

UNITED REPUBLIC OF TANZANIA

NATIONAL STRATEGY FOR GROWTH AND REDUCTION OF POVERTY (NSGRP II) [Summarized Version]



Ministry of Finance and Economic Affairs

April 15, 2010

CHAPTER I: INTRODUCTION AND BACKGROUND

The National Strategy for Growth and Reduction of Poverty in Tanzania (NSGRP II), modelled on its predecessor MKUKUTA I, is committed to economic growth, superior quality of life, overall peace, financial stability and high educational achievement. This strategy dovetails perfectly with the international 2015 Millennium Development Goals, which target the reduction of poverty, hunger, disease, illiteracy, environmental degradation, and discrimination against women. The agenda fosters effective participation of the civil society, the private sector, and other stakeholders to allow all Tanzanians to thrive. The Ministry of Finance and Economic Affairs will coordinate the implementation of the Strategy, in collaboration with other Ministries, Departments and Agencies (MDGs) across the nation.

The National Poverty Eradication Strategy (NPES) was formulated in 1998 to coordinate poverty eradication initiatives. The resulting Poverty Reduction Strategy Paper (PRSP) helped to accelerate the pace of poverty reduction between 2001 and 2005 and led to the adoption of MKUKUTA I. Efforts focused on reaching across governmental sectors, geographic regions, and income-generating activities to maximise synergies; integrating the Millennium Development Goals into actionable strategies; utilising a five-year incubation period to monitor and track successful execution; emphasising the role of economic growth and good governance in poverty reduction; and addressing vulnerability, human rights and social protection issues in poverty reduction.

MKUKUTA II is informed by evaluative studies on the impact of MKUKUTA I and lessons learned from the global financial and economic crisis of 2008-2009 as well as studies conducted. A decrease in foreign trade (especially exports) and financial flows (especially foreign direct investment) slowed down Tanzania's economic growth although recent recovery, partly due to a rescue plan targeting key industries, is evidenced by increasing demand both globally and regionally for Tanzanian exports, new opportunities, due to (ICT) developments and cross-border commerce with other East African countries. The Strategy utilised a collective and inclusive process of input and review by key constituencies.

The seven chapters detailing the MUKUTA II Strategy are comprised of:

1. Major Goals and Background
2. Status of Poverty, Challenges, and Opportunities
3. Strategy Framework
4. Strategy Components
5. Implementation Plan
6. Ongoing Monitoring and Evaluation
7. Financing Modalities

CHAPTER II: CHALLENGES AND OPPORTUNITIES

Poverty and the Challenges of Income Distribution

Tanzania's poverty reduction strategy delivered impressive growth in gross domestic product (GDP) during the past decade. Despite this, income distribution did not change significantly. Tanzania's economy has created 630,000 new jobs annually since 2001, mainly in the informal sector, yet the unemployment rate remains at about 11.7 percent. Employment in higher income-generating jobs is key to helping people move out of poverty. To make economic improvements, addressing the challenges in the below areas will be key. Areas to address are categorised in the following clusters:

Cluster I: Growth and Reduction of Income Poverty will focus on:

Macroeconomic Management: For macroeconomic management with regard to inflation, national debt, credit, Foreign Direct Investment, and external balance a focus needs to be made on:

- Improving public finance management
- Keeping spending in line with national development priorities
- Designing supportive monetary policy to ensure macroeconomic stability

Agriculture: Agriculture remains the place where the majority of Tanzanians earn their incomes which means there is immense potential for increasing agricultural productivity. Additionally, fisheries, mining, manufacturing and tourism are industries that have a lot of potential for growing the Tanzanian economy but have challenges that need to be addressed. Each industry needs to see improvements in:

- Quality control
- Enforcement of regulations
- Preparedness for environmental hazards
- Land-use efficiencies
- Training
- Financing
- Cost of business regulation
- Efficiencies and improvements of infrastructure
- Efficiencies in processes

Cluster II: Quality of Life and Social Well Being

Despite significant MKUKUTA I advances in social services with regard to education, health care, clean water, sanitation and social protection initiatives, improvement in the quality of life and social wellbeing for Tanzanians remains one of the most formidable challenges facing the country. Below are key areas of social well-being that need to be addressed to help achieve the MKUKUTA II goals:

- Education
- Health

- Malaria, TB, HIV and AIDS:
- Life Expectancy and Mortality Rates
- Sanitary and hygienic water supply
- Shelter and Human Settlement
- Social Protection and well-being of vulnerable groups
- Good governance and accountability with the structures and systems in place
- Equality of gender inclusion within society and income-generating activity

Cluster III: Good Governance and Accountability

Achievements and a focus on the below areas will greatly increase the quality of the country's good-governance systems and worth and positively affect growth:

- ⌚ Effective Public Service Framework
- ⌚ Equitable Allocation of National Resources
- ⌚ Governance in Natural Resources
- ⌚ Human Rights
- ⌚ Culture and Development with focus on preserving history and values of the culture

Challenges toward Implementation

For successful implementation during MKUKUTA II to take place, a focus on proper implementation, prioritizing needs, follow-through on reform, and proper budgeting prior to implementation will be critical for success. Additionally, proper monitoring and evaluation are key for the plans in place to be effective. These oversights should be done through proper reporting and reporting analysis with an additional need for involving dialogue into the evaluation process.

An additional challenge to meeting MKUKUTA II goals is mobilisation of resources with regard to financing. Creating funding to be able to address the above industry needs, improve upon the challenges in place and take advantage of opportunity things requires both an internal effort to mobilise Tanzanians to increase income, and an external initiative to secure international private financing by some of Tanzania's most promising enterprises through syndicated bank loans.

An analysis of the status, challenges and opportunities presented in this chapter, indicates that initial policy should be directed towards developing Tanzania's economic growth through the creation of a detailed long term growth and development plan and promoting private sector growth. Opportunity for innovation exists through the creation of new strategies for meeting needs through the Independent Service Authorities (ISA) and public private partnerships.

CHAPTER III: STRATEGY FRAMEWORK

There are 10 guiding principles of MKUKUTA II for implementing the objectives of both the Long Term Growth and Development Plan (LGDP) and DV2025. These are:

1. Stimulate broad-based growth to substantially reduce poverty.
2. Improve implementation effectiveness and outcomes through better use of resources.
3. Create a critical mass of skills through enhanced Human Resource Development (HRD) efforts to build labour force capabilities needed for successful implementation.
4. Harness public-private-community partnerships to stimulate strategic investment, privately or in partnership with the government.
5. Promote wide citizen participation to generate massive private sector growth.
6. Use science and technology, as well as creativity and innovation, as the basis for socio-economic transformation to improve the quality of life, raise productivity and build healthy competition within Tanzania's private sector and in regional and international marketplaces.
7. Mobilise domestic resources to reduce dependence on external sources and to promote self-reliance and self-sustenance.
8. Create good governance through accountability and incentives to stimulate creativity, innovation, and results-based performance.
9. Make implementation more effective by creating a strategic plan that clearly states priorities as well as methods for their achievement.
10. Promote regional integration of the Strategy throughout the East African Community.

Structure

MKUKUTA II is built on the three organising clusters created in MKUKUTA I to bring about interrelated development outcomes, which include:

Cluster I: Growth and Reduction of Income Poverty, focusing on:

- Equitable growth
- Sustainable development
- Food security
- Affordable and reliable energy
- Adequate infrastructure for production purposes

Cluster II: Improvement of Quality of Life and Social Well-being, built on:

- Improving the quality of life for the poorest and most vulnerable groups
- Reducing inequalities in access to social services for education, survival, health care, income, age, and gender
- Providing abundant, clean and safe water

- Establishing widespread sanitation
- Building decent shelter
- Ensuring human safety

Cluster III: Governance and Accountability designed to:

- Ensure that the poor have access to and control over the development of natural resources.
- Eliminate mismanagement as it relates to squandering and/or diversion of public funds.
- Provide democratic participation through the accessibility to the rule of law and basic human rights.
- Develop a trustworthy business environment attract investment.
- Promote and preserve a culture of patriotism, hard work, moral integrity, self-confidence, and nationalism.

Cluster Interdependency and Crosscutting Issues

Because Cluster I activities can be measured by output, growth in them is more easily tracked than in either of the other two Clusters. Yet, a healthy, well-educated population, which is the work of Cluster II, represents a vital component of long-term growth. This growth stimulates productivity and the financial resources necessary for the country to spend on the care of its people.

Growth and welfare are not possible if resources are misappropriated, or if the policy environment is characterised by a lack of law and order, injustice or intolerance. This illustrates the significance of the need to continue to build an accountable, functioning government – the work of Cluster III. MKUKUTA II will succeed only if initiatives in each of the Clusters advance in a collaborative and synergistic way.

Linkages show how extractive productive activities that pollute negatively affect the natural resource base, as well as the quality of life. Growth and welfare outcomes improve with balanced distribution of workload, as well as better education and training of both genders. HIV/AIDS erodes human capital, removing from the workforce trained, productive and experienced workers, while also diverting resources to care for the ill. For these and other cross-cutting issues, policy attention will continue to aim at enhancing the positive and reducing the negative effects on growth, welfare and good governance.

Prioritization and Implementation

MKUKUTA II emphasizes the need for joint planning and execution of activities among the Ministries, Departments and Agencies (MDAs) and calls for transparency in both planning and implementation. Those with primary and/or secondary responsibility for success within the Clusters and the overall plan will be held accountable for the outcomes. MKUKUTA II interventions will be prioritized in line with the objective of

achieving the expected results, a large part of which are growth-related. This further underscores the need for the strategic allocation of resources. Key actions must support the most significant drivers of growth achieve widespread reductions in poverty.

CHAPTER IV: THE STRATEGY

Cluster I: Growth for Reduction of Income Poverty

Cluster I major objectives are to achieve and sustain inclusive and accelerated growth, create new employment opportunities for all, especially women and youth, and establish, enhance and ensure good economic governance. Cluster I outlines programs to surpass the 8 percent GDP target set as the baseline for economic growth. Because they provide a public demonstration of progress and opportunity, and because they reduce poverty through jobs creation, the primary growth propellers are agriculture, manufacturing, mining, tourism, and the necessary infrastructure for these industries to soar.

Initiatives under Cluster I will meet the following MKUKUTA II goals:

1. Establish sound macroeconomic management.
2. Reduce poverty through inclusive, sustainable, and employment-enhancing growth
3. Create productive and decent employment, especially for women and youth.
4. Ensure food security with special actions for climate change adaptation and mitigation.
5. Allocate and utilise national resources equitably and efficiently for poverty-reducing growth, especially in rural areas.

Goal 1: Establish sound macroeconomic management

Credible and predictable macroeconomic stability will be established and maintained by proactively addressing inflation, the rate of exchange, the balance of payments, interest rates, government reserves, fiscal deficit and external debt.

a. *Inflation*: Tanzania will match and then maintain a 4 percent rate of inflation of the country's major trading partners to restore confidence in its economy by pursuing and sustaining non-inflationary, prudent fiscal and monetary policies, de-bottlenecking constraints to enhance the supply of goods and services, increasing the generation of electrical capacity to stabilise industrial production, scaling-up infrastructure, tourism, mining, manufacturing and transportation investments to increase jobs and boost revenues.

b. *Rate of Exchange*: In order for Tanzanian exports to hold their value in international markets, supply and demand must balance. MKUKUTA II outlines directives for prudently improving foreign exchange that include increasing opportunities for sales of goods by creating vibrant marketing and promotion for Tanzanian goods in other

countries and developing measures to increase competitiveness of exports, both regionally and globally, including strengthening trade policies.

c. *Balance of Payments*: Reduce the balance of payments by focusing on growing in-country demand for high-cost import goods and a decline in lower value export goods by:

- Establishing measures to increase the volume, quality, and value of exports;
- Improving competitiveness by maintaining a healthy exchange rate;
- Developing trade-related services that cull additional revenues from goods transiting through Tanzania;
- Reducing imports and replacing them with locally-produced goods;
- Curtailing the dumping of imports known to be of poor quality, such as counterfeits, and unfit for human consumption; and
- Developing cargo and port procedures for quick clearance of export items, increased trade volume, promotion of fee-based storage and transfer of goods in transit.

d. *Interest Rates*: Maintain an interest rate structure that encourages both savings and borrowing, such as more prudent conduct of the Bank of Tanzania's Open Market Operations, deepening financial sector reforms through the full implementation of the Second Generation Financial Sector Reform Program, improving the efficiency of commercial bank operations and implementing measures that minimise risks to lender, including insurance against loan defaults.

e. *Government Reserves*: Address trade challenges by establishing a six-month financial reserve, increased revenues secured from transit trade enhancements and pursuit of prudent import measures that promote the production and consumption of domestic goods.

f. *Fiscal Deficit*: Reverse the current deficit by raising revenues and decreasing expenditures, thereby improving yields in both the global and domestic economy. This is needed for increased demand for goods, developing greater efficiency in tax collection and administration, collecting more revenue from high-income workers, the creation of new jobs, incomes and commerce in the informal sector and products from mining extraction and enhancing the collection of non-tax revenue. With respect to expenditures, during implementation of MKUKUTA II efforts will be directed at prioritising expenditures, improving the efficiency and effectiveness of both financial and human resources. This will improve public financial management and accountability and emphasise the creation of high-value goods and services.

g. *External Debt*: External debt accounts for about 80 percent of the national debt. Unsustainable external debt is a threat to macroeconomic stability. To address the size of and to better service the debt requires more prudent management. Measures planned to reduce the debt include increasing exports, improved monitoring of borrowing to avoid

increasing the debt burden, and timely servicing to avoid accumulation of arrears on non-serviced obligations.

Goal 2: Reduce poverty by promoting inclusive, sustainable, and employment-enhancing growth.

As noted above, although Tanzania recorded significant economic growth beginning in the mid-1990s, poverty declined only marginally. This disparity requires interventions to achieve poverty reduction and employment-enhancing growth, including doubling the Gross Domestic Product, reducing population growth by one percent, increasing manufacturing output by three percent, largely increasing agricultural output, building tourism by seven percent, growing the mining sector by six percent, building a national transportation infrastructure, providing enough power, supplying ample, drinkable water and unleashing micro, small and medium enterprises.

a. *Double GDP Growth*: Increase GDP from its current 5 percent to 10 percent by 2015 through the promotion of development initiatives benefiting the poor where they live and work, including:

- Growth initiatives for agriculture, transportation, tourism, mining, and manufacturing;
- Supportive, cost-cutting business measures;
- Adding value to existing goods and services;
- Local and regional pro-poor programs to build employment opportunities;
- Public/private initiatives to train and educate a growing labour force; and
- Inclusion of non-state actors in the growth process.


b. *Reduce Population Growth by One Percent*: Meaningful and realistic planning can address present population growth rates by matching GDP with an increase in goods and services. Such planning includes implementation of the National Population Policy, which addresses continued education about health and contraception, promotion of rural development to discourage migration to already crowded cities, establishment of skill training programs for youth, and development of human capital as a critical resource for economic growth.

c. *Increase Manufacturing Output By 3 Percent*: To achieve and sustain a 3 percent growth rate, the manufacturing sector must produce products that are competitive in domestic, regional and global markets. Strategy priorities include Agro-processing to add value, promotion of small and medium-sized enterprises, use of environmental friendly technologies, transformation of output into high-quality goods, and harnessing the competitive and comparative advantages associated with the Economic Development Zones. Such initiatives include construction of industrial parks, building transportation systems for roads, railroads, airports and seaports, providing intellectual property rights, and research and development for product improvement. Training, education, research, analysis and planning are needed as well as investment capital for

funds and strategic participation of the private sector through public/private joint ventures. As a result of these actions new companies will be created, product diversification will be catalyzed, productivity enhanced, new jobs generated and employment boosted.

d.) *Largely Increase Agricultural Output:* Agriculture has the potential to lift the majority of the population out of poverty but growth in this sector has been low. Strategy goals include an increased of agricultural output from 2.7 percent in 2009 to 6.3 percent in 2015, including an increase in livestock output, growth of crop yields, expansion of hunting and forestry, and development of fisheries. The key to expanded agricultural development lies in the empowerment of small farmers by linking them to product chains, market information and access to methods for improving productivity. Providing access to high-yielding seeds, fertilizer and pest control, technological innovations, credit for purchasing modern equipment, services of specialists in hydrology, irrigation, veterinary care and agro-mechanics and the implementation of agro-processing will diminish post-harvest losses. Additionally, better irrigation and transportation systems, access to land marketing plans, pre-planning for weather related losses and investment initiatives are necessary to improve agricultural output.

e. *Build Tourism by Seven Percent:* Tanzania is home to some of the world's finest naturally occurring tourist attractions. The benefits from tourism include foreign exchange earnings, employment creation, improved infrastructure and public services, community participation, empowerment and improved governance of natural resources. At the local level, it is important to link income from tourists with the economies of the communities they visit. Regionally, it is important to make it easy for tourists to travel in the country, requiring infrastructure development such as car rental, gas purchase, and easily accessible highway, plane and train travel. Globally, economic downturns can cause tourists to not book or cancel scheduled trips because international travel is expensive, foreign visitors can be adversely affected. The 7 percent targeted growth rate requires expanded marketing and promotion through investments in product development and innovation, market information, intelligence and research. It also requires development and implementation of a Tourism Master Plan, implementation of measures that lead to an increase in earnings from tourism attractions concessions and licences, improvement of communications methods, improved quality of services to deliver great value for the money spent, and a well-trained, informed and helpful staff.

 *Grow the Mining Sector by Six Percent:* Tanzania's vast deposits of gold, diamonds, tanzanite, ruby, tin, copper, nickel, iron, phosphate, gypsum, coal and natural gas along with its potential petroleum reserves are dependent upon large- and small-scale mining operations to extract and sell these resources. During implementation of the strategy, the mining sector is expected to grow by over ten percent by:

- Promoting domestic mineral-based value-added activities to increase earnings and create employment;
- Empowering artisan miners to acquire equipment, appropriate mining and processing skills, state-of-the-art technology, and start-up capital;
- Improving access to external markets and mining technology by promoting joint ventures between large foreign mining companies and land owners, small scale miners, communities and local experts;
- Enforcing security and adherence to laws, regulations and environmental considerations;
- Making infrastructure improvements so that minerals can be transported to markets;
- Enforcing intergenerational equity to ensure that future generations benefit from mining revenues; and
- Completing exploration studies of currently known mineral deposits and the procuring of appropriate services, and awarding contracts for extraction.

Build a National Transportation Infrastructure: Tanzania has all of the advantages for becoming a regional transportation and communication hub and an international trade gateway. However, the poor state of the country's infrastructure is eroding Tanzania's competitiveness. Removing basic infrastructure issues require:

- Upgrading the national road network to increase volume of cargo transport;
- Upgrading existing railway lines by widening their gauge sizes to regional standards and extending them into strategic areas;
- Improving the urban transportation network to improve mobility;
- Expanding cargo volume at airports, passenger freight, sea ports, and lake ports; and
- Implementing strategic public-private partnerships.

Provide Sufficient Electrical Power: Electricity fuels the national economy although this sector faces an inadequate supply and an incomplete delivery grid, making power delivery erratic and expensive. Specific MKUKUTA II electrical power initiatives include:

- Development of new hydro-, gas-, and coal-fired power plants;
- Utilisation of renewable energy for off-grid areas, where distribution costs are very high;
- Promoting public-private partnerships for independent power generation;
- Promoting rural electrification through the Rural Energy Agency;
- Expanding and strengthening the national power grid to the district level and thereby making fiber optic cable available;
- Promoting the use of energy-efficient appliances and equipment; and
- Developing the use of natural gas for industrial heating and domestic cooking.

h. *Increasing Supplies of Drinkable Water*: Despite having abundant, naturally occurring sources of water throughout the country, the quality and supply of Tanzania's drinkable water is erratic, especially in urban areas. In addition, less than half of rural Tanzanians have ready access to portable water. MKUKUTA II, priorities for water initiatives to help economic growth include:

- Aligning water resources with user needs;
- Implementing the Water Sector Development Programme to build an infrastructure capable of supplying both urban and rural water needs;
- Enhancing supporting infrastructure; and
- Resolving disputes in water basins and catchment areas.

i.) *Unleash Micro, Small and Medium Business Enterprises (MSME's)*: Twenty percent of Tanzania's population is employed through small and medium enterprises, generating one third of the nation's GDP. Yet, these businesses face growth and income generation limitations. In recognition of MSME's role in job creation and economic growth, MKUKUTA II promotes the following supportive initiatives:

- Using various incentives, including MKURABITA, to ease registration and licensing requirements so that informal MSMEs become legitimate businesses;
- Creating financing resources for entrepreneurs living in rural areas;
- Implementing skills development training with technology to increase productivity and competitiveness;
- Improving infrastructure to support small business development, including access to power and water as well as office and industrial parks, development and enforcement of health standards for food service and products and marketing information; and
- Promoting supportive incubator programs for innovators and new businesses.

Goal 3: Ensure the creation of decent, productive employment, especially for women and youth

Growth and employment are strongly linked; high economic growth rates enhance employment opportunities, and ultimately, lead to higher incomes. Operational targets for ensuring creation of productive and decent employment, especially for women and youth, include a 5 percent reduction in unemployment and under-employment, creating new employment opportunities, including self-employment and addressing the consequences of migration.

One Strategy to help the rural poor is to create production clusters where people with various skill sets join together to create a product or service. As hubs for innovation and technology, production clusters reduce costs, enhance productivity, deliver competitive products, and help create decent, productive employment. MKUKUTA II plans new job creation through:

- Investment in education and skills training to allow capable people to produce, process, and assure the quality of and market new products;
- Tutorials for entrepreneurs and small business owners focused on expansion of polytechnic training;
- Stepping up financial support through the expansion of credit for existing businesses to help with business growth and a means for start-up capital for entrepreneurs;
- Strategic use of public-private partnerships to create employment opportunities in sectors with the greatest need, specifically young people and women;
- Strengthening institutions to support job creation and unemployment benefits;
- Implementing affirmative action for youth, women, people with disabilities, and other disadvantaged groups;
- Developing social protection measures for the economically vulnerable;
- Addressing underemployment in rural areas by establishing production clusters; and
- Promoting the arts industries, such as crafts, film and music, as sources of employment.

Goal 4: Ensuring food security by proactively addressing climate change

In MKUKUTA II through environmental management of resources, infrastructure enhancements, support of research and technologies, and changes in rural and urban food security networks will be the effective initiatives to address food security due to climate change.

The majority of Tanzanian farmers practice subsistence farming using poor farming methods, are dependent on seasonal rainfall, and experience significant post harvest losses. To enhance agricultural yields and create food security, MKUKUTA II calls for:

- Increasing farmers' awareness of the full impacts of climate change on agriculture;
- Strengthening the infrastructure for agriculture research;
- Promoting the adoption of new farming practices, including the use of seeds and agro-processing, for heartier yields with longer shelf life;
- Maintaining a strategic grain reserve to supply a minimum of four months of the national food requirements;
- Ongoing monitoring and reporting on the availability of food;
- Upgrading of the transportation system;
- Increasing national crop storage facilities; and
- Creating investment opportunities in agro-processing and product diversification;
- Decreasing agriculturally-related carbon emissions by promoting the growth of low-carbon-emitting crops, as well as the development of agro forestry; and

Goal 5: Leverage returns on national resources to enhance growth and increase incomes

Tanzania is blessed with a rich variety of natural resources. However, it is missing its key resource—a large number of educated, skilled Tanzanians. MKUKUTA II recognizes

these assets and calls for them to be fully utilized to enhance growth and diversify income levels.

Operational targets for leveraging returns on the country's rich national resources rely on the sustainable development through the below initiatives:

- Strengthening institutions that oversee natural resources and increasing the capacity of TRA for capturing taxes from natural resource leases;
- Enforcing corporate governance and responsibility for those who receive licenses to develop natural resources, especially those engaging in extraction;
- Improving skills in identified growth sectors of agriculture, tourism, mining, and manufacturing;
- Increasing the contribution of Diaspora resources; and
- Enhancing opportunities for local ownership of leases for mineral extraction.

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

Social services improve the health, safety, and well-being of Tanzanians, and therefore are essential for economic growth. The equality and efficiency of service delivery and quality has become an issue. The focus of MKUKUTA II's social services delivery system will be to sustain gains, while proactively broadening quality and reach.

Goal 1: Ensure equal access to quality education, so that everyone learns to read and has the opportunity to attend school at successive levels

MKUKUTA II recognizes that education is the key to producing a skilled, effective workforce. In line with the Long Term Growth and Development Plan, it will continue to sustain the gains achieved in expanding access to quality education at pre-primary, primary and secondary education levels. Operational targets to achieve this goal are detailed below:

a. *Provide Universal Access to Lower Secondary Education*: The initiatives for achieving this target are:

- The expansion and rehabilitation of secondary school infrastructure;
- Providing educational materials to students; and
- Deploying quality teachers.

b.) *Lower Teacher-to-Student Ratios*: Training and deploying quality teachers is critical to the educational processes to ensure an ongoing supply so MKUKUTA II initiatives include:

- Training teachers in the appropriate mix of subjects, with emphasis on science;
- Promoting regular, inclusive pre-service and in-service training for teachers; and
- Strategically deploying qualified, competent and motivated teachers throughout the country through incentive structures and increased retention.

c. *Create Advantageous Teaching and Learning Environments*: For excellent educational outcomes, MKUKUTA II initiatives include:

- Providing enough textbooks for each subject and student;
- Establishing the lowest-possible ratio of students to teachers;
- Providing enough latrines in schools;
- Achieving recommended classroom density, including improving student-to-desk ratios; and
- Reviewing the curriculum for each subject on a regular basis and including important new information.

d. *Strengthen Oversight of Schools and School Districts*: The initiatives needed for strengthening educational oversight services include:

- Training and recruiting qualified school inspectors for all education levels;
- Supporting periodic school inspections for monitoring inputs, processes and learning outcomes;
- Strengthening quality assurance programs; and
- Motivating staff.

e. *Ensure Effective Use of Resources*: Because MKUKUTA focuses on improving education; this sector has received proportionately higher budgetary allocations in recent years. However, more is needed. Mobilizing resources from the private sector, and more efficient use of all assets requires:

- Strengthened monitoring and accountability of the use of education funding through public expenditure reviews, value for money audits and public expenditure tracking surveys;
- Ensuring transparency;
- Creating equity for disbursements across regions and groups; and
- Strengthening citizen involvement in schools.

Goal 2: Expand vocational, technical, and higher education to support growth

Initiatives under Goal 2 are designed to produce skilled and competent professionals in various trades, especially those demanded by the economic growth drivers. The operational targets for achieving Goal 2 are:

a. *Increase Enrollment in Vocational and Technical Schools*: Because it is skills-based, vocational and technical education complements higher education and makes attendees highly employable. To increase opportunities for this training, MKUKUTA II initiatives are:

- Improving the infrastructure at vocational and technical schools so that more students, especially girls, can be trained;
- Reviewing and updating curricula on a regular basis to respond to job market demands;
- Strengthening public-private partnerships for the delivery of vocational and technical education, including the creation of opportunities for mentoring and apprenticeships; and

- Improving the quality of teaching and the learning environment.

b. *Build Quality and Expand Enrollment in Higher Education*: Higher education of capable Tanzanians will produce people capable of working in global venues. To achieve this, MKUKUTA II outlines the following initiatives:

- Strengthening and expanding college enrollments with equal access to all genders;
- Reviewing curricula to accommodate emerging issues and challenges;
- Reviewing the Higher Education Loans Policy to determine how to finance college costs;
- Strengthening accreditation standards to ensure quality; and
- Linking planning, budgeting and performance.

Goal 3: Improved survival, health and well-being of all children, women and vulnerable groups

Healthy people succeed, learn, are productive and plan for their futures and that of their children. To cultivate these outcomes, MKUKUTA II recognizes the need for prenatal care, prevention and/or successful treatment of diseases, especially in children, better and abundant nutrition, clean water and sanitation and reduction in pregnancies as a means of population control. Operational targets to achieve Goal 3 are outlined below:

a. *Human Resources for Healthcare*:

To provide high quality healthcare, an adequate mix of health professionals must be trained, deployed and retained. Initiatives required include:

- Training more people to provide medical care at all levels of the health delivery system;
- Expanding and improving the capacity of training institutions, including zonal training centers, to provide skilled health practitioners throughout the country;
- Working with local governments to successfully address public health challenges, such as prioritization, lack of qualified practitioners, staff workloads, and proper supplies and equipment for productivity;
- Training lower-skilled workers to undertake certain procedures in the absence of more skilled staff;
- Addressing inequitable distribution of human resources both across and within regions and districts, and creating incentives for staff to work in less preferred districts;
- Applying formula-based distribution of block grant funds to address disparities; and
- Administering performance and results-based rewards through pay for performance (P4P) initiatives.

b. *Contraception, Maternal and Newborn Health*: In its goal to help women thrive, MKUKUTA II recognizes the importance of supporting them as they enter and move through their reproductive years. Part of this support lies in empowering them to use

contraceptives to control both the timing and conception of new life, supporting their health during pregnancy, and helping them to have successful delivery of their babies. To achieve these objectives, MKUKUTA II advocates lowering conception to five percent in 2015, reducing maternal deaths by two thirds to 193 per 100,000 live births in 2015 and reducing neonatal deaths from 29 to 19 per 1,000 births in 2015.

MKUKUTA II initiatives include:

- Improving quality and access to maternal, prenatal and post-natal care for basic, emergency and community clinical care;
- Addressing disparities in service delivery across socio-economic groups and regions;
- Strengthening public private partnerships to improve health care delivery;
- Promoting contraceptives as a means for choosing whether and when to conceive;
- Ensuring that adolescent girls stay in school as another deterrent to pregnancy;
- Preventing chronic diseases –malaria, TB, HIV and AIDS– which are major causes of death.

b. *Child Health and Nutrition*: To improve the health and nutrition of newborns and children, MKUKUTA II sets out to reduce infant mortality rates by over one third to 38 per 1,000 in 2015. Additionally, objectives are to reduce deaths in children under five by to 54 per 1,000 by 2015 and improving nutrition for children under five. This will help underweight children under five drop from 22 to 14 percent and those with stunted growth at that age from 38 to 22 percent. To achieve these operational targets initiatives will focus on:

- Improving both the quantity of facilities and the quality of care in the Integrated Management of Childhood Illnesses program;
- Scaling up implementation of public health and primary preventive strategies, such as making drinkable water readily available;
- Promoting personal hygiene, sanitary measures, and awareness and implementation of environmental health programs;
- Increasing immunization coverage and introducing new options for Expanded Program in Immunization (EPI) vaccines;
- Promoting sound feeding and weaning practices;
- Combating malaria; and
- Developing proactive strategies such as research and forecasting for response to natural disasters.

d. *Managing HIV and AIDS*: HIV and AIDS infections reduce productivity, income, savings and investment, as well as create social instability within families and communities. Proposed initiatives include:

- Improved care and treatment of infected mothers and infants with emphasis on Prevention of Mother to Child Transmission (PMTCT);

- Integrating measures to address gender inequalities to keep girls in school and create supportive work opportunities for adolescent girls and women, including providing access to credit; and
- Strengthening support for PLHAs with particular attention to women, children, the elderly, widows and households headed by children.

Goal 4: Provide affordable, drinkable water, sanitation and hygiene.

Access to clean, safe water, good sanitation and hygiene practices are essential to keeping Tanzanians healthy and productive. Operational targets include providing drinkable water to 75 percent of rural and 94 percent of urban households, install clean latrines and teach good hygiene.

a. *Provide Drinkable Water*: The MKUKUTA II initiatives for expanded delivery of water to both rural and urban households are:

- Implementing Water Sector Reforms to ensure the design and management of less costly but sustainable water sources for both urban and rural settings;
- Rehabilitating and sustaining current water supply systems;
- Maintaining existing protected water sources by strengthening community tariff collection capacities and applying tariffs that are dedicated to delivering safe water, especially in rural areas;
- Focusing on vulnerable households, including those of the elderly;
- Aligning water usage with growth strategies; and
- Promoting sustainable management of catchment forest areas.

b. *Clean Latrines and Good Hygiene*: Strategies for achieving the target hinge on the implementation of the Water, Sanitation and Hygiene (WASH) Program. Its objective is to install clean latrines for everyone in households and public places, including schools and health facilities. MKUKUTA II initiatives relating to WASH focus on sensitising stakeholders to the need for hygiene at household level, rehabilitating and/or expanding facilities to supply more opportunities for personal hygiene and stepping up public health campaigns and advocacy promote hygiene practices.

Goal 5: Develop decent human settlements while sustaining environmental quality

Decent human settlements guarantee public health, safety, and comfortable living conditions as well as allow people to pursue educations and careers, which support the growth of the economy and subsequent poverty reduction. It is imperative that in the process of settlement development the environment is conserved. The operational targets to achieve these objectives are functional urban settlements, improving urban land and property management and incorporating migrants into cities.

a. *Functional Urban Settlements*: Issues of urban settlements are linked to rapid growth of urban populations not matched with services provision. MKUKUTA II addresses this challenge with the following initiatives:

- Supporting Municipalities and Councils to prepare integrated human settlement plans and surveys, and to issue land titles in all cities, municipalities and towns;
- Creating a database of available land that provides details such as physical address and location on a map of the area, ownership, size, environmental profile, availability for purchase and value;
- More rapidly integrating unplanned settlements into urban areas;
- Implementing orderly urban land development, including systems for legally changing land use and urban planning;
- Establishing land reserves in semi-urban areas with a view to ensuring sustainable public use; and
- Creating procedures for resolving land use conflicts.

b. Improving Urban Land and Property Management: Poverty reduction and improved social well-being result from enhancing the efficiency in land and property management. MKUKUTA II initiatives include:

- Assigning sectors or urban areas to land rangers so they can oversee and manage specific territories and more efficiently address development needs;
- Protecting property rights and preserving land from poachers;
- Providing education and awareness about land rights, obligations, laws and national land tenure to women, men and vulnerable groups;
- Using the Strategic Plan for the Implementation of Land Laws (SPILL) to effectively ensure gender-balanced access to land; and
- Regularly revisiting the Land Act with a view to making land tenure more inclusive.

c. Consequences of Migration on Population Distribution and Urbanization: Addressing issues of migration and urbanization requires the following initiatives:

- Integration of urban planning, including the incorporation of public-private partnership arrangements, for effective development of new settlements; and
- Harmonising and matching service provision between urban and rural settings, including supporting low cost housing in rural areas.

Goal 6: Providing adequate social protection and rights to vulnerable and needy groups

Tanzania's National Social Protection Framework calls for social protection measures to prevent potentially poor populations from falling into poverty with specific attention for orphans and vulnerable children; people with disabilities, either through birth, accidents, natural disasters, or conflict; the elderly; those living with long term illnesses, including HIV and AIDS; women who are extremely vulnerable due to violence; and former prison inmates due to societal prejudice.

The three operational targets for achieving this goal are to broaden social protection for vulnerable children and adults, increase eligibility for pensions for the elderly and support households with vulnerable members. The two main strategies to address the

social and economic needs of these groups are ensuring universal access to social protection measures and promoting private sector initiatives for social protection. To address and implement social protection, the following initiatives will be undertaken:

- Mainstreaming the provision of social protection measures by incorporating actions of government and private organizations, including development partners, non-government organizations, faith-based organizations, business sector and communities;
- Promoting corporate social responsibility to support social protection initiatives;
- Continuing to provide care and support to those infected with or directly affected by HIV and AIDS, including home-based care and social security programs providing food, rent and medicine;
- Enrolling the elderly in Social Security so that they can use their identity cards to obtain age-related services and assistance;
- Promoting economic empowerment of vulnerable groups, by providing instruction packages for creating income-generating activities and cash transfers for households with vulnerable members to meet basic needs; and
- Revising policy and regulations to ease access for vulnerable groups to financial services and exemptions.

Cluster III: Governance and Accountability

Good governance and accountability represent key attributes for sustaining growth and reducing poverty. MKUKUTA II outlines six goals to advance the achievements of the below objectives:

1. Ensure that systems and structures of governance uphold the rules of law and are democratic, effective, accountable, predictable, transparent, inclusive and corruption-free at all levels;
2. Broaden and improve public service delivery for all citizens;
3. Promote and protect human rights;
4. Improve national, personal and material security;
5. Promote and protect a culture built on patriotism, hard work, moral integrity, self-confidence and nationalism; and
6. Upholding the principles of cultural diversity and inter-cultural exchange.

Goal 1: Ensuring structures of governance that uphold the rules of law

MKUKUTA II upholds and builds on previous initiatives to establish democracy, the rule of law and good governance. Operational targets for achieving Goal 1 include strengthening the framework of democracy, nurturing the separation of powers and curbing corruption.

- a. *Strengthening the Framework for Democracy*: In order to strengthen the democratic framework for Tanzania, reforming management, goods and service delivery, finance, judicial processes, public to private sector relations, and expanded freedom of

expression practices will be necessary. These reforms will increase the government's effectiveness and efficiency at all levels. Incorporating technology into these reforms will also help advance the democratic framework. Also necessary for framework stability is incorporating measures in domestic plans for enforcing accountability and rules set by legislators and policymakers. Additionally the below initiatives will need to be enacted:

- Implementing measures for promoting domestic accountability and effectiveness of watch dog organisations and oversight institutions; and
- Promoting gender equality and broad participation.

b. *Nurturing the Separation of Powers*: Tanzania's constitution spells out the roles and responsibilities of the branches of government. MKUKUTA II underscores the separation of powers and calls for the following initiatives:

- Enhancing the institutional and human resource capacity of each pillar of the state for the proper execution of its functions;
- Public education about the role of each branch of government;
- Building integrity for upholding the laws and constitution of the country; and
- Enhancing transparency of and stakeholder participation in all branches of the government.

c. *Curbing Corruption*: Money laundering and corruption at all levels of society has been a problem in the past and will be addressed with MKUKUTA II initiatives with enforcement, monitoring and evaluation systems being put into place. MKUKUTA II sustains and builds on progress for curbing corruption throughout the government entities, including:

- Utilizing technology to improve current crime-preventing systems and allow for new measures to be taken against illegal behavior across all state organizations;
- Instituting strict surveillance and enhancing transparency to curb corrupt practices; and
- Increasing the capacity for investigating, prosecuting and incarcerating corrupt officials;

Goal 2: Improving public service delivery for everyone, especially the poor and vulnerable.

Growth of the economy in tandem with substantial poverty reduction requires institutions, management capacity and administrative systems that deliver effective public service. To achieve improved public service delivery MKUKUTA II targets improving capacities and management systems, instituting mechanisms to help the poor and the vulnerable and strengthening monitoring and accountability.

a. *Improve Capacities and Management Systems*: The thrust is to enhance the delivery of services and build public trust by:

- Updating and enforcing the code of ethics for public servants and leaders;

- Reviewing both compensation and incentive structures for public servants and leaders by streamlining compensation policies and attracting, motivating and retaining capable employees;
- Creating a strategy to maximize present employees and identify emerging staffing needs;
- Providing additional education and training as a way of developing and deepening the capacities of public servants;
- Providing technological resources, including hardware, software and connectivity to improve service delivery.

b. Institute Mechanisms to Help the Poor and the Vulnerable: Poverty reduction, social harmony, peace and national unity require that all citizens have equal access to public goods and services by:

- Applying transparent, needs-based criteria for balanced service provision;
- Supporting institutions that help the poor and vulnerable groups;
- Fully implementing the National Social Protection Framework, including promoting social and economic equity, recognising each individual's potential, ensuring security for everyone and minimising risks to the most vulnerable groups; and
- Providing special incentives for private sector investment in underserved people and locations.

b. Strengthen Monitoring and Accountability: Improved public service delivery requires systematic oversight so that government agents can track and record actions, including:

- Ensuring that all MDAs, LGAs and public institutions have client service charters that are updated and made public every five years;
- Developing clear indicators for assessing the effectiveness of service delivery;
- Strengthening the tracking system for public expenditures at all levels of government;
- Continuing to raise public awareness of citizens' rights, using educational programs, the media, communications campaigns, and civil society organisations;
- Strengthening and extending the systems for handling complaints so that citizen grievances are both heard and addressed; and
- Ensuring that officials are held accountable for their actions.

Goal 3: Promoting and protecting human rights for all, particularly the poor and the vulnerable.

Injustice and discrimination are among the root causes of poverty in a society and as such MKUKUTA II emphasises promotion and protection of the rights of all citizens with particular focus on poor women, children, and vulnerable groups. Operational targets include ensuring equal access to timely justice for all, equal rights for everyone and the promotion and protection of the rights of children and women.

a. *Ensure Equal Access to Timely Justice for All*: As a functioning democracy, Tanzania guarantees human rights for all. MKUKUTA II builds on this commitment, especially as it relates to children, the poor and other vulnerable groups by:

- Improving the capacity of the justice system, including development of human resources and renovating and constructing more courts;
- Providing legal aid to individuals who cannot afford court fees;
- Revising laws which contain law-back clauses; and
- Human rights training for justice officials.

b. *Equal Rights for Everyone*: When people trust their government, they feel secure and dare to hope so they set goals and pursue education and careers and improve the economy overall. With this in mind, MKUKUTA II sets out the following initiatives:

- Advocating passage of: Legislating Media Business and the Right to Information Acts;
- Ensuring freedom of the press;
- Creating equal opportunities for people with disabilities through education and training;
- Teaching the vulnerable basic financial skills, including budgeting, saving, borrowing and investing;
- Training caregivers to provide long-term care for the disabled;
- Establishing baseline information about gender-specific vulnerabilities; and
- Creating awareness of the rights of people with disabilities.

c. *Promote and Protect Children's Rights*: Children who grow up in a culture that recognizes equality never question this fundamental human right. Instead, they step into their lives and uphold the system. The initiatives for this goal include:

- Providing an environment, which ensures that all children have rights to basic services including education, food, shelter, health care, safety, and legal protection;
- Supporting children's rights against the worst forms of forced labour, sexual exploitation, juvenile injustice, and difficulty;
- Holding parents, teachers, and law enforcement officials accountable;
- Investing in facilities and training materials to support children with disabilities by making schools and public institutions accessible;
- Training more teachers for children with learning disabilities; and

d. *Promote and Protect Women's Rights*: During implementation of MKUKUTA II emphasis will continue to be placed on addressing socio-economic political and cultural barriers that limit women's rights and opportunities. MKUKUTA II initiatives to address this are:

- Strengthening enforcement of land laws through education for law enforcers and women;
- Improving women's access to credit and financial resources;

- Making marketing and product information available to women small-business owners;
- Implementing affirmative action for women, so that more of them run for office and/or receive appointments to political positions;
- Providing ongoing education and support for female leaders, so that they effectively participate in both government and commerce at every level; and
- Addressing cultural norms and values that hinder women's effective participation in the economy through public education on women's rights.

Goal 4: Improve national and personal security

National and personal security are prerequisites of economic growth and poverty reduction. MKUKUTA II identifies ensuring national safety, curbing violence, including domestic violence, and mitigating the effects of potential catastrophes as the operational targets for achieving this goal.

a. *Ensure National Safety*: Providing security for the nation, as well as for individuals and their property requires:

- Strengthening international relations using conflict resolution and diplomacy;
- Controlling immigration, inflow of arms, and curbing border violence and crimes;
- Implementing training for national security, defence, and law enforcement agencies;
- Strengthening mechanisms for resolving internal conflicts;
- Stepping up involvement of citizens in maintaining peace and order through community policing and awareness campaigns; and
- Strengthening the police and judicial systems to efficiently and effectively prosecute criminals.

b. *Curb Crime*: The thrust of this target is to curb crimes of all forms and to eliminate domestic violence, including sexual abuse. Priorities include:

- Updating the capacity of law enforcement agencies to address domestic violence; and
- Stepping up awareness and empowerment campaigns so that citizens act swiftly to report rape, and other forms of violence against women.

c. *Mitigate Potential Catastrophes*: Climate change as well as natural and human-made disasters are challenges to growth and human development. Being prepared to address these potential challenges offsets their impact and makes people safe. The MKUKUTA initiatives for making these preparations include:

- Revising current methods, laws, regulations, guidelines and response of preparedness for effects of climate change, natural disasters and other catastrophes with regards to security, search and rescue, fire-fighting, medical care, emergency food and water, shelter and financial support;

- Stepping up citizen training and involvement in managing disasters, with community-based voluntary programs; and
- Developing regional and international information sharing for early warning, and cooperation for rescue operations.

Goal 5: Promoting and preserving a culture of patriotism, hard work, moral integrity, self-confidence and nationalism.

Cultural and identity is at the heart of a nation. The strategies in Goal 5 are designed to instill and build on national values and traditions, to bring diverse groups together, and to bridge culture gaps. The operational targets for this goal are to enhance national identity and cultural cohesiveness, promote a culture based on commitment, innovation and integrity, honour Tanzania's culture and heritage and uphold the principles of diversity and inclusion.

a. Enhance National Identity and Cultural Cohesiveness: Social cohesion, belonging, self confidence, self-esteem and national identity stand as key attributes for ensuring peace and social cohesion in Tanzania and include:

- Strengthening civic education in schools to create an understanding of the country's history and what it means to be Tanzanian;
- Introducing voluntary work programs for improving homes, schools, and public buildings, especially for those who are disadvantaged and vulnerable;
- Conducting research to pinpoint Tanzanians' common values, and then developing ways to broadly reinforce and share those ideals; and
- Promoting social responsibility within communities, so that neighbours help and support each other, especially with regard to collective parenting, security of both people and property, and caring for the elderly, disabled, poor and vulnerable.

b. Promote a Culture Based on Commitment, Innovation and Integrity: During the implementation of MKUKUTA II, efforts will be directed at enhancing public appreciation of core values, including hard work, self-confidence, self-esteem, creativity, innovation and moral integrity. Through education, promotion of self- and cultural-expression and fostering an environments to help the community learn about past traditions and how to uphold those within the current society will help work towards enhancing public appreciation of core values. Measures to help foster this environment will be:

- Instilling a culture of accountability and responsibility for public servants;
- Promoting national service as a positive opportunity for skill-building and pride of the country;
- Promoting learning through free lending libraries and learning centres;
- Providing one laptop per child to encourage learning and improve technical skills;
- Requiring that students learn Kiswahili and at least one other international language;

- Promoting encouragement of youth to enter into professions, explore opportunities, break new ground, and develop strategies to capitalise on the global economy;
- Supporting cultural expression through music, film, art, sports, and dance, and;
- Encouraging community-sponsored attraction to cultural sites throughout the country.

c. Uphold Principles of Cultural Diversity and Inter-cultural Dialogue: Cultural exchange helps bring about understanding, tolerance and unity. MKUKUTA II calls for the following to promote diversity and inclusion:

- Bringing about cultural integration by honouring cultural and religious differences while emphasising shared national values;
- Promoting mutual trust and respect among Tanzanians;
- Organising opportunities for cross cultural dialogue that help to resolve cultural disputes and honour and address special needs of certain cultures; and
- Institute special measures to enforce law and order in areas with a high potential for clashes.

CHAPTER V: IMPLEMENTATION PLAN

This chapter provides guidance on how to address past challenges in implementation of reform plans. Additionally, prioritization of phases and key interventions is recommended.

Coordination of Government Processes, Core Reforms and Programs

Using the Public Expenditure Review (PER) process, the government will implement sequencing and amounts of expenditures for implementation.

For planning and budgeting purposes, the government has already adopted the Medium Term Planning and Budgeting Manual, which is designed to improve coordination of planning, budgeting and reporting.

To ensure comprehensive use of the manual and to strengthen coordination and planning, the government will train, assign the Ministries, Departments, Agencies (MDAs) and Local Governments Authorities (LGAs) reporting and overseeing tasks, and enforce standard set in the manual.

To ensure alignment of core reforms, MKUKUTA II will review and revise core reform programs to ensure their alignment with goals set, improve program content to focus on Long Term Growth for the Reduction of Poverty (PFMRP), and create effective communication mechanisms to communicate with stakeholders.

Collaboration and Linkages

During implementation of MKUKUTA II additional efforts will be made to ensure that implementation actively involves stakeholders through:

- Developing funding mechanisms for collaboration
- Coordinating capacity
- Analysing synergies and linkages by ministry, department, agency, national participants and local and regional participants.
- Creating and developing public and private partnerships
- Providing information on spatial and geographical location of programs and activities

To achieve results like these, the government will implement measures that open two-way communication, so that information flows, needs are addressed, and appropriate funding is allocated.

Planning and Prioritisation of Key Initiatives

Key initiatives will be prioritised according to which ones will deliver the most significant growth-related results. Initial prioritisation will be guided by the effectiveness of each initiative relative to meeting goals set.

Public/Private Partnerships

In MKUKUTA II, the government will continue to develop and promote ways to attract private sector participation, including putting in place appropriate systems, creating fiscal incentives, government guarantees, and titling and ownership, as well as developing public utilities and infrastructure such as roads, ports, power, water supply, and solid-waste management services.

Capacity Development

Human resource needs, research and development and technical assistance all represent a critical constraint in the effective implementation of MKUKUTA II. Strengthening of the leaders in place to support these areas for implementation will be key as they strategically plan, coordinate, supervise and oversee the implementation phase.

In order to meet these increased demands for skilled professionals, the government will prepare the staff in the above areas by properly hiring in qualified employees, providing technical assistance, using several training modalities to ensure proper knowledge and implement a best practices system for performance and results.

To develop strong, innovative, national systems, it is critical to integrate research into policy- and decision-making to address technological, commercial, economic, social, and environmental applications.

MKUKUTA II Communications Strategy

A communications strategy will be developed and revised each year so that it remains abreast of emerging issues, challenges, initiatives, and achievements. Lessons learned during the last five years of MKUKUTA I implementation will inform the design of this communications strategy including the configuration of its implementation. Its primary objective will be to inform and engage Tanzanians about the unfolding opportunities and successes of MKUKUTA II. Also, the government will broaden the communications channels by promoting the establishment of additional outlets, including community radio stations in every district.

Roles and Responsibilities

The following sections outline the roles and responsibilities of key institutions in the implementation of MKUKUTA II, the National Strategy for Growth and the Reduction of Poverty.

Central Ministries

- The Finance Ministry mobilizes financial resources for implementing MKUKUTA II.
- The Commerce Ministry ensures that MKUKUTA II priorities remain on track .
- The Public Service participants coordinate capacity-building and skills development.
- The Local Government Ministry coordinates the implementation of programs at the regional and district levels.

MDAs and LGAs

- Coordinate, monitor and evaluate the implementation.
- Work closely with the key players to ensure that progress is being made.
- Facilitating the interface between national MKUKUTA II monitoring system and Local Government M&E monitoring to ensure that cross-cutting issues are adequately coordinated.
- Establishing and incorporating MKUKUTA II priorities into both the Medium-Term and the Annual Plan and Budget.
- Mobilizing, allocating and monitoring financial resources for MKUKUTA II implementation.
- Policy guidance, supervision, coordination, implementation and monitoring of initiatives directed towards poverty reduction.
- Creating and executing specific, prioritized, and detailed implementation plans.

Non-government Participants

The Communities

- Participating in planning, implementation and monitoring.
- Monitoring and reporting on both the quantity and quality of services they receive.
- Acting as watchdogs to hold leaders, local authorities and central government accountable to the initiative and the people.

The Private Sector

- Policy formulation.
- Economic management.
- Provision of economic and social services.
- Establishment of legal and regulatory frameworks.
- Maintaining law and order

Civil Society Organizations

- Build local capacity.
- Empower communities.
- Participate in monitoring and evaluation of MKUKUTA II implementation at both the national and community levels.

- Mobilize and enhance community participation and resources for poverty reduction.
- Advocate for accountability of both CSO members and the government.

Development Partners

- Continue to work closely with key local participants to ensure that poverty reduction outcomes meet the goals and standards of the PARIS Declaration, the Accra Agenda for Action and the Joint Assistance Strategy for Tanzania (JAST).
- Use the agreed upon national system and processes to provide additional financial, technical, capacity-building, and other support for implementation, monitoring and evaluation of the poverty reduction strategy.

CHAPTER VI: MONITORING AND EVALUATION

Originally developed for MKUKUTA I, the National MKUKUTA Monitoring System (MMS), benefits from lessons learned during the first five years of the program. Specific monitoring objectives are:

- Ensure timely availability of reliable and adequate data;
- Enhance storage, retrieval, access, and use of data by a wide array of development stakeholders;
- Carry out detailed analysis of data on growth and poverty trends;
- Disseminate the findings of research and analysis of data to a wide array of stakeholders;
- Promote evidence-based planning, budgeting, and decision-making at all levels of government;
- Promote evidence-based dialogue among development stakeholders; and
- Ensure that regional and international targets ratified by Tanzania are integrated into national development targets and monitored as part of MKUKUTA II.

Evaluation

The Evaluation will include the production of Poverty and Human Development Reports and Annual Status Reports. Reports will be made at Regional and District Consultative Meetings. At regular intervals throughout the year, the following will be reviewed and discussed: Participatory Poverty Assessments, Service delivery reports, Cost/benefit analyses, Impact assessments and Evaluations of processes and outcomes.

Monitoring Tools, Indicators, and Outputs

The Monitoring Master Plan will document a set of monitoring indicators for all of the clusters, including tools for data collection, timing, responsibilities and an institutional arrangement for data collection, analysis, and dissemination that spells out the major requirements for reporting for both upward and downward accountability, including innovative monitoring of public expenditures and effectiveness.

Reporting Arrangements

A detailed reporting system will also be provided in the MKUKUTA Monitoring Master Plan based on the government's reporting framework, as set out in the Government Manual for Planning, Budgeting and Reporting.

CHAPTER VII: BUDGET AND FINANCING FRAMEWORK

Macroeconomic and Budgetary Framework

The summary of key macroeconomic and budgetary assumptions for the development of this five-year framework follows:

- As the domestic economy recovers from the effects of the global financial crisis, Tanzania's real GDP is projected to grow from five percent in 2009 to 8.2 percent by 2015, with supply side growth in agriculture, industry and services, and demand side enhancements from investment expenditures and improved external sector demand;
- As a result of a prudent fiscal policy and supportive monetary framework, macroeconomic stability will be maintained and the inflation rate will gradually decline;
- To guide the allocation of limited financial resources, the Government will monitor growth of recurring expenditures while granting priority to economic and social activities that lead to accelerated economic growth for poverty reduction. Priority projects as stipulated under Medium-Term Public Investment Plan (MPIP) will be implemented with emphasis on a few basic infrastructure projects that have high economic returns.
- Borrowing will be limited so that debt levels remain sustainable;
- Domestic revenue collection will be increased to levels comparable to those of other East African countries and the ratio of domestic revenue collection to GDP is projected to increase to 19 percent by 2015.

Macroeconomic Outlook: 2011 -2015

MKUKUTA II's success requires an economic policy framework that restores and builds on the former growth trajectory. For this reason, Tanzania's five-year macroeconomic framework is based on the continuation of sound policies and structural reforms, the pursuit of an ambitious social development agenda (particularly education and health) and the creation of job opportunities. It also takes into account a significantly less favourable external environment that is still suffering from the effects of the global financial and economic crisis.

Projections for Contributions to Growth by Production Sectors

a. *Agriculture.* The real growth rate of the agricultural sector between 2010 and 2015 is projected to average of 5.3 percent per year compared to 3.9 percent per year from 2005 – 2009. The sector will experience strong growth from its low of 2.7 percent in 2009, and is expected to rapidly increase to four percent in 2010 before jumping to 6.3 percent by 2015. These projections are based on the assumption that the world economy recovers.

b. *Industry*. Growth in the industrial sector is expected to be buoyant in the next five years with annual growth averaging 9.6 percent. A two percent increase is anticipated for 2010 to 7.7 percent from 5.6 percent in 2009. Projections indicate that growth will reach 10.5 percent by 2015.

c. *Services*. Throughout the MKUKUTA II implementation period, the services sector is expected to grow by an average of 7.1 percent a year, making a significant contribution to real GDP growth. The growth is expected to be fueled by increased export promotion initiatives, construction of new hotels, scaling-up of investments for improvements in transportation and communications infrastructure. The activity will also be bolstered by the expansion of education and health services, increased demand for financial intermediation in response to growth of other economic activities in the country, and sustained implementation of public service reforms.

Projections for Contributions to Growth: Expenditure Sectors

As implementation of sound policies continues, *investment* is projected to grow from 25.9% percent of GDP in 2010 to 32.6 percent by 2015, translating into real growth in GDP of 8.2 percent. In the *external sector*, the volume of exports is projected to grow by almost nine percent, from 20.7% of GDP in 2010 to 29.0% percent by 2015. This strong growth reflects expected improved performance in the exports of cash crops, mining and manufactured goods and services that are related to tourism and transport. Domestic inflation is projected to decline, consistent with projected downward trends in global commodity prices. Prudent monetary and fiscal policies in support of growth objectives, and the increasing productivity of the agricultural sector, will also help lower both real inflation and rising food prices.

Medium-Term Budgetary Framework: 2010 – 2015

The medium-term budgetary framework focuses on striking a balance between recurring and development expenditures in order to achieve higher economic growth. Investment in physical infrastructure will therefore target and seek to significantly remove bottlenecks by improving infrastructure for transportation, communications, irrigation, and power.

MKUKUTA II Financing Framework

Implementation of MKUKUTA II requires considerable efforts to mobilize financial, material and human resources. The Government will focus on providing overall financing—all other domestic and international stakeholders will complement the Government's existing financing mechanisms.

Basic Considerations

Main considerations for financing are built on lessons learned from MKUKUTA I, and result in:

- The budget estimate is results-based approach;

- Financing of poverty interventions will be created through a combination of domestic resources and foreign financing;
- The balance of government financial resources will go to MKUKUTA II, through allocations of more than 80 percent of resources; and
- Budgetary operations will be executed on a cash basis in line with the Planning and Budgeting Manual. To enhance efficiency, the quarterly release of funds for MKUKUTA II development expenditures will be explored.

Costs of Implementing MKUKUTA II

The breakdown of the financing requirements for the strategy by cluster and action area is as follows:

- Cluster 1 estimated requirements are around **Thirty Trillion Shillings**, or 50.0 percent of the total. This figure represents a composite of the strategic sectors in this cluster, which are agriculture, tourism, trade, industry, and infrastructure development.
- Cluster 2 estimated requirements are around **Twenty-Four Trillion Shillings**, or 40.0 percent of the total. This figure groups together outlays for education, health, water and sanitation.
- Cluster 3 estimated requirements are around **Six Trillion Shillings or 10.0 percent of the total**. This figure covers expenditures for justice, security, and the incentive framework for private initiatives.

Government Financing

The financing scenario described here assumes that an increasing share of government revenues will be allocated to MKUKUTA II activities in each fiscal year of implementation, building from the projection of just above 60 percent of domestic revenue. Based on this calculation, domestic revenue available for MKUKUTA II interventions is estimated to be TZS 35,633.3 billion for the five-year period.

Total Financing Gap of MKUKUTA II

After using domestic revenues to finance MKUKUTA II, there is a remaining gap of TZS **24,528.0** billion, about 40 percent of the total MKUKUTA II cost. A large share of this gap will be financed through existing donor commitments for ongoing activities. However, these do not entirely cover the shortfall and therefore, additional resources, over and above funds currently committed, will be necessary to fully finance implementation.

Financing Strategies

In principle, the financing gap of MKUKUTA II has to be closed either through additional financing or by scaling down or re-phasing proposed MKUKUTA II initiatives such as further increasing Government domestic revenue, continuing to borrow internationally, on concessional terms, from both bilateral and multilateral sources, use

domestic borrowing for the purpose of financing large infrastructure projects, request increased support from current or new development partners in the international community, either as budget support or as support for specific projects and programs with high economic and social returns, obtain financing from the private sector by making use of public-private partnerships as an alternative source for financing long-term development expenditures, issuance of Sovereign Bonds, when market conditions allow, and/or scale down some of the proposed MKUKUTA II initiatives.

Risks Associated with MKUKUTA II Financing

a. Adverse Developments in the World Economy

A slower-than-expected global economic recovery is likely to affect financing for MKUKUTA II implementation by depressing demands for exported goods, raise the costs of goods and money, dampening internal consumption, lowering domestic revenue collections and reducing available private sector investment.

b. Internal Adverse Shocks

Possible adverse occurrences that could negatively impact MKUKUTA II implementation include natural catastrophes, such as drought or floods that damage crops and livestock, inadequate power supplies due to inadequate capacity and unreliable weather conditions, earthquakes, tsunamis, volcanic eruptions, locusts, drought, war, plagues other than HIV/AIDS and starvation.