PLEDGING STATEMENT OF THE U.S. DELEGATION

CONSULTATIVE GROUP MEETING FOR TANZANIA
DAR ES SALAAM, DECEMBER 4-5, 2002

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Mr. Chairman…Honorable Minister(s)…Donor Partners…

Distinguished Delegates…Ladies and Gentlemen:

We'd first like to express thanks to the Government of Tanzania and the World Bank for organizing this year's Consultative Group meeting in Dar Es Salaam. The format of this meeting--especially the first two days of informal sessions--has provided us with a forum for thoughtful deliberation and spirited debate. The inclusion of civil society, nongovernmental organizations, Members of Parliament, local producer groups and women's rights advocates has enriched and deepened the dialogue and given government and donor representatives valuable perspectives on the status of the Tanzanian Government's efforts to date.

The country faces both challenges and opportunities. A multitude of policies, frameworks, action plans, committees, working groups and monitoring and reporting mechanisms has been put into place. However--as many called for during the informal sessions-- it is now incumbent upon all of us to translate these various policies and plans into reality; to make a real difference in the lives of the rural poor in particular. Hopefully, this gathering has strengthened our collective resolve to press ahead with a common agenda to ensure and sustain a peaceful and prosperous future for the Tanzanian people.

The United States is firmly committed to support Tanzania's development program, and is pleased to announce that we plan to provide approximately $32.9 million in assistance in fiscal year 2003, which began October 1st of this year.

The bulk of this assistance--nearly $22.5 million--is planned to combat HIV/AIDS and to implement associated maternal and child and reproductive health programs. As many have eloquently pointed out during informal sessions, HIV/AIDS in Tanzania, as elsewhere, has become far more than a grave health scourge. HIV/AIDS is a national crisis that threatens Tanzania's achievements in the political, economic and development spheres, and across all sectors. Prevalence rates have not come down. However, encouragingly, the Tanzania Commission for AIDS is exerting leadership, with the appointment of 11 influential commissioners from many walks of life. A national HIV/AIDS policy is in place and work is progressing on implementing legislation. Resources for HIV/AIDS prevention and control, as well as for tuberculosis and malaria, are expanding. Combating HIV/AIDS continues to be the United States' top assistance priority in Tanzania.

We commend the Government for its strong macroeconomic performance and for its achievements in sustaining increased GDP growth, containing inflation, mobilizing investment and implementing privatization. Helping to create the enabling environment for economic opportunity and private sector-led development is a second cornerstone of U.S. assistance to Tanzania. Our approach is to increase the participation of micro and small enterprises in the economy to raise productivity, incomes and employment among those at the economic margins. Agriculture is the backbone of Tanzania's economy, supporting more than 80% of the population. Growth and transformation in agriculture is a principal means for poverty reduction and accelerated growth in other sectors. We are increasingly focusing our private sector program on agriculture, not just as a source of food security but as a source of income for small farm families. In Fiscal Year 2003 the United States expects to contribute $5.1 million to promote micro and small businesses and agricultural enterprises.

The third focus of U.S. assistance is to support Tanzania's unique and globally important wildlife endowment, which is critically important for both the country's ecology and economic development. The wildlife-based tourism industry currently contributes between 10 and 15 percent of Gross Domestic Product, up from just 3 percent just a few years ago. Tanzania's recently adopted Wildlife Policy recognizes the importance of decentralization and empowerment of local communities, who should rightfully share wildlife tourism revenues. The Wildlife Management Area (WMA) regulations, which I understand have just been signed, provide the framework for local level implementation. As a result, the United States plans to spend $4 million in 2003 to support Tanzania's progressive wildlife policy and WMA implementation.

I will conclude with three points of major importance to our partnership with Tanzania:

First, we are encouraged by the pace of reform in Zanzibar. Despite some disagreement among key parties, reforms have produced important results so far. Constitutional amendments have led to institutional changes supportive of political reconciliation and multi-party democracy. The March 2003 by-elections will be a critical test of commitment to long-term reform. We are pleased that many donors have provided direct support to these by-elections, and we have requested additional funding from Washington, beginning in 2003, to support reforms over the next three years leading up to the October 2005 general elections.

Second, for the record, the U.S. position on the NGO Bill was mischaracterized in some discussions during the informal sessions preceding this meeting. We fully share the concerns -- as expressed in the joint Donor Statement on Governance, and by statements yesterday by the EU and Norway -- about the tone of the debate and the Act and the possible implications they have for

the NGO sector in Tanzania. While the Government did amend the Bill to address some of the NGOs' issues, the final Act has the potential – depending upon how it is implemented – of being overly restrictive. Should this happen it would have a negative effect on Tanzania's democratic processes. A dynamic and empowered civil society is key to providing feedback to government leaders about the effectiveness of policies and their impact on general welfare. If they are controlled by government this cannot happen. The United States has worked for decades with NGOs in countries throughout the world. We believe that a strong NGO sector and public private partnerships are essential to the governance process.

Before I move on to my third point I would like to make one other point regarding NGOs, as it seems to be of particular concern to the government: that is the perceived lack of accountability and transparency with regard to NGO finances and activities. We're in full agreement that NGOs should be accountable to those who

support them and to the people they serve. I can assure you that NGOs supported by USAID are held to the highest standards of accountability. This does not mean, however, that we are directive or in any way hinder their independence of action, which is essential if they are to fulfill their important role.

Third, as stated above, the Government is to be commended for its progress in putting into place various policies, frameworks, action plans and reform agendas, which are important first steps to ensure an enabling environment for private sector-led growth. However, implementation of these policies and agendas is now all-important. Investors today have a myriad of choices and options. Ultimately, they will move money to those countries where they perceive the rules to be fair and where host governments ensure the enforcement of the rules. Private capital and official development assistance are increasingly discriminating with regard to country performance and good governance.

In this vein, last week, President Bush announced the criteria for countries to qualify under the Millennium Challenge Account or MCA, a new $5 billion fund which will support good performing low income countries. The substantial amounts that will be made available to each qualifying country can make a major impact on poverty alleviation and on the lives of the recipient country's citizens. The MCA criteria are: governing justly, investing in people and promoting economic freedom. To qualify for MCA assistance, countries will be measured by a set of common indicators. However, countries failing to perform above the median on the corruption index will be ineligible for support.

The Government of Tanzania's continued efforts to improve government effectiveness, rule of law, and control of corruption are critical if Tanzania is to qualify for MCA support. Legislation, policies, strategies and frameworks--while laudable—do not go far

enough. It is not planning but actual performance that will be measured. We therefore urge the Government of Tanzania to redouble its efforts in effecting change. As President Mkapa has stated, "We should stop the talking and start the doing."

In closing, the objectives we have collectively set and reaffirmed at this meeting are ambitious, as they must be. But they are attainable. We encourage the Government to "stay the course" of actions thus far set in motion. The United States pledges not only our assistance but our commitment to a strengthened partnership with the Government of Tanzania, our essential NGO colleagues, and our fellow donors.

Thank you.