

**USAID TANZANIA
RESULTS REVIEW AND RESOURCE REQUEST
FY 1999**

MARCH 1997

Tanzania held its **first** ever multi-party presidential election in October 1995, and the ruling party candidate, Benjamin Mkapa, was sworn in as the new president of the United Republic of Tanzania on November 23, 1995. President Mkapa pledged to eliminate corruption and to manage the country's resources in a more transparent manner. Under his leadership, Tanzania has progressed from a single party, authoritarian regime with a state-controlled media to a multi-party system with a lively and independent press; and the economic reform program has been reinvigorated with excellent results.

In Mkapa's first four months of office, the parastatal National Bank of Commerce was restructured, including the retrenchment of 3,000 staff and the closure of 34 branches and 14 regional offices; an anti-corruption effort was started, including institution of a leadership code which clarifies standards of conduct by public officials and provides for disclosure of personal finances; two commissions were established to identify sources of corruption which resulted in the resignation of two Ministers (one from Finance and the other from Tourism and Wildlife); and plans for opening the Dar es Salaam stock exchange were accelerated, thereby potentially mobilizing increased support for parastatal divestiture. By the end of Mkapa's first year in office, an ESAF agreement was signed with the IMF, qualifying Tanzania for a World Bank Structural Adjustment Credit, for Paris Club Debt Relief, which was granted in January 1997, and for reinstatement of certain bilateral donor funding that had been withheld; legislation had been passed allowing the entry of private firms into the insurance industry; the private sector was given approval for the first time to compete with the parastatal importing refined petroleum products; and pay reform was instituted resulting in a reduction in the number of salary scales, the inclusion of most allowances in the basic wage, and monetization of most in-kind benefits.

Also in this most recent reporting period, the Tanzania Revenue Authority, which became operational on July 1, 1996, increased tax collections by 45 percent in its first six months of operation. During the same six-month period, average monthly GOT expenditures were reduced by 23 percent. As a result, the budget deficit, before donor grants, has been reduced to 0.8 percent of GDP. In addition, the annual inflation rate has fallen to under 15 percent from over 25 percent a year earlier. Over 61,000 government employees have been retrenched in the last five years, including 10,300 in February 1997. Privatization is proceeding rapidly with 144 out of 382 firms removed from government control.

The private sector has responded favorably to liberalization. A new Sheraton Hotel opened in the capital, a U.S. firm, RJ Reynolds, completed its purchase of the state-owned cigarette factory, and Coca Cola completed a \$35 million expansion of its bottling plant. Five private banks were registered in 1996 alone, bringing the total number of private banks to 14. South Africa is

becoming Tanzania's largest trading partner and investor. Other foreign investors are taking notice of Tanzania's improving investment climate--an investor forum in November 1996 attracted 264 foreign investors from 38 countries including 13 from the United States.

At a March 7, 1997 debriefing, the head of an IMF delegation reviewing ESAF performance commended the GOT for its fiscal performance on both the revenue and expenditure fronts, stating that there was a "vast, vast improvement in fiscal performance." Based on current trends, the GOT would slightly exceed targets set for the fiscal year for revenue collections and total expenditures. By the end of June 1997, Tanzania's external reserves are estimated to be equivalent to 15.6 weeks import cover compared to the original IMF target of 10 weeks. The growth of the money supply (M3) is projected to be 12 percent for the fiscal year compared with a target of 13 percent and an annual rate of 32 percent as recent as December 1995. The IMF believes that in the last six months the Tanzanians have carried out their adjustment process "as well as anyone anywhere in the world can do it," adding that there is no doubt that in the last six months the changes in fiscal and monetary performance in Tanzania were greater than Uganda's adjustment at a comparable point in the Ugandan IMF program.

It is important to note that the fiscal progress to date has been achieved with some pain. Some government employees have experienced delays in receiving salaries, vendor arrears have increased, and critical development and rehabilitation projects have been postponed resulting in disruption in water and electricity supply and shortages of equipment and medicines. During the next six months, the GOT will continue to face stiff IMF targets while it must also address problems caused by neglect of social sector needs. With debt relief and release of the second tranche of the ESAF, the GOT is better positioned to deal with these problems.

By all accounts, implementation of the reform program has been exemplary and a foundation has been established for sustainable growth. A break-through has been achieved and with continued strong performance Tanzania stands poised to finally live up to its extraordinary potential.

GHAI. Tanzania is part of the Greater Horn of Africa region, Southern Africa Development Community (SADC), and the newly reinstated East African Cooperation, (formerly Community) (EAC). Tanzania also plays an active role in regional efforts to resolve the multiple and costly crises affecting the Great Lakes region. Even though most Rwandans returned home by January 1997, there are still large numbers of refugees coming in from Burundi, Zaire and new inflows from Rwanda (the current total is over 350,000). This requires USAID/Tanzania to continue to play a role in monitoring the situation to ensure that humanitarian assistance is properly delivered and to address environmental and transport issues which were a potential source of conflict between the refugee community and the indigenous population. USAID is currently examining possible assistance to rehabilitate recently evacuated areas in Ngara where the bulk of the Rwandan refugees were housed. Building on initial analyses of potential sources of conflict, USAID will undertake a more in-depth assessment to determine appropriate interventions building on conflict mitigation activities already being addressed through SOs 2, 3, and 4. We will also continue activities that focus on regional food security as discussed in the SO-5 presentation.

USAID PROGRAM GOALS: SUSTAINABLE ECONOMIC GROWTH AND IMPROVED HUMAN WELFARE

USAID/Tanzania's program goals are Sustainable Economic Growth and Improved Human Welfare. Without economic growth, increased opportunities for improving human welfare will not be possible. Without improvements in human welfare, public support for democratic governance and a liberalized market economy would be difficult to maintain.

USAID's five Strategic Objectives (SOs) have been carefully crafted to ensure achievement of our Program Goals. Each SO is linked to an Agency Goal and each SO strengthens the others in a complementary fashion. Due to a well-established tradition of ongoing dialogue with the GOT during planning and implementation stages, there is strong GOT ownership of, and support for, the USAID program and its goals (in accordance with GHAI principles).

Performance indicators to measure USAID's progress in the achievement of the Program Goals have been identified and are presented below (growth in real GDP, annual growth in agricultural production, infant mortality rate, and total fertility rate). With regard to the first indicator, real GDP growth during 1986-95 averaged 4.0% per annum (4.2% in 1996). This performance provided steady gains in real per capita GDP growth of about 1.2% to 1.4%, thus improving household welfare. Household income surveys shows that the incidence of rural poverty has declined from about 65% in 1985 to 51% in 1994 and below 50% in 1995 and 1996 (a planned survey in FY97 should update these poverty level figures). However, despite these improvements, widespread low income levels persist. Given the economic reforms achieved to date and the country's endowment of natural resources, USAID expects the economy to be growing by the turn of the century at least as fast as the six percent rate used by the IMF in their planning.

With regard to the second indicator, agricultural growth, it is worth noting that over 80% of the Tanzania population is engaged in agriculture, producing 60% of both GDP and exports. The USAID and other donor supported rural roads rehabilitation program has contributed to agricultural expansion at an average annual growth of 5.4% during 1986-95 (5.7% in 1996). As a result, the declining trend of agricultural exports during the socialist period has been reversed, and export growth has averaged 4.5% in real terms during the period. Based on economic liberalization achievements to date, these trends should persist over the planning period (except for periods of intermittent drought, as the country is currently experiencing).

For the third indicator, the recently completed 1996 Tanzania Demographic and Health Survey (TDHS) indicates that the infant mortality rate fell from 92 in the base year to a current 87.5 per 1,000 live births. Although this is significant progress, Tanzania's economic growth potential is compromised by what is still considered a high mortality rates for infants and by growing numbers of HIV-infected people in the most productive age groups.

The fourth indicator, total fertility rate, showed a decline from 6.3 to 5.8, based on preliminary analysis of the 1996 TDHS. USAID contributions to the decline in the total fertility rate include

significant progress in increasing the use of modern contraceptives, in increasing availability of quality contraceptive services and in enhancing institutional capacity of the national family planning program. The declining trend in fertility should persist over the planning period.

Program Goals: Sustainable Economic Growth and Improved Human Welfare			
APPROVED: 1996 (State 180452)		COUNTRY/ORGANIZATION:	
USAID/Tanzania			
RESULT NAME: Sustainable Economic Growth and Improved Human Welfare			
INDICATOR: Annual % change in real GDP per capita			
UNIT OF MEASURE: Annual % change	YEAR	PLANNED	ACTUAL
SOURCE: World Bank: World Development Reports, Bureau of Statistics	1986-95(B)		1.2%
INDICATOR DESCRIPTION: The annual change in Gross Domestic Product (income) weighted by population	1996	1.3%	1.4%
	1997	1.5%	
	1998	1.75%	
	1999	2.0%	
	2003(T)	3.0%	
COMMENTS: The Government of Tanzania is making revisions to the System of National Accounts (SNA) to provide more accurate measures of national income.			

Program Goals: Sustainable Economic Growth and Improved Human Welfare			
APPROVED: 1996 (State 180452)		COUNTRY/ORGANIZATION:	
USAID/Tanzania			
RESULT NAME: Sustainable Economic Growth and Improved Human Welfare			
INDICATOR: Percent annual growth rate in agricultural production			
UNIT OF MEASURE: Percent	YEAR	PLANNED	ACTUAL
SOURCE: World Bank: World Development Reports	1986-95(B)		5.4%
INDICATOR DESCRIPTION: The annual rate of real growth in agriculture (which covers forestry, hunting, fishing, livestock and crop production)	1996	6.0%	5.7%
	1997	6.5%	
COMMENTS: Since most agriculture in Tanzania is subsistence farming, much of the production is either not exchanged or not exchanged for money. Therefore, the official figures underestimate production.	1998	7.0%	
	1999	7.5%	
	2003(T)	9.5%	

Program Goals: Sustainable Economic Growth and Improved Human Welfare			
APPROVED: 1996 (State 180452)		COUNTRY/ORGANIZATION:	
USAID/Tanzania			
RESULT NAME: Sustainable Economic Growth and Improved Human Welfare			
INDICATOR: Total Fertility Rate (TFR)			
UNIT OF MEASURE: Children per woman	YEAR	PLANNED	ACTUAL
SOURCE: Tanzania Demographic and Health Survey (TDHS) 1996.	1991/92 (B)		6.3
INDICATOR DESCRIPTION: An estimate of the number of children that would be born per woman if she were to pass through childbearing years.	1996	6.0	5.8
	1997	5.8	
COMMENTS: The 1996 figures are based on preliminary analysis of the 1996 TDHS. Therefore, there is a chance the findings could change once the preliminary report is completed.	1998	5.6	
	1999	5.4	
	2003(T)	4.7	

SO1: INCREASED USE OF FAMILY PLANNING (FP) AND MATERNAL AND CHILD HEALTH (MCH) AND HIV/AIDS PREVENTIVE MEASURES

A. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

Development Challenge. High fertility (5.8 per woman) and high rates of sexually transmitted diseases, especially HIV/AIDS, contribute to elevated adult and infant morbidity/mortality in Tanzania. AIDS is estimated to be the leading cause of death among the 20 - 45 year old age group. The consequences of poor reproductive health range from the obvious human welfare losses to decreased economic productivity. Increased rates of maternal/infant illness and death profoundly affect the family as a social and economic unit (Tanzanian women are the primary care givers and contribute significantly to the family's income). The resulting strains on already overburdened health, social welfare and other services are enormous. Although the 1996 DHS survey shows that the desire for spacing (37%) and limiting (28%) births is consistently high (65%), the actual use of modern family planning methods is low (only 11.7% of all women aged 15-49 are using family planning methods).

No significant changes have taken place within the broader development context that require changing the Strategic Objective. USAID/Tanzania implements a variety of family planning, maternal child health, and HIV/AIDS prevention activities in an effort to improve human welfare, a fundamental Mission goal. Utilizing various private and public sector routes, USAID provides and delivers services to customers in all regions and districts of the mainland. These activities include provision of a reliable supply and wider selection of contraceptives, institutional capacity building for reproductive health counselling, service provision, logistics management, training, information dissemination and communication, condom social marketing, policy dialogue, and NGO capacity building to deliver FP/MCH and HIV/AIDS prevention programs. In tandem with other donors, this support contributes significantly to decreasing fertility and infant mortality.

B. PROGRESS TOWARDS OBJECTIVES

1. PERFORMANCE ANALYSIS.

The indicators used to measure the achievement of Strategic Objective 1 (SO1) are measured once every five years in the nationwide Tanzanian Demographic and Health Survey (TDHS)¹. In comparing the findings between the 1991/92 and 1996 TDHS, SO1 met, or exceeded, targets in all indicators. Contraceptive prevalence rate for all women increased from a low of 5.9% to 11.7% between 1991/2 and 1996, doubling in rural areas, where the bulk of the population lives. The average annual increase in modern contraceptive use, between 1 - 2% a year, implies that the program is on target to achieve 20% contraceptive prevalence among all women by 2002.

A key focus of USAID's child survival strategy has been to promote exclusive breast feeding of infants. In consequence the proportion of infants (less than six months of age) exclusively breast-fed increased three-fold from less than 8% in 1991/2 to 25% in 1996. USAID has revised

¹. Baseline data for indicators measuring the results of USAID's HIV/AIDS control program were collected in the 1994 Tanzanian Knowledge Attitude and Practice Survey (TKAPS).

the indicator to six months (from four months), based on guidance from a recently conducted child survival assessment, and plans to achieve a new target of 32% by the year 2002.

The percentage of men who stated they knew that using condoms is a way to avoid AIDS increased considerably from 49% (1994 TKAPS) to 71% (1996 TDHS). Similarly, women's knowledge increased from 36% in 1994 to 61% in 1996. To reflect this increase, it is noteworthy that 23 million condoms have been distributed to condom outlets throughout the country. This far exceeds the target of 16 million proposed for distribution by the year 2002. More importantly, the data indicate that people are changing behavior in order to prevent the spread of HIV/AIDS. The percentage of men and women who reported that they restricted sexual practices to one partner increased significantly from 58.5% in 1994 to 76.9% in 1996 for women, and from 52.5% in 1994 to 60.5% in 1996 for men.

SO1 contributes significantly to the achievement of USAID/Tanzania and Agency goals to improve human welfare, protect human health and stabilize population growth. According to the 1996 TDHS, the total fertility rate declined from 6.3 in 1991/2 to 5.8 in 1996 and the infant mortality rate fell from 92/1000 live births to 87.5/1000.

Intermediate Result 1.1: Increased Knowledge of and Access to FP/MCH Services. USAID has established a substantial program with the Ministry of Health incorporating several NGO service delivery and training programs. Activities include a strong multi-faceted IEC campaign by radio, print media, and TV; a concerted effort in basic and comprehensive clinical skills training of facility based service providers, provision of commodities and logistical support, improved management and supervision at all levels and increasing integration of family planning services with maternal and child health services.

To date, USAID investments have achieved excellent results. For example, the CPR trends are consistent with the significant increase in the number of lower tier facilities offering at least three modern FP methods (depo provera, pill and condom) country-wide which increased from 2000 dispensaries in 1994 to 2500 in 1996. Sites offering surgical contraception increased from 35 in 1994 to 70 in 1996 and those offering Norplant increased from 4 in 1994 to 36 in 1996. In addition, USAID has supported training of over 1500 service providers in family planning and MCH in the last two years. In 1991/2, the unmet need for FP exceeded 30 percent; this has fallen to 20% in 1996. USAID has played a critical role leveraging other donor support to meet the increasing demand for contraceptive commodities. In the past three years ODA (UK) and KFW (Germany) have begun supplying depo provera to service delivery sites.

The 1-2% increase in CPR per year in Tanzania is among the highest reported increases in Africa.

USAID/Tanzania has initiated several activities to strengthen the MCH component of its strategy based on USAID's 1995 child survival strategy, including the expansion of IEC materials to incorporate child survival/safe motherhood and STD/HIV prevention messages. Materials

recently broadened include an IEC "tool kit" for health workers and the "Zinduka" (a Swahili word meaning "enlightened") radio drama which includes messages about family planning and child survival. In collaboration with UNFPA, USAID translated the Family Care International publication, Healthy Women and Healthy Mothers into Swahili. This document will be used as a resource guidebook and source of IEC materials for health workers. Further, training manuals for both facility and community-based health providers have recently been revised to include child survival/safe motherhood and STI/HIV prevention modules. Technical assistance for both revision exercises was supported by USAID.

Although the foundation of a strong family planning and maternal and child health program has been established in Tanzania, there are some concerns. Preliminary analysis of the TDHS indicates that most regions showed significant increases in CPR in the past two years, but several heavily populated regions maintained relatively low levels of CPR which suppress the national average. USAID plans to further analyze and immediately address the constraints to family planning service delivery in these regions. Also, a child survival assessment recently concluded that USAID's strategy is appropriate. However, problems such as incorporating an integrated child survival training curriculum and an appropriate monitoring system into the strategy, will need to be addressed in collaboration with USAID's partners. USAID intends to address these concerns over the next year.

Intermediate Result 1.2. Increased Knowledge and Access to HIV/AIDS Prevention

Measures. USAID investments to achieve the intermediate results (IR 1.2) are focused primarily in the commercial sector through a nationwide condom social marketing program and the non-governmental sector. Approximately 188 NGOs are currently operational in nine regional networks mobilizing the community and individuals to combat the spread of HIV/AIDS.

TDHS 1996 results indicate positive trends toward achievement of targets under IR 1.2. Marked increases in knowledge of preventive measures to avoid AIDS and indications that knowledge has an impact on sexual behavior were observed. USAID's program promotes three key messages: fidelity, abstinence, or condom use to prevent AIDS. The 20% increase in knowledge of condoms as a way to prevent AIDS is a strong indication of the effectiveness of IEC messages and condom social marketing programs. TDHS 1996 results for both rural and urban show that knowledge of condoms to prevent AIDS are similar (70% and 74% respectively), indicating the program has been effective at disseminating information to both populations. Also noteworthy is that reported use of condoms to prevent AIDS has slightly increased among some of the highest at-risk age groups (males ages 15 to 19 and 25 to 29).

The increase in the proportion of people who know fidelity (one partner) is a way to avoid AIDS (from 15 to 38% for women and 32 to 44% for men) is consistent with the increase in people reporting they are restricting sexual practices to one partner. Also promising, knowledge of abstinence as a preventive measure doubled for both women and men (6 to 23% and 12 to 28% respectively). However, lower levels of knowledge of fidelity and abstinence as ways to avoid AIDS, as compared to knowledge of condoms, suggest that future program activities could be strengthened in these areas.

USAID has initiated a major training program in syndromic diagnosis and treatment of sexually transmitted diseases (STDs). The AIDS Project has institutionalized this training in three sites around the country. Thus far, 750 clinical service providers have been trained in syndromic management and treatment of STDs. The majority of those trained come from the non-government sector as part of USAID's efforts to integrate STD case management into NGO FP/MCH programs.

USAID is conducting a mid term evaluation of its HIV/AIDS program in March 1997. In response to the CSP review, this evaluation will make recommendations on the future focus of USAID investments and suggest innovative approaches that could be implemented to control the HIV/AIDS pandemic.

Accountability. The Family Planning Unit (FPU) at the Ministry of Health receives approximately \$1.3 million a year for local costs. Based on budget requests, the funds are given quarterly on an advance/liquidation basis. To ensure accountability of these funds, the FPU contracts out for an annually required recipient - contracted audit which is performed by the Controller Auditor General (CAG). The 93/94 audit was received one year ago and all audit recommendations are now closed. The 94/95 audit has just been completed. The FPU has just submitted a Fund Accountability Statement for 95/96 initiating the start of the next audit.

2. EXPECTED PROGRESS THROUGH FY 99 AND MANAGEMENT ACTIONS

USAID/Tanzania expects to see continued progress towards achievement of S0 1 through FY 1999. Emphasis on regions reporting relatively low CPR will be highlighted. The TDHS findings will be utilized to target low performing regions for further analysis of constraints to family planning service delivery. An action plan will be developed to improve performance in these regions.

USAID will continue to support the integration of reproductive health services by training government and NGO health workers in syndromic management of STDs, ensuring that the IEC and training programs address family planning, MCH and STD/HIV services, and supporting relevant policy initiatives. A key focus of USAID will be to ensure that all USAID-supported NGOs offer an integrated package of family planning, MCH and STD/HIV preventive services in their programs. In the public sector USAID plans to assist the National AIDS Control Program and the Family Planning Unit to move their commodity logistics operations under one integrated system through the Medical Stores Department.

USAID will utilize the findings and recommendations from the recent child survival assessment to strengthen implementation and the integration of the child survival strategy into training, IEC, community based distribution program and NGO activities. The child survival strategy will continue to focus on improved infant and maternal nutrition and early recognition and treatment of childhood illness.

USAID will use the findings and recommendations from the mid term review of its HIV/AIDS program to revise and strengthen the program. It is expected that HIV/AIDS activities will continue to be implemented primarily through NGO and commercial sectors, but with an effort to better integrate HIV/AIDS activities with the family planning/MCH program. The poor availability of sexually transmitted disease screening and treatment services is an area on which USAID may focus greater attention through FY 99. In addition, USAID plans to develop new, innovative activities with operations research components which could be tested for potential impact on controlling the AIDS pandemic.

C. STATUS OF THE MANAGEMENT CONTRACT

USAID/Tanzania reviewed the SO1 results framework based on input from the child survival assessment team, REDSO/ESA and information from the new working document, Health and Family Planning Indicators: A Tool for Results Frameworks, developed by the HHRAA project. USAID proposes that the strategic objective remain the same. However, changes to IR 1.1 and IR 1.2 will include replacing "access" with "availability" to better reflect the indicators and focus of the program. USAID/Tanzania's IRs are focused on improving availability of services rather than access, according to the HHRAA document definitions of PHN indicators. Changes to the indicators were made in order to standardize USAID/Tanzania's indicators with those PHN indicators recommended by HHRAA. Those proposed changes to the management contract are reflected in the tables below. In addition, to respond to a recommendation made during the CSP review, a management information system will be developed to track and monitor achievement of several indicators on an annual basis. For example, couple-years of protection (CYPs) is a proxy indicator that the Mission will use for annual monitoring of contraceptive prevalence.

The following are the proposed changes to the management contract:

Original Strategic Objective 1	Revised Strategic Objective 1
SO: Increased use of FP/MCH and HIV/AIDS preventive measures	No change
IR 1.1 Modern method CPR, % currently married women 15-49	IR 1.1 Delete this indicator and replace with: Couples Years of Protection (CYPs): estimate of the protection against pregnancy provided by family planning services during a one year period
IR 1.2 Modern method CPR, % all women 15-49	IR 1.2 No Change
IR 1.3 % of births in high-risk categories	IR 1.3 Delete
IR 1.4 % of infants aged less than four months exclusively breast fed	IR 1.4 Modify to read: % of infants aged less than six months being exclusively breast fed
IR 1.5 % of women using condom in most recent sexual intercourse with a non-regular partner	IRs 1.5 & 1.6 Delete and replace with: % population age 15 - 49 reporting abstinence from sex or a single sex partner over the past 12 months or consistent condom use with all sex partners in last three months
IR 1.6 % of men using condom in most recent sexual intercourse with a	See above

Original Indicator	Revised Indicator
IR 1.1 Increased knowledge of and access to FP/MCH services	IR 1.1 Increased knowledge and availability of FP/MCH services
IR 1.1.1 % of women 15-49 who know at least 3 modern FP methods	IR 1.1.1. No change
IR 1.1.2 % of men who know at least 3 modern FP methods	IR 1.1.1.b No change
IR 1.1.3 % of children with recognized fever taken to a health facility	IR 1.1.3 No change
IR 1.1.4 % of women making first antenatal visit before 5th month of pregnancy	IR 1.1.4. % of service delivery sites with a service provider trained in the last three years in family planning and maternal and child health
IR 1.1.5 CYP s generated	IR 1.1.5 Move to SO level
IR 1.1.6 % of dispensaries stocking 3 FP methods	IR 1.1.6 No change

Original Indicator	Revised Indicator
IR 1.2 Increased knowledge of and access to HIV/AIDS information and services	IR 1.2 Increased knowledge and availability to HIV/AIDS information and services
IR 1.2.1 % of women who know having one (faithful) partner is a way to avoid AIDS	IR 1.2.1a % of women citing at least two acceptable ways of protection from HIV infection among women aged 15 - 49
IR 1.2.2 % of men who know having one (faithful partner is a way to avoid AIDS	IR 1.2.2b % of men citing at least two acceptable ways of protection from HIV infection among men aged 15 - 49
IR 1.2.3 % of women who know using condoms is a way to avoid AIDS	IR 1.2.3 Delete
IR 1.2.4 % of men who know using condoms is a way to avoids AIDS	IR 1.2.4 increase in the number of salama condoms distributed annually
IR 1.2.5 % of women who know a source for condoms	IR 1.2.5 % of health providers (public and private) trained to screen and manage sexually transmitted diseases
IR 1.2.6 % of men who a source for condoms	IR 1.2.6 Delete

STRATEGIC OBJECTIVE 1: Increased Use of FP/MCH and HIV/AIDS Preventive Measures			
APPROVED: 1996 (State 180452)		COUNTRY/ORGANIZATION: USAID/Tanzania	
RESULT NAME: Increased Use of FP/MCH and HIV/AIDS Preventive Measures			
INDICATOR: Modern methods of contraceptive prevalence rate, all women			
UNIT OF MEASURE: Percent of All women aged 15-49 SOURCE: Tanzania Demographic and Health Survey (TDHS) 1996 INDICATOR DESCRIPTION: Proportion of women of reproductive age who are using (or whose partner is using) a modern method of contraception at a particular point in time COMMENTS: The findings are based upon preliminary analysis of the 1996 TDHS. Therefore, there is some chance the findings could change once the report is completed	YEAR	PLANNED	ACTUAL
	1991/2 (B)		5.9
	1996	10.9	11.7
	1997	12.7	
	2003 (T)	20.0	

STRATEGIC OBJECTIVE 1: Increased Use of FP/MCH and HIV/AIDS Preventive Measures			
APPROVED: 1996 (State 180452)		COUNTRY/ORGANIZATION: USAID/Tanzania	
RESULT NAME: Increased Use of FP/MCH and HIV/AIDS Preventive Measures			
INDICATOR: Infants aged less than 6 months exclusively breastfed			
UNIT OF MEASURE: Percent SOURCE: Tanzanian Demographic and Health Survey (TDHS) 1996 INDICATOR DESCRIPTION: Proportion of infants less than six months of age who are being exclusively breastfed. COMMENTS: The findings are based on preliminary analysis of the 1996 TDHS. Therefore, there is some chance the findings may change once the report is completed.	YEAR	PLANNED	ACTUAL
	1991/2 (B)		7.6
	1996	10.0	25
	1997	26.0	
	2003 (T)	32.0	

Strategic Objective 1: Increased Use of FP/MCH and HIV/AIDS Preventive Measures			
APPROVED: 1996 (State 180452)		COUNTRY/ORGANIZATION: USAID/Tanzania	
RESULT NAME: Increased Use of FP/MCH and HIV/AIDS Preventive Measures			
INDICATOR: Proportion of men who know using a condom is a way to avoid AIDS			
UNIT OF MEASURE: Percent	YEAR	PLANNED	ACTUAL
SOURCE: Tanzanian Demographic and Health Survey (TDHS) 1996	1994(B)		49
INDICATOR DESCRIPTION: Proportion of men (over the age of 15) who know using condoms is a way to avoid AIDS.	1996	64	71
COMMENTS: The findings of this indicator were reported in the preliminary analysis of the 1996 TDHS. It was found that for the SO-level indicator, condom use with a non-regular sex partner, the sample size was too small for the indicator to be valid for measuring results.	1997	72	
	1998 (T)	73	

SO 2: FOUNDATION ESTABLISHED FOR ADOPTION OF ENVIRONMENTALLY SUSTAINABLE NATURAL RESOURCE MANAGEMENT PRACTICES IN TANZANIA
A. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

Development Challenge. Tanzania is one of the five most biologically diverse countries in Africa. It is home to Ngorongoro Crater, the Serengeti and vast areas of game parks and reserves of profound international significance. It contains Africa's highest mountain (Kilimanjaro) and borders Africa's largest (Victoria) and deepest (Tanganyika) lakes. In recognition of these endowments, some 25% of the country is set aside as protected areas. However, in an agrarian economy like Tanzania, rapid population growth increases the demand on the natural resource base and results in unsustainable exploitation of the environment. Current land use practices in agriculture (including shifting cultivation), livestock raising (free range use), and exploitation of forest products (firewood, charcoal, construction) are degrading the environment. Not only is sustainable development threatened but so is the country's endowment of wildlife resources. Degradation has been further aggravated by the large influx of refugees (650,000 at one point) who have destroyed forests and water catchment areas in their search for firewood.

No significant changes have taken place within the broader development context that require changing the Strategic Objective (SO). Nevertheless, the recent importance that the Government of Tanzania (GOT) is placing on increasing revenue within the country makes it even more imperative that the environment and natural resource base, on which the country depends for

economic growth, be managed sustainably. Furthermore, because of its importance for global biodiversity, a high priority exists in Tanzania to address many of the problems threatening this rich natural resource base. The SO was defined broadly to allow the Mission to begin to address fundamental problems in natural resource management (NRM). Progress has been made over the last year in refining the immediate program focus, in identifying customers, partners and stakeholders in more detail and in assessing how to sequence interventions as described below. The program is being developed in close coordination with USAID/Tanzania partners and incorporating lessons learned from within the region. Success with this program will help prevent and/or mitigate conflict by ensuring that a range of stakeholders benefit from the rich natural resource base in Tanzania. This includes a pilot project now underway focused on assisting local populations affected by the influx of refugees.

B. PROGRESS TOWARD OBJECTIVES

1. PERFORMANCE ANALYSIS

SO2 is a new SO, approved in the 1996 Strategic Plan and Management Contract between USAID/W and USAID/Tanzania. Although some implementation has begun, no quantitative results can be reported at this time because much of the past year has been spent refining the approach with partners and identifying priority areas of intervention.

IR 2.1: Policy Framework for Sustainable NRM Established. Through on-going policy dialogue with the GOT, and in concert with members of the Informal Donor's Group on the Environment (IDGE), USAID/T has continued to emphasize the need for government to show leadership in passing an official Environmental Policy and in following up the approved 1994 National Environmental Action Plan (NEAP). The Mission has also continued to push the GOT to be more proactive in its review of the myriad circulating draft policies and laws to ensure they are consistent and reduce the high level of contradiction and conflict found in current policies and legislation. Much of the lack of progress to date is related to internal conflict and unclear lines of authority between government agencies involved with environmental and NRM matters, ever-changing senior managers, and no clearly articulated GOT vision. However, USAID/T is optimistic that progress can be made over the next few years. The types of policy issues on which the mission will focus will enable people from a range of institutions to work together. This should help improve coordination across agencies. Furthermore, a recent Cabinet shuffle has placed a new dynamic Minister in the Ministry of Tourism and Natural Resources that USAID has worked with before. New senior managers will be named for key posts as well.

The Mission has built on work undertaken previously through the Planning and Wildlife Management (PAWM) activity. A number of policies in the wildlife sector had been drafted and adopted with USAID assistance. However, one significant policy, the Wildlife Conservation and Utilization Policy had stalled within the Ministry of Tourism and Natural Resources. With assistance under the SO, a stakeholders workshop was held where the policy was reviewed and revised. The policy now is back in circulation for approval. Furthermore, the Minister made an

important decision that this policy would be the overarching policy for the country and would supersede any individual institutional policies. Once translated into legislation, this policy provides a modern framework for the sector and incorporates innovations for Tanzania such as community management concepts. This will be an important step toward establishing a modern enabling environment for NRM in Tanzania.

IR 2.2: Institutional and Technical Capacity for Analysis Built. This is a long-term process which does not immediately show quantifiable results. Nevertheless, initial activities this past year are promising particularly at the community and local levels. Under the Kagera Resource Management Project (KRMP), 30 villages were selected in which to conduct Participatory Rural Appraisals (PRAs). In order to strengthen local analytical capacity, the study teams consisted of local district officials and local NGO representatives as well as CARE field staff, all of whom were given special training. To ensure gender issues were incorporated, a woman was included on each team. The methodology employed encouraged local participation by both men and women to identify problems and solutions which could be initiated at the local level and at reasonable cost. The next step was to select twenty villages where Participatory Planning Activities (PPAs) were conducted, community based groups (CBOs) were identified, and project proposals submitted.

A similar approach has been undertaken in Morogoro Region where planning village activities was a highly participatory process involving local researchers, government and village officers, and the communities themselves. PRA techniques were employed to create seventeen village profiles, to identify local needs and locally derived solutions. Activities are just beginning. Elsewhere in the country, Peace Corps Volunteers have been placed in villages and are experimenting with similar approaches which will be reported in next year's R4. In all these examples, the process is very time-consuming, but greater African ownership and sustainability of the activities undertaken should result because the local populations have been active in the identification of their problems and proposed solutions. The Mission is now grappling with how to consolidate the detailed baseline information acquired through the PRA process into a useable indicator for measuring the results of SO2-funded activities at the local level.

Another capacity-building activity was a workshop held to familiarize NGOs with environmental impact assessment (EIA) techniques. This involved both local and expatriate facilitators. While it is too soon to evaluate whether the training has resulted in better projects locally, trainers used some of the knowledge acquired to modify the Tanzanian EIA procedures being drafted at that time.

IR 2.3: Appropriate NRM Approaches and Technologies Identified, Field-Tested, and Implemented in Pilot Areas. It is premature to report results under this IR because technologies to be tried at the field level have just recently been identified and are being tested at this time. What is encouraging is that local communities in most cases were aware of possible solutions to their problems but did not have access to the knowledge or funding to put them into effect.

2. EXPECTED PROGRESS THROUGH FY 99 AND MANAGEMENT ACTIONS

Among the array of options from which to choose as an entry point into NRM, the Mission has identified priority areas.

USAID/T will expand its policy dialogue with the GOT on a broad array of E/NRM matters to ensure that an appropriate macro-policy framework is established. In addition, the technical and institutional capacity for analysis by Tanzanians will be upgraded. In support of all three IRs, the Mission has selected particular topics or geographic areas in which to focus its effort to test out different methodologies and solutions.

One area of emphasis is the wildlife sector where different field-based models for NRM can be tested by working in two different types of protected areas: a park and a game reserve. To achieve results, national, regional and local policy and legislative issues will be addressed, a range of institutions (GOT, NGO, private sector and community) will be involved, and a range of resources will be affected.

Another area of emphasis will be coastal resources management (CRM), a topic which has been largely ignored to date in Tanzania. Initially the focus will be to assist with the policy and regulatory environment. Field-based activities may occur later.

Outside of protected areas, activities to pilot-test a range of inexpensive and simple technologies with farmers which will help reduce environmental mismanagement and lead to increased incomes will continue in Morogoro Region and Kagera Region. Work in Kagera supports broader regional objectives because it is taking place in a region with high environmental destruction as a result of the influx of Rwandan refugees in 1994. This work has also helped reduce tension between the indigenous and refugee populations in the area.

Woven throughout all these activities will be the underlying theme of decentralization, expanding private sector and NGO involvement, and ensuring that the enabling environment is created which is supportive of community based natural resource management. The Mission is ensuring that all implementors pay careful attention to gender roles because men and women are involved in very different NRM activities depending on the geographic situation and their cultural backgrounds.

At current levels of funding (\$3-4 million/year), USAID will be able to achieve its objectives over the life of the SO. Recognizing that the program is in the early stages, in FY 97 and 98 USAID will implement activities already initiated at local levels (i.e. in Morogoro and Kagera Regions) with communities outside of protected areas. During FY 97 and 98 we will also establish work plans and begin activities in the two proposed protected areas (Ugalla Game Reserve and Tarangire National Park). To accomplish results in these protected areas, new relationships need to be developed between communities, local, district, and national government, investors in tourism (tour operators, hoteliers, hunting companies), and NGOs. As a result of a recent increase in poaching (elephants for ivory in anticipation of the possible lifting

of the CITES ivory ban, and game meat for local sale since its economic valuation is far below that of its real value and that of domestically-raised meat) the Mission will provide special assistance to combat poaching. The approach to be used will be to upgrade the capacity of the National Parks Service (TANAPA) and the Wildlife Division (WD) in partnership with the private sector, especially hunting companies, NGOs, and communities.

At the same time a policy and legislative agenda, not only in the wildlife sector, but for costal resources management and in support of community based natural resources management will be identified. It will be especially important to increase Tanzanian capacity in the area of environmental economics and economic valuation of resources which will permit rational and sustainable use of the rich renewable resource base in-country. This will require close coordination with USAID's partners, especially donors, governmental agencies and research organizations. The Mission also will continue to emphasize to government the need for a coherent environmental policy and legislative framework and provide technical assistance and capacity-building to achieve this. Recognizing that systematic change in attitudes and behavior in relation to the environment cannot come about without sufficient understanding, the SO will utilize innovative environmental education and communication strategies to support the rest of the program.

Efforts to implement the SO have been hampered by the lack of coordination within the GOT in environmental and natural resource management matters. An unanticipated amount of time has been required to achieve agreement on priority locations and topics for activities. In order to ensure program ownership among Tanzanians, considerable time is required to achieve consensus among the different partners and stakeholders. Now that agreement is being reached, the SO team should be able to move forward into full implementation with final decisions being made on indicators and the appropriate baseline data collected prior to the R4 presented in 1998. As progress is achieved under the SO, new topics may be addressed and, by FY 99, the scope of the SO may be modified based on performance monitoring and evaluation recommendations.

C. STATUS OF THE MANAGEMENT CONTRACT

When the Mission's Strategic Plan was approved in 1996, the Africa Bureau requested the Mission to clarify the indicators to be tracked with baselines and targets established by this R4 in order to permit formal approval of the SO. This information is provided below. Recognizing that this SO is still so new and implementation is just beginning, the Mission believes it is highly likely that some IR indicators will be refined over time.

Strategic Objective Indicators

1. Improved conservation practices adopted in pilot areas.
2. Land area effectively managed by communities in pilot areas.

Intermediate Results Indicators

IR 2.1: Policy framework for sustainable NRM established

1. Environment/natural resources management policy index.
2. Local communities legally empowered to manage local resources.
3. Mandates of institutions responsible for environmental management clarified and coordinated.

IR 2.2: Institutional and technical capacity for analysis built

1. Number of Tanzania organizations and institutions strengthened to assist communities in the establishment of sustainable CBNRM enterprises.
2. Number of Tanzanian NGOs or local community organizations strengthened to manage biological resources effectively.
3. Number of people trained in environmental/NRM related fields and applying their skills.

IR 2.3: Appropriate NRM approaches and technologies identified, field tested and implemented in pilot areas.

1. Number of pilot areas operating under integrated management plans including community resource agreements.
2. Percent of revenue generated from appropriate practices in pilot protected areas that is shared with buffer zone communities.
3. Percent of men and women in target areas adopting sustainable practices. (This will be an index measuring the 3 phases - knowledge, experimentation, and adoption).

Strategic Objective 2: Foundation Established for Adoption of Environmentally Sustainable Natural Resources Management Practices in Tanzania.

APPROVED: 1996 (State 180452)

COUNTRY/ORGANIZATION: USAID/Tanzania

Result Name: Foundation Established for Adoption of Environmentally Sustainable Natural Resources Management Practices in Tanzania

INDICATOR: Improved conservation practices adopted in pilot areas

UNIT OF MEASURE: Number of pilot areas engaged in improved NRM conservation practices.

SOURCE: Ministry records, TU-SUA, CARE, Peace Corps and other contractor/grantee reports

INDICATOR DESCRIPTION: The conservation practices adopted will vary with the type of activity and whether located in a protected or non-protected area. It could include integrated management plans for protected areas, the adoption of new agricultural, agro-forestry, livestock husbandry, etc, techniques which help conserve the environment.

COMMENTS: Mission will be refining this indicator based on detailed discussion with current and expected implementing agencies. This indicator will measure at the aggregate level activities in different regions or demarcated locations, building on data gathered at the IR level for specific communities or protected areas.

YEAR	PLANNED	ACTUAL
1997	2	
1998	3	
1999	4	
2000	5	

Strategic Objective 2: Foundation Established for Adoption of Environmentally Sustainable Natural Resources Management Practices in Tanzania.

APPROVED: 1996 (State 180452)

COUNTRY/ORGANIZATION:

USAID/Tanzania

RESULT Name: Foundation Established for Adoption of Environmentally Sustainable Natural Resources Management Practices in Tanzania

INDICATOR: Land area effectively managed by communities in pilot areas

UNIT OF MEASURE: hectares

SOURCE: Ministry records, TU-SUA, CARE, Peace Corps and other contractor/grantee reports.

INDICATOR DESCRIPTION: Number of hectares over which communities can make land management decisions by law and in practice.

COMMENTS: Mission will be refining this indicator based on detailed discussion with current and expected implementing agencies. This indicator will measure at the aggregate level activities in different regions or demarcated locations, building on data gathered at the IR level for specific communities or protected areas.

YEAR	PLANNED	ACTUAL
1997	0	
1998	? (to be defined in FY97)	
1999	? (to be defined in FY97)	
2000	? (to be defined in FY97)	

Strategic Objective 2: Foundation Established for Adoption of Environmentally sustainable Natural Resource Management Practices

APPROVED: 1996 (State 180452)
USAID/Tanzania

COUNTRY/ORGANIZATION:

RESULT NAME: Policy Framework for Sustainable NRM Established

INDICATOR: Environment/Natural Resource Management Policy Index

UNIT OF MEASURE: Index composed of one point for each major step toward a fully functioning E/NRM policy framework. Each item counts as three points.

SOURCE: Records from Vice President's Office, Ministry of Tourism, Natural Resources and Environment, other donors and contractor quarterly reports.

INDICATOR DESCRIPTION: The index measures progress toward a fully functioning E/NRM policy framework. Each item counts as 3 points because we are focusing on three policies thus progress on one can be shown even if there is no progress on others.

Detailed definitions available in SO2 documentation.

- a) Selected E/NRM policies drafted and approved by relevant Ministry*
- b) Selected E/NRM policies approved by Cabinet
- c) Selected E/NRM laws or procedures drafted
- d) Selected E/NRM laws passed by parliament
- e) Selected E/NRM laws implemented and enforced

COMMENTS: * focus initially on wildlife conservation and utilization policy, environmental policy and coastal resource management policy

YEAR	PLANNED	ACTUAL
1997	4 (2 policies a,b)	
1998	7 (2 policies above + c, 1 policy a)	
1999	10 (2 policies above +d, 1 policy above + b)	
2000	13 (2 policies a-e, 1 policy a-c)	

SO3: FOUNDATION FOR THE TRANSITION TO DEMOCRATIC GOVERNANCE ESTABLISHED

A. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

Development Challenge. Democratic governance (DG) issues lie at the heart of the Tanzanian development challenge. Tanzania requires a government which manages resources well and transparently, and which can harness the energies of individuals, non-governmental organizations (NGOs) and the private sector to use the tremendous resources of the country wisely and effectively. The current government must overcome a heavy legacy of corruption, economic mismanagement and one-party socialist thinking to achieve these goals. The first ever multi-party presidential election held in October 1995 ushered in a new government which pledged to eliminate corruption and manage its resources in a more transparent manner.

No significant changes have taken place within the broader development context that require changing the SO. However, under President Mkapa's leadership, democratic governance (DG) continues to improve in Tanzania, significantly increasing the prospects for achievement in this sector. One of the most important improvements is in the area of Government of Tanzania (GOT) accountability and transparency. For example, the GOT is working on increasing the effectiveness and transparency of revenue generation through establishment of the Tanzania Revenue Authority. The GOT also established the Warioba Commission (chaired by former Prime Minister Warioba who served during the Nyerere and Mwinyi administrations), to investigate corruption in the Government. The Warioba Commission is the first concerted attempt by the GOT to determine the sources of corruption in the Government. Many instances of corruption were identified, including implicating the Minister of Natural Resources and Environment who resigned from office shortly after the Commission released its report. Additionally, the courts continue to show their independence by issuing rulings that go against the GOT; the most recent series of such decisions have been in election result challenges. Media people continue to exercise their right to question the GOT; even Government-owned newspapers have run articles and editorials critical of the Government.

SO3 is new and is funded at a much lower level than envisioned. While the SO results indicate success, the SO as currently written is outside the Mission's manageable interests due to lower than anticipated funding levels. Therefore, the SO3 team will have to revise the SO and indicators during the coming year. By the next R4 submission, SO3 will have been revised to reflect a more narrow, concentrated focus in the DG sector. However, if funding is provided at the level requested in USAID's CSP, then the original SO and Results Framework will be maintained.

In addition to collaborating with partners to support activities, the SO3 team has established a data base of donor/partner activities in this sector. The data base is routinely updated and shared with partners as a means of coordinating assistance. A team of social scientists and members of the SO3 team recently completed a study of SO3 impact, using focus groups as a source of collecting data. The report of the team's findings, currently being finalized, will also be shared with USAID's partners. One of the team's findings relates to Tanzanian's perceptions of democracy. During each of the 42 focus group sessions (21 men's, 20 women's and one mixed group), participants were asked to identify, spontaneously, principles of a democratic system. The most often named principle was "freedom of speech/expression" (16 of the men's groups and 10 of the women's identifying that principle). "Freedom of choice" was also mentioned by over

half the groups (15 men's and 9 women's groups). This information will be used by the SO 3 team in determining future activities.

DG themes cross-cut USAID's work in other sectors. For example, SO4 (Microenterprise) provides assistance to chambers of commerce to increase outreach activities and serve their customers' needs. Chamber leaders can serve customers by voicing members' issues and concerns with other private sector organizations and the GOT. This kind of activity strengthens civil society, an important facet of improved governance. Similarly, SO1 (HIV/AIDS and Family Planning) and SO5 (Infrastructure) incorporate outreach to non-governmental organizations in implementation of their programs.

B. PROGRESS TOWARD OBJECTIVES

1. PERFORMANCE ANALYSIS

USAID is active in four areas that correspond to the following Intermediate Results (IRs): IR 3.1 Access to Justice is Improved; IR 3.2 Government of Tanzania (GOT) Accountability and Transparency is Improved; IR 3.3 Citizens Understand and Apply Principles of Democratic Governance and IR 3.4 Media Become More Responsive and Responsible. The SO includes IR 3.5 in which USAID is not active, but which is necessary to achieve the SO. IR 3.5 - Selected Representative Institutions Perform Better - is monitored through SO3 partners.

SO-Level: One of the SO-level indicators is "Percent of People Registered to Vote, National Election". When this data is disaggregated by location (Dar es Salaam and the rest of the country), the difference in percentages is dramatic. The percent of people eligible to register for the national elections who actually registered is 27% in Dar es Salaam, whereas for the rest of the country it is 79%. Based on this information, the SO3 team will review current programming to determine the benefits of re-focusing some of the country-wide activities to Dar es Salaam.

74 out of 244 cases were resolved during Kisutu Court settlement week, a rate higher than that of most settlement weeks in the U.S.

IR 3.1: Access to Justice Improved. Several activities have been particularly successful in contributing to achievement of the Strategic Objective. Most notable is the Alternative Dispute Resolution (ADR) activity implemented under a PASA with USIS. After consulting with customers, partners and stakeholders, USAID decided that instead of establishing ADR in several courts simultaneously, Kisutu Court in Dar es Salaam should be targeted and turned into a training center for ADR. The Chief Justice of Tanzania, who was instrumental in promoting passage of the law instituting ADR, was very receptive to this idea. As a result, Kisutu, which is the largest civil court in the country, became our focus in mid-1996. The culmination of this activity was a "settlement week", in which 74 out of 244 of the cases scheduled for ADR were

settled. The American ADR trainers (judges and attorneys) expressed their delight at the settlement rate, which they stated was higher than a typical settlement week rate in the United States. Moreover, litigants who were not part of settlement week have asked that their cases be settled using ADR. In fact, one litigant made the request in a newspaper article describing how he had so far waited eight years for a resolution of his case.

Another result achieved under this IR is printing of selected laws. At the request of the Tanzanian courts, USAID supported printing 1,000 sets of 17 basic civil and criminal laws, to be given to every magistrate in the country. Magistrates have requested these laws specifically because they are needed if the courts are to operate properly. It is expected that having these laws will enable magistrates to decide cases based on the law, instead of their own sense of what is "right" and "wrong". During the handing-over ceremony, the Chief Justice of Tanzania remarked that this was the type of activity that would have immediate, long-term benefits.

IR 3.2: GOT Improves Accountability and Transparency. Implementation has started a little more slowly than hoped, due to extensive donor coordination efforts. This coordination has resulted in some notable successes. For example, USAID contributed the local currency equivalent of \$1.5 million for retrenchment (severance pay), as part of a multi-donor effort to assist the GOT in decreasing the excessive number of civil servants and meeting wage bill targets under the ESAF. USAID also worked with partners to provide training for the Controller-Auditor General's Office (CAG). Nine staff members received audit standards training and eight members underwent specialized training in performance auditing. SO3 support to CAG is another example of the cross-cutting nature of DG assistance - following the audit standards training, the CAG staff was contracted to audit the roads (SO5) activity in the Ministry of Works and the family planning (SO1) activity in the Ministry of Health.

A third activity under IR 3.2 is assistance to the Tanzania Revenue Authority (TRA). USAID contributed over \$2 million in local currency for TRA start-up costs. Total funding for these costs was \$3.5 million, with the remaining \$1.5 million provided by the World Bank and Denmark. Since its inception, the TRA has been extremely successful in fulfilling its mandate, with GOT revenues up by 45%. Working with the TRA is an SO3 initiative and, although USAID's initial support came from SO4 resources, planned future assistance will come from SO3.

IR 3.3: Citizens Understand and Apply Principles of Democratic Governance. Under this IR, USAID is testing alternative methods of disseminating civic education by establishing a library-based civic education center. A report completed on civic education shortly after the 1995 elections indicated that the donors did a poor job of disseminating voter education messages, and suggested that new methods be explored. With that in mind, the SO3 team developed a "library civic education center" as a pilot activity. The Mwanza library was selected for the activity, and its civic education center is scheduled to open next month. It is interesting to note that during focus group discussions, 15 groups (9 of men and 6 of women) out of a total of 40 said, without prompting, that libraries would be a good source for civic education materials.

Another activity under this IR provides grants to women's legal rights organizations to assist them in outreach activities and educate women on their rights. To date, grants to four organizations have been given for a total of approximately \$60,000. One workshop has been held and other groups are expected to begin their activities shortly.

IR 3.4: Media Become More Responsive and Responsible. Thirty workshops have been conducted in press clubs throughout the country. They are part of a series, with a workshop on a particular topic scheduled in 6 towns. Thus, there have been a total of 5 topics for the workshops, ranging from journalistic skills to subjects that are often the focus of news stories. We have exceeded expectations on the numbers trained, a total of 604 media personnel have been trained so far, although the number of women trained is small due to the very small percentage of women in the media. It is clear from reading the local newspapers that the quality of reporting has improved, and USAID is pleased to have contributed to this result. Anecdotal evidence suggests that attendees find the training useful: a media person requested that a workshop be replicated at his place of business so all of his colleagues could benefit from what he learned.

2. EXPECTED PROGRESS THROUGH FY 99 AND MANAGEMENT ACTIONS

SO revision: Decisions on where in the DG sector USAID should focus will be made based on impact and focus group data, consultations with our customers, partners and stakeholders, and expected levels of funding for the duration of the planning period. It is currently anticipated that IRs 3.4 (media) and 3.5 (political parties/Parliament) will not be included in the new RF, as they will be outside the SO team's manageable interests under a revised SO. USAID will, however, continue to monitor progress in these areas through consultations with partners.

New and Continuing Activities: The SO3 team expects to add an activity under the ADR component. During ADR training at Kisutu court, it became apparent that the court lacked a case management, or case-tracking, system. Because the determination that ADR contributes to civil delay reduction depends partially on knowing how many cases are in a court and how many cases are resolved in a year, we will assist the Kisutu court in the development of a case management system.

The PASA is fully funded at approximately \$2 million and will expire in August, 1998. Approximately eight months before that date, there will be an evaluation of all PASA activities to assist the SO3 team in determining which areas should be included in the revised SO. The SO3 activities outside the PASA will also continue through FY 99. USAID will continue to support the printing and distribution of laws, and we are currently assisting the printing and distribution of a legal index, which lists and cross-references all the laws of Tanzania, including the numerous amendments that have been passed in recent years. USAID also plans to support the TRA's request to establish the Tax Research and Policy Unit. One of the mandates of the TRA is that it provide tax policy advice to the GOT, so establishing and supporting this unit will assist the TRA in providing sound tax policy advice to the Government. Some of USAID's partners are working on long-term plans for CAG assistance, which they would like to fund

through a group of donors. USAID plans to work with these partners to determine the nature and extent of assistance to the CAG.

Conflict Prevention/Mitigation: USAID is planning a study of conflict prevention/mitigation in Tanzania. The results of this study will form the basis of GHAI-related activities undertaken by the Mission in the future.

C. STATUS OF THE MANAGEMENT CONTRACT

As a result of Washington review of SO3, USAID was requested to provide additional program specificity taking into account that annual DG funding will be less than requested. Additionally, the reviewers suggested that broader-based SO level indicators, instead of the elections-related SO indicators currently used, would be more useful. Both issues are addressed below.

Revision of SO3 in Light of Limited Resources. In the Strategic Plan, the funding level requested for SO3 was \$4 million per year throughout the planning period. The Management Contract with USAID/W explicitly states that the resources available for achievement of SO3 will be significantly below what was requested. In fact, FY97 funding for this SO is only \$700,000. While USAID can make significant contributions to the transition to democratic governance in Tanzania with a greatly reduced budget, such a scenario suggests that the current SO statement is beyond USAID's manageable interest. Therefore, the SO, including the results framework and indicators, will be revised to narrow the scope of the SO. It is anticipated that SO3 will focus on access to justice, support to GOT organizations and civic education/civil society (currently IRs 3.1, 3.2 and 3.3). The extent to which IRs 3.1-3.3 remain at the same level will depend on SO funding levels and other donors' assistance levels in those areas.

SO Level Indicators. There are 5 indicators for the SO. The first four relate to voting:

- % of eligible citizens registering to vote, local elections
- % of registered voters voting, local elections
- % of eligible citizens registered to vote, national elections
- % of registered voters voting, national elections

In the Program Week cable, it was stated that broader-based indicators were needed instead of the election-oriented ones. Modification of these indicators will occur within the context of refining and refocussing the SO. During the Strategic Plan review, G/DG staff indicated they would assist the SO3 team in changing the indicators. While the SO3 team did not receive such assistance, the team expects to work with G/DG staff during the RF revision process this year.

Strategic Objective 3: Foundation for the Transition to Democratic Governance Established
APPROVED: 1996 (State 180452) **COUNTRY/ORGANIZATION:** USAID/Tanzania

RESULT NAME: Foundation for the Transition to Democratic Governance Established

INDICATOR: Percent of Eligible Voters Registering to Vote in Dar es Salaam, National Elections

UNIT OF MEASURE: Tanzanians 18 years and older
SOURCE: National Electoral Commission (NEC) and National Population Survey (for total number of people eligible to register).

INDICATOR DESCRIPTION: People who registered to vote in the 1995 multi-party national elections.

COMMENTS: The NEC is currently working on the figures for local elections and by-elections.

YE R	PLANNE D	ACTUAL
1995		27%
2000	33%	

Strategic Objective 3: Foundation for the Transition to Democratic Governance Established APPROVED: 1996 (State 180452) COUNTRY/ORGANIZATION: USAID/Tanzania			
RESULT NAME: Foundation for the Transition to Democratic Governance Established			
INDICATOR: Percent of Eligible Voters Registering to Vote Outside of Dar es Salaam, National Elections			
UNIT OF MEASURE: Tanzanians 18 years and older <hr/> SOURCE: National Electoral Commission (NEC) and the National Population Survey (for total number of people eligible to register) <hr/> INDICATOR DESCRIPTION: People outside Dar who registered to vote in 1995. <hr/> COMMENTS: The NEC is currently working on the figures for local elections and by-elections.	YEAR	PLANNED	ACTUAL
	1995		79%
	2000	84%	

Strategic Objective 3: Foundation for the Transition to Democratic Governance Established APPROVED: 1996 (State 180452) COUNTRY/ORGANIZATION: USAID/Tanzania			
RESULT NAME: Access to Justice Improved			
INDICATOR: Number of cases settled through ADR.			
UNIT OF MEASURE: Kisutu civil court cases	EAR	PLANNED	ACTUAL
SOURCE: Kisutu Civil Court records	1995		0
INDICATOR DESCRIPTION: Cases scheduled for ADR that were settled.	1996	50	74
COMMENTS: This indicator was originally supposed to measure ADR cases as a percentage of the total number of cases resolved in a year. Case-tracking is so poor in the courts that USAID was unable to obtain the necessary data for that indicator. The total number of cases scheduled for ADR in 1996 was 244.	1997	87	
	1998	100	
	1999	113	

SO 4: INCREASED MICRO AND SMALL ENTERPRISE PARTICIPATION IN THE ECONOMY

A. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

Development Challenge. Tanzania is richly endowed with natural resources and offers great potential for expanding agriculture, tourism and mining. The country has undertaken major reforms to reverse its decades-long socialist approach to economic development but enormous obstacles persist. This is particularly true for establishing resource tenure rights, creating a legal and regulatory environment supportive of private sector activities, curtailing corruption and restoring accountability. Furthermore, the financial sector is undeveloped and does not perform its essential role of mobilizing savings and allocating them to their most productive use. Basic infrastructure is lacking and stifles the day-to-day operations of businesses. While Tanzania has

great potential for economic advancement and the foundation is being established, the enabling environment is still nascent.

Years of benevolent control under a socialist economy have left the majority of Tanzanians ill-prepared to respond to the opportunities and challenges in the conversion to a free market. The informal sector, the largest component, requires the most financial and technical assistance. Building free enterprise in Tanzania will require the encouragement and establishment of newly emerging indigenous African entrepreneurs.

No significant changes have taken place within the broader development context that require changing the Strategic Objective (SO). Nevertheless, after analyzing customer feed-back, reviewing USAID's experiences in Tanzania and the region, and examining the CSP review cable, the Mission restructured SO 4 to focus on small and micro enterprises so as to have a greater impact on alleviating poverty, thereby creating a greater linkage to the goal of improving human welfare. SO 4 now reads: "Increased Participation of Micro and Small Enterprises in the Economy". Some of the IRs have been reworded to focus more on microenterprise, however, several of the previous indicators have been maintained as they are still relevant for the program. (Refer to Table in Part C, Status of the Management Contract for details)

B. PROGRESS TOWARDS OBJECTIVES

1. PERFORMANCE ANALYSIS

Although SO 4 and its IRs have been revised, achieving the new strategic objective will benefit from ongoing activities as they contribute to establishing a base for private sector activities in the country.

Financial Markets More Diverse and Competitive (Previous IR 4.1):

- A June 1996 evaluation of the principal component of this SO (the FED project) reported that Senior Central Bank and Government officials, other donors and private sector representatives all agreed that USAID activities have facilitated the development of a more competitive, diverse and service-oriented financial sector in Tanzania. There were no local private financial institutions in 1994, compared to 14 (two of which are indigenous-owned and operated) now licensed and operating.
- In order to staff a new central bank supervision department which started with no employees, USAID funded over 200 bank officials for training in the United States, resulting in enhanced banking skills, improved performance and the ability of the BOT to conduct its first off-site and on-site bank examinations. Although only 37% of trainees were women, 65% of the women trained now occupy higher positions and 87% reported significant impact on their ability to perform their duties.

● **The Tanzania Venture Capital Fund (TVCF), with a paid-in capital of \$7.6 million, and its associated management company, Equity Investment Management, Ltd. (EIM), has invested a total of \$4.6 million in 14 investments, creating over 450 jobs, with 4 women entrepreneurs among its investees. This has positively influenced the lives of over 2,000 mostly poor rural and urban workers. Seasonal or intermittent labor is estimated at 300 people, especially in horticulture. Seven of the 14 investments have less than 10 employees, and the average investment hovers around \$100,000 with three investments over \$250,000.**

A success story: Precision Air, an investee company of EIM, started as an air charter company in 1995, under indigenous ownership, carrying 7,000 passengers in its first year of operations. It now functions as a scheduled airline, doubling its number of aircraft to include a turboprop. Total number of passengers is projected at 25,000 for 1997. The airline services towns that the national carrier has abandoned, and is expected to be profitable in 1997.

The new Lazer Fund (ODA-funded) will target microentrepreneurs in the Mwanza, Lake Zone Region.

● **Even with the advent of private commercial financial institutions, TVCF remains one of the principal sources of capital for new, private, formal sector enterprises. USAID/Tanzania is currently processing a second tranche in the amount of \$281,500 of a \$661,500 grant for administrative expenses. USAID's total contribution over the life of TVCF will be \$1.2 million.**

Legal and Regulatory Reforms Favorable to Business Established (Previous IR 4.2 and New IR 4.2)

● The Mission has been the most active and successful donor in funding research activities and implementing activities that eliminate deterrents to enterprise growth. Works commissioned by USAID/Tanzania include:

"An Industrial Policy Study" researched and reported by the Confederation of Tanzania Industries which led to public debate and finally Parliamentary legislation. Its contents are designed to revitalize private sector business through eliminating outdated socialistic legislation and promoting new investment.

"Graft and Corruption in Tanzania" undertaken by the Tanzania Chamber of Commerce Industry & Agriculture, with the results discussed in a public workshop, eventually leading to the formation of a blue-ribbon commission. The findings were contained in "The Warioba Report" which published names, dates and actions of the principal perpetrators of legal and moral

infractions. (This is a first for Tanzania and demonstrates the commitment to an open and transparent society.)

"Review of the Investment Promotion Centre" concluding in a presidential commission to recommend changes in the structure and function of the Centre; and **"The Investor Roadmap of Tanzania"** that identified all the procedural bottlenecks to receiving general, specialized, and site development approvals before a new company could be registered and start operations. The Minister of Finance met personally with USAID to outline a strategy for reforming and simplifying the registration process. In consequence a joint private and government task force has been established to work with the 38 government offices to identify ways to eliminate bottlenecks.

USAID also supports the Economic and Social Research Foundation, an NGO think tank, in its efforts to disseminate research findings through a seminar series. The seminars are attended by technical personnel from the GOT, university faculty, and interested private sector participants. USAID has used the opportunity to promote the findings of several research studies funded by us as several researchers have presented their findings and recommendations at these seminars. The intent of the seminars is to raise public awareness of the issues surrounding economic reform and to give participants an opportunity to openly discuss them.

Enhance Micro and Small Business Management; and Strengthen Business Associations (Previous IR 4.3.1, now IR 4.3 and 4.4)

- The Business Centre is a USAID funded activity involved in assisting private enterprises through training, business consultant services, and promoting policy dialogue with government. Its growing client base has exceeded expectations.

Number of Clients Buying Products and Services from TBC					
Year	1994	1995	1996	Total	% Women
Business Management Skills Workshops	151	365	1052	1568	20%
Other Training	52	33	42	127	26%
Business Advisory Services	16	27	58	101	25%
Clients Purchasing Business Publications	0	386	226	612	21%
Total	219	811	1378	2408	21%
Percentage of Fee-Based Services Sold in Rural Areas	23%	53%	89%	74% (Avg)	23% (Avg)

- An evaluation of TBC revealed that more than 80% of Business Management Skills Workshops (BMSW) participants use the Course Manual as a guide in their daily business activities. Nearly 50% of course implementation costs were recovered.
- TBC has facilitated financing for its clients [some jointly with the African Project Development Facility (APDF)] totalling US\$ 2.4 million.
- TBC initiated actions to simplify and reduce taxes, resulting in amendments to the Stamp Duty Act of 1972, Excise Duties, and the Motor Vehicles Tax.
- Through alliance with the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) and the Private Sector Initiative (PSI) Task Force (a working group of private sector business people lobbying for economic reforms), TBC supports their efforts to relieve constraints hindering private sector activities. Current activities are directed toward reducing tax rates and eliminating procedural constraints in the business registration process (supports the Investor Roadmap activity).
- One regional TCCIA branch realized a 76% increase in its paid-up membership through a small grant from USAID.

Accountability. The Mission must ensure the accountability of both the dollars and local currency for the Private Sector objective. The NPA component (\$23 million) - both dollars and

local currency - was audited last August 96 by the Regional Auditor General resulting in three audit recommendations. One recommendation, thanks to the perseverance of the Mission, was closed upon issuance of the report. The other two recommendations - centering on the local bank - will be closed, with the transfer of all local currency balances to Citibank.

2. EXPECTED PROGRESS THROUGH FY 99 AND MANAGEMENT ACTIONS

Over the next period, USAID/Tanzania expects to see major progress across the range of intermediate results. Increased financing to small and microenterprises will occur through the Tanzania Venture Capital Fund (TVCF), the new Risk-Management and Profit Sharing (RMPS) Fund, and the Social Action Trust Fund (SATF).

The Venture Capital Fund will continue to expand its portfolio through investing the remaining portion of its first fund and proceed to raise a second venture capital fund of approximately \$10 million. Its target will continue to be small-scale enterprises in sectors ready for take-off as the Tanzanian economic reform process continues. Further, USAID expects the Southern Africa Enterprise Development Fund (SAEDF) to participate in the new venture capital fund in a significant way.

After substantial delay, the Social Action Trust Fund will begin operation to invest in small-scale businesses, primarily through lending and equity investments. Proceeds of the investments will go to NGOs to assist AIDS orphans. Funding of the SATF will come from local currencies generated from the NPA component of the FED program. The SATF will also work in conjunction with the Business Center to manage a new investment fund for small and micro-enterprises, the RMPS Fund. The Business Center will provide business advisory support services to the clients of the RMPS Fund.

Under current plans, the Business Center would be phased out as a USAID supported organization in December 1998 in its present form in favor of a new, private company that would continue to provide the high-quality business training and management consulting services, but on a profit making basis.

Work with regional business associations will continue with the objective of increasing their capacity to serve their members and act as regional advocates of policy reform.

USAID's work on the legal and regulatory environment will continue through the Investor Roadmap exercise that is now linked to high-level GOT officials and the Joint Private Sector/Government Task Force on tax reform. In a letter written by the Minister of Finance to USAID following a meeting with us, he stated, "It is our intention to implement most of these recommendations as soon as possible" and requested USAID to bring the lead researcher back to Tanzania and work with the task force. In further discussions with the Ministry of Finance, the agenda of the task force has been broadened to now include examining investment incentives and

investment promotion as well as eliminating the procedural constraints to licensing a new business.

In addition, AFR/SD's EAGER project has four studies about to begin in Tanzania, all related to governance and the enabling environment (contracting, taxation, and monetary programming). USAID is looking forward to completion and the opportunity to refine activities based on the recommendations. Seminars based on these research findings will be hosted by the Economic and Social Research Foundation (ESRF), an organization receiving support from USAID to encourage public debate on economic reform.

The microenterprise sector in Tanzania represents an opportunity for USAID to have a greater impact on both the rural and urban poor. Based on discussions with successful NGOs serving microenterprises, USAID is considering a poverty alleviation microcredit activity to be operated by qualified NGOs.

C. STATUS OF THE MANAGEMENT CONTRACT

As stated previously, USAID restructured SO 4 to focus on micro and small enterprise development. A table displaying the old and new wording follows:

ORIGINAL STRATEGIC OBJECTIVE 4	REVISED STRATEGIC OBJECTIVE 4
SO: Increased Private Sector Participation in the Economy	SO: Increased Micro and Small Enterprise Participation in the Economy
IR 4.1 Financial Markets More Diverse and Competitive	IR 4.1 Provision of Sustainable Financing to Micro and Small Enterprises
IR 4.2 Legal and Regulatory Reforms Favorable to Business Established	IR 4.2 Legal and Regulatory Reforms Support New and Existing Businesses
IR 4.3 New Successful Businesses Formed	IR 4.3 Enhance Micro and Small Business Management
IR 4.4 Macroeconomic and Fiscal Balance Attained	IR 4.4 Strengthen Business Associations
IR 4.5 Export Markets Facilitated and Developed	IR 4.5 Macro-Economic and Fiscal Balance Attained

The development hypothesis supporting this revised strategic objective relates to the importance of developing micro and small enterprises in order to reduce poverty and enable even the smallest entrepreneur to access modern business and finance techniques. What is needed to develop these businesses are skills, capital, a supportive business environment and a macro-economic framework further supported by each intermediate result (IR) under the SO.

STRATEGIC OBJECTIVE 4: Increased Micro and Small Enterprise Participation in the Economy APPROVED: 1996 (State 180452) COUNTRY/ORGANIZATION: USAID/Tanzania						
RESULT NAME: Increased Micro and Small Enterprise Participation in the Economy						
INDICATOR: Increased levels of employment in micro and small enterprises						
UNIT OF MEASURE: Number (Cumulative) Gender and locale disaggregated.	Year	Year	Planned Women Men		Actual Women Men	
SOURCE: Data provided to USAID from assisted projects' Management Information Systems (See "Comments" for definition of assisted projects).	1994 (B)	Rural	70	160	108	251
		Urban	20	40	31	69
INDICATOR DESCRIPTION: Gross number of jobs created (gender disaggregated) in assisted enterprises.	1995	Rural	200	400	172	397
		Urban	100	200	101	223
COMMENTS: "Micro" is defined as informal or formal sector enterprises with 10 employees or less; "Small" is defined as formal sector enterprises with up to 50 employees. Part time labor defined as 1/2 job. Seasonal labor defined as 1/4 job. Assisted enterprises are defined as <u>businesses receiving direct/indirect</u>	1996	Rural	300	900	475	864
		Urban	400	900	459	936
	1997	Rural	1000	1500		
		Urban	1300	1400		

	1998	Rural	1200	1700		
		Urban	1400	1900		

STRATEGIC OBJECTIVE 4: Increased Micro and Small Enterprise Participation in the Economy				
APPROVED: 05/02/97 COUNTRY/ORGANIZATION: USAID/Tanzania				
RESULT NAME: Increased Micro and Small Enterprise Participation in the Economy				
SO4 INDICATOR NO. 2: Increased level of Investment in Assisted Micro and Small Enterprises				
UNIT OF MEASURE: US dollars, in millions, cumulative.	Year	Locale	Level of Investment	
			Planned	Actual
SOURCE: Data will be provided to USAID from assisted projects' management information systems (See "Comments for definition of Assisted Enterprise).	1994 (B)	Rural	1.5	2.1
		Urban	0.5	.8
INDICATOR DESCRIPTION: Investments include direct loans with or without collateral; quasi-equity instruments and other types of financial papers.	1995	Rural	2.5	2.8
		Urban	1.0	0.8
COMMENTS: "Micro" is defined as informal or formal sector enterprises with 10 employees or less (M); "Small" is defined as formal sector enterprises with up to 50 employees. Assisted enterprises are defined as businesses receiving direct/indirect USAID interventions through SATF=Social Action Trust Fund; RMPS=Risk Management/Profit Sharing Fund; SAEDF=Southern Africa Enterprise Development Fund; or the TVCF=Tanzania Venture Capital Fund. Rural is defined as any locale outside of Dar es Salaam.	1996	Rural	3.5	3.7
		Urban	1.0	1.0
	1997	Rural	6.0	
		Urban	2.0	
	1998	Rural	10.0	
		Urban	3.5	

STRATEGIC OBJECTIVE 4: Increased Micro and Small Enterprise Participation in the Economy

APPROVED: 05/02/97

COUNTRY/ORGANIZATION: USAID/Tanzania

RESULT NAME: Increased Micro and Small Enterprise Participation in the Economy

INDICATOR INTERMEDIATE RESULT 4.3.1 : Person days of micro and small entrepreneurs trained in fee-based Business Management Skills Workshops and other USAID funded private enterprise activity, e.g., Entrepreneurs International, etc.

UNIT OF MEASURE: Number of micro and small entrepreneurs trained times number of days trained.	Year	Year	Planned		Actual	
			Women	Men	Women	Men
SOURCE: Data will be provided to USAID from assisted projects' Management Information Systems (See "Comments" for definition of assisted projects)	1994 (B)	Rural	72	247	85	291
		Urban	250	653	295	771
INDICATOR DESCRIPTION: One person trained in a 3-day course is equivalent to 3-person/days.	1995	Rural	135	600	160	708
		Urban	320	846	380	998
COMMENTS: "Micro" is defined as informal or formal sector enterprises with 10 employees or less; "Small" is defined as formal sector enterprises with up to 50 employees. Assisted enterprises are defined as businesses receiving direct/indirect USAID interventions through SATF=Social Action Trust Fund; RMPS=Risk Management/Profit Sharing Fund; SAEDF=Southern Africa Enterprise Development Fund; or the TVCF=Tanzania Venture Capital Fund.	1996	Rural	405	150 0	475	170 0
		Urban	480	120 0	570	140 0
	1997	Rural	1200	250 0		
		Urban	600	170 0		
	1998	Rural	2100	300		
	42					

		Urban	750	250 0		
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SO 5: RURAL ROADS IMPROVED IN A SUSTAINABLE MANNER

A. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

Development Challenge. Basic infrastructure is lacking and stifles the day-to-day operations of businesses. Regional and district roads are in serious disrepair and economic growth and human welfare have been constrained as a result. Production and marketing opportunities, better access to goods and services have been curtailed; and time and opportunity costs to producers and consumers have increased.

No significant changes have taken place within the broader development context that require changing the Strategic Objective. However, due to the reduction in availability of economic

During FY 1996, 200 kms were rehabilitated, 5,000 kms maintained and 50 bridges repaired. An impact survey on a section (Nyingo-Mtambula Road) of the roads rehabilitated in FY 96, was conducted during the month of February 1997. Results indicated that the volume of traffic has increased ten fold and cost of transport reduced by over 75%, the number of retail shops increased by 30%, vehicle operating costs reduced by 75%, school enrollment increased by 25% and health service utilization increased by 50%.

growth funding, USAID has followed the advice of the Washington reviewers of the Strategic Plan and narrowly focused this SO. Support to telecommunications and railroads has been discontinued and USAID will focus entirely on completing its successful rural roads program and extending it to the district level. World Bank and other analyses continue to highlight the critical need for improved rural infrastructure especially roads to: improve local and regional food security, increase agricultural and commercial productivity, and expand access to social services. Also, the road rehabilitation directed to refugee-impacted areas **has helped relief organizations cope with the regional emergency and mitigate potential conflict between local and refugee population. The Africa Bureau confirmed the importance of rural roads to food security in the region by including the Tanzania Rural Road Program in its request for additional food security funding.**

B. PROGRESS TOWARD OBJECTIVES

From FY 90 baseline to date, USAID's rural roads rehabilitation and maintenance program, at the regional level, has led to reduced transport costs in the rural areas, increased the average volume of traffic between 30 and 50%, more than doubled small business activities, increased farm income by 25% and improved access to health services and schools in the catchment areas where roads have been rehabilitated. In physical terms, 1,200 kms of rural roads have been rehabilitated to date, some 5,000 kms maintained per year and 120 bridges rehabilitated and/or built.

1. PERFORMANCE ANALYSIS

Overall, the results and accomplishments of the USAID/T rural roads program have exceeded expectations pertaining to the establishment and implementation of sustainable institutional, financial and private sector contracting policy reforms. The specific results confirmed by an outside assessment of the program are as follows:

Institutional change: Our principle activity in this sector, the Agricultural Transport Assistance Program (ATAP) was instrumental in effecting a consolidated road policy, transferring road construction and maintenance work from the public to the private sector, establishing rational priorities for rehabilitation and maintenance, and instilling the concept of sustainability into the Ministry of Works. Each of these reforms has dramatically increased the delivery of road rehabilitation and maintenance. ATAP effectively restructured the traditional, mostly politicized institutions dealing with roads, by supporting and calling for a greater role and responsibility for the technical ministry (Ministry of Works) and shifting it from the political role of the Prime Minister and Local Government. Institutionally, this has been the corner stone to the success of the rural roads program in Tanzania.

Roads Fund: Significantly more funds are now available to pay for sustainable road maintenance - from almost zero when ATAP began to \$20 million per year in FY 96. ATAP was instrumental in the establishment of the Roads Fund by Parliament, which is tied to road user charges in the form of a fuel levy at the rate of 60 Tsh per liter sold.

Expanded Private Sector Role: USAID was successful in convincing the GOT to employ the private sector rather than the public sector as the principal actor in implementing road works. As a result, rural access is rapidly improving and a major new industry is being developed. The total number of private contractors in the country has grown from about 30 to over 500 in the past seven years. Over 90 percent of the rural road rehabilitation and maintenance work is being carried out by private contractors, up from zero percent when the ATAP began in 1990.

Economic and Social Improvement: ATAP-funded roadworks have had profound positive impact on the income and social welfare of Tanzania's rural population. Roadwork improvements have been a catalyst which has allowed local populations to participate in economic changes currently in process. Significant improvements are visible in the areas of reduced transport costs and increased availability of transport, expansion of small businesses, access to agricultural markets and inputs, and access to and use of social services, particularly for health.

Women's Participation: One of the keys to sustaining these positive impacts and further improving rural roads is the continued use of local labor crews for the maintenance of roadworks. The crews in the past were mostly women who make up over half of the rural population and actually produce most of Tanzania's food and cash crop. USAID's rural road program, has directly targeted and benefited women. USAID's expanded involvement at the district level will further enhance and increase women's participation in road maintenance.

Facilitate Emergency Relief: Although refugee-relief was never factored into the ATAP original design and purpose, ATAP was the mechanism used for emergency rehabilitation of 500 kms of roads in Kagera region to ensure food delivery to more than 600,000 refugees. This was done with the approval and full collaboration of the host country.

Support to GHAI Principles: With regard to regional themes, Tanzania is a producer and exporter of food crops within the GHAI country grouping. Improving roads in the agriculturally productive regions will enhance Tanzania's contribution to the GHAI regional food security and trade expansion objectives. The USAID/T funded rural road program in the southwest of Tanzania facilitated the movement of maize to Zambia during the 1993 drought in Southern Africa and has continued to foster cross border trade in maize between the two countries.

USAID's rural road program has directly targeted women to expand their economic opportunities through their participation on work crews and their greater access to markets, clinics, and other social services.

Donor Coordination: USAID addressed donor coordination in practical terms and redressed ineffective methods employed in many other donor schemes such as: too many technical assistants, expensive capital projects, oversight and funding of force account operations, implementation of unsustainable donor-driven work plans, and lax oversight, monitoring and management of the program. Our success has influenced many of the 16 other donors in the roads sector to follow the ATAP model.

Donors/Host Country Response: ATAP's success and achievements are well recognized and appreciated by donors and the host country. World Bank reports repeatedly note ATAP's influence and Bank staff regularly seek advice from ATAP implementors. A past president of the Republic of Tanzania commented, with thanks, to the then U.S. Ambassador on the usefulness and achievements of the ATAP rural roads program. President Mkapa recently asked Administrator Atwood specifically to continue this program.

The USAID roads program has been highly successful and the progress and lessons learned will facilitate the accomplishment of the program activities at the district level, maximize results and benefits, achieve greater impact on food security and cross border and regional trade, and widen overall sphere of people level impact.

Accountability. The Mission must ensure the integrity of the cash transfer dollars and corresponding generation of local currency as well as the usage of local currency. The dollar account was audited last year by the RIG/A resulting in 3 audit recommendations which are now resolved and/or closed. The generated local currency has been audited by the CAG for the last

**NJOMBE-MAKETI ROAD
IMPACT RESULTS**

FY 96 impact survey conducted on the Njombe-Maketi road by an outside team of consultants concluded that the following results have been achieved:

- 70% increase in average daily traffic;
- an almost 50% decrease in vehicle operating costs;
- 40% decrease in fares in constant 1993 Tshs and decline in other travel costs due to reduced transit time;
- increase in agricultural sales from the farmgate, thereby reducing producers' transaction costs;
- large increase in volume of agricultural produce sold;
- 30% increase in utilization of private health care

three years. The Ministry of Works has implemented the majority of the most recent audit recommendations. Furthermore, the Mission has set up a system to maximize interest earned on local currency balances through investments in fixed deposits.

2. EXPECTED PROGRESS THROUGH FY 1999 AND MANAGEMENT ACTIONS

USAID/T is continuing to refine the SO and IR indicators for SO5. The attached tables reflect Mission progress to date in restructuring this SO.

The ATAP objective is to rehabilitate and maintain in a sustainable manner all rural roads at the regional level (1,700 kms) under the existing ATAP program and all new rural roads at the district level (5,000 kms) in 20 districts of four key agriculturally productive regions. These regions, commonly called the "big four", were chosen because they are surplus producers of food crops in the country and have vast unutilized arable land. This objective can be met within the 7-year SP planning period. Through FY 1999, the last 10 on-going contracts for the rehabilitation of 700 kms of rural roads under ATAP will be completed and a system of rehabilitating and maintaining rural roads that is sustainable in terms of local institutional capacity, local private sector participation and local road financing will have been fully established. By FY 99, the maintenance of district roads will expand to 1,000 kms per year and replication of ATAP activities that relate to sustainability (decentralization, involvement of the private sector and rational utilization of the Road Fund) will have been started in districts, with full sustainability expected to be established by FY 2003, the end of the SP period.

C. STATUS OF THE MANAGEMENT CONTRACT

In accordance with the CSP review cable (STATE 180452), SO5 has been focused by limiting it to roads at a modest funding level and dropping the telecommunication and railway activities.

Original SO 5 (as submitted for SP Review)	Revised SO 5 (reflecting SP Review)
SO 5: Selected infrastructure improved	SO 5: Rural roads improved in a sustainable manner
IR 5.1: Rural and District Roads improved	IR 5.1: Roads rehabilitation/maintenance decentralized to district level
IR 5.2: TAZARA operates on commercial principles	IR 5.2: Private contractors maintain/rehabilitate rural roads
IR 5.3: Rural Telecommunication improved	IR 5.3: Roads Fund used for rural roads.
IR 5.4: Improved rail, trunk roads, port, power and housing services.**	IR 5.4 Increased community involvement in road maintenance.
	IR 5.5: Trunk roads Rehabilitated/maintained.**

** Not within USAID's manageable interest, only to monitor and to report.

OBJECTIVE 5: Rural Roads Improved in a Sustainable Manner			
APPROVED: 1996 (State 180452) COUNTRY/ORGANIZATION: USAID/Tanzania			
RESULT NAME: Rural roads improved in a sustainable manner			
INDICATOR: Average transport cost of goods.			
UNIT OF MEASURE: Index	YEAR	PLANNED	ACTUAL
SOURCE: USAID/MOW baseline and impact survey/study.	1997 (B)	100	
INDICATOR DESCRIPTION: Index of average cost of transporting one MT/km on all district roads assisted.	1998	80	
COMMENTS: Data will be collected on a yearly basis starting in 1997.	1999 2003	70 40	

OBJECTIVE 5: Rural Roads Improved in a Sustainable Manner			
APPROVED: 1996 (State 180452) COUNTRY/ORGANIZATION: USAID/Tanzania			
RESULT NAME: Rural Roads Improved in a Sustainable Manner			
INDICATOR: Sustainable system operating in 20 districts			
UNIT OF MEASURE: Qualitative assessment of number of regional and district systems considered sustainable. SOURCE: USAID/GOT reviews of systems. INDICATOR DESCRIPTION: Sustainable system means decentralized operations, private sector involvement and utilization of locally generated funds. COMMENTS: By 1996 all 20 regions had instituted sustainable systems. Beginning in 1997, it is planned to introduce the sustainable systems in districts.	YEAR	PLANNED	ACTUAL
	1997 (B)		None
	1998	4 districts	
	1999 2003	8 districts 20 districts	

OBJECTIVE 5: Rural Roads Improved in a Sustainable Manner			
APPROVED: 1996 (State 180452) COUNTRY/ORGANIZATION: USAID/Tanzania			
RESULT NAME: IR.5.2 Increased rehabilitation/maintenance of rural roads by the private sector.			
INDICATOR: Rural road rehabilitated and/or maintained by private contractors as percent of total in all districts.			
UNIT OF MEASURE: % SOURCE: IRP/MOW reports. INDICATOR DESCRIPTION: numerator = Kms rehabilitated/maintained by private sector; denominator = Total kms rehabilitated/maintained in the districts. COMMENTS: Planned data relates to new district level road activities.	YEAR	PLANNED	ACTUAL
	1997 (B)	None	
	1998	15 %	
	1999 2003	30 % 80 %	

March 14, 1997

Mr. Gary Bombardier
Deputy Assistant Administrator
Bureau for Africa
U.S. Agency for International Development
Washington, D.C. 20523

Dear Gary:

Enclosed is the R4 for USAID/Tanzania. It reflects the progress Tanzania and our program have made over the past year. Our strategic objectives (SOs) complement and support each other in achieving our country program goal and have strong GOT support. Our workforce request is the minimum necessary to implement our program and help Tanzania move toward sustainable development. Our requested program level, the "breakthrough" funding level proposed in last year's country strategic plan, is the appropriate level, given Tanzania's demonstrated performance in democracy and economic management.

I want to highlight three key points for you and the Bureau which constitute the "bottom line" for USAID/Tanzania's R4. **First**, Tanzania's progress in political and now economic liberalization has established a firm foundation for growth. According to the IMF team here to monitor ESAF performance, Tanzania's "vast" improvement in fiscal management in the last six months has now set the stage for higher growth. We need to do everything we can to ensure that Tanzania's outstanding performance continues and that its extraordinary potential as an African success story is fulfilled. That includes moving immediately to the "breakthrough" funding level for our program and possibly beyond.

Second, the workforce levels mandated by USAID/Washington will not permit us to carry out the strategy approved in June 1996, either at current or higher program levels. We are forming strategic objective (SO) core and support teams of the minimum size. Unless our program-funded staff requests are met, we will have to reduce our five SOs approved last year to two SOs and a special objective beginning in FY 1998. Consequently, USAID/Tanzania will be unable to attain its country program goal and will cease to be a sustainable development mission.

Third, because of continuing strong performance in our program, and particularly in the mature areas of rural infrastructure, family planning and AIDS prevention, and private sector development, USAID is contributing significantly to growth and improved lives for all Tanzanians. To reduce our program substantially in the midst of Tanzania's democratic transition and its move beyond fiscal stabilization to a higher growth path would send the worst possible signal to both Tanzania and the donor community.

USAID continues to play a role with both the government and the donor community disproportionate to our current program level. This is partly a legacy of higher program levels in the past, but also reflects our continuing involvement in major reform efforts and our consistent leadership and field capacity in family planning and AIDS prevention, in improving rural infrastructure, and in creating an enabling environment for private sector development. With the reduction in our program that will be driven by Washington's proposed staff cuts, USAID will likely lose the significant policy role we still play with the government and in donor councils. Much of our ability to influence policies and outcomes will vanish.

The choice USAID/Washington and the Africa Bureau face is whether to continue sustainable development programs and if so, where?

Sincerely,

Lucretia D. Taylor
Director

Encl: a/s above

CC:

Carol Peasley, A-AA/AFR

Philip-Michael Gary, Director, AFR/EA