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**THE UNITED REPUBLIC OF TANZANIA
JOINT IDA-IMF STAFF ADVISORY NOTE**

ON THE

**NATIONAL STRATEGY FOR GROWTH AND REDUCTION OF POVERTY
(NSGRP—MKUKUTA II) (2010/11-2014/15)**

January 21, 2011

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INTERNATIONAL DEVELOPMENT ASSOCIATION
AND
INTERNATIONAL MONETARY FUND

THE UNITED REPUBLIC OF TANZANIA

Joint Staff Advisory Note on

**National Strategy for Growth and Reduction of Poverty
(NSGRP—MKUKUTA II) (2010/11-2014/15)**

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January 21, 2011

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I. INTRODUCTION

1. **This Joint Staff Advisory Note (JSAN) reviews Tanzania’s Second National Strategy for Growth and Reduction of Poverty (NSGRP--MKUKUTA II) (2010/11-2014/15).**

MKUKUTA II was made public during the Annual National Policy Dialogue on December 2, 2010, and was subsequently submitted by the authorities to the International Development Association (IDA) and the International Monetary Fund (IMF).

2. **Building on the first NSGRP (MKUKUTA I), MKUKUTA II provides an operational framework for achieving the Millennium Development Goals (MDGs) and Tanzania’s Development Vision 2025, which aims to transform Tanzania into a middle income country.**¹ MKUKUTA II adopts a result-based approach focusing on three clusters: Cluster I: Raising economic growth for reducing income poverty; Cluster II: Improving the quality of life and social well-being; and Cluster III: Improving governance and accountability. MKUKUTA II focuses more than its predecessor on enhancing productivity and growth in order to achieve more marked success in reducing income poverty. To do this, MKUKUTA II identifies selected “growth drivers,” such as agriculture, and outlines sectoral strategies to promote productivity and private sector activity in these areas. The strategy also calls for a shift toward a greater role of the private sector in economic growth. To that end, five overarching themes are established: strengthening and establishing well functioning institutions and markets; efficient use and development of factors of production; provision of infrastructure; ensuring good economic governance; and resource mobilization and financing.

3. **MKUKUTA II was developed through a broad-based consultation process led by the Government and involving many stakeholders.** The process began with in-depth sectoral reviews of MKUKUTA I, the results of which informed the design of MKUKUTA II. Consultations on the draft were conducted with Ministries, Departments and Agencies (MDAs); Local Government Authorities (LGAs); the Parliament; civil society; academic institutions; and the private sector.

4. **MKUKUTA II was formally endorsed by the Government following federal elections on October 31, 2010, but its costing and some implementation/monitoring arrangements need to be further specified.** After being elected to his second term, President Jakaya Kikwete endorsed MKUKUTA II and made it public during the December 2010 Annual National Policy Dialogue to help further build ownership within his new administration. Nonetheless, some implementation arrangements still need to be specified: while MKUKUTA II outlines the desired goals, operational targets, and intervention packages for each cluster, a plan for implementation is still being developed and the plan for monitoring is being revised. Costing of sectoral programs has not been finalized, so aggregated MKUKUTA II costs are estimated, although many MKUKUTA II expenditures have already been incorporated into the Government’s current fiscal year budget.

¹ The United Republic of Tanzania is formed by the union of Tanganyika and the isles of Zanzibar; the latter has its own government for internal affairs, the Revolutionary Government of Zanzibar. The Revolutionary Government of Zanzibar developed a Zanzibar-specific strategy, the Second Zanzibar Strategy for Growth and Reduction of Poverty (MKUZA II), which was launched in December 2010. It provides a framework consistent with MKUKUTA II, guiding the growth and poverty reduction agenda in Zanzibar over 2010/11–2014/15.

5. **For the past decade, Tanzania has experienced high rates of economic growth, thanks to economic liberalization, sound macroeconomic policy management, and an expanding public sector.** Growth accelerated from 3.5 percent on average in the 1990s to around 7 percent over the past decade. Improvements in tax administration, consistent provision of foreign aid, and debt relief created space for a significant expansion in public spending, which increased from less than 16 percent of GDP in 2000 to almost 28 percent in 2009. The increase in public expenditure in education and health allowed significant progresses toward achieving MDGs in those areas. These achievements notwithstanding, there has been less progress in reducing income poverty and boosting private consumption.

6. **Key risks for MKUKUTA II implementation include insufficient financing, delays with meaningful structural reforms to address supply constraints, and unclear prioritization.** The increase in MKUKUTA II-related spending is ambitious: MKUKUTA II identifies financing needs and some options to meet those needs, but it does not consider the various pros and cons or feasibility of the options. Moreover, it is based on very ambitious domestic revenue projections: implementation of its components should be better prioritized, as contingency planning in case the resource envelope turns out to be smaller than envisaged. Significant political will is needed to implement structural reforms to improve the business climate, which remains a key constraint to private-sector led growth. Moreover, constraints to capacity for such large spending increases could result in under-execution or potential losses in spending efficiency: MKUKUTA I monitoring revealed that better prioritization would have strengthened the quality and pace of its implementation. An implementation plan and a monitoring plan for MKUKUTA II will be central complements.

7. **This JSAN provides the staffs' analysis and advice to strengthen MKUKUTA II to help ensure its effective implementation.** Key recommendations are to expand fiscal space through improving spending efficiency and enhancing domestic revenue mobilization in line with its potential, decisive actions to improve the investment climate, a well-considered plan for addressing infrastructure gaps, better prioritization of the strategy's objectives, and better specification of costing and realistic financing.

II. POVERTY DIAGNOSIS AND SOCIO-ECONOMIC STATUS

8. **MKUKUTA II describes the poverty profile and socio-economic status in Tanzania, drawing mainly on recent household and sectoral surveys.** Tanzania is on track to meet roughly half of the MDGs by 2015. The primary school enrollment improved from 59 percent in 2000/01 to 95.4 percent in 2010 on the mainland;² it also increased substantively in Zanzibar, from 75.7 percent in 2006 to 81.4 percent in 2010.³ Mortality rates for under-five children decreased from 112 per 1000 live births in 2004/05 to 81 in 2009/10 on the mainland and from 101 in 2004/05 to 79 in 2007/08 in Zanzibar.⁴ The prevalence of HIV/AIDS dropped from

² MKUKUTA Annual Implementation Report 2009/10; World Bank, Rapid Poverty Assessment 2008.

³ MKUZA October 2010.

⁴ MKUKUTA Annual Implementation Report 2009/10; MKUZA October 2010.

7.0 percent in 2003 to 5.7 percent in 2007/08, and there were only 27 reported cases of malaria per 1000 persons in 2007/08.⁵

9. **Nonetheless, MKUKUTA II acknowledges that income poverty has been reduced only marginally, making it a central priority.** On the mainland, the incidence of poverty was 33.6 percent in 2007, declining slightly from 35.6 percent in 2000/01.⁶ In Zanzibar, the incidence of poverty is projected to have declined from 49 percent in 2004/05 to 40 percent in 2009, missing the target of 25 percent by 2010 by a large margin.⁷ The country is unlikely to meet the MDG target of halving income poverty by 2015.

10. **MKUKUTA II notes that progress in reducing poverty in rural areas has been particularly slow, which is supported by existing analytic work.** On the mainland, the incidence of poverty in rural areas, which house the majority of the population, reached 37.6 percent in 2007, only 1.1 percent below its level in 2001. In contrast, the incidence of poverty was 16.4 percent in Dar es Salaam and 24.1 percent in other urban areas in 2007.⁸ Tanzania has comparative advantages in agricultural production, making agriculture a central channel for reducing income poverty, especially in rural areas. However, the sector has not performed in line with expectations over the past decade. Among those who identified agriculture as their main source of income, poverty incidence is the highest at 38.7 percent.⁹ Agricultural growth in Tanzania has been mainly driven by an expansion in land under cultivation, rather than an increase in productivity per unit of land, partly reflecting underdeveloped rural infrastructure.¹⁰ In addition, a maze of taxes and regulations by LGAs, Crop Boards, and cooperatives has driven a wedge between producer and market prices, reducing farmers' incentives to produce. Determined efforts are needed to address these bottlenecks and unleash the potential of the agricultural sector as a leading driver of growth and employment creation.

11. **Private sector growth is curtailed by serious supply constraints, undermining its contribution to income poverty reduction, which MKUKUTA II could usefully provide more in-depth discussions.** The costs of basic inputs for private business, e.g. power, water, transport, and legal protection, remain very high, while inefficient factor markets and regulatory burdens undermine investment incentives. Access to financial services is quite limited—less than 17 percent of formal businesses reported borrowing from financial institutions and the stock of private sector credit is only 16–17 percent of GDP.¹¹ The formal private sector is too narrowly based to provide sufficient employment opportunities—less than 30 percent of total non-agriculture employment was registered as private wage employment in 2006.¹² In recent years, measures to improve the business climate and productivity have been quite limited, and Tanzania's ranking in the World Bank's Doing Business Database has deteriorated, from 125 in

⁵ Tanzania HIV/AIDS and Malaria Indicator Survey 2007/08.

⁶ World Bank, Rapid Poverty Assessment 2008.

⁷ Zanzibar Human Development Report 2009; the target was set in MKUZA I (2007).

⁸ World Bank, Rapid Poverty Assessment 2008.

⁹ Rapid Poverty Assessment 2008

¹⁰ World Bank, Country Economic Memorandum 2007.

¹¹ World Bank, World Development Indicators; World Bank, FinStats Database 2010.

¹² World Bank Staff calculations based on Tanzania Integrated Labor Force Survey, 2006.

2009 to 128 in 2010. Measures to facilitate private investment and employment generation could complement public actions to lower poverty in Tanzania.

12. **MKUKUTA II rightly pointed out that rapid population growth has impeded poverty reduction.** Even though the poverty rate declined between 2001 and 2007, the absolute number of the poor increased by 1.3 million over the same period. Fast population growth poses challenges for youth employment and the provision of social services. Such tensions will continue since the still-high fertility rate has been combined with positive developments such as lower child mortality and increased life expectancy. Policies are needed to address the demographic challenges, including by improving secondary school attainment for girls and providing incentives to employ women and young people, to reduce both population growth and income poverty.

III. PRIORITY ACTIONS AND CRITICAL AREAS FOR PRO-POOR GROWTH

A. Macroeconomic Framework and Fiscal Choices

13. **The ambitious growth projections underlying MKUKUTA II (8.5 percent annually) will require policy interventions on multiple fronts.** Many are identified in MKUKUTA II, but would need further specification to ensure their effective and timely implementation. In particular, the public investment program needs to identify high-return infrastructure projects to reduce inordinately high input costs, for example, in transport, power, water, and telecommunication.

14. **Underlying revenue projections are likely to err on the optimistic side.** In the absence of aggregated costing of sectors, MKUKUTA II costs are drawn from revenue projections. The budget framework for FY10/11–FY14/15 assumes an increase of domestic revenues from the current level of 15 percent of GDP to 19 percent; however, currently proposed measures to improve tax administration are unlikely to achieve these gains, and the projections are far above those agreed in Tanzania’s program under the IMF’s Policy Support Instrument (PSI). Moreover, MKUKUTA II is to absorb a significantly higher share of domestic revenue (84 percent, compared to 60 percent under MKUKUTA I) through a combination of an increasing revenue envelope and constraints on growth of recurrent spending. If domestic revenue expansion is less than projected and/or recurrent spending is not contained, implementation of MKUKUTA II could be jeopardized.

15. **The discussion of external debt policy shows some inconsistency.** The strategy commits, on the one hand, to reduce external debt given the risks it could pose for maintaining macroeconomic stability, and, on the other hand, relies on foreign borrowing, both concessional and non concessional, to finance infrastructure investment. Although the amount of foreign borrowing is broadly in line with that projected in the PSI-supported program and is not expected to threaten debt sustainability, the choice between alternative financing options will be a critical factor in limiting the rise of debt servicing costs in the budget. In addition, it will be important to ensure that the maturity of the debt aligns with the likely returns from the investment. In that context, staffs encourage the authorities to strengthen debt management capacity as a priority, in line with recommendations from their technical assistance partners.

16. **Even with optimistic revenue estimates, MKUKUTA II acknowledges that there will be a substantial financing gap in the Government budget.** A number of options are explored to eliminate this gap, including public-private partnerships (PPPs) and higher recourse to net domestic financing (NDF). However, there are limits on the extent to which these sources can be tapped. While PPPs could be helpful for financing MKUKUTA II, the authorities will need to develop their capacity to assess potential related contingent risks. In addition, there are reasons for caution about the amounts that can be raised that way. Even in countries where PPPs have been successful, the size of the private sector contribution has been modest. As for domestic borrowing, its use is limited by Tanzania's relatively shallow financial markets and its closed capital account. Given these constraints, the staffs encourage the authorities to expand fiscal space through spending rationalization, improving spending efficiency, and reducing tax exemptions.

17. **Tanzania's floating exchange rate policy has facilitated adjustment in the face of external shocks and staffs strongly advise that it be maintained.** The staffs concur that more export diversification would improve Tanzania's overall competitiveness. However, in terms of public measures, improvements in competitiveness would be more effectively facilitated through structural reforms than through manipulation of the exchange rate. The consideration of measures to curb capital flight appears to be at odds with plans to gradually liberalize the capital account in preparation for future EAC monetary integration. Staffs see benefits in setting up mechanisms to monitor existing capital flows to inform future policy measures in this area.

18. **Notwithstanding food and energy price fluctuations, monetary policy has been successful in keeping core inflation in check.** The staffs concur that monetary policy should remain accommodative in order to help boost private sector credit, as long as inflationary pressures remain low. The inflation projections in MKUKUTA II seem reasonable and feasible, based on recent trends.

B. Structural Reforms and Sectoral Policies

19. **The staffs support the general emphasis and prioritization in MKUKUTA II on structural reforms.** Tanzania's relatively modest private sector suggests an untapped potential for broader-based growth and income poverty reduction. The staffs view inadequate structural reform to address supply constraints as a major risk for implementation of MKUKUTA II. In contrast to the emphasis in the overall strategy on strengthening market institutions and removing binding constraints to private sector development, the strategy for individual sectors (e.g. agriculture and manufacturing) relies more on direct public interventions that risk slowing structural reform and crowding out the private sector.

20. **The staffs welcome MKUKUTA II's emphasis on well-functioning institutions and markets for scaling up the participation of the private sector.** The government's vision for private sector development could be articulated in more detail, delineating the responsibilities of different Government offices in regulating the private sector, and listing concrete steps to improve the market environment. The staffs welcome the recently developed Roadmap for Improvement of Tanzania's Investment Climate but recommend adding a timeline and precise measurable outputs to bring about demonstrable results. Moreover, a strengthening of legislation governing the competition regime is especially important in light of high market concentration

levels in most manufacturing industries, about which the strategy is silent. Priority could be given to the provision of services such as extension services for agriculture and support for accessing technology, as they are important to increase the productivity of small farmers and small and medium enterprises; in some cases, sunset clauses may be appropriate. Lastly, as “promotion of trade” is identified as a key priority area, it could be accompanied by a fuller discussion of trade policy, regional integration, and South-South trade issues, together with a more outwardly focus on how to remove bottlenecks to cross-border trade and investment.

21. MKUKUTA II would benefit from more in-depth discussions of action plans for factor market reforms:

- **Financial sector and legal reforms:** Judicial reform for contract enforcement and establishment of a credit registry and a national identification card would help in reducing risks to lenders. Mobile banking is still in the initial stage: it needs to have a better regulatory framework built on banking and telecommunication laws, combined with efforts to enhance financial literacy. The regulatory framework for banks is sound, but supervision of other financial services, particularly pensions and insurance, could be enhanced. Provisions for small-scale development financing in rural areas should be well targeted to those who would otherwise lack credit and operated on a commercial basis.
- **Labor reforms:** Balancing worker protection with labor market flexibility is important. Tanzania has started to set up a new legal framework for the labor market through laws such as the Employment and Labor Relationship Act and the Labor Institution Act. These reforms have been beneficial in terms of accessibility and transparency but their higher compliance costs may hinder job creation and prevent formalization of the informal sector, which in turn limits labor protection.
- **Land reforms:** It is important that the Government work to implement the Land Act, the Village Land Act, and other components of the legal framework. Measures to improve coordination need to be put in place among different Government offices in implementing the law. There needs to be a push for land surveying and titling to reduce overlap and illegal selling of land. There is also a need to design mechanisms to guard against bias toward weaker social groups and block land grabbing.

22. **Additional focus is needed on prioritizing infrastructure projects most pivotal for private sector-led growth, and sector.** Overall, more focus is needed on a systematic and consistent approach to appraisal of infrastructure projects to determine those with the highest returns to growth, both in terms of growth and fiscal revenues, and to develop realistic, phased implementation plans. Investing in systematic processes for project assessment and selection goes hand-in-hand with making wise choices for new borrowing, including partly on non-concessional terms, and ensuring that new debt accrual remains sustainable. The recently adopted Public Private Partnership (PPP) Act provides an important legal framework for private sector participation in public goods provisions. Sectoral level policies need to be prepared to support the implementation of the Act, taking lessons from past experiences with PPPs. For specific sectors:

- In **transport**, the Transport Strategy Implementation Plan Phase II, in preparation, should be aligned with MKUKUTA II and ensure more focus on the maintenance and rehabilitation of existing infrastructure. Insufficient periodic maintenance has resulted in more expensive rehabilitation, and current trends indicate a decline in budget allocation for road maintenance. While better maintenance is essential for sustaining existing road infrastructure, additional budget will be required to extend the network to remote areas. The government will need to spell out feasible plans, particularly financing options, to achieve the proposed rural road development as well as to improve the management of railways and ports.
- For **energy**, a more strategic plan should be laid out in support of MKUKUTA II. The proposed operational target for electricity generation should be more clearly specified as it is currently vague and is not based on adequate analysis of feasibility and affordability. Above all, the financing arrangements for both domestic and regional master plans (e.g. Power System Master Plan, Southern African Power Pool) must be clarified.
- For **water**, the Government needs to address the capacity constraints in systematic planning, budgeting, monitoring, and reporting, including fiduciary and safeguard aspects. Moreover, the delivery of water supply and sanitation services is decentralized.¹³ The plan should use appropriate unit costs and technology options to maximize benefits to the most people; improve sustainability from the point of view of water resource management; and ensure affordability with respect to operation, maintenance, and renewal.

23. **The staffs strongly support MKUKUTA II's focus on the agriculture sector.** The Government has made commendable efforts in establishing a policy framework for the sector via the Agriculture Sector Development Strategy 2001 (ASDS) and the Agriculture Sector Investment Program 2005, and more recently the "Agriculture First" (*Kilimo Kwanza*) policy. However, progress has been slow. Main problems include underdeveloped rural infrastructure; market distortions through crop boards and primary societies/cooperatives; export bans; the preference for subsidies over research, extension, and irrigation; a complex maze of local taxes, levies, and exceptions; and excessive transportation costs associated with the port system and border posts. The proposed 6 percent growth rate for the agriculture sector will be hard to achieve without consistent and determined policy reforms. MDAs and LGAs should collaborate to strengthen the institutional framework, creating a favorable climate for commercial activities, and investing in core public goods.

24. **The staffs note the Government's target for a sustainable utilization of natural resources in MKUKUTA II.** Weaknesses in governance have been the main constraint in the natural resources sector, especially lack of transparency and accountability, inequitable sharing of benefits with local communities, and weak monitoring and surveillance of stocks, especially of forestry and wildlife resources. Progress has been made to improve the institutional environment through, for example, legislation for commercial natural resources management (NRM). However, weak law enforcement and regulatory capacity continue to threaten the sustainability of the system. The staffs encourage the Government to focus on improving revenue collection systems through decentralization, raising the ability of local communities to benefit

¹³ The delivery of WSS relies on Urban Water Supply and Sewerage Authorities, other district / small town utilities and LGAs.

from revenue collection, promoting market-based principles, and strengthening capacity for data collection, monitoring, and surveillance.

C. Human Development and Social Wellbeing

25. **MKUKUTA II rightly emphasizes investing in people and sustaining socio-economic progress, especially in view of the challenging demographic trend.** Social service delivery capacity is a top priority. Accountability in delivering social services remains insufficient, in particular due to (i) continuing shortages of qualified staff; (ii) still problematic flows of funds to service delivery units at the local levels, both in terms of timing and transparency; (iii) inequitable distribution of resources, including both funding and human resources, across districts and regions in Tanzania, resulting in significant differences in access to services and to health and education outcomes; and (iv) inadequate information on procedures to access different social services. Moreover, the current strategy provides for disjointed interventions for service delivery. A multi-sectoral approach that focuses on strengthening service delivery capacity, and links these investments to labor market issues would increase the effectiveness of the Government's policies. This in turn calls for effective coordination structures which the strategy needs to address.

26. **The staffs agree with MKUKUTA II's renewed focus on the quality of schooling and the efficiency of resource allocation in education.** MKUKUTA II candidly points to the declines in quality due to rapid expansion in enrollment, and the unequal distribution of education services across the country. The strategy also rightly refers to the regressive nature of the heavy subsidy to tertiary education. Nonetheless, the strategy aims at more rapid growth in all school sectors and commits to the existing model of tertiary expansion. In-depth analysis of inefficiencies in the schooling system, measures to improve quality, performance and accountability, and modalities of private investment could help to resolve these conflicting objectives. There is also a need to identify options to shift the education budget away from subsidies to higher education towards primary and secondary education.

27. **The priority given to improving survival, health, nutrition and well being, especially for children, women, and vulnerable groups, is well justified.** It places emphasis on key issues such as improving maternal, newborn, and child health; reducing fertility; improving nutrition; and addressing HIV/AIDS and tuberculosis. While there is a cross-cutting focus on health systems strengthening and improving service delivery, this does not come out quite as clearly in the document, so particular care will need to be taken implementation planning to ensure that these issues are appropriately addressed. Health sector finance deserves more policy focus, because a more cohesive, equitable, and sustainable health financing system is essential if health targets are to be achieved.

28. **The staffs support MKUKUTA II's emphasis on social safety nets and social protection.** The government has developed a National Social Protection Framework (NSPF) to provide more comprehensive national coverage for the most vulnerable, including through knitting together some existing social protection systems. However, the current fiscal budget does not provide financing for the NSPF or any of its pilots. The Social Security Regulatory Act (2008) is in place and the Social Security Regulatory Agency has been formed recently to enforce the Act, covering all pension schemes and health insurance services. Although

Tanzania's six pension schemes are considered sustainable now, the pension fund practices could be significantly improved to increase efficiency and avoid accumulating contingent liabilities for the Government.

D. Governance and Public Sector Management

29. **MKUKUTA II acknowledges the need to accelerate implementation of public financial management reforms to ensure that increased spending under MKUKUTA II can be executed, and executed well.** Efficient public spending remains a cornerstone for faster growth, poverty reduction, and social wellbeing. Tanzania's public financial management (PFM) system is more solid than most in Africa, but recent performance has been mixed. For the first time in three years, the General Budget Support Annual Review rated progress on PFM reform satisfactory. However, the Controller and Auditor General reports still identified weaknesses with the Integrated Financial Management Information System, and problems reconciling accounts. Staffs agree that dedicated, unwavering effort is now needed to speed progress in this area.

30. **An effective anti-corruption program requires enhanced institutional capacity and resource allocation.** MKUKUTA II lacks specificity in this area—for example, it mentions stepping up the activities of the steering committee for the National Anti-Corruption Strategy and Action Plan, but no concrete measures are proposed. In fact, the committee has not been able to operate at full capacity due to collaboration issues between different agencies. Similarly, MKUKUTA II touches on capacity building for oversight and watchdog institutions and increasing public involvement, but institutional arrangements are not specified.

31. **The staffs encourage the Government to take a firmer stance on managing the public service on the basis of performance.** Areas for improvement include implementing accountability and performance monitoring systems, and reviewing the remuneration system and incentive structure for public servants. Appointments, rewards, promotions, and transfers should be a function of performance rather than seniority or other discretionary criteria, in order to improve efficiency and effectiveness. Additionally, greater transparency and better provision of information would strengthen the demand side for good governance.

IV. IMPLEMENTATION FRAMEWORK, MONITORING AND EVALUATION

32. **The staffs note that MKUKUTA II tries to better prioritize strategic policies and collaborate efforts, taking lessons from the implementation of MKUKUTA I.** For each broad goal, the strategy sets out operational targets and outlines corresponding intervention packages supported by a Result Matrix. Priority areas are also presented. However, it does not fully clarify the linkages between operational targets and suggested intervention packages, the relationship between priority areas and intervention packages, and consistency across sectoral plans. The staffs urge the Government to complete the implementation plan envisaged to address these issues. The Implementation Plan should present costed sectoral programs to drive a prioritized public investment framework.

33. **The staffs note that efficient implementation of the strategy will require continued improvements in public expenditure management.** In particular, spending efficiency will need to be increased, particularly regarding recurrent spending, in order to make fiscal space for higher development spending. At the sectoral level, the alignment between MKUKUTA II targets, the medium term expenditure framework (MTEF), and annual budget allocations will need to be strengthened. For that purpose, the staffs support the Government's efforts in reforming the Strategic Budget Allocation System and the proposal for mandatory public expenditure review by MDAs. In addition, the Government needs to take a firmer stance on ensuring the consistency between budget allocation and execution. The staffs welcome the Government's efforts to better manage cash payments through use of the payment settlements system, and regular monitoring of outstanding payment claims.

34. **The staffs urge the Government to strengthen the results framework and complete the MKUKUTA II Monitoring Master Plan.** For tracking and reporting on implementation, a more focused results framework needs to be established to define realistic and measurable indicators. The envisaged MKUKUTA II Monitoring Master Plan includes the key features for a good Monitoring and Evaluation system, including defined institutional responsibilities, a survey calendar, a calendar of planning, budgeting and reporting, and a funding mechanism. The staffs note that the challenge is to finish the revisions in time to effectively monitor implementation.

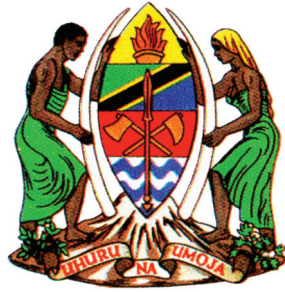
V. CONCLUSIONS AND ISSUES FOR DISCUSSION

35. The staffs endorse the reorientation in MKUKUTA II to hasten progress to reduce income poverty. Building on the socio-economic progress in the past decade, determined efforts to scale up the participation of the private sector in growth and employment generation and continued endeavors to improve the quality of life and social wellbeing and to ensure good governance and accountability should help ensure broader-based growth. Nonetheless, low domestic revenue expansion, inadequate structural reform, and lack of prioritization could adversely affect implementation.

36. The staffs recommend that as the authorities implement MKUKUTA II, special attention be given to the following issues:

- Improve spending efficiency and mobilize domestic revenues by reducing exemptions and other measures to expand the tax base;
- Decisively carry out structural reforms to improve the investment climate; in particular, follow the Roadmap to bring about demonstrable results, improve factor market efficiency, and address infrastructure bottlenecks;
- Strengthen public service delivery capacity through a multi-sectoral approach;
- Speed up public financial management reform; and
- Improve prioritization in implementation

In considering MKUKUTA II and the JSAN, do Executive Directors concur with the staffs' characterization of the risks, and recommendations by the staffs to strengthen the strategy and its implementation?



UNITED REPUBLIC OF TANZANIA

NATIONAL STRATEGY FOR GROWTH AND REDUCTION OF POVERTY II

NSGRP II

MINISTRY OF FINANCE AND ECONOMIC AFFAIRS

July 2010

Further information and further copies of this strategy can be obtained from:

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FOREWORD

This is the Second National Strategy for Growth and Reduction of Poverty (NSGRP II) to be implemented between 2010/11 and 2014/15. In the Tanzanian lingua franca, Kiswahili, it is known as Mpango wa Pili wa Kukuza Uchumi na Kuondoa Umaskini Tanzania or MKUKUTA II. As with MKUKUTA I (2005/06 – 2009/10) the focus continues to be that of accelerating economic growth, reducing poverty, improving the standard of living and social welfare of the people of Tanzania as well as good governance and accountability. MKUKUTA II, like its predecessor, is a vehicle for realizing Tanzania's Development Vision 2025, the Millennium Development Goals (MDGs) and the aspirations of the ruling Party's Election Manifesto.

MKUKUTA I: Achievements and Challenges

MKUKUTA I yielded demonstrable positive results. Since 2005, the economy grew at 7 percent quite in line with the set target of 6 – 8 per cent per annum. However, the achievements could have been much higher had the Tanzanian economy not been affected by daunting local and global challenges during the implementation period. First, there was the most severe drought, which adversely affected crop production, livestock and power generation to proportions never experienced in recent decades.

At the global level, our economy was negatively impacted by high oil and food prices and the global financial and economic crises. Much affected, in this regard, have been the volume and prices of exports, the flows of capital and investment, tourist arrivals and earnings from tourism.

MKUKUTA I was also marked by significant improvements in the provision of public services including education, health, water, energy, telecommunications and infrastructure, particularly roads. Provision of these services was made possible by increased domestic revenue collection as well as support from development, also made significant contribution. Government revenues increased from a monthly average of Tanzanian shillings 177 billion in 2005/06 to Tanzanian shillings 390 billion in 2009/10.

Access to education has increased at all levels, with tremendous increase happening with secondary school education. Some 2,171 new public secondary schools were built in the last five years through community participation and government cooperation. This is by far, a bigger achievement compared to the 1,202 secondary schools constructed since independence in 1961 up to 2005. As a result of this expansion, the number of secondary school students has increased from 524,325 in 2005 to 1,638,669 in 2010. However, there are

challenges of huge demand for teachers, textbooks, science laboratories and teachers housing which are being addressed and will have to be addressed more strongly in MKUKUTA II and beyond.

Access to health services has increased though modestly, following the conception of the new Health Policy in 2007 and the designing of a Primary Health Service Development Programme (2007 – 2017). New health facilities – dispensaries, health centres and hospitals were constructed and availability of equipment and medicines has been improved. Among the major objectives of the new policy and programme is to bring health care services closer to the people, at a distance of not more than 5 kilometers, improve referral system at all levels and availability of health workers including doctors and nurses.

Making clean and portable water accessible to people has been one of the daunting challenges. Very modest success was achieved under MKUKUTA I with access to water increasing from 53.7 percent in 2005 to 60.1 percent in 2010 in rural areas and from 74 percent in 2005 to 84 percent in 2010 in urban areas. There has been notable achievement with regard to roads although the task ahead remains enormous for a country of 945,000 sq. km. with 86,472 km of roads of which only 6,700 is paved. Over 2,200 kilometers of roads have been upgraded from gravel to tarmac in the last five years. Many regional, urban and rural roads and bridges were constructed or repaired and maintained making majority of them passable throughout the year.

With regard to good governance and accountability, notable progress has been made under the National Framework on Good Governance and various reforms. Public financial management has improved and the judicial system has been significantly expanded. Efforts to increase gender equality in leadership positions are bearing encouraging outcomes and the fight against corruption has been strengthened.

Obviously challenges abound in each area and these are what we look forward to addressing in the course of implementation of MKUKUTA II. We need to increase economic growth and raise peoples' incomes. We have not done well in reducing income poverty in MKUKUTA I, we have to do better in MKUKUTA II. We need to consolidate the gains in education by addressing various challenges emanating from the rapid expansion of secondary and tertiary education. We need to further improve peoples' health by building stronger capacities to prevent and cure diseases. We need to further increase access to health care by the people of Tanzania and scale up efforts to reduce child and maternal mortality and eliminate malnutrition. We need to make available to every Tanzanian, clean

and portable water close to their homesteads. We need to connect our country with efficient modes of transport and communication networks. And, last but not least, we need to sustain and advance the achievements made in good governance and intensify the fight against corruption.

MKUKUTA II: Expectations and Challenges

Though MKUKUTA II builds on its predecessor's strategy, it is oriented more towards growth and enhancement of productivity, with greater alignment of the interventions towards wealth creation as a way out of poverty. This orientation thus opens space for realignment of subsequent medium term strategies and calls for more active private sector participation. MKUKUTA II has also been informed by changes in the global environment. The recent global financial and economic crises will continue to have ramifications on Tanzania's economy for sometime. Besides the shocks, policy developments at the global and regional levels have continued to shape the way Tanzania interacts with other economies. There are opportunities and, sometimes, constraints associated with WTO, EPA policies related to global economic architecture, climate change, as well as regional developments such as the onset of the East African Common Market. MKUKUTA II takes cognizance of the opportunities associated with these developments, such as, trade expansion, joint infrastructure development, and also non-economic benefits such as regional peace initiatives.

Thus MKUKUTA II emphasizes on (i) focused and sharper prioritization of interventions - projects and programmes - in key priority growth and poverty reduction sectors (ii) strengthening evidence-based planning and resource allocation in the priority interventions (iii) aligning strategic plans of MDAs and LGAs to this strategy (iv) strengthening government's and national implementation capacity (v) scaling up the role and participation of the private sector in priority areas of growth and poverty reduction, (vi) improving human resources capacity, in terms of skills, knowledge, and efficient deployment (vii) fostering changes in mind-set toward hard work, patriotism, and self-reliance; (viii) mainstreaming cross cutting issues in MDAs and LGAs processes, (ix) strengthening the monitoring and reporting systems; and (x) better implementation of core reforms, including paying strong attention to further improvement of public finance management systems.

It is important to stress those good strategies, plans and intentions alone cannot result in growth and reduction of poverty unless every one of us from the public sector to the private sector to communities to individual citizens is prepared to work hard and diligently to realize the intended results. I promise to ensure that the Government strengthens its capacity at all levels to deliver the envisaged development outcomes efficiently. I look forward to all key actors and stakeholders to play their part as well.

Lastly, I wish to convey my sincere appreciation to all those who worked tirelessly for many months to produce this MKUKUTA II. Also, I take this opportunity to thank all our development partners who have for many years supported us in our national development endeavours. Tanzania and Tanzanians are where and what they are today because of this invaluable support. My appeal to our partners and friends is that they should continue to support us during the crucial period of implementing the MKUKUTA II and MDGs.



Jakaya Mrisho Kikwete

PRESIDENT OF THE UNITED REPUBLIC OF TANZANIA

ACRONYMS

| | |
|---------|---|
| ADB | African Development Bank |
| AIDS | Acquired Immuno Deficiency Syndrome |
| ANC | Antenatal Care |
| ANFES | Adult and Non –Formal Education Strategy |
| APRM | Africa Peer Review Mechanism |
| ART | Anti-Retroviral Therapy |
| ARV | Anti-Retroviral |
| ASDP | Agricultural Sector Development Programme |
| ATM | AIDS Tuberculosis and Malaria |
| BCC | Behavioral Change Communication |
| BET | Board of External Trade |
| BoD | Burden of Diseases |
| BoT | Bank of Tanzania |
| BWOs | Basin Water Offices |
| CBD | Central Business Districts |
| CBO | Community-Based Organization |
| CDM | Clean Development Mechanism |
| CFS | Consolidated Fund Services |
| COSTECH | Commission for Science and Technology |
| COWSOs | Community Owned Water Supply and Sanitation Organisations |
| CSO | Civil Society Organization |
| CTC | Counseling and Testing Centres |
| DAWASA | Dar es Salaam Water and Sanitation Authority |
| DAWASCO | Dar es Salaam Water and Sanitation Company |
| DCC | District Consultative Meetings |
| DDA | Doha Development Agenda |
| DoTs | Direct Observed Treatment of Tuberculosis |
| DPG | Development Partners Group |
| DPs | Development Partners |
| DSW | Disaster Service Workers |
| EAC | East Africa Community |
| ECD | Early Childhood Development |

| | |
|-------|---|
| EDZs | Economic Development Zones |
| EITI | Extractive Industries Transparency Initiative |
| EPA | Economic Partnership Agreement |
| EPI | Expanded Programme of Immunization |
| EPZs | Export Processing Zones |
| ETP | Education Training Policy |
| EU | European Union |
| FBOs | Faith-based Organizations |
| FDI | Foreign Direct Investment |
| FTA | Free Trade Area |
| GBS | General Budget Support |
| GDP | Gross Domestic Product |
| GGCU | Good Governance Coordination Unit |
| HBS | Household Budget Survey |
| HIV | Human Immuno-deficiency Virus |
| ICT | Information and Communication Technology |
| IFMS | Integrated Financial Management System |
| IGAs | Income Generating Activities |
| ILFS | Integrated Labour Force Survey |
| ILO | International Labour Organisation |
| IMCI | Integrated Management of Childhood Illness |
| IMF | International Monetary Fund |
| IMTC | Inter-Ministerial Technical Committee |
| IPM | Integrated Pest Management |
| IPR | Intellectual Property Rights |
| IPT | Intermittent Preventive Treatment |
| IPTp | Intermittent Presumptive Treatment in Pregnancy |
| ITN | Insecticide-Treated Net |
| JAST | Joint Assistance Strategy for Tanzania |
| LED | Local Economic Development |
| LGAs | Local Government Authorities |
| LGMD | Local Government Monitoring Database |
| LGRP | Local Government Reform Programme |
| LSRP | Legal Sector Reform Programme |
| MAFSC | Ministry of Agriculture, Food Security and Cooperatives |

| | |
|-------|---|
| MCAJ | Ministry of Constitutional Affairs and Justice |
| MCDGC | Ministry of Community Development, Gender and Children |
| MCST | Ministry of Communication, Science and Technology |
| MDAs | Ministries, Departments and Agencies |
| MDGs | Millennium Development Goals |
| MDNS | Ministry of Defense and National Service |
| MEM | Ministry of Energy and Minerals |
| MEVT | Ministry of Education and Vocational Training |
| MFAIC | Ministry of Foreign Affairs and International Cooperation |
| MFEA | Ministry of Finance and Economic Affairs |
| MHA | Ministry of Home Affairs |
| MHSW | Ministry of Health and Social Welfare |
| MICS | Ministry of Information, Culture and Sports |
| MID | Ministry of Infrastructure Development |
| MITM | Ministry of Industry Trade and Marketing |
| MLDF | Ministry of Livestock Development and Fisheries |
| MLEYD | Ministry of Labour, Employment and Youth Development |
| MLHHS | Ministry of Lands, Housing and Human Settlement |
| MMS | MKUKUTA Monitoring System |
| MNRT | Ministry of Natural Resources and Tourism |
| MSMEs | Micro, Small and Medium Enterprises |
| MTEF | Medium Term Expenditure Framework |
| MVC | Most Vulnerable Children |
| MWI | Ministry of Water and Irrigation |
| NAO | National Audit Office |
| NBS | National Bureau of Statistics |
| NEMC | National Environment Management Council |
| NER | Net Enrolment Ratio |
| NGO | Non-Governmental Organization |
| NMCP | National Malaria Control Programme |
| NMSF | National Multisectoral Strategic Framework |
| NSAs | Non State Actors |
| NSGRP | National Strategy for Growth and Reduction of Poverty |
| NSI | National Systems of Innovations |
| NSPF | National Social Protection Framework |

| | |
|----------|--|
| ODA | Official Development Assistance |
| OVC | Orphans and Vulnerable Children |
| PADEP | Participatory Agricultural Development Programme |
| PBG | Plan and Budget Guidelines |
| PCCB | Protection and Combating of Corruption Bureau |
| PEDP | Primary Education Development Programme |
| PEFA | Public Expenditure and Financial Accountability |
| PER | Public Expenditure Review |
| PFMRP | Public Financial Management Reform Programme |
| PHDR | Poverty and Human Development Report |
| PHSDP | Primary Health Sector Development Programme |
| PLHAs | People Living with HIV/AIDS |
| PLWH | People Living with HIV |
| PMO | Prime Minister's Office |
| PMO-RALG | Prime Minister's Office – Regional Administration and Local Government |
| PMTCT | Prevention of Mother-To-Child Transmission |
| PO | President's Office |
| Po-SH | President's Office State House |
| PO-PSM | President's Office – Public Service Management |
| PRBS | Poverty Reduction Budget Support |
| PRSC | Poverty Reduction Support Credit |
| PRSP | Poverty Reduction Strategy Paper |
| PSLE | Primary School Leaving Examination |
| PSRP | Public Sector Reform Programme |
| PWDs | People Living with Disabilities |
| RAHCO | Reli Asset Holding Company |
| RAWG | Research and Analysis Working Group |
| RCC | Regional Consultative Meetings |
| RITA | Registration, Insolvency and Trusteeship Agency |
| R&D | Research and Development |
| RGZ | Revolutionary Government of Zanzibar |
| SADC | Southern Africa Development Community |
| SBAS | Strategic Budget Allocation System |
| SEDP | Secondary Education Development Programme |
| SEIA | Strategic Environmental Impact Assessment |

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| SEZ | Special Economic Zones |
| SIDO | Small Industries Development Organisation |
| SPILL | Strategic Plan for the Implementation of Land Laws |
| SPs | Strategic Plans |
| STI | Science, Technology and Innovation |
| SUMATRA | Surface, Marine Transport Regulatory Authority |
| TAA | Tanzania Airport Authority |
| TACAIDS | Tanzania Commission for HIV/AIDS |
| TANESCO | Tanzania Electrical Supply Company |
| TANROADS | Tanzania Road Agency |
| TASAF | Tanzania Social Action Fund |
| TA | Technical Assistance |
| TAWASANET | Tanzania Water and Sanitation Network |
| TAZARA | Tanzania Zambia Railways Authority |
| TB | Tuberculosis |
| TCCA | Tanzania Civil Aviation Authority |
| TCCIA | Tanzania Chamber of Commerce, Industry and Agriculture |
| TDV 2005 | Tanzania Development Vision 2025 |
| THMIS | Tanzania HIV/AIDS and Malaria Indicator Survey |
| TIC | Tanzania Investment Centre |
| TNBC | Tanzania National Business Council |
| TPA | Tanzania Ports Authority |
| TRA | Tanzania Revenue Authority |
| TSED | Tanzania Socio-economic Database |
| TSMP | Tanzania Statistical Master Plan |
| TWLB | Tanzania Warehouse Licensing Board |
| URT | United Republic of Tanzania |
| UWSA | Urban Water and Sanitation Authority |
| VCT | Voluntary Counseling and Testing |
| VETA | Vocational Education and Training Authority |
| VPO | Vice President's Office |
| WB | World Bank |
| WASH | Water Sanitation and Hygiene |
| WSDP | Water Sector Development Programme |
| WTO | World Trade Organisation |

1.1. Introduction

The Second National Strategy for Growth and Reduction of Poverty II (NSGRP II or MKUKUTA II in its Kiswahili acronym) is a continuation of the government and national commitments to accelerating economic growth and fighting poverty. It is a successor to the first National Strategy for Growth and Reduction of Poverty implemented from 2005/06 to 2009/10. MKUKUTA II emphasizes: on (i) focused and sharper prioritization of interventions - projects and programmes in key priority growth and poverty reduction sectors; (ii) strengthening evidence-based planning and resource allocation in the priority interventions; (iii) aligning strategic plans of Ministries, Departments and Agencies (MDAs) and Local Government Authorities (LGAs) to this strategy; (iv) strengthening government's and national implementation capacity; (v) scaling up the role and participation of the private sector in priority areas of growth and poverty reduction; (vi) improving human resources capacity, in terms of skills, knowledge, and efficient deployment; (vii) fostering changes in mind-set toward hard work, patriotism, and self-reliance; (viii) mainstreaming cross cutting issues in MDAs and LGAs processes; (ix) strengthening the monitoring and reporting systems; and (x) better implementation of core reforms, including further improvement of public financial management systems.

MKUKUTA II, thus is a framework to rally national efforts during 2010/11 – 2014/15 in accelerating poverty-reducing growth by pursuing pro-poor interventions and addressing implementation bottlenecks. It is a medium term mechanism to achieve the aspiration of Tanzania's Development Vision 2025 (TDV 2025) and the Millennium Development Goals (MDGs) of transforming Tanzania into a middle income country characterized by (i) high quality livelihood, (ii) peace, stability and unity, (iii) good governance, (iv) a well educated and learning society, and (v) a strong and competitive economy. MKUKUTA II translates Vision 2025 aspirations and MDGs into measurable broad outcomes organized under three clusters – Cluster I: Growth for Reduction of Income Poverty; Cluster II: Improvement of Quality of Life and Social Well-being; Cluster III: Governance and Accountability. Moreover, MKUKUTA II is linked to sector policies and strategies through the operational targets. For effective implementation, Sectors aligns their Strategic Plans with MKUKUTA II, develop their Priority Action Programmes, and cost

them. Detailed costing of interventions and the financing framework is undertaken under the MKUKUTA II implementation plan.

1.2. National Policy Context

The commitment to accelerate economic growth and fight poverty has been consistently implemented through a series of strategies and plans ranging from sector specific strategies to multi-sectoral strategies. The Government adopted results and MDG-based strategy, the National Strategy for Growth and Reduction of Poverty in order to sustain and scale up achievements as well as address the challenges to growth and poverty reduction agenda.

The adoption of a results-based strategy brought forth a number of prerequisites in its implementation. These included:-(i) recognition of cross-sectoral contribution to outcomes and inter-sectoral linkages and synergies; (ii) emphasis on mainstreaming cross cutting issues; (iii) integration of MDGs into cluster strategies; (iv) adoption of a five-year implementation period to give ample time to implementation and monitoring; (v) greater role of private sector, economic growth and good governance; and (vi) recognition of the need to address vulnerability, human rights and social protection issues. Thus MKUKUTA I broadened the content given the enlarged view of poverty which better informs the policy mix and spells out a clear framework for effective stakeholder participation/engagement particularly of the private sector in economic growth. As such, the design of MKUKUTA II has been informed by this paradigm change. Though MKUKUTA II builds on the predecessor Strategy, it is oriented more towards growth and enhancement of productivity, with greater alignment of the interventions towards wealth creation as way out of poverty. This orientation thus opens space for reorientation of subsequent medium term strategies.

1.3. External Economic Context

MKUKUTA II has also been informed by the changing global environment. Developments in the global economic conditions, such as increases in oil and food prices, and global financial and economic crisis, will continue to have ramifications on Tanzania's economy. Such shocks impact Tanzania's economy through several channels, with trade (especially exports) and financial flows (especially foreign direct investment) being the main transmission channels. Slowdown of growth, reduction in financial and capital flows, were the results of the first round effects of the crisis. Effects of increases in food and oil prices are reflected in the surge for large scale land acquisitions for bio-fuel and food production. Much as such shocks threaten Tanzania's economy, they also open several opportunities, e.g. in terms of increased demand for bio-fuel and food produce.

Besides the shocks, policy developments at global and regional levels have continued to shape the way Tanzania interacts with other economies. There are opportunities, and sometimes, constraints associated with the World Trade Organisation (WTO), Economic Partnership Agreements (EPA), and policies related to global climate change. Development in regionalism, e.g. the East African Common Market (EACM), Southern Africa Development Community (SADC), Indian Ocean Ream (IOR) and Nile Basin Initiatives (NBI) are also among the forces that will continue to have significant impact on Tanzania's economy. Opportunities associated with these developments include expanded trade, joint infrastructure development as well as non-economic benefits such as regional peace initiatives. In general, effects of these developments on trade, movement of labor and capital will be an important factor in national development in the medium to long term. These developments have provided lessons that informed the strategic positioning of MKUKUTA II.

1.4. Review and Consultation Processes

The Government and stakeholders resolved to undertake MKUKUTA I review with a view to developing a successor strategy towards the end of 2008. The rationale for reviewing MKUKUTA I was rooted in the fact that it was scheduled to end during 2009/10. Furthermore, the changing realities, in terms of opportunities and challenges, both domestically and in the global arena, necessitated reviewing the Strategy. The review and subsequent processes were organized in five stages as summarized below. Details of the Review Process and Stakeholder consultations are presented in a separate report.

- i. **Preparatory stage:** the objective was to establish consensus on different aspects of the review, including scope, modality and issues for review as well as coordination and management of the whole process. Key stakeholders at this stage were government officials from the United Republic of Tanzania and Revolutionary Government of Zanzibar (RGZ), Development Partners (DPs) and representatives from the Civil Society Organizations (CSOs). The process was operationalized through the National Dialogue Structure and Division of Labor. The output of the preparatory stage was the Guidelines for the Review and Preparation of MKUKUTA II.
- ii. **The Assessment Stage:** this aimed at providing critical analysis and identify reasons for under- or non- achievement of the targets. Thus, the assessment focused on development impacts and analysis of processes and implementation effectiveness of MKUKUTA I. The assessment stage involved mainly the Public Expenditure Reviews (PER) process and Consultants from various Academic and Research Institutions. Key

output of the assessment stage was analytical reports, which informed the drafting of MKUKUTA II.

- iii. Drafting and Dialogue Phase:** This phase involved literature review, drafting and limited consultations. The output of this was strategy outline and framework for the design of the MKUKUTA II, which was shared with key stakeholders and consensus reached on the broad and strategic direction.
- iv. Stakeholder Consultations:** The Consultation process on the draft MKUKUTA II took into account ongoing and recent stakeholder consultations in the country on similar development processes. In particular, the African Peer Review Mechanism (APRM) and the National Social Protection Framework greatly influenced the approach for consultations which involved two phases, i.e, stakeholder-led consultations and National level consultations. The objectives of these consultations were three fold; (i) identifying gaps in the draft (ii) enhance national ownership of development initiatives, and (iii) capacity building of the national stakeholders. Key stakeholders engaged in the consultations were MDAs LGAs CSOs, Research and Academic institutions, DPs, Association of Tanzania Employers(ATE) and Private sector

1.5. Layout of the Document

MKUKUTA II is presented in seven chapters and one appendix. Chapter II presents the status of poverty, challenges, and opportunities. The chapter covers issues of income poverty and growth, quality of life and social wellbeing, and good governance and accountability. Chapter III spells out the framework of the Strategy, including principles and fundamentals of the Strategy, the design, and criteria for prioritization. Chapter IV outlines the Strategy in details, showing broad outcomes, goals, operational targets, and order of priority areas and cluster strategies. Chapter V provides details on implementation arrangements including a multi-phase approach for programming process, budgeting and implementation. Monitoring and evaluation systems are highlighted in Chapter VI. Chapter VII sets the projections of the macroeconomic framework and financing modalities for the Strategy. Appendix 1 is the Results Matrix.

2.1. Introduction

This chapter reviews performance of the economy in relation to growth and reduction of poverty, mainly during implementation of MKUKUTA I 2005/06 -2009/10. It identifies and analyses key binding constraints and challenges so as to inform the way forward for MKUKUTA II. The analysis is organised around the three clusters, namely, Growth and Reduction of Income Poverty, Quality of Life and Social Wellbeing, and Good Governance and Accountability. Highlights on implementation, monitoring and evaluation, and financing have also been presented.

2.2. Growth and Reduction of Income Poverty

2.2.1. Income Poverty and Challenges of Income Distribution

Tanzania's GDP growth rate has been impressive in the recent past. However, the incidence of income poverty did not decline significantly. As Table 2.1 shows, out of every 100 Tanzanians, 36 were poor in 2000/01 compared to 34 in 2007. Income poverty (basic needs and food poverty) varied across geographical areas, with the rural areas being worse off. Rural growth proxied by growth of the agricultural sector was about 4.5 percent on average. When this growth is contrasted with the national population growth rate of 2.9 percent, the change in rural per capita income becomes small, thus perpetuating poverty in rural areas.

Table 2.1: Incidence of Poverty in Tanzania (poverty head count index)

| Incidence of Poverty | | | | | |
|----------------------|---------|---------------|-------------------|-------------|-------------------|
| | Year | Dar es Salaam | Other Urban Areas | Rural Areas | Mainland Tanzania |
| Food | 2000/01 | 7.5 | 13.2 | 20.4 | 18.7 |
| | 2007 | 7.4 | 12.9 | 18.4 | 16.6 |
| Basic Needs | 2000/01 | 17.6 | 25.8 | 38.7 | 35.7 |
| | 2007 | 16.4 | 24.1 | 37.6 | 33.6 |

Source: URT, NBS, Household Budget Survey 2000/01, and 2007

Although, about 630,000 new jobs were created annually, particularly in the informal sector unemployment remains an issue, in particular among the youth. Generally, unemployment rate was higher for females about 15.4 percent compared to 14.3 percent for male youth (ILFS 2006) Moreover, women constituted only 24.7 percent of paid employees.

The high rate of poverty in rural areas is also explained by the main source of livelihood. Studies on Tanzania have shown a significant positive correlation between basic needs poverty and food poverty. Eradication of extreme poverty and hunger (MDG1, “halve, between 1990 and 2015, the proportion of people who suffer from hunger”) has important ramifications not only on poverty and hunger in themselves but also on other socio-economic aspects as well, as the two are intrinsically intertwined. Hunger does not only weigh on the individual, but also imposes an economic burden on the country. Food poverty threatens basic human functioning. As Table 2.1 shows, food poverty is highest in rural areas, at 18.4 percent compared to the national average of 16.6 percent. Progress on reduction has been low, at (-) 2.0 percent compared to the national rate of (-) 2.1 percent.

Given the large proportion of the poor in rural areas who depend on agriculture as their mainstay, agriculture is central to poverty reduction in general and hunger/ food poverty in particular.

2.2.2. Growth Patterns

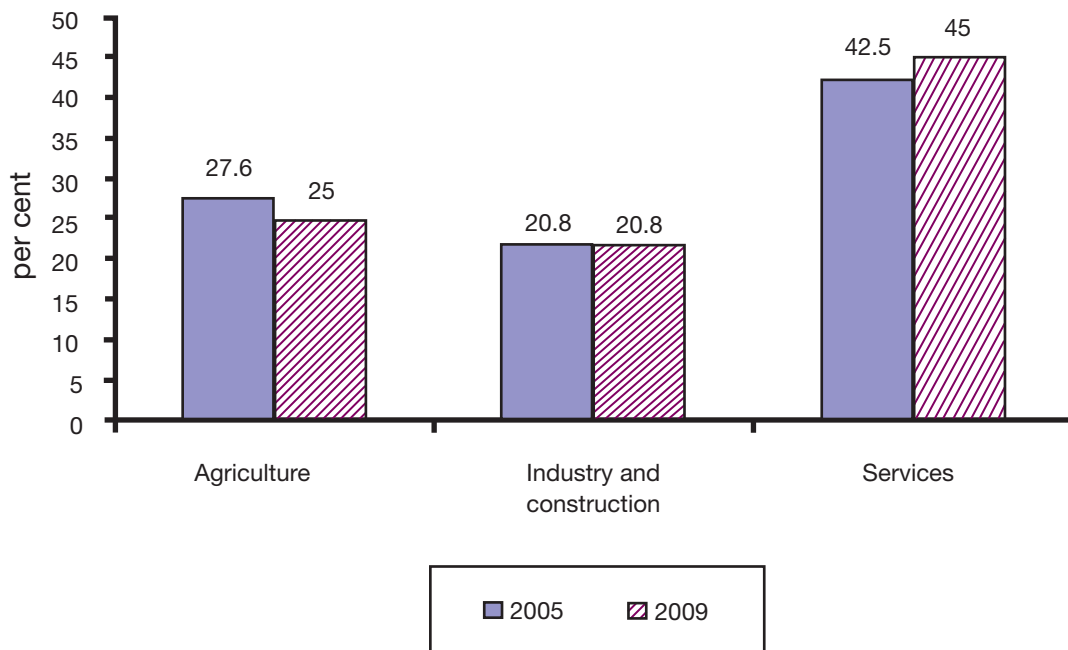
Overall GDP Growth and the GDP Structure:

GDP growth shows a rising trend, except for years with shocks such as food crisis, power crisis, and global economic and financial crisis. Since 2005, Tanzania’s GDP annual growth rate averaged 7 percent, which was in line with MKUKUTA target of 6 – 8 percent per annum. In 2009 GDP growth was 6.0 percent, declining partly due to the global financial crisis. Volume and prices of exports fell, flows of capital and investment fluctuated, tourism and demand for tourism products fell as well. These effects worsened the balance of payments and exerted inflationary pressure on the economy. The severity of the impact of the crisis varied across sectors. Sectors such as tourism with greater linkages to the outside world were more impacted.

The structure of Tanzania’s economy in terms of GDP composition has changed in recent years. The share of agriculture in GDP (Figure 2.1) declined relative to services and industry and construction. Services constitute the main sector of the economy, thus its growth will be critical for sustaining higher economic growth.

Agriculture: Agriculture is still dominated by small-scale farmers; with about 70 percent of farming being dependent on the hand hoe; 20 percent on ox-plough, and 10 percent on tractors. This, notwithstanding, the sector has been identified as a growth driver. The diverse climatic zones provide potential for many crops, livestock and forestry products, as well as sufficient water for irrigation and livestock, and large size of arable land. Thus, given its role in supporting the rural poor and in reducing malnutrition, agriculture has the potential of lifting many of the poor out of poverty. Moreover, increased food demand in neighbouring countries provides further opportunities for agriculture to expand and increase exports to these countries.

Figure 2.1: Shares of Major Sectors in GDP 2005 and 2009



Source: MOFEA (2010) Economic Survey 2009

Sluggish growth of agriculture was a result of a combination of many factors. These included poor infrastructures to support agriculture, inadequate extension services, and poor technology of production, low value addition, lack of appropriate financing mechanisms for agriculture, unreliable markets, unfair and uncompetitive farm gate prices, and environmental degradation.

Fisheries Sector: The fisheries sector maintained modest growth, attaining a 5 percent in 2008 before declining to to 2.7 percent in 2009. Tanzania has immense fishery with resource potentials – both in fresh and marine waters,

which if sustainably utilised can contribute to improving livelihoods, including the nutrition. The main challenge that this sector faces is illegal fishing and trafficking of fish and fishery products across borders, thus, reducing the sector's contribution to growth and reduction of poverty. Other challenges include use of inappropriate fishing gears by small and medium scale fisherfolk, limited credit resource degradation, and high post fishing losses.

Manufacturing sector: Manufacturing sector development is an integral part of industrial transformation to facilitate growth and generation of employment. The sector's forward and backward linkages are key to facilitating performance of other sectors. The sector has great potentials of driving growth and employment. However, the sector is constrained by high cost of doing business and bureaucratic and infrastructure impediments, mainly due to unreliable supply of power, and water; ineffective transport networks and other Information Communication Technology (ICT) infrastructure; and small domestic market, intense competition for imports, and inadequate export drive.

Mineral sector: Tanzania is endowed with large deposits of gold, diamond, tanzanite, ruby, tin, copper, nickel, iron, phosphate, gypsum, coal, natural gas, uranium and oil. Mining involves large and small scale, both of which are potential. Before 2007, the sector grew at about 15 percent annually, dropped to 2.5 percent in 2008 and to a further 1.2 percent in 2009 due to decline in export of diamonds and gold production. A wide fluctuation in growth is the challenge facing the sector. Other challenges include weak linkages between the sector and local supply chains, low domestic value addition; limited multiplier effects and employment creation; environmental-related conflicts; and technical and institutional capacities for effective management of the sector. Nevertheless, the vast mineral deposits in the country point to a high potential of the sector's contribution to growth and socio-economic transformation. The sector has been identified as a driver of growth.

Land use: Tanzania has abundant land suitable for various economic activities and human settlement. Demand of land for crop farming, livestock keeping and settlements has been increasing. Urbanization is increasingly growing, at about 6 percent per annum. Most of the land is un-surveyed and undeveloped, invariably leading to conflicts over land use. For optimal utilization of land, participation of the private sector in land development (surveying, zoning, etc) is very critical. This will provide means to empower people and build government capacity for future revenue generation from land and support further growth. This will also increase resources available for accelerating basic investment in the land sector (an important sector to all sectors) through public-private partnership initiatives.

Tourism sector: Tanzania has some of the world's finest tourist attractions notably mountains, and game reserves, famous for trekking expeditions. These

attractions have potentials for expanding growth of the sector in particular, and the economy at large.

Tanzania's tourism sector is largely dependent on foreigners which make it more vulnerable to global adverse developments. In 2009, for example, sector growth declined to 4.4 percent from 4.5 percent in 2008. The sector also faces other constraints such as insufficient technical, managerial, and entrepreneurial skills for a modern industry, infrastructural bottlenecks and poor tourist supporting services (health, finances, insurances, ICT, etc). These constraints have resulted into under-utilisation of the full potential of the sector. Addressing these constraints will lead to expansion of not only natural resource based tourism, but also cultural tourism, sports tourism, and conference/convention tourism. Institutional set-ups in dealing with this sector need to be reviewed and strengthened.

Infrastructural development: There have been modest improvements in growth-related infrastructure such as roads, ports (sea and air), energy, but little progress in railways sub sector. The percentage of roads in fair and good conditions has increased since 2005, but the time taken to discharge cargo at the ports has declined. Installed energy production capacity increased but lagged behind growth in demand. Challenges need to be addressed, including frequent power outages, port congestion, and poor conditions of rural roads. Tanzania can be the regional transport, trade and logistic hub given her advantageous geographical location if such challenges are addressed. Other challenges include congestion in cities, high construction costs, climate change (leading to destruction of infrastructure and life span of the infrastructure), as well as environmental issues in construction sites. At the local level, small scale infrastructure development such as the construction of small dams and bridges has been facilitated by community participation. Among the challenges in MKUKUTA II is how to scale –up such community initiatives.

2.2.3. Macroeconomic Management

Tanzania's macroeconomic management during MKUKUTA I was geared towards improving public finance management, keeping spending in line with the national development priorities and resource constraints, and instituting supportive monetary policy to ensure macroeconomic stability. Maintenance of macroeconomic stability was achieved, despite several external and internal shocks.

Inflation: The inflation rate, which had dropped to just below 5 percent during the early years of 2000, gradually started to rise in 2005, and kept an upward trend to 12.1 percent by December 2009. This rise was due to drought-instigated food shortages in Tanzania and neighbouring countries; outages in electricity supply, which increased production costs as producers shifted to using generators; and

increases in petroleum prices, which raised the import bill and production costs. However, though inflation targets were not realized, the economy recorded high and sustained growth and increased revenue mobilization.

Credit to private sector: The ratio of domestic credit to private sector rose from 4.6 percent in 2001 to 13.8 percent in 2007. This though is still relatively small relative to demand especially by manufacturing and agriculture sectors.

Foreign Direct Investments (FDIs): The value of FDIs has been increasing since 2005, averaging USD 603 million annually. The largest share of FDI inflows went to mining and tourism. FDIs have also been affected by the low level of local human resource development in terms of quality and skills to serve in more sophisticated undertakings. Improvements in human capital and business environment can unleash investment potentials in all sectors.

External balance: Since 2005, the exchange rate has been fluctuating, with negative effects on the import bill, official reserves, and macroeconomic stability. The import bill has been expanding faster than export earnings, thereby causing increases in the trade deficit. The proportion of exports as a percentage of GDP ranged between 21.7 percent and 23.1 percent, mainly sustained by increases in exports of non-traditional commodities, largely minerals, and a modest increase in the export of manufactured goods. The rapid increase in gold price, which accounts for a considerable share of non-traditional exports, was largely driven by the global financial crisis; and hence is likely to be short-lived. Likewise, the decline in gold production signals the danger of relying heavily on a single product. Unlike gold, other main export goods and services were adversely affected by the global financial crisis.

2.3. Quality of Life and Social Well Being

The implementation of MKUKUTA I interventions in Cluster II focused on achieving two broad outcomes, namely: (i) improved quality of life and social wellbeing, particularly of the poorest and most vulnerable groups in the population; and (ii) reduced inequities e.g., in education, survival, and health across geographic areas, income, age, gender and other attributes. To that effect, the interventions made recorded considerable improvements in the delivery of social services— notably in education, health, water, sanitation and social protection. The investments in education and health in the recent past have enabled Tanzania to record improvement on the Human Development Index (HDI) ranking, from position 163 in 2000 to 151 in 2009, thereby graduating from the Low Human Development Group of Countries to mid human development group.

2.3.1. Education

Interventions in the education sector were guided mainly by the Education and Training Policy (ETP) and the Education Sector Development Programme (ESDP), through the Primary Education Development Programme (PEDP), Secondary Education Development Programme (SEDP), Higher Education Development Programme (HEDP), Folk Education Development Programme (FEDP), Adult and Non-formal Education Strategy (ANFES), Teacher Development and Management Strategy (TDMS), Vocational Education Act, the Technical Education and Training Policy, and Higher Education Policy. The Government also implemented cross sectoral programmes such as TASAFA. The main result has been increased access to education at all levels. The rapid increase in enrolment has also led to challenges with regard to quality because of overstretched educational infrastructure as well as human resource capacity.

Inequity in resource allocation was a challenge in primary education deliveries. Teachers were inequitably distributed both inter and intra regional and districts levels. Schools in remote and hard-to-reach areas had fewer teachers than schools in urban centres. Other challenges included low, though improving, transition rates to secondary education and high dropout rate. Although enrolment rate of girls in secondary schools was similar to that of boys, the dropout rates were higher for girls. As a result, a clear gender gap in enrolment is observed during the last years of ordinary secondary education and advanced level. Of special concern was the drop out due to pregnancy increasing from 6.5 percent in 2006 to 10.3 percent in 2008 out of the total reasons for drop out.

The challenges of quality at secondary education are reflected in declining pass rates at ordinary and advanced levels, dropping from 89.1 percent in 2006 to 83.7 percent in 2008 and 96.3 percent in 2006 to 89.6 percent in 2009, respectively, owing to the general poor infrastructure and inadequate teachers at ordinary and advanced secondary schools levels. Variations across subjects were also high, especially between science and mathematics and non science/mathematics. The pass rate for science subjects was lower. This was largely due to inadequate quality teachers in mathematics and science subjects, and inadequate facilities such as laboratories and related accessories. Games and sports, as part of physical education, received inadequate support.

Considerable progress has also been made in the implementation of Adult and Non-formal education programs within the Adult Education and Non-formal Education (AE-NFE) Strategy. Since 2005, about half a million out-of-school children and youth got their education through COBET programs. ICBAE learners' enrolment increased from 675,000 in 2005 to 957,289 in 2009. Likewise, enrolment in Open and Distant Learning (ODL) increased from 6,782 in 2005 to 38,036 in 2009. Despite these achievements adult illiteracy rate increased from

28 percent in 2005 to 31 percent in 2009. About 19.1 percent of women aged between 15 and 49 year did not have formal education (DHS 2010) compared to 9.5 percent for men. The slight increase in illiteracy was mainly due to lack of awareness on the importance of education in some communities.

School inspection at pre-primary, primary, and secondary levels, is a crucial area for monitoring inputs, processes and learning outcomes in schools. Inspectorate services were low at less than 25 percent of the target due, in part to lack of adequate resources. This reinforced inequity: schools that were in need of regular inspection and support in 'hard to reach' areas, were least supervised.

There were significant expansions in enrolment at teacher training colleges, higher education, and technical and vocational education and training due to increased number of both public and private institutions. Like in other education levels, expansion of enrolment in public institutions of higher learning overstretched available resources, with the potential of compromising quality. Technical and vocational education and training received a declining share of public funding, despite the increased enrolment and the critical role it plays in human resource development and economic growth. As a result, majority of the youth were left behind with low basic skills and reduced employability. Monitoring and evaluation of technical and vocational education and training was less developed compared to other education levels.

Gender imbalance at post secondary school level remained a challenge. During 2008/09, for example, females made up only 32.1 percent of total enrolment in public universities and university colleges compared to 32.2 percent in 2006. Low participation rate of women in tertiary education does deprive women in terms of level and nature of their participation in decision making processes.

2.3.2. Health and Nutrition

MKUKUTA I implementation scaled-up interventions in health with generally positive results. The achievements, challenges and opportunities are discussed below:

Fertility, life expectancy and mortality rates: Total fertility rate (TFR) remained relatively high, at 5.4 children per woman in the 15-49 age group. The rate was 6.1 in rural areas compared to 3.7 in urban area. . The relatively high TFR was mainly due in part of low usage of modern contraceptive methods and low level of education. The relatively high TFR is the major trigger for high population growth rate.

Life expectancy increased from 51 years in 2002 to 54 years in 2008 (53 years for male and 56 years for females), mainly due to decline in HIV prevalence and improved child survival. DHS (2010) shows that the neonatal mortality

rate declined to 26 per 1000 live birth, compared to 29 in 2007/08. Table 2.2 shows significant improvement in child survival rates, largely due to gains in malaria control through improved diagnosis and treatment of malaria, as well as prevention through increased use of Insecticide Treated Nets (ITNs). In addition, success of other preventive measures, such as measles vaccination, vitamin A supplementation, and implementation of Integrated Management of Childhood Illnesses (IMCI) enhanced child survival. Disparities persist, between and within regions and districts, urban and rural areas, and by wealth status. Children living in rural areas and those in poverty stricken families were more disadvantaged both in terms of service uptake and outcomes than those in urban areas and wealthier households. Thus, challenges to sustain the gains which have been achieved in child health include addressing these disparities and focusing on strengthening health systems and early childhood nutrition to improve maternal and neonatal health.

Table 2.2. Trends in early childhood mortality rates, 1996-2010

| Survey Year | Approximate Calender Period | Infant mortality | Under-five mortality |
|-------------|-----------------------------|------------------|----------------------|
| 1996 | 1992-1996 | 88 | 137 |
| 2004-05 | 2000-2004 | 68 | 112 |
| 2007-08 | 2003-2007 | 58 | 91 |
| 2010 | 2006-2010 | 51 | 81 |

Note: Data refer to five years prior to each survey

Source: NBS (2010): Tanzania Demographic and Health Survey 2010

In 2010, the maternal mortality ratio during the ten-year period before the survey was estimated as 454 maternal deaths per 100,000 live births. This ratio is somewhat lower than the ratio estimated for the 10-year period prior to 2004-05 TDHS (578 maternal deaths per 100,000 live births) and the 1996 TDHS (529 maternal deaths per 100,000 live births). Factors contributing to poor maternal health include: long distance to delivery facilities, poor nutrition, high workload of expecting mothers, malaria incidences, poor quality of services at delivery facilities (particularly, quality of obstetric care – in terms of access to skilled assistance at delivery capable of providing life-saving procedures), poor referral systems, and teenage pregnancies (which carry a higher risk of maternal death). The challenge is that maternal mortality is characterized by wide disparities across regions, and between rural and urban areas, education groups, and wealth groups.

Malnutrition is both a challenge and one of the serious health problems in Tanzania and the single biggest contributor to child mortality. It is the main inhibitor to educational performance and a key impediment to economic growth through its consequences on health, the ability to learn and labor productivity. Though considerable progress has been made, the overall levels of malnutrition remain high, in particular among rural households and the urban poor. Children, pregnant and lactating mothers are the most vulnerable.

Loss of stature at an early age has long-lasting negative implications for a person's physical and cognitive development which are extremely difficult to overcome. Under-nutrition among Tanzanians is manifested at an early age; therefore, great emphasis is placed on monitoring child nutrition. Malnutrition of children is a serious problem in Tanzania, a manifestation of not only poverty and food insecurity but also nutrition of women of reproductive age. The sequel of malnutrition in children is multiple and grave. Child malnutrition fuels illnesses, undermines learning, erodes human capital and reduces labor productivity, ultimately affecting growth and labor market outcomes at the adult age. Children in rural areas suffer substantially higher rates of malnutrition than urban children.

Four out of every 10 children under five years of age are stunted and about one out of every five is underweight. Malnutrition is caused by food insecurity, poor caring practices, an unhealthy living environment, and inadequate access to quality health services. For children under the age of two years, who are most vulnerable to malnutrition, the major causes are inadequate breastfeeding and bad complementary feeding practices, combined with poor maternal nutrition and micronutrient deficiencies.

Malaria, TB, and HIV and AIDS: Malaria, TB, and HIV and AIDS continue to affect Tanzanians in many dimensions, in particular health and economic dimensions. During 2007/08, malaria prevalence in children (6-59 months of age) ranged between 5 percent and 30 percent. There was a decline in malaria transmission, severe anaemia, fever incidences, malaria inpatient admissions and the proportion of fever cases due to malaria. This was partly explained by improvements in the coverage of insecticide-treated nets (ITNs), even though the coverage was still lower in rural areas compared to urban areas. Other malaria interventions included the introduction of highly-effective artemisinin-based combination therapy "ALU", Rapid Diagnostic Tests (RDTs), larviciding, and indoor residual spraying.

HIV and AIDS continue to be a national challenge. According to the data from Tanzania HIV/AIDS and Malaria Indicator Survey (THMIS) 2007 - 2008, the national prevalence among the sexually active populations (between 15 and 49 years of age) is 5.7 percent. The data show more women (6.6 percent) were infected than men (4.6 percent). Promiscuous sexual behaviour, intergenerational

sex, concurrent sexual partners, and presence of other sexually transmitted infections were the main factors.

National efforts to address these factors were scaled-up under the National Multisectoral Strategic Framework (NMSF) on HIV and AIDS. More than 60 percent of the demand for ART is not met, and there were serious weaknesses in service delivery, particularly in rural areas. Though coverage of the program for Prevention of Mother-to-Child Transmission (PMTCT) of HIV in terms of the number of sites in the program increased since 2005, it still remained fairly low. For example, only 37 percent of pregnant women attending Antenatal Clinics (ANCs) were reached by PMTCT services during the first half of 2009. These problems coupled with fewer than 600 Counselling and Testing Centres (CTCs) for the whole country contributed to more than 60 percent of adults remaining untested for HIV.

Progress has also been recorded in controlling other diseases, such as TB and leprosy, through the National TB and Leprosy Control Program. Encouraging results in controlling these diseases emanate from increased coordination between the National TB and Leprosy Control Program and HIV and AIDS interventions.

Human resources in health sector: Although enrolment in medical schools has increased over the years, there is still a shortage of health professionals, especially the more skilled cadres. The shortage of skilled health professionals, which is most felt in rural areas, is estimated to be 65 percent. This shortage poses a challenge to the implementation of the Primary Health Services Development Program (PHSDP) in terms of addressing the human resources constraint. Moreover, existing health professionals are unevenly distributed, with significant disparities within regions and within districts, with remote districts having less health professionals. Related challenges include health systems strengthening and improving health care delivery, human resources management, supply chain management, and general management (including governance and accountability issues).

2.3.3. Water and Sanitation

Access to water supply and sanitation is very important for improved quality of life and wellbeing, especially when linked with other social services, as well as economic growth. During the past five years, key structural developments were initiated in the water sector; these included the Water Sector Development Programme (WSDP) which started in July 2007. WSDP is a twenty year nationwide programme for improving the provision of water supply and sanitation services, and ensuring water for productive activities through integrated water resource management for socio-economic development. For efficiency and effectiveness

of interventions, the WSDP strives to strengthen the overall sector institutional and personnel capacity.

Water supply: The WSDP mobilised significant financial resources to the sector. Through its quick-win sub-projects; an additional 8,285 water points have been developed, providing water supply to over 1.89 million additional beneficiaries. As a result, access to water supply services in rural settlements increased from 55 percent in 2005 to 58.7 percent in December 2009. Progress in improving urban water supply services in regional major urban centres managed by Urban Water and Sewerage Authorities was also strong, mainly through development of new water sources; rehabilitating, and expanding water supply networks. This resulted in increased coverage from 74 percent in 2005 to 84 percent in December 2009. However, access in small towns and district headquarters is still a major challenge because it needs heavy investments in new water sources and rehabilitation and expansion of networks.

Likewise, water supply service coverage in Dar es Salaam remained at 68 percent since 2005, mainly due to slow increase in water production compared to 8 percent population growth rate. In terms of use of facilities (estimated from survey data), prior to the WSDP, the Household Budget Survey (HBS07) showed a decline in water supply services, from 90 percent in 2000/01 to 79 percent in 2007 for urban water supply, and from 46 percent to 40 percent over the same timeframe for rural water supply.

In terms of equity, the poor spends a significant share of labour and time (especially in rural areas) and income (especially in urban areas), on accessing water.

Sanitation and Hygiene: According to HBS data (estimated by the Joint Monitoring Programme, 2010) only 24 percent of households used improved sanitation facilities.. Hygiene is also constrained by shortages of water and soap and poor waste disposal practices. Water-borne diseases, especially diarrhoea and dysentery, remained significant health challenges and dehydration caused by severe diarrhoea is a major cause of morbidity and mortality among children.

Adequate sanitation and hygiene facilities for education, and health institutions, and other public places such as passengers' stations, were also critical. In schools, about 58 female pupils share one latrine against the target of 20 per latrine and 61 male pupils share a latrine against the target of 25 per latrine. School children in the poorest urban areas are at a higher risk due to high population density, coupled with poor water and sanitation infrastructure.

Promotion of enabling environment for sanitation, clear policy statement is vital to delineate roles among institutions (MHSW, MWI, MEVT, PMORALG, LGAs)

finances and monitoring,. Expansion of institutional sanitation and development of sound hygiene practices is also vital.

2.3.4. Decent Shelter and Human Settlement

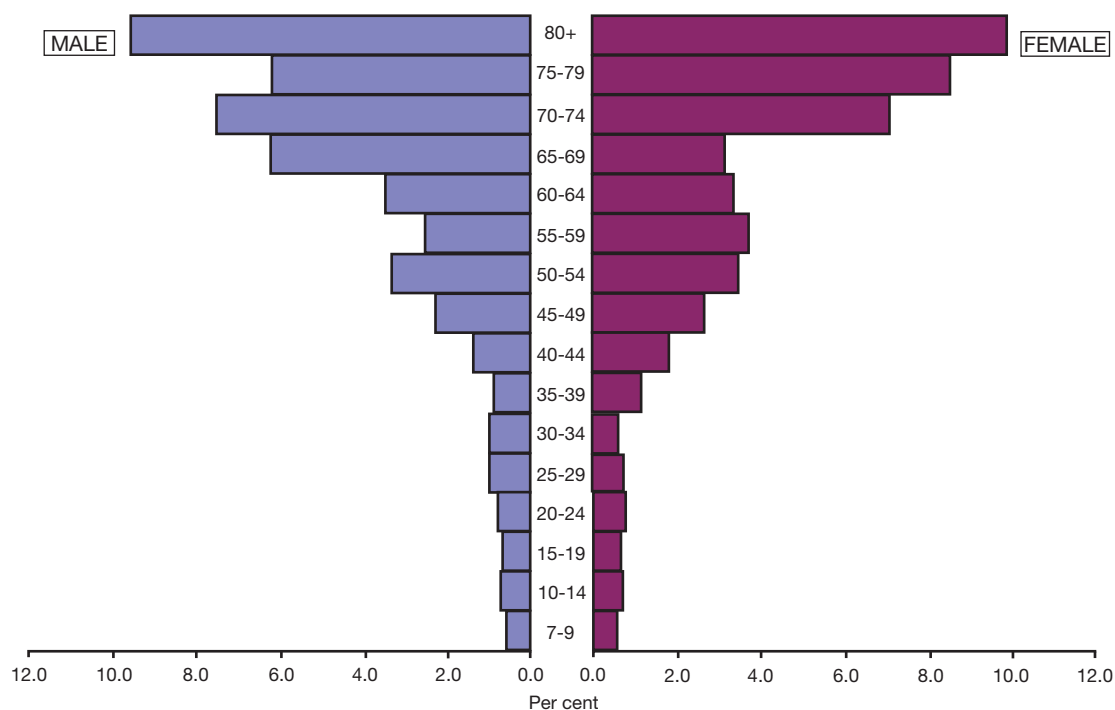
The need for decent shelter was noted in both rural and urban areas, but more pronounced in urban areas because of high population growth. Most urban settlements are increasingly developed outside the formal planning and management system. Peri-urban areas are increasingly sub-divided into smaller plots by land owners and development takes place without paying due regard to plans for provision of basic community facilities and services. Unplanned settlements increased tremendously to include developments on hazard-prone lands such as steep slopes, flood plains, river valleys, and dumpsites. Also, Commercial Business Districts (CBDs) of most urban centres are increasingly becoming congested.

Rapid urbanization is largely explained by rural-urban migration. Other challenges facing settlement planning and management include inadequately serviced land for shelter and human settlements, especially for women, youth, the elderly, disabled and disadvantaged. These also include poor infrastructure and poor social services, inability to create employment opportunities, low capacity for trained professionals for land use planning and technical, financial and managerial responsibilities.

2.3.5. Social Protection and Wellbeing of Vulnerable Groups

The National Social Protection Framework (NSPF) identifies vulnerable groups, whose rights are unprotected, to include orphans and vulnerable children, widows, people living with HIV, youths, young mothers, people with disabilities, and eligible elders over the age of 60. Disability prevalence was 7.8 percent in 2008. The prevalence is higher in rural areas (8.3 percent) than in urban areas (6.3 percent) and tends to increase with age (Figure 2.2). People with disabilities find difficulties in accessing reliable transport, and buildings due to unfriendly housing infrastructure. They are suffering from limited access to information, and social stigmatization. Directly or indirectly, these factors reduce the chances of vulnerable groups accessing social services as well as contributing to economic growth and poverty reduction efforts relative to other groups.

Figure 2.2: Overall Percentages of Persons with Disabilities by Age and Sex (7 Years and older)



Source: NBS (2008) Tanzania Disability Survey Key Results

There are practices that have adverse effects on vulnerable groups. These include customs, norms, taboos and values, unhappy marriages; domestic and gender-based violence, drunkenness and drug abuse. Other factors causing poverty and vulnerability include natural calamities, HIV and AIDS; low incomes; lack of education and skills; lack of access to clean and safe water; and indecent shelter.

These challenges point to the need for interventions customized to address social protection issues of those economically deprived and insecure due to life contingencies, poverty traps or various kinds of livelihood shocks.

2.4. Good Governance and Accountability

Strategic interventions under this cluster aimed at three broad outcomes: (i) good governance and the rule of law are ensured; (ii) leaders and public servants are accountable to the people; (iii) democracy, political and social tolerance is deepened; and (iv) peace, political stability, national unity and social cohesion are cultivated and sustained. Good progress was attained in several areas but challenges remain.

2.4.1. Structures and Systems of Governance

Following the implementation of numerous political, economic, legal, and social reforms over the past decade, Tanzania is now a functioning democracy with political stability, peace, respect for human rights and rule of law. This has enabled Tanzania to get a satisfactory rating on good governance by experts, international agencies, and citizens, including those in the private sector

Several initiatives have been undertaken to strengthen good governance and accountability under the National Framework on Good Governance and other relevant policies. Notable progress has been made. For example, investigation of 706 cases associated with corruption was completed. Compliance level to the Public Procurement Act by both public and other procuring entities was 60 percent in 2008/09. For central government procuring entities compliance was at an average of 57 percent. However, compliance for LGAs was unsatisfactory. Also, effectiveness of Parliamentary oversight function was high as well, the roles of the media, civil society, and other watchdogs increased. Accountability in the use of public funds also improved. Out of 105 MDAs audited 88 percent received a clean (unqualified) audit certificate in 2008/09 as compared to 70 percent in 2007/08. The proportion of LGAs that received clean audit certificate was 58 percent compared to 72 percent in 2007/08.

Despite these notable achievements, the state of public finance management, public administration and service delivery; business environment and the policies, legal, and regulatory framework still calls for deeper and concerted efforts in reform and implementation measures. Studies under MKUKUTA Review and reports of various international rating institutions such as the World Bank (Doing Business Report), Transparency International, PEFA reports, Controller and Auditor General's reports, and assessment under GBS/MKUKUTA/PER process indicated that the quality of public finance management, accountability, business environment, corruption, and service delivery and legal services was satisfactory but in need of further improvement.

2.4.2. Gender – Balanced Inclusion

Constitutional amendments in 2005 set a target of 30 percent for women's participation in Parliament, as per SADC benchmark. The number and percentage of female members of Parliament increased from 21.5 percent in 2000 Elections to 30.3 percent in 2005 Elections. More women members of Parliament were appointed to the Cabinet, with some holding very strategic positions.

The percentage of women in leadership positions (including MPs) in public service increased marginally from 20 percent in 2004/05 to 22 percent in 2008/09. Only 5 percent of LGA councillors were women. As Decentralization by Devolution

(D-by-D) continues to be implemented, more development interventions were under the oversight of the LGA councillors. As such, women empowerment has to be extended beyond political positions, to include other spheres in the society.

2.4.3. Effective Public Service Framework

Systems for quality and efficiency of service delivery (e.g., issuance of certificates, property rights, etc.) continued to improve. Assigning property rights (e.g., land ownership, birth registration, etc.) is critical for economic governance and high and sustained growth. Vital registration needs to be improved, by strengthening linkages and communication between families and service delivery points, particularly local government authorities and health services.

The participation of citizens in local government institutions and other community groups, improved. This included participation in specific local committees - school committees, water committees, public works committees, farmers' groups; and in preparation of village/ward plans.

2.4.4. Equitable Allocation of National Resources

Equitable resource allocation has two sides: the collection and expenditure sides. The collection side involves good tax and non-tax systems (which observe equity principles, fairness, progressivity, and ability. The expenditure side focuses on the distribution of the collected revenues. Currently, tax revenues (15 percent of GDP) are collected from a narrow base, mainly due to large informal sector, thereby causing substantial distortions in the economy. The informal sector continues to be largely outside the tax net, which affects many issues of good economic governance. On the expenditure side, the needs-based formula allocation of resources to LGAs was effective in many areas. However, distribution of staff showed disparities between urban and rural LGAs. Most urban LGAs had relatively more agricultural extension staff, teachers, and health workers than rural LGAs.

2.4.5. Governance in Natural Resources

Sound economic governance of natural resources is critical for poverty reduction, not only for the communities in the locality, but also for the whole nation. The poor depend significantly on the environment and natural resources for the basic needs and livelihoods. Due to limited incentives for sustainable management (property rights etc), limited alternative livelihoods and unsustainable land management practices environmental degradation continued further to propagate the poverty cycle. Over utilisation of environment and natural resources was driven by commercial interests, weak regulation and fragmented policy frameworks. The economic value of revenues received from concessions and licenses from mining, forestry, fishing and wildlife commodities, was low.

2.4.6. Human Rights

Protection of human rights continued to improve, though much emphasis was needed to speed up and sustain the gains. Women's movements, under the civil society umbrella, were key players in pushing the human rights agenda forward. Among measures included enhanced awareness and capacity of law enforcers on issues related to women's rights, particularly in dealing with gender-based violence. Sexual abuse and harassment were still common violations of human rights against especially women and children. Accurate data on the extent of gender violence, sexual abuse and prosecution of these offences are not readily available because many cases of gender violence and sexual abuse are either not reported or not referred to the courts.

Legal and regulatory environment for ensuring access to justice by all, particularly women, faces a number of challenges that encumber the realization of these rights. These include the following: inadequate capacity of justice institutions in timely and fair delivering of justice to all, inadequate human resources, weak physical infrastructure, low knowledge of justice officials on human rights issues, and social and cultural norms and values that discriminate women.

2.4.7. Culture and Development

There was significant progress in many cultural aspects, such as language, cultural festivals, games and sports. Some of these achievements include expansion in the usage of Kiswahili, preservation of historical sites, capacity building, funding of research studies and infrastructural development related to culture and sports. However, there was still scope for expanding the role of game and sports in education, employment, empowerment, sensitization and awareness raising. It is imperative to adopt a wider definition of culture as enshrined in Development Vision 2025, which includes changes of mind sets, self reliance, confidence and patriotism, environmental conservation, the reading culture, adherence to ethical conduct, work ethics, entrepreneurship, savings, and, with a view to assessing fully the contribution of culture to development.

2.5. Implementation Arrangement

MKUKUTA, as an organizing framework, has brought with it clear coordination mechanisms in a number of areas since its inception in 2005/06. These included areas such as planning, resource mobilization and allocation, stakeholder participation and engagement in policy dialogue. In planning, MKUKUTA has guided alignment of MDAs' Strategic Plans (and therefore MTEF) to MKUKUTA. As regard to resource mobilization and allocation, Tanzania has witnessed increased volume of external support. These were aligned to national priorities and budget. MKUKUTA also introduced and strengthened management tools

such as the Strategic Budget Allocation System (SBAS), strengthening of the Integrated Financial Management Systems (IFMS), and monitoring and evaluation and reporting systems and mechanisms. Moreover, over the period 2005/6 – 2009/10, there was an expanded participation of stakeholders in policy dialogue and improved mechanism for such dialogue, including adoption of the National Policy Dialogue and Division of Labour. However, the implementation of MKUKUTA also faced several challenges. These included:

i. Inadequate prioritization and coordination of interventions:

By design, coordination and prioritization of interventions should have been done at sector and cluster levels; but this could not be adequately achieved because the actors did not fully comply with the implementation guidance. Hence, implementation was weak and unsatisfactory, as MDAs' contributions to a particular outcome tended to be inadequate. Guidance on the implementation of various interventions by sectors within a cluster setting was also inadequate. Furthermore, collaboration in planning, budgeting, and implementation at MKUKUTA Clusters, sectors, and MDAs levels, was weak.

ii. Inadequate complementary strategies and plans:

MKUKUTA spelt out the need for a clear growth strategy and a human resource development plan. These plans were not prepared, with the consequence that growth issues were treated inadequately. In addition, implementation was limited by capacity issues – technical and human – that remained weak. In many cases, capacity depended on Technical Assistance (TA) interventions, many of which did not enhance the local capacity. With weak human capacity, the knowledge economy envisaged in the Vision 2025 faced greater challenges.

iii. Weak emphasis on implementing PPP Modality:

The Public-Private Partnership (PPP) was not well coordinated. The government continued to be both the financier and provider of socio-economic services. The PPP implementation arrangement was not guided by a policy or comprehensive plan; it was limited to a few areas. In the absence of PPP policy, the existing Partnership was largely guided by the requirements of the Public Procurement Act (2004) and regulations. The capacity to design, develop and implement PPP projects continued to be limited.

iv. Slow pace of reform Programmes implementation:

MKUKUTA presupposed ongoing processes and reforms as a mechanism for enhancing implementation effectiveness. However, there was slow pace in implementation, inadequate complementarities between and alignment among the processes and reforms. To that effect, implementation was

characterized by weak collaboration and poor linkages in tapping synergies embedded in both core and sectoral reforms.

2.6. Monitoring and Evaluation

MKUKUTA Monitoring System (MMS) recorded significant achievements in terms of collection, analysis and dissemination of data. This promoted the use of data and evidence in decision making. The establishment of a multi-year survey plan rationalized the work of the National Bureau of Statistics and made survey activities much more strategic and responsive to national information needs and priorities.

Moreover, analysis and reporting on data sets was strengthened through analytic reports such as Poverty and Human Development Reports (PHDRs), MDG Reports, MKUKUTA Annual Implementation Reports, Survey Reports and Views of the People Report. The National Annual Policy Dialogue, sector reviews which cover discussions on the budget, poverty reduction, resource mobilization and accountability, continued to improve. The national Annual Policy Dialogue has been comprehensively combined with the Public Expenditure and the General Budget Support (GBS) reviews in 2008. More efforts on monitoring included strengthening use of the Government Manual for Strategic Planning, Budgeting, Monitoring and Evaluation and Reporting to provide guidance to MDAs, and Regional Secretariats and LGAs on how to monitor and report implementation.

However, a number of monitoring and evaluation (M&E) challenges remain. The incentives for the production of robust data, their analysis, interpretation sensitization and communication, dissemination and utilisation are still relatively weak in some MDAs. As a result, the evaluation function which is critical in terms of linking outcomes and expenditure is rather underdeveloped. The introduction of Expenditure Tracking Unit in 2007/08 is one of the steps to address this challenge. The capacity constraint in the Monitoring System is pervasive, thus capacity building and strengthening remains a key undertaking in the future.

2.7. Status and Challenges of Financing

Resource Mobilization: Government played a leading role in ensuring that the intended policy interventions and targets were fulfilled as planned through strengthening mobilization of resources. Efforts to improve tax collection through improving tax administration were continued, including widening the tax base by partly bringing the informal sector into the tax net. Other measures for enhancing tax collection include registration of large tax payers and identification and correction of deficiencies in the collection and management of non-tax revenue.

Domestic revenue collection significantly increased from Tshs. 1,284.6 billion annually in 2005/06 to an average of TShs. 3,605.1 billion in 2009. As a ratio of

GDP, domestic revenue collection increased from 11.8 percent of GDP during 2004/05 to 15.9 percent of GDP in 2008/09, despite the global financial and economic crisis. The impact of the global crisis on the economy is estimated to have reduced the target of domestic revenue collection by 10 percent and the expected nominal revenue growth rate of 30 percent to only 18 percent.

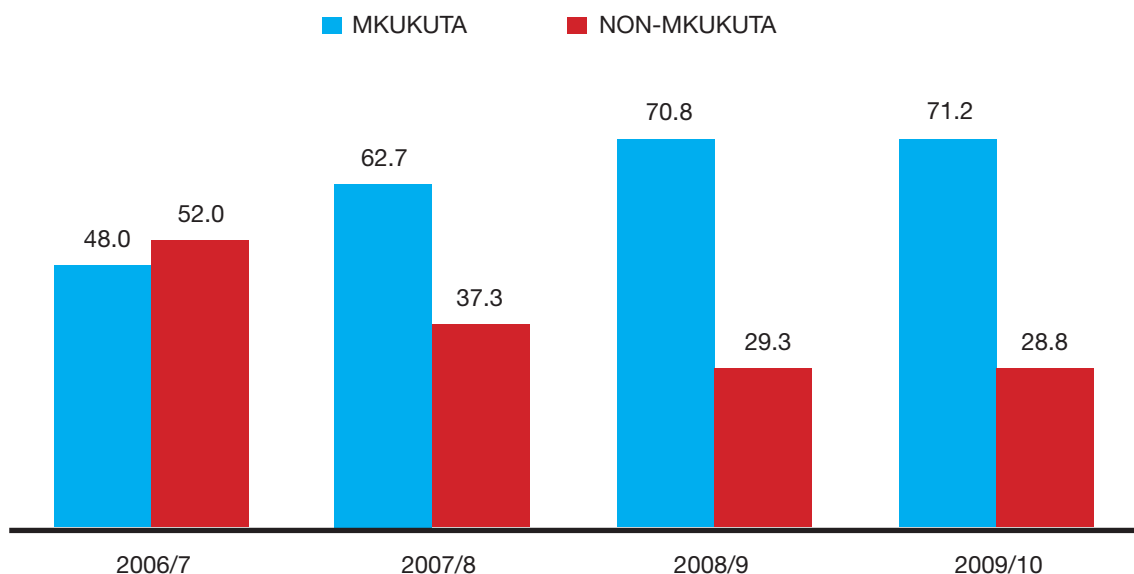
Moreover, Tanzania continued to benefit from concessional foreign borrowing from multilateral financial institutions and other international organizations. These sources, together with foreign grants, complemented favourably the domestic resource mobilization efforts. However, the composition of capital vis a vis non-capital components was not in favour of long term and sustainable growth. Thus, it was imperative to review and examine the various financing modalities: GBS, World Bank/IMF/ADB financing instruments – PRBS/PRSC.

Consistent with the need to promote private sector growth, zero domestic borrowing was envisaged for budget financing. However, the government resorted to domestic borrowing in 2008/09 and 2009/10 as part of the countercyclical measures to address the impacts of the global financial crisis and the need to protect expenditures for key sectors/interventions.

Allocation: The Government continued to strengthen the link between budgetary resource allocation and MKUKUTA priorities through cluster-based expenditure programming, with emphasis on programs, activities and measures that have the highest impacts on MKUKUTA targets. Figure 2.3 provides an overview of budget shares for both MKUKUTA and Non-MKUKUTA interventions from 2005/06 to 2009/10. It is apparent that the share of MKUKUTA allocation had been increasing.

Cluster-wise, Cluster I was the leading recipient of MKUKUTA budget allocation, followed by Cluster II. Out of the total budget allocation for MKUKUTA between 2006/07 and 2009/10, an average of 41.5 percent went to the implementation programs and projects under Cluster I. During the same period, Cluster II was allocated, on average, 38.2 percent a year, while an average of 20.4 percent annually was allocated to Cluster III. Later, the share of Cluster II was scaled up, to dominate allocation. This was due to government's commitment to enhancing the provision of social services to the public, especially education and health services. The SBAS was helpful in resource allocation.

Figure 2.3: Composition of Annual Budget Allocation



Source: MFEA (2010) Macroeconomic Frame 2010/11 - 2013/14

The following were the major challenges to MKUKUTA financing:

- i. Insufficient resources for MKUKUTA implementation:* Resources to fund MKUKUTA activities often fell short of the approved allocations. This necessitated reallocation of resources and in some instances phasing out some of the activities, despite of their levels of priority;
- ii. Global financial and economic crisis:* Tanzania was not spared by the adverse effects of global financial and economic crises, which affected negatively the key sectors of economic growth, especially trade flows, capital inflows, natural resource sectors and agricultural exports;
- iii. Omission of important items:* the exclusion of wages and salaries and transfers to LGAs in MKUKUTA budget led to understating the magnitude of resources allocated to MKUKUTA clusters. Wages and salaries to civil servants are the real cost of service delivery to the public;
- iv. Delay in costing:* the costing of MKUKUTA delayed and hence the three-year rolling MTEF was used as a proxy. This did not give a comprehensive picture of what it took to fully implement MKUKUTA and thus establish the resource gap; and
- v. Non-state actors' financing:* it was rather difficult to ascertain the actual amount spent by these bodies to implement MKUKUTA.

3.1 Introduction

This chapter presents the key elements and consideration of MKUKUTA II. The chapter has three subsections: principles and fundamentals, organizing framework, and prioritization and implementation.

3.2. Principles and Fundamentals of MKUKUTA II

3.2.1. Principles of MKUKUTA II

The principles guiding MKUKUTA II are:

- i. National ownership (the people, GOT, CSOs, Private Sector, etc);
- ii. Political commitment, leadership, and enhanced accountability;
- iii. Commitment to stabilize macroeconomic variables and accelerate core reforms implementation; whereby the role of the private sector in pro-poor economic growth is emphasized and given a central role;
- iv. Macro-micro linkages;
- v. Sector strategies, linkages and collaboration;
- vi. Local partnerships and people's participation and community engagement;
- vii. Harmonized assistance;
- viii. Sustainable human development and equity;
- ix. Sharper and focused prioritization;

3.2.2. Fundamentals of MKUKUTA II

The major shift of this Strategy from its predecessor is high drive and scaling up the role and participation of the private sector in economic growth and employment generator and creation, through strengthening business climate for efficient use of factors of production, investing in people and infrastructure development, and sustaining the already achieved socio-economic progress. Based on this shift, the five key fundamentals for this Strategy are:

i. Efficient use and development of factors of production, including human capital/resources

The basic factors that are essential for production are land (including water resources, mineral deposits, and other natural resources such as wildlife, fishery, and forestry), human resource, capital and technology. The strategy aims at enhancing efficient use of the factors of production for productivity gains and value addition. It also aims at developing these factors by investing in them, e.g. land development in terms of surveying, zoning, exploration and extraction of minerals, etc; expansion of capital stock such as plants and machinery; technology advances through R&D, and human resource development in terms of education, training, skills development and health provisioning. With regard to human resource development, the Strategy aims at improving quality of education, knowledge and skills development and ensuring that education and training systems produce skills demanded by the labour market. In all of this, the role of the private sector and ICT usage will be scaled-up.

ii. Strengthening and establishing well functioning institutions and markets

The Strategy asserts that institutions are central to the way a country is governed. Well functioning institutions induce efficient functioning of markets, improve service delivery and governance. To achieve the desired results, the Strategy, therefore, aims at strengthening reforms implementation framework for institutional change to take place and markets to function efficiently.

iii. Provision of infrastructure

The Strategy reaffirms that infrastructure development is at the center stage of economic development process. Functioning infrastructure reduces the cost of doing business, attracts private investment, enables production and social service delivery, links markets, and helps sustain improvement of the quality of life through redistribution of wealth. Infrastructure augments factors of production in enhancing economic growth by increasing the productivity of labour and capital thereby raising production, profitability, income and employment. Thus, critical infrastructures such as energy, roads, railway, marine, communication, ports, and strategic airports will continue to be priority areas for stimulating rapid economic growth and development.

iv. Ensuring good economic governance

Economic governance encompasses policies and institutions for economic decision making and management for quality public finance management, market facilitation and governance of public goods. Thus, the Strategy calls for a stronger role for the private sector and government in ensuring policies are designed in a participatory manner, implemented efficiently, and that critical decisions are made in a transparent manner and plays a critical role in basic

services delivery. To make that happen, the Strategy emphasizes on deepening implementation of core public reforms including reforms on reducing the cost of doing business.

v. Resource mobilization and financing

The key assumption for the Strategy is availability of adequate financing. Overall, the financing framework is built around contributions from government own revenue, loans and grants; private sector investment (both domestic and foreign); community contributions, and contributions from development partners. The resources for financing the Strategy will be mobilized in several ways, including through efforts to scale up domestic revenue mobilization, borrowing internationally on concessional and commercial terms (while ensuring external debt sustainability), domestic borrowing, issuing sovereign bonds, use of PPP arrangements, investing in land to facilitate private sector investment in property development for the purpose of generating future revenue, and community contributions.

3.3. Organizing Framework for a Cluster Approach

3.3.1. Long Term Policy Perspective

The overall guiding framework for articulating policies and strategies in Tanzania is provided by the Tanzania Development Vision 2025. The Vision, articulates the overall long term goal of socio-economic development for Tanzania up to 2025. The Vision has the following pillars: peace, stability and unity; good governance; a well educated and learning society; and a sustaining, strong, diversified, resilient and competitive economy capable of producing sustainable growth and shared benefits. Socio-economic transformation is envisioned to move the country to the status of medium income group of countries. MKUKUTA II terminal year coincides with MDGs target year, with 15 years remaining to Tanzania Development Vision 2025 target year.

3.3.2. Structure of MKUKUTA II

MKUKUTA II maintains the three clusters as in MKUKUTA I to depict three interrelated development outcomes. Broadly these are:

Cluster I: Growth for Reduction of Income Poverty focusing on equitable and employment-generating growth, sustainable development principle, food security affordable and reliable modern energy services, and adequate infrastructure for production purposes.

Cluster II: Improvement of Quality of Life and Social Well-Being focusing on the poorest and most vulnerable groups, reduced inequities in access to social services such as education, survival, health across geographic, income, age, gender and other groups, and provision and access to clean and safe water, sanitation, decent shelter and energy, and a safe and sustainable environment, access to social security and social protection, and thereby, reducing vulnerability from environmental risk.

Cluster III: Good Governance and Accountability focusing to ensure the poor have access to and control over natural resources for lawful productive purposes, checking waste and diversion of public financial resources, ensuring democratic participation in the monitoring of public resources, rule of law, human rights and in total, a conducive business environment for attracting investments.

Cluster I: Growth for Reduction of Income Poverty

This cluster aims at availing income generating opportunities across social groups, regions and sectors through pro-poor public investment and empowerment arrangements in order to bring about more equitable participation in the production and the sharing of outcomes.

Concentration of efforts will be guided by the country's growth drivers that take into account natural endowments (comparative advantage) and potential (competitive) advantages in the identified growth areas in agriculture, tourism, manufacturing and mining. These will also include drivers which are cross sectoral in nature such as infrastructure (roads, energy, water etc). These sectors have been identified based on the following criteria:

- i. Income generation especially for the poor sections of society;
- ii. Potential for unlocking human capital by reducing food and nutrition insecurity;
- iii. Creation of productive and decent employment for all, especially women and youth and disadvantaged groups;
- iv. Natural resource fit – sustainable exploitation of national resource endowments to generate revenue and employment;
- x. Potential for increasing growth, paying particular attention to environmental sustainability issues and productivity, especially in rural areas;

- xi. Potential human development impact- whether a particular sector employs large number of people, especially poor people; is a potential important source of employment of the poor or produces key products consumed by the poor;
- xii. Broadening existing economic base in order to enhance domestic supply and demand capacity;
- xiii. Potential for exports (both in terms of current export performance and potential demand in world markets); and
- xiv. Potential for industrial development.

With vast natural resources – rich agro-climatic zones, minerals and water resources, potential irrigable land, forestry and wildlife resources and above all, population size - rural development and particularly agriculture requires priority attention for expansion of effective internal market. Apart from addressing the well-documented constraints to agriculture and rural development, choices regarding supporting development of crop sub-sectors within agriculture will be guided by market developments, comparative and competitive advantages and domestic capacity to supply the markets.

Besides other sectors, agriculture, manufacturing and service sectors, and tourism will continue to play their role in economic transformation, for they have significant potential, especially due to their forward and backward linkages. Sustainable mining, fishing and harvesting of forestry resources will be fostered to sustainably benefit the country. For all of these productive sectors, efforts will be scaled up in addressing the constraints related to lack of requisite infrastructure, weak innovation capacity, and linkages with the domestic economy.

The growth enablers in the above sectors are identified in three levels: at the macro level (such as policy environment, paradigm shift toward holistic approach to agriculture, international dimensions of change, finance, insurance, efficient communication); at sub-national level (such as an efficient property rights structure, functioning domestic markets); and at the micro level (such as skills and knowledge, right attitude and values, healthy labour force, larger loans).

The enablers will be linked to existing policy instruments in such sectors as transport in order to unlock potentials and scaling up Tanzania's growth; and the Tanzania Mini-Tiger Plan 2020, drawing on the model of ponds (SEZs) and birds (FDI) with targets for growth, exports, per capita income, and job creation.

Implementation of the enablers will be mobilized, taking into account the four distinct clusters of development corridors identified for enhancement of growth: East-West Development Corridor, North-South Development Corridor, TAZARA Development Corridor, and Complementary and Supportive Development Corridor.

Cluster II: Improvement of Quality of Life and Social Well being

Quality of life and social wellbeing focuses on how to deliver quality social services in education, survival, health and nutrition, clean and safe water, sanitation, decent shelter and a safe and sustainable environment to reaching more of the targeted poor. Therefore, interventions that pointedly seek to bring about quality improvements will be emphasized. Apart from wellbeing, the essential target of this cluster is to address population dynamics challenges and create human capital out of a learning population. Gaps in the low-to-medium level technical cadre in all sectors have been identified for improvement.

Cluster III: Good Governance and Accountability

This cluster maintains the best practices and motives as in MKUKUTA I; but efforts will be made to address a variety of governance constraints that have been experienced, keeping emphasis on the provision of sound policy environment including protection and enforcement of property rights, human rights, provision of an efficient regulatory regime, lower incidence of corruption and appropriate institutions to support peaceful human co-existence as people go about their livelihood activities. Apart from loss to the country, lapses in governance around natural resources activities such as mining, forestry, and tourism can severely hamper production and productivity through time and energy lost in conflict/ industrial dispute resolution.

3.3.3 Interdependence of Clusters and Cross-cutting Issues

Although growth is more easily identified with Cluster I type of activities, the two other clusters and cross-cutting issues are important, each in its own way for growth. A healthy and well-educated population (Cluster II) is a vital human resource input for long-term growth whilst, in turn, growth makes possible generation of financial resources for the country to spend on health care, good education system, social protection and infrastructure. Growth and welfare are not possible if resources are misappropriated, or if the policy environment is characterized by lack of law and order, injustice or intolerance, which are not reassuring for investors; hence the significance of Cluster III for growth.

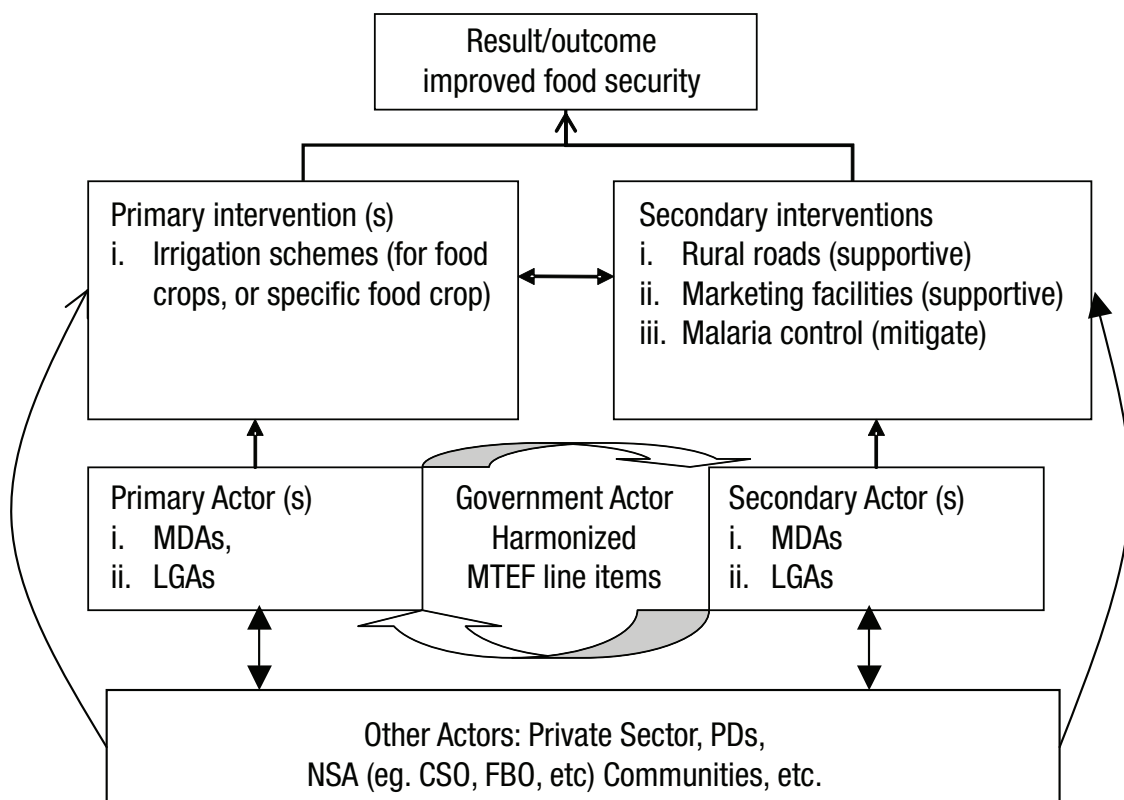
Further, it has been expedient to define *cross-cutting issues* as themes, factors and kinds of policy interventions which will improve the delivery of outcomes in the three clusters. For example, environment-growth (or environment-poverty) linkages show how extractive productive activities affect the natural resource base, and quality of life through pollution; that growth and welfare outcomes improve with balanced distribution of work-load and productive assets and education among men and women or boys and girls; that HIV/AIDS erodes human capital, removing from the workforce the trained and most productive age-sets

and diverting resources to care for the ill. Policy attention to other cross-cutting issues will continue to aim at enhancing the positive and reducing the negative effects on growth, welfare and good governance.

The Strategy notes that the existence of interdependence of goals within and across clusters poses challenges in the way some of the operational targets are specified. For example, the operational target of reducing fertility rate appears under the goal related to health. However, this is an outcome which is attributable to many other interventions outside the health sector, e.g. education, participation in labor markets, etc.

3.4 Prioritization and Implementation

Joint planning and execution of activities among the MDAs will be emphasized. The planning will explicitly show who are the primary actors and who the secondary actors i.e. those whose interventions are prerequisites to achieving the desired results.



Interventions will be prioritized in line with the objective of achieving the expected results, a large part of which are growth-related drivers of growth in agriculture, tourism, manufacturing, ICT & STI, and mining. This further implies resource allocation to few, but key drivers of growth and eventually attainment of desired poverty reduction results. Social services, priorities will be on addressing quality.

4.0. Introduction

This Chapter presents details of the strategic interventions, and how the outcomes will be achieved. It is organized along three sections matching the three Clusters. These are: Cluster I: Growth for Reduction of Income Poverty; Cluster II: Improvement of Quality of Life and Social Well-being; and Cluster III: Good Governance and Accountability. Under each cluster, the presentation is organized, by goals and operational targets. Moreover, the chapter presents areas of priorities under each goal to guide implementers in choosing priority actions. The list is by no means exhaustive. The narrative for each cluster is supported by the annexed Results Matrix.

4.1 Cluster I Growth for Reduction of Income Poverty

The broad outcomes of this cluster are:

- i. Inclusive and accelerated growth achieved and sustained;
- ii. Employment opportunities for all, including women and youth created;
- iii. Good economic governance ensured and quality of social services enhanced.

Cluster strategies emphasize acceleration of economic growth in order to increase per capita incomes, sustaining high growth rate in an inclusive and substantial poverty-reducing manner. This thrust is in line with the target of 8 – 10 percent per annum as envisaged in the *Tanzania Development Vision 2025*. The broad outcomes under this cluster are addressed through the following five goals:

1. Pursuing sound macroeconomic management
2. Reducing income poverty through promoting inclusive, sustainable, and employment-enhancing growth
3. Ensuring creation and sustenance of productive and decent employment, especially for women, youth and people with disabilities
4. Ensuring food and nutrition security, environmental sustainability and climate change adaptation and mitigation
5. Leveraging returns on national resources (both within and outside) for enhancing growth and benefits to the country at large and communities in particular, especially in rural areas

A description of operational targets and cluster strategies under each goal is provided, aiming, as far as possible, at best practices and long term sustainability. Where appropriate, explanation of how the goals, operational targets, and cluster strategies are interrelated is provided. This is intended to signal to key actors on the need for cross-sector collaborations in designing and executing plans and interpret the Results Matrix.

Goal 1

Pursuing Sound Macro-economic Management

This goal focuses to ensuring conducive environment for key actors in the economy to operate in a predictable manner. Following are the operational targets to achieve this goal:

Operational targets

Macroeconomic stability maintained

- i. Inflation rate maintained at single digit, desirably not higher than 5 percent;
- ii. Official reserves maintained at not less than 6 months of imports.

Sustained economic growth requires a stable and predictable macroeconomic environment. The key strategic policy issues in this endeavor include impact of fiscal policy, domestic sterilization, exchange rate management and ensuring 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. Stability can be ensured by effective management of both demand side and supply side. The cluster strategies and intervention packages to support this target hinge around the following main areas:

Inflation: Low inflation rate protects incomes and provides confidence of economic actors. Single digit inflation rate is desired and as far as possible maintained close to the inflation rate prevailing in the major trading partners (not higher than 4 percent). In order to achieve this, the following strategies are required:

- 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. Strengthening preparedness in addressing exogenous shocks such as increases in oil prices.

Balance of payments: Reducing the deficit in the balance of payments requires a multi-pronged approach. The strategies include:

- i. Pursuing measures that lead to an increase in both the volume and value of exports, especially non-traditional (such as through value addition and negotiating better prices). The interventions include sustaining production, improving competitiveness including maintaining a competitive exchange rate; trade related services e.g. quick clearance of goods and increased transit trade to make Tanzania a logistic hub for the region, business capacity enhancement, quality assurance and packaging;
- ii. 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;
- iii. Strengthening external market opportunities, especially regional, in order to create more export opportunities;
- iv. Strengthening economic diplomacy at regional and global levels;
- v. Implementing other complementary measures: curbing capital flight;
- vi. Policies and practices that encourage remittances from abroad, and
- vii. Prudent pursuance of trade liberalization.

Official (foreign) reserves: The target is to maintain a level of reserves equal to at least six months of imports. The build-up and maintaining targeted reserve level are to be achieved through:

- i. Undertaking export drive, including aggressiveness in transit trade and trade logistics for regional and global markets;
- ii. Prioritizing imports in favor of strategic ones for enhancing production especially of exportables.

Exchange rate management: To ensure competitive exchange rate, efforts will be directed at:

- i. Pursuing prudent foreign exchange operations;
- ii. Promoting exports; measures to increase competitiveness of exports and market access regionally (especially in EAC and SADC) and globally;
- iii. Undertaking trade policy-related measures that promote exports.

Interest rate and efficiency financial markets– Efforts will be directed to maintain an interest rate structure that encourages financial savings and leads to greater mobilization of deposits (private sector savings), while encouraging borrowing (credit to the private sector). Strategies required to realize these multiple objectives include:

- i. Conducting Bank of Tanzania's Open Market Operations in a prudent manner;
- ii. Deepening financial sector reforms through full implementation of Second Generation Financial Sector Reform Programme;
- iii. Improving efficiency of commercial bank operations as well as operations of capital markets taking into account development of the same in EAC Common Market, SADC and beyond;
- iv. Implementing measures that minimize borrowing risks (such as through insurance schemes), especially in strategic sectors such as agriculture and SMEs.

Fiscal deficit: efforts will be directed at both components of the government budget – i.e. revenue and expenditure.

On the revenue side the strategies will include:

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

- ii. Widening the tax net in order to collect more revenue, especially from the extractive sector, as well as incomes of the informal sector;
- iii. Enhancing collection of non-tax revenue, especially rents from natural resources;
- iv. Strengthening role of PPP in order to ease pressure on government budget.
- v. With respect to expenditure, efforts will be directed at:
- vi. Prioritizing expenditure in order to support implementation of MKUKUTA II and realize the intended outcomes;
- vii. Improving efficiency and effectiveness in the use of both financial and human resources;
- viii. Improving public financial management and accountability;
- ix. Ensuring value for money.

External debt: the large share of external debt in total national debt and burden of servicing (flow) requires better and more prudent way of managing (from contracting to monitoring). Unsustainable external debt is a threat to macroeconomic stability. Strategies to address the external debt problem will include:

- i. Enhancing export drive to be able to generate sufficient foreign exchange for meeting timely debt service obligations and avoid fiscal stress in Government budget;
- ii. Improving monitoring and coordination, in order to avoid build-up and future debt burden;
- iii. Timely servicing of debt in order to avoid accumulation of arrears on non-serviced debt;
- iv. Improving data/information management, especially on private category borrowers.

Order of priority Areas

1. Consistency of macroeconomic policies.
2. Promotion of trade

Goal 2

Reducing Income Poverty Through Promoting Inclusive, Sustainable, and Employment-Enhancing Growth and Development

The thrust of this goal is to achieve poverty reduction through broad based and sustainable undertakings. This thrust calls for interventions to modernize the economy of Tanzania. Underlying this thrust is the strengthening of private sector capacity to contribute to pro-poor growth. Operational targets under this goal are as follows:

Operational targets:

- i. GDP growth accelerated from 6.0 percent in 2009 to 8 - 10 percent per annum by 2015 especially in areas where the poor have strong links
- ii. Income poverty incidence reduced (national: from 33.6 percent in 2007 to 24 percent (MDG 19.3 percent) in 2015; rural areas: from 37.6 percent in 2007 to 26.4 percent (MDG 20.4percent) in 2015 and under employment especially in rural areas effectively addressed.
- iii. Unemployment reduced from 10 percent in 2008 to 5 percent by 2015).
- iv. Working poverty reduced (from 36 percent in 2007 to 20 percent in 2015)
- v. Growth of Manufacturing sector in real terms increased from 8.0 percent in 2009 to 15 percent by 2015; contribution of SMEs increased from 33 percent to 40 percent in 2015.
- vi. Growth of mining sector increased in real terms from 1.2 percent in 2009 to 3.2 percent by 2015
- vii. Growth of tourism in real terms increased from 4.2 percent in 2009 to 7.9 percent by 2015
- viii. Agricultural growth in real terms increased from 2.7 percent in 2009 to 6.0 percent by 2015

- Growth of livestock sub-sector increased from 2.3 percent in 2009 to 4.5 percent by 2015.
 - Growth of crops sub sector increased from 3.4 percent in 2009 to 6.4 percent by 2015.
 - Growth of forestry and forest produce sub-sector increased from 3.5 percent in 2009 to 5.8 percent by 2015
 - Growth of honey and beeswax production sub sector increased from 3.4 percent in 2008 to 4.5 percent by 2015
 - Area under irrigation increased (from 370,000 ha. in 2009 to 1,000,000 ha by 2015) (supply 25 percent of domestic food demand through irrigation farming by 2015).
 - Agro-processing in key result areas scaled up to enhance value chains
 - Growth of fisheries sub-sector increased from 2.7 percent in 2009 to 5.3 percent by 2015.
- ix. Generation of electricity, utilization of capacity and coverage increased
- Electricity generation increased from 1064MW in 2010 to 1722MW by 2015
 - Use of non-hydro renewable for power generation increased from 4 percent 2010 to 6 percent in 2015
 - total length of transmission and distribution lines doubled by 2015
 - Access to electricity increased from 2 percent in 2010 to 6 percent in 2010 in rural areas; from 14 percent in 2010 to 18 percent in 2015 at national level
- x. Access to clean and affordable substitute for wood fuel for cooking increased (from 10 percent in 2010 to 20 percent in 2015)
- Participatory integrated water resource development, allocation and management for productive use and environmental sustainability assured
 - Integrated River and Lake Basin Management and Development Plans in place by 2015
 - Number of monitoring (water and meteorology) stations regularly producing reliable data increased from 83 in 2009 to 438 by 2015
 - Forty five failed dams rehabilitated and 3 major new dams built
 - Participatory climate change adaptation measures at catchment/ water user association level initiated
- xi. Different parts of the country linked and connected to regional and global networks by efficient transport systems; raise growth of transport sector from 6.0 percent in 2009 to 9.12 percent by 2015.
- xii. Integration into regional and global markets promoted through strengthening trade logistics

In the medium term, interventions will be directed at ensuring that GDP growth is mainly propelled by growth sectors, namely agriculture, manufacturing, tourism, mining, and infrastructure. Such interventions should be implemented in a manner that the resulting growth generates decent employment (employed or self employed) able to lift the majority of the poor out of poverty. Thus, strategic interventions have to be directed at promoting growth where the poor are major beneficiaries (inclusive growth), taking into account the structure of the labor force (population), such as the high rate of unemployment among the youth. Emphasis will also be made on generation of surplus.

GDP growth: GDP is targeted to increase in real terms, from 6 percent in 2009 to 8 -10 percent per annum by 2015. This is the overall outcome of all growth-related strategies and interventions. Specific strategic interventions are provided in each of the selected area of growth. Thus cluster strategies to achieving this operational target are as follows:

- i. Instituting measures to promote conducive and enabling business environment in line 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, improving market facilities and business infrastructure for small scale operators (amend laws, simplify regulations, improve the workings of courts and land registries);
- ii. Implementing District Development Plans and regional level pro-poor initiatives that create decent jobs and promote growth, taking into account respective geographic and agro ecological comparative advantage;
- iii. Supporting and strengthening expansion and access of private sector to micro-finance, financial markets, and capital markets in order to invest for growth enhancement;
- iv. Promoting interventions to harness opportunities and address challenges posed by regional integration (EAC Common Market, SADC FTA) and international trade arrangements (WTO/DDA, EAC/EU EPA);
- v. Mainstreaming HIV & AIDS issues into the core activities of key economic sectors;
- vi. Integrating, harmonizing and coordinating environmentally sustainable policies and strategies for growth in key growth sectors, including climate change adaptation and mitigation.

Agriculture (crops, livestock, forestry and hunting) and fisheries: Agriculture offers growth opportunities due to the suitable diverse climate in Tanzania,

availability of fresh water for irrigation, and size of cultivable land. Agriculture as a growth sector supports the majority of the poor rural population and has the potential of lifting the majority of population out of poverty. Besides crop and livestock husbandry, Tanzania has immense fishery resource potentials – both in fresh and marine waters, which if sustainably utilized would contribute to improving the stakeholders' livelihoods, including their nutrition and attainment of other results (e.g. health and education), in Cluster II. Forestry and hunting activities are also important.

Agriculture is central to reduction of food poverty in Tanzania. Progress in reduction of hunger/food poverty (those who cannot afford to meet the minimum adult caloric requirement) has been slow relative to the pace required for meeting the MDG target by 2015. Renewed commitment to agriculture under MKUKUTA II is thus intended to achieve the twin objectives of increased agricultural production and reduction in hunger/food poverty. The MDG target for food poverty is 10.8 per cent by 2015.

Robust growth of agriculture requires a multi-pronged approach as articulated in the Agricultural Sector Development Program (ASDP) and *Kilimo Kwanza*. The focus will be on modernization and commercialization of private sector based small, medium and large scale agriculture for increased productivity, employment creation, profitability and increased incomes, especially in rural areas. In order to have impact, emphasis needs to be on interventions that address bottlenecks along the value chains of strategic agricultural produce – selected crops and livestock as per *Kilimo Kwanza*. This needs strategies that facilitate the input side of agriculture, the production processes of the selected produce, agro-processing, marketing strategies, fair and competitive farm gate prices – focusing on domestic, regional, and global market niches. To improve efficiency and profitability of each chain, adequate R&D, STI and use of ICT will be required. Equally important is lessening of dependence on rain-fed agriculture for large scale and small scale farmers, as well as development of rural feeder roads.

Agricultural growth is targeted to increase from 3.2 percent in 2009 to 6.0 percent by 2015, with corresponding sub-sectors growing correspondingly. In the medium term, emphasis will continue to be on small scale agriculture, with gradual shift to medium to large scale farming. The shift away from small scale farming, thus release agricultural labor to non-farm sectors is one of the outcomes of increases in agricultural productivity (due to use of modern inputs – fertilizers and improved seeds and breeds; mechanization (thus reduction in labor time), reliable water for irrigation, etc). Strategies to ensure the economy absorb labor released from farming, especially the rural non-farm activities, become an integral part of rural development strategies.

Agriculture sector-specific growth issues revolve around productivity, with particular concerns for the smallholder farmers who are the majority. The government and private sector investment efforts will focus on the identified drivers of growth in agriculture. *The “drivers” are prioritized according to impact in raising productivity and creation of decent employment (with variations per region/district depending on existing relative advantages):*

Cluster Strategies for raising growth of agriculture in all of aspects: crops, livestock, fisheries, hunting are:

- i. Improving existing and expanding irrigation infrastructure, and developing rain water harvesting infrastructure, including water for livestock and fishery;
- ii. Strengthening physical infrastructure to support growth of employment generating and profitable agriculture, including small scale crop farming, livestock, fishery, forestry and hunting;
- iii. Improving knowledge, skills and information especially in business services – insurance and agriculture-oriented learning e.g. at farm and school levels;
- iv. Undertaking further land reforms to support access and expansion of land for agriculture and livestock development, aquaculture, categorizing and protecting use for the designated activity; while balancing the demands for large scale and small scale uses;
- v. Introducing and strengthening investments in agriculture, including mechanization, farm level irrigation facilities, and farm level agro-processing, physical market infrastructure (market places), and large scale agricultural and fisheries storage facilities;
- vi. Strengthening agro-processing, fishery processing, and service sector and marketing baseline information to support agricultural and fishery growth;
- vii. Promoting and adopting the use of science and technology in agriculture, including R&D for quality and nutritious food, high value cash crops, fishery and livestock products as well as ICT to provide information on prices, markets, and advisory services;
- viii. Developing and equitably deploying and retaining human resources especially crop livestock, forestry and fishery extension services;
- ix. Strengthening financing for agriculture, including links to capital markets and specialized/long term banking;

- x. Mitigating and adapting to climate change by 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;
- xi. Promoting measures to cushion farmers, livestock farmers, fishers from famine/droughts impacts, including piloting and scaling up farm crops/livestock insurance;
- xii. Implementing the National Strategy on Agriculture and HIV & AIDS to support increased agricultural production;
- xiii. Ensuring fair and competitive farm gate prices and linking farmers, foresters and fishers to markets – especially domestic, regional and global markets of processed commodities;
- xiv. Increasing proportion of exported processed agricultural commodities;
- xv. Facilitating conformity to EAC and other regional agriculture marketing related standards, certification, sanitary and phytosanitary, hazard analysis and critical control point, maximum residual limits, traceability, organic certification, and other international standard certification;
- xvi. Promoting investment in the exploration of Deep Sea and Exclusive Economic Zone fisheries resources;
- xvii. Promoting longer shelf life of agricultural and fisheries products;
- xviii. Strengthening agro farmers, livestock keepers and fishers associations and cooperatives;
- xix. Strengthening fisheries resource management and utilization(including reduction of post harvest losses), value addition and marketing, protection and law enforcement;
- xx. Promoting effective development of the aquaculture industry;
- xxi. Providing adequate fisheries related infrastructure;
- xxii. Improving yield in hunting, bee keeping;
- xxiii. Establishing livestock diseases free zones to promote export of livestock and livestock products;
- xxiv. Strengthening warehouse receipt system;
- xxv. Strengthening regulations on weights and measures; packaging.

Order of Priority “drivers” of growth in agriculture:

1. Supportive physical infrastructure;
2. Water and irrigation infrastructure;
3. Financial and extension services; and incentives to promote investments
Knowledge and information;
4. Value addition activities (agro, livestock and fish-processing, and mechanization); and
5. Trade/export development services.

Manufacturing: Manufacturing sector has a key role of transforming the economy. Robust growth of manufacturing sector leads to creation of new spin-off companies, catalyzed product diversification and enhanced productivity. Its forward and backward linkages are essential for improvements in a number of other sectors such as agriculture. As such, the sector stands as an important node in the input and output lines of critical value chains identified in *Kilimo Kwanza*. As a growth sector, the role of R&D, STI and ICT in manufacturing is vital. Coordinated industrial researches carried out by the R&D institutions, universities and technical institutions will have to focus on availing technological solutions to local manufacturers and promoting new innovations through Intellectual Property Rights (IPR) management.

Manufacturing sector is targeted to grow from 8.0 percent recorded in 2009 to 15.0 percent by 2015. In this medium term, selective interventions are needed to ensure that there is provision of at least 10 industrial parks served with adequate supportive infrastructure for efficient and productive manufacturing sector. In the medium term, manufacturing will prioritize agro-processing for value addition, promotion of SMEs, use of environmental friendly technologies, development of basic industry and harnessing the competitive and comparative advantages associated with Economic Development Zones (EDZs). This will ensure that manufacturing sector produces products which are competitive in the domestic, regional markets, particularly, the EAC Common Markets and the SADC, as well as in the global markets. In the medium term, investment opportunities will target: agro-processing industries (sisal, seed oil, vegetables and fruits, textile, and cashew nuts, beef processing); agro-inputs industries (fertilizer industry); basic industries (Mchuchuma and Ngana coal, Liganga iron, and Soda ash at Lake Natron); minerals processing plants (lapidary).

In order to effectively tap on the investment opportunities, the government and private sector will widen and deepen interventions in the identified priority drivers of growth in manufacturing.

Cluster Strategies for transforming the manufacturing sector are:

- i. Improving the business climate, inter alia by implementing the Road Map for easing doing business in Tanzania;
- ii. Improving the business environment further to reduce the cost of doing business for both large scale manufacturers and MSMEs
- iii. Providing industrial parks, EPZ, etc. served with adequate supportive infrastructure for efficient production and international competitiveness;
- iv. Improving supporting systems such as reliable supply of energy and water, supportive physical infrastructure (road and railway transportation systems, ports and harbors), marketing infrastructure;
- v. Promoting technological innovation programs (incubators and clusters) and instituting Intellectual Property Right (IPR) regimes in order to propel creativity;
- vi. Promoting knowledge and skills and translating R&D results into productive activities (product development);
- vii. Establishing manufacturing industries and financing of research and technological developments;
- viii. Availing capital, credit guarantees to the private sector, and other supporting services, especially for MSMEs, through implementation of various empowerment policies, such as the National Empowerment Policy of 2004;
- ix. Promoting agro processing in order to deepen value addition, including MSMEs;
- x. Availing technological information (through ICT) and support to entrepreneurs to enhance productivity in MSMEs and enable them to compete in local, regional and international markets;
- xi. Promoting selective (based on comparative and competitive advantages) manufactured exports to regional and global markets;
- xii. Scaling up role of informal sector through formalization, including expansion of border -post markets (cross-border trade);
- xiii. Supporting complete value chains in agriculture as well as linking farmers and manufacturers;
- xiv. Promoting export of manufactured products by strengthening bilateral, regional, and multilateral negotiation;

- xv. Enhancing industrial property rights system as well as promotion of quality standards for both domestic and external markets.

Order of Priority “drivers” of growth in Manufacturing

1. Energy/electricity,
2. Knowledge and skills,
3. Information Communication Technology (ICT),
4. Marketing interventions,
5. Financial, technology research and development services,
6. Legal environment and Intellectual Property Rights.

Tourism: Tourism is a sector which has potential for driving growth. The existing diverse tourist attractions such as the national parks, wildlife conservation and game reserves, mountains trekking expeditions, long coastal lines, and beaches, lakes, and cultural attractions offer immense opportunities for expansion of tourism as a growth sector. Tourism provides excellent investment opportunities in construction and management of hotels, accommodation facilities, tourism services, infrastructure, aviation services, training services, tour operations, travel services and marketing, and promotion of tourism activities. In order to realize maximum benefits from the sector (besides foreign exchange earnings), strategies to strengthen and raise the multiplier effects are critical. A tourism sector, well linked to the domestic economy (mainly backward linkage by procuring supplies from domestic producers), is vital in creating decent employment, stimulating improvement in infrastructure, and public services. In this medium term, priorities will be on the development of tourist circuits of Bagamoyo-Saadani National Park Pangani as well as the Southern circuit, in order to link Dar es Salaam and Zanzibar.

The contribution of tourism as a source of growth and income goes beyond foreign exchange earnings, government revenue and foreign direct investment at the macro-level, to, direct job /employment and local multiplier impacts at the micro-level.

In the medium term, the tourism growth requires efforts of the Government, private sector, civil society organizations and community in order for the tourism industry to achieve the desired results. The target growth rate for tourism is 7.9 percent by 2015 from 4.2 percent in 2009. In line with the Tourism Master Plan, Strategy and Action of 2002, the cluster strategies required for achieving this operational target are:

- i. Stepping up marketing and promotion (product development and innovation, market information, market intelligence, research), including products of MSME operating in the tourism industry;
- ii. Developing human resource (knowledge, skills and attitude) in the sector

- through training, apprenticeship, coaching and internship;
- iii. Increasing compliance to labor laws and human rights in the tourism sector;
 - iv. Strengthening coordination among MDAs dealing with tourism sector
 - v. Instilling better management of risks, legal regime and property rights (e.g. ownership of beach plots for tourism purposes);
 - vi. Increasing earnings from tourism magnets and from concessions and licenses;
 - vii. Improving infrastructure particularly roads connecting to existing tourist and potential destinations and communication technology, including web-based tourism portal, e-tourism, and subscription to Global Distribution System;
 - viii. Improving the quality of services (value for money), including service provided by small scale operators;
 - ix. Promoting tourism supportive services, including health services, banking, and communication;
 - x. Diversifying tourist attractions, including cultural tourism, sport tourism, and promotion of domestic tourism;
 - xi. Investing in leisure and recreation such as cruise boats, casinos, theme parks, and other sports, including establishing a properly structured and well organized branding, marketing and promotion strategy (sports for all) of Tanzania sports locally and internationally;
 - xii. Forging stronger linkages with the local economy in terms of supply of goods and services as well as promotion of local communities to participate in tourism business;
 - xiii. Restoring disappearing cultural and historical sites
 - xiv. Addressing issues of HIV and AIDS.

Order of Priority drivers of growth in Tourism

1. Business environment
2. The People in Tourism – skills
3. Marketing and promotion
4. Competitiveness and Value for Money
5. Expanded access to transport
6. Product development and innovation.

Mining: The mineral sector has a great potential to contribute to GDP if sustainably exploited and efficiently managed. The potentials include economically proven deposits of gold, diamonds, tanzanite, ruby, tin, copper, nickel, iron, phosphate, gypsum, coal, natural gas and uranium. The vast mineral deposits in the country point to a high potential of the sector's contribution to growth and socio-economic transformation.

The existence of vast deposits of mineral resources presents opportunities for growth and therefore a need for strategic investment in the mining sector in order to generate the needed wealth to leverage the economic development in a sustainable manner. If managed sustainably and equitably, the mining sector has potential of invigorating growth of the economy, expanding employment opportunities and extending benefits to the wider society. The forward and backward linkages of the mining sector act as catalyst for growth in other sectors such as agriculture, manufacturing, infrastructure, and services. The effectiveness of these linkages requires strategies that ensure value addition for both domestic and foreign markets. Further, Tanzania's membership to the Extractive Industries Transparency Initiative (EITI) avails opportunities to enhance governance in natural resources.

The Mineral Policy (2009) aims, among others, at improving the economic environment in order to attract and sustain local and international private investments in the mineral sector; promoting economic integration between the sector and other sectors of the economy; supporting and promoting development of small scale mining so as to increase its contribution to the economy; promoting and facilitating value addition activities within the country to increase income and employment opportunities; promoting research development and training required in the mineral sector and encouraging its utilization; and developing local base technical capacity.

In the medium term, Government and private sector efforts are required for the mineral sector to achieve the desired results.

Mineral sector is targeted to grow in real terms from 1.2 percent recorded in 2009 to 3.2 percent by 2015. To achieve this target the following are the cluster strategies:

- i. Promoting domestic value adding activities in order to increase earnings and create employment and wider linkages to the rest of the economy particularly manufacturing and services sectors;
- ii. Empowering artisanal miners to acquire geological information, title deeds, equipment and appropriate mining and processing skills and technologies as well as start-up capital;
- iii. Promoting joint ventures between large foreign mining companies on the one hand and land owners, small scale miners, communities and local experts on the other hand, in order to improve access to external markets and technologies by the latter;
- iv. Improving the fiscal regime for enhancement of revenue from mining activities;
- v. Enforcing security and adherence to the laws, regulations and environmental considerations, including compliance to labor standards, occupation, health, and safety at workplaces;
- vi. Improving infrastructure;
- vii. Enforcing intergenerational equity to ensure that future generation benefits from proceeds derived from mining through long term investments using proceeds from mining;
- viii. Completing exploration studies of currently known mineral deposits to enable beneficial procurement and awarding of contracts for extraction;
- ix. Ensuring sustainable extraction, maintaining health and safety standards, and equitable distribution of proceeds to local stakeholders;
- x. Charting strategies for exploitation and utilization of mineral discoveries;
- xi. Availing technological information and support to small scale entrepreneurs in the mining sector to enhance productivity and enable them to compete in local, regional and international markets;
- xii. Promoting sector's initiatives for easy transformation of informal sector to formal sector and for creation of productive and decent jobs;
- xiii. Addressing HIV and AIDS issues;
- xiv. Addressing potentially conflicting policies between mining and natural resources;

- xv. Improving the institutional framework to effectively manage the mineral sector;
- xvi. Promoting investment in the fabrication and manufacturing sectors to stimulate minerals beneficiation;
- xvii. Promoting investment in lapidary, stone carving and jewellery making.

Order of Priority drivers of growth in Mining:

1. Value addition and improving fiscal regime;
2. Training of local experts (engineering, law);
3. Financing (local investors);
4. Small artisanal miners (technology, skills, start-up capital, environmental management etc);
5. Marketing interventions;
6. Increasing government shareholding and monitoring.

Cross-Sector drivers of growth

Infrastructure

Infrastructure plays an important and major role in economic growth by attracting private investment, linking markets and ensuring timely delivery of services. As a growth enabler, infrastructure reduces the cost of production, increases productivity of labor and capital, and raises profitability, production, income and employment. A well functioning basic infrastructure provides support to other sectors as well as promoting poverty reduction especially in the rural areas.

Transport Infrastructure: Expansion and modernization of roads, especially rural roads to support agriculture; seaports, airports, railway systems, are needed in order for the country to realize its full potential necessary for accelerating growth and increasing incomes. Besides that, the link between investment in roads and poverty reduction in terms of raising rural incomes, improving access to health and education, and other social services, is vivid. High transport cost and access restrictions, due to sector inefficiencies, such as an inadequate rural road network, urban congestion, poor port management, and ineffective railway systems do discourage investments. Debottlenecking constraints in this sub sector requires the following cluster strategies:

- i. Constructing and upgrading road networks in order to increase kilometers of paved and graveled roads;
- ii. Constructing and upgrading existing railways lines in order to increase current tonnage of cargo that is transported within and through Tanzania to neighboring countries;

- iii. Improving urban transportation network (especially Dar es Salaam, Arusha, and Mwanza) in order to improve mobility and reduce congestion;
- iv. Expanding cargo volume handling capacity at sea ports and lake ports
- v. Expanding Tanzania's air cargo and passenger freight handling capacities;
- vi. Developing and strengthening institutions to implement strategic PPPs in transport infrastructure;
- vii. Implementing efficiency enhancing measures such as rationalization of use of the existing systems as well as continuous maintenance of such systems;
- viii. Strengthening institutions and ensuring proper regulatory framework to ensure fair competition among different modes of transport, e.g. rail and road network systems;
- ix. Improving safety;
- x. Enforcing compliance with contractual requirements for HIV & AIDS gender responsive prevention and service provision in the sector and implementing guidelines for HIV/AIDS Interventions in Road Construction;
- xi. Integrating Tanzania's investment in the context of SADC's Spatial Development Initiatives (SDI) and Transport Corridors.

Order of Priority Areas in transport physical infrastructure:

1. Primary infrastructure in rural areas (feeder, collector, community roads);
2. Labor-based methods in rural roads construction and maintenance;
3. Transit traffic facilitation (port and maritime);
4. Trunk and regional roads;
5. Rail and air transport and sea ports;
6. Urban transport.

Energy: A reliable supply of electricity is one of the elements of conducive environment for doing business and continues to be of critical importance as an enabler of poverty-reducing growth. With current emphasis on *Kilimo Kwanza*, reliable energy supply is an important factor for enhancing efficiency in agriculture (e.g. for milling machines, irrigation pumps etc.). For cost effectiveness, grid extension is the most desired supply in not-so-remote areas, while renewable energy and off-grid supply target remote areas.

The medium term target is to double power generation capacity in order to enhance power availability, and reliability by 2015. Global climate change has

resulted in search of cleaner and renewable energy resources. Thus, solar, wind and bio fuels are among the alternative resources to be promoted. These will be achieved through the following cluster strategies:

- i. Increasing generation of energy, utilization of capacity and coverage;
- ii. Developing new power plants (hydro, gas, and coal fired) in order to increase access;
- iii. Expanding renewable energies (solar, wind, mini-hydro and biogas) for off-grid areas where distribution costs are prohibitive, especially rural areas;
- iv. Promoting PPP especially in IPP schemes;
- v. Promoting rural electrification (through supporting the Rural Energy Agency, REA);
- vi. Expanding and strengthening the National Grid which also carries the fiber optic cable up to the district level;
- vii. Expanding exploitation of bio-fuel potential without compromising food security,
- viii. Promoting use of energy-efficient appliances and equipment, use of natural gas for industrial heating and domestic cooking;
- ix. Promoting energy saving technology, at household, firm, institutions, and community levels;
- x. Promoting energy efficient and conservation as well as integrated environmental management;
- xi. Promoting projects which qualify for carbon credit through clean development mechanism (CDM) window;
- xii. Exploration in search for oil expanded and contribution of natural gas and coal in GDP increased;

Collaborating in SADC energy initiatives, the Southern African Power Pool (SAPP) and the Regional Electricity Regulators Association (RERA) to implement the Power Sector Development Roadmap and Regional Generation and Transmission Expansion Plan (the SAPP Pool Plan).

Order of Priority Areas in energy

1. new power plants;
2. renewable energies;
3. rural electrification;
4. Expanding and strengthening the National Grid;
5. Promoting projects which qualify for carbon credit;
6. Promoting participation of local land owners in generation.

Water Supply: Tanzania is endowed with numerous and diverse water resources in the form of rivers, lakes, wetlands and aquifers with potential internal renewable water resources, besides waters from outside borders through shared basins. Currently, the total annual water withdrawal for various socio- economic uses is only 6 percent of the total internal renewable water resources, indicating significant space for sustainable increase in exploitation for the country's economic growth. Despite having abundant resources, localized water availability is limited, with adverse effects for domestic, industrial, business and agricultural consumers, who may also be in conflict with ecosystem needs. The main issue that needs focus is integrated management of water resources, where users of water collaborate in planning, allocation and use of water in various productive activities. The Water Sector Development Programme (WSDP) and the new Water Resources Management Act (2009); provide the overarching framework through establishment and strengthening of basin-level water resource institutions. With a focus on growth in the medium term, large-scale multipurpose water storage and distribution investments will lead to satisfying the needs for stimulating economic growth through productive activities.

In the medium term, the following are the cluster strategies:

- i. Strengthening the capacity of basin level water resources management institutions including water user associations, to effectively and efficiently support multi-sector array of productive activities;
- ii. Rehabilitating non-functioning hydrometric stations; designing, constructing and installing new hydrometric stations for proper water resource monitoring in all basins;
- iii. Rehabilitating non-functioning water storage dams; designing and constructing new dams for increasing availability of water for productive activities;
- iv. Demarcating and conserving water sources in all basins in order to protect them from environmental depletion and pollution;
- v. Establishing water use and effluent discharge permit register for proper

- recording of water extraction and enforcement of water quality standards;
- vi. Integrating management of water resources;
- vii. Collaborating in SADC's Regional Strategic Water Infrastructure Development

Order of Priority Areas in water supply

1. Strengthening basin water resource management;
2. Rehabilitating non functioning systems;
3. Constructing new dams;
4. Integrated management of water resources.

Goal 3

Ensuring Creation and Sustenance of Productive and Decent Employment, Especially for Women, Youth and People with Disabilities

The goal aims at creating decent jobs to reduce poverty among women, youth and people with disabilities. Following are the operational targets under this goal;

Operational targets:

- i. Effective enforcement of labor laws and standards ensured;
- ii. Labor Market Information System strengthened;
- iii. Employable skills, particularly for youth, women and people with disabilities enhanced;
- iv. Consequences of migration on population distribution, urbanization, and implications for employment addressed.

Growth and reduction of income poverty are mainly linked through employment. Since the private sector is the engine of growth, substantial share of job creation should occur in the private sector (under Cluster I, Goal 2). The Government is to play a more facilitative role in ensuring that decent jobs are created. This facilitative role includes, among others, interventions to correct labor market failures in order to ensure that growth is inclusive and pro-poor. Given that youth form the largest share of labor force, facilitating the youth in accessing employment opportunities is critical to ensuring pro-poor growth. Migration of youth from rural areas needs to be addressed through proper planning and sound policies. Strategies are needed to enable rural women to participate fully in productive activities, through addressing discriminatory practices, limited access to property and inheritance, excessive time lost in water and fuel fetching, and young age dependency. Thus,

linking individuals, men and women, to productive and decent employment is the principal route out of poverty. It is also expected that access to decent jobs will have a bearing on other outcomes, such as change in fertility rate. The cluster strategies for this goal include:

- i. Enforcing labor laws, standards, and developing a framework to promote competitiveness of Tanzanians to benefit in regional (e.g. East African Common Market) and global economic integration;
- ii. Improving labor market information systems, including employment services to job seekers, employers and other stakeholders;
- iii. Strengthening institutional framework for efficient coordination of employment creation and streamlining of institutions dealing with employment issues;
- iv. Implementing affirmative action in employment creation for youth, women, people with disabilities as well as other disadvantaged sections of the society;
- v. Increasing number of vulnerable economically active population reached with social protection in order to enable them engage effectively in economic activities;
- vi. Providing selective and customized investment in human capital to inculcate appropriate skills (production, processing, quality, marketing) and entrepreneurship, promotion and development of skills for productivity enhancing employment and self employment especially for women, youth and people with disabilities (expansion of VET, and other polytechnics training, Folk Development Centers, Youth Development Centers, ICT/Resource Centers, etc);
- vii. Stepping up financial sector support for creation of decent employment: credit schemes for businesses, cooperatives (e.g. SACCOS, VIKOBA), start-up capital to enhance capacity and capability and empowerment funds, taking into consideration structure of population pyramid and enhancement of opportunities for young people, women and people with disabilities;
- viii. Addressing underemployment in rural areas through establishing production clusters and promoting non-farm income generating programs;
- ix. Promoting entertainment, cultural, sports, and creative industries such as crafts, film and music, including expansion of fine and performing arts training, as sources of employment and income generation;

- x. Implementing comprehensive gender responsive and rights-based HIV & AIDS programs for employees and their families, in both formal and informal sectors, public and private (Workplace Programs (WPPs));
- xi. Supporting special entrepreneurship and mentorship programs, including formalization and regularization of businesses and properties, especially for women, youth and people with disabilities;
- xii. Creating conducive environment for youth to settle in rural areas.

Order of Priority Areas in employment

1. Improving labor market information system;
2. Implementing affirmative action in employment creation;
3. Providing selective and customized investment in human capital;
4. Addressing underemployment in rural areas;
5. Boosting cultural, sports and creative industries for income generation (and growth of the economy).

Goal 4

Ensuring Food and Nutrition Security, Environmental Sustainability and Climate Change Adaptation and Mitigation

The goal aims at achieving security in food nutrition and environmental sustainability. It also aims at addressing and dealing with adverse effect of climate change. Following are targets under the goal;

Operational targets

- i. Food security at household, district, regional, and national levels ensured through increasing food crops, livestock and fishery production;
- ii. Nutrition of infant, young children and mothers promoted;
- iii. Strategic Grain Reserve of at least 4 month of national food requirement maintained;
- iv. Crop and livestock varieties suited to adverse conditions brought about by climate change introduced and adopted;
- v. Climate change projection and early warning and natural disaster response, coordination framework strengthened.

Malnutrition is one of the serious health problems. Since malnutrition is manifested at an early age, great emphasis is placed on monitoring child nutrition as well as nutrition of women of reproductive age.

While strategic interventions for food crop production fall under Cluster I Goal 2, specific strategies for ensuring food and nutrition security, i.e. access to adequate quality food by all people at all times, including food stuff of animal origin are needed. This entails availability of enough grains (mainly maize, rice and sorghum) by all people at all times as well as access and utilization of other foods to ensure balanced nutritional intakes. Food availability, especially at localized levels is affected by impacts of climate change. Thus, there is need to adapt to and mitigate these changes in order to sustain growth and social well being. Strengthening environmental management, enhancing infrastructure, supporting research and technologies for climate change mitigation and adaptation in both rural and urban areas to ensure food security are thus required. The following cluster strategies are required in order to reach this goal:

- i. Promoting skills among farmers for adoption of new farming practices on crops, livestock, fish and fishery products with high nutritional contents, and agro-processing technologies for value addition and extension of shelf life, including food stuff of animal origin;
- ii. Promoting increased fish production through aquaculture to complement declining capture fisheries;
- iii. Improving sustainable fisheries resources development, management, conservation and utilization;
- iv. Promoting exclusive breast feeding during first six months;
- v. Promote health of the infant, young child and mother;
- vi. Ensuring production and universal consumption of iodized salt;
- vii. Ensuring food fortification;
- viii. Enhancing sustainable forest management for improved governance, livelihoods, forest conditions, resilience of forest ecosystems and trees outside forests and more efficient use of wood resources;
- ix. Promoting grading and packaging of food products (crops, livestock products and fish) and forestry products;
- x. Creating awareness on climate change and adaptation strategies;
- xi. Monitoring management of food stocks at household, village, and ward levels;
- xii. Maintaining strategic Grain Reserve of at least 4 months of national food requirement;

- xiii. Supporting research in introducing and promoting adoption of crops, livestock, and fish varieties and breeds suited to adverse conditions brought about by climate change;
- xiv. Applying new technologies in pest and disease management (IPM, breeding, biotechnology);
- xv. Increasing farmers, livestock farmers, fishers and aqua farmers awareness on the full impacts of climate change on agriculture;
- xvi. Designing sustainable crop production and farming systems reflective of climate change scenarios such as breeding pest resistant crop and livestock;
- xvii. Increasing carbon sequestration on farms through reduced tillage high carbon crops and agro forestry;
- xviii. Improving soil and water conservation measures including irrigation development;
- xix. Providing specific adaptation and mitigation options according to regional conditions;
- xx. Strengthening weather projection and early warning systems;
- xxi. Facilitating development of market-based financing mechanisms for climate change mitigation and adaptation and leveraging private sector resources;
- xxii. Supporting accelerated development and deployment of new technologies that ensure adaptation and mitigation actions;
- xxiii. Enhancing policy research, knowledge and capacity building in areas of climate change and its impacts;
- xxiv. Enhancing storage facilities and food preservation technologies;
- xxv. Promoting private sector investments especially in cold storage facilities for perishables and other commodities.

Order of Priorities in ensuring food and nutritional security

1. Promoting skills among farmers;
2. Maintaining strategic Grain Reserve;
3. Promoting nutrition of infants, young children and mothers
4. Supporting research, training and extension;
5. Increasing farmers' awareness
6. Providing specific adaptation and mitigation options;
7. Strengthening weather projection and early warning systems;
8. Promoting private sector investments.

Goal 5

Leveraging Returns on National Resources (both within and outside) for Enhancing Growth and Benefits to the Country at Large and Communities in Particular, Especially in Rural Areas

The thrust of this goal is on devising effective mechanism for leveraging on the benefits obtaining from the existing natural endowments for the development of the country and its people. Operational targets are as follows:

Operational targets:

- i. Sustainable utilization of natural resources ensured with benefits to local communities;
- ii. Optimal contribution of human resources ensured.

Tanzania is renowned for its rich and unique natural and cultural resources. Natural resources particularly forests and wildlife are assets of very high value that need to be managed sustainably and used efficiently. These resources, however, are under increasing pressure from human settlements and activities such as unsustainable and illegal harvesting, bush fires, poaching, mining and shifting cultivation. Beyond borders, Tanzania resources include skilled Tanzanians, and many other sources of investible resources. These need to be explored fully so that they contribute to growth and increased incomes inside Tanzania. Utilization of natural resources will focus on business acumen, transparency, value addition before export, revenue yield, skills development, innovation and technology acquisition, and efficient management.

The cluster strategies include:

- i. Strengthening capacity for administration and monitoring of natural resources, including earmarking revenues from national resources for development of long term investments;
- ii. Enhancing sustainable management and utilization of natural and cultural resources;
- iii. Strengthening the capacity of TRA in capturing taxes from natural resources rents;
- iv. Enforcing corporate governance and responsibility for beneficiaries of licenses in exploitation of natural resources, especially extractive activities;
- v. Improving skills especially in the identified growth sectors of agriculture, sports, tourism, mining, and manufacturing;
- vi. Strengthening mechanism for capturing contribution of Diaspora resources and contribution of sports;
- vii. Increasing Government and local participation;
- viii. Supporting the private sector in the exploitation of natural resources while monitoring and regulating the business in a transparent manner;
- ix. Encouraging Tanzanians in the Diaspora to invest in Tanzania;
- x. Enhancing community based natural resource management arrangements;
- xi. Improving legislation on ownership/access to environmental and natural resources.

Order of Priorities in leveraging returns on national resources

1. Strengthening capacity for administration and monitoring;
2. Strengthening the capacity of TRA;
3. Supporting the private sector;
4. Enhancing community-based natural resource management arrangements.
5. Strengthening weather projection and early warning systems;
6. Promoting private sector investments.

4.2 Cluster II

Improvement of Quality of Life and Social Well-being

Cluster II focuses on improving the quality of social services (education, survival, health and nutrition, clean and safe water, sanitation, decent shelter and a safe and sustainable environment) and reach the majority of the poor and vulnerable groups. Therefore, interventions that pointedly seek to bring about quality improvements are emphasized. Apart from wellbeing, the essential target of this cluster is to create human capital out of learning and healthy population. Gaps in the low-to-medium level technical cadre in all sectors are identified as the primary focus for improvement.

Two broad outcomes under Cluster II are as follows:

- i. Quality of life and social wellbeing for enhancing capabilities, with particular focus on the poorest, people with disabilities, and other vulnerable groups, improved;
- ii. Inequities in accessing social and economic opportunities, along geographical areas, income, age and gender reduced.

Cluster strategies to achieve these outcomes are structured under following six goals.

1. Ensuring equitable access to quality education at all levels for males and females, and universal literacy for adults, both men and women;
2. Ensuring expansion of vocational, technical, polytechnics, and higher education, and improving non-formal and continuing education;
3. Improving survival, health, nutrition and well being, especially for children, women and vulnerable groups;
4. Increasing access to affordable clean and safe water; sanitation and hygiene;
5. Developing decent human settlements while sustaining environmental quality;
6. Providing adequate social protection and rights to the vulnerable and needy groups.

Under each of the six goals operational targets and strategies have been designed to guide implementation.

Goal 1

Ensuring equitable Access to Quality Early Childhood Development (ECD) Programmes, Primary and Secondary Education for all girls and boys

Efforts will be made to improve quality of Early Childhood Development, primary and secondary education while sustaining gains achieved in expanding access to education in order to produce skilled workforce to support the growth and development agenda. Furthermore, increased access to secondary education, especially for girls is expected to be one of the most effective measures to address issues of population dynamics, including reduction in fertility rate. In line with the aspiration of the TDV2025, this Strategy projects speeding-up universal access to lower secondary education. As more students, especially girls, attain secondary education, the results of education interventions on improving nutrition, family planning, health, water and sanitation and economic growth are more pronounced.

Quality education encompasses improvement in physical infrastructure, teaching and learning materials, human resources and school governance. It also includes quality teaching and learning environment to motivate learning, and development of reading, strategic thinking, communication, and problem solving skills and culture. To increase access and improve quality of education, including physical education, there is also need to strengthen monitoring of budgetary allocations and accountability through Public Expenditure Reviews, Value for Money audits and other initiatives such as Public Expenditure Tracking Surveys (PETS). This is among other areas where cross-cutting linkages to governance and accountability within the education sector will be emphasized.

Operational targets:

- i. Early Childhood Development (ECD) facilities and number of young children prepared for schools increased
- ii. Universal access for boys and girls to quality pre-primary and primary education achieved (NER to 100 percent for pre-primary and primary)
- iii. Access to lower and upper secondary for male and female students increased (NER to 45 percent for lower secondary and 5 percent for upper secondary)
- iv. Primary school survival rate for boys and girls (Std I to Std VII) improved
- v. Secondary school survival rates for boys and girls (Form 1 to 4; Form 5 to 6) improved
- vi. Improved pass rate for boys and girls at primary and secondary schools
- vii. Improved primary and secondary school transition rates
- viii. Quality teachers trained, deployed, and retained to achieve recommended students – qualified teacher ratio at all levels (Primary=1:45 and secondary=1:25)

Appropriate education and training at pre-primary, primary and secondary schools will enable a child to attain education and skills for individual and national progress which in turn will lead to reduced early marriages and pregnancies and fertility. In order to improve the quality of education, school inspection – at pre-primary, primary, and secondary levels, is crucial for facilitating monitoring of inputs, processes and learning outcomes in schools.

The strategies to ensure increased access to quality pre-primary, primary, and secondary education, include:

- i. Rehabilitating and expanding school infrastructure, especially the need to construct sport facilities, laboratories, water supplies, latrines and hand-washing facilities, as well as dormitories for secondary schools;
- ii. Providing school materials and sport equipment in the required ratios and mix;
- iii. Ensuring achievement of subject specific recommended textbook-student ratios;
- iv. Ensuring achievement of recommended classroom density, student-desk ratio, (pit) latrine ratio;

- v. Reviewing curricula in order to accommodate new and emerging issues for addressing skills gaps;
- vi. Equipping classrooms with ICT facilities and promoting use of ICT in teaching and learning;
- vii. Supporting regular school inspection for monitoring inputs, processes and learning outcomes;
- viii. Strengthening quality assurance, including training and recruiting qualified school inspectors for education delivery;
- ix. Effective implementation of the HIV and AIDS and life skills education components of the national education strategy including building it into teacher training;
- x. Provision of a safe education environment free of sexual abuse for all children and teachers and free of stigma and discrimination for children and teachers from households with HIV & AIDS;
- xi. Effective implementation of integrated Early Childhood Development policies;
- xii. Provision of school feeding programs;
- xiii. Expand access of children with disabilities to all levels of education;
- xiv. Strengthen and equip laboratories, sports and game facilities that are accessible to children with disabilities; and.
- xv. Address causes of drop-out in totality.

Teachers are an important input in the education process. As such, training appropriate number of teachers to the required mix of subject competencies as well as equitable deployment across regions, districts and schools is necessary. This goes hand in hand with appropriate incentives measures to encourage retention of teachers at schools. Cluster strategies required for implementing this include:

- i. Training adequate teachers in the appropriate mix of subjects, with emphasis on science subjects and languages, including sports and physical education;
- ii. Promoting regular and inclusive pre-service and in-service training programs;
- iii. Deploying qualified, competent and motivated teachers in an equitable and appropriate manner;

- iv. Devising and strengthening incentive structure to ensure recruitment and retention of highly qualified teachers, especially in underserved areas;
- v. Promoting use of ICT in teaching and learning; and
- vi. Putting in place, gender responsive HIV and AIDS workplace program for all staff and families in all education institutions.

Order of Priority Areas

1. Improved quality of education at primary and secondary levels through training, recruiting, and deploying qualified teachers and school inspectors;
2. Increased access, especially in upper secondary.

Goal 2

Ensuring Expansion of Quality Technical and Vocational Education and Training, Higher Education, and Adult, Non-formal and Continuing Education

This goal aims at preparing skilled and competent professionals in various trades, and expanding access to quality literacy and innovative tailor-made programs for diverse target groups. It aims at generating the required number of workers with appropriate skills for the growth drivers in agriculture, manufacturing, tourism, mining, services and trade logistics. It is in these three education sub-sectors (technical and vocational education and training; higher education; and adult and non-formal education) that the labor force is prepared for entrepreneurship, the job markets and employment at large. There are four operational targets for realizing this goal, namely:

Operational Targets:

- i. Enrolment expansion, quality, and relevance of Technical and Vocational Education and Training ensured;
- ii. Enrolment expansion, quality, and relevance of Higher education ensured;
- iii. Enrolment expansion, quality, and relevance in provision of adult, non-formal and continuing education ensured;
- iv. Adult illiteracy rate reduced by 50 percent from 31 percent in 2009 to 16 percent in 2015.

Technical and Vocational Education and Training

Expansion of access to technical and vocational education and training is necessary in order to absorb secondary school leavers, instil the necessary skills that young people need for enhancing employability and mobility. In view of this, there is need to strengthen technical and vocational training, expand apprenticeship schemes and mentoring systems in strategic partnership with the private sector. The required cluster strategies are:

- i. Expanding and improving infrastructure in order to expand enrolment, especially of girls;
- ii. Reviewing curricula and up-dating the range of courses offered in order to provide knowledge and skills relevant to the job market and the national growth and development agenda;
- iii. Strengthening PPPs for the delivery of technical and vocational education and training;
- iv. Improving quality of teaching and learning environment;
- v. Strengthening quality assurance;
- vi. Promoting adaptation of science and technology to Tanzania's conditions;
- vii. Promoting use of ICT in teaching and learning; and,
- viii. Mainstreaming HIV and AIDS into curricula, implementing HIV and AIDS intervention for students.

Increased emphasis on vocational and technical training needs to be supported with strengthening of M&E in order to monitor, in particular, acquisition of the desired competencies.

Higher Education

To complement the role played by Technical and Vocational Education and Training, interventions are needed to increase enrolment and quality delivery in higher learning institutions. It is also critical that the education provided is relevant by producing skills and competences needed for economic growth and enhanced social wellbeing. To achieve these targets, interventions need to focus on the following cluster strategies:

- i. Strengthening and expanding enrolment while ensuring quality and equitable access by gender;
- ii. Expanding and improving infrastructure to support increased gender equitable enrolment and quality delivery;

- iii. Integrating ICT in teaching and learning;
- iv. Reviewing curricula to accommodate new and emerging issues and challenges, nationally, regionally and globally;
- v. Reviewing Higher Education Loans Policy with a view to exploring other sources of financing and increasing accessibility to higher learning institutions;
- vi. Strengthening research, accreditation, and monitoring as a measure of safeguarding quality; and
- vii. Improving the teaching and learning environment so as to attract and retain both good students and staff.

Adult, Non-Formal and Continuing Education

Increasing illiteracy rates and low participation of out-of-school children, youth, and adults in Adult, Non-Formal, and Continuing Education hinders the effective contribution of these groups towards promoting gender equity and equality, and in strengthening self-confidence among the people. This affects the productivity of such individuals and ultimately hinders progress in the reduction of poverty. In view of this, adult, non-formal and continuing education interventions are needed to complement formal education at all levels. Cluster strategies include:

- i. Scaling up the 'Yes I can' campaign and advocacy and awareness;
- ii. Linking ICBAE programs with income generation activities, including revision of curricula in line with growth agenda;
- iii. Expanding and improving education infrastructure, including ensuring effective use of schools and other institutions for basic and continuing education for out-of-school children youth and adults, especially in rural areas;
- iv. Strengthening institutional and technical capacity, including development of Lifelong Learning Qualification Framework, training and motivating facilitators and teachers; and,
- v. Expanding parenting education for child rearing practices.

Order of Priority Areas

1. Increased access and quality of technical education and vocational training and higher education
2. Improved quality and relevance of tertiary education
3. Expanding and improving education infrastructure, for effective use of schools and continuing education for out-of-school children

Goal 3

Improving survival, Health, Nutrition and Well Being, Especially for Children, Women and Vulnerable Groups

Achievement of this goal depends critically on strengthening of health service delivery system. Moreover, strategies need to be geared towards improving the health of mothers and children. It entails, addressing the prevalent illnesses such as malaria and HIV and AIDS which are major causes of deaths. The goal also focuses on the human resource crisis which constrains provision of adequate health care. Further, given the strains placed on available resources by high population growth rate, effective measures are deployed in order to promote access to education on reproductive health and appropriate mix of family planning methods. It also recognizes the need to make health service delivery affordable, while reducing disparities of access (between regions, socio-economic groups). While there is emphasis on disease-specific interventions, the Strategy recognizes their integration into an overall health care delivery system. Thus, strategic interventions are also needed to improve the functioning of the health care delivery system.

Operational targets and strategic interventions for achieving this goal have been identified based on the strategic areas and targets defined in the National Health Policy 2007, Health Sector Strategic Plan III (2008-2015), Primary Health Services Development Programme 2007-2017, Human Resource for Health Strategic Plan 2008-2013, the National Road Map Strategic Plan to Accelerate Reduction of Maternal, Newborn and Child Deaths in Tanzania 2008-2015 (also known as 'One Plan'), the ongoing disease specific programmes); ATM, EPI & others. The major areas are: human resources for health;; addressing fertility, maternal and neonatal health, improving child health and nutrition; and addressing HIV and AIDS. .

Addressing human resources for health

Human resources development for health is one of the important factors in health delivery improvements.

Operational target:

- i. Appropriate number and mix of health professionals trained, deployed and retained.

In order to achieve this target, the following cluster strategies are required:

- i. Improving human resources management capacity at all levels of health delivery system;
- ii. Increasing throughput of health professionals in all health training institutions and increasing numbers of health training institutions;
- iii. Strengthening private sector engagement in training;
- iv. Enhancing capacity of training institutions, and improving zonal training centers to support regions and districts training institutions in delivering quality health care and training;
- v. Deepening and accelerating the implementation of Local Government and Public Service Reforms to address the fundamental challenges in public health, including the need to improve availability and productivity of human resources, equitable deployment of existing personnel to underserved areas; revisiting staffing norms to take into account actual workload; and improving staff productivity;
- vi. Training health workers to have equal and quality skills to provide non complicated services;
- vii. Addressing inequitable distribution of human resource across Regions, as well as within Regions and districts, with incentives for staff to work in less preferred districts;
- viii. Administering performance and result-based rewarding through Pay for Performance (P4P) schemes;
- ix. Promoting use of ICT in teaching and learning processes;
- x. Improve human resource planning and policy capacity at all levels ;
- xi. Improve human resources performance management and reward systems and monitoring indicators.

Addressing Fertility, Maternal and Neonatal Health

Five operational targets have been set to guide strategic interventions in the medium term.

Operational targets:

- i. Maternal mortality ratio reduced from 454 per 100,000 live births (2010) to 265 per 100,000 live births by 2015;
- ii. Neonatal mortality reduced from 26 per 1,000 live births (2010) to 19 per 1,000 live births in 2015;
- iii. Proportional of births attended by skilled health personnel increased from 50.6 (2010) percent to 80 percent (2015);
- iv. Total Fertility rate slowed down from 5.4 (2010) to 5.0 by 2015;
- v. Population growth reduced from 2.9 (2002) percent pa to 2.7 percent pa by 2015.

Addressing these issues effectively depends on interventions in many areas beyond the health sector, including social protection, development of infrastructure, education levels, nutritional status, etc. Achieving these targets also requires adequate investments in maternal and childhood health and nutrition, prevention of chronic diseases, improved health education and awareness. Interventions need to consider challenge posed by wide disparities across regions, and between rural and urban areas, education groups, and socio-economic groups. The interventions required include:

- i. Improving access to quality maternal and antenatal care; basic and comprehensive emergency obstetric care, and post-natal care;
- ii. Addressing disparities in health outcomes and services delivery by socio-economic groups and by urban/rural and districts;
- iii. Strengthening Public Private Partnerships (PPP) in health care delivery;
- iv. Providing nutrition education and micronutrient supplements to women of reproductive age, especially pregnant and breastfeeding women;
- v. Promoting adequate child spacing by enhancing access to modern contraceptive use for all sexually active persons, particularly targeting women and their spouses, adolescent girls and boys;
- vi. Ensuring access to primary and secondary education to reduce early pregnancy and promote child spacing;
- vii. Increase Intermittent Presumptive Treatment in pregnancy (IPTp) coverage
- viii. Improving access and quality of obstetric care; strengthening referral systems; and preventing malaria incidences;

- ix. Improving accessibility/attendance and quality of antenatal care services;
- x. Strengthening community care and involvement in the health of expecting mothers to ensure accessibility to basic services;
- xi. Preventing chronic diseases (malaria, TB, HIV and AIDS) which are major causes of death);
- xii. Systematically build up the capacity for procurement and supply management for timely and adequate provision of medical supplies and pharmaceuticals.

Addressing Infant and Child Health and Nutrition

Child malnutrition fuels illnesses, undermines learning, erodes human capital and reduces labor productivity, ultimately affecting growth and labor market outcomes at the adult age. Six operational targets have been set to guide the implementation of strategic interventions.

Operational targets:

- i. Infant mortality rate reduced from 51 per 1000 live births (2010) to 38 per 1000 live births by 2015.
- ii. Under-five mortality rate reduced from 81 per 1,000 live births (2010) to 54 per 1,000 live births by 2015.
- iii. Proportion of under-five underweight (weight for age) reduced from 21 percent (2010) to 14 percent by 2015.
- iv. Proportion of stunted under-fives (height for age) reduced from 35 percent (2010) to 22 percent by 2015.
- v. Prevalence of exclusive breast-feeding in children under 6 months increased from 50 percent (2010) to 60 percent by 2015.
- vi. Proportion of anaemic women and children reduced (from 48.4 percent to 35 percent in women; from 71.8 percent to 55 percent in children) by 2015

Interventions are needed to sustain the gains which have been achieved in child health including addressing disparities across and within regions and social-economic groups, strengthening health systems, and improving early childhood nutrition to enhance maternal and neonatal health. In order to achieve this, the following interventions will be implemented:

- i. Improving quality of facility, and community-based Integrated Management of Childhood Illnesses (IMCI);

- ii. Strengthen health promotion and engagement with communities on proper management of childhood illnesses;
- iii. Ensuring universal Vitamin A coverage of under-five children and post partum women
- iv. Scaling up implementation of public health and primary preventive strategies such as use of safe and clean water;
- v. Promoting personal hygiene and sanitary measures, implementation of environmental health programs;
- vi. Increasing immunization coverage and introducing new options for Expanded Program in Immunization (EPI) vaccines;
- vii. Promoting optimal breastfeeding and complementary feeding practices;
- viii. Combating malaria through strategies such as universal distribution of long-lasting nets; implementation of Rapid Malaria Test (RDT) for malaria country-wide; and introducing additional malaria control strategies including indoor residual spraying;
- ix. Regulating and promoting food fortification with vitamins and minerals;
- x. Responding rapidly to health and nutritional challenges that especially affect children due to adverse conditions such as climate change;
- xi. Engaging in partnerships with organizations and sectors outside health sector at national, regional and international levels in order to adapt and mitigate impacts of adverse weather conditions.

Addressing HIV and AIDS and TB

The HIV & AIDS epidemic poses a threat to development, security and economic growth, and thus undermines effort to attain MKUKUTA and MDG poverty targets. HIV and AIDS and TB infections reduce productivity, savings and investment, and decrease the growth rate of per capita income, as well as creating social instability within families and communities. The negative impact on children's education, health and nutrition reduce the potential for longer term national economic growth and development. Two operational targets have been set to guide the implementation of strategic interventions.

Operational targets:

- i. HIV/AIDS infection rate reduced;
- ii. National HIV prevalence rate in 15-24 years age group reduced from 2.4 percent in 2010 to 1.2 percent by 2015;
- iii. Access to ARV and food supplement for PLHAs increased;
- iv. Percentage and number of orphaned and vulnerable children aged 0 -17 whose household receiving free basic external support increased from 586,170 (2009) to 1,318,187 by 2015.

The Strategy continues to emphasize the multi-sectral responsibility for addressing HIV/AIDS. From health point of view, HIV and AIDS and TB issues will be addressed focusing on reducing new infections, treatment and mitigating impacts on the wellbeing of People Living with HIV (PLWH). The interventions include:

- i. Sustaining current strategies such as multi-sectoral strategies and sector-specific strategies on HIV prevention;
- ii. Sustaining care and treatment with emphasis on Prevention of Mother to Child Transmission (PMTCT+) and paediatrics' AIDS services;
- iii. Improving HIV surveillance and follow-up of neonates;
- iv. Integrating measures to address gender and inequalities that result in higher HIV prevalence rates especially among women and girls;
- v. Introducing measures for protecting girls such as keeping girls longer in school;
- vi. Promoting income-generating/livelihood schemes and life-skills for adolescent girls and women including access to credit as a social protection measure;
- vii. Strengthening social protection measures for PLWHAs (with particular attention to women, children, elderly carers, widows and child-headed households);
- viii. Strengthening awareness campaign (e.g. using game and sports) and measures to address the stigma and discrimination which limit access of PLHIV to prompt and quality care, treatment and support, especially at district and local levels;
- ix. Ensuring universal access to ARVs and increase VCT service provision as well as measures for BCC;

- x. Ensuring better management of HIV funding in order to ensure efficiency and effectiveness of resource use.
- xi. Ensuring effective HIV communication and behavior change interventions
- xii. Implement the agreed National Strategy for TB and Leprosy and the Operational Plan.
- xiii. Improving the Health Systems including the Human resource to handle the BoD arising from TB/HIV
- xiv. Expanding and mainstreaming the Direct Observed Treatment of tuberculosis (DOTs) strategy to the general health system and involve CBOs and NGOs in the DOTs strategy.

Order of Priority Areas

1. Improve human resources for health system (training, deployment, and retention)
2. Improve maternal health
3. Improve health facilities and service delivery

Goal 4

Increasing Access to Affordable Clean and Safe Water; Sanitation and Hygiene

Access to clean and safe water and good sanitation and hygiene practices are essential to promoting health and productivity of the population. The focus is on creating affordable, sustainable and reliable sources of water in rural settlements, township and urban authorities, and Dar es Salaam for both drinking and use for productive activities.

Achieving this goal, the operational targets under each of areas of water, and sanitation and hygiene include the following:

Addressing Water Supply

Operational targets:

- i. Proportion of households in rural settlements provided with improved sources of water increased from 58.7 percent in 2009 to 65 percent by 2015;
- ii. Proportion of households in small towns provided with improved sources of water increased from 53 percent in 2009 to 57 percent by 2015;
- iii. Proportion of households in urban authorities provided with improved sources of water increased from 84 percent in 2010 to 95 percent by 2015;
- iv. Proportion of households in Dar es Salaam provided with improved sources of water increased from 68 percent in 2010 to 75 percent by 2015.

The setting of the operational targets recognizes that the service delivery context varies considerably between Tanzania's regional main urban centers, small towns, rural areas and Dar es Salaam. Building on and reinforcing the WSDP cluster strategies include:

- i. Rehabilitation of water facilities; and construction of low-cost appropriate water sources (boreholes, dams and surface water supply networks);
- ii. Registration of all Community Owned Water Supply and Sanitation Organizations (COWSOs) at District level;
- iii. Conducting water point mapping country wide; followed by quarterly monitoring of all mapped water points to determine their status of functionality;
- iv. Facilitating the supply chain of essential tools and spare parts in rural settlements for ensuring sustainable water facility maintenance;
- v. Rehabilitation and expansion of water supply systems; and construction of water sources and distribution networks in all small towns, district headquarters, and all major regional urban centers;
- vi. Conducting regular monitoring of the water supply networks to determine leakages and take necessary measures to reduce infrastructure water loss;
- vii. Rehabilitation of the water production plant and treatment plant at Lower Ruvu to stabilize levels of water production;
- viii. Construction and laying the new 55 km pipeline from Lower Ruvu to Dar es Salaam City to augment the conveyance capacity of the current pipe;

- ix. Rehabilitation of the water supply distribution networks in Dar es Salaam to reduce non-revenue water;
- x. Drilling of 20 high yielding boreholes at Kimbiji and Mpera in Kigamboni that will produce 260,000 cubic meters per day to add to the current total production of 300,000 cubic meters;
- xi. Construct Kidunda Dam that will regulate the flow of the Ruvu as a climate change adaptation measure.

Addressing Sanitation and Hygiene

The importance of sanitation and hygiene is appreciated given the high population increase especially in urban areas. Implementation of sanitation and hygiene is challenging that requires diverse actions. It is critical for prevention of outbreak of diseases such as cholera.

Operational targets:

- i. Access to improved toilet and functional hand washing facilities at household and public places, particularly schools, health facilities, transport facilities (improved toilets at household level increased from 23 percent rural and 27 percent urban (in 2010) to 35 percent rural and 45 percent urban) in 2015;
- ii. Proportion of population with access to improved sanitation facilities increased;
- iii. Proportion of schools with improved sanitation facilities increased;
- iv. Proportion of households connected to the public sewage system increased from 18 per cent in 2010 to 22 percent in 2015;
- v. Solid waste collected in urban centers increased from 47 per cent in 2008 to 85 percent in 2015;
- vi. Storm water management in urban centers strengthened.

The strategies for achieving the target hinge around operationalization of the Water, Sanitation and Hygiene (WASH) Program which aims at provision of adequate facilities to all households and public places such as schools and health facilities, with a particular focus on the appropriate levels of provision and operation and maintenance of facilities.

The cluster strategies are:

- i. Ensuring that schools and health facilities have adequate WASH provision

- ii. Strengthening solid waste management in urban areas;
- iii. Strengthening drainage and storm water management in urban areas;
- iv. Developing and implementing clear Sanitation and Hygiene policy and plan for participatory sanitation and hygiene promotion and marketing, building on current efforts to establish effectiveness of interventions, including clarification of the roles and responsibilities, budget requirements and strategies for ensuring that schools and health facilities have adequate WASH;
- v. Establishing a dedicated budget, supported by monitoring of resources, outcomes and outputs;
- vi. Rehabilitating and expanding sanitation and hygiene facilities and ensuring systems for sustainability;
- vii. Enhancing and expand impact evaluation

Order of Priority Areas

1. Rehabilitation of water facilities
2. Construction of additional low-cost appropriate water sources
3. Sanitation, especially in public facilities/places

Goal 5

Developing Decent Human Settlements while Sustaining Environmental Quality.

Decent human settlements guarantee public health, safety, and comfortable living environment, which are crucial in attaining a healthy workforce for growth of the economy and subsequently poverty reduction. It is imperative that in the process of settlement development, the environment is conserved. The Strategic Plan for the Implementation of Land Laws (SPILL) is recognized as one of the effective ways to ensure gender-balanced access to land, both in rural and urban areas. This Strategy aims at enhancing efficiency in land and property management and thus making land contribute more to poverty reduction and improved social well being of the people.

The operational targets are:

- i. Planned and serviced urban settlements with functioning town planning procedures, including improved solid and liquid waste management, use of sustainable transport and cleaner energy ensured;
- ii. Implications of rapid urban population growth on settlements addressed.

Planned and serviced urban and peri-urban settlements

Issues of urban settlements need to be linked to rapid growth of urban populations and services provision. The cluster strategies are:

- i. Supporting Municipalities and Councils to prepare integrated human settlement plans, surveys and gender-balanced issuance of land titles at least in cities, municipalities and towns;
- ii. Undertaking preparation of base maps and other forms of data e.g. environmental profiles with a view to enhancing access to serviced land of different sizes commensurate with the demand by various social groups and their affordability levels;
- iii. Establishing land reserves in peri-urban areas with a view to, among others, ensuring sustainable public use;
- iv. Scaling up regularization of unplanned settlements;
- v. Implementing orderly urban land development, (legal changes of land uses, urban general schemes, and efficient machinery for resolving urban land use conflicts);
- vi. Establishing land rangers' and building inspectors' Units in order to efficiently manage land development;
- vii. Building capacity of local leaders and socially grafted institutions in enhancing security of tenure and protecting land parcels;
- viii. Providing education and awareness on land rights, obligations, laws and national land tenure to women, men and vulnerable groups;
- ix. Reviewing on a regular basis as need arises, the Land Act with a view to making land tenure more inclusive.

Consequences of migration on population distribution and urbanization

Addressing issues of internal migration and urbanization requires the following cluster strategies:

- i. Integrating urban planning, including incorporation of PPP arrangements in

settlements development;

- i. Harmonizing and matching service provision between urban and rural settings to reduce the effects of pull and push factors, including supporting low cost housing in rural areas.

Order of Priority Areas

1. Plans, surveys, and issuance of land titles
2. Regularization of unplanned settlements and enforcement of urban land use plans

Goal 6

Providing Adequate Social Protection and Rights to the Vulnerable and Needy Groups

The main objective of social protection is to prevent unacceptable levels of socioeconomic insecurity and deprivation. The Strategy recognizes that interventions geared to prevent a descent into poverty differ from those intended assisting categories of people who, because of age, disability, stigma or other factors, may be excluded from services or otherwise unable to sustain themselves. Thus, preventing a descent into poverty often calls for compensatory programmes and safety nets, whereas social assistance programmes are typically required for those who cannot earn their own keep. In either case, the Strategy underscores developmental role that social protection can play – in preventing poverty traps, reducing household insecurity, and encouraging investments in poverty-reducing assets (physical, human, social and financial) that can strengthen people’s resilience and capacity for self-sufficiency. Thus, social protection interventions will focus on: orphans and vulnerable children; people with disabilities; the elderly; people living with HIV and long term illnesses; vulnerable women and youth; former inmates, and people disabled by accidents, wars and conflicts.

Operational targets:

- i. Proportion of vulnerable children, including children outside family care, disabled, and eligible adults covered with social protection measures increased;
- ii. Proportion of eligible elderly people reached with minimum social pension increased.

The following are the cluster strategies:

- i. Mainstreaming provision of social protection measures in the plans of state and non-state actors;
- ii. Continuing provision of care and support to people living with HIV and

those indirectly affected including home-based care and social security schemes including food safety nets;

- iii. Strengthening systems and institutions for effective access to minimum social protection package, including exemption and waiver schemes for PWDs, OVCs, elderly people living with HIV and other vulnerable groups
- iv. Supporting capacity of poor households to care for vulnerable members;
- v. Increasing access to civil registration systems for older people, OVCs and PWDs;
- vi. Promoting economic empowerment of vulnerable groups, through such measures as start-up kits for Income Generating Activities (IGAs) and cash transfers;
- vii. Revising policy and regulations to ease access to financial services and exemptions applicable to vulnerable groups;
- viii. Promoting and coordinate involvement of the government, development partners (DPs), NGOs, faith-based organizations (FBOs), the business sector and communities;
- ix. Improving capacity to deal with disasters and strengthen emergency preparedness systems at village, district, and national level;
- x. Ensuring equitable geographical recruitment and retention of adequate number of social workers;
- xi. Promoting private sector initiatives in implementing social protection measures, including promoting corporate social responsibility to support social protection interventions.

Order of Priority Areas

1. Exemption and waiver schemes for PWDs, OVCs, eligible elderly people living with HIV and other vulnerable groups
2. Systems and institutions for effective delivery of social protection packages

4.3 Cluster III Good Governance and Accountability

Good governance and accountability are fundamental components to shaping a favorable environment for economic growth and poverty reduction. It is given a central role in reaching the goals and objectives of MKUKUTA II. , Broad outcomes for cluster III are as follows:

- i. Democracy, good governance, human rights and the rule of law deepened and ensured;
- ii. Peace, political stability, social cohesion and national unity consolidated and sustained;
- iii. Accountable, responsive, effective, and efficient leadership in public service ensured;
- iv. Equity in accessing public resources and services ensured.

Five goals have been identified to advance the achievements of the three broad outcomes. For each of the goals there are a number of targets, strategies, and interventions for implementation by various stakeholders. The goals are:

1. Ensuring systems and structures of governance uphold the rule of law and are democratic, effective, accountable, predictable, transparent, inclusive and corruption-free at all levels
2. Improving public service delivery to all, especially to the poor and vulnerable
3. Promoting and protecting human rights for all, particularly for poor women, children, men and the vulnerable, including people living with HIV/AIDS
4. Ensuring national and personal security and safety of properties
5. Promoting and preserving culture of patriotism, hard work, moral integrity, and self-confidence

Cluster strategies under governance and accountability are holistic in nature implemented as package in delivering results. Thus, taken together, the identified operational targets and strategic interventions point to the need to scale up implementation of the Core Reforms on;- creating an enabling environment for promotion of pro-poor growth, with special emphasis on strengthening business and investment environment, fighting both petty and grand corruption, strengthening public finance management and value for money in use of resources, ensuring credible legal sector, responsive and performance based public service administration and capable local government, enhancing the institutional and human resource capacity of each pillar of the state for the proper execution of its functions.

Goal 1

Ensuring Systems and Structures of Governance Uphold the Rule of Law and are Democratic, Effective, Accountable, Predictable, Transparent, Inclusive and Corruption-free at all Levels

Efforts made in creating institutions and putting up a policy and legal framework for democracy, the rule of law and good governance will be maintained and scaled up in a more coherent, cross-cutting, coordinated and effective manner during MKUKUTA II. An effective mechanism for implementation, coordination and monitoring for results will be put in place under the National Framework on Governance and Accountability.

Operational targets:

- i. Principles of democracy, rule of law, integrity accountability, transparency, inclusiveness, effectiveness and efficiency ensured and applied at all levels;
- ii. Separation of powers and effectiveness of the three pillars of the state ensured and nurtured;
- iii. Corruption as well as money laundering effectively curbed.

The cluster strategies and interventions to achieve these targets are stated below:

Strengthening Legal, Policy and Institutional framework for democracy, rule of law, and good governance

Improved governance requires both strong systems, structures and rules for enforcing compliance on rule of law, democracy, accountability, participation, transparency, efficiency and effectiveness on the one hand, and increased demand and awareness from the citizens, Parliament and media for accountability and efficient delivery of public goods and services by the state institutions, public servants and public leaders on the other.

In the medium term, focus is on both the supply and demand factors by consolidating the gains in modernizing the legal, policy and regulatory framework, strengthening governance institutions that have been created and promoting domestic accountability. Special attention is given to ensuring enforcement and compliance to laws, policies, regulations, rules and procedures so that a mindset or paradigm shift is achieved to propel the country to higher levels of good governance in terms of rules, principles and results.

Strategic interventions in this area include:

- i. Reviewing, mainstreaming, accelerating and deepening implementation of core reforms with the focus on creating an enabling environment for pro-poor growth. The core reforms will address weaknesses in: public service management, public finance management, public goods and services delivery systems, Local-Central Government relations, business and Investment environment and Financial Services, stakeholders' participation, legal and judicial processes, citizens and corporate responsibility, and enforcement of rule of law and order;
- ii. Deepening democracy through further electoral reforms, expanded freedom of expression, enhanced transparency, local participation, and access to information;
- iii. Implementing measures for promoting domestic accountability and effectiveness of watchdog and oversight institutions;
- iv. Introducing mechanisms for strict follow up, accountability and sanctions on implementation, enforcement and compliance to legislative, policy, regulatory and operational rules;
- v. Promoting use of ICT in public service delivery and complete installation of e-government;
- vi. Promoting gender equity and broaden participation in planning, budgeting, and implementation;
- vii. Enhancing operational capacity of governance institutions;
- viii. Reviewing and streamlining various operational procedures and processes to increase effectiveness and efficiency in Government business.

Nurturing separation of powers and effectiveness of the three pillars of the state

The Constitution of the United Republic of Tanzania spells out the roles and responsibilities of each pillar of the state. Emphasis is put on the following strategic interventions:

- i. enhancing the institutional and human resource capacity of each pillar of the state for the proper execution of its functions;
- ii. undertaking awareness campaigns, information dissemination and selected training to the general public, media and civil society organizations on the roles of the pillars of state;
- iii. Building capacity through training, sensitization and dialogue among

stakeholders on constitutional mandate, independence, professionalism and non-interference of each pillar;

- iv. Enhancing independence, transparency and stakeholder participation on the operations of each pillar in accordance with laid down rules, procedures and legal provisions.

Curbing petty and grand corruption, and money laundering

Efforts to fight both petty and grand corruption at all levels will be sustained without impunity through both preventive and combatant means in a timely, scientific and just manner. The legal and institutional framework already in place will continue to be used and will be strengthened and modernized in order to address changes in technology and environment. Strategic Interventions in this area include:

- i. Sustaining and stepping up the fight against corruption and money laundering as a national agenda with clear monitoring and evaluation tools;
- ii. Revising Laws and strengthening mechanisms for fighting corruption and money laundering in order to cope with changes in technology and circumstances;
- iii. Continuing to streamline operational procedures in public service delivery through reforms and change management, enhancing integrity in MDAs and increasing the supply and quality of public goods and services on an equitable basis in order to prevent corruption;
- iv. Instituting strict surveillance and enhancing transparency in public service operations to increase the marginal cost of indulging in corrupt practices and plugging all loopholes of corrupt practice;
- v. Building capacity of oversight and watch dog institutions, including media and civil society organizations to enhance domestic accountability;
- vi. Increasing public involvement, mass campaigns and education in stamping out corruption and money laundering;
- vii. Building capacity of investigative, detective, prosecuting, judiciary and prisons agencies;
- viii. Stepping up combatant mechanisms steered by the Prevention and Combating of Corruption Bureau, Ethics Secretariat and Director of Public Prosecution, through detection, investigation and prosecution of cases for both petty and grand corruption;

- ix. Ensuring speedy but fair delivery of judgments based on the compliance of due process requirements; and
- x. Collaborating with other countries through mutual legal assistance, information sharing and returning stolen assets as per the limits of respective countries' laws.

Goal 2

Improving Public Service Delivery to all, Especially to the Poor and Vulnerable

Improved public service delivery is a cornerstone for Good Governance. To achieve this goal, the operational targets are:

Operational targets:

- i. Capacities and management systems in service delivery improved;
- ii. Mechanisms for targeting the poor and vulnerable groups introduced (cover 65 percent of the poor and vulnerable groups currently excluded from public service delivery);
- iii. Monitoring, performance for results and accountability mechanisms in public service delivery strengthened.

Improving capacities and management systems in service delivery

The thrust is to ensure efficient service delivery and public trust and confidence in the country's leadership and public service. To achieve improved public service to all, especially the disadvantaged, interventions are as follows:

- i. Implementing a framework on accountability and performance monitoring and measurement for public servants and leaders in order to make them perform better and be more accountable to the people;
- ii. Updating the Code of Ethics for public servants and leaders and strictly enforcing it including sanctioning mechanisms;
- iii. Deepening public service reforms, legal sector and local government reforms including decentralization by devolution (D-by-D);
- iv. Reviewing the remuneration system and incentive structure for public servants and leaders and streamlining pay policy in order to motivate, attract and retain staff for high quality service delivery equitably across the country, especially the poor and disadvantaged;

- v. Devising and operationalizing a human resource management strategy to ensure proper planning and deployment of required number of staff and skill mix;
- vi. Reviewing, restructuring and strengthening public institutions to ensure efficiency and effectiveness in use of resources for improved service delivery;
- vii. Training of public servants, including leaders and senior officials as well as officials of lower cadre of LGAs as a strategic way of developing capacities of public servants;
- viii. Providing necessary infrastructure such as roads, water, housing and energy across the country, especially in underserved areas in order to attract staff and motivate them for better service delivery;
- ix. Educating the people to know and demand their rights for quality and equitable public services;
- x. Providing working tools and emphasizing use of ICT for improving quality service delivery;
- xi. Promoting political environment that allows the LGAs to fulfill their obligation with regard to governance and administrative system

Instituting mechanisms for targeting the poor and vulnerable groups

Poverty reduction, social harmony, peace and national unity require that all citizens are treated equitably in terms of access to public services and goods. To achieve this, required interventions include:

- i. Implementing transparent, formula-based criteria for allocation, disbursement and utilization of resources in order to ensure equitable service delivery across the country;
- ii. Supporting institutions that work among the poor and vulnerable groups to tackle pockets of poverty in the country;
- iii. promoting implantation of social protection interventions and recognize potentials of each individual, to ensure security to all, and to minimize risks to the most vulnerable groups, including the unemployed, retrenched, pensioners, women, children, the elderly, and victims of disasters;
- iv. Providing special incentives to the private sector in order to motivate it invest in underserved locations and in businesses that support the poor and vulnerable.

Strengthening mechanisms for monitoring and accountability

Improved public service delivery, especially to the poor and vulnerable require that there is a systematic mechanism of checks and balances to ensure and inform both the service providers, supervisors and service users that goods and services are being provided efficiently, equitably and are reaching the targeted groups. To achieve this, interventions to be implemented are :

- i. Ensuring that all MDAs, LGAs and public institutions have client service charters that are updated after every five years and are made public to all service users;
- ii. Strengthen the monitoring and evaluation systems and developing clear indicators for assessment and determination of effectiveness of service delivery and people's satisfaction or perceptions;
- iii. Strengthen the Public expenditure tracking system both at the national and local level to include not only public funds but also other resources;
- iv. Involving CSOs and other CBOs to increase public awareness toward local autonomy and participation toward their community development;
- v. Strengthening and extending the complaint handling system to cover all public institutions from the national to local level (village or community) and ensure feedback and its effective functioning;
- vi. Strengthening the accountability and supervision mechanisms at national and local levels for ensuring that public servants are fulfilling their duties and are held accountable for their actions.

Goal 3

Promoting and Protecting Human Rights for all, Particularly for Poor Women, Men and children, the Vulnerable, Including people living with HIV/AIDS

This goal aims at ensuring human rights for all, particularly for poor women and men, and that the rights are promoted and protected.

Operational targets:

- i. Equal access to timely justice for all;
- ii. Social, political, economic and cultural rights for all particularly vulnerable groups ensured (achieve 45 percent of vulnerable groups reporting having a full access to their rights);
- iii. Children rights promoted and protected;
- iv. Rights of women promoted and protected.

Ensuring equal access to timely justice to all people

Among the root causes of poverty in a society, are injustices and discrimination. In light of this, emphasis is paid to promotion and protection of the rights of all citizens with particular focus on poor women, children, and vulnerable groups. In this regard, the interventions include:

- i. Improving the capacity and efficiency of justice institutions through investing in human resources development and streamlining processes and procedures; improving court infrastructure (including construction of new primary courts);
- ii. Developing legal policy to guide MDAs on priorities and approaches to improving access to justice;
- iii. Enhancing independence of the judiciary and improving efficiency of case management;
- iv. Deepening the legal sector reform and law reform;
- v. Providing legal aid support to individuals who cannot afford court fees;
- vi. Revising laws which contain back claw clauses;
- vii. Training and retraining justice officials in human rights.

Ensuring social, political, economic and cultural rights for all particularly vulnerable groups

The link between growth, on the one hand and poverty-reduction and people's right to access information on the other hand, are well recognized. In light of this, the following interventions are required:

- i. Legislating Media Business and the Right to Information Act;
- ii. Ensuring that the media is supported to be able to function in an ethical and responsible manner and protect the rights of the public which consumes media outputs;
- iii. Building skills in order to creating equal opportunities for people with disabilities;
- iv. Promoting measures to ensure that vulnerable groups (women, youth, disabled people, and people living with HIV/AIDS) are participating in training and skill building in economic activities to reduce vulnerability to HIV;
- v. Ensuring provision of services, such as skills training, material assistance, and long-term care for those who are not able to engage in any form of

economic activity;

- vi. Establishing baseline information disaggregated by gender;
- vii. Strengthening involvement of LGAs and CSOs to create awareness for the rights of people living with HIV/AIDS as well as the rights of the most vulnerable groups at all levels--districts, villages, and communities.

Promoting and protecting children's rights

Respect for children's rights contributes to a sustainable promotion of a human-rights culture as children will grow knowing their rights, responsibilities and obligation as rights holders. The interventions required in this regard are:

- i. Providing an environment which ensures that all children have a right to basic services including education, food, shelter, and legal protection;
- ii. Supporting children's rights against the worst forms of forced labor, sexual abuse, improving juvenile justice, and supporting for children living in difficult circumstances;
- iii. Holding duty bearers including parents, teachers, and law enforcers accountable for abuse of children's rights;
- iv. Investing in facilities to support children with disabilities including making schools and public institutions disability friendly, training more teachers who will support children with learning disabilities, and producing learning materials such as brail and hearing aid for children with various disabilities.

Promoting and protecting rights of women

Emphasis will continue to be on addressing socio-economic political and cultural barriers that limit women's rights and hinder them from unlocking their full potential in economic growth and poverty reduction. Women's access to land and other productive resources, such as improved farming with irrigation scheme and markets will be given special attention. To achieve this, interventions are as follows:

- i. Strengthening enforcement of land laws through imparting knowledge to law enforcers on women's rights, as well as disseminating knowledge about property rights;
- ii. Improving women's access to credit and financial resources through innovative ways which will enable women to access formal credit facilities;

- iii. Supporting women to access information on markets for their products and participate effectively in trade and commerce through programs that graduate their businesses from small-scale and informal to formal medium-and-large-scale;
- iv. Implementing affirmative action to promote women's participation in electoral and non-elected positions through legislation which will require all political parties to institute affirmative action in appointing women in political positions within their parties as well as in national elections;
- v. Reviewing discriminatory laws to address domestic violence;
- vi. Supporting women leaders with skills and knowledge so as to enable them to confidently engage in decision making processes at all levels;
- vii. Addressing cultural norms and values that exercise discriminatory actions or hinder women's effective participation in the economy through public education on women's rights;
- viii. Formalizing paralegal systems and improving the legal environment for CSOs and other advocacy groups to promote women's rights.

Goal 4

Ensuring national and personal security and safety of properties

Operational targets:

- i. National, individual security and safety ensured;
- ii. Crime including domestic and gender based violence reduced;
- iii. Capacity to mitigate the adverse impacts of climate change and natural and human-made disasters enhanced.

Ensuring national, individual security and safety of property

Security, public safety and property safety concerns have to be ensured at national and individual levels. In order to achieve these, the following interventions are required:

- i. Strengthening international cooperation and peacemaking, conflict resolution, and diplomacy;
- ii. Controlling immigration, checking inflow of arms and curbing cross-border violence and crimes;
- iii. Implementing capacity-building and skills upgrading for agencies

- responsible for national security and defense;
- iv. Strengthening mechanisms for resolving internal conflicts;
 - v. Stepping up involvement of citizens in maintaining peace and order through community policing, sensitization, awareness campaigns on rights and responsibilities, nationalism and patriotism;
 - vi. Streamlining and sanctioning the police and judicial systems to readily handle cases on crimes to avoid masses taking laws into their own hands;
 - vii. Enhancing the participation of Non-state Actors in safeguarding personal security and protecting property;
 - viii. Strengthening institutional capacity in issuance and secure usage of national identity cards by all citizens.

Fighting crime, including domestic violence

The thrust of this target is to curb crimes, including sexual abuse and gender based violence. The interventions in this regard include:

- i. Building capacity of agencies responsible for law and order through medium-term reform and modernization programs;
- ii. Stepping up awareness campaigns for citizens to be able to act swiftly and report sex-related and all other forms of abuse and harassment against women;
- iii. Institute special programs in law and order agencies for tackling domestic, children, and gender based violence.

Enhancing the capacity to mitigate the adverse impacts of climate change and natural and human-made disasters

Disasters result in loss of life, livelihoods and property and cause conflicts in sharing natural resources, thus posing potential security risks. To increase nation's preparedness and avoid these consequences, interventions are:

- i. Strengthening institutions dealing with early warning systems, risk management and preparedness, and disaster management and response;
- ii. Developing and instituting methods for adapting to adverse impacts brought about by climate change and disasters;
- iii. Revising laws, regulations and guidelines on risk management, protection, mitigation, and reduction of effects of human-made and natural disasters;
- iv. Scaling up national capacity (army, police, fire and rescue, food reserve,

relief agencies, communities, etc) and disaster preparedness to handle human-made and natural disasters;

- v. Stepping up training and mass campaigns on management of disasters;
- vi. Promoting voluntary assistance to victims of human made and natural disasters;
- vii. Developing regional and international collaboration on information sharing

Goal 5

Promoting and Preserving Culture of Patriotism, Hard Work, Moral Integrity, and Self-confidence

National culture and identity are at the heart of development policy. The strategies under this goal aim at instilling national values and traditions.

Operational targets:

- i. Social cohesion, belonging, and national identity promoted and enhanced;
- ii. Attitude toward hardworking, self-confidence, and self-esteem, creativity, innovation and moral integrity promoted and enhanced;
- iii. Culture and heritage of the country preserved and promoted;
- iv. Principles of cultural diversity and inter-cultural dialogue upheld.

Social cohesion, belonging, and national identity

These attributes are key in ensuring peace and tranquility and sustaining the nation as an entity, for many generations to come. The interventions required for achieving this include:

- i. Strengthening civic education from pre-primary to tertiary level in order to enable young generations grow up upholding sense of belonging and service to their country;
- ii. Introducing voluntary work and sports programmes for national building, patriotism and assisting disadvantaged and vulnerable sections of the society;
- iii. Conducting research and surveys on citizenship and national identify with view to promoting common values;
- iv. Enhancing community responsibility and collective parenting;
- v. Enhancing respect to human rights, security of life, and property of others;

- vi. Using sports as a vehicle for bringing people together and empowering individuals and communities.

Hard work, self-confidence, and self-esteem, creativity, innovation and moral integrity

Efforts will be directed at enhancing public appreciation of values of hard work, voluntarism and responsibility among citizens. Interventions will target families, communities and all institutions. The interventions include:

- i. Imparting to youths, from early age, the importance of hard work self-confidence, self-esteem, morals and integrity;
- ii. Devising appropriate mechanism with the view to developing skills, hard work, self-confidence, and patriotism;
- iii. Supporting children and youths to develop a habit of reading and learning through investing in public, national, and community-based libraries and learning centers; self-education to all, especially young people and technology attainment by introducing a 'one computer to one child' program;
- iv. Investing in communication skills at all levels of education to enable students to express themselves in Kiswahili and at least one other international language;
- v. Motivating talented people to innovative and produce goods and services (including sports and entertainment) in order to promote growth by providing right incentives;
- vi. Promoting spirit of daring, to support young men and women to enter and participate in business, explore opportunities and develop their own strategies to maximize the benefits of a globalized economy;
- vii. Device mechanisms to reward hardworking and people with integrity and to make accountable those who do not comply with regulations;
- viii. Use sports as a tool for rehabilitation of offenders and drug users by improving self confidence, self efficacy, and developing personal and social skills.

Cultural heritage

The focus in this aspect is on Tanzanian values. The interventions include:

- i. Developing programs and policies to guide media to embrace social responsibility, revitalize people's patriotism and nationalism, entice young people to appreciate their cultures, minimize cultural erosion, and educate the public on impact of media technology in the society;

- ii. Promoting community and national cultural events, including festivals, cultural dances, traditional games and sport, hosting corporate-sponsored art exhibitions, preserving national historical sites, archives, and museums;
- iii. Supporting and protecting creative and entertainment industry for promotion of culture and income generation;
- iv. Promoting expression of culture such as language, works of arts, and sports;
- v. Promoting entertainment industry, sports, music, film and other works of art that contribute to enhancement of cultural heritage as well as contributing to personal wealth and economic growth of the nation;
- vi. Supporting communities to develop and manage, on a commercial basis, cultural sites in order to attract local and foreign tourists and be able to generate income for the benefit the community and nation at large;
- vii. Promoting and protecting traditional sports and games as a means to foster socio economic development.

Upholding principles of cultural diversity and inter- cultural dialogue

Cultural tolerance and harmony is one of the areas with a strong impact on unity, peace and democratic development of a country. The interventions required include:

- i. Promoting cultural tolerance and awareness on cultural differences, addressing special needs of certain cultures, through instilling and arousing national values and traditions that bridge gaps across different cultures and religions;
- ii. Promoting mutual trust and respect amongst Tanzanians;
- iii. Raising awareness of people on culture and its diversity;
- iv. Organizing platforms such as national symposia, seminars and hearings in support of cross cultural dialogue and resolution of cultural disputes;
- v. Instituting special measures, such as law and order, in areas with a high potential for clashes or highly charged areas of cultural clashes.

5.1 Introduction

This chapter addresses key issues that are necessary for effective implementation of MKUKUTA II, including the roles and responsibilities of different actors in the implementation of MKUKUTA II. The chapter spells out how to address the weaknesses in the implementation and coordination of government processes, core reforms and strategies/programmes. The chapter also provides strategic guidance on how to address insufficient alignment, weak collaboration, inadequate linkages in tapping on synergies within clusters and actors. In this Strategy, collaboration and linkages is required at cluster and sector levels. It also provides guidance on: (i) strengthening coordination of policies (ii) prioritization and phasing of key interventions for achieving the expected results, and (iii) undertaking of joint planning and execution of activities among the MDAs.

5.2. Coordination of Processes, Core Reforms and Programmes

The government has put in place processes, reforms and programmes aimed at improving effectiveness of service delivery operations at various levels. The Public Expenditure Review process will continue to be a key process for dialogue on prioritization, sequencing and execution of government budget. In order to strengthen understanding and practice of the PER process in a cluster context, the government will make it mandatory for MDAs to undertake PER analysis and discussions at least once after every two years. The MDAs will ensure that the discussion dwell on how priorities are identified on annual basis, resource allocation to priorities, the cost of the priority interventions, implementation of priorities and associated reporting. It is critical that geographical and location information is added to compliment the PER analysis and discussions.

In order to ensure common understanding in implementation a plan for MKUKUTA II implementation further describes how various goals and targets are addressed by core reforms, major development programmes and projects.

As for the planning and budgeting, the Government has already adopted the Medium Term Strategic Planning, Budgeting and Monitoring and Evaluation Manual which is critical in improving coordination of planning, budgeting and

reporting. The Manual will continue to provide guidance to Ministries, Departments and Agencies (MDAs), Regions and Local Government Authorities on how to prepare Strategic Plans (SPs) and MTEF as well as how to monitor and report on them. It also provides guidance for better implementation of directive of the Plan and Budget Guidelines (PBG).

In order to ensure a maximum use of the manual, the Ministry responsible for Finance implements measures for enhancing capacities on the use of the Manual with a view to strengthening coordination of planning and budgeting. These measures include:

- i. Training of MDAs' staff responsible for planning, budgeting, monitoring and reporting;
- ii. Enforcing standards and principles established in the Government Manual for Strategic Planning, Budgeting, Monitoring and Evaluation and Reporting, through strengthening of MDAs budget committees, Budget Guideline Committee and clusters working groups; and
- iii. Tasking the Policy and Planning Departments in each MDA to drive the implementation of the contents of the Manual and report to MOFEA.

The Government in collaboration with stakeholders continues to sharpen implementation of ongoing reforms, with a view to aligning them with MKUKUTA II implementation. The core reform programmes include: LGRP, LSRP, PFMRP, PSRP-II and in addition, the government is also implementing sectoral and multi sectoral programmes across all three clusters of MKUKUTA II. These processes, reforms and programmes are revisited from time to time to ensure they are well aligned to and support achievements of MKUKUTA II targets and goals.

Specific actions for aligning core reforms and MKUKUTA II include:

- i. Review of all reform programmes in light of the Vision 2025 and MKUKUTA II goals, objectives and actions;
- ii. Strengthening the capacity of the reform coordination Unit;
- iii. Alignment of core reforms with MDAs, LGAs, Regions strategic plans;
- iv. Revise the implementation modalities of the reform programmes by moving from donorship to national ownership through inclusion and sensitization of NSAs; and
- v. Devise friendly communication modality to inform stakeholders on the benefits and cost of the reforms.

5.3. Collaboration and Linkages

During implementation of MKUKUTA II, additional efforts will be made in order to ensure that actors are well coordinated and collaborate to achieve the desired outcomes. The following actions for ensuring a meaningful collaboration mechanism are required: (i) strengthening the capacity of institutions (PMO, IMTC, Planning Commission, Cabinet Secretariat, Regional Secretariat, and District Development Committees responsible for policy coordination across government levels, (ii) strengthening information sharing including access to information and dialogue between NSAs and government at all levels, (iii) financing for coordination and collaboration mechanisms, (iv) analysis of the synergies and linkages, and (v) provision of information on spatial and geographical location of programmes and activities. All MDAs will clearly show in their strategic plans and budgets how they are linking and mechanism for collaborating with other MDAs and NSAs in terms of actions and geographical areas where they operate. In addition, the government will selectively introduce budgetary resource incentives and disincentive measures, including resource contestability to enforce compliance and reward good performance.

5.2.1. Macro-micro Linkage

Strengthening of link between Macro and Micro is a critical issue in implementation of MKUKUTA II. This link is viewed at two dimensions, i.e., gains at macro level vs welfare at the micro level, and communication between higher (national) levels and lowers (Local Authorities). As regards to the former, the government will continue to address corresponding transmission mechanisms such as policies, laws and regulation as well as institutions particularly at the meso level to facilitate the link. As for the later, government will continue to address apparent mismatch between administrative decentralization and fiscal decentralization.

The following issues will be further addressed to improve the functioning of interplay between macro and micro performance;

- i. Inadequate communication mechanisms among actors (government, civil society organizations, private sector and communities), which renders communication of growth and anti-poverty efforts at macro and micro level ineffective;
- ii. Information asymmetry and deficit, where the macro has inadequate capacity to prioritize needs of the communities; thus it has incomprehensive knowledge of targets and appropriate delivery mechanism. The communities on one hand they lack knowledge of the resources that are accessible, the opportunities that are available and synergies that are possible;
- iii. Institutional mismatch between targets (and needs) and delivery mechanisms. Inefficiencies in political and economic institutions act as

inhibitor and blockage in macro-micro linkages. Inadequate political and administrative decentralization bar channels that transmit policy impulse and macro results to the micro level;

- iv. Power relations: this is reflected in terms of the political will on the part of the macro to establish meaningful links with stakeholders. For example, the meaningful links with stakeholders should include aspects of empowerment, affirmative actions, and effective redistribution of national assets in favor of the poor communities by developing and implementing pro-poor growth and social policies;

Actions for ensuring that the macro-micro linkage is strengthened include: (i) capacitate Regional Secretariats with a view of strengthening the link between LGAs, Central and Line Ministries (ii) improving communication mechanism among government and NSAs and communities through e.g. establishment of media including community radio stations in every district (iii) identify, review and strengthen capacity of meso level organizations and institutions such as TRA, regional and districts business forum, regulatory bodies, district development committees, private sector organizations, CSOs so as to address implementation weaknesses, better utilization of national resources for development and accountability.

5.2.2. Planning and Prioritization of Key Interventions

Joint planning and execution of activities among the MDAs is emphasized. The plans should explicitly show who the primary actors are and who the secondary actors are i.e. those whose interventions are prerequisites to achieving the desired results.

Interventions will be prioritized in line with the objective of achieving the expected results, a large part of which are growth related results. This further implies resource allocation to few, but key interventions that support drivers of growth and eventually attainment of desired poverty reduction results. Prioritization of interventions will be guided by the following criteria:

- i. New or ongoing primary interventions with significant result achievement;
- ii. New or ongoing secondary interventions with complimentary effect on primary interventions;
- iii. Informed by TDV 2025 and international commitments such as MDGs;
- iv. Identified as enabler to drivers/propellers of growth and reduction of poverty;
- v. A quick win to achieving planned results; and

- vi. Emphasize sustainable development results.

The government may review these criteria in line with obtaining situation. In order to enhance adherence to priority areas, budget execution through the PER process will be strengthened by enhancing PER functioning, including timely PER studies.

5.3. Public – Private Partnership

The government is taking a number of steps to broaden participation of stakeholders in implementation and financing. The Public – Private Partnership (PPP) framework provides a space for increasing stakeholder participation. Given the large resource requirements and the budgetary and borrowing constraints, the Government will encourage private sector investment and participation in priority areas of drivers of growth and reduction of poverty. The Government recognizes, for example, the need for the private to partner with the public sector in infrastructure development and in the provision of social services. Private participation needs to expand significantly to address the existing deficit in infrastructure services. To that effect appropriate incentives, and systems to encourage more private sector investment in all the three clusters is important.

The Government is actively promoting and increasingly adopting the PPP mode of developing and operating high-priority public utilities and infrastructure such as roads, ports, power, water supply, and solid-waste management services. The Government will continue to improve environment for scaling up Private sector participation. These measures will include fiscal incentives, government guarantees, land titling and ownership etc. The PPP approach is being preferred to overcome the public sector constraints in budgetary resources and borrowing capacity. The Government is aware that accelerating infrastructure development requires large-scale investments, which are not possible out of governmental budgetary resources alone, and new institutional and financing mechanisms are required to meet the gap. Moving forward, the government (Prime Minister's Office) will:

- i. Sensitize key actors on PPP policy and PPP Act;
- ii. Develop a guiding document for PPP implementation including in infrastructure sectors;
- iii. Capacity development for institutions engaging in PPP;
- iv. Expanding space for Public Private Dialogue;
- v. Ensure PPP is also pro-poor through development of inclusive markets, e.g. making markets work for the poor;

- vi. Investment incentives and systems to encourage investment by domestic private sector participation in all clusters.

5.4. Capacity Development

There is recognition by Government and stakeholders alike that strengthening of capacity at various levels ought to be priority. These are in the areas of leadership, policy analysis/formulation, strategic planning, implementation, coordination, supervision and monitoring. The Government considers it crucial to build the human resource base and to improve technical capacities of organizations and institutions in order to improve service delivery.

Efforts will be made to align MKUKUTA II and human resource development required to deliver on MKUKUTA II and beyond. Human resource remains one of the critical constraints in the effective implementation of MKUKUTA II, and sectoral policies, strategies, programs and projects. In order to address issues of human resource and capacity, the government and other stakeholders will focus on a national agenda for building a capable state. The agenda includes the following priority areas:

- i. Formulation of a coherent and comprehensive capacity development policy/strategy that is linked to the national development policy frameworks (Vision 2025 and MKUKUTA II);
- ii. Strengthening Public-Private Partnerships (PPP) including formulation of an institutional framework for public-private partnership in human capacity development;
- iii. Allocating more financial, material and human resources to LGAs' capacity development efforts;
- iv. Ensuring that capacity is developed in areas of procurement, contracting, program and projects management based on capacity needs assessment;
- v. MDAs/LGAs and non-state actors include more specific plans/activities in their plans and budgets to show increasing commitment to increasing the number and more importantly, quality of their human resources (where quality strongly implies the level and quality of all kinds of training);
- vi. Several modalities for capacity development such as learning by doing, exchange programs through South-South cooperation, coaching, mentoring, long-term training, will be emphasized;
- vii. Improving the enabling environment for the growth of the private sector and enhance the position of CSOs as partners of the State in delivering services;

- viii. Increasing support to small entrepreneurs in priority areas, including access to finance, marketing and appropriate business premises;
- ix. Continue to improve the quality of institutions and re-engineering business processes at the place of work in public and private institutions.

5.5. Technical Assistance

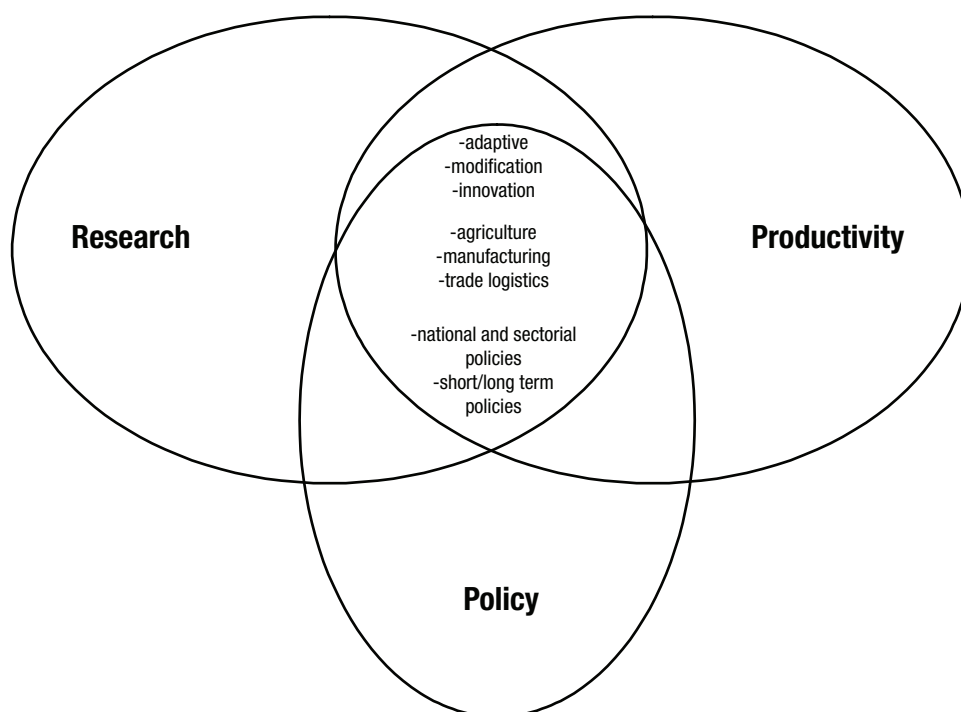
All programs and projects activities that require technical assistance will be guided by the national TA Strategy. The TA strategy provides details on how the technical assistance should be accessed, procured, monitored, and evaluated. The technical assistance provided will be mainly focusing on capacity development. Systems and procedures to monitor the impact of TA on capacity development will be developed and applied. Moving forward, the following actions will be taken:

- i. Prepare and implement a national policy on Technical Assistance and TA strategy/action plan;
- ii. Matching TA and national capacity development agenda;
- iii. Ensure strategic use of technical assistance for national development;
- iv. Strengthening and sustaining national ownership and leadership of donor funded development programmes as a way of developing internal capacity.

5.6. Strengthening Knowledge Driven Economy

Promote a knowledge-based economic growth: the research activities are important and urgently require special attention particularly activities that contribute to drivers of growth and drivers of poverty reduction. Investment in R&D should be driven by a need to address a given practical problem of technological, commercial, economic, social, as well as environmental application. In order to develop strong national systems of innovation, the links and integration among research, policy and productivity, particularly in manufacturing, agriculture and trade logistics sectors are critical. The National Systems of Innovation (NSI) provides a good foundation for the links (Figure 5.1).

Figure 5.1: Linking Private Sector, Research, Policy Environment



In this framework, the relationship includes the policy set ups coordinated by the state (government); the production undertaken by the private sector and knowledge and innovations from the research work carried out by Research and Academic institutions. The seamless links between the roles, and outputs of each area: - policy (Government), research (Research Institutions) and production (industry-Private sector) is critical in promoting a knowledge-based economic development. In order to strengthen the interface the government will: (i) increase resource for R&D, (ii) develop innovation programs for supporting implementation of development strategies, for example, risks management in agriculture, (iii) promote collaboration and linkage between research activities, policy and productivity through strengthening the capacity of the tripartite institutions e.g. technology council, and (iv) identify and address the factors and conditions that limit linkages between academic institutions, industry and government.

5.7. Mainstreaming of Cross-cutting and Employment Issues

Cross-cutting issues will be deeply mainstreamed by emphasizing their recognition in interventions under all clusters, MDAs, and LGAs plans. Their relative emphasis and priority will be gauged against their contributions to the growth strategy. This emphasis will consequently be reflected in resource allocation.

It will be emphasized that since employment forms the major link between growth and reduction of poverty, employment and creation of decent jobs will be brought in unequivocally as one of cross-cutting issues.

At the same time, the Strategy will continue to recognize that cross cutting issues deserve priority from a rights based perspective (e.g. focus interventions on people living with HIV/AIDS simply because they suffer more from poverty). The rights based perspective will be stressed throughout the Strategy because focusing only on the growth contribution perspective is not consistent with MDG- or rights based approach.

In order to facilitate mainstreaming at LGAs and sector level, the anticipated support will be provided in: financing, procurement of experts, involvement of CSOs, and capacity development. The government will also promote Local Economic Development (LED) in every district.

5.8. Review and Development of MKUKUTA II Communication Strategy

The comprehensive Information, Education and Communication (IEC) Strategy will be developed strategically to spearhead the implementation cycle, addressing all issues related to values, attitudes and mindsets. It will aid in rallying all Tanzanians towards the achievement of set goals and targets. The IEC strategy will be revised each year to keep up with emerging needs. Lessons learned during the last five years of MKUKUTA implementation will inform the design of the successor communication strategy including the configuration of its implementation, for example, steering and involvement of key actors particularly NSAs.

The Communication Strategy will be implemented by government and NSAs including media. It will therefore spell out role and responsibilities of different actors' recognizing their comparative knowledge, skills and needs, and will address the limited access to information on the policy/strategies for the development agenda and implementation of MKUKUTA II as well as encourage a positive change of the attitude to work and desire to learn. MKUKUTA II will expand the engagement of CSOs in providing education and awareness campaign to the identified stakeholder constituencies. The MKUKUTA Communication Strategy will further elaborate measures to engage stakeholders.

5.9. Roles and responsibilities

The following are the roles and responsibilities of key institutions in the implementation of NSGRP.

5.9.1. Central Ministries

The Central Ministries will have the following responsibilities in addition to those of other MDAs:

- i. The Ministry responsible for coordination of government business will provide an oversight on MKUKUTA implementation.
- ii. Ministry responsible for economic management will be ensuring stable and predictable environment for smooth implementation of MKUKUTA II.
- iii. Ministry responsible for financing will be mobilizing financial resources for implementing the NSGRP.
- iv. The Ministry responsible for public service management in collaboration with other actors within the government will coordinate capacity building and skills development programs.
- v. Ministry responsible for local government will coordinate implementation of programs at regional and district level. It will also be responsible for capacity building measures at the local government levels. On the other hand, the Ministry will lead in collection and dissemination of data from grassroots level to the national level and vice versa.

5.9.2 MDAs and LGAs

MDAs and LGAs will have the following responsibilities:

- i. Coordinating the NSGRP implementation and its Monitoring System and work closely with other actors to ensure that progress in achieving NSGRP II outcomes is monitored and evaluated.
- ii. Facilitating the interface between the national NSGRP II monitoring system and Local Government M&E on different aspects of monitoring and ensure cross-cutting issues are adequately coordinated and mainstreamed during the implementation of the NSGRP II.
- iii. Establishing and incorporating NSGRP priorities in the Plan and Budget Guidelines.
- iv. Mobilizing, allocating and monitoring of public financial resources made available to NSGRP II actors.
- v. The sectoral ministries will be responsible for policy guidance, supervision, coordination, implementation and monitoring activities, which are contributing towards achievement of particular poverty reduction outcomes in their sectors and across sectors. They will also be responsible for identifying detailed priority activities (sectoral and cross -cutting) that will be taken up during the implementation of the NSGRP II.

- vi. At the district level, LGAs (district/town/municipal/city councils, village/*mtaa*) will plan and implement programs within their areas of jurisdiction, in collaboration with other actors, including communities and households through participatory process.

5.9.3. Non-Government Actors

Findings from consultations indicated key roles for non -Government actors in achieving desired outcome of poverty reduction. Their roles are as follows:

Private sector

The private sector has an important and critical role to play in achieving poverty reduction outcomes because of its central role as the engine for economic growth. The government is reducing its role to core functions of policy formulation, economic management, provision of economic and social infrastructure, and legal and regulatory framework, maintenance of law and order as well as selected areas of public-private sector partnership. The factors that hinder the active private sector participation in the economy will be addressed through business councils and forums, friendly trade and investment policies.

The private sector will:

- i. Work closely with government to develop inclusive markets that are profitable and pro-poor;
- ii. In collaboration with government promote private sector development;
- iii. Engage in mobilizing resources to finance MKUKUTA II activities, which are within the private sector ambit through savings, credit, etc;
- iv. Create decent employment and jobs;
- v. Through an expanded public-private dialogue actively participate in policy formulation in collaboration with government;
- vi. Engage in implementation of MKUKUTA II through PPP and other business related initiatives;
- vii. Strive to strengthen business fora and networks at different levels, for example, TNBC, District business organizations, etc;
- viii. Fight corruption and ensure fair play in business;
- ix. Scan and tap on emerging investment opportunities in the country and EAC and beyond;
- x. Encourage private sector members to pay required taxes.

Communities

Communities will participate in financing, planning, implementation and monitoring community activities supported by government and other actors. Communities will also monitor quantity and quality of services delivered to them. Mechanism will be developed to enable communities to make leaders, local authorities and central government accountable to the people they serve.

Civil Society Organizations

The civil society organizations are key actors in poverty reduction. Their roles and responsibility will be to build local capacity and empowering communities, participate in monitoring and evaluation at national and community level, mobilizing and enhancing community participation as well as community resources for poverty reduction. CSOs will advocate for accountability of its members and government to the people. CSOs will work closely with the government ministries and local authorities to ensure that cross-cutting issues are included and implemented in the sectoral and district plans. In order to improve the effectiveness of civil society organizations there is a need to review and strengthen the organizational and management frameworks at national, regional, district and community levels.

Development Partners

Development partners will continue to work closely Government in addressing poverty in line with the thrust of the PARIS Declaration, the Accra Agenda for Action and the Joint Assistance Strategy for Tanzania (JAST). Development Partners will use the existing agreed national system and processes to provide financial, technical and other support in the implementation. Development Partners will also facilitate capacity building initiatives within the poverty reduction framework as well as supporting monitoring and evaluation initiatives.

6.1. Introduction

The framework and institutional arrangement for the implementation of MKUKUTA II monitoring and evaluation will continue to be embedded in the National MKUKUTA Monitoring System (MMS). MMS is a continuation of monitoring system established in 2001 under the PRSP and reviewed in 2004. It is guided by goals and operational targets set forth in MKUKUTA II, whose focus is on accelerating broad based economic growth and reduction of poverty, and the challenges and lessons drawn from five years of MMS implementation under MKUKUTA I.

The implication of the new focus and lessons from the previous MMS implementation was the requirement for a review of the effectiveness and the efficiency of MMS implementation. This review, together with experiences documented in other outputs of the MMS will shape the improvements required to enhance effectiveness and efficiency in the context of MKUKUTA II.

This chapter sets to highlight the objectives of MKUKUTA II monitoring, and to outline the strategy for monitoring and evaluation. Details of the institutional arrangements, stakeholder participation, key outputs and timing, and funding will be provided in the revised MKUKUTA II Monitoring Master Plan.

6.2. Objectives of MKUKUTA II Monitoring

The general objective of MKUKUTA II monitoring is to provide a space for dialogue and policy thinking on economic growth and poverty reduction based on a robust evidence through an objective assessment of progress towards implementation of MKUKUTA interventions and achievement of targets using an integrated approach that combines outcome reporting of Ministries, Departments and Agencies (MDAs) and Local Government Authorities (LGAs).

Specific objectives of MKUKUTA II monitoring are:

- i. To ensure timely availability of reliable and adequate data for monitoring growth and poverty reduction;

- ii. To enhance storage, retrieval, access, and use of data by a wide array of development stakeholders;
- iii. To carry out detailed analysis of data on growth and poverty trends;
- iv. To disseminate the findings of research and analysis of data to a wide array of stakeholders;
- v. To promote evidence –based planning, budgeting, and decision making at all levels of government;
- vi. To promote evidence-based dialogue among development stakeholders
- vii. To ensure that regional and international targets ratified by Tanzania are integrated into national development targets and monitored as part of MKUKUTA II monitoring.

For these objectives to be realized, the existing monitoring system will be strengthened and aligned with MDA and LGA strategic plan and monitoring. These processes are articulated in more detail in the MKUKUTA II Monitoring Master Plan.

6.3. Strategy for Monitoring and Evaluation

The strategy will consist of a multiple-pronged approach of special institutional arrangement. The focus will target data collection, analysis, storage, dissemination and communication and strategic linkages with other monitoring systems

6.3.1. Institutional Arrangement

The arrangements for MKUKUTA M&E are set out in Monitoring Master Plan. The key features of MKUKUTA II M&E arrangements are:

- i. An institutional framework that is inclusive and brings together all relevant stakeholders in working groups and links them to relevant Government policy and decision making bodies, for, which arrangement will continue in MKUKUTA II;
- ii. An indicator framework that track MKUKUTA II implementation and results, specifying data sources, frequency of reporting, institutional responsibility among other things;
- iii. A survey calendar to be implemented by the National Bureau of Statistics (NBS) to provide estimates for key MKUKUTA II indicators. Appropriateness of the calendar may be revised to fit for the current funding arrangement;
- iv. A calendar of planning, budgeting and reporting;

- v. Defined outputs of MKUKUTA II M&E, including survey reports, and analytical reports. This endeavor will continue as it has proved successful in MKUKUTA I;
- vi. A funding mechanism and a budget for the implementation of MKUKUTA II M&E will be adopted according to a new mechanism to be agreed upon, with intention to reduce transaction costs and to increase effectiveness.

The consolidation of these key features will aim at deepening integration of MKUKUTA II strategies/interventions into the budget process and the Public Expenditure Review (PER) process, and to strengthen the alignment of MKUKUTA II goals and strategies with strategic plans of MDAs. They will also be meant to ensure that accountability and reporting by MDAs and other actors implementing MKUKUTA II will be enhanced.

MKUKUTA II and MKUZA II M&E components will be synchronized and harmonized to ensure economies of scope, comparability, aggregation, and allow cross-fertilization from implementation lessons learned from either side. Areas that will be emphasized include timetables of census and survey, regular reports, and analysis and evaluation.

6.3.2. Monitoring System

The existing monitoring system will be reviewed by all stakeholders including NSAs to take into account the need for comprehensive but manageable list of indicators, and to re-define the functional structure of the monitoring system in line with the new growth focus and the key features of MMS outlined under section 3.1. The MMS will retain and strengthen data quality and harmonization, including the collection and use of qualitative data to supplement quantitative data that was previously emphasized. The research and analysis component of MMS will be retained and supported to expand its analytical capacities for growth and poverty analytics and diagnostics. The communications component will be strengthened and given impetus to fulfill its duties.

The envisaged strengths of these various components of MMS will depend on the functional structure of key stakeholders including NSAs involved in the working groups and link them to decision making. The envisaged functional structure must be well aligned to the new focus of MKUKUTA II, and all key implementing actors including NSAs have to participate in monitoring and in a well defined institutional linkage, with appropriate incentives to produce relevant data, analyse, and report appropriately and on time for planning, budgeting, and execution. Specifically, the MMS must strengthen the link between national level monitoring, NSAs and LGA monitoring systems, which includes efforts to step up demand for information at district and sub-district levels, and their

capacity for collection, use, and dissemination. This link is critical to enhancing the principle of downward accountability. The system will also have to rely on few but comprehensive and manageable sets of indicators and target for each cluster.

6.3.3. Evaluation

It is envisaged that evaluation will be done at three levels. First, internal evaluation will continue through the production of the Poverty and Human Development Reports (PHDR), Annual Status Reports, Views of the People Reports, and other forms of implementation reports, but which has to more proactively inform the PER process at both macro and micro level. This will require enhanced alignment and linkages between the MMS and the PER process. Secondly, additional space will be created for on-going evaluation mechanisms through Participatory Poverty Assessments and other methodologies such as service delivery reports, cost benefit analysis, impact assessment, outcome evaluation, process evaluation (as guided in the Medium term Strategic Planning, Budgeting, Monitoring and Evaluation Manual) and other qualitative assessments particularly of the reform program (e.g. Local Government Reform Program II, Public Reform Program). Thirdly, comprehensive national review and the use of Regional Consultative Meetings/District Consultative Meetings (RCC/DCC) and strengthening of PER especially at lower level.

This evaluation process requires capacity in both human and financial resources, which has proved to be inadequate at most levels envisaged. The plan for capacity development in evaluation will have to be developed as an integral part of MMS master plan.

6.3.4. Monitoring Tools, Indicators, and Outputs

There are number of tools and databases that are being used to link macro and micro M&E systems such as PlanRep2, SBAS, Epicor, LGMD, RIMKU II and TSED. Some of these have been successful in some sectors and LGAs, while others have not been very successfully implemented. These will be strengthened, and more importantly be harmonized to reduce duplication of efforts and data inconsistencies. The Tanzania Statistical Master Plan (TSMP) and guidance for harmonized performance reporting, monitoring and evaluation through tools such as PAF matrix, GBS/MKUKUTA consultative discussion and MDGs are some of the efforts in place towards strengthening the monitoring framework in Tanzania. It is envisaged that MKUKUTA II will continue to draw the benefits of these tools with more emphasis on reporting for results as stipulated in the Government Manual for Strategic planning, Budgeting, Monitoring and Evaluation and Reporting. The MMS will also have to ensure appropriate linkage exist between its action plans and timing of its inputs and outputs with those under the TSMP

so as to maximize the effectiveness and efficiency of data collection, analysis, and dissemination. The TSMP will provide avenue for timely administrative data, frequent census and survey data, and strengthening M&E at various levels of implementation.

The revised MKUKUTA II Monitoring Master Plan will document a set of monitoring indicators for all the clusters, including the tools for data collection, timing, responsibilities, and the institutional arrangement for data collection, analysis, and dissemination. It will spell out the major requirements for reporting for both upward and downward accountability, including innovative monitoring on public expenditure and effectiveness of MKUKUTA II budgeting, such as value for money audits.

6.3.5. Reporting Arrangements

A detailed reporting system including NSAs reporting will be provided in the MKUKUTA II Monitoring Master Plan. However, reporting system will be based and aligned to the wider reporting framework, as set out in the Government Manual for Strategic Planning, Budgeting and Monitoring and Evaluation. Particular focus is on monitoring progress on achieving the MKUKUTA Goals and operational targets. This is in turn linked to tracking physical outputs at the level of MDAs and LGAs. On an annual basis, MDAs and LGAs are required to report on their performance based on the requirements of the Manual for Strategic Planning, Budgeting, and Monitoring and Evaluation. Detailed analysis on results is given using surveys data produced.

7.1. Introduction

MKUKUTA II targets and strategies are aimed at taking forward the economic and social development agenda delineated in the Tanzania Development Vision 2025. Achieving these targets requires a credible budgeting and financing framework. This chapter describes the macroeconomic and budgetary framework to support the achievement of the set targets and strategies and consolidate the positive achievements recorded under MKUKUTA I. The Chapter sets out the macroeconomic outlook and medium term budgetary framework for 2010/11 – 2014/15, with the recognition that, the required efforts for resource mobilization are embedded in monetary and fiscal policies, external resources outlays, domestic private sector savings, credit and investment levels, Foreign Direct Investments, and local communities' contributions – labor, material and funds. The chapter, further, highlights on the risks associated with the financing.

7.2. Macroeconomic and Budgetary Framework: 2011 -2015

7.2.1. Macroeconomic and Budgetary Assumptions

The key macroeconomic and budgetary assumptions are as follows:

- i. The domestic economy gradually recovering and stabilizing from the impact of global financial and economic crisis;
- ii. Macroeconomic stability will be maintained and socio-economic development will continue to be improved;
- iii. Domestic revenue collection will be enhanced;
- iv. Increased impetus in the implementation of MKUKUTA II and resource allocation in areas that have rapid multiplier effects in the economy;
- v. Kilimo Kwanza initiative will be implemented;
- vi. Increased progress in private sector development and PPP implementation, including further improvement in the business environment;

- vii. A supportive monetary policy, reflected in low inflation, a narrowing interest rate spread, and increased credit to the private sector;
- viii. Political stability will be maintained, especially after the general election in 2010; and
- ix. Strengthened monitoring and evaluation, to ensure effective use of public resources.

The Five-year macroeconomic framework is crafted within the context of a continuation of sound policies and structural reforms, taking into account a less favorable external environment with impacts of global financial, economic crisis and Euro zone crisis.

According to World Economic Outlook of April, 2010 (IMF), the global economy is projected to recover with a sharp pickup in growth at 4.2 per cent in 2010 (from a contraction of 1.1 per cent in 2009) and a further growth rate to 4.5 per cent by 2014. As a result of global economic recovery and rescue plan by the Government and the Kilimo Kwanza initiatives, economic growth is envisaged to recover above its former trajectory in the medium term 2010 - 2015. Average real GDP growth rate is projected at 7.7 per cent annually during 2010 – 2015 which is higher compared to the average GDP growth of 6.9 per cent a year during 2005 – 2009. The path of real GDP growth starts with a gradual rebound of 7.0 per cent in 2010 from 6.0 per cent in 2009, and thereafter to 7.4 per cent in 2012 and further rise to 8.5 per cent by 2015.

7.2.2. Medium Term Budgetary Framework: 2010/11 – 2014/15

Government revenue as a share of GDP is projected to increase steadily from 15.7 per cent during 2009/10 to 21.8 per cent by 2014/15. Since the Government is currently operating on a cash budget system, the revenue estimates are taken as the ability of Government to finance levels of domestic expenditure. Some of the Government's expenditures are already directed towards MKUKUTA II interventions, while other expenditures for essential operations are not directly linked to interventions included in MKUKUTA II. The latter group is known as non-MKUKUTA II expenditure, which includes (but not limited to) expenditure on Consolidated Fund Services (CFS) – debt and interest payments, pension payments and other contractual obligations. Table 7.1 summarizes allocation of Government revenues to MKUKUTA II and non-MKUKUTA II activities.

Table 7.1: Allocation of Government Revenues for MKUKUTA, 2010/11 - 2014/15 (Billions of shillings)

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | Total |
|-------------------------------------|---------|---------|---------|---------|----------|----------|
| Total Government Domestic Revenue | 6,176.2 | 7,451.3 | 8,955.9 | 0,671.3 | 12,651.0 | 45,905.7 |
| % of Government Revenue for MKUKUTA | 60.7 | 67.3 | 73.3 | 78.8 | 84.4 | |
| Government MKUKUTA-II Financing | 3,749.0 | 5,014.7 | 6,564.7 | 8,409.0 | 10,677.5 | 34,414.7 |

The financing scenario assumes that an increasing share of government revenues will be allocated to MKUKUTA II activities in each fiscal year of implementation, building gradually from the projection of 60.7 per cent of domestic revenue to 84.4 per cent by 2014/15. The assumption reflects Government's commitment to accelerating economic growth and reducing poverty. Based on this calculation, domestic revenue available for MKUKUTA-II interventions is estimated to be at least TShs 34,414.7 billion for the five year period (Table 7.1). However, the actual cost of implementing MKUKUTA II for the period of 2010/11 – 2014/15 will be established by costing key sectoral programs. Therefore, the current estimate of the cost was done based on the estimated domestic revenue (see Table 7.1) by assuming a gradually increasing share of domestic revenue from historical 60 per cent. The average domestic revenue that is linked to MKUKUTA II is taken as the minimum cost of implementing MKUKUTA II, which is equal to an average of Shillings 6.9 trillion per annum.

In line with this scenario, the medium term budget framework focuses on striking balance between recurrent and development expenditure with the aim of achieving higher economic growth. Emphasis has been placed on investment in infrastructure as key for the future growth of the economy. In order to increase domestic savings and scale up investment in infrastructure development, the recurrent expenditures will be contained at an average of 17.5 per cent of GDP for 2010/11 to 2014/15 from 18.6 per cent in 2009/10 (see Table 7.2). This is consistent with Government efforts to consistently reduce recurrent expenditure in areas that will not jeopardize efficiency in service delivery, while sustainably scaling up resources geared towards capital formation.

Investment in physical infrastructure will thus target and seek to significantly remove infrastructural bottlenecks by particularly improving supportive transport and communication infrastructure, irrigation infrastructure and fostering reliable and affordable power supply.

Table 7.2 also shows a substantial financing gap in the Government budget. Financing strategy options to be considered are:

- i. Further increases in Government domestic revenue (given growth) through

improvements in tax administration and other tax policy measures. Moreover, high domestic revenue will be generated once the National Identity Program comes into operation and MKURABITA program completes to formalize assets and businesses;

- ii. Financing from the private sector by making use of Public-Private Partnerships (PPPs) as alternative source for financing long-term development expenditure especially public infrastructures. When the PPPs financing modality is in operational, it would complement other financing arrangements, thus reducing fiscal burden to the Government. Preparation of a fully articulated financing framework will be undertaken;
- iii. Financing by continuing to borrow internationally, on commercial terms, and also concessional terms, from both bilateral and multilateral sources;
- iv. Domestic borrowing for the purpose of financing large infrastructure projects under MKUKUTA II. This could be in form of infrastructure bonds for central government and municipal bonds for local government authorities. This will be useful to promote projects that may have multiplier effects in accelerating economic growth;
- v. Support from international community from current or new development partners, as specific projects and programs that propel high economic and social returns;
- vi. Issuance of Sovereign Bonds when the market conditions allow. The proceeds will be directed to specific projects and not fungible to other spending;
- vii. Accessing international climate finance facilities – carbon trade - such as CDM by preparing the necessary projects and strengthening coordination of accessing such modalities of financing.

From these options, it is projected that foreign support for the budget is expected to continue in the medium term with grants expected to be around 5.8 per cent of GDP in 2010/11 and gradually tail off to 3.7 per cent by 2014/15. On the other hand, foreign loans are projected at 5.5 per cent of GDP in 2010/11 and around 3.8 per cent of GDP in 2014/15. This considers that by the end of MKUKUTA II period, the Government will be also borrowing on non concessional terms. Domestic borrowing of around 1.0 per cent of GDP is projected in the medium term. The projected trend is consistent with Government intention to scale up investment in basic infrastructure development.

Table 7.2 Medium Term Budget Framework: 2010/11 – 2014/15

| | 2009/2010 | 2010/2011 | 2011/2012 | 2012/2013 | 2013/2014 | 2014/2015 |
|--|-----------|-----------|------------|-----------|-----------|-----------|
| | Actual | Budget | Projection | | | |
| IN BILLION OF SHILLINGS | | | | | | |
| Total Domestic Revenue | 4,799.6 | 6,176.2 | 7,451.3 | 8,955.9 | 10,671.3 | 12,651.0 |
| Tax Revenue | 4,427.8 | 5,638.6 | 6,806.2 | 8,181.7 | 9,742.3 | 11,536.3 |
| Non-Tax Revenue | 371.8 | 537.6 | 645.1 | 774.1 | 929.0 | 1,114.8 |
| Total Expenditure | 8,311.8 | 10,769.7 | 11,688.3 | 13,316.7 | 15,382.7 | 17,546.8 |
| Recurrent Expenditure | 5,700.5 | 6,950.6 | 7,036.9 | 7,648.1 | 8,432.4 | 9,439.4 |
| Development Expenditure | 2,611.3 | 3,819.1 | 4,651.5 | 5,668.6 | 6,950.3 | 8,107.4 |
| Overall deficit before grants | -3,512.2 | -4,593.5 | -4,237.1 | -4,360.8 | -4,711.5 | -4,895.8 |
| Grants | 1,405.3 | 2,020.9 | 1,828.8 | 1,934.5 | 2,044.2 | 2,142.7 |
| Adjustments (including exp. Floats and cash) | 158.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Overall balance | -1,948.1 | -2,572.6 | -2,408.3 | -2,426.3 | -2,667.3 | -2,753.1 |
| Financing | 1,948.1 | 2,572.6 | 2,408.3 | 2,426.3 | 2,667.3 | 2,753.1 |
| Foreign (net) | 1,379.6 | 1,942.6 | 2,010.7 | 1,976.4 | 2,156.2 | 2,174.0 |
| Domestic (net) | 568.5 | 630.0 | 397.6 | 449.9 | 511.1 | 579.1 |
| IN PER CENT OF GDP | | | | | | |
| Total Domestic Revenue | 15.7 | 17.6 | 18.7 | 19.9 | 20.9 | 21.8 |
| Tax Revenue | 14.5 | 16.1 | 17.1 | 18.2 | 19.1 | 19.9 |
| Non-Tax Revenue | 1.2 | 1.5 | 1.6 | 1.7 | 1.8 | 1.9 |
| Total Expenditure | 27.2 | 30.7 | 29.4 | 29.6 | 30.1 | 30.3 |
| Recurrent Expenditure | 18.6 | 19.8 | 17.7 | 17.0 | 16.5 | 16.3 |
| Development Expenditure | 8.5 | 10.9 | 11.7 | 12.6 | 13.6 | 14.0 |
| Overall deficit before grants | -11.5 | -13.1 | -10.7 | -9.7 | -9.2 | -8.5 |
| Grants | 4.6 | 5.8 | 4.6 | 4.3 | 4.0 | 3.7 |
| Adjustments (including exp. Floats and cash) | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Overall balance | -6.4 | -7.3 | -6.1 | -5.4 | -5.2 | -4.8 |
| Financing | 6.4 | 7.3 | 6.1 | 5.4 | 5.2 | 4.8 |
| Foreign (net) | 4.5 | 5.5 | 5.1 | 4.4 | 4.2 | 3.8 |
| Domestic (net) | 1.9 | 1.8 | 1.0 | 1.0 | 1.0 | 1.0 |

Source: MoFEA

7.3. Basic Considerations and Risks

Main considerations are built from experience gathered during implementation of MKUKUTA I. These are:

- Financial contribution from other actors, particularly contribution from private sector in their business initiatives and endeavors were not forthcoming as expected;
- The budget estimates not being consistent with overarching objective of focusing more on attaining specific outcomes i.e. result-based approach;
- Recognition of three MKUKUTA-II clusters with budgetary share as follows (1) Growth for Reduction of Income Poverty – 50 per cent; (2) Improvement of Quality of life and Social Wellbeing – 40 per cent; and (3) Good Governance and Accountability – 10 per cent;
- Effectiveness of budget execution (cash management): Budgetary operations were executed on cash basis in line with Planning and Budgeting Manual. In enhancing efficiency, quarterly releases of funds on development expenditure will be explored, as well as strengthening cash flow forecasting in MDAs.

Risks associated with MKUKUTA II financing include:

i. Adverse developments in the world economy

- If world economic growth is slower than expected, recovery or a return to recession as stimuli programs are phased out in the advanced countries may result to further slowdown of domestic growth. The long recovery could have impacts on prices and demand for our exports. Also FDI and ODA could be reduced because they depend on foreign countries' economic development. The slower growth of the world economy may translate into low domestic revenue collection and hence insufficient resources to execute MKUKUTA II interventions;
- High oil prices;
- Continuing pirates activities in the Indian Ocean - this will adversely affect import and export trade and investment;
- The ongoing Euro crisis will have negative impact on aid to Tanzania; and
- Insecurity issues such as global terrorism and insecurity within the region.

ii. Internal risks and adverse shocks

- Adverse natural conditions such as drought and floods that affect agriculture and livestock;
- Power outages and shortage due to inadequate capacity and unreliable weather conditions. Both may lead to slow economic growth and hence low domestic revenue;
- Inadequate progress on addressing implementation bottlenecks, including core reforms;
- Political instability; and
- Inadequate achievement on the war against corruption; and

ANNEX A: RESULT MATRIX

This annex presents the broad outcomes, goals, operational targets and intervention packages in matrix form. In addition, the matrix indicates the key actors responsible for implementation of the cluster strategies. The Core strategies are organized in three clusters. These are: Cluster I: Growth and Reduction of Income Poverty; Cluster II: Improvement of Quality of Life and Social Well Being; and Cluster III: Good Governance and Accountability.

In each Cluster, there are broad outcomes for which a set of goals is defined. Under each goal, there are operational targets which are achieved through cluster strategies and intervention packages. Below is an example of how the result chain flows in the matrix form.



| Term | Examples |
|-----------------------|---|
| Broad outcomes: | Wider longer-term sectoral or national outcomes Tanzania would like to realise as specified in national policies such as Vision 2025 - e.g. Improved quality of life and social well being of rural population. |
| Goals | Outcome aimed at achieving one of the broad outcomes. This does not necessarily need to have a timeframe and target, e.g. Reduce child and maternal mortality |
| Operational target | <ul style="list-style-type: none"> • Outcomes that have specific timeframes and targets – e.g. • Reduce infant mortality from 95 (1000) in 2004 to 50 (1000) in 2010 • Improved access to clean and safe water from 53% in 2003 to 65% in 2010 of rural population and 73% to 90% in urban population. • Reduce the HIV prevalence from 11% in 2004 to 10% in 2010 between ages of 15-24 years. • Increased proportion of the population having an access to electricity in rural areas from less than 2% to 15% by the year 2015. |
| Cluster strategies | Activities that different actors will do in order to deliver intended operational outcome/ target e.g. <ol style="list-style-type: none"> i. Immunisation of children, ii. Community programme on improved nutrition for children’s health, iii. Improved rural roads for access to health care facilities and markets, iv. Construction of protected water sources in villages, v. Use of fuel efficient stoves and reduction in indoor air pollution, vi. Use low-cost electrification technologies for electrifying rural remote areas, vii. Apply renewable energies (e.g. solar, wind, micro hydro, etc.) for decentralised electricity generation, viii. Institute reproductive health and HIV/AIDS prevention programmes in primary and secondary schools. |
| Intervention Packages | More specific set of completing action which leads to the intended result. |

Cluster I: Growth for Reduction of Income Poverty

Broad Outcome:

- i. Inclusive and accelerated growth achieved and sustained
- ii. Employment opportunities for all, including women and youth
- iii. Good economic governance enhanced and ensured

Goal 1: Pursuing Sound Macro-economic Management

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors | |
|---|--|---|---|--|
| 1.1.1. Macroeconomic stability maintained · Inflation rate not higher than 5 per cent. · Official reserves to at least 6 months of imports. | 1.1.1.1 Contain inflation at a level that will ensure incentives for production and consumption are not distorted. | Non-inflationary fiscal measures; investments in production. | MFEA, BOT, PO-PC MAFSC, MLDF | |
| | | Sound monetary policy | | |
| | | Supply side management; scale up productivity | | |
| | 1.1.1.2 Enhance measures that encourage competitiveness of exports. | Exchange rate management; conducive business environment; efficient and reliable energy, transportation, and red-tape reduction; value addition | PPP in strategically trade-related services for export trade; export business capacity enhancement, quality assurance; improved packaging. Macro-economic convergence in EAC | MFEA/BOT/TRA, MITM, Private sector LGAs, Consulates MEAC |
| | | | | |
| | | | | |
| | 1.1.1.3 Implement measures that stabilize the exchange rate | Exchange rate policy; Monetary policy | Market access regionally (SADC and EAC) and outside the region; Competitiveness and exports | BOT ; MITM MEAC |
| | | | | |
| | 1.1.1.4 Ensure interest rate structure that encourages financial savings and borrowing | Central Bank Operations | Financial sector reforms | BOT, Financial Institutions |
| | | | | |
| 1.1.1.5 Maintain official reserves | Export promotion measures | Import curtailing measures | BOT | |
| | | | | |
| 1.1.1.6 Strengthen domestic resource mobilization to finance Government budget | Tax Administration, domestic finance mobilization, expanding, expanding the tax net | Charges, fees, and taxes on extractive activities | MFEA/ TRA/ BOT and MDAs | |
| | | | | |
| 1.1.1.7 Reduce fiscal deficit (after grants) as per cent of GDP | Fiscal expenditure measures | | | |
| 1.1.1.8 Undertake prudent national debt management initiatives | National debt management (monitoring and coordination) | | MFEA/BOT, private sector | |

Goal 2: Reducing Income Poverty through Promoting Inclusive, Sustainable, and Employment-enhancing Growth and Development

Overall growth target:

GDP growth accelerated from 6.0 per cent in 2009 to 8 per cent-10 per cent per annum by 2015 especially in areas where growth have strong direct links to poverty reduction

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|---|--|--|
| <p>1.2.1 Income poverty incidence reduced (national: from 33.6 per cent in 2007 to 24 (MDG 19.3) per cent in 2015; rural area: from 37.6 per cent in 2007 to 26.4 (MDG 20.4) per cent in 2015).</p> <p>Working poverty reduced (from 36 per cent in 2007 to 20 per cent in 2015)</p> <p>Unemployment and underemployment reduced (unemployment from 10 per cent in 2008 to 5 per cent by 2015)</p> | <p>1.2.1.1 Promote inclusive/pro-poor growth policies in district, regional, and national level based on comparative and competitive advantage.</p> | <p>Small scale credit; farmers associations; regulatory and supervisory framework; rural roads;</p> | <p>MAFSC, MLDF MNRT, MID, MITM, TIC, MEM, Financial Sector, Private sector, SACCOS, Ward banks</p> |
| | | <p>Special Economic Zones; Export Processing Zones (EPZs); Development Corridors; Public-private partnerships nationally and regionally</p> | <p>MITM, MAFSC, MLDF</p> |
| | | <p>District and regional level inclusive/pro-poor (decent job-creating) economic growth strategies</p> | <p>LGAs</p> |
| | | <p>Employment intensive investment Business development services; employment promotion and service programs Skills training for enhancing employability Ensuring environmentally and socially sustainable use of natural resources</p> | <p>MLEYD, LGAs</p> |
| | | <p>1.2.1.2. Expand and strengthen the role of financial markets, banking sector and capital market in enabling growth, mobilize financing for marginalized groups to access cheap loans</p> | <p>Financial sector reforms nationally and regionally</p> |
| | | <p>Credit to the private sector</p> | |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|---|--|-------------------------|
| | 1.2.1.3. Harness opportunities and address challenges posed by regional integration (EAC –COMESA-SADC FTA, EAC) Common,) and international trade arrangements (WTO/DDA, EAC/EU EPA) for Tanzanian trade. | Effective trade logistic environment; reduction red tape in transit business; competitive products; aggressive marketing strategies; and Regional trade programmes Promotion of small scale farmers and entrepreneurs particularly women, youth and people with disabilities nationally and regionally | MITM, MEAC |
| | 1.2.1.4. Enhance conducive investment and business environment to promote private sector led growth | National and regional measures that support business and reduction in the cost of doing business business | MJCA, MLHHS, |
| Legal and institutional reforms as well as promotion of public-private partnerships nationally and regionally | | PMO, MITM, MEAC, MITM, MEAC TRA, TIC, Private sector, | |
| Property right and legal instruments Start up capital | | | |
| | 1.2.1.5 Mainstream HIV & AIDS issues into the core activities of key economic sectors. | Implementation of Multi-Sectoral HIV and AIDS Program | TACAIDS, PMO |
| | 1.2.1.6 Integrate, harmonize and coordinate environmentally sustainable growth, including climate change adaptation and mitigation | Mainstreaming environmental issues; enforcement of various environmental regulatory frameworks; SEIA for all major projects; preparedness; sustainable harvesting and extraction of natural resources; adaptation and mitigation of climate changes ; implement EAC climate change policy Increasing value added and realized value of existing resources | VPO, NEMC and MDAs/LGAs |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|---|---|--|
| <p>1.2.3. Agricultural growth increased (from 3.0 per cent in 2009 to 6.0 per cent by 2015)</p> <p>Growth of livestock sub-sector increased from 2.3 per cent in 2009 to 4.5 per cent by 2015</p> <p>Growth of crops sub sector increased from 3.4 per cent in 2009 to 6.4 percent by 2015.</p> <p>Growth of hunting and forestry sub-sector increased from 3.5 per cent in 2009 to 4.1 per cent by 2015</p> <p>Growth of fisheries sub-sector increased from 2.7 per cent in 2009 to 3.6 per cent by 2015.</p> | <p>1.2.3.1 Modernize and commercialize small, medium and large scale agriculture and fishery sector for increased productivity, employment, profitability and incomes especially in rural areas consistent with KILIMO KWANZA</p> | <p>KILIMO KWANZA pillars</p> <ul style="list-style-type: none"> · Financing · Land issues · Industrialization · Infrastructure · Incentives · Science, technology and human resources · Institutional reorganization | <p>PMO, VPO, MFEA Private sector, MAFSC, MCST, MLDF and MDAs</p> |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|--------------------|-----------------------|------------|
| <p>Area under irrigation increased (from 370,000 ha. in 2009 to 1,000,000 ha by 2015) (annual capacity increase 30,000 ha supply 25 per cent of domestic food demand through irrigation farming by 2015.)</p> <p>Agro-processing in key products scaled up to enhance value chains</p> | | | |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---------------------|--|---|--|
| | 1.2.3.2 Strengthen technical and coordination capacities of key MDAs and other institutions involved in crops, livestock and fisheries | plans, budgets, and implement their respective components of KILIMO KWANZA | MAFSC, MLDF, MFEA |
| | | Sensitization of national, regional, district, ward, village level stakeholders including training institutions | MAFSC, MLDF PMO |
| | | Institutional reorganization for management of KILIMO KWANZA. Establishment of National Irrigation Agency to coordinate and oversee issues of irrigation, including financing. | PMO, VPO, MAFCS |
| | | producerProducer associations, especially for youth and women., cooperatives, PPP in agriculture | |
| | 1.2.3.3 Transform agricultural production and fish farming technology to enhance country's food self-sufficiency and increase income generation, especially for youth and women. | Schemes for empowering agro-entrepreneurs, especially youth and women such as through strengthening warehouse receipt system and link them to product chains within and outside the country | MAFSC, MLDF MOFEA, , MEM MITM, TWLB, MNRT MEAC |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---------------------|---|--|--------------------|
| | 1.2.3.4. Deepen land reforms to support access to land for agricultural development | <p>Country's food self sufficiency-strategic commodities (maize, beans, wheat, rice, bananas, pulses, cassava, potatoes, sorghum and millet, legumes, meat, dairy and fish). Implement EAC Food Security Action Plan</p> <p>Transformation of agricultural production (financial and technology, with a growing domestic/external market demand, and large scale job creation)</p> <p>Rural electrification</p> | MLHHS, MAFSC, MJCA |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---------------------|--|--|---|
| | | <p>Pro-poor value chains in priority areas including suitable models for integrating agricultural producers and processors as well as contract farming including livestock keeping and aqua culture</p> <p>Grain banks at ward level and empower farmers, especially youth and women, to participate in profitable production, marketing, and selling of their produce.</p> <p>Production of breeder seeds and improved seed multiplication</p> <p>Targeted subsidies on agricultural inputs including fertilizers to farmers</p> <p>Promotion of quality standards in crops, livestock and fisheries for export market</p> | |
| | <p>1.2.3.5 Create conducive environment to attract investments in agricultural sector and fishery sector</p> | <p>Amending Village Land Act land titling, survey, reservation, allocation and management, recognizing use of land as collateral</p> <p>Rural land use planning, town planning and issuance of title</p> <p>Expeditious dispute resolution and adjudication in the Court system</p> <p>Land surveying for agricultural purpose, including setting up Agricultural Green Belts</p> <p>Security of tenure and equitable (engendered) land distribution fiscal/tax and non-tax measures to stimulate investment in agriculture</p> <p>Fair competition in agriculture value chain, appropriate removal of barriers to free market, food sales across borders.</p> <p>Fair competition in agriculture value chain, appropriate removal of barriers to free market, food sales across borders.</p> <p>Strategic Food Reserve, institute price stabilizing mechanisms for food crops</p> | <p>VPO, MLHHS, MAFSC, MLDF, PMO, MJCA</p> <p>TRA, TIC, MAFSC, MLDF MFEA, Private sector</p> |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---------------------|--|---|---|
| | 1.2.3.6 Enhance agricultural backward and forward linkages to the economy | <p>Sufficient supplies of agricultural inputs from other sectors (backward linkages) including fertilizer production and distribution, improved seeds production and Artificial Insemination, fish fingerlings, agrochemicals, agricultural farm implements, and agricultural machinery</p> <p>Sufficient absorption of agricultural produce (forward linkages); management of post-harvest losses; deepening and widening trade in domestic, regional, and global markets.</p> <p>Incentives for private sector investment in agro-processing and value addition with competitive advantages in regional and global markets.</p> <p>Search for new markets, products diversification; tap new opportunities for supply chains; .</p> <p>Strengthening crop marketing boards and business regulatory Authorities to enable fair competition.</p> <p>Agricultural market information system and infrastructure development</p> | MAFSC, MLDF, MITM, MEAC, MCST, Private sector |
| | 1.2.3.7 Strengthen human resources capacities and R&D for agricultural development | <p>Productivity – enhancing practices and technologies</p> <p>Effective utilization of existing trained manpower in agriculture including retirees; enhance access and quality of veterinary services</p> | MAFSC, MLDF, MCST, COSTECH, Private sector, CSOs, |
| | | Gender sensitive training programs; recruitment irrigation engineers, hydrologists and dam designers and contractors; deploy and retain agricultural motivators and Para Agricultural “Extension Support” at every ward | MAFSC, MWI, MCDGC |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---------------------|--|--|-----------------------|
| | 1.2.3.8. Strengthen infrastructure to support growth of employment generation and profitable crop farming, livestock, and fishing and fish farming | <p>Specialized training in the agriculture sector, developing technical capacity for agricultural research and extension and instituting farmers' training programmes</p> <p>Quality farming and access to relevant technical skills; safe utilization and storage of agro-chemicals integrated pest control, eco-agricultural techniques; utilization of traditional knowledge.</p> <p>Agricultural research and training institutions in R&D collaboration with other countries. Strengthening livestock extension service and research on high yielding animal feeds</p> <p>Promotion of patenting and commercialisationcommercialization of proven technologies.</p> <p>Capability of researchers (national research and academic institutions) in biotechnology and genetic engineering.</p> <p>Collaboration among the private sector, government, and research organizations in order to increase private funding for R&D D</p> <p>Intellectual Property Rights (IPR) associated with indigenous and traditional knowledge.</p> <p>Programmes that increase income generating opportunities in the rural areas; local small-scale industries; non-traditional products and traditional crafts</p> <p>Programmes and projects in irrigation; coordination between road works and construction of small dams for agriculture.</p> | MID MEM PMORALG |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---------------------|--|--|---|
| | | <p>Rain water use harvesting; appropriate and environmentally friendly technologies; water harvesting through constructing water chacos.</p> <p>Adequate storage capacity at strategic areas; Cold Storage facilities for horticulture, diary production, fishing.</p> <p>Programme to establish physical market centers in every ward and modern abattoirs & meat processing plants in every region and offset up dairy and leather industries (SMEs).</p> <p>Programmes in development of rural roads, regional and trunk roads, development of regional connectivity, rail, airports and harbour, use of ICT.</p> <p>Funding to the Rural Energy Fund and focus its activities on agricultural transformation.</p> <p>community-based assets including rural road construction, charcoals</p> <p>Communities in-kind contributions in constructing community assets such as roads, dams and water canals, etc</p> <p>Expansion of TASAFA, SELF, Village Travel and Transport Programme (VTTP), etc, to reach wider areas and communities.</p> | MFEA, PMO, MAFSC, MLDF, Private Sector MEAC, MNRT |
| | 1.2.3.9 Improve access to agricultural financing | <p>Long term financing for agricultural development; Tanzania Agricultural Development Bank (TADB); Special Fund for Tanzania Green Revolution long term credit schemes for agriculture investment for the poor (soft loans)</p> <p>Loans and grants arrangements from Multilateral and Bilateral Sources</p> <p>Agricultural Investment by Private Sector – ; Farmers Cooperatives and SACCOs</p> <p>Microfinance institutions and insurance schemes ;</p> | MFEA, PMO, MAFSC, MLDF, Private Sector MEAC, MNRT |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---------------------|---|---|----------------------------------|
| | | Provision of subsidy on crop and livestock inputs affordable financing and credit facilities by both public and private sectors for funding production, processing and marketing; Development of Commodity Exchanges; listing of Agricultural companies nationally and regionally. access to micro financial services for women and men, especially the youth value addition of revenue received from concessions and licenses for Forestry | |
| | 1.2.3.10 Implement measures that ensure sustainable harvesting of fishery resources | Investment in Deep sea and Exclusive Economic Zone fisheries resources. Fish quality assurance and standards Improved and appropriate technologies in fishing, fish handling, processing, preservation, storage and transportation Good management of revenue accruing from fisheries sector Effective enforcement of fisheries legislations | |
| | Promote effective development of aquaculture industry | Production and distribution of quality aqua feeds and seeds Appropriate technologies including cage culture, suitable polyculture farming Protection and law enforcement | PMO, MAFSC, MLDF, Private Sector |
| | Address HIV and AIDS issues in agriculture, including fishery sector | Implementation of the Multi-Sectoral HIV and AIDS Program and EAC HIV and AIDS intervention and Lake Victoria Environment management Programme | MEAC |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|---|--|---|
| 1.2.4. Growth of Manufacturing sector in real terms increased from 8.0 per cent in 2009 to 15 per cent by 2015; contribution of SMEs increased (from 33 per cent to 40 per cent in 2015) | 1.2.4.1 Improve manufacturing supporting systems, including financing and marketing infrastructure. | De-bottleneck supply constraints [reliable supply of energy and water, Supportive physical infrastructure (road and railway transportation systems, ports and harbors)]; Improvement markets for industrial produce. | MITM, Private sector, TCCIA, TIC, MID MEAC, MEM |
| | | Development of Export Processing Zones and SEZ for regional and global markets Capacity of organizations and institutions responsible for promoting manufacturing activities Implement EAC Investment and Industrialization Strategy | |
| | 1.2.4.2 Promote knowledge and skills and translating R&D results into productive activities (product development) | Technology Industrial Zones / Parks for enhancing transfer of skills | MITM , MCST, MEAC Technology Industrial Zones/ Parks; SIDO, VETA, Higher Learning Institutions, NGOs, , BET |
| | | Research and Development(R&D) and technological innovations | |
| | | Technological innovation programs (incubators and clusters); and Intellectual Property Right (IPR) regimes | |
| | | Patenting and commercialization of proven technologies. | |
| | | Branding of manufactured products in domestic, regional, and international markets. | |
| | | Enhancing industrial property rights system. | |
| | | Basic industry, environment friendly industrial technologies; production of farm implements and agro-processing. | |
| | | Cleaner production technologies. nationally and regionally | |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|--|--|--|
| | 1.2.4.3 Avail technological information (e.g. ICT) and support to entrepreneurs to enhance productivity and profitability of MSMEs | ICT usage in processing and marketing; | MCST, MDAs |
| | | skills development to support MSMEs in manufacturing | MEAC |
| | | Marketing MSMEs products in local, regional and international markets | |
| | 1.2.4.3. Avail capital, credit and other supporting services for MSMEs | Financial capital; credit guarantees; insurance and micro-insurance schemes; National Empowerment Policy of 2004. | MFEA, BOT, MITM, Financial Institutions |
| | 1.2.4.3 Promote manufacturing export | Export selective products (based on comparative and competitive advantages) to regional and global markets | MITM, MEAC, Private sector |
| 1.2.5 Growth of tourism in real terms increased from 4.2 per cent in 2009 to 7.9 per cent by 2015 | 1.2.5.1 Promote Tanzania to be the best tourists destination | Implement the Tourism Development Master Plan | MNRT, MLHSD, MFEA, TIC, MICS, Private sector, MID, MHSW, MEM |
| | | Aggressive marketing; and cost reduction | |
| | | Diversification of the sector and investments | |
| | 1.2.5.2. Implement measures that directly link tourism with other sectors in the economy | Measures to integrate local economy with tourism magnets (supply of goods and services, employment etc.); more earnings to the country from tourism proceeds. | MNRT, MAFSC, MFLD |
| | 1.2.5.3. Step up marketing and product promotion of tourism package, including sports, products of MSME operating in the tourism industry. | Marketing and promotion; product development and innovation; use of market information; market intelligence, research, etc; Quality of services (value for money) by small and large scale operators | MNRT, MITM, MICS |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|--|--|--|
| | 1.2.5.3. Step up marketing and product promotion of tourism package, including sports, products of MSME operating in the tourism industry. | Marketing and promotion; product development and innovation; use of market information; market intelligence, research, etc; Quality of services (value for money) by small and large scale operators | MNRT, MITM, MICS |
| | 1.2.5.4. Promote human resource development and professionalism for tourism industry | Impart knowledge, skills and right attitude; Creation of critical mass of tourism sector professionals (customer care Orientation, Coaching and internship). Compliance to labour laws and human rights in the tourism sector. | MNRT |
| | 1.2.5.5. Improve infrastructure for tourism sector growth. | basic infrastructure (roads, railways, airstrips, ports) connecting to existing tourist and potential destinations; energy, water, health facilities, etc to encourage expansion of tourism, including local tourism; communication technology; Facilitation of acquisition of land for tourism activities such as land for hotel chains, recreational sites, etc. | MNRT, MAFSC, MFLD; MLHSD; Private sector |
| 6. Growth of mining sector increased in real terms from 1.2 per cent in 2009 to 3.2 per cent by 2015 | 1.2.6.1. Promote and establishment of domestic mineral based value adding activities in order to increase earnings and create employment and wider linkages to the rest of the economy particularly the manufacturing, and service sector. | facilities for mineral processing | MEM, MITM, Private sector, MNRT |
| | | Laws and regulations, including employment regulation in mines. | |
| | | Security to facilities. | |
| | | Quality and standards. | |
| | 1.2.6.2. Empower artisan miners to acquire geological information, title deeds, equipment and appropriate mining and processing skills and technologies as well as start-up capital, | Scale up capacity building | MEM, MLHHS, MITM, VPO, MoFEA |
| application of environmentally friendly technologies | | | |
| adequate security in mining areas | | | |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---------------------|--|--|------------------------------|
| | 1.2.6.3 Promote collaboration of large foreign mining companies with land owners, small scale miners, communities, and local experts to improve access to external markets and technologies | Joint ventures Cooperatives of small scale miners; Information sharing | MEM, MITM, MLHHS, TIC |
| | 1.2.6.4. Avail technological information and support to small scale entrepreneurs in the mining sector to enhance productivity and enable them to compete in local, regional and international markets | Use of ITC; Training in general and tailor-made entrepreneurial and marketing skills. | MEM, MITM, MSCT, MEAC, MFAIC |
| | 1.2.6.5. Improve the fiscal regime for enhancement of revenue from mining activities | Licensing considers national interests first; curb all forms of corruption in licensing and collection of revenue; avoidance and evasion of payment; Adjustment of taxation and other fees and economic rent formulas. | MEM; MOFEA, MITM, BOT |
| | 1.2.6.6. Address HIV and AIDS issues in mining sector | Implementation of the Multi-Sectoral HIV and AIDS Program | MEM, PMO, TACAIDS |

Growth Interventions of Energy Infrastructure

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|---|---|---|
| Energy 1.2.8. Generation of electricity, utilization of capacity and coverage increased -Electricity generation increased from 1064MW in 2010 to 1722MW by 2015 -Use of renewable increased | 1.2.8.1. Expand production, distribution, and access to energy 1.2.8.2 Enhance investments in rural energy provision and energy saving technologies. | adequate financing of selective components of the Power System Master Plan(PSMP) and EAC-SADC Power Pool Master Plan (e.g. the Southern African Power Pool (SAPP), the Regional Electricity Regulators Association (RERA), Regional Generation and Transmission Expansion Plan (the SAPP Pool Plan); implement Regional Power Connectivity Emergency Power Generation Natural Gas Development Rural Electrification projects through Rural Energy Agency (REA) Strengthening, upgrading and expanding the National Grid | MEM, TANESCO, REA VPO(NEMC),MFEA, MEAC, MFAIC Private sector, |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---------------------|--------------------|--|------------|
| | | Harnessing wind, solar, small hydro, biogas, with emphasis on renewable sources. | |
| | | applying energy saving technologies | |
| | | use of environmentally friendly alternative and indigenous energy resources | |
| | | Access by poor communities especially women | |

Growth Interventions for Water Infrastructure for Production Sector

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|--|--|------------------------------|
| 1.2.9. Water resources availability for both productive use and environmental sustainability assured by 2015 | 1.2.9.1 Strengthen the capacity of basin level water resources management institutions | water user associations, Support to multi-sector array of productive activities. participatory, basin-wide integrated planning | MWI, BWOs, MAFSC, MEM, MFAIC |
| - Basin-level management plans in all basins by 2015 | | | |
| - Increase number of monitoring stations regularly producing reliable data from 83 to 438 | | | |
| - Rehabilitate 45 failed dams and build 3 major new dams | | | |
| - Initiate participatory climate change adaptation measures at catchment/ water user association level | | | |
| | | Rain water harvesting SADC Regional Strategic Water Infrastructure Development | |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---------------------|---|--|--|
| | 1.2.9.2 Strengthen water sources protection and monitoring of water levels in all water sources | <p>Rehabilitation of non-functioning hydrometric stations, design, construct and install new hydrometric stations</p> <p>Demarcation of water sources in all basins</p> <p>protection and conservation of water sources</p> <p>Control environmental depletion and pollution</p> <p>Enforcement of the polluter pays principle</p> <p>Periodic Knowledge of the volume of water extracted and effluents discharged in all basins</p> <p>water samples and laboratory tests</p> <p>implement EAC Lake Victoria Environment Management Programme (REVEMP II)</p> | MWI, BWOs, MAFSC, MLDF, MEM, VPO, MEAC |
| | 1.2.9.3 Enhance access to safe water supply and expand distribution network | Rehabilitate non-functioning water storage dams, design and construct new dams for increasing availability of water for productive activities; | MWI, BWOs, MAFSC, MEM, MLDF |
| | 1.2.10.1 Mainstream gender in water resources management | Water supply and coverage for production and expanding distribution network. | |
| | | <p>good governance and equity in water resources use and management</p> <p>Sustainable water resource management; sound balance between competing users and biodiversity.</p> <p>Development of small scale irrigation schemes</p> | |

Growth Interventions for Transport Infrastructure

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|--|---|---|
| <p>Growth of transport sector increased from 6.0 per cent in 2009 to 9.12 per cent by 2015.</p> <p>National (trunk and regional) roads</p> <p>1.2.11. Different parts of the country linked and connected to regional and global networks by efficient transport systems:</p> <p>1000 km of paved roads rehabilitated</p> <p>15000 km of national roads rehabilitated / regraveled (3000 km trunk and 12000 km regional)</p> | <p>1.2.11.1. Modernize and expand the physical infrastructure (roads, railways, sea ports, airports, railway lines) to link domestic economy and regional networks</p> | <p>Construction, rehabilitation of roads and</p> <p>Implement EAC Road network Master Plan, EAC Railway Master plan, EAC Railway Master plan, and EAC Port Modernization Programme and facilitate transit trade</p> <p>Enhance road fund to meet maintenance requirement</p> <p>Spatial Development Initiatives (SDI) and Transport Corridors</p> | <p>PMO-RALG, MID (TANROAD, SUMATRA), MEAC, MFAIC, TIC, Private sector, TABOA</p> |
| <p>30000 km per year of national roads maintained</p> <p>10 major bridges constructed.</p> | | <p>PPP modality in infrastructure development</p> <p>Long term maintenance contracts for key highly trafficked roads</p> <p>Promotion of competition in the supply and operation of services</p> <p>Efficiency in the use of infrastructure such as through revision of laws, regulations and procedures</p> <p>Implementation of TSIP</p> <p>ICT infrastructure; connectivity; transfer of knowledge for production, marketing and monitoring.</p> <p>Affordable and accessible ICT infrastructure</p> | <p>PMO, MID, MCST, private sector, PMO-RALG</p> |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|---|--|---|
| Transit traffic facilitated (time and costs reduced) | Reduce transit time and cost | Streamlining documentation, procedures and processes | MITM, MEAC, MHA, MID, SUMATRA, TPA, TRA, Pólice Force |
| | | Establishing one stop boarder operations | |
| | | Improved rail and roads to neighbouring landlocked countries | |
| Safety improved | Reduce accidents and fatalities | Implementation of road safety policy | MID, MHA, MCAJ |
| | | Drivers training and licensing | |
| | | Enhancing enforcement of legislations | |
| Rural roads improved (classified district, feeder and collector roads and unclassified community roads) | Improve condition | Increased use of labour-based methods | PMO-RALG, TANROADS, MID |
| | | Enhanced Road fund | |
| | | Improving LGA sources of finance | |
| Rail freight traffic increased | Modernize rail system | Restructuring concession | RAHCO, TAZARA, MID |
| | | PPP financing | |
| | | Recapitalization,/investment, efficient management | |
| | | Implement TSIP | |
| Port and maritime cargo dwell time reduced | Expand and modernize facilities | Implementation of Ports Development Master Plan , EAC Port Modernization Programme | TPA, MID, MEAC |
| | | Expand port container facilities | |
| | | Development of ports | |
| | | Establishment of new container freight stations | |
| | | | |
| Average travel time in urban transport systems reduced | Decongest urban transport | Implementation of transport/ decongestion plan | MID, MLHHS, PMO – RALG,mem |
| | | Separated junctions | |
| Passengers and freight in aviation increased | Improve facilities (construction, rehabilitation, upgrading, expansion of airports) | PPP strategic partnerships | TCCA, TAA, MID |
| | | Increasing and equipping entry and exit points | |
| | | Enhancing efficiency | |
| | | Enhanced ground handling and safety at airports | |

Goal 3: Ensuring Creation and Sustenance of Productive and Decent Employment, Especially for Women, Youth and People with Disabilities

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|--|---|--|
| 1.3.1. Effective enforcement of labour laws and standard ensured | 1.3.1.1.Enforce labour laws, and flexible labour markets standards, taking into accounts regional (e.g. East African Common Market)and global economic integrations | labour laws, labour market standards, labour related institutions | MLEYD, MEVT, MFEA, PO-PC, MEAC, Private sector, CSOs Financial institution, |
| | | Affirmative action | |
| 1.3.2 Labour Market Information System strengthened | 1.3.2.1.Strengthen employment service delivery country wide, including labour market information systems, exchange centers in order provide employment services to job seekers, employers and other stakeholders | Employment services, advisory services, career guidance and employment counseling, placement services with and outside Tanzania | MLEYD, Private Sector, |
| | | Regulating private employment agents | |
| | | Return of Tanzanians with special skills in the Diaspora | |
| | | Labour market information systems; labour exchange centers; Database of job seekers and employers. | |
| | | Capacity of institutions for coordination of employment creation; Streamlining of institutions dealing with employment issues. | |
| 1.3.4.. Employable skills, particularly for youth, women and people with disabilities enhanced | 1.3.4.1. Support special entrepreneurship and mentorship programs, including sports for women, youth, and vulnerable groups | VETA/ polytechnics; employability; productivity | MITM, MLEYD, MCDGC, MHSW, MICS |
| | | Entrepreneur-friendly credit schemes; and Start-up capital; off-farm employment | |
| | | credit schemes, equipment, and inputs for rural SME | |
| 1.3.5. Employment implications of migration and population structure addressed | 1.3.5.1. Address underemployment in rural areas through establishing production clusters and promoting non-farm income generating programs. | Production clusters; learning centers; sport centers, and promotion of non-farm income generating programs. | PO-PC, MLYD, MICS, Private Sector |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---------------------|--|---|------------|
| | 1.3.5.1. Integrate population dynamics in growth for poverty reduction, taking into consideration population structure | Employment opportunities; policies for opportunities of young people; and Measures to ensure that working age group actively engage in production | |

Goal 4: Ensuring Food and Nutrition Security and Climate Change Adaptation and Mitigation

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|--|---|--|
| 1.4.1. Food and nutritional security at household, district, regional, and national levels ensured | 1.4.1.1. Promote sustainable food security at household level, village and ward levels | storage facilities; crop/cereal banks; and shelf life extension technologies | MAFSC, PMO, LGAs, CSOs, MITM, MLDF, MNRT, TWLB; Private sector |
| | | culture of dietary diversification | |
| | | Policies and Guidelines on food stocking and cultivation of food security crops. agro-processing industries for value addition | MITM, MAFCS, MLDF, LGAs, MID, MWI |
| 1.4.2. Strategic Grain Reserve of at least 4 month of national food requirement maintained | 1.4.2.1. Sustain minimum food reserve requirements in the country | financing of SGR timely SGR intervention | PMO |
| 1.4.3. Crop and livestock varieties suited to adverse conditions brought about by climate change introduced and adopted | 1.4.3.1. Promote research on crop varieties and breeds that withstand conditions brought by climate change | Research on improved varieties and breed | MAFSC, MLDF, COSTECH and specialized research institutions, PMO-RALG |
| | | Low emission farming practices (conservation farming) | |
| 1.4.4. Early warning and natural disaster response, coordination framework strengthened | 1.4.4.1 Strengthen early warning systems, including regional information sharing | Monitoring in every district, preparedness and response measures | MAFSC, MLDF, MNRT, MEAC, COSTECH and specialized research institutions, PMO-RALG |
| | | Improved monitoring of agricultural and forestry crops and livestock health and management; disease surveillance | |
| | | Regional cooperation in early warning information, disaster management | |

Goal 5. Leveraging Returns on National Resources (both within and outside) for Enhancing Growth, and Benefits to the Nation at Large and Communities in Particular

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|---|--|--|
| 1.5.1. Sustainable exploitation of natural resources ensured with benefits to local communities | 1.5.1.1. Strengthen institutions capacity for administration and monitoring of natural resources, including earmarking revenues from national resources for development of specific national capital. | Review and enforcement of laws | MFEA, MCAJ, MNRT, TRA, PMO-RALG, LGAs, MEM |
| | | Sound corporate governance and responsibility | |
| | Earmarking revenues | | |
| 1.5.2. Optimal contribution of human resources ensured | 1.5.1..2. Enhance community based natural resource management arrangements | Natural resource management organs at local levels. | MFAIC, MCAJ, MEAC, TIC, MLEYD, MAFSC, MLDF, MITM, MNRT, Private sector |
| | | Resource rent sharing formulae | |
| | 1.5.2.1. Strengthen mechanism for capturing contribution of Diaspora resources. | Policies on returns to human and non-human capital of Tanzania in the Diaspora | |
| 1.5.2.2. Enhance optimal utilization of local resources and communities benefiting especially in agriculture, sports, tourism, mining, and manufacturing. | | Domestic investment of Tanzanians in the Diaspora | |
| | | Economic diplomacy | |
| | | labour market operations | |
| | | investment in growth sectors, e.g. agriculture, tourism, mining, and manufacturing | |
| | | Governance in forestry sector | |

Cluster II: Improvement of Quality of Life and Social Well Being

Broad Outcomes:

- i. Quality of life and social wellbeing for enhancing capabilities, with particular focus on the poorest, people with disabilities, and other vulnerable groups, improved;
- ii. Inequities in accessing social and economic opportunities, along geographical areas, income, age and gender reduced.

Goal 1: Ensuring Equitable Access to Quality Early Childhood Development Programmes, Primary and Secondary Education for all Boys and Girls

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|---|--|---|
| A. Equitable Access to Quality Early, childhood, Primary and Secondary Education | | | |
| 2.1.1. Early Childhood Development (ECD) and number of young children prepared for schools increased | A. 1 Effective implementation of integrated Early Childhood Development policies | Community awareness on ECD issues (parental knowledge on nutrition and HIV/AIDS mainstreaming) | MCDGC,CSO, FBO |
| 2.1.2. Universal access for boys and girls to quality pre-primary and primary education (NER to 100 per cent for pre-primary and primary) | A. 2. Rehabilitate and expand school infrastructure, especially ECD centers, construction of class rooms, laboratories and dormitories for secondary school that are also accessible to students with disabilities. | Class rooms, dormitories, laboratories; | MEVT, PMO-RALG, MFEA, Private Sector |
| 2.1.3. Access to secondary education for girls and boys improved (NER to 45 per cent for lower secondary, 5 per cent for upper secondary) | A.3. Achieve recommended inclusive classroom density at ECD, primary and secondary education levels | Building/renovation of classrooms | MEVT,PMORALG |
| | A. 4. Achieve recommended student-desk-ratios at pre-primary, primary and secondary education levels | adequate desks/chairs | MEVT,PMORALG |
| | A. 5. Improve hygiene and sanitation especially access to water, gender-friendly sanitation and hygiene facilities that are also accessible to children with disabilities and ensuring achievement of recommended (pit) latrine ratio | water, hygiene | MWI, Parents, community, MEVT, CSOs |
| | A. 6. Implement school feeding programmes at all levels in public schools with community involvement. | School meals programs | MEVT, PMO-RALG, Communities |
| | 2.1.4. Primary school survival rate for boys and girls (Std I to Std VII) improved | A. 7. Address causes of drop-out in totality | sensitizationSensitization, legal enforcement, school feeding program |
| 2.1.5. Secondary school survival rates for boys and girls (Form 1 to 4; Form 5 to 6) improved | | | |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors | |
|---|---|--|--|---------------------------|
| A. Equitable Access to Quality Early, childhood, Primary and Secondary Education | | | | |
| 2.1.6. Improved pass rate for boys and girls at primary and secondary schools | A. 8. Review curricula regularly to accommodate new and emerging issues | curriculum, math, science and technology, learning materials | MEVT, MHSW, TACAIDS/ LGA | |
| | 2.1.7. Improved primary and secondary school transition rates | A. 9. Achieve appropriate/ recommended textbook-student ratios at pre-primary, primary and secondary education levels | text books, pricing, taxation regulation on publishers | MEVT Private sector |
| | | A.10 Provide school materials in the required ratios and mix | school teaching and learning materials | MEVT, LGA, Private Sector |
| | | A. 11. Strengthen and equip laboratories, sports and game facilities that are accessible to children with disabilities | Laboratories ,equipment, laboratory technicians | MEVT, PMO-RALG |
| | | A .12. Promote ICT usage in learning and teaching in rural and urban areas | ICT equipment and facilities by type and specifications in use, cost-effective energy, curricular data, school inspectors (training and recruitment), incentives, performance based indicators | MCST, MEM, MEVT, CBO |
| | | A .13. Sustain and improve school inspectorate functions for monitoring education quality with focus on rural areas | | MEVT, PMO-RALG |
| 2.1.8. Quality teachers trained, deployed, and retained to achieve recommended students – qualified teacher ratio at all levels (Primary=1:45 and secondary=1:25) | A. 14. Train different cadres of teaching professionals (gender-balanced), with emphasis on science and language subjects | Regular and inclusive pre-service and in-service training programs, male and female teachers and teacher trainees | MEVT, PMO-RALG, MICS | |
| | A. 15 Ensure equitable deployment of qualified, competent and motivated teachers | qualified teachers, incentives | MEVT, PMO-RALG, LGA | |
| | A. 16 Devise and strengthen incentive structure to ensure recruitment and retention of highly qualified teachers, especially in underserved areas | Quality teachers, incentives, motivations | MEVT, PMO-RALG | |
| | A. 17 Gender responsive HIV and AIDS workplace program for all staff and families in place in all education institutions | Work place action plan and interventions | MEVT, PMO-RALG, TACAIDS, CSOs, Private Sector | |
| 2.1.9. Mainstream cross-cutting issues | A. 18. Incorporate HIV and AIDS; gender and environmental issues in teaching | Sensitization/awareness creation; curricula, education on sexual and reproductive health, gender and environment | Parents, community, MEVT, CSOs, FBO, PMO-RALG, MICS | |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|--|---|---|
| A. Equitable Access to Quality Early, childhood, Primary and Secondary Education | | | |
| | A. 19 Effective implementation of the HIV and AIDS and life skills education components of the national education strategy, including building it into teacher training | HIV/AIDS Strategy, integrated curricula, teacher training, sensitization | MEVT, PMO-RALG, TACAIDS, CSOs, Private Sector |
| | A. 20 Provision of a safe education environment free of sexual abuse for all children and teachers and free of stigma and discrimination for children and teachers from households with HIV and AIDS | Sensitization, legal enforcement | MEVT, PMO-RALG, TACAIDS, CSOs, Private Sector |
| 2.1.10. Proportion pupils with disabilities (girls and boys) enrolled in pre-primary, primary and secondary education | A. 21. Addressing shortage of placement opportunities, including transforming regular schools into inclusive schools, availability of specialized teaching and learning materials | Classrooms, dormitories, desks, specialized teachers, specialized materials, including play materials; inclusive schools; inclusive education, incentives | Parents, community, MEVT, CSOs, FBO, PMO-RALG |

Goal 2: Ensuring Expansion of Quality Technical and Vocational Education and Training, Higher Education, and Adult, Non-formal and Continuing Education

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|---|---|----------------------------|
| A. Technical and Vocational Education and Training | | | |
| 2.2.1. Enrolment expansion, quality, and relevance of Technical and Vocational Education and Training ensured Training ensured | A.1. Expanding and improving infrastructure in order to expand enrolment, especially of girls | Class rooms, laboratories, workshops, dormitories accessible to students with disabilities, sensitization to improve girls' enrolment | MEVT, MCST, Private Sector |
| | A. 2. Promoting adaptation of Science, Technology and Innovation to Tanzanian conditions | science and technology, | MCST |
| | A. 3. Strengthening PPPs for the delivery of vocational and technical education; | Public-Private-Partnership (PPP) Framework; Accreditation of private providers Service-based funding agreement Incentives | MEVT, MCST, Private Sector |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|---|---|------------------------------|
| | A. 4. Improving quality of teaching and learning environment | Quality teachers, teaching and learning materials, laboratorieslaboratories/ workshops | MEVT, MCST, Private Sector |
| | A. 5. Review curricular regularly to accommodate new and emerging issues in order to provide knowledge and skills relevant to the job market and the national growth and development agenda | Curricular Regional harmonization of curricular | MEVT, MEAC Private sector |
| | A. 6. Promoting use of ICT in teaching and learning. | ICT equipment and facilities by type and specifications in use, energy, curricular; Training in usage of ICT | MEVT. MCST, Private Sector |
| | A. 7 Strengthening quality assurance | performancePerformance based indicators; quality assurance training | MEVT |
| | A. 8 Mainstreaming HIV and AIDS into curricula, HIV and AIDS interventions for students and WPP on HIV and AIDS | HIV/AIDS Strategy, integrated curricular, teacher training, sensitization, work place action plan and interventions | MEVT, MHSW |
| B. Higher Education | | | |
| 2.2.2. Enrolment expansion, quality, and relevance of Higher education ensured; | B. 1. Expand and improve infrastructure to support increased, gender equitable enrolment and quality delivery delivery | Lecturers, infrastructure; PPPs; incentives; sensitizationSensitization to improve girls' enrolment | MEVT, MCST, Private Sector |
| | B. Integrate ICT in teaching and learning | ICT equipment, energy, curricular | MEVT. MCST, Private Sector |
| | B. 3. Review curricular regularly to accommodate new and emerging issues and improve relevance | curriculaCurricula Regional harmonization of curricular | MEVT, MEAC |
| | B. 4. Review Higher Education loan policy to expand other sources of financing | Student Loan Board, PPP | MEVT, MFEA |
| | B. 5. Strengthening accreditation and monitoring as a measure of safeguarding quality | Accreditation, monitoring of quality | MEVT, UAC |
| | B. 6 Improve the teaching and learning environment so as to attract and retain good students and staff | Provision of basic teaching and learning materials, incentives | MEVT. MFEA |
| C. Adult, Non-Formal, and Continuing Education | | | |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|---|--|---|
| 2.2.3. Enrolment expansion, quality, and relevance in provision of adult, non-formal and continuing education ensured | C. 1. Linking ICBAE programs with income generation activities, including revision of curricula in line with growth agenda | Training in entrepreneurship, micro-credit and credit schemes, marketing skills, indigenous technology, reproductive health and nutrition, income generating projects, local stakeholders participation, curricula review; community based adult education programme | MEVT, Communities, private sector, CSOs |
| | C. 2. Expanding and improving education infrastructure, including ensuring effective use of schools and other institutions, especially in rural areas | Lecturing facilities, ICT equipment, infrastructure, class rooms, laboratories, teaching and learning materials; secondary education through open and distance learning | MEVT, PMO – RALG, Communities, private sector, CSOs |
| | C. 3. Strengthening institutional and technical capacity, including development of lifelong learning qualification framework, training and motivating facilitators and teachers | Lifelong learning qualification framework; accreditation modality, lifelong learning management system (LL-MIS); extension officers, trainers, training programs, incentives | MEVT, PMO – RALG, Communities, private sector, CSOs |
| | C. 4. Expanding parenting education for child rearing practices | Modules, instructors, sensitization | MEVT, PMO –RALG, Communities, private sector, CSOs |
| 2.2.4. Illiteracy rate reduced by 50 per cent from 31 per cent to 16 per cent by 2015 | C.5. Scaling up the 'Yes I can' campaign and advocacy and awareness | Text books and other reference materials, Facilitators and Supervisors Guides, ICT facilities, advocacy, primers | MEVT, PMO – RALG, Communities, private sector, CSOs |

Goal 3: Improving Survival, Health, Nutrition and Well Being, Especially for Children, Women and Vulnerable Groups

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|---|--|--|
| A: Human Resources for Health | | | |
| 2.3. 1. Appropriate number and mix of health professionals trained, deployed and retained | A.1 Improve HR capacity, and management at all levels of health delivery system | Capacity building in information management, planning, policy analysis, monitoring and evaluation at all levels in public and private health sector Pre-service and in-service training, Job shifting | MHSW, PMO-RALG, FBOs, private sector |
| | A. 2. Enhancing capacity of training institutions of medical personnel, and improving Zonal training centers to support Regions and Districts and training institutions in delivering quality health care and training; | Strengthening of Regional Resources Centers to support training institutions in setting up quality assurance in education, and to assist regions and districts in continuing education | MHSW, PMO-RALG, FBOs, private sector |
| | A. 3. Ensure that reforms of Local Government and Public Service address the fundamental challenges in public in health | Local Government and Public Service Reforms Revisiting of Local Government and Public Service Reforms with respect to HR management | MHSW, PMO-RALG, PO PSM, FBOs, private sector |
| | A. 4. Improve Human resources performance management and reward systems and monitoring of indicators | Staffing norms; Health facilities, basic equipment and drugs, Training low level workers; job shifting, P4P, Health Management Information System (HMIS); gender-balanced recruitment; addressing disparities, TBA | MHSW, PMO-RALG, PO PSM FBOs, private sector |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|--|---|--------------------------------------|
| B: Maternal and Neonatal Health | | | |
| 2.3.2. Maternal mortality ratio reduced from 454 per 100,000 live births (2010) to 265 per 100,000 live births by 2015 | B. 1. Improve access to quality maternal health care ,antenatalcare, antenatal care ,care, basic and comprehensive emergency obstetric care, and post-natal care | One Maternal and Newborn Plan logisticalLogistical system, supplies and equipment | MHSW, PMO-RALG, FBOs, private sector |
| 2.3.3. Neonatal mortality reduced from 26 per 1,000 live births (2010) to 19 per 1,000 live births in 2015 | | Health system reforms, monitoring quality, dignity and safety for expectant mothers. | |
| 2.3.4. Proportional of births attended by skilled health personnel increased from 50.6 (2010) per cent to 80 per cent (2015) | | Devolution of partial budgetary authority; strengthening Facility Governing Committees (FGCs) and Councils Health Services Boards (CHSB) | |
| | | structures and systems for community participation and accountability; remedial strategies Community awareness on maternal and infant health to target women, children and men early identification and action on child illnesses | |
| | B. 2. Address disparities in health outcomes and services by socio-economic groups, urban/rural and districts | Health financing policies and strategies; risk-pooling. | MHSW, PMO-RALG, FBOs, private sector |
| | B. 3. Promote and strengthen Public-Private-Partnership (PPP) in health care delivery | Public-Private-Partnership (PPP) Framework: · accreditationAccreditation of private providers · serviceService-based funding agreement | MHSW, PMO-RALG, FBOs, private sector |
| | B. 4. Provide nutrition education and micronutrient supplements to women of reproductive age, especially pregnant and breastfeeding women pregnant women. | nutrition programs for pregnant women; micronutrient programs | MHSW, PMO-RALG, FBOs, private sector |
| | | Programme on adequate food intake, reduced workload for women, anemia screening, iron and vitamin supplementation | |
| | | Training of focal persons | |
| | | Prevention and control anaemia; anaemia screening, iron-folate supplementation, deworming, IPT and ITN use | |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|--|---|--|
| 2.3.5. Total Fertility rate slowed down from 5.4 (2010) to 5.0 by 2015 | B. 5. Increase the contraceptive rate among all women of reproductive age from 28 per cent in 2010 to 60 per cent by 2015 | Availability and choices of safe, effective acceptable and affordable contraceptive methods and provide access for young women and men to quality reproductive health services, including family planning | MHSW, PMO-RALG, FBOs, private sector |
| 2.3.6. Population growth reduced from 2.9 (2002) per cent pa to 2.7 per cent pa by 2015 | B. 6. Provide information, services and education on family planning methods and options | Capacity building of providers to deliver and support safe, effective use of family planning methods and services. | |
| | | Strengthen the health service delivery system to increase options for delivery of quality, affordable and sustainable family planning. | |
| | | Reinvigorate advocacy to increase visibility of and support for family planning as a key investment for improving the lives, health and well-being of people | |
| | | Education and counseling centres | |
| C: Infant & Child Health including nutrition | | | |
| 2.3.7. A. Infant mortality rate reduced from 51 per 1000 live births (2010) to 38 per 1000 live births by 2015. | C.1. Improve quality of facility- and community-based Integrated Management of Childhood Illnesses (IMCI) to enhance infant and child care | Integrated Management of Childhood Illnesses (IMCI); health centre facilities | MHSW, PMO-RALG, TFNC, CSOs, private sector |
| 2.3.8. Under-five mortality rate reduced from 81 per 1,000 live births (2010) to 54 per 1,000 live births by 2015 | | facility- and community-based IMCI services to cover the entire country | |
| 2.3.9. Proportion of under-five underweight (weight for age) reduced from 21 per cent (2010) to 14 per cent by 2015 | | | |
| 2.3.10. Proportion of stunted under-fives (height for age) reduced from 35 per cent (2010) to 22 per cent by 2015. | | | |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|---|---|---|
| <p>2.3.10. Prevalence of exclusive breast-feeding in children <6 months increased from 50 per cent (2010) to 60 per cent by 2015</p> <p>2.3.11. Proportion of anemic women and children reduced (from 48.4 per cent to 35 per cent in women; from 71.8 per cent to 55 per cent in children) by 2015 to 22 per cent by 2015)</p> | C. 2. Scale up implementation of public health and primary preventive strategies such as use of safe and clean water, personal hygiene and sanitary measures, and promote greater awareness and emphasize cost-effective interventions for reduction of water-borne diseases. | <p>clean and safe water and sanitation facilities</p> <p>Environmental health programs; awareness and sensitization</p> <p>Implement Environmental health programs</p> | |
| | C. 3. Explore options for more effective control of malaria | Malaria control measures (e.g. long-lasting nets; Rapid Malaria Test (RDT), malaria control strategies including indoor residual spraying). | |
| | C. 4. Increase immunization coverage and introduce new options for EPI vaccines | <p>Research (for developing new EPI vaccines (Hib, Pneumococcal, Human Papilloma Virus (HPV) and Rota Virus vaccines)</p> <p>Expanded Program for Immunisation (EPI)</p> | |
| | C. 5. Promote exclusive breast feeding during first six months, sound feeding and weaning practices for infants and young children | <p>nutrition interventions, breastfeeding appropriate infant and young child feeding practices</p> <p>technical supervision and support</p> <p>essential nutrition interventions</p> <p>universal Vitamin A coverage; de-worming campaigns; and rehydration</p> | |
| | C. 6. Promote food fortification with vitamins and minerals | integrated management of acute malnutrition in children | |
| | C. 7. Promote universal consumption of iodized salt | <p>Essential vitamins and minerals</p> <p>Micro-nutrient supplementations</p> <p>Regulation and enforcement of regulations for fortification of food staples, and promote the consumption of fortified foods.</p> | MHSW, PMO-RALG, private sector, MCDGC, CSOs |
| D. HIV & AIDS, Malaria and TB | | | |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|--|--|--|
| 2.3.12. HIV/AIDS infection rate reduced | D. 1. Sustain care and treatment with emphasis on, prevention of mother to child transmission (PMTCT+) | STI screening and treatment, VCT services, condom use, non-ARV interventions addressing stigma and discrimination. | MHSW, PMO-RALG, FBOs, CSOs, private sector, |
| | | Prevention of mother to child transmission (PMTCT+) | |
| | | Reproductive Health programs | |
| | | VCT (to match scaling up of PMTCT) | |
| 2.3.13. National HIV prevalence rate in 15-24 years age group reduced from 2.4 per cent in 2010 to 1.2 per cent by 2015 | D. 2. Reduce HIV prevalence rates among women and girls | HIV+ mothers to avert transmission through breastfeeding | MHSW, PMO, MLEYD (TACAIDS), CSOs |
| | | Prophylaxis; non-ARV interventions: HIV/AIDS and sexual and reproductive health programmes youth friendly HIV/AIDS and sexual and reproductive health information, services and facilities | |
| 2.3.14. Access to ARV and food supplement for PLHAs increased | D. 3. Improve surveillance and follow-up of neonates | Surveillance of all newborns on paediatric prophylaxis to assess survival of those on treatment. | MHSW, PMO-RALG, FBOs, CSOs, private sector, TACAIDS |
| | D. 4. Strengthen support for PLHAs (with particular attention to women, children, PLHAs elderly carers, widows and child headed households). | Home-Based Care (HBC) program; increased support (financial, technical, psychosocial) to PLHA caretakers | MHSW, PMO-RALG, FBOs, CSOs, private sector, |
| | D. 5. Integrate measures to address gender and inequities that result in higher HIV prevalence rates among women and girls. | keeping girls longer in schools; promoting income-generating/ livelihood schemes for adolescent girls and women. | MHSW, PMO-RALG, FBOs, CSOs, private sector, |
| | D. 6. Sustaining HIV and AIDS Prevention strategies with a focus on raising HIV/AIDS awareness and behavior(s) change | Promotion of behavior change; communication into existing structures (religious institutions, work places, school, etc), mass media; Blood injection and bio-safety | MHSW, TACAIDS, PMO-RALG, MICS, FBOs, CSOs, private sector, Media |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|--|--|--|
| 2.3.15. Per centage and number of orphaned and vulnerable children aged 0 -17 whose household receiving free basic external support increased from 586,170 (2009) to 1,318,187 by 2015 | D. 7. Promote and Support Community-based support for MVC through a multi-sectoral response. | capacity of families and neighborhoods and communities to protect and care for MVC, local systems; Psycho-social support for MVC Empowerment of PLHA caretakers and other stakeholders | TACAIDS MHSW, PMO-RALG, FBOS, CSOS, PRIVATE SECTOR, |

Goal 4: Increasing Access to Affordable Clean and Safe Water; Sanitation and Hygiene

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|---|--|--|
| A. Water supply | | | |
| 2.4.1. Proportion of households in rural settlements provided with improved sources of water increased from 58.7 per cent in 2009 to 65 per cent by 2015 | A. 1. Scale-up rural water supply services through increasing the management and investment support | Rehabilitation of mul-functioning water facilities; Construction of additional low-cost water sources (boreholes, dams and surface water supply networks) Registration and capacity building of community water supply and sanitation organizations (COWSOs) in all LGAs Water point mapping country wide; Monitoring of all mapped water points Supply chain of essential tools and spare parts in rural settlements Water facility maintenance | MWI, PMO-RALG Communities, private sector, CSOs |
| 2.4.2: Proportion of households in small towns provided with improved sources of water increased from 53 per cent to 57 per cent by 2015 | A. 2 Rehabilitate and expand of water supply systems in small town | Rehabilitation and expansion of water supply systems Construction of new water sources and distribution networks Technical support from UWSAs under clustering arrangements | MWI, PMO-RALG Communities, private sector, CSOs |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|--|---|---|
| 2.4.3 Proportion of households in urban authorities provided with improved sources of water increased from 84 per cent 2010 to 95 per cent by 2015 | A.3. Rehabilitate and expand of water supply systems in urban authorities | Rehabilitation and expansion of water supply systems; Construction new water sources and distribution networks in all major regional urban centres Monitoring of the water supply networks Reduction of leakages and water loss; Management and investment supports | MWI, UWSAs Communities, private sector, CSOs |
| 2.4.4 Proportion of households in Dar es Salaam provided with improved sources of water increased from 68 per cent 2010 to 75 per cent by 2015 | A.4. Increasing the capacity of water production and distribution system to match with the increasing demand | Rehabilitation of water production plant and treatment plant at lower Ruvu to stabilize levels of water production; | MWI, Water Authorities, PMO-RALG |
| | | Construction and lay the new 55 km pipeline from Lower Ruvu to Dar es Salaam City to augment the conveyance capacity of the current pipe | MWI, PMO-RALG |
| | | Rehabilitation of water supply distribution networks in Dar es Salaam and lay new ones to reduce non-revenue water | MWI, DAWASA, DAWASCO |
| | | Drilling of 20 high yielding boreholes at Kimbiji and Mpera in Kigamboni that will produce 260,000 cubic meters per day to add to the current total production of 300,000 cubic meters | MWI, DAWASA, DAWASCO |
| | | Construction of Kidunda Dam that will regulate the flow of the Ruvu as a climate change adaptation measure | MWI, DAWASA, DAWASCO |
| | | Finalization of the search for new sources of water and implement recommended actions | |

Goal 4: Increasing Access to Affordable Clean and Safe Water; Sanitation and Hygiene

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|---|--|--|
| B. Sanitation and Hygiene | | | |
| 2.4.5. Access to improved toilet and functional hand washing facilities at household and public places, particularly schools, health facilities, transport facilities (improved toilets at household level increased from 23 per cent rural and 27 per cent urban (in 2010) to 35 per cent rural and 45 per cent urban) in 2015 | B. 1. Strengthen implementation of water, sanitation and hygiene interventions B. 2. Strengthen implementation of WASH programme | Finalization of Sanitation and Hygiene policy Participatory plan for sanitation and hygiene promotion and marketing Guidelines and training manuals Total Sanitation and Sanitation Marketing (TSSM) approach | MWI, MHSW, MEVT, PMO-RALG, CSOs, LGA, FBOs, Private sector, Communities MLHHS, MHSW, PMRALG, CBOs, NGOs, Private sector, Mass media, community |
| 2.4.6. Proportion of population with access to improved sanitation facilities | | | |
| 2.4.7. Proportion of schools with improved sanitation facilities | | | |
| 2.4.8 Proportion of households connected to the public sewage system increased to 22 per cent | | | |
| | | Support to monitoring of resources, outcomes and outputs | |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|--|---|---|
| | | <p>B.4. Diagnosis of cholera at district and village level</p> <p>B.5. Training on health standards</p> <p>legal instruments and by-laws with enforcement mechanisms to curb water pollution by all</p> | <p>MLHHS, MHSW, PMO-RALG, CBOs, NGOs, Private sector, Mass media, community</p> |
| | | <p>Development of regulation for implementing Water Supply and Sanitation Act 2009</p> <p>utility responsibility for on-site sanitation, sewerage, wastewater disposal and private</p> <p>sector development sanitation, sewerage, wastewater disposal services</p> | <p>MLHHS, MHSW, PMO-RALG, CBOs, NGOs, Private sector, Mass media, community</p> |
| | B. 4. Ensure that schools and health facilities have adequate WASH provision | Rehabilitation and construction of more public sanitation facilities; disability-friendly | MHSW, MEVT, PMO-RALG |
| | | Sensitization; construction of sanitation facilities at household level; advocacy | |
| 2.4.9. Solid waste collected in urban centers increased from 47 per cent to 85per cent | B. 5. Strengthen solid waste management in urban areas | <p>Guidelines for environmental sound management of wastes</p> <p>law enforcement</p> <p>Construction and management of sanitary landfills</p> | <p>PMO-RALG, VPO, MWI, MHSW</p> |
| 2.4.10. Storm water management in urban centers strengthening | B. 6. Strengthen drainage and storm water management in urban areas | Construction and rehabilitation of drainage infrastructure | <p>PMO-RALG, VPO, MWI, MHSW</p> |

Goal 5: Developing Decent Human Settlements while Sustaining Environmental Quality

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|---|--|-------------------------------------|
| A. Planning & Human Settlements | | | |
| 2.5.1. Planned and serviced urban settlements with functioning town planning procedures, including improved solid and liquid waste management, use of sustainable transport and cleaner energy ensured | A. 1. Supporting Municipalities and Councils to prepare and implement integrated human settlement plans, surveys and issuance of land titles at least in all cities, municipalities and towns | Capacity building, financing; establishment of the national land compensation fund National housing policy | MLHHS, VPO MCAJ, PMO-RALG, CSOs, |
| | A. 2. Strengthen preparation of base maps and other forms of data e.g. environmental profiles with a view to enhancing access to serviced land of different sizes commensurate with the demand by various social groups and their affordability levels; | base maps and other forms of data; pilot city environmentally sound Land use and conservation plans land surveying and mapping new service centers in peri-urban areas Town Planners Registration Board regularizing unplanned settlements | MLHHS, PMORALG, VPO (NEMC) |
| 2.5.2. Increased number of people having secure tenure of land and properties that can be mortgaged, and women/men have equal rights to access ownership and inheritance | A. 3. Strengthen the implementation of land laws (SPILL) | land and property management land rangersgersLG, CSOs,ent nt entation o | MLHHS, VPO MCAJ, PMO-RALG, CSOs, |
| | A. 4. Establishing land reserves in peri-urban areas with a view to, among others, ensuring sustainable land use | Harmonization of urban growth rate with supply of facilities and services (housing, transport, health, education, etc) | MLHHS, VPO MCAJ, PMO-RALG, CSOs, |
| 2.5.3. Implications of rapid urban population growth on settlements addressed | A. 5. Integrating urban planning, including incorporation of PPP arrangements in settlements development; | Legal framework; appropriate incentives | MLHHS, PMO-RALG, Private Sector |
| | A. 6. Harmonizing and matching service provision between urban and rural settings to reduce the effects of pool and push factors, including supporting low cost housing in rural areas. | Settlements planning; low cost housing | MLHHS, PMO-RALG, Private Sector |

Goal 6: Providing Adequate Social Protection and Rights to the Vulnerable and Needy Groups

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|--|--|--|
| 2.6.1. Proportion of vulnerable children, including children outside family care, disabled, and eligible adults covered with social protection measures increased | 2.6.1.1. Mainstreaming provision of social protection measures in the plans of state and non-state actors; | block grants to LGAs Disaster management and emergency preparedness | MOFEA, MLEYD, MCDGC, MHSW / DSW, PMO, PMO-RALG, TASAF, MCAJ, TACAIDS, Private Sector, Pension and social security funds, FBOs, CSOs, Trade Unions, Communities |
| 2.6.2. Proportion of elderly people reached with minimum social pension increased | 2.6.2.1. Promoting economic empowerment of vulnerable groups | Financial services; capacity building in entrepreneurship start-up kits for Income Generating Activities (IGAs); cash transfers | |
| | 2.6.2.2. Strengthen systems for effective access to minimum social protection package and exemptions and waivers | Progressive health financing mechanisms; Exemption and waiver schemes. identification and registration Food safety nets; integrated social transfer Birth certificates Pension systems and income tax policies | |
| | 2.6.2.2. Continuing provision of care and support to people living with HIV and affected including home-based care and social security schemes including food and nutritional safety nets; | HBC programmes | |

Cluster III: Good Governance and Accountability

Broad Outcomes

- i. Democracy, good governance, human rights and the rule of law deepened and ensured
- ii. Peace, political stability, social cohesion and national unity consolidated and sustained
- iii. Accountable, responsive, effective, and efficient leadership in public service ensured
- iv. Equity in accessing public resources and services ensured

Goal 1: Ensuring Systems and Structures of Governance Uphold the Rule of Law and are Democratic, Effective, Accountable, Predictable, Transparent, Inclusive and Corruption-free at all Levels.

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|---|---|--|
| 3.1.1. Principles of democracy, rule of law, integrity accountability, transparency, inclusiveness, effectiveness and efficiency ensured and applied at all levels | 3.1.1.1. Strengthen Legal, Policy and Institutional framework for democracy, rule of law, and good governance | National and Regional core reforms, local-central Government relations, local and stakeholders' participation with gender equality, legal and judicial processes, electoral reforms, expanded freedom of expression, access to information; capacity of governance institutions; Enforcement and implementation of rule of law practice; civic education | PO-SH, MFEA, VPO, PMO, MEAC ,CSOs, LGAs, Media, MCAJ.BOT PO-PSM, PMO-RALG, MOHA, PCCB |
| 3.1.2. Separation of powers and effectiveness of the three pillars of the state ensured and enhanced. | 3.1.2.1. Enhance separation of powers and effectiveness of the three pillars of the state | Institutional and human resource capacity, awareness campaigns, and training, transparency and stakeholder participation. | Parliament, PMO- RALG, PO-SH, LGAs, MCAJ. CSOs, Media, Academia |

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|--|--|--|
| 3.1.3. Corruption as well as money laundering effectively curbed | 3.1.3.1. Curb petty, grand corruption, sexual corruption, and money laundering | Laws and strengthening institutions; operational procedures; integrity in MDAs; surveillance and transparency, capacity of oversight and watch dog institutions, public involvement, mass campaigns and education, capacity of investigative, detective, prosecuting, judiciary and prisons agencies, speedy but fair delivery of judgments. Partnership with governments, intergovernmental and international organizations as well as commercial entities | NAO, LGAs, MCAJ, PO-RALG, MDAs, Community, CSOs, PCCB, GGCU, BoT, Media, MHA, MEAC |

Goal 2: Improving Public Service Delivery to all, Especially to the Poor and Vulnerable

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|---|---|--|
| 3.2.1. Capacities and management systems in service delivery improved | 3.2.1.1. Improve capacities and management systems in service delivery | framework on accountability and performance monitoring, Update the code of Ethics , sanctioning mechanisms; Deepen public service reforms and local government reforms, including D-by-D; remuneration system and incentive structure; pay reform, strengthen public institutions | PO-PP, MFEA, VPO, PMO, PO-SH, CSOs, LGAs, Media, MCAJ. PO-PSM, MDAs |
| 3.2.2. Mechanisms for targeting the poor and vulnerable groups introduced (cover 65 per cent of the poor and vulnerable groups currently excluded from public service delivery) | 3.2.2.1 Instituting mechanisms for targeting the poor and vulnerable groups | Introducing and Supporting institutions that work with the poor and vulnerable groups to enhance capacity for monitoring and reporting; Support LGAs to develop and maintain database of members of vulnerable groups; support initiative at community level. Capacity of MDAs to implement the Social Protection Strategy | MHSW, PMO-RALG, FBOs, TASAF, MCDGC MLEYD, CSOs, PMO, MDAs |
| 3.2.3. Monitoring and accountability mechanisms in public service delivery strengthened | 3.2.3.1. Strengthening mechanisms for monitoring and accountability | All MDA, LGAs and public institutions have client service charters - updated after every five years and are made public to all service users; monitoring and evaluations systems and the Public expenditure tracking system. | PO-PSM, MDAs, NAO |

Goal 3: Promoting and Protecting Human Rights for all, Particularly for Poor Women, Children, Men and the Vulnerable, Including People Living with HIV/AIDS

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|---|--|--|--|
| 3.3.1. Equal access to timely justice especially by the poor and disadvantaged ensured; | 3.3.1.1 Ensure equal access to timely justice especially by the poor and disadvantaged | Capacity and efficiency of justice institutions; human resources development and streamline processes and procedures; court infrastructure; independence of the judiciary; legal sector reform and law reform; and legal aid support. Establish paralegal Centres | PO-SH, PO-PSM, CSOs, C, Media, MCAJ. MCDGC, MLEYD |
| 3.3.2. Social, political, economic and cultural rights for all particularly vulnerable groups ensured (achieve 45 per cent of vulnerable groups reporting having a full access to their rights) | 3.3.2.1. Ensuring social, political, economic and cultural rights for all particularly vulnerable groups | Enforce Media Business and the Right to Information Act; skills to create equal rights and opportunities for people with disabilities; ensure vulnerable groups participate in training and skill development; material assistance, and long-term care; and public education. | PO-RALG, PO-PSM, LGAs, MDAs. Civil society MCDGC, MLEYD |
| 3.3.3. Children rights promoted and protected | 3.3.3.1 Promoting and protecting children's education | children have a right to basic services; children's rights Act; skills to create equal rights, labour, sexual abuse; improve juvenile justice; hold duty bearers accountable; facilities to support children with disabilities | PO-RALG, PO-PSM, MLEYD, LGAs, MDAs. Civil society MCDGC, MCAJ, MOHSW, MHA |
| 3.3.4. Rights of women promoted and protected | 3.3.4.1. Promoting and protecting rights of women | land laws; knowledge about property rights; women's rights; duty bearers accountable; facilities to support children with disabilities; juveniles; ensure vulnerable groups participate in training and skill development; material assistance, and long-term essential cultural norms and values and improve the legal environment. | MCDGC, MLHS, MFEA, MCAJ, MTIM, MICS |

Goal 4: Ensuring National and Personal Security and Safety of Properties

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|--|---|---|
| 3.4.1. National, individual security and safety ensured | 3.4.1.1. Ensuring national, individual security and safety | Control immigration, checking inflow of arms and curbing cross-border violence and crimes; capacity-building and skills upgrading; strengthen mechanisms for resolving internal conflicts; step up involvement of citizens in maintaining peace; participation of Non-state Actors in safeguarding personal security safety and strengthen institutional capacity. Implement Regional Security and Safety Programmes, Implement Police Force Reform Programme | MHA, MDNS, MFAIC MDNS, PMO, PMO-RALG, MEAC PO-SH (Reform Coordination Unit) |
| 3.4.2. Crime including domestic and gender based violence reduced | 3.4.2.1. Fighting crime, including domestic and gender-based violence | Capacity building; awareness campaigns; redress mechanisms | MFEA, PMO-RALG, MHA, Media, MCDGC CSOs |
| 3.4.3. Capacity to mitigate the adverse impact of climate change and natural and human made disasters enhanced | 3.4.3.1. Enhancing the capacity to mitigate the adverse impacts of climate change and natural and human-made disasters | Strengthen institutions; risk management and preparedness, and disaster management and response; develop and institute methods for adapting to adverse impacts; laws, regulations and guidelines; scale up national capacity; training and mass campaigns ; voluntary assistance and regional and international collaboration on information sharing | VPO, PMO, MNRT, MFAIC, MAFSC, MLDF, MCST, MOEM, MEAC MDAs |

Goal 5: Promoting and Preserving Culture of Patriotism, Hard Work, Moral Integrity, and Self-confidence

| Operational Targets | Cluster Strategies | Intervention Packages | Key Actors |
|--|--|--|--|
| 3.5.1. Social cohesion, belonging, and national identity promoted and enhanced | 3.5.1.1. Enhancing social cohesion, belonging, and national identity | Strengthen civic education; voluntary work programmes; research and surveys; national identity; promote common values and creativity; enhance community responsibility and collective parenting; respect to human rights, security of life, and property of others, national cultural day | MEVT, MICS, MCDGC, MCAJ, MCST, MHA, MLEYD, |
| 3.5.2. Attitude toward hardworking, self-confidence, and self-esteem, creativity, innovation and moral integrity promoted and enhanced | 3.5.2.1. Enhancing hard work, self-confidence, and self-esteem, creativity, innovation and moral integrity | Awareness campaign on hard work, self-confidence, self-esteem, morals and integrity; culture of accountability and responsibility; develop skills, hard work, self-confidence, and patriotism; support children and youths to develop a habit of reading and learning; communication skill; right incentives; spirit of daring; reward hardworking and integrity | MICS, MEVT, MCDGC, MLEYD, MDNS, Media, FBOs, MOCST, MEAC |
| 3.5.3. Culture and heritage of the country preserved and promoted | 3.5.3.1. Promoting cultural heritage | programs on media social responsibility; minimize cultural erosion; educate campaigns; promote community and national cultural events, preserve national historical sites, archives, and museums; support and protect creative and entertainment industry for promotion of culture and income generation, expression of culture; support communities to develop and manage, cultural sites | MICS, MNRT, PMO-RALG, MEVT, Media, CSOs |
| 3.5.4. Principles of cultural diversity and inter-cultural dialogue upheld | 3.5.4.1. Upholding principles of cultural diversity and inter-cultural dialogue | Cultural tolerance; awareness on cultural differences; addressing special needs of certain cultures and religions; mutual trust and respect | MHA, MLHHS, MCAJ, PMO-RALG, MICS, MDAs |