

**CONCEPT PAPER**

**FY 1990-1992**

**TANZANIA**

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SUBJECT: REVIEW OF TANZANIA COUNTRY DEVELOPMENT  
STRATEGY STATEMENT

1. SUMMARY. THE TANZANIA CDSS WAS REVIEWED IN AID/W ON JULY 17, 1989 IN A MEETING CHAIRED BY DAA/APR E. L. SAIERS. THE MISSION WAS REPRESENTED BY MISSION DIRECTOR J. STEPANEK. AFR/EA, AFR/PD/EAP, AFR/DP, AFR/TR AND PPC/PB WERE ALSO REPRESENTED. THE AGENDA WAS SET BY AN ISSUES PAPER PREPARED BY THE PROGRAM COMMITTEE. THE FIRST TWO ISSUES ON THE AGENDA HAD BEEN PREVIOUSLY DISCUSSED IN SOME DETAIL AT A JULY 12, 1989 PROGRAM COMMITTEE MEETING, WHICH THE MISSION DIRECTOR ATTENDED. THIS TECHNICAL DISCUSSION PROVIDED ADDITIONAL CLARIFICATION OF MISSION THINKING AND FILLED IN SOME GAPS NOTED BY THE COMMITTEE. THUS, DISCUSSION AT THE SUBJECT REVIEW WAS FOCUSED ON AGENDA ITEMS 35. DISCUSSION OF THOSE ITEMS IS SUMMARIZED BELOW. KEY DECISIONS OF THE MEETING WERE: (1) THE DOCUMENT PRESENTED CONSTITUTES A 2-3 YEAR CONCEPT PAPER; (2) THE A.I.D. PROGRAM IN TANZANIA SHOULD CONCENTRATE ON TWO STRATEGIC OBJECTIVES, TRANSPORT AND FAMILY PLANNING, WITH MORE LIMITED INVOLVEMENT IN AIDS AND HRDA, AND WITH

TWO OTHER APPROVED ACTIVITIES IN TOURISM/WILDLIFE (OPG) AND AGRICULTURAL EXTENSION (TUSKREGER); (3) HRDA SHOULD BE CAREFULLY THOUGHT THROUGH AND FOCUSED; (4) THAT ATTENTION SHOULD BE GIVEN IN THE UPCOMING 2-3 YEAR PERIOD TO STUDYING THE EFFECTIVENESS AND IMPACT OF A.I.D.'S INTERVENTIONS IN THE TWO STRATEGIC OBJECTIVE SECTORS AND (5) THE MISSION'S NEXT PLANNING DOCUMENT SHOULD BE AN ACTION PLAN TO BE SUBMITTED IN THE SPRING OF CY 1990.

2. MISSION DIRECTOR STEPANEK OPENED THE MEETING WITH A DESCRIPTION OF THE POLITICAL AND ECONOMIC PROGRESS MADE BY TANZANIA IN RECENT YEARS. HE POINTED OUT THAT THERE HAD BEEN A PEACEFUL TRANSITION TO NEW, PRAGMATIC LEADERSHIP, AND THAT THIS LEADERSHIP HAD DEVELOPED ITS OWN ECONOMIC RECOVERY PROGRAM (ERP). THE LATEST MANIFESTATION OF THIS PROGRAM, THE 1989-91 POLICY FRAMEWORK PAPER (PFP) IS A GENUINELY TRILATERAL AND

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ROLLING DOCUMENT. THERE IS CLEAR POPULAR SUPPORT FOR THIS PROGRAM. ONE OF THE ACCOMPLISHMENTS OF TANZANIAN SOCIALISM HAD BEEN TO UNITE THE PEOPLE, SO THERE HAS BEEN NO FRAGMENTATION OR UNREST DURING THE POLITICAL AND ECONOMIC TRANSITION PERIOD OF THE 1980S.

THE MISSION DIRECTOR THEN REVIEWED THE ELEMENTS OF THE A.I.D. PROGRAM BRIEFLY, AFFIRMING THE ANALYSIS REFLECTED IN THE 1987 CONCEPT PAPER THAT TRANSPORT WAS A CRITICAL SECTOR FOR ECONOMIC DEVELOPMENT, AND THAT KEY POLICY ADJUSTMENTS HAD BEEN MADE IN THAT SECTOR. HE EMPHASIZED THE SYSTEMS APPROACH TO TRANSPORT ADOPTED BY THE MISSION PROGRAM AND A.I.D.'S HIGH PROFILE IN DONOR COORDINATION. IN REGARD TO THE PROPOSED FAMILY PLANNING ACTIVITY, THE MISSION DIRECTOR POINTED OUT THAT THE POPULATION WILL APPROACH 50 MILLION BY THE YEAR 2015, ON THE BASIS OF CURRENT GROWTH RATES, AND THAT THE GOT HAD RECENTLY ADOPTED THE POLICY FRAMEWORK TO PERMIT IT TO ADDRESS THIS ISSUE. HE ALSO RAISED A QUESTION AS TO WHETHER THE PACE OF IMPLEMENTATION OF THE PPP WAS FAST ENOUGH FOR ECONOMIC GROWTH TO KEEP PACE WITH POPULATION GROWTH, AND SUGGESTED THAT THE USG SHOULD BE MORE FORWARD-MOVING AND FORCEFUL AT THE NEXT CONSULTATIVE GROUP MEETING, PROVIDING LEADERSHIP AMONG THE DONORS IN TYING DONOR PROGRAMS TO THE PPP AND THE OVERALL ERP.

3. STRATEGY. THE DISCUSSION OF ISSUES BEGAN WITH THE THIRD ISSUE, A.I.D. (COUNTRY) STRATEGY, FROM THE ISSUES PAPER (COPIES POUCHED TO MISSION UNDER SEPARATE COVER). DIRECTOR STEPANEK NOTED THAT ANALYSIS SUBSEQUENT TO THE

1987 CONCEPT PAPER HAS REINFORCED THE CHOICE TO CONCENTRATE A.I.D.'S RESOURCES ON THE TRANSPORT SECTOR. HE NOTED THAT OTHER CHOICES, PARTICULARLY AGRICULTURE, ARE PROBLEMATIC BECAUSE OF THE CURRENT POLICY FRAMEWORK, BUT THAT THE USAID IS ATTEMPTING TO ADDRESS AGRICULTURAL MARKETING POLICIES THROUGH ITS FOOD AID DIALOGUE.

QUESTIONS WERE RAISED WITH REGARD TO FINANCIAL SUSTAINABILITY IN THE TRANSPORT SECTOR, AS WELL AS ITS ABSORPTIVE CAPACITY. DIRECTOR STEPANEK NOTED THAT ABSORPTIVE CAPACITY REMAINS A PROBLEM AND ASSERTED THAT THE MINISTRY OF COMMUNICATIONS AND WORKS HAD TO BE STRENGTHENED IN ORDER TO CONTRACT SERVICES TO THE PRIVATE SECTOR AND EVENTUALLY TO DEVOLVE AUTHORITY, MAKING OPERATION AND MAINTENANCE MORE SUSTAINABLE. HE SUGGESTED THAT IN VIEW OF THE NEAR-TERM ABSORPTIVE CAPACITY CONSTRAINT, A NEW START IN FAMILY PLANNING WILL ABSORB PLANNED RESOURCES.

DAA SAIERS POINTED OUT THAT CROPS ARE NOT REACHING MARKETS NOW BECAUSE OF THE SEVERITY OF THE ROAD

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MAINTENANCE PROBLEM. HE STATED THAT THE MISSION SHOULD EMPIRICALLY TEST ITS HYPOTHESIS THAT THE INABILITY TO MOVE CROPS TO MARKET IS, INDEED, THE MOST IMPORTANT OBSTACLE TO AGRICULTURAL PRODUCTION AND MARKETING. HE SUGGESTED THAT THE ROADS ALREADY REHABILITATED WITH OTHER DONOR ASSISTANCE SHOULD BE COMPARED WITH THOSE THAT HAVE NOT YET BEEN REHABILITATED (I.E., THE LATTER SHOULD BE USED AS A CONTROL). DATA COLLECTED IN THIS EXAMINATION WOULD BE USED TO DECIDE WHETHER A.I.D.'S TRANSPORT INTERVENTION IS SUFFICIENT TO RAISE AGRICULTURAL PRODUCTION AND PRODUCTIVITY. DIRECTOR STEPANEK AGREED THAT MONITORING WILL ENABLE THE MISSION AND AFR/W TO KNOW WHETHER A.I.D.'S ASSISTANCE TO TRANSPORT, PARTICULARLY TO RURAL ROADS, WAS EFFECTIVE. THE POLICY AGENDA IN TRANSPORTATION IN THE NEAR TERM CONTINUES TO BE FOCUSED ON (A) A SYSTEMS APPROACH TO ROAD PLANNING AND MAINTENANCE (INCLUDING DIALOGUE WITH OTHER DONORS RE: STRATEGIC PLACEMENT OF ROADS TO MEET ECONOMIC GROWTH OBJECTIVES), (B) AN EMPHASIS ON ROAD REHABILITATION/MAINTENANCE AND (C) PRIVATE SECTOR INVOLVEMENT IN REHABILITATION/MAINTENANCE. NEITHER FINANCIAL SUSTAINABILITY, NOR TRUE DEVOLUTION OF AUTHORITY ARE PART OF THE CURRENT POLICY AGENDA, AND WILL HAVE TO BE DEFERRED TO A LATER POINT IN TIME. RATHER, THE CURRENT AGENDA IS DIRECTED TO ESTABLISHING AN INSTITUTIONAL ABILITY TO PLAN AND CARRY OUT ROAD REHABILITATION AND MAINTENANCE WITH (PRIMARILY) DONOR RESOURCES. THE CONCLUSION REACHED WAS THAT TRANSPORT OR

SHOULD REMAIN A MAJOR FOCUS OF THE MISSION'S PORTFOLIO. THE MISSION IS TO ARTICULATE A 5-YEAR AGENDA FOR POLICY REFORM IN THE SECTOR TO BETTER DEFINE THE QUESTIONS A.I.D. WILL BE ASKING, THE ANSWERS WE ARE SEEKING AND WHAT THE CONTENT OF OUR DISCUSSIONS WITH THE GOT WILL BE. AREAS IN WHICH OUR KNOWLEDGE NEEDS TO BE STRENGTHENED INCLUDE FINANCING ARRANGEMENTS FOR ROADS, AVAILABLE CHOICES FOR ORGANIZATIONAL STRUCTURE FOR ROAD REHABILITATION AND THE LIKELY DIRECTION IN WHICH THE GOT WILL MOVE (I.E., TOWARD OR AWAY FROM CENTRALIZATION). ALSO IMPORTANT IS THE DIALOGUE WITH OTHER DONORS. THE MISSION SHOULD BEGIN TO ADDRESS THIS SET OF QUESTIONS, ESPECIALLY THE MEASUREMENT OF RURAL ROAD IMPACT. IT WAS SUGGESTED THAT THE COLLECTION AND ANALYSIS OF INFORMATION ON THE ABOVE TOPICS MAY ILLUMINATE OTHER IMPLEMENTATION OR LOWER LEVEL ADMINISTRATIVE BLOCKAGES AND PERMIT A.I.D. TO WORK AROUND THE CURRENT ABSORPTIVE CAPACITY PROBLEM (E.G., TRANCHE DOLLARS AGAINST ADMINISTRATIVE AND IMPLEMENTATION CHANGES IN ADDITION TO POLICY.).

4. PROGRAM FOCUS. DIRECTOR STEPANEK REVIEWED THE KEY ELEMENTS PROPOSED IN THE CDSS (SUPPORT FOR THE GOT'S ERP FOCUS ON REDUCED PUBLIC SECTOR INVOLVEMENT IN THE ECONOMY; SUPPORT FOR THE TRANSPORT SECTOR; SUPPORT FOR FAMILY PLANNING) AND TARGETS OF OPPORTUNITY ACTIVITIES (IN AIDS EDUCATION AND CONTROL, FOOD AID, TRAINING, TOURISM/WILDLIFE, PRIVATE SECTOR, MARKET TOWN

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DEVELOPMENT AND AGRICULTURAL EXTENSION).

IT WAS AGREED THAT THE MISSION SHOULD FOCUS ITS PROGRAM ON TWO STRATEGIC OBJECTIVES: (1) SUPPORT TO TRANSPORTATION, CONCENTRATING ON RURAL ROADS REHABILITATION AND MAINTENANCE, WITH A SECONDARY EMPHASIS ON RAIL FOR REGIONAL INTEGRATION; AND (2) SUPPORT FOR FAMILY PLANNING.

AIDS EDUCATION AND CONTROL, AND TRAINING ACTIVITIES UNDER HRDA WERE ACCEPTED AS AREAS FOR MORE LIMITED MISSION INVOLVEMENT. THE PROPOSED COOPERATIVE AGREEMENT WITH TUSKEGEE FOR AGRICULTURAL EXTENSION AND AN OPG WITH THE AFRICA WILDLIFE FUND WERE APPROVED AS TARGETS OF OPPORTUNITY ON THE PREMISE THAT MISSION MANAGEMENT AND INVOLVEMENT WOULD BE MINIMAL. OTHER TARGETS OF OPPORTUNITY WERE NOT APPROVED.

IT WAS FURTHER AGREED THAT PRIVATE SECTOR INITIATIVES SHOULD RELATE TO FAMILY PLANNING AND TO

USING IESC-TYPE APPROACHES IN THE TRANSPORT SECTOR; THAT BUY-INS TO HRDS COULD SUPPORT PRIVATE SECTOR TRAINING AS WELL AS SUPPORTING THE ERP; AND THAT THE MISSION SHOULD ENGAGE IN POLICY DIALOGUE IN AREAS SUCH AS INCREASED GOT MARKET ORIENTATION AND BETTER DONOR COORDINATION, WHICH DO NOT NECESSARILY HAVE A COROLLARY AID-FUNDED INTERVENTION.

IT WAS SUGGESTED THAT HRDA COULD HAVE A POSITIVE ROLE IN EXPOSING TANZANIANS TO OTHER DEVELOPMENT PHILOSOPHIES, E.G., BY TWINNING THE ECONOMICS DEPARTMENT AT THE UNIVERSITY OF DAR ES SALAAM WITH A U.S. UNIVERSITY, OR SELECTING KEY MINISTRIES AND TRAINING A LARGE NUMBER OF INDIVIDUALS. DAA SAHRS CONCURRED IN USING DEMONSTRATION AND EXPERIMENT TO EXPOSE TANZANIANS TO OTHER PHILOSOPHIES. ONE EXAMPLE MIGHT BE A SEMINAR

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FOR DECISIONMAKERS BUILT AROUND THE SECOND YEAR EVALUATION OF PRIVATE SECTOR ROAD MAINTENANCE.

5. RESOURCE LEVELS. MISSION DIRECTOR STEPANEK ASSERTED THAT THE MISSION COULD PROGRAM INCREASED AAPLS, AS ENVISIONED IN THE FY 91 ABS, BY USING PROGRAM GRANTS AND CASH TRANSFERS FOR THE TWO STRATEGIC OBJECTIVES. THE REVIEW NOTED THE IMPORTANCE OF THE GOT CONTINUING TO SEE HIGHER LEVELS AS SUPPORTIVE OF POLICY REFORM MEASURES, AND THUS PERFORMANCE-DRIVEN. FOR EXAMPLE, THERE IS NO CURRENT IMF AGREEMENT. USAID/DAR WILL MOVE AHEAD TO OBLIGATE FY 89 FUNDS, BUT IF NO IMF AGREEMENT MATERIALIZES IN FY 1990, THE MISSION WILL BE PREPARED TO POSTPONE POLICY-BASED ASSISTANCE (IN FAMILY PLANNING). STEPANEK ALSO NOTED THAT IT IS NOT CLEAR WHAT THE LOCAL CURRENCY DISBURSEMENT RATE WILL BE IN THE OUT-YEARS. TO SOME EXTENT, THE RATE WILL BE DEPENDENT ON THE PRIVATE SECTOR'S ABILITY TO FIND THE LOCAL CURRENCY COVER.

FOR THE PRESENT, THE AAPLS WILL BE MAINTAINED, BUT ACTUAL PROGRAMMING AND OBLIGATION WILL DEPEND ON GOT PERFORMANCE AGAINST ITS ERP OBJECTIVES. SINCE AID'S SUPPORT FOR THE ERP COULD BE QUALITATIVE AND NOT QUANTITATIVE, OUR ADDITIONAL DOLLARS MIGHT NOT MAKE AS MUCH DIFFERENCE IN TANZANIA (AS IN SMALLER COUNTRIES OR COUNTRIES WITH LESS DONOR SUPPORT), REDUCED OR STRAIGHTLINED AAPLS MAY NOT BE REFLECTIVE OF A.I.D.'S VIEW OF COUNTRY PERFORMANCE; RATHER THEY MAY REFLECT OUR CONCERNS OVER TANZANIA'S ABSORPTIVE CAPACITY (NB: THIS FOLLOWED A BRIEF DISCUSSION OVER AFR/DP'S FORMULA TO COUNTRY PROGRAMMING AAPLS IN THE FY 91 ABS.).

6. OTHER DONORS. MISSION DIRECTOR STEPANEK FELT STRONGLY THAT AFR/W SUPPORT WAS REQUIRED IN INTERDONOR FORA TO REINFORCE DONOR SUPPORT FOR THE TANZANIAN ERP. HE FELT THAT THE U.S. SHOULD HAVE A STRONGER VOICE AT THE NEXT CG AND POINTED OUT THAT THE GOT HAS TENDED TO HAVE BILATERALS BEFORE THE CG AND USE THE CG TO GET DONOR SUPPORT FOR PARASTATALS. ALTHOUGH THERE WAS LITTLE GENERAL DISCUSSION OF THIS POINT AT THE ECPR, IT WAS ACKNOWLEDGED TO BE IMPORTANT, AND DAA/AFR SAJERS SUGGESTED THAT AFR/W WAS IMPLICITLY CONCURRING BY PARTICIPATING IN A MEETING WITH KEY WORLD BANK PERSONNEL ON TUESDAY, JULY 18TH.

7. CONCLUSIONS. DAA/AFR SAJERS SUMMARIZED BY SAYING THAT THE MISSION PRESENTED A DOCUMENT WHICH PROVIDED A WELCOME OPPORTUNITY TO DISCUSS A STRATEGY WITH WHICH AFR/W, BY AND LARGE, FEELS COMFORTABLE. HOWEVER, THE DOCUMENT SUBMITTED AS A CDSS WAS ACTUALLY MORE A CONTINUATION OF THE CONCEPT PAPER, AND SHOULD BE CONSIDERED AS SUCH. THE MISSION'S DOCUMENT INDICATED WHAT AREAS MIGHT BE USEFUL TO WORK IN OVER THE NEXT 2-3 YEARS, BUT DID NOT PRESENT A FULL CDSS ANALYSIS AND FIVE-YEAR LAYOUT. THUS, THE PAPER WILL BE CONSIDERED A CONCEPT PAPER FOR FYS 1990-92.

THE MISSION'S NEXT STEP SHOULD BE TO WRITE AN ACTION

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PLAN (AP) FOR SUBMISSION IN THE SPRING OF CY 90. THE AP SHOULD REFINE THE 2 STRATEGIC OBJECTIVES (TRANSPORT AND FAMILY PLANNING), AND DEFINE HOW IMPACT WILL BE MEASURED FOR THEM. A FULL CDSS SHOULD BE POSTPONED UNTIL THE FULL TRANSPORTATION SYSTEM REQUIREMENTS ARE DEVELOPED AND THE MISSION CAN ASSESS WHETHER ITS INVESTMENTS ARE NECESSARY AND SUFFICIENT TO IMPROVE THE FUNCTIONING OF THAT SYSTEM. IN PRACTICAL TERMS, THE MISSION WILL NEED TO CARRY OUT MORE STUDIES OF WHAT WORKS AND WHAT DOES NOT. THE MISSION IS TO: AVOID A PROLIFERATION OF ACTIVITIES BY STAYING AWAY FROM TARGETS OF OPPORTUNITY OTHER THAN AIDS AND HRDA; CONTINUE WITH TUSKEGEE (AG. EXTENSION) AND WILDLIFE/TOURISM; AND CAREFULLY FOCUS ITS INVESTMENT IN HRDA BY NARROWING DOWN THE CRITERIA FOR SELECTION AND OBJECTIVES. THE POLICY AGENDA IN TERMS OF DONOR COORDINATION AND CHANGING THE GOT PHILOSOPHY IS ADMIRABLE, BUT NEED NOT BE SOMETHING AGAINST WHICH DOLLARS NEED BE PROGRAMMED.

SEVERAL ALTERNATIVES WERE PRESENTED IN TERMS OF RESOURCES. AAPLS CAN BE STRAIGHTLINED. THIS WILL PARTIALLY DEPEND ON THE OUTCOME OF THE CG. IF THE U.S.

POINT OF VIEW REGARDING THE PACE AND DONOR SUPPORT OF THE ERP IS ACCEPTED, THERE IS AN ARGUMENT FOR RAISING LEVELS OVER THE OUT YEARS. BAKER

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USAID/Tanzania

Country Development Strategy Statement

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Women in Development Action Plan, May, 1989 (under separate cover)

## Executive Summary

Tanzania is struggling to redirect its economic policies from statist to more market-oriented approaches that many believe will lead to sustainable economic growth. The Government is turning from a strict concern for equity towards encouragement of individual initiative and the private sector.

Postwar development prescriptions have worked well for tens of millions of people, primarily in Asia. No basic rethinking has been called for. But for Sub-Saharan Africa, and for many of its donors, two and even three decades of economic decline have forced a redirection in policy. A.I.D. and numerous other bilateral and multilateral donors have shared in the Tanzanian dream of equitable growth and social justice. Now they are joining with Tanzania in supporting the hard choices necessary to its economic survival. The right policies, not simply the right amount of money, are now seen as the missing link in Tanzania's development.

Our own thinking is also being reexamined. The United States has committed itself to an experiment in A.I.D.'s Bureau for Africa called the Development Fund for Africa (DFA). The DFA, now in its second year, is focused on a few market-oriented principles and on flexible techniques of foreign assistance. It permits us to respond appropriately to economic policy redirections in Africa. As Alan Woods said before Congress recently, "...we will continue to concentrate resources in those countries that are facing up to hard choices that broadly-based, sustainable economic growth requires."

The DFA has created two fundamental opportunities for A.I.D. First, for USAID/Tanzania it has given us adequate resources to support key policy measures that both we and the Tanzanians consider to be of the highest priority. These are in transportation and soon, family planning. Through careful design and donor coordination, we are striving to make the best use of a modest level of resources, and will program further resources as performance and capability warrant.

Second, we are now able to sustain a well-defined portfolio for the long term and to avoid both "scatteration" and wide swings from one development fad to another.

With the DFA has also come new responsibilities for field missions. Results and accountability are more important than before; even when tempered with the patience required under African conditions. To this end, USAID/T is establishing a full-time rural roads and markets evaluation system. Attention to gender is incorporated into all of our work. We have also put in place our Internal Control Assessment system and it has been fully tested. The USAID staff regularly discusses its portfolio and professional standards to ensure impact and sustainability of our collaborative efforts.

The agreed USAID-GOT objective under Tanzania's Economic Recovery Program (ERP) is to implement policies taken in 1987 to reestablish a strong system of rural road rehabilitation and maintenance, and to foster a private Tanzanian capacity to build and reconstruct roads. This CDSS provides the rationale for standing behind transportation as our primary focus.

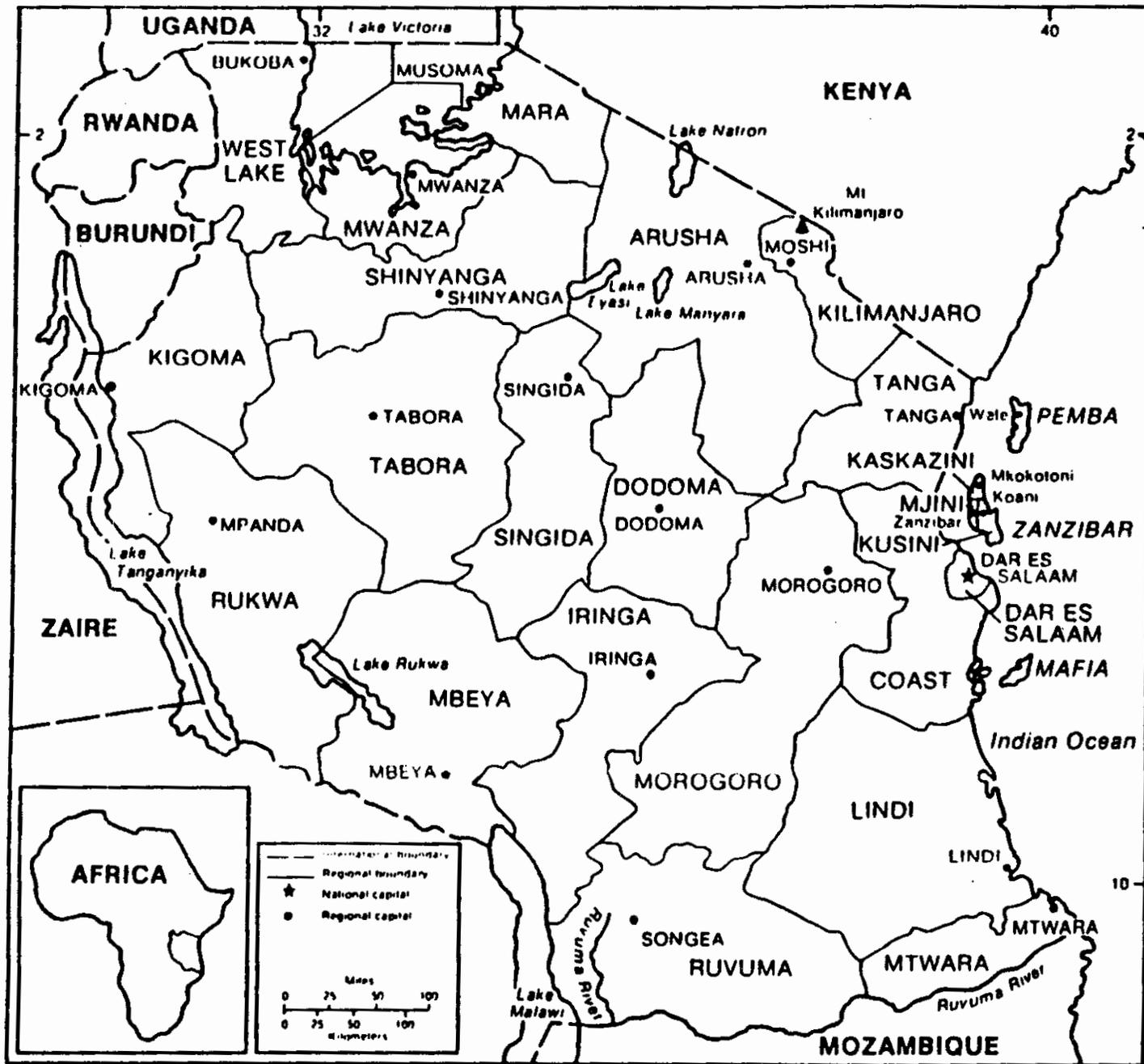
We are also supporting key policy decisions to provide family planning services, to control the spread of AIDS and to train a new generation of Tanzanian men and women. The PL 480 program will be policy-based concentrating on food market liberalization, GOT-donor-PVO coordination, and humanitarian responses to food emergencies coupled with disaster preparedness training.

To support SADCC, and in line with Tanzania's willingness to shoulder its regional commitment, A.I.D. is financing a major program for TAZARA consisting of new locomotives and parts, a new workshop, and technical assistance and training. We envision that TAZARA, like road transport, will contribute importantly to Tanzania's rural growth.

Despite these A.I.D. commitments, resulting from a long-sought I.M.F.-World Bank agreement with the Government on an ERP, several dangers threaten Tanzania's present course. The Arusha Declaration ideals, deeply entrenched in Tanzanian society and yet poorly understood by outsiders, still curtail private sector development. The level of foreign debt threatens economic progress as does the country's rate of population growth. The poor coordination of generous levels of concessional donor assistance threatens the impact of the ERP restructuring effort.

Despite these risks, we believe that Tanzania will meet these challenges by continuing and reinforcing its commitment to market-led economic growth and that A.I.D. will support these reforms for many years to come through a focused, performance-led program.

# UNITED REPUBLIC OF TANZANIA



### 1.1 Introduction to CDSS

This CDSS has been written by staff of USAID/Tanzania to define their commitment to a clear direction and set of principles. There is no significant difference conceptually between this document and the strategy laid out in USAID/Tanzania's post-Brooke founding document - the April 1987 Concept Paper. Transportation remains the focus as justified in Chapter 2. Though the experiences of 1987-88 do not necessitate a new course, enough has been learned to make it useful for USAID/Tanzania to state its course in a CDSS in order to obtain a reaffirmation from AID/Washington.

Charting the present course has been relatively easy for several reasons.

First, because of the application of the Brooke Amendment from 1983 to 1987, which led to the phase-out of virtually all A.I.D. projects, A.I.D. renewed its assistance in 1987 with a "clean slate." Few donors have had this advantage when seeking to realign their programs to support Tanzania's Economic Recovery Program (ERP). Most donor portfolios are still heavily tied to the past and do not yet incorporate significantly a market-oriented outlook.

Second, the Tanzanians themselves, once justifiably proud of being a Third World leader (which they are still are in some measure), find

that their economy is in shambles and that many of their Third World compatriots have passed them by. This has caused a major reorientation in their own thinking about economic policies.

Third, the suspension of new A.I.D. activity during a four year period enabled us to respond in 1987 to these broad changes in Tanzanian thinking with new priorities and techniques made possible through the Development Fund for Africa. Much more attention is rightly being given to the macroeconomic policy environment, to open markets and to individual incentives.

Fourth, U.S. budget pressures have necessitated that USAID/Tanzania make the best use of a modest level of resources. Ironically this has freed us from having to create new programs to absorb money in the name of achieving some high level of dollar support. We appreciate that these several coincidences enable us to be more directly supportive of the ERP than other donors here.

The difficulties we have faced since early 1987 have not been unexpected.

First, Tanzanian physical and managerial capacity is badly eroded, even minimal. Furthermore, there has been a serious erosion of discipline generally and of ethical standards in public service over the past decade.

Second, building a new USAID Mission to a high professional standard

has been challenging. Much was allowed to deteriorate when we were under Brooke.

Third, dealing with the numerous U.S. developmental interests clamoring to help a reformist government has been difficult. Although all are well-intentioned and have something to offer, necessity dictates a limited, well-defined program.

Lastly, many of the economic objectives and social norms of the Arusha Declaration have been so successfully inculcated by Tanzanian society that the implementation of the ERP continues to require a far greater degree of consensus-rebuilding than was generally anticipated. The nation's policy makers face the twin challenge of recovery and reform. Nonetheless, we are confident that our Bureau's Development Fund for Africa provides USAID/Tanzania with the right policy priorities and techniques of assistance to contribute steadily and over the long term to Tanzania's sustainable development.

## 1.2 Tanzania - A Historical Perspective

Tanzania enters the last decade of the twentieth century determined to ensure economic recovery. It is a period of transition - a time in which Tanzania's founding socialist goals need to be reevaluated in the face of severe resource and population pressures. Tanzania's search to create its own national identity culminated in the Arusha Declaration of 1967. Now an economic identity must be won.

Nine centuries ago Arab traders began establishing small settlements along the East African coast and islands in order to steal slaves, gold and ivory from the interior of the continent. The Portuguese, in search of a sea route to India, arrived in the late 15th century, so opening a European struggle for Africa's riches.

Long a slave and ivory trade center, Zanzibar became the new capital of the Sultan of Oman in 1823, and the principal East African port. Mainland slaves were later used to plant the cloves for which Zanzibar is famous. In the 1840's, European missionaries and explorers began "opening up" the interior of East Africa in the name of stopping the trade in people. The ensuing scramble for Africa climaxed in the 1888 Conference of Berlin at which Tanganyika became German East Africa, and Zanzibar, nominally ruled by the Omani Sultan, became a de facto British protectorate. After the German defeat in World War I, Tanganyika became a British mandate territory.

Both German and British rule can be characterized by much the same preoccupation as that of the Arabs and Portuguese -- in a phrase, extraction of wealth. Both powers sought to transform traditional smallholder agriculture from subsistence to cash crops and to establish large plantations with locally-conscripted labor. Rails were laid to speed this export-orientation -- the Central Line for sisal with northern branches for cotton, more sisal and coffee. After 1940, the British moved towards compulsory cultivation of some cash crops and also established monopoly marketing boards for coffee and cotton, the two main cash crops farmed by African smallholders.

Five crops -- sisal, coffee, cotton, tea and cashew nuts -- accounted for two-thirds of all exports. Cloves produced on Arab-owned plantations dominated Zanzibar's economy. No attempt was made by either the Germans or British to develop a manufacturing capacity within the country. Indeed, at Independence in 1961, the industrial sector contributed only 3.6% of the GDP. Throughout this period, all formal training and positions were held by men only, as was the case throughout most of the world.

Resistance to colonial rule came almost immediately upon German occupation in the 1890's, and continued in isolated pockets until the eve of World War I in 1914. When armed struggle failed and political parties were banned, "cultural" associations, cooperatives and unions were formed to continue the struggle. A dockworkers' strike in 1947 turned into a general strike. These movements coalesced around the central figure of a young school teacher named Julius K. Nyerere from a tiny tribe near Lake Victoria. The Tanganyika African National Union (TANU), formed in 1954 under the leadership of Nyerere, dominated the political scene and mobilized the people to press for independence, which was granted in 1961. Zanzibar independence in 1963 was accompanied by a bloody uprising on the twin isles. The Sultan fled to Oman and many members of the Arab elite were slaughtered. Tanganyika and Zanzibar merged in April 1964 forming the United Republic of Tanzania.

### 1.3 The Arusha Era -- Tanzania Since Independence

"The people of Tanzania have accepted a new commitment which demands even greater efforts than the struggle for independence...It can be done, play your part." Julius K. Nyerere

A great spirit of optimism pervaded the country in the 1960's. Self-help development projects sprung up everywhere, mainly for social services. Between 1961 and 1980 the number of rural health centers increased by over tenfold from 22 to 239; numbers of dispensaries rose from 975 to 2600; trained rural health staff jumped by 467% from 1130 to 6410. At Independence only a quarter of school-age children received primary education; by the early 1980's that had changed to 71%. The most startling statistic relates to adult literacy, which at Independence stood at 9.5%; in 1980, 88% of the adult population (men and women) was literate.

The new nation's young leaders inherited a colonial apparatus with an entirely top-down tradition: a rigid bureaucracy with an arrogant, elitist attitude toward the population. At Independence, only 1170 out of 4450 senior government positions were held by Tanzanian citizens. Government needed to be "Africanized." By 1967, 4940 out of 6750 positions were held by Tanzanians, a four-fold increase.

The civil service kept on growing. Between 1967 and 1973 the government's top posts doubled again in number to 12,733. With the decentralization of many services to the regions and districts the

government payroll mushroomed to 33,000 by 1977. Ironically, government in all its forms became the country's leading growth sector.

The most important event following Independence was the Arusha Declaration of 1967. It spelled out President Nyerere's vision of Tanzania's socialist path to development for the 1967 population of twelve million citizens. The major elements of the Declaration were:

- . Democracy, equality, freedom of expression and association;
- . Agriculture as the basis for development rather than industry;
- . Government control of the means of production and exchange; and
- . Encouragement of self-reliance, responsible leadership, and hard work.

The Declaration emphasized one point above all others: Tanzania will be free of "exploitation" from without and from within. To avoid "exploitation" Ujamaa, or the rural community, was to be the unit of enterprise, and individual initiative was discouraged.

Within twenty-four hours of the Arusha Declaration, banks and insurance companies were nationalized. Government took over most industries, large farms, and many commercial buildings. In 1968, government owned but a few dozen parastatals. By the end of the 1970's, this number had grown to over 400, mostly commercial parastatals. Despite the Declaration's intent, industry soaked up most investment (and aid).

The Declaration was well-founded on a then relatively strong economy.

All through the 1960's, Tanzania had a positive balance of trade averaging \$23.5 million during the period 1962-65 and \$31.9 million during 1966-69. The annual rate of economic growth was a healthy 5-7%, well ahead of population growth. Inflation ran at less than 10% a year. The proportion of foreign aid to Tanzania declined from about 40% of the development budget in 1964 to only 27% in 1969. Industrial growth of more than 5% a year occurred during the 1960's, and its share of domestic production rose from 3.8% in 1961 to 10.1% in 1973. Tanzanians had reason to feel confident that the country would continue to prosper.

Development was to be agriculturally based. President Nyerere in his 1962 inaugural speech said, "If we do not start living in proper village communities, then all our attempts to develop the country will be just so much wasted effort." In his view, the rural population was too widely scattered over its 886,000 square kilometers (an area slightly larger than Nigeria but with only twenty percent of its population). Scattered villagers were induced to move into large communities so that services could be provided economically and so that cooperatively-based activity could be more easily performed. As early as 1962, the government began taking over cooperative unions, and by 1968 key union officials were appointed rather than elected by members. Crop marketing boards, abolished in 1957, were reinstated in 1962 to play a commanding role over the cooperatives. The cooperatives were abolished altogether in 1972, but were reintroduced a second time in 1983 as government entities. As a result they lack their previous efficiency and clout.

-- Arusha in Practice

Less quantifiable features of the 1960's should also be noted. Although the government had been Africanized, the "style" had not changed all that much. Many top political and governmental officials expected their perks: a fully furnished house, a big car and driver, "seat allowance" to attend meetings, etc. There was a reluctance to delegate, a distrust of subordinates, a fear of superiors. Women remained invisible despite marked legal changes brought by the Arusha Declaration. The Party, Chama Cha Mapinduzi (CCM), a combination of TANU and the Zanzibari Afro-Shirazi Party, exhorted farmers and workers to produce more, adopt modern methods, change the way they lived -- but these were harangues rather than a dialogue among equals. Development became campaigns and crash programs. Market incentives were disavowed by the Arusha Declaration. Indigenous private initiative was redirected into social programs.

Villagization proceeded slowly. By 1971 only 2668 villages were registered. Stronger measures led to a total of 5631 villages registered by the end of 1973, when forced relocation became inevitable as a consequence of political zeal. By the end of the villagization campaign in 1976, 91.4% of the rural population lived in 8269 registered villages.

Villagization succeeded dramatically in bringing people closer to social services but just as certainly failed in stimulating agricultural and industrial productivity. Some have argued that

Tanzania's rural institutional experimentation destabilized smallholder agriculture (World Bank, Madia study, p. 98). Food production declined markedly. By the end of the 1970's, Tanzania was importing 78,000 tons of grain annually, double the amount before villagization. Tanzania's food self-sufficiency was threatened for the first time. Cash crop production generally fell to 1961 levels. The promise of free social services, such as village water, gave rise to disappointment when the government failed to deliver.

External factors also contributed to the economic decline of the 1970's. The price of oil increased four-fold in 1972 and doubled again in 1978. World prices for Tanzania's agricultural commodities generally declined during the decade with the exception of a coffee boom in 1977-78. With a militant Uganda on its border, Tanzania's defense budget shot up -- from 9.7% in 1973 to 24.3% in 1979 during the war. Finally, the 1970's saw a decade of unreliable weather, with a major drought in 1974-75 necessitating the import of almost 900,000 tons of grain costing \$200 million.

By the end of the 1970's, industrial utilization had dropped to 30% of capacity, or to immediate post-Independence levels. The balance of trade, which had been positive in 1969, declined to a \$713 million deficit in 1980, averaging a drop of 22% a year. Cash crop exports were 36% lower in 1980 than in 1970. External debt service had risen from \$10 million in 1970 to \$72 million in 1980 and represented 45% of the GDP. Inflation had risen from 10% to almost 30% per year. The economic growth rate had stagnated at 1.5% a year, half the rate of population growth. Foreign aid increased

elevenfold during the decade accounting for 65% of the government's development budget and 50% of its import bill. The Arusha Declaration's aim of self-reliance had not been fulfilled. In fact the Declaration had expanded government far beyond its capacity to guide and to manage. Self-reliance turned into dependence on outside aid.

-- From Decline to Crisis

The economic decline of the 1970's brought the crisis of the 1980's. The value of Tanzania's export crops, accounting for 70% of total export earnings, dropped 39% from \$576 million in 1980 to \$348 million in 1986. Industrial exports fell from \$85 million in 1980 to \$39 million in 1986. External debt service as a percentage of GDP rose further to 93% in 1986, approaching almost \$600 million, or twice the amount of export earnings. In 1986, inflation hit a peak of 33.6%.

The crisis was particularly devastating to the country's physical infrastructure. By 1986, effective capacity of the railways was about half of what it had been in 1977. Roads deteriorated sharply. Budget allocations for maintenance between 1977 and 1986 were 40% of requirements and declined in real terms at the rate of 3.6% per year. Many rural roads deteriorated so badly that they could only be used with four-wheel drive vehicles. Today, many roads are totally impassable during the rains.

Effective road maintenance, all of it carried out by government

force account, has been close to nil for years as the budget could cover salaries only. Government equipment has not been maintained and most is inoperable. The stock of private transport trucks and road repair equipment had deteriorated badly, with no spares available for rehabilitation until just recently.

The total effect has been disastrous. Transport is either not available or available only at a very high cost in many parts of the country. Crops not transported to market are stored, often in the open, and so deteriorate. Rotting cotton piles up. Even if crops are well stored (and few are), they become the source of further costs -- the cost of the storage itself, the interest on money loaned and revenue foregone. In addition to the disincentive effects of poor transport, the lack of reliable transport limits smallholders' ability to respond to more favorable producer prices.

For the average citizen, Tanzania's decline and fall can be summed up in one index of real income: pegged at 100 in 1969 it fell to 68 for rural households and to a very low 39 for urban households by 1983 (GOT, Bureau of Statistics). As the ILO has pointed out, "The poor are not poor because of involvement in exploitative economic relationships, but because there has been such little participation in markets" (from Zinsmeister). Many lay blame for this disaster on external factors. USAID/T believes that the Arusha Declaration sowed the seeds of its own demise, which was hastened by several events beyond the Government's control.

By the early 1980's, serious scarcities of consumer items, fuel and

even basic foodstuffs became commonplace. Scarcity and stepped up government control led to smuggling, black markets, racketeering and corruption. Many essential goods were either rationed or required permits to buy. People stood in long queues for sugar, kerosene, and maize. Hours, sometimes days, had to be set aside to obtain a permit. But a little michuzi (gravy) under the table could cut through the lines or red tape.

Miradi (income-generating activities) became a key to survival. The urban middle class and even the few wealthy found themselves tending gardens and raising chickens to raise extra sources of income. Poorer farmers had to hire themselves out as casual labor to their richer neighbors. Many in positions of authority in bureaucratic Tanzania found they had to ask for favors themselves in order to make ends meet. Arusha's hope and vision had given way to frustration and cynicism -- to a new credo of "get yours first." Tanzania's vaunted record of social accomplishment started to erode. The Declaration's strong commitment to equality for all had little effect on the status of women. National interest was sacrificed by many to survive.

Herein lies one of the most significant ironies of the Arusha Declaration: the noble attempt to create "a new man," who was to be non-exploitative, actually opened opportunities for new forms of exploitation and injustice. So the nation today finds itself once again bereft of practical organizing principles. Nonetheless, Government is experimenting not with the cherished social goals of the Declaration but with the means and motivations to achieve them.

#### 1.4 The Struggle to Recover and Reform

The Government's reaction to this intolerable situation came in the form of the 1981 National Economic Survival Program which set what were seen later as unrealistically high targets for export crops, food crops, and domestic production of essential goods, as well as placed tighter controls on government expenditure. In retrospect, the Program called for traditional solutions to problems: more central control, with exhortation to farmers and workers to increase production. Like past controls and exhortations, it failed.

Next came the Government's own Structural Adjustment Program of 1982, which constituted a serious attempt to deal with the economic crisis. Several policy measures addressed the high rate of inflation, parastatal inefficiency, and the sky high cost of subsidies. The prices for a selected number of essential goods were decontrolled, and individuals with their own foreign exchange were allowed to import goods. Nonetheless, program targets fell far short primarily because the government did not go far enough. The country approached bankruptcy.

The 1986 Economic Recovery Program took up where the Structural Adjustment Program left off, but this time the turn-around began in earnest. This Program was born of a four-year effort to hammer out an agreement with the IMF and the World Bank. It also owed its success to an important change in the political power structure. Nyerere stepped down from the Presidency in 1985 and Ali Hassan Mwinyi was elected by the CCM as a compromise presidential candidate

who soon became the leader of the recovery effort. This time reform involved sharp devaluations of the currency, further decontrols of imported goods, further reductions in subsidies, increased producer prices in agriculture, much tighter control of government expenditure and credit, very limited expansion of the money supply, and finally parastatal reform. With the 1986 ERP, Tanzania accepted the principles that it could not live beyond its resource and managerial capacity, nor continue to ignore and suppress market signals. Agriculture, not industry, became the ERP's first priority, with transportation a close second.

Meanwhile, Zanzibar suffered its own economic crisis, caused in part by a serious decline in the world clove market. Because Zanzibar had rested comfortably for years on its clove revenue, it had not felt compelled to innovate, experiment or diversify. The Isles fell woefully behind. Whereas the Mainland initiated its ERP in 1986, Zanzibar's program is just getting underway now.

Today the national economy is clearly on the rebound after nearly two decades of decline. The "own" import and export retention schemes of 1982 have filled the shops nationwide with consumer and producer items. Good rains and higher producer prices are leading to rural recovery. Ships are filling Dar es Salaam's harbor and their goods are filling the shops. Market pricing is officially sanctioned for many commodities. The shilling depreciated from 16 to the dollar in April 1986 to 135 in April 1989; the parallel market rate fell from nine times the official rate to double in the same period. There is a spirit of optimism in the air based on a

welcoming of the ERP despite steep increases in market prices. Real growth has been above 4 percent a year for two years (1987 and 1988).

#### 1.5 The Foreign Donors - Partners in Crisis and Reform

Donors have given generously (and some would add uncritically) to Tanzania since Independence. Most aid in the 1960's concentrated on developing Tanzania's human resources through improved social services, principally education. The 1970's saw foreign aid geared to "the poorest of the poor" and to rural social services, often involving direct intervention at the village level through integrated rural programs.

Most donors have also supported parastatals, some in a big way. Of the 15 agricultural projects USAID/T funded in the 1970's, 6 directly supported parastatals. The five biggest donors in Tanzania (out of thirty bilateral and multilateral agency programs) representing over 50% of Tanzania's foreign aid -- Sweden, Norway, West Germany, Denmark and the World Bank -- have given a large portion of their assistance to parastatals through projects or technical and commodity support. In the 1960's and 1970's, donors willingly displaced private initiative and investment. Even now, 16 of 29 current Norwegian activities are channelled into or through parastatals, not counting commodity support.

The 1980's have brought some major changes in the way donors conduct business in Tanzania. On the one hand, donors have increasingly supported development projects directly, tacitly bypassing

government. While this has speeded implementation, it has greatly diminished chances of sustainability. On the other hand, several donors have shifted some of their aid from technical and project assistance to commodity import support for the ERP. Donor-funded commodity imports have risen from \$58 million in 1981 to over \$281 million in 1987. Traditionally, donors have justified their support as being developmental. However, cash cover generated by imports has increasingly supported the Government's recurrent budget in proportions rising from 3.9% in 1982 to 21.7% in 1988. The effect has been an increasing dependence on donors to finance both imports and the recurrent budget.

Donors, to quote Goran Hyden, "must admit that they have been part of the problem rather than the solution." Some are more blunt. "Our aid has stifled the initiative and constructive drive of many Africans..." (Gerhardt, pp. 20-23). The high level of donor support is far from being consistently or efficiently used. Project assistance often accentuates existing administrative weaknesses, and continues to finance many low-performance activities with no real hope of sustainability. Each donor has its own priorities and agenda. Holding and chairing regular donor meetings is not sufficient. The GOT is dependent on aid yet is unable or unwilling to coordinate effectively. Broad multilateral agreement with the IMF's economic prescriptions does not in itself enjoin donors to realign their portfolios to foster agreed reforms. There is little sectoral conditioning or coordination. For donors to press Tanzania towards reform requires that donors reform their own ways of going about development.

## 1.6 Challenges into the Next Century

Tanzania has achieved a number of the nation-building goals it set for itself.

Yet the nation enters the 1990's burdened with many problems. Roads have deteriorated badly, parastatals remain idle, and the dependence on foreign donors is greater than ever. The bow wave of unmet social services is now obvious to all. Only 6 percent of primary school leavers go on to secondary school; rural health facilities are chronically short of basic equipment. The nation of twelve million people at the time of the Arusha Declaration in early 1967, is now over 23 million, and will double again by 2014. Added to this is the specter of AIDS, with alarming prevalence rates in some areas of the country. Although the constraints to development seem enormous, there appear to be a few mechanisms for putting the national house in order, primary among them being the ERP.

Many of the political old guard are still mired in the rhetoric of the 1960's when Tanzania was a young nation striving to unify its diverse population and establish goals for the future. Many prefer to cling to the old image of Tanzania as a moral beacon and development example for the emerging Third World. There is still a deep pride attached to Mwalimu Nyerere's eloquence, vision, stature and integrity. But the leadership is becoming more responsive to the exigencies of the day.

The President and many of his senior officials repeatedly call for

increased fiscal and administrative discipline, determined efforts to streamline the bureaucracy, and the elimination of embezzlement and corruption. The country's new leaders are striving to find a better balance between public and individual responsibility and between public and market functions. USAID/T believes that present efforts must also encompass a new relationship between donors and recipients that stresses collaboration and does not displace national and individual self-help. The country's extreme dependence on donor largesse will decline only as market opportunities bring Tanzanian talent and resources to the forefront. In short, Tanzania's leaders need to recognize that the issue is reform and restructuring of statist economic policies, and not recovery to a reenactment of statist policies that had already failed to achieve the cherished socialist ideals. Achieving these reforms will help ensure that Tanzania enters the new century with hope.

The forceful implementation of the Economic Recovery Program does hold hope for a better life for Tanzanians in the 1990's. This prospect will require steady growth in agriculture, and in non-traditional exports, continued reliance on market incentives, and greater public discipline. Hopefully, the population growth rate reported in the latest census will eventually decline, and the transmission of AIDS will slow. Salaries must once again provide incentives for hard work to reduce the population's reliance on "miradi." Investment policies and procedures for productivity should reward innovation and risk-taking. The nation must be better integrated by road, rail, air and shipping links. With these, Tanzania will begin to enjoy the fruits of a more open economy. However, the pace of reform needs to be accelerated.

## Chapter 2 A.I.D.'s CDSS - U.S. Support for Economic Reform

### 2.1 U.S. Support for Africa

The U.S. is committed to the humanitarian well-being and economic development for Tanzanians, regional peace and stability, and the further integration of Tanzania into a world that is becoming increasingly democratic and market-oriented.

A.I.D. dollar levels correspond to Tanzania's recent recovery program, and its important role in the region, as well as U.S. budgetary constraints. Within this framework of interests and resource levels, the U.S. Government proposes to support Tanzania's development according to the strategy described in this chapter.

### 2.2 A.I.D. Program Strategy

USAID/Tanzania proposes a policy-based strategy for U.S. development assistance in the early 1990's.

First, USAID/T supports the ERP focus on improved efficiency in government and broader reliance on market principles, with particular emphasis on structural adjustment. That is to say, our emphasis is placed on reducing the role of the public sector and on enlarging the role of the market in determining investment decisions. Broadly, U.S. assistance shall be associated with policies, programs and individuals committed to economic reform and recovery.

The DFA's strategic objectives of broad-based, market-oriented, sustainable growth are manifested in Tanzania by the ERP. Market principles are being introduced to guide a wide range of decision-making processes, ones heretofore administratively and politically determined. Previous governmental strategies had yielded little or no growth.

Second, the annual A.I.D. dollar level for Tanzania will continue to be determined on the basis of judgements about the direction and rate of implementation of the ERP. The U.S. Mission will continue to assess this performance, and will voice its support and concerns about the ERP in appropriate forums.

Macroeconomic performance will be judged broadly by monitoring the agreed Policy Framework Paper, and within that, the rate of foreign exchange adjustment, the investment climate, the decontrol of prices and markets, salary incentives, and effective donor collaboration. USAID/T's macroeconomic perspective shall extend to World Bank and African Development Bank loan proposals and to U.S. efforts to reduce and to forgive foreign commercial and official debt.

USAID/Tanzania will make maximum use of analyses and donor coordination to multiply the impact of U.S. assistance, and will play a lead role among the bilateral donors in support of selected features of GOT, IMF, and World Bank agreements.

Third, within the Government's ERP framework, USAID/T's dollar program will support a key component, some say the key,

transportation. Within transportation, A.I.D. will concentrate its assistance on rural roads rehabilitation and maintenance -- essential to enhanced agricultural production, processing, export, and to rural growth and well-being. A.I.D. dollar and staff time will be concentrated on this avenue to market integration. The annual dollar level will be a function of sectoral policy performance and absorptive capacity. Measures of policy performance are tied to public roads systems development and to private road contracting, to ensure broad-based, market-oriented sustainability.

USAID/T's second priority within transportation is assistance to TAZARA - to support economic integration in Tanzania and with the southern African region. The future dollar level of new assistance to TAZARA and even the release of the second tranche of U.S. locomotives under the present grant will be a function of institutional performance and capacity utilization.

Measures of TAZARA's policy performance will include budgetary commitment to the Ten-Year Development Plan, managerial performance, traffic efficiency, and progress made in moving toward self-financing on a full cost basis.

Fourth, the other A.I.D. activities of family planning, AIDS education and control, food aid and training are as conceptually important as transportation to the ERP but will command a smaller proportion of the dollar budget and staff time. These activities support Tanzania's recovery program over the longer term via human resource investments and should improve Tanzanians' quality of

life. In response to the GOT's invitation to donors to support their recently announced family planning program, USAID/T proposes a new program-level priority for family planning in FY 1991. U.S. food aid will be programmed based on negotiated policy reform and humanitarian requirements. Dollar levels in these sectoral priorities will not be as readily influenced by year-to-year judgements on macroeconomic performance, but will be keyed to requirements, effectiveness and absorptive capacity.

Additional, tentative A.I.D. activities include some preliminary work in support of tourism as a source of growth, and possibly public agricultural extension. In all our activities, the promotion of equality in opportunity by gender and the use of the private sector as an engine of growth will be emphasized. The policy performance we seek for each of these is discussed in later sections.

The design and implementation of each program and activity will be refined as we learn from collaboration with Tanzanians, with other donors, and from research such as that being funded under the Market Road Survey, the Social Dimensions of Structural Adjustment, and by training and private sector assessments. It is a central premise of this strategy to associate A.I.D. assistance with evident Tanzanian self-help initiatives, accountability, and self-reliance.

At this time, the USAID strategy in support of the ERP is founded on transportation. Soon this will extend to family planning. All other activities of the USAID portfolio will be kept small in terms of resource commitments, but their impact will be maximized by careful collaboration with government and relevant donors.

Fifth, effective donor coordination is a central part of USAID/T's work in Dar es Salaam. Donor coordination is vital to the country's development because of the magnitude of the concessional resource level, and the donors' role in influencing most investment decisions. Currently there is lack of coordination in several sectors. This is not only an informational problem, but one that reflects disparate donor motives and strategies.

Sixth, it is integral to the USAID strategy to motivate and support its professional staff of Tanzanians, Americans and third country nationals to the best advantage.

### 2.3 Why Transportation?

USAID's commitment to support the GOT's transportation sector was determined in early 1987 by USAID-sponsored analyses and bilateral discussions. This basic decision has been monitored in the intervening period and is reassessed and reaffirmed in this CDSS.

In considering the sources of growth open to Tanzania, its agricultural diversity and potential are apparent. The country has had a reputation for being marginally self-sufficient in basic grains for years. The data bear this out. Yet the Mainland faces regional food disparities, its GNP and its exports are still based almost entirely on agricultural production, and food and cash crop stocks often pile up.

All of these factors, as true today as a decade ago, point to transportation as the key constraint to economic recovery. The economic costs are very high and cannot be tolerated. A Ministry of Communications and Works (MCW) study has estimated that the losses of income from various crops are considerable and are attributable to blocked roads. For maize and tobacco, village income is reduced 56%, on average, each year; and for cotton, groundnuts and cattle, 30-32% (MCW, 1981, Table 4.4). In another MCW study of 24 villages, it was estimated that 58% of them were isolated part of each year. A new cotton harvest is in the offing, and will sit.

Even if the roads' maintenance budget had been sustained in nominal terms, inflation has caused effective maintenance to decline sharply. In fact, there has been no road maintenance for years. The debate over whether roads were in sufficiently good shape to require only maintenance is long past. Many have to be rebuilt.

Rural road rehabilitation is the key to the ERP, primarily because 70% of all roads require rehabilitation. Trunk roads are usually passable in bad weather; rural roads often are not. The integration of agricultural regions with collection points, rail heads, processing factories, and ports depend on all-weather roads fully rehabilitated and maintained.

For USAID/T to have selected the agriculture sector, composed of fertilizers, other inputs, research, extension, marketing and training, as the primary sector, as the GOT has done, would have led to major problems - as now face the GOT. Transportation would

remain a serious constraint to the movement of all inputs, and all food and cash crops would face erratic marketing and credit constraints.

The GOT's policy commitment to transportation's recovery is clearer than it is for agriculture. The GOT is still working out new policies towards cooperatives, the right of primary producers to sell to any buyer, and regionally differentiated pricing policies. The near absence of new private credit, and more fundamentally, the lack of experience with indigenous entrepreneurs, are fundamental constraints to the rapid development of a dynamic agriculture.

Most donors have tended to concentrate their assistance on industrial and agricultural projects. Where road projects have been undertaken, they have tended to be content with turnkey, or expatriate-intensive approaches which are well-known for their shortcomings.

Bilateral donors have not attempted to influence broad agricultural policy issues. They are deeply rooted, and are far beyond the resource level of A.I.D. to influence (except for the role of PL 480 discussed later). Even with World Bank and I.M.F. leadership, reforming agricultural pricing and marketing policies is a protracted effort fraught with setbacks.

For A.I.D., therefore, a quickly-disbursing program in support of the ERP had to be predicated on a sector that was important to recovery and ready to be supported, not only by new resources, but

by a clear GOT commitment to reform. The GOT has taken major steps to ensure that transportation gets on its feet. The private sector was allowed to provide road transportation, to charge market rates, and to enter into private contracts for the rehabilitation and maintenance of roads. In short, the sector has an analytical integrity, policy consistency and government commitment that cannot yet be said for agriculture - although the GOT is working in this direction.

The distinction we draw here between the appropriateness of supporting one sector over the other does not diminish the close relationship between the two and their fundamental importance, together, for Tanzania's growth. Future CDSS's will make the case for renewed A.I.D. assistance for agriculture - if the policy issues described above are resolved in market-determined ways. If they are not in the coming decade, then the wisdom of continuing to support rural transportation in a major way will be subject to review.

#### 2.4 Transportation: USAID/Tanzania's Priority Sector

In 1987, key policy decisions on road tariffs, market decontrol and on private road contracting were made. A.I.D. had the technical resources available to translate the GOT decision to emphasize the transport sector into a policy-oriented program. This program also fit with A.I.D.'s Southern Africa Regional Program priority on transport. It was determined that a commodity import program could

provide an immediate fillip for rejuvenating the aging stock of truck and road repair equipment, at the same time that a cash-cover-funded systems approach to road rehabilitation was established. All of these factors supported targeting the transport sector as USAID/T's top priority.

The GOT has taken the early steps of formally declaring changes in policy towards the transport sector, but it understandably has found it harder to turn intentions into deeds. Lessons learned during this time also validate the design emphasis on truck parts, rehabilitation systems and private contracting. The foreign exchange side of the program is now moving well. Free world procurement of truck parts is making it possible for both Tanzanian and not just foreign companies to participate.

What was not appreciated at the time the program was designed was the magnitude of support and direction the Ministry of Communications and Works (MCW) would require. USAID/T experience has shown that implementation of the second half of the program will be even more difficult than originally thought. In essence, the task is to rebuild public systems and institutions virtually from scratch -- never an easy task -- and doubly hard in the face of constraints found in today's Tanzania. An institutionally strong MCW is a prerequisite for the devolution of authority to the regions and for the letting and monitoring of road rehabilitation contracts to the private sector.

The strategy is to continue the two-part roads program, making

adjustments as needed to improve the foreign exchange contributions to the rural transport subsector and to implement and strengthen the systems approach to roads rehabilitation negotiated in the FY 1987 and FY 1988 agreements. Annual budget commitments to this Program will continue to be made on the basis of ERP performance and program requirements.

Program direction and success will be measured by the establishment of a national capacity to rehabilitate and maintain rural roads with Tanzanian private contracts, which will be measured in part by the establishment of a full-time market roads evaluation system in mid-1989. Success will be judged on the basis of a viable maintenance system, number of roads repaired, and the development of a new Tanzanian private industry.

Truck parts and technical services are already starting to arrive. Smooth program implementation is our goal by FY 1991. To give firm shape to USAID's roads strategy, a major study will be initiated by late 1989 to refine the goals and policy objectives, the time frame, and the means to sustain ATAP.

A.I.D. will also continue implementation of its \$45.59 million grant to the Tanzanian-Zambian Railway Authority (TAZARA). In late 1988 locomotive parts and technical services were beginning to arrive. The choice of General Electric as the supplier of U.S. locomotives was made in April 1989 and a long-term adviser is expected to arrive by the summer of 1989. The first tranche of eight G.E. locomotives is scheduled to arrive in August 1990 with the second tranche

scheduled for 1991 and 1992. By then, the expanded Mbeya workshop should be operational. Beginning in 1989, in-house staff and advisory services will start to work with TAZARA to strengthen its financial integrity and independence.

During the early 1990's long and short term technical assistance will be well-placed to help guide TAZARA's managerial and mechanical training and help determine further equipment requirements. Early in the planning period USAID will decide whether a follow-on grant is warranted.

-- The Southern Africa Regional Program

Tanzania is fundamentally tied to the Frontline States by geography and by its political commitment to support regional integration in the face of apartheid. Transportation has been Tanzania's key contribution in this regard. Whether Tanzania will promote a more fundamental integration of regional trade, emergency food requirements, private investment, agricultural research, and training remains to be seen. We have agreed to a SARP proposal for technical assistance in support of private sector policy level studies. SARP teams will continue to explore program possibilities for Tanzania's broader integration in the region.

Towards the end of the planning period of the early 1990's, USAID/Tanzania may contemplate a broader perspective towards Tanzanian transportation by enlarging its vision to include market towns as rural growth centers. A major, future year, sectoral

program could focus on the infrastructural development of southern Tanzania - a region of vast arable potential, some stability in rainfall pattern, and low population density.

Preliminary investments are already underway. Present program assistance for TAZARA, rural roads, the earlier AID-financed TanZam highway, food aid supported marketing reforms and training can all contribute importantly to the multiplier effect for regional growth. A new program might encompass further infrastructure for road, rail, telecommunications and financial services.

## Chapter 3 Family Planning and Other A.I.D. Activities

### 3.1 Introduction

USAID/T supports several key social services because of their developmental and humanitarian importance in addition to its focus on the transport sector to support the ERP directly. These services are family planning, AIDS education and control, and participant training. We have chosen these activities for several reasons: they are high priorities to the Tanzanian government; they promote the development of human capital, particularly women; and A.I.D. worldwide has significant, acclaimed experience in these areas. During FY 1990 USAID/T will make a decision about the scale and character of its support for family planning with an eye to signing a new program grant in FY 1991. We may also fund a joint U.S. PVO-GOT proposal focused on strengthening the Ministry of Lands, Natural Resources and Wildlife policy making capacity.

### 3.2 Family Planning Service Delivery

Tanzania has long permitted family planning activities to take place on its soil but has only in the past two years begun to consider active promotion of family planning to improve the health and welfare of women and children, as well as to stem the rapid population growth rate of about 2.8% annually. Perhaps because of its significant land-mass in relation to its population of about 23 million in mid-1988, Tanzania has not taken the steps of some of its

neighbors, most notably Kenya, in attempting to curb its growth. The attitudinal tide is now turning.

It is estimated that only 5-7% of Tanzanians currently use modern methods of contraception, though no accurate statistics exist. Traditional practices of spacing children have increasingly been abandoned as people have migrated to urban areas. As a result, Tanzania's total fertility rate has actually increased, from about 6.9 in 1960 to 7.1 in 1987 (Unicef, p.88). This has taken a toll on Tanzania's women; it is estimated that at least 4,000 die each year from pregnancy-related causes. Indications are that maternal mortality rates have risen slightly in recent years.

Fifteen years ago, Tanzania inaugurated a program to attach MCH clinics to every health facility in the country, with the assistance principally of USAID. Today, over three-quarters of the population have access to MCH services. One component of the services was to be child-spacing, but the priority has always been on child survival interventions such as immunizations. Only 800 of 3,000 MCH aides have ever received training in modern family planning techniques. Except in small, isolated pilot projects, there has never been an attempt to motivate people, particularly men, to use family planning. Moreover, the only services that exist are clinic-based, restricted to married women or those who have already given birth.

Tanzania is now poised to make changes in its policies and approaches to family planning. Following the 1984 Mexico City Conference, the CCM requested the Government to draft a population

policy. A Population Unit was set up in the Ministry of Finance, Economic Affairs, and Planning to work out a population policy and, more broadly, to incorporate population growth concerns into the country's overall development planning. The population policy is expected to be completed this year, having been discussed with opinion leaders throughout the country. In addition, the Ministry of Health has recently drafted its first family planning strategy - a 5-year program of activities with a target of achieving a 25% acceptor rate by 1993. The MOH presented its new program to donors in March of this year with such vigor as to demonstrate clear GOT commitment to getting on with service delivery. It is expected that family planning will receive its first separate government budget allocation in 1989/90.

In light of these important new developments, USAID/T is considering launching a significant bilateral family planning program in Tanzania in FY 1991. Over the last year and a half it has been our strategy to commence a modest involvement with four separate population buy-ins to "test the water" and help us determine where we can be most supportive. Currently in Tanzania there are about five PVOs active in small family planning interventions, strong interest on the part of several bilateral donors, and an activist UNFPA.

Each USAID buy-in has been selected to address a particular subsector of the population area. To rectify the current lack of statistics and to provide a baseline for any future activities, USAID/T has commissioned a Demographic and Health Survey which is

expected to yield data in 1990. Because assistance to the GOT's Population Unit was opportune in 1987 and 1988, Rapid III was engaged to assist in the final stages of population policy development and presentation. The Population Communications Services project has been tapped to commence work in the information, education, and communication (IEC) area, starting with institution-building of the MOH Health Education Unit. We expect that beefing up the Education Unit's capabilities will yield dividends to AIDS control IEC activities as well. USAID/T has invited the Family Planning Logistics Management/CDC project to assess Tanzania's contraceptives logistics and management, which we have identified as a critical component of any reliable family planning program. Finally, USAID/T will be supporting voluntary surgical contraception through buy-ins to the Association of Voluntary Surgical Contraception (AVSC) and JHPIEGO.

On the basis of the insights gained from these buy-in efforts, and the initiatives of the MOH, we are starting bilateral discussions which may lead to a comprehensive service delivery program that will fit into the MOH's new strategy. In addition to the determination of the program goals and strategy, we will assess alternative approaches to program administration.

### 3.3 AIDS Education and Control

The first AIDS case was diagnosed in Tanzania in 1984. By early 1989, close to 9,000 cases had been reported from the Mainland and Zanzibar, and 2,300 people had died. Surveys of HIV prevalence in

certain regions of Tanzania, most noteworthy in Kagera region on the border with Uganda, have revealed alarmingly high rates of seropositivity among sexually-active adults, such as 41% seropositivity rates among the 25-34 age group in Bukoba town - possibly the highest recorded urban rate in the world. With Dar es Salaam as the starting point for many goods transported to landlocked countries with rates of HIV infection as high as that for Bukoba, many travellers and truck-drivers passing through Tanzania have been spreading the disease through sexual contact. Already it is estimated that over half a million Tanzanians, or over 2% of the population, are seropositive.

The Tanzania government has taken systematic steps to publicize the AIDS problem and to educate the population. Starting in 1985, the Government assembled AIDS task forces to examine various aspects of the control of the disease and provide policy and technical guidance. The work of these task forces, with assistance from WHO, culminated in a donors conference on AIDS in July 1987 that elicited \$4.5 million in pledges, including an IEC program by UNICEF funded by SIDA and CIDA, and over \$1 million and condom supplies from the U.S. By early 1988, a National AIDS Control Program (NACP) was established, headed by a doctor who had been working for five years in Bukoba Regional Hospital, and assisted by two WHO experts. A smaller-scale version of the Program was simultaneously launched on Zanzibar, headed by a doctor with a family planning background.

With the assistance of AIDSCOM and AIDSTECH consultants, USAID/T has sought to provide maximum support to the fledgling NACP and to make

sexual transmission of the disease our rallying point, since it is estimated that 90% of the AIDS cases in Tanzania have been transmitted sexually. We have forthrightly promoted the use of condoms as a preventive measure, starting with our own employees and those in the other U.S. agencies in Tanzania. We have tried to make our assistance to the GOT as flexible as possible, given the rapidly-changing AIDS environment and the unfolding knowledge on the nature of the disease and the efficacy of control efforts. We expect to continue to provide condoms, financial support to the NACP for its operations, technical assistance, and targetted training for many years to come. Our chief objective is to contain the disease through education and the promotion of condom use.

#### 3.4 Participant Training for Individuals

The Tanzanian Government faces a major task of motivating and directing its very youthful population. From the late 1960's, the GOT stressed mass primary education and literacy as two of the prime instruments of national development. With the ERP, a new generation of policy-makers are keenly aware that skilled managers and technicians are needed to develop the country. In order to train the managers, technical experts and leaders for a population projected to reach 46 million in twenty years, there has already been some redirection of earlier human resource priorities. However late, government is giving greater weight to promotions on merit, to

fees for services including education, to investment incentives, and has taken the first step towards widening pay scales.

A.I.D.'s strategy is predicated on both the need to support the ERP with human talent and a long-term view that large numbers of capable Tanzanians will run a modern economy. USAID does not propose an education project because the scale of assistance required to reform and rebuild the formal educational structure is beyond A.I.D.'s budgetary resources. USAID does propose to continue offering higher-level professional and technical training to support the ERP in the areas of transportation, agricultural marketing, processing and export, and selected social services. Emphasis will be placed on self-nominations for second and technical degrees in Tanzania and in the United States, and for equal numbers of women and men from the public and for-profit private sectors. Public advertisements will be the primary medium of announcement in order to reach the greatest number of potential candidates throughout Tanzania and to enable women to bypass the male-dominated institutional structure. The first-round of advertisements in May 1989 elicited over 4,500 applications.

For long-term training, we will require that each candidate articulate a personal commitment to Tanzania's development and show evidence of a first degree, work experience and a demonstrated need for training. We will also monitor the training itself to ensure performance and timely completion. In the near-term, private sector internships will be coordinated with the new National Chamber of Commerce for Tanzanian business people. USAID/T has agreement with

Treasury for this education strategy and has established a selection Advisory Committee to help implement it.

### 3.5 Tourism as a Source of Growth

With the ERP has come governmental understanding of tourism's potential for Tanzania's development, both for foreign exchange earnings and domestic employment. Because the area encompassing the country's long-established national parks is so large, land use planning and natural resource preservation are major components of any sectoral strategy. Last year, the President announced that Tanzania's wildlife is a heritage to be preserved for the world. This commitment has also been manifested by recent crackdowns on smuggling of elephant tusks and changes in key personnel.

Despite the conceptual appeal of tourism, this broad sector normally falls outside A.I.D.'s focus. Yet we have been intrigued in Tanzania by a policy-oriented proposal of the African Wildlife Foundation (AWF), the World Wildlife Fund (WWF) and the Ministry of Lands, Natural Resources and Wildlife. This proposal is to provide technical support to the Ministry, in resolving issues including private investment incentives, wildlife harvesting rates, and the creation of forestry reserves. A cooperating country grant agreement for about \$2 million, to be signed in FY 1989 or FY 1990, would fund assessment and monitoring units to help inform policy options and decisions for the Ministry. USAID/T encourages this approach to wildlife management.

## Chapter 4 The A.I.D. Focus on Development Processes

### 4.1 Introduction

How A.I.D. conducts its business is often as important as what it does. This is no clearer than with respect to the role of the private sector as a partner in development and the effective enhancement of the rights and opportunities for women. All USAID activities are examined for appropriate involvement of individual initiative. In much the same vein A.I.D. places a special premium on high ethical standards and full accountability in all that we do.

### 4.2 Private Sector Strategy

Up until very recently, government has discouraged the Tanzanian private sector, despite the sector's contribution to GDP of 80% and to wage employment of 30%. The CCM has viewed the growth of private indigenous entrepreneurship as a threat to its social vision. This has been expressed recently in the Party Program for the years 1987 to 2002 (CCM, pp. 4, 8-9, 1987).

Over the past two decades, Tanzania established 400 commercial parastatals, and discouraged, or suppressed individual risk-taking, investment and profit. By the middle 1980's it became common knowledge that many parastatals were bankrupting government, were being managed and operated by donor-funded "advisors," and that Tanzania's entrepreneurial talent had been ignored.

The GOT now recognizes that the private sector does have a role to play in the ERP and has made commendable policy changes including trade liberalization, removal of inter-regional trade restrictions, decontrol of prices and distribution of most commodities, and for the first time the encouragement of indigenous businesses in the domestic and export trade. Here, recently signed PL 480 section 206 agreements have played a role. Yet, the GOT has had very little experience from which to draw to implement this policy change. Resistance is manifest. Of even greater concern is the lack of any African modern business tradition here.

As a first step, in May of 1988 the government sanctioned the formation of the Tanzanian Chamber of Commerce, Industry and Agriculture (TCCIA). This new body reflects the GOT's more positive view towards the role of the private sector and opens a dialogue that even two years ago would not have been possible. More recently, in January 1989, the Party is reported to have sanctioned the role of Tanzanian entrepreneurs in the country's development. Still, the investment code has yet to be ratified to clear the way for full private sector participation in the economy.

A.I.D.'s support for the private sector in development is founded on practical experience. The experience of many developing countries strongly supports the thesis that economic growth and social well-being are correlated. This is not to say that we are unmindful of the excesses of any system or of the social and political complexities of ethnic integration.

The ERP opened the door for donors to support the private sector. The United States and the United Kingdom were quick to respond with commodity import programs for private transportation. More than eighty percent of USAID/T's commodity import support has been allocated to private firms, many of which are domestically-owned. In fact, it is only because of U.S. free world procurement rules that these firms have been able to participate. With the Africa Economic Policy Reform Program (621-0165) and the Tanzania Agricultural Transport Sector Grant (621-0166), USAID/T has also supported a major GOT breakthrough in awarding road construction and rehabilitation work competitively to private contractors. In February 1988, the World Bank started funding an Open General Licensing Program (OGL) which for the first time in years allocated foreign exchange according to market principles. Again, private importers have predominated in obtaining funds.

In addition to reforms with the Ministry of Communications and Works, discussions continue with Treasury and Agriculture to have PL 480 food assistance distributed by private traders instead of the parastatal National Milling Corporation. We have also promoted U.S.-Tanzania trade through a useful May 1988 seminar which a dozen Nairobi-based U.S. companies attended. However, we do not expect great U.S. investment interest in Tanzania until the foreign exchange and inflation rates moderate and a progressive investment code is ratified. Though we are optimistic about the opportunities for the domestic private sector, Tanzania, as a late developing

country, faces an extremely competitive world where poor countries are being marginalized in part because the availability of unskilled labor is becoming increasingly irrelevant (ODC, page 45, 1988).

In looking to the future, USAID/T's private sector strategy may be defined by the words of one prominent Tanzanian businessman: "We need to help create our own enabling environment." We accept their advice to themselves. We do not have the mandate to finance investment directly, but we will seek ways to expand indirect assistance to enhance Tanzania's own capacity to foster reform. Several avenues, albeit modest, are open.

Activities during the next five years may involve upon six areas:

- The strengthening of the Chamber of Commerce, Industry and Agriculture in its substantive function of promoting private sector indigenous entrepreneurship and continuing dialogue with the government of Tanzania;
- The increase of local currency generations programmed for use in the private sector, particularly in rural roads maintenance work done by private contractors;
- The expansion of commodities eligible for import by private firms engaged in the roads transport network;
- The training of indigenous male and female entrepreneurs as a nucleus for future private sector development;
- The promotion of ties between U.S. and Tanzanian firms; and
- The continuation of discussions with the government that emphasize dismantling of the loss-making parastatals and "freeing up" foreign exchange allocation, financial institutions, marketing boards, credit, and the exchange rate.

### 4.3 Women in Development

The 1967 Arusha Declaration of equality among all Tanzanians has yet to be achieved because historical prejudices and double standards with regard to women are still in force. Although polygamous marriages have decreased due to Christian influences and economic constraints, divorces and the number of unmarried mothers are increasing. The dropout rates for school girls because of pregnancy and marriage are quite high. Yet family life education is still lacking in the school curriculum.

Rural women are in a particularly vulnerable position. The Tanzania Women's Organization (UWT), which was formed to unite all women and integrate them fully in the country's development process, has done very little for rural women. They still use primitive methods of farming, travel long distances to market their crops because of poor transport, and spend many hours collecting water and fuelwood and carrying out other household chores. Training opportunities are rarely available for urban women let alone those in the rural areas. At the UWT's Third Ordinary National Conference, held in early 1989, it was hoped the organization would examine the problems facing rural women and find ways to address them. However, no concrete policy reforms were put forward.

The Tanzania government, male-dominated from top to bottom, has likewise done very little to improve the status of women. The GOT's main achievement - a significant one, assuredly - has been to make primary education equally accessible to both sexes (49.8% of

students were girls in 1987). However, women's representation in higher education and formal employment is still far from equal to men's. Although government provides maternity leave with pay for formally employed, married and unmarried women every three years, and equal pay for men and women with the same qualifications, these measures do not cover the majority who work outside the formal sector or in the rural areas. Verbal protestations of the poor status of women have substituted for concrete action. A Women in Development Policy drafted more than five years ago is yet to be passed by the Cabinet.

Like other donors such as DANIDA, SIDA and NORAD, we believe it is vital that both men and women be equal participants and beneficiaries in the development process. However, fundamental social change, a prerequisite for Tanzania women to improve their status, must come from the Tanzanians themselves. Therefore, USAID/T's initial strategy is to integrate women into its present portfolio of programs. We recognize that this exercise will take a considerable effort and is likely to fall short of our expectations because the current programs were designed without taking gender into consideration. To help us adapt our present rural transport programs, a market roads survey is currently being designed which should yield information on women's productive role in agriculture. From this data, we hope to see ways in which these programs can be more beneficial to women.

Our strategy, therefore, has two parts. First, all future programs will involve both men and women as full participants from planning

to execution. We posit that the GOT's promotion of family planning and AIDS control will cause profound attitudinal changes among both men and women during the 1990's, as well as furthering demands on service delivery. The second part of our strategy addresses specific interventions that promise higher impact for women and otherwise address the gender issue in influential ways. Support for urban legal aid may be one such example. USAID/Tanzania's Women in Development Action Plan is associated with this CDSS.

#### 4.4 PL 480 Food Aid

PL 480 was used in FY 1987 and FY 1988 to further A.I.D.'s support for the ERP by reinforcing price policy measures for food and agriculture, by reducing Tanzania's critical balance of payments position, and by decreasing structural wheat and rice deficits in urban areas. In short, in these two years, PL 480 has been used to support market-oriented adjustments in government policy, and, with local currency, the transportation sectoral priority.

The FY 1987 program for 25,000 MT of wheat flour generated \$7.7 million of local currency primarily for the rehabilitation of rural transport. The FY 1988 program provided 10,000 MT of wheat flour for the Mainland and 5,000 MT of rice for Zanzibar, and generated

\$5.5 million of local currency for rural transport, agricultural marketing and production, food emergencies and AIDS control. Policy measures of the two programs have focused on food pricing policies, reduction of food and import subsidies, the test of a "right of first refusal" policy involving the private sector in food aid distribution, and food program coordination.

In formulating a CDSS food aid strategy, certain points need brief mention. Although neither the Mainland nor Zanzibar normally have critical food shortages when overall production is calculated in terms of the total population's food needs, both parts of the Union, particularly urban centers, have long-term structural deficits of wheat and rice, and the Mainland food balance is severely constrained by the inability to ship surplus food to deficit areas. The balance of payments problem of both the Mainland and the Islands currently makes large commercial food imports more and more taxing. Only four donors have significant food aid programs in Tanzania. The Government appears to be well aware that distributing in-country stocks and improving road transport take precedence over appeals for food aid. USAID has the most experience of the donors, and the GOT considers USAID as having a responsive food programming capability.

The strategy briefly outlined below has been discussed with government, donors and PVOs. It is a policy-based strategy which follows guidelines in the Agency's November 23, 1988 draft "Food and Agriculture Statement: Goals, Directions, and Operations for the 1990s," particularly with regard to the operational areas of policy, institutions, technology and private sector.

Humanitarian Assistance: Using PL 480 generated shillings, USAID/T will approve funding for emergency food preparedness, when needed, from domestic stocks and the country's strategic grain reserve. If large amounts of food aid are required and available stocks are dangerously diminished, USAID will consider emergency Title II programs. Tanzania is developing public and private institutional capacities to respond to droughts and other emergencies. Disaster preparedness training, implemented by the GOT and PVOs, is being given to government and private sector representatives. A recent A.I.D.-funded Arusha conference on disaster preparedness for all of the government's principal secretaries has been widely praised.

Marketing Systems: The government recognizes that parastatal food marketing is a costly burden and has recently taken steps to simplify the public system. USAID supports GOT actions to share responsibility of food aid distribution and marketing progressively with the private sector and independent cooperatives. Future Section 206 programs will explore further private sector involvement in grain marketing, crop grading, and daily spot market reporting.

Coordination: USAID will continue to promote and support the heretofore absent coordination among GOT ministries, WFP and FAO, donor agencies and PVOs. A recently established food coordination group focuses on food production estimates, GOT requests, arrival schedules, and more standardized procedures.

Counterbalanced against these program opportunities are PL 480's lengthy approval process and innumerable procedural requirements, which forces USAID/T to consider carefully the management costs.

## Chapter 5 Conclusions

### 5.1 A New USAID Commitment

USAID/Tanzania has dedicated itself to a new way of doing business. Its policy-based program, under the Development Fund for Africa, is performance oriented. It will eschew quick results in favor of long-term sustainability following a program or systems, rather than a project, approach. Activities will concentrate in a few key areas and will be integrated, both programmatically and within the overall national context. USAID is taking donor coordination and gender issues seriously. If present initiatives are sustained, there will be evidence as to the efficacy of our strategy.

The new style means that the assistance level each year will be determined by judgements about ERP policy performance. Program obligations will continue to be determined by assessments of effectiveness and absorptive capacity. New programs will not be justified and designed simply to absorb annual dollar planning levels.

The focus on transportation, combined soon with family planning, and on a limited number of selected activities can be quantified. During FY 87-89, approximately 79 percent of U.S. assistance has been committed to transportation, 13 percent to food aid, 5 percent to AIDS and family planning, and 3 percent to training. The allocation of staff time reflects three priorities. During the CDSS period, we expect to see increases in these proportions for family

planning and for training, derived in part by some efficiencies gained in the management of PL 480.

Our new style also necessitates serious consideration of the management burden of each existing and possible new AID activity. On occasion USAID/T has determined that internal administrative requirements are so burdensome that the integrity of total program purpose can be compromised. In some cases, USAID/T has sought alternative funding arrangements such as "buy-ins" to central projects to the extent that these provided the desired services.

Finally, the new style places a high priority on getting USAID/Tanzania's house in order. Staff will be recruited according to program requirements from within our own ranks, and then from within Tanzania. USAID/T has already more than doubled the number of Tanzanians in professional positions. Staff are being motivated to high standards of conduct and will be aware of gender issues and incorporate WID considerations into program activities. All staff will continue to contribute to the visions and values of the USAID program in Tanzania. Administrative priority will be given first to maintenance of a professional work place and to the best possible FSN salaries in Dar es Salaam.

## 5.2 Program Risks

The risks to the present strategy arise from several sources and represent daily challenges to implementation. First, the USAID strategy itself, predicated so clearly on ERP performance, must be judged in turn by the government's ability to sustain its Recovery Program. If economic reforms are not seen as yielding results, or if they precede the consensus-building process by too great a distance, then the pace and direction of the ERP will be at risk.

Second, the transportation focus itself is high risk, for it presumes governmental ability to translate present policy decisions on transportation into disciplined new systems, delegations and procedures. It also assumes that the remaining controls on cooperatives and on markets will be relaxed or eliminated, and that a private roads construction industry will grow to meet the challenge. Donors may not be willing to collaborate to the degree necessary to establish and sustain a permanent national capacity to rehabilitate and maintain roads. Rural growth linkages depend on the validity of our expectations.

For TAZARA there is the immediate and visible risk that one or two U.S. locomotives will be badly damaged soon after delivery, as has happened to the existing fleet of G.E. Krupp locomotives. We are also concerned that the overall efficiency of TAZARA's operation may falter and that shifting traffic patterns may reduce the need for capacity strengthening.

Family planning and AIDS control and education depend so fundamentally on social perceptions and attitudes that these programs are inherently high risk. To promote new techniques and delivery systems is to invite setbacks.

Risks also arise from the very nature of A.I.D. itself and its many goals and interests. The A.I.D. mission and the Africa Bureau "must exercise the internal discipline to exempt Tanzania from adding on activities to meet the whims and fashions of the day" (USAID/T Concept Paper, 1987, p. 15-16).

### 5.3 Staying the Course

One lesson learned again and again is that AID must sustain support for a few chosen activities for many years in order to see significant developmental impact. A second lesson is that development depends fundamentally on host country commitment. These lessons are too often ignored. Too often USAIDs are expected to produce quick results, or to conform to the "fad-of-the-year." Too often staff are expected to respond to requests outside of the agreed strategy. Too often we push far ahead of our counterparts just to get something done. Staying the course in Tanzania will necessitate strict adherence to several principles.

First, the U.S. Mission and Washington must understand and support a restricted, policy-driven program, and understand the penalties for adding more money than is needed. Second, USAID management must

direct staff time in ways to challenge creativity, create excitement and invite lessons from the field, within the present portfolio. Third, we must foster a work environment where staff consensus is built and rebuilt and is not taken for granted. A soon to be drafted USAID/Tanzania Program Action Plan will help further define the specific portfolio we are implementing.

In sum, staying the course requires above all patience, determination and the willingness to say "no." Only by doing so can USAID hope to have a sustainable and collaborative program in Tanzania.

Note 1

## Swahili: A Language that Unites

Tanzania, more than most African countries, has forged a sense of national unity that transcends the cultures and traditions of over 120 ethnic groups. Although no single factor can lay claim to this unity, the decision to promote and develop a common national language has been one of the most decisive contributors to the cohesion found in the country.

In many ways, the decision to promote Swahili as the national language was a natural extension of a process begun centuries before. The language combines Bantu structure and Arabic loan words to form the language of the coastal groups. This then became the trader language which moved into the interior of the country.

The German colonizers used Swahili as the language of administration since it was widely known and well-developed in both its spoken and written form. The British, who came to Tanganyika following World War I, preferred English for administration but chose to use Swahili in the armed forces because no soldier was allowed to serve within his own ethnic community.

When TANU was formed in 1954, Swahili became the language of political communication, and Tanganyika began moving towards independence with a nationally accepted language that could unite the country without favoring one linguistic group while penalizing others.

An early goal of the newly independent Tanzania was to stabilize the language. Because Swahili is overlaid on 138 different languages, the variations of dialects and styles were considerable. Once grammar and spelling were standardized the government consciously promoted Swahili as the language of an egalitarian society: a second language for almost everyone, an African language free from the taint of colonial exploitation, a language of the people and their government.

In the 1960's an extensive Swahili literacy program was started which catapulted Tanzania's adult literacy rate from 9.5% to 88% by the late 1970's, one of the highest in Africa. At the same time Swahili textbooks were revised and workshops developed to improve the quality of Swahili used in the primary school classroom. Technical and legal terminology was established so that all citizens could understand the legal process and talk about the new technologies which were coming to Tanzania. Writers were encouraged to publish in Swahili, and Swahili newspapers, a tradition since 1888, were promoted.

Today, Swahili continues to increase its power as a national language spoken by 90% of the people. However, Tanzania has retained what is essentially a tri-focal language practice. For many people, the vernacular is retained because it provides a link

with the past and carries the strong emotional attachment of kinship. At the same time, English has remained the official medium of instruction in the secondary schools and at the universities since it can provide a linguistic window to a broader world.

As Tanzania moves towards the 21st century, these language patterns will continue to adjust to meet the needs of the country. There is every indication that the position of Swahili will continue to be very strong. In recognition of the language's regional strength, neighboring Kenya has put an increased emphasis on Swahili in the school curriculum. Improved economic prosperity will enable Tanzania to print more books and newspapers in their national language for mass reading.

At the same time, there is a renewed effort to improve the quality of English instruction in the schools. The British Council and VSO, a British voluntary organization, are helping the country improve the standard of English used in the secondary schools.

Tanzania has benefited from a wise and prudent language policy which recognized that people must keep their links to the past, live together in a dynamic nationally defined day-to-day reality and be able to look beyond their borders to understand and learn from the broader world.

## Note 2

### History of A.I.D. in Tanzania

USAID/Tanzania's history can be divided into four periods, each period reflecting the development priorities set by the Tanzanian government.

Projects in the 1960's addressed the needs of a newly independent country with a limited number of trained people. There were only 122 college graduates when Julius Nyerere became the first President. A teacher by profession, he carried the teacher's role into his political position. (Nyerere is still widely referred to as "Mwalimu," the Swahili word for teacher.) Nyerere recognized the immediate need for extensive manpower development. The A.I.D. projects from this period were directed towards training needs in a wide range of fields: agriculture, community development, public safety, teacher training, public administration, technical engineering and machine maintenance. In some instances there was a major physical investment in educational institutions as in the construction of Sokoine College of Agriculture and the Institute of Public Administration. Extensive participant training in the U.S. and in third country training institutions was combined with a maverick project which provided recommendations for secondary industrial development.

The secondary focus during this period was on physical infrastructure for roads and water. Engineers and architects were provided to advise on road location and construction and other public works projects. Food aid was first introduced in 1962 in response to a food emergency and continued to be provided as part of an ongoing Title II CRS sponsored feeding program.

In 1967, the Arusha Declaration focused the country's development plan on the agricultural sector, and USAID's programming moved from broadly based manpower training to support for agricultural development. Thus began a decade of major agricultural projects including: Massai Livestock and Range Management, Agricultural Marketing Development, Agricultural Materials and Services, Agricultural Research, Seed Multiplication and Distribution, Agricultural Credit, Agricultural Manpower Development, Farmer Training and Production, and Livestock Marketing Development.

A secondary program area was transportation infrastructure. The Tan-Zam Highway was a major undertaking during this period which literally paralleled the construction of TAZARA by the Chinese. An additional road project was undertaken in the National Parks.

A third major priority was in health education with the beginning of a long-term training program in the area of Maternal and Child Health. In addition to these major program areas, smaller

projects continued in education, self-help development and technical training in the primary and secondary schools. CRS continued its child feeding program throughout this period. The 1976 drought required emergency food aid as did the drought during 1984-85.

Nineteen seventy-eight was another point of change in USAID programming. Major health programming continued with the large School Health project, a project devoted to Continuing Education for Health Workers and later the Zanzibar Malaria Control project. But the primary thrust for USAID programming was on rural development. There was a recognition by the Government of Tanzania that agricultural development alone would not strengthen the rural areas.

Thus was born the Arusha Regional Planning and Village Development project, Training for Rural Development I, II, and Resources for Village Production (mostly credit) - all large, long-term efforts to strengthen the social infrastructure in rural areas. Reluctant to cut all ties with the strong agricultural base built during the 1970's, there was one agricultural project, Farming Systems Research, which was conceived as a follow-on activity to the Agricultural Research and Seed Multiplication projects.

A final period began in the early 1980's as Tanzania's economic crisis deepened following the oil price increase of 1979. During this period, attention was directed towards the role that government policies were playing in contributing to the crisis. USAID began bilateral discussions with Treasury in 1982 and 1983 by associating food aid with policy changes that could boost agricultural production and reduce dependency on donor provided food. In the same year, the Government undertook a Structural Adjustment Program to address the worsening economic crisis, but the measures were not powerful enough to enable the government to meet financial obligations on early loans. Therefore, Brooke restrictions were applied in early 1983 which prohibited USAID from obligating any new funds for Tanzania. As a result, USAID began the process of closing down its projects. With the benefit of hindsight, it is clear that in the very early 1980's, USAID was not sufficiently alert to the seriousness of the policy-induced economic crisis, or to the numbers of wide ranging changes needed to ensure recovery.

In 1986, the "Paris Club" reached agreement on debt rescheduling, thus paving the way for lifting of the Brooke Restriction in April 1987. Programming since 1986 has continued to be based on a commitment to policy dialogue with support for economic policy reforms particularly as they pertain to transportation constraints in the rural areas. In an attempt to learn from the past, current programming has tried to maintain a primary focus on the transport sector with a particular emphasis on rural feeder roads. Improving health standards and the social implications of an expanding population and the alarming increase in HIV positive cases have drawn USAID programming into these areas.

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