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**COUNTRY DEVELOPMENT
STRATEGY STATEMENT**

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FY 1982-86 CDSS - TANZANIA

Executive Summary

The poorer elements of Tanzania's rural population are located in the Central Zone. About 3.0 million people, or 20% of Tanzania's rural population, live there. The rural population in the Central Zone contributes about 5% to GDP. Most of the poor derive their livelihood from small farms (less than 2 hectares) and cattle. A large part of the Central Zone is semi-arid. Its ecology is threatened by erosion, declining carrying capacity of land and pressures from increasing human and livestock populations.

Other causes of poverty in the Central Zone are: the virtual absence of a cash/export crop; the low monetary and nutritional value of predominant food crops; and, low health status. These factors also cause low labor productivity. Another cause of poverty in the zone, and common throughout rural Tanzania, is that the poor are not effective participants in development and growth of the monetary sector. This is a major contributing factor to the poor performance of Tanzania's economy.

Problems of the rural poor are exacerbated by the inability of the government to finance and implement its ambitious structural reforms and development programs. The inefficiencies of crop authorities and other parastatals mandated to serve peasants are especially noteworthy. Solutions to problems of poverty and economic development are further constrained by high population growth and the current financial crisis.

AID's mandate and the special problems of peasants and herders in the Central Zone direct our assistance there. Such a focus is justified on the basis of equity and long-term economic development. However, it cannot be justified on the basis of its effects on growth in the short run. Nor, perhaps, could any other program focus in Tanzania at this time.

Our analyses of the problems of the poor direct us toward two inter-related assistance goals: first, to increase the well-being and productivity of the rural poor so that they can contribute and share more in economic growth; second, to help make decentralized administration, the major vehicle for reaching villages and the poor, work more effectively. A major objective of our assistance is to assist Tanzania become self-sufficient in food production and, possibly, a net exporter of foods as well.

Our goals and objectives can be most readily attained by a balanced mix of assistance to villages in the Central Zone and to selected institutions at national levels. Our assistance program will include: agricultural research and extension; development administration; agri-business development; rural infrastructure; land improvement; population; community health improvement; and health systems development.

This strategy will have maximum impact on the poor in the Central Zone, particularly the 500 villages or 150,000 rural families living in the impact area of the new capital in Dodoma. Significant production gains can be expected in areas where agro-ecological conditions are most favorable, and where the new capital provides special market opportunities. We will take care to assure that villagers are actively involved in project planning; and, that improved technologies and production techniques safeguard the ecology in the Central Zone.

PART I: ANALYSIS SECTIONA. Who are the Poor?

Most of Tanzania's 17,000,000 population is poor.^{1/} However, the poorest of these are the approximately 4,500,000 people located in the central semi-arid zone; and the remote and relatively less accessible areas of the farwestern and lower southern regions of the country. They are for the most part peasant farmers and traditional herders, men and women, who cultivate two hectares or less. They are differentiated by the nutritional and monetary value of the crops they grow and by their access to health, education and other social services with which to meet their basic human needs. Their degree of poverty relative to that of their counterparts elsewhere in the country is based primarily on a combination of ecological and historical factors which are described below. This differentiation was established by an analysis of demographic, agricultural, health, educational and economic factors reflecting varying levels of well-being.^{2/}

Table I presents a ranking of Tanzania's 17 mainland regions on the basis of seventeen variables, which are also listed on the Table.^{3/} The regional rankings are also shown on the map at Figure I.

Regional data are presently the only type available for comparative purposes. District demographic and census data when

^{1/} Essential data for the 500,000 residents on the Islands of Zanzibar and Pemba were not available for this CDSS.

^{2/} While there is some ethnic and social stratification within Tanzania, relative levels of well-being are more readily and meaningfully distinguished geographically.

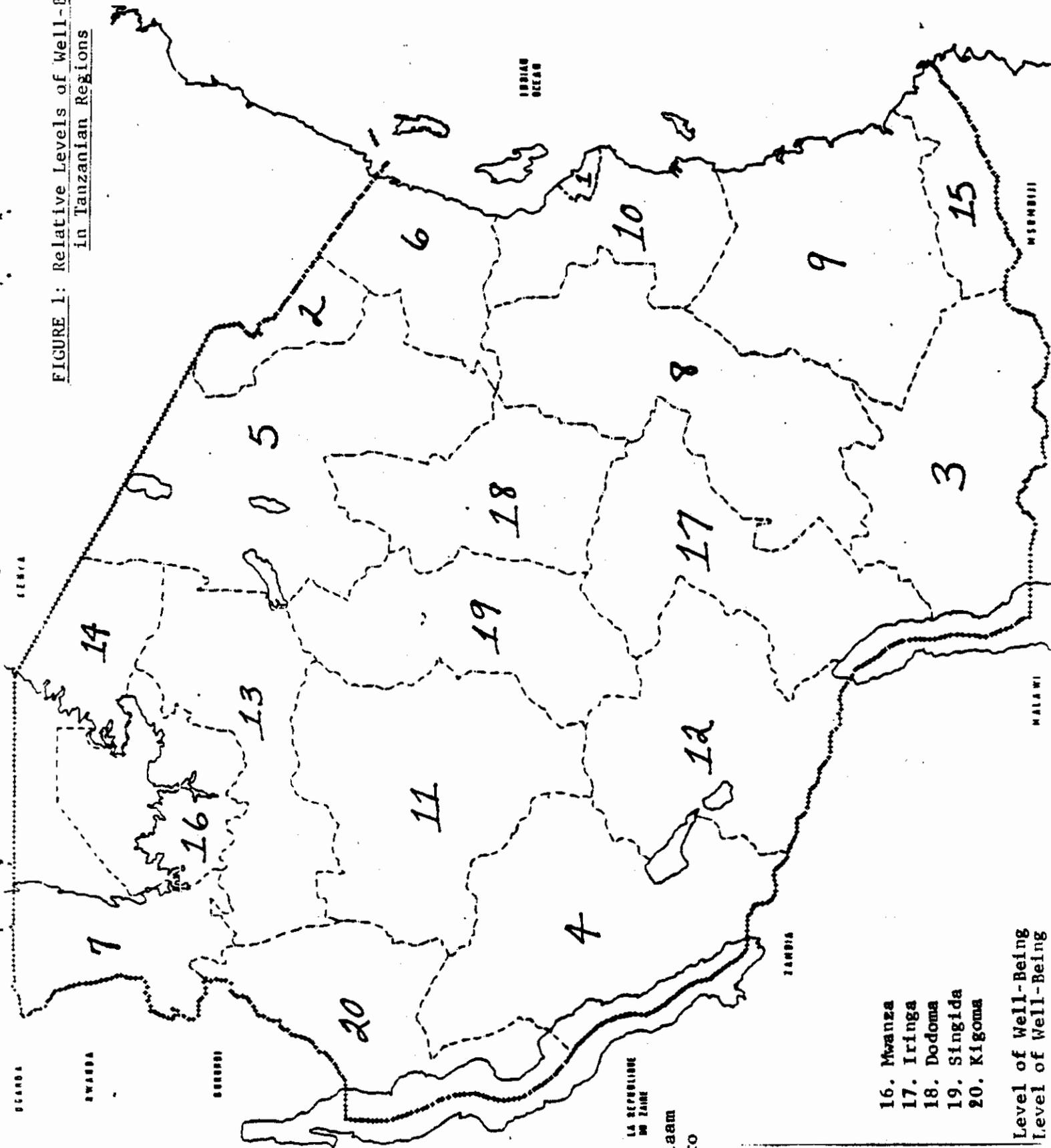
^{3/} A description of the methodology used in this analysis, including choice of variables and sources of data, is provided in Annex A.

Table 1

FACTORS RELATED TO WELL-BEING	DATE OF DATA	
	1973	1973
Life Expectancy at birth (year)	1973	1973
Infant Mortality /1000 live births	1973	1973
% Population - under 15 years of age	1973	1973
% Women with 9+ years of Education	1973	1973
% Women-Age of 1st Maternity 23+ years	1973	1976
% Household with Tap Water	1976	1978
% Births in Health Facility	1978	1978
Gross Regional Product/Capita (TSh)	1978	1978
% Land area with 90% rainfall probability greater than 750 mm/year	-	1971
Export Crop Value on Peasant Farms (TSh)	1971	1967
Extent to which carrying capacity of land is exceeded	1967	1976/77
Production in Kcal/cap/day	1976/77	1978
Population/Primary Health Care Staff	1978	1978
Attendances to Health Facility/Population/year	1978	1977
Adult Literacy (%)	1977	1978
Population/Primary School	1978	1974
KM Roads/KM ² Area	1974	
Average Rank Score		
Rank (1-20) of Well-Being (Best-Worst)		

* Rukwa Region was formed from portions of Mboya and Tabora Regions in 1976, so that only the most recent data are available.

FIGURE 1: Relative Levels of Well-Being
in Tanzanian Regions



Map Key:

1. Dar es Salaam
2. Kilimanjaro
3. Ruvuma
4. Rukwa
5. Arusha
6. Tanga
7. West Lake
8. Morogoro
9. Lindi
10. Coast
11. Tabora
12. Mbeya
13. Shinyanga
14. Mara
15. Singida
16. Mwanza
17. Iringa
18. Dodoma
19. Mtwara
20. Kigoma

1 = Highest Level of Well-Being
20 = Lowest Level of Well-Being

available will permit a more detailed identification of the poorest since there is significant intra-regional variation by district, as described below and in Annex A.

B. The Causes of Poverty

Causes of poverty within the regions identified above are of essentially two types: core causes and contributing causes. The first tend to be unique to the specific area concerned. The latter tend to apply nationwide, but some of these combine with core causes to have particularly iniquitous effects locally.

The most significant core causes of poverty in the poorest regions are climatic, geographic and historic in nature. These factors impact on both levels of income and access to services. The most important factors accounting for both inter and intra-regional differences in income are differences in rainfall, altitude, and thus, land use.

It is estimated that only 40% of Tanzania's land area has a 90% probability of rainfall above 750 mm (the minimum necessary for non-marginal agriculture in the tropics). 60% of the population lives in this rainfall-scarce area. Other factors such as soil fertility and the absence or presence of disease vectors (e.g., tsetse) also significantly influence population distribution and levels of well-being.

Figure II delineates Tanzania's four major ecological zones: One Highland Zone and three Lowland Zones.^{1/} These zones

^{1/} Annex B provides a more detailed analysis of these zones and the principal characteristics of agriculture within each.

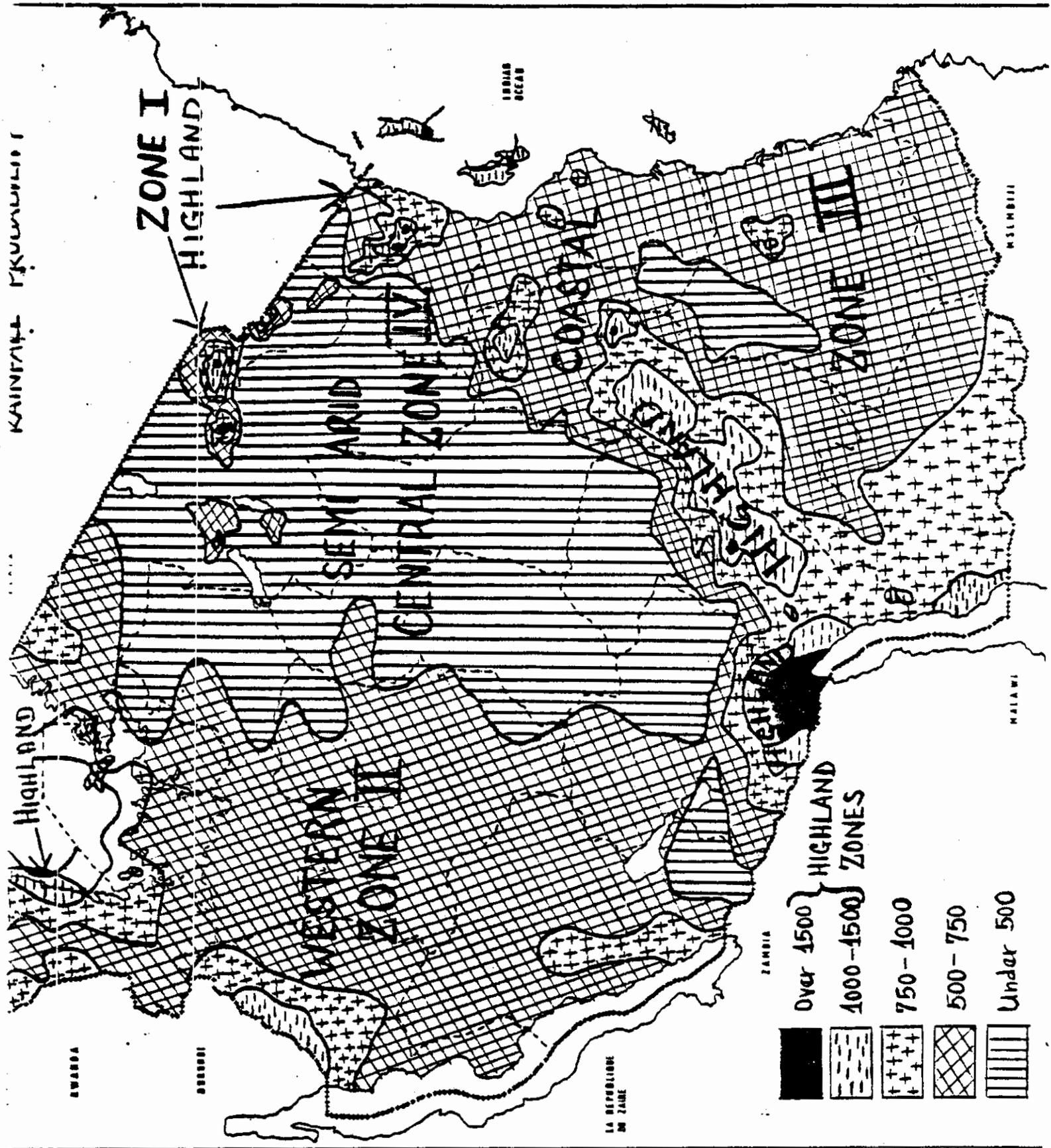


FIGURE II

are distinguishable by the level of rainfall in each and the relative importance of major food crops and livestock, but mostly by the export crops which dominate in each zone. During the colonial period export crops became important both to the development of the national economy and as sources of cash income, and this has remained the case since Independence. By comparing Figures I and II one can see there is a high correlation between levels of well-being and location within these ecological zones.

Zone I where the production of coffee, pyrethrum and tea dominate, includes the highland areas of Arusha, Kilimanjaro, Tanga, Iringa, Mbeya, Ruvuma and West Lake regions. It is the highest income zone. The zone was the center of German and later British expatriate production of export crops. Roads, schools and health facilities were built to support the development of these areas. Because of favorable economic and social conditions, the Highland Zone continues to be a drawing point for internal migration.

Zone II, the Western Zone, is the second highest income zone for export crops, but is the third highest for total crops. Cotton and tobacco dominate, especially south of Lake Victoria. Portions of Mwanza, Shinyanga, and Tabora are the most representative Regions.

Zone III, the Coastal Zone, is the third highest income zone for export crops and the second highest for total crops. Cashews, coconuts and to a lesser extent, oilseeds (sesame, sunflower, castor) are the dominant cash crops. Mtwara, Lindi, and Pwani (Coast) are its most representative regions. Both Zones II and III have rainfall

ranging from 500 to 1000 mm at 90% probability.

Zone IV, the Central Zone, the lowest income zone, contains a semi-arid plateau where Europeans did not settle and which has an insignificant production of export crops. This Zone includes the whole of Dodoma and Singida regions in the Central Plateau, a significant portion of Iringa to the South, much of Mbulu and Hanang Districts in the lower altitude areas of Arusha, Moshi and Pare Districts in Kilimanjaro, and parts of Morogoro, Mwanza and Tabora.^{1/}

Table II summarizes the ecological, agricultural, and economic features of each zone.^{2/} It reveals the following concerning relative poverty. Compared to urban minimum wage earners, the peasants in Zone I are "better-off" provided they have access to the average farm size and provided they can grow the high value crops that are dominant in that Zone (e.g., coffee, pyrethrum, tea). Approximately 20% are judged to fall in this category. The peasants in other zones are all less well-off than the urban "minimum wage" earner. The gap between them hinges critically on food prices, or more specifically, the prices which farmers receive and urban consumers pay.

Row 21 in Table II shows that the returns to labor are lowest in Zone IV and about 1/8 of those in Zone I. This is an

^{1/} Although the ecological zones are roughly contiguous there are several exceptions including the scattered locations of the highlands. The great northern plains (Serengeti) lie at an altitude above 1500 meters; however, rainfall is irregular and most of the land is reserved for game. The Rufiji Basin which drains most (2/3) of Tanzania's water into the Indian Ocean, is in the Coastal Zone, and has annual rainfall below 500 mm. It too has been reserved for game; however, plans exist to exploit its hydroelectric and agro-industrial potential.

^{2/} A description of the methodology employed in constructing Table II is presented in Annex 3.

T A B L E II

PROFILE OF PEASANT AGRICULTURE, TANZANIA 1978

FEATURES NAME	ZONE I HIGHLAND	ZONE II WESTERN	ZONE III COAST	ZONE IV CENTRAL SEMI-ARID
1. 90% Rainfall probability (MM)	Above 1500	500-1000	500-1000	500 less
2. Altitude (meters)	Above 1500	500-1500	0-1250	300-1500
3. Dominant Export Crops	Coffee, Tea Pyrethrum	Cotton Tobacco	Cashewnuts Coconuts Oilseeds	None
4. Dominant Food	Plantain, Hybrid Maize, Beans Irish Potatoes	Cassava, Composite Maize, Peas Sweet Potatoes	Rice, Composite Maize, Cassava Groundnuts	Sorghum Millet
5. Livestock	Dairy, Pork	Intensive use Small Ruminants	Intensive use Poultry, Fish	Extensive Grazing
6. Most representative Areas	Highland Areas Kilimanjaro Arusha, Tanga Mbeya, W. Lake Iringa	Mwanza, Mara Shinyanga, Tabora Kigoma	Mtwara, Lindi Coast, Morogoro Tanga	Lowland Areas Dodoma Singida Arusha Iringa
7. Total rural population (millions)	3.5	5.0	3.8	2.7
8. Average farm size (Has)	.95	1.35	1.10	1.20
9. Size of holding cultivated under export crops (Has)	.45	1.00	.90	0
10. Percent total holdings cultivating less than 1 Ha.	85	45	65	40
11. Total number of holdings (000's)	580	1000	950	600
12. Number of people per holding	6.0	5.0	4.0	4.5
13. Proportion of holding with access to export crops	60	50	40	0
14. Area cultivated (000's Has)	550	1350	1050	700
15. Effective area cultivated (000's Has)	910	1820	1520	910
16. Income per holding from export crops (T.Shs.)	1300	1200	600	0
17. Income per holding from major food crops (T.Shs./day)	1200	600	750	450
18. Total income per holding (T.Shs./year)	2500	1700	1350	450
19. Return to labor for export crops (T.Shs./day)	18.75	5.50	7.00	0
20. Return to labor for major food crops	17.50	7.00	8.50	5.00
21. Equivalent monthly wage of head of holding (T.Shs./month)	370	300	370	120

NOTE: The minimum monthly wage in urban areas is T.Shs. 330/-.

important indicator of the level of absolute and relative poverty in the Central Zone.

Undependable rainfall in the Central Zone has led to farming systems which are efficient but at low levels of productivity due to the low nutritional and monetary value of food produced.

Most of the land in the Central Zone is used by pastoralists and small farmers who also herd cattle and grow crops primarily for subsistence. People in the Central Zone keep and use cattle for many reasons, but primarily as a hedge against uncertainties and risks caused by the environment and the economy.

Labor productivity is also adversely affected by the time a woman requires per day to fetch water and firewood, the distance farmers walk to fields suitable for cultivation, or the time it takes children to find grazing pasture for cattle. Together, these factors restrict the number of hours a person is able and motivated to work per day to grow crops in the harsh and debilitating climate of the semi-arid tropics.

Access to arable land and the motivation to use it optimally for cultivation is also restricted by government policy. First, forced settlement under the government's earlier Ujamaa village policy has sometimes been a disincentive and has restricted access to better grazing areas and more fertile land. Second, low producer prices offered by official market channels have been a major bottleneck. Third, government marketing parastatals operate very inefficiently in collecting produce and paying farmers, even when attractive prices are offered. There are alternate market outlets including

smuggling, but much effort and risk is involved in finding buyers and moving produce to them.

Inaccessibility to water also affects health, general well-being and productivity of the people in the Central Zone. The 1973 National Demographic Survey showed above average crude death rates for Iringa, Singida and Dodoma regions. Besides malaria and schistosomiasis, which are endemic, hospital outpatient records show regions in this zone to have a relatively high proportion of morbidity and mortality due to fecal-orally transmitted diseases.^{1/} These diseases, such as hepatitis, diarrhea and cholera, reflect poor sanitation associated with lack of availability of water, as illustrated in the low percent of households with tap water in this region, compared to the national average.

Singida, Iringa, and Dodoma and low altitude districts of Arusha Region rank well below national averages in the number of people served by primary health care staff and primary schools. Population to hospital bed, health center and dispensary ratios are comparable to national averages. However, because population density is relatively low, the average distance of households in these regions to health care facilities is relatively high. The inaccessibility to facilities, and possibly low acceptability of non-traditional health care system in these regions, are reflected by low average attendances to facilities/population/year and low proportion of births in health care institutions.

^{1/} Ministry of Water Development, Energy & Minerals and SIDA, Rural Water Quality Programme in Tanzania, Final Report, Vol. II, Annex 5.1.

The Central Zone has also not benefitted from economic infrastructure found in other regions. For example, the proportion of the regions served by well-maintained roads in the zone compares unfavorably with other regions of Tanzania. In 1978 total kilometers of trunk roads with adequate surface and maintenance was less than 20 km. in Dodoma and Singida Regions according to Tanzanian government data supplied for project preparation purposes. Maintenance of roads in the zone is also hampered by sandy or black cotton soils, and serious shortages of equipment and technical personnel.

Not only are the people of the Central Zone regions poorer than most of the population in other regions, their relative situation is worsening due to the combination of population growth and progressive deterioration of the fragile ecology. Unless corrective action is taken soon the area could become an ecological disaster of the character and magnitude which now exists in parts of Ethiopia and the Sahel.

The people of the Central Zone are the most severely affected portion of the Tanzanian population by the phenomena of cyclical drought and famine caused by excessively low or erratic annual rainfall. Time series analyses covering the years 1923-1969 showed that food supply in Dodoma and Singida in "nearly 50% of all years was substantially inadequate and in 15% of the years fell into the famine category." During 1974, 1975 and 1976 these two regions required famine relief at a rate of 37,000 tons/year.^{1/} 70% of these food shortages are attributable to lack of moisture.^{2/} Table I shows

^{1/} Barry, L. et.al. 1972. "Human Adjustment to Agricultural Drought in Tanzania." BRALUP Research Paper No. 13, November 1970.

^{2/} National Agricultural Development Programme, Vol. II, Annex 6, 1972

kilocalories/per capita/per day in these Regions to be the lowest of any region.

The traditional patterns of scattered land settlement in the Central Zone have evolved to maintain an extremely delicate ecological balance between people, land, water, cattle and tsetse. Though the Central Zone is relatively sparsely populated, population growth, including in-migration from the adjacent high density areas, and the government villagization policy, has led to a concentration of people and their cattle. Population growth between 1967 and 1978 in the Central Zone regions is estimated at 3.6%/year based on preliminary results from the 1978 census.^{1/} The 1973 Demographic Survey showed fertility rates and the dependency ratio as reflected by the percent of the population under 15 years in these regions to exceed national averages (except Singida).

A study of the distribution of population based on the 1967 census showed a number of districts in the zone had already exceeded the carrying capacity of the land.^{2/}

The Tanzanian government is aware of and concerned about the relative deprivation of the Central Zone people. Indeed the relocation of the national capital to Dodoma in the center of the Zone, with its associated infrastructural development, was undertaken specifically to benefit them. However, the increased movement of population into an ecological zone already under the pressure of over

^{1/} Regional Data, not footnoted, are referenced in Annex A.

^{2/} The Threat of Desertification in Tanzania, a Technical Paper prepared for the UN Conference on Desertification, 1977.

population if unaccompanied by appropriate developmental and environmental action, threatens to further degrade the area.

The regional ranking (see Table I) identified Kigoma which is outside the Central Zone as the poorest region. Kigoma, though well endowed with reliable rainfall and the capacity to produce a range of agricultural crops, has a per capita income of only \$20/year.^{1/} Demographic statistics particularly life expectancy and infant mortality are also low. The poverty of Kigoma's population can be primarily accounted for by tsetse infestation, over-population around Lake Tanganyika, which has led to soil depletion and erosion, and to historical phenomena. Kigoma town and Ujiji on Lake Tanganyika were the end of the Arab slave trade route through Tanzania. For centuries the population of the area was disrupted by the export of persons. As a result of contact with Arabs, much of the population settling near the slave route became Muslim. Due to this and possibly other factors such as tsetse and inaccessibility, Kigoma region was relatively untouched by Christian missionaries during the colonial era. The head start in schools, health care facilities, roads, and agricultural and industrial development provided in other regions by missionary/colonial development was never realized in Kigoma. Continued isolation, lack of education and means of communication has widened the gap of relative levels of well-being between Kigoma and other more favored parts of Tanzania.

^{1/} IBRD, "Appraisal of Kigoma Rural Development Project," 1974.

The foregoing describes particular causes of relatively lower levels of well-being among certain parts of Tanzania's population. There are in addition more generalized problems which are contributing to the continuation of both relative and absolute poverty within Tanzania. Two major and interrelated problem areas are: (1) problems of management and efficiency within the institutions and organizations responsible for the control and operation of Tanzania's economy, particularly the parastatals; and (2) poor performance in the monetized agriculture sector. These problem areas underlie both long term unfavorable economic trends, and Tanzania's current economic crisis.

During the past two years studies of parastatal efficiency and industrial productivity have been done by the ILO, World Bank and the Economic Research Bureau of the University of Dar es Salaam. While differing in certain aspects and certain quantitative descriptions and interpretations the general trends discovered are similar.

The following is taken from the ILO study:^{1/}

"We are not suggesting here that improvements in profitability or productivity may not be used as partial indicators of efficiency in very specific micro-economic situations. However, proper appraisal of Tanzanian industrial development for the economy as a whole must be considered in wider and different terms. (p. 93)

^{1/} ILO "Towards Self Reliance" Development, Employment and Equity Issues in Tanzania;" Addis Ababa, 1978.

"We have already noted that the impression commonly encountered that performance of the industrial sector has been poor over the last decade is not borne out by the evidence. Nevertheless, there indeed exist both micro- and macro-problems of efficiency in relation to the operation of parastatals." (p. 111)

Although similarly detailed research results are not available, the above findings are considered equally applicable to state operated agriculture, based on the low growth rate within the monetized agriculture sector and particularly the recorded decline in export crop production (see Section D and Annex C).

The effect of parastatal inefficiencies on national development and improvement in the status of the poorer elements of the society is very serious since it means that foreign assistance resources are being very ineffectively utilized in most cases and internal resources are not being generated to stimulate growth and eventually replace dependence on foreign resources. As stated in Annex D, audit findings and other analyses of most parastatal organizations indicate they are serving as a net drain on the economy rather than the means through which additional wealth can be created to achieve the government's social equity and self-reliance objectives.

Ninety percent of the population is employed in small scale agriculture and Tanzania's peasants are the main producers of both food and export crops. They are considered to be relatively efficient. However the government and parastatal organizations, particularly

the crop authorities, have been relatively unsuccessful thus far in increasing the contribution of peasant production to the monetary economy.

There are a number of factors and conditions which limit the contribution of the rural poor to growth in monetary GDP. Generally, these conditions adversely affect the latter's well-being as well. Existing exchange rates establish a ceiling on the shilling price the government is willing to pay to producers of export crops. Low foreign exchange earnings limit the import of agriculture inputs. Problems at Tanzania's ports prevent rapid clearance and movement of needed goods up-country. Movement of goods and services are restricted by poor advance planning, the limited and rapidly deteriorating road network, and by inadequate storage, especially in villages. The growth in government revenues is checked by inefficiencies in collection. Internal deficits are financed by an inflationary expansion of the money supply. Inflation is compounded by the limited supply and restricted movement of foods which can result in prices of essential commodities being either unavailable or several times more expensive in villages than in urban areas.

The Uganda conflict which began at the end of October 1978 is estimated by the Government to carry a cost in budget terms of \$500 million or more. In addition, it caused a substantial diversion of transport and other resources from planned development uses and added to Tanzania's already serious long-term balance of payments problem.

Between January 1978 and the end of 1979, Tanzania's foreign exchange situation worsened sharply. Under the Government's

liberalized import policy, outlays for imports in 1978 increased by about 40% to \$1.1 billion (up from \$784 million in 1977). In the same year, export earnings fell by about 20% to \$460 million because of downward trends in prices and production of export crops. This widening \$650 million trade deficit in 1978 was financed by net earnings from services of \$75 million, net transfer receipts of \$150 million, a drawdown of reserves by \$170 million, foreign aid credits and an increase in commercial borrowing using bank lines of credit and supplier credits.

In 1979, imports are expected to be reduced to about \$1 billion in value and the Government hopes to boost export crop earnings to \$500 million or more. In order to sustain imports even at the above reduced level, Tanzania accumulated in the first ten months of 1979 a backlog of unpaid commercial foreign exchange obligations amounting to about \$200 million and in many cases stretching back as far as eight months. With outlays for oil and defense imports taking a larger share of available foreign exchange allocations, imports of equipment, parts and materials needed for operations in development sectors are being sharply curtailed.

The Government of Tanzania considers the causes of the recent unfavorable developments to be the following, in their order of importance: (1) The cost of the Ugandan war; (2) the down-turn in prices, starting in 1978, of Tanzania's principal export commodities; (3) rising import costs, particularly for oil; and (4) other factors, including lagging productivity in the economy. On this basis it sought short-term extraordinary assistance from the IMF and Tanzania's

several major providers of external assistance, to help it weather the immediate crisis.

However the International Monetary Fund and the foreign donors who have expressed their views on the matter, place greater emphasis on the longer-term and more deep-rooted problems which are exemplified by steadily declining production, inefficient utilization of existing capital assets, and rapid growth in public administration expenses (annual growth rate of 10 to 12%). Tanzania's weak system of budget control, and the proliferation of capital development projects beyond the country's technical and managerial abilities to implement and maintain, are also considered to be contributing factors.

The IMF conditions, which have so far been turned down by the Tanzanian Government, probably contained some of the following measures: devaluation by as much as 20 to 25%, drastic cuts in public administration costs, relaxation of price controls, more specific and individual incentives to encourage production, and an increase in the domestic bank lending rate. The Tanzanian leadership feels these measures, as presented by IMF, would require it to compromise its basic socialist philosophy and would not have the effect anticipated by the IMF in any case.

The breakdown of the IMF negotiations and the uncertainty about extraordinary assistance from bilateral donors or commercial sources, have placed the Tanzanian economy in great jeopardy. While the population will probably accept increased shortages in consumer goods as a necessary sacrifice, a serious disruption of

the economy will occur if the import needs of agriculture, industry and the transport sector continue to go unmet. The seriousness of the situation regarding urgently needed imports is demonstrated by the government's appeal to importers to make maximum use of short-term commercial credit. At stake is the progress made in recent years in extending social and economic services and facilities to the mass of the population. A one-time financial "bail-out" may alleviate the immediate financial crisis, but it will not solve the longer term problem of growing dependence on foreign aid and commercial borrowing. The only long-term solution is for Tanzania to become more productive and efficient in the production of goods and services, both for export and for domestic consumption.

C. Progress and Commitment

1. Overall

Through the Arusha Declaration of 1967, Tanzanian leadership announced major changes in its development goals and methods. African socialism, equity, growth and self-reliance were declared as the major development goals. State ownership of the means of production and participative broad-based rural development were defined as the major means to achieve these goals. The Arusha Declaration therefore was a major statement of national commitment and remains a benchmark against which policies are formulated and performance is evaluated.

In February 1977 on the tenth anniversary of the Arusha Declaration, President Nyerere assessed the achievements and shortcomings of the 1967-77 period. He noted the impressive gains which

had been made in increasing access to education, health and other basic services. But he also drew attention to the poor economic performance and pointed out that although progress was made to develop infrastructure "we still have many reasons for shame. The most contributory factor.....to continuing poverty.....is that we are not working hard enough, and we are not efficient enough."

Regarding agricultural development, the President noted that large sums of money had been spent to commercialize agriculture. (A level of \$58 million annually in 1976 and 1977 as opposed to \$6 million in 1967.) These funds were used to support agricultural research and extension, subsidize fertilizer, provide credit and other inputs, support cooperatives and villages, and finance irrigation and training programs.

But, he stated: "the truth is that the agricultural results have been very disappointing. Modern methods have not spread very quickly or very widely, the majority of our traditional crops are still being grown by the same methods our forefathers used. Irrigation, and even the building of small dams, is talked about more than done. People still think in terms of getting a tractor for their farms - even when they are small - rather than learning how to use oxen-ploughs; or they concentrate on saving for a lorry when their real need is a number of small carts to move seeds and crops from the shamba to the collecting point or village store. Towards agriculture, and agricultural methods, even our attitudes have not changed as much as they need to do." Noting that there had been difficulties with the weather, inflation, inadequate markets and transportation, the President concluded that "the real failure in agriculture seems to have been a lack of political leadership and

technical understanding at village and district levels. Despite the call for all political leaders to learn the basics of good husbandry in their areas and to join with peasants in production, we have continued to shout at peasants and exhort them to produce more, without doing much to help them or to work with them in a relationship of mutual respect. Many of our leaders know nothing about agriculture; and what is more, they don't want to learn."^{1/}

The Government's decentralization and rural development processes have also, in many ways, adversely impacted on development. Decentralization as a policy is intended to provide the rural population with a greater voice in decision-making and control over their own future and to mobilize resources for rural and national development. However bureaucratic inertia, departmental infighting, confusions of authority at regional and district levels, and shortage of qualified personnel cause disruptions and create a climate of uncertainty uncondusive to villager effort and investment. To date these processes have largely involved the extension of central authority to the village level rather than an increase in popular decision-making and freedom of action, as was noted by President Nyerere himself in his 1979 speech to the FAO World Agrarian Reform and Rural Development Conference in Rome.

Inequities in other areas remain, but gains are being made, if slowly. Elitism remains a feature of Tanzanian society

^{1/} Julius K. Nyerere, The Arusha Declaration - Ten Years After, Government Printers, Dar es Salaam, Tanzania, 1977.

and is based on education, sex, government, party and traditional status. The elite elements are largely urban-based and male dominated. Ownership of property continues to be passed on along patrilineal lines.

Women, while making progress over the few years of Tanzania's independence, are still limited in their opportunities and do not enjoy the same returns to labor as do their male counterparts. Government policy is that women are equal to men, however progress is slow in making this a reality in practice. Urban/rural salaries and wage differentials, while greatly reduced since independence, are still significant.

Tanzania's overall economic performance has been covered in Section B, above, and in Section D. Further elaboration is also contained in Annexes C and D.

As noted by President Nyerere, brighter spots of the Tanzanian scene remain the areas of health and education.

2. Health

Significant changes have been noted in demographic indicators since 1967, showing progress in the provision of health services to the population. Between 1967 and 1973 life expectancy at birth rose from 35 to 47 years. Infant mortality declined from 22 to 17.7/1000.

These advances have been brought about in part by a steady expansion of health services in the rural areas through establishment of rural health centers and dispensaries. Improvements in nutrition, environmental sanitation, maternal and child health

services and control of communicable diseases have occurred. However, staff and facilities still tend to be concentrated in urban and relatively better-off areas.

Various types of paramedical health personnel have been trained at a variety of levels for management of health problems in rural areas. Training of appropriate personnel and continuing education for existing personnel remains a high government priority.

Planning for appropriate health interventions and implementation of health policies are coordinated from the village to the national level by development committees. The increasing commitment of the Tanzanian Government to the ideal of providing rural preventive health services as opposed to urban based hospital services can be seen by examining budget figures. From 1970 to 1978 the proportion of the total health budget allocated to hospital services decreased from 76% to 50%. At the same time the proportion of allocations to rural health centers, dispensaries and preventive services has increased from 15% to 34%. The per capita health expenditure by the Tanzanian government increased from Shillings 12/- (\$1.50) in 1972/73 to Shillings 47/- (\$5.70) in 1978/79.

A serious problem within the health care system is the fostering in the people of dependence on the system for basic health needs. The majority of the population have not yet learned to use sanitation, nutrition and other basic health care measures which they can take to improve their own health.

3. Education

The goal of universal primary education is close to

being reached, and in 1979 an estimated 90% of primary school-aged children were enrolled. Education is free. People are expected to contribute their time and labor for construction of physical plants. Due to the rapid expansion of the educational system since Independence, shortages of trained personnel continued to exist. Primary schools are well-constructed, but poorly furnished and supplied. The severe lack of texts and instructional materials at the secondary level makes it necessary to continue to do some teaching in English despite past Government efforts to provide primary and secondary education exclusively in Swahili. The development of Swahili teaching materials is one of the imperative requirements for the future.

Access to the school system is reasonably fair and equitable, particularly in terms of rural/urban differentiation. There is a strong emphasis on increasing female enrollment at all levels of the education system. However, it is only at the primary level that female enrollment is substantial (50%). Furthermore, though most women continue to enter traditional fields of teaching and nursing, some progress is being made in training women for other fields as well. Thus, for example, in 1975, 25% of Ministry of Agriculture Training Institutes (MATIs) graduates were women and 6% of the University of Dar es Salaam Faculty of Agriculture students were women.

The government has for the last decade made a strong effort to extend literacy to adults, and allocates what is probably the highest percentage of its education budget to adult education

of any African nation (6.8%, 1976). In 1977 an estimated 34% of Tanzanian adults were literate. The Institute of Adult Education has gradually moved away from its emphasis on academic training, to initiate a wide range of literacy, health, agriculture, and other skill-oriented education programs, as well as political education. Libraries with special materials for newly literate adults have been established at Ward levels.

4. Population and Family Planning

Progress in family planning has been limited, but government awareness is growing regarding problems of over-population.

Preliminary analysis of 1978 census data shows that the current population growth rate to be 3.3%, compared to 2.8% in 1973. Given Tanzania's current rates of growth in the overall economy and in agriculture, population growth will outstrip the growth of nation's economic (mainly agricultural) base in the not too distant future if ameliorative actions are not taken.

The UN has summarized the Tanzanian response to its enquiry on national population policy by stating that the government has no intention of restricting population growth in view of the vast areas of uninhabited land that are available for exploitation and the need for large numbers of children to provide support for aging parents, ensuring family continuity and providing sufficient family labor. The government believes the rates of infertility, miscarriage and still births to be too high to begin restricting family size.^{1/}

^{1/} UNFPA, Tanzania, Report of Mission on Needs Assessment for Population Assistance, Report No. 11, May 1979.

Nonetheless, the government does have a policy of promoting child spacing for the improvement of maternal and child health, and family planning services and education are provided through the Maternal and Child Health (MCH) system. It has also taken other measures to encourage limits on family size. Both tax policy and subsidized housing regulations encourage a limitation of four children per family. The very liberal policy of 85 days paid government maternity leave is only given if there is at least three years elapsed time between births. However, these policies, by their nature, are only effective in the relatively small urban sector of the population.

5. Human Rights

Internationally, Tanzania has been in the forefront of African nations deploring human rights abuses elsewhere on the continent. Internally, Tanzania's policies of socialism and self-reliance have stressed the need to create an egalitarian society with particular emphasis on social and economic equality. In its continuing efforts to promote and create such a society Tanzania has chosen to limit certain individual civil and political liberties that are common in most democracies.

There is a limit to the amount and type of political criticism that individuals can make freely against the government. There is provision for such criticism, but only through approved channels within the one approved party (CCM). The Party tightly controls political expression and participation, partly through limiting its membership to only half of those who are eligible to

apply, and by limiting all political activity to the Party itself. Opposition parties are not permitted. Half of parliament is either appointed by the President or elected by the National Assembly whose members belong to CCM. The press is controlled by the Party. Editorial criticisms and reporting of bureaucratic inefficiencies or abuses are allowed within certain parameters.

The record of individual human rights abuses has improved significantly in recent years. There are laws that enable the government to imprison without trial or public hearing, people considered dangerous to the safety, good order or interest of the country, but Amnesty International has estimated that of the persons presently held under these laws (estimated as "some hundreds") only one could be categorized as a political prisoner. The rest are held for criminal reasons. Police excesses in dealing with the criminal elements do exist, but the government is trying to control abuses.

Laws guaranteeing the rights of the accused in such areas as obtaining confessions under duress exist and are adhered to in the courts. Prison conditions are poor due to overcrowding and inadequate facilities. The recent release of 6400 prisoners on humanitarian grounds has somewhat alleviated the situation.

The Tanzanian government places strong emphasis on its humanist responsibility towards its citizens, and identifies the major freedom for its people as freedom from want and hunger. Some measure of success has been achieved in the provision of education, health care services as cited above, and in improving water supplies to the rural areas.

D. Host Country Plan and Budget^{1/}

Tanzania is currently about two-thirds of the way into its Third Five-Year Plan, 1976-1981. Its two previous five year plans covered the decade 1964-1974. The planning sequence was interrupted during 1974-1976 because of the economic crisis caused by the drought.

The first two plans both set targets that were not achieved. From 1964-1969, GNP grew at an average annual rate of 5.0% compared to the 6.7% target, and from 1969-1974 the actual growth rate was 4.8% compared to the 6.5% target.

The Third Five-Year Plan gives greater emphasis to the productive sectors of the economy. These sectors will receive 43% of planned investment as opposed to 17% in the Second Five-Year Plan. Economic infrastructure will receive only 30% of planned investment as opposed to 52% in the Second Five-Year Plan. Thus on the basis of planned expenditure it appears that Tanzania is shifting away from long-gestating infrastructure and towards investments to increase its productivity and resources utilization capacity.

Within the productive sectors however, agriculture and livestock will receive only 14% of total planned development expenditure as opposed to the 23% for industry. While some of the industrial investments are related to agriculture, the agricultural sector is receiving surprisingly lower emphasis than it deserves given its key role in the Tanzanian economy and the long standing policy of emphasizing agrarian development. The allocation for health,

^{1/} More detailed analysis of the Tanzanian Government Plan and Budget is contained in Annex C "Macro Economic Trends in Tanzania."

AID's other area of current concentration is 3.4% and reflects the greater emphasis on production versus infrastructure and social services in the Third Plan.

Of the capital investment funds earmarked for the Third Five-Year Plan (Table IV), about 88% are for expenditures at the national level and the remaining 12% are for regional projects. Some of the national projects, of course, such as those of the Tanzania Rural Investment Bank, impact in rural areas. But the relatively small percentage of investment resources funneled through regional authorities does imply that despite the government's decentralization program decision power is still basically concentrated at the national level.

The goals of the Third Five-Year Plan are fairly ambitious. The projected average annual GNP growth rate for the period is 6%. By sector, the projected rates are as follows: agriculture (5.1%), mining (9.4%), industry (9.3%), water and electricity (10.3%), public works (6.5%), transport and communication (6.5%) and other sectors (5.6%). For the years 1976-1978 GNP grew in real terms at an average annual rate of 6.2% (although the growth rate for 1978 was only 5.6%). The relatively high growth rate from 1976-1978 was led by the subsistence sector, especially in food production, with an average annual growth rate of 7.9%. The growth rate for the entire agricultural sector dropped to 4.6% in 1978 caused by a negative growth rate of 3.1% in the monetized agriculture sector.

The poor performance of the monetized agriculture sector was caused primarily by a fall in export crop earnings. dominated

by the drop of world coffee prices, and the decline in coffee, cotton, and cashew and sisal production. The growth rate of subsistence agriculture stayed consistently at around 10% for the three years 1976-1978. It is likely that the current economic crisis (discussed in Section B) will result in further slowing in growth rates below plan targets for the remainder of the plan period, particularly in the industrial and transport sector - those most affected by import cut-backs.

Table C-3 provides an overview of government budgetary operations for Tanzania FY 1977-1980. Several features are noteworthy.

First, the overall deficit is increasing over time as the rate of growth of total expenditures has exceeded the rate of growth of total revenue. While a substantial portion of the increase in expenditures observed in FY 1978 and FY 1979 can be attributed to the Uganda war and its aftermath, the increased deficit that resulted is an acceleration of a trend that has existed since FY 1970.

A number of factors lie behind the rapid increase in government expenditures in recent years (which have been rising both absolutely and as a proportion of GDP). Among the most important are: (1) implementation of the Universal Primary Education Program; (2) increases in size and scope of national and local government; (3) the necessity to rehabilitate equipment and infrastructure and cover the recurrent costs of new development project; and (4) the substantial increase in defense spending which preceded and then accelerated after the start of the Uganda war. In general there has been a tendency for recurrent expenditures to exceed anticipated

levels and for development expenditures to fall below plan, reflecting problems of absorptive capacity.

Tax revenue as a percent of GDP has declined in recent years (from 18.1% in FY 1977 to 16.5% in FY 1979) due to the virtual exemption of the subsistence sector from direct taxes, the poor performance of the manufacturing sector, controls on prices and public sector wages, the steady decline in the volume of major exports and the generally disappointing performance by the economy as a whole. Additional revenue measures that have been taken have not been sufficient to compensate for this decline.

The considerable reliance upon external sources as a means of financing the overall deficit is also apparent from Table III. In FY 1977 and FY 1978 foreign resources financed 84% and 48% of the overall deficit respectively.

The impact of the Uganda war can also be clearly seen in the Table. Despite efforts to contain expenditures and to increase revenues both at the time of the crisis and in the FY 1980 budget, Tanzania's overall budgetary deficit and the level of bank financing increased dramatically in FY 1979 and is projected to remain at high levels in FY 1980.

Such a resort to the banking system as a vehicle for deficit finance will, over time, contribute to the already considerable inflationary pressures that exist in the economy. It will also contribute to the over-valuation of the Tanzanian Shilling and add to pressures on the import licensing system. An increased rate of inflation will raise local operating costs, including those of

foreign assistance projects. The impact of the FY 1979 deficit on the money supply (and hence inflation) was reduced by the drawing down of foreign exchange reserves in calendar 1978. However with reserves now at negative levels, the possibility for such an offset in the future no longer exists.

E. Absorptive Capacity

Tanzania's ambitious development plan and the very large foreign assistance contribution to it (about \$600 million annually) have resulted in serious absorptive problems. Substantial project implementation delays have occurred and completed projects have been neglected because manpower and financial resources are not available to meet the steadily increasing requirements and changing priorities. Considerable inefficiency and resource wastage has resulted. Absorptive capacity problems can be divided into the limitations of (1) institutions, (2) financial resources, (3) human resources, and (4) physical infrastructure. These problems are both overlapping and interactive.

The major institutional constraint is manifested by frequent government reorganization, shifting of key personnel, inadequate organizational and work discipline and setting of unrealistic goals. Many institutions, such as the Tanzania Rural Development Bank, are still going through growing pains, trying to develop effective working relationships and systems to achieve their objectives. Despite the critical shortage of skilled managers and technicians in existing institutions new ones are constantly being created. This constraint overlaps with some of the others

in that shortages of financial and human resources contribute to poor institutional performance. Most donors, including USAID, are increasing the amount of technical assistance and training to improve institutional capacity in their assistance projects.

Domestic financial limitations are a constraint to development for three main reasons. First, as discussed in Section 3, government spending for development will probably be curtailed for at least the next several years due to the existing financial crisis. Second, the procedure for channeling funds for development purposes is still very inefficient, particularly procedures for getting funds into and properly utilized in rural areas. This again overlaps with the institutional constraint and can also be addressed with appropriate kinds of technical assistance coupled with institutional and policy reforms. However the process will take time. Third, the large number of development activities and extensive foreign donor participation, have over-extended limited government funds available for counterpart and recurrent costs financing. This constraint could be alleviated by a more active government/foreign donor effort to coordinate and prioritize development programs and design of activities to minimize the government local cost burden or incorporate it into the foreign assistance component.

The human resources constraint is evident in the shortages of both technical and managerial skills required to operate and manage existing organizations and projects and successfully

implement new development projects. These skill limitations also affect planning efforts of the central and regional authorities.

As in most developing countries changes in assignment of the small cadre of capable people are frequent. The human resources constraint can be addressed by carefully designed local professional, technical and vocational training programs, expanding and improving the education system and in some cases by training abroad.

However these remedies require long gestation and training abroad frequently has a short-term negative effect by temporarily removing key personnel. The infusion of external expertise as a substitute measure frequently creates more problems than it solves. The Tanzanian Government badly needs a coordinating mechanism which could relate the approval of new development projects and activities to the availability of skilled manpower needed to operate them without depleting the staff needed to operate existing activities.

The physical infrastructure constraint is most serious in the transportation sector, particularly roads and ports. Inadequate planning, frequently impassable roads, antiquated rail operations, poor maintenance and utilization of equipment, and limited hauling capacity create chronic shortages or delays in deliveries of goods needed for development purposes and marketing of domestic output. The minimal network of roads inherited from the colonial era was intended to transport goods to the coast for export rather than to develop intra-regional communication and growth. The IBRD, EEC and other European donors are involved significantly in communications and transport development but more assistance in this area is needed.

The government has developed a 10 year master plan for road development in Tanzania. However financial and manpower constraints will limit what can be accomplished unless other priority development needs are postponed. Thus Tanzania's low overall absorptive capacity has a circular negative impact.

F. Other Donors

Tanzania's strategy of self-reliance and "growth with equity," and President Nyerere's leadership on Southern African issues, coupled with political stability, have made the country a favorite with many donors. Many accomplishments and objectives of earlier development plans, particularly in health, education, and infrastructure were realized through positive donor response. Foreign aid accounts for about one-half of total financing in Tanzania's Third Five-Year Plan.

Projected loans and grants for Tanzania fiscal year 1979/80 are U.S. \$231 million, and \$283 million respectively. The \$531 million total makes up 59% of the 1979/80 development budget. However, these estimates are understated and this year's total foreign aid commitment is likely to be closer to \$600 million.

Foreign assistance outlays earmarked for particular activities are frequently underspent and carried over from year to year. This was particularly pronounced in 1978/79, when a large portion of local counterpart funds for development projects were diverted to the Ugandan war effort. The underspending is a reflection of Tanzania's overburdened absorptive capacity. European donors, particularly the Nordic countries, have greater ability to cope with

these problems because of their programming flexibility which permits shifting of funds between projects and from project to budgetary support.

In recent years certain conditions and practices have weakened the interaction between national development planning and donor assistance. First, national development plans have not included guidelines for foreign assistance negotiations. Project proposals which can be fully financed under agreements with foreign donors are usually approved without regard to expressed national priorities in terms of self-reliance, equity, rural development, labor vs. capital intensive investments, manpower availability and so forth.

A second factor is divergence of priorities on the part of Tanzanian planners and foreign donors regarding given development objectives. Emphasis on basic industry in the Third Five-Year Plan, for example, did not bring forth an enthusiastic donor response.

A third factor is the lack of progress to date in making the Tanzanian economy vital and self-sufficient. Donors who have strongly supported the Tanzanian development model, are increasingly concerned that it has not been successful in creating the foundation for self-sustaining growth. The public service is the fastest growing element of the economy, exports are declining and productivity is lagging. Foreign-financed development projects when completed and operating often fail to cover even recurrent expenses, let alone generate surpluses with which to recoup investment and stimulate further growth.

Concerns of the foreign donors have been expressed by the World Bank in recent years and, recently, more forcefully by the International Monetary Fund. To date neither the government's own recognition of its problems nor donor overtures have been persuasive in bringing changes in Tanzanian development policy and programming. Conversely, levels of development assistance have not been significantly altered, nor have the government or donors taken meaningful steps to better coordinate and prioritize assistance despite the growing constraint on absorptive capacity and other problems of effective aid utilization.

Approximately half of Tanzania's foreign assistance is provided by two donors, the IBRD (\$150 million annually) and Sweden (\$80 to \$100 million annually). The IBRD program is divided into about 65% in production-oriented projects and 35% in infrastructure. Two-thirds of the production-oriented projects are in agriculture and one-third in industry. In both sectors the emphasis is on processing local raw materials for export. In economic infrastructure IBRD assistance is concentrated on electric power and roads and in social infrastructure on education.

The Swedish aid program is totally grants and mainly for small rural industry development, education, import support, rural water supply, power, forestry, public administration, and rural health. Sweden recently signed a 3-year aid agreement with Tanzania providing \$250 million for the period 1979-1982. At the Tanzanian government's request Swedish assistance will be increasingly concentrated in the industry and education sectors.

The present USAID concentration on food crop agriculture and health is complementary to the activities of IBRD and Sweden, as well as those of other donors.

Considerable external assistance is channeled through parastatal organizations. The larger programs in this category include expatriate assistance both at the management and operational levels, and training components. An example is the National Engineering Company, in which the General Manager and key technical staff are German expatriates and skills training is given great emphasis. Other programs, such as UNDP assistance to the National Development Corporation concentrate on bolstering management capabilities.

A significant amount of donor assistance is now also being provided directly at regional levels and below. This assistance has been under the aegis of the Prime Minister's Office as part of the government's regional planning and development effort.^{1/}

Available evidence suggests both regional plans and the local development activities associated with them have greatly varied in quality. Most early regional planning was accomplished by expatriates. There was no integration of regional plans with the national five-year plan and little involvement or consideration of the effected populations occurred in the planning/implementing process.

This is being recognized and corrected to some degree in current regional assistance efforts.

^{1/} Annex E provides additional detail on areas of activity concentrations of other donors.

PART II: STRATEGY

In the foregoing analyses we have identified who and where the poor are in Tanzania and many of the reasons for their poverty. We have considered the effects of macro-economic policies on the poor, the activities of other donors, Tanzania's own commitment and progress in reaching the poor as well as some of the major constraints on absorptive capacity to channel additional assistance to the poor and promote economic growth. Considering also AID's Congressional Mandate and programming interests, we should focus our assistance in the Central Zone. If our assistance in the Central Zone increases welfare, productivity and the contribution of peasants to economic growth, the equity interests of AID and Tanzania would be well served.

However, in delineating an optimum assistance strategy for Tanzania at this time, we believe that alternative program strategies should be considered, especially those which could have greater impact on economic growth in the short run.

For example, if the Tanzanian Government agreed, AID could concentrate its assistance on another agro-ecological zone having greater agricultural potential, such as the Highlands. Or, AID could concentrate entirely on the problems related to the poor performance and inefficiency of key parastatals or crop authorities. Alternatively, AID could focus assistance entirely on solving transport problems or water development.

These are difficult choices because we have not assembled and analysed the data necessary to form a judgement about which of these

alternatives is likely to have the greatest impact on growth in the short run.

We believe that any strategy will have limited effects on growth in the short run. This is because there are a number of interrelated problems which we have analysed in Part I which are national in scope and severely impede Tanzania's development progress and limit the effectiveness of donor assistance. A hierarchy of these problems is given below.

1. The Current Financial Crisis

The most immediate problem facing Tanzania is its current financial situation. This situation is now causing deceleration of development inputs and services particularly those requiring foreign exchange, and a general slow-down of the economy. Despite the present seemingly intransigent attitude of President Nyerere against IMF assistance conditions, the Mission assumes for purposes of our FY 82-86 strategy that discussions will be resumed leading to IMF support and various forms of special assistance from other donors. We further assume this assistance plus the extraordinary measures being taken by the Tanzanian Government itself, will result in a stabilization of the deficits on external and internal balances by FY 82.

2. Tanzania's Development Performance

Underlying the immediate financial crisis are longer range economic problems primarily caused by poor administrative performance. There appears to be agreement between donors and Tanzanian leadership

that productivity and efficiency within government operated or controlled financial, transport, industrial and agriculture enterprises must be greatly increased if these institutions (largely parastatal) are to be transformed from a net drain on the economy into generators of surplus resources to sustain economic growth. Organization and management weaknesses (inadequate trained personnel), poor policy formulation and execution and inadequate performance incentives are the factors which appear to account for the present low levels of efficiency and productivity within public sector organizations.

There have also been persistent shortfalls between the government's stated goals of promoting equity and participation and its actual performance. These shortfalls have been most apparent in the productive aspects of rural development, where there has been little popular participation in decision-making on goals, priorities or the allocation of resources and poor results in project implementation.

3. Absorptive Capacity

As described in Part I, human, institutional, financial and physical infrastructure limitations are interactive and overlapping in effect and combine to place several limitations on the amount and kind of assistance Tanzania can effectively absorb. The most constraining of these limitations appear to be the confusion of authority associated with the creation of new institutions and the transition to decentralized government, the general scarcity of skilled managers and technicians, and the inadequate transport system. Since Tanzania is the beneficiary of a relatively large amount of external assistance, these limitations must be given more important consideration in Tanzanian, AID and other donor planning than they have received in

the past.

4. Population Growth

Tanzania's high population growth rate negatively interacts with its moderate economic growth rate and food self-sufficiency objective. It also threatens the physical ecology in certain regions of the country and undermines all effort to improve the levels of well-being of the population. Unless the current rate of population growth is arrested, Tanzania will find it difficult to sustain its current development achievements, let alone move toward self-sufficiency.

5. Environment and Natural Resources

Tanzania's major natural resources are its land, water and its people. The growth of the latter, coupled with ill-advised or inadequate land use policies, is destroying the delicate balance between the land and the human/animal population deriving livelihood from it. Inadequate water and improper land-use coupled with rapid forest and soil depletion, is reducing the land carrying capacity to a greater and faster degree than seems to be generally realized. This is particularly a problem in the Central Zone where the means of livelihood of the poorest people is increasingly threatened.

Combined, these problems are the major reason that Tanzania is not able to implement and finance its ambitious development program.

We conclude, therefore, that an important criteria in the choice of an assistance strategy is the degree to which the poor will participate and contribute to development and growth.

A. Assistance Goal and Objective

AID's overall assistance goal is to increase the productivity and

well-being of the poor so that they can raise their contribution and share more equitably in economic growth.

An important auxiliary goal is to increase the effectiveness of the decentralized administrative structure, Tanzania's major vehicle for involving villagers in decision-making and resource contributions.

The objective of our assistance program is to help Tanzania become self-sufficient in food production, and possibly a net exporter of food. This is because we recognize the severe balance of payments problems that food imports have caused in the past.

We believe that these goals and objectives can be most easily met by a balanced mix of assistance to selected institutions at local and national levels. We recognize that any assistance strategy will have a limited impact on growth over the short run. But we also believe that concentration on the Central Zone offers as good an opportunity as any to effect growth especially in the long run, while meeting our equity objective.

In the FY 82-86 period, our objective is to increase food production in the Central Zone; to stabilize food supplies in its semi-arid parts prone to recurring droughts and food deficits; and, to arrest ecological deterioration throughout the zone. Our targets are the 600,000 rural families residing in 2,000 villages in the zone which has a total population of 3.0 million, including residents in the new capital in Dodoma.

Our immediate focus are villages within the capital impact area, a 100 mile radius of Dodoma. We intend to help these villages take

advantage of special opportunities for increasing production (including processing) of high value crops and livestock products for sale in the Dodoma market.

There are several reasons for our choice of focus on the Central Zone. The poorest people live there, especially in the semi-arid parts. For this reason the Tanzanian Government, though not many other donors, is and plans to be very active there. The ecology is threatened and land needs improvement. From a perspective of growth, in real terms and in the long run, this is the zone where we can help to make the maximum contribution to the national economy. This is because the Central Zone absorbs and carries - in addition to the 3 million people permanently settled there - seasonal migrants from adjacent, over-populated highlands.

National economic priorities can be served as much in the Central Zone as the needs of its population. Increased production of rice, maize, oilseeds, dairy products, grain legumes, and agro-forestry may have as much impact on foreign exchange as on satisfying the growing domestic demands for these preferred crops.

B. Assistance Strategy

1. At the National Level:

Tanzania's macro-economic and administrative performance problems are so pervasive and interconnected that it would be unrealistic for us to expect that we could have a significant impact unilaterally. The problems of the economy which have been identified in this CDSS and elsewhere, i.e., poor policy formulation and execution, inadequate data on which to base policy judgements and actions, lack of managerial and technical expertise, low organizational and individual work

discipline, inadequate performance incentives, antiquated, inappropriate and deteriorating transportation systems, inadequate accounting system, and so on, are the basic problems of development which are not amenable to "quick fix" solutions or short range highly visible impacts.

The World Bank Group by virtue of its international status, its greater financial resources, and its existing involvement in the financial, industrial, transport and monetized agriculture sectors; and the Scandinavian countries, also with considerably greater financial and technical resource involvement, greater programming latitude and flexibility and the advantage derived from having^a political, economic and social ideology more congruent with Tanzania's, are in a far stronger position to assist Tanzania with its national level economic and administrative performance problems than we are. Therefor we believe the appropriate strategy for USAID is to continue a selective and supportive role with regard to attacking Tanzania's major economic and administrative performance problems. We propose to do this by providing selective assistance when high potential opportunities arise which we can respond to within our financial and programming limitations. This will be primarily training of key personnel or technical assistance to components of organizations whose affectiveness can be determined as having major potential for improving economic performance. Training examples would be the recently requested training in export promotion for officials of the newly created Board of External Trade (which we were unfortunately unable to respond to due to program inflexibility) or the AID funded training in enterprise management by Arthur D. Little Inc. which has been rated by several knowledgeable Tanzanians as having

produced the most effective performance among parastatal managers. An example of the technical assistance proposed would be the current provision of expatriate expertise in financial administration and decentralization of lending operations at the Tanzania Rural Development Bank.

The "subsistence" segment of Tanzania agriculture is the largest contributor to GDP and also has the greatest potential for increased contribution to GDP. The achievement of these increases depends heavily on particular functions performed by the Ministry of Agriculture and certain of its associated parastatals.

Key institutions whose performance is critical to both village and national agricultural development are: (1) the Ilonga Agriculture Research Institute responsible for all national food crops research; as well as farm systems and ecological research specifically for the Central Zone. (2) the Faculty of Agriculture at Morogoro, in close physical proximity to Ilonga, which supports basic and applied research programs on all food crops.

The institutions involved in the agri-business system which are critical to production increases are (1) the Tanzania Rural Development Bank responsible for credit and input distribution programs to villages, as well as inputs for storage and processing; (2) the National Milling Corporation, responsible for collection and marketing of all food crops for sale in the domestic market; (3) the General Agricultural Products, Export Corporation (GAPEX), responsible for marketing most export crops.

Therefore to further our goal of helping Tanzania become self-sufficient in food production, the bulk of our agricultural assistance

at the national level will be to improve the capability of these organizations.

The ability of the peasant producer to increase his contribution to GDP is also influenced significantly by his health and nutrition status. Health and nutrition status are also important elements of popular well-being. Hence we believe it is important that we continue our assistance in the health sector in order to support our objectives of increased productivity and improved levels of well-being of the poor.

The ability to improve health status depends in part on the capability of Tanzanian organizations which form the health services delivery system and which are concerned with nutritional development. A portion of our health resources will also be devoted to improving the performance of these institutions

2. Assistance in the Central Zone:

Our financial and human resource limitations make it impossible for us to think in terms of directly improving productivity and well-being of the poor throughout the country. Conversely, Tanzania's decentralization policy which has transferred development responsibility and authority to the local level and limited the role of central organizations; plus the limited overburdened capabilities of the central organizations, make it unrealistic to expect that assistance channeled through such organizations will, by itself, have a sufficient desirable impact on the rural poor. Additionally, as shown in the analysis in Part I some of the causes of poverty in the Central Zone are unique to the Zone, and more susceptible to alleviation within the context of a geographically specific strategy.

For the above reasons we think a geographic concentration is an

important and appropriate element of our strategy. We also think the Central Zone is the most appropriate place for us to concentrate for the following reasons:

1. With the exception of Kigoma, where the World Bank already has a major integrated rural development project, it is the area in which the most disadvantaged segments of Tanzania's population reside. Its strategic location in the center of the country, and the fact that it will constitute a continuing and growing drain on Tanzania's increasingly strained development resources in the absence of steps to increase the productivity of its land and people, give it a heightened importance in relation to Tanzania's overall development. Thus the development risks and difficulties which exist there are offset by the potential payoff from a successful program.

2. Despite the adverse climatic conditions and associated factors there is significant agriculture potential within the Central Zone.

Rice (upland and irrigated), maize, sorghum, oilseeds, grain legumes, dairy, range management, agro-forestry, agricultural processing, flood control and watershed management are important activities in the Central Zone to which U.S. technology can be applied.

3. Making decentralization work effectively is an important element in achieving Tanzania's rural development goals. Developing a closer linkage between the operations of key agricultural parastatal and other central government organizations and local administrative authorities is also essential for increasing well-being and productivity of the poor. Changes in organizational and administrative behaviour by both the central and local organisations is necessary for both these

purposes. Elements of the Prime Minister's Office (PMO) responsible for regional and village development and for engendering coordination between regional and national entities to achieve rural development are located in the new capital in Dodoma. The increased involvement of the PMO resulting from its geographic proximity will both facilitate these developments as part of our work in the Central Zone and hasten the diffusion of positive results, if achieved, to other parts of the country.

4. The Zone enjoys a high priority within the development strategy and plans of the Tanzanian Government, thus increasing the likelihood that government political commitment and resources will be forthcoming to support our efforts.

5. There is presently little other donor activity within the zone and that which exists complements the sectoral areas in which we will concentrate.

6. The Arusha Village Development Project now being implemented in the northern part of the zone will provide knowledge concerning regional, district and village administration, experience in stimulating village level innovation and appropriate technologies to help guide project development in other parts of the zone. Existing and FY 80/81 projects in farm systems research, agricultural credit, livestock, rural access roads and school health all of which will be either wholly or partially implemented in the zone will also help create the base for an expanded assistance program. We have no comparable opportunity to build on prior experience elsewhere in the country.

C. Kinds of Assistance Required

1. Rural and Agricultural Development: 1/

Rural and agricultural development assistance will be designed to increase the productivity and well-being of the rural poor so that they can contribute and share more in the growth of the national economy. To achieve this villages need:

1) Access to information and methods for identifying village problems and opportunities as well as selecting appropriate solutions and actions, especially in food production;

2) improved incentives in the form of producer prices, availability of consumer goods and services to induce villagers to make optimum decisions, both from the perspective of their welfare and the requirements of the national economy;

3) more and better trained, motivated and sympathetic change agents living in villages, and working with them;

4) new and profitable technologies and capital resources which effectively complement labor on small holdings and raise its productivity;

5) reliable institutional and technical support;

6) economic infrastructure and social services.

These requirements can be most effectively provided through the administrative organizations closest to the villages. Thus a necessary corollary to our sectoral assistance is to improve the effectiveness of the decentralized administrative structure. This can be done by raising village demands for productive services and

1/ See Appendix F for more details on Rural and Agriculture Development Strategy

support from institutions at all levels and by increasing the efficiency of these institutions to effectively respond to villages needs.

In the long run AID assistance should help Tanzania become a net exporter of foods by increasing the productivity of the 3 million peasant families who cultivate two hectares or less. This objective will be concentrated during the FY 82-86 period on the Central Zone. This will allow AID assistance to be targetted for the 3.0 million poorest people in Tanzania and offers opportunities to integrate AID programming interests in agro-forestry, conservation, alternative energy and others related to increased productivity in food production and the ecological improvement of the zone.

Based on the needs previously listed the Mission will plan the following activities:

- 1) Training to strengthen planning and evaluation at village levels, especially in problem identification and solution related to food production and conservation of water and soil fertility.
- 2) Training to strengthen administration at district/regional levels and professional/technical back-stop capabilities at national levels.
- 3) Specific crop and livestock production projects, particularly for more nutritious and higher value products such as rice, oilseeds, and perhaps dairy products.
- 4) Development, diffusion and adoption of appropriate technologies, profitable to small farmers.
- 5) Land improvement to halt ecological deterioration and to increase the carrying capacity of the land.

6) Promotion of small scale industries such as agro-processing and manufacture of improved tools and agricultural equipment useful to traditional procedures.

7) Improved on-farm and village storage.

8) Appropriate commodity, equipment and raw material imports to support all of the above components.

2. Health Assistance:

Studies show that most rural communities have a poor understanding of the determinants of health, limited access to basic health services, inadequate supply of safe water, and poor sanitation. The Tanzanian Government attempts to respond to these problems through: (a) provision of basic health services to the population with an emphasis on rural health services development; (b) concentration on preventive programs as opposed to curative; (c) emphasis on the health needs of the high-risk population of mothers and children; and (d) training and use of paramedical personnel; (e) developing community members in leadership roles in identifying local health problems and supporting responsive local interventions.

USAID health assistance will provide: (a) support to efforts to enhance communities' understanding of their health problems and how to deal with them; (b) support to community-initiated health interventions; (c) training and support of community level health workers; and (d) assistance to strengthen the administration and management capabilities of the health services delivery system at all levels.

The first two categories are intended to increase the self-reliance and productivity of the people by making them better able to deal with their own health problems. The third is aimed at relieving people of their

health problems through preventive services and simple cures. The fourth addresses the current principal constraint to the development of a comprehensive national health services system - the lack of management ability of the existing system and its corollary lack of absorptive capacity.

3. Population Assistance

The population problem will be impossible to address in a major and direct way until there is a change in prevailing attitudes of government leaders. Nonetheless, in view of the major development implications of the present population growth rate, USAID/T intends to take an active role in persuading the Government of Tanzania to develop a population policy and accept greater assistance in the development of its family planning services. The Mission assistance during the planning period will consist of the following elements: (a) An active campaign to sensitize government leaders to significance of Tanzania's present population growth rate and to the availability of assistance for a variety of alternative approaches to reducing it; (b) provision of training and supplies to those individuals and institutions engaging in family planning or population-related activities; (c) incorporation of family planning components into the curricula of all appropriate USAID-supported training programs; (d) design of other Mission activities to maximize their impact upon attitude of beneficiaries toward reducing their desired family size; and (e) a quick response to any government request for family planning programming support.

Outside the population sector, the Mission will continue to explore ways in which its projects can affect the population problem. The Mission has selected the Arusha Regional Planning and Village Development Project

for a special study to evaluate the project's influence on desired family size. The study results will then be taken into account in the design of similar local development activities elsewhere in the Central Zone.

4. Energy Assistance

The TanGov is greatly concerned about the energy problem, particularly its need for alternative energy and the environmental threat produced by current practices. However, there is not, as yet, a coordinated national program to deal with the energy problem. An energy research institute is to be established in Dodoma, but very little is presently being done to experiment with alternative sources of energy at the village level.

To further encourage Tanzanian initiatives, the Mission intends to utilize the resources provided by centrally-funded AID programs in:

(1) Energy Management Training; (2) Improved Rural Technology; and (3) Energy Initiatives for Africa.

In addition the Mission will develop its own energy program in coordination with other donors and centered on the needs of the Central Zone. We will place particular emphasis on solar energy development and village firewood production, in coordination with the Peace Corps. We will also use local expertise, possibly coupled with the services of an environmental and natural resources indefinite quantity contractor, to compile existing data, starting with the Central Zone, and to expand it into an environmental profile of Tanzania of the type suggested in TOAID A-210 of 22 September, 1979. The results will provide the basis for formulation of appropriate additional assistance to Tanzanian environmental conservation activities, particularly as required in the Central Zone.

5. Food Assistance

PL 480 Title I and III food assistance will be initiated prior to the FY 82-86 planning period to ease Tanzania's current financial crisis and meet current food import needs. The requirement for food assistance may extend into the FY 82-86 planning period if Tanzania experiences adverse climatic conditions causing severe shortfalls in domestic food grain production. Drought is a highly probable contingency given historic experience; however unless the concurrence is of an unusually severe or extended duration we anticipate Tanzania's food needs will be met by increased domestic production and by the strategic grain reserve which has been established for this purpose.

Local currencies generated by FY 80 and 81 PL 480 programs will be an important element for assisting Tanzania to increase food crop production, particularly production of rice, for which there is currently a major import requirement.

6. Small Industries and Infrastructure

Village level industries, particularly those related to agriculture, will be encouraged as means of offering alternate employment opportunities, increasing returns to agricultural production, and reducing the percent of population directly dependent on farming for its livelihood. We anticipate that infrastructure development assistance will primarily be directed to increasing villages incomes and levels of well-being.

D. Impact and Benefits

The impact of our program depends on the rate at which we can find new and appropriate technologies and production opportunities for the

Central Zone, especially since very little work has been done on agriculture in this zone in the past. The impact also depends on the rate at which the carrying capacity is increased and the ecology is stabilized. These rates are difficult to project at this time.

To maximize our impact in the Central Zone requires a commitment to search for new technologies and production opportunities, especially from a foreign donor. Tanzania has already made this commitment. What is necessary now are resources, specific proposals for discrete development activities, and implementation plans based on sound analyses.

The impact of our overall assistance program is not restricted to the Central Zone. We anticipate substantial returns from our assistance to the national food crop research programs at Ilonga Institute and the Faculty of Agriculture at Morogoro. We anticipate substantial returns in the shorter run from our training assistance at all levels within the decentralized administrative structure, especially if training helps to improve financial management and control of concerned crop authorities. Finally, we anticipate substantial returns to investments in economic infrastructure and land improvement, especially if these activities convert the Central Zone into a vigorous growth pole and transport center of Tanzania's economy.

The task now is to realize these benefits and monitor performance in specific, operational contexts. By focusing most of our assistance in one agro-ecological zone it will be easier to monitor impact performance measure results and learn to expand our assistance effectively to other zones.

Measures proposed in Administrator's Guideline Message (STATE 267977):

1. Mission Phase Out and Staff Economies

Phase-out is not applicable to Tanzania as noted in STATE 284258. The Mission will seek to make direct hirestaff economies through increased use of intermediaries and other methods indicated below. Staffing implications of the strategy are discussed in Part III.

2. Enhanced Use of Intermediaries

It is anticipated that most of the technical assistance required to support contemplated activities within the Central Zone can be provided through use of Title XII institutions or other universities with which AID/W has cooperative agreements. We will also seek to maximize Peace Corps and/or PVO involvement. We have had an enthusiastic reception from regional officials to the use of PCVs. However decisions on both numbers and types of PCVs allowed to work in Tanzania are closely controlled by the central government.

We also anticipate making increasing use of Tanzanian intermediary institutions, particularly those at the University of Dar es Salaam, such as the Institute of Development Studies (IDS), Bureau of Resource Assessment and Land Use Planning (BRALUP), and the Economic Research Bureau (ERB), for research and analysis in support of project design and evaluation.

3. Reduced Project Proliferation

The Mission is acutely aware of the management burden imposed by large numbers of small projects. However, as we have indicated, elsewhere there are major absorptive and implementation problems in Tanzania which will not be resolved by developing larger projects. We do believe that larger integrated projects will be feasible under our proposed strategy and that this will ease the project design and documentation burden.

We also anticipate that the geographic concentration of our program within an integrated zonal strategy will make it more manageable with proportionately less direct hire staff. In keeping with Tanzanian government policy a major objective of our strategy will be to enhance the ability of villages to manage development activities in their own behalf. Assistance activities within the Central Zone will be developed with this in mind and with the corollary objective of enhancing the ability of district and regional authorities to assist villages in the accomplishment of these responsibilities. Where necessary intermediaries will be temporarily employed to augment and build local management capability.

4. Replicate Successful Projects

As noted, we believe our sectoral and geographic concentration will facilitate application of results and experience gained in previous projects.

5. Increased use of Sector Support Where Appropriate

Agricultural sector support may be provided in FY 81 as extraordinary assistance to help in meeting Tanzania's foreign exchange difficulties. While we support a sector grant to meet this special need we do not feel that it is a substitutable mechanism for project assistance in getting benefits to the local level. A prerequisite is improved administrative performance by central institutions particularly better performance at local levels. We will seek, in collaboration with other donors and through

training and technical assistance to improve institutional performance to the point where sector program grants would be appropriate for broader development purposes.

6. Concentrate in Limited Sectors

We anticipate continued concentration in Agriculture and Health, but believe ancillary activities in population, transport, water, energy, environment and development management and administration are necessary. These activities will mainly be carried out as components of broader rural development projects rather than as discrete undertakings. We believe working directly with local government authorities will have no adverse effect on our sector concentration because it is consistent with the government's decentralization policy and structure. The geographic focus facilitates combination of several sectoral activities in one project with the regional or district government as the primary contact point for management purposes, as in the current Arusha project. This is much more difficult in national level projects.

7. Geographic Concentration

We believe a geographic concentration is appropriate for reasons detailed on pages 48-50.

8. Other Donor Relationships

Our analysis has lead us to conclude that more coordinated and integrated planning of donor assistance is necessary. We will continue to work with the Tanzanian Government and other donors to achieve better coordination. We believe the recent Tanzanian Government reorganization which created a separate planning ministry indicates Tanzanian awareness of this need and represents a welcome step towards its accomplishment.

9. Increased Use of Host Country Analytical and Managerial Capabilities

Described under items 2, 3 and 4 above.

10. Increase Life of Project Funding

We concur in this and will do so to the extent our project development cycle and future program allocations permit.

11. Streamline Project Approval Procedures

The Mission believes the following measures would help shorten the time required for approval of project design documents: (a) Reducing the number of authorization documents submitted to AID/W; e.g., by submitting broader PIDs and PPs which include more than one component of the proposed strategy; blanket waivers for vehicles and other commodities. (b) We recognize and accept that improvement in the quality and completeness of our documentation is necessary. We believe a concomitant improvement in the AID/W approval process is needed. More expeditious reviews with smaller and more consistent membership on project review committees is suggested. (c) Greater Mission control of PDS funds and contracting for design assistance. (d) A control system in AID/W for consultant team recruitment, contracting and pre-departure briefing. (e) Greater Mission authorization authority for approval of new projects, amendments and revisions; increased waiver and contracting ceilings. Greater delegation to the field would permit AID/W to devote more time to the evaluation of implementation performance and the impact of the program and projects Missions have chosen to undertake, rather than lengthy pre-approval reviews.

PART III - ASSISTANCE PLANNING LEVEL

The mission believes the funding levels shown in PAPL Table III.A will be adequate to meet AID objectives for FY 82-86 as set forth in Part II. We believe it will be possible to obligate and expend funds at the levels indicated provided Tanzania's economic and absorptive capacity problems are reduced to more manageable proportions.

It will be noted that provision is made for the bulk of the funding increase required to occur in the later years of the planning period. There are two reasons for this. First, Tanzania will not be able to effectively absorb additional amounts of external assistance, other than of a budget support nature during the early part of the period. Two, we do not anticipate that a sufficient increase in U.S. overseas assistance will be forthcoming during the early years to permit a program much above the present level in any case.

We intend to use the period between now and FY 83 to accomplish technical and other studies needed to validate the feasibility and more clearly determine the character, financial requirements and impact of the program anticipated in the Central Zone. This will also be a period of capacity building, both within the zone and within the central institutions whose performance is essential to local development. A major criteria for assessing development projects undertaken will be the extent to which they will contribute to laying the base for the increased program levels envisioned for the latter part of the planning period and beyond.

In the event our expectations regarding improvements in Tanzania's economic situation and administrative performance prove unfounded, we

TABLE III A. PROPOSED ANNUAL INCREMENTAL OBLIGATIONS BY MAJOR PROBLEM AREA FOR PROGRAMMING IN TANZANIA (TOTAL) AT NATIONAL (NATI.) LEVEL & IN CENTRAL ZONE (CZ) FY 1982-86 (US\$'s MILLIONS)

	1982		1983		1984		1985		1986		1986							
	Total	Natl.	Obligations/	At 1980 Prices														
Agriculture ^{1/}	10.0	6.0	4.0	10.0	6.0	4.0	17.0	10.0	7.0	30.0	26.0	4.0	47.5	34.0	13.5	20.5	14.6	5.9
Health ^{2/}	7.0	5.0	2.0	7.0	5.0	2.0	8.0	6.0	2.0	12.5	8.5	4.0	20.0	15.0	5.0	8.6	6.6	2.0
Population ^{3/}	1.0	1.0	-	1.0	1.0	-	2.0	2.0	-	2.5	2.5	-	10.0	8.0	2.0	4.3	3.4	.9
Land Improvement ^{4/}	1.0	-	1.0	3.4	-	3.4	5.0	-	5.0	15.0	-	15.0	20.0	-	20.0	8.6	-	8.6
Economic Infrastructure ^{5/}	4.0	-	4.0	4.0	-	4.0	5.0	-	5.0	15.0	-	15.0	20.0	-	20.0	8.6	-	8.6
Development Administration ^{6/}	4.6	3.0	1.6	4.6	3.0	1.6	3.0	2.0	1.0	5.0	3.0	2.0	12.5	8.0	4.5	5.4	3.4	2.0
Sub-Total ^{8/}	27.6	15.0	12.6	30.0	15.0	15.0	40.0	20.0	20.0	80.0	40.0	40.0	130.0	65.0	65.0	56.0	28.0	28.0
PL 480	10.0	-	-	10.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total ^{9/}	37.6	-	-	40.0	-	-	40.0	80.0	-	80.0	130.0	-	130.0	65.0	65.0	56.0	28.0	28.0

1/ Includes commodity imports, production, technology and agribusiness development; for details see Annex F.
 2/ Includes support for community initiatives in health, provision of safe water and sanitation, training of community level paramedical health workers and management training.
 3/ Includes support for training, and incorporation of population components in other AID training projects, and target of opportunity projects that develop during discussions with GOR officials.
 4/ Flood control, conservation, water development and irrigation
 5/ Rural Access Roads, water development and storage
 6/ Includes technical assistance in management and administration and in-country and overseas training
 7/ Assumes 15% rate of inflation per year on total costs, including 20% inflation on local costs whose proportion to total costs is expected to increase throughout the FY 82-86 period.
 8/ Total Mission funded assistance program
 9/ Total bilateral assistance program

are submitting an alternate PAPL (Table III.B) which projects increases at a reduced level for FY 82-86. The changes and increases indicated would essentially allocate relatively higher shares to land improvement and agricultural research and offset inflation, increased operating costs and to fund local costs which would otherwise be borne by the Tanzanian Government but which they will be unable to meet.

PL 480

PL 480 Title III food aid is projected only for the early part of the planning period. A requirement will not exist in the latter part of the period if anticipated improvements in domestic food production, distribution and marketing occur.

HG

The TanGov has requested AID HG financing for development of worker housing and related community facilities for a new township next to the proposed pulp and paper mill in the district of Mufindi. Development of the mill is supported by other donors. The township will serve an estimated population of 10,000 of which approximately 5,000 will be directly dependent on the paper mill for their income. USAID has been requested to finance the township component, including worker housing, infrastructure and community facilities. An office of housing consultant team will conduct a study the first part of CY 80 to determine whether a HG program in Mufindi is feasible. Particular attention will be given to examining whether AID shelter objectives of developing affordable standards for below medium income households and recovery of shelter and infrastructure costs and utility services provided can be

TABLE III B. PROJECTED ANNUAL INCREMENTAL OBLIGATIONS BY MAJOR PROGRAMMING CATEGORIES FOR FY 1982-86 ASSUMING REDUCTIONS IN PROGRAMMING LEVELS (US \$ MILLIONS AT CURRENT PRICES)^{1/}

	1982		1983		1984		1985		1986		Value of FY 1986 Obligations At 1980 Prices							
	Total	Natl. CZJ	Total	Natl. CZ.	Total	Natl. CZ.												
Agriculture	10.0	8.0	2.0	12.5	10.0	2.5	15.0	12.5	2.5	17.5	15.0	2.5	20.0	15.0	5.0	8.7	6.5	2.2
Health	5.0	4.0	1.0	4.5	3.0	1.5	4.5	3.0	1.5	4.5	3.0	1.5	5.0	3.0	2.0	2.2	1.3	.9
Population	1.0	1.0	-	1.5	1.0	.5	2.0	1.5	.5	2.0	1.5	.5	2.5	2.0	.5	1.0	.8	.2
Land Improvement	3.0	-	3.0	3.5	-	3.5	7.0	-	7.0	10.0	-	10.0	13.0	-	13.0	5.6	-	5.6
Economic Infrastructure	4.0	-	4.0	3.0	-	3.0	6.0	-	6.0	10.0	-	10.0	13.0	-	13.0	5.6	-	5.6
Development Administration	4.6	3.0	1.6	5.0	3.5	1.5	5.5	3.5	2.0	6.0	3.5	2.5	6.5	3.5	3.0	2.9	1.5	1.4
Sub-Total	27.6	15.0	12.6	30.0	17.5	12.5	40.0	20.5	19.5	50.0	23.0	27.0	60.0	23.5	36.5	26.0	10.1	15.9
PL 480	10.0			10.0														
Grand Total	37.6			40.0			40.0			50.0			60.0			26.0		

^{1/} Footnotes as in Table III A.

achieved. If a decision is made to proceed, a \$20 million HG supported by long term and short term centrally funded technical assistance is envisioned.

The Mission has not included further HG assistance within the PAPT because we still do not feel it represents an appropriate assistance instrument given Tanzania's financial situation and priority development needs. We will reconsider this position on the basis of experience with the Mufindi project, if it proceeds.

Staffing Implications

We anticipate that the concentration of program activities in the Central Zone will necessitate establishment of an office in Dodoma similar to the area coordinator office now located in Arusha. Eventually USAID is scheduled to move its headquarters to Dodoma along with the U.S. Embassy and other Missions, but it is unclear whether such a move will occur within the FY 82-86 period. We anticipate the office in Dodoma can be established within the presently-authorized US direct hire ceiling since the expansion in regionally focussed activities will be accompanied by a corresponding reduction in the national level projects thus enabling project monitoring responsibilities now located in Dar es Salaam to be transferred to Dodoma. A limited expansion of Tanzanian national staff will be required to support maintenance of the additional office in Dodoma.

As indicated in Part II we intend to design our projects at the local level in such a way that implementation responsibility will lie with the villagers themselves, local government authorities or intermediaries, i.e. Peace Corps, private voluntary agencies, or contract technical assistance, in that order of priority. Hence we do not anticipate a build-up of U.S. direct hire staff proportional to the higher funding levels proposed in Table III.A.