

**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



COUNTRY DEVELOPMENT STRATEGY STATEMENT

FY 1981

Washington, D.C.

TANZANIA

BEST AVAILABLE

**DEPARTMENT
OF
STATE**

January 1979



THE COUNTRY DEVELOPMENT STRATEGY STATEMENT
FOR TANZANIA

January 1979

THE COUNTRY DEVELOPMENT STRATEGY STATEMENT FOR TANZANIA

Table of Contents

Ambassador's Introductory Statement	iv
Part I: Analysis	
A. Analytical Description of the Poor	1
B. Why are Poor People Poor: Identification of the Causes of Poverty	8
1. The Development Environment in Tanzania	8
2. Macro-Economic Situation	11
3. Agricultural Productivity	13
4. Physical Constraints	15
5. Labor Force	16
6. TanGov's Views on the New International Economic Order	17
C. Progress and Commitment	17
1. Income Distribution	18
2. Rural Development	19
3. Economic Growth	21
4. Human Rights	22
D. Host Country Development Plan	24
1. Plan Contributions to Equitable Growth	24
2. Plan Attainments	25
3. Plan Goals and Priorities	26
E. Absorptive Capacity	28
1. Financial Constraints	28
2. Human Constraints	29
3. Physical Constraints	30
F. Other Donors	31
Part II: Strategy	
A. Objectives	34
1. TanGov and AID Overall Development Policy Objectives..	34
2. USAID/T Assistance Strategy Goal	35
B. AID Assistance Strategy	36
1. Specific Areas for USAID/T Assistance	36
a. Agriculture	38
b. Health	39
c. Village Infrastructure Support	42
2. Kinds of Assistance Necessary	45
a. First, a Set of Regional/Problem Support Projects.	45
b. Secondly, Decentralization Support	46
c. Thirdly, Programmed Resource Support Projects	46

Table of Contents (cont.)

Part II: Strategy (cont.)	
3. Form/Blend of USAID/T Assistance	49
a. PL 480 Title I and Title III	49
b. PL 480 Title II	50
c. PVOs	50
d. Peace Corps	51
e. Need for Generalized Budget Support	52
f. Staffing	52
4. Projected Results	53
Part III: Assistance Planning Level	
A. Indicative Planning Level: Possibilities and Constraints.	56
B. PAPL	57
C. PL 480	59
D. HIG	59
E. Staffing	60

AMBASSADOR'S INTRODUCTORY STATEMENT FOR THE
1981-85 COUNTRY DEVELOPMENT STRATEGY STATEMENT (CDSS)
FOR TANZANIA

This Country Development Strategy Statement tells what we are trying to do for development in Tanzania -- and why -- more clearly and definitively than has ever been done before. It is the result of a concentrated effort led by the AID/T Mission Director which incorporates the best economic knowledge and judgment available to us here.

In a less systematic way than the CDSS itself does, I would summarize the most basic conclusions which guide us in our development effort in Tanzania as follows:

(1) The US's most needed, wanted, and effective aid here is technical assistance in agriculture and health. We are doing very well at this and we should stick to it.

(2) The period for which the CDSS has been written begins with a quantum jump in this technical assistance program. We can sustain this higher volume of technical assistance but we cannot expand it indefinitely because of a variety of constraints, some of which are discussed in the paper.

(3) Given the course of development which the TanGov has chosen -- with its focus on meeting the basic human needs of Tanzania's rural poor and its emphasis on equity rather than production -- we can expect that it will be many years before Tanzania achieves its goal (and our ultimate aim) of self-sufficiency.

(4) As a relatively small and specialized contributor to Tanzania's development program, our assistance is not likely to be a critical factor in TanGov decisions on macro-economic planning needed to deal with future needs and resources.

(5) Nevertheless, there is considerable scope for the effective transfer of additional resources to Tanzania in the fields of commodity support, funding of local and recurrent costs, and the improvement of water and road facilities.

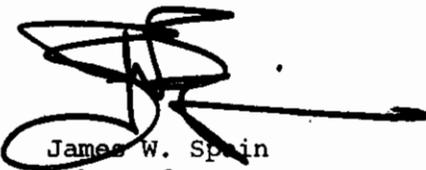
(6) Because of the willingness of many other foreign donors to help, Tanzania's own substantial development activities, and its goals of equity and participation, we should transfer these additional resources as long as funds are available from the Congress.

(7) While our program aimed at prompt and effective improvement of the lot of the poor majority in Tanzania is correctly and deliberately associated with the Tanzanian Government's decentralized approach to development, the program's success is not contingent on that Tanzanian approach. Should Tanzanian development policy change, what we are doing to help the rural poor will still have an impact.

(8) We have brought our program to the point where all resource transfers are by grant rather than loan and we should keep it that way.

(9) The AID program in Tanzania has and will continue to make possible a much broader dialogue and cooperation between the US and the Government of Tanzania on Southern African political questions, on human rights, and other important international issues. Dialogue and cooperation, however, are not dependent on any particular aid level, and we are to a rare and happy extent free to make our development decisions for development reasons.

As should be evident from the above, I am strongly convinced that the size and thrust of our present technical assistance program for Tanzania is the right one. Together with USAID/T, I appreciate the opportunity provided by the CDSS to do some deep thinking and preliminary planning on what we would do if we moved up within a few years to an aid level of more than \$100 million a year. Again, I am convinced that the direction we have suggested for such an increase is the right one. The working out of the best programmatic content to move in that direction remains to be done and what we have suggested would likely have to be modified. However, the opportunity to do so would be welcome and in accordance with overall US interests.



James W. Spain
Ambassador

PART I: ANALYSISA. ANALYTICAL DESCRIPTION OF THE POOR

The poor are all but a small percentage of the entire population of Tanzania. The World Bank in 1974 estimated that only .05% of households could be termed "capitalist," 1.5% middle class wage earner, and 4.7% working class wage earners.^{1/} This leaves 93.75% of the population pinpointed as the poor majority. This figure coincides with the 90% small holder families who comprise the rural population, and the 3-4% growing group of jobless urban migrants.^{2/} Further, it was estimated by AID in 1975 that about three-quarters of the population was in "absolute poverty" - i.e. their incomes were below \$80 p.a., the estimated amount needed to achieve a daily caloric intake of 2,150 per person.^{3/}

Not surprisingly then, Tanzania is one of the thirty poorest countries in the world, and has Relatively Least Developed Country (RLDC) status with the U.N.

1/ Taken from the World Bank Annex III, p. 26

2/ Census data taken in August 1978 indicates that these percentages have changed, with small holder families now making up only 87% of the population.

3/ Absolute poverty definition taken from USAID Circular, p. 52
Calorie intake of 2,150/person given as minimum requirement by WHO.

A. ANALYTICAL DESCRIPTION OF THE POOR (CONT'D)

There are gradations within the ranks of the poor, in terms of incomes and in terms of what can be bought with those incomes. Table I presents regional figures that indicate a range of per annum rural incomes from 400/- - 762/- (at time of writing, the exchange rate is 7.4 shillings to the dollar.)

The Table also presents comparative data on a Physical Quality of Life Index (PQLI)^{4/} which is a weighted combination of life expectancy, infant mortality and literacy, as well as proxies for other measures of material well-being such as access to roads and water, total calorie consumption, and protein/calorie percentage intake. (NOTE: The Regional PQLI values were calculated using 1976/1977 data published by the Tanzania Bureau of Statistics. Hence, the "mean" now of 34 exceeds that of 28 published by ODC in 1973.) Although regional differences exist in per capita income, it will be seen that the variations from the mean (650/-) are relatively low especially if the PCI of 3,838/- in Dar es Salaam is included.^{5/}

^{4/} PQLI has been jointly espoused by the Aspen Institute, the Overseas Development Council, and the Dag Hammarskhold Foundation as a measure of the "basic human needs" - specifically, nutrition, health, and education - that a country has achieved, as evidenced by an increase in the literacy rate.

^{5/} This is not to say that all farmers within a region or a district are equal in terms of income or PQLI. The World Bank was able to differentiate high, middle and low income small holders in their Basic Economic Report, Annex III, and studies of specific groups, such as the Chagga coffee growers, reveal significant socio-economic status differences among farmers.

TABLE I: MEASURES OF WELL-BEING BY REGION

	4/	6/	4/	5/	4/	7/	8/
	AREA (1,000 KM ²)	POP (1,000)	PCI	ROAD KM ² PER KM ²	PROPORTION OF POP SERVED BY WATER	CALORIES CONSUMPTION 1976/77	PROTEIN/ CALORIE 1976/77
Mara	21.8	723.3	400	.6	10	2,427	6.7
Ruvuma	61.3	564.3	410	.4	19	4,625	10.7
Dodoma	41.3	971.6	415	.7	38	1,489	19.7
Singida	49.3	615.9	439	.5	17	1,630	12.3
Tabora	12.2	821.4	443	.4	35	3,603	11.2
Lindi	65.6	534.5	460	.6 2/	18	3,167	9.7
Mtwara	16.7	772.1	460	.6 2/	15	1,885	9.8
Rukwa	-	443.5	493	-	-	5,600	13.9
Kigoma	37.0	649.0	500	.2	20	4,697	9.9
W. Lake	28.7	1,009.3	504	.8	25	2,703	8.0
Iringa	56.9	922.9	519	.6	3	1,333	10.9
Mbeya	90.1	1,073.6	544	.5	10	3,120	10.1
Morogoro	73.0	833.7	566	.4	15	2,166	10.7
Shinyanga	50.8	1,325.4	604	.7	6	2,363	11.4
Coast	33.7	516.9	617	1.0 1/	12 1/	-	11.1 1/
Mwanza	19.7	1,443.9	627	1.3	10	2,707	6.6
Kilimanjaro	13.2	910.8	679	1.8	30	2,265	6.0
Tanga	16.8	1,031.0	730	1.2	17	2,997	9.2
Arusha	32.0	734.9	762	.5	23	3,813	15.6
Dar es Salaam		870.0	3,333				
Average			650		34		

1/ Includes Dar es Salaam

2/ Lindi and Mtwara were formerly Mtwara Region. These numbers represent the former Mtwara Region.

3/ Rukwa Region was formed from Mpanda District in Tabora Region and Sumbawanga District in Mreya Region. This number is an average of Mbeya and Tabora Regions.

4/ Source: World Bank Report: Fiscal aspects of Decentralization, p. 45, 1973/74 data.

5/ Source: Tanzania Food and Nutrition Center, Data Report on Food and Nutrition situation. Volume II, Table 16.2.

6/ Source: Preliminary count 1978 census in Daily News, January 9, 1979.

7/ Source: Tanzania Food and Nutrition Center, Data Report on Food and Nutrition situation, Volume II, Table 26.2.

8/ Source: Ibid, Table 26.3.

A. ANALYTICAL DESCRIPTION OF THE POOR (CONT.'D)

From the data in Table I, from case studies, World Bank reports and the experience of the Mission, it is possible to present a composite sketch of a rural Tanzanian household. This sketch is included here to dramatize and personalize the state of the poor in this country. To what extent this household represents any given rural farm family remains to be determined, as the Mission gains increased baseline data as a result of its work with specific villages, districts and regions.

The household is headed by a farmer, whose cultivated holdings total about five acres each year. He, his wife, his five children and a few members of his extended family live in a mud and thatch, three-room house. The house is part of a registered village formed three years ago under the government's "Villagization" program. The plots that make up his farm are located at different sites and at considerable distance from the village. Typically, one plot is used for a crop for domestic sale, the additional two or three for food crops.

The farmer will be primarily responsible for land clearance and preparation, and then concentrate his on-farm time on his cash crop. His wife, with the help of children not yet lucky enough to be in school, will do the work on the food plots and help to weed and pick the cash crops. The family owns some goats and chickens, cooking and eating equipment, one raised bed, several sleeping mats and blankets. Each adult has a change of clothing. Farm implements are restricted to hoes, pangas, an axe and baskets; for farm power the family depends on its own muscle power.

A. ANALYTICAL DESCRIPTION OF THE POOR (CONT.'D)

The farmer and his family's life has been profoundly affected by the TanGov policy of villagization. Formulated in 1967, and implemented since 1972, the policy is the cornerstone of the government's philosophy of national self-reliance and equal opportunities for rural families. Villages were seen not only as the focal point for reaching the rural poor with services, technologies and political training, post-production activities such as storage, marketing and distribution, and locations for the wholesale and retail sale of commodities and agricultural inputs, but also as units of agricultural production.

Experience since 1972, however, has shown that primary production activities under traditional farming systems do not easily lend themselves to cooperative, group efforts. As recently explained to senior USAID/T staff, the TanGov is adopting a more pragmatic approach to villagization that recognizes that agricultural production can be more efficiently increased by the individual efforts of farm families.

Our Tanzanian farmer and his family were moved to their village two years ago. Although the family must now walk farther to reach their farm plots, this disadvantage is outweighed by a number of significant changes in their lives. Their village comprises some 400 families, and as a whole, is eligible to receive credit from the Tanzania Rural Development Bank. The farm families are expecting a loan for 60,000/- to purchase fertilizer and other inputs in 1979.

A new primary school has been opened in the village, and 60% of the village children are now attending school for the first time.

A. ANALYTICAL DESCRIPTION OF THE POOR (CONT.'D)

The farmer and his wife both attend weekly adult education and functional literacy classes and the Chama Cha Mapinduzi (CCM - TanGov's political party) runs political meetings that train villagers in Ujamaa concepts. Ujamaa is a Swahili word, meaning "familyhood." The word has been used to describe the cooperative nature of the villages.

The farmer's village is serviced by a maternal child care clinic, staffed by an MCH aide. For other medical services the family has access to a hospital in the district capital. The village has no nearby supply of potable water. Village women must walk 6 kilometers to a brackish stream; the water is often dirty and many villagers suffer from severe cases of gastro-enteritis. 1978 saw an outbreak of cholera that affected almost 50% of all Tanzania's villages. Afflicted villagers were treated by medical staff from the district hospital.

But 1978 was a good production year for the farmer and his family. After four years of drought from 1973-1976, Tanzania raised a bumper crop of maize through the National Maize Production Program. The rains were good, and the government raised farm gate prices; the farmer's family grew almost twice as much maize as the year before. However the village did not have sufficient go-downs (storage facilities), and a lack of fumigating chemicals meant that part of the village crop was spoiled. Worse, the heavy rains washed out part of the road from the village to the district capital, and only two lorries got through to get the produce to town.

6.

A. ANALYTICAL DESCRIPTION OF THE POOR (CONT.'D)

This typical farmer and his family are not exceptions. At time of writing some 15.7 million of Tanzania's rural population are living in one of the over 7700 registered villages already created by TanGov's Ujamaa policy. Villages are the focal point of Tanzania's development and political subdivisions. The country is divided into 20 regions, whose planning activities are coordinated by the Prime Minister's Office (PMO). The Regions are divided into a total of 96 districts, which, in turn are divided into about 600 wards. Branches of the CCM exist at all levels and in all villages.

Planning and implementation of decentralized development activities are undertaken by managers, at the ward and village levels, administrators at the district level and planners at the regional level. Some problems exist in staffing at the village and ward levels. As elsewhere in the Tanzanian economy, there is a critical shortage of trained personnel to fill village and ward manager and functionary slots. Where these slots have been filled, there is sometimes confusion, and even conflict between the roles of the managers and the CCM leaders. In fortunate villages a manager is selected by the CCM; he might be a middle school graduate with additional training at a Regional Ministry of Agriculture Training Institute.

The income of Tanzanian farm families vary from year to year. Lack of rainfall can be devastating, as in the drought of 1973/76.

A. ANALYTICAL DESCRIPTION OF THE POOR (CONT.'D)

In all years, however, highland farmers in areas of high rainfall and/or more fertile soil tend to have relatively higher incomes than their counterparts in the more arid lowlands. When mapping areas of relatively high, middle and low rural incomes, and comparing these with areas of varying levels of PQLI, a few inconsistencies are revealed, most notably in Ruvuma, a region of relatively low incomes and relatively high PQLI.

These inconsistencies highlight a problem common to all analysis of the Tanzanian economy, namely the very shaky data base. Except when otherwise referenced, statistics in this paper are taken from IBRD reports, which, themselves, admit to considerable lack of confidence in their accuracy.

An examination of Tanzania's annual budget reveals that TanGov recognizes distinctions between regional income distributions and has made increasing efforts to ensure that development budget funds are allocated to favor low income regions. Table 2 shows that in 1978/79 42.1% of regional development funds are allocated to the 8 low income regions, with only 29.3% going to the high income regions.

TABLE 2: Regional Development Funds Allocations

	Regions			Percent			
	No.	POP	72/73	73/74	74/75	77/78	78/79
Low Income	8	32.8	40.2	37.3	36.1	39.9	42.1
Mid-Income	6	33.6	31.7	30.9	27.8	30.5	28.7
High Income	6	33.6	28.1	31.8	36.2	29.7	29.3

Source: Annual Budgets

A. ANALYTICAL DESCRIPTION OF THE POOR (CONT.'D)

The Urban Poor

Comparing the data in Table I for Dar es Salaam to data from other regions gives an indication of the relative deprivation of rural to urban areas. The average income for Dar es Salaam in 1975 was 5 times higher than the average income in the region with the next highest income, Arusha. Despite the strong rural development policy in Tanzania, it is indicative of the relative well-being of some people in the city, that the number of jobless urban migrants increased ninefold between 1969 and 1975 and that the urban-rural differential is so large. The high PQLI in Dar es Salaam shows that people in the capital have easier access to public services than people in rural areas.

Although working people in the cities, notably in Dar es Salaam, are better off than their rural counterparts, a good many may still be classified as relatively poor. In 1975, for instance, about 30% of urban households earned less than 90% of the minimum wage. At time of writing, the minimum wage is 380/- per month. It should be remembered that less than 10% of the population are classified as urban dwellers.

B. WHY ARE POOR PEOPLE POOR? IDENTIFICATION OF THE CAUSES OF POVERTY

1. THE DEVELOPMENT ENVIRONMENT IN TANZANIA

Although many of the causes of poverty in Tanzania are the classical reasons found in LDCs - poor resource base, rural isolation, a low level of technology, insufficient well-trained

3. WHY ARE POOR PEOPLE POOR? IDENTIFICATION OF THE CAUSES OF POVERTY (CONT'D)

1. THE DEVELOPMENT ENVIRONMENT IN TANZANIA (CONT'D)

workers, poor infrastructure - some causes are unique to this country, while others assume special prominence in its special development environment.

For TanGov's villagization policy represents a unique experiment in social, economic and administrative development. And although its commitment to raising living standards for people through development programs is strong and unflagging, the alleviation of individual poverty is sometimes seen as secondary to the national goal of self-reliance and equality for all. An instance of this special problem may be found in TanGov's minimum wage policy, as viewed against labor productivity.

Despite the bumper food crop harvest of 1978, agricultural productivity in Tanzania is low, and declining. In 1965, subsistence agriculture's share of GDP was 24% and commercial agriculture's 21%; in 1978 the subsistence share declined to 21% and the commercial share to 17%. The reasons for these declines are outlined in a later section. It is noteworthy here that although the government fully recognizes the problem of low productivity, its recent raising of the minimum wage - a crucial part of its equity policy - will make it impossible to effectively absorb the under and unemployed into the labor force since remuneration bears little relation to the productivity of labor.

On the other hand, and equally special to Tanzania, is that although there is a split between the monetized and the traditional sector, it is not a condition in which the small monetized sector

B. WHY ARE POOR PEOPLE POOR? IDENTIFICATION OF THE CAUSES OF POVERTY (CONT'D)

1. THE DEVELOPMENT ENVIRONMENT IN TANZANIA (CONT'D)

is exploiting the majority. On the contrary, in financial terms, the traditional sector is receiving a proportionately larger share of national resources than it contributes. This, too, is the result of TanGov's egalitarian philosophy.

It must be stressed that the poor are not kept poor by public policies, nor by a lack of government dedication to try to render needed assistance. Rather, the challenge of trying to improve the economic conditions of the country's poor, which make up 90% of the population, is simply too demanding on available resources. For example, it is government policy to provide maximum prices to the consumer. Government is obliged to buy all food grains that the farmer is willing to sell and by doing this, attempts to provide a stable market outlet. Therefore, the National Milling Corporation - the Government entity charged with buying, transporting, storing and selling - must be subsidized.

The Government has also attempted to prevent a further development of two separate economies by: limiting imported consumer items; leadership policies which prevent accumulation of wealth and economic power of a few with political power; villagization programs which emphasizes rural development; decentralization of planning (but thus far only some of the programming and budgeting); and an education policy that stresses agricultural curriculum development and a policy that stresses the role of the individual as a member of cohesive social unit, the village. The main purpose of these

B. WHY ARE POOR PEOPLE POOR? IDENTIFICATION OF THE CAUSES OF POVERTY (CONT'D)

1. THE DEVELOPMENT ENVIRONMENT IN TANZANIA (CONT'D)

policies is to encourage participation in rural development, prevent urban migration, and to modernize the backward rural economy and to provide broad access to essential social and economic services.

While the government has effected and implemented, albeit to a limited degree, policies to raise living standards of the majority of the people; brought women actively into the development process; promoted equity with growth, and, more, the task remains monumental. The poor are poor because Tanzania has a weak resource base and a weakening macro-economic situation.

2. MACRO-ECONOMIC SITUATION

As implied above, Tanzania's economy is heavily tied to agriculture, which in 1973, according to the World Bank, accounted for only about 40% of GDP (including the value of subsistence production.) This is a surprising statistic in view of the fact that over 90% of the population are engaged in agriculture and that two-thirds of Tanzania's foreign exchange earnings are derived from the export of traditional cash crops, (including coffee, tea, cashew nuts, cotton, cloves, sisal and pyrethrum), whose production has been declining.

The country's GDP is reported to have increased by an estimated 5% per annum to \$3 billion after recovery from the severe depression in 1973-76, which was caused by a combination of drought and agricultural production problems, the rise in oil prices, and the relocation of large numbers of the population into villages. Yet Tanzania's per capita GDP has increased in real terms by only about 1.4% per year over the past 10 years. Per capita income in 1978 was estimated to be \$189.

B. WHY ARE POOR PEOPLE POOR? IDENTIFICATION OF THE CAUSES OF POVERTY (CONT'D)

2. MACRO-ECONOMIC SITUATION (CONT'D)

Commercial agriculture's decline is important considering Tanzania's dependence on traditional cash export crops that account for about 70% of total export and production. In 1977, output increased by 5.4%, down from the 6.2% growth rate in 1976. Power failures, transportation bottlenecks, shortage of construction materials, machinery breakdowns, shortages of trained personnel, lack of labor discipline, and marketing problems all contribute to decreases in output in a number of parastatal organizations. This has adversely affected GDP growth and diminished government's ability to finance development projects to assist poor rural families.

Tanzania's foreign exchange situation remains precarious. Imports exceeded exports in 1977 by some \$180 million. FX holdings at the end of 1977 were \$250 million, but were half that 8 months into 1978. The TanGov is currently negotiating with the IMF for balance of payments relief support. Moreover, the current Uganda-Tanzania border dispute is expected to impinge even more severely on the economy and foreign exchange holdings. The breakdown of the East African Community in 1977, may have adversely affected a few sectors of the economy, notably the ability of the Port at Dar es Salaam to fully utilize its capacity. The foreign exchange position was exacerbated by the prolonged drought on 1973-76 which forced Tanzania to import large quantities of food crops.

E. WHY ARE POOR PEOPLE POOR? IDENTIFICATION OF THE CAUSES OF POVERTY (CONT'D)

2. MACRO-ECONOMIC SITUATION (CONT'D)

In keeping with its policy of self-reliance, TanGov at first insisted on paying for this food with its scarce foreign currency. As the drought did not abate, however, the Government was finally forced to ask for food aid from the U.S. and others.

The weak foreign exchange situation has a number of interfaces with the life of the typical poor farmer family. Importation of necessary agricultural inputs must be restricted. Less directly, a decline in the import of vehicles, spare parts and gas on the one hand, and road upgrading and maintenance equipment on the other, increase the isolation of the farmer's village, thereby reducing its access to goods and services and limiting the sale of farm produce.

3. AGRICULTURAL PRODUCTIVITY

The subsistence farm family is handicapped in a variety of ways that will make it almost certain they will not increase their production unless changes in technology and incentives are successfully introduced and sustained. Eighty-three percent of Tanzania's 2.5 million farm holdings are less than two hectares in size.

Although much of the arable land appears unused, it is actually held in fallow under complex rotation regimes characteristic of slash and burn agriculture. Of the farmers with two hectares or less, about two-thirds cultivate mixed stands in which maize and plantain predominate in the inter-cropping system. With an average of about five household members, and at reported low levels of

B. WHY ARE POOR PEOPLE POOR? IDENTIFICATION OF THE CAUSES OF POVERTY (CONT'D)

3. AGRICULTURAL PRODUCTIVITY (CONT'D)

productivity even in normal rainfall years, the typical small holding of 1.2 hectares can offer only limited amounts of its production for sale. Consequently, the supply of surpluses needed to feed an increasing market-dependent population remain primarily dependent on the weather.

Moreover available surpluses are specific to a few regions with more favorable agro-ecological conditions and there is little effective demand in most food deficit areas, especially during adverse crop years. Small holder agriculture, using traditional slash and burn techniques with inter-cropping, is extremely labor intensive. With little use of animal power or mechanical traction, farm work is slow and tortuous.

Yet the quantity of labor, along with the weather, is the most important determinant of agricultural production. Given the limits to extension of land use as well as the high investment, foreign exchange and maintenance costs of capital intensive technologies, assistance interventions must focus on simple labor saving technologies which increase the productivity of labor.

However, farmers have had only limited access to improved seeds and appropriate research results as well as equally limited access to markets, despite government efforts to dramatically increase those services to farmers. These constraints severely limit farmers' productivity and their ability to enter the commercial sector by selling food surpluses.

3. WHY ARE POOR PEOPLE POOR? IDENTIFICATION OF THE CAUSES OF POVERTY (CONT'D)

3. AGRICULTURAL PRODUCTIVITY (CONT'D)

Low labor productivity is therefore a major factor contributing to urban and rural poverty in Tanzania. The urban poor cannot obtain the quantity of food they need at prices they can afford, while the rural poor cannot raise the surpluses they need to sell to increase their incomes.

4. PHYSICAL CONSTRAINTS

Tanzania is not well endowed with exploited mineral resources^{6/} (it is completely reliant on oil imports, for example). Other impediments to its development include erratic rainfall patterns and shortages of irrigation and drinking water, the latter having to be fetched (usually by women) from considerable distances, which cuts into labor time that otherwise could be used more productively on the farm. Only some 55% of Tanzania's surface area is arable and large potentially fertile areas are infested with tsetse flies which inhibit human and animal habitation. Large parts of the country have insufficient rainfall for agricultural production. These problems are aggravated by an inadequate transportation system (principally main and access roads) which leaves much of the country virtually inaccessible during the rainy season, and impedes the flow of needed inputs and services to farming areas.

Another major cause of poverty in Tanzania, therefore, is the physical isolation of the poor; a fact recognized and partially addressed by TanGov's villagization program.

^{6/} However recent exploration initiatives indicate substantial deposits of uranium, gold and coal which may be commercially exploited in the future.

B. WHY ARE POOR PEOPLE POOR? IDENTIFICATION OF THE CAUSES OF POVERTY (CONT'D)

5. LABOR FORCE

Poverty in Tanzania is difficult to tackle, since there is a shortage of adequately trained change agents in the field. There is a shortage of rural managers at the village, district and regional levels. Farmers are largely untrained; so are wage-earners. As a result there is much under and unemployment among the poor males of the labor force, a condition in sharp contrast to the position of women who, if anything, are overemployed.

Women play a crucial role in the subsistence economy and they do most of the cultivation. In addition to carrying water, they collect firewood, thresh and pound grain, cook, clean, wash and teach cultural values to their children. Unfortunately, agricultural outreach activities (as weak a link in the productivity chain as they are) do not, as a rule, involve women directly, although women make crucial decisions in food crop production regarding what, where and when to plant. Nor do women not share equitably in the fruits of their production.

The problem stems from hundreds of years of cultural patterns ingrained in the rural society, and not from the lack of government interest in increasing women's opportunities. The Government policy toward women is that they are equal to men. Projects and campaigns have been undertaken to raise the level of national awareness about the importance of women in the society. Doubtless, this will be a time-consuming effort, just as in western countries. An example of disparities between men and women is in the wage earning sector where women comprise only about 9% of the total labor force while their earnings constitute only about 4%.

B. WHY ARE POOR PEOPLE POOR? IDENTIFICATION OF THE CAUSES OF POVERTY (CONT'D)

6. TANGOV'S VIEWS ON THE NEW INTERNATIONAL ECONOMIC ORDER

Tanzania is a vocal supporter of the concept of a new international economic order. The country is a primary product producer and it believes it does not receive a fair return for sales of its products abroad. In turn, it feels discriminated against when it has to buy finished products from abroad. (Tanzania is acutely sensitive to oil price rises). There is also a philosophical belief that the developed world, with the US in the lead, should take the initiative to right the wrongs and inequalities in the present international economic structure. Tanzania is also calling for a stronger voice for LDCs in international monetary organizations; for a compensation of the poorest countries which suffer disasters; for deliberate introduction of industrialization in poor countries; lifting of trade barriers; and a transfer of resources from rich countries to poor ones on reasonable terms.

C. PROGRESS AND COMMITMENT

The social and economic development trends during the initial years following independence in 1961 were disappointing to the country's political leadership. Five interrelated trends were noted.

- (i) Growth of an indigenous urban elite and widening of urban-rural income differentials;
- (ii) Relative neglect of broad-based rural development;
- (iii) The beginnings of a socio-economic differentiation (class-formation) among peasants;
- (iv) Evolution of an inappropriate system of education;
- (v) Emergence of an attitude which associated development solely with finance.

C. PROGRESS AND COMMITMENT (CONT'D)

A reassessment of fundamental development objectives and strategies was made in 1967 and articulated in the Arusha Declaration. The new priorities of social and economic policy were laid down in the following concepts.

(i) Socialism state control over the major means of production, absence of exploitation, and egalitarian income distribution and participatory decision-making;

(ii) Rural and agricultural development;

(iii) Self-reliance in national and local development effort;

(iv) Education for self-reliance;

(v) Economic equity with growth.

To accomplish these aims the Arusha Declaration was emphatic that the Government, with guidance from the Tanganyika African National Union (TANU), should play a central role. Among the major institutional changes made were the nationalization of large-scale industry, commerce and finance in the late sixties, the creation of numerous parastatal bodies, the movement to create Ujamaa villages characterized by communal ownership and production, the 1972 decentralization of Government, and in later years the mass campaign of villagization. The results of these and related actions through 1978 can be grouped and summarized as follows:

1. INCOME DISTRIBUTION

First, Tanzania took a series of steps which were largely successful in preventing the emergence of an indigenous urban elite reaping high incomes from industrial, commercial and residential capital. Second, while the highest levels (perhaps the top 2-3 percent) of urban salary

C. PROGRESS AND COMMITMENT (CONT'D)

1. INCOME DISTRIBUTION (CONT'D)

earners suffered significant declines in post-tax real income, the remainder of the upper-income job holders retained their relative income share. Third, among Tanzania's rural smallholders, those in high-income regions tended to achieve small increases in real incomes, while those in the poor regions suffered significant declines, as they bore the brunt of the after-effects of the droughts and the temporary dislocations due to the villagization programs. However, this disequalizing tendency was counterbalanced by a significant egalitarian trend in the distribution of certain public services, notably primary education. Fourth, the disparity in average real income between rural smallholders and urban wage-salary earners stopped increasing, but did not diminish in any appreciable way. Finally, this continuing gap in urban-rural living standards, along with other factors, fuelled a rural-urban migration which increased the rate of urban unemployment and expanded the low-income informal sector.

2. RURAL DEVELOPMENT

Villagization facilitated the rendering of public services, particularly in education, and will probably have other long-term positive effects. Inadequate planning and hasty implementation, however, led to poor site selection for some of the new villages and to disruption in production. In many instances it also fostered a dependency ethic among the rural population. The acceptance of collectivization was slight; communal plots account for only a small percentage of village output.

C. PROGRESS AND COMMITMENT (CONT'D)2. RURAL DEVELOPMENT (CONT'D)

Since 1967 agricultural production has expanded at a rate no greater than population growth. This is not merely a function of declining agricultural output in the drought years of 73-76, but was true for the pre-drought years as well. This is reflected in the following statistics:

TABLE 3Average Annual Growth Rates of Agricultural Production

	<u>1966/67</u>	<u>1967/70</u>	<u>1970/73</u>	<u>1974</u>	<u>1975</u>
Subsistence production	5.2	0.2	4.5	+2.2	10.5
Monetary production	2.7	5.6	0.5	-4.6	2.0
Total production	4.0	2.7	2.6	-3.3	6.6

Even more critical was the stagnation of Tanzania's agricultural exports. From 1965-67 to 1971-73 the total volume of Tanzania's six primary exports (cotton, coffee, sisal, cashewnuts, tea and tobacco) actually declined by 5%. By 1975 Tanzania was exporting 21% less of these commodities than the average of ten years before.

There are a number of reasons for this: prices for certain commodities, notably sisal, declined sharply on the world market, and plantations were consequently allowed to fall into disuse. Further, TanGov specifically put strong emphasis on food crops in its development plans, raising producer prices, most recently of sorghum and millet, which are primarily grown in areas where farmers are poorest.

Serious constraints in agriculture arise from weakness of the Government institutions and support services. The defects of the

C. PROGRESS AND COMMITMENT (CONT'D)

2. RURAL DEVELOPMENT (CONT'D)

research and extension services and the input supply and marketing systems have been singled out for criticism by the Tanzanian authorities themselves. Since 1975 the Government has shown increasing pragmatism in the execution of policy in the agricultural sector, which augurs well for the future.

3. ECONOMIC GROWTH

Tanzania has maintained steady economic growth since 1964, with real GDP increasing at an average rate of about 4.5%. The policy of achieving and then maintaining a high rate of investment has been pursued with tenacity despite the setbacks in terms of droughts and unfavorable terms of trade. Gross domestic investment as a proportion of GDP increased from less than 15% in 1965 to over 20% in the early seventies, where it has held steady since. However, the growth performance was characterized by a number of disquieting trends which had become apparent even before the onset of the economic crisis in 1973.

First, the sectoral pattern of growth increasingly favored services, especially public administration, at the expenses of agriculture and industry. Thus, gross material product (GMP) has grown at a significantly slower rate than GDP in recent years:

TABLE 4GDP and GMP 1964 - 1975

	<u>1964/67</u>	<u>1967-70</u>	<u>1970-73</u>	<u>1974</u>	<u>1975</u>
GDP (% p. a.)	6.4	4.3	4.7	2.2	4.6
GMP (% p. a.)	6.8	4.3	4.0	-0.3	3.1

C. PROGRESS AND COMMITMENT (CONT'D)

3. ECONOMIC GROWTH (CONT'D)

Even in terms of the GDP trend, the record is not impressive for an economy investing about 20% of its income. There has been no acceleration of GDP growth in response to the increase in the rate of capital formation since the mid-sixties. As a consequence, the gross incremental capital-output ratio (ICOR) for the economy displayed a marked upward trend (meaning that new investment was generating a relatively lower annual output).

Three reasons can be put forth for this modest yield on aggregate investment. First, the composition of investment during this period was tilted in favor of typically high-ICOR, long-gestating infrastructure sectors. The TAZARA railroad was the single most important investment. The directly productive sectors of agriculture, manufacturing and mining received less than a quarter of all fixed investments. Secondly, GDP growth during this period was constrained by the declining efficiency of resource use in the non-agricultural sectors. There is, for example, a recognized decline in factor productivity in manufacturing. Finally, a dominant reason for the modest yield on investment in the sluggish performance in the key sector of agriculture.

4. HUMAN RIGHTS

Tanzania has so far given more emphasis to economic rather than political rights. It is Tanzania's view that economic rights must be given precedence until an egalitarian, socialist society is firmly established. Its approach to human rights is from the point of view of what is best for the society as a whole, rather than from a

C. PROGRESS AND COMMITMENT (CONT'D)

4. HUMAN RIGHTS (CONT'D)

traditional liberal concern about the rights of the individual. The Tanzanian Government considers that it has a strong humanist responsibility towards its people and identifies the major freedom as freedom from want and hunger. As documented elsewhere in this report, the Government places strong emphasis upon socio-economic egalitarianism, including achieving greater urban-rural equity through emphasis on rural development, and it has enjoyed some measure of success.

By US standards, there are some significant shortcomings in Tanzania's performance in the area of rights of the individual and free political expression. Tanzania has a tightly controlled, one-party political system that stresses mass support for its policy of Socialism and Self-Reliance. There is little room for opponents of these policies.

Tanzania is, however, appreciative of the importance of political and personal freedoms, even though it sees them as luxuries that cannot yet be fully afforded. Recent government actions, including the release of at least 59 political detainees during 1978, are indicative of this sensitivity. Tanzania is by no means a police state. The writ of habeas corpus exists in Tanzania and confessions obtained in the presence of policemen are inadmissible as evidence in a court of law. There is freedom to criticize government administration of national policies.

D. HOST COUNTRY DEVELOPMENT PLAN

In a discussion of the country's development plan, it is important to stress that in Tanzania - as perhaps in no other country that AID assists - there is an extremely close correspondence between the policies of the host government and those of AID in the provision of assistance to the poor majority.

1. PLAN CONTRIBUTIONS TO EQUITABLE GROWTH

The Plan is directed toward bettering the condition of the population. Its objectives are: (1) to improve living standards; (2) to build self-reliance; (3) to develop collective and cooperative economic efforts; and (4) to increase economic cooperation with other African countries.

A principal national effort for development is being centralized in villages. Villagers are encouraged through the provision of limited assistance resources to work cooperatively to strengthen their self-reliance and to create the material and social improvements necessary for an amelioration and betterment in their living conditions.

The plan emphasizes reaching self-sufficiency in food crops by 1981 and the better use of production both for internal use and for export to earn foreign exchange. Primary industrial development is also stressed. High priority is given to development of technical and scientific education; provision of adequate water and electricity for industries; strengthening transportation and communications; building storage for crops; provision of primary education for all school age children; provision of clean water and dispensaries both in rural and urban areas; completion of village planning and

D. HOST COUNTRY DEVELOPMENT PLAN (CONT'D)

1. PLAN CONTRIBUTIONS TO EQUITABLE GROWTH (CONT'D)

construction of adequate village housing.

The growth rate is planned to be an average of 6% per year during the plan period. Monetary GDP is expected to increase at the rate of 6.75%; and the subsistence GDP at a rate of 3.9% per year.

The plan is expected to benefit primarily the low income group which comprises 90% of the population. The chances of fully meeting all the plan's goals are likely to be minimal, but there is reason to believe that reasonable progress can and will be made.

2. PLAN ATTAINMENTS

The two preceding plans fell short of attaining the planned 6.5GDP growth rate by 2% and real per capita income increased by 2.1% instead of the 4% planned. The reasons for not meeting goals were varied and included an increase in the birth rate, low agricultural production due to severe drought conditions, losses in revenue from export crops, rises in import prices (particularly for petroleum products), the receipt of less foreign assistance than was expected; and the pervasive shortage of trained manpower.

The goal of reaching self-sufficiency in certain basic food crops such as corn, cassava, millet and sorghum is attainable. However, whether the domestic production crops will meet nutritional requirements is still to be determined.

The opportunities for successful implementation of the plan rests on strengthened coordination between government and parastatals and the villagers. In the agriculture sector in particular, research, seed multiplication, credit, marketing and transportation are not solidly interconnected.

B. HOST COUNTRY DEVELOPMENT PLAN (cont.)

3. PLAN GOALS AND PRIORITIES

The plan emphasizes the importance of meeting the basic needs of the people, and self-sufficiency in food production by 1980 is proposed. Specifically, the plan calls for the production of 1.2 million tons of maize (the staple crop); and .9 million tons of other cereal crops. Present annual production of maize is about 500 thousand tons. The target for rice production is 315 thousand tons by 1981; the present production level is 200 thousand tons annually. Sugar production for both domestic and export uses is targeted at 280 thousand tons annually by 1981; wheat at 70-80 thousand tons; oil seeds, 725 thousand tons; and legumes, 220 thousand tons.

Clean and potable water is to be provided to 1.5 million additional Tanzanians every year, through the construction of dams, wells and shallow wells to provide permanent source of water. In-country production of pumps, is also envisaged.

Housing is described as the second most basic need of the people, and the plan envisages both qualitative and quantitative improvements in national housing. Housing parastatals will provide loan funds for the construction of about 40 thousand houses during the plan period. Housing for both rural and urban workers is considered critical.

The plan also calls for an increase in textile production to meet clothing demands and reduce imports. Four additional textile plants are planned, to produce 200 million square meters of cloth by 1985, using domestic cotton and synthetics.

D. HOST COUNTRY DEVELOPMENT PLAN (cont.)

3. PLAN GOALS AND PRIORITIES (cont.)

In the health area, every village in Tanzania is scheduled to have a health station by 1981. (There are approximately 8,000 villages in the country). These health stations would be equipped with rudimentary health supplies and equipment. In addition, it is anticipated that some 2,000 dispensaries, each catering to about 7-10 thousand people and staffed with rural health and maternal and child health aides would be constructed by plan's end. It is envisaged that by 1981 that a total of 2,800 rural medical aides will have been trained along with 1.4 thousand assistant health officers. An assessment of the country's health needs and facilities is currently under way, principally funded by NORAD, the Norwegian foreign assistance agency.

Manpower training, recognized as a key impediment to development, has a high priority in the plan, and some 95 thousand people are to receive training by 1981. Of that number, about 8 thousand will be university graduates to be posted to professional and top administrative posts, and about 29 thousand will be trained to fill middle level cadres. Fifty-eight thousand secondary school graduates will be selected to undergo training in skill areas such as mechanics and construction work and as low-level clerical personnel.

Poor transportation facilities for the movement of local production is seen as a severe constraint to the attainment of development ends, and the plan calls for improving rail service, the establishment of a flight

D. HOST COUNTRY DEVELOPMENT PLAN (cont.)

3. PLAN GOALS AND PRIORITIES (cont.)

information center, massive improvement in the country's airports; improvements to the rapidly deteriorating primary road network, and improvements to ports and harbors.

E. ABSORPTIVE CAPACITY

There are three main constraints in the economy which inhibit absorptive capacity and hence limit the environment in which USAID/T aims to assist TanGov in reaching the rural poor through villagization. These constraints are financial, human and physical; they are inter-linked, and equally important.

1. FINANCIAL CONSTRAINTS

The recurring costs of development and ordinary administrative expenditures continue to mount and are beyond the capability of the government to finance. In the 1978/79 budget, total expenditures will exceed planned revenues by some \$705 million. While planned domestic financing (borrowing) would reduce that deficit by about \$230 million, there remains a gap of \$475 million, which is to be made up through foreign assistance.

The spiraling increase in recurrent costs is, in part, an outgrowth of the commendable effort to increase social services and improve the income and living conditions of the poor majority. Growth of Tanzania's services sector - mainly Government services - has continued to outpace growth in the agricultural and industrial sectors. Further, Tanzania's parastatal-operated industries and service organizations are

E. ABSORPTIVE CAPACITY (CONT'D)

1. FINANCIAL CONSTRAINTS (CONT'D)

not generating adequate income. Lack of work incentive is part of the problem in the restraining environment in which parastatals must operate. The Government's great concern with inefficiency is reflected in the 1977 decision to let the national trucking parastatal go bankrupt. More recently, steps were taken to reduce overstaffing in some parastatals, and there are indications that wider use of piece-rate wages and other work incentives are being considered.

Domestic resources, when supplemented by extensive foreign grant (to cover a major part of the development budget), can be considered adequate. However, extensive investments will continue to be necessary to pull the country out of its present stage of under-development but lack of recurrent expenditure will be a problem each step of the way.

2. HUMAN CONSTRAINTS

The World Bank in 1977 stated that "the current system of weak incentives, diffuseness in identifying objectives and responsibilities and sporadic shortages of key inputs" were critical problem areas. These problems are compounded by the shortage of trained manpower, particularly of management people in "virtually all organizations of the Government and parastatals."

Although there are a number of training facilities in the country (sometimes even overlapping in function, when an agency prefers to establish its own facility, rather than share that of another), there is/an acute and chronic shortage of trainers to staff these facilities and hence to train the technical and administrative personnel needed to effectively implement the development plan.

/ both

E. ABSORPTIVE CAPACITY (CONT'D)

2. HUMAN CONSTRAINTS (CONT'D)

There is also, not surprisingly in view of TanGov's political philosophy, a shortage of entrepreneurial expertise. Nearly all business activities are undertaken by foreigners, notably Asians.^{7/} This situation does not provide a fertile environment for investment opportunities to be fully exploited.

However, groups like the Kilimanjaro coffee growers evidence considerable entrepreneurial skills, and TanGov recognizes the need to encourage and reward initiative. Producer prices have been increased to provide incentives for increased agricultural production and processing, and local investment in small-scale industries is now actively encouraged. The Government has also shown a willingness to consider joint ventures with foreign firms in sectors of production where the special technological and managerial expertise of foreign firms is needed.

3. PHYSICAL CONSTRAINTS

As a whole, the country has only 33,400 kilometers of roads, of which only 10% are all-weather roads. (This compares ^{with} 168,000 kilometers of roads in smaller Kenya.) USAID/T estimates that only a very small number of farm families live within a day's walk of the nearest passable access road. Those Tanzanian roads that do exist are poorly maintained; this, too, works against the small farmer, as transport costs rise dramatically as the standard of road declines.

As a result, areas without paved roads are effectively isolated from their markets through much of the year. Even if penetration is physically possible, the wear and tear on transport equipment discourages

^{7/} It must be noted that some Asian businessmen are also Tanzanian citizens.

E. ABSORPTIVE CAPACITY (CONT'D)3. PHYSICAL CONSTRAINTS (CONT'D)

truckers. To ship maize from one of the fertile areas of Tanzania, the 800 miles to the Dar market, costs as much as to bring it from New Orleans! The same problem exists with inputs supply. As a result many fertile areas are vastly underutilized.

The extension of two-land roads to various regions is of highest priority, as is the building of village-to-market roads linked to them. Maintenance of new and existing roads is equally important. Without such roads, we can forget about affecting the lives of ^{of} many/the poor majority in any significant way.

F. OTHER DONORS

The magnitude of foreign grants and loans in the GDP has grown from less than 1% ten years ago to nearly 8% today. The foreign assistance component, which this year comes to about \$475 million, now accounts for nearly 70% of the development budget. High as this figure is, it is probably understated, since the contributions of private voluntary agencies are not included.^{8/}

^{8/} For tables on Tangov Expenditures and Allocation of Development Funds by Sector, 77/78 and 78/79, and detailed discussion of budgets, please see Airgram TOAID A-09, Subject: Section 102D, Progress and Commitment Data, 1/16/79.

F. OTHER DONORS (CONT'D)

Current disbursement levels and areas of concentration of the major donors are indicated in Table 6.

TABLE 6Major Donor Activities

<u>Country</u>	<u>Estimated Annual Assistance Level</u> <u>\$ Million</u>	<u>Areas of Major Concentration</u>
World Bank	90	Macroeconomic support; cash crops.
Sweden	80	Capitalization of development banks, water, power, forestry.
Netherlands	60	Industry (primarily sugar and cement), agriculture, civil aviation.
W. Germany	50	Regional development, technical schools, transport, roads.
Norway	40	Power development, maritime development and fisheries, roads.
Canada	30	Railways, harbors, wheat.
E.E.C.	30	Industry (cannass mill and textiles), regional development, roads.
Denmark	20	Industry, health.
U.S.	20	Agriculture, health.
Finland	10	Forestry, water, minerals, roads.

As shown, USAID/T - a "minor" donor compared with some others in terms of total dollar assistance - is the major donor for agricultural food crops.

Grants rather than loans are becoming increasingly the rule.

F. OTHER DONORS (cont.)

Twenty-seven countries, in addition to numerous private and international agencies, have in recent years extended some form of grant assistance to Tanzania. Canada, Denmark and Sweden recently cancelled all repayments on the outstanding balances of their loans to Tanzania, which totalled over one hundred million dollars. As to loans, the largest single project (about \$330 million) was the construction of the TAZARA railroad, which was financed by the People's Republic of China. The World Bank is now practically the only donor providing loan financing.

The coordination of donor aid is effected by Tanzania at the Prime Minister's Office and the Ministry of Finance and Planning. Coordination among the donors themselves, particularly in agriculture, has only recently been given greater emphasis, primarily at the initiative of USAID/Tanzania. Important topics include (1) regional development models; (2) roads, water, and manpower training; and (3) alternatives to assisting Tanzania in overcoming problems regarding absorptive capacity.

PART II: STRATEGYA. OBJECTIVES

1. TANGOV AND AID OVERALL DEVELOPMENT POLICY OBJECTIVES

As stated above, there is a unique correlation between the development objectives of TanGov and AID. Both institutions, while espousing very different philosophies, have as their primary objective the betterment of the quality of life of the poor majority. The Tanzanians pursue this objective for purposes of national self reliance and egalitarianism while the U.S. is concerned with the raising of individual well-being. The process of achieving these objectives, however, is identical. Both institutions wish to design and implement projects that have a direct impact on those members of society that need the most help. USAID/T strategy, therefore, can be succinctly stated as a strategy in support of a process to be fostered by both the Prime Minister's Office and by National Institutions: i.e., TanGov's decentralization process that aims to bring development directly to the poor in Tanzania's villages. Tanzania's experiment in Ujamaa socialism stresses the importance of egalitarian growth. There is to be no exploitation and no group is to be allowed to lag behind in the nation's development. It is clear that this policy will cause that national development to be relatively slow and undramatic. A further implication of this policy is that production increases will come by reducing the isolation of small farmer recipients through the two means of villagization and decentralization.

TanGov's decentralization process, and USAID's support of it, are still nascent. Policy objectives are far ahead of rural realities and implementation capabilities. Although the Prime Minister's Office (PMO)

A. OBJECTIVES (cont.)

1. TANGOV AND AID OVERALL DEVELOPMENT POLICY OBJECTIVES (cont.)

is already established as the control point of Tanzania's regional, district and village level development effort, so far only 10% of the total development budget had been allocated to the PMO. Since 1977 donors have been requested to increase their support of regional projects; until then TanGov policy was to restrict foreign aid to central projects with only few (e.g. Masai livestock project) exceptions.

2. USAID/T ASSISTANCE STRATEGY GOAL

USAID/Tanzania's strategy objective is to parallel that of TanGov in providing a mix of development assistance, comprising a) continued aid at the national level in support of decentralization and village outreach efforts as well as projects that directly benefit specific target groups and b) increased aid to regional, district and village level programs managed and coordinated by the PMO. The Mission's development assistance goal is: "To assist the Government of Tanzania to accelerate the transfer and adoption of appropriate and improved technologies, services and systems to the rural poor." For two reasons the key word in this goal statement is "adoption". First, it implies that Tanzania's rural poor - especially its small-scale farmers - are rational and, therefore, will not adopt a technology or avail themselves of a service if they do not perceive that it will make them better off. Second, it is much easier, quicker and less costly to measure rates of "adoption" than changes in rural incomes, welfare or well-being; and profiles of adopters and comparisons to non-adopters on the basis of assets or other proxies for incomes, have more significant program and policy implications than data typically generated

A. OBJECTIVES (cont.)

2. USAID/T ASSISTANCE STRATEGY GOAL (cont.)

from costly and time consuming farm or household budgets.

The Mission's long range development goal is based on our desire to a) building on to the existing program that has given us a comparative advantage and modality in our assistance in food crops, livestock and health; b) respond quickly and appropriately to TanGov expectations and requests; c) integrate our assistance with TanGov's decentralization and villagization efforts; and d) to coordinate our assistance with that of other donors. These desires, coupled with the Mission's development goal will necessitate an examination of our on-going program and a careful scrutiny of new projects that will give our strategy the focus outlined above.

B. AID ASSISTANCE STRATEGY

1. SPECIFIC AREAS FOR USAID/T ASSISTANCE

The poor majority - predominantly small farmer families - are the target of our assistance strategy. The poor are everywhere in rural Tanzania, and even a relatively high per capita income of \$287 p.a. does not buy very much for its recipients. There is therefore no geographic limit to our potential areas of involvement.

However, in terms of functional areas, USAID/T's assistance at the rural, village level will in the short run concentrate on the Arusha Region by working in approximately 100 villages in three of its six Districts at the specific request of TanGov. Additionally, we will continue to implement as well as seek out other geographic areas where inter-linking our efforts at the national level to a specific target group makes best sense. Our MCH Aide and Ag Credit projects are already nationwide projects

B. AID ASSISTANCE STRATEGY (cont.)

1. SPECIFIC AREAS FOR USAID/T ASSISTANCE (cont.)

that carry our assistance efforts to the poor in all regions of the country. Other projects, such as Ag Research, may have to be re-designed to add an outreach component.

In sector terms, our assistance, especially in the short run, will continue to focus primarily on agriculture and health, in view of our comparative advantage in these areas. However, Tanzania must develop all sectors simultaneously and at all levels, if its attack on poverty is to be successful. Failure to do so - to build trunk and farm-to-market roads, for example - would cause the whole development effort to lag. It is therefore USAID/T's intent to fund projects that strengthen infrastructure and institutions at decentralized levels that are essential to support small farmer development. In this connection, our future interest in capital development projects in roads and potable water is outlined in Part III of this paper.

Overall, our program will try to change not content, but focus. Each and every USAID/T activity will be continuously re-examined to ensure that it either directly affects intended beneficiaries, or, if it is channeled to them directly through national institutions, to ensure that the result of that activity will reach small farmers and their families by the addition of appropriate outreach components. Depending on area sector or level of outreach projects, the outreach components will be staffed by either U.S. contractors, Tanzanian extension agents or a combination of both. Specific conditions will determine what mix of staffing makes most sense. In the future, it may be possible to use

B. AID ASSISTANCE STRATEGY (cont.)

1. SPECIFIC AREAS FOR USAID/T ASSISTANCE (cont.)

Peace Corps Volunteers in this role.

Specifically, our program will attempt to bring about at least the following changes:

a. Agriculture

. agricultural research that focuses directly on small farming systems and technologies which increase returns to labor or reduce risks and effort. This will include research on mixed stand cultivation and integrated livestock/crop systems, and results will be effectively communicated to target beneficiaries.

. agricultural marketing projects will give major attention to traditional and other non-institutional marketing arrangements and the types of interventions which will improve on these to best support the efforts of the National Milling Corporation. The Mission anticipates a request for assistance to identify appropriate pricing policies so as to increase and maintain producer and trader incentives.

. agricultural credit assistance will support decentralization effort, so that credit can more effectively address credit requirements at village levels. Much greater emphasis than in the past will be given to those who do not use credit, their reasons, and implications for lending and other assistance policies.

. agricultural input projects will concentrate on appropriate labor-saving technologies particularly those which reduce women's burden in farm work.

. training/extension projects will have components that respond

B. AID ASSISTANCE STRATEGY (cont.)

1. SPECIFIC AREAS FOR USAID/T ASSISTANCE (cont.)

a. Agriculture (cont.)

to identified problems and needs of small farmers. Attention will be given to what it really is that can be extended that is relevant to small farmers. These needs will also provide the focus for establishing overseas training priorities.

. soil erosion is a pervasive and persistent problem which must be addressed, possibly in the context of integrated watershed development projects, focusing also on appropriate farming systems on hillsides and contours. Agroforestry - the inter-planting of trees and crops - may lead to possible solutions.

. an information and monitoring capability will be established which will yield significant and useful information at least cost with minimum time and effort. An essential component of required baseline studies will be data on questions about the characteristics poor; regional variations and their causes; the institutional arrangements surrounding land use; changes resulting from villagization; and, their effects on productivity and village life.

b. Health

Tanzania is afflicted with numerous exotic tropical diseases such as sleeping sickness, river blindness, schistosomiasis, malaria and leprosy. Still, the major killers are the common diseases of childhood and diseases associated with poverty. Most diseases of poverty derive from contaminated water and poor sanitation, further compounded by malnutrition. To deal effectively with these diseases requires an integrated

B. AID ASSISTANCE STRATEGY (cont.)

1. SPECIFIC AREAS FOR USAID/T ASSISTANCE (cont.)

b. Health (cont.)

multisectoral campaign to identify the needy and develop comprehensive preventive services for them.

The principal donors in the health sector (the Scandinavian countries, USAID and UNICEF) are presently collaborating with the Ministry of Health in undertaking a comprehensive inventory of health sector resources. This is to be followed by a thorough evaluation of health sector needs and planning of future initiatives, including the respective roles of donors. The evaluation is expected to be completed before the end of 1979, and the future involvement of each donor, including USAID/T, will be guided by its recommendations. We can, however, give an overall picture of our health assistance strategy at this time.

To date we have supported basic rural health services by the training of Maternal and Child Health Aides throughout the country. This support is scheduled to continue until July 1982, and will be complemented by our involvement in the establishment of a national program to provide regular continuing education to all health workers, especially rural paramedical personnel. We may also become involved in a national program for the training of Village Health Workers. We are participating in Tanzania's observance of the International Year of the Child by collaborating with the Ministry of Health and the Ministry of Education in the phased development of a national school health project to address the needs of school children and their pre-school siblings.

Apart from smaller projects which are centrally funded or developed as specific targets of opportunity presented themselves, the

B. AID ASSISTANCE STRATEGY (cont.)

1. SPECIFIC AREAS FOR USAID/T ASSISTANCE (cont.)

b. Health (cont.)

above USAID health activities represent the existing program. Our future health programming will be strongly influenced by the health sector evaluation being undertaken this year and will reflect the Mission's objective of bringing assistance to the rural population in ways which increase their active community participation in both the projects and other development activities. Within this context a health component of the Arusha Regional Planning and Village Development Project might be appropriate following studies such as the Hanang Rural Health Project which is assisting the rural poor identify their specific needs.

The Government of Tanzania has demonstrated its commitment to serving the health needs of the poor by raising the health sector share of the national operating budget to nearly 10% over the past fifteen years while the preventive services share of the budget has increased remarkably from less than 20% to well over 50% in 1978. During this period the Government budget has grown at 6.5% annually, and the Ministry of Health has used its increased revenue to support the development of rural health services. For several years the Government has concentrated on the building and staffing of rural health facilities including, inter alia, Village Health Posts, Rural Dispensaries, and Rural Health Centers. Concurrently the Government sharply reduced the allocation of development funds to urban hospital centers.

It is generally within the context of the above health sector activities - along with clean and potable water, and health worker training - that the Mission will program assistance in the related areas of family planning, nutrition, environmental health, endemic disease control,

B. AID ASSISTANCE STRATEGY (cont.)

1. SPECIFIC AREAS FOR USAID/T ASSISTANCE (cont.)

b. Health (cont.)

expanded immunization and mass media utilization. Thus, the thrust of AID health sector assistance to Tanzania will be services related to the continued expansion of primary maternal and child health care, provision of potable water and improved sanitation, and general health services and management.

c. Village Infrastructure Support

i. Water

With less than 25% of the population having access to potable water, Tanzania has placed a high priority on the development of adequate water systems and improved sanitation. The share of the development budget allocated to water supplies has almost tripled to 16.5% in the past 6 years. Nearly every region has already developed a plan for establishing adequate water supplies. We are planning major support to the development of water systems in the Arusha Region, and subject to other donors' roles and the availability of funds, the provision of potable water and improved sanitation should be a major theme in USAID/T health sector assistance throughout the International Decade of Potable Water and Improved Sanitation.

ii. Appropriate Technology

Tanzanian small farmer families typically augment their muscle-power with only the most rudimentary of hand tools. An obvious upgrading of technology would be expanded use of animal power (oxen) and, in fact, this is proclaimed government policy. However, the high

B. AID ASSISTANCE STRATEGY (cont.)

1. SPECIFIC AREAS FOR USAID/T ASSISTANCE (cont.)

c. Village Infrastructure Support (cont.)

ii. Appropriate Technology (cont.)

incidence of insect-borne diseases, inflicted by tsetse flies and ticks, not only isolates much potentially good farm land, but often makes the use of oxen unpracticable. Efforts to alleviate this constraint and increase the use of animal traction will have our strong support.

We also anticipate a role for a variety of small and simple machines that can reduce the drudgery of farm work and food processing, such as rotary tillers and cereal grinders. Of necessity, they must be appropriate to Tanzania.

Under our strategy of support for villages, the intent is to upgrade village technology in Arusha Region where USAID's new Village Development project will be sited. A number of activities can and will be tested first at minimal expense.

iii. Energy

The lack of energy in rural areas is a prime constraint to improved agricultural productivity. If animal power is not appropriate, some form of combustible power - through non-chemically fueled sources - will be needed to increase acreage per farm and/or production per acre. Energy is also demanded for crop drying, cooking and other forms of food processing.

An AID/W-sponsored solar energy workshop in 1977 is now to be followed by trial of devices in sample villages. We are also sponsoring a FVO experiment in the teaching of the use of tools and

B. AID ASSISTANCE STRATEGY (cont.)

1. SPECIFIC AREAS FOR USAID/T ASSISTANCE (cont.)

c. Village Infrastructure Support (cont.)

iii. Energy (cont.)

alternative energy sources in elementary schools.

We envision a long-run situation where villagers themselves will greatly increase their own technological self-reliance through skills training and village workshops. Specific applications in which AID will be involved must await the implementation of the Arusha Project and the results of the solar energy tests.

iv. Human Resources Development

A clear distinction between off-farm and on-farm manpower is of vital importance. By the former, we mean degree-trained Tanzanians in ministries, researchers, teachers and trainers, accountants and managers who staff parastatals and cooperatives, and also lower echelon personnel such as diploma and certificate holders who serve as extension and livestock officers. It is for these people that almost all of AID participant training is intended. They are extremely important to agricultural development since their decisions and policies are critical to Tanzania's agricultural development. That management personnel care about the needs of the poor is essential, for although they cannot directly provide agricultural production increases or sustained physical labor in villages and on farms, they can and must provide an environment in which production increases are possible.

Reversing the situation, it is ironical that the on-farm manpower, the small farmers on the front line of production in the country's

B. AID ASSISTANCE STRATEGY (cont.)

1. SPECIFIC AREAS FOR USAID/T ASSISTANCE (cont.)

c. Village Infrastructure Support (cont.)

iv. Human Resources Development (cont.)

largest industry, are almost completely overlooked when donors and TanGov allocate budgets for agricultural manpower training. The only exceptions are when farmers are growing cash crops, and are therefore directly serviced by extension agents of that crop authority, e.g. tobacco. In those cases, extension workers bring farmers to training centers and also work with them on their own farms. This model must be followed for food crops also. Both groups, off-farm as well as on-farm manpower, must come within the scope of our training plans.

2. KINDS OF ASSISTANCE NECESSARY

The kinds of assistance necessary are to promote our assistance to (a) villagization, (b) decentralization, and (c) overcoming problems of absorptive capacity. To this end, we envision then three kinds of assistance over the period FY 1981 through FY 1985. These are identified as follows.

a. First, a Set of Regional/Problem Support Projects

First, is a set of specific regional/problem interventions that are designed to alleviate specific causes of poverty at the village level (our on-going Masai Range Management and Farmer Training projects are included here). As discussed in Part I above, these major causes are poor rural resource base, low level of technology, and rural isolation. Examples of projects that will begin alleviating these causes include extension/outreach, farmer training, small scale industry, applied research,

B. AID ASSISTANCE STRATEGY (cont.)

2. KINDS OF ASSISTANCE NECESSARY (cont.)

a. First, a Set of Regional/Problem Support Projects (cont.)

village water, and rural access roads.

Not only are our projects aimed at addressing the above causes directly, but our projects also aim to put in place the institutional machinery to permit effective implementation of the interventions at decentralized levels. Skilled manpower - trained in a variety of ways - is an essential support element under this type of assistance. It will include in-country training, short-course overseas training, and project-related U.S. degree participant training. It will further be accomplished for personnel at all levels of the decentralized structure (region-to-district-to-ward-to-village levels).

b. Secondly, Decentralization Support

The second kind of assistance will be to encourage national institutions - now in-place - to facilitate and support de-centralization, down through regional, district, and ward levels (also now in-place), to serve the rural poor at the village level. In this instance, we will be adding outreach components to some of our on-going national-level projects (e.g. Ag Research) and to serve the needs of the rural poor.

c. Thirdly, Programmed Resource Support Projects

The third kind of assistance - i.e., programmed resource support - is necessitated by the constraints, discussed earlier under Section I.E, "Absorptive Capacity," which inhibit development undertakings in Tanzania, including USAID/T and other donors' projects. These resource constraints are both financial and real.

B. AID ASSISTANCE STRATEGY (cont.)

2. KINDS OF ASSISTANCE NECESSARY (cont.)

c. Thirdly, Programmed Resource Support Projects (cont.)

The real constraints include lack of adequate human resources of national institutions to effectively operationalize their own mandate and support decentralization. Another is the poor base of rural infrastructure, most notably roads. Finally, there is also a general lack of equipment and machinery for the production of appropriate implements and tools, and the processing of rural produce. And current limitations of foreign exchange preclude these shortages being overcome anytime in the foreseeable future.

The financial constraints exert themselves on both internal (e.g., the recurrent budget), and on external balances (e.g., on balance of trade). As mentioned throughout this report, financial shortcomings bear directly on the degree to which development projects can be implemented/undertaken.

USAID/T proposes to help alleviate these constraints in the following ways. We propose a project to import selected commodities, equipment, and materials useful to small farmers and to be sold to them individually or on a cooperative basis. A list of eligible commodities, materials and equipment appropriate to small farmer, village artisan and cooperative needs and financing capabilities will be drawn up on lines similar to the "midas" project in Ghana. Where practicable this list will incorporate commodity requirements of new projects and which are to be sold to beneficiaries/groups.

3. AID ASSISTANCE STRATEGY (cont.)

2. KINDS OF ASSISTANCE NECESSARY (cont.)

c. Thirdly, Programmed Resource Support Projects (cont.)

The revenues generated from the sale of these imported items will be used thereafter to finance local currency costs of other village development activities (referred to by USAID/T as "additionality").

The joint programming of these local currency generations may be a vehicle for moving in more desirable policy directions. Our experience to date in joint additionality programming of PL 480 currency generations indicates that the exercise of such leverage is practical and acceptable by the Tanzanians.

Our efforts will further include undertaking the construction and maintenance of roads (primarily under the expanded PAPL discussed in Part III below), including importation of equipment and technical services to train in the use and maintenance of the equipment.

We also propose to grant fund additional activities in the development of human resources. Over and above participant training permitted by each problem/area/sector specific project, there is need for training a larger cadre of personnel.

Finally, in consonance with directions of other donors' projects, we propose that future USAID/T projects will include sufficient financing to cover local costs during the development phase (e.g., housing, local staff). Without it - or other generalized support proposed above to help alleviate inhibitors to our and others' efforts - development aimed at alleviating causes of poverty will continue to be severely constrained.

3. AID ASSISTANCE STRATEGY (cont.)

2. KINDS OF ASSISTANCE NECESSARY (cont.)

c. Thirdly, Programmed Resource Support Projects (cont.)

For discussion of the objectives that will be achieved as a results of our three proposed kinds of assistance, see Section II.B.4, "Projected Results", below.

3. FORM/BLEND OF USAID/T ASSISTANCE

Table 7 indicates the mix of USAID/T assistance from 1973 to 1980.

TABLE 7: USAID/T Annual Program Funding
(In Millions of Dollars)

<u>Year</u>	<u>Project Loans</u>	<u>Project Grants</u>	<u>PL 480 Title I</u>	<u>PL 480 Title II</u>	<u>Total</u>
1973	1.6	4.6	-	1.6	8.8
1974	-	6.2	-	2.6	8.8
1975	12.0	4.3	16.0	7.6	39.9
1976	-	7.2	4.3	19.6	31.1
1977	-	6.7	7.6	16.3	24.6
1978	-	19.6	6.5	4.3	29.8
1979	-	16.8	-	4.7	21.5
1980	-	20.5	-	5.1	26.6

a. PL 480 Title I and Title III

We are not programming PL 480 Title I beyond FY 1973 because the conditions which warranted concessional sales no longer exist. Those conditions included severe drought which led to the need for food imports to meet short-falls in domestic commercial market foodgrain requirements. Further, it is USAID policy to ensure that the availability of Title I commodities in Tanzania does not provide an easy alternative to the

3. AID ASSISTANCE STRATEGY (cont.)

3. FORM/BLEND OF USAID/T ASSISTANCE (cont.)

a. PL 430 Title I and Title III (cont.)

to the development and implementation of sound agricultural policies and programs.

Production and procurement plans, plus favorable weather have resulted in an over-abundance of corn, sorghum, millet and cassava in 1978, following four years of low production caused by drought (1973-76). Rice production falls about 50,000 MT short of meeting commercial market demands, but the gap should be closed through increased local production and marketing, commercial imports and substitution of grains that are in surplus. Since no basis presently exists to continue the Title I program, there is no need to plan a Title III program.

b. PL 430 Title II

We are currently participating in the establishment of a strategic grain reserve; our input will have been delivered by the end of FY 1980. We intend to continue our assistance in support of Maternal and Child Health activities and day care centers. The level of our Title II commodities is declining. This is in support of the TanGov's policy to reduce dependence on external food aid. Specific steps have been taken to limit outside supplies for feeding programs to deficit areas and malnourished children and there is a new capacity to produce a corn/soya blend using the AID supplied Brady Crop Cooker.

c. PVOs

Funding levels for these organizations currently represent 10% of our total annual expenditures. Thus far, PVO projects have been

B. AID ASSISTANCE STRATEGY (cont.)

3. FORM/BLEND OF USAID/T ASSISTANCE (cont.)

c. PVOs (cont.)

undertaken in agriculture (primarily livestock), health, and appropriate technology.

USAID/T looks forward to an increased working relationship with PVOs. There are over 40 U.S. based PVOs operating in the country, and an unknown number of European-based and indigenous organizations. During the coming months we hope to inventory the activities of these institutions, and begin a development dialogue with those groups whose programs fit into our development strategy. We feel strongly that PVOs have an important role to play in our policy of directly impacting on the rural poor; our constraint in increased PVO programming lies mainly in shortage of USAID/T staff to manage a multiplicity of small, yet worthwhile activities. One way in which we can most easily incorporate or replicate PVO work will be in the Arusha Village Project.

d. Peace Corps

At time of writing, a new Peace Corps agreement has been finalized and the new PC Director has just arrived in Tanzania. USAID/T will welcome the opportunity to work closely with the Peace Corps where program interests coincide; however it is too early to tell what shape collaboration may take. The initial group of volunteers is to work in reforestation and fisheries - both currently outside our areas of concentration. In our minds, use of volunteers in possible future agro-forestry development - an outgrowth of both Agencies' capabilities - and as subject matter specialists involved in outreach village trials associated

B. AID ASSISTANCE STRATEGY (Cont'd)

3. FORM/BLEND OF USAID/T ASSISTANCE (Cont'd)

d. Peace Corps (Cont'd)

with our seed farms, new agriculture research, and Arusha Village Development Projects, offer excellent areas of possible future collaboration.

e. Need for Generalized Budget Support

The discussion earlier on generalized financial/support limited our proposed future efforts to (1) Additionality (i.e., generation of local currencies from imported commodities for new unprogrammed/unforeseen developmental activities); and (2) financing of local costs associated with USAID/T projects during the development phase. Excluded from the discussion was the necessity for possible financing broader support of the recurrent budget, either nationally or at the regional levels. It is anticipated that any requirement for Generalized Budget Support in the future would be of a short-term nature only, the magnitude of which cannot be forecast at this time.

f. Staffing

The current USAID/T project mix is composed of thirty-five different projects. With only seven approved project management slots to cover a diverse range of projects, the result is that each manager must oversee four or five projects.

This problem can be approached in two ways: (1) by decreasing the number of projects (without necessarily reducing the total dollar volume of the overall mission project portfolio), or (2) increasing the number of project manager positions. The Mission is now working on just how to best handle the question in terms of overall personnel commitments and decisions will subsequently be reflected in the MODE.

B. AID ASSISTANCE STRATEGY (Cont'd)

3. FORM/BLEND OF USAID/T ASSISTANCE (Cont'd)

f. Staffing (Cont'd)

The reduction in the number of projects we carry is dependent on our design efforts for the future. Since many of our ongoing projects are due to end by FY 81, a major reprogramming will be required for FY 82. It is our intent to consolidate and/or reduce ongoing and new efforts to effect a smaller number of projects while simultaneously maintaining or even increasing our dollar volume.

4. PROJECTED RESULTS

As stated, USAID/T's strategy calls for us to assist TanGov in its courageous experiment of villagization. We are proud of the opportunity to be associated with its implementation. Our assistance and monitoring efforts will concentrate on putting into place the conditions under which the following objectives of villagization can be successfully realized: (a) gains in productivity and production and (b) increased and more equitable access to social and economic services. These dual objectives, given the recent, more pragmatic approach villagization policy, cannot be considered in conflict. While U.S. policy favors the former and TanGov policy the latter, both are an integral part of future trends in TanGov villagization implementation.

Villagization is a dynamic process, and as with all processes, we are as interested in learning about the process as we are in the specific results that are thereby achieved. USAID/T will therefore assist TanGov in testing the following development hypotheses in the experiment of villagization during the FY 81 - 85 period:

B. AID ASSISTANCE STRATEGY (Cont'd)

4. PROJECTED RESULTS (Cont'd)

a) Village functionaries and technicians can be trained and supported to effectively substitute for rural entrepreneurs.

b) Village commercialization can be most effectively fostered by a system of rural cooperatives (viewing ujamaa villages as multi-purpose - excluding production-cooperatives).

c) Surpluses can be generated by ujamaa villages, then cleared and effectively channeled into a nationwide distribution system.

d) These surpluses can be equated to fair financial returns to provide sustained incentives to producers.

e) Part of these returns will be used to partially finance investments and maintenance costs of requisite economic and desired social services.

f) An appropriate mix of national and village contributions in real and financial terms can be maintained.

g) Outreach and assistance efforts by USAID/T and others can and will provide sufficient resources to maintain this appropriate mix of resource contributions.

USAID/T anticipates that by 1985 a capability will be in place to indicate that Tanzanian rural development and our contribution to it are moving in a direction consistent with the hypotheses above.

USAID/T's Assistance Strategy Goal stressed the work "adoption" to reflect the rational decision-making of target beneficiaries and because adoption rates would prove simple, inexpensive yet fully adequate measures of project results. The importance of comparing profiles of

B. AID ASSISTANCE STRATEGY (Cont'd)

4. PROJECTED RESULTS (Cont'd)

adopters and non-adopters was also emphasized. Using these measures of the nature and magnitude of project results, we expect over the FY 81 - 85 period to achieve a state of knowledge within the Mission which will enable us to better understand a) who is benefiting from our projects, b) the reasons why they are benefiting, c) the way in which they are benefiting, and d) the process through which these benefits reach them. While it is important to know about the number of beneficiaries and the relative and absolute magnitudes of individual benefits, it is just as important to us to fully understand the mechanisms and processes by which the benefits are brought about. We must also have the capability to learn from our experiences when and why expected results are, in fact, realized, and even more importantly, the reasons when and why they are not.

PART III: ASSISTANCE PLANNING LEVEL

A. INDICATIVE PLANNING LEVEL: POSSIBILITIES AND CONSTRAINTS

The Indicative Planning Allocations (IPA) given this Mission by AID/W would increase our total program from \$20.5 million in FY 80 (exclusive of PL 480 Title II funds of an additional \$5.1 million)^{8/} to \$110 million in FY 85. This IPA indicates the high priority Tanzania has in the Africa Bureau.

Programming to expend at the designated PAPL should be aimed - in support of the rural infrastructural requirements of villagization - at financing large capital development projects rather than carrying out a conglomerate of problem/sectoral projects. (NOTE: The \$20.5 million in FY 80 will be programmed through approximately 28 projects. Extrapolating a "conglomerate" project approach would mean the need for over 110 projects to support an annual expenditure of \$110 million(!) - assuming no bureaucratic economies of scale to allow for greater efficiencies.)

Two major capital development areas that constitute critical bottlenecks to the achievement of USAID/T's and TanGov's development strategy - namely provision of trunk and access roads and potable water - could by themselves easily absorb the increased IPA.

The implementation of such projects, however, would be constrained by a number of factors:

(1) The role of other donors in road construction, upgrading and maintenance of roads on the one hand, and provision of clean and potable water on the other, could limit our involvement to a lesser PAPL.

^{8/} This does include approximately twenty-four million dollars in accumulated local currencies generated and unprogrammed under PL 480 Title I, expected to be expended before FY 82.

A. INDICATIVE PLANNING LEVEL: POSSIBILITIES AND CONSTRAINTS (CONT'D)

These problem areas of rural infrastructure are obvious constraints to development and many donors have been approached and are considering future involvements as well. However, the large scope of the problem will probably leave room for activities for all foreign agencies.

(2) Mission staffing for purposes of managing projects is also a constraint to significantly increasing our program size. Our present rough estimate of total US Direct Hire personnel to handle the \$110 million program sketched out above is 38. However, personnel requirements require further work which cannot be done until we move toward consideration of specific projects.

B. PAPL

The Proposed Assistance Planning Level (PAPL) whereby an IPA of \$110 million is achieving in five years is shown in Table 8 below:

Table 8 shows a PAPL of \$110 in FY 85, composed of a "normal" (i.e. projects in our established program areas of agriculture and health) program level of \$35.0 million, and programmed resource support projects totalling \$75.0 million.

The following features of this Table should also be noted:

(a) In the agricultural project grant area, the projects reflect a decrease in funding to national institutions and infrastructure, and an increase in support to regional/district/village development work - assisting the cause of decentralization by working through the Prime Minister's Office.

T A B L E 8 : P A P L
(GRANTS IN \$ MILLIONS)

TYPES OF ASSISTANCE	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
I. NATIONAL/SECTOR SUPPORT PROJECTS						
A. Agriculture (Livestock; Research; Credit)	11.4	18.1	17.5	15.7	15.4	15.0
B. Health	5.8	11.6	10.0	7.5	6.0	5.0
C. Human Resources	1.6	2.0	3.0	3.5	4.5	5.0
D. Misc.	4.0	4.0	4.0	4.0	4.0	4.0
	-	.5	.5	.75	.9	1.0
II. REGIONAL/FUNCTIONAL SUPPORT PROJECTS						
A. Agriculture (Agro-Ecological Zones)	5.1	9.8	10.9	14.9	17.4	20.0
B. Health	-	1.5	3.0	4.0	5.0	6.0
C. Regional/Village Development	-	1.0	2.0	3.0	4.0	5.0
D. Human Resources	4.4	6.0	4.1	5.0	5.0	5.0
E. Misc. (Energy; AT)	.7	.8	.8	.9	.9	1.0
	-	.5	1.0	2.0	2.5	3.0
III. PROGRAMMED RESOURCE SUPPORT PROJECTS						
A. Selected Equipment Machinery & Commodities for Sale and Generating	4.0	12.0	27.0	40.5	54.0	75.0
B. Human Resources	-	1.0	5.0	7.5	10.0	20.0
C. Technical Services, Machinery & Equipment for Road & Water Development	-	1.0	2.0	3.0	4.0	5.0
	4.0 ^{2/}	10.0	20.0	30.0	40.0	50.0
TOTAL PAPL	<u>20.5</u>	39.9	55.4	71.1	86.8	<u>110.0</u>
NORMAL PROGRAM (I & II) ONLY		27.9	28.4	30.6	32.6	35.0

^{2/} Trunk and Access Roads

B. PAFL (CONT'D)

(b) Annual grants will finance total project costs during the development phase. This will help alleviate constraints on recurrent budget and is consistent with financing by other donors.

(c) To alleviate constraints on external and internal balance, selected commodities and materials will be imported and sold to small farmers. Local currency generations will be programmed in support of USAID/T projects.

All three features are beneficial, if not essential, to our future efforts, whether we implement the PAFL or the "normal" program. The human resource development category in Table 8 reflects the emphasis the Mission's strategy puts on training and manpower development.

C. PL 480

As previously mentioned, our PL 480 Title I project ended 30 September 1978 with (1) the pronouncement by the TanGov that the country was growing food surpluses; and (2) the signing of a 50,000 metric strategic grain reserve. Additionally, after FY 80 - when our Title II program will peak at around \$5.0 million - the Title II program is expected to phase down from \$2.5 million in FYs 81 and 82 to \$2.0 million in FY 83 and \$1.6 million in FY 84.

D. H I G

The Mission has recently received a number of requests from various TanGov officials for possible uses here of the Housing Investment Guarantee (HIG) program. To date, we have declined all requests, on the basis of (1) the grant nature of our development assistance efforts on behalf of Tanzania (a commercial loan program just would not appear appropriate in an RLDC for which we have argued so strenuously - and successfully - in

D. H I G (CONT'D)

favor of grants rather than loans); and (2) staffing. We do not anticipate having a HIG component in the USAID/T assistance program.

E. STAFFING

The requirements for a "normal" program would be 24 to 28, depending on how we manage the problem of overload on individual project managers. As indicated, our rough estimate of numbers of Direct Hire personnel for the \$110 million p.a. described in Part II is 38. However, no reliable figure can be given until we have defined more specifically the individual projects which would be involved.