be raised coupled with improvements in the predictability of external funds. The share of the Government's total budget put towards education stands at 14.8 percent which is below the benchmark of 20 percent and has been declining from 20 percent to 16 percent between 2014/15 and 2019/20. Reports that have analysed the national budget show education remaining a strategic sector and accounts for one of the largest expenditures, but in the FY 2017/2018 budget the sector lost the position of the 'largest' sector by budget allocation to the infrastructure sector. Budgetary expansion in the education sector should primarily target educational inputs such as textbooks, desks, classrooms, electricity, water and sanitation facilities which are the basis for providing quality education services. At the outcome level, higher resource allocations need to aim at advancing the survival rates at lower secondary level, and higher enrolment in technical and higher learning institutions

Studies are showing that when modelling of current grade-specific enrolment data, a survival rate for the whole 11 years of basic education is only 22.4 percent. Learning outcomes should also be an important policy goal and resource allocations could be primarily targeted to improve learning outcomes.

Budgetary improvements should be directed towards improvements in learning and teaching infrastructure, and would be much more effective if coupled with an improved resource allocation formula. There is also a need to further invest in coverage of children with special needs, and other vulnerable populations, which should include among other things increasing the number (and motivations) for the specialised teachers for special education.

Education reforms could also make a difference on the equity aspects and gender disparities in the education sector. Improvement needs to focus on participation of girls in Science, Technology, Engineering and Mathematics (STEM) courses, and improving transition rate to lower and upper secondary (22 percent for girls, compared to 31 percent for boys).

An education policy that focuses on equity aspects could further strengthen the gains made from free-fee basic education policy. Inequity can also be observed in terms of economic status. Increasing resources for education infrastructure should address some of the geographical gaps, specifically, by reducing distance to school and which will subsequently reduce physical risks in travelling to and from school.

4.5.6 Untapped Opportunities towards FYDP II Objectives and Targets

Opportunity 1: To transform the education sector into an ***outcome-based system.***

Studies have positioned the aspects of quality education and skills development are among the surest means we have to end poverty and boost shared prosperity, but much of this potential is lost if students do not acquire the literacy and numeracy in school that they need to succeed in life. Reviewed studies show the outcome-based system as a learner-cantered approach to education that focuses on what a student should be able to do in the real world upon completion of their studies. Recommendations from such studies include the need to move beyond simply financing the inputs that education systems need, to strengthening these systems to deliver results. This, in turn, according the reviewed studies, implies aligning governance, financing rules, incentives, and management practices with the ultimate goal of better learning outcomes, especially for children from the world's poorest families—for whom ***access to quality education*** remains deeply inequitable.

Opportunity 2: Ensure ***equitable access*** to education and training for all, including the most disadvantaged.

Reviewed studies refer to this aspect as ***equitable participation*** and ***completion*** of free basic education for all, with particular attention to marginalized groups, children with disabilities and out-of-school children. There is a need to improve the coverage, quality and student completion rates at the AEP centres. UNESCO's estimates show that an additional year of schooling increases an individual's earnings by 10 percent and the average annual growth of GDP by 0.37 percent. Equally important is the need to create a gender sensitive and learner-friendly school environment. There is also a need, according to the reviewed studies, to support female students and students from poorest families from dropping out of secondary school due to pregnancy; increasing the number of secondary school spaces through the construction of new classrooms that meet minimum infrastructure standards and supporting the expansion of the school network to bring schools closer to communities; and introducing a system of supplemental instruction to children lagging behind grade level competencies. The educated related studies in Tanzania show that around a third of households with no education or incomplete primary education in the country fall below the poverty line compared with only 6 percent of households with lower secondary education. Only 7 percent of Tanzanian adults, and less than 3 percent of the poor, achieve education beyond primary when the father has no education.

Opportunity 3: A need to empower children to use what they have learned by complementing the goal of schooling on achieving standardized learning outcomes with the goal of making a positive impact on the economic and social well-being of students and their communities.

Systematic reviews of the randomised control treatment studies in the education sector advocate for significant changes in both content and pedagogy by adopting action-oriented pedagogical approaches that improve critical thinking skills and enable children to identify problems, seek out and evaluate relevant information and resources, and design and carry out plans for solving these problems. Specific suggestions from these studies include: 1) making entrepreneurship (identifying and exploiting market opportunities through business ideas) and health modules (focus on preventing disease) mandatory curriculum components for all primary grade students 2) introduce student-centred learning methods that require students to work in groups to solve complex problems and manage projects on their own. The latter refers to the focus on self-efficacy as a critical foundation of positive livelihood and health-seeking behaviours, along with active-learning pedagogies used in progressive schools throughout the world.

Opportunity 4: Education infrastructure development

Earlier estimates show that the fee-free education demands an estimated 27,000 new classrooms for pre-primary and primary schooling and 2,700 at the secondary level. Supporting infrastructure is also challenging especially when it comes to regional disparities. The Government has a consistent campaign for every school to have sufficient desks to keep pace with the increasing enrolment.

4.5.7 Recommendations

a) **Transform the education sector into efficient, effective, *outcome-based system*** focusing on 1) Learner-centred approach 2) Moving beyond financing inputs that education systems need, to strengthening systems to deliver results 3) Align governance, financing rules, incentives, and management practices with the goal of better learning outcomes 4) Focus on children from the world's poorest families 5) Introduce well-designed incentives including non monetary to raise teacher effort/student achievement.

b) **Accelerate investments in advancing *equitable access* to quality education and training for all,** including the most disadvantaged 1) More attention is given to the marginalized groups 2) Creating a gender sensitive, and learner-friendly school environment 3) Supporting female students and students from poorest families from dropping out 4) Increasing the number of schools and classrooms 5) Bring school network closer to communities 6) Supplemental instructions to children lagging behind 7) Improve the coverage, quality and student completion rates at AEP 8) Reduce the costs of going to school and expanding schooling options 9) Provide information about school quality, and the economic returns to schooling to parents.

c) **Reform the *content and pedagogy* approaches of the education sector** by complementing the education goal of achieving standardized learning outcomes with the goal of making a positive impact on the economic and social well-being of students.

4.5.8 Lessons Learnt and Good Practices

Good practice 1: Removing barriers in accessing basic education as to increase attendance and attainment[26]

The fee-free education has led to sudden influx of primary school enrolment. Impacts evaluations from other developing countries are in line to these results especially the impact on students from the poorest households. According to the reviewed studies, another popular approach to reducing the direct costs of schooling is to build new schools closer to the homes of potential students. Impact evaluation studies evidence that these initiatives have increased enrolments by reducing the time children spend commuting to school.

Good practice 2: Providing close school supervision to improves performance.

Evidence from impact evaluations is pointing to the positive effects of interventions that provide parents with information about the performance of schools which help make better decisions about where to send their children to school, and demand improvements in their schools. Much of this improvement was driven by a 0.31 standard deviation increase in the test scores of students enrolled in private schools.

Good practice 3: Informing families of the long-term benefits of schooling (economic returns to schooling) affects the actions of parents and the achievement of children and adolescents.
Some low-income parents do not enrol their children in school or encourage studying after school because they underestimate the economic returns to education. Impact evaluation studies have shown that informing low-income families about the economic returns to schooling has increased both attainment and achievement. However, what and how information is delivered matters.

Good practice 4: Well-designed incentives increase teacher effort and student achievement from very low levels, but low-skilled teachers need specific guidance to reach minimally acceptable levels of instruction.

Evidences from impact evaluations of initiatives that provide additional compensation to educators indicates that it is not the size, but the structure of compensation that matters. Even small pay increases can improve teacher effort and student achievement when made conditional on desired and attainable outcomes. The results also indicate that these programs work only when monitoring is systematic and non-discretional.

Good practice 5: Adult education programs are useful in accommodating out-of-school adolescents.

This lesson comes from the implementation of Complementary Basic Education and Training (COBET), which caters for out-of-school children aged 9-18 years; and the Integrated Community Basic Adult Education (ICBAE), which caters for youth and adults aged 19 years. In 2018, the Government also introduced an additional program the Integrated Program for Out of School Adolescents (IPOSA) for the 14-17 years old out-of-school adolescents. These programs capture those who have either missed the chance to join the formal system or failed to proceed with the formal system due to pregnancy, and truancy.

Good practice 6: Advancing the quality of the education system requires investments in many interrelated items.

For example, having qualified teachers is a necessary but not sufficient condition for producing a good quality education. Studies show that motivation, dedication and work ethic are also critical to ensure that children receive quality education – as learning can only take place if teachers are in class and teaching.

Good practice 7: Access to and completion of quality secondary education, particularly for girls, is associated with substantially higher earnings in adulthood and many other socio-economic benefits.

According to the reviewed literature, the rate of return to secondary education for girls was estimated at 18 percent compared to 13 percent for boys.[27] Given the high rate of labour force participation among Tanzanian women (84 percent in 2014), raising their secondary education attainment is likely to improve productivity, living standards and reduce poverty. Studies show that girls' education has substantial intergenerational benefits through its positive effects on children's health and education. The mother's education level is among the most important factors shaping children's opportunities in urban areas of Tanzania.

4.6 SKILLS DEVELOPMENT

4.6.1 An Overview

The FYDP II acknowledged that education and skills development are major inputs to human development in terms of building human capability. Furthermore, the Plan acknowledged that education and training are essential for economic transformation by providing skills and generation of technology and workforce that can be deployed to change country's endowments from comparative advantages to competitive advantages.

During the FYDP II, the Government invested in skills development through the the Technical and Vocational Education and Training institutions (TVETIs). Such investment aimed at improving learning environment (equipment upgrading, expanding, rehabilitating TVETIs infrastructure) and upgrading teacher skills. Some of the investments primarily focused on addressing social exclusion by investing in boarding facilities for girls and targeting improved access to education to people with disability. Below is the detailed assessment of the progress made towards different skills development-related targets that FYDP intended to accomplish.

4.6.2 Results from Implementing FYDP II's Objectives

Outcome Performance

Performance summary	
No. of outcome indicators:	6
No. of outcome indicators with available data:	6
No. of indicators with available data have attained/likely to attain targets:	3
No. of indicators with available data and have not attained/unlikely to attain targets:	3

Table 4.6.1: Performance under each of the skills related outcome indicators

S/No.	Indicators	2015 Baseline	FYDP II target 2020[1]	Achievement by 2020[2]	Percentage Achieved	Remarks
1.	**Tertiary Education**					
1.1	Tertiary gross enrolment rate (%)	3.0	4.5	8.7		Target achieved
1.2	Annual number of students graduating from tertiary/higher education	40,000	80,000	62,468		Likely to achieved target
1.2.1	Of whom science and engineering students (%)	30	56	19.4		Unlikely to achieved target
1.2.2	Of whom women/girls (%)			51.8		Likely to achieved target
1.3	Tertiary and higher learning students with access to student loans	45.6	80	69.9		Unlikely to achieved target
2	**Vocational Training**					
2.1	Average annual number of graduates from vocational Centre	150,000	700,000	320,143	31 percent	Unlikely to achieved target

S/No.	Indicators	2015 Baseline	FYDP II target 2020[1]	Achievement by 2020[2]	Percentage Achieved	Remarks
3	**Other Training**					
3.1	People with skills obtained through informal system learning for six priority sectors (annually)	20,000	200,000			Captured in the Ministry of Labour and Employment
3.2	Internship training or graduates at work places (annually)	10,000	230,000			Captured in the Ministry of Labour and Employment
3.3	Apprenticeship training for students at work places (annually)	1,000	20,000			Captured in the Ministry of Labour and Employment
4	**Skill Levels**					
4.1	Working population with high level skills (%)	3.6	12.1			Captured in the Ministry of Labour and Employment
4.2	Working population with middle level skills (%)	16.6	33.7			Captured in the Ministry of Labour and Employment
4.3	Improvement in satisfaction of employers with quality of local employees (%)	44	60			Captured in the Ministry of Labour and Employment

[1] The FYDP II's M&E strategy presented the FYDP II's targets using calendar year.
[2] Data were reported using calendar year.
* The figure is for 2018.

The FYDP II's strategic areas for the skills development sub-sector consisted of a total of 68 expected results distributed across 12 outcomes and 53 outputs and processes. 8 out of the 12 FYDP II outcome indicators was reported in the' Education sector performance report. The key challenge is that the education outcome indicators in the FYDP II are phrased differently from the outcome indicators reported by the sector ministry which ultimately make it impossible to compare indicators. The evaluation team did not find updated data from the Government publicly available publications. The Government publications would for instance provide data for 'the number of students in higher education institutions' which is different from the FYDP II's indicator that is stated as 'annual number of students graduating from tertiary/higher education'

Output Performance

Performance summary	
No. of output indicators:	53
No. of output indicators with available data:	10
No. of indicators with available data have attained/likely to attain targets:	10
No. of indicators with available data and have not attained/unlikely to attain targets:	0

Key findings:	
(i)	Throughout FYDP II, the government invested in skills development through rehabilitation and construction of the Folk Development Colleges (FDCs), construction of new regional and district vocational colleges and construction of technical colleges. Investment aimed at improving learning environment and upgrading teacher skills.
(ii)	Addressed social exclusion by investing in boarding facilities for girls and targeting improved access to education to people with disability.
(iii)	Developed and Operationalized the National Skills Development Strategy (NSDS).

From the available literature, the evaluation team accessed data for 10 out of the 53 output and process indicators (18.9 percent). The remaining data for the 43 outputs and process indicators have been requested from the authorities. FYDP II performance related to the 10 output and process indicators is summarised below. The FYDP II documents did not state specific targets for such indicators. We therefore consider their targets to be 'the implementation of activities relevant to the indicators'.

1) Training at different levels of skill requirement such as formal and entrepreneurial 2) enhance youth entrepreneurship skills: The Government proceeded with the provision of knowledge and skills for self-employment and self-reliance through the FDCs. The FDCs trainings targeted improvements in skills associated with farming, carpentry, masonry, mechanics, tailoring, cookery, animal husbandry, and electrical installation. As recently reported by the Government reporting on Sustainable Development Goals (SDGs) implementation, about 5,783 artisans have currently been trained by FDCs.

3) Promoting employable skills particularly for youth, women, and people with disabilities: Of the estimated 400,000 school-age children with disabilities, only 42,783 children are registered in primary and 8,778 in secondary schools. This leaves a large out-of-school population of the most vulnerable children.[28]One of the initiatives that were sourced from Government report is the initiative to screen children's hearing and sight, the move to identify children that need special attention.

4) Prepare National Skill Development Strategy: To address the challenges of skills gaps and a skills mismatch, the Government launched the national skill development strategy in 2016 and the respective implementation program. The program provides a broader framework for enhancement of skills development that will lead to human capital development and enhance employability skills for employment creation. The program expected to train 42,407 youths in different skills per year through apprenticeships, internships and Recognition of Prior Learning (RPL) skills. The program focuses on the key priority sectors of manufacturing, hospitality, textile, leather, agriculture, construction and ICT.

6) Improve infrastructure in FDCs and VETA colleges in order to improve learning environment for students:
In the period under review the Government through the MoEST did major rehabilitation/construction of 40 Folk Development Colleges (FDCs); and did major rehabilitation of 11 Vocational Training centres; 3 students' dormitories, 1 meat industry training centre and 1 workshop. The Government also constructed and equipped 2 Vocational Training centres and constructed 12 workshops in 8 Vocational Training Centres; and out of which 9 workshops were equipped.

7) Increase enrolment for students (Technical and Vocational Education Training): Enrolment in vocational Education and training centres is increasing, from the baseline of 196,091 (2015/16) to 320,143(FY 2019/20) out of this 117,425 are females equivalent to 37 percent of the enrolment. However, enrolment in technical colleges declined from 196,091 (2015/16) to 130,079 (2016/17). This is due to quality control measures exercised for ensuring quality technical education provision which resulted in to the closure of some TVET institutions.

8) Increase the number of qualified teachers and tutors: During the period from FY 2015/16 to FY 2019/20 the final year of implementing the FYDP II, the Government has upgraded capacity of teachers from TVET institutions through training provision under different schemes like the Skills for Employment Tanzania (SET) program and others; 1,771 Technical Teachers were trained on CBET curricula delivery and assessment; and 10,000 Technical Teachers entered into NACTVET data base. The Government has also facilitated improvement of VETA and NACTE operations by reviewing their Schemes of Service as well as employing new qualified staff to fill the existing vacancies.

4.6.3 Management for Results

Key summarized issues:

(i) In 2016 the government launched the national skills development strategy.
(ii) New technical institutions continued to be established (by Dec. 2020, National Council for Technical Education (NACTE) had registered 419 Technical Institutions).
(iii) Investment went into infrastructure development (rehabilitation of VETA Centres, construction of teachers' residential facilities, boarding facilities for girls, ICT facilities in TVET institutions).
(iv) Periodic inspections of technical colleges, curriculum revision took into account the emerging needs of the labour market.
(v) Investment also went into upgrading skills of entrepreneurs from the informal sector.
(vi) Engaged private sector in a program that facilitates workers access to access new technology without having to attend colleges.

The main strategic approach of the Government in advancing skills development was to implement the national skills development strategy. The program which was launched in 2016 was the first comprehensive skills development strategy for Tanzania. It was developed by a cross-sector network of stakeholders and aims at advancing a skilled workforce in key economic sectors. The program implementation was based on the principles of demand responsiveness, dynamism, results orientation, focus, inclusiveness, and cross-sector coverage. Demand responsiveness, for instance, implies training that is based on labour market information and identification of critical skills gaps, as well as close collaboration with employers.

In addition to implementing the national skills development strategy, the Government continued to encourage the establishment of new technical schools. By December 2020, NACTE had registered 419 (which offer training in three (3) subject areas. The Business, Tourism and Planning Board (BTP) had 153 institutions, Health and Allied Sciences Board (HAS) had 177 institutions, and 89 institutions were under the Science and Allied Technologies Board (SAT)) technical institutions – with an overall admission capacity for 2018/2019 standing at 254,172; reviewed and validated 800 CBET Curricula; evaluated and recognized 1,487 Foreign Awards; and issued a total number of 77,617 certificates and 31,475 Transcripts. A total of 86,547 (43,384 males and 43,163 females) students graduated from Technical Institutions, whereby Business, Tourism and planning (BTP) subject board had a relatively high number of graduates followed by Health and allied sciences (HAS) and Science and Allied Sciences (SAT). [29] Currently, there are 779 (out of which 125 are fully registered) Vocational Education and Training (VET) colleges in the country with the total enrolment for all VETA-registered vocational training centres standing at 320,143.

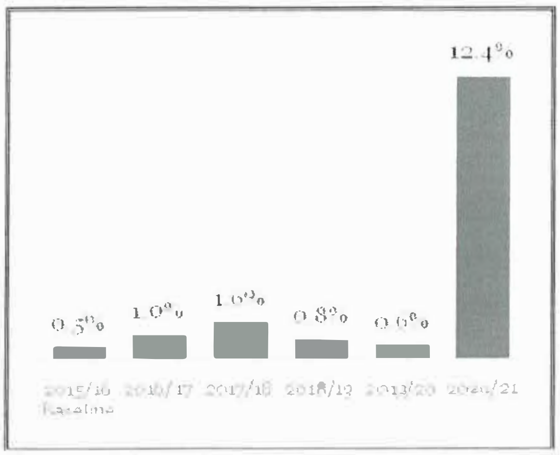
Also, during the FYDP II, the Government through VETA continued to invest in infrastructure development. VETA centres were rehabilitated, and teachers' residential facilities constructed. During the period under review the Government expanded and rehabilitated 11 TVET centres (Coast region, Manyara, Lindi, Singida, Arusha, Mbeya, Mara, Mwanza, Karagwe, Makete and Dakawa). To encourage the participation of girls in TVET training, the Government constructed boarding facilities for girls. The Government also did improve ICT facilities in TVET centres by connecting 27 centres to the National ICT Broadband Backbone (NICTBB). Through NACTE, the Government proceeded with the routine inspection and conduct academic quality audit in Technical colleges to ensure the provision of quality training services whereby 419 TIs were visited. Other tasks that continued throughout the FYDP II included updating TVET curriculum to take into account the emerging needs of the labour market.

During the FY 2020/21, the final year of implementing the FYDP II, the Government intends to accelerate training that aims at upgrading the skills of entrepreneurs from the informal sector through the Integrated Training for Entrepreneurship Promotion (INTEP) program. The Government is also planning to accelerate reforms by addressing some of the challenges identified in sub-section 3.4. Reference is made on improving labour market research, disseminating labour market information, and coordinating data collection on skill development training in the country. The Government also intends to enrol more than 60 companies in the Skills Enhancement Program (SEP) that will enhance workers capabilities.

4.6.4 Adequacy of FYDP II Financing and Resource Utilization[30]

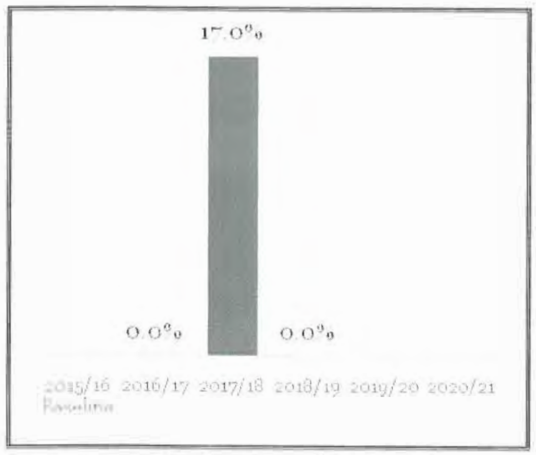
There has been a significant increase in the development budget for Technical and Vocational training, from the baseline budget of TZS 2.4 billion (FY 2015/16) to TZS 106.0 billion (FY 2020/2021). As a result, the share of the Technical and Vocational training's development budget in the MoEST's overall development budget increase from 0.5percent to 12.4percent between two periods (Figure 4.6.1). The Government has spent more than 50 billion shillings equivalent to more than 30% of the Ministry's budget for FY 2019/20 for development activities particularly for technical and Vocational Education and Training. Therefore, raise concern on skills development is accorded prioritisation in the resource allocation and execution process as the Government is still striving to build industrial economy of the country.

Figure 4.6.1: Sectorial share of the development budget-technical& vocational training division



Source: MoFP (2015/16-2020/21)

Figure 4.6.2: Development budget execution rate- technical & vocational training division



Source: MoFP (2015/16-2020/21)

4.6.5 Development Constraints in Skills Development

The alignment between the skills development system and the skills needed by employers is a challenging aspect in the education system. There is a need to improve efficiencies in delivering skills development initiatives, matching training and market demand, and reduce the fragmentation of the skills development system (estimated 880 public and private vocational education and training centres, 567 public and private technical colleges, and 52 public and private higher education institutions). Training offers and market demand could be improved by enhancing public-private sector coordination in the governance and delivery of training programs as well as incentivised forms to sponsor in-service training for their workers. While there is an understanding that, the on-the job trainings provided by firms is also an important alternative source of training; only 30 percent of firms in Tanzania invest in such training modality – with most training being in-house characterised by limited use of external providers.

A recent survey of private sector entities in 9 regions in Tanzania shows that employers are not only seeking technical skills, but also numeracy and behavioural skills, and rated these qualities as the hardest to find. Sector specific studies have come up with similar findings. Studies on skills gaps in the tourism and hospitality industry, for instance, found that employees often possessed the requisite formal credentials for employment, but lacked the relevant skills to perform their job adequately.[31]

Capacity for quality assurance and results-based accountability are the other areas that need more attention. Studies have shown that regulatory agencies need to have inadequate technical expertise associated with registering, ensuring quality, standardizing curricula and programs for training providers in various sectors, harmonizing and expanding competency standards, certification and qualification regimes. Nevertheless, benchmarking the local courses with regional and international standards, and building capacity to productively seek input from employers is necessary for skills development to effectively contribute to economic development.

The information system on the supply and demand of skills requires attention including the capacity for measuring training provider outputs and forecasting future labour market demand. Such system will need to be accompanied by efforts to ensure minimum quality standards and engaging the private sector more effectively. Financial barriers to vocational training require further investigation. Reports show the estimated cost of attending a 10-month VET training, including fees, accommodation, sustenance and books, is around USD250, which is more than the household income for about 40percent of the population. Such financial barriers to training could be addressed by allowing students from VETA system to access loans and grants through the Higher Education Students Loans Board (HESLB). In responding to these challenges, the Government launched a national skills development strategy and a program to implement the strategy. If well implemented, the program will significantly address most of the aforementioned issues in the sub-sector.

4.6.6 Untapped Opportunities towards FYDP II Objectives and Targets

Studies show that if Tanzania continues on a dynamic growth path, the bulk of employment opportunities will be in the private sector, with increasing numbers employed in non-agricultural sectors and in higher skilled occupations. Such studies estimate indicate that the total number of jobs will increase by 15 million by 2030, of which less than a quarter million will be in the public sector. Projections of employment by industry and occupation using an inter-industry macroeconomic model show that the economic growth and diversification is likely to lead to a larger shift of the labour force into services (trade, hotels, transport, construction, and financial services) and smaller shifts into manufacturing and mining. Most important is the fact that the change in the sectoral composition of employment will also affect the occupation and skills mix needed in the labour market. From the reviewed literature, below is the list of opportunities that investments in skilled development can be directed to:

Opportunity 1: Skills required in the construction and transport industries

The following skills are needed in the construction industry: computerized remodelling and applications; valuations skills; processing of quarried materials using onyx, marble and granite; electrical engineering; communication skills; quarrying, cutting and shaping of stones skills, management skills; concrete works; installation and maintenance of street and traffic lights; pre-construction design; and masonry. Skills needed in the transport sub-sector include: logistics expertise; network and Global Positioning System (GPS) tracking; pilots; car air condition; cad technicians; report writing; ICT application on designing; organizational and marketing skills.

Opportunity 2: Skills required in the manufacturing sector

The following skills are needed: Food and beverage processing (e.g. wine making, bakery); handling and maintenance of core tools and equipment; electronics in electrical engineering; chalk manufacturing; integration of ICT in food processing; artisan electrical operations; chemical and nutritional evaluation of fruits and vegetables; appliance installations; manufacturing expertise; machine maintenance; commercial and business skills; heavy duty automobile maintenance; application of ICT on agro-mechanics; diary technicians; wire manufacturing; weaving skills; instrumentation and automation chemical and processing engineering; project writing and designing; cable manufacturing expertise; electrical and electronic skills; scaffoldings; and, on board diagnostics.

Opportunity 3: Skills required in the ICT and Tourism and hospitality

The following skills are needed in the ICT: Car electrical skills; telecommunications engineering; geo-informatics; marketing; advanced web development; and, IT skills. Skills needed in the tourism and hospitality include: International convention and event planning; customer care and front office; communication and language; housekeeping (daily cleaning, deep cleaning, vacuuming); tour guiding; computer software application on hotel management; and self-confidence.

Opportunity 4: Skills required in the agriculture, mining and gas

The following skills are needed in the agriculture sector: Heavy plant engineering; lobbying and advocacy; machine operations; project designing and execution; livestock laboratory technicians; ICT application on operational activities; forestry development; agro-mechanics; modern carpentry and timber skills; and, modern horticulture. The mining and gas industries need the following skills: ICT in mining activities; mechatronic systems on mining activities; technical professions with legal knowledge; chemistry; entrepreneurship skills; survey and geological skills; computer skills; system and sophisticated computer solutions installation skills; knowledge of day-to-day new technologies; GPS application on mineral movements; effective marketing and monitoring; and, customer care.

4.6.7 Recommendations

a) Upgrade skills development in the informal sector

There is a high concentration of informal operators in the agri-business, transport, construction, food vending and catering sectors. The informal sector consists of two types of enterprises 1) own-account enterprises 2) enterprises of informal employers.[32] According to the reviewed studies, between 2006 and 2014, about 2.7 million of the 3.4 million jobs created were in the informal sector. The informal sector is estimated to absorb almost half of the non-agricultural workforce, largely self-employed. That implies, according to the reviewed literature, focusing on the skills needs of the formal sector alone will not be sufficient to achieve Tanzania's development goals and provide pathways to sustainable livelihoods for youth.

b) Strengthening the ability of oversight and regulatory bodies VETA, NACTE, and Tanzania Commission for Universities (TCU)

The ultimate goal should be an improvement in capacity for ensuring minimum quality standards. According to the reviewed literature, the focus should be on enhancing capacity and technical expertise in registering, ensuring quality, standardizing curricula and programs for training providers in various sectors. Other areas identified by the reviewed studies where capacity development is needed include market-responsiveness of training programs, coordination for harmonizing and expanding competency standards (across several providers of skills and technical trainings), certification and qualification regimes, quality assurance mechanisms such as benchmarking with regional and international standards, and seeking input from employers (engaging employers more proactively in training design and delivery).

c) Advance the public-private sector cooperation in the governance and delivery of training programs

According to the reviewed literature, to ensure that providers and quality assurance regulators can deliver high quality, market relevant skills, efforts should go into 1) proactively engaging employers in training design and delivery 2) involve employers in the governance structures at the national and sector level "to ensuring that occupational and training standards, programs and curricula are market responsive" 3) avoid ad-hoc formation of public-private partnerships between training providers and employers.

d) Introduce and maintain a credible information system on skills supply and demand to inform policies, planning and training.

Reviewed literature calls for the needs for 1) strong system for measuring training provider outputs and for forecasting future labour market demand 2) incentivize regular, reliable and comprehensive data collection that is easily accessible on a web-based platform. Literature shows that, despite a wide range of assessments of present skills demand, very few have been done on a regular basis or are detailed enough to be useful in the understanding of future skills demand in the economy 3) need for information and data reported by providers to be detailed, comprehensive, complete and reliable to support a strong monitoring system for monitoring skills development.

e) Enhance resource allocation to the sector

Recommendations from the reviewed studies include the following 1) increase the share of the education funding that goes to skills and technical training 2) ring-fence the 5percent SDL to its originally intended purposes 3) SDL needs to be used more transparently, effectively and efficiently - employers need to be given the opportunity to participate in determining how the SDL is spent and exercise adequate oversight 4) make the funding to the sub-sector result based 5) address financial barriers to training by introducing dedicated financial support for participants in vocational training programs e.g. access to loans and grants through the HESLB.

f) Improve the quality of primary and secondary education.

Studies show that low quality and relevance of primary and secondary education was manifested in poor performance and poor alignment with the labour market. Recommendations for advancing education quality at the primary and secondary level are detailed under the section dedicated to the education sector.

4.6.8 Lessons Learnt and Good Practices

Good practise 1: A demand driven TVET system.

Skills development at TVET and higher levels in Asian countries had a profound impact on enhancing national employment and competitiveness. The reviewed studies show that the "modern" TVET system in countries like China, though a Government led, has been entirely working closely with the productive sector and responds directly to the changing competence needs and qualification requirements in the labour market. The combination of "top down" and "bottom up" approach, in conjunction of the growing economy, has produced remarkable results in the TVET sector. The studies further show that the less relevant and with lower employment rates programs are either closed or modified, and new programs which are highly relevant to local industries and have high employment/self-employment rates have been developed with industry involvement. Further details from the reviewed literature show that the TVET institutions are increasingly using technology in the delivery of trainings to meet the demand for a skilled, 'ICT-capable' labour force needed by advanced manufacturing technologies. One of the surveys shows that more than 90percent of Chinese TVET graduates find gainful employment within 6 months of graduation.

Good practise 2: Quality and relevance

The TVET systems in Asian countries integrate "education" and "training" parts thus promoting both general foundational skills as well as specific technical and vocational education, at secondary and tertiary levels. For technical and practical skills, there is a system of occupational standards, assessment and certification. Training programs and curricula, according to the reviewed literature, are developed based on the occupational standards that consider specific requirements of a labour market need. Enterprises are actively involved both in setting standards and in designing curricula. This ensures that vocational colleges produce competent trainees with the necessary skills, knowledge and attitudes relevant to the market.

Good practise 3: Industry-education cooperation

The reviewed studies show that, in Asia, there is strong cooperation between vocational colleges and enterprises. The TVET institutions are motivated to develop their own brand and produce employable graduates. Companies cooperate with vocational colleges in planning, course development and teaching, allowing students to acquire practical training and industry exposure (apprenticeship), and evaluation of the programs. Further information from the reviewed literature shows that competition for skilled labour can be quite fierce in countries like China. Many companies directly entrust local TVET colleges to develop specific training programs and "order" certain number of graduates with specifications.

Good practise 4: TVET teacher development.

In many successful countries, most TVET teachers have only academic qualifications. However, there have been deliberate efforts to incentivize teachers to also get skills qualifications themselves, so that all TVET teachers will be "double qualified" with both academic and skills qualifications. For ongoing professional development, the reviewed studies show that teachers in vocational schools are required to undergo two-month of practical training in companies for their career progression and promotion. The practical training at the enterprises equips them with the ability to work with the latest technology and skills for evolving industry needs. The studies further reveal that colleges also recruit company experts as part-time teachers for practical courses. Teachers adopt student-centred pedagogy, facilitated by ICT, thus encouraging students to actively engage in and take ownership of their learning experiences.

Good practise 5: Modelling TVET institutions

According to the studies published in Asia, among the successful strategies in Asia was the development of "model" TVET institutions. In the early 2000s, the Government in China competitively selected 100 model tertiary TVET and 1,000 model secondary TVET schools as national champions for TVET reform and innovations and provided concentrated financial and technical assistance to these institutions. These model institutes were granted policy and financial space to pioneer various mechanisms in school governance, links with industries, and incentives for instructors to promote relevant TVET programs, which are now being scaled up to all TVET providers, both public and private. The following key factors are acknowledged by the reviewed studies to have enabled TVET colleges to stand out: demand-orientation, development and constant innovation of 'niche' programs based on their comparative advantage and labour market needs, stronger linkage with enterprises, hiring versatile teachers with technical competence and practical experience and exposure to industries, and effective governance and management system.

Good practise 6: National skills development policies should achieve specific goals

Important goals identified in the reviewed studies include: 1) bringing coherence to the system - by presenting a common vision of the skills system that a country is aiming to build 2) facilitate coordinated and planned actions and reforms3) facilitate policy coordination and coherence by clarifying how skills development efforts fit in with and are an integral part of employment and other broader developmental objectives 4) help to avoid contradiction or duplication of other related policies 5) clarify institutional arrangements. Development of a national system often requires new institutional arrangements that provide clear leadership and responsibility for key elements of the system 6) anchor existing good practices 7) pledge political and collective will and commitment. A national policy enables reforms to be achieved with clear statements of responsibility shared among Government, the social partners and other partners.

Good practise 7: Key measures to ensure effective implementation of the policy
However comprehensive and good it may be, a policy is only as good as its implementation. Experiences highlighted in the reviewed literature suggest that the following elements are essential to effective policy implementation: 1) setting achievement targets and milestones within a fixed timeframe 2) identification of a lead agency, or ministry, for implementation with clearly defined responsibilities 3) clear implementation plans at multiple levels (e.g. national, state/province and institutional) 4) assessment and, if necessary, improvement of the fit between existing institutions and mandates and the policy, and, if applicable, their capacity building in implementing the policy 5) identification of a key institution for monitoring progress 6) allocation of adequate budgetary and other resources, and a plan for resource mobilization 7) institutionalization of monitoring and evaluation mechanisms 8) sustained political commitment and leadership 9) Monitoring and Evaluation (M&E) that includes provision for mid-term review, final review, and an impact assessment; studies of particular skills programs to periodic assessments of overall policy implementation based on agreed achievement indicators; assessment by external, independent institutions; both quantitative and qualitative assessments.

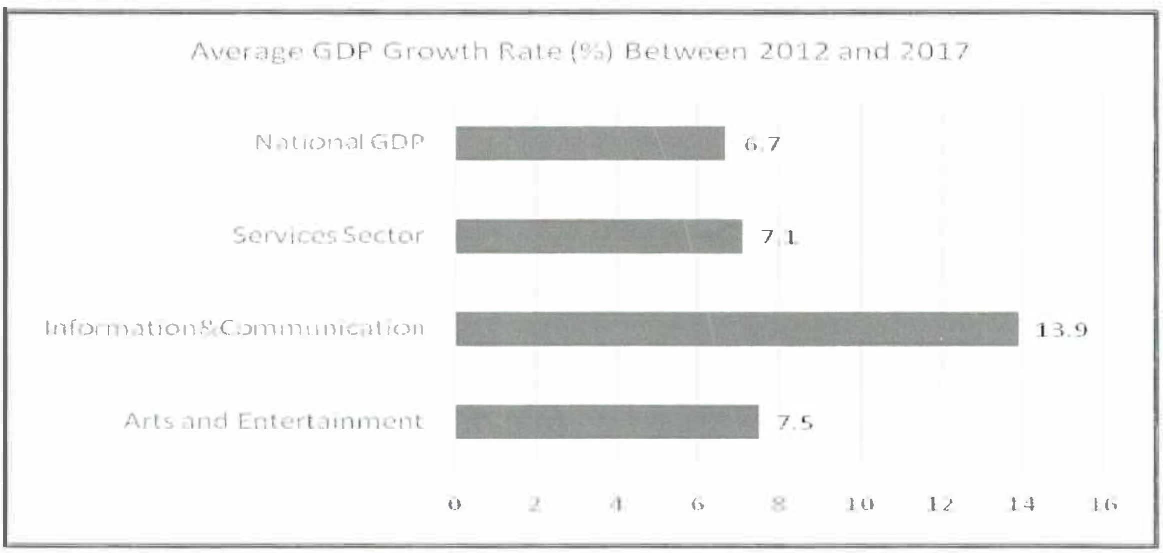
Good practise 8: Good practices for apprenticeships and other informal sector trainings
As identified from the published studies, they include 1) literacy training is a pre-condition for effective business development 2) quality assurance mechanisms should be adopted 3) master craft workers should be encouraged to enter the training market 4) they may also need training themselves to ensure apprentices are learning the latest skills 5) trainings should be linked with credit assistance and follow-up support 6) it can be helpful to work through informal sector associations 7) shorter courses can be more effective.

4.7 CREATIVE INDUSTRY

4.7.1 An Overview

The creative industry sub-sector entails culture products, performing arts, creative art, music, performing (theatre) art, film and movies, video games, advertising, architecture, fashion, publishing, TV, radio, and toys and games, among others. The industry is however still at its infancy stage and it needs carefully nurturing to reach its fullest potential. That should allow it to contribute relatively more to the country's GDP than the recent historical rate of 0.3 percent, compared to around 5 percent contributed by services in general (Table 4.7.1). It was planned that during the periods 2015/16 to 2020/21 there would be efforts that are geared to a) promote investments in the creative industry (establishment, maintenance, sponsorship etc.), and, b) protect works of art (IPRs, patents, copy rights, etc.). The creative industry's GDP, captured and reported by NBS through activities in "arts, entertainment and recreation" expanded at an average of 7.5 percent over the period 2012 and 2017 compared to 7.1 percent growth by the services sector or 6.7 percent for the national GDP (Figure 4.7.1). It is noteworthy that "information and communication" activities are recorded as a separate statistical line and had recorded an average growth rate of 13.9 percent during this period.

Figure 4.7.1: Comparison of Average Growth Rates (percent) of National GDP with Services Sector GDP



Source: computed from NBS (2019). National Accounts of Tanzania Mainland (table 6). National Bureau of Statistics Ministry of Finance and Planning Dodoma January, 2019

The creative industry is governed by several key policies and legislations such as the Cultural Policy of 1997, the Education and Training Policy of 2014, the Cultural Heritage Policy of 2008, the Copyright Act Number 7 of 1999, the National Arts Act no.23 of 1984, the Films and Stage Plays Act No.4 of 1976 and the Enterprise Wide-Rich Management Policy and Framework of 2011. Also relevant to the growth of creative industry are the National Tourism Policy, the National Employment Policy and the Sustainable Industries

Development Policy. Below is an assessment of what has happened to realising the planned outcomes and outputs by June 2020.

4.7.2 Results from Implementing FYDP II's Objectives

The analysis is based on nine (9) national outcome indicators (Table 4.7.1) for the ultimate intended results from interventions, which are also gauged by nine (9) output indicators (Tables 4.7.2 and 4.7.3).

Outcome Performance

The main sources of information used in assessing the extent to which targets outlined in the M&E Framework for the FYDP-II included the National Bureau of Statistics (NBS) and the Budget speech for 2020/21 by the Minister responsible for culture and information. It is noted that out of 8 outcome indicators, about 62.5 percent had adequate data/information to make judgement on the performance achieved over the last five years.

Summary of Number of National-Level Outcome Indicators

	No.
No. of outcome indicators:	08
No. of indicators with data:	05
No. of indicators with data and have attained targets:	03
No. of indicators with data and have not attained targets:	02

Source: see Table 2 analysis of outcomes

The creative industry managed to surpass the planned targets in three (3) out of five (5) outcomes with adequate data/information, namely growth rate per annum (100.7percent), registered training institutions (100 percent), and students studying entertainment courses (more than 250percent). The intake by Universities of Dar-es-Salaam and Dodoma students opting to pursue creative-art relative courses increased after the government switched from centralized selection and placing of students by Tanzania Commission of Universities to independent selections and admissions by Universities. As such there are more than 1,000 students studying creative art courses at the two universities in addition to those admitted by colleges accredited to NACTE such as Bagamoyo College of Arts and Culture.

Table 4.7.1: Performance of National Outcome Indicators

Indicators Specified in the 2nd Five Year Development Plan	Baseline in 2015	Target by 2020	Latest Progress	Ratio to Target (percent)
1. Real Growth per annum (percent)	12.5	13.2	13.3	100.7
2. Share of Creative Industry[1] to GDP (percent)	0.3	0.7	0.35	50
3. Share of CI to total employment	0.1	0.2	0.15	75
4. Number of Registered Training Institutions dedicated to Creative Arts Training[1]	2	2	2	100

Indicators Specified in the 2nd Five Year Development Plan	Baseline in 2015	Target by 2020	Latest Progress	Ratio to Target (percent)
5. Number of Students Studying Entertainment Industry in educational				
a) Colleges- middle level cadres (certificates and diplomas) (Bagamoyo and Malya Colleges of Arts and Sports, respectively)	100[2]	380[2]	360	94.7
b) University level (diploma, graduate and post-graduate training) – data available for creative industry in general (Creative Arts Department (UDSM) and Department of Art, Media and Design- (UDOM)).	100[2]	380[1]	More than 1,000	More than 250
6. Number of registered individuals engaged in Creative Arts	621	1,404	1,620	115.3
7. Number of Art Groups registered	3,252	3,892	3,462	88.9
8. Number of Companies registered in the Creative Industry	1,184	1,484	1,226	82.6
Unweighted average of outcome achievements for indicators with data				119.1

Note: Described by NBS as consisting of Arts, Entertainment and Recreation; Not very clear if the reference to training institutions implies ordinary colleges and universities. Both categories had two institutions (those registered with NACTE are Bagamoyo (147 students in 2019) and Malya (113 students in 2019)) and those under the Tanzania Commission for Universities (TCU) are University of Dodoma and University of Dar-es-salaam in 2015 and remain the same number in 2020.

Source: MOFP (United Republic of Tanzania) (2018). Volume III- M&E Strategy for the Second Five Year Development (page 41), Ministry of Finance and Planning; NBS (2019). National accounts of Tanzania Mainland, National Bureau of Statistics, and Ministry of Finance and Planning Dodoma January, 2019.

Groups and companies engaged in the creative industry are supposed to be registered by BASATA (National Arts Council) and Tanzania Film Board specific for film and stage plays related companies/groups. An effort to obtain data on their numbers in 2020 is ongoing and so there is no status provided in Table 4.7.2. However, according to the budget speech for 2020/21 by Minister responsible for Culture, there has been some encouraging increase in the number of arts groups and companies engaged in creative art. This also corresponds to increased number of work by artists submitted for vetting at the National Arts Council (popular as BASATA for *Baraza la Sanaa la Taifa)* and the Tanzania Film Board (TFB).

The contribution of creative industry, referred to as "Arts, Entertainment and Recreation" by NBS in its statistical records, was supposed to increase from 0.3 percent to 0.7 percent, but achieved half of the target and reached 0.35 percent (Table 4.7.1), which is much lower than the contribution of information and communication (Table 4.7.2).

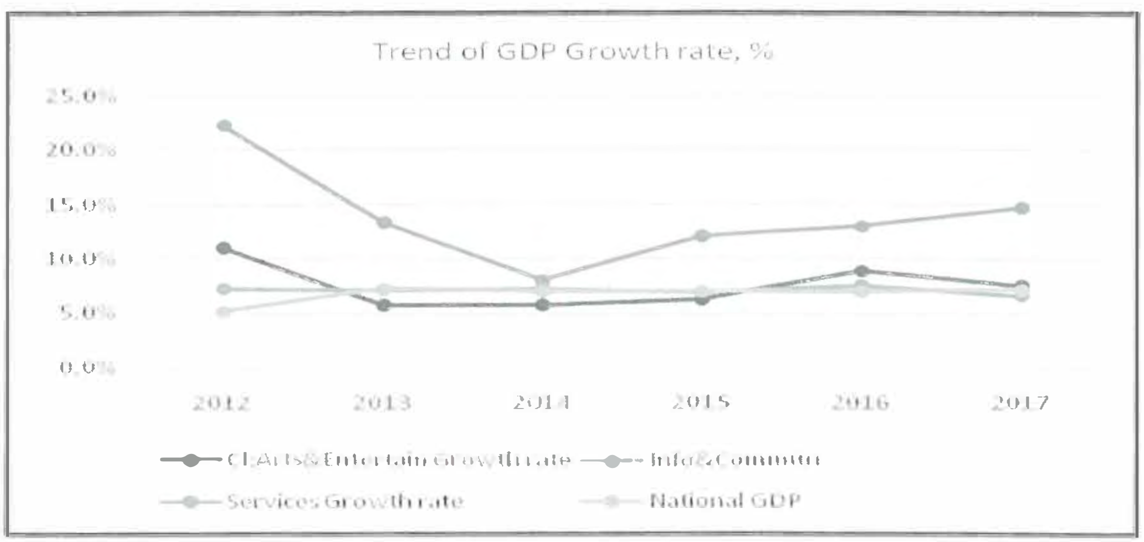
Table 4.7.2: Trend of Ratio of Creative Industry to National GDP

GDP Sector Ratios	2007	2011	2012	2013	2014	2015	2016	2017
Arts & Entertainment (A&E) to GDP ratio (percent)	0.34	0.34	0.36	0.35	0.35	0.35	0.35	0.35
Information &Communication (IC) to GDP (percent)	2.30	3.44	4.01	4.23	4.27	4.48	4.73	5.06
Arts & Entertainment (A&E) to Services ratio (percent)	0.72	0.71	0.73	0.73	0.72	0.71	0.72	0.73
Combined A&E & IC to GDP (percent)	2.64	3.78	4.36	4.59	4.62	4.82	5.08	5.42
A&E and IC to Services (percent)	5.57	7.92	8.95	9.42	9.47	9.89	10.36	11.10

Source: NBS (2019). National Accounts of Tanzania Mainland (table 6). National Bureau of Statistics (NBS), Ministry of Finance and Planning Dodoma January, 2019

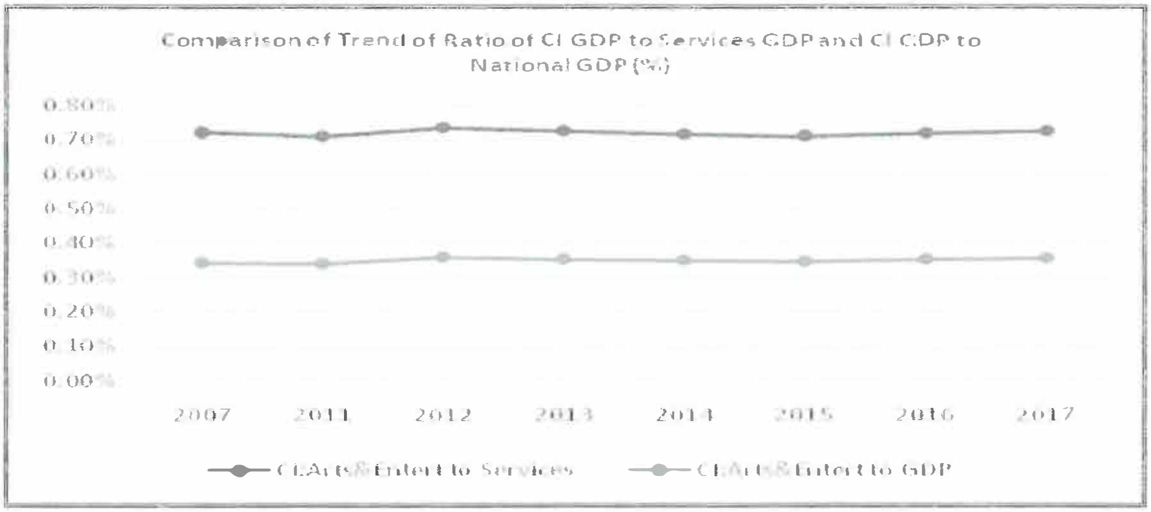
The annual GDP growth rate of creative industry, as represented by "arts, entertainment and recreation", although at relatively lower levels, grew in tandem with that for "information and communication" (Figure 4.7.2). The two sub-sectors appear to have recorded growth rates than the overall average for the service sector, which was almost the same level of growth as the national GDP.

Figure 4.7.2: Relative Trend of GDP Growth rate by Sub-sectors



The ratio of creative industry GDP to services GDP is higher at around 74 percent in 2017, compared to the ratio of creative industry to national GDP, which has remained unchanged at around 0.3 percent since 2013.

Figure 4.7.3: Trend of Ratios between Sub-Sector GDPs to National GDP



Output and Process Related Performances

Among the output and process indicators 75 percent had some data to allow for some assessment of level of performance, such that it shows 33 percent had achieved the set target. These are the rehabilitation of Bagamoyo College of Arts and Culture (BACAC) and Malya Sports College (MASC) (Table 4.7.4).

Table 4.7.3: Summary of Number of Output Indicators in the Creative Industry

Performance summary		Ratio
No. of process indicators:	08	-
No. of indicators with data:	06	75percent
No. of indicators with data and have attained targets:	02	33percent
No. of indicators with data and have not attained targets:	04	66percent

Table 4.7.4: Output Indicators for the Creative Industry

Strategic Objectives (SO)	Outputs	Planned Completion	Status in August 2020		Comments (reasons for under-performance)
			Stage Reached	Proportion of Completion (percent)	
SO1: Improve access to quality and equity games and Sports services					
a)	National Sports Complex Constructed	June 2021	Benjamin Mkapa stadium was improved by planting natural turf, constructing VVIP roof and rehabilitating players changing rooms and media	50	According to the Master Plan for developing National Sports complex, the remaining works include construction of swimming pool with Olympic standards, indoor

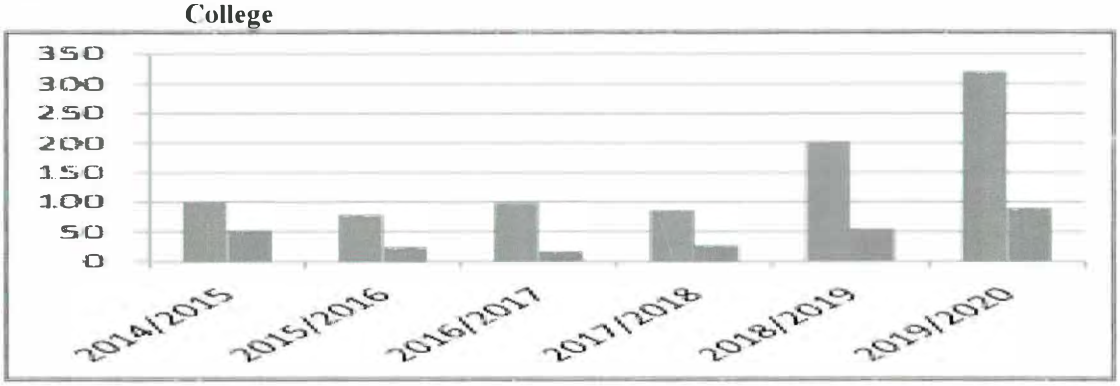
Strategic	Outputs	Planned	Status in August 2020		Comments
			tribunal. New artificial turf was placed at Uhuru Stadium		stadium, sports museum, hostel, five-star hotel, shopping malls and recreation fields. Part of the Master Plan implemented includes construction of Benjamin Mkapa stadium with a capacity of 60,000 sitters and improvement of Uhuru stadium to 22,000 sitters from 15,000. The two stadiums require regular maintenance to maintain the required international standards.
b)	Dodoma Sports Complex Constructed	June 2021	Site Clearence	Less than 20	Promised by President to start in January 2021
c)	6 Sports Academies Constructed	June 2021	Private sector built one (Black Rhino Academy)	16.7	Not included in Minister's report
d)	Malya Sports College rehabilitated	June 2021	repairing of two sports grounds and drilling are completed	100	Repaired Multpurpose Court (Handball, Valleyball and Netball), Basketball and drill one well (TZS 143.835 mil)
SO2: Improve access to quality and equity in Arts Development and Art works					
e)	Bagamoyo College of Arts and culture (BACAC) rehabilitated	June, 2021	Work partially accomplished	Less than 50	Studio rehabilitation and procured new equipment
f)	Culture Complex (Kilomo – Bagamoyo) Constructed	June, 2021	Not done	0	Not mentioned in Minister's report
g)	Artists empowered	June, 2021	Culture and Arts Development Fund has been established National Arts Council (BASATA) trained 235 artists on products marketing, project proposal writing and	29.37	Planned: 800

Strategic	Outputs	Planned	Status in August 2020		Comments
			good governance in arts associations.		
h)	The African Liberation Heritage Programme Implemented	June, 2021	Some work done and process ongoing	50	Land Title deed for Mabwepande new site obtained[1]
Unweighted average achievements for outputs with data				**41**	
Grand Total: TZS Million 935,298.48		Of which:	GOT: TZS Million 854,998.48	Private Sector: TZS million 80,300	

Note: [1]Other implemented activities include: website designed and linked to eGA; Liberation Struggle Week (Shows) conducted from 27th October to 7 November 2017; researched on liberation struggle history; repaired smaller building and installed new plumbing and water supply; bought 3 vehicles.
Source: Ministry of Finance and Planning (2017), Implementation Strategy for the National Five - Year Development Plan (2016/17 – 2020/21), Transportation (June 2017), page 268

It is interesting to note that the renovations and equipment of BACAC resulted to more than tripling of number of students enrolling for the course at the College as from 2018/2019 (Figure 4.7.4).

Figure 4.7.4: Trend of Number of Students admitted at Bagamoyo Arts and Culture College



Legend: Red Bar=female, and Blue Bar=Male
Source: Ministry of Culture and Sport (2020) - Minister's Budget Speech (Chart No.9, Page 64).
Among the interventions that couldn't take off include plans to construct a Cultural Complex at Kilomo in Bagamoyo. If it is a different undertaking, then it means the number of interventions undertaken against the plan is 5. There were also plans that started but couldn't proceed to significant levels of achievements. These include the construction of Dodoma Sports Complex, done by less than involving preparation of architectural designs and clearance of the ground on the site it will be located. Among the initial preparations done by the government include 69 architectural drawings and structural drawings; preparation of BOQ, geotechnical surveys, soil investigation, earthquake analysis and topographic survey. Other tasks undertaken include environmental and social impact analysis, feasibility study and preparation of a Business Plan. Another unaccomplished intervention is the construction of six sports academies, where it is known that only one (Azam Sports Complex) has been

constructed by the private sector at Chamazi, Mbagala in Temeke Municipality. Also built by the private sector and public agencies which include: Simba Sports Club Grounds, General Waitara Golf Court, Kili Golf, Boko Veteran, Gwambina Stadium-Misungwi, Filbert Bayi Indoor Court, Majaliwa Stadium in Lindi, Ngarenaro Sports Complex (owned by Arusha City Council) and St. Patrick Sports Academy, Arusha.

In the Film Industry, Tanzania Mainland continued to participate in the annual Zanzibar Film Festival and showcased some films made by Tanzanians. The Tanzania Film Board vetted and classified some 3,503 (among which 85.24 percent made by Tanzanians) over the period 2016/17 and 2019/20. There are 11 approved cinema houses in the country located in Dar-es-salaam, Arusha, Tanga, Mwanza and Dodoma, otherwise most of the films are shown in small public halls, which are also identified and approved by the Tanzania Film Board.

4.7.3 Management for Results

	Key summarized issues:
(i)	Transferred the parent ministry for coordination of work by artists (through COSOTA) to the Ministry responsible for Culture/Information from the Ministry of Industry and Trade
(ii)	There have been some concerted efforts to protect intellectual property rights by local artists under the coordination of COSOTA
(iii)	There has been collaboration between different ministries to organise special fairs and festivals to showcase the artwork and culture in the country
(iv)	BASATA has worked closely with the government to coordinate the participation of Tanzanian artists in national and regional events thus raising their profiles
(v)	The government has also sponsored Tanzanians to participate in international shows and festivals
(vi)	There is system for rewarding outstanding artists in different categories, which has helped to stimulate the interest in arts and culture by young people
(vii)	The positive image of arts, entertainment and culture as a profession has caused a sudden increase in the number of students joining to study creative industry courses at the Universities of Dar-es-salaam and Dodoma
(viii)	Renovations and improved facilities at specialised colleges such as Bagamoyo and Malya has attracted more students to join the colleges

The creative industry is essentially coordinated by the Ministry for Information, Culture, Arts and Sports (MICAS) with support by the Ministries responsible for education (training institutions), industry and marketing (packaging and marketing of work by artists) and nature and tourism (in promoting cultural tourism). The Ministry of Foreign Affairs and East African Cooperation also renders its hand of support when artists are invited to perform in international events such as the SADC summit in Dar-es-salaam in 2019 when 350 artists and musicians were invited to perform. The four sector ministries have jointly promoted Tanzania's image and created employment for young people in the country.

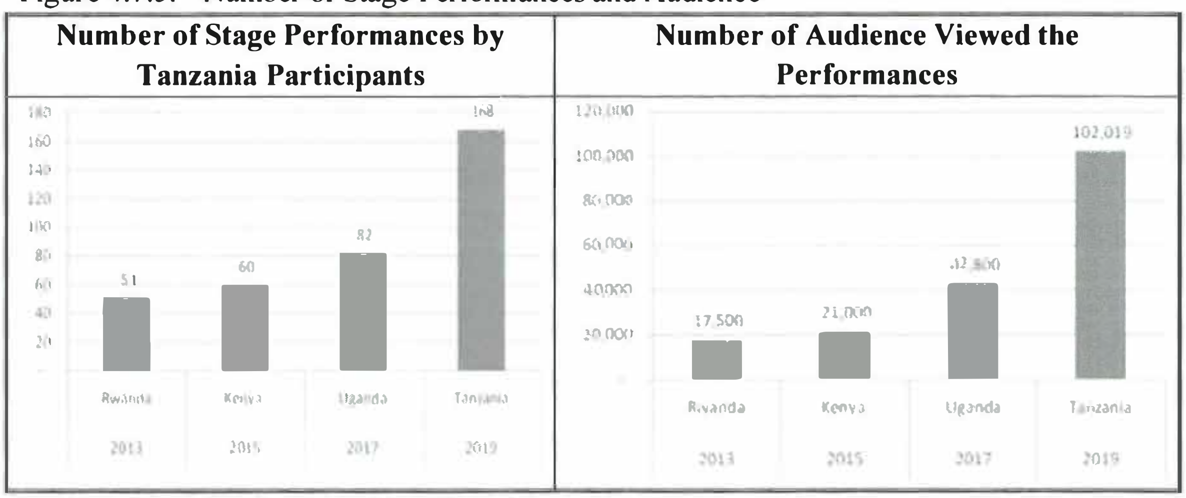
The interest among Tanzanians to taking formal courses in the creative industry appear to have been motivated by the positive demonstrative effects of international arts and cultural festivals hosted by Tanzania as well as the rise of successful arts who have acquired international reputation such as Ally Kiba, Nasibu Abdul a.k.a "Diamond Platnamz", Rajabu Abdul Kahal (Harmonize), Vanessa Mdee, Omary Nyembo (Ommy Dimpoz), Ali Darasa Mahamati (Darasa) and Raymond Shaban Mwakyusa (Rayvanny).

Culture and Arts Festivals

The Government supported collaborative efforts by ministries responsible for arts/culture and tourism to host the Urithi Festivals, the latest being in October/November in 12 regions of Tanzania and Zanzibar[42]. The Urithi Festival integrated cultural tourism, sports competition, boat racing, bicycle racing, handicrafts and artwork, traditional drums and dances, and musical instruments. In recognition for their efforts winners were rewarded with cash money, shields and trophies, motor-cycles and vehicles.

The biggest international culture and arts festivals hosted by Tanzania was the 4th East Africa Community Arts and Culture Festival (JAMAFEST- *Tamasha la Utamaduni la Jumuiya ya Afrika Mashariki*) which took place from 21st – 28th in September 2019 in Dar es Salaam. The number of participating groups and viewers doubled compared to the previous one hosted in Uganda. BASATA collaborated with the Indian High Commission to sponsor the participation of Lumumba Theatre Group in the 34th International Culture and Arts Festival conducted in Surajkund, India which had an audience of 1 million people.

Figure 4.7.5: Number of Stage Performances and Audience



Source: MICAS (2020): Charts 5 and Chart 6.

BACAC collaborated with Clouds plus Production starting in October 2019 to coordinate and host the 38th International Arts and Culture Festival in Bagamoyo. It attracted 83 arts groups from Tanzania and 5 groups from USA, Botswana, Kenya, South Korea and Zambia). The festival was attended by about 85,000 participants. The next festival will be held from 26 to 27 December, 2020.

[42]Among the famous groups include Actors in "Tamthilia za Sarafu", "Huba kapuni" and Kitim Comedians. Among the cultural groups included Lumumba Theatre Group. In the fashion designers world participants included Asia Idarus, Mustafa Hassanali, Martin Kadinda, Miriam Odemba, Flaviana Matata, Herieth Paul, Ally Rehmntula, Happiness Magesa and Bi. Sylvia Sebastian Bebwa (Miss Tanzania 2019).

4.7.4 Adequacy of FYDP II Financing and Resource Utilization

FYDP II had successful financed development project worth shilling 10,704.62 million

Table 4.7.5: Public Financing Gaps in the Creative Industry

Financing Interventions Related to the following:	Budget for 5 years, TZS mil (2015/16 to 2020/21)	Actual Spend until June 2020 (TZS Million)	Budget Performance (percent)
The African Liberation Heritage Programme	3,715.00	1,055.01	28.39
Bagamoyo College of Arts and Culture	7,000.00	300	6.34
Malya Sports College		143.84	
Sports Complex (*changamani la michezo*)	4,070.00	2,093.13	51.42
Total (for items with data)	**14,785.00**	**3,591.98**	**24.29**

4.7.5 Causal Analysis of the Development Challenges in the Creative Industry

(i) Low participation of Tanzania's financial and banking institutions to support creative industry projects by local artists. This prevents the creation of high quality works of art as most of them are made on very off-the pocket budgets

(ii) Multiple charges to be paid for obtaining permits to use streets and open spaces for preparing films or open-door advertising

(iii) Limited infrastructure to support the preparation of songs, films and soap operas

(iv) Dilapidated infrastructure for supporting works of art and recreation.

(v) Poorly prepared works of art, especially films and songs, compelling local consumers to buy and watch/listen to foreign films and songs shown on local TVs and sold by street-vendors in DVDs/CDs/memory cards.

(vi) Watching of foreign films and soap operas risk imparting some negative influences on Tanzania established cultural norms and behaviour.

(vii) Poorly skilled individuals with natural talents or interested to work in the creative industry due to scarcity of training facilities.

(viii) Successes in the wide usage of smart mobile phones has brought some unintended consequences of influx of movies and video clips with undesirable content that contradict our established cultural norms.

(ix) Some media outlets fail to adhere to Act.no.12 of 2016 on acceptable contents for public viewing by different age groups and timing of the day.

(x) Abuse of online social network by some people contrary to the legal requirements.

4.7.6 Untapped Opportunities towards FYDP II Objectives and Targets

Among the untapped potentials in the creative industry include the following:

(i) There is a deep seated stereotype among Tanzanians to underestimate professions in the creative industry, and especially theatre art (singing or acting) as socially inferior compared to other professions. Parents tend to discourage their children to pursue careers in that direction unless it is a choice of last resort. There is need therefore to seriously implement "mind-set change" programmes to revert that negative stereotype and at the same time introduce and enforce laws and legislations that can protect the rights and welfare of people engaged in the creative industry.

(ii) Most of the people with potentials to develop to great creative thinkers and actors remain untapped due to lack of a grassroots-based programme to identify and harnessing creative individuals from early years of life in schools and villages.

(iii) Harvesting waste from urban centres and farms as raw materials to create work of art by young people. An example of such an initiative is the "Management and Raw Materials for Creative Works of Artists" implemented in Dar-es-salaam with the support from the European Union (Photo 1). Details of the project can be accessed from The Art of Resilience and the global exhibition's online gallery. Using recycled waste to create some useful items saves the city from flooding as most of them tend to clog drainage systems resulting to unnecessary floods.

Photo 4.7.1: Artistic work created using urban waste from Dar-es-salaam waste dumps

Source: Dickson, Eric (2020) "Strengthening resilience in Tanzania through creative public engagement". Published in Africa Can End Poverty (blogs.worldbank.org/africacan/.). April 28, 2020.

(a) Establish school clubs that can prepare the youth as responsible citizens to link works of and real life situations as done by post-secondary students involved in the Data Visualization Challenge and student founders of Taka Cycle.

4.7.7 Recommendations

(a) Carry over the plans for unfinished interventions in the next FYDP. These include:
- (i) Construction of Dodoma Sports Complex as a National Sports Complex;
- (ii) Construction of Bagamoyo Cultural Complex at Kiromo where land has been acquired.
- (iii) Construction/establishment of Sports Academies.
- (iv) Implement the African Liberation Heritage Programme
- (v) Bagamoyo College of Arts and Culture
- (vi) National Sports Complex
- (vii) Construction of the Film Multipurpose Complex House (Jumba Changamani la Uzalishaji wa Filamu)

(b) Continue with efforts to build the capacity of local persons in creative industry.

(c) The government should undertake a study to understand the merits and demerits of involvement of independent performing art groups to actively engage in political electioneering campaigns. This is because:

- (i) Artists are globally taken as good ambassadors for promoting national unity and reconciliation. This is in addition to their basic roles to entertain and educate the public. For that reason, it is not very desirable for the artist to show open political bias when a country is peaceful and not at war. It is therefore expected that the rules governing the conduct and participation in political parties by public servants and the armed forces should equally apply to performing artists.

- (ii) Performing artists should be seen as neutral brokers for peace and unity. It is also bad for their business as they automatically alienate part of their customer base when they show open bias towards some political parties. It is especially more serious when they compose songs whose content ridicule one segment of the citizens who have simply practiced their constitutional right to belong to a different political party.

4.7.8 Lessons Learnt and Good Practices

(i) The private sector can play an important role in the development of sports and culture facilities as demonstrated by Azam in Dar-es-salaam in building a sports complex as well initiating a Sports Academy.

(ii) Protecting artists' intellectual property rights should be a continuous process involving multiple ministries and agencies to achieve that goal. It also requires enhanced public awareness and education on their role to protect and reward local artists by attending the shows and buying original work of art from formal sources and outlets.

(iii) Organizing local and national cultural events is a useful approach for identifying talents as well as encouraging upcoming artists and people with talents for creative work.

(iv) Local Government Authorities should enact by-laws or regulations and guidelines to support the work by local artists to perform and record their works.

4.7.9 Land Housing and Human Settlement

Introduction

Land use planning and management are key variables for facilitating economic agents to access secured land for productive uses in the country. Considering this critical role of land use planning and management to the national economy the Government is committed to ensure that land is utilized efficiently and plays a key role in boosting investment, agriculture, industrial development, livestock keeping, mineral exploration, and construction of strategic economic infrastructures which facilitate creation of employment, revenue generation and promotion of exports.

The overall objective of the land sector is to enhance land tenure security for promoting land-based investments for socio-economic development in country . The aspiration will be achieved through systematic land planning, surveying and titling. It will also include improving land administration system through updating and developing Integrated Land Management System (ILMIS) to be scaled up to all regional land offices, developing National Land Data Infrastructure, decentralizing land administration to Local Governments Authorities to curtail land tilting costs and also strengthening land use planning.

Situational analysis

Tanzania is well endowed with land resource for socio-economic development. Yet about 75% of the land is not surveyed and titled. Thus, the country has not leveraged its abundant land to generate a shared and sustained development, employment creation, poverty reduction, and contribute significantly to the national economy (GDP). To address this challenge, the government is determined to ensure tenure security of each land parcel through systematic, planning, surveying and land registration.

The Five Year Development Plan II (FYDP II) with a theme "Nurturing Industrialization for Economic Transformation and Human Development", outlined interventions to enable Tanzania industrialize in a way that would transform the economy and its society into a middle income country by 2025. In achieving the theme, the Government through the Ministry of Lands, Housing and Human Settlements planned and implemented six key areas of intervention which are:- regularization and formalization of informal settlements; decentralization of land administration services to Regions and Districts to reduce land administration costs; increasing revenue from new sources; improving use and accessibility to land information through construction and installation of Integrated Land Management Information System – ILMIS; institutionalizing land use conflict solving framework; and developing satellite cities including secondary townships. Achievements derived from these interventions are as follows: -

i. Regularization and Formalization of Informal Settlements

Through National Regularization Program (2015–2023), 1,444,586 landed properties in unplanned settlements were regularized out of target of 1,200,000; 148,000 land parcels were identified; and 868 residential licences were issued out of target of 300,000 across the country. To prevent futher escallation of unplanned settlements and facilitate construction of modern cities, 24 Master Plans were prepared in Arusha, Mwanza, Dodoma and Dar es Salaam Cities; Musoma, Iringa, Mtwara/Mikindani, Singida, Tabora, Shinyanga, Kigoma/Ujiji, Lindi, Morogoro, Songea, Sumbawanga, Bukoba and Mpanda Municipalities; and Korogwe, Kibaha, Bariadi, Babati, Geita, Tunduma and Njombe towns out of target of 25 Master Plans.

Despite these achievements, some challenges were encountered in the process as follows:- rapid growth of informal urban settlements; lack of integrity and work ethics by some private companies involved in regularization; inadequate financial and human resources, technology and equipment at national and local levels; and ineffective implementation, monitoring and evaluation of planning schemes by planning authorities. In adressing these challenges, the Government has continued to prioritize implementation of regularization schemes at national and local levels; review land policies (the National Land Policy , 1995 and the National Human Settlements Development Policy, 2000) and land laws including the Land Act No. 4 of 1999 and the Village Land Act No 5 of 1999 to strengthen enforcement of implementation of planning schemes; and review regularization guidelines to strengthen private sector participation in land planning and survey processes.

ii. Increasing revenue from new sources

Through implementation of various strategies, land rent collections and other land related charges increased from TZS 74 billion in 2015/16 to TZS 105 billion in 2019/20 which is equivalent to 42% increase. However, collection of land related revenue was constrained by lack of updated electronic information records of land owners; reluctance of land owners to pay their dues; and unsurveyed and titled land parcels. Concerted efforts will be made by the Government through scaling-up of ILMIS to regional and council land offices; review and implement land rent collection strategies; and implement planning, surveying and titling programs as a means to increase land related revenue collections.

iii. Construction and installation of Integrated Land Management Information System – ILMIS

In first phase the Integrated Land Management Information System (ILMIS) has been installed in five (5) Municipalities of Dar es Salaam Region where by 728,370 land records were converted from analogy to digital form. 254,944 land transactions and 239,317 plots were recorded into ILMIS system where as 3,868 electronic land tittles were prepared and issued. Installation of the system also involved construction of National Land Information Centre at Dar es Salaam Regional Land Office in order to store electronically all land records across the country. In order to adress these challenges, the Government is commited to ensure land tenure security to all citizens and upscale ILMIS to other land offices at Regional and Council levels; build capacity to local staff on ICT systems; prioritize construction and installation of ICT systems; and update and convert land records from analog to digital form.

iv. Institutionalizing land use conflict solving framework

In order to strengthening decentralization of land sevices and improve delivery of land services to the public, the Government has established 26 Regional Land Offices. . All land related services which were delivered in 8 Zonal Land Offices, are currently delivered through Regional Land Offices. To speed up conflicts resolution, 55 District Land and Housing Tribunals are operational out of target of 50 tribunals. 131,603 conflicts has been resolved through Tribunals and 15,808 land use conflicts were resolved administratively. 920 among 975 villages which were within reserved land were formalized as a means to resolve land use conflicts that existed for long period of time. As a measure to avoid further conflicts among land users, 647 village land use plans were prepared in 83 Districts equivalent to an increase of 5% making a total of 17% of all villages with land use plans across the country. On strengthening international boundaries between Tanzania and neighbouring countries, the boundary between Tanzania and Kenya of 172 km has been reaffirmed.

On improving land administration, 195,170 Certificates of Right of Occupancy (CROs) were issued out of target of 2,000,000; 375,259 Certificates of Customary Rights of Occupancy (CCROs) were issued out of target of 2,500,000. Of which 1,516 were used as loan collaterals whereby TZS 61.3 billion were borrowed. 14% of land was surveyed making a total of about 25% of the total land surveyed in the country. Also, Village and District Land Registries were constructed and rehabilitated. To support industrial development 284,349.07 acres of land were allocated for industrial investment countrywide. In order to strengthen legal and institutional framework for land management, preparation of the National Housing Policy and review of National Human Settlements Development, 2000 and the National Land Policy, 1995 are in progress.

The Government has promoted improvement in the housing sector development through creating conducive environment for housing construction whereby banks which provide housing loans have increased from three (3) in 2015 to 34 in 2020. Moreover, interest rates on housing loans declined from 21-23 percent in 2015 to 13-18 percent by 2020 and the extension of the term to repay small loans from five (5) years in 2015 to 10 years in 2020. In addition, small loans for housing construction worth a total of shillings 29.87 billion was disbursed.

Despite the aforementioned achievements, the following limiting factors were observed:- low pace of land planning, surveying and tittling (base maps, unavailability of digitized layouts and maps, no Sattelite Receiving Station); unsecured land rights escalating land disputes among land users in the country due to various reasons; unsecured international boundaries; existence of land disputes among land users; rapid increase in population and livestock compared to the available planned and surveyed land; poor coordination mechanism among key sectors in public service delivery; low level of public awareness on legal ownership of village land; of integrity to some land personnel; unsecured international boundaries; few affordable housing scheme; and high interest rate charged by financial institutions for housing development.

The Government intend to increase pace for land planning, surveying and tittling and create pubilic awareness on land laws; put in place legal mechanism for operationalization of Land Compensation Fund; strengthen Land Sector professional boards; and establish affordable housing schemes.

v. Developing satellite cities including secondary townships

The government through National Housing Corporation as a master developer, continued to implement satellite Cities projects in land owned by the Corporation. In order to achieve this goal, 9 Master Plans have been prepared in Iyumbu (Dodoma), Kawe (Dar es Salaam), Usa River (Arusha), Safari City (Arusha), Salama Creek (Dar es Salaam), Luguruni (Dar es Salaam) and Kunduchi Riffle Range (Dar es Salaam). Moreover, Master Plans of Iyumbu (Dodoma); Safari City and Usa River (Arusha); and Salama Creek Kigamboni (Dar es Salaam) have been approved and 151 houses constructed at Iyumbu – Dodoma.

However, NHC projects are constrained by inadequate funds for implementation. Therefore, Government will focus in supporting NHC to continue with the construction of 1,000 affordable houses in Dodoma for sale or rent; construction of 149 houses in Iyumbu and 100 houses in Chamwino - Dodoma; implement Satellite Cities projects in Luguruni (156.53 acres), Uvumba, Kigamboni (202 acres) and Kawe (267.71 acres) in Dar es Salaam and Burka / Matevesi (579.2 acres) and Usa River (296 acres) in Arusha; complete and approve Master Plans for Kawe, Luguruni and Kunduchi Rifle Range in Dar es Salaam.

4.8 SOCIAL PROTECTION

4.8.1 An Overview

Social protection interventions fall into four major areas: (i) social security which includes health insurance, pensions and unemployment benefits, (ii) social assistance, which includes interventions provided to the poor and vulnerable groups including people with disabilities to address lifecycle risks, (iii) productive inclusion; with interventions aimed at enabling individuals to engage more productively in livelihoods and employment. They include agricultural input subsidies, public works, financial inclusion programs, livelihoods and youth development programs, and (iv) social services, which are benefits and facilities provided by the Government and private sector to build the human capital foundation of long-term prosperity. Social Protection is part of the larger agenda of FYDP II, in terms of reducing poverty; addressing social and economic risks, deprivation and vulnerability; protecting human rights and improving capabilities and labour market results. However under FYDP II a Table 4.8.1 shows, some of the targets for the realization of the Plan with regard to social protection were outlined.

4.8.2 Outcome Performance

Performance summary	
No. of outcome indicators:	6
No. of indicators with available data:	3
No. of indicators with available data and have attained targets:	3
No. of indicators with available data and have not attained targets:	0

4.8.3 Results from Implementing FYDP II's Objectives

Key findings:

(i) Coverage of health insurance scheme (NHIF and CHF) exceeded targets set for 2020/21
(ii) Outcomes in the social security scheme also exceeded the targets set for 2020/21
(iii) Continued government efforts to improve living conditions have resulted in a sustained increase in access to basic services and improvements in human capital outcomes, which in turn have helped to reduce poverty.

The National Health Insurance Fund (NHIF) as a vehicle of accessing quality health services for all, as of 31st March 2019, had registered 4,217,211 beneficiaries equivalent to eight percent of the Tanzanian population. The number of NHIF members increased from 753,892 in 2016/17 to 858,446 in 2017/18 and to 966,792 in 2018/19. The fund benefited 15,675,396 in 2016/17; 17,425,329 in 2017/18 and slightly declined to 16,825,475. Out of those beneficiaries, NHIF beneficiaries were equal to 7.4 percent of all Tanzanians, while CHF beneficiaries equalled 23.6 percent of all Tanzanians (Table 4.8.1).

The Community Health Fund (CHF) had by 2019, covered 13,029,636 beneficiaries, equivalent to 25 percent of the Tanzanian population. Combined coverage of NHIF and CHF between 2015 and 2019, increased from 20 percent to 33 percent. The challenge ahead is to ensure that enrolment in health insurance is expanded as only one third of Tanzania's population is currently covered by any form of health insurance. Tanzania is now enacting its Insurance Act 2019, which will establish a Single National Health Insurance (SNHI) fund, replacing the current NHIF and CHF systems. SNHI will be mandatory to all citizens, hence is expected to lead to the achievement of Universal Health Coverage (UHC).

Table 4.8.1: Indicators and Targets for Social Protection

	2015/16	2020/21	2020/21 Achievements	Percentage Achieved
Coverage of health insurance scheme (percent)				
NHIF	7.2	7.2	8.0 (As of 2019)	111.1
CHF	12.8	22	25 (As of 2019)	113.6
Coverage of the social security scheme	7.3	30	33 (As of 2019)	110
Youth in vulnerable employment (percent)	82.3	56.3	N/A	
Proportion of children with disability attending primary school (percent)	76	100	N/A	
Children aged 5-17 engaging in child labour (percent)	28.8	24.9	N/A	

Source: URT NHIF (2019)

The achievements in the coverage of health insurance one year before the end of FYDP II was mainly explained by substantial increase in the expansion of services and in the number of beneficiaries, particularly with respect to Community Health Fund. 2017 improvements in the legal framework[43] for institutions providing social security contributed to improved coverage of social security scheme such that the target for the same was achieved on year before end of FYDP II. The 2017 new ACT raised anxiety among employees in both public and private sector and many joined the schemes.

Table 4.8.2: No. of NHIF Members and Beneficiaries

Financial Year	No. of members	No. of Beneficiaries NHIF	Beneficiaries CHF	Total beneficiaries (NHIF and CHF)
2016/2017	753,892	3,491,400	12,183,996	15,675,396
2017/18	858,446	3,918,999	13,506,330	17,425,329
2018/19	966,792	4,025,693	12,799,786	16,825,479
percent increase	12.6	2.7	-5.2	-3.4

Source: URT NHIF (2019)

Using Median Formular[44] the overall outcome performance for social protection as of 2019 was 111.1 percent

[43] On 17th November 2017 the Government of the United Republic of Tanzania tabled to the Parliament legislative proposals for the enactment of the Public Service Social Security Fund Act, 2017 ('the Bill'). The Bill aims at repealing the Public Service Retirement Benefits Act, Cap. 371, the LAPF Pensions Fund Act, Cap. 407, the PPF Pensions Fund Act, Cap. 372 and the GEPF Retirement Benefits Fund Act, Cap. 51. The Bill also provides for amendments to the National Social Security Fund Act, Cap. 50 with a view to providing provision of social security benefits to employees in the private sector.

[44] Median Formula= (n+1)/2; where n is the number of observations

4.8.4 Management for Results

There are a number of social protection related policies. These include:

(i) National Social Security Policy (2003)
(ii) National Ageing Policy (2003)
(iii) Conditional cash transfer programme to target the extreme poor across the country.
(iv) National Social security institutions include **National Social Security Fund** (NSSF); Public Service Pensions Fund for all employees working directly under the government and the Parastatal Pension Fund for all employees working under governmental parastatals.

The United Republic of Tanzania continues to ensure improved living standards of people living in extreme poverty and protecting the human capital of children living in vulnerable environments. Through the Productive Social Safety Net (PSSN) Programme; as of December-end 2017, a total of TZS 715.9 billion had been paid to PSSN beneficiaries in the form of cash transfers and Public Works Programme (PWP) up from TZS 455.8 billion paid in 2016. Out of that amount, TZS 668.3 billion were paid through cash transfers compared to TZS 435.4 billion paid in 2016, representing an increase of 53.5 percent. With regard to PWD a total of TZS 47.6 billion was paid as wages to poor households that participated in projects that had been identified in their localities compared to TZS 20.4 billion paid in 2016. In addition, as of December 2017, cash transfers covered 70 percent of all households identified in the PSSN programme. For Zanzibar, the share of social protection expenditure in the total government budget has been increasing, reaching 8.99percent during 2015/16.

CSOs have been instrumental in supporting government efforts toward ensuring social protection. They have been working more on policy and legal advocacy on various social protection instruments, as well as on livelihood enhancement. Following the conversation with pension fund managers and the Trade Union Congress of Tanzania (TUCTA), a Presidential order reverted to the old formula in computing terminal benefits as the public had not been consulted on the proposed new formula which was seen to compromise retirees. Regarding livelihood enhancement, CSOs have been conducting entrepreneurial training amongst small-scale producers. Altogether, apart from advocating for agro-ecology practices, the respective projects capacitated small-scale producers with sales and marketing skills and provided links to producers with traders and markets. This in turn has led to a deepened value chain and livelihood improvements.

4.8.5 Causal Analysis of the Development Challenges in the Trade Sector

Poverty, inequality, and youth unemployment persist despite recent robust growth. Poverty declined, but at a slower pace of 6.4percent between 2012 and 2018 than the 18.0percent between 2007 and 2012. The slow reduction in poverty has been contributed by a number of immediate, underlying and root causes shown in the table below.

Table 4.8.3: Causal analysis of poverty challenges

Challenges	Immediate causes	Underlying causes	Root causes
Slow reduction in poverty rates	Slow growth in formal sector employment opportunities High reliance on low productivity, slow growing agriculture Low productivity and incomes in the informal sector and value addition Lack of accounting/recognition of unpaid care work, mainly done by girls and women in formal and informal sectors Inadequate conceptualization, planning and resources for increasing quality of education Insufficient budget allocation to poverty reduction initiatives Limited application of pro-poor and gender responsive growth policies Insufficient investment in productivity enhancing measures in agriculture inclusive and gender responsive health and education	Poor Quality and limited relevance of education for the labour market Insufficient investment in agricultural infrastructure Unavailability of key agricultural inputs Limited capacity of Local Government Authorities Insufficient access to credit and/or working capital for both small holders and micro entrepreneurs Insufficient access to information or training for smallholders or micro-entrepreneurs Fast growing economic sectors are capital intensive and have limited linkages to other sectors Unequal access and control over resources between women and men Limited capacity and accountability for social inclusion and gender responsive planning and budgeting.	Inadequate conceptualization, planning and resources for increasing quality of education Insufficient budget allocation to poverty reduction initiatives Limited application of pro-poor and gender responsive growth policies Insufficient investment in productivity enhancing measures in agriculture Insufficient political clout of rural smallholders Insufficient investment for inclusive and gender responsive health and education Insufficient institutional financial support for enterprises of the poor notably in the MSME sector Lack of a strong voice speaking on behalf of smallholders Absence of adequate inclusive and gender responsive job creation strategies

4.8.6 Untapped Opportunities towards FYDP II Objectives and Targets

i. Narrow coverage in all dimensions
ii. Too large an informal sector –unpredictable incomes, unorganized informal saving mechanisms
iii. High dependency ratio (children, the elderly and disabled)

4.8.7 Success and Recommendations

Tanzania has solid fundamentals for combating poverty.

a) In recent years the government has also done a great deal to support the poorest Tanzanians:

- o It has opened access to free primary education;
- o Increased incomes and reduced vulnerability through productive social safety nets and;
- o Expanded delivery and coverage of basic social and community services.

b) With its rich and diverse resources, strategic location, effective planning, and political will, Tanzania is well positioned to use a variety of policy tools to promote productive job creation and reduce poverty and inequality.

c) Besides strategies to accelerate growth to transform Tanzania into a middle-income, semi-industrialized economy and to strengthen human capital, the government has initiated reforms to build up infrastructure, strengthen fiscal management, and improve the business environment.

Policy now needs to be directed to ending the vicious cycles of unequal opportunity and vulnerability and putting in place mutually reinforcing interventions to build capacity and foster better livelihoods. The basic commitments should be:

a. Improved service delivery and infrastructure for all;

b. Expanded employment opportunities and higher productivity;

c. Investments in human capital to help people develop the skills they need; and

d. Protection for the most vulnerable.

4.8.8 Lessons Learnt and Good Practices

Lessons Learnt

Three main reasons as to why poverty reduction in Tanzania has continued to be slow despite high economic growth: (i) less of Tanzania's growth translates into poverty reduction because of high initial poverty, including low asset levels and limited access to public services, which prevent households from taking advantage of opportunities (ii) Tanzania's increasing reliance on natural resources for income growth rather than agricultural and rural development excludes the majority percent of the poor population living in rural areas (iii) Tanzania's high fertility and resulting high population growth mean that even high growth translates into less income per person—a point too often ignored in discussions on poverty. Apart from poverty reduction strategies, social protection (social security and social assistance, much as they have been improved, more efforts are needed to enhance coverage.

Good practices

In order to address the problems, at least four good practices need particular attention. (i) Increase agricultural productivity, especially for food crops, along with agriculture value addition (ii) increase domestic resource mobilization and focus resources on the poor (iii) reduce fertility, and, (iv) address risks and vulnerability affecting the poor. Perhaps the most crucial focus should be on agriculture and related interventions, given that this sector employs the majority of Tanzanians. Special focus should be on transforming the livelihoods of small-holder farm households. Public sector interventions are needed throughout the staples value chain—in research and development, infrastructure, extension and marketing—noting that interventions that only address one constraint (e.g., input quality) often fail as other binding constraints (e.g., lack of rural roads) kick in. While focusing on an integrated approach, operating on multiple constraints throughout the value chain to improving farm livelihoods is crucial. The government recognizes agriculture as central to realizing its objectives of socioeconomic development, which are well-articulated in the Second Agriculture Sector Development Program (ASDP II). Among the goals of ASDP II are to transform agriculture by promoting commercialization, prioritizing high-potential commodity value chains, and mobilizing capital by giving the formal private sector a growing role in agriculture. Because agriculture and related value chains drive two-thirds of all jobs—three-quarters for the poor the sector is central to creating more and better jobs at scale and significantly reducing poverty.

On social protection, more efforts should be to enhance social security coverage for families in both rural and urban areas. On social assistance more avenues for providing such assistance should be considered; apart from cash transfers and provision of basic social services, expansion of public works should be prioritized.

There is need to strengthen the information base for enhancing family poverty reduction, social inclusion, and effective social security and social assistance service delivery by: (I) collecting socio-economic and demographic data on families, households, and their members, and (2) promoting regional networks for research and information exchange on policy options, experiences and best practices.

There is need to encourage informal sector workers to devise their own social insurance schemes as a protection against sickness, accident, loss of lively hood, old age etc.

4.9 GOVERNANCE

4.9.1 An Overview

The Fifth Phase Government of Tanzania under President John Pombe Magufuli has stepped up efforts by his predecessors to accord highest priority to governance and accountability. It is appreciated that in order to succeed in reaching overall development goals there should zero tolerance to vices that had begun to take roots in the society, and specifically mismanagement of public resources, corruption, poor service provision, tax evasion, and unnecessary bureaucratic snags. Good governance and accountability are essential elements to ensuring good use of resources, effective participation of the private sector in developing industries and enterprises that spur economic growth and creating jobs. It is also important to build a culture that promotes effective participation of citizens in demanding accountability and respecting the rule of law.

The FYDP II included "Good Governance" among the strategic areas to be attained as part of Pillar 2. This is because Goal 2 of the Tanzania Development Vision 2025 (TDV2025) specified the need to attain "Good Governance and the Rule of Law". The plan specified that the main objective of Strategic Area 2.9 is to "maintain and enhance good governance". The specific objectives are to: (a) ensure national and personal security and safety of properties; (b) attain good working and living environments for all staff; (c) access to justice to all public at large and especially to the poor and vulnerable; (d) ensure systems and structures of Governance to uphold the rule of law are effective, accountable, predictable, inclusive and corruption free at all levels; (e) build a base for transforming Tanzania into a semi-industrialized Nation (e) reduce corruption in the country; and (f) improve Management systems and working conditions of the PCCB. According to the M&E strategy of the FYDP-II (pages 51-52).

4.9.2 Results from Implementing FYDP II's Objectives

The analysis of how objectives related to the performance in realizing targets set out for improved governance in the country is divided into national outcome performance indicators (Table 4.9.1) and processes and output performance indicators (Table 4.9.2).

Outcome Performance

There were 5 strategic areas for improving governance, with the same number of expected results or outputs as shown in Table 4.9.3.

Table 4.9.1: Summary of Indicators with Data to Allow for Performance Analysis

Performance summary	
No. of outcome indicators:	05
No. of indicators with data:	04
No. of indicators with data and have attained targets/likely to attain targets:	03[a]
No. of indicators with data and have surpassed targets:	0
No. of indicators with data and have not attained targets:	04

Note: [a]The indicator on "women in national parliament" is likely to attain the target of 44 percent after the general elections of October 2020 as well as the indicator on LGAs posting financial reports on public boards.

The assessment on outcome performance is therefore based on 75 percent of the planned outcomes. It would appear that only the target for increasing the proportion of women, and that for all of the LGAs to ensure they post on public notice boards the public budgets, revenue and actual expenditures so the citizens can easily access the information. The overall performance of outcome indicators is therefore about 73.6 percent based on simple average of results for outcomes with data.

Table 4.9.2: Outcome Indicators Performance for Good Governance

	Good Governance	Benchmark in 2015/16	Target by 2020	Latest Progress	Ratio to Target
1	Corruption cases successfully convicted as a proportion of total cases sanctioned for prosecution (percent)	10.39	23.0	44.9 (but ratio of won cases among those determined= 52.6 percent)	191 percent
2	Country Policy and Institutional Assessment (CPIA) transparency, accountability, and corruption in the public sector rating (1=Low to 6=High)	3.8	4.0	3.0	75 percent
3	Women in National Parliament (percent)	36.5	44	36.9[45]	83.9 percent
4	Proportion LGAs posting public budgets, revenue and actual expenditures on easily accessible public notice boards (percent)	86	100	More than 86 percent	More than 86 percent of target
5	Percent of children under five years of age whose birth have been registered	In 2012 it was 16 percent*	100percent*	55 percent	55 percent
6	Proportion of women in managerial positions	35 percent**	Not given	35 percent**	
	Unweighted average of outcome performance for indicators with data				98 percent

Note: #*Cases investigated by PCCB Increased from 607 in 2014 to 911 in 2019; and those taken to courts increased from 332 in 2014 to 497 in 2019*

##World Bank 2019 data as posted on https://data.worldbank.org/indicator/IQ.CPA.TRAN.XQ. *Assumed that is was the target given that in 2011 the ratio was only 16 percent (NBS,2012 Demographic and Health Survey 2010/11 as reported in

45TGNP (2020): Quoting the TGNP Mtandao Executive Director, Lilian Liundi during the Women Leadership Summit 2018. Posted on https://tgnp.org/2018/03/05/tanzania-making-strides-in-women-representation/.. She said globally Tanzania was at position 25 with 36.9 percent of women parliamentarians, while Rwanda was leading globally with 61.3 percent women.

https://www.thecitizen.co.tz/news/ business/1840414-5198240-2s09a4/index.html) reporting partnership between RITA and TIGO mobile phone company in mobile registration of births.**As provided by the Association of Tanzania Employers (ATE) through its Female Future Tanzania (FFT) program (reported on Apr 25, 2016as posted on All Africa website: https://allafrica.com/stories/201604260298.html ***But not sure of the exact figure due lack of formalized survey.

LGAs posting budgets and financial reports on public notice boards: The information provided was incomplete although all the LGAs have in place public notice boards, there has been a recent survey to ascertain if those notice boards were effectively used and easily accessed by the public as appreciated by animated drawings in Figure 4.9.1

Figure 4.9.1: Artistic impression indicating citizens appreciating to get information from public notice boards

Source: https://www.google.com/search?q=mbao+za+matangazo+ofisi+za+halmashauri&rlz

Women in managerial positions: Data on this indicator could not be obtained during the preparation of this draft. It was therefore impossible to compute the "proportion (percent) of women in managerial positions". Several studies[46] have shown that companies with a strong female presence in leadership roles perform better than those led by men. But there is still reluctance to accept this fact because just 3 percent of the world's 500 largest companies are led by women. Tanzania is slightly better off as women make up 8 percent of the country's CEOs. It seems there is some work to be done to eliminate or reduce the deeply rooted patriarchal traditions and outdated corporate cultures that keep women out of high-level management positions. Tanzania's association of employers, gender advocacy groups (such as TGNP) and political parties have some polices that promote the involvement of women in middle and high-level managerial positions and also aiming to achieve 50:50 parity in national Parliament. So far, the country has reached 36.9 percent, against a target of 44 percent. It is very likely that after the 2020 general election the 50:50 parity will be realised and be at the same level of Rwanda.

[46]https://www.newsdeeply.com/womensadvancement/articles/2018/06/26/tanzanias-push-to-get-more-women-into-boardrooms-and-small-business.

Success in conviction of corruption cases: There was also paucity of data to enable the computation of "corruption cases successfully convicted as a proportion of total cases sanctioned for prosecution (percent)". This indicator has to be approximated by information on "corruption cases taken to courts by PCCB as a proportion of total cases investigated by PCCB (percent)" and "corruption cases taken to courts by PCCB as a proportion of total cases investigated by PCCB (percent)", whose score based on 2020 survey is 54.6 percent and 53.7 percent, respectively[47] (Table 4.9.3).

Table 4.9.3: Indicators for handling corruption cases as adopted by PCCB in its new strategy

Number of Cases	2014	2015	2016	2017	2018	2019	Total
Cases presented by PCCB to DPP	361	278	336	575	467	388	2405
Cases returned to PCCB with DPP Consent	261	172	229	263	265	102	1292
Proportion (percent) Cases Consented by DPP for Prosecution	72	62	68	46	57	26	54
Cases returned for further Investigation	149	113	91	143	199	120	815
New cases in Court	332	314	443	435	495	497	2516

Source: ESRF (2020) based on PCCB files.

Output Performance

The FYDP-II included 10 output and process indicators to be used for monitoring results from the planned activities. Although all of them had some narratives to explain progress of implementation, 80 percent of the indicators had some clear data for judging their performance (Table 4.9.4). Some subjective judgment had to be used in approximating the stage reached in 20 percent of the indicators, namely the stage reached in constructing new regional administration buildings and the building for the Advisory Board for Corruption of the African Union.

Table 4.9.4: Summary of Indicators with Data to Allow For Performance Analysis

Performance summary	
No. of outcome indicators:	10
No. of indicators with data:	08
No. of indicators with data and have attained targets/likely to attain targets:	04
No. of indicators with data and have surpassed targets:	03
No. of indicators with data and have not attained targets:	05

Note: [a] the indicator on "women in national parliament" is likely to attain the target of 44 percent after the general elections of October 2020 as well as the indicator on LGAs posting financial reports on public boards.

[47]ESRF (2020). Draft Report on Governance and Corruption Survey 2020. Public Officials Survey Report, prepared on behalf of the Prevention and Combating Corruption Bureau (PCCB). June 2020.

The average performance of output indicators is about 72.4 percent, computed using available data and approximated rates using narratives of what has been accomplished for ongoing projects (Table 4.9.5).

Table 4.9.5: Summary of Output Performance Analysis

Processes Planned for 2016-2020/21	Baseline situation in 2015/16	Target by 2021 (percent)	Status by June 2020	Success Score (percent)
(a) Fire and Rescue Buildings Completed	Incomplete	Completed by 100	Completed	100 (Geita and Dar)
(b) National Identification (NID) Cards issued and its system interfaced with systems of key stakeholders	Less than 100 percent	100 (25,237,954 people)	86.5percent (registered 21.823 million subjects*. But almost completed for system interfacing)*	86.
(c) Border control system installed (e-Border control)	1	9	Installed at 7 out of 9 on-land border posts**	77.8 (land border posts); and 100 (international airports)
(d) Three Police stations completed	0	3	One constructed at: Dar-es-salaam (Oysterbay)	30
(e) Regional administrative blocks (RAB) and residential houses constructed;	plans	100	New RAB constructed	Approx.50
(f) Renovation of the shoe production workshop	plans	100	- Renovation of oil factory done - Contraction of shoemaking factory completed - Sole factory complete - Leather factory uder constraction	Appox. 70
(g) Acquisition of machines and farm implements for irrigation Agriculture	44 tractors and combine harvester acquired	Full mechanization	74 tractors and combine harvesters acquired	Appox. 40
	Constraction of Idete irrigation scheme started	Completion of Idete irrigation scheme	Main canal constracted	Appox. 70
(h) Equiping building bridge	plans	Equipped by 100	3 Tippers, 2 Concret mixer and 1 bulldozer acquired	Ongoing
(i) Construction of a building and installing machines for commercial Agriculture (Oil Crops)	Plans	Costraction of 2 oil processing factories	Kwitanga Palm oil feasibility Study negotiation -Ushora Sunflower factory not done	The project is in plan

Processes Planned for 2016-2020/21	Baseline situation in 2015/16	Target by 2021 (percent)	Status by June 2020	Success Score (percent)
(j) Construction of office and Installing Machines for quarry production	Plans	100	The project is in plan	NIL
(k)) Construction of workshop for furniture production	Construction Plans	Completed by 100 and start production	-Construction of workshop roofed. Machines procured	Appox. 70
(l) The public sensitized of the PCCB Communication Strategy	started	100	Communication strategy sensitization using radio and TV	100
(m) The building for Advisory Board for Corruption of the African Union completed	started	100	ongoing	Approx. 30
(n) The Special building for investigation at PCCB Headquarters completed.	started	100	Officially opened in July 2020 in Dodoma	100
Simple Average of Output Performance including results with approximated rate of completion				72.43

Note: *Budget Speech by Hon. George Simbachawene, 2020/21. *Undertaken and linked to the Immigration Services, the Police Force, Tanzania Revenue Authority (TRA), Telecommunication (mobile phone registration), Mobile Phone Banking, Finance and Banking Sector, and Lands Department.

**Namanga, Holili and Horohoro (Kenya), Mutukula (Uganda), Tunduma (Zambia), and Kyela (Malawi) (Rwanda); and installed at all international airports: Dar es Salaam, Mwanza and Kilimanjaro

There are four fully completed activities before June 2021: construction of two fire and rescue buildings, installation of border control electronic system at international airports, completion of special building for PCCB investigations department, and public sensitization of PCCB new strategy (Table 4.9.5). Interventions that are most likely to be fully ac4complished by June 2021 include the issuance of NIDA cards whose rate has been enhanced after procurement of new machines in 2020; installation of e-border system at all major border posts, and the construction of regional administrative blocks and residential houses. Activities that appear to be still at lower levels of progress include the completion of police stations and the building for Advisory Board for Corruption of the African Union (Table 4.9.5).

4.9.3 Management for Results

(i) RITA introduced a decentralized system for issuing of certificates by establishing offices in 12 regional headquarters of Dodoma, Lindi, Iringa, Mbeya, Singida, Shinyanga, Mwanza, Mara, Njombe, Simiyu and Geita. This has reduced the distance applicants had to travel to collect their certificates from RITA headquarters.

(ii) NIDA bought extra new machines to enable processing and issuance of more cards per day than before. It also introduced a two-stage system whereby applicants are initially issued ID Numbers that can be used for official transactions as they wait for the printed cards. NIDA also changed the design of the cards to allow visibility of the owner's signature compared to the first generation where signatures were only read/revealed by machines.

(iii) The construction of public buildings such as the regional administrative blocks and residential houses uses public agencies, which has reduced the cost of implementation

(iv) The initiation of Prisons Vocational Centres is meant to allow the Prisons Department to be self-reliant in meetings some of the basic needs.

(v) A programme to empower women for managerial and leadership positions in Tanzania (dubbed '4th Cohort of the Female Future') was launched in February 2020 under the umbrella of Association of Tanzania Employers (ATE) in collaboration with the Confederation of Norwegian Enterprise (NHO). The programme is meant to inspire and challenge women leaders to work with determination to deliver upon set goals and maintain positive progress for their respective organizations. It will also provide a professional forum for women at all levels to interact and exchange their expertise.

(vi) The establishment of a separate building dedicated for the Investigation Division of PCCB is meant to enhance confidentially of investigative work by the Agency.

4.9.4 Adequacy of FYDP II Financing and Resource Utilization

Although it is true that some of the planned activities, such as building of new buildings and procurement of equipment could have been delayed due to inadequate financial resources allocation, some of the activities required simple administrative arrangements and the will to implement. These include raising the proportion of women in the national parliament that requires political will among leaders to implement, posting of budgets and expenditures on public notice boards and taking affirmative actions among corporate boards to ensure that there are more women in managerial positions. Other technical aspects, that seem to require funds, also depended on the willingness of heads of institutions to work and deliver as one on behalf of the government. These include: collaboration in the process of speeding up the issuance of National Identification Cards through system interface with other systems.

4.9.5 Challenges in implementing activities and attaining Governance Objectives

(i) A long list of dilapidated office and residential buildings used by institutions responsible for overseeing good governance principles, especially those belonging to the police and prisons departments;

(ii) Shortage of personnel results to delays in processing crime of different types by responsible specialized agencies;

(iii) Inability to cope with the fast rate of technological changes to assist in preventing and combating crimes;

(iv) Porous borders on land and water allow the infiltration of undesirable foreign subjects and smuggling of goods;

(v) Increasing transnational organized Crimes (terrorism, money laundering, drug dealers, trafficking of small arms, trafficking in persons);

(vi) Political instability in neighbouring countries leading to increased number of illegal immigrants;

(vii) Poor urban planning that hinders the Police Force and Fire & Rescue Force access to emergency events;

(viii) Inherent culture of silence among citizens on reporting corruption incidences coupled with reluctance of citizens to act as witness on corruption cases;

(ix) Long bureaucratic procedures in law amendment;

(x) Limited training opportunities and budget constraints; and

(xi) Inherent cultural attitude towards women that they are more suitable for some type of jobs than others, which are perceived as a territory for men only.

4.9.6 Untapped opportunities towards FYDP II Objectives and Targets

There are also some opportunities in improving the state of good governance, which include:

(i) In dealing with crime, Tanzanian agencies should take advantage of the existence of international and regional cooperation agreements, conventions and protocols.

(ii) All agencies have their disposal opportunities to exchange of information and skills with other International Agencies;

(iii) In fire-fighting and rescue, (a) partnership with existing private fire and rescue companies can be useful in improving services; and, (b) collaborating with LGAs to ensure urban houses are planned to allow for access to houses in case of fire and rescue emergencies;

(iv) For PCCB, there is an opportunity to expand its presence to wards and villages using innovative ways of decentralization of feed-back mechanism; and

(v) Political commitment to ensure the country attains the desirable levels of good governance in the country.

4.9.7 Recommendations

a) Carry over some of the unfinished activities and outputs that were planned to be completed by June 2021 but there are indications that they cannot be accomplished within the FYDP-II framework.

b) Continue with efforts to educate the public on the ills of corruptions and how it affects their livelihoods and development in general.

c) Affirmative policies and regulations to promote the participation of women in political and managerial positions.

d) Allocate adequate resources to M&E and learning exercise to ensure that weaknesses in the implementation of plans are identified earlier and solutions found on semi or annual basis.

4.10 LOCAL ECONOMIC DEVELOPMENT AN RELATED STRATEGIES

4.10.1 An Overview

This section presents the role of Local Economic approach as conceptualized in the FYDP II and a brief on what has been achieved so far. It is important to note that FYDP II did not identify any specific interventions, targets and indicators for this approach.

4.10.2 FYDP II and Local Economic Development Approach

The FYDP II acknowledges that, at the local level, the envisaged economic transformation will have sizeable and sustainable impact on the reduction of poverty and improvement in quality of life (through inclusive growth) if Micro, Small and Medium Enterprises (MSMEs) are supported and well linked to large-scale enterprises in manufacturing, construction, tourism, and other priority areas of economic transformation and human development.

At the sub-national level, the FYDP II is calling for mapping economic and investment opportunities, strengthening and promoting industrialization and SMEs particularly in agricultural value chain, knowledge transfer and innovation capacity building.

Region's economic transformation objectives are to:

(i) Transform the economic base of the region and its LGAs from dominance by agriculture and the extraction industries in order to allow manufacturing and processing to become lead sectors of the regional economy;

(ii) Achieve socio-economic transformation through the building of enterprise capacity in all key sectors of the economy with requisite technology and innovation capacities that will build an industrial society in the region with opportunities to create wealth and prosperity for all.

(iii) 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 approaches lead to many significant social benefits by promoting and facilitating participation and sustainable development initiatives in LGAs and regions. Therefore, for LED approaches to be effective, capacity strengthening at LGA and LLG levels is a matter of priority.

Strengthening Local Participation through Local Economic Development (LED) Approach

In order to ensure effects both from economic growth and service delivery permeate to local levels and households, FYDP II supports 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 in line with the priorities of FYDP II. This localization of FYDP II will also provide avenues to domesticate and localize the SDGs. This entails shifting mandates and resources to the local level as follows:

(i) Reforms to Strengthen LED Initiatives

Reforms were to be instituted for the transformation enhancement through greater decentralization, accountability and transparency. Along with, efforts are to be directed at ensuring that there is effective coordination among actors in MDAs, RSs, and LGAs in order to deliver conducive business environment/enablers for private sector to participate and thrive. This also entails implementing the unfinished business of the Local Government Reform Program which includes administrative (human resources management) and fiscal decentralization; as well as harmonization of laws at Lower Local Government Authorities (LLGA).

The role of LGAs in regard to this approach is critical for issues related to provision of land for investment, development of SME clusters, support of LED initiatives, etc. The core aim of LED in FYDP II is to ensure that practical approaches are used by RSs, 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. In order for growth and impacts of other interventions to reach and benefit the grass-root, FYDP II needs to be localised. But localization needs strong capacities at local levels. In recognition of the inadequate capacity of LGAs, FYDP II recommends that their capacity be built and strengthened in line with the following key LED strategies:

(i) Regions and LGAs tendering and procurement procedures are designed to favour 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 want to start operations in their respective areas of jurisdiction;

(iii) Forge local alliance, 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 the so called the Living Laboratory, which are demonstration centers aimed at providing practical demonstrations of what works better in respective localities and creating sustainable jobs and real community benefits;

(v) Supporting communities to develop their own economic solutions, including exploring new ideas for improving the creation of and distribution of work to disadvantaged groups and minorities;

(vi) Ensuring that the local investment climate is functional for supporting local SMEs and encouraging new enterprises as well as attracting inward investments;

(vii) Investing in physical (hard) infrastructure by improving roads, sewerage systems, airports, etc. for businesses; investing in soft infrastructure including human resource development, institutional support and regulatory issues;

(viii) Supporting the growth of business clusters that target particular geographical areas for regeneration or growth (i.e. areas or spatial targeting as well as disadvantaged groups of the communities); and

(ix) Supporting primary specialized cooperatives, to be used to aggregate produce from small scale farmers or manufacturing MSMEs or assist in joint procurement as a way of ensuring forward and backward linkage and its attendant trickledown effects and poverty reduction.

FYDP II recognizes that effective development and poverty reduction need to be 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 planning process provide a critical foundation for success. LGAs and RAs will be responsible for ensuring conducive local business environment, particularly for MSMEs is in place. Progress in this aspect will be evaluated through Local Business Enabling Environment (BEE) Survey The Government will facilitate redress of challenges related to financing LED, since most LGAs often have limited resources to deliver on LED services. Through FYDP II, the Government will increase resources allocation to LGAs. This will also entail a need to devise an appropriate formula for LGAs subventions from central Government sources and putting up mechanisms of safeguarding LED expenditure 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, with care being taken to avoid falling into 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. those aligned environmental conservation;
(iv) Private sector funding such as funds from corporate social responsibility;
(v) Foundations, especially for environmental conservation and improvements, human resource initiatives and poverty alleviation;
(vi) Where applicable, LGAs and other actors at the local level will be encouraged to introduce own initiatives to access financial resources beyond the subventions from the central government; and
(vii) Introducing regional development corporations as legal entities with similar functions to NDC in order to mobilize finances for projects in their areas of jurisdiction.

In order to ensure effective monitoring and evaluation of LED initiatives, LGAs will be facilitated to conduct the Local Business Enabling Environment (BEE) Surveys in order to obtain information on citizens' perceptions of local conditions and regulations that affect them and local businesses, with the goal of informing policies and practices that hinder business development; as well as identifying 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 were expected to develop a guide for rolling out LED approach. The guide will include, among others, approaches to measuring performance of local initiatives being implemented at Regional and LGA levels so that the citizenry can be informed of their local development status. Local BEE Survey will be one of the tools for evaluating local implementation performance. Effective performance of LED will, in aggregate, diversify the economies and revenue sources of respective governments and gradually, therefore, reduce over dependence from the centre. Increased pace of development in local areas will also reduce push factors of rural-urban migration and thus relieve pressure on provision of urban social amenities and infrastructure.

(ii) *Reforms to Link LGAs with Research and Training Institutions*

In a bid to build the capacity of LGAs (as well as LLG) management, the government will support internships and volunteering of graduates with a bias on rural and/or local government-related training programs offered by colleges such as Hombolo Local Government Training Institute; Institute of Rural Development Planning, LITI and MATI. Even as they build the capacity of LGAs and LLGs, this arrangement will also provide the participants with an opportunity to learn actual local development challenges and devise workable solutions, which will make them effective players in the development process of the Nation.

(iii) Specific LGA Reforms – Dar es Salaam City

Dar es Salaam City is hub of the national economy and a base for social transformation in terms of revenue collection, growth of the private sector, job creation, markets, etc. However, performance of the city is constrained by its administrative structure, which has implications on management of the city's development process. There are overlapping mandates of the city's district municipals, city municipals (LGAs), and Regional Secretariats (RS) which undermines regional coordination. As a result, major services such as transportation, land use planning, water and waste management are not coordinated on a metropolitan-wide basis. Therefore, FYDP II proposes the following reforms are required to achieve social transformation:

(i) Reforms of the institutional and administrative environment of Dar es Salaam City in order to improve coordination, accountability, and service delivery. The reforms aim at triggering the evolution of Dar es Salaam into an efficient metropolitan area by redefining the roles and functions of Dar es Salaam City Council (DCC) and, in particular, to provide clear mandates requiring the municipal councils to coordinate services on a metropolitan-wide basis; and

(ii) Reforms to allow and pilot measures to assess DCC's capacity to raise revenues commensurate with expenditures and instil systems that ensure that the City council is accountable to citizens.

4.10.3 Performance in Implementing LED Approach

Under the LED approach, two major activities have been implemented, namely:

(a) Development of Investment Guides

The Government through the Prime Minister's Office (PMO) directed that all regions and their LGAs prepare Regional investment guides, in which many untapped industry and human development-related interventions were identified. The regional investment guides have been uploaded onto the respective regional websites to provide information and entice investors, both domestic and foreign to make Tanzania their investment destination of choice.

(b) Preparation of LED Strategies for Cities and Municipalities

Targeted cities and municipalities included Arusha, Tanga, Mbeya, Mtwara, Mwanza, Dodoma, Kigoma and Ilemela. These strategies were completed in June 2020.

CHAPTER FIVE: FYDP II FINANCING STRATEGY

5.1 An Overview

The FYDP II Financing Strategy was expected to mobilise TZS 136 trillion. Out of the total amount, TZS 82.4 trillion was expected from traditional sources (e.g. revenues, grants and donations, and concessional borrowing) and TZS 53.3 trillion from non-traditional sources (e.g. bonds). The evaluation has revealed that the Government achieved the targets of collecting tax revenue by 98 percent. The domestic revenue as percentage of GDP increased from 13 per cent to 15 per cent. On the other hand, borrowing from non-concessional sources was more than twice the target, reaching TZS 12.2 trillion compared to the target of TZS 5.7 trillion. Borrowing from concessional sources was also above the target, reaching TZS 10.2 trillion from the target of TZS 6.2 trillion (64 per cent higher than the target). The implementation of FYDP II was estimated to cost TZS 107 trillion, equivalent to an average of TZS 21.4 trillion annually for each of the five-year period. The public sector was expected to contribute about TZS 59 trillion, with the private sector expected to invest TZS 48 trillion. FYDP II review has revealed that the overall private sector investments reached TZS 152 trillion. In the absence of mechanisms to track how much of the TZS 152 trillion went directly to support FYDP II priority areas, it undeniable that private sector investment is critical part of the development and investment process in Tanzania. Overall, the private sector's investment was consistently expanding over of the past 4 years, a phenomenon that was supported by consistent increase in national savings - an important source of financing investment.

The Plan's expenditure projections: The implementation of FYDP II was estimated to cost TZS 107 trillion, equivalent to an average of TZS 21.4 trillion annually for each of the five-year period. The public sector was expected to contribute a total of TZS 59 trillion, with the private sector expected to invest TZS 48 trillion. To assess performance, this section responds to two evaluation questions 1) did the public sector contribute TZS 59 trillion to the implementation of the Plan? 2) Did the private sector invest TZS 48 trillion to support the Plan objectives? In responding to these quantitative questions, this chapter also discusses the measures that the Government took to implement objectives listed in the FYDP II's financing strategy.

5.2 Performance against Targets

Private Sector Investiment

Key findings:

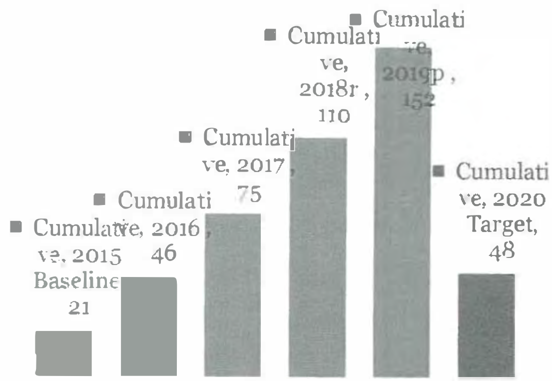
(i) The private sector invested TZS 152 trillion. The Plan's projected TZS 48 trillion as private sector investment that supports FYDP II's objectives.
(ii) Private sector investment was *consistently* expanding in each of the past 4 years
(iii) The increasing private investment was supported by consistent increase in national savings - an important source of financing investment
(iv) Comparison analysis shows that the average growth rates of private investment in Tanzania outperformed that of benchmarked countries

The private sector component of the Gross Fixed Capital Formation (GFCF) is the primary measure of private sector investment in an economy. During the five years of implementing FYDP II, the private sector cumulatively invested TZS 152 trillion, the amount that is more than three times the FYDP II's target TZS 48 trillion[48]. The private sector investment was consistently growing from the baseline amount of TZS 21 billion (2015) to TZS 42 billion (2019p) (Figure 5.2) – equivalent to an average annual growth rate of 16 percent. The increasing private sector investment is attributed to the expanding private sector investments in commercial, residential, and transport sectors. This phenomenon performance is an outcome of the relaxed investments regulations. An example is the Government decision to allow industrial projects to commence with just provisional EIA certificates. The private investment has been financed by increasing national savings which has doubled from the baseline amount of TZS 12.3 billion (2015) to TZS 23.9 billion (2019p) (Figure 5.3) and in terms of its GDP shares as well (Figure 5.4). The positive gross domestic saving rate[33] indicates that aggregate consumption has been lower than production signalling unrestricted availability of investable funds, and consequently high investment and high growth. As with many other Sub-Saharan African countries, national savings have been largely dominated by household savings; and according to survey evidence, household savings are primarily in the form of nonfinancial assets (livestock, house, farm, and land).

The average annual growth rate of private sector investment in Tanzania of 20 percent (2011-2015) and 17 percent (2016-2018) are impressive when benchmarked against comparable countries. The rates have been higher than the experience of the neighbouring countries (Figure 5.5), immediate competitors (Figure 5.6), future competitors (Figure 5.7) and role models (Figure 5.8). The trend in private investment in Tanzania closely followed that of the Foreign Direct Investment (FDI) up to 2009. Thereafter, the two had diverged trends suggesting that domestic private investment is higher than the investment from outside (Figure 10). Despite being at a nascent stage the private sector expanded its use of the corporate bond market as a source of finances[34], with a total of six corporate bonds listed in the stock market as of September 2020 (from 2 corporate bonds at the baseline year of 2015).The outstanding debt in the form of corporate bonds stands at TZS 176 billion in 2019, which is close to three times the amount at the baseline year 2015. However, the bond market remained skewed towards government bonds, and ultimately making the share of the outstanding corporate bond in the total bond market at a very low level of 2 percent in 2019 (Figure 5.2).

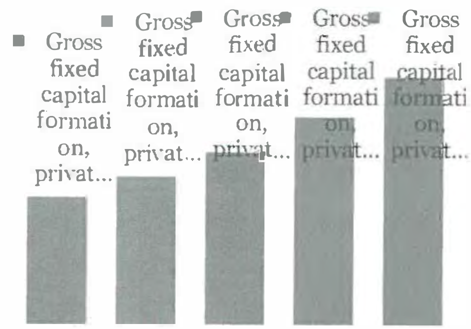
[48] The TZS 48 trillion was projected as a specific private sector contribution/investment to FYDP II's activities/projects. In the absence of mechanisms to monitor and measure such specific private sector investment, we use the private sector GFCF which captures all investments by the private sector irrespective of whether they are FYDP II related or not. However, it is
ideal to conceptualise that private sector investments (in the social, productive and economic sectors) directly contribute to FYDP II objectives.

Figure 5.1: Cumulative private sector investment (TZS trillion)



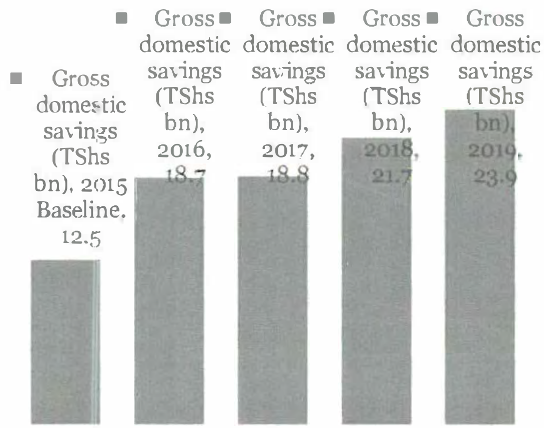
Source: BoT(2020)

Figure 5.2: percent growth: Private sector investment



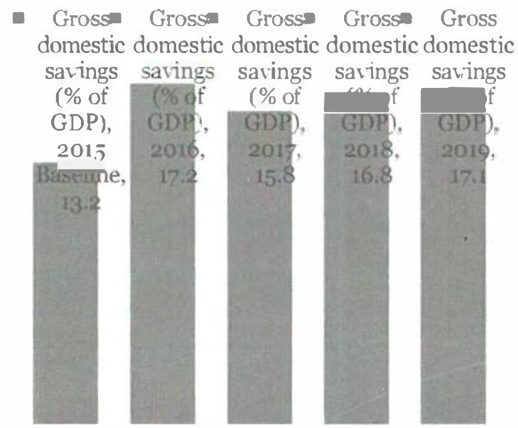
Source: BoT (2020)

Figure 5.3: Gross domestic savings (TZS billion)



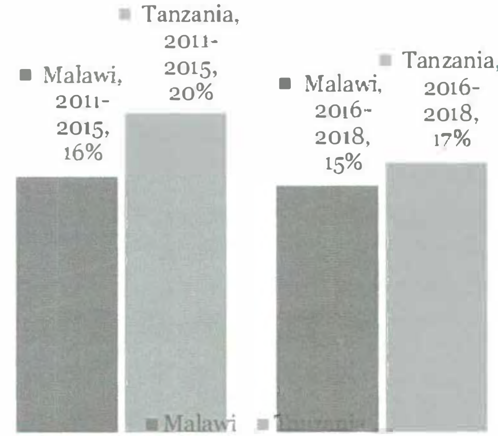
Source: World Bank (2020)

Figure 5.4: Gross domestic savings (percent of GDP)



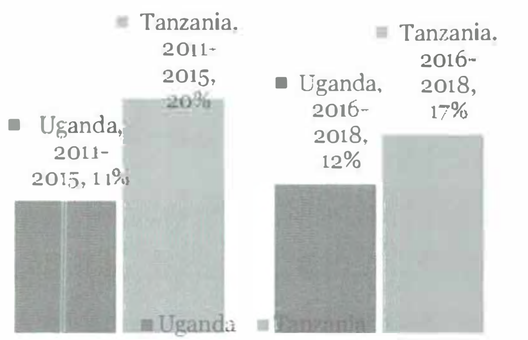
Source: BoT(2018)

Figure 5.5: Neighbouring countries (Private sector GFCF growth rate)



Source: World Bank (2020)

Figure 5.7: Immediate competitors (Private sector GFCF growth rate)

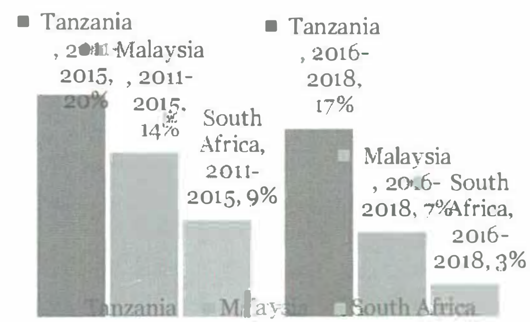


Source: World Bank (2020)

Figure 5.7: Future competitors (Private sector GFCF growth rate)

Source: World Bank (2020)

Figure 5.8: Role models (Private sector GFCF growth rate)



Source: World Bank (2020)

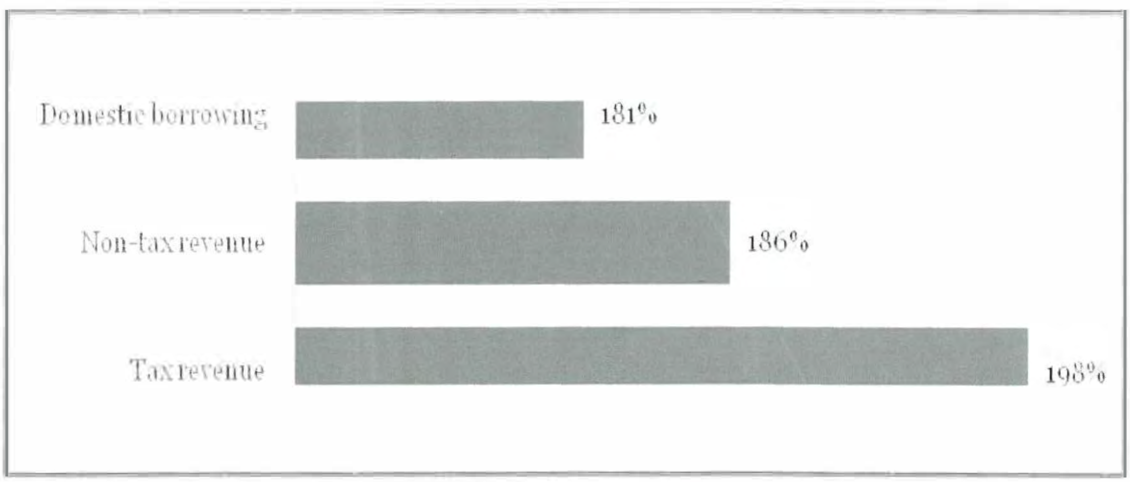
The Traditional Sources of Revenue

Key findings:	
(i)	In terms of tax revenue, the government surpassed the FYDP II's targets by 98 percent.
(ii)	The domestic revenue as percentage of GDP increased from 13 percent to 15 percent.
(iii)	Borrowing from non-concessional sources was more than twice the target, reaching TZS 12.2 trillion from the target of TZS 5.7 trillion.
(iv)	Borrowing from concessional sources was also above the target, reaching TZS 10.2 trillion from the target of TZS 6.2 trillion (64 percent higher than the target).

The FYDP II's financing strategy defined the traditional sources of revenue to include 1) traditional domestic sources (tax revenue, non-tax revenue, domestic borrowing) 2) traditional external sources (grants, concessional, non-concessional loans). Figure 5.9 shows that the FYDP II's target was surpassed by 98 percent. The target was to collect TZS 65,847 billion, and after including the projections for 2020/21, the Government has collected TZS 126,561 billion. Tax revenue collection led by collecting 98 percent more than the target, followed by non-tax revenue (86 percent above the target), and domestic borrowing (81 percent above the target) (Figure 5.9). The domestic revenue as a percentage of GDP from the baseline rate of 13 percent of GDP (2015/16) to 15 percent of GDP (2020/21).

The improved performance in revenue collection is attributed to enforcement in tax laws and other measures discussed in section 3.0. These efforts were in line with the focus of the fiscal policy in Tanzania which is characterized by the three main objectives of: 1) achieving fiscal stability by controlling budget deficit 2) channelling more fiscal resources to investment spending, and 3) cutting incidences of waste, tax evasion, and abuse in the public sector.

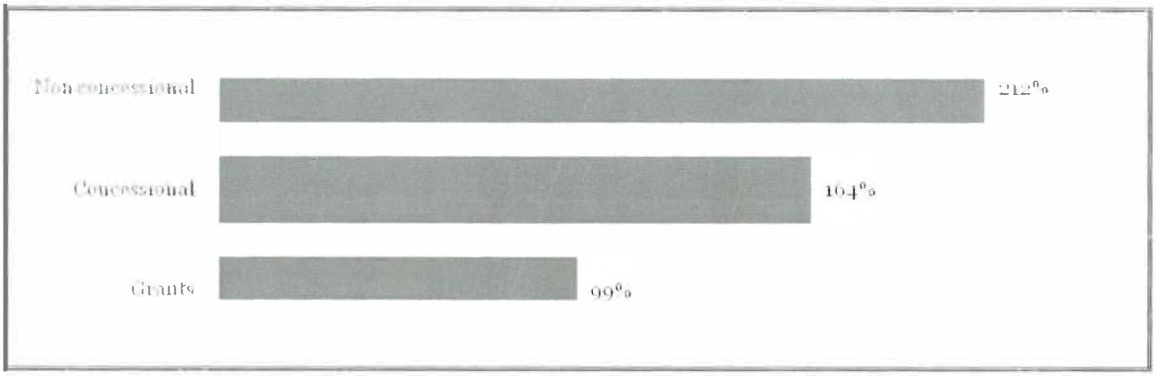
Figure 5.9: Performance of domestic sources of revenue against FYDP II's targets



Source: MoFP's budget speech and FYDP II's financing strategy

Figure 10 highlights the FYDP II's performance against targets set for the traditional external sources (grants, concessional, non-concessional loans). The FYDP II's financing strategy was for the Government to borrow TZS 5.7 trillion from non-concessional sources. After including the projections for 2020/21, the Government borrowed TZS 12.2 trillion (112 percent higher than the target) (Figure 5.10); borrowing from concessional sources surpassed target reaching TZS 10.2 trillion from the target of TZS 6.2 trillion (64 percent higher than the target). The target for grants was met by 99 percent (TZS 4.6 trillion). Increased borrowing is backed by the recent Debt Sustainability Assessment (DSA), which has confirmed Tanzania's public debt as sustainable, with the country remaining at a low risk of external debt distress. Debt burden indicators were projected to stabilize at levels consistent with low rollover risk under both the baseline (assuming gradual public investment scaling-up) and plausible stressed scenarios.

Figure 5.10: Performance of government external resources against FYDP II's targets



Source: MoFP's budget speech and FYDP II's financing strategy

Despite the impressive performance in revenue collections, the actual performance in some of the FYDP II's sectorial areas did not match that revenue performance (see chapters on sectorial performance). There are several reasons for that. First is the fact that most of the increased resources were directed towards financing large infrastructure projects and new policies such as the free-fee basic education. Second, is the escalation of costs for large projects that largely depended on imports. This is reflected by the depreciation of Tanzanian Shillings against US dollar from TZS 2,177[xxxv]at the beginning of FYDP II (2016) to the current exchange rate of TZS 2,309[xxxvi]per 1 USD. Third, apart from the exchange rate movements, is the possible underestimation of the costs for some of the infrastructure projects.

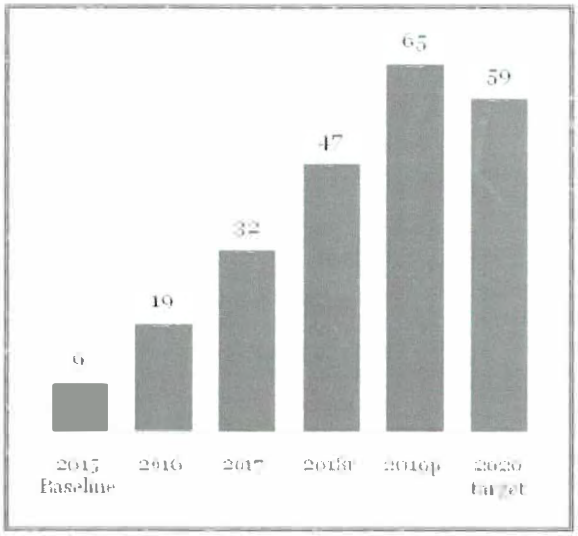
The Public Sector Contribution

Key findings:	
(i)	By 2019, the target for public sector investment (TZS 59 trillion) was surpassed by TZS 6 trillion.
(ii)	Development spending more than tripled to TZS 12.8 trillion (2020/21) up from the baseline of TZS 4.3 trillion (2015/16).
(iii)	In GDP terms, the development spending has doubled to 8 percent of GDP (2020/21), up from 4 percent(2015/16).
(iv)	The share of domestic resources in the development spending is expanding and is currently standing close to 80 percent of the overall development spending.

To measure public sector investment, we used the public sector component of the GFCF. Figure 11 shows by 2019 the public sector investment surpassed the target of TZS 59 trillion by TZS 6 trillion. The expanded public investment is an outcome of the increasing resource allocation to the development budget. The national development spending has more than tripled from the baseline figure of TZS 4.3 trillion (2015/16) to TZS 12.8 trillion (2020/21). Similarly, the expanding share of domestic resources in the development spending reached 80 percent of the overall development spending (annex 1). This substantial increase in development budget spending is the landmark differences between FYDP I and FYDP II. In terms of sectorial distribution of investment (GFCF), the construction industry dominates the total GFCF (private + public).[xxxvii]Its share stands at 51 percent of the total GFCF in 2018, followed at a distance by transport, storage and communication (23 percent) and the manufacturing sector (17 percent).

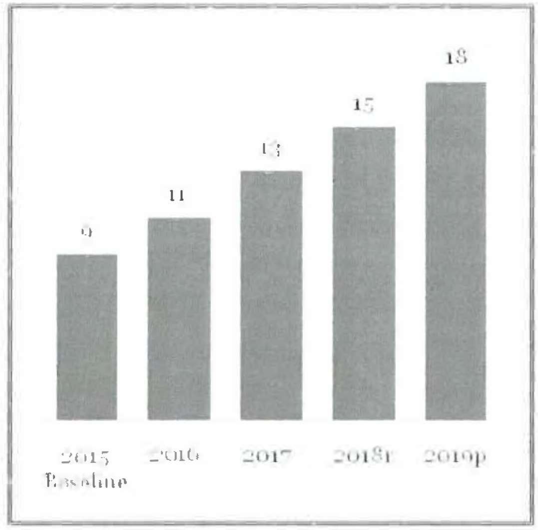
The reorientation of expenditure towards public investment reflects the government commitment to narrow the infrastructure gap for private sector development by financing capital project that have been identified in FYDP II. The move has dramatically increased the share of development expenditure in the total budget to 40 percent. In GDP terms, the development spending has more than doubled to 8 percent of GDP (2020/21), up from 4 percent in 2015/16. Other capital investments have been directed to the construction and rehabilitation of health and education facilities, Government buildings in Dodoma, transport sector projects such as the standard gauge railway, the energy sector projects of Kinyerezi I&II and the Mwalimu Nyerere hydropower, revamping of ATCL and construction, upgrading and rehabilitating of airports across the country. In the road work, the government has made massive investments by tarmacking a total of 3,537 km of roads between 2015/16 and 2019/20 including the constructing large bridges.[xxxviii] Investments in infrastructure are the surest means to generate long-run and higher level of economic growth. A simulation analysis using a macro-econometric model for Tanzania (MACMOD) indicates that an increase in public investments in infrastructure to a value of approximately 1.2 percent of GDP in a particular year could result in an increase of 1.7 percent to GDP in the following year.

Figure 5.11: Cumulative Public sector GFCF(TZS trillion)



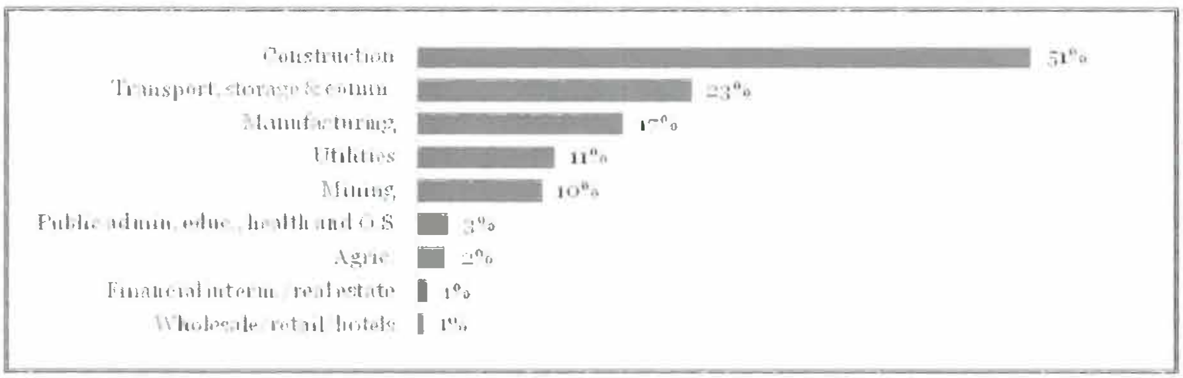
Source: BoT(2020)

Figure 5.12: percent growth: Public sector GFCF



Source: BoT (2020)

Figure 5.9: Sectorial distribution of the overall GFCF



Source: BoT (2020)

Non-traditional sources of revenue contribution

Key findings:
i. Resources were realised from 2 out of 10 proposed innovative financial instruments. Reference is made to climate change financing and FDI. ii. Preliminary studies were carried out to inform future issuing of municipal bonds, and accreditation for Green Climate Fund (GCF). Preliminary analyses have been carried out to recapitalize the Tanzania Agricultural Development Bank (TADB) by converting the AfDB loan as capital injection to the Bank as well as integrating 'Mfuko wa Pembejeo' into the Bank's system.

Table 5.1 highlights the FYDP II's proposed innovative financing instruments and the amount that was realized. The table shows that resources were realized from two out of the 10 sources, that is, the FDI and climate financing facilities (TZS 8.4 trillion and 27.9 billion[49] respectively). For the other instruments, the Government invested in a number of feasibility

studies on municipal bonds (either general obligation or revenue specific bond[xxxix]), capital injection to the national development banks (TIB and TADB) and documentation for accreditation to access resources from the GCF. Significant reforms of the pension facilities led to the delays of establishing a pension equity fund. Such reforms focused on consolidating the national pension and provident funds into two separate entities (PSSF and NSSF), with the Social Security Regulatory Authority (SSRA) disbanded. It is however well known that as per the Section 19 (viii) of Pension funds investment regulations of 2015, the funds are prohibited to invest in venture capital as asset class.

The studies that looked into the possibility of introducing municipal bonds identified the main barriers to include the perceived lack of creditworthiness of the LGAs coupled with their inadequate financial capability. Municipals in Tanzania are also constrained by inadequate track records as borrowers (from the public and financial institutions). Nevertheless, the experience with large municipal projects where the Government acted as a guarantor (e.g. Machinga complex) has raised doubts about the readiness of municipals to engage in new financing instruments such as municipal bonds.

Though TIB as any other financial institutions participated in the T-bills, the Bank was not able to raise capital from other sources (domestic private sector, foreign borrowing) as a result it lowers its creditability to its costomer. In case of the TADB, the Government is in the process of converting the AfDB loan of TZS 250 billion as capital injection to the Bank. The move will complement another restructuring where the 'Mfuko wa Pembejeo' worth TZS 63 billion will be integrated into the Bank.

Introduction of infrastructure bond, diaspora bond, and natural resources fund was mainly constrained by inadequate human resources to champion the preparatory work necessary to not only introduce the instruments but also to get buy in from different stakeholders. Another concern for the infrastructure bonds was the possibility for the instrument to crowd out investors from other Government bonds (e.g. the current Treasury bond) with no large increase in aggregate Government resources from bonds markets. For the instruments such as diaspora bonds, preliminary studies on remittances showed limited prospects for such instruments to generate large resources for the Government. Other instruments such as sovereign bonds and private placements were deemed expensive and characterized by disputed country rating from the international rating agencies.

The Government therefore opted to exhaust resources from the traditional sources/instruments (tax and non-tax revenues) before investing in new sources. It is however worth noting that irrespective of the availability and potential of several sources, to maintain macroeconomic stability, the Government has adhered to the programming limit of borrowing a maximum of 1 percent of GDP domestically. Overall, the average maturity of Tanzania's debt remains relatively long because of a large share of multilateral, concessional external borrowing, which support debt affordability through instruments such as sovereign bonds and non-concessional borrowing.

Table 5.1: Innovative sources of financing (TZS million)

	Target	Actual	Difference	percent Achievements
LGA bonds/municipal bonds	400,000	0	400,000	0 percent
Sovereign market bond	3,450,000	0	3,450,000	0 percent
Climate change financing	699,200	27,968	671,232	4 percent
PPP	3,912,530	0	3,912,530	0 percent
Development Financial Institutions (TIB)	15,000,000		15,000,000	0 percent
Pension equity fund	300,000	0	300,00	0 percent
FDI	29,565,870	8,437,941	21,127,929	40 percent
Diaspora bond	0	0	0	NA
Infrastructure bond	0	0	0	NA
Natural resource fund	0	0	0	NA
Total	**53,327,600**	**8,437,941**	**44,589,659**	**19 percent**

Source: FYDP II's financing strategy (target column) and Bank of Tanzania – for the FDI data (2020)

5.3 Management for Results

A number of efforts went into implementing the FYDP II's financing strategy. Such efforts can be grouped into the five domains of: 1) policy, legal and regulatory reforms 2) capacity development to enhance enforcement of revenue collection regulations 3) infrastructure investment for private sector development 4) technological innovation in revenue collection 5) research, studies and other preparatory works on potential innovative finance instruments. Through the support from development partners, a number of feasibility studies were carried out on possible introduction of municipal bonds. The effort was followed by the Capital Market and Securities Authority (CMSA) and the Dar es Salaam Stock Exchange (DSE) introducing procedures for issuing and listing of such bonds. Following earlier interest (prior to FYDP II) to launch a sovereign bond in the international market, the Government (during the FYDP II) continued to follow up developments relating to the disputed country rating by international credit rating agencies.

Public sector efforts were also directed into several measures to control recurrent expenditures, increase revenue and borrowing concessionally and non-concessionally to finance landmark development projects. Reference is made to curbing excessive exemptions, which during 2013/14 was estimated to have reached 2.5 percent of GDP. Reforming the tax system has been an ongoing exercise either through institutional reforms (review of tax laws) internal programmatic approach (e.g. the modernization of tax administration) or through the national budget process (adjustment of tax rates). Internal programmatic reforms have resulted into the rolling out of the Integrated Domestic Revenue Administration System (IDRAS); enhancement of the electronic services (e-filling, e-payments, mobile payment); and the introduction of the Tanzania Customs Integrated System (TANCIS) for customs operations (that has facilitated trade and reduce clearance time at ports). Other revenue enhancing efforts included the implementation of the One-Stop Border Post (OSBP) operations has been prioritized (see the chapter on the trade sector) and the decision for the port of Dar es Salaam to operate 24 hours daily.

Revenue enhancement measures also included simplified system of presumptive taxes for small businesses, compelling the use of Electronic Fiscal Devices (EFDs) for businesses with annual turnover above TZS 14million, and streamlined tax payments through the use of electronic payment systems. The latter involved extensive collaborations between Government institutions (e.g. TRA) and the e-Government Authority (eGA) that have significantly contributed to strengthened collection of various taxes and other sources of revenue. Reforms have also replicated the successful online customs service to the domestic revenue domain. Aware of the potential of non-tax revenue to contribute to the national development process, the Government introduced the use of technology is collecting charges, levies and fees. As a result, the revenue collected by LGAs increased from TZS 240,909 million (2012/13) to TZS 553,390 million (2017/18). With regards to the reform agenda necessary to attract private capital, the most recent reform is the 2020 changes to the Arbitration Act that allows investors to access international arbitration, the move that is expected to boost the confidence of foreign investors.

5.4 Development Constraints in Delivering the FYDP II's Financing Strategy

There are three main development constraints associated with financing of the medium-term development plans in Tanzania 1) relatively low share of the country's output that is collected through taxes 2) relatively challenging business environment 3) limited use of private financing instruments for capital mobilization that goes into investments. The immediate cause of the first constraint is the relatively low tax revenue to GDP ratio which stands at 15 percent, the rate that is below, for instance, the 18.9 percent average for the Sub-Saharan region. The underlying cause is the low tax base – where in Tanzania, the number of tax payers stands at 2.7 million against, for instance, the 4 million taxpayers in comparable country of Kenya. There is an urgent need to raise public awareness of its tax obligation especially individuals operating in the informal sector. The latter is estimated to account for 70 percent of employment and 58 percent of the gross national income. These statistics say that, Tanzania's tax system remains highly dependent on income taxes from a small formal sector rather than, for instance, on consumption taxes (the underlying cause). The income tax collection, for instance, accounts for 35 percent of the gross tax revenue, and has not changed much since the 2000s. The VAT which is basically a consumption tax currently contributes only 29 percent of total gross tax revenues. Intensification of tax collection in recent years has paid off with an increasing monthly collection reaching, for example, TZS 1.8 trillion in September 2019 up from about TZS 850 billion monthly tax collection prior to FYDP II.

The root cause of the low public awareness on its tax obligations and large informal sector result into low level of compliance with low yields in tax collection. Surveys show that 37 percent of those in paid employment are not aware of their obligation to pay income tax. In addition, VAT data show the need to ensure that the tax is widely collected beyond the few sectors of e.g. telecommunications and beverages. The need to further expand efforts in tax collection beyond Dar es Salaam is evidenced by the regional tax and GDP data. Such data shows that Dar es Salaam accounts for approximately 80 percent of the country's tax revenues, despite the fact that, the region accounts for only around 17 percent of the total value of the national GDP. Given these data, studies indicate that regions that contribute significantly to GDP, including secondary cities, are relatively low taxed compared to Dar es Salaam, and possible characterized by large informalities. Low revenue to GDP ratio could be addressed by streamlining the complex tax system and rates by reducing the multiplicity of taxes, levies and fees collected by different public sector entities. Reports shows that the number of tax payments in Tanzania stands at 59, which is far higher than in Uganda (31), Kenya (24), Malaysia (9) and the averages for Sub-Saharan (36) and lower middle-income countries (30).

Financing of medium-term development plans is also constraining by the limited number of businesses accessing domestic private financing instruments for capital mobilization; and a shallow capital market mostly characterized by low liquidity and few market participants, which in the recent years has been largely dominated by bonds than stock transactions. In terms of market participation, the stock exchange in Tanzania remains relatively small with only 33 listings (27 stocks and 6 corporate bonds) with some days passing by without any activity on the equity counter. The number of listings remains far below the 65 listings in the Nairobi stock exchange (immediate competitor country) and 388 listings in the Johannesburg stock exchange (role model country). Efforts are needed to advance the entrepreneurial culture and incentivize the private sector from mostly being family owned businesses that lack transparency and being reluctant to relinquish part of ownership in exchange of capital. Improved transparency and management practices, allowing pension funds to support equity investment will increase the number of deal opportunities and improve the country's attractiveness in getting more investment inflows. Between 2017 and 2018, a total of 84 Private Equity (PE) deals were made in the East African region, but only 2 deals took place in Tanzania. Reducing thresholds in approving Merger and Acquisitions (M&A) will allow the country to attract more equity deal. Moreover, tax relief are also necessary to incentivise Venture Capital (VC) firms to exit via the Dar es Salaam Stock Exchange (DSE).

5.5 Recommendations

Deal with Tax Evasion: The need to continue with the robust efforts to uncover tax evasions and further rolling out of digital technology in collection of tax and non-tax revenue. The Government has taken robust actions to uncover substantial tax evasion. Such efforts need to be accompanied with measures to address private sector concerns about heavy-handed and arbitrary enforcement of rules that have been perceived to negatively affect private sector investment. Educating the public on tax laws and regulations is also necessary especially in the environment where tax laws is characterized by several rates, multiple deductions

(a) **Rationalization, streamlining and harmonization of several taxes, levies and fees by various central and local authorities**. Rationalization by targeting few robust entities and elimination of multiplicity of agencies might require the review of the legal status of regulatory agencies. Recent efforts to streamline tax collection (e.g. TRA collection of tourists' fees at Ngorongoro crater) are encouraging and need to be rolled out to limit diversity of institutions collection tax and non-tax revenues. Important tax related reforms to facilitate private sector development are well outlined into two reform agenda 1) the Blueprint for Regulatory Reforms to Improve the

Business Environment2) the 2017 Tanzania Diagnostic Trade Integration Study (DTIS).

(b) **Attract private capital into the PPP arrangements**. While access to both concessional and non-concessional external financing remains critical to realization of the planned capital investment, there is a need to mobilize additional resources from the private sector through PPP arrangements. Efforts would require improve awareness of and the stability of the PPP regulatory environment, accelerated preparation of planned projects and programs. PPP projects involve complex commercial and financial structures. Thus, their preparation, negotiation and implementation require expert advice from experienced advisers – which the Government should engage to prepare and deliver high-quality PPP projects. Moreover, potential PPP partners need to be selected through competitive processes – for the Government to receive the best price, terms, technology and partner for each project. The establishment of the proposed PPP centre also needs to be accelerated coupled with a successful PPP project which will act as a demo project and ultimately attract and build confidence of private sector to invest in such arrangements.

(c) **Introduce auctioning system for natural resources:** To have a better indicator of the actual values there is a need to introduce auction platforms for natural resources (especially when investors' interest is high). Consider introduction of auctions for natural resource assets such as logging plots. The platforms will allow the Government to get the true value of such resources, and likely to eliminate the private sector speculative motives in accessing such resources. Bilateral negotiations should be avoided when considering rights to companies to extract natural resources with all bidders having access to the same information. The auction platforms allow bidders to compete against one another, leaving the government in a stronger negotiating position.

(d) **Evaluation of the new policies on tax collections**. There is a need to assess the performance of TRA in collecting taxes that used to be collected by LGAs – specifically on whether there are gains in efficiency and amounts of revenue being collected. Such assessments could easily compare performance at the time LGAs was collecting such taxes and TRA's performance on the same.

(e) **Need to invest in project readiness**. To avoid carry costs (interest costs on loans), there is a need to establish a pipeline of projects that are ready for financing. Tanzania has attained a middle-income status which allows the country to access resources such as the IBRD. Such instruments require specific projects that are just waiting financing to kick-start. The same goes with instruments such as sovereign bonds, and the Export Credit Agency (ECA) loan facilities.

(f) **Country's credit rating**. A need to continue negotiating with the international rating agencies for Tanzania to have a formal rating. The rating will likely facilitate reduced cost of borrowing; reduce perceived risks, which in turn should make it easier for the

Government and individual companies to borrow from international markets. FDIs also tend to look at the ratings before deciding to move capital.

(g) **Introduce tax relief to enhance Private Equity (PE) and Venture Capital (VC) investments**. To foster PE and VC, four priority areas require policy attention 1) reduce the Fair Commission Competition's (FCC) threshold of Merger and Acquisition (M&A) which currently stands at USD1.5 million, the rate that is, far higher than in comparable neighbouring countries 2) introduce tax reliefs targeting VC backed start-ups and VC exiting via the DSE Enterprise Growth Market (EGM) 3) incentivize public and private investment in supplying industry market data to facilitate businesses making informed investment decisions 4) invest in awareness programs to family and informal business owners to improve their governance systems, increase transparency, and become more PE/VC attractive from governance point of view.

(h) **Address issues that constrain access to the innovative finances**. For the case of municipal bonds, for instance, reference is made to address the LGAs lack of track record in borrowing and creditworthiness. Alternatively, this can be addressed by issuing revenue bonds backed by ongoing projects with track record (securitizing operating projects). Experience show that successful issues of municipal bonds rest on ring-fencing cash flows which are first available for servicing the bonds. Consequently, special purpose vehicles (companies) rather than general purpose companies have been considered by studies on municipal bonds, as the most suitable entities for issuing municipal bonds.

(i) **Use of ODA to leverage other sources of development financing**. Reference is on the need to pilot the innovative impact bonds such as DIBs (rather than SIBs). For the case of SIBs and DIBs, a developing country like Tanzania should, in the medium-term, focuses on DIBs. The current literature advices cautious approach to SIBs due to the contractual complexity and issues with ethics, governance, accountability and transparency. Moreover, there is limited evidence that the SIBs produce better outcomes for service recipients, or are more cost-effective than direct public financing for public services. Therefore, there is a need to expand the evidence base, pilot test SIBs using DIBs modality where the outcome financer is the development agency rather than Tanzanian government, and build capacity of potential service providers.

(j) **Prioritization of public investments and a balanced program of human capital and infrastructure services**. The is a need to ensure prioritization of investment projects based on sound due diligence criteria and growth enhancing prospects as well as securing adequate and affordable financing to complete these projects on schedule.

(k) **Recommendation 11: Rapid accumulation of non-concessional debts**. Despite the DSA pointing towards low risk of public external debt distress, the DASs are sensitive to exchange rate volatility and export shocks and are predicated on strong assumptions of robust future economic growth and reduced Government borrowing. The medium-term focus should therefore be on continuing leveraging on concessional borrowing, efficient public investment, enhanced debt management, and domestic resource mobilization.

(l) **Other specific recommendations**: 1) Instead of directly borrowing from the pension funds, a Government bond can be issues specifically to the funds. The bond can also be traded in the secondary market 2) to increase outreach and diversify investors there is a need to accelerate the introduction of mobile bidding platform for treasury-bonds 3) consider introducing project specific bonds 4) consider offloading parts of the Government shares in the profit making parastatals in the stock market 5) accelerate the introduction of Sukuk bond which is likely to attract investors who are different from the ones currently investing in the traditional treasury-bonds.

6.1 An Overview

The M&E Strategy is one of the four (4) catalytic tools for the FYDP II implementation. Its main use is to provide reliable data to be used in gauging performance, tracking, efficient use of resources and feedback on FYDP II implementation. Other tools include Action Plan, Financing Strategy and Communication Strategy.

6.2

6.2.2 Outputs Indicators to Measure Implementation of FYDP-II MES

The following indicators will be used for monitoring implementation strategy:

(i) Number of copies of M&E strategies produced and disseminated to stakeholders;
(ii) Number of staff recruited for M&E post at MOFP and skilled of M&E identified from MDAs/LGAs;
(iii) Number of staffs trained in M&E;
(iv) Percentage of planned M&E supportive supervision visits carried out to development projects;
(v) Proportion of planned monitoring reports comprehended issues on development project resolved;
(vi) Proportion of planned survey reports compiled and disseminated;
(vii) Number of decision makers oriented in Results Based Management (RBM) methods and processes aligning FYDP II;
(viii) Number of evidence based operations dialogues, workshops, seminars conducted as per schedule;
(ix) Number of briefs made per quarter conducted;
(x) Number of M&E performance resolutions made and action taken by stakeholders;
(xi) Number of institutions partners collaborating annually to accelerate FYDP II priorities; and
(xii) Amount of funds allocated to implement M&E strategy quarterly/annually.

6.3.4 Working Modality

The M&E System is imbedded in the Government, private sector and other stakeholders' structures where the FYDP II interventions and activities take place. The M&E system was planned to work using the following modalities: control, inspection, review, survey, use of data system, studies and researches, supervision, monitoring and evaluation. Using the existing Government financial control measures and internal audit reports from MDAs, LGAs and RSs, evaluation of the proper use of financial resources can be done.

MDAs which implement FYDP II interventions are regularly required to follow up and inspect projects implemented under their jurisdiction and substantiate the reported results while the Ministry for planning is required to undertake expenditure tracking, monitoring implementation and track indicators. In the FYDP II M&E system, PO-RALG is responsible for inspecting projects implemented by regions administration and local government and submit inspection reports to MoFP.

6.3.5 *Evaluation of Results*

The assessment of the implementation of the Monitoring and Evaluation Strategy, one of the catalytic tools of implementing FYDP II targets and indicators set in 2016/17. Findings show that despite of having a well elaborated MES with strategic objectives, realistic interventions and indicators, the whole Strategy and its interventions has not been fully implemented. However, MDAs and LGAs in the meantime had been using M&E to projects being implemented outside the FYDP II.

6.4 Adequacy of FYDP II Financing and Resource Mobilization

The M&E units are institutionally allocated in the Department of Policy and Planning. As such the allocation of funds is allocated to the department and in most cases the Directors are Planners and not Statisticians. Most of the activities in the Department and biased towards policy and planning. M&E activities are treated as subsidiary.

6.5 Challenges and Potential Solution

Monitoring and Evaluation of implementation of FYDP II has not followed the MES as outlined in the document. This has compromised effective delivery of services due to missed opportunities towards identifying gaps in implementation, instituting corrective measures in a timely manner and informing stakeholders. There are data gaps in all implementing MDAs, RSs, PORALG and others due to not adhering to the M&E duties and responsibilities. MDAs and LGAs had relied on auditing approaches in monitoring MDAs own activities/plans/programs, Party Manifesto projects and FYDP II. These auditing approaches are procedure-based, weak on assessing value for money; and are oftentimes done too late to correct mistakes (e.g. CAG Audit reports). The following are the results from MDAs interviews on M&E challenges.

Table 6.1: Challenges in Monitoring MDAs' own Activities/Plans/Programs

S/No.	Challenge	Solution
1.	Lack of M&E national policy to guide M&E activities in the country.	The MoFP is working on formulating the M&E national policy.
2.	Lack of a clear ministry or institution overseeing M&E activities.	Through learning from best practices countries have in place a ministry entirely dedicated to M&E activities.

S/No.	Challenge	Solution
3.	Less implementation of M&E reports recommendations.	Establish an effective legal mechanism to monitor implementation of M&E recommendations. Emphasize on significance of the use of M&E reports. M&E reports to be part and parcel of MDAs compliance to CAG.
4.	Insufficient M&E awareness and knowledge among MDAs.	Enhance M&E capacity building across MDAs. Provide in service training on M&E to MDAs staff.
5.	Scarce allocations of funds to monitoring activities and infrastructure.	Prioritize M&E activities through more funds allocations. The budget guidelines make mandatory for MDAs to allocate funds for M&E.
6.	Inadequate coordination of R&D activities across sectors.	Formulation of R&D coordination teams within the government under COSTECH.
7.	Lack of standard format in reporting sector data, hence difficult in consolidating such data.	A standard format is in place sectors need to comply.
8.	Lack of precision in terms of performance and outcome indicators.	Enhance capacity building and development on indicators and targets formulation.
9.	Difficulty in getting realistic data from project implementers e.g. project coordinators etc.	Emphasize production and use of realistic data. Establish integrated data bases within MDAs that are regularly updated.
10.	Inadequate skills to integrate M&E into ICT in public institutions.	More capacity building in M&E and ICT aspects.
11.	M&E departments/units are understaffed in MDAs.	The President's Office-Public Management is mandated to coordinate M&E activities; it should increase appointment of more M&E staff in MDAs.
12.	Delays in issuing General Government Notice especially in providing exemption to some of the national projects in partnership with private sector.	Improve business enabling environment for the private sector operations.
13.	MDAs annual plans are less aligned to FYDP II due to miscommunication and mismatch in timing.	The government to intervene with directives on MDAs and FYDP II plans alignment.
14.	Bureaucracy in government machineries in decisions making and plans implementation.	Increase transparency and good governance practices among government officials.

Table 6.2: Challenges encountered by MDAs during monitoring FYDP II's activities/plans/programs

S/No.	Challenge	Solution
1.	Inadequate wide involvement of stakeholders in preparation of FYDP II.	FYDP III preparation should be more participatory with a bottom up approach
2.	Lack of coordination of the FYDP II implementation and monitoring process.	The coordination should be Under the President's Office and the Chief Secretary's Office can summon any implementer at will.
3.	FYDP II documents were separated in volumes indicating disjoint between Annual Plan, Financing plan, M&E plan and Communication strategy.	FYDP III should be in one document and the details be in appendices

S/No.	Challenge	Solution
4.	FYDP II M&E framework wasn't sufficiently sensitized.	More awareness creation efforts are important and the implementers be helped to notice their niche in the Plan.
5.	FYDP II indicators were ambitious and not SMART	Let indicators/targets be SMART enough to achieve intended objectives. There should be a compendium for indicators explaining meaning, how to compute it and interpretation.
6.	Implementation of other activities outside the FYDP II for political reasons/gains.	MDAs to implement all projects but identify FYDP and non FYDPs when Monitoring, Evaluating, writing reports and communicating results.
7.	Lack of FYDP II M&E ownership, less implementation monitoring, and reporting frequencies.	Mind-set change is needed to all intervention implementers concerning producing and using M&E outputs. The responsibility to coordinate FYDP II implementation to be the Chief Secretary Office nearer to the President and it will be easy to take a leading role in M&E. Knowledge of MERL to MDAs, RS, LGAs and Non State Actors.
8.	At institutional level there is no specific unit assigned with monitoring of the FYDP II implementation.	The Directorate of Planning, Policy and Research in MDAs should be split into two Departments; The Directorate of Planning and Policy and the Directorate of Monitoring, Evaluation, Research and Learning to be involved with M&E experts at all sector levels.
9.	Inconsistent annual plans implementation and lack of midterm reviews.	Implement annual plans originating from FYDP and undertake regular reviews to inform the progress by adopting MERL practices. Monitoring, Evaluation, Research and Learning should be mandatory for Government Plans, programs and projects in order to practice evidence based planning, policy formulation and decision making.
10.	Prolonged procurement procedures and processes that end up in unfinished business carried forward.	Shorten unnecessary procurement procedures and processes.
11.	FYDP II implementation coordinating ministry wasn't pro-active in reminding implanters on the need to track and report indicators progress in their mandates.	The institution responsible to coordinate FYDP II intervention implementation to take a leading role in monitoring indicators progress in MDAs. The MERL coordinating institution should be the Chief Secretary's office with mandate to summon any government institution CEO.

Recommendations are elaborated below for improvement of implementation of the FYDP III.

(i) For ownership of the Plan, start planning the interventions with grass root communities;

(ii) Link RS and LGAs with research and training institutions in their vicinity and at national level;

(iii) In launching the program there should be orientation as to what to do by involving the MDAs, RS, LGAs and NSA. Take them through the implementation strategy, the action plan, the financing strategy, the MERL plan and the communication strategy as well as implementers' duties and responsibilities;

(iv) There is need for a popular version of the FYDP III for enhancing understanding and ownership;

(v) The FYDP II was too bulky and in separate volumes as if each was a stand- alone and self-sufficient. All the four strategies are related and should be together for effective implementation, action plan be linked to the financing strategy, implementation be linked to M&ERL and disseminated to wrap up the circle showing that they are interrelated;

(vi) Enhance knowledge and skills in MERL to all intervention implementing institution staff; and

(vii) Interventions for strengthening of MERL systems, based on restructuring the Department of Planning and Policy into two to have the Department of Planning and Policy (DPP) and Department of Monitoring, Evaluation, Research and Learning (DMERL) to coordinate MERL functions, staffing and financing.

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Annex 1: Performance in each of the 'Ease of Doing Business' indicators

	2015 Baseline	2020 FYDP II target	Performance by 2020	Remarks
Ease of Doing Business (Global Ranking)	139/189	100/189	141/190	Unlikely to attain the target
Starting Business	129/189	111/189	162/190	Unlikely to attain the target
Dealing with Construction Permits	126/189	100/189	149/190	Unlikely to attain the target
Getting Electricity	83/189	44/189	85/190	Unlikely to attain the target
Registering Property	133/189	94/189	146/190	Unlikely to attain the target
Getting Credit	152/189	113/189	67/190	Unlikely to attain the target
Protecting Investors	122/189	83/189	105/190	Unlikely to attain the target
Paying Taxes	150/189	121/189	165/190	Unlikely to attain the target
Trading Across Borders	180/189	141/189	182/190	Unlikely to attain the target
Enforcing Contracts	64/189	25/189	71/190	Unlikely to attain the target
Time to export		12 to 15 days	96hours	Unlikely to attain the target
Cost to export (US$)		1,009	1175*	Unlikely to attain the target
Documents to export	11	8	NA**	

*WB doing business refers to this indicator as Cost to export: Border compliance (USD)

**WB doing business measures this in terms of time for documentary compliance (hours) and cost in terms of USD for documentary compliance

ENDNOTES

[1] There were 14 exported items and we treated each item as a standalone indicator when assessing whether the value and volume increase/decrease.

[2] We intend to provide more information on the reasons behind the observed trends for coffee and tea when the evaluation move to interviewing key stakeholders.

[3] The online application system will allow TBS's clients to submit applications online for the following services: 1) destination inspection 2) Pre-Export Verification of Conformity(PVoC) 3) conditional release 4) premise registration 5) product registration 6) Technical Assistance to Exporters (TAE).

[4] Holili/Taveta (Tanzania and Kenya); Sirari/Isebania (Tanzania and Kenya); Namanga/Namanga (Tanzania and Kenya); Kabanga/Kobero (Tanzania and Burundi); Rusumo/Rusumo (Tanzania and Rwanda); Mutukula/Mtukula (Tanzania and Uganda); Horohoro/Lungalunga (Tanzania and Kenya); and Tunduma/Nakonde (Tanzania and Zambia).

[5]Recent government report indicates that, so far, the government has removed 163 nuisance regulatory fees, transferred regulatory roles of food items from the TFDA to TBS.

[6]We however did not undertake comparative analysis between Tanzania and peer countries for two reasons 1) time constraint 2) absence of specific 'sectorial' budgets/expenditures.

[8] Trade to GDP ratio

[9]Exports generate growth – especially in developing countries where domestic markets are small. Exports therefore allows domestic producers to benefit from economies of scale, raise productivity via learning effects from participating in export markets. In the long run economic growth is key to poverty alleviation and will directly increase the incomes of the poor via wage and employment effect.

[10] Suggest focusing on crops of greatest relevance to smallholder fanners and small traders in regional markets

[11] At the peak of the pandemic 13 airlines cancelled their flights to Tanzania, they included: Emirates, Swiss, Oman air, Turkish, Egyptian air, South African Airways, Rwandair, Qatar, Kenya Airways, Uganda Airlines, Fly Dubai and KLM.

[12] This FYDP II indicator also refers to revenue from LGAs. The data were reporting do not include the LGAs.

[13] Magufuli, Magara, Mlalakuwa, Momba, Lukuledi II, Mara, Sibiti and Nyerere-Kigamboni. The construction of 13 more large bridges is ongoing in different parts of the country.

[14] We follow the methodology outlined in the first paragraph of the sub-section 1.3.

[15] This is already happening to some extent in Arusha, where business visitors frequently take a few days to visit adjacent national parks.

[16]Tanzania ranked 128 out of 157 countries in the World Bank Global Human Capital Index Report (2018).

[17] Between 2015 and 2018.

[18] Magufuli, Magara, Mlalakuwa, Momba, Lukuledi II, Mara, Sibiti and Nyerere-Kigamboni. Construction of 13 more large bridges is ongoing in different part of the country.

[19] Investment is an important determinants of an economy's long-run growth rate and productivity and critical in sustaining growth and development. Between 2015 and 2018, Tanzania experienced Gross Fixed Capital Formation (GFCF) rates in the range of 32.8 to 38.9percent of GDP. While all the activities that form the GFCF had sustained increase in value, construction was the industry that contributed the largest share.

[20]However, our literature review reveals that the fund has been in place since 2002.We therefore exclude it from the list of FYDP II monitoring indicators. CAF aims at assisting contractors in securing bid bonds and bank guarantees for advance payments from commercial banks.

[21]Cumulative number of training beneficiaries.

[22] We follow the methodology outlined in the first paragraph of the sub-section 1.3.

[23] The study was carried out in 2012 and we have so far not been able to find a more recent analysis.

[24]The project will close on 26 November 2020.

[25] We follow the methodology outlined in the first paragraph of the sub-section 1.3.

[26]But do not consistently increase student achievement.

[27] The figure is for 2011. We have not come across a more recent figure.

[28]These children include girls and boys with albinism, autism, down-syndrome, deafness, blindness, deafblind, children with physical disabilities and mental impairments.

[29] These indicators were however not included in the FYDP II's monitoring framework.

[30] We follow the methodology outlined in the first paragraph of the sub-section 1.3.

[31]The most recent government study is the MoESTVT (2015).

[32] Roughly 90percent of both, primary and secondary jobs in the informal sector are in the self-employed category, with the vast majority of informal sector enterprises not employing paid workers.

[33]Gross domestic savings is the difference between GDP and the final domestic consumption expenditure. The latter includes final public sector consumption and household final consumption expenditure. Thus, the gross domestic savings are the domestic funds government and businesses can access for investments.

[34]Corporate bond is a debt security issued by an enterprise "the borrower" to investors "the lenders" from the general public. The enterprise promises investors payment of some interests on the borrowed amount to be paid annually or semi-annually.

[xxxvii]The sectorial GFCF does not separate between public and private. Therefore, we cannot compute the shares of private sectorial GFCF in the private GFCF.

[xxxviii] Magufuli, Magara, Mlalakuwa, Momba, Lukuledi II, Mara, Sibiti and Nyerere-Kigamboni. The construction of 13 more large bridges is ongoing in different parts of the country.
[xxxix] As opposed to general obligation bonds, the revenue specific bonds are tied to specific stream of revenue.