THE UNITED REPUBLIC OF TANZANIA

NATIONAL FIVE YEAR DEVELOPMENT PLAN 2016/17 – 2020/21

"Nurturing Industrialization for Economic Transformation and Human Development"

MINISTRY OF FINANCE AND PLANNING

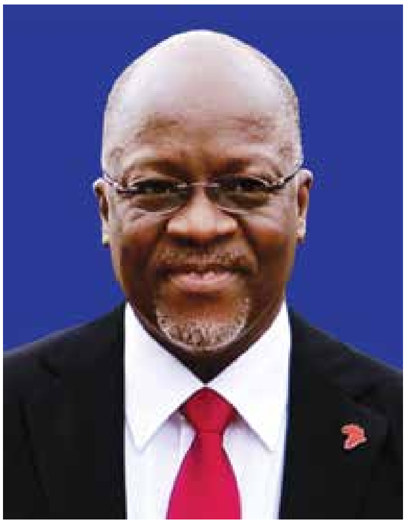
June 2016

"Everybody wants development; but not everybody understands and accepts the basic requirements for development.

The biggest requirement is hard work".

Nyerere, J. K, (1967). Freedom and Socialism, (p. 244)

KEY NOTE



On December 9, 2016, Tanzania will be commemorating its 55th Independence Anniversary. The motivation for our mothers, fathers, sisters and brothers for rallying behind the collective objective of ending colonialism was none other than putting the task of developing the country in our own hands.

The newly independent state started with only eight qualified Medical Doctors; two Engineers; a life expectancy at birth of only 38 years; a per capita GDP at merely US$ 48; and no University.

Tanzania will be celebrating the Independence Day with pride, considering, the mileage covered so far in fulfilling her development objectives. The country has forged ahead to attain a life expectancy of more than 61 years, created a modest pool of 2,190 Medical Doctors and over 30,245 Engineers; established about 50 universities and university colleges and attained a GDP per capita of US$ 1,043 by 2014; putting the country at the threshold of graduating from Low to Middle Income Country status by 2025.

Though a commendable achievement, with less than ten years remaining to 2025, it is clear that Tanzania needs to embark on swifter and broader social and economic transformation. The current level of income growth is still lower than the trajectory for realizing the development aspirations articulated in the Tanzania Development Vision 2025, of raising the average GDP per capita to US$ 3,000 (nominal). Skill gaps are wide in comparison to demands for developing and managing a semi-industrialized economy, where the majority of people will be enjoying quality livelihoods.

The Fifth Phase Government that I lead is committed to bringing about fundamental improvements in the lives of Tanzanians. To do this, however, the attitude of Tanzanians towards work must be more positive; commitment to addressing stumbling blocks in the course of implementing this plan should be unwavering; and resolve to achieve the set targets should be abiding. In short, the collective resolve must be brought to bear towards the realization of the broad goals of Tanzania Development Vision (TDV) 2025.

Tanzania is replete with most of the resources required to successfully achieve TDV 2025 objectives. This being complemented with the support from our development partners and other well-wishers, augments our ability to undertake the needed strategic repositioning for realising the Vision. The Second Five Year Development Plan, 2016/17- 2020/21 is the principal and shared tool in the realisation of these objectives. The theme of it is, "Nurturing Industrialization for Economic Transformation and Human Development" with the main objective of enhancing the pace of progress towards the Tanzania Development Vision 2025. The term "nurturing" to the theme has been used with a purpose. It acknowledges that economic transformation is not a one off event; rather, it is a long-term endeavour, demanding a high level of policy consistency, hard work, commitment, discipline and sacrifice. It further acknowledges the unprecedented Government commitment to tackle poverty, resolve institutional coordination failures, and addressing challenges, which beset the preceding Plans while also forging strong partnerships and collaboration with other stakeholders of goodwill.

Investment in harnessing Tanzania's natural endowment is the driving force for sustainable transformation of our country. Tanzania has, in the recent past, been doing well in attracting investments, both local and foreign. However, challenge remains to scale up the amount and quality of investments in line with our desired transformation path, with the private sector riding on the forefront. In implementing the FYDP II, my Government seeks to entice and attract increasingly private sector investment flows in new and more productive economic activities. This, however, would only be possible with the business environment that is reliable, secure and predictable for the private sector to profitably operate, sustain and flourish. For, the Government's commitment to creating a conducive business environment should, therefore, not only transcend the Plan period; but rather, need to be sustained in the longer-term. My Government is determined to continue improving the business environment and in so doing, providing a wide range of appropriate incentives and support to unleash creativity of private sector and other stakeholders in harnessing Tanzania's comparative advantages and thereby boosting productivity, enhancing innovation, and fostering economic integration and deepening participation in the regional and global value chains.

Doing these in "business unusual way", as we are determined to, calls for fundamental restructuring and repositioning in Government undertakings. Ministries, Departments and Agencies must ensure that the supervision and implementation of their respective programmes has to embed the need to achieve time - bound targets. They should be vigilant to ensure that all obtaining resources, financial and material, are spent judiciously and efficiently. The Government is further committed to ensuring efficient delivery of public goods and to searching for innovative solutions "outside the box" when it comes to addressing the obstacles to business, promoting investments and growth as well as ensuring development of the private sector. The reform measures currently being undertaken by the Fifth Phase Government, within the motto of *"Hapa Kazi Tu",* will further be intensified and sustained over time along with strengthening the dialogue mechanism with the private sector and other stakeholders, given the fact that some of the reforms are likely to trigger trade- offs.

May I remind my fellow countrymen to bear in mind that whatever the sacrifices we have to make during our time will only be worthwhile if we achieve more than what our fore mothers, fathers, brothers and sisters did in reclaiming the freedom that we presently enjoy. In fact, the responsibility of preserving and extending the treasure of independence beyond our generation rests with us. In taking this responsibility, the sacrifices and hardships we are to go through will set a foundation for our future generation to emulate.

It is with the spirit of consensus building and the need to rallying efforts of various stakeholders around our medium and long-term aspirations that extensive, inclusive and broad consultative processes were undertaken during the formulation of the Second Five Year Plan. I appreciate the confidence and enthusiasm with which the society has received the Second Five Year Development Plan and the people's eagerness and anticipation of the time that Tanzania will attain Middle Income, Semi-industrialized economic and social status sustainably.

Dear countrymen, I should hasten to remind everyone that there is neither short cut to success nor is there substitute for hard work and diligence in fulfilling our responsibilities and attaining the set targets. Personally, I am more than ready to do all that it takes to steer the Government and the society to the heights of our desired development. I should, however, urge all Tanzanians, collectively and individually, as well as all our contemporary and emerging friends in development, to join me with the highest level of commitment in treading the course.

Fellow Countrymen, the call to participate in implementing the Second Five Year Development Plan, which marks another milestone in our quest to attaining Vision 2025 goals and objectives, is a challenge, an opportunity and an honour for all of us. It is a challenge because we are in the unenviable position of fulfilling monumental tasks to meet the aspirations of Tanzanians highlighted in TDV2025; within a space of less than ten years. It is an opportunity in that we want to demonstrate to the world at large, that, yes, we can do it. It is an honour because it is our present generation, and none other, that has been charged with the enormous historic responsibility of successfully delivering on Vision 2025; transforming Tanzania into a Semi- industrialized, Middle Income Country. Collectively and individually, let us take pride for being the privileged participants in this noble course.

Fellow citizens and all people of goodwill, as I had repeatedly and consistently promised during my Presidential Electoral Campaigns and other fora, let me assure you that my Government will not let you down in playing its part.

GOD BLESS TANZANIA; GOD BLESS AFRICA!

Dr. John Pombe Joseph Magufuli

President of the United Republic of Tanzania

June 2016

PREFACE

Tanzania has continued to achieve a sustained high growth rate of the economy, with signs of economic transformation emerging. These positive developments have, however, not facilitated substantial poverty reduction, creation of quality jobs and productivity increase. These manifestations are inconsistent with the national development aspirations articulated in the Tanzania Development Vision 2025 of transforming the economy into a middle income and semi-industrialized state by 2025.

As such, concerted efforts are needed to transform the economy, commensurate with the envisaged development aspirations; a task we have to fulfil in less than 10 years. The Second Five Year Development Plan whose theme is: "Nurturing Industrialization for Economic Transformation and Human Development" is intended to rally and align society's efforts towards realization of the development aspirations. This will only be achieved through, among others, fostering economic growth, reducing economic vulnerability, enhancing forward and backward linkages between and within sectors, ensuring positive spill-over effects of skills development and technology innovation, creation of decent jobs and ensuring environmental sustainability.

It is worth reiterating that there are less than ten years remaining between now and the terminal year of Vision 2025. As such, effective implementation of this Plan is critical. We live in a world of great opportunities *albeit* with risks too. Economic globalization has facilitated mobilization of capital while trade liberalization has expanded market for products and services that Tanzania can offer beyond her borders. The opportunity to harness the expanding capacities of human intelligence and technological progress is immense. All these factors can be utilized for successful implementation of FYDP II objectives and targets. We need to manage the unfolding challenges with a new set of values to guide the way we conduct our public and private business, but particularly in the public sector. We need to foster measures in macroeconomic management, promote inclusive growth, make swift decisions, add value to our products, promote and support private sector development and engagement; ensure policy and procedural predictability and coherence, show high level of responsiveness and responsibility, ensure cost efficiency, sustain initiatives undertaken and promote local development initiatives.

The Second Five Year Development Plan has seven core Chapters. These are i) Introduction, ii) Situation analysis, iii) Strategic re-positioning, iv) Strategic interventions, v) Financing Strategy, vi) Implementation strategy and vii) Monitoring & Evaluation. The Chapters are well linked and cross-referencing each other. The introductory Chapter is followed by Chapter Two, which presents a review of progress made during implementation of FYDP I and MKUKUTA II, highlighting some of the achievements and challenges, thus, providing a baseline scenario for FYDP II. The third Chapter sets the strategic repositioning of FYDP II, taking stock of previous industrialization and human development initiatives, assessing the path of structural transformation and social development. The Chapter also identifies the fundamental issues and obtaining comparative advantages in relation to FYDP II orientation. Chapter four outlines the priority areas and interventions of the Plan in four categories: growth and transformation; human development; business environment; and implementation effectiveness. It also delineates Flagship projects. The fifth Chapter outlines the strategies for financial resources mobilization, making in-depth assessments of possible sources for both public and private sector undertakings and the manner in which obtaining resources can effectively be utilized. Chapter six provides roadmap for the reforms needed for effective implementation of FYDP II, spelling out arrangements and required coordination in order to resolve past challenges of inadequate co-ordination. The Seventh and last Chapter outlines a monitoring and evaluation framework for implementation of the Plan. The Plan also has Annexes that detail some of the aspects and approaches of the Plan, including detailed strategic interventions for all identified priority areas, their costs and sources of finance.

The methodology adapted for preparation of FYDP II was multifaceted, including reviews of the predecessor plans i.e. (FYDP I and MKUKUTA II) as well as previous industrialization efforts and strategies. It also benefitted from rich experiences and recommendations drawn from other change processes nationally, regionally and globally, including the National Constitutional Review, global, regional and national consultations that led to the formulation of the Agenda 2030 for Sustainable Development, Agenda 2063 for the African continent, and convergence processes toward the envisaged merger of EAC, SADC and COMESA regional trade groupings. The process also benefited from other internal consultations and peer reviews at various stages to ensure shared understanding and broad consensus by key stakeholders from the start. The consultations resulted into outcomes that enriched this document. These are: i) secured opinions and inputs from targeted stakeholders; ii) generated consensus on the priority areas and interventions as well as validating the presentation and contents of the Plan; and iii), obtained approval of the Government and Parliament. Rigorous analytical background work was conducted to assist the identification of industrialization orientation based on the country's comparative advantages and unfolding opportunities (competitive advantage) domestically and in the global market. The analysis highlighted the pre-requisites for nurturing and leapfrog to a semi-industrialized economy given current and future anticipated conditions locally, regionally, and globally. The analytical work informed the prioritization of choices and interventions in the Plan.

Ineffective implementation has plagued Tanzania's previous development plans. In order to differentiate this Plan from the past ones, a lot of emphasis is given to strategies for addressing core implementation challenges. The strategies are: mobilisation of resources and their effective utilization, adequate organisation and coordination for delivery, and strengthening monitoring and evaluation.

It is estimated that a total of Tanzanian Shillings 107 trillion is required for the implementation of the Plan. This is to be mobilized from both government and private sector sources and development partners, with the government expected to contribute around Tanzanian Shillings 59 trillion or an average of Tanzanian Shillings 11.8 trillion annually over the Plan period. The rest will be solicited from the private sector and Development partners. In order to meet these targets, concerted reforms have been earmarked to facilitate the enhancement of domestic resource mobilization from current sources as well as through expanding tax base. Investment promotion has been emphasized with a view to improving project identification and preparation to woo private capital, both through direct participation and in partnerships.

For ensuring a streamlined, well coordinated, organized and effectively implemented monitoring and evaluation framework for FYDP II, the Inter-Ministerial Technical Meeting of Permanent Secretaries will constitute a special committee that will oversee implementation of the Plan. This committee will be backstopped technically by the Ministry of Finance and Planning and will be required to report to the IMTC on a monthly basis and to the Cabinet on a quarterly basis. Two phases of evaluations have been proposed in the Plan: mid-term and end of period evaluations preferably by an independent evaluator outside of Government machinery in order to observe transparency and objectivity.

Given the strategic priority areas earmarked and the implementation effectiveness machinery laid out; coupled with the visionary leadership already existing at the top office of our nation, Tanzania is poised to excel regionally and globally as an emerging industrializing Middle Income Country. The key to Tanzania's successful transition to middle income status by 2025 is for every citizen to dedicate oneself to selfless service to our motherland.

Dr. Philip Isdor Mpango (MP)
Minister of Finance and Planning
June 2016

List of Abbreviations

AIDS	Acquired Immunodeficiency Syndrome
ANC	Ante-Natal Care
ATM	Aids, Tuberculosis and Malaria
BEST	Business Environment Strengthening in Tanzania
BoT	Bank of Tanzania
BRIC	Brazil, Russia, India and China
CAG	Controller and Auditor General
CARMATEC	Centre for Agricultural Mechanisation and Rural Technology
CBDs	Central Business Districts
CBFM	Community - Based Forest Management
CDTI	Community Development Training Institute
CGE	Computable General Equilibrium
CHRAGG	Commission for Human Rights and Good Governance
COMESA	Common Market for Eastern and Southern Africa
COSTECH	Commission for Science and Technology
CPI	Consumer Price Index
DPAIR	Development Plan Annual Implementation Report
DSM	Dar es Salaam
EAC	East African Community
EEZ	Exclusive Economic Zone
EPA	Economic Partnership Agreement
EPI	Expanded Programme for Immunisation
EPZ	Export Processing Zone
ERP	Economic Recovery Programme
FDC	Folk Development College
FDI	Foreign Direct Investment
FMD	Foot and Mouth Disease
FTA	Free Trade Area
FY	Financial Year
FYDP	Five Year Development Plan

GDP	Gross Domestic Product
GFI	Global Financial Integrity
HBS	Household Budget Survey
HIV	Human Immunodeficiency Virus
HIPC	Heavily Indebted Poor Countries
ICT	Information, Communication Technology
IFC	International Finance Cooperation
IGC	International Growth Centre
ILFS	Integrated Labour Force Survey
IMF	International Monetary Fund
ISIC	International Standard of Industrial Classification
ITNs	Insecticide-Treated Nets
LGA	Local Government Authority
LGRP	Local Government Reform Programme
LITS	Livestock Identification and Traceability System
LLG	Lower-levels of Local Governments
LTPP	Long Term Perspective Plan
M&E	Monitoring and Evaluation
MACMOD	Macro-economic Model
MAF	Millennium Development Goals Acceleration Framework
MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MIC	Middle-Income Country
MIGA	Multilateral Investment Guarantee Agency
MITER	Mid-Term Evaluation Report
MKUKUTA	*Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania*
MLDF	Ministry of Agriculture, Livestock and Fisheries
MMS	MKUKUTA Monitoring System
MoFP	Ministry of Finance and Planning
MTEF	Medium Term Expenditure Framework
MW	Mega Watt
NARCO	National Ranch Company
NESP	National Economic Survival Programme
NGOs	Non-Governmental Organisations
NIDA	National Identity Authority
NIS	National Identification System
NPES	National Poverty Eradication Strategy

NSAs	Non-State Actors
NSGRP	National Strategy for Growth and Reduction of Poverty
OECD	Organization for Economic Cooperation and Development
PAP	Priority Action Plan
PAPs	Project Affected People
PBMR	Planning, Budgeting, Monitoring and Reporting
PCCB	Prevention and Combating of Corruption Bureau
PHDR	Poverty and Human Development Report
PIDA	Programme for Infrastructure Development in Africa
POPC	President's Office Planning Commission
PO-PSM	President's Office - Public Service Management
PMTCT	Prevention of Mother to Child Transmission
PPD	Public - Private Dialogue
PPP	Public Private Partnership
PPP	Purchasing Power Parity
PRS	Poverty Reduction Strategy
PSCs	Parliamentary Sector Committees
R&D	Research and Development
REC	Regional Economic Community
REPOA	Research on Poverty Alleviation
RSs	Regional Secretariats
RWSSP	Rural Water Supply and Sanitation Program
SACCOs	Savings and Credit Cooperative Societies
SADC	Southern Africa Development Community
SAGCOT	Southern Agricultural Growth Corridor of Tanzania
SBAS	Strategic Budget Allocation System
SDGs	Sustainable Development Goals
SEZ	Special Economic Zone
SIDP	Sustainable Industrial Development Programme
SITC	Standard Industrial Trade Classification
SMEs	Small and Medium Enterprises
SMRMP	Sustainable Mineral Resource Management Project
SPs	Sector Plans
SSC	South-South Cooperation
STI	Sexually Transmitted Infections
SUA	Sokoine University of Agriculture
SWAP	Sector Wide Approach to Planning

SWFs	Sovereign Wealth Funds
TAA	Tanzania Aviation Authority
TAEC	Tanzania Atomic Energy Commission
TaESA	Tanzania Employment Services Agency
TANESCO	Tanzania Electric Supply Company
TAZARA	Tanzania Zambia Railway Authority
TCAA	Tanzania Civil Aviation Authority
TDHS	Tanzania Demographic and Health Survey
TDV	Tanzania Development Vision (2025)
TIC	Tanzania Investment Centre
THMIS	Tanzania HIV/AIDS and Malaria Indicator Survey
TIUMP	Tanzania Industrial Upgrading and Modernisation Programme
TORs	Terms of Reference
TPA	Tanzania Ports Authority
TRA	Tanzania Revenue Authority
TRL	Tanzania Railways Limited
TSED	Tanzania Socio-Economic Database
TZS	Tanzanian Shilling
TTCL	Tanzania Telecommunications Company Limited
UK	United Kingdom
URT	United Republic of Tanzania
USD/US$	United States Dollar
VAT	Value Added Tax
VCT	Voluntary Testing and Counselling
VETA	Vocational Education and Training Authority
WARCs	Ward Agricultural Resource Centres
WDI	World Development Indicators
WRS	Warehouse Receipt System
WSDP	Water Sector Development Plan
WSSP	Water Supply and Sanitation Program

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1 INTRODUCTION

1.1 Background

The Second Five Year Development Plan (FYDP II), 2016/17 – 2020/21, has integrated frameworks of the first Five Year Development Plan (FYDP I, 2011/2012-2015/2016) and the National Strategy for Growth and Reduction of Poverty (NSGRP/*MKUKUTA II*, 2010/2011-2014/2015) further extended to 2015/2016). This integration implemented a Government decision taken in 2015 to merge the two frameworks. The objectives of integrating the two frameworks were to improve efficiency and effectiveness in implementation through organizing and rationalizing national resources under one framework, by addressing critical challenges, which beset implementation of the parallel frameworks. The challenges included existence of many similar priorities of varying scope and emphasis, leading to available resources being spread too thinly; weak coordination; and unclear division of responsibilities in monitoring, evaluation and reporting.

The theme of FYDP II "Nurturing Industrialization for Economic Transformation and Human Development" incorporates the main focus of the two frameworks, namely growth and transformation (FYDP I) and poverty reduction (MKUKUTA II). FYDP II outlines new interventions to enable Tanzania industrialize in a way that will transform its economy and its society. It also incorporates unfinished interventions from the predecessor Plan and Strategy, respectively, deemed critical for realization of the aspirations of FYDP II. More importantly, and in tandem with the two predecessor frameworks, FYDP II also implements aspects of Tanzania's Development Vision (TDV) 2025 which aspires to have Tanzania transformed into a middle income and semi industrialized nation by 2025, characterized by the year 2025: (i) high quality and sustainable livelihoods; (ii) peace, stability and unity; (iii) good governance and the rule of law; (iv) an educated and learning society; and (v) a strong and competitive economy.

Implementation review of TDV 2025 conducted in 2009 and 2010 revealed a number of risks likely to hinder the achievement of the set goals if strategic repositioning of implementation was not made. Following these reviews, the Government of Tanzania (GoT) reverted to long and medium term planning in year 2011 in a bid to accelerate attainment of TDV 2025 goals. In this regard the Long Term Perspective Plan (LTPP), 2011/2012-2025/2026 was developed and adopted to anchor the reorganization and steer Tanzania's efforts towards achieving aspirations of the Vision. Implementation of LTPP is sequenced in three five-year development plans (FYDPs). Each of the three Plans has a specific theme to underline its thrust and priority interventions. The theme of the First Five Year Development Plan (FYDP I), 2011/12 - 2015/16 was "Unleashing Tanzania's Latent Growth Potentials" and focused on de-bottlenecking binding constraints to growth. The designated themes for FYDP II (2016/17-2020/21) and FYDP III (2021/22 - 2025/26) are respectively "Nurturing an Industrial Economy" and "Realizing Competitiveness-led Export Growth".

1.2 FYDP II Orientation

Though the focus of FYDP II had already been determined in LTPP framework, it had to be reviewed taking into consideration the Government's decision taken in May 2015 to merge the two planning frameworks. This entailed integrating and mainstreaming into FYDP II, interventions pertaining to poverty reduction and improving livelihoods, which were the predominance of MKUKUTA and FYDP

II frameworks respectively, thus addressing issues pertaining to growth and economic transformation as well as poverty reduction and improvement of livelihoods. This prompted a revision of the original theme to the current FYDP II theme: "Nurturing Industrialization for Economic Transformation and Human Development".

Merging of the two frameworks will: (i) facilitate mainstreaming poverty reduction agenda into the core of the nation's development planning framework; (ii) improve coordination with respect to prioritization, sequencing, implementation, monitoring, evaluation and reporting; (ii) enhance resource mobilization and utilization by articulating clear national key result areas (NKRAs) and focusing both domestic and foreign resources on implementation of national priorities; (iv) align national priorities with sector strategies through MTEFs and the Strategic Budget Allocation System (SBAS); and (v) ensure coherence of public expenditure with national priorities.

1.3 Objectives of FYDP II

FYDP II is built on three pillars of transformation, namely industrialization, human development, and implementation effectiveness. Specifically, the Plan aspires to:

i. Build a base for transforming Tanzania into a semi-industrialized nation by 2025;

ii. Foster development of sustainable productive and export capacities;

iii. Consolidate Tanzania's strategic geographical location through improving the environment for doing business and positioning the country as a regional production, trade and logistic hub;

iv. Promote availability of requisite industrial skills (production and trade management, operations, quality assurance, etc.) and skills for other production and services delivery;

v. Accelerate broad-based and inclusive economic growth that reduces poverty substantially and allows shared benefits among the majority of the people through increased productive capacities and job creation especially for the youth and disadvantaged groups;

vi. Improve quality of life and human wellbeing;

vii. Foster and strengthen implementation effectiveness, including prioritization, sequencing, integration and alignment of interventions;

viii. Intensify and strengthen the role of local actors in planning and implementation, and

ix. Ensure global and regional agreements (e.g. Africa Agenda 2063 and SDGs) are adequately mainstreamed into national development planning and implementation frameworks for the benefit of the country.

Among the outcomes associated with the attainment of these objectives, Plan will raise annual real GDP growth to 10 percent by 2021 (from 7.0 percent in 2015), per capita income to US$ 1,500 (from US$ 1,043in 2014) and reduction of the poverty rate to 16.7 percent from 28.2 percent recorded in 2011/12. The Plan also envisages raising FDI flows from US$ 2.14 billion in 2014 to over US$ 9.0 billion by 2021; increase electricity generation from 1,501MW in 2015 to 4,915MW by 2020 and improving electricity connections to 60 percent of the population, up from 36 percent in 2015. On average, manufacturing sector will grow by over 10 percent per annum with its share in total exports increasing from 24 percent in 2014/15 to 30 percent in 2020. An under- five mortality rate reduction from 81 deaths per 1000 live births recorded in 2014/15 to around 45 deaths per 1000 live births; maternal mortality reduced from 432 per 100,000 live births in 2014/15 to below 250 deaths by 2020/21. Also, access to clean and safe water in rural areas improved from 72 percent recorded during 2014/15 to 85 percent by 2020/21 and in urban areas to more than 90 percent. As a result, there will be improvement in national human development index from the value of 0.52 (2014) to 0.57 by 2021.

1.4 Salient Features of the Plan

FYDP II has the following distinct features:

i. Some of the interventions are packaged and aligned along development corridors, zones, clustering and improving enterprise efficiency through upgrading to provide investors with economies of conglomeration with the coordination and sequencing of their implementation done strategically to spur synergies, complementarities, and high impact;

ii. The Plan embodies a "business unusual" spirit, not only for fostering implementation effectiveness, but also for embracing and promoting strategic partnerships with the private sector, facilitating its development and competitiveness through upgrading and creating conducive environment for it to thrive and achieve sustainability; and

iii. The Plan entrenches the necessary policy and institutional reforms required for enabling its implementation with the private sector being called forth to lead in investments in industrialization and the Government to play a facilitative role mainly in terms of providing a conducive policy and quality regulatory framework, allocating land, and ensuring that a supportive infrastructure for industrial development is in place.

1.5 Process of developing FYDP II

In 2015, the Government reviewed implementation progress of FYDP I and MKUKUTA II in order to assess progress made visa-a-vis the set objectives and targets and to identify major challenges and their respective remedies to inform formulation of FYDP II. Past industrialization efforts and strategies were also reviewed to ensure that useful lessons are carried forward, past mistakes are avoided, and new efforts and socioeconomic dynamics are put in a proper perspective. The review reports are published separately.

Development of the Plan also benefitted from rich experiences and recommendations drawn from other change processes nationally, regionally and globally. These include the National Constitutional Review, consultations on the Post 2015 Global Development Agenda; Tripartite Agreement to merge EAC, SADC and COMESA regional trade groupings; etc. Consultations were also held with key stakeholders and peer reviews made at various stages in order to ensure shared understanding at all stages and to enrich contextual substance of the Plan.

The consultations were done at three phases: first phase sought opinions and inputs from targeted stakeholders (e.g. industrial and business owners and practitioners, high level decision makers in government and politicians; as well as, representatives from the academia, research institutions and the civil society). Second phase targeted solicitation of consensus on the priority areas and interventions and validate presentation and contents of the Plan. Third phase was approval process of the Government and Parliament to ensure rationale, relevance and pragmatism of the proposed interventions for FYDP II. At all phases of consultations, broader representation was observed in order to ensure that the Plan benefits from inputs of all levels of the society and balance varying interests.

The Plan also benefited from analysis and consultations on the analytical background work, which identified list of industries where Tanzania has comparative advantages, proposed financing strategies, and monitoring indicators and targets. The analysis highlighted the pre-requisites for nurturing and leapfrogging to a semi-industrialized economy given current and future conditions, locally, regionally, and globally. The analytical work guided prioritization of choices and interventions for their implementation. The analytical background work is published separately in a report.

1.6 Structure of the document

FYDP II is organized along Chapters as follows: i) Introduction, ii) Situation analysis, iii) Strategic re-positioning, iv) Strategic interventions, v) Financing Strategy, vi) Implementation strategy and vii) Monitoring & Evaluation

The introductory Chapter is followed by Chapter two, which presents situational analysis of the economy and implementation assessment of FYDP I and MKUKUTA II, drawing prospects, challenges and lessons to carry forward in FYDP II. The third Chapter identifies the strategic repositioning that is needed for FYDP II implementation, clearly outlining the criteria used for selection of the key result areas and priority interventions. The fourth Chapter outlines the strategies for nurturing an industrial economy and achieving the desired human development milestones as well as identifying Flagship interventions. The fifth Chapter identifies the potential sources of, and strategies for financing the Plan. It is followed by Chapter six, which details implementation strategies and identifies the requisite reforms for ensuring favourable conditions for economic growth and transformation; the requisite institutional arrangements for effective implementation as well as the roles and responsibilities of various institutions and stakeholders. The Chapter also discusses risks to Plan implementation and provides mitigation measures. The seventh Chapter presents the Plan's monitoring and evaluation (M&E) strategy and framework, including institutional arrangements, indicator framework, and reporting. Annexes that detail contents of some Chapters are also provided.

2 SITUATION ANALYSIS AND ASSESSMENT OF FYDP I AND MKUKUTA II IMPLEMENTATION

This Chapter outlines Tanzania's socio-economic status. It also highlights results from the assessment of FYDP I and MKUKUTA II implementation and provides insights on achievements and challenges for informing FYDP II strategic interventions.

2.1 Macroeconomic developments

During FYDP I and MKUKUTA II implementation, Tanzania's economy recorded positive results recording an annual average growth rate of seven percent. Encouraging developments have been noted during implementation of FYDP I with per capita income rising to US$ 1,043 (2014) up from US$ 749.3 (2010), implying that Tanzania is on the verge of crossing the low middle-income country threshold of per capita income of US$1,045. Despite outperforming many other developing as well as some industrialized countries in terms of economic growth rate (though with a small base compared to the latter), the growth rate was still lower than the targeted rate of 8 percent to10 percent deemed necessary to eradicate absolute poverty and to place the country on a rightful path to realizing the national objective of achieving an average nominal income of US$ 3,000 per capita by 2025. Reasons for missing the target include weak implementation of strategic projects in power, railways, and agriculture. These are elaborated under respective sections. Under-achievement is also partly explained by slow pace in decision-making, and shortcomings in mobilising financial resources. Thus, efforts need to be made to scale up mobilisation of resources, improve availability of supportive infrastructure and social services, and to diversify sources of growth particularly to include the sectors that employ the majority of the poor.

The five fastest growing sectors over this period have been information and communication, finance and insurance, wholesale and retail trade, and manufacturing (Figure 2.1). The agricultural sector, which employs majority of the people (at around 66.9 percent), lagged behind, growing at only 3.4 percent (2014) from 2.7 (2010), a rate which is far below FYDP I target of 6 percent. On the other hand, the economy is showing signs of transformation whereby employment and GDP shares of services and industry are increasing and share of agriculture corresponding declining (Figures 2.1-2.4).

Overall, the macroeconomic environment remained relatively stable during implementation of FYDP I and MKUKUTA II. Prudent monetary policy continued to be effected through a mix of instruments purposely to maintain price stability and support economic growth. A tight monetary policy stance was necessary in 2011 and 2012 when the headline inflation rate escalated to double digits (12.6 and 16 percent respectively). Between 2010 and 2013, the inflation rate rose rapidly from 7.6 percent in 2010 to 12.6 percent in 2011; with the rising food prices and cost of oil imports further pushing the rate to 16 percent in 2012. Good harvests in the following year eased the inflationary pressure to 7.7 percent; and further to 6.1 percent in 2014. Since 2013, a combination of prudent monetary policy, a favourable food situation and declining fuel prices, have sustained the inflation rate at single digit. With respect exchange rate developments, the Tanzanian Shilling depreciated rapidly leading a rising import bill (especially importation of capital goods), over the 2013- 2015 period. The depreciation was linked mainly to the appreciation of the US dollar in international financial markets, decline in aid inflows, and increasing costs of imports.

Figure 2.1: Average growth rates over the FYDP I period

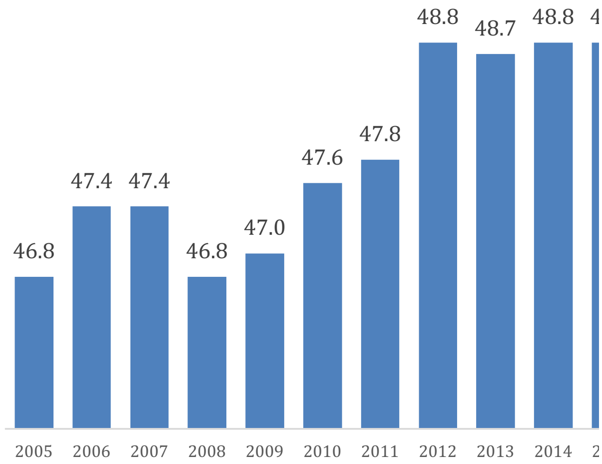


Figure 2.2: Increasing GDP share of industry: 2005-2015

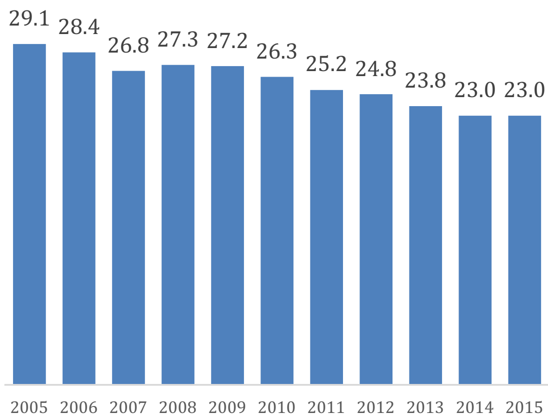


Figure 2.3: Increasing GDP share of services sector 2005-2015

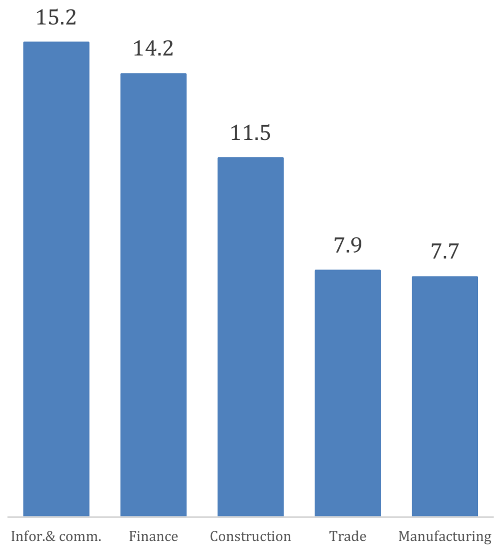
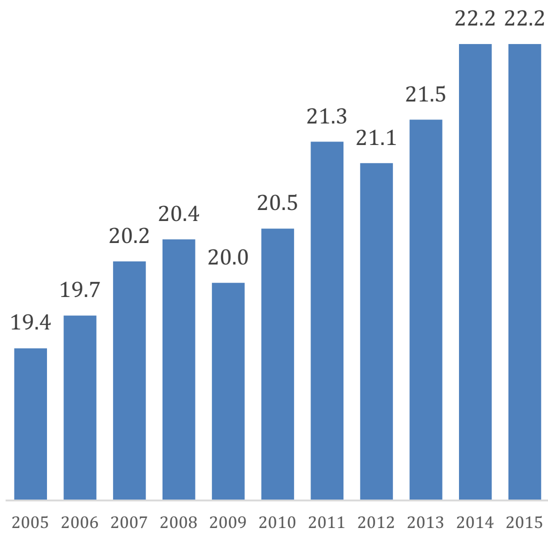


Figure 2.4: Declining GDP share of agriculture 2005-2015



Source: Bank of Tanzania (2015). Financial Stability Report, September 2015.

Fiscal performance continued to exhibit "stresses" due to faster rates of expenditure compared to domestic resource mobilization, despite revenue collection generally improving. Revenue to GDP ratio increased modestly from 11.6 percent during 2010/11 to 12.4 percent during 2014/15. The ratio was, however, well below FYDP I target of 14.4 percent and that of comparator countries like Kenya at 17.7 percent and Mozambique at 22.4 percent.

Most of the fiscal policy challenges faced were related to budget credibility (unrealistic resource envelop and expenditure plans, accumulation of budget arrears, and weak budget control), mismatch between approved budgets and expenditure outturns, misuse of public finances as frequently revealed by reports of the Controller and Auditor General (CAG), weak enforcement of procurement procedures and non adherence to financial regulations, and inadequate financial allocations to development budget. The other challenges included low mobilisation of LGAs' own revenue and erratic allocation of subvention by central government; inadequate funding for priority investments and limited private sector participation. This state of affairs calls for effective strengthening public finance management in the on-going reforms.

International trade continues to play a major role in Tanzania's economic growth, with the great potential of promoting trade-induced industrialization. Performance in international trade during FYDP I implementation was generally positive though erratic in some years, in terms of contribution to GDP as well as share in global and in the regional markets. The ratio of exports to GDP was 28 percent in 2010, 31 percent in 2011 and 29 percent in 2012 before plummeting to 25 percent, 18 percent and 20 percent in 2013, 2014, and 2015, respectively. Furthermore, trade openness, which is a ratio of export plus import to GDP fluctuated widely, starting at 47.9 percent in 2010 to 56.8 percent in 2011 and then declining to 48.8 percent in 2015. However, Tanzania's share in world trade increased from 0.022 percent in 2011/12 to 0.1 percent in 2015/16.

Over the past ten years or so, however, Tanzania's performance in international trade has been characterised by persistent trade imbalance with a growing deficit and the rate of growth of trade flows falling behind that of GDP (trade should grow by at least a factor of 2 compared to GDP growth). Balance of trade has been volatile reaching an all-time high surplus of USD 139 million in March 2006 and a record deficit of USD 768 million in March 2014. In June 2015, the trade balance had improved significantly to a deficit of USD 423.50 million.

Challenges that constrain Tanzania's trade performance include a narrow production and export base dominated by low-value low tech products such as raw materials and primary commodities; high trading costs; tariff and non-tariff barriers to intra-regional trade; and low access to international markets. Consequently, structural transformation of industrial production and trade is a basic pre-requisite for Tanzania to successfully realize effective trade-induced industrialisation during implementation of FYDP II. Invariably, three issues are critical: intensifying production and trade in intermediate and final consumer products; establishing, aligning and upgrading along national, regional, and global value chains; and increasing the share of trade in services, such as travel and transportation.

It is a widely acknowledged wisdom that investment is the primary determinant of productivity growth and economic transformation. Tanzania's investment growth has, however, been lacklustre. The average investment rate measured by Gross Capital Formation as a ratio of GDP was 28.5 percent in 2013, a significant surge from around 13 percent in the early 2000s. Despite performing better than some comparator countries in the region e.g. Kenya at 21.4 percent, Tanzania still lags behind the rates of investment that are demonstrated to be necessary for economic transformation to take place (e.g. Malaysia, invested almost 40 percent of its GDP).

Tanzania continues to remain an attractive destination for foreign direct investments (FDIs) with value of FDIs having reached US$ 2.14 billion in 2014 up from US$ 936 million in 2005. The facilitating role of the Tanzania Investment Centre (TIC) as a one-stop centre for investors has been playing a pivotal role in this performance. There are concerns, however, on the quality of FDI inflows; that most FDI inflows tend to target service and extractive activities, which offer limited employment opportunities and linkages with the rest of the economy. Between 2010 and 2014 FDI inflow to Tanzania grew at 12 percent. Sustaining high level of FDIs does not only depend on investment potentials but also, rather largely on the presence of a conducive environment for doing business and investing, relative to competitor countries in the region.

Investments in Tanzania demonstrate two main characteristics, namely:

(i) Sub-optimality and disparities between beneficiary sectors, essentially due to: reliance on traditional approaches to promotion of investment opportunities; un-conducive climate (bureaucracy, and multiplicity of regulations and varying clearance requirements); disparities in quality of infrastructure across regions; regional competition for FDIs; and weak institutional capacity to accelerate reforms.

(ii) Dormant assets especially underutilised core assets related to industry and land, due to: weak enforcement of investment contracts; weak business environment; inadequate finances and technical know-how; reluctance of banks to accept land assets under traditional ownership as collateral; weak market conditions (quality standards, supply chains); and weak supportive facilities (insurance, financial, marketing and technology).

2.2 Productive sectors

Assessment of performance in key productive sectors during implementation of FYDP I and MKUKUTA II also offered insights worth considering for incorporation in FYDP II. The sections that follow document such assessments.

2.2.1 Agriculture

Agriculture continued to support livelihoods of the majority of Tanzanians; yet, it remains underdeveloped and generally vulnerable to the whims of nature. Still, the agriculture sector provides about 66.9 percent of employment, accounts for about 23 percent of GDP, 30 percent of exports and 65 percent of inputs to the industrial sector. There has been improvement in productivities of some of the crops (maize, rice, oil seeds, livestock and fisheries), but there has also been a decline in some previously key cash crops (cotton, cashew-nuts, coffee and sisal to mention but a few). The area under irrigation is less that 10 percent of the potential and rate of investment in irrigation infrastructure is still not encouraging. Most of the agricultural exports have continued to be in raw form, mainly due to a weak agro-processing industrial base. Most of the privatized key agro-processing industries, e.g. leather, have not performed as per expectations, resulting in continued exports of raw produce.

2.2.2 Tourism

From 2012, tourism has been the leading sector in terms of foreign exchange earnings and is the 3rd largest recipient of FDIs after mining and manufacturing. Given its endowment and having exceptionally rich natural tourism assets of world heritage status, Tanzania's tourist sector is an ideal vehicle for propelling growth and poverty reduction. The country is ranked 4thamong 140 countries with regard to endowment of tourism-related natural resources. The growth in tourist arrivals in Tanzania is robust and has remained fairly robust in the face of global economic turbulences. For example, during the 2008/2009 global financial crisis, arrivals declined by only 7 percent in Tanzania compared to 32 percent in neighbouring Kenya.

There are, however, two main features that can constrain utilisation of the full potential of tourism sub-sector. First, weak impact on poverty reduction caused mainly by out-dated laws and provisions constraining entry to the industry and weak linkages with small local businesses; inadequate quality of skilled local labour (in customer care, marketing, safety and hygiene standards); low local content and concentration of Tanzanians in low paying unskilled tasks; low level of diversified tourism products and geographical focus (biased focus on tourism activities along the northern circuit -e.g., through branding of Tanzania as the land of Kilimanjaro; the Serengeti; and Zanzibar), thus leaving out attractions in other regions (e.g. attractions in the southern circuit); insufficient public investment in tourism training institutions thus limiting the potential of such training institutions to become internationally accredited; and weak linkages with other sectors.

Second, sub-optimal links between different tourism products, on account of: weak marketing strategies and tools; weak development of non-wildlife tourist attractions (neglect of beach, historical, conference, cultural tourism and absence of man-made entertainments) all of which contribute to shortening of days spent; and the absence of right mix of incentives in the investment policy, such as, differential incentives depending on differing developmental needs between the northern and southern circuits. For example, poor quality of infrastructure (road, energy, sea and airports) has also often been identified as a constraint to the growth of the sector especially the Southern circuit while there are some indications that the carrying capacity of the Northern Circuit is almost being exceeded.

2.2.3 Manufacturing

The share of Manufacturing in GDP remained relatively low, at 5.2 percent, in 2015, with food and beverages accounting for more than 40 percent of the manufacturing output. Other products dominating the manufacturing sector in Tanzania include furniture, rubber and plastics; and non-metallic mineral products. Nevertheless, the sector has been steadily moving towards product specialization, especially products that provide inputs to other processes (i.e., intermediate technologies relating to machinery, electronics and garments). The share of manufacturing sector in total exports increased from 17 percent in 2012 to 23 percent in 2014; and declined to 19.1 percent during 2015/16. FYDP I target was 19.1 percent by 2015; which was largely met. Growth of manufacturing is mainly attributable to domestic firms taking advantage of the expanding regional market opportunities, particularly EAC and SADC. The share of manufacturing in total employment also rose from 2.6 percent in 2010 to 3.1 percent in 2014. Table 2.1 provides trends in production of selected Manufactures.

Table 2.1 Production of Selected Manufactured Goods from 2010 to 2014

Product	2010	2011	2012	2013	2014
Wheat flour (tonnes)	444,242	439,926	443,731	516,778	529.797
Beer (000 litres)	242,689	323,393	338,650	374,238	379,913
Cigarettes (million)	6,181	6,630	7,558	7,710	8,028
Textile (000 sq m)	103,177	101,820	83,592	97,522	119,458
Pyrethrum Pesticides	49	53	73	83	136
Paints (000 litres)	28,201	31,211	34,868	36,623	38,308
Iron and steel (tonnes)	33,384	39,955	46,690	48,500	56,752
Cement (000 tonnes)	2,313	2,409	2,581	2,369,819	2,795,687
Aluminium (tonnes)	59	33	23	37	27
Battery (Million)	93	89	68	75	93

Source: URT Economic Survey 2014

Despite the progresses reported hitherto, domestic manufacturing system has remained less articulate with limited signs of strong development of backward and forward linkages across local manufacturing industries. Moreover, most manufacturing firms have lagged behind the required pace to increase value addition and to diversify their production towards more advanced/high tech products. Other challenges facing the sector include low productivity and weak managerial skills, weak market conditions (quality standards, supply chains), inadequate finances, unfavourable international trading relations, low usage of advanced and modern technologies, challenging business environment, as well as capacity underutilization.

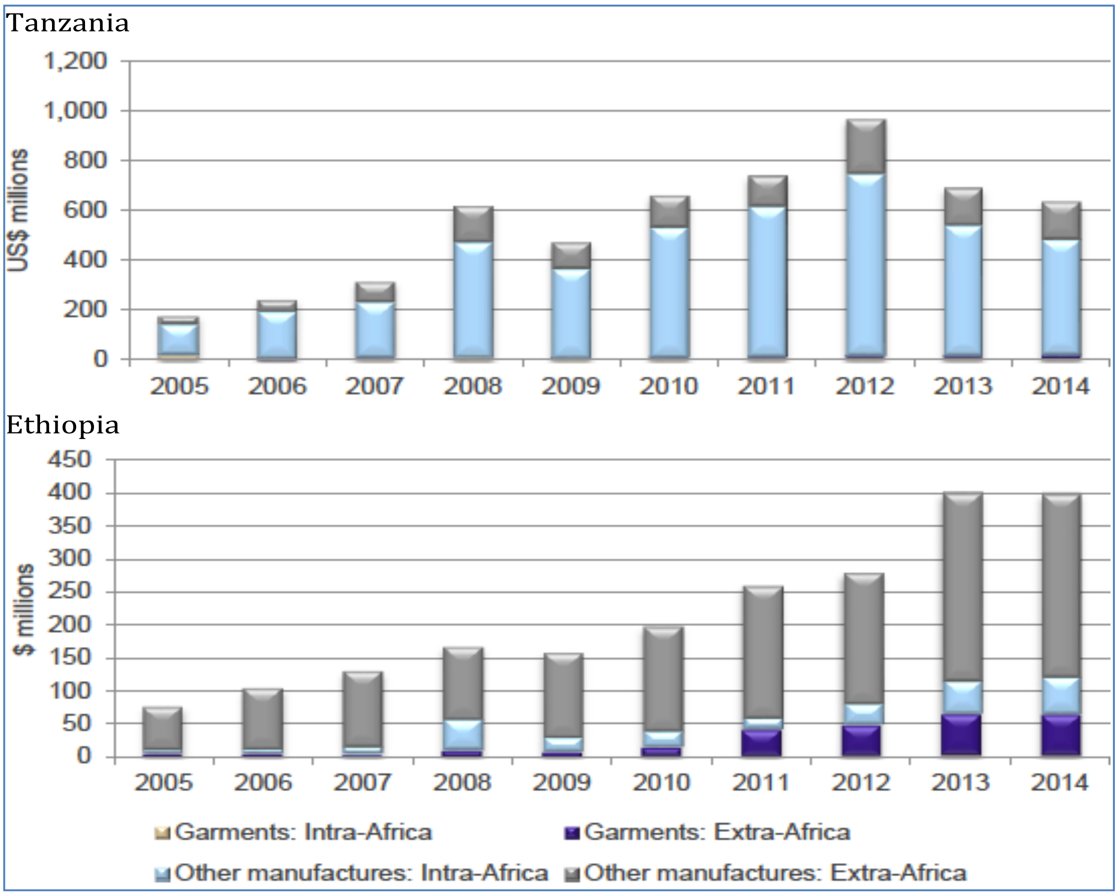


Figure 2.5: Comparison of Tanzania's and Ethiopia's exports of manufactured goods to the world, 2005-2014

Source: ODI's Supporting Economic Transformation (SET) Data from http://set.odi.org/data-portal.

Tanzania's manufacturing sector is growing and so are exports from the sector. However, its capacity towards becoming export-led is relatively low compared to comparator countries, like Ethiopia (Figure 2.5). The present pattern of Tanzania's manufacturing exports, both in the regional and international markets, is raising concern on the sector's capacity to integrate into and deepen participation in regional and global value chains.

2.2.4. Building and Construction

This is one of fast growing sectors in Tanzania, with high potential for further growth. The sector's annual growth rate was fast between 2010 and 2011, increasing from 10.3 percent to 22.9 percent respectively. Thereafter it declined to 3.2 percent growth rate in 2012 (mainly due to stalled activities caused by non payment to contractors) before rising to 14.6 percent in 2013 and dropping slightly to 14.1 percent in 2014. The sector's contribution to GDP increased from 7.8 percent in 2010 to 12.5 percent in 2014, and further to 12.7 percent in 2015.The observed growth has largely been attributed to an increase in construction and rehabilitation activities of roads and bridges and a number of other infrastructures, including the Dar es Salaam Bus Rapid Transport system and the construction of airports, as well as residential buildings.

The main constraint facing the sector is limited local participation, mostly due to: low access to finance, capital and skilled labour; fluctuating input prices and their availability. While foreign contractors constitute less than 10 per cent of the registered contractors, they account for over 60 per cent of the value of civil construction works. The small share of local contractors is also attributable to inability of local contractors to demonstrate technical capabilities (usually by displaying the stock of heavy and modern construction equipment at their disposal). While this could be moderated with hire purchase and special financing facilities/windows, these are not well developed in the country.

There have been encouraging developments in the financing sector following establishment of the Tanzania Mortgage Refinance Company Limited (TMRC), a financial institution co-founded by the Tanzanian Government and the World Bank, mainly to support mortgage lending in the country. Data on mortgage indicates that there was a 44.8 percent growth in mortgage loans between 2014 and 2015, increasing from Tanzanian Shillings 248 billion to Tanzanian Shillings 359 billion, respectively. The rapid growth of this sector coupled with this financing arrangement has motivated retail and commercial banks to start including mortgage products in their portfolios, such as home purchases, commercial property mortgages and plot purchases.

Further growth of Construction sector is envisaged following a number of real estate projects being developed by the Tanzania National Housing Corporation, the Civil Servants Housing Scheme, with over 50,000 housing units being planned for implementation by 2020. Public pension funds are also supporting further development e.g., USD 544.5 million grand housing project in Kigamboni being sponsored by National Social Security Fund (NSSF) to be completed by 2017.

2.3 Infrastructure development

Hard infrastructure

During implementation of FYDP I significant investments were made in infrastructure assets which among other things, helped to open up the country. For example, in the road subsector, interventions have facilitated all regional headquarters to be connected by tarmac roads with the exception of Katavi to Tabora and Kigoma; Mtwara to Ruvuma; Lindi to Morogoro; and Manyara to Tanga regional headquarters.

However, infrastructure gaps still exist, with the quality and quantity aspects lagging behind comparator countries. For example, Tanzania's infrastructure development was ranked 102nd in the 2015 World Economic Forum's (WEF) global competitiveness ratings among 140 countries, far behind Kenya (64th) and Ghana (79th). The length of the road network (district, urban and feeder roads) is estimated at 143,279 km, comprising of 9,781 km (paved) and 133,499 (unpaved). With deteriorating railway operations, most shippers have increasingly switched from rail to road transportation, causing frequent damage to the road network and ultimately raising road maintenance costs. In recent years, the sub-sector has experienced low performance, management inefficiencies, weak oversight, and incidences of over commitment beyond available resources. Traffic jams and regional disparities in the distribution of good road infrastructure are the other emerging concerns warranting close observation during implementation of FYDP II.

Limited investment in railway infrastructure has led the railway network, which covers 14 out of the 26 regions, to deteriorate overtime. Notable progress was made in improving operational efficiency of ports, for example, by extending operations of the Dar es Salaam port from the previous 8 hours to 24 hours a day. The handling capacity also improved from 9.9 million tons (2011/12) to 14.6 tons (2014/15). However, these developments remain insufficient to adequately support economic transformation and industrialization. Remaining challenging areas include management and operations inefficiencies and inadequate infrastructure, which constrain competitiveness of Tanzania's port relative to ports in neighbouring countries. Overall, the absence of smooth intermodal switchover remains an impediment to economic transformation. Air and maritime transport, which play important roles in accelerating growth and enhancing economic transformation, face similar challenges. To revive ATCL new investment will be needed to address inadequate facilities and weaknesses in airport services in order to meet best practice domestic and international standards.

In order to address some of the challenges in this sector, two flagship projects one in rail and the other in air transport have been earmarked for implementation during FYDP II (see section 4.5).

Soft infrastructure

Energy production and distribution facilities have been at the centre of efforts to improve the quantity and quality of infrastructure for promoting socio-economic development in Tanzania. The major sources of electricity production in Tanzania are increasingly being diversified towards natural gas, which in 2015 accounted for 34 percent of electricity production, a marked departure from the previous domination of hydroelectric power. Other alternative sources at different stages of development include solar, wind, geothermal, etc. This is an encouraging trend given the increasing unpredictability of weather and the growing negative impact of climate change for hydro generation. Good progress has been made in terms of improving generation capacity from 900MW (2010) to 1,246.24MW (June 2015), which is equivalent to 44.8 percent of the target of 2,780MW by 2015. Despite missing the target, completion of the work of laying out the Mtwara-Dar es Salaam gas transmission pipeline and of constructing production plants in Dar es Salaam such as Kinyerezi, will enable the gap between supply capacity and demand to be narrowed further.

The main challenges characterizing the energy sector include low access, by both urban and rural populations and high costs of power production, distribution and transmission. A period of about 40 years of Government monopoly has stifled potential competition and efficiency in electricity supply. For quite some time the subsector has been characterised by overreliance on Hydro Electric Power (HEP), underinvestment, limited diversification of energy resources and inadequate efforts to expand customer base and optimally serve clients.

Moreover, inefficiencies of the power utility, TANESCO, and the costly emergency power production contracts have further constrained the sector's ability to accelerate industrialization and economic transformation. Swift reform is required to further revamp performance of this critical sector in order to enable it to support industrialization. Proposed reforms include separation of powers in the following key functions: determining power purchasing tariffs, management of the power master plan, and power transmission.

2.4 Business environment

A conducive business environment is paramount for ensuring competitiveness. Such an environment is characterized by effective political, economic and social policies that are favourable to investors seeking to take advantage of the vast and, in many instances, untapped investment opportunities without undermining development prospects of host countries. There have been significant reforms aiming at improving Tanzania's business environment. However, progress has been slow in some dimensions of ease of doing business and Tanzania has missed its FYDP I target of ending up among the top 100 countries in the World, in "Doing business environment rankings". According to the World Bank's Doing Business Report 2016, Tanzania was ranked 139th out of 189 countries. Before that, Tanzania ranked 128th and 136th in 2011 and 2013 respectively. Tanzania has only been able to achieve the target set in FYDP I of being among the top 100 countries in enforcing contracts (45th position). The most unfavourable positions for Tanzania in 2014 were with respect to dealing with construction permits (169th position) and paying taxes (148th position). The only improvement that Tanzania made between 2013 and 2014 was in trading across borders.

This implies that the private sector faces most hurdles when dealing with construction permits and paying taxes. Policy and institutional constraints, energy shortfalls, shortages of skills and problematic access to land for industrial purposes still impede growth of the private sector. In addition, in the absence of a one-stop window for most agencies (even at the TIC), the multiplicity of charges/fees imposed by various control and regulatory agencies will continue to increase cost of doing business in terms of finances and time.

2.5 Socio-economic development

According to 2011/2012 Household Budget Survey (HBS) poverty is becoming more responsive to economic growth. The Basic Needs poverty declined substantially from 34.4 percent (2007) to 28.2 percent (2012) and food poverty from 11.7 per cent to 9.7 percent respectively. It is the first major decline in poverty in twenty years, and consequently, the Human Development Index (HDI) value for Tanzania increased from 0.466 (2011) to 0.521 (2014). Human Development outcomes such as in education, health, water and nutrition improved, though overall levels continue to remain low.

Tanzania has registered improvements in pupil-teacher ratio, pupil-textbook ratio, gender parity and enrolment in primary and secondary schools. Infant mortality, Under-5 mortality rate (U-5 MR) and maternal mortality rate (MMR) have been on the decline. However, it is only U-5 MR target that was achieved during implementation of MKUKUTA II. The decline in U-5 MR is linked to improvements in health services, including extensive coverage of under-five immunization, vitamin-A supplements, use of insecticide treated bed nets and availability of advanced malaria drugs. Maternal mortality rate declined from 578 deaths per 100,000 live births (2004) to 454 deaths per 100,000 live births (2013). However, the rate remains high compared to MKUKUTA II target of 265 deaths per 100,000 live births.

There has also been progress in access to affordable clean and safe water; sanitation and hygiene. Water supply coverage in rural areas increased substantially, from 40 percent in 2013 to 67 percent in June 2015. Furthermore, water supply coverage in 19 regional headquarters increased from 84 percent in 2009 to 86 percent in 2010/11; maintained up to June 2015. Also, the number of households connected to Water Supply and Sewerage Systems increased from 196,619 households in 2007/2008 to 311,213 households in 2012/13. However, large disparities persist between urban and rural areas, with regard to access and quality of water and sanitation facilities and services. There are widening inequities between rich and poor regions in the services provided by LGAs. Inadequate financial allocations and human resources remain the primary challenges hindering further achievements in the provision of quality water, health and education services.

Other challenges in human development indicator dimensions include, in education, school dropouts, mismatch between quality and qualifications of graduates and needs of the labour market; and quantity and quality of teachers as well as low appreciation of the value of education in some segments of society. With respect to health, disparities and limited access across regions and socio-economic groups; poor quality of medical services, inadequate numbers of qualified workers, and weak rural health systems are primary impediments to better health outcomes. Low access to safe water sources and improved sanitation is mainly caused by dilapidated infrastructure, weak policy and institutional arrangements for sanitation; limited coordination between different entities, and climate change impacts.

With regard to Social Protection, the proportion of population covered by formal social protection frameworks including pensions and health insurance, increased by eight percent between 2005 and 2014 due to implementation of a number of Social Protection initiatives. Further initiatives aimed at increasing health insurance access through increasing community health funds and promotion of supplementary schemes for the informal sector are expected to increase coverage to about 40 percent by 2020.

2.6 Fertility, Population Growth, and Urbanization

Total fertility rate (TFR) remained relatively high, at 5.4 children per woman in the 15-49 child bearing age group. The rate was 6.1 percent in rural areas compared to 3.7 percent in urban areas. TFR in Tanzania is higher than in comparator countries in the region such as Kenya and Rwanda (4.6), as well as other sub-Saharan African countries. Since 1991, this rate only declined by 13 percent in Tanzania, against 26 and 31 percent in Rwanda and Kenya, respectively.

About 27 percent of women in Tanzania were using modern contraceptives in 2010, compared with 39 and 26 percent in Kenya and Rwanda, respectively, in the same year. The relatively high TFR is a major trigger for high population growth rate. Persistent high birth rate poses a risk for Tanzania to fall into a demographic trap and fail to reap the demographic dividend. The relatively high TFR is mainly due, in part, to low usage of modern family planning methods. Other factors contributing to this status are: (i) early motherhood: about 44 percent of Tanzanian women are either pregnant or mothers by the age of 19; and (ii) early marriages: the median age at first marriage in 2010 being 18.8 years in Tanzania compared, for example, to 20.0 for Kenya and 21.4 for Rwanda in same year.

In rural areas, factors that further account for high fertility rate include: (i) low level of education for women relative to their counterpart in urban areas; (ii) limited access to employment opportunities for women; (iii) relatively high incidences of poverty in families, which thus attach more value to children's support in work; and (iv) high mortality rate: due to high death risk of children in rural areas with families tending to plan for many children to hedge the high risk of death of a child.

Trends in population growth and urbanization change, risk derailing some of the developmental gains made. The population of Tanzania is growing at 2.7 percent per annum, which is more than twice the global average (1.2 percent) and above the average in Africa (2.5 percent). The population of Tanzania is expected to double in 26 years. At the same time, urbanization is accelerating at an annual rate of 5.2 percent, more than twice the world average (2.1 percent) and higher than the average for Africa (3.5 percent). Dar es Salaam, the commercial capital, is growing at 5.6 percent annually, becoming one the fastest growing cities in Africa. Squatters dominate Dar es Salaam city. Urbanization is already putting intense pressure on basic services and urban infrastructure at a time when emerging cities still lack the resources and institutions to provide citizens with access to productive jobs, decent housing, and basic services. Traffic congestion in large urban areas, particularly Dar es Salaam, is getting worse as it takes over 2.5 to 3 hours to make round trip by private and public transport means respectively.

2.7 Good governance and Accountability

The Government has continued to uphold democratic principles as evidenced by the past four competitive, free, fair, and peaceful multi-party general elections. This trend has been well acknowledged by global governance indices. Tanzania is ranked 15 out of 52 countries in the Mo Ibrahim Index of African Governance (IIAG) with an overall score of 56.7 (out of 100) in 2014, which is higher than the African average of 50.1, and also higher than East Africa's regional average of 44.3 (Figure 2.6). Over the past decade, increasing freedom of speech and expression, political participation, positively changing social values and rapid urbanization have combined with enhanced democratic values to raise public expectations and demand for accountability. Such demand has led to a matching response by the Government by ensuring that its actions address needs and aspirations of the citizenry in terms of both quality and time.

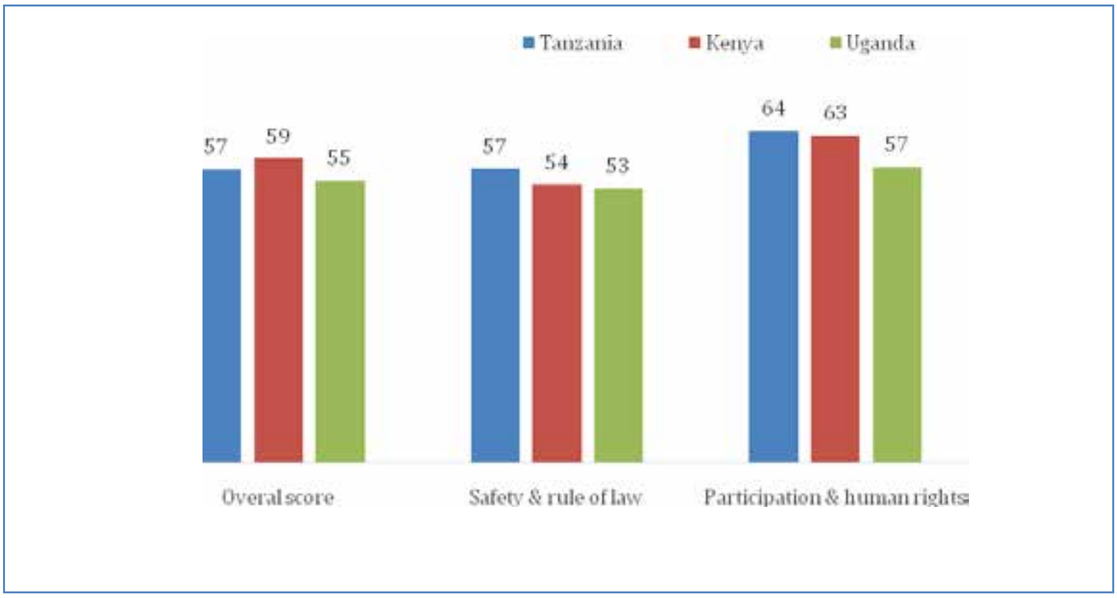


Figure 2.6: Tanzania: Performance in IIAG's Governance Indicators, 2014

Source: IIAG, 2014.

The Government also made headway in a number of areas including, reforming public finance management systems (internal and external audits), improving service delivery systems (health and education), strengthening institutional development (regulators, policies and laws), and enhancing accountability, autonomy capacities of LGAs in determining their own development priorities, and in raising and managing their own resources. Moreover, reforms to enhance economic freedom and improve business and investment environment are advancing. Despite such developments, four major challenges hinder further progress on governance aspects. These include occurrences of grand and petty corruption, weak accountability and as a result, poor quality of public services delivery; weak public systems, processes and procedures; and, sub-optimal public finance management system.

2.8 Financing

Financing is one of the key elements to consider in implementation. Inadequate financing (underfunding and bad timing of disbursements) is one of the challenges that have impacted negatively implementation of development plans in the country. For example, FYDP I implementation required TZS. 8.9 trillion each year. Out of this, TZS 2.9 trillion was to be sourced from the Government and the remaining TZS 6.0 trillion from the private sector and development partners. However, there was no clear strategy for soliciting the finances required for implementing the Plan. As a result, the required level of financing was not achieved because new sources to expand the conventional/traditional sources, along with identification of new innovative instruments, were not implemented fully. Moreover, PPP arrangements have not been successful and Dar es Salam Stock Exchange (DSE) remains undeveloped to be reliable and significant source of investment capital.

Weak performance in financing the development budget during FYDP I period can be partly explained by the rapid increase in recurrent expenditure in relation to domestic resource mobilization (Figure 2.7a).

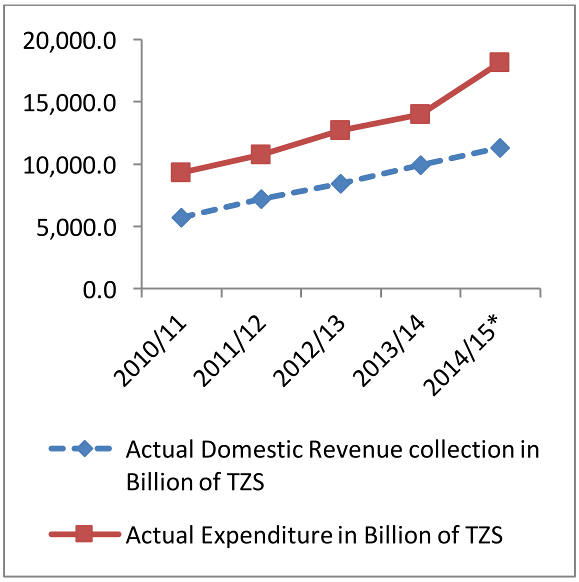


Figure 2.7(a): Resource gap

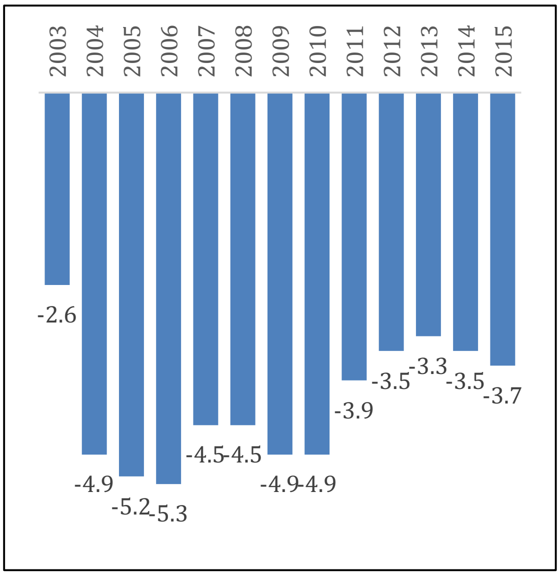


Figure 2.7(b) Volatility

Figure 2.7: Trends in Resource Gap (in TZS Billion) and volatility in budget deficit (Budget deficit % of GDP).

Sources Figure 2.7(a) MKUKUTA Review and 2.7 (b) URT Source: Bank of Tanzania (2015). Financial Stability Report, September 2015.

As of 2015, the expenditure to GDP ratio stood at 28.8 percent, slightly above FYDP I target of 28 percent of GDP. The fiscal position remained unstable over the 2003- 2015 period as revealed by trends in the budget deficit to GDP ratio (Figure 2.7b). The recurrent and development expenditures (with the latter accounting for roughly 27 percent of the total budget) followed a similar pattern.

Most of the challenges in the management of fiscal policy are public finance management related. They range from weak budget control (internal and external), mismatch between approved budgets and expenditure outturns, misuse of public finances as frequently revealed by reports of the Controller and Auditor General (CAG), weak enforcement of procurement and financial regulations, internal accumulated arrears and inadequate financial allocations to the development portion of the budget. As such, three fiscal risks merit further attention during FYDP II implementation. These are: (a) financial distress especially in the energy sector; (b) arrears, including those involving pension funds; and (c) excessive non-concessionary borrowing.

It is apparent from Figure 2.7 that the Government faces challenges in finance its development projects using its own revenues only. One of the solutions to this challenge is to start using domestic Development Finance Institutions (DFIs) i.e. TIB and TADB to leverage government revenues and to facilitate access to other sources of finance. The viability of establishing other DFIs particularly for Construction and SMEs sectors should be explored.

2.9 Debt Sustainability

National debt stock stood at US$ 19.10 billion equivalent to 34.7 percent of GDP by the end of June 2015 having increase by 73 percent from US$ 10.96 billion recorded in March 2011. The level of Tanzania's public debt (expressed as a percentage of GDP) is relatively high compared to the average for the EAC region or the median for SSA and LIC countries. As at end of June 2015, the stock of public debt consisted of external debt stock valued at USD 12,987.0 million and domestic debt, which includes claims by domestic suppliers of goods and services, pension funds liabilities, valued at USD 6,049.2 million. Increases in the debt stock (both domestic and external) have resulted from two factors. First is new domestic and foreign borrowing (both concessional and non-concessional loans) to finance development projects and interest arrears. Second is the depreciation of the Tanzanian Shilling, which has effects on the accumulation of arrears in servicing external debt.

Tanzania's 2015 Debt Sustainability Analysis (DSA) results show that public debt remains sustainable in the short, medium and long term. However, analysis of debt service shows that a weighted average interest rate of the existing public debt portfolio is 3.8 percent, driven mainly by domestic debt at 7.1 percent against 1.4 percent for external debt. High interest rate on domestic debt partly reflects relatively high rate of inflation and inefficiency in the domestic financial markets since the risk on credit extended to Government has remained relatively stable over the past decade or so.

2.10 Monitoring and evaluation

A key factor for effective implementation of plans is establishment of a robust monitoring and evaluation framework. Various efforts were taken by Government to improve its Plan implementation at two fronts – at strategic initiative (projects) and at operational levels (government service delivery) by institutionalizing robust M&E systems in MDAs, RSs and LGAs. Implementation of NSGRP II was monitored through MKUKUTA Monitoring Master Plan, which had a diverse set of indicators, some of which were tracked annually and others at specific designated periods. FYDP I initiated the Big Results Now (BRN) as one of its tools for M&E, particularly for tracking and ensuring implementation in designated key result areas (KRAs). BRN was inspired by Malaysia's Big Fast Results approach. The methodology is premised on the concept that, by implementing key innovations at critical points in the way Government operates, the existing system can be propelled to deliver more effectively and efficiently. Delivery is monitored through the identified National Key Result Areas (NKRAs), concrete actions, and clear milestones and indicators carefully identified through a robust analysis and consensus building (lab) processes.

M&E in general and BRN system face several challenges including: weak prioritisation, with new NKRAs being added while existing ones have not been implemented effectively; under-disbursement of the funds even to selected NKRAs; non ring-fencing of funds for the selected priority areas; etc. Implementation effectiveness requires results of M&E to be associated with rewards and sanctions. However, the existing systems seem to have moved less in this direction.

2.11 Science, Technology and Innovation (STI) and ICT

STI is an important enabler of economic and social development as it can facilitate faster and more efficient production of material goods and services. Tanzania has resolved to set aside one percent of its GDP for STI-related activities annually, exclusive of private spending for the same. However, the implementation of this resolve has not been satisfactory as the Government expenditure on R&D (as a percentage of GDP) stood at only 0.4 percent (2014/15). In addition, Tanzania makes low usage of advanced and modern technologies, primarily due to high costs of sourcing and updating to modern technology; restrictive patent rights acquisition, and limited knowledge on new technologies. There is also limited contribution of the private sector to R&D, mainly due to weak incentives to invest in R&D, low understanding and appreciation of the financial and economic advantages of adopting new technologies, and weak multi-stakeholder platforms and partnerships.

Another important dimension of technology is information and communication (ICT). This is one of the critical enablers of socioeconomic development and transformation. In order to provide a sound base for advancements in the use of ICT, Tanzania has completed the National ICT Infrastructure Backbone Project, by laying 25,954 kilometres of optic fibre cable (OFC) backbone covering 24 regions of Mainland Tanzania. OFC provides a solid base for scaling up the broadband access, connectivity and the provision of efficient services nationally and in the region and ultimately provide 40 percent of the communications services availed to land-locked countries in the region as had been outlined in

FYDP I. Connectivity to submarine cables (EASSy & SEACOM) and cross-border connectivity with neighbouring countries namely Kenya, Uganda, Rwanda, Malawi, Burundi and Zambia has been successfully implemented. However, limited education level and human resources to adapt, manage and operate new technologies, weak monitoring of quality and standards of hardware and software, low awareness and usage of open-source software are among the challenges facing the sector. Instances of vandalism on infrastructure have also been reported, though rarely.

2.12 Labour Force and Skills

Size of the working age population is expanding and is mostly composed of rural residents. It stood at 25.8 million persons in 2014 compared to 21.0 million persons in 2006. About 87 percent of the working age population is economically active. About two thirds (66.9 percent) of the employed persons are agricultural workers, followed by elementary occupations (10.9 percent), and service and shop sales workers (9.8 percent). The overall unemployment rate in 2014 was 10.3 percent; being highest in Dar es Salaam (21.5 percent) and lowest in rural areas (8.4 percent). Labour force is growing at around 2.3 percent per annum, with new entrants to the labour market estimated at between 650,000 and 750,000 every year. Labour force in the agriculture sector is growing at an annual rate of about 2.1 percent.

Tanzania has recorded a modest annual growth of 3 percent in aggregate labour productivity over 2007-2013 (using the rebased national account data) and 3.5 percent over 2010-2013 (using the old national account data). Such growth rates are more than twice as high as in neighbouring Kenya and Uganda (Figure 2.8). Over the period 2007-2013, agricultural productivity exhibited the fastest growth in labour productivity at an annual rate of 3.3 percent, while the productivity in the manufacturing sector rose to 1.0 percent, over the 2010-2013 period. Two thirds of productivity change was due to structural change and a third due to within sector change.

More efforts are therefore needed to raise productivity in the Manufacturing sector, an important sector that presents better opportunities for economies of scale and absorbing resources reallocated from agriculture. In addition, it is necessary to ensure that the industrial transformation goes hand in hand with efforts to create decent employment, reduce income poverty and improve human wellbeing. In the medium to long term, Tanzania will continue enhancing its stock of skills in order to facilitate utilisation of the country's comparative advantages and building of competitive advantages by targeting more technology-intensive and internationally competitive, transformed domestic production system and an increasingly diversified export basket.

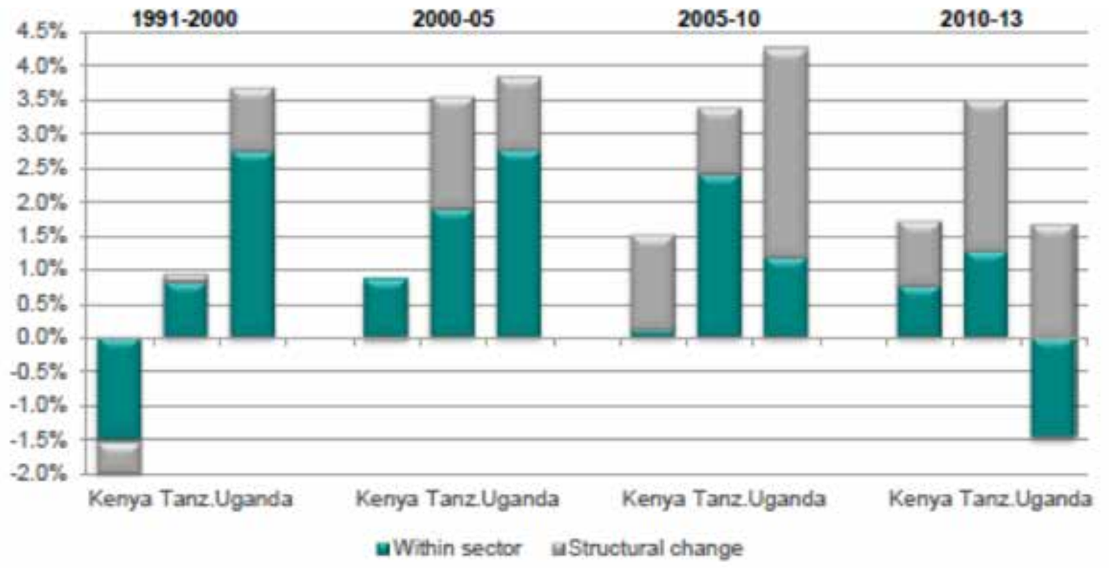


Figure 2.8: Decomposition of labour productivity change in Tanzania, Kenya and Uganda

Source: SET / ODI / REPOA Background Paper

2.13 Gender and Women Economic Empowerment

Tanzania has made commendable progress towards attaining gender balance, including access to primary and Ordinary Level (O level) secondary education; proportion of women in decision-making level; and representation in the National Parliament. For example, gender parity was achieved in transition to secondary education with 257,465 male students and 257,127 female students joining secondary school education in 2012/13. Also, the proportion of women in senior positions in different levels of decision-making increased from 33 percent during 2010/11 to 41 percent during 2014/15. Furthermore, women have benefited from a decade of economic transformation in Tanzania through increased access to new employment opportunities in higher productivity sectors such as manufacturing, trade, hotels and food services. Also, expansion of public services made possible by a decade of growth has increased the education of women and hence their participation in and contribution to the labour force as well as increasing life expectancy. Despite this progress, some disadvantages have persisted. For example, the yields per hectare in agriculture are still lower on land worked primarily by women compared with that on land worked by men. As such, women are relatively poorer in the society compared to men. While men's time taken up by household chores is low; for women, it is high. This burden begins as early as at the age of 10 years for females. Young women still marry before the age of 18 and start raising families soon after, thus reducing their education and employment options in the future. Interventions to ensure gender balance are needed to unleash women's potentials to contribute to the envisaged social economic transformation; and more importantly as a matter of human rights.

2.14 Status of flagship projects

Most of the incomplete flagship projects identified for implementation in FYDP I, particularly in infrastructure,) have been carried over to FYDP II, given their strategic importance in facilitating the realization of FYDP II goals. The status of these projects is outlined below:

2.14.1 Construction of a new Central Railway Line to Standard Gauge

The Central Railway line comprises of the railway network operated by Tanzania Railway Limited (TRL). It has three (3) branches and covers a distance of 2,707 kms: Dar es Salaam – Tabora – Kigoma (1,251 kms); Tabora – Mwanza (379 kms); and Kaliua – Mpanda (210 kms). Under FYDP I it was intended that preparatory work for upgrading the existing railway network into Standard Gauge be completed and new lines constructed such as: Isaka – Rusumo (371 kms), Mpanda – Karema (150 kms) and Uvinza – Msongati (200kms). The aim remained to improve passenger and cargo transportation between Dar es Salaam and the central and western parts of Tanzania as well as serving the neighbouring land locked countries of Democratic Republic of Congo (DRC), Rwanda, Burundi and Uganda. These plans have not been fully implemented.

Tanzania, Rwanda and Burundi entered into agreement under EAC to implement the Dar-Isaka – Kigali – Keza-Musongati (DIKKM) project. The project involved construction of a standard gauge railway (SGR) from Dar es Salaam to Isaka (970 kms) and a new line from Isaka-Kigali and another at Keza-Musongati (702 kms). The project cost was estimated at USD 4.03 billion. The Government of Tanzania under financial support from AfDB engaged CANARAIL of CANADA to undertake a detailed engineering study of the route. This was completed in April 2013. After the commissioning of the detailed engineering study CPCS – Transcom was engaged as the Transaction Advisor to package the project and prepare the bankable proposal. About 19 companies showed interest to invest in the project and after a critical analysis, 12 companies were asked to submit their Request for Proposals (RFPs). Ten (10) companies preferred *affermage* arrangement while the remaining companies preferred Design Build Own Operate and Transfer (DBOOT) and Build Operate and Transfer (BOT) arrangements. However, this project is facing a number of challenges as follows:

(i) Financing for the project: The funding arrangement for DIKKM is still not clear among member states. The Government of Tanzania on its own initiative appointed Citibank to be a lead arranger for mobilising funds and appointed Rothschild bank as transaction advisor to propose the best model for PPP arrangement;

(ii) There is no decision on appropriate PPP modality for SGR;

(iii) The study for Dar-Isaka-Kigali-Keza-Musongati (DIKKM) has been completed and is awaiting the decision to award a private partner.

2.14.2 Establishment of Bagamoyo Special Economic Zone and development of a new Port

In 2006, the Government decided to establish special economic zones for investment with the aim of attracting investments that would facilitate the establishment of industries which will use local inputs to supply the local market. Bagamoyo Special Economic Zone was evaluated in 2008 and about 5,742.52 hectares out of 9,800 hectares that were earmarked had been compensated. About 2,500 hectares area was reserved, with about 1,700 hectares set for construction of port and other related infrastructure. When the project was initiated, there were some challenges which led to delays in the project commencement. Since the project involved construction of a port, Tanzania Ports Authority being the authority that manages all ports in the country, sought to have the project fall under its jurisdiction. On the other hand, EPZA asserted the need for it to be responsible given that it involved establishment of a SEZ. Moreover, compensation to project affected people (PAPs) has taken long time due to lack of funds. In addition, the promise of resettlement of the PAPs by the government was not clearly set on how the situation was to be handled.

2.14.3 Kurasini Trade and Logistics Centre

Kurasini Trade and Logistics Centre is a Tanzania-China joint venture for setting up a modern logistics trade and logistic centre at Kurasini in Dar es Salaam. The project includes construction of a modern trade hub in an area covering about 60.4 hectares in Kurasini, thus producing what is expected to be the largest of such centers in East and Central Africa. The project will be implemented under PPP model by the Export Processing Zones Authority (EPZA) on behalf of Tanzania and Yiwu Pan - African International Investment Corporation for China. The early stages of the project involved compensation to PAPs in the project area. Though the government had set aside funds for compensation, only a portion of the amount set was used for compensation and the rest of the money diverted to fund other activities. Furthermore, for those who were compensated, there were some who did not accept the compensation package and subsequently filed court cases to review the package. This further delayed completion of the compensation process and hence the project commencement.

2.14.4 Mchuchuma and Liganga Projects

Mchuchuma coal project is set to produce three million tonnes of coal per annum (t/a) open cast. The project will generate 600MW, of which 300MW will be for Liganga Iron Project and the remaining 300MW will be fed into the national grid. The Liganga project intends to produce 2.9 million tonnes per annum (t/a) of iron ore and 1.0 million tonnes per annum (t/a) of steel. The Mchuchuma and Liganga projects were planned to be developed by a Tanzania-China joint venture company. Necessary steps that have been completed for the projects include a feasibility study, land demarcation for the project sites and issuing of title deeds, transferring of mineral and land rights from National Development Corporation (NDC) to the company and water testing. Environmental and Social Impact Assessment (ESIA) was done in 2014. While the geological report for Mchuchuma has been submitted, the report for Liganga had not.

Despite accomplishing a number of the necessary steps for the development of Mchuchuma and Liganga projects, implementation of the project stalled due to the following reasons:

(i) The road (from Itonyi) to facilitate movement of goods to-and- from the project has not yet been constructed.

(ii) The government is yet to pay the resettlement money for relocating PAPs from the project sites for resettlement elsewhere.

2.15 Overall Assessment

Tabl e 2.1 summarizes the progress made towards the national targets for 2015/16. The assessment, which covers the implementation of FYDP I and MKUKUTA up to December 2015 showed that overall performance was 50 percent based on achieved indicators. Due to the increased flow of funds disbursed to strategic projects since the Fifth Phase Government came into power, it is estimated that FYDP performance will reach 60 percent by June 2016.

Table 2.1: FYDP I and MKUKUTA II Progress Against Targets

Target Area	FYDP I and MKUKUTA II Target	Progress	Comment
Average annual growth	8 %	6.7% over 2011-2014	Below target
Global rank of Tanzania in World Bank's doing business surveys	Improving to below 100	131 in 2015 and 130 in 2014	Below Target
Manufacturing sector GDP contribution	Increasing sector contribution to 12.9% by 2015/16	Constant at 7% over 2007-2013 (rebased data) and 5.2% in 2015	Below target
Manufacturing sector employment	Growing from 120,000 people 2010 to over 221,000 people by 2015/16	615,323 in 2014 (ILFS)	Well above target
Tertiary enrolment rate	Increased from 1.5 to 4%	4% in 2012	On target
Manufacturing share in total country's export	Accounting for 19.1 % by 2015/16	27.1% in 2014/15	Above target
Mineral sector GDP	3.7 %	4.0% in 2015	Above target
Fisheries Sector GDP	5% in 2015/16	2.0% in 2015	Below target
Increased share of Tanzania in world trade	From 0.022 % in 2010 to 0.1% by 2015/16	0.048% in 2014/15	Below target
Increase contribution of trade to GDP	From current 16 to 20% by 2015/16	19% (exports/GDP) in 2014/15	Marginally below target
Agriculture growth	From 2.7 % in 2010 to 6-8 % in 2015	2.3%in 2015	Below target
Rural /Local Roads in Good and Fair Condition (%)	From 56 % to 63%	5.7% in June 2014	Below target
Net enrolment at Pre-primary level	From 37.5% to 100 %	33.4% in June 2014	Below target
Net enrolment rate, Primary	From 95.4% to 100 %	84.4% in June 2014	Below target

Target Area	FYDP I and MKUKUTA II Target	Progress	Comment
Percent of cohort completing STD VII	From 53% to 90%	56.3% in June 2014	Below target
Annual enrolment in technical educational training	From 50,173to 113,393	116,160 in June 2014	Above target
Annual enrolment in Vocational educational training	From 72,938 to 166,132	164,077 in June 2014	On target
DTP-HpB-Hib coverage (%)	91% to 85%	91%	Below target
% of persons with advanced HIV infection receiving ARV combination therapy	From 7.6% (Children) to 80% for all	67% (Adults) 29 % (Children)	Below target
Water supply service coverage – rural	From 46.5 to 65 %t	51% in 2014	Below target
Water supply service coverage – urban areas	From 85 to 86%	86% in 2014	On target

Sources: 1. SET / ODI / REPOA Background Paper 2. FYDP I and MKUKUTA II Implementation Reviews, 2016

This performance record has prompted FYDP II to emphasize industrialisation and openness to regional and global trade than previously by articulating efforts to build and reorganize domestic productive capacities while also ensuring sustainability of a conducive environment for doing business and investing. The envisaged industrialisation, has to be based, among others factors, on the country's comparative advantages and on upgrading innovativeness with a view to integrating into and realising greater benefits from regional and global value chains and pursuing competitive industrialization.

2.16 General Factors that Beset Implementation of FYDP I and MKUKUTA II

Implementation of FYDP I and MKUKUTA II faced a number of inhibiting factors, which, if not adequately mitigated, may pose risk to successful implementation of FYDP II. These include:

i. Sub optimal mobilization of adequate financial resources anticipated for implementation of respective activities both in terms of amount and timing of disbursement of the resources. The development budget for the whole period of the Plan was set at TZS 44.5 trillion, equivalent to TZS 8.9 trillion per annum, with the government contributing TZS 2.9 trillion and the rest expected from the private sector and development partners. Actual mobilisation fell short of all the targets and in some cases allocations were not strictly targeting priority areas. These shortcomings need to be addressed in order to avoid similar hurdles in the implementation of FYDP II.

ii. Unsettled Land issues: successful implementation of FYDP I was premised on the assumption that earmarked tracts of land would have been transformed through a shift from traditional to commercial use. This was to be done through facilitation and promotion of contracts between large scale farmers and out-growers in partnership with nuclear farmers. Large tracts of land were to be availed to commercial farmers and industrialists. However, this did not happen, and most of the planned projects, which required relatively large tracts of lands, have not been fully developed.iii. Delays in decision making: in a fast changing and dynamic global market, time is of the essence as projects feasible today may easily lose viability if there are delays in taking off. BRN initiative was introduced to fast track key decisions pertaining to implementation of some of the projects through enhanced coordination of actors. However, there were key projects which hade not taken off simply because a decision somewhere within the government machinery had not been made in time.

iv. Un-facilitative institutional arrangements: implementation of both FYDP I and MKUKUTA II assumed that the institutional arrangements would facilitate national interest to override institutional and individual interests. However, institutional clashes continued and hampered implementation of several projects, e.g. the Eco-energy Project in Bagamoyo and the expansion of Dar es Salaam seaport.

v. Incomprehensive M&E : implementation of the two frameworks assumed that M&E systems would go beyond physical visits to projects, to providing fast, clear implementation feedback in order to allow mitigation measures and the required adaptations to be taken swiftly once it became clear that a project was facing implementation hurdles. In the absence of a rapid feedback mechanism, poorly performing projects were not identified in time for substantive corrective measures to be taken. This led to wastage of financial, human and time resources.

vi. Inadequate prioritization: previous frameworks had prioritized projects and interventions. However, this was later defeated by the pressure to spread resources to all areas. This seemingly egalitarian culture limited management of inter-temporal and spatial trade-offs leading to initial priorities focusing on increasing the national productive capacity in the short to medium term being diluted. With resources being spread too thinly, key investment targets aimed at unleashing latent growth potentials were missed.

2.17 Key Messages for Choosing and Implementing Strategic Interventions

The following messages can be sifted from the analysis of the present economic structure and implementation of FYDP I and MKUKUTA II for onward incorporation in strategic choices and interventions of FYDP II.

Message 1: Macroeconomic performance has been good but volatility is an emerging concern

Economic growth is gradually becoming pro-poor. FYDP II needs to sustain high rates of economic expansion by addressing a number of growth constraints outlined in this Chapter. Despite years of good track record in maintaining macroeconomic stability, there are emerging signs of instability. These have begun to manifest in episodes of instability in inflation rate, domestic revenue collections missing the targets set, rising national debt, volatilities in public expenditure and the resultant budget deficit, etc. These signs call for FYDP II to promote strengthening of accountability systems and institutions responsible for management of fiscal policy as well as attendant procedures and mechanisms for fiscal management.

Message 2: Achievements in social sectors have been modest but quality and sustainability concerns are mounting

Disparities in growth rates between fast growing services sectors (communication, finance, insurance and construction) with less potential to reduce poverty; and slow growing productive sectors with high potential for reducing poverty (agriculture and manufacturing) call for (i) rekindling growth in sectors where the poor participate more to derive their livelihoods, (ii) pursuing policies and strategies that raise the contribution of the service sectors to poverty reduction, and; (iii) industrializing through trade.

There have been significant achievements in the areas of social service delivery and outcomes during implementation of MKUKUTA II. However, population pressure, weak fiscal policy, and rapid urbanization risk derailing some of the gains. In the backdrop of huge demand for prioritizing quality delivery of education and health services, the country's rapid population growth demands that further investments be made in social infrastructure including classrooms, health centres, and facilities such as teaching equipment, textbooks, ICT etc.; and infrastructure. Rapid population growth has also resulted in poor management of urbanization and this has implications on the environment in terms of increasing stress.

Message 3: Infrastructure holds the key to transformation

Significant investments have been made in both hard and soft infrastructure during implementation of FYDP I. However, infrastructure gaps still exist mainly in power and transport sectors. Given the importance of adequate infrastructure to support industrialisation and to foster the desired economic transformation, these gaps need to be closed in order to satisfy growing infrastructural demands for FYDP II implementation.

Message 4: Decentralization and Local Economic Development have not sufficiently empowered local communities

Effective service delivery requires efficient decentralised systems that respond to local needs in a timely manner. Likewise, decentralisation is key to ensuring that growth is broad-based and inclusive of all communities and larger part of the country's population (including small holders, small and micro businesses etc.). FYDP II strategically incorporates spatial disparities in development through decentralization based on the principle of subsidiarity, which empowers the local communities and LGAs to sustainably utilize resources in their localities for inclusive socio-economic development.

Message 5: Prioritization of resource allocation is key to achieving maximum impact

Opportunity-based planning was envisaged in implementing FYDP I and MKUKUTA II. Quest to implement everything often resulted in weak resource prioritization and allocation and risks to successful implementation as outlined in section 2.16. Thus, FYDP II focuses on few high return investments, effective policy coordination and implementation, and a robust Monitoring and Evaluation (M&E) system, for attaining the intended development outcomes.

Message 6: Weak Implementation is a Persistent challenge that needs to be addressed

Weak implementation has been a persistent setback for realizing results in implementing projects in Tanzania. A number of reasons caused this setback; including incoherent policies and procedures, weak prioritization and sequencing of interventions, vested interests, weak engagement of stakeholders at planning and implementation stages, weak resource mobilization strategies as well as poor supervision, monitoring and evaluation. In general, issues inhibiting effective implementation can be categorized under the following main areas: Weak Institutional Capacities; Poor Governance and Accountability; Un-conducive Legal and Regulatory Enforcement; Corruption; Challenges in Coordination and Organization; Inadequate Financing; and Weak Monitoring and Evaluation systems. A number of interventions and reforms on the policy, regulatory, legal institutional fronts are outlined in FYDP II with a view to addressing these and other challenges.

Message 7: M&E systems exist but need to be refined

A number of reforms have been implemented in the area of M&E with the objective of ensuring a robust M&E framework. However, challenges remain in tracking progress and key results. A more robust M&E system has been developed to suit FYDP II M&E needs, namely: additional data requirements; facilitating learning as well as quick feedback and adaptation mechanism; and embedding incentives and sanctions.

Message 8: There are major impediments to human development, economic transformation and industrialization that need to be addressed

The impediments include (i) inadequate financial, human and technical resources (ii) weak business and investment environment (iii) low productivity (iv) poor and inadequate infrastructure facilities (v) limited linkages between economic sectors (vi) limited macro-micro linkages (vii) weak implementation of national and sector development plans and subsequent activities. The effects of climate change reinforce some of these impediments, e.g. distractions of infrastructure, loss of productivity in agriculture, and disease outbreaks. Addressing financing constraints, shortage in skills, weak business and investment environment, low productivity, inadequacy in infrastructure, have been considered critical in FYDP II.

Message 9: Conducive Business and Investment Environment has been created but needs further improvement

The private sector remains the engine of growth, poverty reduction and the driver of economic transformation. The three roles cannot be effectively played if the business and investment environment is unsupportive and/or unfriendly (see also section 2.4). Improving the business and investment environment is key for leveraging an effective private sector leadership role. Large, small and micro businesses need to strive and become effective partners in the development process. Making smallholder farmers, micro and small businesses part of the growth process, is an effective means to achieving inclusive growth.

Message 10: Financing of the planned projects, including the use of PPP arrangements though established, remained weak.

Weak Plan implementation reflects inadequate financing both from the public sector and the private sector. Inadequate financing from the public sector was due to weak domestic and external resource mobilization. The finances from the private sector were lower than the expectation partly because of the challenges related to weakness in the PPP legal framework, unsolved land issues and inadequate understanding and operationalization of PPP concepts.

3 STRATEGIC REPOSITIONING FOR IMPLEMENTATION OF FYDP II

3.1 Overview

This Chapter presents the modality of repositioning the framework for implementation in light of FYDP II orientation (industrialization and human development focus); and in the context of domestic, regional and global dynamics. Economic transformation and human development are not new issues in Tanzania's development agenda and discourse. They have been central in most previous planning frameworks. This Chapter addresses the critical aspects that constitute the difference or "business unusual" approach, drawing lessons behind unsatisfactory past state of affairs and avoiding such outcomes this time round. The Chapter begins with a brief account of early attempts on transformation of both industrial and social development in Tanzania, with a view to identifying lessons to be considered to inform the chosen path of FYDP II (as outlined in Chapter four). The Chapter also presents assessment of the terrain in which late industrializing countries are faced with, taking into consideration the increased move for trade liberalization and economic globalization. It also enlists experiences from some comparator countries and ends by delineating the key criteria for selecting priority areas for both industrial and social interventions.

3.2 Attaining Higher Economic Growth

The average annual growth rate of GDP of 7 percent so far attained in the past decade, while impressive, is lower than the targeted rate of 8-10 percent deemed necessary to eradicate absolute poverty and to put the country on a right path to realizing objectives of TDV 2025 as illustrated in Figure 3.1. The challenge of realizing the projected per capita nominal income of US$ 3,000 by 2025, requires that economic growth be maintained at a rate of at least 8 per cent per annum up to 2020 and beyond. This can only be achieved with a shift to higher value addition production processes than is currently the case, where production and trade of raw primary products is predominant.

This requirement has prompted FYDP II to emphasize industrialisation and openness to regional and global trade than previously. This will require concerted efforts to build and reorganize domestic productive capacities and at the same time ensuring a conducive environment for doing business and investment. The envisaged industrialisation, has to be based, among other factors, on the country's comparative advantages and on upgrading innovativeness with a view to integrating and deepening into regional and global value chains and pursue competitive industrialization.

As depicted in Figure 3.1, there are driving factors necessary to cause the industrial "jump", including catch up in technology and innovation, and development of critical mass of industrial and trade infrastructure, focusing on maximising on obtainable country's comparative advantages and trade opportunities to heighten economic growth to the envisaged level.

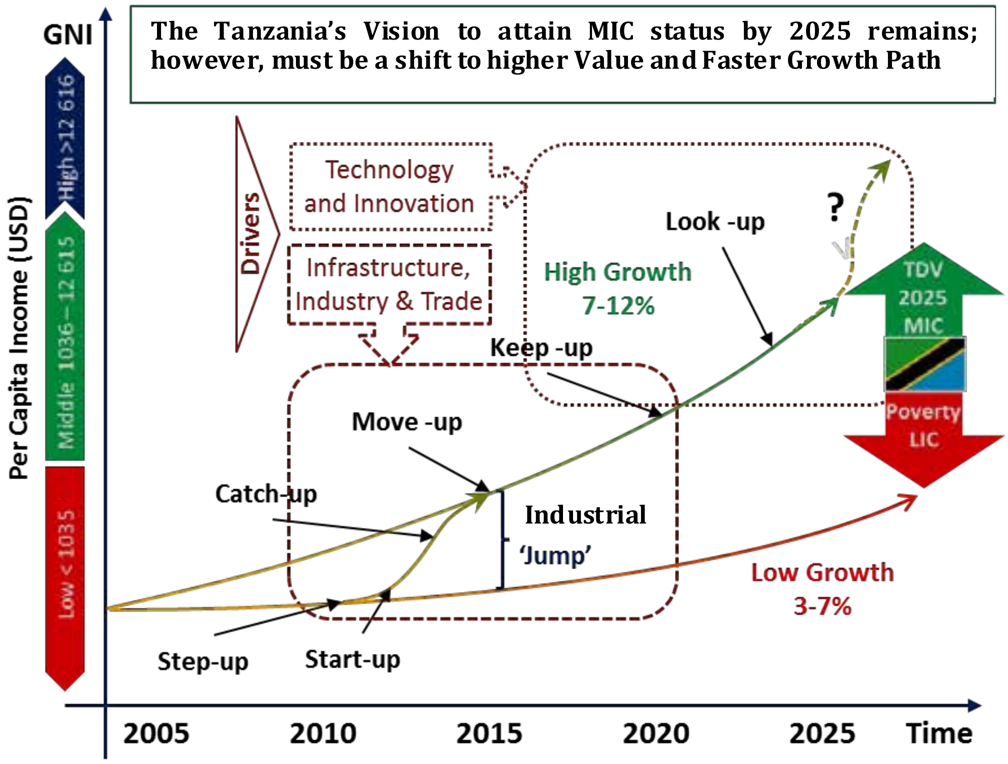


Figure 3.1: Required Change in Economic Growth Trajectory for MIC Target

Key MIC= Middle Income Country; LIC= Low Income Country

3.3 Record of Structural Transformation and Social Development in Tanzania

Two developments are examined in this subsection, namely industrialization and human development and social transformation.

3.3.1 Record of Industrial transformation

The envisaged path is informed with the fact that industrialization promotion has remained high in Tanzania's development agenda since the early days of independence. The approach however had not been stable, being much influenced by changes in the socio-economic landscape. The early phase of industrialization in Tanzania (1961-1966) followed the colonial approach, focusing on industrial promotion through Import Substitution Industrialization (ISI) strategy; which was largely simple processing of consumer goods for the elite urban consumers) Between 1961 and the *Arusha Declaration* in 1967, there were 186 establishments, most of which were labour intensive, providing about 200,000 employment opportunities and constituting four percent of GDP. The establishments included Coca-Cola, East African Breweries, Tanganyika Packers, British American Tobacco, Metal Box all privately owned. Industrial production was unbalanced largely being import net and of limited scale. In terms of ownership structure the establishments were foreign dominated. Table 3.1 shows development of the industrial sector over time.

Table 3.1: Evolution of Industrial Establishments in Tanzania Selected Sub-periods, 1961-2013

Period	Pre-1961	1961-1970	1971-1980	1981-1990	1991-1995	1996-2000	2001-2005	2006-2010	2011-2013
Number of Establishments	61	125	411	1,188	1,176	3,430	5,153	12,849	50,656

Source: NBS, 2016

The second phase of industrialization had, as core, promotion of local ownership of the tertiary sectors of the economy. The declared policy of socialism and self-reliance as enshrined in the Arusha Declaration of 1967 led to championing of industrialization through state created entities. Existing industries were nationalized and new ones established to be managed by parastatal organizations. During the period, foreign investors participated mainly through management agreements and as suppliers of machinery and equipment. The period also witnessed an increased role of government in setting, implementing and monitoring monetary and exchange rate policies. The National Development Corporation was reorganized and further strengthened as a special purpose vehicle to drive implementation of the Arusha Declaration with regard to industrialization and ensuring local ownership. In earnest, however, industrialization followed the same strategy of import substitution.

It was not until 1975 that a shift of paradigm towards structural change was articulated as a long-term agenda in Basic Industry Strategy (BIS, 1975-1995). BIS was intended to be a 20 year Plan (1975-95), to be implemented in four phased five year plans. This strategy emphasized industrial activities that could transform the economy so that most of the industrial demand would be met primarily from domestic sources using resources that are available in the country. Industrial goods were to meet basic needs of the population and intermediate and capital goods were to be produced to meet domestic industrial demand. Moreover, a number of industrial support institutions were established and resources allocated for R&D.

The foreign exchange crisis that began to be felt in late 1970s due to a combination of factors including global oil crisis impacted negatively ability to import intermediate inputs and capital goods thus adversely affecting manufacturing performance. Furthermore, the direct control and regulation measures introduced by the government, including import licensing, exchange controls and price controls, created a business environment that did not facilitate the manufacturing sector to build capabilities to compete.

Following persistence of the economic crisis, and unsuccessful home-grown reforms programmes, NESP and SAP, Tanzania adopted full fledged policy package in the form of Economic Recovery Programme (ERP I) in 1986 and subsequent ERP II in 1989, with the objective of restoring economic stability and accelerating structural reforms in order to create sustainable position of the country's balance of payments, correcting budget deficits, cutting down inflation, reforming macroeconomic framework of policies and increasing incentives to agricultural producers. ERP II (also termed Economic and Social Actions Programme) or "adjusting with a human face", had elements of human development.

The economic reforms and industrial restructuring assumed that enterprise level inefficiencies are a reflection of distorted or inappropriate macroeconomic policies. In the same vein, trade liberalisation was adopted to allow policy space for enterprises to compete with imports.

Thereafter, the state controlled industrialisation was gradually paving way to market-led industrialization exhibiting trade liberalisation and privatisation. Initially however, structural adjustment programmes led to *premature de-industrialisation* as reforms eroded several industrial capacities (for example, by 1990, about 22 out of 24 textile factories had closed) and several industries were forced to undertake massive employee retrenchment thus adding to number of unemployed in the economy.

Since mid-1990s the policy stance changed and industrial development was brought back to the development agenda in the context of market orientation and private sector led development. In 1996, a 25 year Sustainable Industrial Development Policy for Tanzania (SIDP 2020) was formulated and implemented with the aim of fostering sustainable development of the industrial sector. In 2010, the Integrated Industrial Development Strategy was adopted, targeting among others, export-led industrialization. The government's intention for the period 1996-2020 was to achieve sustainable growth in the industrial sector in order to create favourable levels of employment, economic transformation, equitable development, import substitution and export promotion.

Manufacturing sector is key to providing employment opportunities and exporting. However, this has not been the case, with the sector growth fluctuating widely mainly due to challenges in infrastructure especially energy; and unfair competition from imported consumer substitutes. Partly due to improvement in availability of energy and favourable policies and increased investments, growth of Manufacturing gradually improved, mostly in production of textiles, steel products, food and beverages, cigarettes, agro-processing cement, and other construction materials. During this period, manufacturing sector has been constituting about 7 percent of GDP.

Table 3.2: Selected Indicators of Manufacturing Sector Performance, 2005-2015

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sector growth (%)	9.6	8.4	11.5	11.4	4.7	8.9	6.9	4.1	6.5	6.8	6.0
Share in GDP (%)	7.3	7.5	7.0	7.0	6.9	6.9	7.6	7.5	6.4	5.6	5.2

Source: NBS, 2016

According to Census of Industrial Production, (CIP, 2013), Tanzania had 49,243 establishments, majority being micro and small-scale as indicated in Table 3.3. Regional-wise, the establishments were distributed as follows: Dar es Salaam 7,705 (15.2 percent); Mara 3,573 (7.1 percent); Ruvuma 3,517 (6.9 percent), Morogoro, 3,302 (6.5 percent) and Mbeya, 2,864 (5.8 percent). As for large (10+) establishments, numbering 1,322, the results show that, the largest five concentration regions were Dar es Salaam, 389 establishments (29.4 percent); followed by Manyara, 167 establishments (12.6 percent); Arusha, 89 establishments (6.7 percent), Kagera 77 establishments (5.8 percent) and Mbeya 73 establishments (5.5 percent).

Sector-wise in terms of employment, there were about 20,228 persons (39.9%) engaged in food and agro processing; 13,758 persons (27.2%) in textile and 7,071 persons (14.0%) in furniture making.

Table 3.3: Distribution of Establishment by Number of Employees, 2015

Number of employees	Number of Firms	%
1-4	41,919	85.1
5-9	6,002	12.2
10-19	493	1.0
20-49	412	0.8
50-99	170	0.3
100 - 499	199	0.4
500+	48	0.1
Total	49,243	100.0

Source: Industrial Strategy 2016.

Following the policy move to privatization adopted in early 1990s, the Government privatized 196 entities. Out of these, only 34 have had satisfactory performance in terms of production, profitability and contribution to tax revenues. Such success cases include Tanzania Portland Cement Company, Minjingu Phosphate Company Ltd, Metalbox Tanzania Limited, Kibo Paper Industries Ltd, Auto Mech Limited, Kilombero Sugar Company, Tanga Cement, Mbeya Cement and Tanzania Breweries LTD. About 33 of the 196 privatized entities have been loss-making. They include Ubungo Spinning Mill, Musoma Textile Mills Limited, Keko Pharmaceutical Industries Ltd, Tanzania Pharmaceutical Industries Ltd, Concrete Roof Tile Plant, Giraffe Extract Company (T) and Moshi Leather Goods Ltd. About 39 of the total privatized entities closed production. These include Leather industries, Iron and steel, Cashew-nut processing, Farm Implements, as well as Soap and Edible oil factories. Others include CMSC, Tanzania Bag Corporation LTD (Moshi), Kisarawe Brick Manufactures Ltd, Mbeya Ceramics Company Ltd, Steel Rolling Mills; Tanganyika Packers Ltd (Shinyanga Meat Plant), Ubungo Garments Ltd, Tanzania - China Friendship Textile Mills, and Arusha Metal Industries Ltd.

The challenges facing the privatized industries include unfair competition from imported products (e.g. cement, processed food); low availability of reliable power supply; and obsolete plant and machinery. Other challenges include inadequate capital and inadequate investment in machinery and buildings; and some investors using the industries as collateral for other forms of businesses at the expense of sustaining manufacturing.

The challenges that the manufacturing sector faces generally include: inadequate representation of local private industrialists; existence of mutual mistrust between holders of political power and the private sector, etc. Mutual trust is key if the government has to play the role of a developmental state. The manufacturing sector also suffers from weak domestic value chains, -caused mainly by weak linkages between the sector and the rest of the economy; and weak diversification due to inadequate skills and capabilities to utilize the diverse natural resource base of the country (forestry, agricultural products, minerals and fisheries). In addition, the sector is characterized by low productivity, occasioned largely by: weak access to finance, modern technologies and technical knowhow; a challenging business environment (excessive time and resources spent on interacting with tax and regulatory authorities, nuisance taxes and business unfriendly laws and regulations); unstable and unreliable supply of water and energy; underdeveloped transport infrastructure; and weak incentives for both the private and public sectors to prioritize R&D activities.

These challenges manifest themselves in low growth and informal nature of most of the small scale-manufacturing firms, which operate in household backyards due to lack of industrial parks. This has also made it difficult for the development and sustenance of formal linkages between small, medium and large-scale firms.

3.3.2 Record of Social Transformation

The immediate post-independence period was characterized by inadequate social services provision and near absence of skilled human resources. Identified as one of the ills (enemies) to development, ignorance was especially singled out to be addressed vehemently. The *Arusha Declaration* of 1967 can be credited as the first attempt towards social transformation. This was done through aggressive policies, which included nationalization of private education and training infrastructure making it possible for the government to chart out its manpower development plan. There was an unprecedented literacy campaign that involved training within the country and abroad, for managerial and industrial skills.

The burden of the economic crisis of the late 1970s to mid 1980s fell squarely on the provision of social services as the government could no longer sustain the funding required for safeguarding the early achievements, both in terms of quantity and quality. Various forms of cost sharing modalities were introduced in the provision of education, health and water services. Given the general poverty level, affordability became the main challenge and reversals in past achievements were evident.

During mid 1990s the Government implemented a number of measures to revamp social services provision, including promoting private sector providers. Such measures included policy reviews, for instance, the Education and Training Policy of 1995, which introduced student loans in higher education, etc., with a view to stepping up enhancing human resources capacity and development of skills.

The lessons learned from Tanzania's earlier attempts to socio-economic transformation are:

i. Need to foster linkage and coordination between the manufacturing sector and other sectors (especially those that produce key inputs, services & requisite skills for industrialization);

ii. Unfriendly business environment stifles the growth and competitiveness of domestic industry and frightens FDI;

iii. SMART interventions by the state has a potential pivotal role in catalysing industrialisation;

iv. Industrialisation plans need to be supported by appropriate strategies that will be followed through;

v. There is need to ensure alignment and coherence between country's industrial policy and trade policy; and

vi. Successful attempts to industrialise need to be backed up by adequate investment in infrastructure (energy, transport, water, communication)

3.3.3 Industrialization and Human Development Lessons from Other Countries

A common lesson running through selected reference countries such as Malaysia, Singapore, China, India, Vietnam, etc. is the importance of taking deliberate measures aimed at promoting industrial development and transformation. China, for example, had a breakneck industrialisation program dubbed 'The Great Leap Forward', which led and facilitated the country's industrial transformation. Other countries such as India progressively oriented industrial production primarily to satisfy the huge and diverse domestic market for basic needs. As such, irrespective of their ideological orientations, industrialisation was considered essential for fostering development. These countries also embarked on national industrialisation programs that opened up and integrated their domestic production with global markets, but with variations that factored in the local initial conditions, and whatever else that was peculiar to the domestic environment. Investments were made to ensure strong linkages between industry and other sectors of the economy and to enhance general productivity. The experiences of individual countries are further elaborated in Annex III. These diverse experiences can be summarized as follows:

(i) ***Strategic management of development financing:*** Discipline in domestic resource mobilization and management of development financing (as was observed in Singapore lessons), is key for effective implementation of development plans. Managing development financing through national development financing institutions (DFIs) (e.g. using syndicated loans) provided avenues for expanding fiscal space beyond one which is provided by government revenue collections. Since industrialisation is generally a capital-intensive endeavour, it is important to have specific strategies to bolster resource mobilization for its financing.

(ii) ***Strategic country partnering for investment and technology transfer:*** Most of the countries which have transformed strategically selected one economically advanced country "a big brother" or a "backup partner" to partner with, in important issues of technology transfer, strategic investments, and trade. Such strategic partnerships made it easy and efficient for firms to forge strong horizontal and vertical linkages in the domestic economy and globally through international trade and investments. Technology and innovation were critical for productivity improvement, as per experiences of Malaysia and Japan.

(iii) ***Blending private domestic and foreign investment through shareholding in state-owned enterprises:*** the domestic private sector was encouraged and empowered to buy shares in state-owned enterprises (SOEs) through creating and supporting vibrant stock exchanges. SOEs on the other hand entered into partnerships with external investors to boost capital and to acquire strategic technologies.

(iv) ***Complementarities of industrial policy and trade policy:*** Experience shows that successful countries such as Malaysia, Singapore, and China were able to apply strategic industrial policies for some key products. One of the common policies in use was restriction of exports of raw materials in order to ensure domestic value addition. Selective but careful protection of some industries and export support programs for other industries or goods were used. It is noted that, successful industrialisation requires smart developmental state role to spearhead strategic industrialization using various mechanisms including state procurement. Moreover, targeting niche markets including integrating into regional and global value chains is important. As such, linking trade and industrial policy smoothens the industrialization path.

It is also noted that export drive and promotion of domestic and foreign private investments play an important role in bolstering productive and financing capabilities for industrialization.

(v) ***Promoting agriculture to promote industrial development:*** Investment in the agriculture sector was made with a view to not only producing raw materials but also to ensuring food security in order to control upward movements in food prices and subsequently to reduce labour costs in urban and industrial areas.

(vi) ***Improving business environment, including speeding up government decision making:*** Creating a conducive business environment, including readily available quality infrastructure and services, stable macroeconomic environment and discipline, predictable policies and transparent processes and procedures and strengthening safety and security, are key ingredients for successful industrialisation and transformation. Above all, speed in making government decision on strategic investment was paramount.

(vii) ***Human resources development: Human capital development and uplifting the country's skills profile is imperative for industrialization.*** Some countries such as Singapore were able to raise the quality of human capital because fertility declined as a result of improvements in the quality of social services. Highly skilled human resources coupled with changes to positive work attitudes enabled Singapore to accelerate its economic transformation which in turn led to social transformation and human development.

(viii) ***Clear consensus and vision between the Government and private sector:*** In some countries, the public and private sectors forged consensuses around policies as well as the strategic direction of the economy and the attendant transformation path, which helped to build mutual trust and solid effective platforms for engagement.

(ix) ***Reduction in poverty rate during industrialization needs complementary policies:*** Social policies were used to ensure inclusion of the sections of the society which were left behind during industrialization processes. Examples include establishment of banks for social policy as a tool for poverty reduction.

3.4 Fundamental Considerations Underlying the Orientation of FYDP II

3.4.1 The Industrialisation Imperative

Earlier sections of this document/Plan, emphasized the need to promote higher economic growth and faster socio-economic transformation; increase national income, productivity and employment opportunities; enable higher standards of living; facilitate structural changes in production and trade patterns; stimulate progress in other sectors, and widen scope for technological progress, FYDP II thus mobilizes national efforts towards industrialisation based, among other factors, on the country's comparative advantages, its strategic geographic location, its labour endowment and the need to empower the private sector to participate effectively as the lead player in the industrialisation efforts. These factors are elaborated further below.

Tanzania's Comparative Advantages

Tanzania's strategic comparative advantages lie in (i) abundance of natural resource endowments, particularly agricultural land, water for irrigation and fishing, forests, minerals (gemstones, iron ore, coal, tin, phosphate, uranium, salt, soda ash etc, as well as gas), large fresh water lakes and ocean resources which not only support water service supply and irrigation but also allow development of fisheries, including deep sea fishing as well as other marine resources, and unique tourism resources and destinations (wildlife, mountains, long coastline and pristine beaches, rich cultural heritage, etc.,); (ii) a young, growing population which offer growing labor-force and human resources; (iii) rapid urbanisation and the opportunities associated with it; and (iv) country-wide ICT backbone infrastructure.

Geographical Location Advantage

FYDP II recognizes the need to take advantage of Tanzania's strategic geographical location. Having direct access to the Indian Ocean with a long coastline (approximately about 1,424 km including Zanzibar and Pemba) and located at the centre of the east coast of the African continent, Tanzania has the potential to become the least-cost trade and logistics facilitation hub of the Great Lakes Region as it links up with global markets. However, this will hinge on building adequate physical and soft infrastructure (transport, energy, ICT) and getting transit policy issues right. Tanzania is, by its location, a traditional bridge, being the place of physical intersection of the transport corridors which link the markets of the Tripartite EAC, SADC and COMESA regional economic groupings. Figures 3.1 and 3.2 illustrate these advantages.

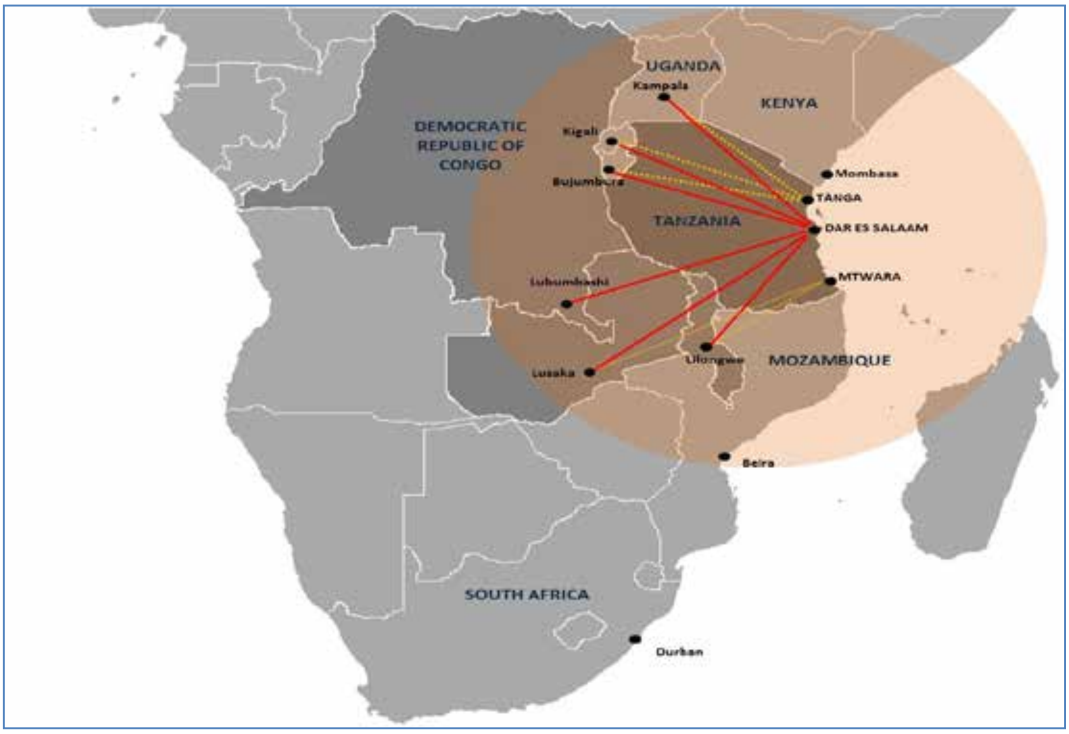


Figure 3.2: Strategic International Shipping Gateway and Trade Impact Area of Tanzania

A number of African countries' commodities/goods and services imports and exports can access the rest of the World through the gateway seaports of Tanzania, provided there is appropriate and adequate supply of multi-modal transportation infrastructure and modal exchange with efficient services. Tanzania is, therefore, an ideal location for market-seeking industries that target the emerging African market especially EAC, SADC and COMESA markets.

Mainland Tanzania is favourably situated halfway between the Horn of Africa in the North East and the Cape of Good Hope to the South (Figure 3.2). Thus, it is naturally poised to become the leading multi-modal transportation and logistics hub with wide scope for regional and global trade facilitation, presented with advantages for shipping, warehousing and bulk storage, serving a number of countries in the hinterland. The logistics cluster would act as natural magnet to attract manufacturing and processing industries that would readily supply the co-located trading enterprises for transportation and distribution of goods to markets. It has been estimated that by the year 2050, about 60 percent of aggregate global trade in all commodities including energy and minerals will be shipped through the Indian Ocean. Tanzania should seize the unfolding opportunity based on her competitive advantage of a long coastline to position herself among emerging maritime economies.

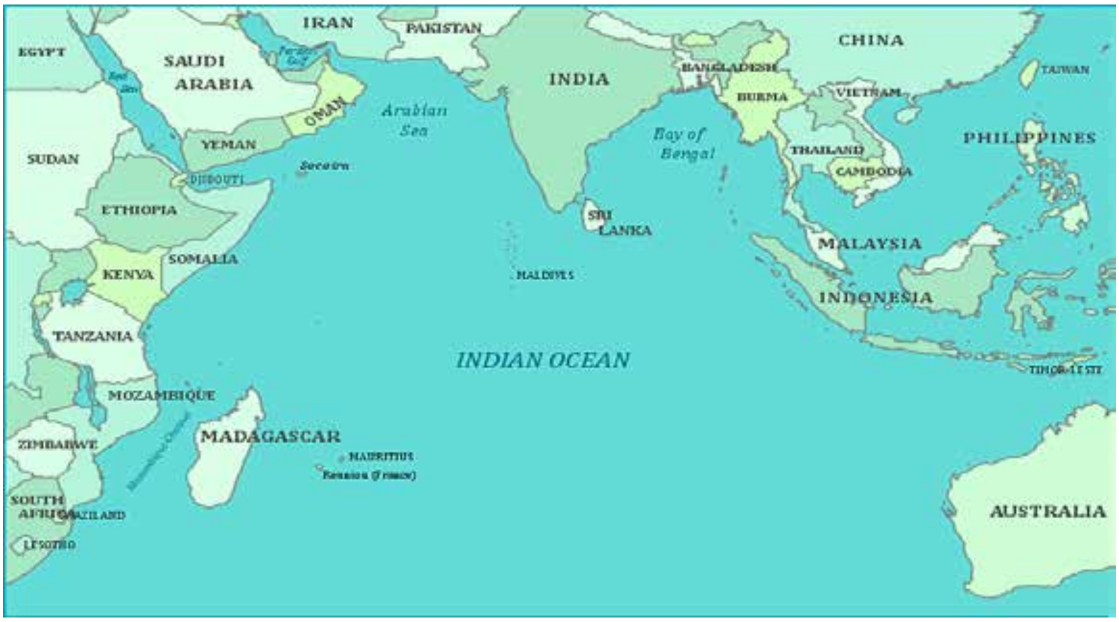


Figure 3.3: Tanzania's Geographic Location in Relation to International Maritime Shipping Routes to Asia and Middle East via the Indian Ocean

Tanzania is pursuing greater openness and integration that fosters closer collaboration with the rest of the world with a view to tapping into regional and global markets. This, coupled with improved cross-border trade and foreign direct investments, would stir and catalyse the industrialization drive as per FYDP II. This however, places a premium on collaborative cross-border issues. For example, rather than duplicating efforts by having separate customs facilities for inspecting goods twice as they cross borders, efforts need to be made to forge further customs collaboration and harmonisation, with officials working side by side, trained to common standards and procedures, and operating transparently under a common roof. This has already begun in the EAC but needs to be extended to other trading partners that Tanzania shares borders with.

Positive Demographic Dynamics for Demographic Dividend

Tanzania offers a growing and dynamic labor force for envisaged industrial economy. About 44 percent of the population comprises under-15 year age group. It is estimated that, Tanzania's labor force is growing at around 2.3 percent per annum and there were 25.8 million persons in the working age group in 2014 compared to 21.0 million persons in 2006. Of these, 87 percent are economically active. Furthermore, prospects for sectoral labor shift in favour of industrial labor are high given that 66.7 percent of the employed persons were agricultural workers in 2014. In addition, overall unemployment rate in 2014 was 10.3 percent whereby Dar es Salaam had 21.5 percent rate of unemployment. Future prospects for demographic dividend are also high. Review of Tanzania's mortality and fertility data show that Tanzania is in the second stage of the demographic transition with falling mortality rates and persistently high birth rates, leading to increase in the supply of labour force (estimated at around 800,000 new entrants per year).

The Role of the State in Empowering the Private Sector to Lead the Industrialisation Process

The role of Government is mainly to facilitate the private sector to harness the country's comparative and competitive advantages. This facilitative role should be in terms of providing overall vision, translating such vision into short and medium term Plans, policy and regulatory frameworks and supportive infrastructure, e.g. acquisition of surveyed land for industrial development, which is integrated with urban planning. This is in addition to the traditional roles of providing public goods, maintaining law and order and ensuring peace and security. In empowering the private sector, the role of the state will be as follows:

i. **Defining Strategic Direction:** The Government must provide leadership and support all other stakeholders to direct their efforts towards the common goal. For the objective of pursuing more proactive role of state in economic management, the Government will ensure that the scarce resources are allocated in ways that aim at achieving optional outcomes through addressing incomplete or missing markets, high transaction costs and coordination failures. Such allocation of resources is made possible through a variety of non-market instruments available to the state to optimize the functions of markets in resource allocation and to develop vibrant private sector.

ii. **Implementing Social contract:** states in general are expected to perform core functions related to defining national visions, establishing institutions that develop plans and strategies and implement them, while enabling market institutions to operate effectively and efficiently. States are also responsible for maintaining macro-economic stability and ensuring good governance. However, in countries at low levels of development and initial conditions that limit economic growth and social progress, states must play development roles more proactively in order to address bottlenecks and unlock potentials for progress. In the context of Tanzania, the initial conditions set out by history and its resulting international division of labour, economic structure and limited technological advancement, it is necessary for the state to deliver to the citizenry.

iii. **Strategic Implementation:** To be effective in economic management, the state will have to carry out its functions with additional energy, and in some cases employ non-conventional but legal tools to drive development actors in a desired direction. The following must be the key ingredients of strategic implementation: (i) Strong political leadership and implementation mechanism that transcend political boundaries to retain long term horizon in development planning, supported by a competent and committed cadre of merit-based and well remunerated civil servants. (ii) Aligning implementing institutions and incentive systems to create a working synergy between government institutions, the private sector, and the market and regulatory institutions. State institutions must be ready and have the capacity to provide incentives for the results-oriented performance, which include not only induced innovation and new investments, but also reduced losses and minimized misuse of resources. The state should also strive to promote strong national market players, without succumbing to patronage and capture but maintaining a competitive environment among them. Institutional oversight of markets is necessary, and would need effective interaction of market and non-market institutions.

iv. **Solving Constraints for its Impact Area:** The major challenges in this area relates to human resources and financial resources that might be envisaged as the role of state increases. However, appropriate institutional reforms and rationalization of resource use can potentially address the resource problem overtime. The institutional design and entrenched culture that prevents effective interactions between market and non-market institutions towards a common goal could be a limiting factor, and needs to be addressed through massive awareness for change in attitudes.

v. **Strengthening Coordination:** While increased role of the state in economic governance is called for, it does not suggest that market institutions should be replaced. Markets must continue to develop, but interact more effectively with non-market institutions to deliver development outcomes, including domestic production of high quality products, more employment and skills development, and increased public revenue.

3.4.2 Linking Industrialization and Human Development

Conceptualization:

One of the challenges facing Tanzania is to attain inclusive growth that ensures equity in the society. Non-inclusive growth manifests itself in several respects, such as increasing unemployment (particularly, youth unemployment), high and pervasive rural poverty and increasing income inequalities in the midst of high economic growth. Promoting growth with equity requires a holistic sustainable human development (SHD) policy framework that is pro-people, pro-jobs, and pro-nature (environment). Economic growth and human development are to be linked through several channels, including (i) markets for produce – whereby the majority of poor Tanzanians who are farmers are able to sell their produce; (ii) obtaining inputs from domestic industries at relatively low prices; (iii) securing direct and indirect be employment in the industrial sector. (iv) SMEs whether formal or informal being linked to formal large industries.

In the context of the challenges faced by the private sector entities as discussed in Chapter 2, it is of critical importance to maintain access to sustainable mechanisms and tools that allow comprehensive solutions both for small, medium and large private sector enterprises, as well as ensuring stable linkages within and between these entities and along the industrial value chains. The Tanzania Industrial Upgrading and Modernization Project (TIUMP) has demonstrated sustainable results in the short time frame that are applicable to different industrial sectors of the country using the Upgrading and Clustering Methodology (UCM) as a tool for SME development.

The envisaged transformation in Tanzania Development Vision 2025, is a process that is industry/manufacturing sector-led, facilitates building of a diversified competitive economy and yields desirable human development outcomes. FYDP II as the lynchpin to this process builds the foundation for the requisite structural change and socially inclusive development process. FYDP II does this by embracing the symbiotic link between industrialization and human resources development, which, respectively were the characterizing focuses of MKUKUTA II and FYDP I (Figure 3.4). The two dimensions interact dynamically in a synergetic manner, which is requisite for structural change and socially inclusive development. For example, while on the one hand, industry provides testing ground for skills, which is one of the components emphasized in the human development realm; on the other, skills take industry to a higher level of technological progress.

The spiral thus grows to higher level as this interaction deepens. In terms of progress towards TDV 2025 aspirations, the link from industry to skills enables further human resource development through movement towards skill targets such as linking with apprenticeship, on-job industrial training etc. This enables the shift from low to high skills. The link from skills to industry enables sophistication of industry to move from low tech to high tech diversification through technological innovation, tailored training curricular, technological transfer/favourable international conditions, etc. The end result of these two mutually reinforcing links is increased growth and ultimate improvement of human welfare)

In this conceptual underpinning, fast results are achieved if these interactions take place in an environment of factor and skill endowments (i.e. Tanzania's comparative advantage) and appropriate technologies which reflect the capability of an economy to create greater wealth and distribute it across different segments of the population. This greater wealth will improve human development if it is used to fulfil individual and collective needs by expanding human capabilities and extending human freedoms.

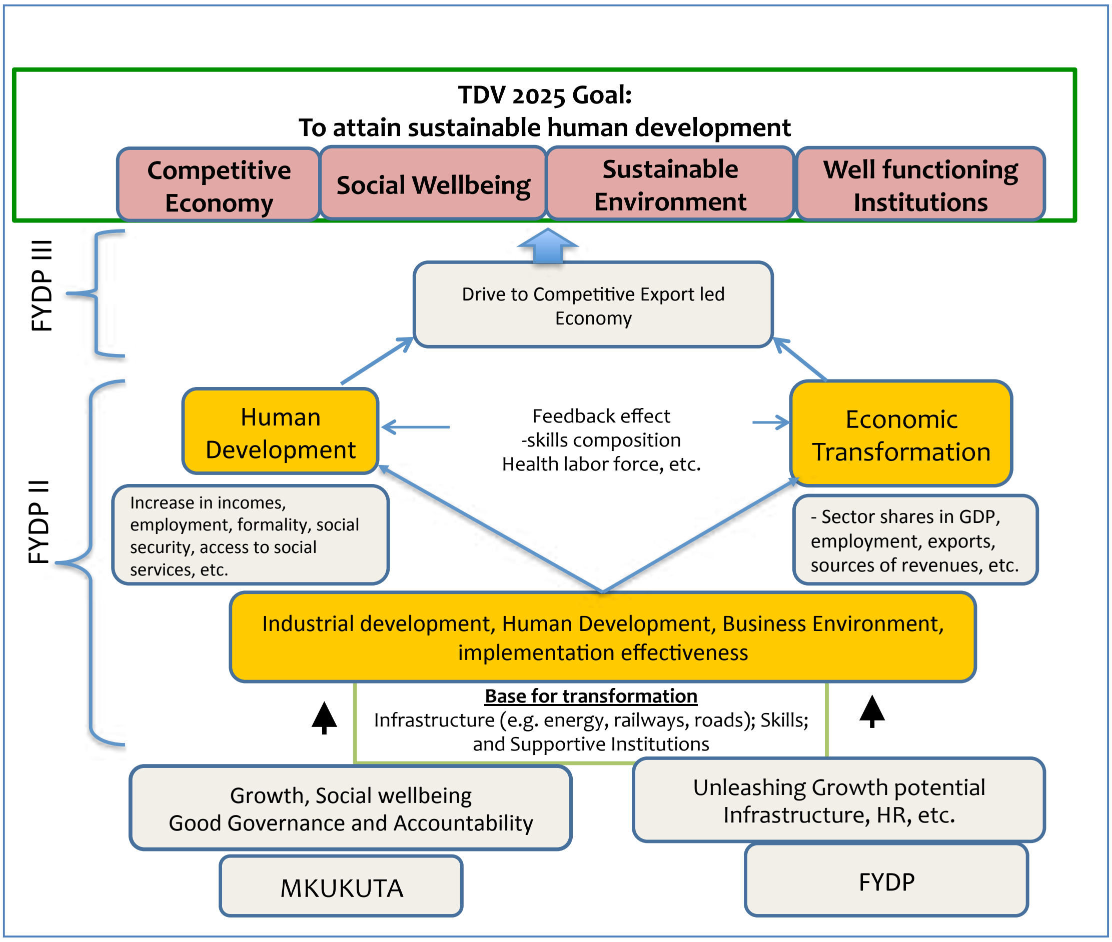


Figure 3.4: Conceptual Framework: Industrialization - Human Development Link

Successful transformation ensures that economic growth forms part of a virtuous circle of cumulative causation that accentuates productivity, and income convergences between agriculture and non-agricultural sectors including service industry. This is important in the context of Tanzania's economy, which is largely agrarian in nature, in particular in terms of its concentration of the labour force; through a gradual shift in the sector composition of GDP away from agriculture, which has begun to emerge.

At the local level, the transformation will have sizeable and sustainable impact on the reduction of poverty and improvement in quality of life (trickle down) if small-scale farmers and MSMEs are well linked to large-scale enterprises in manufacturing, construction, tourism, and other priority areas of FYDP II. Small-scale farmers and MSMEs should be availed opportunities to supply inputs to industry as well as act as markets for industrial outputs. Effective engagement of the former will depend on the extent to which they are organized and coordinated, e.g. through cooperatives, associations and groupings for aggregating their procurement or their produce. An effective way to organize small-scale farmers and MSMEs is through Local Economic Development (LED) approach, which tailors local plans to respective local contexts and comparative advantages.

Another important aspect of socio-economic transformation is urbanization. However, most of the urbanization and poverty discourses consider urbanization in a general and aggregate manner while there are indications that the composition of urbanization (small towns vs. major towns or cities) matters because the poor may find it easier to reach jobs in nearby small towns. Thus, while it is important to harness agglomeration economies associated with urbanization, realization of trickle down effects of urban growth requires careful consideration of opportunities, which opens for the poor, e.g. through provision of affordable housing to immigrants or efficient commuting services to allow them to take decent jobs away from their homes. In this case, Local Economic Development (LED) are required to ensure wide participation of the local communities in policies formulation to address factors that foster job creation and their participation, e.g. land use planning which facilitate development of agricultural value chains, retention of high skilled labour, and infrastructure development (electrification, ICT, rural roads) for the poor and excluded in secondary towns.

Implications

The analysis of Chapter 2 and the conceptualization presented in this Chapter lead to the following implications. As Tanzania sets to nurture industrialization, there are enormous opportunities, some of which are already captured in specific sector value chains and markets. What is required at this particular phase is to start moving from a shallow process of industrial growth towards an inclusive and sustainable structural transformation process. This calls, among others, for decisive actions in the following areas:

i. Interventions that halt and reverse the observed declining trends in productive capacity such as in gross fixed capital formation and capital goods imports, and poor quality in secondary and tertiary education as well as industrial research.

ii. While targeting few strategic large scale industries, FYDP II re-engineers and reorganizes the technology infrastructure with a view to scaling-up and boosting efficiency and product quality among micro, small and medium-sized enterprises (MSMEs) which are directly linked to majority of Tanzanians.

iii. Supporting light manufacturing industries including food, beverages and tobacco, furniture and textiles, which account for greater proportion of manufacturing jobs so that they continue to play a critical role in creation of further employment opportunities, thus directly linking industrialization to reduction of income poverty and ultimately human development.

iv. Improving working condition and jobs formalization as critical elements for poverty reduction. FYDP II addresses this, hand in hand with the overall industrial and technological deepening and productivity growth in the non-formal sector.

v. Development of industrial capabilities and creation of more and decent jobs for Tanzania to fully exploit and maximize her comparative advantage towards a more inclusive and sustainable industrialized economy.

vi. Skills development to meet the human resource requirements for industrialisation.

3.4.3 Regional and Global Socioeconomic Environment

Tanzania's future growth efforts will be influenced by a number of regional and global developments. These include:(i) the slowdown of economic growth in a number of Tanzania's key strategic trade and investment partners, including China; and end of the commodity super-cycle which will have potential adverse effects on Tanzania's exports; (ii) climate change which is already affecting agriculture, human health and well being as well as water sources; (iii) Dipping global and national trend of ODA flows at a time when investments to bridge the gap in infrastructure is highly required; and (iv) increasing competition for investment flows in the region with emergence of strong competitors such as Rwanda, and economically well to do countries like Kenya; performing relatively better than Tanzania in improving the environment for doing business. These notwithstanding, some developments are showing encouraging prospects, e.g., from countries such as China rebalancing and the decline in oil prices.

With deepening globalization, Tanzania is increasingly becoming part of the global economy and international and regional trade is becoming an important driver of the economic growth. Tanzania's exports continued to increase at an annual average rate of 9.5 percent from 2011 to date. Agricultural exports account for about 20.4 of total exports while manufacturing for 27.2 percent in the same year.

The bulk of Tanzania's manufactured exports are destined for the African region, accounting for approximately 72.4 percent of the total value of Tanzania's manufactured exports in 2014. Exports destined for markets in the East African Community (EAC) region accounted for 46.6 percent and for the Southern Africa Development Community (SADC), about 47.1 percent. With the signing of the SADC-COMESA - EAC Tripartite agreement, the share is expected rise due to opening up and easing of trade barriers. In order to increase international trade performance regionally and globally, building the necessary productive and export capabilities and infrastructure facilitates harnessing competitive advantage and opportunities in such markets. There are also opportunities for accelerating economic co-operation and integration among African countries under New Partnership for Africa's Development (NEPAD).

In addition, Tanzania has a number of preferential trade windows to exploit such as the African Growth and Opportunity Act (AGOA) of the United States (US), Everything but Arms (EBA) –of the European Union (EU), and bilateral agreements with several countries in a bid to expand her export trade. However, exploiting these potentials requires significant investments to improve transport and energy infrastructures as well as skilled human resource to enable commensurate expansion of domestic productive and delivery capacities. There are other new fora of solidarity such as Tokyo International Conference on African Development (TICAD) with Japanese Government and the Forum of Cooperation between Africa and China (FOCAC) of Chinese Government, as well as Memorandum of Understanding (MoU) with Vietnam that present substantial financial pledges to support development. Tanzania has aligned herself strategically to these new developments in order to benefit from the ensuing opportunities.

There are other regional initiatives that complement the industrial orientation of FYDP II. In particular, is the East African Community Strategy to implement Industrialization Policy (2012-2032) premised on the collective commitment of Partner States to enhance structural transformation through industrialization and diversification of their economies in order to fast track equitable and sustainable development for the majority of their peoples. The Region's overriding objective is to create a modern, competitive and dynamic industrial sector, fully integrated into global trade frameworks. The strategy is in line with orientation of FYDP II, and emphasizes the following:

(i) Diversifying the manufacturing base and raising value addition of locally available resources prior to exports to 40 percent by 2032, from the base value of 8.62 percent;

(ii) Strengthening national and regional institutional frameworks and capabilities for industrial policy design and implementation; and delivery of support services to ensure sustainable industrialization in the region;

(iii) Strengthening R&D, Technology and Innovation capabilities to facilitate structural transformation of the manufacturing sector and upgrading of production systems;

(iv) Increasing the contribution of (i) intra-regional manufacturing exports relative to total manufactured imports in the region from a baseline of 5 percent to about 25 percent by 2032 and (ii) growing extra regional manufacturing exports from a base of 32 percent to over 50 percent by 2032; and,

(v) Transforming Micro, Small and Medium Enterprises (MSMEs) into viable and sustainable business entities capable of contributing up to 50 percent of manufacturing GDP.

Similarly, SADC Industrialization Strategy and Roadmap 2015 – 2063 recognizes that for trade liberalization to contribute to sustainable and equitable development for the populace of the respective countries, concerted efforts have to be taken to build the requisite productive and trade capacities. The Strategy is anchored on three pillars namely; industrialization as a champion of economic and technological transformation; competitiveness as an active process to move from comparative advantage to competitive advantage; and regional integration and geography as the context for industrial development and economic prosperity.

There are also a number of processes and outcomes that Tanzania has ratified, which have also influenced the orientation and interventions outlined in FYDP II. These include the following:

(i) Africa Mining Vision (AMV) 2050: a pathway on how mining can drive continental development and tackle the paradox of great mineral wealth existing side by side with pervasive poverty; with emphasis on value addition industries on minerals and creating inclusive employment opportunities;

(ii) Africa's Agenda 2063: Africa, as a continent, is looking ahead towards the next fifty years with a vision of an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena; supported by the Addis Ababa Action Agenda (AAAA) on Financing for Development;

(iii) SADC Regional Indicative Strategic Development Plan which is a comprehensive development and implementation framework guiding SADC's regional integration agenda over a period of fifteen years (2005-2020). It aims at deepening integration, accelerating poverty eradication and attaining other economic and non-economic development goals;

(iv) Agenda 2030: This is a global development agenda succeeding the Millennium Declaration of 2000 which contained the Millennium Development Goals (MDGs) that had 2015 as terminal year. World leaders endorsed Agenda 2030 at a September 2015 Summit; to be implemented up to year 2030 with Sustainable Development Goals (SDGs) as core. A set of 17 SDGs was adopted and covers issues of ending poverty in all its forms, everywhere; promoting economic and social prosperity, fighting inequality and injustice, and tackling climate change. For most part the SDGs align well with the orientation of FYDP II. They include Goals 1: ending poverty; 2: agriculture and food Security; 3: Health; 4: Education; 5: gender equity. Likewise, industrialization will place a huge demand on utility supplies e.g. energy and water, so naturally Goals 6: water and sanitation, 7: energy supplies and 9: infrastructure and industrialization as well as 17: Strengthening the means of implementation and revitalize the global partnership for sustainable development are relevant for realization of FYDP II.

3.5 Selection of Priority Areas and Interventions

Based on lessons drawn from implementation of FYDP I and MKUKUTA II as well as lessons from successful comparator countries' industrialization experiences as well as assessment of Tanzania's comparative advantages; four groups of interventions are adopted in FYDP II: (a) interventions for growth and industrialization; (b) interventions for fostering human development and social transformation; (c) interventions for improving environment for enterprise development; and (d) interventions for getting implementation right.

3.5.1 Interventions for growth and industrialization

Industrialization that is envisaged in FYDP II focuses on realizing the country's aspirations, and is anchored on current and future lynchpin drivers of the economy especially the country's current and future niches; fostering innovation and technological adaptation; and strategically repositioning the country to maximize on the global and regional economic dynamics. In view of these, the following criteria were used to inform the selection of priority industrial activities and interventions in FYDP II:

(i) Potential for Contributing to Development Aspirations

An activity or intervention so selected must be relevant to, and be in line with realization of goals articulated in Tanzania Development Vision 2025, particularly that of propelling Tanzania to a semi-industrialized middle-income country by 2025. This criterion implies that the selected intervention should have large impact on set targets, especially on economic growth, employment creation, poverty reduction, national security.

(ii) Anchored on Tanzania's niches and Comparative Advantages

An intervention or activity that leads to harnessing the country's niches or comparative advantages, both current and future, including (a) abundant natural resource endowments, (b) strategic geographical location; (c) regional integration; (d) rapid urbanization; (e) human resources and (f) country-wide ICT backbone infrastructure.

(iii) Market demand and dynamics

An intervention/activity selected on the basis of promoting particular products and services taking into account demand in the domestic, regional or global markets. In particular, products and services with growing demand in targeted markets will be prioritized. Access to a growing market demand plays a vital role in driving industrialization. While all markets will be targeted, products that will allow Tanzania to quickly integrate into regional and global markets will be accorded high priority. Activities that have great potential to boost foreign exchange earnings or facilitate its savings will also be prioritized.

(iv) Sustainability of the Transformation Process

An activity/intervention that sustains the transformation process envisaged in Tanzania Development Vision 2025. Unfinished activities from FYDP I which are fundamental for the transformation process have been carried over in FYDP II, which in turn prepares the ground for the formulation of FYDP III in order to sustain the transformation process.

(v) Technology Appropriateness

This criterion emphasizes innovation and competitiveness for driving productivity and to reach the targeted economic growth. Priority is on activities that contribute to the development of domestic technological capabilities and deliver win-win-win solutions on growth, environmental considerations and social considerations.

Based on the above criteria, particularly those of comparative advantage and access to markets, four scenarios evolve for Tanzania's industrialization and export specialization (Figure 3.5.). These are:

a. *Products where both Tanzania's Comparative Advantage and world demand are growing - Zone 1 in Figure 3.5.*

Such products include cashew nuts, cereals (excluding. those which have been hulled); cocoa beans, whole/broken, raw/roasted; coconuts; gold (including gold plated with platinum); oil seeds and oleaginous fruits; oil-cake and other solid residues; precious stones (excluding diamonds) and semi-precious; and sesame seeds. Efforts of both public and private sectors are directed at supporting specialization on the production and trade of these products. Many of these products are familiar, as they constitute the main exported products. However, others may not have been captured and should thus constitute opportunities for further specialization. Besides the commodities, tourism is also considered in this group.

b. *Products where Tanzania's Comparative Advantage is falling but world demand is rising – Zone 2 in Figure 3.5.*

Tanzania has commodities the comparative advantage of which is declining but there is a growing world market for them. These are vegetable fats and oils; tanned/crust hides and skins of bovine; sunflower seed/safflower oil; palm kernel/babassu oil; iron and non-alloy steel in primary forms; footwear with outer soles and uppers of rubber/plastic; foliage, branches and other parts of plants; boxes, cases, crates and similar articles; beer made from malt; articles for the conveyance/packing of goods. These are products where Tanzania's competitors might be presenting better production and trade conditions. As such, Tanzania loses efficiency in production relatively to other products being exported by Tanzania. Although in some of these products, Tanzania's exports are growing, they are growing at a slower rate than world demand. With smart market interventions, there is potential for growth in this area.

c. *Products where Tanzania's Comparative Advantage is growing but world demand is falling – Zone 3 in Figure 3.5.*

For some products Tanzania's comparative advantage is increasing but world market demand is falling. This concerns products such as ceramic sinks, wash basins; containers for transportation; filters (i.e., optical elements); jute and other textile bast-fibres; parts suit; etc. These products present certain risks as they suggest that specialization is moving towards products where demand is weak. Although Tanzania, in this way, will be capturing market share, it will be in products where world demand is losing interest.

d. *Products where both Tanzania's Comparative Advantage and world demand are falling – Zone 4 in Figure 3.5.*

This category includes wooden furniture of a kind used in offices; wood sawn/chipped lengthwise, sliced/peeled; T-shirts, singlet sand other vests; electrical transformers (excluding dielectric); durum wheat; bars and rods of iron/non-alloy steel; angles, shapes and sections of iron/non-alloy steel; and aerials and aerial reflectors of all kinds. Tanzania should, unless for strategic reasons, avoid directing efforts to this category of products.

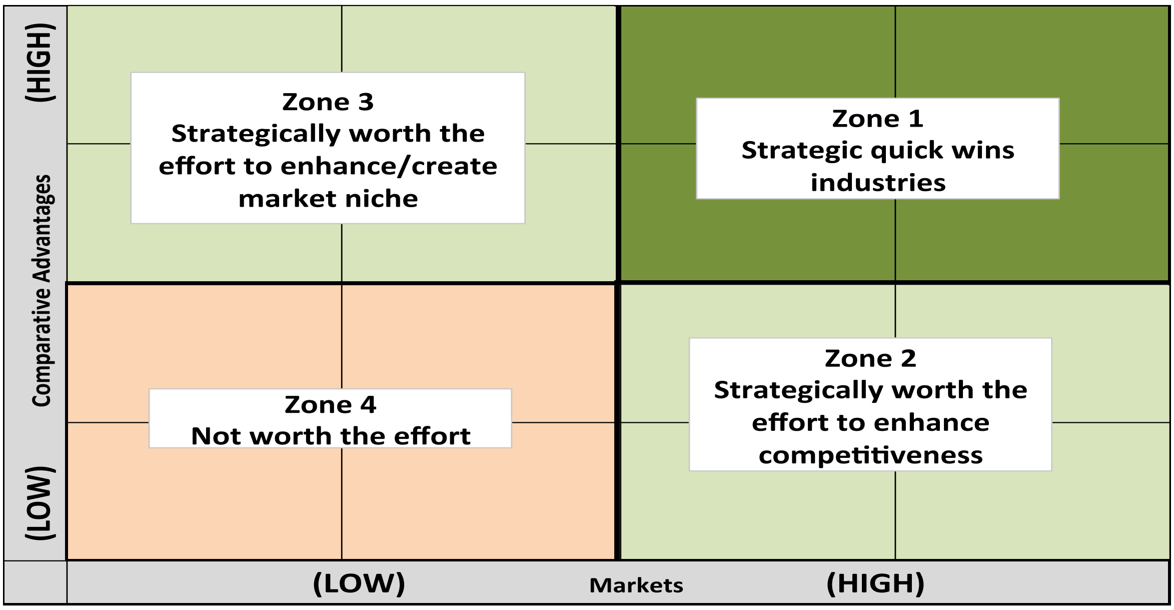


Fig. 3.5 Scenarios for Tanzania's Industrialization and Export Specialization

It is apparent from the analysis that the demand side and market issues as well as production and supply side should be accorded equal weights in selecting strategic intervention for industrialization. With readily or growing markets, the private sector is expected to come forward and invest in these industries once the government has addressed the institutional and policy constraints on the supply side. In other areas however, incentive should be devised targeting production or aiming at stimulating demand and strengthening the supply systems.

3.5.2 Interventions for fostering human development and social transformation

The following are criteria for selection of priority areas for human wellbeing and social development.

a. Potential to Contribute to the Realization of the medium and long term National Development Aspirations.

An intervention/activity is selected on the basis of significantly contributing to the development objective of social and economic transformation and thus achievement of Tanzania Development Vision 2025 aspirations.

b. Consolidating, Safeguarding and Sustaining Social Development Achievements

An intervention is selected because it aims at consolidating, enhancing and sustaining attainments in the human development. A number of social indicators once achieved need to be consolidated and sustained to avoid slippage. Such achievements include immunization coverage and improved health services leading to reduction in mortalities in the health sector; enrolment rates in education, water coverage, etc.

c. Improving co-ordination and delivery services

An intervention that leads to improving coordination for quantity and quality of service delivery to the communities with a view of enhancing their productive potential and capabilities is thus selected.

d. Social Protection

An intervention in social protection is selected for its ability to target social groups that have either been excluded or with no support at all. Such groups include the vulnerable and disadvantaged such as people with disability, and aged people who cannot support themselves. Social protection is a broad area that encompasses wide range of social groups. The interventions should focus on developing these peoples' capabilities to lift themselves out of poverty; enhance their productive capacity and increase their resilience.

e. Contribution to quality of human wellbeing

A social intervention potentially contributing to a desired state of human wellbeing will be prioritized. This includes interventions that facilitate the development of appropriate skills and good health. Quality of life is one of the desired conditions among the aspirations of Tanzania Development Vision 2025.

3.5.3 Interventions for improving business environment

FYDP II embraces existence of a conducive environment for doing business and investing in the country as a key ingredient in achieving the desired transformation. Thus, priority is accorded to interventions that boost both quantity and quality of infrastructure and services as well as policy and institutional reforms aimed at facilitating start-ups and sustaining businesses. These include timely provision of business permits, including construction permits and permits for employing foreign experts; acquiring utility connections, including getting electricity; registering property; getting credit and accessing finances; protecting investors; paying taxes; cross-border trading; enforcing contracts; and resolving insolvency. Equally important, is a set of interventions that guarantees and protects employers and employees' rights.

3.5.4 Interventions for getting implementation right

Interventions in this area aim at achieving implementation effectiveness and efficiency. Experiences of FYDP I and MKUKUTA II implementation showed risks of implementation revolving around inadequacy of finances; difficulties of transferring land rights from traditional use to modern and commercial use; delays in decision making; clashes in institutional interest which undermine national ones; weak M&E systems which focused on physical inspection only rather than on rapid corrective feedback; pressure to spread resources thinly and inadequate prioritization. In essence, implementation effectiveness hinges on the availability of financial, human and institutional capacities that can facilitate timely and well-coordinated execution of initiatives outlined in FYDP II. This will require efficient and effective decision-making processes, and adequate systems and frameworks for organising and coordinating implementation as well as monitoring and evaluation. In this regard, FYDP II thus prioritizes reforms that:

(i) Enhance mobilization of finances required for its implementation;

(ii) Enhance efficiency, effectiveness and transparency in policies, including in taxes, incentives, land administration and access to collateral and government guarantees for facilitating business start ups;

(iii) Ensure effective institutional organization and coordination to ensure timely and quality public services delivery;

(iv) Eradicate corruption and ensure good leadership, governance, accountability and transparency;

(v) Entrench positive work culture and attitudes especially in public service;

(vi) Ensure that effective strategies for implementation of FYDP II Flagship projects are in place;

(vii) Re-activate the developmental role of the State in economic management and governance;

(viii) Ensure effective and efficient working decentralization for local economic development (LED) based on the principle of subsidiarity.

4 STRATEGIC INTERVENTIONS FOR INDUSTRIALIZATION AND HUMAN DEVELOPMENT

4.1 Introduction

This chapter presents the strategic interventions aimed at rallying the society behind the implementation and realization of FYDP II targets, and in so doing, contribute to the attainment of Tanzania Development Vision 2025 objectives. The Chapter outlines the interventions strategically chosen to ensure the desired outcomes in the four priority areas of the Plan are realised. The four areas are: (i) promotion of growth and industrialization for economic transformation; (ii) enhancement of human development; (iii) improvement of the enabling environment for enterprise development; and (iv) improving implementation effectiveness. For each strategic intervention, performance targets have been set to provide basis for effective implementation, monitoring and evaluation, as well as reporting. For clarity of presentation, the Chapter provides broad interventions in each of the four select priority areas, while more detailed specific interventions are outlined in Annex B and respective implied costs are presented in Annex F.

4.2 Interventions for Fostering Economic Growth and Industrialization

Globally, industry is broadly defined to cover Mining and quarrying (International Standard Industrial Classification (ISIC)) revision 4 (Section B); Manufacturing, (Section C); Electricity, gas, steam and air conditioning supply, (Section D); Water supply, sewerage, waste management and remediation activities, (Section E) and Construction, (Section F). Industry, so broadly defined is targeted in Tanzania, to account for about 23.7 percent and 25.0 percent of GDP by years 2020 and 2025 respectively.

Within industry, Manufacturing is identified as leader of industrialization process for a number of justifications. Historically the sector has been an important driving force to economic development; has been most knowledge-intensive sector of the economy and recipient of technological progress; exhibits higher productivity and scope for innovation; and that competitiveness of manufacturing is one of the basic determinants of long-run sustainable growth.

FYDP II interventions have been set, taking into account aspirations of Tanzania Development Vision 2025, as translated into actionable programmes and projects by the Tanzania Long Term Perspective Plan, 2011/12-2025/26(LTPP). FYDP II has set the following targets for both Industrialization and Manufacturing in particular.

Table 4.1: Overall Industrial Sector Performance Targets

S/N	Indicator/Target	2015	2020	2025
0.1.	Real growth rate (%)	9.1	10.6	10.5
0.2.	Share of GDP (current prices) (%)	21.1	23.7	25.0
0.3.	Share of total Exports (%)	27.1	27.5	31.1
0.4.	Share of total employment (%)	8	12.5	20

4.2.1 Manufacturing Subsector

Key targets by 2020: Real growth rate of 10.5%; GDP share, 12.5%; share of total employment; 5.4% share in total exports; proportion of medium and high tech manufacturing value added (MVA) share in total manufacturing 15%; number of exporting firms (729) proportion of medium and high tech exports in total export of Manufactures 30%; of which high tech 6%.

Key interventions:

(i) Creating an enabling environment and strong systems to support the variety of manufacturing planned activities envisaged in the Plan. This will entail the following:

a) Establishing Special Economic Zones and Export Processing Zones;

b) Creating a logistics center;

c) Industrial parks; and

d) Strengthening R&D institutions.

(ii) Promoting MSMEs and local content;

(iii) Developing productive capacities in the following industries: petro and chemicals, pharmaceutical, building and construction, agro and agro-processing (cotton to clothing, textiles and garment, leather) coal, iron and steel.

Targets for the Manufacturing sub-sector during implementation of the Plan period up to 2025 are indicated in Table 4.2.

Table 4.2: Manufacturing Sub-Sector Targets

S/N	Indicator/Target	2015	2020	2025
1.	Manufacturing			
1.1	Share of GDP (at current prices) %	5.2	12.5	18.0
1.2	Real growth rate (%)	6.5	10.5	12.2
1.3	Share of total employment (%)	3.1 (2014)	5.4	12.8
1.4	Edible oil production (000 tonnes)	100	250	600
1.5	Share of resource based (%)	69(2010)*	55	38
1.6	Share of low tech (%)	17(2010)*	29	39
1.7	Share of medium tech (%)	11(2010)*	24	32
1.8	Share of high tech (%)	2(2010)*	6	8
1.9	Number of exporting firms	247	729	2114

Attainment of the manufacturing sub sector targets is predicated on the implementation of the following industrial activities:

(a) Establishment of SEZs/EPZs, Industrial parks, logistics centre(s) and strengthening R&D institutions.

This will be supported by a conducive environment and strong support systems for manufacturing processes as articulated further under the section on Enabling Environment in this Chapter.

(b) Automotive Industry

Tanzania is fully reliant on imported automotive products (passenger cars, light commercial vehicles, heavy trucks, buses, vans, and motor cycles), while potential markets exist for establishing assembly plants and spare parts for its domestic and regional markets. Under this sector the strategic choices are made in the following areas: Commercialization of Tanzania Automotive Technology Centre (Nyumbu), revamping General Tyre-Arusha, developing a plant for tractors and agricultural inputs at CARMATEC, -Arusha and establishing a motorcycle assembly plant in Dar es Salaam.

(c) Petro, Gas and Chemical Industries

Discoveries of natural gas, soda ash, and other minerals place Tanzania at an increasing comparative advantage in petrol, gas, and chemical industries. The following strategic investments are earmarked under this sector: Construction of a liquefied natural gas (LNG) plant in Lindi, construction of a petro chemical industrial complex in Mtwara, and improvement of the petrochemical laboratory at TIRDO and TEMDO.

(d) Pharmaceutical industries

The interventions under this sector will target the construction, rehabilitation

Box 4.1 Development of Pharmaceutical Industries

The Plan targets pharmaceutical industries because industrial production of health supplies can improve health care, which is necessary for a healthy, productive population. The Plan notes that, local production can enhance access to medicines.

Currently the share of local supplies in the domestic markets is declining, having dropped from 35% in 2009 to less than 20% in 2015, and exports are flat-lining. Thus, even though the East African health supplies market is large and expanding, it has not benefitted locally based manufacturers of pharmaceuticals. There is high demand for items such as: medicines, diagnostic test kits; medical supplies, such as syringes and needles, gloves and cotton wool, infection control items; medical equipment such as microscopes, blood pressure machines, glucometers; laboratory supplies such as reagents and slides; infection control items e.g. disinfectants; bed nets, bed sheets, and medical furniture.

The local share of medicines market is declining due to rising barriers to market entry for local firms; a prohibitive tax structure (on one hand discouraging local production and on the other, encouraging imports); increasing price-based competition from imports, most having been subsidised in their countries of origin; power and infrastructure constraints; skills constraint; delays in registration; and unfavourable procurement procedures. Other challenges facing the firms in this industry include the constant upgrading that is required to meet competitive and regulatory standards; and low quality and availability of locally made inputs.

It is noted that despite these challenges there has been considerable success in the local production and supply of insecticide-treated bed nets, where lessons for revamping the local pharmaceutical industry can be gleaned.

and providing requisite support to strategic pharmaceutical industries including Agave Syrup Factory (sponsored by Public Service Pension Fund (PSPF)) in Tanga.

(e) Building and Construction Materials Industries

These include the following; Ceramics, Cement, and Kisarawe Kaolin.

(f) Coal for Industrial and Household use:

as a source of industrial energy and household fuel to provide an alternative to biomass-based fuel and in so doing also preserve forests.

(g) Iron and Steel.

Emphasis is on development of Iron and Steel technologies from locally available ore deposits and revamping privatized industries.

(h) Agro-Industries and Agro-processing: Adding value to agricultural, livestock, forestry and fisheries products depends on the existence of agro-processing industries in Tanzania. The Plan earmarks the following interventions: Revamping the textile, garment and clothing industries (Box 4.2); establishing leather industries in Dodoma and Singida (Box 4.3); developing edible oils industries. More specifically, the Plan also targets palm oil production at Kimala Misale, Coastal Region; construction of Metal Silos for small holder farmers; establishment of food processing training cum production centres in Morogoro and Dar es Salaam; and sisal processing in Morogoro and Tanga.

(i) Sugar industry:

Tanzania produces about 300,000 tonnes of raw sugar annually, (2014/2015 figures) leaving a demand gap of about 220,000 tonnes to be met through imports. Although there is potential to double production in the medium to long term, the Plan identifies several challenges, which should be addressed. These include addressing low cane yield due to short growing period and over- reliance on rainfall; poor harvesting logistics and governance issues, especially involving out-growers, low priced sugar imports which distort the domestic market thus reducing profitability of millers and out-growers. The Plan takes forward the identified sugar production projects and targets of FYDP I and the Big Results Now Labs.

(j) Edible Oil:

Tanzania spends more that US$ 150,000 annually to import edible oil. Lack of modern mechanical extraction equipment and ineffective way to increase productivity in agriculture has situated Tanzania to rely on imported edible oil. Tanzania has sunflower, cotton, groundnuts, soya beans, and palm, which, with increased production, and productivity can be used to anchor a competitive edible oil industry in the country and regional market. In 2015, the country required 300,000 tonnes of edible oil; 40 percent of which was sourced from within and the rest was imported. The focus in FYDP II is to reduce dependence on imports by increasing domestic edible oil production. This can be achieved through increasing utilization of existing capacity, estimated at 376,000 tonnes per year in 2015 (cotton and sunflower only). The amount of edible oil produced is below 100,000 tonnes annually. Plan interventions include increased research, availability of quality seeds, incentives, deepening of potential value chain on oil seeds.

(k) Food and Beverages:

This sector includes manufacturing, processing, and preservation of meat, fish, fruit, vegetables, oils and fats; manufacture of dairy products; manufacture of grain mill products, starches and starch products and prepared animals feeds; manufacture of other food products (e.g. bread, sugar, chocolate, pasta, coffee, nuts and spices); and the manufacture of bottled and canned soft drinks, fruit juices, beer, and wines. Tanzania is identified as one of the 20 countries in the near future that will offer the most opportunities for consumer goods companies globally, particularly for food and beverages. However, reliable market information is limited and the sector business environment is considered to be one of the most complicated ones. The Plan has set broad strategic interventions to ensure enabling environment, including that which will support the food and beverages sector.

Financing in manufacturing sector: (Tshs billion)

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Manufacturing	2339.12	20991.93	554.01	24256.26	416.439	5736.544	5854.75	5672.554	5429.824

Further elaboration of the interventions and costs in this sub-sector are provided in Annex Table B1.

Box 4.2 Developing Textile, Garment and Clothing Industries

1. Cotton to Clothing (c2c)

Cotton is one of the world's most important raw materials and a stimulus for economic growth and industrialization throughout history. In Tanzania, cotton is grown by between 350,000 and 500,000 smallholder farmers, providing income for some 40% of the Tanzanian population. Cotton regions and their contributions to total cotton production are: Shinyanga (60%), Mwanza (25%), Mara (8%), Tabora (4%), and Kagera (2%) – constituting the Western Cotton Growing Zone. Annual export growth has averaged 9.8 % since the turn of the century. The top five markets for Tanzanian cotton are China (24%), Indonesia (24%), Vietnam (12%), Thailand (11%) and India (9%). Increasing labour costs in most of these countries opens up possibilities for Tanzania to compete in the world market for cotton and textile products. Moreover, in Tanzania the c2c sector has enjoyed considerable growth stimulated by support from the Government and preferential access to American and South African markets for textile and clothing (T&C) products. It is estimated that, the adoption of improved cottonseeds and other crop husbandry in the Lake Zone could lift 302,500 - 600,000 people out of poverty and expand the Lake Zone economy by 4.9% - 12%. With C2C, the impact will be even larger.

However, one of the major challenges facing the industry is poor agronomic practices. Under the current arrangement, extension officers are employed by District Councils (Local Government Authorities) and are deployed to ward level. However, extension services remain poor and inefficient since the officers do not have adequate supportive resources (transport, finance, etc). Moreover, the monitoring processes in this sub-sector are weak. Other challenges include lack of sustainable mechanisms for timely delivery of improved inputs to farmers; low quality of cotton lint; spread of diseases which further reduce yields and quality; and uncertainty over prices, based loosely on international markets, but negotiated each year.

2. Textile and Garment Industry

Textile industry is one of the most labour intensive industries. In 2015 the industry employed directly about 8000 workers in textiles and about 5000 workers in garments in the country. With the right policies, infrastructure and strongly coordinated investment promotion efforts, the industry can create up to 10,000 new jobs and annual exports worth US$1billion from both cotton and synthetic garments in the next ten years. However, the industry faces a number of challenges such as: erratic power supply; endemic smuggling or under-declaration of imported competing fabrics; difficulty in recruiting locally trained personnel; difficulty in sourcing yarn and fabric; customs procedure delays; difficulty in finding new markets and customers; difficulty in diversifying fabric type from traditional only; unsupportive taxation regime; and high cost of work permits as well as limits on authorised stay for foreign experts.

The Government adopted a strategy for the textiles and apparel sector to tackle challenges facing the industry, which have caused persistent decline of the sector. As a key part of the Strategy, a Textile Development Unit (TDU) was established within the Ministry of Industry, Trade and Investment in order to facilitate the development of the required infrastructure, business environment, and requisite skills to drive up investment and stimulate growth of the textiles and apparel sector. Tanzania could be an attractive investment destination for textile and garment industry given its large cotton production, improving port performance, stable government and improving energy supplies. To make this happen, over the period of the Plan, the Government will take the following measures:- (i) Revitalize operating textile firms to increase and diversify production; (ii) promote targeted investments in textiles and garments through establishing dedicated serviced industrial zones; (iii) improve the business environment by clarifying investment incentives, improving customs efficiency (iv) ensuring reliable and affordable power; (v) establish Tanzania's reputation as a preferred sourcing destination, with appropriate environmental, labour and work place standards combined with improving local skills and productivity; (vi) enhance the capability and scale of the small scale industry to provide secondary markets for large firms and to support local entrepreneurs.

Box 4.3 The Leather Sector

Tanzania tanneries industry has a total annual capacity to process 3.6 million hides and 12.8 million skins. The total installed capacity in the country is equivalent to 104 million square feet per year, with actual capacity utilization at around 86 % for hides and 61 % for skins of total annual processing capacity. The Tanzanian tanning industry produces mainly wet-blue leather. Crust and finished leather account for a smaller share of production. There are no tanneries producing high-fashion finished leather. The sector is estimated to employ about 1,000 people directly. It is estimated that, only five small firms produce leather footwear in the country and less than 200 workers are employed in the leather footwear sector (excluding micro / small enterprises employing less than 10 people). There are around 40 micro, small and medium-size enterprises; and two large enterprises, which are involved in the manufacture of leather products and footwear. These account for the entire Tanzanian exports of finished leather. Some of these firms are also vertically integrated in the tanning sub-sector.

Domestic and international markets for leather and leather products are growing. A stable demand for leather from large importing markets (United States, China, etc.) has been a key driver for expansion of the sector in the country. The expanding middle class in emerging countries (Brazil, the Russian Federation, India, China and South Africa - BRICS) add to this demand on Tanzanian leather products which in turn will prompt further expansion of the leather industry.

The leather sector, however, remains weak and most of the exports are in the form of traditional products, such as raw and wet-blue hides. A low degree of product diversification over the last decade reflects weak technology adoption, limited access to finance and a number of supply-side constraints. Challenges facing tanneries are also associated with unproductive investments where investments are made in equipment without a concomitant increased level of production, owing to the inadequate quantities and quality of raw hides and skins (H&S). Tanneries are therefore operating well below installed capacity. Other challenges include growing requirements in terms of environmental compliance and standards, chemical controls (including the Registration, Evaluation, Authorization and Restriction of Chemicals Regulation) and weak customer service when dealing with the delivery requirements of buyers (e.g. grades, timing, etc.). However, the expanding domestic and international markets point to immense investment potential for this sector. Efforts need to be made to increase the domestic supply of raw materials by among others, increasing the capability and scale of the small-scale industry to provide secondary markets for large firms and by supporting local entrepreneurs.

4.2.2 Mining and Metals

Key targets by 2020: Real growth rate of 5.3%; GDP share, 3.2%; share of total employment, 1.9%; share of total exports, 10.4%.

Key interventions

(i) Minerals beneficiation;

(ii) Minerals value addition;

(iii) Establishment of bourses;

(iv) Hire purchase;

(v) Conditional partnerships (foreign-local; large-small);

(vi) Infrastructure support (transportation - rail, road; energy);

(vii) Training and skills development.

Mining has placed Tanzania in the higher ranks of African economies in terms of attracting FDIs. The progressive liberalisation of the economy that began in mid 1980s helped to leverage the role of the private sector enabling it to play a more active role in several sectors and to become a dominant player in some, including mining and tourism. Tanzania is endowed with a variety of industrial minerals and precious metals as well as gemstones. These include iron ore, soda ash, coal, clay soil, uranium, gold, diamond and tanzanite, a rare gemstone so far found only in Manyara region in Tanzania. However, most of these resources are being exported in their raw form without being processed; thus denying the country jobs that would have been created had some of the beneficiation and value addition activities been undertaken in the country; in addition to lower earnings. FYDP II seeks to promote resource-based industrialization in order to add value to these resources that Tanzania is well endowed with. The targets that have been set for mining subsector over the Plan period and beyond are summarized in Table 4.3.

Table 4.3: Indicators and Targets for Mining Sector

S/N	Indicator/Target	2014/15	2020/21	2025/26
1.	Mining Sector			
	Real growth rate (%)	6.9	5.3	4.5
	Share to GDP, current prices (%)	3.4	3.2	4.6
	Total foreign exchange earnings (TShs. billion)	2,621	4,204	12,678
	Of which of raw export (TShs. billion)			
	Of which beneficiated (TShs. billion)			
	Share of foreign exchange earnings (%)	14.6	10.4	12.0
	Of which of raw export (%)			
	Of which beneficiated (%)			
	Share of total employment (%)	1.1 (2014)	1.9	4.5

Interventions that will facilitate the realisation of the targets set for this subsector will mainly comprise of initiatives to facilitate adding value to and beneficiation of mining products as appropriate. Strategic interventions under this sub sector include the following: processing of precious metals and gemstones; putting establishing a caustic soda refinery plant in Engaruka; production of iron ore and steel in Liganga; processing of nickel in Kabanga; and extracting Uranium in Mkuju. Further elaboration of the specific interventions identified towards realization of these targets are further elaborated Annex Table B2.

Financing of Mining sector:(TShs. billion)

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Mining	104.04	3912.3	-	4016.34	808.97	980	980	980	979

4.2.3 Construction

Key targets by 2020: Real growth rate of 9.6%; GDP share, 11.8%; share of Tanzanian companies, 60%; share of total employment, 3.7%.

Key interventions

(i) Strengthening capacity of Tanzanians to participate (hire-purchase; specialized bank; special Financing window;

(ii) Training and field attachments;

(iii) Conditional partnerships (foreign-local; large-small).

Construction is one of the key economic activities in the country and is increasingly growing. The gross value of annual investment into the construction industry has been around TZS 4 trillion in FYDP I period. In terms of value, foreign companies dominate the sector. Foreign contractors account for over 60 per cent of the value even though they constitute less than 10 per cent of registered contractors in the country. Therefore, the Plan will focus on strengthening the participation of domestic companies in order to enable them to get a fair and equitable share in the gains of the anticipated construction boom associated with industrialisation and to ensure that it builds enough capacity to compete in the domestic and ultimately in regional and global construction markets. The interventions are aimed at promoting local Construction companies' participation in the Industry by improving access to equipment and skills development. Targets set for the industry in this regard are as indicated in Table 4.4.

Table 4.4: Performance Indicators and Targets for Construction Sub-Sector

S/N	Indicator/Target	2014/15	2020/21	2025/26
1.1	Average growth rate (%)	13.3	9.6	9.6
1.2	Share of GDP (%)	10.4	11.8	11.8
1.3	Share of domestic companies (%)	40	60	80
1.4	Share in total employment (%)	2.1	3.7	8.7

Specific and details of interventions to be taken towards realization of the set targets are outlined in Annex Table B3.

Financing in the construction sector: (TShs. billion)

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Construction	94.44	50	50	194.44	22.44	70	52	50	

4.2.4 Agriculture

Key targets by 2020: Real growth rate of 7.6%; GDP share, 24.9%; share of total exports, 24.9%; share in total employment, 56.5%.

Key interventions

i. Increased use of modern technologies including ICT and extension services in order to increase productivity;

ii. Lengthening and deepening value chains;

iii. Skills promotion along the value chains;

iv. Commercialization;

v. Quality and standards;

vi. R&D and innovation;

vii. Improved infrastructure (transportation, energy, water supply and irrigation, warehousing including cold chains);

viii. Promotion of producer groups;

ix. Alternative products and promoting marketing;

x. Improved access to financial services;

xi. MSMEs;

The sector of Agriculture remains central to Tanzania's industrialization as it provides markets for industrial products and raw materials for industries. Agriculture employs the majority of Tanzanians, estimated at about 67 percent of the employed population. The performance of agricultural sector, though improved, remains far short of Vision 2025 set targets and objectives. For the Plan period, efforts will be directed at consolidating and further scaling up of the achievements so far recorded, including strengthening agricultural marketing to ensure profitability. Table 4.5 indicates the targets for the sector over the Plan period and beyond. Alongside the revival and strengthening of the aforementioned industries, deliberate efforts will be made to develop out growers to complement the sources of raw materials for the industries as appropriate; upgrading technologies in use and greater application of ICT.

Table 4.5: Agricultural Sector Performance Targets

S/N	Indicator/Target	2015	2020	2025
1.	**Agriculture (Overall)**			
1.1.	Real Growth rate (%)	3.4	7.6	13.1
1.2.	Share of GDP (current prices) (%)	29.7	29.4	32
1.3.	Share of total export earnings (%)	20.4	24.9	36.7
1.4.	Share of total employment (%)	66.9 (2014)*	56.5	41.2
1.5.	Productivity (% growth)	3.3	4.0	4.0
2.	**Crops Subsector**			
2.1.	Average growth rate (%)	4.0	9.5	16.6
2.2.	Share of GDP (current prices) (%)	16.3	16.7	21.4
2.3.	Share of total export earnings (%)	8.8	9.6	14.8
2.4.	Share of total employment (%)	62.5(2014)*	52.7	38.5
2.5.	Hectare under irrigation	461,376(2014)*	700,000	1,000,000
3.	**Livestock Subsector**			
3.1.	Average growth rate (%)	2.2	5.2	8.0
3.2.	Share of GDP (current prices) (%)	7.4	6.0	4.8
3.3.	Share of total export earnings (%)	3.5	4.8	6.3
3.4.	Share of total employment (%)	3.4(2014)*	2.8	2.1
4.	**Forestry**			
4.1.	Average growth rate (%)	5.17	6.85	7.53
4.2.	Share of GDP (current prices) (%)	3.2	3.5	3.0
4.3.	Share of total export earnings (%)	5.9	6.2	6.5
4.4.	Share of total employment (%)	0.2 (2014)*	1.0	2.0

5.	**Fisheries**			
5.1.	Average growth rate (%)	3.1	4.6	6.1
5.2.	Share of GDP (current prices) (%)	2.9	3.3	2.8
5.3.	Share of total export earnings (%)	3.7	4.1	4.0
5.4.	Share of total employment (%)	0.8 (2014)*	1.5	2.0

Crops: The prioritized products are maize, rice, sunflower, pulses, floriculture, cotton, sisal, grape, and simsim. Interventions for acceleration of growth of the sector include: expansion and improvement of irrigation systems; improvement of R&D in crops cultivation; improvement of extension services; improving agricultural land use plans; and enhancing availability of markets. Other strategic interventions include development of Mkulazi Agricultural City, and strengthening of SAGCOT initiative.

Livestock: the prioritized products include Beef, Dairy, Chicken, Hides and Skins. Interventions for acceleration of the sector include among others, increasing availability and utilization of livestock inputs and implements, extension services; improvement of research and training activities in livestock subsector; improving livestock related infrastructure as well as enhancing the availability of livestock markets.

Fisheries and marine resources: the prioritized activities include fresh water fishing, sea and deep sea fishing, fish farming and aquaculture. Interventions for acceleration of the sub sector include, among others, improvement of research and training activities in fisheries subsector; increasing availability and utilization of fisheries inputs and implements, extension services, empowering fishers through subsidies to facilitate fishing activities and strengthening control of fisheries resources and trade of fisheries products in marine and inland waters with better management of the respective environment.

Forestry: Most of the interventions are covered under the section on natural resources and environment management.

Interventions identified for realization of the set targets over the Plan period and beyond are elaborated further in Annex Table B4.

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Agricultural	2989.71	3937.58	2909.43	9101.86	2716.671	2314.986	2298.356	2294.446	2281.296

4.2.5 Trade

Trade and industrialization are basically two sides of the same coin. Industrialization facilitates trade, and trade also facilitates industrialization. Industrializing through trade emphasizes the role and place of trade in fostering industrial development and upgrading along all types of value chains. During implementation of FYDP II, efforts will be directed at increasing contribution of trade to GDP as well as increasing Tanzania's share in World market in a bid to decrease share of imports in total trade hence improve trade balances. This will also entail finding new markets, particularly trading more with EAC, SADC, BRICS and unexplored potential markets. Initiatives have been taken to develop the boarder markets to simplify and formalize trade across the borders. Further, cross border trade will be improved through enabling traders fully utilize the opportunities of the EAC & SADC markets. This will facilitate the expansion of trade and develop Micro, Small and Medium Enterprises (MSMEs).

Key targets by 2020:

Exports to GDP, 22%; Manufactures in total exports, 35%; Services in total exports, 45%; World market share, 0.1%.

Key interventions

(i) Promoting value addition through processing and manufacturing.

(ii) Utilizing abundant and diverse resources including agricultural and mineral resources.

(iii) Increasing volume and value of exportable items;

(iv) Fostering effective trade-induced industrialization;

(v) Increasing exports of services;

(vi) Reducing both volume and value of imports.

Targets for the Trade sector over the period of implementing FYDP II are listed in Table 4.6 below

Table 4.6: Indicators and Targets for the Trade Sector

S/N	Indicator/Target	2014/15	2020/21	2025/26
1.	**Exports**			
1.1.	Share of exports in GDP (%)	19.0	22.0	28.0
1.2.	Share of manufactured goods in total exports (%)	27	35	40
1.3.	Share of services in total exports (%)	40	45	50
1.4.	Share of exports in world market (%)	0.048	0.1	0.15
1.5.	Share of exports to EAC (%)			
1.5.1.	**Of which manufactured goods (%)**	**4.0**	**7.0.**	**10**
1.5.2.	Of which services (%)			
1.6.	Share of exports to SADC (%)	14.2	22	30
1.6.1.	Of which manufactured goods (%)			
1.6.2.	Of which services (%)			
2.	Imports			
2.1.	**Share of imports in GDP (%)**	**27.3**	**32**	**23**
2.2.	Share consumer goods in total imports (%)	18.6	15	12
2.3.	Share of intermediate goods in total imports (%)	29.5	32	23
2.4.	Share of imports from EAC (%)	5.2	7.5	11
2.5.	Share of imports from SADC (%)	5.7	10	10

The interventions proposed here basically aim at improving external balances.

4.2.6 Natural Resources Management, Environment and Climate change

Key targets by 2020: Share of GDP accrued from sustainable utilization of forest, water and marine resources (10%) Proportion of energy derived from renewable green energy (50 %) Increased natural forest cover by130,000 Ha; 100 million trees planted country wide; 60% reduction in charcoal consumption in urban areas, increasing the proportion of districts with climate change and disaster risk reduction strategies to 60%.

Key interventions

(i) Interventions to strengthen natural resource management:

- e) Conservation of natural resources;
- a) Reversing deterioration of aquatic systems for better and healthy ecosystem services as well as human health;
- b) Conserving and sustainably using Lakes, rivers, oceans, seas and marine resources for sustainable development;
- c) Protecting, restoring and promoting sustainable use of terrestrial ecosystems; sustainably managing forests, combating desertification, and halting and reversing land degradation and halting biodiversity loss.
- d) Enhancing community-based natural resource management systems

(ii) Interventions to prevent environmental degradation

- a) Promotion of renewable green energy technologies (biogas, liquefied petroleum gas (LPG), solar energy), as well as geothermal, wind;
- b) Enforcement of environmental impact assessments (EIAs), strategic environmental impact assessments (SEIAs) and other environmental laws

(iii) Climate Change related interventions

- a) Combating climate change and its impacts; by putting more emphasis on emission reduction.
- b) Integrating, harmonizing and coordinating environmentally sustainable policies and strategies for growth in key growth sectors, including climate change adaptation and mitigation;
- c) Mitigating and adapting to climate change, including supporting research programs to improve and develop new technologies, quality seeds, pest control, and agronomic practices e.g. tillage, soils and water conservation techniques and irrigation measures and livestock management practices, information collection and dissemination for early warning;

Tanzania is endowed with rich and diverse natural resources from whence it derives its economic and social livelihood. Managing such resources sustainably is therefore an imperative. Wildlife for instance, is the cradle of Tanzania's burgeoning tourism sector. As such, protecting wildlife will be one of the areas that the Plan will focus on, in order to arrest increasing invasion and encroachment of wildlife habitats. During implementation of FYDP II efforts will be directed at raising the proportion of large projects complying with approved Environmental Impact Assessment (EIA) and audit regulations; having in place participatory climate change adaptation measures at catchment/ water user association level; introducing and adopting crop and livestock varieties suited to adverse conditions brought about by climate change; strengthening climate change projection and early warning and natural disaster response, coordination frameworks. As part of the overall sustainability strategy of this Plan, monitoring environmental quality through use of environmental sustainability index (ESI) will be adopted.

Table 4.7 indicates the implementation targets pertaining to natural resource management, environmental conservation and dealing with climate change.

Table 4.7: Targets for Natural Resources Management, Environment and Climate Change

S/N	Indicator/Target	2014/15	2020/21	2025/26
1.	**Natural Resource Management**			
1.1.	Share of GDP accruing from sustainable utilization of forest, water and marine resources (%), current prices	TBD	10%	20%
1.2.	Proportion of energy derived from renewable green energy (%)	36%	50%	70%
1.3.	Area of natural forest cover (Ha)	240,000	130,000	200,000
1.4.	No. of important natural water sources in the 9 natural ecosystem/water Basins identified and protected	158	1000%	10000%
1.5.	Proportion of operational national programes or sector plans incorporating sustainable production and consumption of environment and natural resources standards (%)	TBC	70%	100%
1.6.	Reduction in incidences of illegal fishing in lakes and marine ecosystems (%)	80%	60%	0%
1.7.	No. of deaths and missing persons affected by natural disasters	3,547	2,837	2,128
2.	**Environment**			
2.1.	No. of ha of commercial forest plantations established	554,000	925,000	1,850,000
2.2.	Reduction in charcoal consumption in urban areas (%)	90%	60%	30%
2.3.	Proportion of large projects complying with approved EIA and audit regulations (%)	TBC	60%	90%
3.	**Climate Change**			
3.1.	Proportion of districts with climate change and disaster risk reduction strategies (%)	0	60%	100%

In general, interventions geared towards the realization of the targets aim at promotion of renewable green energy technologies (biogas, LPG, Solar Energy), climate change adaptation, enforcement of EIA and SEIA; conservation of natural resources and strengthening the contribution of natural resources and products to poverty reduction and economic growth. More details on these interventions are provided in Annex Table B5.

Financing of Natural Resources Management, Environment and Climate Change: (Tshs Bill)

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Environmental and Natural Resources	50	-	133.74	183.66	38.12	37.62	37.93	35.24	34.635

4.2.7 Tourism

Key targets by 2020: Real growth rate of 6.2 %; GDP share, 18.3%; share of total exports, 21.4%; and share of total employment at 12%

Key interventions

i. Aggressive promotion and marketing of Tanzania as a unique tourist destination;

ii. Diversification of tourism products (southern circuit, identification of new areas, heritage tourism);

iii. Infrastructure improvement (roads, airports, sea ports);

iv. Improving training and skills development;

v. Encouraging local tourism; and

vi. Improve enabling environment for tourism sector

Tanzania is the only country in the world that has allocated more than 25 percent of its total area for wildlife and other resources' conservation (National Parks, Game Reserves, Protected Areas, etc.). There are 16 National Parks, 28 Game Reserves, 44 Game Controlled areas, 1 Conservation area and 2 Marine Parks. Tanzania wildlife resources are considered among the finest in the world and have been widely known for many years. Other tourist natural attractions include the sandy beaches north and south of Dares salaam, the Spice Islands of Zanzibar and excellent deep -sea fishing areas at Mafia and Pemba Island. Olduvai Gorge in the interior Rift valley is the site of discoveries of the trace of earliest man. To the tourist, Tanzania also offers interesting culture and art.

Tanzania's tourism industry, which accounts for about 24.0 percent of exports of goods and services continues to be among the key sectors in GDP contribution (17.2%) and in generating foreign exchange. The industry continued to grow in 2014 as exhibited by increase in the number of international tourist arrivals to 1,140,156 from 782,699 recorded in 2010. As a result, tourism earning increased to USD 2006.32 million from USD 1254.50 in 2010. However, there are challenges facing tourism sector as follows: lack of qualified personnel, infrastructure development, lack of diversification of tourism products, inadequate promotion and marketing, lack of specified areas for tourism investment, poor quality of services and low state of technology. These challenges hinder the development of tourism sector in general and the specific interventions outlined in the Plan will endeavour to address these. Table 4.8 outlines the targets set for the Tourism subsector in the period of the Plan.

Table 4.8: Overall Performance Indicators and Targets for Tourism Sector

S/N	Indicator/Target	2014/15	2020/21	2025/26
1.	**Tourism**			
1.1.	Contribution to GDP (%), current prices	17.2	18.3	19.5
1.2.	Real growth rate (%)	1.3	6.2	6.5
1.3.	Number of tourists	1,140,156	1,759,750	2,468,141
1.4.	Average number of nights spent by tourist	10	12	15

1.5.	Average expenditure per tourist per day (non-package/ package) (US$)	201/ 372	300/ 400	400/ 500
1.6.	Employment (number)	1,337,000	1,255,400	1,695,000
1.7.	**Share of total employment (%)**	**12.2**	**12.0**	**11.5**
1.8.	Share of foreign exchange earnings (%)	21.9	21.4	21.1
1.9.	Earnings from tourists (US$ billion)	2	3.6	4.2

Specific interventions geared towards the realization of the targets are as follows: Promotion and marketing of Tanzania's as a tourist destination, diversification of tourism products and services, identification of the areas for tourism investments, infrastructure improvements especially state of roads towards tourist attractions and improvement of training offered in tourism and hospitality Institutes. Details are provided in Annex Table B6.

Financing in Tourism sector:(TShs. billion)

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Tourism	553.82	2953	52.68	3559.5	711.659	714.589	711.86	711.2	710.02

4.2.8 Science Technology and Innovation

Key targets by 2020: Proportion of R&D expenditure in GDP, 1.0%; proportion of R&D expenditure by Public Sector, 68.3%; by Private Sector, (15%); R&D institutions with foreign partner institutions (22); Proportion of science and engineering students in tertiary and higher learning accessing student loans, 56%.

Key interventions

i. Increasing Research and Development (R&D) expenditure;

ii. Government support to private sector R&D;

iii. Public support to universities and research centres;

iv. Securing international scientific and technical cooperation agreements)

v. Promotion of new products, processes, patenting (innovation);

vi. Strengthening STI capabilities (training in related STI disciplines- STEM; infrastructure backbone, increasing ICT application in production; industrial R&D institutions).

Technological change is widely acknowledged as one of the main drivers of long-term growth. Technology change happens in all spheres of human life and different sectors of economies, *albeit*, at different speed. SDGs, particularly goal number 9, place technology change and innovation high on the global development agenda. Implementation of Goal 9 ("build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation") and other goals such as 17 on promoting partnerships, require improved ways of implementation including strengthening research and development (R&D) components.

Technology makes production processes more efficient, thereby increasing the competitiveness of countries and reducing their vulnerability to market fluctuations, structural change, etc. However, if the transition from a labour-intensive to a technology-intensive production frontier is not implemented in a well-guided approach, it can drive masses of labour, especially unskilled, out of their jobs.

Technological change also requires the labour force to be prepared to use increasingly complex machinery and equipment, which widens the inequality between highly skilled and unskilled workers in terms of wage distribution. It is also imperative, that, as countries seek to undertake economic upgrading through technological advancement and innovation, in a bid to reduce the income gaps they have to acquire the necessary capabilities to deal with the adverse impacts of these advancements.

During implementation of FYDP II, emphasis will be on accumulation of internal sciences, technology and innovation (STI) capabilities through investing in human capital, institutions, improving innovation systems and upgrading in industrial clusters and global value chains.

Technological capabilities are expanded in developed countries through tinkering with the frontiers of science and technology and in developing countries by acquiring and adapting technologies created elsewhere.

Table 4.9 indicates the indicators and targets set in tracking the development in this area.

Table 4.9 Indicators and Targets for Science Technology and Innovation Capabilities Development.

S/N	Indicator/Target	2014/15	2020/21	2025/26
1.	**R&D Expenditure**	**0.71**	**1**	**1.5**
1.1.	Share of R&D expenditure in GDP (%)			
1.2.	Total Expenditure (TShs. billion)	40.7	90.2	
1.2.1.	Of which on agriculture (%)	38.6	38.8	40.0
1.2.2.	Of which on manufacturing (%)	TB	40.0	42.8
1.2.3.	Of which on mining, construction & utilities (%)	TB	13.5	10.6
1.2.4.	Of which % on services	7.6	8.5	6.6
2.	**Institutional Technological Capabilities**			
2.1.	R&D expenditure by public sector (%)	58	68.3	72
2.2.	R&D expenditure by private sector (%)	9		
2.3.	Number of qualified researchers	6,355	9,556	12,639
2.4.	R&D institutions with ISO Certifications			
2.5.	R&D institutions with foreign partner institution	11	22	32
2.6.	Number of firms participating in TIUMP	19	80	200
2.7.	Number of firms practicing KAIZEN	42	70	140
2.8.	share of engineers in total tertiary government disbursements for training programmes			
2.9.	Share of creative industry in total employment (%)			
2.10.	Proportion of businesses using high speed mobile internet, 3G (and higher)			

One way of monitoring progress in the interventions will be through "e-Intensity Index".

Financing for Science, Technology and Innovation: (TShs billion)

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Science Technology and Innovation	102.5	162	137	428	85.6	85.6	85.6	85.6	85.6

Details on the specific interventions are covered in Annex Table B7.

4.2.9 Creative Industry

Key targets by 2020: Real growth 13.2%; Share of GDP, 0.7%; share of total employment, 0.2%.

Key interventions

vii. Promoting investments in creative industry (establishment, maintenance, sponsorship etc.);

viii. Protecting works of art (IPRs, patents, copy rights, etc.).

The entertainment industry is one of the rapidly growing tertiary economic activities in Tanzania, attracting massive youth labour force in particular. The industry, sometimes known as show business or show biz, is part of the tertiary sector of the economy and in Tanzania is broadly defined to include a large number of sub-industries devoted to entertainment. In the popular dialect, the term show biz in particular connotes the commercially popular performing artists, especially musical theatre, vaudeville, print, comedy, film, and music, cinema, television, radio, animation, gaming and visual effects, internet advertising, sports other forms of cultural entertains.

Tanzanians, particularly urban dwellers, are increasingly spending more time and money on entertainment and projections for the coming years with a steady growth in their disposable income, suggests entertainment industry in Tanzania and the regional market of East and Central Africa to expand by 12.5 percent annually over the Plan period. The industry is however still at its infancy stage and it needs carefully nurturing to reach its fullest potential. This is a key endeavour in FYDP II. Table 4.10 identifies the performance indicators and targets for the entertainment industry over the Plan period.

Table 4.10 Indicators and Targets for Creative Industry

S/N	Indicator/Target	2014/15	2020/21	2025/26
1.	**Entertainment Industry**			
1.1.	Real growth (%)	12.5	13.2	14.1
1.2.	Share of GDP (current, %)	0.3	0.7	1.0
1.3.	Number of registered training institutions	2	2	2
1.4.	Number of students registered for entertainment industry training education	100	380	900
1.5.	Number of registered individuals engaged in creative industry,	621	1404	2908
1.6.	Number of art groups registered	3252	3894	4545
1.7.	Number of companies registered in creative industry	1184	1484	1975
1.8.	Share of total employment (%)	0.1	0.2	0.4

Financing creative industry (TShs billion)

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Creative industry	344.86	-	-	344.86	0	80.75	80.99	81.03	81.04

Annex Table B8 identifies strategic interventions to be undertaken to promote the entertainment industry in Tanzania over the Plan period.

4.3 Interventions for Human Development

Key targets by 2020: Human Development Index (HDI) value, 0.57; Unemployment rate, 6%; Proportion of population below food poverty line (national average), 5.7%

People's development is the lynchpin objective of any development plan in Tanzania. Industrialization and transformation are the trusted means to the realisation of the central objective of human development. They have to provide expanded freedom of choice for every Tanzanian citizen, in both rural and urban areas, through ensuring access to means of production, consumption and employment opportunities.

The freedom of choice is fostered by education, appropriate skills and health conditions of an individual and society at large. With this understanding, besides interventions in the various production sectors, the Plan seeks to raise both availability and quality of services, social and otherwise, required by an individual and society at large for sustained welfare improvement. In order to ensure realization of these objectives, during implementation of FYDP II human development will be monitored alongside interventions that target specific objectives. Table 4.11 shows indicators that will be used to track progress in human development during implementation of the Plan.

Table 4. 11: Indicators and Targets for Human Development

S/N	Indicator/Target	2015/16	2020/21	2025/26
1.	**Human Development**			
1.1.	Human Development Index (HDI)	0.52	0.57	0.60
2.	**Poverty Reduction**			
2.1.	Proportion of population below Basic Needs Poverty line (National)	28.2 (2012)	16.7	12.7
2.2.	Proportion of population below Basic Needs Poverty line (rural)	33.3	19.7	15.0
2.3.	Proportion of population below basic needs poverty line (urban)	21.7	12.8	9.7
2.4.	Proportion of population below food poverty line (national average)	9.7	5.7	4.4
2.5.	Proportion of population below food poverty line (rural)	11.3	6.7	5.1
2.6.	Proportion of population below food poverty line (urban)	8.7	5.1	3.1
2.7.	Multi-dimension Poverty Index (MPI), Poverty Head Count	64	38.4	29.2
3.	**Inequality**			
3.1.	Income Inequality (National)	0.34	0.34	.34
3.2.	Income Inequality (rural)	0.29	0.29	0.29

3.3.	Income Inequality (urban)	0.37	0.37	0.37
3.4.	Income growth of the bottom 40 % of the population			
4.	**Employment Opportunities**			
4.1.	Unemployment rate	10.3	8.0	6.0

4.3.1 Education and Capability Development

Key targets by 2020:Net Enrolment Ratio: pre-primary, 50%; primary, 100%; secondary, 50%; higher education gross enrolment rate, 6.9%; Proportion of schools with electricity: primary, 30%; secondary, 85%; Percentage of pupils/students passing: Primary 75%; Form Four 90%; Form Six 100%.

Key interventions

i. Improving qualified teacher-pupil/student ratios at all levels;

ii. Improving teaching and learning environment (class rooms, desks, text books, latrines/toilets ratios; boarding for girls; etc.);

iii. Increasing access to student loans at tertiary level;

iv. Expanding use of ICT in teaching and learning at all levels;

v. Improving working environment for teaching staff at all levels (commensurate remuneration, housing in close proximity to work premise.

In this context, education has been referred to as the total process of imparting knowledge and starts at early ages in families, through childhood development, adolescence, to lifelong learning, and inclusive of all social groups. Education and skills development are major inputs to human development in terms of building human capability. Furthermore, education and training are essential for economic transformation by providing skills and generation of technology and workforce that can be deployed to change country's endowments from comparative advantages to competitive advantages. On the contrary, decline in the quality of education has negative implications for human development and reduces the contribution of human capital to growth. Thus, policies towards securing access and improved quality in all levels, i.e. early learning, basic education, vocational and technical, tertiary and high education in an inclusive way needs to be designed in such a way that it becomes a means of retooling human capital to transform the economy in a sustainable manner.

FYDP II addresses the quality of education through interventions that ensure that its provisions are well aligned with, and tailored to meet needs of both the local society and competition in the domestic, regional and global economies. The quality of education delivered depends on two related aspects. It is directly related to the quality of the recipient and is influenced by the teaching and learning environment. Quality of the recipient is determined by the mental health and extent of preparedness, developments of which are crucial during the early 1,000 days of livelihood. At the same time, the teaching and learning environment need to be friendly and enticing to include appropriate teaching materials. The role of teachers in improving the quality of education is crucial and therefore it is vital to improve the professional competencies of teachers and to raise their morale by improving the quality of teaching environment.

Comprehensive early learning is important to prepare children for requisite formal education. The Government recognizes that effective learning at primary level and beyond has its foundation on early child development (ECD), including pre-school learning which children start to be introduced to disciplines and positive attitude towards learning. ECD starts with parents being prepared to be mothers and fathers as well as family bearers; with a vision for and responsibility of fulfilling the aspirations of development and growth of their children. Poor child health at birth, and poor child growth eventually leads to low productivity at adulthood.

Table 4.12 outlines the targets envisaged by the Plan with regard to education and capacity development.

Table 4.12: Overall Performance Indicators and Targets for Education and Capacity Development

S/N	Indicator/Target	2014/15	2020/21	2025/26
1.	**Early Learning**			
1.1.	Gross Enrolment Ratio (%)	36.9	95	100
1.2.	**Net Enrolment Ratio (% of eligible)**	**33.4**	**50**	**95**
1.3.	Pupil/qualified teacher ratio (PTR)	77:1	50:1	25:1
1.4.	% number of qualified teachers	13,600	15,400	17,200
2.	**Primary Education**			
2.1.	Gross School Enrolment Ratio	93.3	100	100
2.2.	Net Enrolment Ratio (% of eligible)	84.4	100	100
2.3.	Percentage of cohort passing PSLE	57	75	90
2.4.	Pupils/Teacher Ratio	43:1	40:1	40:1
2.5.	Pupils/Text Book ratio	3:1	1:1	1:1
2.6.	Pupils/Classroom Ratio	75:1	50:1	40:1
2.7.	Pupils/Latrine Ratio (Boys)	56:1	25:1	25:1
2.8.	Pupils/Latrine Ratio (Girls)	58:1	20:1	20:1
2.9.	Pupils/desk Ratio	4:1	1:1	1:1
2.10.	% of Schools with clean water		40	60
2.11.	% of Schools with electricity	18.3	30	50
2.12.	Transition rate from Std Seven to Form One	55.5	80	100
2.13.	Adult literacy rate	77.9	85	93
3.	**Secondary Education**			
3.1.	Gross enrolment ratio in lower secondary schools (%)	41.7	43	48
3.2.	Net enrolment ratio (% of eligible)	32.9	50	90
3.3.	Pupils/teacher ratio in lower secondary schools by subject	24:1	20:1	20:1
3.4.	Pupils/classroom ratio in lower secondary schools	43:1	40:1	40:1
3.5.	Pupils/latrine ratio in lower secondary schools	29:1	20:1	20:1
3.6.	Proportion of schools with electricity (%)	77.3	85	90
3.7.	Students passing Form IV examination (%)	69.8	80	90
3.8.	Transition rate from Form Four to Form Five (%)	10.5	20	20

4.	**Higher Secondary Education**			
4.1.	Gross Enrolment Ratio (%)	5.7	6.9	10
4.2.	Net Enrolment Ratio (% of eligible)	2.0	4.2	8
4.2.1.	Of which male (%)	1.1	2.2	4
4.2.2.	Of which female (%)	0.9	2.0	4
4.3.	Percentage of students passing Form VI examinations	98.3	100	100
5.	**Higher Education**			
5.1.	Higher education enrolment rate (%)	3.3	6.9	10
5.1.1.	Of which male (%)	2.1	3.6	5
5.1.2.	Of which female(%)	1.2	3.3	5
5.2.	Loan/Grant to science subjects (%)	30	50	70
5.3.	Increase high skills	3	5	12
5.4.	Increase medium skills	13	20	34
5.5.	Low skills	84%	60%	54%

Financing Education sector: (TShs. billion)

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Education	4498.92	19.66	448.61	4967.19	992.94	992.94	994.03	993.6	993.62

Annex Table B8 provides details of the strategic interventions for education.

4.3.2 Skills Development

Key targets by 2020: proportion of working population with: high level skills, 12.1%; middle level skills, 33.7%.

Key interventions

i. Development of appropriate curricular;

ii. Training at different levels of skill requirement such as formal and entrepreneurial;

iii. Extending ICT applicability at all levels of skills training and learning;

iv. Promoting employable skills particularly for youth, women, and people living with disabilities.

Skills Development is about developing a set of abilities, knowledge and attitudes of the national labour force for the purpose of improving productivity, performance and competitiveness. "Skills development" is inclusive of any abilities, which are useful for making a lawful, living. These go beyond those transmitted in education and training programmed for particular occupations. The term is not confined to institutional-based training but also includes industry and labour market training which may occur in different settings covering a full range of applied learning at all skills levels – professionals, technical and vocational.

The 2014 Integrated Labour Force Survey for Tanzania revealed the following as being the main skill gaps or concerns:

(i) Tanzania employees generally have appropriate education qualifications but have, either low levels or lack of soft or behavioural skills, which affect labour productivity negatively;

(ii) About 80 percent of the occupations available, including occupations that will be in demand in next three to five years, are based on science and mathematics related subjects, while pass rates in Form IV and VI were lowest in mathematics and science related subjects;

(iii) Another dimension of the skills gap is with regard to expectations of graduates, where, about 79 percent of graduates aspire for wage employment upon completion of their basic training and only 17 percent consider self-employment, clearly jeopardizing the goal of promoting self-employment, despite the fact that only about 44 percent of graduates get employed in a year;

(iv) There have been growing aspirations to acquire degrees or equivalent qualifications and many institutions responsible for technical/tertiary education have been converted into higher learning institutions with far reaching implications on the balance of ratios between engineers and technicians and artisans.

With the notable skills gap in the country, the approach to skills development during FYDP II will focus on bridging these gaps. Furthermore, FYDP II incorporates ethical formation of the youth through peer learning systems, encouraging young people to take on duties and creating in them a mental and moral behaviour based on virtues. The Plan calls for efforts to inculcate and support soft values of human work, whereby virtues of greater social justice and practice, solidarity and care for others in rendering service and, showing compassion towards those who are less endowed, can be created. The Plan supports interventions beyond vocational education training (VET), which provides the bridge in skills development between primary and secondary school and initiation into adulthood life.

The targets set for skills development in FYDP II are indicated in Table 4.15.

Table 4.15: Indicators and Targets for Skills Development, 2015/16 – 2025/26

S/N	Indicator/Target	2014/15	2020/21	2025/26
1.	**Tertiary Education**			
1.1.	Tertiary gross enrolment rate (%)	3.0	4.5	6.0
1.2.	Annual number of students graduating from tertiary/higher education	40,000	80,000	120,000
1.2.1.	Of whom science and engineering students (%)	30	56	63
1.2.2.	Of whom women/girls (%)			

1.3.	Tertiary and higher learning students with access to student loans	45.6	80	90
2.	**Vocational Training**			
2.1.	Average annual number of graduates from vocational schools	150,000	700,000	1,000,000
3.	**Other Training**			
3.1.	People with skills obtained through informal system learning for six priority sectors (annually)	20,000	200,000	250,000
3.2.	Internship training or graduates at work places (annually)	10,000	230,000	300,000
3.3.	Apprenticeship training for students at work places (annually)	1,000	20,000	30,000
4.	**Skill Levels**			
4.1.	Working population with high level skills (%)	3.6	12.1	12.1
4.2.	Working population with middle level skills (%)	16.6	33.7	33.7
4.3.	Improvement in satisfaction of employers with quality of local employees (%)	44	60	70

Financing skills development:(Tshs Bill)

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Skills development	1073	-	635.54	1708.54	350.588	351.588	351.588	351.588	353.188

Specific interventions proposed for ensuring availability and quality of skilled labor force are annexed as Annex Table B10.

4.3.3 Health

Key targets by 2020: Under five Mortality Rate per 1,000 births, 45; Maternal Mortality Rate per 100,000 live births, 250; life expectancy at birth, 66 years; prevalence of HIV and AIDS, 3%.

Key interventions

i. Strengthening health systems (primary and referral);

ii. Equipping district, regional and referral hospitals with modern equipment;

iii. Training health staff (short and long courses);

iv. Management of Non-communicable diseases (NCDs);

v. Improving working environment for health personnel (commensurate remuneration, housing in close proximity to work premise);

vi. Speed up comprehensive health care, focusing on proactive preventive medicines and timely and effective control of epidemic diseases.

Health is an aspect with many dimensions including home-based care outside the context of everyday usage of the term. While it is an end in itself (e.g. reduced deaths, increased longevity, etc.), providing quality health care ensures that people are fit to participate in productive economic activities. Tanzania has made significant process in reducing child mortality, combating malaria, addressing non-communicable diseases, among others. These gains must be consolidated and sustained. In some areas, e.g. maternal mortality, progress has been slow and more efforts are required. During implementation of FYDP II, emphasis will be on strengthening of health service delivery system with service delivery geared towards improving the health of mothers and children; addressing commonly prevalent illnesses such as malaria and HIV and AIDS and Non-communicable diseases (NCDs) which are major causes of deaths as well as addressing the human resource crisis which constrains provision of adequate health care. Indicators and targets for the development of the health sector over the Plan period and beyond are indicated in Table 4.16.

Table 4.16 Indicators and Targets for the Health Sector

S/N	Indicator/Target	2014/15	2020/21	2025/26
1.	**Health**			
1.4.	Infant Mortality Rate per 1,000 births	43	42	40
1.5.	Under five mortality rate per 1,000 births	67	45	40
1.6.	Births attended by a skilled health worker (%)	51	75	90
1.7.	Maternal mortality rate per 100,000	432	250	220
1.8.	Life expectancy (Years)	61 (2012)	66	70
1.9.	National HIV prevalence rate (%)	5.1	3	1.5
1.10	Access to safe water and sanitation in urban areas (% of total)	86	90	95
1.11	Access to safe water and sanitation in rural areas (% of total)	67.7	80	90
1.12	Share of Government expenditure (%)	8.1	15	15
1.13	People reported to travel a long distance to health services facilities (%)	36	25	15

Financing Health Sector: (Tshs Bill)

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Healthy	6997.36	-	1011	8008.36	1606.166	1601.81	1599.81	1599.31	1600.82

4.3.4 Water Supply and Sanitation Services

Key targets by 2020: Access to safe water in rural areas, 85%; regional centers and Dar es Salaam, 95%. Proportion of rural households with improved sanitation facilities, 75%; regional centres, 50% and Dar es Salaam, 40%. Non-revenue water (NRW) for regional centres, 25%; for Dar es Salaam, 30%.

Key interventions

i. Conservation and protection of water resource, water sources;

ii. Construction of water harvesting infrastructure including rain water harvesting; water points, intake, storage, transmission pipes, distribution networks, water laboratories);

iii. Construction of sewerage treatment plants, storage, treatment ponds, sewer lines;

iv. Rehabilitation of water supply;

v. Rehabilitation of sewerage infrastructure;

vi. Capacity building/skills development of staff at all levels of requirement (harvesting, transmission, distribution, billing).

Water is one of the vital natural resources that touch all aspects of human life; from domestic, agricultural and industrial development to cultural and religious values embedded in societies. In that respect, water is a very important resource for socio-economic development in any country. Availability of adequate clean, safe and affordable water and sanitation services in a country has impact on improving the standard of living of people as well as contributing to economic growth and environmental sustainability through ecosystems regenerations. The Government continues to invest in the development of water resources and increasing affordable access to safe and clean water as part of a broader development strategy. In this regard, various interventions aimed at protecting and conserving natural ecosystems as water sources are considered in FYDP II in line with efforts to ensure efficient utilisation of water resources for agriculture, industry and improving access to water supply and sanitation services in rural and urban households.

The Government is as well cognisant that meeting these objectives calls for huge investments in water supply infrastructure in both rural and urban areas. Added to this, are increasing multi sector demands, environmental and water resources degradation (due to pollution, over extraction, poor land use practices and encroachment of land for agriculture, urbanization and industrial development) all of which increase pressure on water resource. Therefore, aspirations of increasing water supply services for domestic, industrial, irrigation and other socio-economic needs have to be accompanied by increased investments in water sources and resources management in order to ensure that water resources are available and utilized in an environmentally sustainable manner.

Although commendable gains were recorded in the past first five years, a lot more is needed to ensure that the majority of Tanzanians have access to clean, affordable and safe water within 400 metres. The challenges are surmountable, as was highlighted in Chapter two of this document. In 2015, a total 21.8 million people (equivalent to 72 percent) and 86 percent of people living in urban centres, about 72 percent in Dar es Salaam had access to safe and clean water services. Table 4.17 summaries the targets to be achieved.

Table 4.17 Indicators and Targets for Water and Sanitation

SS/N	Indicator/Target	2015/16	2020/21	2025/26
1.	**Water and Sanitation**			
a.	Rural population with access to piped or protected water as their main source (%)	72	85	90
b.	Proportion of the households with improved sanitation facilities in rural areas (%)	25	75	85
c.	Population with access to piped or protected water as their main source in regional centres (%)	86	95	100
d.	Households connected to convention public sewer systems in regional centres (%)	20	50	70
e.	NRW for regional centres (%)	37	25	20

f.	Population with access to piped or protected water as their main source in district capitals and small town areas (%)	60	70	85
g.	Dar es salaam population with access to piped or protected water as their main source (%)	72	95	100
h.	Household connected to conventional public sewer systems in Dar es Salaam (%)	10	40	60
i.	NRW for Dar es Salaam (%)	47	30	25
j.	Number of water sources demarcated and gazetted for protection and conservation	59	161	250

Financing water sector: (Tshs Bill)

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Water sub sector	2477.1	-	3517.59	5994.649	1198.98	1199	1199.528	1199.141	1198

Annex Table B12 provides detailed strategic interventions.

4.3.5 Urban Planning, Housing and Human Settlements Development

Key targets by 2020: Number of regularised properties in unplanned settlements, 400,000; Proportions of villages with Land use plans, 20%; Percentage of property tax payers, 40%; serviced urban settlements with functioning town planning procedures, 25%.

Key interventions

i. Formalization of (informal) settlements;

ii. Increased revenue from new sources (buildings, basic infrastructure including for water and sewerage; especially for LGA's own source revenue);

iii. Implementing Integrated Land Management Information System (including establishment of land bank);

iv. Institutionalizing Land use conflict solving framework;

v. Developing satellite cities including secondary townships.

Tanzania's urban areas and cities are characterised by low levels of productivity. Moreover, most of the enterprises in urban areas are small, informal, and are usually bypassed by the benefits associated with the process of urbanisation due to low urban density and limited trickle down effects of urbanisation economies. As such, inadequate urban infrastructure and basic services constrain the potential economic benefits to be derived from the growth of cities due to disconnections between people, industries, and markets.

FYDP II is informed by the fact that the majority of Tanzanians will continue to live in urban areas in the foreseeable future and therefore has designed interventions to enable Tanzania to capitalize on this and develop thriving, efficient cities that function well by providing people and firms with quality basic services, including providing productive job opportunities. Without such interventions, Tanzania risks having poor quality urbanisation, which will leave Tanzania with a poorly planned and serviced cities. The strategic direction of FYDP II is to ensure that, increasingly, Tanzania is characterized by planned and serviced urban settlements with functioning town planning procedures, including improved solid and liquid waste management, use of sustainable transport and cleaner energy. The Plan also addresses critical implications of rapid urban population growth on settlements.

Achievements of these objectives will be monitored through the indicators and targets outlined in Table 4.18.

Table 4.18: Indicators and Targets for Urbanisation, Housing and Sustainable Human Settlements

S/N	Indicator/Target	2015/16	2020/21	2025/26
1.	Number of Towns with up-to-date general planning schemes (Master Plans)	-	25	45
2.	Number of regularized property in unplanned settlements	380,000	480,000	670,000
3.	Number of property owners in unplanned settlements with residential licenses	230,000	300,000	420,000
4.	Land covered by informal Settlements (%)	66	50	40
5.	Population Density from the CBD (people per sq. km)	20,000	40,000	60,000
6	Household Density (Houses per hector in peri-urban areas)	20	30	50
7.	Average number of persons per sleeping room	2.7(2014)*	2.5	2.0
8.	Households which own houses they live in*(%)	76.4(2014)	77	79
9.	Land surveyed (%)	11	20	50
10.	Villages with land use plans (%)	12	20	30
11.	Number of allocated plots	952,516	2,952,516	4,952,51
12.	Number of allocated farms	5,078	5,400	6,000
13.	Land demarcated for industrial use (%)	1.8	5	10
14.	Land demarcated for commercial use (%)	2.6	4	5
15.	Property tax payers (%)	20	40	60

Financing Urban Planning, Housing and Human Settlement: (Tshs Bill)

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Urban Planning, Housing and Human Settlement	3621.96	-	-	3621.96	724	724.3	725.09	724.29	724

Annex Table B13 provides details on the strategic interventions.

4.3.6 Food Security and Nutrition

Key targets by 2020: Food Self Sufficiency Ratio (140 percent); prevalence of stunting in children aged 0 – 59 months, 28%; prevalence of anaemia among women of reproductive age, 30%; Prevalence of vitamin A deficiency among children aged 6 – 59 months, <25%.

Key interventions

i. Early Childhood Development;

ii. Training of health services providers especially community workers;

iii. Knowledge building on importance of food security and nutrition (families);

iv. Institutionalizing monitoring and tracking system at LGAs level for nutrition.

The immediate causes of malnutrition, which are diseases and inadequate quality food, are exacerbated by poor maternal and childcare practices and inadequate access to health care. The malnutrition-infection relationship is the most obvious and understood with inadequate dietary intake causing weight loss and hence growth faltering and hence vulnerability to infections and morbidity. Diseases also alter metabolism, nutrient absorption and loss and lack of appetite, hence weight loss, growth faltering and hence malnutrition.

Poor nutrition affects health outcomes and vice versa. Poor nutrition affects health outcomes, with micronutrients deficiencies depressing the immune system, poor pregnancy outcome and susceptibility to infections, and severity of infectious diseases. Poor health affects nutrition outcomes with infections resulting in micronutrient deficiencies, depleting of body nutrient stores, suppressing appetite and limiting the ability of a woman to care for a child. However, improved nutrition contributes to reduction of extreme poverty; improves educatability of children; reduces gender inequality; further reduces child deaths, contributes to reduction of maternal mortality and reduces the risk of developing communicable and non-communicable diseases and enhances recovery from illness.

Interventions to scale up improved nutrition outcomes include; breastfeeding, promotion and support, complementary feeding promotion and support, hand washing and hygiene behaviours, Vitamin A supplementation de-worming, therapeutic zinc, iron and folic acid (for pregnant women), multiple micronutrient powders, prevention and treatment of severe and moderate acute malnutrition.

The identified interventions will: reduce micronutrient deficiencies among vulnerable groups, reduce prevalence of anaemia in pregnant and lactating women and children 0-24 months, achieve optimal breastfeeding and complementary feeding practices (increase EBF rates), reduce low birth weight, moderate and severe wasting (impacting on morbidity and stunting levels). These interventions will involve capacity development of health technical staff to deliver on selected interventions coupled with strengthened, strengthening facilities and monitoring systems for effective nutrition and health outcomes. Targets for the proposed interventions are presented in Table 4.19.

Table 4.19: Indicators and Targets for Food Security Interventions

S/N	Indicator/Target	2015/16	2020/21	2025/26
1.	Food Self Sufficiency Ratio			
2.	prevalence of stunting in children aged 0 – 59 months	34.7 %	28%	15%
3.	Wasting (weight for height) of Under-fives	3.8	<5	<5
4.	Prevalence of anaemia among women of reproductive age (haemoglobin concentration <11g/dl)	40%	30%	20%
5.	Proportion of households accessing adequately iodized salt	64%	80%	90%
6.	Prevalence of Low Birth Weight (LBW) among Children (Out of 53 delivered in a health facility)	7%	5.7%	3.99%
7.	Rate of EBF	41.8	50%	60%
8.	Prevalence of vitamin A deficiency among children aged 6 – 59 months (serum retinol level < 20 µg/dl)	33%	<25%	<20%

Financing Food Security and Nutrition: (TShs. billion)

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Food and nutrition	254.54	23.31	407.8	685.65	161.88	161.88	161.98	162.88	161.68

Annex Table B14 provides details on the strategic interventions for food security and nutrition.

4.3.7 Social Protection

Key targets by 2020: Coverage of health insurance scheme, 50%; coverage of the social security scheme, 40%.

Key interventions

- M&E framework for tracking vulnerability;
- Mobilizing resources (financial and human) for health insurance;

- Promoting and protecting human rights for all, and particularly poor and PLDs.

Social protection interventions fall into four major areas: (i) social security which includes health insurance, pensions and unemployment benefits, (ii) social assistance, which includes interventions provided to the poor and vulnerable groups including people with disabilities to address lifecycle risks, (iii) productive inclusion; with interventions aimed at enabling individuals to engage more productively in livelihoods and employment. They include agricultural input subsidies, public works, financial inclusion programs, livelihoods and youth development programs, and (iv) social services, which are benefits and facilities provided by the Government and private sector to build the human capital foundation of long-term prosperity.

Social Protection is part of the larger agenda of FYDP II, in terms of reducing poverty; addressing social and economic risks, deprivation and vulnerability; protecting human rights and improving capabilities and labour market results. Table 4.20 shows some of the proposed targets for the realization of the Plan with regard to social protection.

Table 4.20: Indicators and Targets for Social Protection

S/N	Indicators	2015/16	2020/21	2025/26
1.	Coverage of health insurance scheme (%)			
2.	Coverage of the social security scheme (%)	34.7 %	28%	15%
3.	Youth in vulnerable employment (%)	3.8	<5	<5
4.	Proportion of children with disability attending primary school (%)	40%	30%	20%
5.	Children aged 5-17 engaging in child labour (%)	64%	80%	90%

Financing of Social Protection:(TShs. billion)

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Social protection	493.4	-	404.69	899.09	179.802	179.802	679.802	679.802	675.802

Annex Table B15 provides details on strategic interventions on social protection.

4.3.8 Good Governance

Key targets by 2020: Number of corruption cases convicted as a percentage of total number of investigated cases sanctioned for prosecution (23%); Proportion of births registered within 90 days after birth (90%); proportion LGAs posting public budgets, revenue and actual expenditures on easily accessible public notice boards (100%).

Key interventions

i. Ensuring systems and structures of governance to uphold the rule of law and are democratic, effective, accountable, predictable, transparent, inclusive and corruption-free at all levels;

ii. Improving public service delivery to all, especially the poor and vulnerable, including access to justice;

iii. Promoting and protecting human rights for all, particularly for poor women, men and children, the vulnerable groups;

iv. Ensuring national and personal security and safety of properties;

v. Promoting and preserving culture of patriotism, hard work, moral integrity, and self-confidence.

The Government of Tanzania has continued to accord high priority to governance and accountability as means of tackling mismanagement of public resources, corruption, poor service provision, tax evasion, and unnecessary bureaucratic snags, which have negative impact on the achievement of developmental objectives. Realization of such objectives and targets of the Plan, therefore, hinges on the existence of good governance and effective accountability. These are essential elements to ensuring good use of resources, effective participation of the private sector in developing industries and enterprises that spur economic growth and creating jobs, and effective participation of citizens in demanding accountability and respecting the rule of law. While governance covers broad spectrum of areas, this FYDP II focuses on key components considered necessary for achieving its main objectives. These are (i) Effective use of the rule of law (ii) Enhanced democracy, political and social tolerance (iii) peace, security and political stability (iv) Good corporate governance, and (v) Developmental role of state in economic governance[1].Table 4.21 summarizes some of the envisaged targets to the realization of the Plan with regard to good governance.

Table 4.21 Indicators and Targets for Interventions Related to Good Governance

S/N	Indicator/Target	2014/15	2020/21	2025/26
1.	Number of corruption cases convicted as a percentage of total number of investigated cases sanctioned for prosecution	10.39	23	33
2.	Country Policy and Institutional Assessment (CPIA) transparency, accountability, and corruption in the public sector rating (1=Low to 6=High)	3.8	4.0	4.5
3.	Proportion of births registered within 90 days after birth	6.04	90	95
4.	Seats of Women in Parliament (% of total)	36.5	44	50
5.	Proportion LGAs posting public budgets, revenue and actual expenditures on easily accessible public notice boards	86	100	100

Financing Good Governance: (TShs. billion)

SUBSECTOR	GOVT.	PRIV.	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Good Governance	2095.93	-	70.81	2166.74	433.232	433.232	433.232	433.808	433.232

Annex Table B16 presents details of the strategic interventions for good governance.

For a broader assessment of governance and accountability across the government, including LGAs, new indicators are introduced. A baseline study will be conducted to establish the status quo and will be part of the monitoring framework for FYDP II. The new indicators are as follows:

1 The use of "state" here refers to the government and public institutions responsible for public administration, regulations, and provision of economic and social services

i) Percent of court cases that have not been disposed of for more than 24 months as a percentage of all court cases (criminal and civil cases);

ii) Proportion of population reporting to be satisfied with delivery of basic government services;

iii) Percent of those contacting a service provider that paid a bribe, by sector (Lands, Education Health, Judiciary systems, Police, Tax administration) within the last year; and,

iv) Percent of villages that have functioning village office (Functioning village office refers to an office that has a physical address comprising at least a room, a meeting space, a filing system, basic office furniture such as desk and chairs; basic office materials such as pens, paper and envelopes; and a wheather proof notice board to which the public have ready access to).

4.4 Enabling Environment

Recognition of the important role of the private sector in the implementation of FYDP II underscores the importance of an enabling environment for establishment and operation of enterprises. Time tested factors that are key in creating an environment in which enterprises thrive include: a stable macroeconomic environment; availability of land for investments; availability of basic infrastructure and quality services (e.g. availability of reliable and affordable energy and transport services); a pool of labour with skills commensurate with the requirements of the envisaged industrialisation path; availability of long-term development financing; effective institutional framework of R&D; development of STI and ICT as anchors for industrialization and competitiveness; continuous strengthening of the environment for doing business; and smart intervention by the state in and as required to enhance realisation of priority projects, informed by, among other things, strategic, continuous engagement with the private sector regarding developments pertinent for the implementation of the Plan.

This section dwells on interventions that ensure a stable macroeconomic environment, availability of requisite infrastructure and related services and improved environment for doing business. Some of the issues have been addressed in previous sections (e.g. skills and STI), and some will be addressing in subsequent Chapters such as Financing (5).

4.4.1 Macroeconomic Stability

Key targets by 2020: Real GDP growth, 10.0% with per capita GDP of US$1500 current prices; inflation rate contained at 5%; domestic revenue to GDP ratio at 19 percent; Nominal Exchange Rate (TZS/USD 1), 2,185.62.

Key interventions

i. Pursuing and sustaining non- inflationary/ prudent fiscal and monetary policies such as restricting budget deficit and bank borrowing;

ii. Strengthening productive capacity in order to meet the challenges of imported inflation;

iii. Ensuring preparedness in addressing exogenous shocks such as increases in oil prices, food, currency volatility;

iv. Addressing the import side prudently in order to reduce the import bill. Interventions in this area relate to promoting consumption of locally produced goods and services to out-compete imports, and curtailing dumping of imports, such as counterfeits known to be of poor quality and in some cases unfit for human consumption;

v. Strengthening external market opportunities, especially regional, in order to create more export opportunities;

vi. Strengthening economic diplomacy at regional and global levels;

vii. Undertaking export drive, including aggressiveness in transit trade and trade logistics for regional and global markets;

viii. Pursuing prudent foreign exchange operations;

ix. Conducting Bank of Tanzania's Open Market Operations in a prudent manner;

x. Deepening financial sector reforms through full implementation of Financial Sector Reform Programme;

xi. Implementing measures that minimize borrowing risks (such as through insurance schemes), especially in strategic sectors such as agriculture and MSMEs;

xii. Improving revenue yield out of expected recovery of both global and domestic economies through improving efficiency in tax administration;

Besides infrastructure and other regulatory frameworks, sustainable economic growth requires a stable and predictable macroeconomic environment. This environment includes fiscal policy, domestic sterilization, exchange rate management and consistency in the various elements of the macro policy framework. Macroeconomic stability requires interventions, which address balance in fundamental macro variables such as inflation rate, exchange rate, interest rate, balance of payments, fiscal deficit and external debt as well as promotion of external trade. Effective management of both demand side and supply side can ensure stability.

Targets and indicators for the macroeconomic stability and related variables are shown in Table 4.22.

Table 4.22: Targets and Indicators for Macroeconomic Stability

S/N	Indicator/Target	2015/16	2020/21	2025/26
1.	**Economic Performance**			
1.1.	Economic Growth, real (%)	7.0	10.0	10.3
1.2.	Per capita GDP, nominal (US$)	1005	1500	2567
2.	**Monetary Policy**			
2.1.	Inflation (%)	5.1	5	5
2.2.	Nominal Exchange Rate (TZS/USD 1)	1985.39	2185.62	2686.62
2.3.	Foreign Exchange Reserves (months of imports)	4.8	4.0	4.0
2.4.	Current account balance as % of GDP	-7.35	-20.78	-18.06
3.	**Fiscal Policy**			
3.1.	Budget (TShs. billion)	14,604	32,663	62351
3.1.1.	Of which recurrent (%)	74.5	67.2	59
3.1.2.	Of which development (%)	25.4	32.8	41
3.1.3.	Of which allocated to RS and LGAs			
3.2.	Total Revenue Collection (TShs. billion)	10958	35168	86434

3.2.1.	Of which Tax revenue (%)	90.27	93.2	93.2
3.2.2.	Of which non-tax revenue (%)	9.72	6.8	6.8
3.2.3.	Of which revenue from RSs and LGAs (%)			
3.3.	Total revenue to GDP (%)	14.3	18.3	18.5
3.3.1.	Tax revenue to GDP (%)	12.1	17.1	17,3
3.3.2.	Non-tax revenue to GDP (%)	1.5	3.1	5.0
4.	**Finance**			
4.1.	Finance (domestic vs. external)			
4.2.	Population with bank accounts (%)			
4.3.	Firms with bank accounts (%)			
4.4.	Share of loans to private sector in (GDP) (%)	17	59	70
4.5.	Interest rate spread	5.64	5.81	7.4

4.4.2 Provision of Adequate Infrastructure and Services



Key targets by 2020: Infrastructure (Position in Global ranking out of 189 countries), 102, with roads ranking at 106 and railways at 84; electricity generation of 4,915 MW; electricity – national grid length 9511 km; electricity – per capita consumption 377 KWh; Proportion public institutions connected to e-Government, 100%.

Key interventions

i Improving availability and reliability of electrical power, particularly in both rural and urban areas;

ii Construction and rehabilitation of railways, roads, bridges, ports, airport infrastructures;

iii Acquisition of new air and water crafts to revamp air and marine transportation;

iv Equipping SEZ, EPZs industrial parks and logistical/centres with the requisite infrastructure and other pertinent logistical services to facilitate establishment of viable production units for goods and services, mainly by the private sector.

Expansion and modernization of infrastructure – energy, railways, water ways, water supply, ICT, etc.; rural roads to support agriculture; seaports, airports, railway systems, are needed in order for the country to realize its full potential for accelerating growth and increasing incomes. Table 4.23 shows the indicators and targets for monitoring performance in terms of infrastructure development.

Table 4.23: Performance Indicators for Infrastructure and Services Development

S/N	Indicator/Target	2014/15	2020/21	2025/26
1.	**Infrastructure (Position in Global ranking, out of 189 countries)**	**102**	**102**	**100**
2.	**Roads**			
2.1.	Road position in global ranking	112	106	102
2.2.	Proportion of paved roads in total road network (%)	6.8	10	15
3.	**Railways**			
3.1.	Railway position in global ranking	88	84	78
3.2.	Length in Km of standard gauge	0	1,341	2,000
4.	**Ports**			
4.1.	Ports position in global ranking	106	100	98
4.2.	Cargo freight ('millions of tons per year)	15.4	28	84
4.3.	Share of total foreign exchange earnings (%)			
5.	**Electricity**			
5.1.	Electrical Power (generation in MW)	1501	4,915	10,000
5.2.	Electricity – Regions connected to national grid	19	23	26
5.3.	Electricity – national grid length (in km)	4901	9511	13,165
5.4.	Electricity – Per capita consumption (KWh)	108	377	490
5.5.	Reduced Power losses (%)	19	14	12
6.	**Telecommunication**			
6.1.	Population with access to telephone services (%)	57.29	66.64	80
6.2.	Population using internet (%)	22	66.64	80
6.3.	Proportion public institutions connected to e-Government	30	100	100

In order to achieve these targets, the following interventions will be made:

(a) Power

Increasing power generation by 2,899.3 MW from a mix of fuel sources – gas, hydro, geothermal, wind and coal; enhancing power transmission by constructing 3,119.3 km of 400 kV and 549 km of 220 kV in various parts of the country; enhancing rural electrification; and improving power distribution for Arusha, Dar es Salaam and Mwanza Cities.

(b) Railways:

Construction of the central railway line to Standard Gauge; Mtwara – Mbamba bay and braches to Mchuchuma to standard gauge; and Tanga - Arusha - Musoma railway.

(c) Roads

Dar es salaam - Chalinze - Morogoro Express way, (200 km); Arusha - Moshi - Himo (105 km); Kidahwe (Kigoma) - Ilunde - Malagarasi – Kaliua, (88km); Itoni – Mkiu – Ludewa – Manda (211.42 Km); Bagamoyo – (Makurunge) – Saadan – Tanga, (178km)

(d) Special Economic Zones (SEZs) and Export Processing Zones (EPZs)

Development of Special Economic Zones and Export Processing Zones will be given priority as a means of promoting investments and trade in industrial activities and products. The following are the identified priority SEZs/EPZs: Bagamoyo SEZ, Kurasini Logistic Centre, Mtwara SEZ (free port zone), Kigoma SEZ, Tanga SEZ, Ruvuma SEZ, Dodoma and Manyoni SEZ (See also Annex AI).

(e) Industrial Parks

Development of industrial parks is aimed at facilitating industrial development. Industrial parks will be developed in the following areas: Tanga-Kange, Kilimanjaro Machine Tools Company (KMTC), Mtwara, Lindi, Songea, Sumbawanga, Dodoma, Kagera, Mara, Manyara, Njombe, Katavi, Geita, Simiyu, Shinyanga and Morogoro. (See also Annex AI).

(f) Industrial Parks targeting MSMEs

This sector is very important for the development of the industrial sector and for creating jobs particularly for the youth. Therefore, facilitation of this sector will be done through the development of parks. Strategic interventions are as follows: industrial parks infrastructure will be developed in regions of Mtwara, Lindi, Songea, Sumbawanga, Dodoma, Singida, Shinyanga, Kagera, Mara, Manyara, Njombe, Katavi, Geita, Simiyu and Morogoro (See also Annex AI).

It should be noted that with the exception of the projects under Flagship category, implementation of Special Economic Zones, Export Processing Zones, and Industrial Parks will focus on acquisition and setting aside land and government laying out primary facilitating infrastructure and facilities such as roads, electricity and water supply, warehouse facilities.

4.4.3 Ease of doing Business

Key targets by 2020: Ease of Doing Business (Global Ranking) 100/189 of which ranking in getting credit, 113/189; Time to export, between 12 and 15 days with only 8 documents required for exporting.

Key interventions:

(i) Enhancing measures to promote conducive and enabling business environment in line with the roadmap and reduction in the cost of doing business, including business environment, legal and regulatory reform, easing registration and license requirements in order to promote both domestic and foreign investors (amend laws, simplify regulations, improve the workings of courts and land registries);

(ii) National and regional measures that support business and reduction in the cost of doing business; legal and institutional reforms as well as promotion of public-private partnerships nationally and regionally;

(iii) Enforcing Property Rights and legal instruments;

(iv) Ensuring availability of start up capital.

Over the past 5 years, Tanzania has improved its business regulatory landscape and that has been able to create a relatively conducive environment for investments. However, more needs to be done, especially since the 2016 edition of Doing Business Report issued annually by the World Bank indicates that Tanzania is slipping down the ranks with declining global ranking on most key business environment indices. The decline in global rank suggests that in relative terms other countries have been doing much better compared to Tanzania. As such, future undertaking to improve business environment for Tanzania, requires a new and more effective approach, targeting the specific factors that cause such less satisfactory performance in the respective indicators. Table 4.24 indicates the targets in the Plan that are to be achieved. The indicators are directly related to factors that influence Doing Business Ranking.

Table 4.24: Targets and Indicators for Improving Performance in Ease of Doing Business

S/N	Indicator	2015/16	2020/21	2025/26
	Ease of Doing Business			
1.1.	Ease of Doing Business (Global Ranking)	139/189	100/189	95/189
1.1.1.	Staring Business	129/189	111/189	91/189
1.1.2.	Dealing with Construction Permits	126/189	100/189	87/189
1.1.3.	Getting Electricity	83/189	44/189	29/189
1.1.4.	Registering Property	133/189	94/189	55/189
1.1.5.	Getting Credit	152/189	113/189	100/189
1.1.6.	Protecting Investors	122/189	83/189	40/189
1.1.7.	Paying Taxes	150/189	121/189	92/189
1.1.8.	Trading Across Borders	180/189	141/189	102/189
1.1.9.	Enforcing Contracts	64/189	25/189	14/189
1.1.10.	Time to export		12 to 15 days	12 to 15 days
1.1.11.	Cost to export (US$)		1,009	600 –800
1.1.12.	Documents to export	11	8	<5

Further details on the specific interventions to improve Tanzania's global position on the indices for doing business are outlined in Annex Table B17-B19.

4.5 Flagship Projects of the Plan

Out of the interventions that will be undertaken in the four broad priority areas of the Plan, a few flagship projects have been identified and singled out. These are projects, which are deemed critical and/or their implementation has large positive multiplier effects to the rest of the economy and particularly for the areas that can catalyse the aspired transition towards Tanzania's industrialization and socio-economic transformation. It is anticipated that their implementation will yield clear, and in some cases rapid tangible positive results in relation to the set objectives and targets of the Plan. As such, the choice of these projects is based on their potency to propel Tanzania's supply structure to a higher level of growth, sophistication and competitiveness. This in turn will make it possible for Tanzania to effectively align with and benefit from the evolving market dynamics nationally, regionally and globally. In addition, the selected flagship projects fulfil the basic criteria for selection outlined in Chapter 3.

It should be noted that some of the interventions outlined in the Plan are packaged and aligned along development corridors, zones and clusters to provide investors with economies of conglomeration with the coordination and sequencing of their implementation done strategically to spur synergies, complementarities, and high impact and to facilitate proper strategic sequencing of the interventions such that each set of required interrelated interventions/activities is completed at the appropriate time for maximum utilisation and impact. Some the selected flagship projects are located in such corridors/ zones/clusters. Such Flagship Projects are listed within their respective corridors/clusters/zones. The seven Flagship Projects under FYDP II are delineated here under:

4.5.1 Stand alone Flagship Projects

(1) Reviving the national air carrier.

(2) Mass training for development of rare and specialized skills for industrialization and human development and fostering science, technology and innovations. Some of the interventions earmarked in this project include:

a) Completion and operationalization of Mlonganzila and Dodoma Schools of Medicine;

b) Strengthening the training and scholarship provision fund for scientists, engineers and other rare professionalisms; and

c) Increasing budget allocation for research and development activities.

4.5.2 Flagship Projects associated with Development Corridors

I. Development of the Central Development Corridor, with it comprising the following projects:

a) Construction of a new Central Railway Line to Standard Gauge

b) Development of the proposed new Bagamoyo Port;

c) Expansion and modernisation of the Dar es Salaam, Mwanza and Kigoma Ports;

d) Establishment of Special Economic Zones in Bagomoyo, Kigoma Ruvuma and Mtwara;

e) Establishment ofthe Kurasini Trade and Logistics Centre,

f) Establishment of Dodoma Trade and Logistics Centre,

g) Establishment of the Agricultural City of Mkulazi; and

h) Development of Machinery and Automotive Assembly Industries.

II. Development of the North-West Corridor of Tanga, with which the following projects have been identified:

a) Expansion and modernization of Tanga Port;

b) Development of Tanga Special Economic Zone;

c) Rehabilitation and revitalization of operations in the Ruvu –Tanga – Moshi spur of the Central Railway Line;

d) Construction of the Arusha – Musoma Road;

e) Construction of the Lake Albert (Uganda) – Tanga oil-pipeline; and

f) Soda Ash Refinery and development of associated chemical and glass sheet industries.

III. Development of the Mtwara Development Corridor, involving the following projects:

a) Coal and Iron Ore Mining and Iron and Steel Complex Plant (Mchuchuma and Liganga);

b) Preparatory works for the construction of Liquefied Natural Gas Plant;

c) Expansion and modernization of Mtwara Port;

d) Mtwara Petrochemical Special Economic Zone;

e) Preparatory works for establishment of the gas-based Fertilizers Plant

f) SAGCOT

g) Preparatory works for construction of Mtwara – Liganga - Mchuchuma Railway Line to standard gauge.

4.6 Expected Outcomes

Adherence to the implementation performance indicators indicated above and realization of specific sector interventions as elucidated in the respective Tables under Annex A I are expected to yield the outcomes pertaining to economic growth and economic transformation as well as social wellbeing delineated hereunder. It is expected that some of these outcomes will be realised in the intermediate period, while some will be realised towards the end of the implementation period.

Economic growth and transformation	
i)	Annual economic growth rate increasing from 7.0 percent realized in 2015 to 10.5 percent by 2021;
ii)	GDP per capita increasing from US$ 1,043 attained in 2014 to US$ 1,500 in 2021; nominal terms
iii)	Improved environment of doing business thus FDIs projected to surge from US$ 2.14 billion in 2014 to over USD 9.0 billion by 2021;
iv)	Government annual tax revenue collection rising from 12.1 percent of GDP in 2014/15 to 17.1 percent in 2020/21;
v)	Electrical power generation capacity increased from 1,501MW available in 2015 to 4,915MW by 2020 and correspondingly connectivity to electrical power improved to 60 percent of population in 2020 as compared to 36 percent in 2014/15;
vi)	Manufacturing exports increasing from share of 24% to 30% in 2020 out of total country's exports;
vii)	Improved food self sufficiency by grain equivalent, sugar, and edible oils from 125 to 135, 70 to 110 and 40 to 70 percents in 2014 and by 2020 respectively;
viii)	Self sufficiency in uniform supplies (cloths and shoes) to the armed forces and primary and secondary school students; and
ix)	Number of tourists rising from 1,140,156 in 2014 to 2,000,000 by 2020 whilst proceedings thereof increasing from US$ 2 billion to US$3.6 billion respectively.
Social Wellbeing	
x)	Basic needs poverty reduction from 28.2 percent recorded in 2011/12 to 16.7 percent in 2020/21 with a reflection on improvement for national human development index from t 0.52 (2014) to 0.57 by 2021;
xi)	Number of graduates from higher education increasing from 40,000 (2014) per annum to 80,000 per annum with those graduating from folk, vocational and technical education surging from 150,000 (2014) to around 300,000 by 2020/21;
xii)	Under five mortality rate reduced from 81 deaths per 1,000 live births recorded in 2014/15 to around 45 deaths per 1000 live births by 2020/21;
xiii)	Maternal mortality ratio reduced from 432 deaths per 100,000 live births in 2014/15 to 250 deaths per 100,000 live births by 2020/21;
xiv)	Access to clean and safe water in rural areas improved from 67 percent in 2014/15 to 80 percent by 2020/21;

5 FINANCING STRATEGY

5.0 Overview

Successful implementation of FYDP II hinges, among other factors, on the national capacity to mobilize financial resources, from both domestic and external sources, as well as ability to utilize those resources effectively and efficiently. Financing of public spending in Tanzania has relied largely on capability to mobilise from the so-called traditional domestic and external sources (government revenue, borrowing, grants, donations and private as well as non-governmental financial flows). Compelled by the need to address recurring budget deficits, disbursement for both recurrent and development finances has been done through cash budgeting with adverse effects on the timely implementation of development projects.

This Chapter identifies ways to deal with such a situation, based on lessons from implementation of preceding plans, and particularly the fact that development budgets and projects have always been first victims of budget cuts following unforeseen emergency expenditures and shortfalls in resources mobilisation. The Chapter therefore proposes complementary measures for effective and efficient budget execution and for fostering predictability of financial resources in order to enhance delivery on the Government's financial obligations to the Plan. The combined effect of the two measures has the potential to increase Government fiscal space in general and space for development spending in particular. It also identifies new approaches for augmenting financing from traditional sources, including through enticing increased participation of private sector, either single handed or through public private partnership arrangements. Taking into account the fact that economies develop to the levels permitted by their financial sectors, propositions on how Tanzania's financial sector can be augmented and further developed, are also put forward.

5.1 Past Financing Trends

Changes and shifts in the development finance landscape have created new opportunities and options for developing countries to access external finance for their development priorities. They have also created new challenges and risks for managing development finance flows. Therefore, the financing strategy of FYDP II has been developed taking into consideration changed patterns in the flows of key components of financing sources, namely: tax revenue; net official development assistance; domestic and international borrowing; international public finance, domestic and international private finance, and partnership between public and private sectors.

Analyses of trends for Tanzania reveal that there has been a declining influence of international sources of finance relative to domestic sources (Figure 5.1). Aid flows (net ODA) as a proportion of gross national income (GNI) have declined, while FDI flows (which are increasing significantly in absolute values) have more or less remained stable when measured as a percentage of GDP. Both tax revenues and gross fixed capital formation (GFCF) by private sector have, as percentages of GDP, increased sharply over the period. This demonstrates that their potential to be dependable sources of development finance is high. This pattern clearly shows that, dependency on aid as a source of development financing can be reduced, and more efforts directed at mobilising more domestic sources hand in hand with strategies to increase the capacity of tapping into investment resources from the private sector.

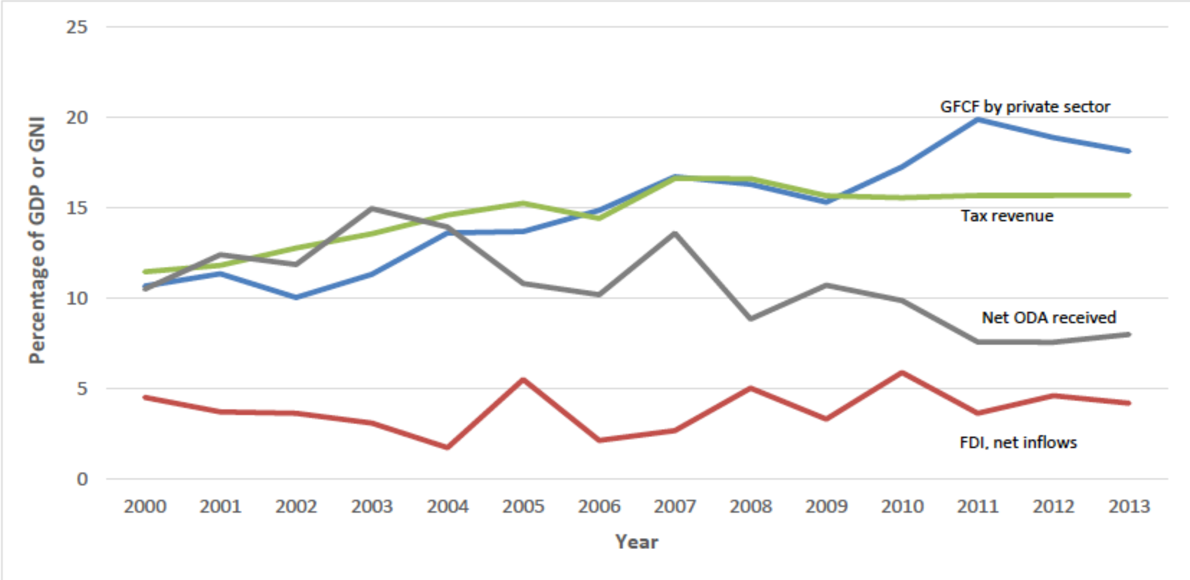


Figure 5.1: Comparison of Trends in Selected Domestic and International Public and Private Financial Flows in Tanzania, 2000 - 2013

Source: SET / ODI / REPOA Background Paper for FYDP II, 2015.

5.2 Financial Requirements of the Plan

The estimated cost of implementing the Second Five Year Development Plan is estimated at Tanzanian Shillings 107 trillion, slightly over twice the amount of TZS 48 trillion that were needed to implement FYDP I (Table 5.1). In order to adequately meet the financial requirements of FYDP II implementation, traditional sources of financing development in Tanzania need to be revamped, otherwise risks will be posed to successful implementation of the Plan. As such, securing additional funds from a range of sources is a priority for both the government and the private sector, particularly for implementing the identified core resource-intensive infrastructure, productive and social services-related industrial undertakings of the Plan.

As detailed in Table 5.1, out of TZS 107 trillion required to execute the Plan, public sector is expected to contribute TZS 59 trillion, which translates to an annual spending of average of TZS 11.8 trillion. Public contribution includes also ODA and official borrowing, both from within and outside the country. This is equivalent to around 40.2 percent of the projected national budget over the Plan period, on average. This suggests that, the government will still carry a heavier financial obligation in implementing the Plan. Overall the private sector is expected to contribute TZS 48 trillion, at an average of TZS 9.6 billion annually.

The relatively high Government obligation is largely attributed to the need to take on board backlog of unfinished activities from preceding plans, particularly in infrastructure, key agricultural industrial activities and human development, and undercapitalization of its development financing institutions. In this regard, a number of strategies and reforms have been proposed in FYDP II to facilitate acquisition of requisite financing for the planned development activities and general public services delivery from both domestic and external sources. Need has also been spelt out for devising ways of channelling the obtaining resources in order to support implementing public, private and other actors. Table 5.1 stipulates possible sources and the magnitudes expected to be mobilized from each source.

Revenue projections are based on the following assumptions: Real GDP will grow at 7.8 percent, on average, annually. Implementation of prudent fiscal reforms will unlock new revenue sources and reduce leakages. FDI in the gas sector to begin flowing in during 2018/19.

Table 5.1: Resource Envelope for the Plan (TZS million)

RESOURCES FOR FINANCING FYDP II	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL (5YRS)
A. TOTAL RESOURCES FOR FYDP II	**18,709,290**	**19,614,887**	**20,555,790**	**23,319,300**	**25,453,577**	**107,652,844**
40% OF GOV'T BUDGET	11,815,841	12,176,953	12,645,573	12,988,051	13,480,395	63,106,813
TOTAL BUDGETARY RESOURCES	29,539,603	30,442,383	31,613,932	32,470,127	33,700,986	157,767,032
Tax	15,105,100	18,126,120	21,751,344	24,143,992	25,592,631	104,719,187
Non Tax (Including LGA)	3,358,433	3,760,817	4,127,879	4,655,159	4,962,637	20,864,925
Grants	1,423,055	938,123	833,891	775,284	643,954	4,614,308
Borrowing	9,653,015	7,617,323	4,900,817	2,895,692	2,501,764	27,568,611
Foreign	4,278,747	2,950,751	2,298,822	1,205,491	1,220,766	11,954,577
Concessional	2,177,752	1,505,808	1,233,678	639,631	659,846	6,216,715
Nonconcessional	2,100,995	1,444,943	1,065,144	565,860	560,920	5,737,861
Domestic	5,374,269	4,666,572	2,601,994	1,690,202	1,280,997	15,614,035
Newborrowing	1,597,156	1,701,129	1,119,273	800,569	687,909	5,906,036
Rollover	3,777,112	2,965,443	1,482,722	889,633	593,089	9,707,998
B. PRIVATE RESOURCES	**6,893,449**	**7,437,934**	**7,910,217**	**10,331,249**	**11,973,182**	**44,546,031**
Domestic	2,437,430	2,849,907	3,049,907	3,262,384	3,380,533	14,980,162
FDI	4,456,019	4,588,027	4,860,310	7,068,865	8,592,649	29,565,870
GDP at current market prices	**109,387,950**	**125,083,042**	**138,981,888**	**155,056,881**	**160,988,606**	
Tax to GDP ratio	13.8%	14.5%	15.7%	15.6%	15.9%	
Non Tax to GDP ratio	3.1%	3.0%	3.0%	3.0%	3.1%	
Domestic Revenue to GDP ratio	16.9%	17.5%	18.6%	18.6%	19.0%	

Source: MACMOD Simulation, May 2016

5.3 Policy Changes and New Financing Strategies

The Government has made a decision to spend in the margins of 30-40 percent of government budget for development activities, starting with TZS 11.8 trillion during FY 2016/17, with expectations that this figure will rise up to TZS 13.5 trillion during FY 2020/21 with improved resources mobilization. Accordingly, the Plan introduces new financing policies and strategies in order to: (i) scale up domestic revenue mobilisation; (ii) increase private sector participation, singularly or in partnership with the public sector; (iii) ensure that priority investments secure smooth and full funding in order to ensure results; (iii) develop the domestic financial market and in particular long-term development financing syndication and mutual financing/funding; (iv) leverage public sector resources to entice private sector participation in financing priority development projects (v) build strong debt management and negotiation capacities in the Government with a view to reducing borrowing costs, including leveraging guarantees from multilateral financial institutions and developing the domestic debt market.

The policy shifts will entail:

i. Clear separation/categorization of the nature and viability of the development projects such that projects which are commercially viable are to be marketed for private sector undertaking, either wholly, or in collaboration with the Government. The working principle is that "commercially viable projects should be left to the private sector", unless there is strong justification for doing otherwise.

ii. Strategic projects/investments, and gradually many other development projects, will be packaged so that they can also be financed through borrowing. The resultant debts will be serviced using future government revenue collections and/or (mainly) streams of income associated with the projects, or earmarked revenue sources. These financing mechanisms should be developed and strengthened so that over time, only recurrent expenditure will be financed by direct revenue collections, with development expenditures increasingly being financed using these other innovative channels.

The above-mentioned policy shifts imply that the Government prepares and compiles a list of bankable projects as per the Public Investment Operational Manual (PIM-OM) and stores such information in a project databank that is easily retrievable for potential investors to access. For purposes of implementation of the Plan, it is proposed that all large and strategic projects, including Flagship Projects, which cumulatively account for about 80% of the costs of the Plan, be subjected to the above procedure. The indicative list of projects to go through this procedure includes:

i. Construction of a new Central Railway Line to Standard Gauge at TZS 16,720 billion.

ii. Construction of the Liquefied Natural Gas Plant – Mtwara at TZS 66,000 billion. Implementation of this project however goes beyond the Plan period.

iii. Construction of Mtwara – Liganga - Mchuchuma Railway Line to standard gauge at TZS 16,060 billon. This goes beyond the Plan period.

iv. Construction of Liganga industrial park at TZS 8,800 billion.

v. Construction of Mtwara Petrochemical Special Economic Zone at TZS 11,000 billion.

vi. Construction of Bagamoyo Special Economic Zone at TZS 22,000 billion.

The Ministry of Finance and Planning will coordinate special teams that will be formed to work on establishing cash flows, any potential new source of financing earmarked for these projects and their projected debt servicing obligations. Settling financing issues for these projects will reduce significantly one of the key challenges that pose potential risk to effective implementation of the Plan.

5.4 Sources of Finance

5.4.1 Government Revenues

The Government will invoke and pursue domestic revenue mobilization measures relentlessly. These measures include clamping down on all forms of actions and behaviours that cause revenue leakages, widening the tax base, tackling corruption, modernising revenue collection methods to enhance real time revenue collection and management.

5.4.1.1 Tax revenue

Efforts will be made to raise annual tax revenue collection from TZS 15,105,100 million during FY 2016/17 to TZS 25,592,631 million during FY 2020/21, which translates into an increase in tax revenue to GDP ratio of 15.9 percent by 2020 (from ratio of around 13 percent during 2014/15). In order to achieve these targets, the Government will ensure that the tax system is transparent and fair; and address the current anomaly, whereby about a third of income tax revenue is collected from the salaries of less than two percent of Tanzania's total number of workers. The Government needs to close loopholes leading to revenue leakages and take deliberate actions to further reform the taxation system and step-up revenue collection by encouraging voluntary compliance while expanding the tax base. This will involve measures geared to:

(i) Strengthening collection of various taxes such as import duties, excise duties, VAT and other taxes using maximum automation in order to reduce potential (negative) human influences out of physical contact. This measure will go hand in hand with building capacity to monitor transfer pricing and invoice mispricing within TRA;

(ii) Strengthening tariff collections at Dar es Salaam port, all border posts and all inland container terminals in the country so as to curb tax evasion and avoidance. This requires strengthening the capacity of tax collection bodies and establishing systems to track cargo and speed up tax collection procedures;

(iii) Expanding the tax net by bringing in the informal sector and taxing incomes that are not channelled through the payroll. The strategies in this regard include finding ways to link the taxpayer identification system (TIN) and the national identification (ID) system, quantifying the size of the informal economy and enforcing compliance;

(iv) Broadening the geographic distribution of the tax base and diversify sector contributions, including strengthening the taxation of property;

(v) Developing a framework for taxing mobile money transactions for revenue collection from electronic payments;

(vi) Intensifying mining inspections including verification of quantities, contents of mineral production and regular auditing of mining company transactions; maximizing collection of both taxes and royalties from mineral resources; and strengthening the capacity of Tanzania Minerals Audit Agency (TMAA) and Tanzania Extractive Industries Transparency International (TEITI);

(vii) Ensuring corruption temperance in all aspects of revenue collection across all MDAs and LGAs;

(viii) Reviewing tax holidays, tax exemptions and tax relief systems as incentives to investors in order to minimise their abuse and thus increase tax collection.

TRA will be strengthened through building on new initiatives introduced since elections in October 2015, – including efforts to improve TRA relations with taxpayers, close loopholes leading to revenue leakages, legally enforcing requirements for businesses to pay unpaid tax charges (e.g. taxes due for unpaid container charges) and improved monitoring – to boost tax compliance. All tax reforms will be implemented with a view to achieving high revenue collection without stifling private sector development.

As measures to increase revenue collection are strengthened and deliver, efforts will further be directed at minimizing the application of tax exemptions, building on existing reforms under VAT Act of 2014, and following through on government plans to reduce the value of tax exemptions to 1% of GDP by 2017/18 from 2014/15 level of around 1.5%.

For implementation effectiveness, the Government will continue to earmark some tax revenues for specific investment of national interest and continue strengthening existing sources such as:

(i) Road Fund

The road fund is collected through fuel levy and is the primary source of road projects financing in the country.

(ii) Rural Energy Fund

The Rural Energy Fund (REF) is a mechanism for financing rural electrification. This Fund will explore opportunities provided by facilities such as Climate Change Fund that encourage renewable energy sources.

(iii) Railway Development Fund

The fund serves as facility for railway investment and financing. The fund is projected to invest at least 70 percent of its capital in railway projects.

(iv) Skills Development Fund

Government has resolved to earmark the funds so generated to skills development in the country. The portion of the funds, which goes to support higher education, will be reviewed in tandem with reforms to making the Higher Education Student Loan Board (HESLB) run on loan recovery with some modest interest rate. Studies in other countries show that private returns to higher education are higher enough to enable graduates service the education loan on semi-commercial basis.

The Government has imposed an environmental levy or tax on second hand vehicles of over certain age (e.g. eight in 2015). The best earmarking options will be explored to ensure that there is a match between this source and interventions related to environment and industrialization, e.g. support to development of Automobile sector.

5.4.1.2 Non-tax revenue (NTR)

Non-tax revenue is an area where potentials have not adequately been exploited. Under FYDP II, non-tax revenue collection is targeted to increase from TZS 3,358,433 million during 2016/17 to TZS 4,962,637 million during 2020/21 or about 3 percent of GDP. The government will enhance collection of non-tax revenue from all potential sources (agencies, public assets, etc.) in order to augment tax revenue. The sources will include:

(i) Rents, concessions, and royalties;

(ii) Dividend from state-owned enterprises;

(iii) Revenues from sales of state assets;

(iv) Revenue (including interest or profit) from investment funds (collective investment schemes);

(v) Fines and asset forfeitures collected as a penalty;

(vi) Fees for the granting or issuance of permits or licenses;

(vii) User fees for the use of public services and facilities;

(viii) Donations and voluntary contributions; and

(ix) Tribute and/or indemnities.

Some aspects of revenue collection function will be outsourced to private sector to reduce public administration transaction costs and to increase collection efficiency. As for MDAs, the Government will review existing retention schemes with a view to harmonizing them and introducing incentives for MDAs to actively pursue sustainable growth in NTR. Furthermore, the Government will set-up appropriate schemes that would incentivize MDAs to pursue revenue collection as a key performance indicator, both for individual officers and for relevant departments.

The immediate and medium term measures to raise NTR include following:

(i) Focus on Natural Resources

The major categories of the natural resources that are earmarked include: forestry, wildlife (tourism and hunting blocks), fishery (including deep sea fishing), mining (all major categories). Use of ICT in collection is emphasized.

(ii) Government Agencies

These organizations are instrumental to mobilizing capital finance through equity and debt instruments. For some lines of Agencies/parastatals, Government will review the legal and operational status of executive agencies and create robust entities capable of operating commercially and generating surpluses for the national exchequer.

(iii) Property tax

Government will actively facilitate LGAs to put institutionalize mechanisms and practices to elevate property tax as key source of revenue by establishing comprehensive valuation rolls, setting realistic rates and reviewing them regularly; instituting performance linkages between enforcement of property taxes and transfers from the centre, e.g. Global Property Guide (GPG) to incentivize LGAs to treat property taxes as principal source of revenue.

(iv) Sale of shares and Non-core Public Assets

Revenues collected from the sale of shares owned by the Government in public enterprises or privatization as well as dividends/retained earnings from those enterprises.

FYDP II emphasizes that an effective collection of NTR requires ICT-based automation, which is well aligned to the legally allowed retention scheme. Alongside this, a specialized department will be established within TRA to manage collection of non-tax-revenues.

5.4.1.3 Domestic borrowing

The Government will continue to borrow from the domestic financial market for financing its expenditure, particularly investment expenditure on infrastructure development. In FYDP II, a new approach is included which allows pooling of infrastructure financing together in order to reap economies of scale.

5.4.1.4 Innovative Domestic Sources

(i) Natural Resources Fund

Tanzania has intensified exploitation of non-renewable natural resources especially after year 2000. The Natural Resources Fund (NRF) will be formed to assure intergenerational equity i.e., benefits to both current and future generations of the country, or vertical and horizontal equity objectives.

In order to generate resources for the Fund, the government accords special oversight over strategic natural resources (e.g. the Mining Sector) in order to enhance revenue collections through continued improvements in mining inspections, verification of quantities and contents of mineral production and regular auditing of mining company transactions.

Besides setting up the natural resource fund, the Government will continue to implement BRN measures for resource mobilization from natural resources, including auctioning of licenses for hunting blocks and harvesting of forest lots and thus abandon practice of royalties paid for natural resources and fixed by the Government (generally below the market price of the resource). Other measures include:

i. Decentralizing enforcement of natural resource rent compliance;
ii. Holding open auctions of forest harvesting lots;
iii. Enforcing up-front payment of forest royalty and 50% upfront payment of quota utilization;
iv. Improving accuracy and completeness of data management for tracking hotels, tour operators, etc. requiring licenses;
v. Continuous review of licensing procedures; and
vi. Increasing fines charged on illegal extraction of natural resources.

(ii) Local Revenue Development Bonds

Regional and local governments will be permitted to borrow for their qualifying potential projects guaranteed by their own potential revenues, without collaterals. Borrowing will be made specifically for profit making projects from which debt servicing and amortization can be derived. In this regard, it is proposed that regions and local authorities be assisted to establish their own development corporations to act as commercial and development think tanks. Management and governance of the corporations have to base on meritocracy and shielded from local political interferences.

5.4.1.5 ODA, Other Official Flows (OOF) and Other External Resources

The Government recognizes that external support needs to be re-thought beyond the traditional definition to include private-private financial flows; private-government flows; technology transfers; and aid-for-trade approach. Thus, the Government will continue to attract Official Development Assistance (ODA) in the form of grants and loans. The source of Foreign Financing will include among others: issuing sovereign bonds and soliciting concessional loans.

Borrowing will mainly be on concessional terms, while non-concessional debt will be limited to projects with a high economic rate of return, especially for energy, transport and infrastructure. In view of increased financing requirements, Tanzania will continue working with all multilateral financial institutions such as African Development Bank, World Bank, IMF, BADEA and others as well as bilateral development partners.

5.4.2 Possible New Sources of Finance

Besides the traditional external sources of finance, FYDP II harnesses from the following innovative sources:

i. Funds from Foundations and philanthropies

The government will access these funds and support other actors in their initiative to access these funds. The focus will be on facilities such as Belinda & Gate Foundation.

ii. Foreign market bonds

The Government will issue commercial debt (sovereign bonds) to tap on international capital market resources for financing. In this regard country rating to determine credit worthiness for borrowing from international financial markets is an important facilitation factor that is prioritized.

iii. National Climate Fund

National Climate Fund created to access and manage global climate change finance (including Green Climate Fund - GCF, Least Developed Countries Fund LDCF etc.) such as done in by Brazil, China, and Indonesia. There is room for additional resources by maintaining forest and wetland cover and trading the associated carbon credits. Another potential is indirect 'carbon tax' based on the carbon content of the oil, coal and natural gas as source of additional financial source for development expenditure. A National Climate Change Financing Mechanism is important for facilitating access to Global Climate Fund under GEF; with appropriate national institutional framework.

iv. Debt-to-Health Swaps

This Global Fund initiative was established to fight HIV/AIDS, tuberculosis and malaria. The Debt to Health initiative aims at channelling resources of indebted countries from debt repayment towards health development.

v. Diaspora Bonds

Tanzanians living and working abroad are encouraged to repatriate money and invest in the country through Diaspora bonds. A conducive environment will be designed to facilitate the Diaspora to invest. This will include creation of special savings instruments for this purpose, improvement in the banking processes, reduction in costs of money transfers to Tanzania, securitization of remittances, and facilitating the inflow of remittances as well support to an in-country Real Estates Industry that motivates and incentivises Tanzanians living and working in the diaspora.

vi. Regional Economic Arrangements and South-South Cooperation

Within the framework of regional integration, Tanzania is a member of two regional blocks in the sub-continent, the East African Community (EAC) and Southern African Development Community (SADC). Within these regional blocks, member countries have forged effective financing mechanisms for the joint financing of economic infrastructures to link their economies. Also through the Treaties and Protocols, member states have agreed to cooperate in various areas including industrial development. In EAC the proposed financing mechanisms include; regional industrial fund within the framework of the EAC Development Fund; PPPs; development partners; foreign direct investment; portfolio investments; and EAC financial and capital markets. In SADC a number of instruments such as the Finance and Investment Protocols, Guidelines and Fiscal Framework for Tax Incentives, National Investment Policy and Promotion Instruments, and PPPs have been developed.

5.4.3 Use of Public Private Partnerships

The public sector, through public-private partnerships, is encouraged to maximize synergies between the public and private sectors in mobilizing and deploying resources. PPP approach has been widely used in other countries to finance infrastructure and other long-term investment projects. PPP is a way to amalgamate public and private capital and expertise for public projects in which the private sector has interest in sharing ownership. PPP Act (2010) and PPP Regulations (2011) give areas of collaboration, which comprise of investment capital, managerial skills and technology. During FYDP II implementation, the Government will address the challenges which beset operationalization of PPPs, namely:

i. Lack of clarity in the legal and institutional frameworks, guidelines and procedures for development and implementation of PPPs;

ii. Lack of realistic and comprehensive technical, socio-economic and commercial feasibility analysis which leads to poor project design;

iii. Insufficient capacity for negotiations, procurement, implementation and management of PPPs; and,

iv. Inadequate enabling environment, which includes lack of long-term financing instruments and appropriate risk sharing mechanisms.

PPP Fund will be strengthened further in order to ensure that feasible PPP pipeline projects which reflect FYDP II Priorities are fully funded. The Plan will undertake both solicited and unsolicited projects including a possible review of PPP policy framework to streamline aspect of the unsolicited projects which is hitherto not clarified.

Policies for mobilizing public finances are summarized in Table 5.2 in four categories of sources of finance introduced above (domestic public finance, international public finance, domestic private finance and international private finance). For this, the Plan has also considered how to ensure that these resources are used effectively in the context of FYDP II, including careful consideration of fiscal risks (implementation, debt sustainability, roll-over, exchange rate and macroeconomic risks) associated with a sovereign bond issue.

Table 5.2: General policies to enhance mobilization and optimum utilization of public finance

Category	Policies to mobilize finance	Policies to use finance effectively
Domestic public finance	*Reforms to the tax system* • Minimize the application of tax exemptions • Build capacity within TRA to monitor transfer pricing and trade mispricing • Broaden the geographical distribution of the tax base by improving the capacity of LGAs to collect taxes and introduce modern tax revenue administration systems in LGAs • Diversify sector contributions to the tax base through, for example, strengthening taxation of property • Ensure more effective taxation of the informal sector by effectively identifying taxpayers (complete integration of the national ID system with TRA's Tax Identification Numbers; enlisting the support of ward, *Mtaa* and village executives to identify and register businesses) • Develop mobile money payment options to effectively facilitate electronic payment of taxes	*Enhance public financial* management systems • Implement guidelines to prevent accumulation of arrears • Develop plan to gradually reduce the existing debt stock • Reduce the use of expenditure floats at fiscal year end • Ensure timely compilation of fiscal outturn data *More influential role for Tanzania's DFIs together with regional and international development banks* • DFIs such as TIB Development Bank to play a more influential role in designing and structuring development projects associated with FYDP II, and linking these projects to funding opportunities (e.g. arranging and leveraging funds for investment; developing bankable projects; managing project funding and implementation)

Category	Policies to mobilize finance	Policies to use finance effectively
	Deepening fiscal decentralization • Ensure better coordination of revenue collection across spheres of government • Empower LGAs to generate their own revenue	
International public finance	*Tie development objectives to climate change targets* • Tap into new sources of climate-related funding *Broaden the partnership base* • Focus on South-South cooperation to expand relations with large southern donors (e.g. China, India, Brazil, Saudi Arabia, Turkey, South Africa). *Sovereign bonds* • Map fiscal risks (implementation, debt sustainability, roll-over, exchange rate and macroeconomic risks) associated with a sovereign bond issue	Support tax administration reforms.

5.4.4 Non-Governmental Resources

Implementation of FYDP will, to a large extent, depend on the capacity of the non-government sector (private sector, CSOs, individuals and groups of individuals) to mobilize financial resources as the lead investor. As such, a large part of the investments will be made by the private sector, using own funding, private credit provided by domestic banks, market capitalization, and capital formation. The Government will also facilitate access and growth of new and innovative sources of private sector financing instruments and institutions. The instruments include the following:

i. Debt instruments

These include debentures and secured bonds and commercial papers issued by the private sector for purposes of mobilizing resources from the market. Potential lenders are then attracted to provide resources to investors in industries and other sectors. Players in the market such as UTT AMIS, pensions and social security institutions as well as insurance companies have to be more vibrant and scale up such operations in the priority areas identified for investment. Issuance of bonds for purposes of raising capital from the market will involve both secured instruments and unsecured ones, in order to widen access to resources.

Debentures and commercial papers, for example, are not secured by physical assets or collateral. These instruments are backed only by the general creditworthiness and reputation of the issuer. They are important instruments for mobilization of loan resources especially where there are no readily available collaterals. It is thus important to inculcate social trust and values; at the same time, in the event of default ensure speedy judicial process in providing resolutions to such commercial disputes.

i. Finance lease and hire purchase

These instruments provide resources outside own sources. Institutions that are ready to provide these financing alternatives should be encouraged to expand by providing appropriate conducive environment for their establishment and development. Through finance lease lessor will, for example, purchase equipment at agreed periodic payments from the lessee in exchange for the use of the asset. At the end of the lease term, the lessee will obtain ownership of the equipment upon successful offer to buy the equipment. Other modalities include investor buying equipment on instalment payments and ownership becomes fully transferred when the agreed price is fully paid. Like in the case of debt instruments, functioning of the lease and hire purchase is also premised on trust and proper understanding of the lessees. Social trust and values are important.

ii. Venture capital

Tanzania has increasingly been attracting foreign venture capitalists to risky high potential investments for seed capital funding. Venture capital is usually a pooled financing option whereby a number of investors may want to put capital in a newly planned project and to also venture in management and control functions until it pays back; and then the project graduates as the venture capitalist(s) withdraws for it to be fully owned and operated by the initial owners. Although venture capital as a source of financing is not commonly used in Tanzania, there are institutions that have pioneered to offer venture capital opportunity, including Tanzania Venture Capital and Private Equity Project (TVC) - a joint project between Tanzania Private Sector Foundation (TPSF) and TMS Consultants Ltd. One characteristic of this financing option is that it requires prospectively profitable areas such as high tech investments, high growth Small and Medium Enterprises (SMEs), etc., for venture capitalists to be attracted.

iii. Foreign Direct Investment and Other Private Sector Financial Flows

For a foreseeable future, capacity of the private sector in Tanzania to mobilize adequate investment capital to finance the country's development programs will need to be supplemented by foreign private sector financing. This could take the form of foreign direct investments and portfolio private sector investments. The complementary inflows include international private transfers, including private development assistance (PDA), remittances, Foreign Direct Investments (FDIs) and other international private capital flows, such as bank lending and equity and bond portfolio inflows.

In order to facilitate private sector finances, the Government will implement a range of measures to reduce borrowing costs, including support to the development of the domestic debt market, fostering regional cross-border participation in T-bill market, and leveraging guarantees from multilateral financial institutions to attract private investments and sovereign loans.

5.5 Strengthening Domestic Development Financing Institutions

The private sector will need increased access to industrial capital. Specialized development finance institutions are key in this regard. Existing development finance institutions will play important role and newly specialized ones will be established to widen sources of development financing space. Some actions will be taken to strengthen the existing institutions, including recapitalization and capacity building for these institutions to adequately execute their functions with utmost competence. Both technical and financial capacities of finance development institutions will be enhanced.

While ensuring adverse impact on macroeconomic stability is mitigated, generally, the Plan will encourage national DFIs to organize Loans Syndications as an alternative non-tax financing opportunity as some banks join together to finance a large public project under a specific agreed arrangement.

5.5.1 Tanzania Investment Bank (TIB) and Infrastructure Development Fund

TIB Bank's core objective is to provide debt finance at the long-term end of the market. Such loans assist enterprises in setting up new and expanding existing projects to increase productive capacity. TIB Bank places special emphasis on projects that are export oriented and on those, which utilize local resources. Although the bank operates on a commercially sustainable basis, it does at the same time, have a responsibility of contributing to the development of the country in terms of empowering SMEs, increasing employment, and other important socio-economic considerations of human development. This means TIB is engaged in financing for both economic transformation and poverty reduction. Following these objectives and the nature of functions TIB which are aligned to the goals of FYDP II, the Government has resolved to implement reforms intended to enable TIB to carry out project financing for some projects of national priority. TIB does not provide subsidized loans from its ordinary resources but can manage funds on an agency basis for special and specific considerations. This is the window the Government will use to accomplish project financing of some earmarked projects as a way of minimizing risks and harnessing available expertise. To enable TIB carry out this function effectively, the Government is committing TZS 1.0 trillion to its share in the bank.

FYDP II proposes establishment of Infrastructure Development Fund with TIB designated Sponsor specific mandate to manage the Fund. However, fund mobilization exclusively by a local institution may constrain the confidence necessary for accessing global markets. With the additional mandate, TIB will therefore need to conclude a Joint Venture arrangement with a credible global player for the purpose. Organizational management of the proposed Fund is elaborated in Figure 5.2.

TIB will work out a collaborative arrangement with UTT Asset Management and Investor Services Plc (UTT AMIS) in order to ensure local participation. UTT AMIS has a credible track record in managing Collective Investment Schemes and experience in enabling local participation in investment in such schemes. UTT AMIS will be instrumental in facilitating and empowering local citizens to invest in the Infrastructure Fund

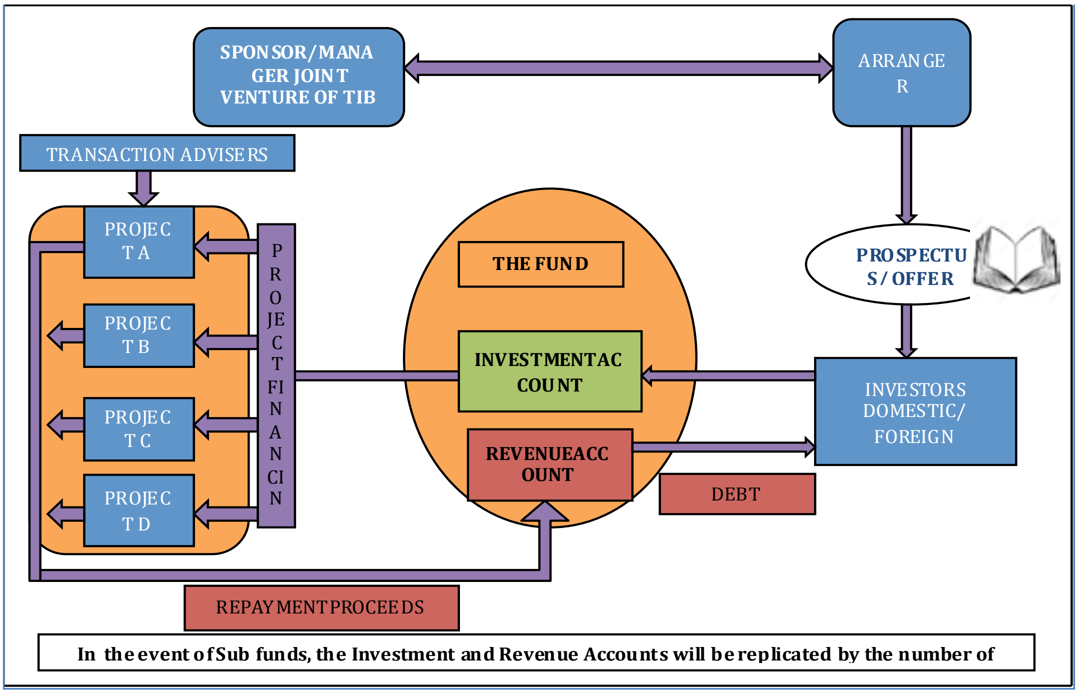


Figure 5.2: Proposed Organizational Structure for Management of Infrastructure Development Fund

Further opportunities for funding infrastructure can be explored with United Nations Capital Fund Development (UN CDF); to benefit LED approach as well.

5.5.2 Tanzania Agricultural Development Bank (TADB)

The primary objective of Tanzania Agricultural Development Bank (TADB) for which the bank is established is to provide short, medium to long-term financing to agricultural sector. The bank is an apex agricultural financing bank, and catalyst to agro-financing activities through institutions like commercial banks, community banks, savings and credit cooperative societies (SACCOS), and microfinance institutions (MFIs) that are active in lending to the agricultural sector and poor sections of the populations. In view of this, the Government will support TADB to enable agriculture deliver.

The Government, through TADB, will directly finance large projects mainly in infrastructure development for irrigation, storage and transport. This will be done in collaboration with commercial banks by the way of credit extension to the private sector engaging in agriculture and individual small holders as well providing a window for social policy banking targeting the poor. The operational model will be agreed between the Government, Central bank and Commercial banks. In order to enable TADB carry out this function effectively, the Government is committing to increase its capital to TZS 3.0 trillion over the next five years to entice other shareholders.

5.5.3 National Development Corporation (NDC)

NDC was established in 1962, a year after independence to fill the gap in the country in preparation and promoting financing of strategic development projects. In the context of FYDP II, this role implies the need for further strengthening of NDC capacity in order to enable it continue with the role of identifying, promoting and implementing strategic industrial development projects on its own, or in partnership with private sector in the form of PPP. The Government will channel its funding of industries through NDC or guaranteeing access to financial borrowing as an institution that is statutorily mandated to lead the country's industrialization strategy. NDC will take a lead role in soliciting collaborative private investors with whom to share in the establishment of strategic industries of significant impacts to the transformation of the economy.

FYDP II underscores the fact that, effectiveness of national DFIs and PPP arrangements requires development of bankable projects and institutional legal and regulatory legitimacy. For this, the Plan will support the review and amendment of NDC functions; along with the Government Loans, Grants and Guarantee Act in order to enable NDC execute its functions in the new setting and ensure that this entity is fully functional.

5.5.4 Social Security Schemes

Social Security schemes have historically been dependable investors in various areas, by utilizing locally mobilized funds in the form of member contributions. In line with the Social Security Schemes Investment Guidelines (2015) issued by Bank of Tanzania in collaboration with the Social Security Regulatory Authority; the schemes will actively participate in opportunities available to invest in existing and new industries through syndicated loans; corporate bonds or equity. The Social Security Schemes shall work closely with other relevant institutions including the Capital Markets and Securities Authority; TIB Development Bank; Tanzania Agricultural Development Bank; and National Development Corporation.

5.6 Other Potential Development Financing Institutions

5.6.1 MSMEs Development Bank

Micro, Small and Medium Enterprises are facing different challenges compared to large-scale enterprises especially in accessing credits. Seldom are they listed into capital markets. Most MSMEs operate outside recognized premises thus assessed to have high institutional risk when they approach financial institution for credit. Measures thus need to be taken to nurture SMEs to grow into large businesses. One possible way to achieving this is through establishing specialized financing mechanisms for MSMEs funding. Financial institutions that render services to MSMEs in Tanzania include Finca (Tanzania) Ltd and PRIDE Tanzania, which have recently graduated from microfinance institution to fully licensed microfinance bank. There are also a number of Funds that render services to MSMEs and special groups e.g. National Enterprises Development Fund (NEDF), Presidential Trust Fund, SELF Microfinance Fund, Youth Development Fund, Women Development Fund, etc. These are mostly small with limited competencies and capabilities. There thus need to constitute a specialized SMEs Development Bank that is vibrant. Modalities of operationalization of such a bank need thorough analysis.

5.6.2 Social Policies (BSP)

Banks for social policy as a tool for poverty reduction have become successful interventions in a number of East Asian countries. Among other functions, BSP provides softy loan arrangements for poor households for income generation activities, disadvantaged students for purposes of social equity and access to quality education service. BSPs are in most parts state-owned. BSP in Tanzania could initially be incubated within a DFI, and start as a dedicated department, later to become a subsidiary company and finally an independent entity.

5.6.3 Cooperatives and Community Banks

Cooperative and community banks will be supported to spearhead development at the local and regional levels. These are banks that are close to the people and can cater for financial needs of specific groups in a specialized manner. Cooperative and community banks are well known to inspire saving and investment behaviour at community levels.

5.7 Government Role in Supporting Private Sector Development Financing

In order for the private sector to effectively mobilize finances to develop industries and participate in investments in flagship and other projects, the government will support the private sector in a number of areas as presented in Table 5.3.

Table 5.3 Government Interventions to Support the Private Sector Development Financing

Category	Policies to mobilize finance	Policies to use finance effectively
Domestic private finance	*Expanded role for the private sector through PPPs* • Greater private sector involvement in development-focused investments (e.g. transport and energy infrastructure investments) • Transfer some government spending responsibilities to the private sector • Articulate more specific PPP policy and market PPP modality effectively to potential investors. • Clarify the perquisites and guidelines for the unsolicited projects to ensure a firm framework for their implementation • Improve the quality of the business climate (combat corruption; predictable government policy; macroeconomic management and stability) in order to attract more private sector investments *Improve financial intermediation to bolster* private sector access to credit • Support development of Tanzania's capital market • Step up removal of obstacles to lending • Support greater competition in the banking system • Target sector approaches to loosening constraints in accessing credit (e.g. for agriculture) *Further develop the market for government securities*	*Technical assistance to government and the private sector in the preparation of bankable PPP projects*
International private finance	*Improve the quality of the business climate* *Explore options for additional non-concessional borrowing and borrowing on commercial terms*	

5.8 Rationalizing Public Expenditure

FYDP II implementation is strengthened through a number of measures that ensure at least 40 percent of the national budget is allocated to development component; ring-fenced funds for flagship projects; selectively doing away with cash budget for strategic projects; revisiting the basis of cash budget in some strategic projects; and exploring scope of earmarked sources of revenue for some strategic choice projects. As for the recurrent expenditure, the Government will continuously invoke appropriate measures aimed at improving the cost-effectiveness of public expenditure and elimination of all unnecessary spending, including rationalization of expenditure of all MDAs, RS, and LGAs.

Improvement in the level of efficiency and discipline in expenditure management under the Plan period will involve stick adherence by all MDAs, RS, and LGAs to realistic budget estimates as well as realist and accurate estimates of revenue and overall resource envelop. Furthermore, the development projects to be included in the annual budget estimate will be selected only if approved by the MoFP in line with the Public Investment Management (PIM) criteria.

Each MDA will be required to submit annual budgets with procurement plans and cash flow forecasts in order to improve execution efficiency. Disbursement to spending units will be on a quarterly basis in order to improve budget execution. Resource predictability will be achieved through the following:

- The Government will introduce a set of transparent rules for cash rationing of the appropriated budget when revenue and grants are under-collected.
- The Government will develop a prudent Medium Term Fiscal Framework as a basis for the formulation of annual budgets.

The government will continue with bulk purchases of goods and services directly from producers or continuing with single source procurement of government vehicles through GPSA after approval by the Prime Ministers' Office. It will oversee Public Procurement Act in order to curb all loopholes emanating from weak management of public funds. Furthermore, the Government will strengthen Monitoring and Evaluation of budget execution especially for ensuring that projects are on budget and on time to maximise value for money at all levels of government. The Public Expenditure Tracking system will be strengthened and will address all Internal Audit recommendations as part of budget execution. In similar spirit, the government will control non-productive expenditures by government agencies through conducting regular monitoring and evaluation exercise with the view to ascertaining their economic viability for national development. The following are some of the reforms to contributed to expenditure rationalization efforts:

(i) Reviewing pay and allowance system for civil service in order to establish clear links between performance and rewards and ultimately promote higher levels of productivity.

(ii) Adopting a financing strategy to liquidate arrears and to prevent build-up of further arrears in the future.

(iii) Taking appropriate actions in the case of officials who breach PFM laws, regulations, or guidelines, as revealed by findings as reported in Internal Auditor reports, CAG (special) audits and procurement audits.

(iv) Consolidating the Integrated Financial Management Information System used in central government with a similar system used by LGAs for budget execution data (revenue and expenditure), and for related financial asset and liability data.

(v) Extending use of Tanzania Interbank Settlement System (TISS) and Electronic Funds Transfer (EFT) to LGAs (currently covering all MDAs and RASs).

(vi) Introducing an e-procurement system for purchase of goods at Medical Stores Department (MSD) and Government Procurement Services Agency (GPSA).

6 IMPLEMENTATION STRATEGY

6.1 Overview

Clarity on the roles of the different actors and stakeholders is paramount for effective implementation of FYDP II. The private sector will play a key role in the implementation of the Plan by undertaking the bulk of actual investments and projects that have been identified as part of strategic interventions to bring about the intended socio-economic transformation over the Plan period. For most part, the Government will playa facilitative role and provide the requisite oversight to ensure the Plan is implemented effectively. The Government will be directly involved in the implementation of the Plan in those areas that are critical for its successful implementation but unviable to private sector and to the extent that it enables the Government to play its facilitative and supervisory as smoothly and as effectively as possible. For instance, the Government will ensure that proper physical infrastructure is in place, macroeconomic stability is maintained, quality human capital is built, rules of the game are set and enforced, etc. The Government may also support the selected or priority industries and collaborate with the private sector through PPPs. At the outset, this chapter outlines implementation challenges that have been inhibiting the implementation of our plans and subsequently outlines measures that will be taken in order address challenges in a bid to strengthen implementation effectiveness. It also elaborates the institutional framework for implementing the FYDP II and lays out roles of other key stakeholders in addition to the Government and the private sector.

6.2 Key Challenges for Implementation Effectiveness

The challenges of implementation largely relate to institutional capacities required to ensure that good governance, accountability, and enforcement of the legal and regulatory frameworks. The challenges also reflect weak institutional capacity to coordinate and organize efforts to mobilise finance, monitor and evaluate implementation of planned activities as well as bureaucracy red tape that hinders timely investment decision-making, especially those in which the private sector is involved. Some of these challenges are elaborated further below.

6.2.1. Policy incoherence, instability and unpredictability

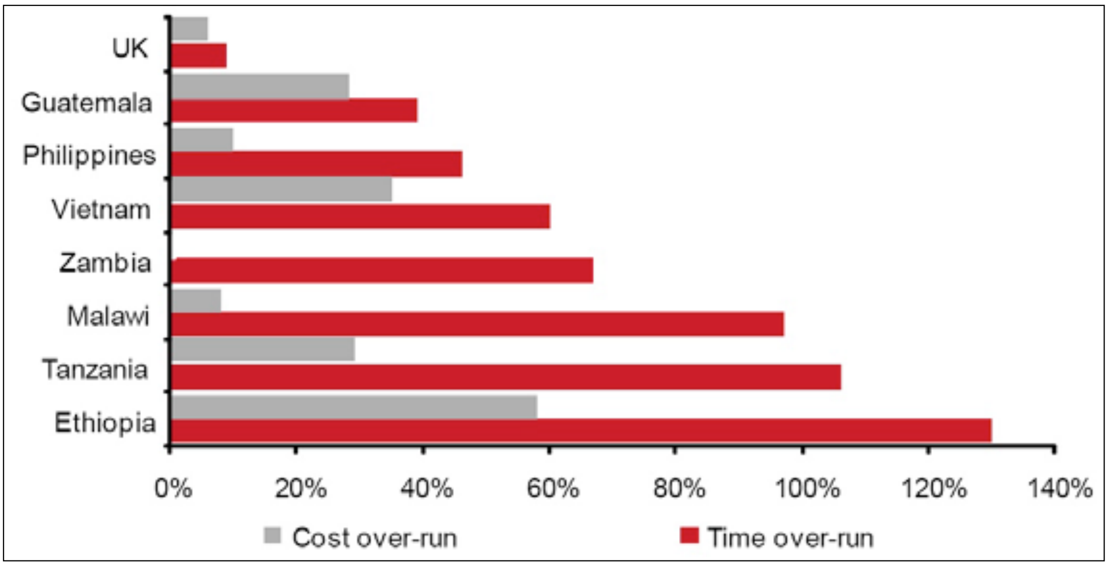
There is weak alignment of policies, procedures, planning, and institutional coordination, reflected in lack of consensus among key stakeholders and sometimes ultimately leads to policy reversals, e.g., hikes in land charges and compensation rates, and the enactment and subsequent enforcement of VAT Act of 2014, which despite its good intentions of curbing revenue loses, erodes some of the incentives that were availed to strategic investors. Change in the examination results grading system in the education sector is another example of recent policy reversal.

Policy incoherence also results in multiplicity of taxes and institutional charges and cumbersome procedures for acquisition of land, particularly in the villages even as the nation strives to promote commercial farming and rural industrialisation. Furthermore, incoherency makes institutions strive to promote their own mandates with little or no regard to national aspirations leading to a plethora of priorities as well as incompatible implementation sequencing and misalignment of allocated resources. As a result, the intended benefits from the attendant initiatives are compromised by incomplete projects and programs, pressure for further policy reversals increases, giving rise to substandard outcomes (if any) from development initiatives.

6.2.2. Corruption

Progress and efforts made by the Prevention and Combating of Corruption Bureau (PCCB) notwithstanding, Tanzania lags behind a number of countries in term of combating corruption, as illustrated in the case of the construction sector in (Figure 6.1). Corruption manifests itself in the low level of value for money and shoddy works in some Government-funded projects, with projects missing their original planned time and budgets. Corruption inflicts immense costs to the society in terms of incomplete, delayed projects, increased maintenance costs, low quality service delivery, frequent unplanned rehabilitation, renovation, and in some cases, re-construction.

Figure 6.1: Indicator of corruption in the construction sector for Selected Countries



6.2.3. Weak Prioritisation

Tanzania has struggled to adhere to principles of prioritisation, mostly during the design stage where almost everything is felt to be "priority" also the implementation stage where political pressure has oftentimes triumphed over evidence-based expert opinions. The resultant outcomes and impacts are weakened by incomplete and shoddy works, which in turn are caused by thinly, spread resources with meagre resources available being allocated to myriad of initiatives. The main causes for this predicament are first, the low state of development of the country, which implies the society is unable to meet a significant number of needs, which make the societal demands for these needs to assuage legitimate. Second is the unwillingness to make inter-temporal choices and to sequence initiatives in a way that ensures that priority is given first to areas that yield the highest impacts and have highest potential to create additional capacities for addressing the remaining pressing issues.

6.2.4. Inadequate Mobilisation and Inefficient Utilisation of Financial Resources

There has been little innovation towards boosting resource mobilisation. The Government continues to fund most of the development projects mainly from its budget, disbursements of which has often times been done on a cash-budget basis, a system which was adopted as an interim macro-economic stabilization measure over two decades ago. Both the level of funding and the mode of disbursement constrain implementation of development projects. Government-owned Development Finance Institutions, such as TIB and TADB are ill capitalized and are unable to exercise their mandates to raise syndicated loans to finance projects upfront. Other challenges to development financing in Tanzania include low competitiveness and efficiency of the financial sector; low quality and narrow variety of financial services and products; shallow capital market; low tax effort owing to a narrow tax base and inadequate collection capacity of TRA and LGAs; tax exemptions, holidays, waivers and similar preferential facilities; delays in releasing concessional loans and grants; and inhibitive financial regulations.

6.2.5. Inadequate Decentralization and Localization of National Priorities

The decentralization by devolution (D-by-D) that was intended to transfer implementation of national development issues to the local governments has not gone full length. Some central Ministries still exercise significant authority and control implementation of local development activities. While there have been more budgetary resources going directly to LGAs, their capacity in many other aspects has not been addressed. As a result, LGAs and Lower Level Governments (LLGs) have not been able to fully assimilate the national development priorities in atypical local context (Local Economic Development – (LED)-approach). Inadequate devolution and decentralisation constrains LGAs from adequate planning, implementation and monitoring of local level interventions and they have tended to rely on the central MDAs for financial resources, directions and guidance. Inadequate assimilation of the national development priorities at the local level partly explains the failure of Tanzania to translate its high economic growth into substantial reduction poverty as well as in income and spatial inequity. Experiences in other countries and regions have shown that local and regional economic development strategies (LED) have become a necessary and viable complement to traditional development strategies. LED approaches lead to many significant social benefits by promoting and facilitating participation and sustainable development initiatives in LGAs and regions. Therefore, for LED approaches to be effective, capacity strengthening at LGA and LLG levels is a matter of priority.

6.2.6. Weak system for follow-up, monitoring and evaluation

The implementation of previous plans was characterised by inadequate systems for monitoring progress and evaluating value for money as well as outputs, outcomes and impacts. This has compromised effective delivery of services due to missed opportunities towards instituting corrective measures in a timely manner. One of the main challenges has been insufficient funding of M&E activities, which has resulted in reliance on auditing approaches, which are procedure-based, weak on assessing value for money; and are oftentimes done too late to correct mistakes.

6.2.7 Delayed decision-making

Lengthy and slow Government decision-making processes have been among the issues the private sector has been complaining about. The length of time it takes the Government to make decision discouraged a significant number of potential investors, especially international investors who have several other investment destinations to choose from. Related challenges under this area include lengthy procedures for acquiring land for investments; weak enforcement of property rights; poor land use planning, administration and management; and lengthy and inhibiting process for obtaining access and connections to utility services. All these factors are crippling current players through reduced profit margins deterring new entrants resulting in the low private sector participation and contribution in the implementation of development Plans. Furthermore, they suppress emergence of the would-be investors.

6.3 Reforms to Facilitate Effective Implementation

A number reform is required to address implementation challenges and ensure effective implementation of FYDP II. New reforms and refinements as well as finalisation of existing core reforms will have to be undertaken, reviewed, mainstreamed, accelerated and deepened as appropriate with a view to creating an enabling environment for the all stakeholders to contribute and participate effectively in bringing about the desired economic growth and human development. Reforms will target weaknesses in public service management; public finance management; public goods and services delivery systems; Local-Central government relations; business and investment environment; citizens' participation; access to legal and judicial services; citizens and corporate responsibility; and enforcement of rule of law and order with view addressing the key implementation challenges identified as well emerging ones as outlined in the sections that follow.

6.3.1 Reforms to Eradicate Corruption and Promote Strong Leadership

In recognition of the status of corruption as one of the leading vices that hinder the country's development efforts, the Government will continue with a comprehensive approach to tackling corruption and improving governance. The performance measures will be devised for effective monitoring progress. The focus will be on:

i. Zero tolerance to corruption: Reforms to make institutions and agencies that oversee the fight against corruption and the enforcement of ethics in public service and in the private sector to deliver effectively;

ii. Promoting effective governance: reforms focusing on three issues: fast-tracking decision-making processes, enhancing commitment to the implementation of development goals by the civil servants, and having proactive government leadership;

iii. Proactive and pro-business Government: reforms that will address institutional dis-functioning through weeding out indiscipline, inefficiency, lack of accountability and immorality;

iv. Corporate Governance: Competent and well-functioning Boards of Directors of state-owned enterprises: reforms that ensure that Boards fulfil their oversight functions appropriately and are directly accountable to the performance of their institutions;

v. Making effective and profitable public investments in state-owned enterprises: reforms that empower the Treasury Registrar to oversee state-owned enterprises and become the key organ in supporting the Government to making strategic decisions related to public investments in these organizations.

6.3.2 Entrenchment of an Implementation Culture

Effective implementation requires inculcation of discipline, hard work, and recourse to business unusual strategic interventions. BRN has generated good lessons, which warrant scaling up with a view to entrenching working culture, and attitudes that will engender high productivities. It is proposed that the departments responsible for Policy and Planning in each MDA be empowered to become delivery units, and will link up with respective departments responsible for FYDP II delivery in the Ministry of Finance and Planning. Specifically, the Plan propositions are the following:

i. Reforms to make governing institutions effective in pursuing their functions;

ii. Reforming public and private institutions with aim to foster transparency, responsibility and accountability. These should be the key features that must be part and parcel of each institution in the country; iii. Effective coordination of all functions and records of key outcomes of all government institutions, including LGAs;

iv. Establish and enforce mechanisms with respect to national level strategic projects, which involve several actors and bold decisions, to refer to the Cabinet for implementation guidance; and

v. Introducing a special window in the procurement process to deal with national strategic projects.

Based on the experience from BRN implementation, the Ministry of Finance and Planning will host a full fledged FYDP II Delivery Unit with highest possible political support from the top leadership; adequate operational funds; establish a rigorous inter-institutional coordination, mainstream the BRN's innovative approach to problem identification and solving. The FYDP II Delivery Unit will coordinate BRN labs for strategic projects of the Plan.

More generally, the civil service management will be required to make appointments and promotions open, competitive, and merit-based for vacancies below the level of Permanent Secretary - mainly principal officers, heads of section and departments, and executive directors of independent parastatals and agencies. FYDP II proposes an expanded use of Human Capacity Management Information System (HCMIS) for strategic staffing decisions in the public sector and for improving performance management within the delivery units.

6.3.3 Reforms for Improved Business Environment

The efficiency and effectiveness of the agencies is key for effective implementation of FYDP II, particularly for soliciting the full and effective participation of the private sector. Among others items that will be addressed, are efforts being directed at reviewing strategic agencies, which hold the key for successful implementation of FYDP II interventions. Such agencies include TANESCO, regulators of standards (e.g. Tanzania Bureau of Standards (TBS), Tanzania Food and Drugs Administration (TDFA), etc.). For TANESCO, this will entail the Cabinet to finalising discussions regarding de-bundling TANESCO and have separate operators in the production, transmission and distribution of electricity. In the reform, the role and mandate of the electricity regulator will be expanded to include projection and determination of national demand and inviting independent power producers to compete. The Government will also pilot selective LGA to take responsibility of electricity distribution as well as establishment of an independent manager in charge of transmission lines. The entrenchment and inculcation of BRN like culture in these agencies will be an integral part for envisaged reforms in order to enhance their pro-business and pro-private sector supportive role. Generally, the effective implementation of FYDP II will also require legal reviews aimed at eliminating conflicting laws and regulations, as well as, regulations which retard decision-making.

6.3.4 Reforms for Specific Flagship Projects

Besides the general reform requirement for FYDP II, the five sets of Flagship projects will require special and tailored reforms for their effective implementation, as follows:

(i) Reforms to facilitate zoning and clustering of some economic activities (productive sector, economic services, and social services) to flourish along the selected corridors in which Flagship Projects are contained;

(ii) Establishing a special office to coordinate the corridors and Flagship Projects in the Ministry of Finance and Planning.

(iii) For improving availability and reliability of electrical power, the institutional reforms for power generation, transmission and distribution reforms and improving operations of TANESCO as indicated in the afore section will have to be effected;

(iv) In respect to mass training for development of rare and specialized skills, particularly those that are key for the envisaged industrialisation process, the following will be critical,

(a) Increasingly allocating revenue generated from the skills development levy (SDL) to skills development, particularly for skills required in priority industries;

(b) Establishing a mechanism that will allow the private sector to participate in determining their demand for skills and quantities as well as in shaping the requisite interventions for effective and efficient provision of technical education and vocation training,

(c) Having clear strategies for availing scholarships and other support for higher education and rare skills related to priority areas and industries,

(d) Behind successful training in specialized skills is quality education at primary and secondary levels gradual review of school administrations at pre primary trough to secondary levels is envisaged in order to ensure quality management and delivery of education services. For, a piloting of public school administrations based on professional management approach, where school managers are granted power to oversee staff incentives and general behaviour is proposed.

6.3.5 Land Administration Reforms

Land use planning and management are a key variable for unlocking the potential for growth by making land accessible for productive uses in rural and urban areas. Land policy, as governed by the two Acts, namely, the Land Act 1999 and Village Land Act 1999, is not capable of facilitating industrialization. Renewed focus on formalization of land ownership and commercialization can be combined to solve land disputes including those between investors and existing landholders and users. The acquisition of land for investment is currently a complicated and lengthy process. The bureaucracy and procedures involved in acquiring land for investment are cumbersome, raise transaction costs to potential investors and are thus a deterrent. Reforms are required to address the following specific issues in the current land policy regime:

i) Enabling surveyed land to be a good source of sustainable income for the government (during titling and extraction of rent in strategic locations) but more importantly, as incentive to attract investment as well as key to capital finance and collateral in accessing finances. This will include formalizing unplanned urban settlements and increasing the number of surveyed villages and delivering Certificates of Customary Right of Occupation (CCRO). This also requires strengthening of MKURABITA programme/concept and implementation;

ii) There is a need to have a strong one-stop centre for land issues in which, for investors requiring a sizeable land have to deal with. There will be land referral centres for investors requiring land size that is in the jurisdiction of RS and LGAs.

iii) At the national and LGA levels there is need to have a land bank specifically designated for industrial development, with the necessary services (title deeds, irrigation schemes, feeder roads, power, etc.);

iv) Strengthening the Land Compensation Fund by providing adequate finances to effect prompt compensation for land being identified and valued in order to allow investments.

v) With the view of the above, there is need to review the Village Land Act No 4 and Land Act No 5 to support the envisaged industrialisation and socio-economic transformation, with a view to eliminating conflicts with other laws;

vi) Ensuring proper land use planning and management to avoid settlement development to take place in arable and reserved land.

vii) Ensure proper management of settlements, including development of cities, towns, and secondary towns;

viii) Carrying out reforms in land sector, including formalisation of unplanned urban settlements and increasing the number of surveyed villages;

ix) Ensuring environmental sustainability in development of townships, towns, and cities, including strengthening national and sub-national (LGAs) land development planning; and

x) Establishing an effective land registry.

The Government will review the national development planning system in order to have land use planning as an integral part of implementation in order to ensure coordination and harmonization in the priority interventions. This will involve forging close links between the Ministry of Finance and Planning and the ministry responsible for land administration.

6.3.6 Reforms to Facilitate Formalisation

Tanzania's economy is predominantly informal, making it difficult to account for locations and activities that the population are engaged in. Informality constrains development of infrastructure due to unplanned settlements; hinders growth of business due to limited scope of contractual enforcement; and increases costs of social service provisions and revenue collection. Without concrete data bases on production pillars, i.e. people, their entitlements to locations, and their activities in general, the economic transformation process can be rendered futile since the planning process and attendant policies will be based on incorrect data.

FYDP II embeds efforts to formalize the economy, including (i) instituting a robust national identification system for the country; (ii) preparing comprehensive land use plans and making the same accessible; and (iii) maintaining a comprehensive transaction based businesses registration database. As an interim measure towards formalization, informal operators will be allowed to continue operating in special designated areas, either on full time or part time basis, depending on the nature of premises or public infrastructure the respective local authority grants permission to operate at.

6.3.7 Reforms to Facilitate Government Effectiveness

(i) Building an integrated Government

Other sets of reforms will focus on ensuring government institutions work in an integrated manner and with increased transparency (opening-up government business) with ICT (e-government) being a major vehicle in achieving both goals.

(ii) Effective use of Rule of Law

Necessary measures must be taken to ensure equal access to timely justice for all people. These measures will include, improving the capacity and efficiency of justice providing institutions through investing in human resource development and streamlining processes and procedures as well as improving court infrastructure (including construction of new primary courts). In addition, there will be measures to enhancing independence of the judiciary and improving efficiency of adjudication of cases; further deepening of legal sector and law reform; and strengthening measures for monitoring and evaluation of the judiciary.

(iii) Enhanced equity, democracy and political and social tolerance

Deepening of democracy and participation will be accelerated through:

(a) Investing further in the improving and modernising the electoral process and expanding freedom of expression, transparency, and access to information;

(b) Promoting domestic accountability, enhancing effectiveness of watchdog and oversight institutions, and putting in place mechanisms for strict follow up as well as administering rewards and sanctions as appropriate;

(c) Ensuring separation of powers and effectiveness of the three pillars of the State, including enhancing the institutional and human resource capacity of each pillar for proper execution of their respective functions;

(d) Designing interventions to promote the culture of hard work, self-confidence, self-esteem, creativity, and innovation and moral integrity among the youth from early childhood;

(e) Enhancing gender equity through affirmative action, as well as, in accordance with international commitments and existing policy and legal frameworks;

(f) Participating effectively in regional and global diplomacy, including economic diplomacy, regional geo-politics diplomacy with a view to fostering stability, expanding trade and promoting investments.

(iv) Safety, peace, security and social stability

For growth and transformation to take place social stability must prevail. With this in mind, a number of strategic reforms for ensuring peace, individual security and safety of property and general social stability will be undertaken to include:

(a) Enhancing and integrating border control and immigration systems, and checking inflow and outflow of fire arms;

(b) Strengthening capacity (physical, human, and financial) of law enforcement agencies and mechanisms for arbitration and conflict resolution among and within communities.

(c) Finalising the national identification process and strengthening vital registrations from grassroots level, both in urban and rural areas; and

(d) Expanding civic education and public awareness on the importance of national unity and curbing tribal and religious polarization and sectarian sentiments.

(v) Good Corporate Governance

Several legislations aimed at reforming and providing reasonable level of sound corporate governance are in place, including the Companies Act, (Cap 212) and the Capital Markets and Securities Act of 1994. The Public Corporations Act (1992) provides the regulatory framework for corporate governance in public companies. Strategic reforms to enhance corporate governance will cover areas, including:

(a) Addressing remaining bottlenecks inhibiting the creation of conducive business environment for investment and profitable business operation;

(b) Promoting strategic acquisitions, mergers, or joint ventures between public and private companies, and between domestic enterprises and multinational companies in order to foster diffusion of technological innovation and managerial skills, aimed at increasing national competitiveness;

(c) Promoting effective public-private engagement and ensuring implementation of agreed milestones. Existing forums such as Tanzania National Business Council (TBNC) will be strengthened further in order to facilitate effective public-private dialogue and adequate monitoring of the implementation of the agreed milestones;

(d) Using open data dashboards as key instrument for government interactions with citizens in the areas of policy making, monitoring, and implementation; (e) Sustaining annual service delivery surveys to determine levels of citizen satisfaction with priority social services;

(f) Leveraging technology to facilitate mobile and e-service delivery: This should include the appropriate use of m-health applications, one-stop e-services for businesses, and citizen feedback mechanisms to enable citizens to provide feedback on matters such as teacher absenteeism, lack of staff, and shortage of essential drugs at health facilities.

(g) Enhancing compliance to Corporate Social Responsibility (CSR) requirements.

(vi) Active role of state in economic governance

In order to be effective in economic management, the state may undertake additional and specific time-bound actions, and in some cases employ "business unusual" but nonetheless legal non-conventional tools to drive development actors in the desired direction. The following areas targeted for reforms will be the key ingredients of strategic implementation:

(a) Demonstrating strong political leadership and instituting implementation mechanisms that transcend political boundaries and with capacity to provide adequate oversight over implementation of long term horizons in development planning, supported by a competent and committed cadre of merit-based and well remunerated civil servants;

(b) Aligning implementing institutions with the incentive systems that create a working synergy between government institutions, the private sector, the market and regulatory institutions;

(c) Promoting strong national market players, without succumbing to patronage and policy capture, where few elite sway the national development policies;

(d) Ensuring that macro-economic policy is well aligned with the development agenda, so that there are mutually supportive combinations of macro, messo, and micro outcomes;

(e) Facilitating industrial development by overcoming constraints, particularly infrastructure gaps, concessional sources of financing, and human resource development in priority industries;

(f) Promoting knowledge creation, and facilitating R&D to foster innovation and adoption of new technologies in major sectors;

(g) Establishing a special fund for project development, including PPP projects as outlined in Chapter 5. The fund will be used for all national strategic concepts and proposals.

(h) Continuation of the Government's role in promoting the private sector, through ensuring enjoyment and protection of all human rights as well as workers and consumers' rights in accordance with existing legal and regulatory frameworks.

6.3.8 Strengthening Local Participation through Local Economic Development (LED) Approach

In order to ensure effects both from economic growth and service delivery permeate to local levels and households, FYDP II supports further decentralization of the Government system in order to respond to local needs in a timely manner. Local government must be increasingly empowered to make planning decisions in line with the priorities of FYDP II. This localization of FYDP II will also provide avenues to domesticate and localize the SDGs. This entails shifting mandates and resources to the local level as follows:

(i) Reforms to strengthen LED initiatives

Reforms be instituted for the transformation enhancement through greater decentralization, accountability and transparency. This has to go hand in hand with further entrenching BRN methodology at local levels. Along with, efforts are to be directed at ensuring that there is effective coordination among actors in MDAs, RSs, and LGAs in order to deliver conducive business environment/enablers for private sector to participate and thrive. This also entails implementing the unfinished business of the Local Government Reform Program which includes administrative (human resources management) and fiscal decentralization; as well as harmonization of laws at lower local government authorities (LLGA).

The role of LGAs in regard to this approach is critical for issues related to provision of land for investment, development of SME clusters, support of LED initiatives, etc. The core aim of LED in FYDP II is to ensure that practical approaches are used by RSs, LGAs, and communities in designing and implementing locally customized interventions. Effective LED planning ensures that priority issues are addressed and limited resources are well targeted to promote local growth and poverty reduction. In order for growth and impacts of other interventions to reach and benefit the grass-root, FYDP II needs to be localised. But localization needs strong capacities at local levels. In recognition of the inadequate capacity of LGAs, FYDP II recommends that their capacity be built and strengthened in line with the following key LED strategies:

i. Regions and LGAs tendering and procurement procedures are designed to favour small contractors and emerging businesses;

ii. Marketing of LGAs' investment opportunities to local and international businesses, including supporting service centres that provide assistance and information to businesses that want to start operations in their respective areas of jurisdiction;

iii. Forge local alliance, which focuses on building institutions within LGAs and exploiting private sector resources that can foster and support policy reform for private sector development;

iv. Supporting the so called the Living Laboratory, which are demonstration centers aimed at providing practical demonstrations of what works better in respective localities and creating sustainable jobs and real community benefits;

v. Supporting communities to develop their own economic solutions, including exploring new ideas for improving the creation of and distribution of work to disadvantaged groups and minorities;

vi. Ensuring that the local investment climate is functional for supporting local SMEs and encouraging new enterprises as well as attracting inward investments;

vii. Investing in physical (hard) infrastructure by improving roads, sewerage systems, airports, etc. for businesses; investing in soft infrastructure including human resource development, institutional support and regulatory issues;

viii. Supporting the growth of business clusters that target particular geographical areas for regeneration or growth (i.e. areas or spatial targeting as well as disadvantaged groups of the communities);

ix. Supporting primary specialized cooperatives, to be used to aggregate produce from small scale farmers or manufacturing MSMEs or assist in joint procurement as a way of ensuring forward and backward linkage and its attendant trickledown effects and poverty reduction.

FYDP II recognizes that effective development and poverty reduction need to be community driven as well as LGA supported. A community begins LED strategy planning process by identifying the people, public institutions, businesses, community organizations and other groups with interests in the local economy. The skills and resources that each of these stakeholders bring to the strategy planning process provide a critical foundation for success. LGAs and RAs will be responsible for ensuring conducive local business environment, particularly for MSMEs is in place. Progress in this aspect will be evaluated through Local Business Enabling Environment (BEE) Survey The Government will facilitate redress of challenges related to financing LED, since most LGAs often have limited resources to deliver on LED services. Through FYDP II, the Government will increase resources allocation to LGAs. This will also entail a need to devise an appropriate formula for LGAs subventions from central Government sources and putting up mechanisms of safeguarding LED expenditure from being out-competed by other expenditure items in order to ensure LGA LED becomes a vehicle for local transformation. Sources of funding for LED initiatives include:

(a) Local authority revenue raised from the usual own sources, with care being taken to avoid falling into the trap of introducing nuisance taxes;

(b) Central government transfers, e.g. the TZS 50 million for each village;

(c) Donor grants – including international NGOs, foundations, e.g. those aligned environmental conservation;

(d) Private sector funding such as funds from corporate social responsibility;

(e) Foundations, especially for environmental conservation and improvements, human resource initiatives and poverty alleviation;

(f) Where applicable, LGAs and other actors at the local level will be encouraged to introduce own initiatives to access financial resources beyond the subventions from the central government; and

(g) Introducing regional development corporations as legal entities with similar functions to NDC in order to mobilize finances for projects in their areas of jurisdiction.

In order to ensure effective monitoring and evaluation of LED initiatives, LGAs will be facilitated to conduct the Local Business Enabling Environment (BEE) Surveys in order to obtain information on citizens' perceptions of local conditions and regulations that affect them and local businesses, with the goal of informing policies and practices that hinder business development; as well as identifying key concerns and issues facing their localities.

The Ministry of Finance and Planning in collaboration with the President's Office Regional Administration and Local Government will develop a guide for rolling out LED approach. The guide will include, among others, approaches to measuring performance of local initiatives being implemented at Regional and LGA levels so that the citizenry can be informed of their local development status. Local Business Enabling Environment (BEE) Survey will be one of the tools for evaluating local implementation performance. Effective performance of LED will, in aggregate, diversify the economies and revenue sources of respective governments and gradually, therefore, reduce over dependence from the centre. Increased pace of development in local areas will also reduce push factors of rural-urban migration and thus relieve pressure on provision of urban social amenities and infrastructure.

(ii) Reforms to link LGAs with research and training institutions

In a bid to build the capacity of LGAs (as well as LLG) management, the government will support internships and volunteering of graduates with a bias on rural and/or local government-related training programs offered by colleges like Hombolo Local Government Training Institute; Institute of Rural Development Planning, LITI and MATI. Even as they build the capacity of LGAs and LLGs, this arrangement will also provide the participants with an opportunity to learn actual local development challenges and devise workable solutions, which will make them effective players in the development process of the nation.

(iii) Specific LGA Reform – Dar es Salaam City

Dar es Salaam city is hub of the national economy and a base for social transformation in terms of revenue collection, growth of the private sector, job creation, markets, etc. However, performance of the city is constrained by its administrative structure, which has implications on management of the city's development process. There are overlapping mandates of the city's district municipals, city municipals (LGAs), and Regional Secretariats (RS) which undermines regional coordination. As a result, major services such as transportation, land use planning, water and waste management are not coordinated on a metropolitan-wide basis. FYDP II proposes:

(a) Reforms of the institutional and governance arrangements of Dar es Salaam City in order to improve coordination, accountability, and service delivery. The reforms aim at triggering the evolution of Dar es Salaam into an efficient metropolitan area by redefining the roles and functions of Dar es Salaam City Council (DCC) and, in particular, to provide clear mandates requiring the municipal councils to coordinate services on a metropolitan-wide basis.

(b) Reforms to allow and pilot measures to assess DCC's capacity to raise revenues commensurate with expenditures and instil systems that ensure that the City council is accountable to citizens.

6.4 Implementation Framework

The institutional and coordination arrangement for implementation of the Plan is two ways and follows closely the one outlined in the PIM. At the local level, the process starts from identification of projects based on the local circumstance through participation of local people and entities and agreeing on common needs or programmes that will address shortcomings or constraints faced by the local community. This is what has been described as a LED approach and as it can be noted is not different from the normal Opportunities and Obstacles to Development (O&OD) approach. From there, all agreements will follow PO-RALG channels with only a dotted line, suggesting for consultation with the Ministry of Finance and Planning (Figure 6.2).

For the rest of the projects, the process picks from FYDP priority interventions. Later, programmes and projects are consolidated by Ministry of Finance and Planning and submitted to the Cabinet Secretariat for review. The Cabinet approval process begins with Cabinet Secretariat, through the Inter – Ministerial Technical Committee (IMTC) and Cabinet with appropriate recommendations.

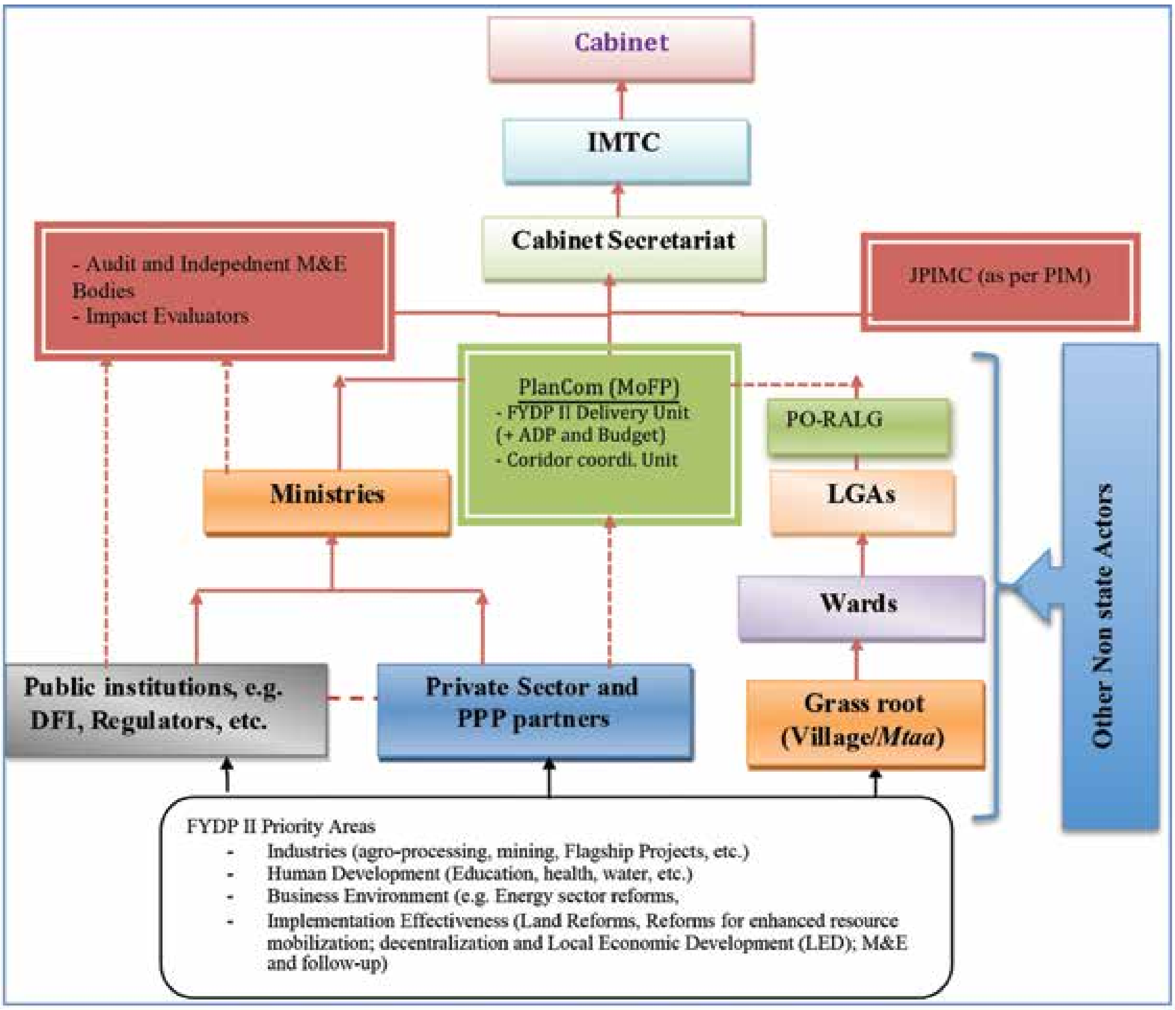


Figure 6.2: Instructional Arrangement for FYDP II Implementation

6.4.1 Planning and Implementation Coordination

Implementation of FYDP II is streamlined through a coherent planning process, whereby all actors are aligned to the set objectives and targets. Since implementation involves a myriad of key stakeholders, institutions and priorities the following steps are adopted:

(i) Annual Development Plans

FYDP II priorities will be further articulated and implemented through Annual Development Plans (ADPs). Identification of annual priorities and sequencing will be done through a consultative process using the dialogue structure that will be established. ADPs will be derived from reviews of an implementation matrix of FYDPII, which also lays out the status of implementation of preceding year's targets. The Ministry of Finance and Planning will spearhead and coordinate this process including the formation of a dialogue structure and production of ADPs.

(ii) Budget Guidelines

The Budget Guidelines will further translate ADPs into a financeable programme to guide actors on issues related to measures for resources mobilisation, expenditure management and budget resources allocation. Budget guidelines will scale up program approach and financing in order to provide interface with all actors involved in project implementation.

(iii) Annual Plan and Budgets

Based on the national Annual Development Plans (ADPs) and Budget Guidelines, MDAs and LGAs will develop Institutional Annual Plans and budgets that will be tabled for further budget scrutiny carried out by committees that are coordinated by the Ministry of Finance and Planning.

(iv) Budget Scrutiny

Budget proposals will be scrutinized through a transparent and iterative process. The aim is to facilitate further prioritisation and sequencing of interventions including identifying areas of synergies and cross sector collaboration. The Ministry of Finance and Planning will coordinate this process.

6.4.2 Institutional Arrangements

The institutional framework presented in this section responds to the thrust of FYDP II, which is to build a high productivity industrial economy and to effect a socio-economic transformation process with high and quality social services delivery. While guided by the focus of the FYDP II, the institutional framework intends to achieve the following key implementation objectives:

(i) Ensuring coherence of policies and implementation;

(ii) Strengthening vertical chains of intra- agency/ministerial accountability and inter-ministerial coordination;

(iii) Strengthening horizontal coordination;

(iv) Creating strong state-business/investor relationship at the national and sectoral levels;

(v) Strengthening the coordination of the national innovation system, which brings together individuals, business organizations, government, academia, and research institutions; and

(vi) Facilitating adoption of a relatively more problem-driven and flexible approach to implementation.

As stated earlier, the focus of FYDP II is to build an industrial economy. To the largest extent possible, private sector is expected to participate fully and play the central role in implementing and financing the Plan. The State will play a smart and active role to catalyse and support the private sector play its designated role more productively, profitably, efficiently and transparently. This section outlines the roles and responsibilities, and the modes and structures of interaction, collaboration and dialogue for the various key stakeholders of the Plan. The aim is to create a structure flexible enough to facilitate timely responses to problems as they arise in the process and adjust thereto. The key stakeholders and their roles include the following;

(i) Central government

While central Ministries will be responsible for overall coordination of implementation of FYDP II, the Ministry of Finance and Planning, in particular, will:

(a) Be the providing central point for coordinating, developing, planning, synchronization and prioritization of public investment projects for funding;

(b) Issue ADPs and budget guidelines;

(c) Set up M&E framework including performance targets, indicators with associated timeframes and timelines;

(d) Monitor and evaluate the implementation of plans;

(e) Facilitate dialogue and engagement between investors and sector Ministries and/or thematic agency to address issue at hand;

(f) Mobilize financial resources and allocate resources to selected priorities and other government operations;

(g) Ensure prudent use of financial resources by undertaking project monitoring missions, expenditure tracking and reviews, and;

(h) Ensure macroeconomic stability and predictability.

(ii) Sector Ministries and Thematic Agencies

(a) Provide the sectoral level focal point for coordination of sector projects;

(b) Provide real time solutions/guidelines to issues related to investment in sectoral areas;

(c) Maintain and safeguard the national stock of capital;

(d) Facilitate acquisition of needed infrastructures for private sector investment in their respective sectors;

(e) Provide and enforce sectoral standards for services delivery;

(f) Provide technical support and backstopping to LGAs and Regional Secretariats, and Business sector such as land acquisition for initiatives in the respective sectors;

(g) Promote industries based on the national comparative advantages in the sector and to invest in commercially viable PPP projects,

(h) Undertake feasibility studies and prepare sector project documents; and

(i) Undertake collection of data on the performance of interventions under their jurisdiction.

(iii) Regional Secretariat and LGAs:

(a) Facilitate the business sector in developing businesses in their respective jurisdictions;

(b) Facilitate acquisition of facilities and availability of relevant utilities for investment and businesses; and

(c) Collect regular data about the progress of interventions at the regional and LGA levels.

(iv) Private sector:

(a) Engaging with the government and forming consensuses around the strategic direction of the economy and the path of structural transformation;

(b) Establish businesses for creating wealth;

(c) Develop bankable projects and undertake attendant investments in line with FYDP II priority areas; and

(d) Implement corporate social responsibility (CSR) requirements

(v) Academia:

(a) Build capacity and quality of the national stock of human capital;

(b) Train graduate engineers in challenges of society that require technology solutions to be applied;

(c) Train technicians and skilled labour for use in the industrial sector, agriculture, and services sector;

(d) Backstop Government and private sector needs for informed expertise requirements.

(e) Undertake focused research to contribute to the R&D process as part of the overall Research Agenda for promoting innovative solution.

(vi) Industrial Research Institutions:

(a) Lead research in industrial innovation for national economic development;

(b) Propose assimilations and adaptations of technology for application to the local environment;

(c) Lead research to find technology solutions to economic challenges;

(d) Link and coordinate research in academia with industrial research institutions locally and abroad.

(vii) Financial Institutions:

(a) Provision of financial services and intermediation to industry sector;

(b) Conduct project appraisals and confirm commercial sustainability before physical implementation.

(viii) Labour:

For any initiative proposed herein will require labour for its effective execution. Labour has to be adequately prepared to avail the necessary and essential skills and positive attitude to work. With the fact that labour preparation requires ample time, the Ministry of Finance and Planning will require each main public sector actor (agency) and other implementing partner, for each of the strategic projects, to submit a detailed work plan, with all necessary details of the quantity and skills of labour for its proper planning.

6.5 Envisaged Risks and Mitigation Measures

The world we live in is fraught with inherent risks that may impact negatively on the present and the future implementation of plans. Development of FYDP II recognizes this fact. Reality has shown that the higher the risk, the higher the rewards. It is therefore prudent that rather than refraining from undertaking interventions as a way to avoid risks, mitigation plans for confronting inherent risks and thus ensuring successful delivery be devised. Two sets of risks are envisaged:

6.5.1 External risks and their mitigation

The greatest external risk to successful implementation of FYDP II relates to the risks posed by the rapidly changing global, regional and sub-regional environment (which on the other hand also provides a number of opportunities). The risks include the following:

a) ***Risks to trading generated at global, regional and sub-regional levels:*** These can be generated by global and regional economic shocks, e.g. Financial. Crises in such areas will lead to reduction of demand for Tanzanian goods and services, which in turn will lead to reduce foreign exchange earnings which are one of the key sources of financing FYDP II. A decrease or high volatility in this source of financing will derail implementation. Devising a sound plan for diversifying both products and market destinations is therefore in order. The same holds for unfavourable changes in terms of trade (TOT).

b) ***Unfavourable geo-politics including wars and conflicts:*** these may also impact negatively on FYDP II implementation given that such occurrences disturb trade market conditions as well as sources of investible funds in Tanzania. Active participation in global, regional and sub-regional efforts to prevent such occurrences as well as active participation in resolving such conflicts when they occur will contribute to successful implementation of FYDP II.

c) ***Risks generated whims of nature, which can impose heavy cost to Tanzania:*** Examples of these include global warming and climate change, the impacts of which are felt in sectors such as agriculture and energy (by decreasing water volumes and hence reduced hydro power generation). These are bound to affect the delivery of FYDP II given the strong link between the performance of such sectors and the successful development of industries. Local actions to contribute in mitigating such impacts will be needed. The Plan has detailed actions to undertake in this view and while measures are in place to augment country's in accessing global and regional facilities that have been set up to mitigate such risks.

6.5.2 Domestic risks and their mitigation

At the domestic level, implementation of FYDP II may face risks in the following spheres:

(i) ***Lingering weak implementation syndrome:*** The Plan proposes several reforms to cause a departure from business as usual syndrome. Reforms to be undertaken, which as much as possible, will be targeted, particularly to get rid of unsupportive ways of implementation such as delayed decisions attitude, attitudes against hard work and weak mobilisation of financial resources. Such negative attitudes need to be undone to give way to business unusual to embed, embracing hard work, accountability through mitigation measures and deliberate campaigns.

(ii) ***Inadequate resources (financing and human):*** Successful implementation of FYDP II also hinges on timely, availability of adequate of financial resources as well as the right mix and quality of human resources. In the absence of these attributes, the implementation of FYDP II cannot be assured. On the financing side, moving beyond traditional mechanisms of financing development to innovative ones such as creating special financing windows for financing construction, MSMEs and re-engineering the roles of supportive institutions such as NDC, SIDO coupled with strengthening roles of DFIs, will help reduce risk of FYDP II not being implemented successfully. Targeted training for skills required in priority areas of the Plan has been proposed to address the risk of shortage in human resources.

(iii) ***Lengthy decision making processes and inappropriate sequencing of initiatives:*** Time is always of essence and is a critical resource, which is often not recognised as such ("time is money"). The risk to FYDP II implementation lies in inefficient decision making process (delay, fragmentation, etc.) since the implementation of

FYDP II is premised on a given time frame and requires the several decisions to be made at the right time and in the right sequence, that is there is need for proper coordination and appropriate "decision tree".

(iv) ***Poor prioritization and sequencing:*** The desire to achieve fast results on a large number genuine developmental needs in least developing countries like Tanzania often carries with it a long wish list of agendas for implementation. This increases risk of having limited resources spread too thinly across to many items with the end result being none of the items being accomplished effectively enough to deliver the desired outcomes, if any, and ultimately amounting to a waste of scarce resources. Prioritisation and therefore, smart management of various types of trade-offs that will ensue, will have to be a key guiding principle in implementing FYDP II. At the same time sequencing initiatives in a way that will ensure that prioritized activities follow a critical path for efficiency of results is also important.

(v) ***Land ownership and management conflicts:*** The evaluation of FYDP I implementation showed that some planned projects were severely delayed due to issues related to land acquisition and ownership. Legal and procedural bottlenecks in the acquisition and management of land for various types economic activities (most of which have been pointed in previous sections of the Plan) need to be removed in order to facilitate the effective implementation of FYDP II.

(vi) ***Incomprehensive M&E:*** Findings of various reports on implementation have revealed that weak M&E is another factor that undermines effective implementation through allowing inefficient use of resources (no value for money) and other warning signs of problems during implementation to go undetected, and ultimately leading to non-completion of projects. During FYDP II implementation, M&E should facilitate adequate tracking of processes and outcomes, in both physical and monetary terms. It should also be designed to facilitate quick feedback between problem areas and units responsible for resolving them and interoperability of monitoring systems with clear oversight mechanisms.

(vii) ***Conflicts of interest:*** Experiences with past implementation have revealed inadequacies such as uncoordinated implementation, individual and institutional interests overriding national interest, etc., all of which ultimately lead to costly results of shoddy, inefficient, ineffective, and incomplete execution of projects, and in some cases, the projects not being implemented at all. Successful implementation of FYDP II requires all stakeholders and key actors to be committed to and to focus on the national agenda. A well-designed supportive institutional framework is thus imperative to manage such conflicts of interest.

(viii) ***Slow response of the private sector:*** The successful transformation program of FYDP II is premised in the active participation of the private sector as investors in actual industries. If they do not respond quickly and start developing industrial projects, transformation will be derailed. A constant dialogue between the Government and business sector to deal with problems is embedded in the Plan to spar and foster implementation and incentivise the private sector to invest actively.

7 MONITORING AND EVALUATION

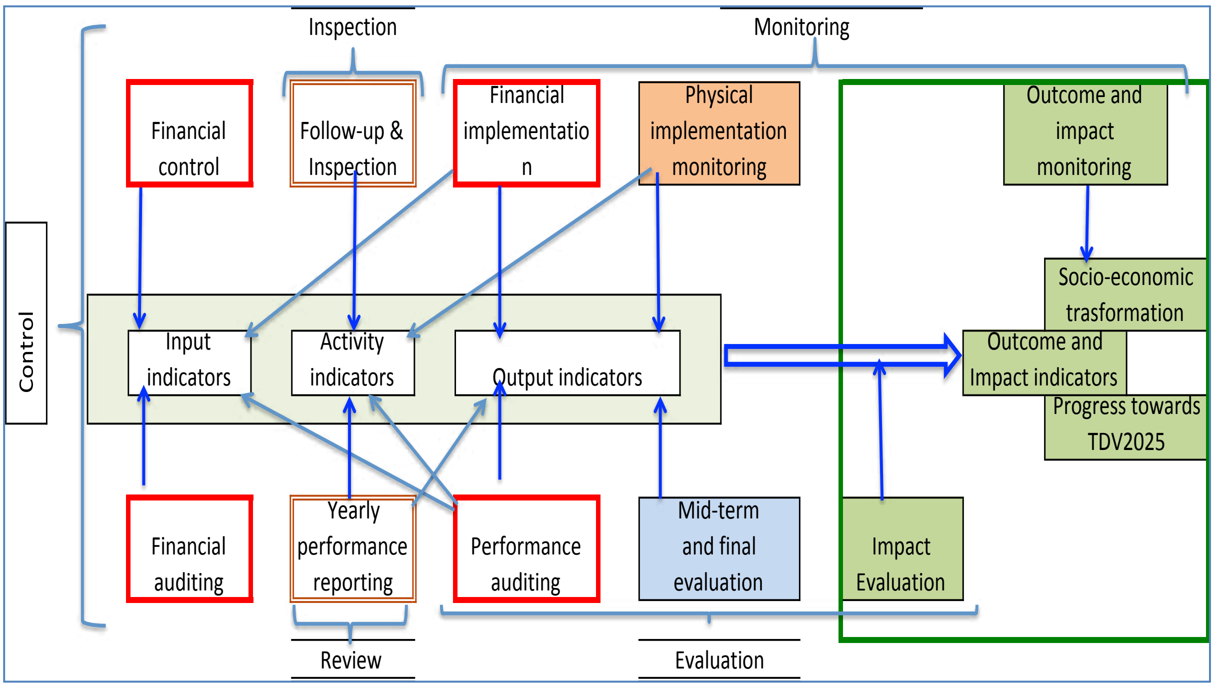
7.1 Overview

This Chapter outlines the M&E framework for the implementation of FYDP II. The proposed M&E framework for FYDP II involves general and specific objective indicators and targets to be realised at macro, sector and project or intervention levels. It also spells out institutional arrangements, roles and responsibilities as well as assumptions underlying an effective FYDP II M&E system.

7.2 Monitoring and Evaluation Framework

The proposed M&E framework for FYDP II emphasises the importance of availability of reliable data in gauging quantitative and qualitative performance indicators. It further emphasises the importance of having in place analytical capabilities in order to generate new insights for policy makers and to distil reliable information to be communicated to the citizenry on progress being made and gaps to be filled, so as to evoke commitment and consistency in efforts directed towards the realisation of FYDP II objectives. Generally, the framework and institutional arrangement for monitoring and evaluating the FYDP II is embedded in the prevailing Government-wide Monitoring System (GMS) as indicated in Figure 7.1. The experiences and lessons from implementation of existing M&E framework have sharpened the proposed design of the FYDP II M&E framework with a view to enhancing implementation efficiency and effectiveness.

Figure 7.1: Conceptual Framework for FYDP II Monitoring and Evaluation Framework



The framework identifies and defines main M&E components and sets the scope of the M&E processes, which follows a public value chain approach. The framework delineates clear roles for control, inspection, review, monitoring and evaluation. The roles and responsibilities of each node as assigned to institutions are spelt out in Section 7.4.2.

7.3 Objectives of the M&E Framework

The overall objective of M&E Framework is to avail space for constructive engagement with stakeholders. At macro level, the framework uses an integrated approach that combines outcomes reported by MDAs, LGAs, other public institutions and the private sector, the latter of which is the key implementer of strategic projects, and interventions to gauge outcomes and impacts felt using macroeconomic development indicators. At the meso (sectoral and cross-cutting interventions) level, reporting will be on the overall objective targets and transformational changes attained in relation to the set sector and project/intervention targets. At the micro (project/intervention) level, reporting is designed to inform achievements and identify gaps in relation to the expected timeline targets, milestones and runs in terms of time and costs as stipulated in the action plans.

Specifically, the objectives of FYDP II M&E framework are to:

i. Track progress and demonstrate results of FYDP II interventions over the short, medium and long term, including reporting on regional and international targets such as SDGs that are integrated into national development frameworks;

ii. Coordinate and facilitate MDAs, LGAs, private sector and other stakeholders to regularly and systematically track progress of the implementation of priority initiatives of FYDP II;

iii. Assess performance in accordance with the agreed objectives and performance indicators and targets in order to support management for results (i.e. evidence-based decision making), compliance with Government policies (accountability) and constructive engagement with stakeholders (policy and implementation dialogue);

iv. Dispense an Early Warning System for potentially challenging issues or processes in relation to implementation of FYDP II, which may need urgent corrective measures;

v. Provide continuous learning ground for MDAs, LGAs and other M&E stakeholders during implementation of FYDP II;

vi. Facilitate the setting of a research agenda, detailed analysis of data on growth, transformation and human development trends and dissemination of the findings to inform a wide range of stakeholders; and;

vii. Continue the institutionalisation and harmonisation of the use of M&E information in policy formulation, planning and budgeting in the public sector in particular and the economy in general, including sustained technical support and training for entrenchment of an M&E culture in Tanzania especially at sub national levels.

7.4 Strategy for FYDP II M&E

Although there are monitoring and evaluation systems within MDAs, there have been concerns that establishment and use of M&E tools in Tanzania has been relatively slow, sporadic and largely limited to monitoring and reporting on targeted activities. Moreover, there is absence of a comprehensive and integrated framework and whole-of-government M&E system to provide overall guidance on the development and application of M&E across sectors.

The lack of an integrated and effective M&E system is an impediment to measuring actual impacts of development initiatives and their attendant results on human development. This makes it difficult to flag areas of risk or identify critical issues that need deeper analysis and policy responses in a timely manner. Most critically, there is lack of capacity to synthesize information that is collected for timely strategic decision-making and accountability.

Overall, there is insufficient capacity with respect to staffing and specific technical expertise to identify and disaggregate available data (such as by locality and socio-economic groups; at sub national levels), and adequately coordinate, manage and report new data among the multiple partners that are involved in implementing the national development agenda and policies. This has led to over reliance on national surveys and censuses conducted by the National Bureau of Statistics (NBS) as the main source of authentic data for national, public sector, private sector and local Government M&E systems. Survey data are only available at specific periods as per Tanzania Statistical Master Plan (TSMP) calendar, in most cases over five (5) year periods; thus making it difficult to track progress in implementation on a yearly basis.

FYDP II M&E strategy, therefore, aims at building a system that is robust, comprehensive, fully integrated, harmonized and well-coordinated to monitor the implementation of national development initiatives as well as evaluating their outcomes and impacts. Equally important, it intends to strengthen implementation, monitoring and evaluation (including impact assessment) and reporting during implementation of FYDP-II. It will also mean ensuring full coordination and operationalization of the monitoring, evaluation and reporting systems as articulated in the Medium Term Strategic Plan and Budgeting Manual. FYDP II M&E will also adhere to the principles of monitoring and strategic issues as stipulated in the Public Investment Management Operational Manual (PIM-OM) and strategic issues for monitoring.

Efforts to improve management of existing routine data systems will continue, being of critical importance in enhancing monitoring and evaluation of the priority areas embedded in FYDP II. The framework of routine data systems is being implemented under the Tanzania Statistical Master Plan (TSMP). The most efficient features of routine data are their availability at little cost and in a timely manner. The value attached to routine data is vital in terms of data production in a short period of time or high frequency generation such as price data. The National Bureau of Statistics has a legal mandate to provide guidelines to all Ministries, Departments and Agencies on how to retrieve administrative data from their respective sectors. These features and developments in routine data have informed the design of the FYDP II M&E evaluation framework.

For all MDAs, LGAs and other implementing agencies, a five-year medium- term programme will be developed to reflect the priority areas. The programme will identify clear terms involved in developing data systems, coupled with sector databases starting from lower levels up to the national level. Issues that have been considered during development of the system include: accuracy of the data, precision, completeness, timeliness, coverage, analysis, accessibility, confidentiality, as stipulated in the principles and standards of official statistics. Stakeholders' analysis will be conducted, and results incorporated in the programme.

Governance and leadership, as well as, financing frameworks for generating and disseminating routine data systems have been developed. New sources of financial streams for supporting M&E have been identified bringing on board new stakeholders.

7.4.1 Approach

In order to ensure effective tracking, evaluation and feedback on FYDP II implementation, a well-coordinated government-wide M&E system will be required. In this regard, MDAs, LGAs, CSOs, private sector, research and academic institutions will be involved in formulation and implementation of M&E activities in an integrated approach that entails involvement of all key actors and primary stakeholders. This will enable all key actors to fully internalise and own the system as well as utilise the results to inform and shape requisite intermediate interventions.

7.4.2 Institutional arrangements

The governance arrangements for FYDP II M&E will be set out in the FYDP-II M&E Master Plan. The key features include:

i. An institutional framework that is inclusive in that it brings together all relevant stakeholders to carry out data generation (Survey and Routine Data), research and analysis, communication and feedback mechanism and linking to relevant Government policy, decision making bodies and users;

ii. An indicator framework that tracks FYDP II implementation and results, specifying data sources, frequency of reporting, and institutional responsibility, among others;

iii. A survey calendar to be implemented by the National Bureau of Statistics (NBS) to provide estimates for key FYDP II indicators, including mid-term review of trends in poverty reduction;

iv. A calendar of planning, budgeting and reporting;

v. Defined outputs of FYDP II M&E, including survey reports, analytical and implementation progress reports; and

vi. A funding mechanism and a budget for monitoring and evaluating FYDP II.

At the operational level, FYDP II Delivery Unit will, in collaboration with lead MDAs, prepare and publish a clear and comprehensive implementation roadmap and set Key Performance Indicators and targets for all Flagship Projects based on the experience from BRN.

The consolidation of these key features will deepen the integration of FYDP II strategic interventions into the budget process, financing options and the public expenditure review (PER) process. It will also strengthen the alignment of strategic plans of MDAs, LGAs and other strategic implementing agencies to FYDP II interventions in order to ensure that plans priorities, implementation of action plans, sequencing and reporting on implementation of FYDP II is enhanced.

In order to streamline coordination and organization for effective implementation as well as monitoring and evaluation of FYDP II, the Inter-Ministerial Technical Committee of Permanent Secretaries will constitute a special sub-committee that will oversee implementation of FYDP II. This Committee will be backstopped technically by the Ministry of Finance and Planning and will be required to report monthly to IMTC and quarterly to the Cabinet.

7.4.3 Roles and Responsibilities

In assigning roles and responsibilities, FYDP recognizes earlier efforts of institutionalizing M&E functions in Government, including establishment of M&E units in the directorates of policy and planning in all Ministries. In absence of national policies and laws to backup M&E requirements, incentives and sanctions, only Government directives have guided these. During implementation of FYDP II, the Government will review this environment and introduce M&E policy and legislation as shall be deemed appropriate.

Meanwhile, in order to avoid overlaps, personal interests, conflict of interest, conflicting roles and uncertainty in the monitoring and evaluation function during the implementation of FYDP II, roles and responsibilities of key actors are clearly delineated, thus providing guidance for the activities and outputs that will be coordinated at the national, sector and sub sector levels, and in other relevant institutions. These will be elaborated in accordance with the Plan and Budgeting Manual for the whole of Government. The roles and responsibilities of key institutions are as follows:

i. MoFP:

MoFP will have the overall responsibility of coordinating the implementation of FYDP II M&E framework/Master plan including funding mechanisms. Specifically MoFP will do the following key activities:-

a) Coordinate the implementation of the M&E framework including Monitoring and Evaluation activities undertaken by various actors;

b) Mobilizing financial resources particularly in fund government stake for tracking expenditures for financial accountability

c) Coordinate other actors responsible for flagship projects to facilitate the development of 3-feet BRN like work-plan, with implementation milestones and KRAs. This system will constitute a forum for assigning remunerations in line with the performance management system, which was introduced under PSRP.

d) MoFP consequently will produce the following key reports

   i. FYDP II annual implementation/Progress report (APR);

   ii. Economic Transformation Report (ETR), Produced after every two years;

   iii. Poverty – Environment Report (P-E) based on LED approach pilot and scale-up programs;

   iv. Engagement Report on dialogues held on policy and the implantation of the various interventions;

   v. Budget Monitoring and Evaluation Reports, for tracking expenditure and financial Accountability;

   vi. Mission Reports for project inspection missions and

   vii. SDGs Performance Reports

ii. President's Office-Public Service Management (PO-PSM):

This is responsible for ensuring availability of requisite human resources to operationalise FYDP II and its M&E strategy. This will include recruitment of M&E specialists, socioeconomic analysts and statisticians. It will entail also reviewing organisational structures, manning capacity, analysis and preparing capacity building programmes for M&E sections across the public sector (in collaboration with MoFP) commensurate with capacity needed to deliver on FYDP II and its M&E strategy.

iii. MDAs and LGAs:

These are key implementing agents and therefore central for reporting day to day and timeline implementation performance as well as reporting on progress against planned milestones. They will also manage and report on time and cost outruns, alignment of plans and budget implementation with their strategic plans, targets as well as attendant interventions in line with their delivery responsibilities set out in FYDP II. LGAs will be responsible for reporting on progress of implementation and achievements of planned outputs at local levels. This involves focusing on implementation constraints including tracking of the implementation specific local economic development (LED) plans for their locality.

iv. Development Partners (DPs):

Development Partners can support the M&E strategy by providing financial and technical assistance for its operationalization and assist in capacity building for undertaking effective M&E, and in the effective use of M&E products.

v. NBS:

The role of NBS will be to provide core statistics and data that are critical for the monitoring and evaluation of FYDP II goals and strategic interventions. It will entail scaling up and deepening of the implementation of the existing Statistical Master Plan. The main objective of the master plan is to strengthen the national statistical system in Tanzania to facilitate the production of quality statistics for decision makers in an objective, timely and cost effective manner.

vi. Private sector and other strategic partners:

The general thrust of FYDP II has been developed in the ambit of a market-led economic management framework. In this context the private sector and other non-state actors are instrumental in the realisation of the Plan's priority areas. Their participation can be through undertaking their own initiatives or by partnering with the public sector. Therefore, as key actors, can also ensure its effective implementation by providing information needed for reviewing policy and implementation modalities that enable or hinder the development of businesses and investments. The M&E framework for FYDP II explores mechanisms and tools for capturing policy information from non-state actors, particularly the private sector which is the central and critical player in industrial investments. These actors will be required to provide reliable information on areas of they are interested to invest and levels of financing they are considering to put in the potential investments. For major investments and where support from the public sector is required, they will be obliged to disclose their investment action plans and implementation milestones in order to inform schedule of support actions by the public sector.

7.4.4 Evaluation of FYDP II

There will be three categories of evaluations: annual, mid-term and end final at the Plan horizon. As such, there will be two rigorous and comprehensive evaluations, namely, the mid-term and the end of period evaluations. These two evaluations will be undertaken by an independent evaluator outside of Government machinery to observe transparency and objectivity. The details of the evaluations are as discussed hereunder:

i. Annual Internal Evaluation: The internal evaluation will involve production of Annual Progress Report (APR), PER and sector Annual reviews in order to stimulate dialogue and inform the plan and budgeting process.

ii. Mid-term Evaluation: This will be conducted after two and half years during the Plan's implementation. This review will be coordinated by MoFP and will address performance against the intended objectives and targets. It will recommend any changes required to square back/return to right trajectory of implementation towards achieving the objective targets set in the original set up of the Plan. The Plan introduces a "FYDP II President's Summit" at mid-point to see whether and how to adjust the course if deemed necessary.

iii. Final Evaluation: This is to be conducted after four-and-a-half years of the Plan's roadmap of implementation. Although it done by external/independent evaluators, the evaluation will be coordinated by MoFP. The evaluation will assess the overall effectiveness of FYDP II against its objectives/goals and targets, and where possible, against outcomes and impacts. It will also constitute parts of the main analytical report to inform ways to coordinate implementation of the subsequent FYDP III. The evaluation plan detailing specific policy and programme evaluation to be conducted during the life span of FYDP II will be contained in an M&E plan. A plan to build capacity in evaluation will have also to be developed as an integral part of M&E strategy.

iv. Diagnostic work and data analysis: Besides the three categories of evaluations, for some issues, the M&E framework will allow for detailed diagnostic work to provide more insights to the constraints that economic agents, including men and women face in realising economic opportunities. In some strategic projects, impact evaluation research in areas beyond those provided by overall assessments of FYDP II will be supported. At the local level, the pilot LED initiatives will also be evaluated to establish their scalability.

7.5 Underlying Assumptions for M&E Strategy

While M&E strategy is desirably necessary, its effectiveness assumes availability of fundamental success factors, including the following:

(i) Strong political will and commitment to transparency, accountability and results-based management;

(ii) A coherent institutional framework with surveillance mandates on performance and results monitoring and evaluation with clout to task defaulting implementing agents to remedial actions;

(iii) Policy consistency and persistence to ensure that the framework, which defines responsibility, intended targets, outcomes and results of interventions are relevant and holding;

(iv) Alignment of roles, responsibilities and sequencing implementation of priority interventions across a spectrum of plans of MDAs and LGAs sharing delivery responsibility of the projects/ interventions;

(v) Dedicated resources for monitoring, through the budget and a revitalized Pooled Fund Facility for M&E strategy, including key review of policies, institutional framework, building analytical capacities and availing core statistical data for monitoring and evaluation.

7.6 FYDP-II Results Framework

The extended results framework will be presented in a separate M&E Master Plan. The FYDP II result matrix will establish baselines and set targets, disaggregated appropriately by gender, location, etc. The M&E framework will have a results matrix, which among others, will include the following set of indicators:

(i) Indicators associated with aspects of industrialization and economic transformation;

(ii) Indicators associated with Human development;

(iii) Indicators associated with policies that remove constraints to further economic transformation;

(iv) Indicators associated with ways of working and institutional development.

Aspect (iv) above is related to the quest to improve service delivery as Tanzania strengthens policies and programs to improve quality and efficiency in the face of growing demand. In this regard, new perspectives in surveys should include Client survey data collected regularly, and published private sector and citizen satisfaction disaggregated sufficiently by location and socio-economic groups, including gender. These surveys will cover both traditional human development aspects and other services used by households in the production of goods and services for sale and for household consumption.

Given the importance of industry and the employment channel, data on industrial production, employment, and wage disaggregated by gender and locality will be important for the FYDP II monitoring system. In developing the FYDP II monitoring Framework, efforts will be made to target employment and earnings by gender and vulnerability. Some of the indicators in the results matrix include:

(i) Unemployment rate (disaggregated) such as rural vs. urban; farm vs. non-farm, formal vs. informal; wage vs. own incomes; gender; socio-economic groups, etc.;

(ii) Labour force participation rate and labour productivity (GDP per worker), GDP per capita disaggregated as far as practically possible along (i) above;

(iii) Poverty levels (various indices), and inequities such as proportion of income earned by the bottom quintile; farm yield, disaggregated as far as feasibly possible along (i) above etc.;

(iv) Manufacturing Value Added (MVA), exports (as measured in volume and value) showing level of value addition/processing - non-traditional exports); destination and sophistication;

(v) Savings and investment rate; data on savings and gross fixed capital formation (the latter disaggregated key sectors) – disaggregated by public sector and private sector categories.

Moreover, an SDG indicator framework will adopted and be aligned and integrated with the FYDP II M&E framework after the former has been appropriately domesticated and localized to reflect Tanzanian context and local realities.

7.7 M&E Implementation Plan

FYDP II M&E implementation framework will be a detailed separate document, clearly indicating, among others:

(i) Links/interfaces with other process such as TSMP;

(ii) Links between the Local Economic Development (LED) and the local government M&E systems, such as LGMD and the localized SDGs indicator frameworks;

(iii) Roles and responsibilities of all key actors in M&E;

(iv) Interventions for strengthening of M&E systems, including the establishment of a national department to coordinate M&E (function, staffing, financing, etc.).

ANNEX A: STRATEGIC INTERVENTIONS FOR FLAGSHIP PROJECTS

Location/ type	Challenges	Interventions required	Expected results
Realization of the Central Development Corridor			
Bagamoyo SEZ	✓ Funds for outstanding compensation ✓ Funds for resettlement of Pande and Zinga residences ✓ Financing of supporting infrastructure, Port and Portside Industrial Zones ✓ Funds to facilitate Joint Working Team and Joint Task Force for Bagamoyo SEZ	✓ Land acquisition and compensation ✓ Resettlement of Pande and Zinga Residence ✓ Construction of supporting infrastructure ✓ Constructions of Port Infrastructure ✓ Facilitation of JWT and JTF ✓ Development of Portside Industrial Zone and Mbegani Sea port	✓ Port construction to start by January 2017 and accomplished by 2020 ✓ Compensation of 98,00ha. ✓ Port side Industrial zone fully operational by 2020. ✓ Employment estimated at 20,000 by December 2020 ✓ Estimated investment projects (factories) to be attracted by 2020 is 10
Kigoma SEZ	✓ Funds for outstanding compensation ✓ Financing of Project infrastructure	✓ Land compensation ✓ Construction of Project infrastructure ✓ Detail design of project infrastructure ✓ Development of Kigoma SEZ	✓ Operational by June 2019 Expected number of firms attracted is 5 ✓ Estimated employment created is 200
Kurasini Logistics Centre	✓ Funds for outstanding compensation, demolition, clearance and chain link fencing ✓ Survey and procedures for registration of Title Deed ✓ Project infrastructure	✓ Land acquisition and compensation, demolition, clearance and chain link fencing ✓ Registration of Title Deed ✓ Development of Kurasini Logistics Centre	✓ Operational by June 2018. ✓ 20 local industries sell into the zone by December 2020 ✓ Employment creation

Location/ type	Challenges	Interventions required	Expected results
Dodoma Trade and Logistics Centre	✓ Funds for compensation, demolition, clearance and chain link fencing ✓ Survey and procedures for registration of Title Deed ✓ Project infrastructure	✓ Land acquisition and compensation, demolition, clearance and chain link fencing ✓ Registration of Title Deed ✓ Development of Dodoma Trade and Logistics Centre	✓ Operational by June 2020. ✓ local industries sell into the zone by December 2020
Dredging and expansion of the entry to Dar es Salaam Port, Dar es Salaam	✓ The project aimed at Increasing efficiency and throughput of Dar es Salaam Port. The objective of this project is to increase water depth for berths number 1 – 7 from the current depth of less than 10 meters to at least 12.	✓ Expedite procurement of contractor	✓ Throughput and efficiency of the port increased.
Container Terminal - Berths 13 – 14 Dar es Salaam	✓ The objective is to develop a modern terminal with two berths (13 & 14) to match the increase traffic. The terminal will include the quay of minimum 750 meters length; minimum 13 meters channel depth and dredging of the port entrance.	✓ Expedite procurement of contractor	✓ Throughput and efficiency of the port increased.
Modernization of Kigoma Port	✓ Feasibility study and detailed design for port improvement not in place	✓ Expedite the conduct of project Feasibility study and detailed design. ✓ Kick start financial negotiation to acquire a loan from prospective financiers	✓ Modernisation of Kigoma port will increase its operational efficiency particular serving DRC freight through lake Tanganyika and Central railway.
Construction and rehabilitation of Mwanza South Port, Mwanza region	✓ Feasibility study and detailed design for port improvement not in place	✓ Expedite the conduct of project Feasibility study and detailed design. ✓ Kick start financial negotiation to acquire a loan from prospective financiers	✓ Modernization of Mwanza port will increase its operational efficiency

Location/ type	Challenges	Interventions required	Expected results
Commercialization of Tanzania Automotive Technology Centre (Nyumbu)	✓ Worn out infrastructure and outdated RD technology capacities ✓ Underfunding of R&D activities ✓ Untitled land ✓ Aging out skilled and competent human resource ✓ Failure to commercialize developed automotive technologies	✓ Rehabilitation of infrastructure and upgrading R&D technology capacities ✓ Increase R&D budget ✓ Titling of land ✓ Recruitment and training of personnel ✓ South South Corporation programme ✓ PPP for automotive assembly	✓ Improved infrastructure ✓ R&D laboratory in place by 2020 ✓ A new foundry in place by 2020 ✓ Land title acquired ✓ A pool of skilled and personnel professional competence ✓ Technology transfer and assimilation ✓ Technologies disseminated to SMEs by 2020 ✓ Design layout of the assembly plant ✓ Assembly plant renovated by 2020 ✓ Commercialization of Nyumbu Truck by 2020
General Tyre (Arusha)	✓ Worn out plant associated infrastructure and outdated tyre manufacturing technology ✓ Unavailability of funds to revive and modernize the tyre manufacturing plant	✓ Replacement of outdated equipment and machines ✓ Fund mobilization for completely revival and modernization of the tyre manufacturing plant.	✓ Resume and increase capacity of tyre production in the country ✓ Reduce foreign expenditure to import tyres ✓ Growth of industrial sector for contribution to GDP ✓ Create employment and technology transfer to Tanzanian
CAMARTEC-Arusha	✓ Inadequate of agricultural inputs related industries	✓ Construction of tractors and agricultural tools	✓ Increase in agricultural inputs
Tractors assembly plant (TAMCO – Kibaha)	✓ Shortage of tractors assembly plants	✓ Assembling tractors which will be used in supporting agricultural growth	✓ Increase the number of tractors in the market
Motorcycles Assembly Plant	✓ Distance of the site from the basic infrastructures	✓ Connection of basic infrastructure to the site Installation ✓ Installation of step down transformer from 11kV to 400V	✓ 200 nationals will be employed including engineers, technicians, marketers, sales persons, and other supporting staffs.

Location/ type	Challenges	Interventions required	Expected results
Mkulazi Agricultural City, 63,200ha.	✓ Incomplete land layout and design ✓ Lack of core infrastructure ✓ No prospecting investor obtained ✓ Shortage of water and irrigation infrastructure	✓ Construction of basic infrastructure	✓ Established basic infrastructure in place by 2020 ✓ Obtain potential investors by 2020
Construction of Dar es Salaam – Isaka –Rusumo-Tabora (1,341Kms), central railway system to Standard Gauge	✓ Way leave for the new line from Isaka – Rusumo ✓ Project financing	✓ Preparation of Cabinet Paper on financing mode of Project ✓ Negotiation with Investors on financing and implementation of the project. ✓ Fast track procurement process for acquisition of contractors ✓ Begin construction	✓ High speed – SGR for smooth passenger and cargo transportation between Dar – Isaka
Development of the North-West Corridor of Tanga			
Construction of 24m deep Mwambani- Port - Kigombe area, – Tanga	✓ Negotiation with private sector / investors on financing mode of the project has taken long time	✓ Review the Feasibility study & detailed design report ✓ Expedite negotiation with Private Sector/ Investors on financing mode of project	✓ Mwambani port will enable Tanzania to achieve a robust and inclusive economic growth as the project is introducing the idea of Value Corridor[1] approach as oppose to extractive[2]corridor approach which is existing at the moment in Tanzania. Therefore, having this kind of project will stimulate industrial development along the corridor anchor towns as specified from time to time
Tanga SEZ	✓ Funds for outstanding compensation ✓ Financing of Project infrastructure ✓ Feasibility plan and Master not done ✓ Detail design not done	✓ Land and compensation ✓ Cost for onsite and offsite infrastructure ✓ Feasibility study, master plan and cadastral survey ✓ Detail design ✓ Development of Tanga SEZ	✓ Operational by June 2019 ✓ Estimated employment created by 2020 is 100 ✓ 5 firms attracted by 2020

Location/ type	Challenges	Interventions required	Expected results
Construction of Tanga-Arusha-Musoma rail with branches to Minjingu and Engaruka	✓ Project financing	✓ Spearhead obtaining of project Feasibility study and detailed design. ✓ Preparation of Cabinet Paper on financing mode of Project ✓ Negotiation with Investors on financing and implementation of the project. ✓ Fast track procurement process for acquisition of contractors	✓ Increase in efficiency of Tanga Port. ✓ Facilitate Uganda's import and export trade with Tanzania. ✓ Facilitate transportation of soda ash and fertilizer to the market, from Engaruka and Minjingu respectively.
Construction of the Arusha – Musoma Road	✓ Project financing ✓ Land compensation	✓ Expedite valuation of land and properties section of Arusha - Musoma ✓ Land compensation	✓ Boost economic activities ……km of road constructed.
Construction of the Lake Albert (Uganda) – Tanga oil-pipeline	✓ Land compensation ✓ Lack of feasibility study	✓ Expedite valuation of land and properties section of Tanzania side	
Caustic Soda Refinery Plant	✓ Incomplete environmental clearance ✓ Not yet identified development partner ✓ Lack of feasibility study	✓ Compensation to the residents ✓ Construction of the refinery plant for caustic soda ✓ Carry out feasibility study	✓ Feasibility study carried out ✓ Compensation completed ✓ Plant for caustic soda constructed ✓ 1 million tons of caustic soda per year ✓ Revenue of 400 billion per year
Mtwara Development corridor			
Mtwara SEZ (Freeport Zone)	✓ Project infrastructure ✓ Freeport Zone Master Planning and environmental assessment ✓ Establishment of facilities to service the oil and gas exploration companies	✓ Connection of water electricity and to the project area ✓ Preparation of SEZ Master Plan and SEA for the whole 110 Ha. ✓ Construction of onsite infrastructure on 10 Ha. Phase 1 area ✓ Development of Mtwara Freeport Zone	✓ Increased port capacity to handle about 15-20 Million metric tons per annum hence increased port revenue ✓ Expected number of firms attracted is 8 Estimated employment created is 250

Location/ type	Challenges	Interventions required	Expected results
Mtwara Petro Chemical Industries Complex	✓ Distance to Mtwara port and gas reserves which is a critical resource in petrochemical industries	✓ Construction of offsite and onsite infrastructure facilities, especially utilities like water, electricity and gas ✓ Development of the complex	✓ Injection of substantial domestic and foreign direct investments ✓ Employment creation during the construction phase, as well as operation and maintenance
Liquidation of Natural Gas (LNG)	✓ Lack of local capacity to manufacture gas equipment and devices such as gas cylinders, gas cookers and gas equipment. ✓ Acquisition of LNG plant site and resettlement	✓ Facilitation of TEMDO to develop and commercialize suitable technologies/processes for the manufacture of gas equipment and devices. ✓ Identify site for resettlement and land survey	✓ Suitable technology/process for the manufacture of gas equipment and devices available locally; ✓ Capacity to manufacture gas equipment and devices enhanced ✓ Gas equipment and devices manufactured locally. ✓ LNG site identified and compensated ✓ Resettlement surveyed
LNG plant in Lindi	✓ Lack of plant to process massive discovered natural gas	✓ Construction and operation of of a joint onshore Liquefied Natural Gas plant and associated infrastructure	✓ Consultant for negotiation of the Host Government Agreement (HGA) hired ✓ Necessary negotiation completed ✓ Construction of LNG plant started by 2020
Liganga iron ore and steel	✓ Compensations/ resettlement not started ✓ Delayed road and railway construction ✓ Unreliable source of power	✓ Set aside budget to finalize compensation in ✓ Construction of road and railway ✓ Operationalization of the mine	✓ 4000 direct jobs ✓ Liganga project operational by 2018/19
SAGCOT	✓ Lack of smallholder farmers aggregated into commercial farmer organizations ✓ Small number of nucleus farms ✓ Low value chains in agriculture	✓ Large scale Nucleus Farms and Sustainable Agriculture projects financed by TADB	✓ At least 10 large nucleus farms ✓ 500,000 smallholder farmers aggregated into commercial farmer organizations by 2020 ✓ Lending to at least fourteen value chains in the eight sub sector of focus

Location/ type	Challenges	Interventions required	Expected results
Construction of railway line from Mtwara-Mbambabay (Ameliabay) with branchesto Liganga and Mchuchuma 1,000 kms (std gauge)	✓ Project financing	✓ Spearhead obtaining of project Feasibility study and detailed design. ✓ Preparation of Cabinet Paper on financing mode of Project ✓ Negotiation with Investors on financing andimplementation of the project. ✓ Fast track procurement process for acquisition of contractors	✓ 1,000 kms of railway construction from port of Mtwara with the coal and iron fields of Mchuchuma and Liganga
Improving availability and reliability of electrical power			
Kinyerezi I Extension – 185MW gas-fired plant	✓ Project financing	✓ Expedite negotiation with respective project ✓ financiers including the GoTZ ✓ Expedite extension of contract	✓ 185 MW added to National Grid by June 2018.
Kinyerezi II – 240 MW combined cycle gas-fired plant (project financed by the GoTZ and Japanese Bank for International Cooperation – JBIC)	✓ Availability of enough water for combined cycle operations ✓ Water project financing	✓ TANESCO to undertake water supply study for operation of Kinyerezi II, III and IV. ✓ TANESCO to fast track implementation of water supply project	✓ 240 MW added to the National Grid by June 2019.
Kinyerezi III – 600MW combined cycle gas-fired plant, to be implemented as PPP project in two phases (phase I - 300MW)	✓ Project financing	✓ Treasury Registrar to approval Joint Venture Agreement ✓ TANESCO to expedite negotiations of PPA with Partners ✓ Expedite Project Implementation Agreement.	✓ 300 MW added to National Grid by June 2020
Kinyerezi IV – 330MW combined cycle gas-fired plant, to be implemented as PPP project	✓ Project financing	✓ Treasury Registrar to approve Joint Venture ✓ Agreement and shareholding agreement ✓ Fast track feasibility study to be approved by Minister for Finance and Planning.	✓ 330 MW added to National Grid by 2020.

Location/ type	Challenges	Interventions required	Expected results
SingidaGeowind Phase I – MW 50 wind plant, Singida	✓ Project financing ✓ NDC failed to secure loan	✓ Implement the project as PPP.	✓ 50 MW added to National Grid by June 2018.
Kilwa Energy Phase 1 – 210 MW gas-fired plant, SomangaFungu – Kilwa	✓ Project financing	✓ Government guarantee is needed to allow sourcing of funds from prospective banks i.e. DBSA ✓ Conclude Project Implementation Agreement ✓ Conclude Gas Supply Agreement	✓ 210MW added to national grid by 2018.
Malagarasi 44.7MW hydropower plant – Malagarasi river Kigoma	✓ Project financing	✓ Preparation of tender document ✓ Soliciting funds	✓ 44.7 MW added to the national grid and Kigoma region connected to the grid by 2020
Kakono 87MW hydropower plant – Kagerariver	✓ Project financing	✓ Preparation of tender document ✓ Soliciting funds	✓ 87MW added to the national grid by 2020
200MW coal fired power plant – KiwiraMbeya	✓ Project financing	✓ STAMICO to undertake the feasibility study	✓ 200MW added to the national grid by 2020
Ngaka 400MW coal fired power plant – Ngaka Ruvuma	✓ Project financing	✓ Undertake feasibility study for 200MW phase I and 220kV transmission from Ngaka to Songea ✓ NDC and TANCOAL to mobilize funds ✓ Negotiation for PPA wit TENESCO	✓ 400MW added to the national grid by 2020
Mchuchuma 600MW coal fired power plant – Njombe	✓ Project financing	✓ Fund mobilization	✓ Ø 600MW added to the national grid by 2020
		Negotiation for PPA with TENESCO	

Location/ type	Challenges	Interventions required	Expected results
Construction of Rusumo 80MW hydropower plant to be equally shared by Tanzania, Burundi and Rwanda.	✓ Compensation of Project Affected Peoples	✓ Financing secured from World Bank for power plant construction ✓ Financing secured from AfDB for construction of transmission line from Rusumo to Nyakanazi substation	✓ 27MW added to the National Grid and power trade between three countries Tanzania, Rwanda and Burundi attained by June 2020.
Development of Geothermal and Ngozi 200MW Geothermal plant, Ngozi –Mbeya	✓ Project financing	✓ Government to finance the deep wells drilling phase to establish steam reservoir properties ✓ Expedite PPP process to acquire private partner.	✓ 200MW to be attained by 2020
Rural electrification projects under REA (completion of Turnkey PhaseII and commencement of III)	✓ Project financing	✓ Ring fencing petroleum levy ✓ Increase electricity charge/levy from 3% to 5% as required by law	✓ Electricity connection level in urban and rural increased at least 50% and access increased at least 75%.
Dar – Tanga - Arusha 400kV, km 682	✓ Project financing ✓ compensation of way leave	✓ Expedite financial negotiations with Exim Bank of china. ✓ Expedite payment of compensation for Project Affected Peoples in order to acquire way leave ✓ Expedite procurement of consultant	✓ Evacuation of power from Dar to Tanga and Arusharegions by June 2020. The project will enhance availability of reliable power in the regions.
Singida – Arusha-Namanga 400kV, km 414	✓ Compensation of way leave	✓ valuation and compensation should be fast-tracked	✓ Evacuation of power from Singida to Namanga via Arusha also the project will enhance availability of reliable power in the regions and enhance regional power trading.
Somangafungu - Kinyerezi 400kV, km 203	✓ Project financing	✓ fast track financing negotiation with Tanzania Investment Bank (TIB) ✓ Upgrade feasibility study from 220kV to 400Kv	✓ The project will enable evacuation of power produced by Kilwa Energy (an independent power producer) and future gas-to-power generation to reach national grid at Kinyerezi Complex.

Location/ type	Challenges	Interventions required	Expected results
Makambako – Songea 220kV, km 250	✓ Untimely release of funds issued by Sida and counterpart funds	✓ Expedite timely release of funds.	✓ The project is expected to connect the Ruvuma Region to the national grid by June 2017.
North West Grid 400Kv –Mbeya – Sumbawanga – Nyakanazi – Kigoma, km 1,148	✓ Project financing	✓ Upgrade feasibility study from 220kV to 400kV ✓ Expedite project financial negotiations.	✓ The project will enable the regions of Katavi, Rukwa and Kigoma to have reliable power supply which is very crucial input for industrial development.
Chalinze - Dodoma 400kV, km 350	✓ Project financing	✓ Fast track feasibility study ✓ Expedite financial negotiations. ✓ Payment of compensation	✓ The project is expected to evacuate power from Kinyerezi power plants to load centres hence provide reliable power supply in the regions of Morogoro and Dodoma.
Bulyanhulu – Geita – Nyakanazi 220kV, km 199	✓ Project financing	✓ Expedite compensation of project affected people.	✓ Evacuation of power from Bulyanhulu – Geita – Nyakanazi and Rural Electrification for 15 villages in Geita District
Mass training for development of rare and specialized skills for industrialization and human development			
Completion and operationalization of Mlonganzila and Dodoma Schools of Medicine			
Strengthening the training and scholarship provision fund for scientists, engineers and other rare professionalisms;	✓ Increasing number of students who need loans for higher education through Loan Board ✓ Rapid change of technology ✓ Shortage of lecturers in universities	✓ Enhance Loan Board to continue issuing loans for higher education ✓ Expand use of advanced ICT technology ✓ Train more lecturer for different courses	✓ Eligible students facilitated with loans for higher education ✓ ICT infrastructure enhanced ✓ Increased number of lecturers

Location/ type	Challenges	Interventions required	Expected results
Increasing budget allocation for research and development activities	✓ Low level of skills and competence to cater for industrialization ✓ Limited Product and service development and testing for markets. ✓ shortage of funds for R&D	✓ Increased investment in human capacity building at all levels in accordance with the National Skills Development Strategy (NSDS) ✓ Investment and marketing ✓ increase the budget allocation for R&D activities	✓ Competent and competitive work/labour force, developed. ✓ Increased quality and standards of products and services readily available for market. ✓ Increased number of innovations ✓ increase in number of R&D activities

ANNEX B: SPECIFIC SECTOR INTERVENTIONS

Table B1: Manufacturing Subsector Strategic Interventions

Location/ type	Challenges	Interventions required	Expected results
SEZ/EPZs strategic interventions			
Bagamoyo SEZ	• Funds for outstanding compensation • Funds for resettlement of Pande and Zinga residences • Financing of supporting infrastructure, Port and Portside Industrial Zones • Funds to facilitate Joint Working Team and Joint Task Force for Bagamoyo SEZ	• Land acquisition and compensation • Resettlement of Pande and Zinga Residence • Construction of supporting infrastructure • Constructions of Port Infrastructure • Facilitation of JWT and JTF • Development of Portside Industrial Zone and Mbegani Sea port	• Port construction to start by January 2017 and accomplished by 2020 • Compensation of 98,00ha. • Port side Industrial zone fully operational by 2020. • Employment estimated at 20,000 by December 2020 • Estimated investment projects (factories) to be attracted by 2020 is 10
Kurasini Logistics Centre	• Funds for outstanding compensation, demolition, clearance and chain link fencing • Survey and procedures for registration of Title Deed • Project infrastructure	• Land acquisition and compensation, demolition, clearance and chain link fencing • Registration of Title Deed • Development of Kurasini Logistics Centre	• Operational by June 2018. • 20 local industries sell into the zone by December 2020 • 2000Employment
Mtwara SEZ (Freeport Zone)	• Project infrastructure • Freeport Zone Master Planning and environmental assessment • Establishment of facilities to service the oil and gas exploration companies	• Connection of water electricity and to the project area • Preparation of SEZ Master Plan and SEA for the whole 110 Ha. • Construction of onsite infrastructure on 10 Ha. Phase 1 area • Development of Mtwara Freeport Zone	• Increased port capacity to handle about 15-20 Million metric tons per annum hence increased port revenue • Expected number of firms attracted is 8 Estimated employment created is 250
Kigoma SEZ	• Funds for outstanding compensation • Financing of Project infrastructure	• Land compensation • Construction of Project infrastructure • Detail design of project infrastructure • Development of Kigoma SEZ	Operational by June 2019 Expected number of firms attracted is 5 • Estimated employment created is 200

Location/ type	Challenges	Interventions required	Expected results
Tanga SEZ	• Funds for outstanding compensation • Financing of Project infrastructure • Feasibility plan and Master not done • Detail design not done	• Land and compensation • Cost for onsite and offsite infrastructure • Feasibility study, master plan and cadastral survey • Detail design • Development of Tanga SEZ	• Operational by June 2019 • Estimated employment created by 2020 is 100 • 5 firms attracted by 2020
Ruvuma SEZ	• Funds for outstanding compensation • Feasibility study and Master plan not done • Financing of Project infrastructure • Detail design not done • Project infrastructure not done	• Land and compensation • Feasibility study, master plan and cadastral survey • Cost for onsite and offsite infrastructure • Development of Ruvuma SEZ	• Operational by June 2019 • Expected Number of firms attracted is 2 • Estimated employment created is 100
Mara SEZ	• Funds for outstanding compensation • Feasibility study and Master plan not done • Financing of Project infrastructure • Detail design not done • Project infrastructure not done	• Detail design • Cost for Project infrastructure • Investment by Private Sector in Mara SEZ • Registration of Title Deed	• Operational by June 2018 • Expected Number of firms attracted is 10 • Estimated employment created is 500
Manyoni SEZ	• Funds for outstanding compensation • Feasibility plan and Master not done • Detail design not done • Project infrastructure not done	• Land and compensation • Feasibility study, master plan and cadastral survey • Detail design • Project infrastructure • Investment by Private Sector in Mara SEZ	• Operational by June 2020 • Expected Number of firms attracted is 1 • Estimated employment created is 20
Industrial Parks Interventions			
Tanga - Kange	• Lack of Industrial Park infrastructure such admin office, sewage system, internal roads, communication facilities, stable power connections, etc.	• Fund mobilization/ provision budget for construction of infrastructure for the park	• Industrial plots with associated basic infrastructure in place to attract developers and operators.

Location/ type	Challenges	Interventions required	Expected results
Kilimanjaro Machine Tools Company(KMTC)	• Commercial production stopped since 1989 • Machines are in good conditions though obsolete as technology has changed tremendously • Potential investors to invest on 230ha not yet secured • Lack of design and cadastral survey/ plots demarcation due to unavailability of fund • Unavailability of Industrial Park infrastructure such admin office, water, sewage system, internal roads, communication facilities, stable power connections, etc.	• Rehabilitate buildings and other associated infrastructure • Carrying out repair and maintenance of machines and equipment as per production technological roots, • Build new industry on a reserved land of 230 ha • Seek potential investor for development of the KMTC under PPP arrangements	• Industrial plots with associated basic infrastructure in place to attract developers and operators. • Operational by 2017 • Developed downstream industries that can be implemented to secure further benefits from Liganga iron ore and steel long products • Demarcated plots for industries constructions • Industrial cluster demarcation in the park
Development of Industrial Parks (Mtwara, Lindi, Songea, Sumbawanga, Dodoma, Singida, Shinyanga, Kagera, Mara, Manyara, Njombe, Katavi, Geita, Simiyu and Morogoro)	• Investor to develop the area not yet secured • Lack of Industrial Park infrastructure such admin office, sewage system, internal roads, communication facilities, stable power connections, etc.	• Development of basic infrastructure (road works and drainage system, water supply system, electricity and securing the area) in the areas identified • Construction of working sheds/business premises: • Construction of 5 operational offices	• Industrial park infrastructure in place to attract developers and operators. • Working sheds/business premises in place by 2020 • Operational offices in place by 2020
Capacity enhancement for TEMDO to develop suitable technologies (machinery, equipment and devices).	• Lack of local capacity to manufacture machinery, equipment and devices for use in production activities • Worn out infrastructure and outdated Research and Technology Development facilities • Underfunding of R&D activities • Lack of skilled and competent human resource	• Rehabilitation and upgrading of R&D infrastructure and facilities • Increase R&D budget for prototype development • Training of personnel in research, design and technology development • Technology transfer to local manufacturing SMEs	• Modern R&D infrastructure and facilities available • Adequate budget for prototype development available • Skilled and competent human resource available for technology development and transfer • Suitable technologies (machinery, equipment and devices) available for the industrial park investors

Location/ type	Challenges	Interventions required	Expected results
Domestic Capacity to utilize iron and steel	Unavailability of large size foundries • Lack of coking coal • Inadequate skilled personnel • Scarce iron raw materials for smelting • Low quality and productivity of manufacturing sector.	• Establish 3 Comprehensive foundries at Liganga, Nyumbu and KMTC with … tonnages • Establish coking coal plant for coke coal production • Enhance training to metallurgists related skills • Fast tracking establishment of metallurgical complex	• Foundries of at Nyumbu, KMTC and Liganga • Coking coal plant at Liganga/ Ngaka • Liganga metallurgical complex operational by 2019/20 with than 1 million tons per year.
Strengthening manufacturing enterprises through quality and productivity improvement (KAIZEN) phase II	• Delay in implementation of Phase I	• The continuous intervention through implementation for upgrading the Tanzania's KAIZEN movement to the next stage.	• Tanzania's KAIZEN movement improved to the next stage by 2020.
Improvement SMEs access to industrial infrastructure in Mtwara, Lindi, Songea, Sumbawanga, Dodoma, Singida, Shinyanga, Kagera Mara, Manyara, Njombe, Katavi, Geita, Simiyu and Morogoro	• Lack of Industrial Park infrastructure such operational offices, drainage system, internal roads, communication facilities, stable power connections, etc	• Development of basic infrastructure (road, drainage system, water supply system, electricity and securing the area) • Construction of working shades/business premises • Construction of operational office	• Basic infrastructure (road, drainage system, water supply system, electricity) installed by 2020. • Area for developing SMEs secured • Working sheds/business premises in place by 2020 • Operational offices in place by 2020

Location/ type	Challenges	Interventions required	Expected results
Facilitation of technology transfer	• Scarcity of technology development centers in Dar es salaam and Mara • Low capacity of the existing TDCs in ShinyangaLindi, Iringa, mbeya, Arusha and Moshi	• Establishment of new technology development centers in Dar es Salaam, Singida, Mara and strengthening seven exisiting TDCs of ShinyangaLindi, Iringa ,Mbeya, Arusha and Moshi • Development of incubations in Dar es salaam, Singida, Arusha, Lindi , IringaShinyanga, Rukwa, and Mwanza for promotion of technology and innovation	• Establish new technology development centers in Dar es salaam and Mara by 2020 • Seven existed TDCs of Shinyanga, Lindi, mbeya, Arusha and Moshi strengthened by 2020
• Enhance capacities of the existing business information and SME products display centers in all regions	• Worn out of existing building structures • Lack of information collection and determination facilities	• Renovation of 25 existing building structures • Purchase and install information collection and determination facilities	• 25 building structures rehabilitated by 2020 • Information collection and determination facilities installed by 2020
• Implement one District one product strategy	• Weak or lacking business organization structure to collaborate with • Low entrepreneurship and business acumen	• Review districts profiles and develop techno economic profiles • Facilitate establishment of new small scale industries	• …..districts profile and development of techno economic profile by 2020 • ……New small scale industries established by 2020
• SMEs access to finance	• High financial implication I terms of working capital and personnel • Lack of finance to SMEs enterprise	• Facilitate SMEs to attain TFDA and TBS standard requirement • Enhance SMEs credit guarantee scheme (NEDF)	• SMEs met Standard requirement of TFDA and TBS met by 2020 • SMEs credit guarantee scheme enhanced by 2020

Location/ type	Challenges	Interventions required	Expected results
• Commercialization of Tanzania Automotive Technology Centre (Nyumbu)	• Worn out infrastructure and outdated RD technology capacities • Underfunding of R&D activities • Untitled land • Aging out skilled and competent human resource • Failure to commercialize developed automotive technologies	• Rehabilitation of infrastructure and upgrading R&D technology capacities • Increase R&D budget • Titling of land • Recruitment and training of personnel • South South Corporation programme • PPP for automotive assembly	• Improved infrastructure • R&D laboratory in place by 2020 • A new foundry in place by 2020 • Land title acquired • A pool of skilled and personnel professional competence • Technology transfer and assimilation • Technologies disseminated to SMEs by 2020 • Design layout of the assembly plant • Assembly plant renovated by 2020 • Commercialization of Nyumbu Truck by 2020
General Tyre (Arusha)	• Worn out plant associated infrastructure and outdated tyre manufacturing technology • Unavailability of funds to revive and modernize the tyre manufacturing plant	• Replacement of outdated equipment and machines • Fund mobilization for completely revival and modernization of the tyre manufacturing plant.	• Resume and increase capacity of tyre production in the country • Reduce foreign expenditure to import tyres • Growth of industrial sector for contribution to GDP • Create employment and technology transfer to Tanzanian
CAMARTEC-Arusha	• Inadequate of agricultural inputs related industries	• Construction of tractors and agricultural tools	• Increase in agricultural inputs
Tractors assembly plant (TAMCO – Kibaha)	• Shortage of tractors assembly plants	• Assembling tractors which will be used in supporting agricultural growth	• Increase the number of tractors in the market
Motorcycles Assembly Plant	• Distance of the site from the basic infrastructures	• Connection of basic infrastructure to the site Installation • Installation of step down transformer from 11kV to 400V	• 200 nationals will be employed including engineers, technicians, marketers, sales persons, and other supporting staffs.

Location/ type	Challenges	Interventions required	Expected results
Petro and chemical Industries Strategic Choices			
Liquidation of Natural Gas (LNG)	• Lack of local capacity to manufacture gas equipment and devices such as gas cylinders, gas cookers and gas equipment. • Acquisition of LNG plant site and resettlement	• Facilitation of TEMDO to develop and commercialize suitable technologies/processes for the manufacture of gas equipment and devices. • Identify site for resettlement and land survey	• Suitable technology/process for the manufacture of gas equipment and devices available locally; • Capacity to manufacture gas equipment and devices enhanced • Gas equipment and devices manufactured locally. • LNG site identified and compensated • Resettlement surveyed
LNG plant in Lindi	• Lack of plant to process massive discovered natural gas	• Construction and operation of of a joint onshore Liquefied Natural Gas plant and associated infrastructure	• Consultant for negotiation of the Host Government Agreement (HGA) hired • Necessary negotiation completed • Construction of LNG plant started by 2020
Mtwara Petro Chemical Industries Complex	• Distance to Mtwara port and gas reserves which is a critical resource in petrochemical industries	• Construction of offsite and onsite infrastructure facilities, especially utilities like water, electricity and gas • Development of the complex	• Injection of substantial domestic and foreign direct investments • Employment creation during the construction phase, as well as operation and maintenance
Petrochemical laboratory at TIRDO	• There is no specialized laboratory for the petrochemical industry in Tanzania • Most of the petrochemical products e.g. fertilizers need tailored quality assurance services to ensure quality products to meet both national and internal standard requirements	• Establish an accredited petrochemical laboratory at TIRDO • Establish database for nutrient requirement in each agricultural zones • Establish quality assurance systems in petrochemical factories	• Specialized accredited petrochemical laboratory at TIRDO by 2018. • Data base on nutrient requirement in all agricultural zones established by 2019 • Quality assurance systems established in fertiliser plants in Mtwara, Tanga, Iringa by 2020

Location/ type	Challenges	Interventions required	Expected results
Development of pharmaceutical industries Strategic Choices			
Agave Syrup Factory in Tanga	• Financing of the project • Availability of skills local personnel	• Form JVC • Acquire industrial premise • Secure counterpart funding • Training of local personnel	• The Factory operational by Dec 2019 • … Direct employment
Construction of other strategic pharmaceutical industries	• Land compensation not finalized • Delays of compensation results into increase in compensation cost due to accrued interest as well as encroachment of the area by citizens • Feasibility plan and Master not done • Detail design not done • Lack of adequate technology	• Paying compensation • Construction of the site • Securing the investors	• Increase in accessibility of pharmaceutical equipments
Textile and Cloth Industries			
Improve the policy environment to raise the efficiency and competitiveness of the C2C value chain.	• Uncontrolled importation of second hand clothes • Unreliable power supply • Lack of relevant skills • Poor labour, environmental and social compliance standards • Lack of relevant national quality management infrastructure • Lack of financing institutions	• Reduce imports of second-hand clothing and improve Customs' capacity to enforce tax regulations • Improve the availability and reliability of utilities for industries • Improve existing training and educational offerings in line with the T&C industry's needs • Improve awareness about labour, environmental and social compliance standards • Ensure that national quality management infrastructure responds to industry's needs • Develop financial services adapted to the sector	• Increased share of domestic market for T&C products. • Improved availability and reliability of utilities for industries • Available skilled labor relevant for T&C industry • Improved awareness about international labour, social and environmental compliance standards applicable to the T&C sector and their implications for attracting FDI and global buyers. • quality infrastructure responsive to • T&C industry • Well developed financial services for T&C

Location/ type	Challenges	Interventions required	Expected results
• Improve the competitiveness of T&C firms through raised productivity and product diversification.	• Skills gap in T&C value chain from workers up to managers • Underdeveloped cottage and handloom sector • Weak linkage between formal and informal industry • Lack of quality management skills in line with regional and international standards • Underdeveloped by-products sub-sector	• Improve technical and supervisory skills as well as supply chain performance • Develop the existing cottage and handloom sector and increase focus on this segment's potential • Facilitate linkage between formal and informal industry • Enhance quality management skills in line with regional and international standards • Stimulate the development of the by-products sub-sector.	• Available specialized skills in technical areas with flow of technicians with relevant skills from education system • A dynamic small-scale sector producing branded artisanal merchandise for local, regional and niche international markets • A dynamic small-scale sector providing a market for formal sector yarn and fabric producers • Enhanced quality management skills in line with regional and international standards • Well developed by-products sub-sector
• Strengthen the country's focus on investment as a vector for growth and integration in the value chain	• Lack of special zones for textiles and garments • Unfavorable policies for FDI specifically for C2C sector • Weak institutional capacity to identify and attract the appropriate investments for the sector	• Allocate serviced industrial land in suitable locations with a range of sizes of well-built factory shell buildings serviced infrastructure (water, roads, power) at a competitive cost • Introduce necessary reforms to include FDI in the C2C value chain as a priority • Increase institutional capacity to identify and attract the appropriate investments for the sector	• Readily available serviced land for FDI with emphasis on strong linkages to Tanzania's textile value chain and compliance with internationally acceptable practices • Increased FDI flow for C2C sector • Increased FDI flow for C2C sector
• Strengthen the capacity of firms to diversify markets to raise profitability.	• Least share of T&C in the regional and international market • Lack of market information for C2C industry	• Improve regional and international market access. • Improve the availability of market intelligence for the entire C2C industry.	• Increased share of T&C in the regional and international market • Readily available market information for C2C industry
Support the existing industry to more effectively service its traditional markets and develop integrated value chains exporting full value apparel and products	• Weak contribution of domestic producers to the domestic markets due to existing customs policy	• Weak contribution of domestic producers to the domestic markets due to existing customs policy • Strengthen the enforcement of customs regulation and procedure	• Increased contribution of domestic producers to domestic markets

Location/ type	Challenges	Interventions required	Expected results
Improve textile and apparel related Infrastructure and business climate	• Lack of T&C inputs	• Stimulate local demand for business support services • Develop cost effective expatriate employment policy that will be implemented for skilled textile and apparel industry • Extend investment promotion for inputs and accessories	• Business support services available to help improve regulatory, social and environmental compliance, industrial engineering • Competitive business climate in terms of ease business registration, licensing, access and cost of work permit and competitive tax rate • Local available inputs such as dyes, threads, buttons, zips, etc. together with a diversified range of cotton, yarn and fabric
Build Tanzania's reputation as an ethical sourcing destination	• Lack of industrial relations dispute resolution mechanism • Lack of compliance with internationally acceptable social and environmental standards • Negative external perception of the country with competitive, reliable and ethical sourcing destination • Lack of information on available investment opportunities in Tanzania	• Establish industrial relation climate and efficient dispute prevention and reconciliation procedures • Encourage reputable international buyers with strong social and environmental compliance credentials to source from Tanzania • Develop a communication strategy and work with government, its agencies and industry stakeholders • Inform targeted potential investors on the available investment opportunities and encourage them to visit Tanzania	• Well established industrial relations dispute resolution mechanism • High level of compliance with internationally acceptable social and environmental standards • Positive external perception of the country with competitive, reliable and ethical sourcing destination • Increased number of dynamic large-scale textiles mills producing a diverse range of fabrics from a variety of fibres, often integrated into spinning and/or garmenting
Building and Construction industries Strategic Choices			
• Ceramics	• Lack of suitable local technology for the production of ceramic products such as tiles, refractory bricks, etc	• Facilitation of TEMDO to develop and commercialize suitable technologies for production of ceramic products such as tiles, refractory bricks, etc. • Construction of Ceramic factory in Dar es Salaam	• Establishment of small to medium scale industries for the production of ceramic products • Ceramic products produced by 2019

Location/ type	Challenges	Interventions required	Expected results
• Cement	• Inadequate cement production	• Construction of Cement Factory in Tanga	• 2.5 million tonnes per day produced by 2020
• Kisarawe kaolin	• High buildings construction costs		
Agro-industries Strategic Choices			
• Dodoma and Singida leather industrial park	• No proof of existing recent feasibility study. • Issues of compensation is still unresolved • The project cost need to be established	• Carry out feasibility study • Preparations for compensation • Market analysis	• Value addition to meet and skin by 2020 • Strengthening of leather industries by 2020
• Meat, hides and skin processing industry at Ruvu	• Issues of compensation is still • Lack of grading livestock products • Little value addition in livestock	• Construction of modern abettor at Ruvu ranch • Leather tanning facility • Animal fattening system • Waste management facilities	• Abettor main line construction
• Edible oils industries	• Low production and productivity • Lack of modern technique of production to meet national and international demand • Lack of support infrastructure and incentives to make it operate • Lack of appropriate technology for locally small scale edible oil processing plants	• Installation of Sunflower Oil Production and Packaging Facility in Singida • Facilitation of TEMDO to Commercialize small to medium scale edible oil processing technology (processing plant – cleaning, expelling, filtering, refining and packaging)	1,000 Metric tons of oil per day • Introduce new oil refinery technologies to Tanzania • Provision of 142 direct and 1000 indirect employment. • Locally manufactured oil processing plants available for use by the small to medium scale processors • Medium scale edible oil processing technology facilitated and commercialized
• Oil Palm Production at Kimala Misale - Coast	• Lack of roads connectivity • Delay of provision of land title deed to NDC	• Identification of about 10,000 Ha of land in Kimala Misale for Project implementation • Construction of basic infrastructure such as roads and power supply	• 10MW of electricity • Total employment of 1,000 employees • Additional raw materials (oil palm) will be sourced from local farmers to be engaged through contract farming programme.

Location/ type	Challenges	Interventions required	Expected results
• Construction of metal silos for small holder farmers	• Lack of financing • Lack of basic infrastructures on the site	• Feasibility study • Construction of basic infrastructures	• Empowerment of small holder farmers
• Bagamoyo Eco Energy Ltd for Sugar Production	• Lack of basic supportive infrastructures • Inadequate sugar supply	• Construction of basic supportive infrastructures • Construction of sugar factory	• 125,000 metric tons of sugar, 15,000 cubic meters of ethanol and production of 85,000MWh per year. • Comprehensive out-growers' development program, jobs, technology and skills transfer to local farmers, and increasing Government revenue (direct and indirect taxes).
Coal for Industries and Households Strategic Choices			
• Rural Electrification through Decentralized Small to Medium Scale Electricity Generation Facilities Using Locally Available Coal and Biomass	• Rural electrification is less than 5% • Poor (electrified) services for health, schools and water supply • Poor economic activities • Rampant diseases from use of fuel wood • Environmental degradation from intensive use of fuel wood	• Provision of clean energy technologies for electricity generation • Utilization of locally available coal and biomass materials • Development and dissemination of local technologies for electricity generation	• Advanced (electrified) diagnostic services. • To increase access and quality of education, this is mandatory to the perceived industrialized economy.
• Use of carbonized coal briquettes to substitute charcoal and firewood as cooking fuel in Tanzania	Rampant diseases from use of fuel wood • Environmental degradation from intensive use of fuel wood • Drudgery of women in search of fuel wood	• Development of carbonized coal briquettes in substitution of fuel wood and charcoal for household cooking • Utilization of locally available coal and biomass materials • Development and dissemination of local technologies for household cooking	• Availability of clean cooking fuel • Reduced use of biomass fuel

Location/ type	Challenges	Interventions required	Expected results
• Comprehensive assessment of Tanzania coal quality using accredited laboratory	• Despite the abundant coal deposits, less is on their quality • Danger of utilizing quality (coking) coal for thermal applications • Technology development is impaired in absence of coal quality information	• Establishment of coal quality databank for Tanzania • Undertaking a detailed sampling and analysis of Tanzania coal	• Known quality of available coal • Enhanced coal utilization • Enhanced coal export • Development of coal utilization technologies for industries, households, and for chemical industry
Iron and Steel Strategic Choices			
• Development of iron and steel technologies from locally available ore deposits	• Existing ore deposit under-utilized • Overdependence on scrap metal for iron and steel industry • Low technological capacity in iron and steel industry • Low quality of iron and steel products • Low iron and steel per capital consumption and hence low GDP	• Capacity development to the TIRDO accredited metallurgical laboratory • Carrying out evaluation of raw materials for iron & steel and other related industries. • Characterization and optimization of raw materials and direct reduction (DR) process parameters for production of high-grade sponge iron from e.g. Liganga and Maganga Matitu iron ores • Develop appropriate iron and steel technologies for SMEs Transfer the technology of sponge iron as metallic feedstock in rolling mills and foundries to replace conventional scrap metal Assist local industries to produce high quality iron & steel products e.g. high strength steel reinforcement bars.	• Strengthen the infrastructure for conducting applied R&D and testing activities in iron & steel, coal, oil, natural gas, and agro-processing • Best practices production methods in iron & steel, coal, oil, natural gas, and agro-processing made available to SMEs Improved quality of locally manufactured products as well as enhanced capability and competitiveness of the industry • Increased knowledge and skills to improve technical competence for supporting the industry. • Improved local support services for increasing competitiveness and ensuring sustainability of the industries • Enhanced value addition of raw materials in iron & steel, coal, oil and natural gas • Creation of employment in emerging SMEs through technology transfer • Increased foreign exchange earnings through improved quality products and services

Location/ type	Challenges	Interventions required	Expected results
• Provision of Professional Coal Analytical Services for Supporting Industrial Coal Users (Cement, Paper Mills and Others) and the Proposed Thermal Power Plants (Kiwira, Mchuchuma, and Ngaka)	• Tanzania coal is analyzed abroad • Abroad analysis is skeptical and is associated with delays • Tanzania coal quality is less known which poses for cheating in coal export deals • There is a rampant revenue loss due to adulterated coal quality	• Strengthening the technical capacity to the coal accredited laboratory at TIRDO • Dedicating the TIRDO coal laboratory into a reference coal laboratory	• Technologies transfer for industrial purposes include carbonization for metallurgical coke production; combustion; gasification, coal to liquid, different area and blending • Development of coal briquetting by technologies for industries and household by • Increased human resource and skills • Increase employment in coal industries and SMEs
• Improving competitiveness to industries through energy management	• Energy cost to industries consumes up to 40% of total revenue • The high energy cost makes industries not attractive • The high energy cost makes products not competitive regionally and internationally	• Introduce energy management practices to industries • Train the industries to adopt the practices and energy efficient technologies • Energy management skills development to industrialists	• Increased revenue and GDP from industries • Reduced energy consumption • Reduced energy bills • Increased competitiveness of industrial products • Environmental management
• Revival of privatized industries	• Majority of the privatized industries are said to be marginally contributing to the development agenda • Less is known on their status • Some are said to have shifted their basic role	• Undertake an industrial audit to establish the status of the privatized industries • Undertake the needs assessment • Establish a prioritized strategy by taking into consideration of employment, GDP contribution and contribution to socio-economic development	• Prioritize industries and respective intervention • Mitigate industrial problems • Increase industries contribution to GDP and employment • Assist TIB in industrial studies' investment

TTable B2: Mining Subsector Strategic Intervention

Location/ type	Challenges	Interventions required	Expected results
Minerals Beneficiation and Value Addition Strategic Choices			
Processing of precious metals and gemstones	• Unorganized market for small scale mining • Unreliability raw material stocks • High volatile global commodity price • Existence of black market and smuggling activities • Lack of Mineral Value Addition Act • Low assaying, lapidary and jewellery making skills • Low gem identification, stone carving and laboratory services • Low activities of lapidary and jewellery industry	• Establishing a gemstones/gold bourse • BOT start buying and stocking refined gold • Enforce the restriction of raw gemstones export • Establishment of tin processing plant • Formulation of mineral value addition act • Introduction of lapidary, gemology, jewelry design, jewelry manufacturing, stone carving and gem identification specialized training course at VETA level and accreditation by international institutions like GIA, GIT • Introduce restriction of gold export only refined up to bullions • Establishment of lapidary and jewelry industries	• Increased minerals value • Increased skills for minerals value addition • Increased employment and national income
Caustic Soda Refinery Plant	• Incomplete environmental clearance • Not yet identified development partner • Lack of feasibility study	• Compensation to the residents • Construction of the refinery plant for caustic soda • Carry out feasibility study	• Feasibility study carried out • Compensation completed • Plant for caustic soda constructed • 1 million tons of caustic soda per year • Revenue of 400 billion per year
Liganga iron ore and steel	• Compensations/ resettlement not started • Delayed road and railway construction • Unreliable source of power	• Set aside budget to finalize compensation in • Construction of road and railway • Operationalization of the mine	• 4000 direct jobs • Liganga project operational by 2018/19

Location/ type	Challenges	Interventions required	Expected results
Kabanga Nickel	• Unreliable infrastructure (power supply and rail transport); • Fall of Nickel price in the World market	• Generation of enough power to run the mine and construction of standard gauge railway line from Kabanga to Dar es Salaam	• Standard gauge railway constructed by 2020 • Enough power to run the mine by 2020 • Investors secured by 2018
Mkuju Uranium Project	• Obtaining mining development agreement • Cumbersome regulations to enter game reserve • World price after Fukoshima incident • Inadequate funding for monitoring activities • Inadequate trained personnel in radiation monitoring • Lack of specialised laboratory and equipment • Low public awareness in radiation related issues • Specialized equipment for surveillance inspections • Capacity to conduct inspections • Occupational exposure due to Radioactive dust and radon gas) and external exposure (Gamma radiation). • Safe disposal of radioactive waste arising from uranium mining.	• Scrutinizing the drft MDA and sign process to take effect; • Awareness campaign; • Infrastructure development like roads, water, electricity, railways etc); • MEM to discuss with Ministry of Natural Resources and Tourism on how to wave regulation to operate in game reserve for mining companies; • Ministry in collaboration with UN on equipping TAEC laboratory, specialized equipment for surveillance inspection, training of personnel in radiation monitoring and upgrade of Dar port to handle class seven material • Capacity building; • Establishment of steering committee which will have a memorandum of understanding between ministries	• Mining development 2016 • 4,000 direct jobs during construction phase and then 1,500 operation

Table B3: Construction Subsector Interventions

Location/ type	Challenges	Interventions required	Expected results
Equipment	• Weak capital	• Promoting hire purchase mechanism • Establishment of contractors assistance fund	• Hire purchase mechanism enhanced • Contractors fund in place by June 2020
Skills Development	• Low skills and lack of experience	• Conditional partnerships between local and domestic companies • Field attachment of students to domestic and foreign construction companies • Training of local contractors	• 8,593 contractors trained by 2020 • 3,500 field attachment trainees domestic and foreign construction companies by 2020

Table B4: Agricultural Subsector Interventions

Location/ type	Challenges	Interventions required	Expected results
Crops Strategic Choices			
Maize	• Low productivity • High post harvest loss • Limited storage capacities	• Increase use of modern technology • Construction of 150 collective warehouse Based Marketing schemes –COWABAMA	• Increase maize production by 100,000 tons annually • Post harvest losses reduced
Rice - Expanded Rice production Project (ERPP)	• Weak rice cultivation practice • Limited irrigation coverage • Low productivity • Weak rice cultivation practice • Limited irrigation coverage • Low productivity	• Project for supporting rice industry Development in Tanzania • Increase use of modern technology • Linking KPL commercial Farm with smallholder farmers to raise productivity to world class levels (Mngeta and Kihansi Valley) using improved irrigation and System for Rice Intensification (SRI) and state of the art rice drying and milling technology • Improving crop productivity through irrigation and crop management • Innovative marketing strategies • Sustainable seed systems. • Project management and coordination • Improved rice production techniques through (SRI).	• 1.963 million tons of paddy produced per year by 2018 • SRI phase I operational and producing at least 50,000 tons (Mngeta farm) and 10,000 tons (smallholders out-growers) per annum 2018. • technology installation Large-Scale Zero Tillage Mechanized farming introduced by 2020 • Create at least 86 full time jobs and 325 part time jobs during SRI phase I of project development. • Increase Rice Production and Productivity. • Expansion of Rice marketing • Increased productivity from 4-6MT to 8-10MT/ha • Increased seed production on 400ha.

Location/ type	Challenges	Interventions required	Expected results
Agricultural Sector Development Programme II (ASDP II)	• Land and Water mismanagement	• Sustainable Water & Land Use Management • Enhanced Agricultural Productivity • Rural Commercialization & Value Addition • Strengthening Sector Enablers	• Integrated water use & management for crops/irrigation & livestock/fishery development • Land use planning and sustainable watershed & soil management • Mainstreaming resilience for climate variability/change and natural disasters • Agric. research for development - AR4D • Extension, training & info. services • Access to agricultural inputs • Access to mechanization services • Stakeholder empowerment &organization • Value addition & agro processing • Rural marketing • Access to rural finance • Policy and regulatory framework in place by 2018 • ASDP2 sector coordination (planning & implementation at national, regional and LGA levels) • Monitoring & evaluation (incl. Agricultural statistics).

Location/ type	Challenges	Interventions required	Expected results
Pulses	• Lack of commercially available improved pulse varieties and deficient seed multiplication system • Limited interest from farmers in using improved varieties be-cause of the high cost of seeds and other inputs • Low productivity levels resulting from the limited availability of agricultural inputs, training and services to improve production and reduce losses • Limited access to rural finance for pulse production. • Low levels of quality assurance and disease control in the production of pulses • Limited availability of efficient storage and warehousing along the value chain • Lack of market information and trade promotion	• strengthen policy support institu¬tions, that will promote pulses as a viable agricultural crop, • Improve quality standards and improve inter-institutional coordination. • Tackle weak¬nesses in supply conditions generally and production level inputs in particular • Effectively build the skills of stakeholders throughout the different stages of the value chain, in order to ensure that productivity rises, losses fall and professionalism improves. • Scale up production and trade by strengthening PPPs for seed development, access to finance, and technology transfer and farmer support services. • Promote skills building along the value chain to professionalize the sector.	• Increased production of pulses to carter for the increase in demand for legume-based proteins • Increased pulse exports particularly to India in, which can be extended with branding ; • To tap in the huge South Asian diasporas in regional markets, as well as Middle Eastern and European markets, which is an existing consumer base which remains untapped to a considerable degree by Tanzanian exporters; • Increased export of processed pulses from the United Republic of Tanzania due to the ban on imports of pulses from India. • Increased Investment in the country opportunities
Floriculture	• The construction of greenhouses which is considered to be the most expensive accounting for more than 50% of total investment cost • Purchase of land and rose planting materials, which represent more than 18 and 12%, respectively • Growers consider the policy as being too general and not applicable to the flower industry • Several introduced municipal taxes were affecting business planning.	• Research on cheap materials for the construction of green houses • Diversification of the industry towards the southern highlands could further enhance the growth of the industry • The involvement of stakeholders in the acquisition of inputs, research and market information • To formulate guidelines under the existing National Agricultural Policy that specifically and actively promotes the cut flower industry in Tanzania. • Engagement of municipal officials as stakeholders in floriculture business	• Cost of greenhouses reduced by 2020 • Costs of Land reduced particularly in the southern Highlands • Cut flow production promoted and enhanced • Municipals Taxes reduced

Location/ type	Challenges	Interventions required	Expected results
Cotton	• Poor cotton farming practices result in suboptimal yields • Excessive price volatility limits farmer motivation to grow cotton and increases poverty • Quantity and quality of cotton lint is unreliable and inadequate for the domestic textile industry • Limited productivity and value addition in the cotton by-product subsector • Insufficient policy support for the sector hinders development • Burdensome taxes reduce competitiveness • The impact of climate change on cotton production.	• Raise the profitability of cotton production through in¬creased productivity and quality control. • Improve the policy environment to raise the efficiency and competitiveness of the cotton value chain. • Improve the competitiveness of textile and gametes firms through raised productivity and product diversification. • Strengthen the Government focus on investment as a vector for growth and integration in the value chain. • Strengthen the capacity of firms to diversify markets to raise profitability.	• Availability of raw materials (local cotton is available at a discount of 5 % of the world market price) • Increased ability to access the Preferential market in the United States and EU markets • Cheap products produced as a result of Low labour costs (~US $ 0.40 per hour – similar to Bangladesh and among the lowest labour costs in the world) • Increased employment potential to both skilled and unskilled labour • An array of investment promotion incentives (includ¬ing Export Processing Zones (EPZs) and Special Economic Zones (SEZs) managed by the Export Processing Zones Authority (EPZA).
Sisal	• Low production in the country • Low utilization of the abundance labour • Low value addition to the raw sisal fibre as only the 2% of the sisal plant is utilized to produce fibre the remaining 98% biomass that is thrown away as “waste” • Low level of research	• Increase sisal production through encouraging Estate farming, and establishing smallholder and out grower schemes • Increased capacity utilization to produce various sisal products • Encourage Investment in sisal industry so as to utilize the abundance of managerial, skilled and semi-skilled workers with qualifications and experience in the sisal industry built over a period of more than 100 years of commercial production. • Opens up further market opportunities for sisal to produce energy, medicinal, composite and value added products such as pulp for paper, which will be very competitive. • Carry out the extensive Market Research into new fiber-based products that has market potential running into millions of tons worldwide	• Increased Sisal Production • More investments both FDI and Local in sisal industry • High level of productivity due to utilization of the abundance of managerial, skilled and semi-skilled workers with qualifications and experience in the sisal industry. • Increased production of fiber that can be utilized in the production of various sisal products • Strengthened Tanzania only sisal Research Centre in the world at Mlingano, Tanga now equipped with an ultra-modern Meristematic

Location/ type	Challenges	Interventions required	Expected results
Grape	• Insufficient agricultural extension services • Low labour productivity • High price of Inputs Insecticides and fertilizer • Delayed payment by processing firms • Unreliable markets and low prices • Unreliable rainful	• Employing more extension officers • Provision of agriculture technologies and information/knowledge • Establishing grape Board and provision of credit to grape farmers • Increase budget for subsidized inputs • Written contract between producers and the buyers (Processing Firms) • Increase irrigation techniques • Encourage large scale investment including FDI	• High yield as well as quality improvement • Labour productivity improved • Affordable prices of inputs • Prompt and reliable payment system • Reliable Market established • More yield due to irrigation • Large scale production
Sunflower	• Low production and productivity • Lack of modern production technologies to meet national and international demand • Low skills across the value chain • Lack of coordination and institutional capacity across the value chain • Low quality of sunflower products • Small growth of the sunflower sector • Incoherent policies with the nation objectives	• Increase sunflower production and productivity through the adoption of modern production techniques to • Meet national and international demand. • Modernize the sunflower industry through strengthening coordination, institutional capacity and skills across the value chain. • Improve the quality of sunflower products to comply with national and international standards • Stimulate growth in the sunflower industry by implementing coherent and supportive policies in line with national development objectives	• Increase the production of sunflower to …..tons by 2020 • Strengthening coordination, institutional and skills across the value chain by 2020 • Quality of sunflower products improved by 2020 • Growth in sunflower industry improved by 2020
Mkulazi Agricultural City, 63,200ha.	• Incomplete land layout and design • Lack of core infrastructure • No prospecting investor obtained • Shortage of water and irrigation infrastructure	• Construction of basic infrastructure	• Established basic infrastructure in place by 2020 • Obtain potential investors by 2020

Location/ type	Challenges	Interventions required	Expected results
SAGCOT	• Lack of smallholder farmers aggregated into commercial farmer organizations • Small number of nucleus farms • Low value chains in agriculture	• Large scale Nucleus Farms and Sustainable Agriculture projects financed by TADB	• At least 10 large nucleus farms • 500,000 smallholder farmers aggregated into commercial farmer organizations by 2020 • Lending to at least fourteen value chains in the eight sub sector of focus
Capacity building for ASDP	• Shortage of skilled personnel on data collection, analysis and Data based reporting under ASDP • Clear demarcation with other statistical data • Projects have been conducted under the absence of ASDP basket fund which is the main source of DADPs. • Low capacity of irrigation human resources personnel • Weak irrigation development capacity especially at local level • Low rural agricultural development	• Development on Data collection, Analysis and Data based reporting under ASDP : • Project for strengthening the Backstopping capacities for the DADP planning and implementation under the ASDP Phase II • irrigation human resources development by strengthening the capacity of Arusha technical college • Project for capacity development for the promotion of irrigation scheme under DADPs phase 2 • Rural agricultural Development	• Personnel on Data collection, Analysis and Data based reporting under ASDP trained by 2020 • Strengthening the linkage between farmers and market • Increase in number of skilled personnel • 505,000 farmers using irrigation by 2019 • Rural agricultural enhanced by 2020
Irrigation schemes	• Unreliable rainfall • Weak irrigation development capacity especially at local level limited irrigation infrastructure available • Limited irrigation infrastructure available • Weak operation and maintenance of irrigation infrastructure	• promotion of irrigation scheme Development Under the District Agricultural Development plan phase II • construction of Mwamapuli irrigation scheme • Construction of irrigation system for cotton and horticulture (12,300ha) • Small Scale Irrigation Development Project SSID	• irrigation schemes scheme developed by 2020 • Construction and operationalize of Mwampuli irrigation scheme by 2020 • Irrigation system for cotton and horticulture constructed by 2020 • irrigation area Increase by 37,000ha in 2020 • race production increased by 191,400tons in 2020 • Annual increase of irrigated land: 30,000ha by 2018

Location/ type	Challenges	Interventions required	Expected results
Improvement of R&D in crops cultivation	• Chronic diseases to crops like maize, cassava etc • Shortage of seeds for difference crops • Lack of technologies which adds nutrients to soil • Weak research infrastructure	• Establishing researches on chronic diseases to crops like cassava maize paddy etc. • Production of seeds for different crops • Analyzing different agricultural systems and providing technologies which will add nutrient to the soil • Improving research infrastructures and capacity building to the researchers	• Researches on chronic diseases established by 2020 • ….tons seeds for different crops produced by 2020 • Soil nutrients improved • Research infrastructure improved by 2020
Extension officers	• Shortage of extension officers	• Providing training to the farmers and improving cultivation practices • increasing the number of extension officers	• Number of extension officers increased from 10,089in 2015 to 16,225in 2020
Agricultural land use plan	• Existence of land • conflicts	• Preparing the plans for agricultural sustainable land use through surveying the farms and providing ownership title to the farmers	• Farmers been able to use land as a collateral for bank loans by 2020 • Eliminating land conflicts by 2020
Women and youth empowerment through agriculture	• Lack of land tittles • Poor linkage of farmers with financial institutions • Low level of technology use	• Indicating and surveying the agricultural land. • Continuing with surveying • the land and provision of land titles • Linking farmers with financial institutions • Improving the use of technology	• Increase the number of land titles to farmers • Linkages of farmers to financial institution improved by 2020 • Usage of technologies improved by 2020
Market availability for crops	• Poor participation of private sector on construction of markets and silos • Lack of commodity exchange market • Lack of strategic markets at the boards	• Incorporating private sectors on construction of markets and silos • Introducing market products in accordance with the law (commodity exchange Act 15 of 2015. • Construction of strategic markets at the borders, improving and empowering corporative unions • Encouraging cooperative unions and private sector to establishing agro processing industries	• Private sectors involved on construction of markets and silos • Introduction of commodity exchange markets. • strategic markets at the borders Constructed by 2020 • Processing industries established by 2020

Location/ type	Challenges	Interventions required	Expected results
Livestock strategic intervention			
Skills development for improved livestock productivity	• Lack of high skilled personnel to provide quality livestock efficiently • Lack of community based national livestock early warning system	• Strengthening Livestock Training Agency (LITA) to provide quality livestock training efficiently • Community based national livestock early warning system project	• 30 LITA staff in long (PhD & MSc) and short courses trained • class rooms at Madaba and Morogoro Campuses in good condition • Community early warning system enhanced by 2020
Regulatory Framework for Animal Health services	• Inefficient of regulatory framework for animal health services • Low capacity of institution of the Veterinary Council to regulate animal health services effectively and efficiently	• Enhancing Regulatory Framework for Animal Health services	• Regulatory framework for animal health services improved to enhance the capacity for monitoring and enforcement of Animal Health Services. • Institution capacity of the Veterinary Council to regulate animal health services effectively and efficiently strengthened
Beef and others	• Low quality and productivity • Rudiment slaughtering premises • Lack of competitive market for meat industry stakeholders	• Meat quality and marketing improvement	• Tanzanian Meat quality standard codes available and quality control mechanism applied by 2020; • Pictorial livestock and meat grades available and livestock and meat are graded; • Meat industry stakeholders are competitive in market by 2020; and • TAMEPA, TALIMETA and CCWT organized and functional by 2020.

Location/ type	Challenges	Interventions required	Expected results
Beef Industry Development: Lake Zone (Mwanza, Shinyanga, Mara and Kagera), Central (Dodoma, Singida and Tabora), Nothern Zone (Manyara, Arusha and Kilimanjaro) and Eastern Zone (Morogoro and Pwani).	• Low quality beef products • Under exploitation of resources in livestock sector • Shortage of skilled personnel in livestock related field	• To increase production of quality beef cattle in the country that meet international standards. • Increase national outputs through exploitation of under-exploited resources in the livestock sector. • Develop local human resources capacities for operation and management of ranches. • Pictorial livestock and meat grades available and livestock and meat are graded • Meat industry stakeholders are competitive in market • Enhance technical skills development in meat value addition • Purchase and installation of hide pullers in areas of high slaughter figures. • To undertake massive livestock breeding programme through both natural and Artificial Insemination • Facilitate pasture and crops growing and padlock and wire fencing	• Production of quality beef cattle in the country enhanced to meet international standards by 2020 • …. human resources trained for operation and management of ranches. • Enhance Meat industry stakeholders competitiveness in market by 2020 • Enhance technical skills development in meat value addition to …. Personnel by 2020 • massive livestock breeding programme undertaken through both natural and Artificial Insemination by 2020 • …..ha of pasture and crops growing, and paddock and wire fenced by 2020.
Poultry	• Low quality and quantity of DOC produced in the country • Unsatisfied production and marketing of indigenous chicken rearing • Lack of poultry stakeholders organization	• Establishment of Multi-Stakeholder Innovation Platforms (MSIP) for improvement of marketing system and commercialization of indigenous chicken in: Arusha, Dodoma, Kilimanjaro, Morogoro, Mtwara, Mwanza, Shinyanga, Singida, Tabora and Tanga.	• Organized commercial indigenous chicken producers • Increased quality and quantity of DOC produced in the country • Improved production and marketing of indigenous chicken • Improved livelihoods of women and youth • Established and strengthened poultry stakeholders organizations

Location/ type	Challenges	Interventions required	Expected results
Dairy	• Lack of milk drinking culture of the human population; • Inadequate internal market for milk and milk products • Low capacity of production, collection, processing and marketing of a wide range of dairy products produced in the country; • High rate of rural poverty	• School milk feeding programme in Tanzania	• Developed milk drinking culture of the future human population; • Internal market for milk and milk products; • Increased capacity of milk production, collection, processing and marketing of a wide range of dairy products produced in the country; • Employment creation along the dairy value chain (for every 100 litres produced 4 jobs are created); • Reduced rural poverty by increasing farmers' income; and
Fisheries strategic choice			
Deep sea fishing	• Low fish export from Tanzania EEZ • Lack of data collected from the EEZ fisheries resources • Inadequate fish processing, value addition and marketing • Worn out of TAFICO infrastructure • Fish Post harvest loss • Low government revenue from fishing • Lack of modern fisheries facilities	• Construction of fishing landing port (Tanga or Dar es Salaam or Mtwara) • Operationalization of new TAFICO along the coast of Indian ocean	• Employment and business opportunities increased • Fish export from Tanzania EEZ increased • National food security improved • Reliable data collected from the EEZ fisheries resources • Tourism opportunities improved • Fish processing, value addition and marketing improved • TAFICO infrastructures rehabilitated; • Establish a modern fisheries handling facilities at Ras Mkwavi, TAFICO Dar es Salaam; • Fish post-harvest loss reduced; • Improved fisheries Laboratory services along the coast of Indian ocean; • Enhanced mariculture production and marketing.

Location/ type	Challenges	Interventions required	Expected results
Sea fishing	• Lack of modern fisheries facilities • Inadequate fish processing, value addition and marketing	• Strengthening fisheries market of Feri (DSM), Kirumba (Mwanza) and Munganza (Kagera) • Construction of pools for fish farming • Procurement of 5 fishing vessels • Empowering seaweed farmers especially women and youth groups in the coastal region	• Fisheries markets strengthened by 2020 • Increase fish production from 10,000 tons to 50,000 tons per year • 15,000 employments per year • Increase production from 12,000 tons to 20,000 tons per year
Aquaculture	• Shortage of skilled personnel • Lack of low cost aquaculture technology	• Establishment of national aquaculture development programme	• Increased income from aquaculture • Increased aqua-farmers practicing aquaculture operations • Increased production of aquaculture products
Automatic water Quality Monitoring and Reporting in Aquaculture	• Inadequate supply of fish to the existing fish processing industries • Lack of modern technology in aquaculture • There is a need of establishing automatic monitoring and reporting systems of aquaculture industry in Tanzania and identification of baseline conditions suitable for aquatic life.	• Training of SMMEs owner of fishing processing industries on modern fish farming technology • Establishment of automatic monitoring and reporting system I Tanzania and identification of baseline conditions suitable for aquatic life • Environmental impact assessment	• Increase fish production • Modern technology on fish farming transferred to fish farmers by 2018 • Fish farmers trained on new fish farming technology by 2020

Location/ type	Challenges	Interventions required	Expected results
Empowerment of artisanal fishers in Tanzania	• Lack of fisheries resource management • Lack of resources utilization and marketing	• Fisheries Resource Management • Fisheries Resources Utilization and Marketing	• Fisher folks marketing ability and income generation strengthened through acquisition of entrepreneurship skills by 2020; • Alternative livelihood to fishing communities will be promoted by 2020; • Sustainable fisheries promoted through educating fishing communities on sustainable fisheries management by 2020; • Increased fish catches, revenue and food security; • Reduced fish post harvest losses 2020; and • Improved fisheries resources management and environmental protection by 2020

Table B5: Environmental and Natural Resources Conservation Interventions

Location/ type	Challenges	Interventions required	Expected results
Promotion of Renewable green Energy technologies (Biogas, LPG, Solar Energy) Strategic Choices			
Household level (rural and urban)	• Policy, institutional capacity	• Need for a Green Growth Strategy • Enact a Charcoal production and Use Regulation policy	• Increased renewable energy sources
Climate adaptation and mitigation and projects Strategic Choices			
Implementation of concrete adaptation measures to reduce vulnerability of livelihoods and Economy of the coast communities of Tanzania	• Increase on impacts of climate change along the coastal regions	• Strengthening the forest institutions responsible for forest management and development • Climate Fund and Financing mechanisms established • Rehabilitating coastal protection infrastructure • Cleaning up of the drainage channels • Establishing appropriate alternative energy • develop an operational climate change observatory for Tanzania • Develop an Ecosystem Based Integrated Area Management Plan (EBICAM) for the coastal region	• Increased community resilience capacity to climate risks • Reduction on Damage and loss due to natural disasters • EBICAM established by 2020 • Climate change impacts on key infrastructure and settlements addressed by 2020
Enforcement of EIA and SEA regulations for all major projects Strategic Choices			
Major industrial zones	• Institutional, Policy and Legal	• Cabinet decision on new National Environment Policy (NEP)	• Reduced water and air pollution

Location/ type	Challenges	Interventions required	Expected results
Natural Resources Strategic Choices			
Strengthening the contribution of natural resources products (forestry and bees) to the Economy	• Poor management of natural resources • Inadequate capacity to combat wildlife crime • Poor management of wet lands • Inadequate natural resource management • High loss of forest cover due to unsustainable use	• Resolving territorial disputes between citizens and the surrounding areas near by reserves • Improving infrastructures within the game reserves • Continuing within the bee keeping program of 2007-2016 • Increasing the area for planting trees from 60,000ha in 2015 130,000 ha in 2020 • Establishing authority responsible for wildlife management • Sustainable Management in natural resources • Combating Wildlife Crime and advancing Conservation • Kilombero wet land management • Resilient natural resources management for growth	• Natural resources management strengthened • Wildlife crime reduced • Kilombero wet land managed • Natural resources management improved by 2020
National tree planting and management strategy 2016/17-202021	• Un-coordinated implementation of environmental best practices • Inadequate compliance to the national legislations and by-laws • Inadequate monitoring and evaluation programmes • Inadequate stakeholders involvement • Unsustainable human activities on vulnerable areas • Inadequate use of alternatives to energy sources • No green areas preserved in expansive urban developments • Poor value private value chain • Inadequate institutional capacity in forestry and beekeeping	• Tree planting in open areas degraded areas, institutional area, water sources etc. • Improve public awareness on tree planting • Financing resources mobilization • Monitoring and evaluation at national level • Private Forestry and Value Chain in Tanzania • Capacity Building in Forestry and Beekeeping Institutions • Enhancing the Forest Nature Reserve Network for Biodiversity Conservation	• 185,000ha (280 million trees) planted every year • Private forest value chain improved • Institutional capacity in forestry and beekeeping enhanced • Forest Nature Reserve Network for Biodiversity Conservation enhanced

Annex B6: Tourism strategic interventions

Location/ type	Challenges	Interventions required	Expected results
Key Tourism potential area (Kilimanjaro/Arusha)	• Capacity and knowledge gaps (including attitude, cultural)	• Comprehensive Tourism and Hospitality strategy	• Increased Revenue from Tourism industry
Outdoor recreation facilities along the coast of Dar es salaam city	• Realization of fund and technical expertise to turn the project into reality.	• Development of outdoor recreation facilities • along the coast of Dar es salaam city	• Open areas are properly utilized for public recreation and to attract additional visitors and to become an integral part of the local tourism economy in Tanzania. • Poverty eradication through new employment opportunities. • Revenue to the Government through taxes; and • Increase number of international and domestic tourists hence revenue to the government.
Increasing the number of tourist	• Attract more tourist to visit Tanzania • Encouraging of local tourism • Increase of new tourist attraction centers • Increase revenue from tourism	• Strengthening training on hotel and tourism hospitality • Add impetus to tourism landmark • Encouraging local tourism • Open up tourism opportunities in the southern zone • Increase the number of beds • Increase the number of tourism products	• Increase the number of tourists visiting Tanzania from 1200000to 2000,000 by 2020 • Increase the number beds to 1,735 in 2020 • Number of local tourist visiting various tourist centers increased • Number of personnel trained on tourism disciplines to increased • Number of tourism products increased
Theme park	• Lack of Theme Parks in Dar es Salaam City	• Construction of Theme Park in Dar es Salaam City	• Theme park constructed in Dar es salaam by 2020

Location/ type	Challenges	Interventions required	Expected results
		Heritage strategic choice	
Heritage liberation program	• There is no liberation heritage program leading to disappearance of heritage	• Acquire land for construction • Construct buildings for liberation program	• Availability of 25 hectors of land. • Publication in place • Availability of four Blocks
Cultural tourism promotion along the central slave and ivory trade caravan route	• Difficulties in coordinating the stakeholders to participate in the project •	• Identify, demarcate, map and erect sign posts in relevant locations along the route • Declaration of Mamboya, Mpwapwa and Kilimatinde heritages sites as national monuments. • Restoration and consolidation of the Slave Route in the selected centers • Preparations and implementation of awareness raising strategy for the route • Construction of onsite museum and rehabilitation of historic monuments along the route • Preparations of the Tourism Master Plan for the Slave Route 30,000.	• Attractive, accessible well conserved and managed Central Slave and Ivory Trade Route. • Increased revenue from collection to the Division of Antiquities and local government authorities • Increased number of tourists/ visitors on the route and promote income generating activities to local communities.

Table B7: Science Technology and Innovation Interventions

Strategic choice	Location/type	Challenge	Required Intervention	Expected Result
• Technology Advancement				
• Acquire, Adopt and adapt technologies for building technical capabilities for industrial development	• Technology agreements	• Low technological capabilities limits competitive growth	• Develop technology road maps, build relevant human capital and promote technological adoption and adaptation mechanisms	• Competitive products and services in manufacturing sector
• Develop and partner with local and foreign Private sector to Invest in Technology Parks (Parks provide mechanisms for innovating R&D and testing for market)	• PPP arrangements for investments – Prioritized sectors and geo-locations	• Limited Product and service development and testing for markets.	• Investment and marketing	• Increased quality and standards of products and services readily available for market. • • Increased number of innovations
Research and Development				
• Invest in local research and innovation focusing human and industrial development with special consideration to value addition. Support STI policy implementation and Impact evaluation of interventions	• R&D institutions	• Limited and uncompetitive output from R&I for uptake by industry	• Increased support/investment in competitive research granting • Increased support/investment in Commissioned research granting	• Increased locally generated knowledge for human and industrial development improved health and education services, water and sanitation
• Develop and equip research infrastructure for higher learning and R&D Institutions	• R&D institutions	• Low capacity for production of quality R&D output from local facilities. Competitive R&D outputs need cost effective use of facilities	• Increased support/investment in research facilities	• Improved research environment that will be translated in to Quality research for better products while informing policy and supporting decision making

Strategic choice	Location/type	Challenge	Required Intervention	Expected Result
• Buildcompetent and competitive human capital(vocational, technical, professionals, graduates and postgraduates) in areas relevant to industrial development	• Pre-employment and Post-training institutions[1]	• Low level of skills and competence to cater for industrialization	• Increased investment in human capacity building at all levels in accordance with the National Skills Development Strategy (NSDS)	• Competent and competitive work/labour force, developed.
Innovation				
• Promotion of Innovation initiatives at Local Government Authorities (LGA) through supporting SMEs, Clusters, and startups	• LGA, NEEC, Innovation platforms	• Unemployment; unfavorable environment (policy and resources) for uptake of innovations; weak linkages between R&I and industry	• Job creation through support of innovation platforms; Nuture innovation ecosystem; Strengthen linkages between R&I and industry	• Increased employment (both self and institutional) • Enhanced commercialization of research and innovation outputs • Improved linkages between R&I and industry
• Expand and exploit ICT opportunities particularly for improving quality and access of social and business services	• Primarily social service sector	• Geographic divide and resources limits access to qualitysocial and business services	• Increase access to and use of ICT platforms particularly in health services and education delivery system	• Improved quality and access of health services and education delivery particularly in rural areas

1 See the National Skills development strategy (NSDS) developed by the Ministry of Labour and Ministry of Education, Science and Technology and Vocational training.

Table B8: Education Interventions

Location/ type	Challenges	Interventions required	Expected results
Early education			
Early Learning	• Deteriorating family cohesion , parenting and virtues • Inadequacy descent pre-schooling facilities and teachers	• Train teachers for pre-primary schools • Implement comprehensive plan for free education • Increase rooms for pre-primary education	• The number of schools and teachers with curricula and syllabi improved • Availability of the English language curriculum
Primary education			
Primary School	• Inadequate number of teachers in relation to number of students across LGAs • Poor quality and standards of school environment • Weak inspections • Improper Methodology for Learning and Teaching of 3Rs • Unqualified teachers and lack of incentives for upgrading • Weak administration and enforcement of code of conducts • High pupils teacher ratio • Inadequate text books	• Improvement of Literacy and Numeracy Strategy (LANES) • Program for Results (P4R) • Construct class rooms and latrines • Implement comprehensive plan for free education • Enhance School Inspection • Improve availability of water, electricity • Training science subject teachers • Review and improve teaching curriculum • Procure text books	• Improved Pupils to Class Ratio • Improved Pupil to Latrine Ratio • School inspectorate tools reviewed to incorporate 3Rs and distributed to all QAs • ESDP Developed and sub sector operational plans in operation • LGAs meet annual target for schools achieving acceptable primary PTR range • Outreach visits to sensitize communities about enrolment conducted annually implemented • Education Sector Performance Report (ESPR) in place • The proportion of pupils and books improved

Location/ type	Challenges	Interventions required	Expected results
Secondary education			
Secondary School	• Unqualified teachers and lack of incentives for upgrading • Weak administration and enforcement of code of conducts Weak inspections • Inadequate number of mathematics and science teachers • Poor quality and standards of school environment	• Secondary Education Development Programme(SEDP II) • Implement comprehensive plan for free education • Enhance School Inspection • Construct classrooms and Latrines • Training more science subject teachers • Improve availability of water, electricity and latrines	• Increase completion rate at O-Level and A-Level • Specialty Qualification Training Records in place • Improve examination pass rate in mathematics and science subjects • Improved Students to Class Ratio • Improve Students to Latrine Ratio • Increased number of secondary school meeting minimum infrastructure requirements • Improved Students to Class Ratio
Higher education			
Higher Learning Education	• Increasing number of students who need loans for higher education through Loan Board • Rapid change of technology • Shortage of lecturers in universities	• Enhance Loan Board to continue issuing loans for higher education • Expand use of advanced ICT technology • Train more lecturer for different courses	• Eligible students facilitated with loans for higher education • ICT infrastructure enhanced • Increased number of lecturers

Table A9: Creative Industry

Location/ type	Challenges	Interventions required	Expected results
Art and Sports	• Tanzania is lagging behind in Sport worldwide • No purposeful investment has been done to boost sport, hence lagging behind • Poor environment for Bagamoyo College of Art • Absence of culture complex in the country	• Construction of National Sports Complex • Construction of Malya Sports College • Rehabilitation of Bagamoyo College of Arts • Construction of Culture Complex	• Increase contribution t GDP • Increase share in employment • Increased number of honors/titles by types of sports and art

Table B10: Skills Development Interventions

Location/ type	Challenges	Interventions required	Expected results
Strategic Skills Development for achieving Middle Income Economy.	• Education institutions does not consider skills requirement of the labour market • Low quality Education • Inaccurate investment and Insufficiency financial resources for skills development • Lack of opportunities for apprenticeship and internship • Lack of strong labour market information system • Lack of National Skills Development Strategy	• Prepare National Skill Development Strategy • Prepare curriculum for training suitable for labour market demand, working cultures and confidence of self employment • Increase equipment and infrastructure for practical training • Increase the number of qualified teachers and tutors • Increase colleges which offer middle cadre skills • Provide internship training for graduates at the working places • Provide apprenticeship training for students at the working places. • Develop and strengthen the national labour market information collection system • Initiate and strengthen the availability of labour market information in all regions of the county • Conduct the Labour Force and Manpower Surveys in every two years. • Identify people with skills obtained through informal system learning for six priority sectors • Provide training and certificates which are recognized by the labour market	• National Skill Development Strategy in place. • Increased staff with practical training. • Skilled Tanzanians to be absorbed in new emerging sectors of Oil, Gas, ICT, Mining, Agri-business, Tourism and Hospitality services, transportation and logistics. • Reduced low skilled labour force to middle cadre. • Labour market information system in place.

Location/ type	Challenges	Interventions required	Expected results
Education and Skills for Productive Jobs.	• The cultural barriers to technical and vocational skills levels. • The need for soft skills such as work ethics, teamwork, and communication to meet the demand of employers.	• Train 2500 graduates country-wide in agribusiness skills to establish agri-business enterprises. • Train 6100 extension officers country wide. • Train 2,750 in agribusiness skills needed by Tanzanian emerging commercial sector • Twenty (20) Agricultural and Livestock Training Institutes (MATIs & LITIs) upgraded with tools for more practical, competence-based training • Train 20,000 young smallholder farmers in modern irrigation management skills in 10 regions of Tanzania • Raise the number of Tanzanians with basic ICT skills from 10-17 million.	• Number of graduates trained on agribusiness enterprises. • Number of extension officers trained. • Number of public training providers with at least 30% private sector representation on their board • Number of training providers receiving financing from the Skills Development Fund (i.e. grant agreements signed) • Number of enrolled students in alternative, TVET and university training programs in targeted sectors funded by the Skills Development Fund or supported to attend training by the National Student Voucher scheme
Vocational Training	• Skills Mix not conducive, middle cadres is low • Low access to and improved quality and equity of technical vocational education and training • Low capacity of secondary teacher education in science and mathematics. • No modern workshop for practical training to students in 30 vocation training colleges	• Construct infrastructures in 13 institutions • Expand the ICT infrastructure for 53 institutions • Increase enrolment for students • Construct workshop to equip students in practical training • Improve learning environment for students	• Expanded infrastructure at 13 institutions (4 RVTSCs, Morogoro Vocational Teachers Training Centre, Arusha Technical College and 6 TTCs) with about 8,000 trainees attending at any given time • Expanded and extensive use of ICT in instruction at 53 institutions • Increased capacity for teaching, policy formulation, planning and quality assurance in technical vocational education and teacher education • Availability of modern training workshops

Location/ type	Challenges	Interventions required	Expected results
Folk Education Development Programme II	• Most of the college buildings and infrastructures are in dilapidated form • Poor enrolment in most FDC as compared to planned enrolment	• Construction of buildings for FDC colleges in the country • Improve infrastructure in FDC colleges • Capacity Building	• Increased number of FDCs graduates managing their own income generating projects • Increased technical knowledge in communities
Youth Development Programme	• Increasing Youth Unemployment.	• Enhance youth entrepreneurship skills • LGAs to allocate special areas for business to support youth • Provision of soft loans to youth • Promote local and international markets for products produced by youth	• Reduced Youth unemployment. • Availability of markets for youth produced products • Entrepreneurship skills to youth enhanced
Increase number of rural planners from Institute of Rural Development Planning	• Shortage of offices in the college • No proper use of land plan • New campus has shortage of offices • Shortage of accommodation for students	• Construction of Academic Blocks at Main Campus and Lake Zone Centre Mwanza • Land-scapping at Dodoma Campus • Construction of Administration Blocks at Dodoma Campus Lake Zone Centre Mwanza • Construction of hostel blocks at Dodoma Campus and Lake Zone Centre Mwanza	• Quantity and quality of rural planners increased

Table B11: Health Interventions

Location/ type	Challenges	Interventions required	Expected results
Improve livelihood of Tanzanian	• Potential new AIDS infection if not managed • Youths are more vulnerable to AIDS infection • New born are vulnerable to mother to child transmission of AIDS • Increasing prevalence of NCDs	• Mainstream AIDS issues in core sectors • Prevent new infections to young people • Testing of children under15 years • Reduce new infections of AIDS • Management of non-communicable diseases, particularly obesity-related illnesses.	• 90% of core sectors incorporate AIDS issues in their strategic plans by June 2021 • Increased HIV and AIDS counseling by June 2021 • A number of children below 15 years receive ART by June 2021
Strengthening of Referral System	• Physical barriers resulting into lack of access to better health services at different levels of service delivery	• Construction of 8,743dispensaries and 2,751 Health Centres • Construction of 29 new District Hospitals for new Districts Hospitals • Construction of 5 Regional Hospital for new Regions • Construction of Zonal Hospitals in Southern, Western, Eastern and Lake zones. • Construction of regional satellite blood bank in five BRN regions Kigoma, Mara, Mwanza, Simiyu and Geita • Completion of 2 storey X-ray building at Mbeya Referral Hospital • Construction of new ward and rehabilitation of the existing buildings at Kibong'oto Infectious Centre • Renovation, rehabilitation and equipping of 21 regional hospitals • Construction and rehabilitation of infrastructures at Mirembe and Isanga Institutes for Mental Health • Completion of office building at National AIDS Control Programme (NACP) • Construction of National Laboratory	• Increased access to health services. • Reduced Congestion of patients at National levels. • Strengthened availability of blood at the Lake Zone • Improved disgnostic services and reduced congestion to National level. • Improved TB and infectious diseases control • Create conducive working environment for planning and coordination HIV and AIDS interventions. • Improved diagnostic services

Location/ type	Challenges	Interventions required	Expected results
• Improve availability of specialized services	• Increased costs of referral Abroad	• Equip Referral, Specialized and National Hospitals with modern equipment. • Short and long term training to health staff in Referral, Specialized and National Hospitals. • Procurement and maintenance of medical equipment for Regional and District Hospitals through ORIO project	• Reduce the number of referral abroad • Improvement of diagnostic services
• Strengthening of Training Institutes	• Shortage of Health Professionals in the Health Sector	• Rehabilitate, redesign, remodeling of old buildings and construction of new buildings in 77 Health training Institutions. • Counter Part funds for construction of Health Training Institutions carried out by the Global Fund • Long course training for health professionals	• Increased number of Health professional in the Sector • Improved capacities of HRH to provide specialized services

Table B12: Water Subsector Interventions

Location/ type	Challenges	Interventions required	Expected results
Water Resource Management Strategic Choices			
Protection, development and management of water sources in the country (all Basin Water)	• Pollution and encroachment of water sources in the country • Climate change and variability which causes insufficient short rains • Exacerbating decrease of water flows • Destruction of water source areas (watershed, wetlands, springs and recharge areas) • Inadequate water storage facilities infrastructure that impedes the national's ability to deal with climate variability impacts.	• Demarcation and gazetting of 161 water sources • Preparation and approval for Integrated Water Resources Management and Development Plans (IWRM&D Plans) for all 9 Water Basins • Drilling of 150 groundwater monitoring boreholes, and rehabilitation of existing 120 • Construction and rehabilitation of offices for 9 Basin water Board.	• 161 Water source identified and demarcated • IWRM &D Plan in all 9 Basin prepared • 150 groundwater monitoring boreholes drilled • 120 groundwater borehole rehabilitated • 9 Basin water office constructed and rehabilitated
Water quality management and pollution control	• Increasing pollution of water source from Municipal sewage, mining and industrial activities, agriculture etc.	• Rehabilitation of 9 existing laboratory buildings and construction of 8 new water laboratories; • Conduct water quality monitoring of all important water sources; and • Development of comprehensive fluoride database and maps in fluoride belts	• 8 Laboratory building constructed; • 9 Laboratory building rehabilitated; • Water quality pollutants/contaminants determined; • A comprehensive fluoride database and maps in fluoride belt developed.
Rural water Supply Strategic Choices			
Scale up water supply in Rural areas	• Shortage of water supply infrastructure in rural areas; • Low capacity of some consultants and contractors to supervise and implement water projects; • Financial constraints as a results of delay in disbursement which result in increased costs due to accruing of interest rate; • Low awareness of communities contribution to capital investment, O&M and conservation of water sources	• Construction of 38,759 new water points to serve 9,644,750; • Rehabilitation of 19,889 non-functioning water points to restore water supply service to 4,972,250; • Installation of 17,686 water points from extension of existing infrastructure, to serve 4,463,000 people; and • Recruitment and deployment of 386 Water Engineers and 3,338 Water Technicians to LGAs up to the ward level	• Increase the number of people with access to water in rural areas from 20,022,283 in 2015 to 43,285,159 in 2020. • Improved water supply and sanitation services in rural areas

Location/ type	Challenges	Interventions required	Expected results
Improvement of Same - Mwanga water project	• Shortage of water supply infrastructures	• Construction of water source, intake, storage facilities, transmission lines and distribution networks	• Improved water supply and sanitation services in Same and Mwanga townships
Urban water supply Strategic Choices			
Improvement of water supply in Mtwara - Mikindani from River Ruvuma	• Increase of water demand due to rapid increase of population; • Inadequate water storage facilities infrastructure that impedes the national's ability to deal with climate variability impacts; and • Shortage of water supply infrastructure	• Construction of water source, main transmission line, storage facilities and distribution networks	• Improved provision of water supply services in Mtwara urban areas and along the main pipes
Rehabilitation and improvement of water supply in Arusha city	• Increase of water demand due to rapid increase of population; and • Shortage of water supply infrastructure	• Construction of water source, main transmission line, storage facilities and distribution networks	• Water supply and waste water infrastructures for Arusha rehabilitated and extended
Extention of Kahama - Shinyanga water project to Tabora, Nzega, Igunga and **89** Villages	• Shortage of water supply infrastructures	• Construction of water source, intake, storage facilities, transmission lines and distribution networks	• Water supply infrastructures for Tabora, Nzega and Igunga, 89 villages constructed and water supply service improved
Improvement of water supply and sanitation services in Regional centre's	• Increase of water demand due to rapid increase of population; • Inadequate water storage facilities infrastructure that impedes the national's ability to deal with climate variability impacts; • Shortage of water supply infrastructure • Weak legal framework to address vandalism; • Dilapidated water infrastructure; and • High level of Non Revenue Water (NRW)	• Completion of major water supply and sanitation projects at Chalinze phase III Project, Musoma - Bukoba project, Dodoma project, Mugango - Kiabakari, Bunda, and New Regional HQ project; • Construction of 22 treatment plants; • Construction of 44 storage tanks; • Construction of 60 wastewater treatment ponds; • Construction of 887 Km of sewer lines; • Installation of 200,000 new house connections; and • Construction of 330 Km new transmission main and laying of 2,111km of distribution network	• Water supply infrastructures improved and Non Revenue water Reduced in all regional centre's

Location/ type	Challenges	Interventions required	Expected results
Improvement of water supply in DSM	• Weak legal framework to address vandalism; • Dilapidated water infrastructure; and • High level of Non Revenue Water (NRW)	• Completion of on-going strategic projects in DSM (Lower Ruvu, Upper Ruvu, Kimbiji and Mpera Deep Water Production Boreholes); • Construction of Kidunda Dam; • Construction of 76km access road to Kidunda dam • Expansion of water supply networks; and • Implement NRW strategy in DSM • Construction of 11 water storage tanks; • Drilling of 26 boreholes and construction of 10 kiosks in low income areas; and • Construction of 7 water treatment ponds and 156 km of the public sewer line;	• Kidunda dam and access road constructed; • Water supply infrastructures improved; and • Non Revenue water Reduced from 47% in 2015 to 30% in 2020; • 26 borehole and 10 kiosks in low income area constructed; and • 7 water treatment ponds and 156 km of the public sewer line constructed
Water supply improvement in National projects, District HQ and small towns	• Weak legal framework to address vandalism; • Dilapidated water infrastructure; • High level of Non Revenue Water (NRW); • Lack of skilled of staff; and • Pollution of water sources	• Strengthening of wanging'ombe, Maswa, Mugango-Kiabakari, Handeni Trunk Mian (HTM) chalinze, Makonde and Kahama-Shinyanga projects, District HQ, and Small Towns; • Construction of 37 treatment plants; • 1,091 Km of new transmission main constructed and 3,518 Km of distribution network expanded; • 306 storage tanks constructed; • 110,000 Household water connections installed; and • Recruitment of 260 Water Engineers and 1,040 Water Technicians to enhance the human resources technical capacity	• 37 treatment plants constructed; • 306 storage tanks constructed; • Water supply infrastructures improved; and • Non Revenue water Reduced in all District HQ, Small towns and National Projects; and • 110,000 Household water connections installed

Location/ type	Challenges	Interventions required	Expected results
Construction of Dams in dry regions including DSM	• Climate change and variability which causes insufficient short rains • Exacerbating decrease of water flows	• Rainwater harvesting dams/pools in Dodoma, Singida, Tabora, Mara, Simiyu, Arusha, Shinyanga, Manyara, DSM etc. constructed • Construction of 8 strategic dams for environmental conservation, preventing floods etc. • Rehabilitation of the existing dams	• 8 Strategic dams constructed; • 6 dams rehabilitated for rainwater harvesting in in 9 regions; and • Water supply infrastructures improved
Water Program Delivery Support Strategic Choices			
Program Coordination and Performance Monitoring	• Human resources capacity constraints in IA's in area of financial management, contract management, PPP and project follow-ups, which has contributed to slow in implementation of water projects.	• Construction of ongoing Office Building projects for MOWI, Basin Water Boards, Urban Water Supply and Sanitation Authorities and Water Laboratories; • 5 Major PPPs Projects devel • 6,000 staff trained in enhanced Management Information System (MIS), contract management and Social and Environmental Safeguards (SES) guidelines • MIS enhanced to produce Interim Financial Reports (IFR), Contracts and other sector M&E reports	• On going Office Building projects for MOWI, Basin Water Boards, Urban Water Supply and Sanitation Authorities and Water Laboratories constructed; • 5 Major PPPs Projects developed and implemented; • Implementation of Projects in the Water Sector enhanced

Table B13:Urban Planning, Housing and Human Settlement Development Interventions

Location/ type	Challenges	Interventions required	Expected results
Urban planning			
	• Rapid Urbanization • Outdated master plans • Unplanned settlements and growing slums in urban centers • Less transparent, inefficient and worse resourced land sector • Small proportions of villages with land use plans • Overlapping mandates of the LGAs in Dar es Salaam with that of the regional administration which undermines regional coordination • Major services such as transportation, land use planning, water and waste management are not coordinated on a metropolitan-wide basis • Poor urban infrastructure and amenities • Limited financial resources required to meet the demand for urban infrastructure investment • Poor urban mobility and access to service quality, jobs, etc.	• Formulate and implement a well-designed National Urban Development Strategy • Preparation of General Planning Schemes (Master Plans for major Tanzanian cities) • Establishing land rangers' and building inspectors' Units in order to efficiently manage land development • Reform the institutional and governance arrangements to improve coordination, accountability, and service delivery, thus enabling Dar es Salaam to evolve into an efficient metropolitan area. • Increasingly empowered local government to make planning decisions. • Pursue new sources of financing, such as Private Public Partnerships (PPPs), for i nvestment in urban infrastructure • Scaled up to all Urban Local Government Authorities (ULGAs), including property taxes, so as to boost Own Source Revenue (OSR) • Transform Dar es Salaam by expanding and improving DART, including swiftly expansion of new variant of DARR; Introduce few (oligopolistic) but efficient regulated public transporters; and integrated transport and land-use planning.	• 25 master plans prepared • New LGAs structure for Dar es Salaam • LGA Level PPP contracts on key strategic amenities and locations • Urban LGAs with property Revenue Collection and Information System (LGRIS) • Improved urban mobility

Location/ type	Challenges	Interventions required	Expected results
Housing and Human Settlement Development			
Zonal Offices in Dar es Salaam, Morogoro, Dodoma, Tabora, Mwanza, Arusha, Mtwara and Mbeya	• Poor housing and over clouding • inadequate office spaces • insufficient teaching premises like classrooms, libraries and dormitories to properly accommodate academic functions	• Construction and Rehabilitation of Buildings	• Ardhi House building rehabilitated; • 8 Zonal Land Zonal Offices constructed • Classrooms, libraries and dormitories for Ardhi Institutes Tabora constructed and for Ardhi institute Morogoro rehabilitated. • Increase students enrolment and thus reduce shortage of land sector experts .
Kilombero, Ulanga/ Malinyi Districts in Morogoro region	• Unplanned settlements and growing slums in urban centers • Less transparent, inefficient and worse resourced land sector	• Land Tenure Support Programme	• Regularized, surveyed and titled land in two districts by 2018
Country wide	• Poor infrastructure	• Tanzania International Boundaries Reaffirmation Project	• New boundaries protocol established by 2018 • Well defined borderline
181 LGAs in Tanzania Mainland	• Proportion of districts, villages and reserved land with undisputed Government notes	• Programme for Planning, Surveying and Titling of Land in Tanzania	• Unplanned settlement reduced and increase of land as collateral
Kigamboni - Dar es Salaam	• Absence of Master Plan for Kigamboni City	• Implementation of Kigamboni New City Master Plan	• Kigamboni area planned, surveyed and allocated
Low cost houses	• Low income earners cannot afford to own houses	• Promotion of Appropriate Technology for Affordable Housing	• Improved housing standard of the low income bracket • Job creation for the youths • Affordable low cost building materials • Availability of affordable housing for low income earners

Location/ type	Challenges	Interventions required	Expected results
		Land administration	
Land	• Inefficient sustainable land use plans	• Preparation sustainable land use plan	• 7,500 villages and 25 districts land use plans prepared • 2,500,000 citizens provided customary right of occupancy • 250 land registry at district and village level constructed • 2,000,000 citizens in line with registering other legal documents provided
Land administration Country wide	• Absence of integrated land management information system • No or weak land compensation fund • Lack of verified data on virgin lands which are not developed for long time • Land conflicts • Absence of land bank	• Put in place Integrated land management information system • Strengthening land services in 8 zones • Building the capacity of the councils through training and equipments • Strengthening the land compensation fund • Verifying the virgin lands which are not developed for long time • Establishing national land advisory council • Providing training to the community about land laws • Strengthening the land conflicts solving services by establishing 100 new land and housing councils in districts with majority of land conflicts	• Integrated land management information system in place • capacity of the councils enhanced through • Land compensation fund strengthened • Undeveloped virgin lands identified • National land advisory council established • Community trained about land laws • 100 new land and housing councils established in districts with majority of land conflicts by 2020.
Country wide	• Absence of national housing bank	• House construction	• 50,000 low cost houses constructed • Tax on construction materials of low cost houses especially in villages reduced • Low cost construction corporative unions established and strengthened

Location/ type	Challenges	Interventions required	Expected results
Urban and rural planning	• Incomplete provincial master plans • Unavailable satellite cities in Dar es Salaam and other cities • Non-formalized operating business	• Provincial master plans • Encourage Satellite cites development • Formalization of businesses	• Provincial capitals master plans completed • Satellite cities in Dar es salaam and other cities developed • Property and Business Formalization Program (PBFP) in un-surveyed areas implemented
surveying and mapping	• No satellite receiving station in Tanzania • No base mapping available in the country • Unsecured international boundaries.	• Construction of satellite receiving station at University of Dodoma • Improving landmarks between Tanzania and neighboring countries. • Strengthening 7 international boundaries	• Satellite receiving station at University of Dodoma constructed. • Tanzania international boundaries secured and improved

Table B14: Food Security and Nutrition Interventions

Location/ type	Challenges	Interventions required	Expected results
Food Security and Nutrition Strategic Choices			
Construction of grain silos in 7zones	Shortage of storage capacity	construction of grain silo storage system in 7 zones	Increased storage capacity by 2020
Nutrition specific interventions areas: Strategic Choices			
Promotion of Maternal Infant and Young Child Feeding practices (MIYCF) including nutrition related WASH, ECD and Health key family practices in order to prevent stunting and improvement early childhood development	• Low percentage of mothers practicing timely initiation of breastfeeding and exclusive breastfeeding • Poor quality of health care, nutrition, protection of young children • There has been high rate of deaths for infants • Inadequate support from families, communities, policy makers and skilled/ trained personnel to breast feeding mothers • Inadequate supportive supervision to trained personnel conducting infant feeding counseling • .Inadequate enforcement of maternity rights for women working in informal and private sector. • Inadequate access, availability and utilization of health care services.	• Conduct TOT's on SBCC IYCF, WASH, ECD and Health (at regional level) • Deliver Services to Children and Support Early Childhood Programmes to Vulnerable Children • Care givers and educating parents • Promoting and Enhancing awareness to Community on Early Child Development (ECD) • Coordination, Monitoring and Evaluation of ECD • Training of Health service providers (Nurses, Midwifes, and Clinicians) on SBCC IYCF, WASH, ECD and Health (at district level) • Training of Health service providers (Nurses, Midwifes, and Clinicians) on growth monitoring and promotion using WHO 2006 growth standards • Organise quarterly meeting among health service providers and CHWs at Health Facility level • Training of community health workers on SBCC IYCF, WASH, ECD and Health (at district level)	• To contribute to the reduction of malnutrition prevalence among children under five years and women of childbearing age (15-49 years) including adolescent girls in Tanzania • Increased quality ECD services for children from vulnerable including with albinism and children from poor families • Increased early life skills development and nutrition • Sensitized communities on the importance of ECD • Increased proportion of adolescents, pregnant women and mothers / caregivers of children under two years who practice optimal maternal, infant and young child nutrition behaviours • ·Increased coverage and quality of MIYCN services at the community level by June 2021 • ·Improved MIYCN law enforcement through advocacy and capacity building of key institutions

Location/ type	Challenges	Interventions required	Expected results
		• Procurement of Supplies:o Flipcharts, Counseling cards, leaflets for SBCC on MIYCF including nutrition related WASH, ECD and Health key family practices to all health services providers and community health workers o job aids, guidelines, training packages to all health services providers and community health workers Reporting tools (registers and forms)	• MIYCN is promoted at all levels through mass-media and the use of new technologies • Improved quality of MIYCN services at the health facilities level by June 2021 • Strengthened synergies between MYICN and health, WASH, Food Security, Social Protection, Education and IMAM
Interventions that improve vitamin and mineral intake	• Low awareness of the micronutrient problems at all levels • Low adherence to Iron and folic acid supplements among women • High levels of anemia in women of reproductive age • inadequate supplies for prevention of anemia • 1/3 of children underfive are vitamin A deficiency\ • low coverage of USI • Low awareness of the problem of iodine deficiency disorders at all levels; • inadequate supplies for prevention IDD	• Prevention of Anemia • Training of health staff on Anemia Prevention among women, adolescent and children (at regional and district level) • Procurement of Supplies: • Iron Folic acid, Micronutrient Powders, Multiple Micronutrient tablets • Job aides (posters/charts etc.), guidelines, training packages • Reporting tools (registers and forms) • Vitamin A Supplementation and Deworming through Child Health Days and routine • Orientation on Planning and Management of Child Health Days (at regional and district level) • Training of RHMT/CHMT's on social mobilisation tool kit on VASD (at regional and district level) • Organise social mobilization activities for two rounds of VASD (at district level) • Procurement of Supplies: • Vitamin A capsules and deworming tablets • Job aides (posters/charts etc.), guidelines, training packages • Reporting tools (registers and forms) • Promotion of Universal Salt Iodization	• improving physical work capacity, • reducing disease burden and mortality • Vitamin A deficiency eliminated as a problem of public health significance • Iodine deficiency disorders as problem of public health significance eliminated • improved cognitive development •

Location/ type	Challenges	Interventions required	Expected results
Interventions that lead to proper management of acute malnutrition (IMAM)	• limited personnel who can manage acute malnourished children • limited screening and treatment of acute malnutrition • inadequate coordination and integration of management of acute malnutrition	• Conduct TOT's on treatment of severe acute malnutrition (at regional level) • Training of Health service providers (Nurses, Clinicians) on • treatment of severe acute malnutrition (at district level) • Training of community health workers on screening and referral severe acute malnourished children (at district level) • Training on use of anthropometric equipment for regular nutrition assessment in facilities without SAM services (at district level) • Organize quarterly meeting among health service providers and CHWs at Health Facility level	• Improved quality of services for management of severe acute malnutrition in at least 75% of health facilities by 2021 • At least 75% of children under five years old are reached through SAM screening at community level by 2021 • Functional Management Information System for severe acute malnutrition is available in at least 80% of districts by June 2021 • Strengthened coordination of integrated management of severe acute malnutrition at the national and sub national level by June 2021
Interventions promoting enrichment of nutrient density of the diets of young children		• Carry out research in matters relating enrichment of nutrient density of the diets of young children 6-–23 months of age) • Prepare methods for the correction or avoidance of malnutrition • Collaborate with the producer, manufacturers and distributors of articles of food, to ensure proper nutritional value of the food marketed in the United Republic or exported to foreign countries	• Protein Energy Malnutrition in children 5-59 months reduced to levels below WHO targets by 2025

Location/ type	Challenges	Interventions required	Expected results
programmes that improve public health, water, and sanitation	• poor availability and quality of basic social services essential for nutrition improvement, including health, water and sanitation; • inadequate household food and nutrition security especially in rural areas; • inappropriate socio-cultural behaviours and practices that negatively impact nutrition; • high prevalence of communicable and non-communicable diseases that impair growth. • Management of nutrition in emergencies	• Advocate through media on; • Immunization • Family planning • management of malaria • management of diarrhea and pneumonia; • De-worming; • access to safe drinking water; • Promotion of good hygiene and access to sanitation facilities and practices eg. elimination of open defecation and hand-washing with soap; • Nutrition care for people living with HIV/ AIDS and TB;	• Improved quality of basic social services • • Improve household food and nutrition security • • Reduce communicable and non-communicable diseases
• Programmes that address issues of nutrition governance and accountability:	• Weak institutional capacity for nutrition leadership and programme delivery • Lack of a well-defined nutrition accountability framework; • Lack of Nutrition Management Information System (NMIS) • Poor functioning of multi-sectoral coordination mechanisms at all levels; • Low prioritization of nutrition actions in the allocation of financial and human resources at all levels;	• **i) Planning and Advocacy** • Hold annual planning and budgeting sessions to ensure integration of nutrition interventions into MTEF • Hold meeting with sectoral Nutrition focal persons and NGOs/CBOs to develop a consolidate Annual Work plan on nutrition for the district • Conduct nutrition advocacy meetings with RHMTs, DHMTs, DEDs, District Treasurers, DPLOs, and DMOs (Regional level) to increase resource allocation on nutrition • **ii) Monitoring and evaluation** • Conduct national nutrition Survey after every two years • years	• Nutrition Management Information System (NMIS) in place • • nutrition accountability framework in place

Location/ type	Challenges	Interventions required	Expected results
		• Support quarterly supervision of nutrition activities (district and regional level) • Support workshop on monitoring of District AWP on nutrition every 6 months • **iii)Coordination and partnership** • Conduct annually Joint multisectoral Nutrition review meetings • Support establishment of Regional and District Nutrition Steering Committees • Orientation of Regional and District Nutrition Steering Committees members • Conduct biannual monitoring visits • **iv) Policy and strategy development** • Print and disseminate Food and Nutrition Policy • Print and disseminate Multisectoral Nutrition action plan • Cascade MNAP to subnational levels • Develop Resource mobilization strategy for MNAP • Establish a nutrition tracking system to cover all LGAs • Conduct nutrition PER after every two	

Table B15: Social protection Interventions

Location/ type	Challenges	Interventions required	Expected results
WDF/YDF/TWB	• Low women/youth participation in economic activities	• Enhance low cost credit to women/youth	• Reduction of gender income inequality and enhancement of national social protection and safety net by June 2021
NHIF/CHF	• Low coverage of health insurance of the population	• Expand coverage of health insurance of the population	• Increased coverage of health insurance of the population
Programme on implementation of universal social pension scheme to eligible elders	• Universal social pension scheme not implemented in the country	• Implement universal social pension scheme to eligible elders	• Increased number of eligible elders receiving universal social pension
Women and Girls' Empowerment Programme	• Low women participation in economic activities • High rate child marriages Increasing rate of early pregnancies	• Women Economic Empowerment • End Child Marriage and Early Pregnancies	• Reduction of gender income parity and enhancement of national social protection and safety net by June 2021 • Reduction of gender income parity in education and employment by June 2021
Social assistance	• Fragmented social protection interventions	• Cabinet decision on NSPF • Developed a harmonized delivering system of social assistance including establishing a single registry of programs and beneficiaries	• Reduction of number of poor households.
Develop and implementation of Local Economic Development (LED) initiatives	• Low pace of poverty reduction	• Institutionalize LED approach in LGAs	• Reduction of Headcount ratio for food and basic needs poverty
SDGs	• Inadequate implementation of MDGs	• SDGs localization	• SDGs fully integrated in national and sector plans
M&E	• Lack of National M&E framework.	• Develop M&E framework to track the implementation of poverty reduction initiatives including SDGs	• M&E activities institutionalized across government.

Table B16: Good Governance Interventions

Location/ type	Challenges	Interventions required	Expected results
Prevention and Combating Corruption	• There is a shortage of staff houses in regions • Absence of modern special building for investigation • lack of office building for African Corruption Unity Advisory Board • Office buildings in regions are in bad condition	• Construction of Tanzania Institute of Good Governance and Anti-Corruption • Construction of infrastructures • Construction of Special building for Investigation at Headquarters • An advisory board of the corruption of African Unity • Rehabilitation of Office Buildings in Regions	• Investigation building in place • Availability of offices in regions • Availability of staff houses in regions and 2 districts • Availability of training college for good governance and corruption • Advisory Board for the Corruption of African Unity building in place • Availability of office buildings in regions
Fire and Rescue Force	• There is no buildings in new planned HQ • There are shortage of fire tenders in regions • Fire and rescue training institute is in bad condition • Office buildings in regions are in bad condition	• Completion of Fire and Rescue Head Quarter – Five Storey Building located at TAZARA - Mchicha in DSM • Acquisition of 140 Tenders • Rehabilitation and Extension of the Fire and Rescue Training Institute at Chongo, Handen • Rehabilitation and Extension of 25 Fire Stations countrywide	• Availability of office buildings in regions • Availability of new building at new located HQ • Availability of sufficient tenders in regions • Availability of rehabilitated building at training institute • Availability of office buildings in regions

Location/ type	Challenges	Interventions required	Expected results
Tanzania Prisons Services	• The Government spends huge amount of money to buy shoes for prisons and staff • Buying uniforms for prisons is very expensive • Unutilized irrigation infrastructure • Building Brigade have no working tools • Unprocessed agricultural products leading to low pricing in the market • Absence of working tools and offices complicates the process of quarrying • There are opportunity of using homemade furniture but not captured	• Renovation of Shoe Production Workshop • Acquisition of Machines for Uniform and Cloth Production Factory • Acquisition of Machines and Farm Implements for Irrigation Agriculture • Equipping Building Brigade • Construction of a Building and Installing Machines for Commercial Agriculture (Oil crops) • Construction of Office and Installing Machines for Quarry Production • Construction of Workshop for Furniture Production	• Tanzania Prisons to use self-manufactured shoes • Tanzania Prisons to use self-manufactured uniforms • Full utilization of irrigation infrastructure for agriculture • Full equipped Building Brigade • Ability to add value in agricultural products • Availability of office and installed machine for quarry production • Availability of furniture workshop
National Identification	• Tanzanian have no national identification cards	• Issue ID cards to all people aged 18 and above	• All eligible citizens issued with IDs by June 2021
Immigration	• Lack of friendly environment for maintaining law of order • Unconducive working environment for living • Various areas not connected with ICT infrastructure	• Maintaining Law of Order for Public Safety and Security • Improving Working and Living Environment • Strengthening MIS, IEC and ICT	• Improved working environment for maintaining law of order • 9 offices and staff buildings constructed and rehabilitated • Number of regions lined with ICT network
Tanzania Police Force	• Increasing need of training but limited with capacity of the college • Long time for testing crime offence for investigation • Office building and residential houses in bad condition • There are shortages of staff houses in most areas • No sufficient equipment for patrol • Increasing need of airplanes and helicopter	• Extension of Professional Police Colleges • Construction of Zonal Laboratories for Crime Offense Investigation • Construction of Police Posts • Construction of Regional Police Commanders' Offices • Surveys for Police Force areas • Construction of Staff Residential Houses • Acquisition of Patrol Equipment • Acquisition of Airplanes and Helicopters • Acquisition of ICT Equipment	• Increased capacity of enrolment at the college • Speeded sample tests for crime offences • Availability of Police services at near posts • Availability of Regional Commanders' offices in all regions • Shortages of staff houses reduced • Availability of patrol equipment • Availability of airplanes and helicopters • Availability of ICT equipment • Availability of health services in all areas

Location/ type	Challenges	Interventions required	Expected results
	• There are shortages of ICT equipment • Most vehicles are not in good condition • There is rapid change of technology • Increase of marine crimes	• Acquisition of Motor Vehicles Spare parts • Construction of Health Centres • Rehabilitation of Police Centres, Regional Commanders Offices and Staff Residential Houses • Human Resource Development • Acquisition of Patrols' Boats	• Equipped staff to match the growing technology • Availability of marine working equipment
Public reforms programs	• Slow pace and partial implementation of reform programs • Weak coordination • Inadequate funding	• Strengthen and deepen the public service reforms • Review and strengthen implementation of public sector reforms through decentralization of public finance and legal sector	• Principles of democracy, rule of law, integrity, accountability, transparency, effectiveness, efficiency and inclusiveness ensured and applied at all levels

Table B17: Infrastructure Development Interventions

Location/ type	Challenges	Interventions required	Expected results
Railway Strategic Choices			
Construction of Dar es Salaam – Isaka –Rusumo-Tabora (1,341Kms), central railway system to Standard Gauge	• Way leave for the new line from Isaka – Rusumo • Project financing	• Preparation of Cabinet Paper on financing mode of Project • Negotiation with Investors on financing and implementation of the project. • Fast track procurement process for acquisition of contractors • Begin construction	• High speed – SGR for smooth passenger and cargo transportation between Dar – Isaka
Construction of1,220Kms of Railway line fromTabora-Kigoma, Isaka-Mwanza, Uvinza-Musongati, and Kaliua-Mpanda-Karema.	• Way leave for the new line from Uvinza - Musongati. • Project financing	• Spearhead obtaining of project Feasibility study and detailed design. • Preparation of Cabinet Paper on financing mode of Project • Negotiation with Investors on financing and implementation of the project. • Fast track procurement process for acquisition of contractors • Begin construction	• 1,220 kms of railway construction from Dar – Kigoma; – Isaka – Mwanza ;–Uvinza – Musongati; and Kaliua – Mpanda – Karema
Construction of railway line from Mtwara-Mbambabay (Ameliabay) withbranchestoLiganga and Mchuchuma 1,000 kms (std gauge)	• Project financing	• Spearhead obtaining of project Feasibility study and detailed design. • Preparation of Cabinet Paper on financing mode of Project • Negotiation with Investors on financing andimplementation of the project. • Fast track procurement process for acquisition of contractors	• 1,000 kms of railway construction from port of Mtwara with the coal and iron fields of Mchuchuma and Liganga

Location/ type	Challenges	Interventions required	Expected results
Construction of Tanga-Arusha-Musoma rail with branches to Minjingu and Engaruka	• Project financing	• Spearhead obtaining of project Feasibility study and detailed design. • Preparation of Cabinet Paper on financing mode of Project • Negotiation with Investors on financing and implementation of the project. • Fast track procurement process for acquisition of contractors	• Increase in efficiency of Tanga Port. • Facilitate Uganda's import and export trade with Tanzania. • Facilitate transportation of soda ash and fertilizer to the market, from Engaruka and Minjingu respectively.
procurement of 52 high horsepower locomotives	• Funding source for this procurement is not in place.	• Fast track obtaining of funds for procurement of locomotive and wagons • Allow private operators to put their wagons and pay user fee to RAHCO for the use of railway.	• 63 high horsepower locomotives procured by 2020 for transport between Dar es salaam and Kigoma
Procurement of 1960 goods wagons	• funding source for this procurement has not yet been found	• Fast track obtaining of funds for procurement of locomotive and wagons • Allow private operators to put their wagons and pay user fee to RAHCO for the use of railway.	• 2,234 goods wagon procured by 2020 • Increased number of freight serviced by TRL between DSM and Kigoma to 3 million tons per year.
Road strategic choices			
Construction of Dar es salaam - Chalinze - Morogoro Express way, 200 km	• Project financing	• Expedite completion of feasibility study	• Decongestion of the Dar es Salaam City.
Construction of Arusha - Moshi - Himo Junction Dual Carriageway, 105km	• Project financing	• Expedite soliciting of funds	• Enhance traffic movement along Arusha – Moshi – Holili areas.
Upgrading Kidahwe (Kigoma) - Ilunde - Malagarasi – Kaliua, 188km	• Project financing	• Expedite soliciting of funds	• Boost economic activities

Location/ type	Challenges	Interventions required	Expected results
Upgrading of Itoni – Mkiu – Ludewa – Manda to Bitumen Standard (211.42) Km	• Project financing	• Expedite soliciting of funds	• Boost economic activities
Upgrading to Bitumen standard for the Manyoni-Itigi-Tabora Road, 245 km	• Project financing	• Expedite soliciting of funds	• Boost economic activities
Tabora – Ipole - Koga- Mpanda , km 350	• Project financing • Land compensation	• Expedite valuation of land and properties section of Mpanda – Koga – Ipole • Fund for compensation	• Boost economic activities
Sumbawanga – Mpanda – Nyakanazi, 346.6km	• Project financing	• Fund for construction	• 346.6km of road constructed. • Boost economic activities
Masasi – Songea – Mbamba bay, 898km.	• Project financing	• Expedite financial negotiation with prospective financiers, i.e.AfDB	• Boost economic activities
Upgrading to Bitumen Standard for the Chunya-Makongolosi-Rungwa-Itigi-Mkiwa road 456km	• Project financing	•	• Boost economic activities
Bagamoyo – (Makurunge) – Saadan – Tanga Road, km 178	• Project financing	• Completion of feasibility study and detail design	• 178 km constructed
Arusha& Kilimanjaro road	• Compensation Poor coordination among key stakeholders	• Expedite the design review which is conducted by JICA. • Enhance good coordination with stakeholders involved in the project (Tanroads, EAC, AfDBetc) • To clarify issue of legal and regulatory justification of compensation	• Enhance traffic movement along Arusha – Holili road.
Country wide	• Use of World Bank law on compensation rise contradiction with ours. • Dissemination of project outputs national wide	• Dissemination of the "Operational Guideline for District and rural road management" • Modal of improvement and technical transfer conducted in Iringa and Dodoma regions should be disseminated country – wide.	• Rural roads maintenance system development enhanced.

Location/ type	Challenges	Interventions required	Expected results
Decongestion of Dar es salaam City			
Construction of Interchange at Ubungo Dar es Salaam	• Compensation for land and properties • Failure to agree on dividing the contract and managing project risks	• Expedite soliciting of funds for feasibility study and detail design and compensation	• Decongestion of the Dar es Salaam City.
Construction of Fly-over at Tazara Dar es Salaam	• Compensation for land and properties	• Begin construction	• Decongestion of the Dar es Salaam City.
Construction of Fly-over at Uhasibu Dar es Salaam	• Compensation for land and properties	• Expedite soliciting of funds for feasibility study and detail design and compensation	• Decongestion of the Dar es Salaam City.
Construction of Fly-over at Chang'ombe, Dar es Salaam	• Compensation for land and properties	• Expedite soliciting of funds for feasibility study and detail design and compensation	• Decongestion of the Dar es Salaam City.
Gerezani road widening	• Compensation for land and properties	• GoT should set aside funds for compensation in FY 2016/17	• Decongestion of the Dar es Salaam City.
New Bagamoyo road 2 - Mwenge – Morocco section.	• Delay in project financing approval from government of Japan	•	• Decongestion of the Dar es Salaam City.
Construction Selander bridge	•	• Obtain financing from Korea • Do Feasibility and detail design studies • Start construction	• Decongestion of the Dar es Salaam City.
Dar es Salaam Outer Ring Road Namely: Bunju-Mbezi (Morogoro Road) – Pugu (34 km).	• Project financing	• Start Construction	• Decongestion of the Dar es Salaam City.
Road sector support program	• Bottlenecks on the major international corridors and too much reliance on road transport mode	• MOW/TANROADS to accelerate the project process considering due to date of disbursement implementation	• Enhance transport network • Dar es salaam traffic congestion eased by 2020 • Rural roads good- fair condition increased by 2020

Location/ type	Challenges	Interventions required	Expected results
Road sector support program II	• Bottlenecks on the major international corridors and too much reliance on road transport mode	• MOW/TANROAD to accelerate the project process considering due to date of disbursement implementation and develop an action plan for that purpose	• Enhance transport network • Dar es salaam traffic congestion eased by 2020 • Rural roads good- fair condition increased by 2020
Ports strategic choices			
Dredging and expansion of the entry to Dar es Salaam Port, Dar es Salaam	• The project aimed at Increasing efficiency and throughput of Dar es Salaam Port. The objective of this project is to increase water depth for berths number 1 – 7 from the current depth of less than 10 meters to at least 12.	• Expedite procurement of contractor	• Throughput and efficiency of the port increased.
Container Terminal - Berths 13 – 14 Dar es Salaam	• The objective is to develop a modern terminal with two berths (13 & 14) to match the increase traffic. The terminal will include the quay of minimum 750 meters length; minimum 13 meters channel depth and dredging of the port entrance.	• Expedite procurement of contractor	• Throughput and efficiency of the port increased.
Development of Kisarawe Cargo Freight, Kisarawe	• TPA intends to develop an inland Cargo Depot (ICD) to relieve congestion at the Dar es salaam Port which is projected to be 1.7 million TEU in 2017 (currently capacity is 310,000)	• Expedite procurement of contractor	• Port efficiency improved by 2020.

Location/ type	Challenges	Interventions required	Expected results
Construction ofBagamoyo Port, Bagamoyo	• Land Compensation • Agreement between China Merchants Holdings International Limited (CMHI) and Oman State General Reserve Fund (SGRF) and Tanzania regarding the project has taken so long.	• Finalization of agreements between China Merchants Holdings International Limited (CMHI) and Oman State General Reserve Fund (SGRF) and Tanzania Government • Finalization of Compensation • Signing Contract agreements for development of Bagamoyo SEZ • Soliciting funds for construction	• Port will be able to handle more cargo i.e. 20 million containers annually • Expected to transform Tanzania into a transport logistics hub and gateway to the regional and international trade with linked industrial platform for value addition and manufacturing processes.
Construction of 24m deep Mwambani- Port - Kigombe area, – Tanga	• Negotiation with private sector / investors on financing mode of the project has taken long time	• Review the Feasibility study & detailed design report • Expedite negotiation with Private Sector/ Investors on financing mode of project	• Mwambani port will enable Tanzania to achieve a robust and inclusive economic growth as the project is introducing the idea of Value Corridor[1] approach as oppose to extractive[2]corridor approach which is existing at the moment in Tanzania. Therefore, having this kind of project will stimulate industrial development along the corridor anchor towns as specified from time to time
Improvement of Mtwara Port by constructing 4 new berths	• Feasibility study and detailed design for port improvement not in place	• Expedite the conduct of project Feasibility study and detailed design. • Kick start financial negotiation to acquire a loan from prospective financiers	• Improvement of Mtwara port will increase its efficiency.
Modernization of Kigoma Port	• Feasibility study and detailed design for port improvement not in place	• Expedite the conduct of project Feasibility study and detailed design. • Kick start financial negotiation to acquire a loan from prospective financiers	• Modernisation of Kigoma port will increase its operational efficiency particular serving DRC freight through lake Tanganyika and Central railway.
Construction and rehabilitation of Mwanza South Port, Mwanza region	• Feasibility study and detailed design for port improvement not in place	• Expedite the conduct of project Feasibility study and detailed design. • Kick start financial negotiation to acquire a loan from prospective financiers	• Modernization of Mwanza port will increase its operational efficiency

Location/ type	Challenges	Interventions required	Expected results
Air Transport Strategic Interventions			
Revamping Operations of Air Tanzania.	• Regulation of aviation sector • Ground handling service • Poor infrastructure	• Reform ATCL • Purchase new aircrafts • Rehabilitation and extension of Aerodromes(Annex)	• Smooth operations of ATCL as a national carrier will have a direct impact on tourism industry which currently is among large contributors of government revenue. • Air craft accidents reduced by June 2020 • Four aviation radar procured by June 2020
Improvement of Metrology forecastServices	• Project financing • No office premises • Outdated radar	• Construction of Central forecasting office. • Acquisition of 5 weather radar.	• New central forecasting office by June 2020 • Five weather radar procured by June 2020
Procurement of 7 new lake vessels and rehabilitation of 8 existing vessels for lake Victoria, Tanganyika and Nyasa	• Dilapidation of lake vessels • Shortage of passenger and cargo vessels	• Procurement of 3 ship and rehabilitation of 3 for Lake Victoria, • Procurement of 2 ship and rehabilitation of 3 for Tanganyika • Procurement of 2 ship and rehabilitation of 2 for Nyasa	• Seven (7) new passenger and cargo vessels procured by 2020. • Eight (8) passenger and cargo vessels rehabilitated by June 2020.
Energy Generation			
Kinyerezi I Extension – 185MW gas-fired plant	• Project financing	• Expedite negotiation with respective project financiers including the GoTZ • TANESCO should expedite extension of contract with Ms. Jacobsen Electro Ltd (contractor) who executed Kinyerezi I 150 MW.	• 185 MW added to National Grid by June 2018.

Location/ type	Challenges	Interventions required	Expected results
Kinyerezi II – 240 MW combined cycle gas-fired plant (project financed by the GoTZ and Japanese Bank for International Cooperation – JBIC)	• Availability of enough water for combined cycle operations • Water project financing	• TANESCO to undertake water supply study for operation of Kinyerezi II, III and IV. • TANESCO to fast track implementation of water supply project	• 240 MW added to the National Grid by June 2019.
Kinyerezi III – 600MW combined cycle gas-fired plant, to be implemented as PPP project in two phases (phase I - 300MW)	• Project financing	• Treasury Registrar to approval Joint Venture Agreement • TANESCO to expedite negotiations of PPA with Partners • Expedite Project Implementation Agreement.	• 300 MW added to National Grid by June 2020
Kinyerezi IV – 330MW combined cycle gas-fired plant, to be implemented as PPP project	• Project financing	• Treasury Registrar to approve Joint Venture • Agreement and shareholding agreement • Fast track feasibility study to be approved by Minister for Finance and Planning.	• 330 MW added to National Grid by 2020.
SingidaGeowind Phase I – MW 50 wind plant, Singida	• Project financing • NDC failed to secure loan	• Implement the project as PPP.	• 50 MW added to National Grid by June 2018.
Kilwa Energy Phase 1 – 210 MW gas-fired plant, SomangaFungu – Kilwa	• Project financing	• Government guarantee is needed to allow sourcing of funds from prospective banks i.e. DBSA • Conclude Project Implementation Agreement • Conclude Gas Supply Agreement	• 210MW added to national grid by 2018.
Malagarasi 44.7MW hydropower plant – Malagarasi river Kigoma	• Project financing	• Preparation of tender document • Soliciting funds	• 44.7 MW added to the national grid and Kigoma region connected to the grid by 2020
Kakono 87MW hydropower plant – Kagerariver	• Project financing	• Preparation of tender document • Soliciting funds	• 87MW added to the national grid by 2020
200MW coal fired power plant – KiwiraMbeya	• Project financing	• Undertake the feasibility study	• 200MW added to the national grid by 2020

Location/ type	Challenges	Interventions required	Expected results
Ngaka 400MW coal fired power plant – Ngaka Ruvuma	• Project financing	• Undertake feasibility study for 200MW phase I and 220kV transmission from Ngaka to Songea • Funds mobilization • Negotiation for PPA wit TENESCO	• 400MW added to the national grid by 2020
Mchuchuma 600MW coal fired power plant – Njombe	• Project financing	• Fund mobilization • Negotiation for PPA with TENESCO	• 600MW added to the national grid by 2020
Construction of Rusumo 80MW hydropower plant to be equally shared by Tanzania, Burundi and Rwanda.	• Compensation of Project Affected Peoples	• Financing secured from World Bank for power plant construction • Financing secured from AfDB for construction of transmission line from Rusumo to Nyakanazi substation	• 27MW added to the National Grid and power trade between three countries Tanzania, Rwanda and Burundi attained by June 2020.
Development of Geothermal and Ngozi 200MW Geothermal plant, Ngozi –Mbeya	• Project financing	• Government to finance the deep wells drilling phase to establish steam reservoir properties (USD 21 million). • Expedite PPP process to acquire private partner.	• 200MW to be attained by 2020
Energy distribution strategic choices			
Rural electrification projects under REA (completion of Turnkey PhaseII and commencement of III)	• Project financing	• Ring fencing petroleum levy • Increase electricity charge/levy from 3% to 5% as required by law	• Electricity connection level in urban and rural increased at least 50% and access increased at least 75%.
Dar – Tanga - Arusha 400kV, km 682	• Project financing • compensation of way leave	• Expedite financial negotiations with Exim Bank of china. • Expedite payment of compensation for Project Affected Peoples in order to acquire way leave • Expedite procurement of consultant	• Evacuation of power from Dar to Tanga and Arusharegions by June 2020. The project will enhance availability of reliable power in the regions.

Location/ type	Challenges	Interventions required	Expected results
Singida – Arusha-Namanga 400kV, km 414	• Compensation of way leave	• valuation and compensation should be fast-tracked	• Evacuation of power from Singida to Namanga via Arusha also the project will enhance availability of reliable power in the regions and enhance regional power trading.
Somangafungu - Kinyerezi 400kV, km 203	• Project financing	• fast track financing negotiation with Tanzania Investment Bank (TIB) • Upgrade feasibility study from 220kV to 400kV	• The project will enable evacuation of power produced by Kilwa Energy (an independent power producer) and future gas-to-power generation to reach national grid at Kinyerezi Complex.
Makambako – Songea 220kV, km 250	• Untimely release of funds issued by Sida and counterpart funds	• Expedite timely release of funds.	• The project is expected to connect the Ruvuma Region to the national grid by June 2017.
North West Grid 400Kv –Mbeya – Sumbawanga – Nyakanazi – Kigoma, km 1,148	• Project financing	• Upgrade feasibility study from 220kV to 400kV • Expedite project financial negotiations.	• The project will enable the regions of Katavi, Rukwa and Kigoma to have reliable power supply which is very crucial input for industrial development.
Chalinze - Dodoma 400kV, km 350	• Project financing	• Fast track feasibility study • Expedite financial negotiations. • Payment of compensation	• The project is expected to evacuate power from Kinyerezi power plants to load centres hence provide reliable power supply in the regions of Morogoro and Dodoma.
Bulyanhulu – Geita – Nyakanazi 220kV, km 199	• Project financing	• Expedite compensation of project affected people.	• Evacuation of power from Bulyanhulu – Geita – Nyakanazi and Rural Electrification for 15 villages in Geita District

Location/ type	Challenges	Interventions required	Expected results
Gas supply			
Construction of domestic gas supply Infrastructure in Dar es salaam.	• Project financing • Compensation for the way leave	• Expedite financial negotiations.	• Increase household use of gas for domestic purposes and hence reduce consumption of biomass and protect environment.
Construction of domestic gas supply Infrastructure in Mtwara	• Project financing • Compensation for the way leave	• Expedite financial negotiations.	• Increase household use of gas for domestic purposes and hence reduce consumption of biomass and protect environment.
Construction of domestic gas supply Infrastructure in Bagamoyo	• Project financing • Compensation for the way leave	• Expedite financial negotiations.	• Increase household use of gas for domestic purposes and hence reduce consumption of biomass and protect environment.
Construction of domestic gas supply Infrastructure in Lindi	• Project financing • Compensation for the way leave	• Expedite financial negotiations.	• Increase household use of gas for domestic purposes and hence reduce consumption of biomass and protect environment.
Construction of the Lake Albert (Uganda) – Tanga oil-pipeline	• Project financing • Compensation for the way leave	• Expedite valuation of land and properties section of Tanzania side	

Table B18: ICT and E Government interventions

Location/ type	Challenges	Interventions required	Expected results
Establishment of ICT equipment, manufacturing, E – waste recycling and Software development Centers	• Skilled personnel on ICT sector • Project financing • Proper proposal for establishing the project	• Sector is required to develop a solid project proposal for the said interventions.	• Establish a computer and /or radio manufacturing/ assembling plants; recycling centers for ICT and electronic hardware; • establishing ICT incubators and ICT
ICT Park, EPZA – Bagamaoyo	• Lack of basic infrastructure • Lack of funds	• Land survey and topographical survey and geotechnical investigation • Preparation of master plan • Preparation of detailed engineering drawings and BOQ for basic infrastructure • Construction of basic infrastructure through PPP	• Promotion of high quality jobs in the country.
The National ICT Broadband Backbone (Phase III – Sub – phase II), Dodoma	• Poor connectivity	• Backbone Network Expansion • Regional Transmission Network • IDC in Dodoma	• The capacity of ICT backbone networkfurther expanded to cover more services, • enhance its contribution to information industry and telecom infrastructure and make Tanzania a telecom HUB in South east Africa by June 2020
Postal Communications: National Addressing System in 92 districts	• Weak postal communication country wide	• IDC in Dodoma	• enhance Postal Communications contribution to information industry
Development of Wireless Sensor Networks for Industrial Environmental Monitoring	• There is great emission of pollutant gases in manufacturing industries • Currently rudimentary technologies are employed to monitor industrial pollutants. These technologies are inaccurate and unsafe to users	• Establish innovate industrial environmental pollutant gases (CO, O2, CO2, CO, SO2, H2S, NO, NO2, HC and PM10(Lead)) monitoring base on sensor technology • Awareness creation in the use sensor technology to monitor industrial processors • Transfer of sensor industrial process monitoring technology to SMMES	• Increased industrial safety • Reduced environmental pollution • Capacity on sensor industrial monitoring of pollutants and process established in Tanzania by 2018

Location/ type	Challenges	Interventions required	Expected results
Advanced Cyber Security Training Services (TIRDO)	• Critical infrastructure security in Tanzania is insufficient • Media used in banking transaction for industrial business is not safe • Lack of awareness of cyber security threats	• Training on cyber security issues to raise awareness • To establish security measures in industrial Tanzania (major automated industrial) • Development of Industrial application software	• Increased security in industry • Increased security in industrial infrastructure • Increased awareness on cyber security threats in Tanzania
Open Government and Open Data	• Lack of streamlined mechanisms for releasing data to the public and for different uses such as planning, decision making, innovation and research for development	• Development of Standards and guidelines for data quality • Establishment of common Infrastructure and Applications for Open Government and Open Data	• Establish a computer and /or radio manufacturing/ assembling plants; recycling centers for ICT and electronic hardware; • establishing ICT incubators and ICT
e-Government – Governance and Institution Framework	• Lack of effective coordination between institutional level ICT dvisions and the institution responsible for coordinating, overseeing and promoting e-Government implementation.	• Strengthen Institution responsible for oversee and coordinating e-Government implementation	• Availability of quality and reliable data and Information from Government Institutions.
e-Government Infrastructure	• Difficult in delivering streamlined decision and services since most of the Public Institutions are not connected to the existing Government Wide Network	• All public Institutions connected to secure Government wide network	• Connected Government for easy decision making and service delivery
e-Government Research and Development	• Inadequate utilization of e-Government research output and enhancement of “open” innovation platform for e-Government development • Weak research and development which negatively impact innovation in e-Government across government.	• Establishment of e-Government Research, Innovation and Development Centre	• Sustainability of e-Government Application • Innovation in various applications which address Government issues in delivering service to public

Location/ type	Challenges	Interventions required	Expected results
e-Government - Information Security	• Insufficient resources (skilled manpower, budget, technology) committed for Government information security.	• Establishment of well equipment Government Cyber Security Centre	• Lower the data and information security incidents.
e-Government – Delivery Channels	• Insufficient channels to deliver Government Services to citizens.	• Establishment of Government Mobile Services Delivery Platform • Establishment of e-Service Kiosks	• Convenience environment in delivering and accessing Government Services • Low cost and time in accessing and delivering Government Services.
e-Government Application Platforms	• Existence of silo applications and systems which does not exchange data.	• Establishment of Government Data Exchange Platform	• Systems and Applications which can exchange data and information to ease decision making and service delivery.

Table B19: Doing Business Strategic Choices

Location/ type	Challenges	Interventions required	Expected results
Starting Business	• Long Time and procedures to start business	• Establishing one stop centre at TIC; • Establishment of Simple business Registration System (Reduce the registration time and procedures) • Establishment of National Business Portal (Integrated Online Electronic Licensing Systems); • Streamline Regulatory Regime; and • Enhancing Reform Compliance Enforcement System.	• Starting business, time and procedures reduced
Dealing with Construction permit	• Long and cumbersome procedures	• Reduce time and procedures required in getting construction permit	• Time and procedures for obtaining construction permit reduced
Getting Electricity	• Inadequate power supply	• Increase power production through completion of Kinyerezi I&II Gas projects; introduction of Coal Power Plants and renewable energies such as wind power. • Power Connection and transmission eg from Kinyerezi to the national grid; connecting power from Zambia-Tanzania-Kenya; connecting electricity from Mchuchuma to Makambako and North west- power transmission etc	• Elimination of electricity problem in the country
Registering Property	• Long and cumbersome procedures	• Enhance the capabilities of BRELLA, COSOTA and other property registering institutions	• Property right registration improved
Getting credit	• Lack of collateral. • High interest charges by Banks and other lending institutions • Bank regulations	• Expedite activities of MKURABITA in providing customary right of occupancy • Expedite procedures of providing title deeds by Ministry of Land • Encourage Banks and other lending institutions to lend at reasonable interest rates	• More funds for starting and expansion of businesses available

Location/ type	Challenges	Interventions required	Expected results
Protecting Investors	• Inadequate protection of investors	• Enact law and regulations to protect investors	• More investors ready to invest
Paying Taxes	• Existence of multiple taxes • Non transparency in taxation	• Review taxation system • Adherence to the avoidance of double taxation agreement	• Transparency in Taxation system
Trading Across Borders	• Existence of various Non Tariff Barriers	• Removal of NTBs through operationalisation of one border posts; introduction of single customs territory; introduction of Simplified Trade Regime (STR) ; adoption of modern monitor and security system to minimize check points ; reduction of customs procedures and documentation	• Transit time reduced
Enforcing contract	• Poor negotiation capacity • Long period used in concluding a contract	• Increase capacity of negotiators through training • Reduce time taken for concluding contract	• Contract enforcement process Enhanced
Resolving Insolvency	• Long and cumbersome procedures	• Increase efficiency of the Commercial Courts	• Insolvency disputes reduced

ANNEX C: SUMMARY OF TOTAL COSTINGS (in Bill TZS)

SUBSECTOR	GOVT.	PRIVATE	DPs	Total	2016/17	2017/18	2018/19	100 19/20	2020/21
Manufacturing	2,339.12	20,991.93	554.01	24,256.26	416.439	5736.544	5854.75	5672.554	5429.824
Mining	104.04	3,912.30	-	4,016.34	808.97	980	980	980	979
Construction	94.44	50.00	50.00	194.44	22.44	70	52	50	0
Agricultural	2,989.71	3,937.58	2,909.43	9,101.86	2716.671	2314.986	2298.356	2294.446	2281.296
Environmental and Natural Resources	50.00	-	133.74	183.66	38.12	37.62	37.93	35.24	34.635
Tourism	553.82	2,953.00	52.68	3,559.50	711.659	714.589	711.86	711.2	710.02
Science Technology and Innovation	102.50	162.00	137.00	428.00	85.6	85.6	85.6	85.6	85.6
Education	4,498.92	19.66	448.61	4,967.19	992.94	992.94	994.03	993.6	993.62
Creative industry	344.86	-	-	344.86	0	80.75	80.99	81.03	81.04
Skills development	1,073.00	-	635.54	1,708.54	350.588	351.588	351.588	351.588	353.188
Healthy	6,997.36	-	1,011.00	8,008.36	1606.166	1601.81	1599.81	1599.31	1600.8153
Water sub sector	2,477.10	-	3,517.59	5994.649	1198.98	1,199.00	1199.528	1199.141	1198
Urban Planning, Housing and Human Settlement	3,621.96	-	-	3,621.96	724	724.30	725.09	724.29	724
Food and nutrition	254.54	23.31	407.80	685.65	161.88	161.88	161.98	162.88	161.68
Poverty Reduction and Social protection	493.40	-	404.69	899.09	179.802	179.802	679.802	679.802	675.802
Good Governance	2,095.93	-	70.81	2,166.74	433.232	433.232	433.232	433.808	433.232
infrastructure	24,651.69	12,503.61	361.61	37,516.92	7129.0555	9,502.85	7668.10273	5732.457	3392.257
TOTAL	**52,742.39**	**44,553.39**	**10,694.51**	**107,654.01**	**17,576.54**	**25,167.49**	**23,914.65**	**21,786.95**	**19,134.01**

ANNEX D: COSTING SUMMARY FOR FLAGSHIP PROJECTS

This annex is a summary the details of the costing of the Flagship Projects and is intended to provide readers a quick and exclusive view of costing structure of the Flagship Projects. Detailed costing of the Flagship Projects is presented in Annex E

Project	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
	Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Realization of the Central Development Corridor	10,531.28	19,265.80	0.00	29,797.08	2,184.68	7,294.60	7,081.38	6,727.78	6,240.60
Development of the North-West Corridor of Tanga	368.29	3585	0	3983.29	4.3	834.13	846.43	846.43	736
Mtwara Development corridor	2345.71	8194	0	10539.71	904.6	2406.9	2386.4	2385.5	2052
Improving availability and reliability of electrical power	5545.29	3199.77	333.61	9078.67	2517.47	2582.18	1834.26	1454.98	1006.41
Mass training for development of rare and specialized skills for industrialization and human development	2682.15	4	120	2806.15	561.23	561.23	561.23	561.23	561.23
Total	**21,472.72**	**34,248.57**	**453.61**	**56,204.90**	**6,172.28**	**13,679.04**	**12,709.70**	**11,975.92**	**10,596.24**

Annex E: Detailed Costing of Flagship Projects

This annex is an extract from the details of the costing of the entire plan. It is intended to provide readers a quick and exclusive view of costing structure of the Flagship Projects.

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Realization of the Central Development Corridor										
Bagamoyo SEZ	Land compensation	51.5			51.5	51.5				
	Resettlement of Pande and Zinga Residence	102.0			102.0		102.0			
	Construction of supporting infrastructure	1,200.0			1,200.0		300.0	300.0	300.0	300.0
	Constructions of Port Infrastructure		12,000.0		12,000.0		3,000.0	3,000.0	3,000.0	3,000.0
	Facilitation of JWT and JTF	0.5			0.5	0.1	0.1	0.1	0.1	0.1
	Development of Portside Industrial Zone		44.0		44.0	4.0	10.0	10.0	10.0	10.0
Kurasini Logistics Centre	Land acquisition, titling and compensation, demolition, clearance and chain link fencing	4.0			4.0	4.0				
	Development of Kurasini Logistics Centre		680.0		680.0		220.0	420.0	220.0	20.0
Dodoma Trade and Logistics Centre	Land acquisition and compensation, demolition, clearance and chain link fencing Registration of Title Deed	3.5			3.5		3.5			
	Development of Dodoma Trade and Logistics Centre		200		200		50	50	50	50

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Kigoma SEZ	Land compensation	2.1			2.1	2.1				
	Construction of Project infrastructure	2.5	22.5		25.0	-	5.0	17.0	3.0	
	Detail design of project infrastructure	1.0			1.0	1.0	-	-	-	
	Development of Kigoma SEZ		5.0		5.0	-	5.0	-	-	
Dredging and expansion of the entry to Dar es Salaam Port, Dar es Salaam	Expedite procurement of contractor	1,113.50			1,113.50		278.38	278.38	278.38	-
Container Terminal - Berths 13 – 14 Dar es Salaam	Expedite procurement of contractor	890.80			890.80	178.16	534.48	178.16	-	-
Development of Kisarawe Cargo Freight, Kisarawe	Expedite procurement of contractor	167.24			167.24	33.45	33.45	33.45	33.45	33.45
Construction of Bagamoyo Port, Bagamoyo	Expedite procurement of contractor		4,135.00		4,135.00	827.00	827.00	827.00	827.00	827.00
	Finalization of agreements between China Merchants Holdings International Limited (CMHI) and Oman State General Reserve Fund (SGRF) and Tanzania Government									
	Finalization of Compensation	10.067			10.067	10.067				

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Commercialization of Tanzania Automotive Technology Centre (Nyumbu)	Improving the working place	10.6			10.6	4.5	5.0	0.5	0.6	
	procurement of machine and working tools	23.4			23.4	19.8	3.6			
	strengthening Laboratory and R&D	14.5			14.5	11.4	3.2			
	renovation rehabilitation of cars and machines	143.2			143.2		35.8	35.8	35.8	35.8
	Recruitment and training of personnel	9.6			9.6	6.4	1.2	1.0	1.0	
	production of spare parts		39.0		39.0	11.4	5.0	6.4	10.3	6.0
General Tyre (Arusha)	Replacement of outdated equipment and machines, Fund mobilization for completely revival and modernization of the tyre manufacturing plant.	2.0	88.0		90.0	2.0	22.0	22.0	22.0	22.0
CAMARTEC-Arusha	Construction of tractors and agricultural tools		222.7		222.7		2.2	50.4	85.0	85.1
Tractors assembly plant (TAMCO – Kibaha)	Assembling tractors which will be used in supporting agricultural growth		329.6		329.6		82.4	82.4	82.4	82.4
Motorcycles Assembly Plant	• Connection of basic infrastructure to the site Installation • Installation of step down transformer from 11kV to 400V									
Mkulazi Agricultural City, 63,200ha.	• Construction of basic infrastructure	117.8	1,500.0		1,617.8	17.8	400.0	400.0	400.0	400.0

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Construction of Dar es Salaam – Isaka – Rusumo-Tabora (1,341Kms), central railway system to Standard Gauge	• Fast track procurement process for acquisition of contractors • Preparation of Cabinet Paper on financing mode of Project • Negotiation with Investors on financing and implementation of the project. • Begin construction	6,675.04			6,675.04	1,000.00	1,418.79	1,418.79	1,418.75	1,418.75
Development of the North-West Corridor of Tanga										
Tanga SEZ	Land and compensation	2.7			2.7	-	2.7	-	-	-
	Onsite and offsite infrastructure	30.0			60.0	-	-	20.0	20.0	20.0
	Feasibility study, master plan and cadastral survey	1.1			1.1	1.1	-	-	-	-
	Detail design	1.5			1.5	1.5	-	-	-	-
	Development of Tanga SEZ		5.0		5.0		5.0			
Caustic Soda Refinery Plant	• Compensation to the residents • Construction of the refinery plant for caustic soda • Carry out feasibility study	1.7			1.7	1.7				
Construction of Tanga-Arusha-Musoma rail with branches to Minjingu and Engaruka	• Spearhead obtaining of project Feasibility study and detailed design. • Preparation of Cabinet Paper on financing mode of Project • Negotiation with Investors on financing and implementation of the project. • Fast track procurement process for acquisition of contractors	331.29			331.29		110.43	110.43	110.43	-

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Construction of the Arusha – Musoma Road	• Expedite valuation of land and properties section of Arusha - Musoma • Land compensation • Begin construction									
Construction of the Lake Albert (Uganda) – Tanga oil-pipeline	• Expedite valuation of land and properties section of Tanzania side									
Construction of 24m deep Mwambani- Port - Kigombe area, – Tanga	• Soliciting funds for construction • Review the Feasibility study & detailed design report		3,580.00		3,580.00		716.00	716.00	716.00	716.00
Mtwara Development corridor										
Mtwara SEZ (Freeport Zone)	• Water connection to project area	0.2			0.2	0.2				
	• Cost for connecting electricity to the project area	0.9			0.9	0.9				
	• SEZ Master Plan and SEA (110 Ha).	1.5			1.5	1.5				
	• Onsite infrastructure - Phase 1	1.8			1.8		0.9	0.9		
	• Construction of Mtwara Freeport Zone		44.0		44.0		11.0	11.0	11.0	11.0
Liquidation of Natural Gas (LNG)	• Facilitation of TEMDO to develop and commercialize suitable technologies/ processes for the manufacture of gas equipment and devices.	40.0			40.0	0.5	8.5	8.0	8.0	15.0
	• Identify site for resettlement and land survey	25.0			25.0	5.0	20.0			
LNG plant in Lindi	• Construction and operation of of a joint onshore Liquefied Natural Gas plant and associated infrastructure				-					

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Mtwara Petro Chemical Industries Complex	• Construction of offsite and onsite infrastructure facilities, especially utilities like water, electricity and gas • Development of the complex	267.5	5,300.0		5,567.5		1,113.5	1,113.5	1,113.5	1,113.5
	TOTAL	**341.0**	**5,300.0**	**-**	**5,641.0**	**5.5**	**1,144.0**	**1,123.5**	**1,123.5**	**,131.0**
Liganga iron ore and steel	• finalize compensation • Construction of road and railway • Begin exploration	3.3	2,850.0		2,853.3	712.5	712.5	712.5	712.5	712.5
Construction of railway line from Mtwara-Mbambabay (Ameliabay) with branches to Liganga and Mchuchuma 1,000 kms (std gauge)	• Spearhead obtaining of project Feasibility study and detailed design. • Preparation of Cabinet Paper on financing mode of Project • Negotiation with Investors on financing and implementation of the project. • Fast track procurement process for acquisition of contractors	1,021.51			1,021.51	-	340.50	340.50	340.50	-
SAGCOT	• Support of Nucleus Farms in SAGCOT	984.0			984.0	184.0	200.0	200.0	200.0	200.0
Improving availability and reliability of electrical power										
Energy Generation strategic choices										
Kinyerezi I Extension – 185MW gas-fired plant	• Expedite negotiation with respective project financiers including the GoTZ • Expedite negotiation with respective project financiers including the GoTZ	410.00			410.00	246.00	164.00	-	-	-
Kinyerezi II – 240 MW combined cycle gas-fired plant (project financed by the GoTZ and Japanese Bank for International Cooperation – JBIC)	• TANESCO should expedite extension of contract with Ms. Jacobsen Electro Ltd (contractor) who executed Kinyerezi I 150 MW. • TANESCO to undertake water supply study for operation of Kinyerezi II, III and IV.	110.00		138.09	248.09	49.60	49.69	49.60	49.60	49.60

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Kinyerezi III – 600MW combined cycle gas-fired plant, to be implemented as PPP project in two phases (phase I - 300MW)	• TANESCO to fast track implementation of water supply project • Treasury Registrar to approval Joint Venture Agreement • TANESCO to expedite negotiations of PPA with Partners	560.00	232.90		792.90	158.58	158.58	158.58	158.58	158.58
Kinyerezi IV – 330MW combined cycle gas-fired plant, to be implemented as PPP project	• Expedite Project Implementation Agreement. • Treasury Registrar to approve Joint Venture • Agreement and shareholding agreement		230.00		230.00	46.00	46.00	46.00	46.00	46.00
SingidaGeowind Phase I – MW 50 wind plant, Singida	• Fast track feasibility study to be approved by Minister for Finance and Planning.		302.87		302.87	60.56	60.56	60.59	60.59	60.59
Kilwa Energy Phase 1 – 210 MW gas-fired plant, SomangaFungu - Kilwa	• Government guarantee is needed to allow sourcing of funds from prospective banks i.e. DBSA • Conclude Project Implementation Agreement • Conclude Gas Supply Agreement		484.00		484.00	121.00	121.00	121.00	121.00	121.00
Malagarasi 44.7MW hydropower plant – Malagarasi river Kigoma	• Preparation of tender document project expedition • Soliciting funds	155.00			155.00		38.75	38.75	38.75	38.75
Kakono 87MW hydropower plant – Kagera river	• Preparation of tender document soliciting funds stating the project • Soliciting funds	382.34			382.34	-	127.45	127.45	127.45	-

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
200MW coal fired power plant – KiwiraMbeya	• STAMICO to undertake the feasibility study	5.00	350.00		355.00	71.00	71.00	71.00	71.00	71.00
Ngaka 400MW coal fired power plant – Ngaka Ruvuma	• Undertake feasibility study for 200MW phase I and 220kV transmission from Ngaka to Songea • NDC and TANCOAL to mobilize funds • Negotiation for PPA with TENESCO		700.00		700.00	200.00	200.00	200.00	100.00	-
Mchuchuma 600MW coal fired power plant – Njombe	• Fund mobilization • Negotiation for PPA with TENESCO		900.00		900.00	400.00	400.00	100.00	-	-
Construction of Rusumo 80MW hydropower plant to be equally shared by Tanzania, Burundi and Rwanda.	• Financing secured from World Bank for power plant construction • Financing secured from AfDB for construction of transmission line from Rusumo to Nyakanazi substation	236.00			236.00	47.20	47.20	47.20	47.20	47.20
Development of Geothermal and Ngozi 200MW Geothermal plant, Ngozi -Mbeya	• Government to finance the deep wells drilling phase to establish steam reservoir properties	9.20		195.52	204.72	40.94	40.94	40.94	40.94	40.94
	• Government to finance the deep wells drilling phase to establish steam reservoir properties									
	• Expedite PPP process to acquire private partner.									
	TOTAL	**1,867.54**	**3,199.77**	**333.61**	**5,400.92**	**1,440.88**	**1,525.17**	**1,061.11**	**861.11**	**633.66**

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Energy distribution strategic choices										
Rural electrification projects under REA (completion of Turnkey PhaseII and commencement of III)	• Ring fencing petroleum levy	950.40			950.40	237.60	237.60	237.60	237.60	-
Dar – Tanga - Arusha 400kV, km 682	• Increase electricity charge/levy from 3% to 5% as required by law • Expedite financial negotiations with Exim Bank of china. • Expedite payment of compensation for Project Affected Peoples in order to acquire way leave	843.31			843.31	435.66	435.66	-	-	-
Singida – Arusha- Namanga 400kV, km 414	• Expedite procurement of consultant	290.40			290.40	67.60	67.60	67.60	67.60	87.60
Somangafungu - Kinyerezi 400kV, km 203	• valuation and compensation should be fast-tracked • Fast track financing negotiation with Tanzania Investment Bank (TIB)	182.00			182.00	-	-	182.00	-	-
Makambako – Songea 220kV, km 250	• Upgrade feasibility study from 220kV to 400kV	42.00			42.00	42.00	-	-	-	-
North West Grid 400Kv –Mbeya – Sumbawanga – Nyakanazi – Kigoma, km 1,148	• Expedite timely release of funds. • Upgrade feasibility study from 220kV to 400kV	505.96			505.96	121.96	121.00	121.00	121.00	121.00
Chalinze - Dodoma 400kV, km 350	• Expedite financial negotiations. • Payment of compensation	148.99			148.99	119.19	29.80	-	-	-
Bulyanhulu – Geita – Nyakanazi 220kV, km 199	• Expedite compensation of project affected people.	246.98			246.98	49.38	49.38	49.38	49.38	49.38

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Construction of domestic gas supply Infrastructure in Dar es salaam.	• Expedite financial negotiations.	424.93			424.93	-	106.23	106.23	106.23	106.23
Construction of domestic gas supply Infrastructure in Mtwara	• Expedite financial negotiations.	34.14			34.14	-	8.54	8.54	8.54	8.54
Construction of domestic gas supply Infrastructure in Bagamoyo	• Expedite financial negotiations.	2.40			2.40	-	0.40	0.40	1.60	-
Construction of domestic gas supply Infrastructure in Lindi	• Expedite financial negotiations.	6.24			6.24	3.20	0.80	0.40	1.92	-
TOTAL		**3,677.74**		**-**	**3,677.75**	**1,076.59**	**1,057.00**	**773.15**	**593.87**	**372.75**
Mass training for development of rare and specialized skills for industrialization and human development										
Completion and operationalization of Mlonganzila and Dodoma Schools of Medicine										

ANNEX F: Detailed Costing of the Plan

The following detailed costing includes Flagship Projects as they are embedded in their respective development corridors or zones.

Table F1: Manufacturing Subsector Strategic Interventions

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Strengthening the training and scholarship provision fund for scientists, engineers and other rare professionalisms;	Enhance Loan Board to continue issuing loans for higher education	2,500.00			2500	500	500	500	500	500
	Expand use of advanced ICT technology	12.15			12.15	2.43	2.43	2.43	2.43	2.43
	Train more lecturer for different courses	100			100	20	20	20	20	20
Invest in local research and innovation focusing human and industrial development with special consideration to value addition. Support STI policy implementation and Impact evaluation of interventions	• Increased support/investment in competitive research granting • Increased support/investment in Commissioned research granting	30.00	4.00	5.00	39.00	7.80	7.80	7.80	7.80	7.80
Develop and equip research infrastructure for higher learning and R&D Institutions	Increased support/investment in research facilities	40.00	-	10.00	50.00	10.00	10.00	10.00	10.00	10.00
Build competent and competitive human capital(vocational, technical, professionals, graduates and postgraduates) in areas relevant to industrial development	Increased investment in human capacity building at all levels in accordance with the National Skills Development Strategy (NSDS)		-	105.00	105.00	21.00	21.00	21.00	21.00	21.00

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Bagamoyo SEZ	Land compensation	51.5			51.5	51.5				
	Resettlement of Pande and Zinga Residence	102.0			102.0		102.0			
	Construction of supporting infrastructure	1,200.0			1,200.0		300.0	300.0	300.0	300.0
	Constructions of Port Infrastructure		12,000.0		12,000.0		3,000.0	3,000.0	3,000.0	3,000.0
	Facilitation of JWT and JTF	0.5			0.5	0.1	0.1	0.1	0.1	0.1
	Development of Portside Industrial Zone		44.0		44.0	4.0	10.0	10.0	10.0	10.0
TOTAL		**1,354.0**	**12,044.0**	**-**	**13,398.0**	**55.6**	**3,412.1**	**3,310.1**	**3,310.1**	**3,310.1**
Kurasini Logistics Centre	Land acquisition, titling and compensation, demolition, clearance and chain link fencing	4.0			4.0	4.0				
	Development of Kurasini Logistics Centre		880.0		880.0		220.0	420.0	220.0	20.0
TOTAL		**4.0**	**880.0**	**-**	**884.0**	**4.0**	**220.0**	**420.0**	**220.0**	**20.0**
Mtwara SEZ (Freeport Zone)	Water connection to project area	0.2			0.2	0.2				
	Cost for connecting electricity to the project area	0.9			0.9	0.9				
	SEZ Master Plan and SEA (110 Ha).	1.5			1.5	1.5				
	Onsite infrastructure - Phase 1	1.8			1.8		0.9	0.9		
	Construction of Mtwara Freeport Zone		44.0		44.0		11.0	11.0	11.0	11.0
TOTAL		**4.4**	**44.0**	**-**	**48.4**	**2.6**	**11.9**	**11.9**	**11.0**	**11.0**

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Kigoma SEZ	Land compensation	2.1			2.1	2.1				
	Construction of Project infrastructure	2.5	22.5		25.0	-	5.0	17.0	3.0	
	Detail design of project infrastructure	1.0			1.0	1.0	-	-	-	
	Development of Kigoma SEZ		5.0		5.0	-	5.0	-	-	
TOTAL		**5.6**	**27.5**	**-**	**33.1**	**3.1**	**10.0**	**17.0**	**3.0**	**-**
Tanga SEZ	Land and compensation	2.7			2.7	-	2.7	-	-	-
	Onsite and offsite infrastructure	30.0			60.0	-	-	20.0	20.0	20.0
	Feasibility study, master plan and cadastral survey	1.1			1.1	1.1	-	-	-	-
	Detail design	1.5			1.5	1.5	-	-	-	-
	Development of Tanga SEZ		5.0		5.0		5.0			
TOTAL		**35.3**	**5.0**		**67.6**	**2.6**	**5.0**	**20.0**	**20.0**	**20.0**
Ruvuma SEZ	Land and compensation	1.3			1.3		1.3			
	Feasibility study, master plan and cadastral survey	1.3			1.3		1.3			
	Onsite and offsite infrastructure	10.0			10.0			2.0	2.0	6.0
	Development of Ruvuma SEZ		2.0		2.0				2.0	
TOTAL		**12.6**	**2.0**	**-**	**14.6**	**-**	**2.6**	**2.0**	**4.0**	**6.0**
Bunda SEZ	Feasibility study, master plan and cadastral survey	0.8			0.8		0.8	-	-	-
	Registration of Title Deed	0.9			0.9		0.9	-	-	-
	Detail design	1.1			1.1		1.1		-	-
	Cost for Project infrastructure	20.0			20.0		-	5.0	10.0	5.0
	Investment by Private Sector in Mara SEZ		3.0		3.0		-	-	3.0	-

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
TOTAL		**22.7**	**3.0**	**-**	**25.7**	**-**	**2.7**	**5.0**	**13.0**	**5.0**
Morogoro - Star City SEZ	Construction of basic infrastructure of water, roads, electricity	40.0			40.0	40.0				
	Construction of start City SEZ	13.0	800.0		813.0	-	337.25	337.3	337.3	337.3
TOTAL		**53.0**	**800.0**	**-**	**853.0**	**170.6**	**170.6**	**170.6**	**170.6**	**170.6**
Manyoni SEZ	Land and compensation	0.6			0.6	0.6				
	Feasibility study, master plan and cadastral survey	0.5			0.5	0.5				
	Detail design	0.9			0.9	0.9				
	Project infrastructure	10.0			10.0			5.0	5.0	
	Investment by Private Sector in Mara SEZ		1.0		1.0					
TOTAL		**12.0**	**1.0**	**-**	**13.0**	**2.0**	**-**	**5.0**	**5.0**	**-**
Industrial Parks Interventions										
Tanga - Kange	Fund mobilization/ provision budget for construction of infrastructure for the park									
Kilimanjaro Machine Tools Company(KMTC)	Rehabilitate buildings and other associated infrastructure Carrying out repair and maintenance of machines and equipment as per production technological roots, Build new industry on a reserved land of 230 ha Seek potential investor for development of the KMTC under PPP arrangements	4.5			4.5		2.0	2.0	0.5	

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Development of Industrial Parks (Mtwara, Lindi, Songea, Sumbawanga, Dodoma, Singida, Shinyanga, Kagera, Mara, Manyara, Njombe, Katavi, Geita, Simiyu and Morogoro)	Development of basic infrastructure (road works and drainage system, water supply system, electricity and securing the area) in the areas identified	75.0			75.0	5.0	15.0	15.0	20.0	20.0
	Construction of working sheds/ business premises:		22.5		22.5	4.5	4.5	4.5	4.5	4.5
	Construction of 5 operational offices	2.5			2.5	0.5	0.5	0.5	0.5	0.5
TOTAL		**82.0**	**22.5**	**-**	**104.5**	**10.0**	**20.0**	**20.0**	**25.0**	**25.0**
Capacity enhancement for TEMDO to develop suitable technologies (machinery, equipment and devices)	Rehabilitation and upgrading of R&D infrastructure and facilities	1.0			1.0		1.0			
	Increase R&D budget for prototype development	0.8			0.8		0.8			
	Training of personnel in research, design and technology development	0.3			0.3		0.3			
	Technology transfer to local manufacturing SMEs	4.0			4.0		1.0	1.0	1.0	1.0
TOTAL		**6.1**	**-**	**-**	**6.1**	**-**	**3.1**	**1.0**	**1.0**	**1.0**
MSMEs Parks Strategic Choices										
Domestic Capacity to utilize iron and steel	Establish 3 Comprehensive foundries at Liganga, Nyumbu and KMTC with … tonnages Establish coking coal plant for coke coal production Enhance training to metallurgists related skills Fast tracking establishment of metallurgical complex	24.0			24.0	1	5.0	8.0	8.0	2.0

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Strengthening manufacturing enterprises through quality and productivity improvement (KAIZEN) phase II	The continuous intervention through implementation for upgrading the Tanzania's KAIZEN movement to the next stage.	0.6		6.7	7.3	1.4	1.4	1.7	1.4	1.4
Improvement SMEs access to industrial infrastructure in Mtwara, Lindi ,Songea, Sumbawanga , Dodoma, Singida, Shinyanga, Kagera Mara, Manyara, Njombe, Katavi, Geita, Simiyu and Morogoro	Development of basic infrastructure (road, drainage system, water supply system, electricity and securing the area)			0.8	0.8	0.3	0.3	0.0		
	Construction of working shades/ business premises			22.5	22.5		8.5	8.5	5.0	0.5
	Construction of operational office			2.0	2.0	1.0	1.0			
Facilitation of technology transfer	Establishment of new technology development centers in Dar es Salaam, Singida, Mara and strengthening seven exisiting TDCs of ShinyangaLindi, Iringa ,Mbeya, Arusha and Moshi			8.3	8.3	2.0	2.0	2.0	2.0	0.3
	Development of incubations in Dar es salaam, Singida, Arusha, Lindi , IringaShinyanga, Rukwa, and Mwanza for promotion of technology and innovation			4.4	4.4	1.0	2.0	1.0	0.4	
Enhance capacities of the existing business information and SME products display centers in all regions	Renovation of 25 existing building structures			0.1	0.1	0.1				
	Purchase and install information collection and determination facilities			0.3	0.3	0.3				

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Implement one District one product strategy	Review districts profiles and develop techno economic profiles	0.1		0.5	0.5	0.2	0.3			
	Facilitate establishment of new small scale industries	2.4		24.0	26.4	6.6	6.6	6.6	6.6	
SMEs access to finance	Facilitate SMEs to attain TFDA and TBS standard requirement			0.6	0.6	0.6				
	Enhance SMEs credit guarantee scheme (NEDF)			4.0	4.0	2.0	2.0			
TOTAL		**27.1**	**-**	**74.0**	**101.1**	**15.4**	**29.1**	**27.8**	**23.4**	**4.2**
Automotive industry Strategic Choices										
Commercialization of Tanzania Automotive Technology Centre (Nyumbu)	Improving the working place	10.6			10.6	4.5	5.0	0.5	0.6	
	procurement of machine and working tools	23.4			23.4	19.8	3.6			
	strengthening Laboratory and R&D	14.5			14.5	11.4	3.2			
	renovation rehabilitation of cars and machines	143.2			143.2		35.8	35.8	35.8	35.8
	Recruitment and training of personnel	9.6			9.6	6.4	1.2	1.0	1.0	
	production of spare parts		39.0		39.0	11.4	5.0	6.4	10.3	6.0
TOTAL		**201.3**	**39.0**	**-**	**240.3**	**53.4**	**53.7**	**43.7**	**47.7**	**41.8**
General Tyre (Arusha)	Replacement of outdated equipment and machines, Fund mobilization for completely revival and modernization of the tyre manufacturing plant.	2.0	88.0		90.0	2.0	22.0	22.0	22.0	22.0
CAMARTEC-Arusha	Construction of tractors and agricultural tools		222.7		222.7		2.2	50.4	85.0	85.1

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Tractors assembly plant (TAMCO – Kibaha)	Assembling tractors which will be used in supporting agricultural growth		329.6		329.6		82.4	82.4	82.4	82.4
Motorcycles Assembly Plant	Connection of basic infrastructure to the site Installation									
	Installation of step down transformer from 11kV to 400V									
TOTAL		**2.0**	**640.3**	**-**	**642.3**	**2.0**	**106.6**	**154.8**	**189.4**	**189.5**
Petro and chemical Industries Strategic Choices										
Liquidation of Natural Gas (LNG)	Facilitation of TEMDO to develop and commercialize suitable technologies/ processes for the manufacture of gas equipment and devices.	40.0			40.0	0.5	8.5	8.0	8.0	15.0
	Identify site for resettlement and land survey	25.0			25.0	5.0	20.0			
LNG plant in Lindi	• Construction and operation of of a joint onshore Liquefied Natural Gas plant and associated infrastructure				-					
Mtwara Petro Chemical Industries Complex	• Construction of offsite and onsite infrastructure facilities, especially utilities like water, electricity and gas • Development of the complex	267.5	5,300.0		5,567.5		1,113.5	1,113.5	1,113.5	1,113.5
Petrochemical laboratory at TIRDO	• Establish an accredited petrochemical laboratory at TIRDO, · • Establish database for nutrient requirement in each agricultural zones, Establish quality assurance systems in petrochemical factories	8.5			8.5		2.0	2.0	2.0	2.5
TOTAL		**341.0**	**5,300.0**	**-**	**5,641.0**	**5.5**	**1,144.0**	**1,123.5**	**1,123.5**	**1,131.0**

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Development of pharmaceutical industries Strategic Choices										
Agave Syrup Factory in Tanga	• Form JVC • Acquire industrial premise • Secure counterpart funding • Training of local personnel	15.0			15.0	5.0	5.0	5.0		
Construction of other strategic pharmaceutical industries	• Paying compensation • Construction of the site • Securing the investors		100.2		100.2	12.0	22.0	22.0	22.0	22.0
TOTAL		**15.0**	**100.2**	**-**	**115.2**	**17.0**	**27.0**	**27.0**	**22.0**	**22.0**
Textile and Cloth Industries										
Strengthening textile and Cloth industry	• Improve awareness about labour, environmental and social compliance standards. • Improve technical and supervisory skills as well as supply chain performance • Promote equipment modernization and new technology for T&C firms. • Stimulate the development of the by-products sub-sector. • Increase institutional capacity to identify and attract the appropriate investments for the sector. • Improve regional and international market access • Improve the availability of market intelligence for the entire C2C industry. • Targeting firms trying to shift the production base from labor cost increasing countries	38			38		9.5	9.5	9.5	9.5
TOTAL		**38**			**38**	**9.5**	**9.5**	**9.5**	**9.5**	**9.5**

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Building and Construction industries Strategic Choices										
Ceramics	Facilitation of TEMDO to develop and commercialize suitable technologies for production of ceramic products such as tiles, refractory bricks, etc.	25.0			25.0	1.0	5.0	5.0	5.0	4.0
	Construction of Ceramic factory in Dar es Salaam		118.4		118.4	18.4	25.0	25.0	25.0	25.0
Cement	Construction of Cement Factory in Tanga		200.0		200.0	15.0	46.3	46.3	46.3	46.3
Kisarawe kaolin										
TOTAL		**25.0**	**318.4**	**-**	**343.4**	**34.4**	**76.3**	**76.3**	**76.3**	**75.3**
Leather industry strategic choices										
Dodoma and Singida leather industrial park	• Carry out feasibility study • Preparations for compensation • Market analysis	3.0	30.0		33.0		3.0	10.0	10.0	10.0
Meat, hides and skin processing industry at Ruvu	• Construction of modern abettor at Ruvu ranch • Leather tanning facility • Animal fattening system • Waste management facilities		22.6		22.6	2.6	5.0	10.0	5.0	
TOTAL		**3.0**	**52.6**	**-**	**55.6**	**2.6**	**8.0**	**20.0**	**15.0**	**10.0**
Agro processing strategic choices										
Edible oils industries	Sunflower Oil Production and Packaging Facility in Singida		343.9		343.9	68.77	68.8	68.8	68.8	68.8
	Facilitation of TEMDO to Commercialize small to medium scale edible oil processing technology (processing plant – cleaning, expelling, filtering, refining and packaging)	6.0			6.0		2	2.0	2.0	2.0

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Oil Palm Production at Kimala Misale - Coast	• Identification of about 10,000 Ha of land in Kimala Misale for Project implementation • Construction of basic infrastructure such as roads and power supply	47.2	200.0		247.2	**7.2**	**60.0**	**60.0**	**60.0**	**60.0**
TOTAL		**53.2**	**200.0**	**-**	**597.1**	**7.2**	**128.8**	**130.8**	**130.8**	**130.8**
Construction of metal silos for small holder farmers	• Feasibility study • Construction of basic infrastructures		155.9		155.9		38.8	38.8	38.8	39.6
Bagamoyo Eco Energy Ltd for Sugar Production	• Construction of basic supportive infrastructures • Construction of sugar factory		304.0		304.0	21.0	70.0	70.0	70.0	70.0
TOTAL		**-**	**459.9**	**-**	**459.9**	**21.0**	**108.8**	**108.8**	**108.8**	**109.6**
Iron and coal strategic choices										
Rural Electrification through Decentralized Small to Medium Scale Electricity Generation Facilities Using Locally Available Coal and Biomass	• Provision of clean energy technologies for electricity generation • Utilization of locally available coal and biomass materials • Development and dissemination of local technologies for electricity generation	20.0		480.0	500.0	5.0	125.0	125.0	125.0	125.0
Use of carbonized coal briquettes to substitute charcoal and firewood as cooking fuel in Tanzania	• Development of carbonized coal briquettes in substitution of fuel wood and charcoal for household cooking • Utilization of locally available coal and biomass materials • Development and dissemination of local technologies for household cooking	3.4			3.4	0.4	1.0	1.0	1.0	

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Comprehensive assessment of Tanzania coal quality using accredited laboratory	• Establishment of coal quality databank for Tanzania • Undertaking a detailed sampling and analysis of Tanzania coal	5.5			5.5	0.5	1.3	1.3	1.3	1.3
Development of iron and steel technologies from locally available ore deposits	• Capacity development to the TIRDO accredited metallurgical laboratory • Carrying out evaluation of raw materials for iron & steel and other related industries. • Characterization and optimization of raw materials and direct reduction (DR) process parameters for production of high-grade sponge iron from e.g. Liganga and Maganga Matitu iron ores • Develop appropriate iron and steel technologies for SMEs • Transfer the technology of sponge iron as metallic feedstock in rolling mills and foundries to replace conventional scrap metal • Assist local industries to produce high quality iron & steel products	5.3			5.3	0.3	1.3	1.3	1.3	1.3
Provision of Professional Coal Analytical Services for Supporting Industrial Coal Users (Cement, Paper Mills and Others) and the Proposed Thermal Power Plants (Kiwira, Mchuchuma, and Ngaka)	• Strengthening the technical capacity to the coal accredited laboratory at TIRDO • Dedicating the TIRDO coal laboratory into a reference coal laboratory	2.5			2.5	0.5	1.0	1.0		

Location/Type	Intervention Required	Cost/Source (Tshs Bill)				Annually Budget (Tshs. Bill.)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Improving competitiveness to industries through energy management	• Introduce energy management practices to industries • Train the industries to adopt the practices and energy efficient technologies • Energy management skills development to industrialists	0.9			0.9	0.4	49.0			
Revival of privatized industries	• Undertake an industrial audit to establish the status of the privatized industries • Undertake the needs assessment • Establish a prioritized strategy by taking into consideration of employment, GDP contribution and contribution to socio-economic development	1.5			1.5	0.5	0.5	0.5		
TOTAL		**39.1**	**-**	**480.0**	**519.1**	**5.0**	**179.0**	**130.0**	**128.5**	**127.5**
TOTAL for Manufacturing sub sector		**2,301.1**	**20,991.9**	**554.0**	**24,218.3**	**416.4**	**5,727.0**	**5,845.3**	**5,663.1**	**5,420.3**

Table F2: Mining Subsector Strategic Interventions

Location/Type	Intervention Required	Cost/Source (Tshs billion)				Annually Budget (Ths billion)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Processing of precious metals and gemstones	Establishing a gemstones/gold bourse BOT start buying and stocking refined gold Establishment of tin processing plant	20.0	82.3		102.3	2.3	25.0	25.0	25.0	25.0
	Introduction of lapidary, gemology, jewelry design, jewelry manufacturing, stone carving and gem identification specialized training course at VETA level and accreditation by international institutions like GIA, GIT	50.0			50.0	12.5	12.5	12.5	12.5	12.5
	Introduce restriction of gold export only refined up to bullions Establishment of lapidary and jewelry industries	29.0			29.0		5.0	5.0	5.0	4.0
Caustic Soda Refinery Plant	Compensation to the residents Construction of the refinery plant for caustic soda Carry out feasibility study	1.7			1.7	1.7				
Liganga iron ore and steel	finalize compensation Construction of road and railway Begin exploration	3.3	2,850.0		2,853.3	712.5	712.5	712.5	712.5	712.5
Kabanga Nickel	Generation of enough power to run the mine and construction of standard gauge railway line from Kabanga to Dar es Salaam									
Mkuju Uranium Project	Awareness campaign; Infrastructure development like roads, water, electricity, railways etc); Equipping TAEC laboratory,		980.0		980.0	80.0	225.0	225.0	225.0	225.0
Mining Subsector TOTAL		**104.0**	**3,912.3**	**-**	**4,016.3**	**809.0**	**980.0**	**980.0**	**980.0**	**979.0**

Table F3: Construction Subsector Interventions

Location/Type	Intervention Required	Cost/Source (Tshs. Bill)				Annually Budget (Ths billion)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Equipment	Promoting Hire and purchase mechanism Establishment of contractors assistance fund	26.7			26.7	4.7	20.0	2.0		
Skills Development	Conditional partnerships between local and domestic companies Field attachment of students to domestic and foreign construction companies Training of local contractors	67.7	50.0	50.0	167.7	17.7	50.0	]50.0	50.0	
Construction Subsector TOTAL		**94.4**	**50.0**	**50.0**	194.4	22.4	70.0	52.0	50.0	-

Table F4: Agricultural Subsector Interventions

Location/Type	Intervention Required	Cost/Source (Tshs. Bill)				Annually Budget (Ths billion)				
		Govt	Private	DPs	Total	2016/17	2027/18	2018/19	2019/20	2020/21
Crops strategic choices										
Maize	• Increase use of modern technology	22.4			22.4	10.4	10.0			
	• Construction of 150 collective warehouse Based Marketing schemes –COWABAMA									
Rice	• Project for supporting rice industry Development in Tanzania	9.4	3.1	18.7	31.2	5.2	6.0	8.0	8.0	4.0
	• Increase use of modern technology									
	• Linking KPL commercial Farm with smallholder farmers			305.1	305.1	55.1	62.5	62.5	62.5	62.5
Expanded Rice production Project (ERPP)	• Improving crop productivity through irrigation and crop management	1.0		48.8	49.8	2.8	12.5	11.5	11.5	11.5
	• Innovative marketing strategies									
	• Sustainable seed systems.									
	• Improved rice production techniques through (SRI).									
Agricultural Sector Development Programme II (ASDP II)	• Sustainable Water & Land Use Management	1.5			1.5	0.7	0.7	0.1		
	• Enhanced Agricultural Productivity	1.5			1.5	0.5	0.5	0.5		
	• Rural Commercialization & Value Addition	1.5			1.5		0.5	0.4	0.4	0.2
	• Strengthening Sector Enablers	1.8			1.8	0.3	0.4	0.4	0.4	0.3

Location/Type	Intervention Required	Cost/Source (Tshs. Bill)				Annually Budget (Ths billion)				
		Govt	Private	DPs	Total	2016/17	2027/18	2018/19	2019/20	2020/21
Pulses	• Improve quality standards and improve inter-institutional coordination. • Tackles weaknesses in supply conditions generally and production level inputs in particular • Effectively build the skills of stakeholders throughout the different stages of the value chain.	2.6			2.6	0.6	1.0	0.5	0.5	
	• Scale up production and trade by strengthening PPPs for seed development, access to finance, and technology transfer and farmer support services. • Promote skills building along the value chain to professionalize the sector.	1.5	10.0	2.0	13.5	3.5	3.5	3.5	1.0	1.0
Floriculture	• Research on cheap materials for the construction of green houses	4.5			4.5	0.9	0.9	0.9	0.9	0.9
	• Diversification of the industry towards the southern highlands could further enhance the growth of the industry • The involvement of stakeholders in the acquisition of inputs, research and market information	1.3			1.3	0.3	0.4	0.4	0.2	

Location/Type	Intervention Required	Cost/Source (Tshs. Bill)				Annually Budget (Ths billion)				
		Govt	Private	DPs	Total	2016/17	2027/18	2018/19	2019/20	2020/21
Cotton	• Raise the profitability of cotton production through increased productivity and quality control. • Improve the competitiveness of textile and gametes firms through raised productivity and product diversification.	5.2	4.0	10.0	19.2	2.5	4.0	4.7	4.0	4.0
	• Strengthen the Government focus on investment as a vector for growth and integration in the value chain. • Strengthen the capacity of firms to diversify markets to raise profitability.									
Sisal	• Increase sisal production through encouraging Estate farming, and establishing smallholder and out grower schemes • Increased capacity utilization to produce various sisal products • Encourage Investment in sisal industry • Carry out the extensive Market Research into new fiber-based products that has market potential	1.7			1.7	0.3	0.3	0.3	0.3	0.3

Location/Type	Intervention Required	Cost/Source (Tshs. Bill)				Annually Budget (Ths billion)				
		Govt	Private	DPs	Total	2016/17	2027/18	2018/19	2019/20	2020/21
Grape	• employing more extension officers in order to help to overcome production challenges	0.8			0.8	0.2	0.2	0.2	0.2	
	• Provision of agriculture technologies and information/ knowledge from research experts to farmers	0.6			0.6	0.1	0.2	0.2	0.1	0.1
	• Establishing grape Board and provision of credit to grape farmers • Increase budget for subsidized inputs • Increase irrigation techniques	1.0			1.0	0.5	0.5			
	• Encourage large scale investment including FDI	0.4	10.0	2.0	12.8	0.2	2.2	3.2	5.0	2.0
Sunflower	• Increase sunflower production and productivity • Meet national and international demand.	3.3			3.3	0.3	1.0	1.0	1.0	
	• Modernize the sunflower industry	4.3			4.3	0.7	0.7	0.7	0.7	0.7
	• Improve the quality of sunflower products	1.7			1.7	0.8	0.9			
	• Stimulate growth in the sunflower industry	1.0			1.0	0.1	0.3	0.3	0.3	
Mkulazi Agricultural City, 63,200ha.	• Construction of basic infrastructure	117.8	1,500.0		1,617.8	17.8	400.0	400.0	400.0	400.0
SAGCOT	• Support of Nucleus Farms in SAGCOT	984.0			984.0	184.0	200.0	200.0	200.0	200.0

Location/Type	Intervention Required	Cost/Source (Tshs. Bill)				Annually Budget (Ths billion)				
		Govt	Private	DPs	Total	2016/17	2027/18	2018/19	2019/20	2020/21
Capacity building for ASDP	• Development of Data collection, Analysis and Data based reporting under ASDP :	3.6	4.7	5.5	12.7	2.7	4.0	4.0	4.0	4.0
	• Project for strengthening the Backstopping capacities for the DADP planning and implementation under the ASDP Phase II	3.7	4.9	10.9	19.5	2.5	2.5	2.5	2.5	2.5
	• irrigation human resources development by strengthening the capacity of Arusha technical college			7.5	7.5	1.5	1.5	1.5	1.5	
	• Project for capacity development for the promotion of irrigation scheme under DADPs phase 2			8.0	8.0	1.6	1.6	1.6	1.6	1.6
Irrigation schemes	• promotion of irrigation scheme Development Under the District Agricultural Development plan phase II			8.0	8.0	1.6	1.6	1.6	1.6	1.6
	• Mwamapuli irrigation scheme	49.0		76.2	125.2	25.0	25.0	25.2	25.0	25.0
	• Construction of irrigation system for cotton and horticulture (12,300ha)	380.0	1,500.0	362.0	1,164.9	233.0	253.0	253.0	253.0	253.0
	• Small scale irrigation Development project			75.7	75.7	5.7	17.5	17.5	17.5	17.5
	• Small Scale Irrigation Development Project SSID	30.1			30.1	6.0	6.0	6.0	6.1	6.1

Location/Type	Intervention Required	Cost/Source (Tshs. Bill)				Annually Budget (Ths billion)				
		Govt	Private	DPs	Total	2016/17	2027/18	2018/19	2019/20	2020/21
Improvement of R&D in crops cultivation	• Establishing researches on chronic diseases to crops like cassava maize paddy etc.	1.8			1.8	0.4	0.4	0.4	0.4	0.4
	• Production of seeds for different crops	5.0			5.0	1.0	1.0	1.0	1.0	1.0
	• Analyzing different agricultural systems and providing technologies which will add nutrient to the soil	2.4			2.4	0.5	0.5	0.5	0.5	0.4
	• Improving research infrastructures and capacity building to the researchers	15.7			15.7	3.0	3.0	3.0	3.0	3.8
Extension officers	• Providing training to the farmers and improving cultivation practices through increasing the number of extension officers	282.6			200.0	482.6	96.5	96.5	96.5	96.5
Agricultural land use plan	• Preparing the plans for agricultural sustainable land use through surveying the farms and providing ownership title to the farmers	4.1			4.1	1.0	3.0	1.1		
Women and youth empowerment through agriculture	• Indicating, titling and surveying the agricultural land • Linking farmers with financial institutions • Improving the use of technology	9.3			9.3	1.9	1.9	1.9	1.9	1.9
Market availability for crops	• Construction of strategic markets at the borders, improving and empowering corporative unions	2.4			2.4	-	2.4			
	• Encouraging cooperative unions and private sector to establishing agro processing industries	2.0			2.0	1.0	1.0			

Location/Type	Intervention Required	Cost/Source (Tshs. Bill)				Annually Budget (Ths billion)				
		Govt	Private	DPs	Total	2016/17	2027/18	2018/19	2019/20	2020/21
Skills development for improved livestock productivity	• Strengthening Livestock Training Agency (LITA)	1.7			1.7	1.0	0.7			
	• Improving community based national livestock early warning system project	6.5			6.5	1.5	2.0	1.5	1.5	
TOTAL		**1970.488**	**3036.72**	**940.386**	**4787.304**	**1061.36**	**1134.07**	**1117.86**	1114.456	1102.67
Livestock strategic choices										
Regulatory Framework for Animal Health services	• Enhancing Regulatory Framework for Animal Health services	1.67			1.67	1		0.67		
Beef and others	• Meat quality and marketing improvement	3.72			3.72	**1**	**1**	**1**	**0.72**	
Beef Industry Development: Lake	• Exploitation of under-exploited resources in the livestock sector.			16.92	16.92	3.92	4	3	3	3
Zone (Mwanza, Shinyanga, Mara and Kagera), Central (Dodoma, Singida and Tabora), Nothern Zone (Manyara, Arusha and Kilimanjaro) and Eastern Zone (Morogoro and Pwani).	• Develop local human resources capacities for operation and management of ranches. • Enhance technical skills development in meat value addition • Purchase and installation of hide pullers in areas of high slaughter figures. • Undertaking massive livestock breeding programme • Facilitate pasture and crops growing and padlock and wire fencing									

Location/Type	Intervention Required	Cost/Source (Tshs. Bill)				Annually Budget (Ths billion)				
		Govt	Private	DPs	Total	2016/17	2027/18	2018/19	2019/20	2020/21
Poultry	• Establishment of Multi-Stakeholder • Innovation Platforms (MSIP) in: Arusha, Dodoma, Kilimanjaro, Morogoro, Mtwara, Mwanza, Shinyanga, Singida, Tabora and Tanga.	4.14			4.14	0.14	1	1	1	1
Dairy	• School milk feeding programme in Tanzania			750.26	750.26	150.052	150.052	150.052	150.052	150.052
TOTAL		**9.53**	**0**	**767.18**	**776.71**	**156.112**	**156.052**	**155.722**	**154.772**	**154.052**
Fisheries Strategic Choices										
Deep sea fishing	• Construction of fishing landing port (Tanga or Dar es Salaam or Mtwara)	836.20	900.86	801.86	2,538.78		634.69	634.7	634.69	634.7
	• Operationalization of new TAFICO along the coast of Indian ocean • Strengthening fisheries market of Feri (DSM), Kirumba (Mwanza) and Munganza (Kagera)	26.39			21.112		5.278	5.278	5.278	5.278
Sea fishing	• Construction of pools for fish farming									
	• Procurement of 5 fishing vessels									
	• Empowering seaweed farmers especially women and youth groups in the coastal region									
Aquaculture	• Establishment of national aquaculture development programme	146.4		400	946.6	1493	378.6	378.6	378.6	378.6

Location/Type	Intervention Required	Cost/Source (Tshs. Bill)				Annually Budget (Ths billion)				
		Govt	Private	DPs	Total	2016/17	2027/18	2018/19	2019/20	2020/21
Automatic water Quality Monitoring and Reporting in Aquaculture	• Training of SMMEs owner of fishing processing industries on modern fish farming technology • Establishment of automatic monitoring and reporting system I Tanzania and identification of baseline conditions suitable for aquatic life • Environmental impact assessment	0.7			0.7	0.2	0.3	0.2		
Empowerment of artisanal fishers in Tanzania	• Fisheries Resource Management • Fisheries Resources Utilization and Marketing				30.65	6	6	6	6.65	6
TOTAL		**1,009.69**	**900.86**	**1,201.86**	**3,537.84**	**1,499.20**	**1,024.87**	**1,024.78**	**1,025.22**	**1,024.58**
Agricultural subsector total		**2,989.71**	**3,937.58**	**2,909.43**	**9,101.86**	**2,716.67**	**2,314.99**	**2,298.36**	**2,294.45**	**2,281.30**

Table F5: Environmental and Natural Resources Conservation Interventions

Location/Type	Intervention Required	Cost/Source (Tshs. Bill.)				Annually budget (Tshs. Billion)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Promotion of Renewable green Energy technologies (Biogas, LPG, Solar Energy) Strategic Choices										
Household level (rural and urban)	• Need for a Green Growth Strategy • Enact a Charcoal production and Use Regulation policy									
	• Strengthening the forest institutions responsible for forest management and development • Establishing Climate Fund and Financing mechanisms									
TOTAL		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Climate adaptation and mitigation and projects Strategic Choices										
Implementation of concrete adaptation measures to reduce vulnerability of livelihoods and Economy of the coast communities of Tanzania	• Rehabilitating coastal protection infrastructure • Cleaning up of the drainage channels • Establishing appropriate alternative energy • develop an operational climate change observatory for Tanzania • Develop an Ecosystem Based Integrated Area Management Plan (EBICAM) for the coastal region			7.82	7.82	1.56	1.56	1.56	1.58	1.56
	• **TOTAL**	**0**	**0**	**7.82**	**7.82**	**1.56**	**1.56**	**1.56**	**1.58**	**1.56**
Enforcement of EIA and SEA regulations for all major projects Strategic Choices										
Major industrial zones	• Cabinet decision on new National Environment Policy (NEP)									

Location/Type	Intervention Required	Cost/Source (Tshs. Bill.)				Annually budget (Tshs. Billion)				
		Govt	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Natural Resources Strategic Choices										
National tree planting and management strategy 2016/17-202021	• Tree planting in open areas degraded areas, institutional area, water sources etc. • Improve public awareness on tree planting • Monitoring and evaluation at national level	50.0		58.0	108.0	21.4	21.4	22.4	21.4	21.4
	• Private Forestry and Value Chain • in Tanzania			2.6	2.6	1.0	1.0	0.6		
	• Capacity Building in Forestry and Beekeeping Institutions			0.5	0.5		0.2	0.2	0.1	
	• Enhancing the Forest Nature Reserve Network for Biodiversity Conservation			1.3	1.3	1.0	0.3			
	• Sustainable Management in natural resources			4.9	4.9	1.0	1.0	1.9	1.0	
	• Combating Wildlife Crime and advancing Conservation			0.8	0.8	0.2	0.2	0.2	0.2	
	• Kilombero wet land management			2.1	2.0	1.0	1.0	0.1		
	• Resilient natural resources management for growth			55.7	55.7	11.0	11.0	11.0	11.0	11.7
Total		**50**	**0**	**125.92**	**175.8**	36.56	36.06	36.37	33.66	33.075
Environmental and Natural Resources subsector total		**50**	**0**	**133.74**	**183.7**	**38.12**	**37.62**	**37.93**	**35.24**	**34.635**

Annex F6: Tourism strategic interventions

Location/Type	Intervention Required	Cost/Sources (Tshs. Bill)				Annually budget (Tshs. Billion)				
		Govt.	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Tourism and hospitality industry Strategic Choices										
Outdoor recreation facilities along the coast of Dar es salaam city	Development of outdoor recreation facilities along the coast of Dar es salaam city		2,953		2,953.0	590.6	590.6	590.6	590.6	590.6
Key Tourism potential areas (Kilimanjaro/ Arusha)	Comprehensive Tourism and Hospitality strategy	1			1.0		1			
	Increased forest and habitat cover for increased ecosystem services (clean water, air,) and products	0.5			0.5		0.5			
Increasing the number of tourist	training on tourism and hospitality Institutes	50			50.0	10	10	10	10	10
	Conducting research and tourism survey	1.2			1.2	0.2	1			
	Implementation of local and international marketing strategy	125			125.0	25	25	25	25	25
	Identification of tourism products	1			1.0	0.2	0.3	0.3	0.2	
	Classification and grading of hotels	3.5			3.5	0.5	1	1	1	
	Encourage local and foreign investors to invest in tourism sector especially building of accommodation facilities (hotels, lodges, guest house, camp site, home stay and motel)	0.50			0.5	0.1	0.1	0.1	0.1	0.1

Location/Type	Intervention Required	Cost/Sources (Tshs. Bill)				Annually budget (Tshs. Billion)				
		Govt.	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Strengthening the contribution of natural resources products (forestry and bees) to the Economy	Resolving territorial disputes between citizens and the surrounding areas near by reserves Improving infrastructures within the game reserves Continuing within the bee keeping program of 2007-2016 Increasing the area for planting trees from 60,000ha in 2015 130,000 ha in 2020 Establishing authority responsible for wildlife management	150			150.0	30	30	30	30	30
	Sustainable Management in natural resources	10			10.0	2	2	2	2	2
	Combating Wildlife Crime and advancing Conservation	50		50	100.0	20	20	20	20	20
Theme park	Construction of Theme Park in Dar es Salaam City	150.00			150.0	30	30	30	30	30
	Resolving territorial disputes between citizens and the surrounding areas near by reserves Improving infrastructures within the game reserves Continuing within the bee keeping program of 2007-2016 Increasing the area for planting trees from 60,000ha in 2015 130,000 ha in 2020 Establishing authority responsible for wildlife management			0.5	0.5		0.2	0.2	0.1	
	TOTAL	**542.7**	**2953**	**50.5**	**3,546.20**	**708.60**	**711.70**	**709.20**	**709.00**	**707.70**

Location/Type	Intervention Required	Cost/Sources (Tshs. Bill)				Annually budget (Tshs. Billion)				
		Govt.	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Heritage strategic choices										
Heritage liberation program	Acquire for constructing liberation program	11.12			11.12	2.2	2.2	2.2	2.2	2.32
Cultural tourism promotion along the central slave and ivory trade caravan route	Identify, demarcate, map and erect sign posts in relevant locations along the route			0.239	0.239	0.119	0.12			
	Declaration of Mamboya, Mpwapwa and Kilimatinde heritages sites as national monuments.			0.068	0.068		0.068			
	Restoration and consolidation of the Slave Route in the selected centers			0.678	0.678	0.226	0.226	0.226		
	Preparations and implementation of awareness raising strategy for the route			0.239	0.239	0.1	0.1	0.039		
	Construction of onsite museum and rehabilitation of historic monuments			0.717	0.717	0.175	0.175	0.195		
	Preparations of the tourism Master Plan for the slave Route 30,000			0.239	0.239	0.239				
Total		**11.12**	**-**	**2.18**	**13.3**	**3.059**	**2.889**	**2.66**	**2.2**	**2.32**
Tourism sub sector total		**553.82**	**2953**	**52.68**	**3559.5**	**711.7**	**714.589**	**711.86**	**711.2**	**710.02**

Table F7: Science Technology and Innovation Interventions

Strategic choice	Intervention Required	Cost/Source (Tshs billions)				Annual Budget (Tshs. Bill)				
		Govt.	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Technology Advancement										
Acquire, Adopt and adapt technologies for building technical capabilities for industrial development	Develop technology road maps, build relevant human capital and promote technological adoption and adaptation mechanisms	4.0	1.5	2.0	7.5	1.5	1.5	1.5	1.5	1.5
Develop and partner with local and foreign Private sector to Invest in Technology Parks (Parks provide mechanisms for innovating R&D and testing for market)	Investment and marketing	50.0	150.0	10.0	210.0	42.0	42.0	42.0	42.0	42.0
Total		**54**	**151.5**	**12**	**217.5**	**43.5**	**43.5**	**43.5**	**43.5**	**43.5**
Research and Innovation										
Invest in local research and innovation focusing human and industrial development with special consideration to value addition. Support STI policy implementation and Impact evaluation of interventions	Increased support/investment in competitive research granting Increased support/investment in Commissioned research granting	30.00	4.00	5.00	39.00	7.80	7.80	7.80	7.80	7.80
Develop and equip research infrastructure for higher learning and R&D Institutions	Increased support/investment in research facilities	40.00	-	10.00	50.00	10.00	10.00	10.00	10.00	10.00
Build competent and competitive human capital(vocational, technical, professionals, graduates and postgraduates) in areas relevant to industrial development	Increased investment in human capacity building at all levels in accordance with the National Skills Development Strategy (NSDS)		-	105.00	105.00	21.00	21.00	21.00	21.00	21.00
TOTAL		**40.00**	**-**	**115.00**	**155.00**	**31.00**	**31.00**	**31.00**	**31.00**	**31.00**

Strategic choice	Intervention Required	Cost/Source (Tshs billions)					Annual Budget (Tshs. Bill)			
		Govt.	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Innovation										
Promotion of Innovation initiatives at Local Government Authorities (LGA) through supporting SMEs, Clusters, and startups	Job creation through support of innovation platforms; Nuture innovation ecosystem; Strengthen linkages between R&I and industry	23.00	8.50	2.00	30.50	6.10	6.10	6.10	6.10	6.10
Expand and exploit ICT opportunities particularly for improving quality and access of social and business services	Increase access to and use of ICT platforms particularly in health services and education delivery system	15.00	2.00	8.00	25.00	5.00	5.00	5.00	5.00	5.00
TOTAL		**8.5**	**10.50**	**10.00**	**55.50**	**11.10**	**11.10**	**11.10**	**11.10**	**11.10**
Science Technology and Innovation sub sector total		**102.50**	**162.00**	**137.00**	**428.00**	**85.60**	**85.60**	**85.60**	**85.60**	**85.60**

Table F8: Education Interventions

Location/ type	Interventions required	Cost/source (Tshs. Bill)				Annually Budget (Tshs. Billion)				
		Gov.	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Early Education										
Early Education	Train teachers for pre-primary schools Implement comprehensive plan for free education Increase rooms for pre-primary education	70.10			70.1	14	14	14.1	14	14
Total		**70.10**			**70.1**	**14**	**14**	**14.1**	**14**	**14**
Primary education										
	Improvement of Literacy and Numeracy Strategy (LANES)			31.99	32.0	6.2	6.2	7.2	6.2	6.2
	Program for Results (P4R)			416.62	416.6	83.2	83.2	83.2	83.2	83.8
	Construct class rooms and latrines	500.00			500.0	100.0	100.0	100.0	100.0	100.0
	Implement comprehensive plan for free education	150.00			150.0	30.0	30.0	30.0	30.0	30.0
	Enhance School Inspection	9.26			9.3	1.8	1.8	1.8	1.8	1.8
	Improve availability of water, electricity	100.00			100.0	20.0	20.0	20.0	20.0	20.0
	Training science subject teachers	15.00			15.0	3.0	3.0	3.0	3.0	3.0
	Review and improve teaching curriculum	12.15			12.2	2.4	2.4	2.4	2.4	2.4
Primary School	Procure text books	100.00			100.0	20.0	20.0	20.0	20.0	20.0
Total		**886.41**		**448.61**	**1335.02**	**266.67**	**266.67**	**267.66**	**266.67**	**267.29**

Location/ type	Interventions required	Cost/source (Tshs. Bill)				Annually Budget (Tshs. Billion)				
		Gov.	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Secondary education										
Secondary School	Secondary Education Development Programme(SEDP II)	1	19.66		20.66	4	4	4	4.66	4
	Implement comprehensive plan for free education	185			185	37	37	37	37	37
	Enhance School Inspection	9.26			9.26	1.84	1.84	1.84	1.84	1.9
	Construct classrooms and Latrines	600			600	120	120	120	120	120
	Training more science subject teachers	35			35	7	7	7	7	7
	Improve availability of water, electricity and latrines	100			100	20	20	20	20	20
Total		**930.26**	**19.66**		**949.92**	**189.84**	**189.84**	**189.84**	**190.5**	**189.9**
Higher Learning Education										
Higher Learning Education	Enhance Loan Board to continue issuing loans for higher education	2,500.00			2500	500	500	500	500	500
	Expand use of advanced ICT technology	12.15			12.15	2.43	2.43	2.43	2.43	2.43
	Train more lecturer for different courses	100			100	20	20	20	20	20
Total		**2,612.15**			**2612.15**	**522.43**	**522.43**	**522.43**	**522.43**	**522.43**
Education sub sector total		**4,498.92**	**19.66**	**448.61**	**4,967.19**	**992.94**	**992.94**	**994.03**	**993.6**	**993.62**

Table F9: Creative Industry

Location/ Type	Intervention required	Costs/sources (Tshs. Bill.)				Annually Budget (Tshs. Billion)				
		Govt.	Private	DPs	Total	2016/.17	2017/18	2018/19	2019/20	2020/21
Sports	• Construction of National Sports Complex • Construction of Malya Sports College	243.9			243.9		60.75	60.75	60.79	60.8
Arts	• Rehabilitation of Bagamoyo College of Arts • Construction of Culture Complex	100.96			100.96		20	20.24	20.24	20.24
Creative industry sub sector total		**344.86**	**0**	**0**	**344.86**	**0**	**80.75**	**80.99**	**81.03**	**81.04**

Table F10: Skills Development Interventions

Location/Type	Intervention Required	Cost Implication (Tshs. Bill.)				Annually Budget (Ths billion)				
		Govt.	Private	DPs	Total	2016/.17	2017/18	2018/19	2019/20	2020/21
Strategic Skills Development for achieving Middle Income Economy.	• Prepare National Skill Development Strategy • Increase equipment and infrastructure for practical training • Increase the number of qualified teachers and tutors • Increase colleges which offer middle cadre skills • To develop and strengthen the national labour market information collection system • To initiate and strengthen the availability of labour market information in all regions of the county • To conduct the Labour Force and Manpower Surveys in every two years. • To identify people with skills obtained through informal system learning for six priority sectors • To provide training and certificates which are recognized by the labour market	357.38			357.38	71.40	71.40	71.40	71.40	71.78

Location/Type	Intervention Required	Cost Implication (Tshs. Bill.)				Annually Budget (Ths billion)				
		Govt.	Private	DPs	Total	2016/.17	2017/18	2018/19	2019/20	2020/21
Education and Skills for Productive Jobs.	• Train 2500 graduates country-wide in agribusiness skills to establish agri-business enterprises. • Train 6100 extension officers' country wide. • Train 2,750 in agribusiness skills needed by Tanzanian emerging commercial sector • Twenty (20) Agricultural and Livestock Training Institutes (MATIs & LITIs) upgraded with tools for more practical, competence-based training • Train 20,000 young smallholder farmers in modern irrigation management skills in 10 regions of Tanzania • Raise the number of Tanzanians with basic ICT skills from 10-17 million.	80.20		267.35	347.55	69.40	69.40	69.40	69.40	69.95
Vocational Training	• Construct infrastructures in 13 institutions • Expand the ICT infrastructure for 53 institutions • Increase enrolment for students	12.83		83.91	96.74	19.20	19.20	19.20	19.20	19.94
	• Construct workshop to equip students in practical training • Improve learning environment for students	200.00			200.00	40.00	40.00	40.00	40.00	40.00
Folk Education Development Programme II	• Construction of buildings for FDC colleges in the country • Improve infrastructure in FDC colleges • Capacity Building	263.66		284.28	547.94	119.59	119.59	119.59	119.59	119.59
Youth Development Programme	• Enhance youth entrepreneurship skills • LGAs to allocate special areas for business to support youth • Provision of soft loans to youth • Promote local and international markets for products produced by youth	33.60			33.60	6.00	7.00	7.00	7.00	6.60

Location/Type	Intervention Required	Cost Implication (Tshs. Bill.)				Annually Budget (Ths billion)				
		Govt.	Private	DPs	Total	2016/.17	2017/18	2018/19	2019/20	2020/21
Increase number of rural planners from Institute of Rural Development Planning	• Construction of Academic Blocks at Main Campus and Lake Zone Centre Mwanza • Land-scapping at Dodoma Campus • Construction of Administration Blocks at Dodoma Campus Lake Zone Centre Mwanza • Construction of hostel blocks at Dodoma Campus and Lake Zone Centre Mwanza	125.33			125.33	25.00	25.00	25.00	25.00	25.33
Skills development sub sector total		**1,073.0**	**-**	**635.5**	**1,708.5**	**350.6**	**351.6**	**351.6**	**351.6**	**353.2**

Table F11: Health Interventions

Location/Type	Intervention Required	Cost Implication (Tshs. Bill.)				Annually Budget (Ths billion)				
		Govt.	Private	DPs	Total	2016/.17	2017/18	2018/19	2019/20	2020/21
Improve livelihood of Tanzanian	Mainstream AIDS issues in core sectors	111.4			111.4	22.2	22.2	22.2	22.2	22.6
	Prevent new infections to young people	412.0			412.0	83.0	83.0	83.0	83.0	83.0
	• Testing of children under15 years • Reduce new infections of AIDS	966.3		1,000.0	1,966.3	393.3	393.3	393.3	393.3	393.3
Strengthening of Referral System	Construction of 8,743dispensaries and 2,751 Health Centres	3,369.2			3,369.2	673.8	673.8	673.8	673.3	674.0
	Construction of 29 new District Hospitals for new Districts Hospitals	610.4			610.4	122.0	122.0	122.0	122.0	122.4
	Construction of 5 Regional Hospital for new Regions	415.4			415.4	83.0	83.1	83.1	83.1	83.1
	Construction of Zonal Hospitals in Southern, Western, Eastern and Lake zones.	400.0			400.0	80.0	80.0	80.0	80.0	80.0
	Construction of regional satellite blood bank in five BRN regions Kigoma, Mara, Mwanza, Simiyu and Geita	0.5			0.5	0.5				
	Completion of 2 storey X-ray building at Mbeya Referral Hospital	3.0			3.0	3.0				
	Construction of new ward and rehabilitation of the existing buildings at Kibong'oto Infectious Centre	2.0			2.0	1.0	1.0			
	Renovation, rehabilitation and equipping of 21 regional hospitals	126.0			126.0	25.2	25.2	25.2	25.2	25.2
	Construction and rehabilitation of infrastructures at Mirembe and Isanga Institutes for Mental Health			6.0	6.0	1.0	2.0	1.0	1.0	1.0
	Completion of office building at National AIDS Control Programme (NACP)			5.0	5.0	1.0	1.0	1.0	1.0	1.0
	Construction of National Laboratory	11.0			11.0	1.0	2.0	2.0	2.0	2.0

Location/Type	Intervention Required	Cost Implication (Tshs. Bill.)				Annually Budget (Ths billion)				
		Govt.	Private	DPs	Total	2016/.17	2017/18	2018/19	2019/20	2020/21
Improve availability of specialized services	Equip Referral, Specialized and National Hospitals with modern equipment.	424.7			424.7	84.8	84.8	84.8	84.8	84.9
	Short and long term training to health staff in Referral, Specialized and National Hospitals.	63.4			63.4	12.6	12.6	12.6	12.6	12.6
	Procurement and maintenance of medical equipment for Regional and District Hospitals through ORIO project	25.0			25.0	5.0	5.0	5.0	5.0	5.0
Strengthening of Training Institutes	Rehabilitate, redesign, remodeling of old buildings and construction of new buildings in 77 Health training Institutions.	27.5			27.5	5.5	5.5	5.5	5.5	5.5
	Counter Part funds for construction of Health	3.0			3.0	3.0				
	Training Institutions carried out by the Global Fund									
	Long course training for health professionals	26.5			26.5	5.3	5.3	5.3	5.3	5.3
Healthy sub sector TOTAL		**6997.36**	**0**	**1011**	**8008.36**	**1606.166**	**1601.81**	**1599.81**	**1599.31**	**1600.82**

Table F12: Water Subsector Interventions

Location/Type	Intervention Required	Cost Implication (Tshs Bill)				Annually Budget (Tshs. billon)				
		Govt.	Private	DPs	Total	2016/.17	2017/18	2018/19	2019/20	2020/21
Water Resource Management Strategic Choices										
Protection, development and management of water sources in the country (all Basin Water)	• Demarcation and gazetting of 161 water sources • Preparation and approval for Integrated Water Resources Management and Development Plans (IWRM&D Plans) for all 9 Water Basins • Drilling of 150 groundwater monitoring boreholes, and rehabilitation of existing 120 • Construction and rehabilitation of offices for 9 Basin water Board.	250		456.12	706.12	141.2	141.2	141.2	141.2	141.2
Water quality management and pollution control	• Rehabilitation of 9 existing laboratory buildings and construction of 8 new water laboratories; • Conduct water quality monitoring of all important water sources; and • Development of comprehensive fluoride database and maps in fluoride belts	10.5		21.301	31.801	6	6	7	6.801	6
Total		**260.5**	**0**	**477.421**	**737.921**	**147.2**	**147.2**	**148.2**	**148.001**	**147.2**

Location/Type	Intervention Required	Cost Implication (Tshs Bill)				Annually Budget (Tshs. billon)				
		Govt.	Private	DPs	Total	2016/.17	2017/18	2018/19	2019/20	2020/21
Rural water Supply Strategic Choices										
Scale up water supply in Rural areas	• Construction of 38,759 new water points to serve 9,644,750; • Rehabilitation of 19,889 non-functioning water points to restore water supply service to 4,972,250; • Installation of 17,686 water points from extension of existing infrastructure, to serve 4,463,000 people; and • Recruitment and deployment of 386 Water Engineers and 3,338 Water Technicians to LGAs up to the ward level	950.0		528.5	1,478.5	295.6	295.6	296.1	295.6	295.6
Improvement of Same - Mwanga water project	• Construction of water source, intake, storage facilities, transmission lines and distribution networks	10.0		88.3	98.3	19.6	19.6	19.6	19.9	19.6
Total		**960**	**0**	**616.9**	**1576.868**	**315.2**	**315.2**	**315.728**	**315.54**	**315.2**
Urban water supply Strategic Choices										
Improvement of water supply in Mtwara - Mikindani from River Ruvuma	Construction of water source, main transmission line, storage facilities and distribution networks	150.0		350.0	500.0	100.0	100.0	100.0	100.0	100
Rehabilitation and improvement of water supply in Arusha city	Construction of water source, main transmission line, storage facilities and distribution networks	100.0		414.6	514.6	102.9	102.9	102.9	102.9	102.9

Location/Type	Intervention Required	Cost Implication (Tshs Bill)				Annually Budget (Tshs. billon)				
		Govt.	Private	DPs	Total	2016/.17	2017/18	2018/19	2019/20	2020/21
Extention of Kahama - Shinyanga water project to Tabora, Nzega, Igunga and **89** Villages	Construction of water source, intake, storage facilities, transmission lines and distribution networks	150.0		300.3	450.3	90.1	90.1	90.1	90.1	90.1
Improvement of water supply and sanitation services in Regional centre's	• Completion of major water supply and sanitation projects at Chalinze phase III Project, Musoma - Bukoba project, Dodoma project, Mugango - Kiabakari, Bunda, and New Regional HQ project; • Construction of 22 treatment plants; • Construction of 44 storage tanks; • Construction of 60 wastewater treatment ponds; • Construction of 887 Km of sewer lines; • Installation of 200,000 new house connections; and • Construction of 330 Km new transmission main and laying of 2,111km of distribution network	250.0		303.8	553.8	110.8	110.8	110.8	110.8	110.8

Location/Type	Intervention Required	Cost Implication (Tshs Bill)				Annually Budget (Tshs. billon)				
		Govt.	Private	DPs	Total	2016/.17	2017/18	2018/19	2019/20	2020/21
Improvement of water supply in DSM	• Completion of on-going strategic projects in DSM (Lower Ruvu, Upper Ruvu, Kimbiji and Mpera Deep Water Production Boreholes); • Construction of Kidunda Dam; • Construction of 76km access road to Kidunda dam • Expansion of water supply networks; and • Implement NRW strategy in DSM • Construction of 11 water storage tanks; • · Drilling of 26 boreholes and construction of 10 kiosks in low income areas; and • · Construction of 7 water treatment ponds and 156 km of the public sewer line;	130.0		394.2	524.2	104.8	104.8	104.8	104.8	104.8
Water supply improvement in National projects, District HQ and small towns	• Strengthening of wanging'ombe, Maswa, Mugango-Kiabakari, Handeni Trunk Mian (HTM) chalinze, Makonde and Kahama-Shinyanga projects, District HQ, and Small Towns; • Construction of 37 treatment plants; • 1,091 Km of new transmission main constructed and 3,518 Km of distribution network expanded; • 306 storage tanks constructed; • 110,000 Household water connections installed; and • Recruitment of 260 Water Engineers and 1,040 Water Technicians to enhance the human resources technical capacity	1.6		0.4	2.0	1.0	1.0			

Location/Type	Intervention Required	Cost Implication (Tshs Bill)				Annually Budget (Tshs. billon)				
		Govt.	Private	DPs	Total	2016/.17	2017/18	2018/19	2019/20	2020/21
Construction of Dams in dry regions including DSM	Rainwater harvesting dams/pools in Dodoma, Singida, Tabora, Mara, Simiyu, Arusha, Shinyanga, Manyara, DSM etc. constructed	50.0		150.0	200.0	40.0	40.0	40.0	40.0	40
	Construction of 8 strategic dams for environmental conservation, preventing floods etc.	350.0		360.0	710.0	142.0	142.0	142.0	142.0	142
	Rehabilitation of the existing dams	75.0		150.0	225.0	45.0	45.0	45.0		45
TOTAL		**1256.6**	**0**	**2,423.3**	**3679.9**	**736.58**	**736.6**	**735.6**	**735.6**	**735.6**
Water Program Delivery Support Strategic Choices										
Program Coordination and Performance Monitoring	• Construction of ongoing Office Building projects for MOWI, Basin Water Boards, Urban Water Supply and Sanitation Authorities and Water Laboratories; • 5 Major PPPs Projects development • 6,000 staff trained in enhanced Management Information System (MIS), contract management and Social and Environmental Safeguards (SES) guidelines • MIS enhanced to produce Interim Financial Reports (IFR), Contracts and other sector M&E reports	0.3		1.4	0.7		0.2	0.2		
Total		**0.3**	**0**	**1.4**	**0.7**	**0**	**0.2**	**0.2**	**0**	**0**
Water sub sector total		**2477.1**	**0**	**3,517.6**	**5994.649**	**1198.98**	**1199**	**1199.528**	**1199.141**	**1198**

Table F13: Urban Planning, Housing and Human Settlement Development Interventions

Location/Type	Intervention Required	Cost/Source (Tshs. Bill)				Annually Budget (Tshs.billion)				
		Govt.	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Urban Planning										
	• Formulate and implement a well-designed National Urban Development Strategy • Preparation of General Planning Schemes (Master Plans for major Tanzanian cities) • Establishing land rangers' and building inspectors' Units in order to efficiently manage land development • Reform the institutional and governance arrangements to improve coordination, accountability, and service delivery, thus enabling Dar es Salaam to evolve into an efficient metropolitan area. • Local government must be increasingly empowered to make planning decisions. • Pursue new sources of financing, such as Private Public Partnerships (PPPs), for investment in urban infrastructure • · Scaled up to all Urban Local Government Authorities (ULGAs), including property taxes, so as to boost Own Source Revenue (OSR) • Transform Dar es Salaam by expanding and improving DART, including swiftly expansion of new variant of DARR; Introduce few (oligopolistic) but efficient regulated public transporters; and integrated transport and land-use planning.	150			150	30	30	30	30	30
TOTAL		**150**	**0**	**0**	**150**	**30**	**30**	**30**	**30**	**30**

Location/Type	Intervention Required	Cost/Source (Tshs. Bill)				Annually Budget (Tshs.billion)				
		Govt.	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Housing and Sustainable Human Settlements Strategic Choices										
Zonal Offices in Dar es Salaam, Morogoro, Dodoma, Tabora, Mwanza, Arusha, Mtwara and Mbeya	Construction and Rehabilitation of Buildings	29.3			29.3	5.8	5.9	5.9	5.9	5.8
Kilombero, Ulanga/ Malinyi Districts in Morogoro region	Land Tenure Support Programme	20.0			20.0	4.0	4.0	4.0	4.0	4.0
Country wide	Tanzania International Boundaries Reaffirmation Project	54.3			54.3	10.8	10.8	10.9	11.0	10.8
181 LGAs in Tanzania Mainland	Programme for Planning, Surveying and Titling of Land in Tanzania	905.0			905.0	181.0	181.0	181.0	181.0	181.0
Kigamboni - Dar es Salaam	Implementation of Kigamboni New City Master Plan	66.3			66.3	13.2	13.4	13.4	13.2	13.2
Low cost houses	Promotion of Appropriate Technology for Affordable Housing	14.7			14.7	2.8	2.8	3.5	2.8	2.8
Country wide	House construction	1,635.4			1,635.4	327.0	327.0	327.0	327.0	327.0
	TOTAL	**2724.96**	**0**	**0**	**2724.96**	**544.6**	**544.9**	**545.69**	**544.89**	**544.6**

Location/Type	Intervention Required	Cost/Source (Tshs. Bill)				Annually Budget (Tshs.billion)				
		Govt.	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Land administration strategic choices										
Land administration Country wide	Preparation sustainable land use plan	215.00			215.00	43.00	43.00	43.00	43.00	43.00
	• Put in place Integrated land management information system • Strengthening land services in 8 zones • Building the capacity of the councils through training and equipments • Strengthening the land compensation fund • Verifying the virgin lands which are not developed for long time • Establishing national land advisory council • Providing training to the community about land laws • Strengthening the land conflicts solving services by establishing 100 new land and housing • councils in districts with majority of land conflicts	260.00	-		260.00	52.00	52.00	52.00	52.00	52.00
	• **TOTAL**	**475.00**		-	**475.00**	**95.00**	**95.00**	**95.00**	**95.00**	**95.00**
Urban and rural planning	• Provincial master plans • Encourage Satellite cites development • Formalization of businesses	193			193	38.6	38.6	38.6	38.6	38.6
surveying and mapping	• Construction of satellite receiving station at University of Dodoma • Improving landmarks between Tanzania and neighboring countries. • Strengthening 7 international boundaries	79			79	15.8	15.8	15.8	15.8	15.8
	TOTAL	**272**	**0**	**0**	**272**	**54.4**	**54.4**	**54.4**	**54.4**	**54.4**
Urban Planning, Housing and Human Settlement sub sector total		**3,621.96**	**-**	**-**	**3,621.96**	**724.00**	**724.30**	**725.09**	**724.29**	**724.00**

Table F14: Food Security and Nutrition Interventions

Location/Type	Intervention Required	Cost Implication (Tshs. Bill)				Annually Budget (Tshs. billon)				
		Govt.	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Food Security and Nutrition Strategic Choices										
Construction of grain silos in 7zones	construction of grain silo storage system in 7 zones			108.114	108.114	20.6	20.6	20.7	20.6	20.6
	TOTAL	**0**	**0**	**108.114**	**108.114**	**20.6**	**20.6**	**20.7**	**20.6**	**20.6**
Nutrition specific interventions areas: Strategic Choices										
Promotion of Maternal Infant and Young Child Feeding practices (MIYCF) including nutrition related WASH, ECD and Health key family practices in order to prevent stunting and	• Conduct TOT's on SBCC IYCF, WASH, ECD and Health (at regional level) • Deliver Services to Children and Support Early Childhood Programmes to Vulnerable Children • Care givers and educating parents • Promoting and Enhancing awareness to Community on Early Child Development (ECD) • Coordination, Monitoring and Evaluation of ECD • Training of Health service providers									
improvement early childhood development	• (Nurses, Midwifes, and Clinicians) on SBCC IYCF, WASH, ECD and Health (at district level) • Training of Health service providers (Nurses, Midwifes, and Clinicians) • Training of community health workers on SBCC IYCF, WASH, ECD and Health (at district level) • Procurement of Supplies:	134.24	8.91	18.89	162.04	32.48	32.48	32.48	32.48	32.48

Location/Type	Intervention Required	Cost Implication (Tshs. Bill)				Annually Budget (Tshs. billon)				
		Govt.	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Interventions that improve vitamin and mineral intake	• Prevention of Anemia • Training of health staff on Anemia Prevention among women, adolescent and children (at regional and district level) • Procurement of Supplies: • Vitamin A Supplementation and De-worming through Child Health Days and routine • Orientation on Planning and Management of Child Health Days (at regional and district level) • Training of RHMT/CHMT's on social mobilisation tool kit on VASD (at regional and district level) • Training of Nutrition Officers, health inspectors and salt traders on quality control of iodized salt • Promotion of mineral intake through community radios	18.00	7.00	40.00	65.00	13.00	13.00	13.00	13.00	13.00
Interventions that lead to proper management of acute malnutrition (IMAM)	• Conduct TOT's on treatment of severe acute malnutrition (at regional level) • Training of Health service providers (Nurses, Clinicians) on • treatment of severe acute malnutrition (at district level) • Training of community health workers on screening and referral severe acute malnourished children (at district level) • Training on use of anthropometric equipment for regular nutrition assessment in facilities without SAM services (at district level) • Organize quarterly meeting among health service providers and CHWs at Health Facility level	20.00		46.00	66.00	13.20	13.20	13.20	13.20	13.20

Location/Type	Intervention Required	Cost Implication (Tshs. Bill)				Annually Budget (Tshs. billon)				
		Govt.	Private	DPs	Total	2016/17	2017/18	2018/19	2019/20	2020/21
Interventions promoting enrichment of nutrient density of the diets of young children	• Carry out research in matters relating enrichment of nutrient density of the diets of young children 6-–23 months of age) • Prepare methods for the correction or avoidance of malnutrition • Ensure proper nutritional value of food marketed in the country or exported to foreign countries	0.40	0.40	0.80	1.60	0.40	0.40	0.40	0.40	
Programmes that improve public health, water, and sanitation	• Advocate through media • Promotion of good hygiene and access to sanitation facilities and practices • nutrition care for people living with HIV/ AIDS and TB;	2.00	2.00	7.00	11.00	2.00	2.00	2.00	3.00	2.00
Programmes that address issues of nutrition governance and accountability	Planning and Advocacy	13.20	5.00	20.00	38.20	11.60	11.60	11.60	11.60	11.80
	Monitoring and evaluation	25.00		84.00	109.00	35.80	35.80	35.80	35.80	35.80
	Coordination and partnership	23.00		47.00	70.00	18.00	18.00	18.00	18.00	18.00
	Policy and strategy development	18.70		36.00	54.70	14.80	14.80	14.80	14.80	14.80
Total		**254.54**	**23.31**	**299.69**	**577.54**	**141.28**	**141.28**	**141.28**	**142.28**	**141.08**

Table F15: Poverty Reduction and Social protection Interventions

Location/Type	Intervention required	Costs/ sources (Tshs. Bill)				Annually Budget (Tshs. Billion)				
		Govt.	Private	DPs	Total	20216/17	2017/18	2018/19	2019/20	2020/21
Social Protection Strategic choices										
WDF/YDF/TWB	Enhance low cost credit to women/youth									
NHIF/CHF	Expand coverage of health insurance of the population									
Programme on implementation of universal social pension scheme to eligible elders	Implement universal social pension scheme to eligible elders									
Women and Girls' Empowerment Programme	Women Economic Empowerment	483.21		400	883.21	176.642	176.642	676.642	676.642	672.642
	End Child Marriage and Early Pregnancies	3.69		3.69	7.38	1.46	1.46	1.46	1.46	1.46
Social assistance	Cabinet decision on NSPF									
Develop and implementation of Local Economic Development (LED) initiatives	Institutionalize LED approach in LGAs	2.5			2.5	0.5	0.5	0.5	0.5	0.5
SDGs	SDGs localization	2.5		1	2.5	0.5	0.5	0.5	0.5	0.5
M&E	Develop M&E framework to track the implementation of poverty reduction initiatives including SDGs	1.5			3.5	0.7	0.7	0.7	0.7	0.7
Poverty Reduction and Social protection		**493.4**	**0**	**404.69**	**899.09**	**179.802**	**179.802**	**679.802**	**679.802**	**675.802**

Table F16: Good Governance Interventions

Location/Type	Intervention Required	Cost Implication (Tshs. Bill)				Annually Budget (Tshs. Billion)				
		Govt.	Private	DPs	Total	20216/17	2017/18	2018/19	2019/20	2020/21
Prevention and Combating Corruption	• Construction of Tanzania Institute of Good Governance and Anti-Corruption • Construction of infrastructures • Construction of Special building for Investigation at Headquarters • An advisory board of the corruption of African Unity • Rehabilitation of Office Buildings in Regions	200.35			200.35	40.07	40.07	40.07	40.07	40.07
Fire and Rescue Force	• Completion of Fire and Rescue Head Quarter – Five Storey Building located at TAZARA - Mchicha in DSM • Acquisition of 140 Tenders • Rehabilitation and Extension of the Fire and Rescue Training Institute at Chongo, Handen • Rehabilitation and Extension of 25 Fire Stations countrywide	119.22			119.22	23.84	23.84	23.84	23.84	23.84
Tanzania Prisons Services	• Renovation of Shoe Production Workshop • Acquisition of Machines for Uniform and Cloth Production Factory • Acquisition of Machines and Farm Implements for Irrigation Agriculture • Equipping Building Brigade • Construction of a Building and Installing Machines for Commercial Agriculture (Oil crops) • Construction of Office and Installing Machines for Quarry Production • Construction of Workshop for Furniture Production	14.58			14.58	2.80	2.80	2.80	3.38	2.80

Location/Type	Intervention Required	Cost Implication (Tshs. Bill)				Annually Budget (Tshs. Billion)				
		Govt.	Private	DPs	Total	20216/17	2017/18	2018/19	2019/20	2020/21
National Identification	• Issue ID cards to all people aged 18 and above • Maintaining Law of Order for	256.6		70.8	327.41	65.48	65.48	65.48	65.48	65.48
Immigration	• Public Safety and Security • Improving Working and Living Environment • Strengthening MIS, IEC and ICT	383.15			383.15	76.63	76.63	76.63	76.63	76.63
Tanzania Police Force	• Extension of Professional Police Colleges • Construction of Zonal Laboratories for Crime Offense Investigation • Construction of Police Posts • Construction of Regional Police Commanders' Offices • Surveys for Police Force areas • Construction of Staff Residential Houses • Acquisition of Patrol Equipment • Acquisition of Airplanes and Helicopters • Acquisition of ICT Equipment • Acquisition of Motor Vehicles Spare parts • Construction of Health Centres • Rehabilitation of Police Centres, Regional Commanders Offices and Staff Residential Houses • Human Resource Development • Acquisition of Patrols' Boats	1,122.03			1,122.03	224.41	224.41	224.41	224.41	224.41
Good Governance sub sector TOTAL		**2095.93**	**0**	**70.81**	**2166.74**	**433.232**	**433.232**	**433.232**	**433.808**	**433.232**

Table F17: Infrastructure Development Interventions

Location/Type	Intervention Required	Cost Implication (Tshs.Bill)			Annually Budget (Tshs. Billion)					
		Govt.	Private	DPs	Total	20216/17	2017/18	2018/19	2019/20	2020/21
Railway Strategic Choices										
Construction of Dar es Salaam – Isaka –Rusumo-Tabora (1,341Kms), central railway system to Standard Gauge	• Fast track procurement process for acquisition of contractors • Preparation of Cabinet Paper on financing mode of Project • Negotiation with Investors on financing and implementation of the project. • Begin construction	6,675.04			6,675.04	1,000.00	1,418.79	1,418.79	1,418.75	1,418.75
Construction of 1,220Kms of Railway line fromTabora-Kigoma, Isaka-Mwanza, Uvinza-Musongati, and Kaliua-Mpanda-Karema.	• Spearhead obtaining of project Feasibility study and detailed design. • Preparation of Cabinet Paper on financing mode of Project • Negotiation with Investors on financing and implementation of the project. • Fast track procurement process for acquisition of contractors • Begin construction	411.57			411.57	-	102.89	102.89	102.89	102.89
Construction of railway line from Mtwara-Mbambabay (Ameliabay) with branches to Liganga and Mchuchuma 1,000 kms (std gauge)	• Spearhead obtaining of project Feasibility study and detailed design. • Preparation of Cabinet Paper on financing mode of Project • Negotiation with Investors on financing and implementation of the project. • Fast track procurement process for acquisition of contractors	1,021.51			1,021.51	-	340.50	340.50	340.50	-

Location/Type	Intervention Required	Cost Implication (Tshs.Bill)			Annually Budget (Tshs. Billion)					
		Govt.	Private	DPs	Total	20216/17	2017/18	2018/19	2019/20	2020/21
Construction of Tanga-Arusha-Musoma rail with branches to Minjingu and Engaruka	Spearhead obtaining of project Feasibility study and detailed design. Preparation of Cabinet Paper on financing mode of Project Negotiation with Investors on financing and implementation of the project. Fast track procurement process for acquisition of contractors	331.29			331.29		110.43	110.43	110.43	-
Procurement of 2,234 goods wagons	Fast track obtaining of funds for procurement of locomotive and wagons	0.38			0.38	0.19	0.19	-	-	-
Procurement of 63 high horsepower locomotives	Allow private operators to put their wagons and pay user fee to RAHCO for the use of railway.	0.46			0.46	0.20	0.26	-	-	-
	TOTAL	**8,440.24**	**-**	**-**	**8,440.25**	**1,000.39**	**1,973.07**	**1,972.61**	**1,972.57**	**1,521.64**
Roads transport strategic choices										
Construction of Dar es salaam - Chalinze - Morogoro Express way, 200 km	Expedite soliciting of funds Expedite completion of feasibility study		1,155.81		1,155.81	231.16	231.16	231.16	231.16	231.16
Construction of Arusha - Moshi - Himo Junction Dual Carriageway, 105km	Expedite soliciting of funds	608.40			608.40	202.80	202.80	202.80	-	-
Upgrading Kidahwe (Kigoma) - Ilunde - Malagarasi – Kaliua, 188km	Expedite soliciting of funds	334.05			334.05	83.51	83.51	167.03	-	-
Upgrading of Itoni – Mkiu – Ludewa – Manda to Bitumen Standard (211.42) Km	Expedite soliciting of funds	378.59			378.59	94.65	189.30	94.65	-	-

Location/Type	Intervention Required	Cost Implication (Tshs.Bill)			Annually Budget (Tshs. Billion)					
		Govt.	Private	DPs	Total	20216/17	2017/18	2018/19	2019/20	2020/21
Upgrading to Bitumen standard for the Manyoni-Itigi-Tabora Road, 245 km	Expedite soliciting of funds	126.94			126.94	42.31	84.63	-	-	-
Tabora – Ipole - Koga- Mpanda , km 350	• Expedite valuation of land and properties section of Mpanda – Koga – Ipole • Fund for compensation	628.50			629.00	35.50	148.25	148.25	148.25	148.25
Sumbawanga – Mpanda – Nyakanazi, 346.6km	Fund for construction	400.00			400.00	140.00	130.00	130.00	-	-
Masasi – Songea – Mbamba bay, 898km.	Expedite financial negotiation with prospective financiers, i.e.AfDB	433.00			433.00	108.25	324.75	-	-	-
Upgrading to Bitumen Standard for the Chunya-Makongolosi-Rungwa-Itigi-Mkiwa road 456km	Begin construction	653.37			653.37	130.67	130.67	130.67	130.67	130.67
Bagamoyo – (Makurunge) – Saadan – Tanga Road, km 178	Completion of feasibility study and detail design	311.60			311.60	62.30	62.30	62.30	62.30	62.30
Arusha – Holili road (Kilimanjaro)	Expedite the design review which is conducted by JICA. Enhance good coordination with stakeholders involved in the project (Tanroads, EAC, AfDBetc)	39.30		100	139.00	69.50	69.50	-	-	-
TOTAL		**3,913.75**	**1,155.81**	**100**	**5,169.56**	**1,200.66**	**1,656.86**	**1,166.86**	**572.38**	**572.38**
Decongestion of Dar es salaam City										
Construction of Interchange at Ubungo Dar es Salaam	Expedite soliciting of funds for feasibility study and detail design and compensation	222.70			222.70	74.23	74.23	74.23	-	-
Construction of Fly-over at Tazara Dar es Salaam	Expedite soliciting of funds for feasibility study and detail design and compensation	66.59			66.59	13.32	53.27	-	-	-

Location/Type	Intervention Required	Cost Implication (Tshs.Bill)			Annually Budget (Tshs. Billion)					
		Govt.	Private	DPs	Total	20216/17	2017/18	2018/19	2019/20	2020/21
Construction of Fly-over at Uhasibu Dar es Salaam	Begin construction	25.29			25.29	6.32	18.97	-	-	-
Construction of Fly-over at Chang'ombe, Dar es Salaam	Expedite soliciting of funds for feasibility study and detail design and compensation	10.12			10.12	-	-	10.12	-	-
Construction Selander bridge	Expedite soliciting of funds for feasibility study and detail design and compensation Obtain financing from Korea	297.60			297.60	148.80	74.40	74.40	-	-
	Do Feasibility and detail design studies									
Dar es Salaam Outer Ring Road Namely: Bunju-Mbezi (Morogoro Road) – Pugu (34 km).	Start construction	694.37			694.37	231.46	231.46	231.46		-
TOTAL		**1,316.67**	**-**	**-**	**1,316.66**	**474.13**	**452.33**	**390.21**	**-**	-
Ports strategic choices										
Dredging and expansion of the entry to Dar es Salaam Port, Dar es Salaam	Expedite procurement of contractor	1,113.50			1,113.50		278.38	278.38	278.38	-
Container Terminal - Berths 13 – 14 Dar es Salaam	Expedite procurement of contractor	890.80			890.80	178.16	534.48	178.16	-	-
Development of Kisarawe Cargo Freight, Kisarawe	Expedite procurement of contractor	167.24			167.24	33.45	33.45	33.45	33.45	33.45
Construction of Bagamoyo Port, Bagamoyo	Expedite procurement of contractor		4,135.00		4,135.00	827.00	827.00	827.00	827.00	827.00
	Finalization of agreements between China Merchants Holdings International Limited (CMHI) and Oman State General Reserve Fund (SGRF) and Tanzania Government									
	Finalization of Compensation	10.067			10.067	10.067				
	Signing Contract agreements for development of Bagamoyo SEZ									

Location/Type	Intervention Required	Cost Implication (Tshs.Bill)			Annually Budget (Tshs. Billion)					
		Govt.	Private	DPs	Total	20216/17	2017/18	2018/19	2019/20	2020/21
Construction of 24m deep Mwambani- Port - Kigombe area, – Tanga	Soliciting funds for construction		3,580.00		3,580.00		716.00	716.00	716.00	716.00
	Review the Feasibility study & detailed design report									
Improvement of Mtwara Port by constructing 4 new berths	Expedite negotiation with Private Sector/ Investors on financing mode of project	302.55			302.55	100.85	100.85	100.85	-	-
	Expedite the conduct of project Feasibility study and detailed design.									
Modernization of Kigoma Port	Kick start financial negotiation to acquire a loan from prospective financiers Expedite the conduct of project Feasibility study and detailed design.	40.30			40.30	8.06	32.24	-	-	-
Construction and rehabilitation of Mwanza South Port, Mwanza region	Kick start financial negotiation to acquire a loan from prospective financiers Expedite the conduct of project Feasibility study and detailed design. Kick start financial negotiation to acquire a loan from prospective financiers	40.30			40.30	-	20.00	20.30	-	-
TOTAL		**2,554.69**	**7,715.00**		**10,269.69**	**1,147.52**	**1,696.09**	**1,664.15**	**1,543.00**	

Location/Type	Intervention Required	Cost Implication (Tshs.Bill)			Annually Budget (Tshs. Billion)					
		Govt.	Private	DPs	Total	20216/17	2017/18	2018/19	2019/20	2020/21
Air transport strategic choices										
Revamping Operations of Air Tanzania	Reform ATCL	500.00			500.00	500.00	-	-	-	-
	Reform ATCL									
	Purchase new aircrafs	1,343.20			1,343.20	447.73	447.73	447.73	-	-
Improvement of metrology forecast services	Rehabilitation and extension of Aerodromes(Annex) Construction of Central forecasting office. Acquisition of 5 weather radar.	54.21			54.21	27.11	27.11	-	-	-
TOTAL		**1,897.41**			**1,897.41**	**974.84**	**474.84**	447.73	-	-
Maritime Transport strategic choices										
Procurement of 7 new lake vessels and rehabilitation of 8 existing vessels for lake Victoria, Tanganyika and Nyasa	Procurement of 3 ship and rehabilitation of 3 for Lake Victoria,	71.50			71.50	35.75	35.75			
	Procurement of 3 ship and rehabilitation of 3 for Lake Victoria,	80.00			80.00		20.00	20.00	20.00	20.00
	Procurement of 2 ship and rehabilitation of 3 for Tanganyika	60.00			60.00		20.00	20.00	20.00	20.00
	Procurement of 2 ship and rehabilitation of 2 for Nyasa									
	TOTAL	**211.50**	**-**	**-**	**211.50**	**35.75**	**75.75**	**40.00**	**40.00**	40.00
Energy Generation strategic choices										
Kinyerezi I Extension – 185MW gas-fired plant	Expedite negotiation with respective project financiers including the GoTZ Expedite negotiation with respective project financiers including the GoTZ	410.00			410.00	246.00	164.00	-	-	-

Location/Type	Intervention Required	Cost Implication (Tshs.Bill)			Annually Budget (Tshs. Billion)					
		Govt.	Private	DPs	Total	20216/17	2017/18	2018/19	2019/20	2020/21
Kinyerezi II – 240 MW combined cycle gas-fired plant (project financed by the GoTZ and Japanese Bank for International Cooperation – JBIC)	TANESCO should expedite extension of contract with Ms. Jacobsen Electro Ltd (contractor) who executed Kinyerezi I 150 MW. TANESCO to undertake water supply study for operation of Kinyerezi II, III and IV.	110.00		138.09	248.09	49.60	49.69	49.60	49.60	49.60
Kinyerezi III – 600MW combined cycle gas-fired plant, to be implemented as PPP project in two phases (phase I - 300MW)	TANESCO to fast track implementation of water supply project Treasury Registrar to approval Joint Venture Agreement TANESCO to expedite negotiations of PPA with Partners	560.00	232.90		792.90	158.58	158.58	158.58	158.58	158.58
Kinyerezi IV – 330MW combined cycle gas-fired plant, to be implemented as PPP project	Expedite Project Implementation Agreement. Treasury Registrar to approve Joint Venture Agreement and shareholding agreement		230.00		230.00	46.00	46.00	46.00	46.00	46.00
SingidaGeowind Phase I – MW 50 wind plant, Singida	Fast track feasibility study to be approved by Minister for Finance and Planning.		302.87		302.87	60.56	60.56	60.59	60.59	60.59
Kilwa Energy Phase 1 – 210 MW gas-fired plant, SomangaFungu - Kilwa	Government guarantee is needed to allow sourcing of funds from prospective banks i.e. DBSA Conclude Project Implementation Agreement Conclude Gas Supply Agreement		484.00		484.00	121.00	121.00	121.00	121.00	121.00
Malagarasi 44.7MW hydropower plant – Malagarasi river Kigoma	Preparation of tender document project expedition Soliciting funds	155.00			155.00		38.75	38.75	38.75	38.75

Location/Type	Intervention Required	Cost Implication (Tshs.Bill)			Annually Budget (Tshs. Billion)					
		Govt.	Private	DPs	Total	20216/17	2017/18	2018/19	2019/20	2020/21
Kakono 87MW hydropower plant – Kagera river	Preparation of tender document soliciting funds statring the project Soliciting funds	382.34			382.34	-	127.45	127.45	127.45	-
200MW coal fired power plant – KiwiraMbeya	STAMICO to undertake the feasibility study	5.00	350.00		355.00	71.00	71.00	71.00	71.00	71.00
Ngaka 400MW coal fired power plant – Ngaka Ruvuma	Undertake feasibility study for 200MW phase I and 220kV transmission from Ngaka to Songea NDC and TANCOAL to mobilize funds Negotiation for PPA with TENESCO		700.00		700.00	200.00	200.00	200.00	100.00	-
Mchuchuma 600MW coal fired power plant – Njombe	Fund mobilization		900.00		900.00	400.00	400.00	100.00	-	-
	Negotiation for PPA with TENESCO									
Construction of Rusumo 80MW hydropower plant to be equally shared by Tanzania, Burundi and Rwanda.	Financing secured from World Bank for power plant construction	236.00			236.00	47.20	47.20	47.20	47.20	47.20
	Financing secured from AfDB for construction of transmission line from Rusumo to Nyakanazi substation									
Development of Geothermal and Ngozi 200MW Geothermal plant, Ngozi -Mbeya	Government to finance the deep wells drilling phase to establish steam reservoir properties	9.20		195.52	204.72	40.94	40.94	40.94	40.94	40.94
	Government to finance the deep wells drilling phase to establish steam reservoir properties (USD 21 million).									

Location/Type	Intervention Required	Cost Implication (Tshs.Bill)			Annually Budget (Tshs. Billion)					
		Govt.	Private	DPs	Total	20216/17	2017/18	2018/19	2019/20	2020/21
	Expedite PPP process to acquire private partner.									
	TOTAL	**1,867.54**	**3,199.77**	**333.61**	**5,400.92**	**1,440.88**	**1,525.17**	**1,061.11**	**861.11**	**633.66**
Energy distribution strategic choices										
Rural electrification projects under REA (completion of Turnkey PhaseII and commencement of III)	Ring fencing petroleum levy	950.40			950.40	237.60	237.60	237.60	237.60	-
	Ring fencing petroleum levy									
Dar – Tanga - Arusha 400kV, km 682	Increase electricity charge/levy from 3% to 5% as required by law	843.31			843.31	435.66	435.66	-	-	-
	Expedite financial negotiations with Exim Bank of china.									
	Expedite payment of compensation for Project Affected Peoples in order to acquire way leave									
Singida – Arusha-Namanga 400kV, km 414	Expedite procurement of consultant	290.40			290.40	67.60	67.60	67.60	67.60	87.60
Somangafungu - Kinyerezi 400kV, km 203	valuation and compensation should be fast-tracked	182.00			182.00	-	-	182.00	-	-
	Fast track financing negotiation with Tanzania Investment Bank (TIB)									
Makambako – Songea 220kV, km 250	Upgrade feasibility study from 220kV to 400kV	42.00			42.00	42.00	-	-	-	-
North West Grid 400Kv –Mbeya – Sumbawanga – Nyakanazi – Kigoma, km 1,148	Expedite timely release of funds.	505.96			505.96	121.96	121.00	121.00	121.00	121.00
	Upgrade feasibility study from 220kV to 400kV									

Location/Type	Intervention Required	Cost Implication (Tshs.Bill)			Annually Budget (Tshs. Billion)					
		Govt.	Private	DPs	Total	20216/17	2017/18	2018/19	2019/20	2020/21
Chalinze - Dodoma 400kV, km 350	Expedite project financial negotiations. Expedite financial negotiations. Payment of compensation	148.99			148.99	119.19	29.80	-	-	-
Bulyanhulu – Geita – Nyakanazi 220kV, km 199	Expedite compensation of project affected people.	246.98			246.98	49.38	49.38	49.38	49.38	49.38
Construction of domestic gas supply Infrastructure in Dar es salaam.	Expedite financial negotiations.	424.93			424.93	-	106.23	106.23	106.23	106.23
Construction of domestic gas supply Infrastructure in Mtwara	Expedite financial negotiations.	34.14			34.14	-	8.54	8.54	8.54	8.54
Construction of domestic gas supply Infrastructure in Bagamoyo	Expedite financial negotiations.	2.40			2.40	-	0.40	0.40	1.60	-
Construction of domestic gas supply Infrastructure in Lindi	Expedite financial negotiations.	6.24			6.24	3.20	0.80	0.40	1.92	-
TOTAL		**3,677.74**		**-**	**3,677.75**	**1,076.59**	**1,057.00**	**773.15**	**593.87**	**372.75**
ICT and e Government interventions										
Establishment of ICT equipment,manufacturing, E – waste recycling and Software development Centers	Sector is required to develop a solid project proposal for the said interventions.									
ICT Park, EPZA – Bagamaoyo	Land compensation (already paid)	3.51			3.51	1.00	0.63	0.63	0.63	0.63
	Land compensation (already paid)									
	Land survey and topographical survey and geotechnical investigation (75% paid)									
	Preparation of master plan									
	Preparation of detailed engineering drawings and BOQ for basic infrastructure									

Location/Type	Intervention Required	Cost Implication (Tshs.Bill)			Annually Budget (Tshs. Billion)					
		Govt.	Private	DPs	Total	20216/17	2017/18	2018/19	2019/20	2020/21
The National ICT Broadband Backbone (Phase III – Sub – phase II), Dodoma	Construction of basic infrastructure through PPP	388.70	406.03		794.73	158.95	158.95	158.95	158.95	158.95
	Backbone Network Expansion									
	Regional Transmission Network									
Postal Communications: National Addressing System in 92 districts	IDC in Dodoma	57.88			57.88	14.40	14.40	14.40	14.40	-
11.5 Deveplopment of Wireless Sensor Networks for Industrial Environmental Monitoring	Issuing National address codes	1.50			1.50	-	0.70	0.80	-	-
	Establish innovate industrial environmental pollutant gases (CO, O_2, CO_2, CO, SO_2, H_2S, NO, NO_2, HC and PM10(Lead)) monitoring base on sensor technology									
	Awareness creation in the use sensor technology to monitor industrial processors									
Advanced Cyber Security Training Services (TIRDO)	Transfer of sensor industrial process monitoring technology to SMMES	0.50			0.50	0.20	0.30	-	-	-
Open Government and Open Data	Training on cyber security issues to raise awareness	0.50		2.00	2.50	0.50	1.00	1.00	-	-
	Development of Standards and guidelines for data quality									
e-Government – Governance and Institution Framework	Establishment of common Infrastructure and Applications for Open Government and Open Data	5.00			5.00	1.00	3.00	1.00	-	-

Location/Type	Intervention Required	Cost Implication (Tshs.Bill)			Annually Budget (Tshs. Billion)					
		Govt.	Private	DPs	Total	20216/17	2017/18	2018/19	2019/20	2020/21
e-Government Infrastructure	Strengthen Institution responsible for oversee and coordinating e-Government implementation	5.00		6.00	11.00	-	4.00	3.00	2.00	2.00
e-Government Research and Development	All public Institutions connected to secure Government wide network	6.00		20.00	26.00	10.00	16.00	-	-	-
e-Government - Information Security	Establishment of e-Government Research, Innovation and Development Centre	5.00			5.00	2.00	1.00	1.00	1.00	-
e-Government – Delivery Channels	Establishment of well equipment Government Cyber Security Centre	3.00	22.00		25.00	-	8.00	7.00	10.00	-
	Establishment of Government Mobile Services Delivery Platform									
e-Government – Application Platforms	Establishment of e-Service Kiosks	1.00	5.00		6.00	-	4.00	2.00	-	-
	Establishment of Government Data Exchange Platform	**477.59**	**433.03**	**28.00**	**938.62**	**188.05**	**211.98**	**189.78**	**186.98**	**161.58**
ICT and e Government subsector TOTAL		**24,457.13**	**12,503.61**	**361.61**	**37,322.36**	**7,538.81**	**9,123.08**	**7,705.59**	**5,769.91**	**3,302.01**