



TdV25!



ANNUAL REPORT 2014/15

BIG RESULTS NOW!





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CONTENTS

Contents	...1
Message from Dr Jakaya Kikwete, former President of the United Republic of Tanzania	...2
Message from Dr John Pombe Joseph Magufuli, President of the United Republic of Tanzania	...4
Message from Omari Issa, CEO of the President's Delivery Bureau	...5
The Big Results Now! Programme	...6
Executive Summary	...8
NKRA Reports	
Agriculture Seeds of Transformation	...10
Education Changing the Face of Basic Education in Tanzania	...24
Energy Energy as a Catalyst for Socio-Economic Transformation	...36
Resource Mobilisation Sustaining Development	...46
Transport Moving Ahead	...58
Water Turning on More Taps	...68
Third Party Validation Reports	...76
PriceWaterhouseCoopers	...76
Independent Review Panel	...78
NKRA Scorecards	...80
Glossary of acronyms and abbreviations	...88

MESSAGE FROM THE FORMER PRESIDENT

Dr Jakaya Kikwete, former President of the United Republic of Tanzania

I **READ THE 2014/15** Annual Report on the Big Results Now! (BRN) programme with immense satisfaction because of the positive difference it is making in the lives of Tanzanians.

When I assumed office as President of the United Republic of Tanzania in 2005, my administration was challenged with accelerating the country's social and economic development. During the first five years of my tenure, I realised that changing laws, policies and even introducing new institutions would not bring the changes the country needed to achieve its development aspirations. Bureaucratic inertia bogged down the Government, with civil servants being rewarded for faithful and conservative adherence to processes rather than effective implementation of policies.

Although the country had put in place sound policies, strategies

and plans, it clearly needed to improve execution and delivery. The Government adopted the BRN methodology as an effective and versatile model for improving public service delivery. The programme started with six priority areas that were selected by the Cabinet on the basis of their potential impact on peoples' lives: Agriculture, Education, Energy, Resource Mobilisation, Transport, and Water. In 2014/15, we agreed to include Healthcare and Business Environment as other priority areas that will benefit from the transformative effect of Big Results Now.

I am pleased with the results achieved under the BRN programme. The Government, private sector, Development Partners, civil society and other stakeholders are working together to deliver tangible results. Despite challenges in mobilising resources, the BRN programme has improved coherence among government



DR JAKAYA KIKWETE
FORMER PRESIDENT OF THE
UNITED REPUBLIC OF TANZANIA

systems, giving the country data and results that can be tracked and verified. Through promoting transparency and accountability, the programme has increased public participation in governance.

I thank the Ministers in all the NKRAAs, the leadership and staff of the President's Delivery Bureau and Ministerial Delivery Units as well as all stakeholders that contributed to this success. I urge you to provide the same support to my successor in the best interest of the people of Tanzania. ●

MESSAGE FROM THE PRESIDENT

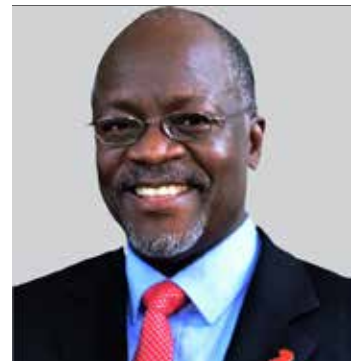
Dr John Pombe Magufuli, President of the United Republic of Tanzania

AS TANZANIA embarks on its fifth phase of independent governance, enhancing the efficiency of service delivery remains as one of the most critical tasks for the Government. My administration appreciates that our legitimacy will be predicated on how effective we will be in leading the people of our nation towards realising the socio-economic transformation that is articulated in the Tanzania Development Vision 2025.

Having witnessed the results of deliberate efforts to transform the lives of Tanzanians over the years, it is clear that prioritisation, discipline of execution, transparency and accountability will be the real drivers of sustainable change.

In electing me to office, Tanzanians have demonstrated their support towards the development agenda we committed ourselves to deliver. This includes increasing efficiency in the public sector, a critical factor in delivering results that benefit the population at large. The people expressed their desire for positive change and I am confident that my administration will drive the changes we all wish to see.

The Big Results Now! programme presents Tanzania with an opportunity to improve Government's delivery on its commitments. It imbues the Government and civil service with all the essential prerequisites for results based governance. I am confident it will continue to provide



DR JOHN POMBE MAGUFULI
PRESIDENT OF THE UNITED
REPUBLIC OF TANZANIA

the Government the impetus it needs to accelerate the country's development agenda.

I look forward to working closely with all stakeholders in enhancing the discipline brought by the BRN programme. ●



MESSAGE FROM THE CEO

Omari Issa, Chief Executive Officer, President's Delivery Bureau (PDB)

I T GIVES ME GREAT pleasure to present the Annual Report of the Big Results Now programme for the 2014/15 financial year.

In 2014/15, the President's Delivery Bureau (PDB) built upon the solid foundations laid in the preceding year by strengthening work processes, improving communications, and enhancing reporting. Compared to 2013/14, implementing agencies were much better prepared to align resources and budgets for BRN initiatives in 2014/15. Delivery support structures were also in place and working. As a result, progress was made in improving access to essential public services, thereby unlocking greater economic opportunities for Tanzanians.

In January 2015, the results of the first year of the BRN programme (2013/14) were independently validated by the Independent Review Panel (IRP) and made public. The testimonies provided by stakeholders and project beneficiaries at the report's launch event in March 2015 confirmed the positive impact

that the BRN programme is making on the lives of Tanzanians. Following the publication of the BRN Annual Report 2013/14, public interest (both national and regional) in the programme increased significantly.

The completion of the Healthcare NKRA Lab in 2014/15 served as a key milestone in the year, given the importance of the health sector in Tanzania's development. More than 120 stakeholders from the healthcare sector worked together to develop detailed implementation plans to address four priority areas in the sector: Human Resources for Health, Healthcare Facilities, Health Commodities, and Reproductive, Maternal, Neonatal and Child Health (RMNCH).

Progress was also made in extending the BRN delivery system to sub-national levels. PDB assisted the Mtwara and Mbeya regions in establishing Regional Delivery Units (RDUs) to oversee monitoring and problem-solving around BRN initiatives being implemented within the regions. PDB will extend the programme to three



OMARI ISSA
CHIEF EXECUTIVE OFFICER,
PRESIDENT'S DELIVERY
BUREAU (PDB)

more pilot regions in the coming months before rolling it out to all administrative regions of Tanzania Mainland during 2016/2017.

We are grateful for the support of the national leadership in executing these initiatives. We also thank our Development Partners for their continued support. I am especially appreciative of the exceptional commitment exhibited by staff in the implementing Ministries, Departments and Agencies as well as at the PDB.

Finally, we look forward to working with President Dr. John Pombe Joseph Magufuli, who has demonstrated the BRN spirit throughout his career. ●

THE *BIG RESULTS NOW!* PROGRAMME

An overview of the Big Results Now! programme

The Big Results Now! (BRN) delivery methodology was adopted by the Government in 2012 in order to accelerate the implementation of national priority projects and facilitate the realisation of the Tanzania Development Vision 2025 (TDV 2025). The Cabinet identified priority areas that would propel Tanzania towards its Vision. The priority areas were based on those that would have the highest relative impact in terms of projected number of beneficiaries, as well as feasibility of implementation within a relatively short time-frame. The focus on few priorities was to ensure effective deployment of limited resources towards high impact areas.

The President's Delivery Bureau works together with various Ministries that lead implementation of the BRN priority areas. The underlying aim of the work conducted is to ensure the three-year action plan developed through a thorough consultative (Lab) process is implemented within the stipulated time-frame. This is done through application of simple principles of rigorous discipline of execution, continuous problem solving, and constant monitoring of progress. Together with a highly adaptable set of tools for pro-active tracking, monitoring and problem solving, The BRN way of doing things "business unusual" is transforming the way Government works.

Strategic alignment and direction setting by the President and his Cabinet members on how to fast track Tanzania Development Vision 2025 aspirations.

Recursive BRN Discipline of Delivery

Weekly

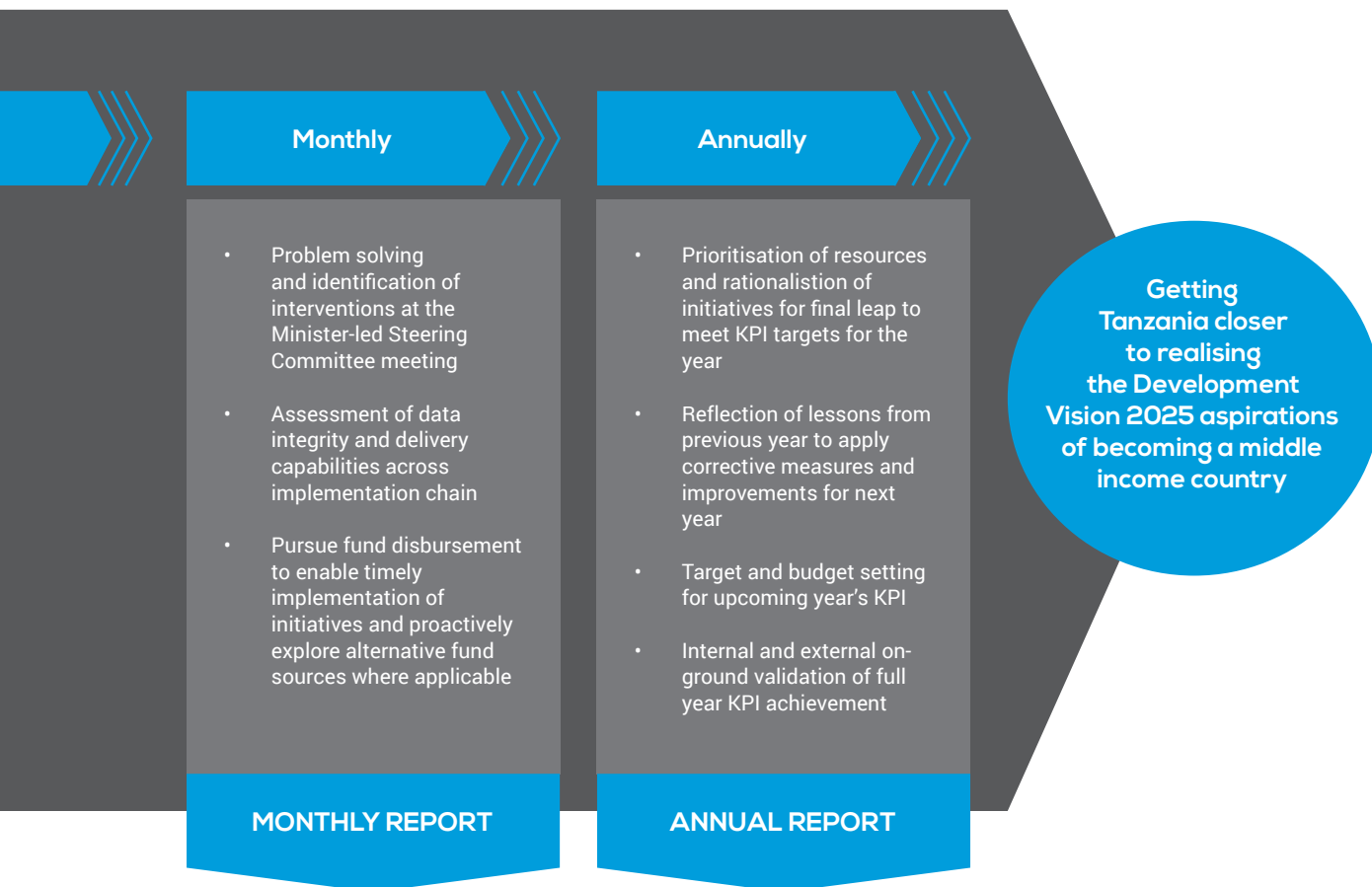
- Follow-up on the implementation of 3-year action plan
- Track progress of Key Performance Indicators (KPI)
- Problem solving meetings with stakeholders to resolve implementation roadblocks

WEEKLY REPORT

Weekly checkpoint

The implementation team will rigorously execute the three-year action plan developed at the Lab to ensure that the Key Performance Indicators (KPI) and targets set for that period are met. In the process of executing the action plan, the discipline of continuous monitoring will ensure that any barriers to successful implementation of initiatives are immediately identified. Solutions can then be applied in a timely manner to ensure progress is on track.

This is a recursive exercise done across all initiatives. Stakeholder engagement between Ministries and other parties involved in implementation often takes place.



Monthly checkpoint

Every month, the implementation team will conduct assessments on data integrity, delivery capabilities across the implementation chain, and impact to the beneficiaries. This also includes a reflection on the progress of KPIs to identify any critical interventions required to ensure that targets are met by year end. Any long standing unresolved issues will be escalated to the monthly Minister-led Steering Committee.

This checkpoint also involves regular inter-agency and inter-ministerial engagement to forge better implementation collaboration and leverage towards meeting a common target. The team will also rigorously pursue timely disbursement of funds required for implementation of initiatives and projects in order to maintain the momentum of execution.

Annual checkpoint

During the final quarter of the year, the implementation team will review the action plan and KPIs to rationalise the initiatives and prioritise their resources towards meeting the most achievable targets for the remaining part of the year. Upon completion of assessment of the 12-month KPI achievements, reflections and lessons learned from the previous year are captured to apply corrective measures and ensure continuous improvements in implementation. Concurrently, internal and external validation of results is conducted on the full year results.

The external validation process is in the form of an independent quantitative and qualitative review of the data reported. The external validation verifies the results reported and ensures transparency in the process.

EXECUTIVE SUMMARY

TRANSFORMING LIVES

THE BIG RESULTS
THE BRN programme was adopted in 2012 to accelerate Tanzania's transition into a dynamic, well-governed society characterised by the qualities of a middle-income economy by 2025. This goal is articulated in the Tanzania Development Vision 2025. The programme promises to transform the lives of Tanzanians by making deep and wide-ranging changes to the way the Government operates, and subsequently, accelerate the country's socio-economic development.

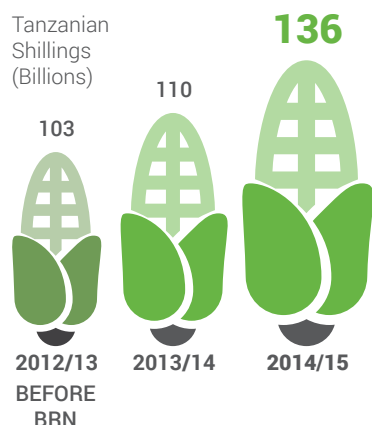
The Government kicked off the BRN initiative with six priority areas, or National Key Results Areas (NKRAs). These NKRAs were selected based on their potential to transform

the lives of the majority of the population in a relatively short period of time. The NKRAs selected were Agriculture, Education, Energy, Transport, Resource Mobilisation, and Water. Implementation of these first six priority areas commenced in July 2013. Through BRN's disciplined delivery methodology, these initiatives aim to ensure greater food security, improved basic education, as well as improved water and electricity infrastructure. Taken together, these efforts are catalysing socio-economic growth among Tanzanians.

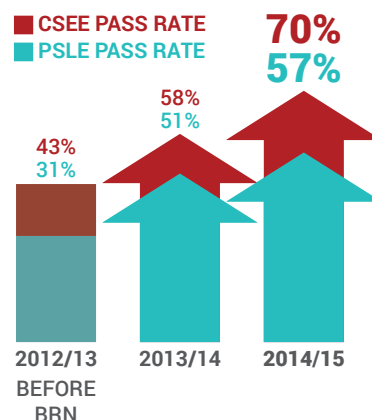
In 2014/15, a total of TZS 794 billion was disbursed to fund NKRA initiatives, approximately 34% less than the TZS 1.2 trillion that was disbursed in 2013/14. Nonetheless, the

Government found innovative means of making significant headway in implementing BRN initiatives with the available funds, ultimately delivering real impact to Tanzanians. Many smallholder farmers now have greater access to export markets, which leads to better income opportunities. This makes farming an attractive economic opportunity for the youth. People in communities with access to potable water and electricity can now concentrate on educating their children and improving their economic prospects. Children are doing better at school, thanks to improved school leadership and community engagement. These incremental changes are transforming Tanzania.

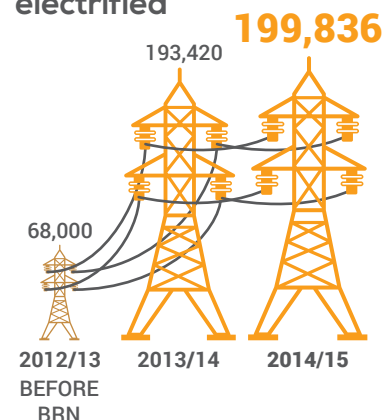
Export value of maize up by 23%



Jump in PSLE and CSEE pass rates



Almost 400,000 households have been electrified



The biggest beneficiaries of the BRN programme so far are rural Tanzanian families. The **Agriculture NKRA**, though implemented in limited areas, has borne compelling results. It has expanded food production and marketing infrastructure within prioritised geographical areas, trained smallholder farmers on Good Agricultural Practices (GAP) and improved their access to markets. Over the past two years, BRN initiatives have increased the yields of paddy in targeted areas from approximately 4.0 metric tonnes per hectare (MT/ha) before the BRN programme to an average of 5.0 MT/ha in 2014/15. The average prices of paddy and maize have also improved, with paddy prices rising by more than 14% to TZS 521,000 per tonne and maize prices surging by a maximum of 79% to TZS 500,000 per tonne. The value of exports of Tanzanian maize has also grown by 23% to hit TZS 136 billion in 2014/15, exceeding the BRN target of TZS 132 billion. Paddy and maize farmers can expect their yields and incomes to continue improving

National Key Results Area (NKRA)	2013/14	2014/15
Agriculture	77%	54%
Education	81%	84%
Energy	79%	51%
Resource Mobilisation	54%	53%
Transport	64%	64%
Water	80%	86%
Total	72%	65%

FIGURE Summary of NKRA Scorecards, 2013/14 - 2014/15.

as they adopt professional and productive farming practices.

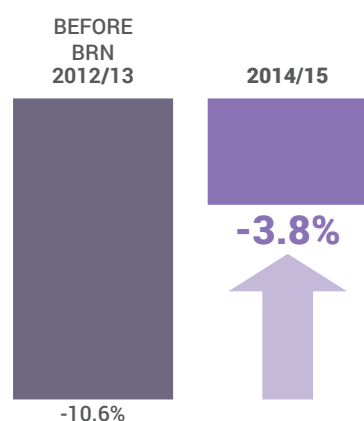
Before the BRN programme, only 300,000 - 500,000 rural Tanzanians would gain access to clean water per year. In the first year of implementing the **Water NKRA**, 2.3 million people gained access to water. In the second year, another 4.7 million Tanzanians were able to access clean water. This notable achievement brings the total rural population served to 22.3 million people, representing 70.6% of the rural population, up from 40% two years ago.

Women and children who once had to walk miles to get water for their households can now concentrate on economic

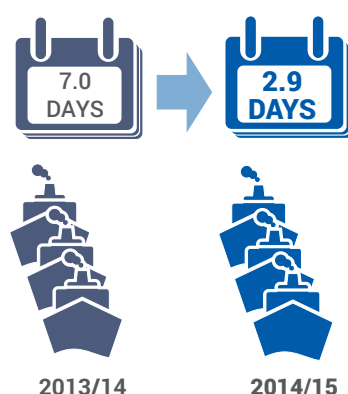
activities. The **Energy NKRA** has had a similar impact on rural communities by adding an additional 199,836 new electricity connections to both on-grid and off-grid projects in 2014/15, many of which are in rural areas.

The initiatives implemented by the **Education NKRA** have helped raise the pass rate for Primary School Leaving Examinations (PSLE) and Certificate for Secondary Education Examinations (CSEE) to 57% and 70% respectively. Additionally, with a total pay-out of TZS 28.5 billion in 2014/15, the Government has also successfully resolved almost all outstanding claims owed to teachers.

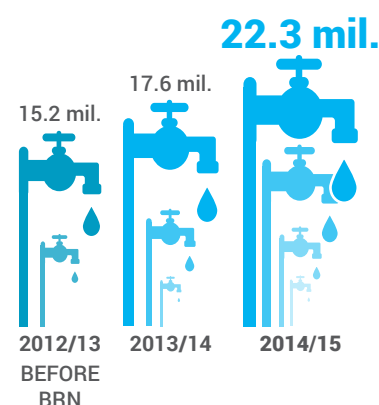
Budget deficit slashed by 64%



Ship turnaround time halved at Dar es Salaam port



An additional 4.7 million rural Tanzanians have access to water



The BRN programme is also transforming Tanzania's logistics infrastructure. The **Transport NKRA** has made considerable progress in improving the flow of trade along the Central Corridor and other major trade arteries. Year on-year freight volume at Dar es Salaam Port rose by 3.8% to hit a record of 14.8 million tonnes by June 2015. Average ship turnaround time has been halved to 2.9 days. Monthly freight traffic along Tanzanian railway lines has also increased by 37% as key rail assets went back into service, complemented by the increased availability of locomotives and wagons.

These initiatives have been supported by the **Resource Mobilisation NKRA**, which has helped the Government improve its revenue management and liberalise the country's capital markets – a move that more than tripled share sales on the Dar es Salaam Stock Exchange and helped make it the best performing bourse on the continent. Non-tax revenues from initiatives spearheaded by the Resource Mobilisation NKRA rose by 80% to TZS 56.1 billion in 2014/15, while tax exemptions were reduced to 1.9% of GDP.

As envisaged in the Five Year Development Plan 2011/12–2015/16, the private sector is key to the success of Tanzania Development Vision 2025, with the Government playing a facilitative role in providing technical and legislative support. The

As envisaged in the Five Year Development Plan 2011/12–2015/16, the private sector is key to the success of Tanzania Development Vision 2025.

Government understands that a more conducive business environment is required to encourage more private sector involvement in the country's economic transformation. To this end, it has drawn up a three-year action plan to be rolled out in 2015/16 under six NKRA's in the new **Business Environment** improvement priority area.

The initiatives under these NKRA's aim to enable private enterprises to thrive in Tanzania, paving the way for economic transformation. The six business environment NKRA's will address fundamental issues affecting businesses including the complexity of the regulatory regime, access to land and security of tenure, labour laws and skills, multiplicity of taxes, levies and fees, and contract enforcement.

The Government recognises the need to provide all Tanzanians with access to quality primary healthcare services. With implementation scheduled to start in 2015/16, the **Healthcare NKRA** will address quality of primary healthcare facilities, unequal distribution of medical personnel, and access to essential medicines. The Healthcare NKRA also places a special emphasis on reproductive maternal and child health services.

The BRN way of working has provided implementing agencies with the discipline and focus required to ensure delivery. Continuous monitoring and problem solving also ensure that results are tracked and verified, thereby improving accountability and allowing the nation to better plan its future.

The BRN programme has been and will continue to be a catalyst for improved inter-ministerial and inter-agency collaboration. Given the progress made in year two and the foundations that have been established so far, it is anticipated that the discipline of delivery will intensify among BRN implementers in the coming years. ●

UPCOMING NATIONAL KEY RESULTS AREAS

Healthcare



Quality primary healthcare for all

This NKRA aims to accelerate the country's ability to provide all Tanzanians with access to quality primary healthcare services. The initiatives will address key challenges in four Focus Areas, namely: human resources distribution, quality of healthcare facilities, healthcare commodities, and reproductive and child health.

Business Environment (BE) improvement priority area

The Business Environment (BE) improvement priority area aims to create a conducive environment for the private sector to thrive in Tanzania, paving the way for economic transformation. The six NKRA's aim to address fundamental barriers to starting and operating a business in Tanzania.



Realigning regulations and institutions

This NKRA aims to simplify business registration and licensing as well as streamline the regulatory regime. The goal is to reduce the cost of compliance and increase the number of registered micro, small and medium enterprises (MSMEs) in the country.



Access to land and security of tenure

This NKRA aims to improve land administration and introduce measures to realise the full wealth potential that can be generated from land investments.



Taxation: Multiplicity of levies and fees

This NKRA aims to improve tax administration to ease the burdensome process of paying taxes. Key areas to be addressed include process reengineering as well as the introduction of coordinated consultative mechanisms between public and private sectors in fiscal policies.



Curbing corruption

This NKRA aims to reduce the prevalence of corruption by enhancing public awareness, introducing mechanisms for discouraging corruption and enacting more stringent laws against corrupt practices in order to create greater transparency and accountability.



Labour laws and skill sets

This NKRA aims to improve industrial harmony through more favourable labour laws for both employers and employees while minimising the skills gap between the market demand and supply of labour.



Contract enforcement, law and order

This NKRA aims to raise the efficiency of court procedures and case management as well as improve access to justice by promoting the use of alternative dispute resolution and creating small claims procedures for MSMEs.

Three-year implementation period for upcoming NKRA's starts in financial year 2015/2016.



SEEDS

OF

TRANSFORMATION

Efforts to modernise Tanzania's agriculture sector are beginning to yield results as the country scales up its production capacity and expands market linkages.



AGRICULTURE NKRA

Ministry of Agriculture, Food Security and Cooperatives

BIGGER AND BETTER

AGRICULTURE sector development in Tanzania is guided by the Agriculture Sector Development Strategy (ASDS) which is implemented through the Agriculture Sector Development Programme (ASDP). The Agriculture NKRA of the Big Results Now (BRN) initiative is aligned to the sector strategy and implements projects focusing on three priority crops: maize, rice and sugar across seven regions of the country.

The Agriculture sector accounts for 31.7% of GDP and 24% of Tanzania's export earnings. The sector employs approximately 75% of the

country's labour force and accounts for an estimated 70% of rural incomes. Of the 44 million hectares of land suitable for agricultural production in Tanzania, only approximately 15.5 million hectares (35%) are currently cultivated. With 28.5 million hectares of under-utilised arable land, there is tremendous potential for boosting the quality and output of agricultural goods.

Initiatives under the Agriculture NKRA have been prioritised to harness this potential and transform the sector, with an initial focus on three areas: Sugar and Paddy Commercial Farming; Collective Warehouse Based Marketing Schemes (COWABAMA) for maize; and

Collective Rice Irrigation and Marketing Schemes.

Taken together, these efforts will help to improve food security, raise farmers' incomes, and increase the sector's contribution to GDP growth. More specifically, this includes working with the private sector with the aim of increasing the production of rice by 290,000 tonnes; of maize by 100,000 tonnes; and of sugar by 150,000 tonnes by 2015/2016. Overall, the initiatives targets to reach 400,000 smallholder farmers in three years.

The second year of the Agriculture NKRA built upon the achievements of the first year by expanding the sector's

A paddy smallholder taking a cartload of freshly-threshed paddy to a warehouse.





production and marketing infrastructure. Implementation focused on (i) building production and marketing infrastructure (ii) building capacity of targeted Farmer Based Organisations and (iii) preparation of land and creating an enabling environment for commercial farming.

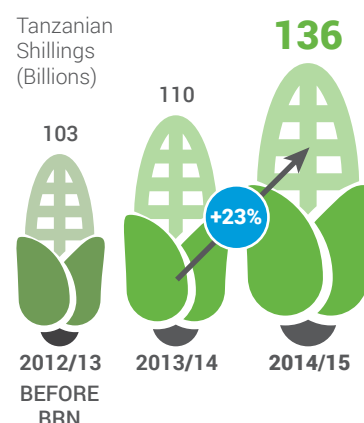
Overall, the 2014/15 financial year was a good one for the Agriculture NKRA. All three initiatives registered positive progress towards achieving set targets, albeit at a relatively slow pace. The initiatives boosted productivity as well as farm gate prices and exports for two targeted crops: maize and rice. Rice productivity in BRN schemes increased by 25% from 4 tonnes per hectare to 5 tonnes per hectare. Paddy farm gate prices increased by 14% from TZS 456 to TZS 521 per kg while maize farm gate prices increased by 79% from TZS 280 to TZS 500 per kg. The value of maize exports increased by 23% to TZS 136 billion surpassing the target of TZS 132 billion. The increase in farm gate prices and export value were caused by improved produce quality in warehouses and market linkages. Training farmers on the use of Good Agricultural Practices (GAP) as well as post-harvest handling

also contributed towards the improved quality of yields. In 2014/15, a total of 133,000 farmers in five regions were trained.

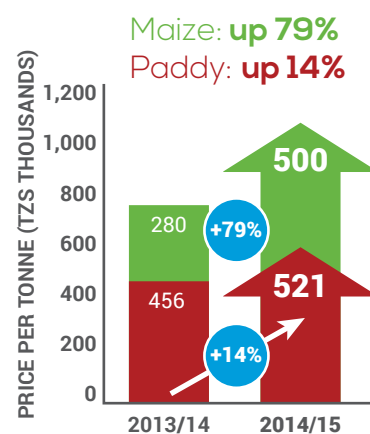
Although production of sugar in BRN commercial farms has not started, progress was made in availing land for commercial farming and introducing regulations to support investments in domestic sugar production. The improvements include (i) review of the sugar regulation in May 2015 aiming at curbing illegal sugar imports, (ii) increasing the import tariff from USD 200 to USD 460 per tonne, and (iii) introduction of a duty remittance scheme for industrial sugar at 10% effective rate.

Having planted these seeds of transformation, the Ministry of Agriculture, Food and Cooperatives is confident that smallholders' incomes will further improve in the years ahead, as will the country's food security as a whole. Revenues generated from increased agricultural exports can help fund greater expansion and investment into agriculture technologies. The private sector will play a crucial role in achieving these goals by linking farmers to markets and

The **value of exports** of Tanzanian maize grew by **23%** in 2014/15



Farm gate prices have increased



providing the industry with trading platforms.

While these initiatives are aimed at farmers in specific regions, they will impact the whole economy positively. 🌱

Scaling up Tanzanian agriculture

Paddy and sugarcane commercial farming will give Tanzania's agriculture sector greater economies of scale.

THE COMMERCIAL farming initiative is aimed at boosting Tanzania's output of paddy and sugarcane by turning 350,000 hectares of underutilised land into 25 large-scale commercial farming sites. Upon conducting a reconnaissance survey of these 25 sites in 2014/15, a total of 18 were confirmed to be available for investment. These sites comprise 259,233 hectares of land for nucleus farms plus another 118,303 hectares for out-growers.

This initiative will empower smallholder farmers to forge agribusiness partnerships with commercial large-scale farmers through better access to farming inputs, improved farming practices and markets.

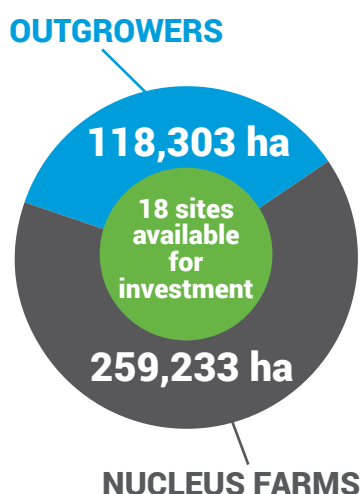


FIGURE A total of 18 large-scale commercial farms were confirmed to be available for investment in 2014/15, comprising 259,233 hectares of land for nucleus farms plus another 118,303 hectares for out-growers.

The partnership will also avail investors additional crop volumes, create employment, increase local processing and value addition, and promote import substitution.

Commercial farming cannot begin without legal land tenure. Before issuance of a title, village land must be converted into general land. The process of converting village land into general land involves comprehensive community and stakeholder consultations. The target for 2014/15 was to avail 8 farms for commercial farming. In 2014/15, one land title was successfully issued to Lukulilo farm, thereby availing 5,500 hectares for commercial farming. This brought the total number of commercial farms available for investment to three (Bagamoyo, Mkulazi and Lukulilo), with a total area of 89,108 hectares¹. The land re-categorisation process for farms at Kasulu, Tawi, Ngalimila, Muhoro and Mahurunga are nearing completion. The community pre engagement training for all eight sites was successfully completed during the year.

The Inter-Ministerial Task Force on Land and Infrastructure has been instrumental in resolving challenges to implementing the commercial farming

¹ The land title for Kitengule was obtained prior to BRN

This initiative will empower smallholder farmers to forge agribusiness partnerships with commercial large-scale farmers.

initiative. Regular coordination meetings between stakeholders helped tackle implementation bottlenecks by finding mutually agreeable solutions to key issues. Examples include resolution of the Bagamoyo farm-Saadani National Park boundary dispute, as well as profiling available farms and finding opportunities for new farm sites in place of the seven farm sites that were found to be unavailable.

Despite the challenges, the results so far have excited investors and smallholder farmers alike. Lukulilo farm has secured an investor. Processes for securing investors for other farms are in various stages. Dialogues with local communities reveal that most villages are eager

to participate in agribusiness partnerships with large-scale commercial farmers once they have been adequately engaged in the project development process. Smallholder farmers recognise that the presence of commercial farms will help reduce their exposure to market volatility.

Some of the year's most significant achievements were measures taken to attract investments in the sugar industry, which has been plagued by illegal imports. Increased patrols and spot checks by the Tanzania Revenue Authority and other stakeholders proved fairly successful at reducing illegal sugar imports in 2014/15, with 200 metric tonnes of smuggled domestic sugar being

confiscated and several cases being formally investigated. The increase of import duty on sugar from USD 200 per tonne to USD 460 per tonne (or 100% of the import value, whichever is higher) will also help curb industry losses.

These measures will contribute towards making the sugar industry more appealing to a broader group of investors, particularly in high-priority farm sites. Other notable changes include lowering of the special incentive threshold from USD 1 Billion to USD 300 million. The Government has also introduced a 10% duty remission scheme for industrial sugar, which will further boost Tanzania's local sugar industry and support its expansion. 🌱

Increased patrols and spot checks by the Tanzania Revenue Authority and other stakeholders proved fairly successful at reducing illegal sugar imports in 2014/15.

Large-scale commercial farming will open job opportunities and increased income through increased production of sugar cane.



Transforming farming communities

Aggregated marketing schemes designed for smallholder co-operatives will insulate farmers from unfair pricing pressures and encourage them to modernise their farming practices.

THE Agriculture NKRA encourages maize farmers to pool their resources and spread their risks through collective warehouse-based marketing (COWABAMA) schemes supported by a private service provider.

The biggest advantage of the COWABAMA scheme is that it allows farmers to store their harvests until they are offered a fair price for their goods.

The target was to rehabilitate a total of 170 warehouses. However, by the end of the second year of implementation, only 125 warehouses were reached including 30 warehouses that were completed in 2013/14 as well as 95 additional warehouses

which were at various stages of completion.

One of the biggest successes in 2014/15 was the facilitation of access to quality inputs by allowing farmers to use crops stored in COWABAMA warehouses as collateral for purchasing high quality fertilisers and pesticides. Sales

to the National Food Reserve Agency (NFRA) enabled 13 Farmer-Based Organisations (FBOs) in Mbozi to use NFRA receipts as collateral to buy inputs from agro-dealers such as Unyiha, YARA and Tanzania Fertiliser Company (TFC). This milestone indicates that service providers are willing to provide inputs to farmers on credit if a suitable collateral mechanism is in place.

In 2014/15, Private Service Providers (PSP) helped link farmers selling crops through warehouses to markets within and outside the country. This helped boost maize exports by 23% to TZS 136 billion, surpassing the year's target of TZS 132 million. Farm gate prices also increased by 79% from TZS 280 to TZS 500 per kg. 🌱

COWABAMA allows farmers to store their harvests until they are offered a fair price for their goods.

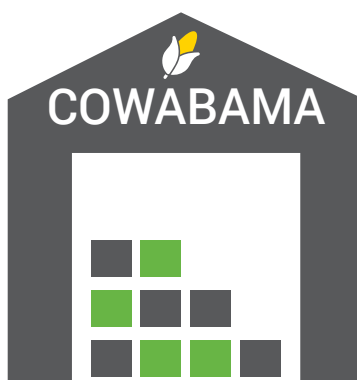


Bumper sales

The quantity of paddy sold under BRN initiatives increased by 58% to 185,000 metric tonnes, while the quantity of maize sold rose by 71.8% to 17,183 metric tonnes.



Construction and rehabilitation of COWABAMA warehouses



30 maize warehouses rehabilitated in 2013/14 with a capacity of **10,450 metric tonnes**.

30% of 95 maize warehouses completed in 2014/2015.

FIGURE The construction of new COWABAMA facilities and the rehabilitation of existing warehouses is an important activity in the Agriculture NKRA.

MBOZI, MBEYA

BRN helps to transform lives of smallholders



Agriculture can be a hard business. Just ask Mzee Omary Msyani and Mama Nesi Kayuni of Ihanda, Mbozi in Mbeya, who almost gave it up altogether a few years ago. The minimal returns they got for their efforts made it impossible to make a living due to poor infrastructure and inadequate market linkages.

"No matter how much time I spent on the farm, I still wound up with nothing," Omary recalls. "We could only produce four to five bags per season, and even that was too much for me to store. I had to sell the little I harvested at whatever price I could get."

The lack of storage space was particularly painful for farmers like Omary. Unable to store their crop until market prices were more favourable, they were forced to sell their produce at a pittance.

Under the BRN programme, farmers received training in good agriculture practices (GAP) and marketing techniques. They were also provided storage facilities for their produce. All these efforts began to pay off in 2014/15.

"I can now produce up to **25 bags** of maize from the same land size," grins Omary, who recently bought a new TV and generator as well as two new cows for fresh milk. "The storage facilities have also given us leverage to help us in our negotiations with buyers, where we could now fetch high prices, almost double the price."

Mama Kayuni also believes life is turning around. "This year, we've finally started making a profit," says Kayuni. "I can now pay for my child to go to a special school in Sumbawanga. The BRN training has changed our lives."

*"I can now produce up to **25 bags** of maize from the same land size. The storage facilities have also given us leverage to help us in our negotiations with buyers, where we can now fetch high prices, almost **double** the price."*

*Mzee Omary Msyani
Maize smallholder,
Ihanda, Mbozi,
Mbeya.*



Strength in numbers

Encouraging farmers to adopt modern farming management techniques can significantly improve farm productivity and raise smallholders' incomes.

TANZANIA IS THE largest producer of rice in East Africa. Smallholder farmers account for 90% of rice production in Tanzania. Given that improving farm productivity can increase smallholders' share of the crop's economic benefits over time, the third initiative under the Agriculture NKRA aims to improve infrastructure in smallholder paddy irrigation schemes and introduce professional management practices.

The target in 2014/15 was to rehabilitate 39 paddy irrigation schemes and construction of 39 paddy warehouses. Rehabilitation works on 20 irrigation schemes successfully kicked off and will be completed over the next financial year. Construction of eight new paddy warehouses began in 2014/15 and is expected to be completed by December 2015.

Efforts to encourage farmers to adopt modern farm management techniques in 2013/14 began to bear results in 2014/15, with smallholder farmers seeing yields increase by an average of 25%. Follow-up visits by the Ministry to farms that implemented the techniques found that agricultural yields increased from an average of four metric tonnes per hectare to five metric tonnes per hectare



PHOTO Smallholder farmers in Mbozi pay close attention to an agriculture expert as he demonstrates how to use modern agricultural tools as part of BRN training in good agriculture practices (GAP).

despite a lack of modern farming tools such as tractors and harvesters. In addition, paddy seed production rose by 29% to 2,077 metric tonnes in 2014/15 from 1,500 metric tonnes the previous season.

A total of 3,448 farmers were trained on Good Agriculture Practices (GAP) in 2014/15. The training sessions covered the entire rice value chain. The practical knowledge of GAP with the System of Rice Intensification (SRI) or *Kilimo Shadidi* was particularly useful as these sessions covered specific concerns about end-to-end crop production including seed selection and preparation, rice processing and packaging, plant nutrition and pest control. Research suggests that SRI best practices can

Research suggests that SRI best practices can result in water savings of up to 25%.

result in water savings of up to 25%, indicating that it is suitable for water-stressed areas in Tanzania.

One of the key changes advocated by SRI training is that of encouraging farmers to synchronise their harvest seasons and to cooperate in building a brand for their region. This transformation has been

MKINDO, MOROGORO

BRN training boosts farmer's harvest from five sacks per acre in 2013 to 45 in 2014/15

Farming is the only source of income for the family of Mwanaidi Hamza, rural farmer and mother of five. Two years ago, her family found itself in dire financial straits with fields that yielded less than five bags of rice per acre. Unable to make ends meet, Hamza and her husband were forced to stop sending their two eldest children to school. With three younger children still unschooled, the family's future looked bleak.

The family's fortunes began to turn when BRN trainers arrived at the Mkindo Irrigation Scheme in Morogoro in 2014 to conduct training on Good Agricultural Practices (GAP). Hamza was one of five local farmers that were selected to attend the training session, which focused on several key operational processes that can significantly improve farm productivity. These processes include the System of Rice Intensification (SRI), seed preparation, seed selection, nursery planting, transplanting, watering, natural pest control, the effective use of fertilisers and harvest timing methods.

"The trainers promised that by using their techniques, we could rapidly improve our harvest yields," recalls Hamza. "We didn't think it possible at the time, but we

followed their instructions anyway, and the results were unbelievable."

Using the knowledge gained from the BRN training, Hamza and her fellow farmers managed to increase their harvest yields by **more than nine-fold** in one season. Hamza can still hear the family's cries of joy.

"I harvested an average of **45 sacks of rice per acre** in the 2014 and 2015 seasons," Hamza says with a smile. "That's a huge increase compared to the five sacks or less I was harvesting before the training."

Thanks to the increase in the family's harvests, Hamza's three younger children are now in school, and the family will soon move to a new house.

"With the new farming methods, agriculture can once again become a business of choice for the village youths," says Hamza. "Four of my fellow farmers and I are already sharing our knowledge by training 300 other farmers in the Mkindo Irrigation Scheme. The young people can now see how profitable agriculture has become, and they are all clamouring to return to the land as farmers."

most evident in communities with strong leadership such as the Magozi Irrigation scheme. Here, farmers have already synchronised their cropping calendars and have agreed to limit their crops to one or two selected varieties. This will help them brand their rice products and fetch better prices in the marketplace.

Communities such as this are now focused on leveraging economies of scale by learning other business skills such as leadership, management and record-keeping. The SRI training also reiterates the importance of using high-quality fertilisers and pesticides as well as the utilisation of improved seeds. The success of high-performing farmers in 2014/15 is expected to motivate low-performing

farmers to adopt the same best practices in the year ahead.

Professionally-run Irrigators' Organisations act as intermediaries between farmers and markets and can help improve management and operation practices at the local level. Through professional management and by strengthening Irrigators' Organisations to serve smallholder farmers, this initiative aims to increase rice yields in 78 existing pilot irrigation schemes to 8.0 metric tonnes per hectare from a present yield of 5.0 metric tonnes per hectare.

While storage space is an important factor in COWABAMA schemes, farmers are also adversely affected by a lack of market information and price

data. Without this information, farmers cannot identify the best place and period to sell crops. The lack of data also hampers efforts to channel food from regions with abundance to regions with shortages. To address this challenge, the Ministry is advocating the use of mobile technology in irrigation schemes to improve information flow and performance monitoring. It is expected that this will improve access to market information and price data for farmers. In May 2015, the initiative was launched with the first wave of training conducted for implementers. Irrigators' Organisations have also started submitting information from registered smallholder farmers on challenges faced by mid-season for timely interventions.



The way forward

The BRN programme will work at increasing stakeholder engagement.

THE AGRICULTURE NKRA faced its fair share of challenges over the first two years of the BRN programme. However, several opportunities for improvement have been identified. Firstly, improving coordination and leadership at the district level, as this can reduce delays in responding to requests from village authorities, particularly in resolving boundary disputes and processing village land use plans under the commercial farm initiative.

Important lessons have also been learnt about building support among stakeholders and ensuring that communication channels are continuously kept open. This was key in managing a malicious activist campaign which alleged that the

commercial farming deals being pursued in the country were intended to push smallholders off their land. In response, the Government launched a campaign that provided facts and detailed explanations on the project's benefits and progress.

To enhance focus and deliver rapid results, prioritised projects will include those that are likely to succeed in yielding benefits to farmers and investors alike. Particular attention will be geared towards the seven to ten commercial farming deals which are likely to receive land titles. The Ministry recognises that more community engagement about the benefits of the BRN initiatives is required. Continuous dialogues with farmers in these areas to prepare them for the changes ahead are being planned for the

next financial year. Awareness will be raised about the aims and benefits of inclusive large-scale commercial farming among the public and international community.

An additional challenge is that of significant shortage of qualified private service providers that have the capacity and expertise to meet the standards required for irrigation schemes and COWABAMA initiatives. To this end, the Ministry is working to upskill public and private service providers to link farmers to inputs and markets more effectively. It is also encouraging to note that local educational institutions such as Sokoine University of Agriculture (SUA), Moshi Cooperative University (MoCU) and the Kilimanjaro Agricultural Training Centre (KATC) are



FIGURE Overview of the Agriculture NKRA.

playing an active role in these training-based initiatives. The industry could also benefit from engaging individual traders with agribusiness skills to fill crucial gaps along the value chain.

The lack of timely information has affected the Ministry's ability to monitor implementation of its initiatives. To address this challenge, the Ministry adopted the crop cutting approach to measuring rice yields that will provide more precise agricultural statistics. Greater accuracy in statistics allows the country to better plan investments that will contribute towards improving the productivity of smallholders.

BRN initiatives are also expanding the industry's access to overseas markets through the East Africa Grain Council (EAGC) and Regional Agricultural Trade Intelligence Network (RATIN). The EAGC has committed to help integrate COWABAMA



PHOTO Improved incomes brought about by BRN initiatives are bringing youth back into the agriculture business.

schemes through RATIN and finally the G-soko trading platform. Qualified warehouses will be registered with RATIN, thus giving their warehouse stocks greater visibility among buyers. Farmers at these warehouses will also be able to receive market prices from various regions to strengthen

their bargaining power. Paddy warehouses will be linked to the recently launched Commodity Exchange Market once it starts its operations in 2015/2016, with maize warehouses to follow in future. 🌱

SUMMARY OF RESULTS



AGRICULTURE NKRA SUMMARY SCORECARD

	Weightage	2013/14	2014/15
Qualitative Criteria	25%	20%	20%
Topline KPIs	50%	42%	24%
NKRA KPIs	25%	15%	9%
Total score		77%	54%



CHANGING

THE FACE OF

PRIMARY AND SECONDARY EDUCATION

IN TANZANIA

Local communities are raising
standards in basic education.



EDUCATION NKRA

Ministry of Education and Vocational Training

THE DRIVE FOR BETTER BASIC EDUCATION

BASIC education is a key component in achieving the vision of becoming an educated and learned society by 2025. Achieving this will require the joint effort of parents, teachers, local government authorities, community leaders and civil society.

The first year of the Education NKRA concentrated on institutionalising the BRN methodology and delivery system in the Ministry of Education and Vocational

Training (MoEVT). A major part of this work involved ranking all schools nationwide to encourage accountability and public scrutiny. This culminated in the release of the first official school ranking results based on both the Primary School Leaving Examinations (PSLE) and Certificate of Secondary Education Examinations (CSEE) in December, 2013 and February, 2014 respectively.

Pass rates for both the PSLE and CSEE improved significantly in 2014/15 with several schools demonstrating admirable progress in their performances.

In 2014/15 co-operation between MoEVT and Prime Minister's Office – Regional Administration and Local Government (PMO-RALG) improved. Officers from both ministries conducted joint monitoring field visits, as well as regular problem-solving meetings, implementation workshops and quarterly reflections.

Capacity building initiatives such as the School Incentive Scheme, Student-Teacher Enrichment Programme (STEP) and School Improvement Toolkit training programmes




Pupils at Madugu Primary School in Mbeya celebrate the end of another school term. Pass rates for both PSLE and CSEE examinations have improved steadily since the roll-out of BRN initiatives.



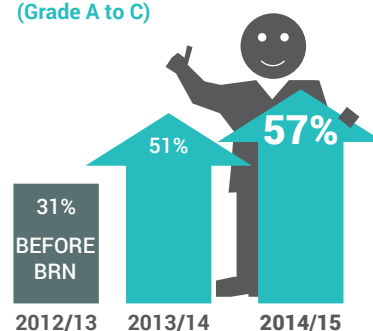
The greatest improvements during the year were in schools that had strong community engagement and in which parents were actively involved.

contributed to improving national PSLE and CSEE pass rates. The greatest improvements during the year were in schools that had strong community engagement and in which parents were actively involved.

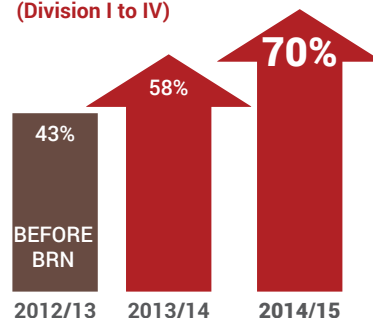
Due to financial constraints, the Capitation Grants and Basic Facility Construction initiatives were delayed. Only 8% of secondary schools and 3% of primary schools received Capitation Grants from LGAs on time in 2014/15. Additionally, only 170 out of 745 targeted secondary schools completed their basic infrastructure construction. 

Pass rates for PSLE and CSEE have improved under the BRN programme

PSLE Pass Rate (Grade A to C)



CSEE Pass Rate (Division I to IV)



Students attend a weekly test at Lupeta Primary School in Mbeya DC. Strong support from the community helped to overcome issues such as a lack of desks, enabling the school to focus on improving the performance of the students.

Improving basic education

Efforts to improve the schooling experience for both students and teachers are beginning to bear fruit.

THE GOVERNMENT'S efforts to improve school enrolment rates over the past decade have had remarkable results. Unfortunately, the school system has been unable to cope with the sudden rise in the student population. Schools have become overcrowded, with students having to share books, sometimes by as many as five pupils to one book. By 2009, the Pupil-Teacher Ratio (PTR) rose to 54-to-1 in primary schools and 43-to-1 in secondary schools¹. This meant that teachers were no longer able to give pupils the individual attention required. The end result was a rapid decline in pass rates in both the PSLE and CSEE examinations. Recruitment

of teachers in 2014/15 led to slight improvements in the PTR that shifted to 43-to-1 in primary schools and 25-to-1 in secondary schools.

The 3R (Reading, Writing and Arithmetic) Teacher Training programme was implemented in 2014/15 with the aim of raising the overall quality and motivation of teachers. A total of 24,237 primary school teachers received training on the 3R methodology at various training centres around the country.

In addition, a total of 18,335 primary and 5,189 secondary school teachers received training to conduct enrichment classes for students on various subjects under the Student-Teacher Enrichment Programme (STEP). The

A total of 24,237 primary school teachers received training on the 3R methodology at various training centres around the country in 2014/15.

STEP programme training helps teachers identify low performing students who are then provided with additional

¹ BEST (Basic Education Statistics in Tanzania) 2013

LIWALE, LINDI

Incentives boost school performance at Barikiwa

The 40 pupils who sat for the 2013 PSLE examinations at Barikiwa Primary School in Liwale district, Lindi got a shock when their results were announced in 2014. The school was ranked last out of 51 schools in the district and 454th out of 457 schools at the regional level. Nationally, the school ranked 15,495th out of 15,656. Pupils and teachers knew that something had to be done, but did not know where to start.

To head teacher Shabani Kitunguu the challenge seemed insurmountable – with only four teachers to 500 pupils, the school faced a severe shortage of teachers. He met with teachers and the school committee in order to identify challenges and prioritise issues. The School Incentive Scheme advocated by the BRN programme was a key motivator behind his efforts.

With teachers sacrificing their weekends and holidays to give extra lessons to pupils, the school leaped from 51st to **8th place** in the 2014 PSLE examinations. It also ranked 24th out of 462 schools in the region and 1,075th out of 15,867 at the national level. The school was honoured as **one of the country's best improved schools** at the Education Week in Dodoma in May 2015.

"We were so ashamed of our results last year, but I knew that if the school could show improvement, the community would rally to support it," says Kitunguu. "The School Incentive Scheme has motivated us to keep improving, and parents and the community are now fully engaged in driving future achievements. Things can only get better."




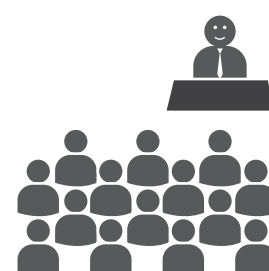
enrichment classes before or after school hours.

The School Improvement Toolkit trains teachers on school management and provides a reference guide for

resolving common practical problems in their day-to-day work. A total of 1,905 secondary school head teachers were trained on the use of the School Improvement Toolkit initiative in 2014/15.

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The School Incentive Scheme awards the country's best performing and most improved schools, with the winners receiving monetary rewards and certificates. In May 2015, each of the country's 10 best students received laptops and rewards of between TZS 300,000 and TZS 500,000. In addition, the 40 best science students in 2014 CSEE received new laptops while the top 20 Advance Level science students were awarded full scholarships to study in China. 



LOWER PUPIL-TEACHER RATIO

In 2012, before the BRN implemented its initiatives, the pupil-teacher ratio (PTR) was 46:1 in primary schools and 29:1 in secondary schools.

In 2014/15, PTR improved to 43:1 in primary schools and 25:1 in secondary schools.



Teachers make a difference

The BRN programme is improving teacher motivation and commitment.

Teacher morale has been low in recent years partly because of the accumulation of unpaid teachers' claims. A review by MoEVT revealed that much of the delay in processing teacher's claims was due to insufficient exchange of information on procedures between the different parties involved. Whereas claims are to be submitted at Local Government Authorities through the Heads of schools, it was noted that teachers submitted their claims at multiple institutions including the Tanzania Teacher's Union (TTU). Additionally, teachers were not notified of their payments. The lack of clarity on the process resulted in many missed payments and, in some cases, double payments.

In 2014/15, the Education NKRA set out to address this

problem by first ensuring that all outstanding teachers' claims would be settled as quickly as possible, and that processing time for future claims would be reduced to not more than three months. As of June 2015, claims amounting to TZS 28.5 billion were paid to 35,220 out of 40,583 (87%) primary and secondary school teachers.

MoEVT is currently working with PMO-RALG on developing a mechanism for capturing teachers' claims and ensuring that data on non-salary claims is easily accessible to relevant parties.

Another challenge to teacher motivation is the unequal deployment of teachers across different regions. The total demand nationwide is 19,452 primary school teachers, but only 1,343 (7%) are available. In order to address this challenge,

KOROGWE, TANGA

BRN Programme lifts school's spirits



When the School Ranking Initiative discovered that a school in the Mashindei ward in Korogwe, Tanga was among the worst performing in the region, Ward Councillor Paul Kalata Joho admits that both students and teachers took the news rather badly.

"Teachers' morale and students' discipline was very badly affected," says the 82-year-old Joho. "They felt like giving up."

To find out why the school performed so poorly in the 2014 examinations, PDB visited Mashindei in May 2015. The team found that weak community engagement and poor school management were impacting the school's ability to motivate teachers and students. After several training sessions for teachers and community dialogues, the morale of teachers, students and even parents in Mashindei did improve dramatically.

The School Improvement Toolkit introduced by the BRN team helps us better manage our school and build stronger collaborations with the community. We can see how it will improve the quality of education in the country," says Joho. "It has galvanised us with a new hope."


Student Teacher Enrichment Programme (STEP)	18,335	Primary School Teachers
	5,189	Secondary School Teachers
3R Teacher Training Programme	24,237	Primary School Teachers
School Improvement Toolkit	1,905	Secondary School Head Teachers
	2,585	Ward Education Officers
Total	52,251	Personnel

FIGURE The number of personnel within the education sector that received formal training in 2014/15.

As of June 2015, claims amounting to TZS 28.5 billion were paid out to 35,220 out of 40,583 (87%) primary and secondary school teachers.

the Government will expedite the recruitment process.

In a move to improve teachers' motivation, MoEVT and PMORALG continued to train teachers with required skills to better facilitate the teaching and learning process. Through three of the nine BRN initiatives, 52,251 teachers were trained. Furthermore, during the Education Week Celebrations in May 2015, the best performing schools and most improved schools were recognised through monetary and non-monetary awards.

Through the Basic Facility Construction BRN initiative, teachers' houses were built and connected to electricity and water supplies. 

KONDOA, DODOMA

Dedicated teachers lead the way to improving education



The Miningani Primary School in Kondoa, Dodoma is a stellar example of what schools in Tanzania should aspire to be. It is well-furnished, clean and neat. Teachers are punctual and have access to all the teaching materials they need. Both students and teachers are happy, and there is a distinct sense of achievement in the air.

But things were not always so rosy at Miningani.

In fact, Miningani's transformation into becoming the best-performing school in Kondoa only began three years ago with the arrival of Madam Rozalia Massay, the school's headmistress. When she was first appointed, Massay was astonished at the state of things – students sat on the floor, teachers were often late and teaching materials were scarce. Having attended BRN training on the School Improvement Toolkit, Massay knew that she had to get parents and the local community involved if things were to change.

"I was happy to find that parents were willing to work together with teachers to find solutions to the challenges the school faced," says Massay. "The School Improvement Toolkit helped guide our efforts to bring everyone together. Once the parents were on board, we were able to implement a Parent-Teacher partnership programme with two parent representatives per class."

Massay is also a firm believer in leading by example. She makes it a point to arrive at school early, to work closely with teachers and to instil a culture of responsibility and dedication to the job.

"If I do not put my best effort into things, how can I ask anybody else to?" Massay remarks.

The school efforts had an immediate impact on turning the school around. All school children were given proper seating places, and 16 classrooms were completely revamped. Teachers are punctual and more effective in class. In addition to being the **best-performing school in Kondoa** in 2014, the school also boasted having the **best female student in Dodoma region**.

In 2015, President Kikwete recognised Massay for her exemplary service – a fitting reward for an outstanding professional.

"I could not have done it on my own," says Massay. "I have won the trust and cooperation of teachers, the school committee and parents. They are all a part of our success."

Problem solving for better basic education

Parents, teachers and the private sector can help make education more accessible to Tanzanians.

ONE OF THE KEY lessons learned over the past two years is that strong, supportive communities can help address many of the challenges that schools face. Some examples of school communities that have been successful in this regard include the Kimelok Primary School in Simanjiro, Manyara, where the community contributed TZS 2.6 million towards building a girls' dormitory and four classrooms. Members of the community also took part in the construction work.

In Morogoro, the alumni of Mzumbe Secondary School contributed towards both the renovation of five washrooms and the provision of awards for high-performing students. At Katesh Secondary School in Hanang, Manyara, parents contributed TZS 15,000 per child per year towards the school feeding programme.

The private sector can also play a significant role in helping communities fund the implementation of many education initiatives, as British Gas and Schlumberger have

The private sector can also play a significant role in helping communities fund the implementation of many education initiatives.

MBABALA, DODOMA

Joining hands to improve school infrastructure

The Mbabala Secondary School in Dodoma has been working hand-in-hand with parents for years to raise funds for school initiatives such as school meals, a working water supply and extra classes for students. The school recently purchased a computer and a printer in order to ease the burden of printing costs at the printing shop 30 km away. A solar-powered system was also installed and connected to the TANESCO electricity grid.

All these efforts gave the school a better learning environment and improved security. But, despite these successes, water remained a key issue at the school. On a monitoring visit in January 2015, the PDB team found that the improvised water harvesting system installed by the school was insufficient for the school's needs. The school spent TZS 600,000 a month buying water from a village-governed water source two kilometres away.

Fixing the school's water woes would require a major pipe connection to this water source. The PDB team worked with the village leadership, the Dodoma municipal director and a water engineer, and successfully arranged for the pipe's installation, giving the school a **reliable and affordable water supply** after a problem solving session.



Mbabala Secondary School stands as an important example of how getting all stakeholders to solve problems together can make a difference.



Strong, supportive communities can help address many of the challenges that schools face.

done for schools in Mtwara (see box story, opposite page). An additional example of proactive community is that of Mashindei Secondary School in Korogwe, Tanga where M-Power Solar Company provided panels for three classrooms.

The practice of community engagement must be encouraged nationwide. 🌱



PHOTO Students in a newly-completed classroom built by Maasai women in Simanjiro, Manyara region. The project came about after the community and school decided to cooperate to improve students’ learning environment in an effort to raise the school’s performance.

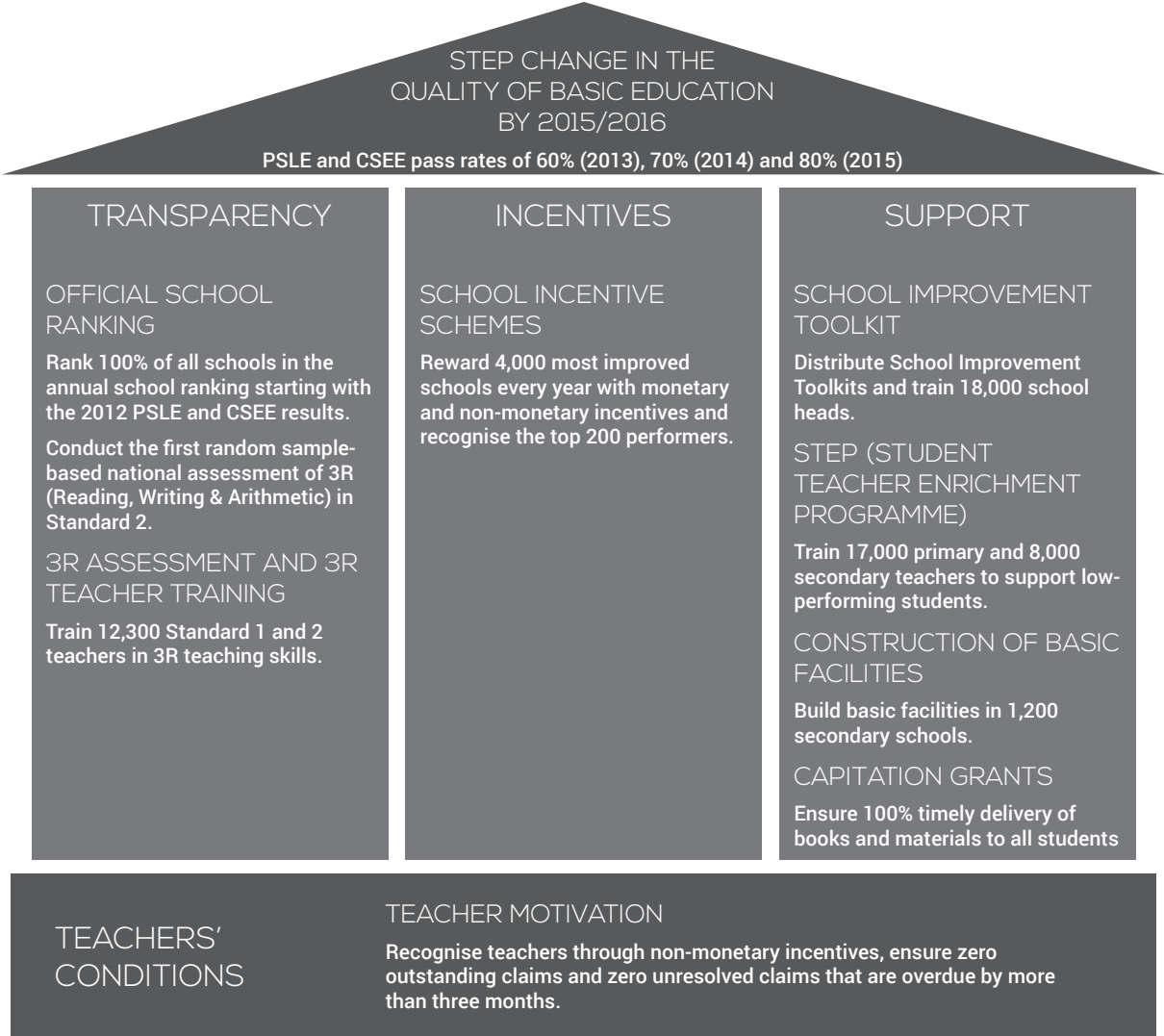


FIGURE Overview of Education NKRA.

MTWARA

British Gas Tanzania steps forward to help schools



Mtwara is one of the poorest-performing regions in Tanzania. To address this, the Regional Commissioner (RC) of Mtwara engaged the University of Warwick to conduct a study on the region's shortcomings, after which it reached out to the PDB for assistance in implementing the proposed solutions. The PDB shortlisted initiatives that dovetailed those of the Education NKRA and presented them as a promising public-private partnership for British Gas (BG) Tanzania, an international gas exploration and production company.

Following several meetings between BG Tanzania, the RC and PDB, BG Tanzania has since agreed to support the education initiatives through co-operation proposals

developed by the Education NKRA implementation team. These initiatives include a career development plan for teachers in maths and science, leadership development and English language programmes. In 2014, BG Tanzania sponsored **scientific equipment worth TZS 94 million** for three secondary schools in Mtwara (Sabodo, Mitengo and Mikindani). BG Tanzania has also committed to work with other partners and the Mtwara Regional Authority to establish a **Mtwara Centre of Excellence for Science** in addition to sponsoring laboratory equipment for Mikindani and Naliendele secondary schools. Finally, the company will **sponsor the fees for science teachers** at Mtwara Teachers Training College provided they remain and teach in Mtwara and Lindi regions.

SUMMARY OF RESULTS



EDUCATION NKRA SUMMARY SCORECARD

	Weightage	2013/14	2014/15
Qualitative Criteria	25%	20%	20%
Topline KPIs	50%	45%	45%
NKRA KPIs	25%	16%	19%
Total score		81%	84%

A blurred background image showing a person's arm and shoulder while they read a book. The person is wearing a white shirt. The background is dark and out of focus, emphasizing the text overlays.

ENERGY

AS A

CATALYST

FOR SOCIO-ECONOMIC

TRANSFORMATION

Powering Tanzania's transformation
by improving efficiency for
better access to electricity.



ENERGY NKRA

Ministry of Energy and Minerals

TRANSFORMING ENERGY

ENERGY IS A critical component of all sectors in a modern economy. The success or failure of a modernising economy such as Tanzania's very much hinges upon whether its industries and population can have energy that is both accessible and reliable.

The Energy NKRA's initiatives address this challenge on two fronts: first, in terms of making more power available; and second, by ensuring the energy reaches as many Tanzanians as possible.

For the second year running, the Energy NKRA surpassed its annual target of extending

electricity access across Tanzania. An additional 199,836 customers in rural and urban areas were connected in 2014/15, ~~accounting for an approximately 14% increase from the baseline of 175,000.~~ The transformative effect of extending access to these remote communities can be seen in new business opportunities as well as urban-to-rural migration for people wanting to take advantage of these new opportunities.

The Government's efforts to increase access to electricity are being supported by projects that will enhance energy supply and improve transmission systems. With a capacity of 150MW, the Kinyerezi 1 power

plant in Dar es Salaam will play a central role in enhancing energy supply.

Work on this project progressed to near completion in 2014/15, with testing and commissioning work due to take place in the first quarter of the new financial year.

Parallel to the Kinyerezi 1 power plant, the ongoing Backbone Transmission project will provide the country with a robust system for transmitting and delivering the additional power generated across the country. It is the first transmission infrastructure of its kind in the region and involves the construction of a 670km 400kV line from Iringa to



The completed gas receiving plant at Kinyerezi in Dar es Salaam. When fully operational, the gas pipeline will provide the Kinyerezi power plants with enough gas to generate 3,000 MW of electricity.



For the second year running, the Energy NKRA surpassed its target of extending access to electricity to Tanzanians.

Shinyanga. Construction work on this project progressed well in 2014/15.

When it is completed in 2015/16, it will provide the backbone for the interconnection to Zambia and Kenya, bringing Tanzania closer to its vision of becoming a regional power pool.

In order to provide the additional power generation capacity, the country must ensure the availability of a sufficient supply of gas to these planned new power stations. The construction of the gas pipeline from Mtwara and Lindi to Dar es Salaam was completed in 2014/15, enabling the gas deposits in Mnazi Bay and Songo Songo to be fed to the new power plants in Kinyerezi.

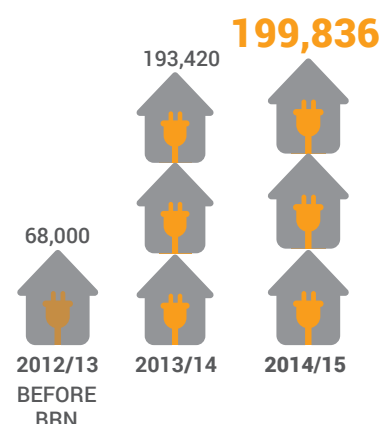
Minor works remaining on the processing plants at Madimba and Songo Songo are expected to be completed to enable gas to start flowing in the second quarter of 2015/16.

The availability of gas via this new pipeline will also increase output from the existing gas plants in Dar es Salaam, which are not currently operating to their full potential. The additional output from the existing plants alone could meet the electricity needs of as much as one third of the energy demand for Dar es Salaam.

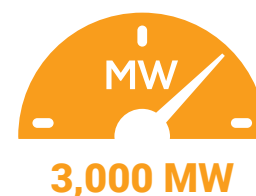
Alongside the commitment for more connectivity and power, the Energy NKRA is also looking to bring transformative change to the power sector. Working with various implementing agencies in 2014/15, the Ministry put in place governance structures that will ensure the proposed changes of the reform roadmap will be rolled out.

It is also encouraging to note the increased involvement of local financial institutions in the BRN programme. Tanzania Investment Bank (TIB) has expressed an interest in supporting energy projects that had previously been struggling to secure financing. ⚡

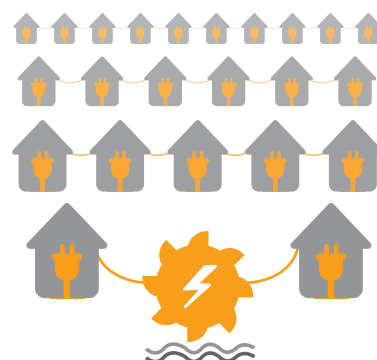
199,836 additional households were electrified in 2014/15



The Mtwara-Dar es Salaam gas pipeline will provide enough fuel to add **3,000 MW** of electricity to the grid



2,699 rural households have been connected to **Small Hydro Projects** since 2012/13



More access for all

BRN achievements are changing the lives of ordinary Tanzanians by increasing the availability and reliability of electricity.

TANZANIA INCREASED the availability of power in the second year of BRN by adding more capacity to the grid and improving the utilisation of existing capacity.

The Mtwara-Dar es Salaam Gas Pipeline Project is of national and strategic importance to Tanzania as it will allow TANESCO to operate its current and upcoming power plants at peak capacity, significantly reducing its reliance on Emergency Power Producers (EPPs). The infrastructure that existed at Songo Songo prior to the new Gas Pipeline Project was unable to supply TANESCO's power plants with enough gas, which meant that the power plant's utilisation rate was only 67% compared with the industry optimum rate

of 90%. As a result, TANESCO had to pay between USD 0.35 to USD 0.55 per kWh to EPPs to make up the shortfall, whereas the retail tariff was only USD 0.16 per kWh. The losses incurred from paying EPPs has been a major contributor to TANESCO's difficult financial position.

Reduction of reliance on EPPs will improve the company's ability to serve its customers. The pipeline will support a capacity of 784 million standard cubic feet of gas per day and allow TANESCO to add an additional 3,000 MW of electricity to the national grid, nearly triple its current capacity. The additional gas supply could potentially reduce the cost of power generation to around USD 0.10 per kWh and help restore TANESCO's cash flow and finances. The construction of the Gas Pipeline Project was completed in 2014/15, with gas processing facilities at Madimba in Mtwara and Songo Songo in Lindi nearing completion.

The Kinyerezi II project received a major boost following the Government's decision to disburse more than half of its financing shortly before the end of the financial year. This will enable contractors to quickly mobilise on site in the new financial year to begin work on the plant. When the Kinyerezi

I and II power plants come on stream, they will provide the country with an additional 390 MW of energy – enough to power most of southern Tanzania.

The Energy NKRA initiatives will also help address power availability and ensure that the electricity generated reaches as many Tanzanians as possible. Electricity generated at the new power plants around Dar es Salaam must be transmitted to the rest of the country in an efficient and effective manner. The Backbone Transmission project will address part of the infrastructure challenge and increase power availability among existing customers. However, connecting new customers to the system, particularly in rural areas, will involve building new distribution lines to remote parts of the country.

TANESCO and the Rural Energy Agency (REA) connected 199,836 customers to both on-grid and off-grid electricity in 2014/15, surpassing their combined target of 175,000. Most of the Ministry's efforts to electrify rural Tanzania are focused on connecting communities to existing infrastructure via grid extensions. However, innovative local solutions from renewable energy sources, particularly mini hydro plants, are becoming



More energy

The new Gas Pipeline Project will support a capacity of 784 million standard cubic feet per day and allow TANESCO to add another 3,000 MW of electricity to the national grid, nearly triple the amount of generation currently on the grid.



TANESCO and the Rural Energy Agency (REA) connected 199,836 customers to both on-grid and off-grid electricity in 2014/15, surpassing their combined target of 175,000.

an important part of the energy generation mix. REA has supported a number of mini hydro projects and provided much needed funding for building distribution networks to supply surrounding villages and communities.

These small power plants are typically located in remote areas and serve local communities while selling surplus power to the national grid. For example, the Andoya mini hydro plant in Mbinga serves five villages in the region with a population of close to 4,000 inhabitants. The mini hydro plant also sells part of its energy output to the national grid. The surplus energy is enough to meet half of

the demand of the nearby town of Mbinga and its surrounding areas.

Another small hydro plant at Mwenga in Mufindi uses a similar model, supplying 15 villages with a total of 1,332 connected households, 407 of which were connected in 2014/15 alone. Surplus power

from this plant is also fed into the national grid. Thus far, the Small Hydro Projects initiative has connected a total of 2,699 new customers in Mwenga (Iringa), Andoya (Ruvuma) and Mawengi (Njombe), of which 1,115 (40%) were connected in 2014/15. 📍

ITUNUNDU, IRINGA

Village electrification reverses rural-urban migration



Known for its dry seasons and small-scale subsistence rice farming, the village of Itunundu in Iringa did not feature in the future dreams of many of its rural youth. With Itunundu's lack of electricity and limited future prospects, many young men and women choose to leave the village in search of better livelihoods in nearby towns and cities.

Two months after the village was connected to the national power grid, that exodus of youths from the village was reversed. The village is now teeming with **hair salons, grocery shops, welding workshops, milling machines** and other increasingly urban businesses. With electricity, the community's generation of youths are being tempted back to the village by the promise of being able to seek greater income opportunities while staying close to home.

"I initially left Itunundu because I did not like village life," says Juliet Mrini (left), one of the many youths who have made their way back to the village. "I went to Mbeya and started working as a hair dresser, and I found work in a number of salons. However, after I heard that the village had electricity and new businesses, I decided to return and start my own business."

Another recent returnee, Vedasto Kigula (right), has big dreams for his future in the village and beyond. "I moved to Dar es Salaam to try and earn a living, but after an accident at work, I had to return to the village," says Vedasto. "At first, I was worried that coming back to the village would be the end of my dreams, but the electrification of the town has given me new hope. My friend and I now have regular customers at our welding business, and we have plans for future expansion to other nearby villages."

Making energy sustainable

The future of Tanzania's energy sector will depend on the efficient use of new resources, reduced energy losses and the involvement of the private sector.

IN 2014/15 THE Government achieved its target of reducing the proportion of electricity production coming from EPPs. However, losses during transmission and distribution, particularly when transmitting energy over long distances, continued to be a challenge. Other comparable economies around the world experience similar losses in their systems ranging from the likes of Indonesia (9%), Bangladesh (12%) and Cameroon (10%). Tanzania's energy losses standing at 17% are

uncomfortably high, indicating that there is much room for improvement.

Most energy losses are due to old infrastructure and energy theft. The country could significantly improve both the reliability of supply and the financial health of the energy sector as a whole by making sure that every unit of energy produced reaches customers. To this end, TANESCO has begun to upgrade various transmission and distribution infrastructure across the

country and has already seen some improvement.

In addition to enhancing the efficiency of the existing infrastructure, Tanzania also needs to add more capacity to its grid to meet projected future needs. Large scale projects like those in Kinyerezi are central to meeting the challenge of growing demand. In addition, distributed or small-scale generation, particularly mini-hydro plants in rural areas, are beginning to offer the industry an interesting model

MBINGA, RUVUMA

Private mini hydro plant brings light and sustainability to the people of Mbinga

TANESCO's diesel generators were once the only source of energy for the five villages in Mbinga District, Ruvuma. However, the fuel costs for running 42 milling stations as well as numerous private generators were becoming unbearable to the area's 4,000 residents. Recognising the economic opportunity, in 2000 the family of the late Menas Mbunda Andoya put their heads together to come up with a sustainable, long-term solution to their fellow villagers' power woes.

The innovative idea the Andoya family came up with was impressive: a TZS 4.5 billion mini hydro plant that took advantage of local waterfalls and which would pay for itself in a few years.

Despite the lack of a conducive power production policy and a favourable legal framework for private-public partnership at the time, the project went ahead. Villages played a strong role in the project's success, offering free leeway for transmission lines and raising no objections to land acquisition requirements. With this support coupled with grants and loans from local investors, the first 45 kW water mill was commissioned in 2003. Subsequent support from the Rural Energy Agency (REA) has expanded the project to its current capacity of **0.5 MW**. The project now provides enough power for not only Mbinga but also the surrounding areas.



Today, TANESCO has **cut power expenditure in the area by half** through a power-purchase agreement with the Andoya power plant. With continuing support from the Rural Energy Agency (REA), the Andoya plant plans to further increase its capacity to **1 MW** to bring even more sustainable energy to the rapidly urbanising villages in the area.

for providing energy to remote communities.

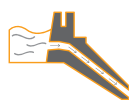
The progress of these mini hydro projects so far suggests that they are more reliable and financially sustainable compared with diesel generators.

Mini hydro plants could allow TANESCO to significantly reduce the company's expenditure on running and maintaining diesel generators in remote locations. On top of providing energy to communities within their immediate vicinity, the excess energy generated by these mini hydro plants can also be sold to TANESCO for distribution elsewhere. This helps the mini hydro operator to generate

additional income and recover their investments.

Funding challenges during the first year of the BRN programme resulted in a number of projects being put on hold. However, Tanzania Investment Bank (TIB) stepped

in to support the transmission line between Somanga and Kinyerezi after previous funding attempts through other means had failed. The bank has submitted proposals for financing this project and, if accepted, work should start in the new financial year.



Mini hydros

The progress of the mini hydro projects indicates that they can be a useful solution for TANESCO to help reduce the cost of running expensive diesel generators in remote locations.

TIB is also part of a consortium of financial institutions seeking to fund the independent power producer in Kilwa. This represents a very welcome development: a local financial institution is becoming a major player in the energy sector and is growing in its own right through its involvement in these projects.

The business environment remains challenging for any

MSOLWA, KILOSA

Electrification eases cost of running schools, drives students' dreams



Like many other privately-run schools, the challenges faced by St. Gaspar Bertoni Secondary School at Msolwa, Kilosa in the Morogoro region are fairly minor when compared to those faced by public schools. One of the critical challenges it did face was a lack of electricity.

Not being connected to the main power grid, the school relied entirely on a costly fuel-powered generator for electricity. With fuel bills reaching up to TZS 15 million a month, the use of electricity had to be moderated at the expense of students.

"It was very expensive to run the school, let alone invest in even more electrical equipment," recalls the school

principal, Father David Kalyosi. "To cut costs, we had to limit students' private night-time studies and teachers' preparations by switching off the generator at seven every evening. It was very frustrating for both staff and students."

However, with the Rural Energy Agency's electrification of the ward, St. Gaspar Bertoni is now able to enjoy affordable electricity around the clock, with the school's monthly electricity bill having been **reduced by over 70%** to TZS 4 million. This has allowed the school to invest funds into improving the rest of the school. Student ambitions are also at an all-time high, with many students seeing the electrification as a catalyst to achieving their dreams.

"With extra studying time at night, I can get better grades and stand a better chance of attaining my dream of becoming a doctor," says Brian Arthur Godfrey, a Form Four student.

Brian's classmate Comfort Mbisise agrees.

"I want to become an economist, and electricity gives me more time for studies as well as an internet connection for online access to various reading materials," says Comfort.

investor interested in becoming involved in Tanzania's energy sector. The biggest hurdle to attracting international banks and investors to energy projects is the perception that Government guarantees are required because of the additional risk.

These guarantees have wider macro-economic impacts because they constrain the Government's flexibility in borrowing for other activities and increase the exposure of taxpayers to the potential liabilities of those projects. The Kilwa project has a potential financing package with its financiers (including the TIB) that could remove the requirement for this Government guarantee. If successful, the deal would mark a significant step forward

for the industry and provide a unique model for other projects involving large-scale investments in Tanzania.

The Government published the energy sector reform roadmap as part of the Energy NKRA deliverables in the first year of the BRN programme. However, much work still needs to be done on reforming the Electricity Supply Industry (ESI) to bring about long-term sustainable change. While the Government made some progress in the implementation of the roadmap in 2014/15 with the establishment of governance structures, more effort is required in this area to create momentum. This will be central to the Energy NKRA's plans in the third year of the BRN programme. ⚡

A local financial institution is becoming a major player in the energy sector and is growing in its own right through its involvement in these projects.

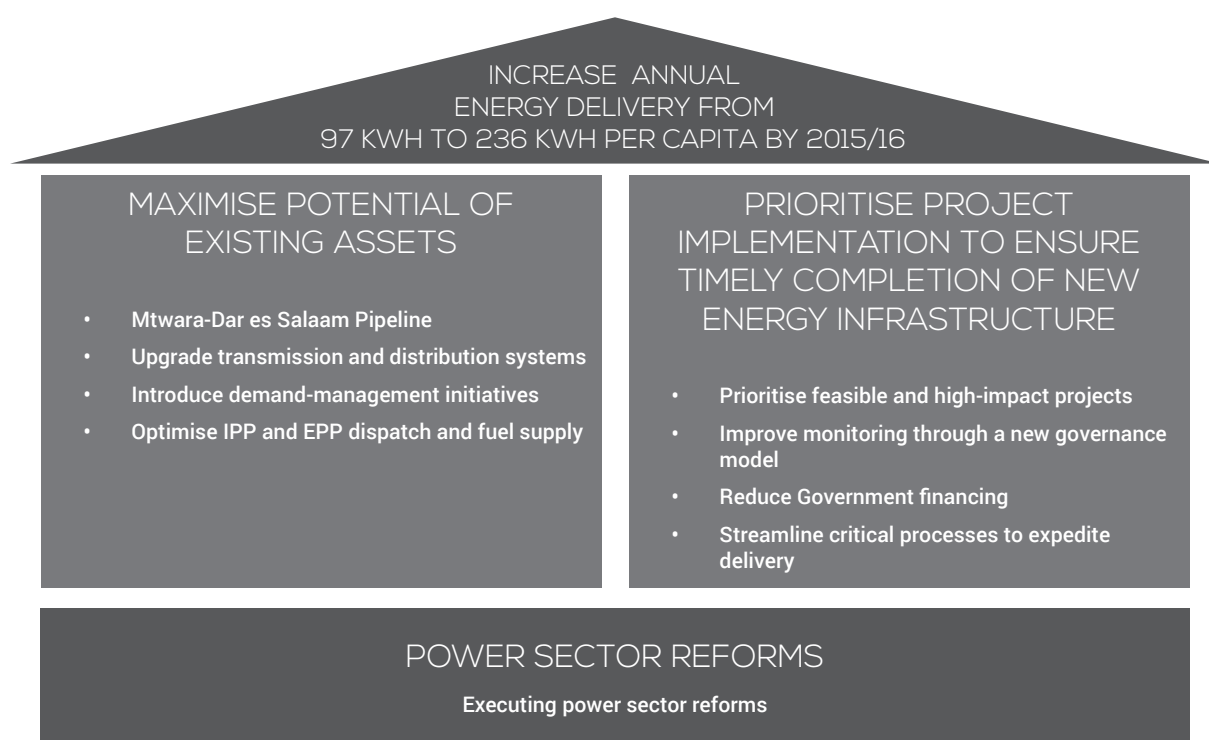


FIGURE Overview of the Energy NKRA.



SUMMARY OF RESULTS

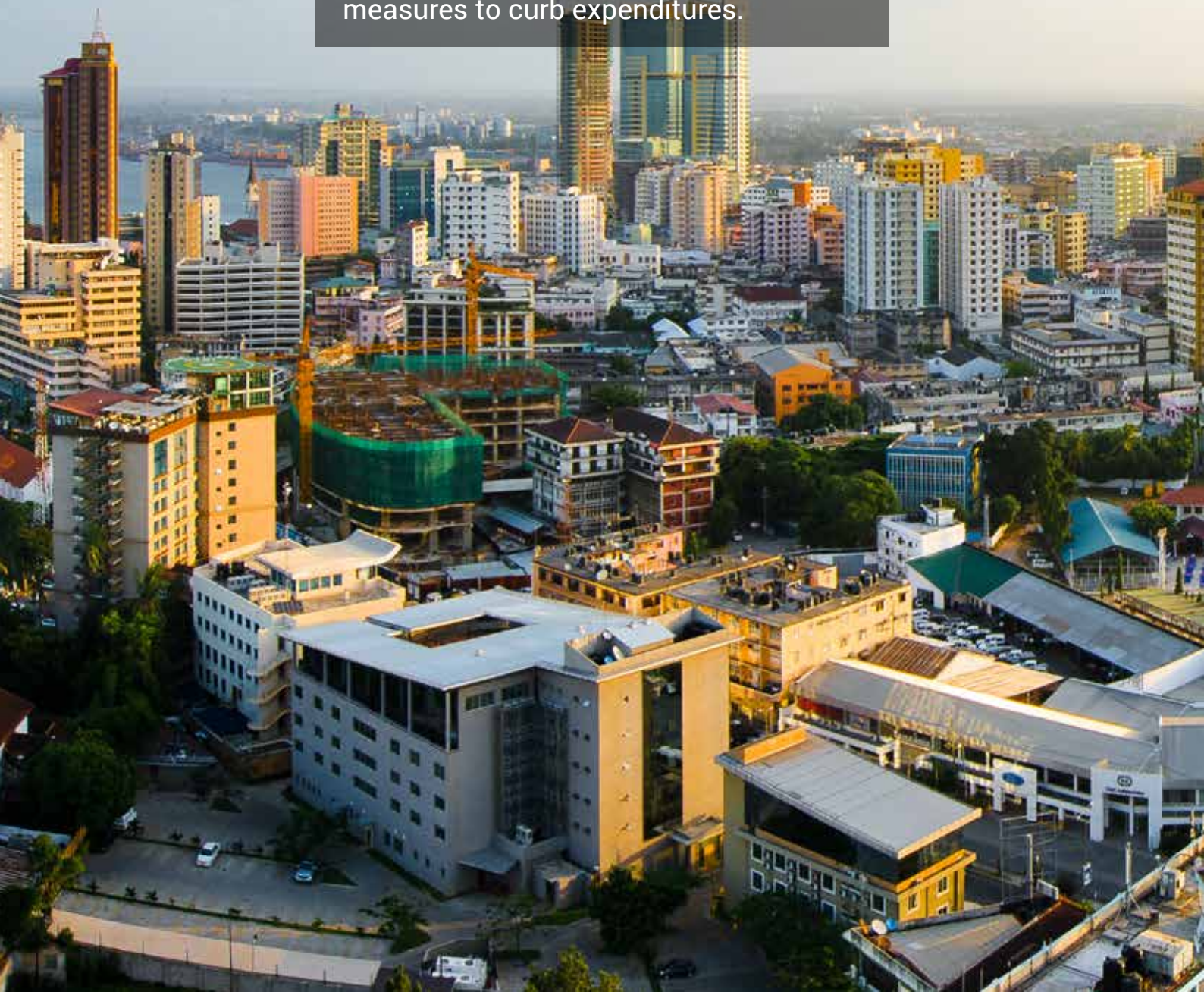


ENERGY NKRA SUMMARY SCORECARD

	Weightage	2013/14	2014/15
Qualitative Criteria	25%	10%	10%
Topline KPIs	50%	50%	33%
NKRA KPIs	25%	19%	8%
Total score		79%	51%

SUSTAINING DEVELOPMENT

Mobilising funds for Tanzania's development projects, and ensuring sustainability through measures to curb expenditures.





RESOURCE MOBILISATION NKRA

Ministry of Finance

FACILITATING TRANSFORMATION

THE RESOURCE Mobilisation NKRA aims to strengthen Tanzania's financial position and mobilise additional resources that can be strategically allocated towards prioritised development initiatives. This will be achieved through a series of reforms that will unlock new sources of funds, increase efficiency in revenue and expenditure management as well as reduce revenue leakages. The reforms will also create a more favourable environment for private sector led economic growth.

BRN projects identified during the Lab sessions in 2013 were estimated to cost more

than TZS 15 trillion, of which the Resource Mobilisation NKRA was to raise TZS 3.9 trillion through tax and non-tax revenues. TZS 6 trillion was to come from private funds, and the remaining amount would come from Government savings.

On tax revenues, TZS 735 billion was collected in 2014/15 compared to a target of TZS 1.47 trillion. This was 50.9% more than the TZS 487 billion collected in 2013/14. Tax collections, however, only account for 12% of Tanzania's GDP, making it one of the lowest in East Africa.

Non-tax revenues from initiatives spearheaded by the Resource Mobilisation

NKRA rose by 80% to TZS 56.1 billion in 2014/15. Most non-tax revenues in 2014/15 came from contributions by parastatals, which increased to TZS 29.4 billion (up from TZS 25.3 billion in 2013/14). Following introduction of the mass valuation methodology in the first year of implementation, revenues raised from Property Tax and Land Rent across Dar es Salaam LGAs increased from TZS 6.4 billion in 2013/14 to TZS 9.7 billion in 2014/15. Overall, total revenue raised by Temeke, Ilala and Kinondoni Municipalities from Property Tax and Land Rent has increased from TZS 5.5 billion prior to BRN, to 16.3 billion by the end of the second year of BRN implementation. Other non-tax revenues comprised of

Local Government Authorities are adopting a country-wide Mass Valuation methodology following the successful collection of property tax after BRN.





Non-tax revenues from initiatives spearheaded by the Resource Mobilisation NKRA rose by 80% to TZS 56.1 billion in 2014/15.

license auctions for forest lots (TZS 17 billion).

In 2014/15, a total of TZS 794 billion was disbursed to BRN projects, which was 45% of their approved budgets. About TZS 634 billion came from domestic funds, while the remaining TZS 160 billion came from foreign sources.

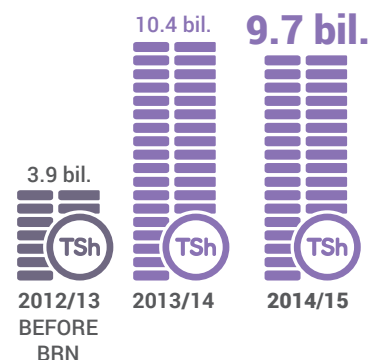
Although collections and disbursements fell short of targets for 2014/15, the Government managed to reduce the budget deficit to 3.8% of GDP from 10.6% before BRN, effectively managing its expenditure downwards to bring

it closer to its collections. This is largely due to the significant in-roads made in legislative areas and progressive tax policies. The Ministry of Finance also succeeded at reducing tax exemptions to 1.9% of GDP in 2014/15 compared to 2.3% in 2013/2014. This figure is expected to fall further with the VAT Act 2014 going into effect in July 2015.

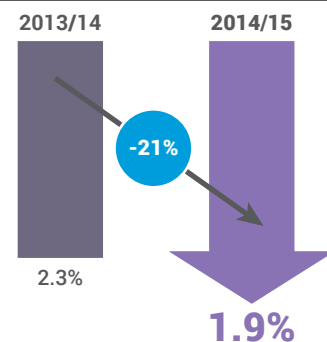
The liberalisation of the country's capital markets, which is important in encouraging private sector participation, has more than tripled share sales on the Dar es Salaam Stock Exchange (DSE). Share sales rose from TZS 114 billion in the nine months between September 2013 and May 2014 to TZS 378 billion in the period from September 2014 to May 2015.

The improvements that are being made through the Resource Mobilisation NKRA are unlocking new sources of Government revenue and will benefit the population in several important ways. These measures include lowering the minimum tax rate for the Pay As You Earn (PAYE) scheme from 12% to 11% in 2015/16 while lowering presumptive tax rates for the small business community by 25%.

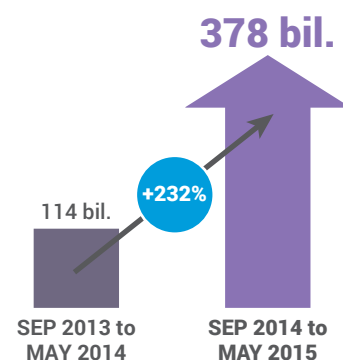
The new **Mass Valuation** methodology raised **TZS 9.7 bil.** in revenues for LGAs in 2014/15



Tax exemptions have been reduced by 21% to **1.9%** of GDP



The value of shares traded on the Dar es Salaam stock exchange tripled to **TZS 378 bil.**



DIVERSIFYING REVENUE SOURCES

The Government is diversifying its revenue base to reduce demands on taxpayers.

WHILE TAXES remain the Government's main source of revenue, the Resource Mobilisation NKRA identified new non-tax revenue streams that will eventually contribute towards a notable amount of the budget and enable the Government to fund more national development projects. These measures include non-tax fees, charges and levies that are imposed on carefully selected transactions that drive economic growth and support other government policies.

A total of TZS 56.1 billion in incremental revenue was raised from non-tax revenue sources in 2014/15, up from TZS 31.2 billion the year before. Much of this increase came after the Ministry of Natural Resources and Tourism began auctioning

hard wood forests, which raised TZS 17 billion. This fell short of the TZS 114 billion target as auctions of soft wood forests and hunting blocks did not take place. The Ministry of Finance is working closely with the Ministry of Natural Resources and Tourism to resolve roadblocks in implementation in order to improve revenues from this source.

Dar es Salaam LGAs raised TZS 9.73 billion in property tax in 2014/15 on the back of the mass valuation methodology introduced in 2013/14. To ensure these benefits are sustained, the amendment of the Urban Authorities (Rating) Act in June 2015 will enable city councils to value and collect property tax using the same methodology and is expected to increase the contribution

LGAs raised TZS 9.7 billion in the second year of implementing the Mass Valuation methodology.

of property taxes to non-tax revenues in the years ahead.

The Government's efforts to increase revenues from taxes have revolved around progressive, social development policies aimed at reforming Tanzania's economy as a whole.

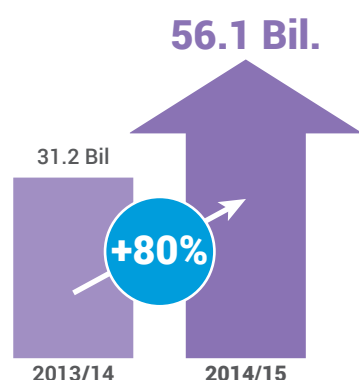


FIGURE Incremental non-tax revenues from BRN initiatives rose by 77% to TZS 56.12 billion in 2014/15. Non-tax revenues now account for about 7% of total revenues from BRN initiatives, up from 6.4% the year before.



PHOTO The Resource Mobilisation NKRA has opened up new non-tax revenue streams that will eventually contribute towards a notable amount of the Government's budget and enable the Government to fund more national development projects.

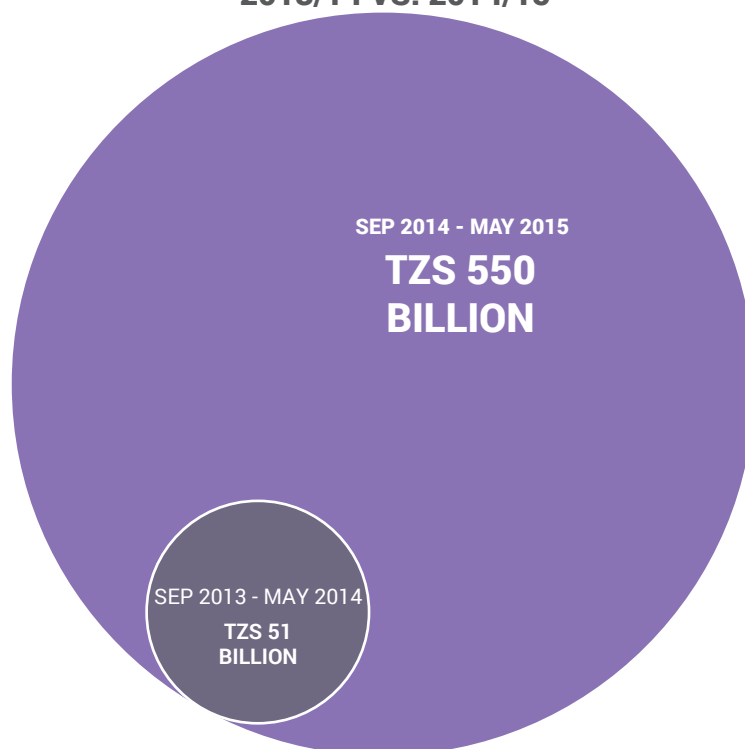


PHOTO The green tax on sales of older motor vehicles is a progressive policy aimed at reducing carbon emissions.

For example: the excise duty on tobacco products was raised by 25% to bring it in line with the World Health Organisation's Framework Convention of Tobacco Control, while a green tax of 30% has been set on sales of motor vehicles older than ten years to reduce carbon emissions (15% for vehicles between 8 and 10 years old). The Government has also imposed a 10% import duty on industrial sugar to protect the interests of the 150,000 Tanzanians working in the country's sugar industry.

Meanwhile, the Government's liberalisation of the country's capital markets began to see strong results in 2014/15, with foreign capital inflow growing from TZS 51 billion between

FOREIGN INVESTORS' PARTICIPATION IN THE FINANCIAL MARKETS, 2013/14 VS. 2014/15



The liberalisation of the capital markets is expected to have significant knock-on effects throughout the economy.

September 2013 and May 2014 to TZS 550 billion between September 2014 and May 2015, this being on top of the increase in sales of shares on the Dar es Salaam Stock Exchange (DSE) mentioned above.

The turnover increase on the DSE (which increased by almost seven times in 2014/15), made the DSE the top-performing bourse in Africa¹.

The liberalisation of the capital markets is expected to have significant knock-on effects throughout the economy in terms of investment and business expansion, with the higher turnover providing listed firms with the opportunity to fund expansion plans and invest in new talent and technology through seasoned equity offerings. 📈

¹ Tanzania: DSE Named Africa's Best Performing Bourse. <http://allafrica.com/stories/201412310548.html> (accessed 8 December 2015).

ENABLING SELF-SUSTAINING DEVELOPMENT

The private sector is becoming an increasingly important player in the BRN programme.

A S OUTLINED IN Tanzania Development Vision 2025 and the Five-Year Development Plan, national development projects must be implemented to ensure that Tanzania stays on track to meet its development goals. However, the capital requirements for BRN projects alone is estimated to amount to TZS15.7 trillion. The Government recognises that it will not be able to raise sufficient funds in an efficient and timely manner using existing revenue collections and fund sourcing methods.

In order to facilitate new and innovative ways to source for necessary development funds, the Government is focusing its efforts on streamlining its framework to enable private sector involvement. To this end, the Government amended the PPP Act in November 2014 to address



A new PPP centre to be housed under the PMO will speed up the processing of PPP proposals, a number of which are already close to being secured.

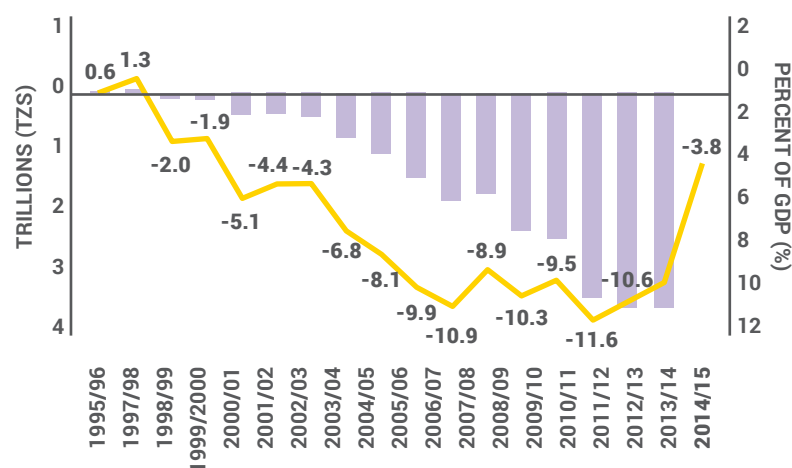


FIGURE Tanzania's budget deficit successfully reduced to 3.8% of GDP in 2014/15 from 10.6% before the BRN programme.

key obstacles hindering PPP, including the establishment of a PPP Facilitation Fund. Also in November 2014, the Ministry published the Information Memorandum: a comprehensive collection of BRN project proposals that are available for partnership with private sector amounting to USD 10 billion. The Memorandum was shared with potential investors at three Resource Mobilisation dialogues that targeted investors in China (October 2014) and local and international financial institutions (November 2014). Another Resource Mobilisation dialogue was held for development partners in March 2015 to invite interest in investing in key social projects in the water and education sectors.

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The Government amended the PPP Act in November 2014 to address key obstacles hindering PP, including the establishment of a PPP Facilitation Fund.

An aerial photograph of a city, likely in Sri Lanka, showing a mix of modern and traditional architecture. In the foreground, a large construction site is visible with a yellow crane and various building materials. A prominent church with a tall spire and red-tiled roof stands in the middle ground. The background features a dense urban skyline with several high-rise buildings and a view of the ocean under a clear sky.

In addition to supporting development of projects and capacity building, the new PPP Centre will provide a single point of contact and processing for Contracting Authorities and Private Investors.

being secured. These projects include the Dar es Salaam bus rapid transit system (DART) and the Kinyerezi III power plant. A budget of TZS 10 billion was parked under the PPP Facilitation Fund to facilitate PPP projects. The government is also offering tax exemptions to investors in special strategic projects that involve at least USD 300 million in investments and employ at least 1,500 Tanzanians among other criteria.

One of the most notable achievements of 2014/15 was how the various NKRA implementation teams have learned to work together to give key PPP projects a strong business case in order to make them more financially attractive to investors. The take up of commercially-viable national development projects by the private sector will free up Government resources to finance strategically important social development projects

that are least attractive to private investors.

A total of TZS 29.4 billion was collected from 11 parastatals in 2014/15 compared to TZS 25.3 billion from 10 parastatals in 2013/14. To enhance the contribution of parastatals to Tanzania's socio-economic development, an amendment to the Treasury Registrar (Powers and Functions) Act, Cap 370 through the Finance Act 2015 in June raised the contribution rate of parastatals to 15% of gross revenues in 2015/16 from the current 10%. The newly-empowered Treasury Registrar will provide public and statutory corporations with oversight and guidance in terms of professional development, accountability and long-term strategic planning. In addition, the operating expenditure of all parastatals has now been limited to 60% of revenues. Together, these efforts will make these institutions more efficient and boost their contributions to Government revenues.

The reforms that will be introduced by the Treasury Registrar underscore the Government's broader objective of improving how it manages its expenditures. The Ministry has successfully reduced the country's budget deficit to 3.8% of GDP in 2014/15 from 10.6% before the BRN programme. In doing so, the Ministry has also maintained the country's debt to GDP ratio at 24.80%, which is well below the East African Monetary Union's target of 50%.

In the effort to ensure funds are dedicated towards implementing BRN projects, several levies were introduced to specifically fund BRN priority projects. A total of TZS 43 billion in excise duty was raised through the Education Investment Levy. Furthermore, new levies were introduced this year, namely the Petroleum and Fuel Levy Reforms and the Railway Development Levy. The Petroleum and Fuel Levy Reforms are expected to generate TZS 276.2 billion, of which TZS 90 billion will go to the National Water Investment Fund while the rest will be used to finance Rural Energy projects. The newly-introduced 1.5% Railway Development Levy is also expected to generate TZS 125.8 billion. In addition, development partners have pledged TZS 2.3 trillion in grants and concessional loans in 2015/16.

A total of TZS 29.4 billion was collected from 11 parastatals in 2014/15 compared to TZS 25.3 billion from 10 parastatals in 2013/14.



Investing in education

A total of TZS 43 billion in excise duty was raised through the Education Investment Levy. This levy will go a long way towards funding BRN education initiatives.





Better budgets

The Budget Act 2014 was enacted in November 2014 to provide oversight and streamline powers and functions of players in the budget process. It provides for better management of budgeted funds.

However, the Ministry needs to conduct further cost-benefit analysis on implementing the exemptions on import duties for industrial sugar as this move was estimated to yield a potential revenue stream of TZS 462 billion. It will engage with the various industry stakeholders in the year ahead to determine the best course of action. 🌐



PHOTO The Kinyerezi Power Plant project is among the most cost-intensive high-priority projects of the BRN programme.

MOBILISE ADDITIONAL RESOURCES AND STRATEGISE THE ALLOCATION OF RESOURCES INTO BRN PRIORITY PROJECTS

INITIATIVE 1



Improve cash flow by unlocking resources from capital-intensive projects via private funding.

INITIATIVE 2



Manage Government expenditure better.

INITIATIVE 3



Address revenue leakages and explore new sources of revenue.

FIGURE Overview of the Resource Mobilisation NKRA.

DEVELOPING FUTURE FUNDING OPPORTUNITIES

The Government has built a solid foundation on which it will be able to nurture future revenue sources.

THE YEAR AHEAD WILL see the benefits of Tanzania's new taxation regime begin to bear fruit.

The new Value Added Tax (VAT) Act that was enacted in November 2014 will play a big role in streamlining Government revenues. It removes a number of previously vague exemptions and increases the VAT threshold from TZS 40 million to TZS 100 million, while also restricting any person, government entity or government employee from granting exemptions. To foster public scrutiny and transparency, the list of tax exemptions is published and maintained on the Ministry's website.

The 2015/16 Budget aims to increase tax collections

VAT Act of 2014: Aligned with best practices

Leading tax experts have concluded that the VAT Act of 2014 is **aligned with international best practices**.

According to PwC, the VAT Act "...will introduce fundamental changes to widen the scope of VAT, reduce exemptions, adopt best international VAT practice and simplify administration." Meanwhile, Ernst & Young finds that the Act "...widens the tax base to cover most economic activities in the market to improve revenue collection."

This is best illustrated by its adoption of the destination principle, whereby tax is imposed on goods and services consumed in Tanzania. Exported goods and goods in transit are zero rated, which will encourage the growth of the country's export earnings. In addition, imports in relation to international missions and essential services such as education, health, agriculture and residential houses are eligible for exemptions, provided that they are used for official purposes.

to TZS 12.4 trillion, with borrowings from internal and external sources to bridge any deficit encountered. As a means of improving collections, the 2015/16 Budget also mandates the use of electronic systems

for issuing Government receipts for traffic offences, court fees and National Park entry fees among others. It also bans suppliers who do not pay taxes from doing business with the Government. 📄

SUMMARY OF RESULTS



RESOURCE MOBILISATION NKRA SUMMARY SCORECARD

	Weightage	2013/14	2014/15
Qualitative Criteria	15%	10%	15%
Topline KPIs	60%	25%	23%
NKRA KPIs	25%	18%	15%
Total score		54%	53%

Amendments to the PPP Act will encourage the private sector to play a more active role in national development

The amendments made to the PPP law focused on streamlining the processes and framework of proposed PPP projects to better facilitate private sector participation in national development projects.

The amended law includes the replacement of the previously known Coordination Unit at the Tanzanian Investment Centre (TIC) and the PPP Financing Unit at the Ministry of Finance with a one stop shop called the **Public Private Partnership (PPP) Centre**. The PPP Centre will be under the auspices of the Prime Minister's Office. The amended Act also introduced the **PPP Facilitation Fund** to finance project preparation activities including project development and feasibility studies. It may also be used to fund capacity development efforts for the Ministries and Contracting Authorities around the various aspects of PPPs i.e. project development, procurement, implementation and monitoring. Finally, the PPP Facilitation Fund may also be used to provide resources to assist projects which may have a high economic benefit although the returns to the project may not be sufficient to attract private sector investment without some form of government support through viability gap funding.

The amended Act has also provided for the treatment of projects proposals which are being brought to Ministries and Contracting Authorities without solicitation through a request for proposal or expression of interest. These projects are known as "unsolicited projects". Sometimes the private sector may come up with innovative projects which could improve certain aspects of public service delivery. However, if the Ministries or Contracting Authorities have not come up with the idea or framework for how the project should be run, it is important that there be a methodology to assess the relevance and affordability of the project.

The amended Act provides for a methodology on how to treat these unsolicited proposals in order to ensure that they offer value for money and protect national interests in a transparent, competitive and cost effective procurement process. To ensure that the interests of the proposing party are safeguarded, the latest amended act also emphasises the **protection of intellectual property rights** of original project proponents for unsolicited proposals.

The new PPP Centre

The Prime Minister's Office is in the process of establishing the PPP Centre. There is currently an interim team that is facilitating the development of the Centre including the recruitment of the Executive Director and drafting of the PPP Regulations. The PPP Centre is expected to be operational as an entity by the end of the 2015/16 financial year.

The PPP Centre is mandated to provide PPP technical assistance as well as develop operating guidelines for the Ministries and other contracting authorities. This technical assistance could be in the form of support to project development, support to project procurement, implementation, contract negotiation or other aspects of

project management. The Centre will assess proposed PPP projects by contracting authorities and forward those it deems appropriate to the Ministry of Finance for an assessment of the fiscal risks. The Centre will also manage the allocation from the PPP Facilitation Fund.

Once approved by the respective ministry, the project will be submitted to the PPP technical committee for review and approval. Projects approved by the committee will be further scrutinised by the National Investment Steering Committee before funds are allocated from the PPP facilitation fund.

The PPP Technical Committee will be made up of a series of public officials including the permanent secretaries of the Ministries of Finance and Land, the Deputy Attorney General and the Commissioner General of the Tanzania Revenue Authority. The PPP Technical Committee will also include two persons from the private sector. These persons will be selected by the Minister for Investment upon the recommendation of the Tanzania Private Sector Foundation.



MOVING AHEAD

Fostering collaboration to unlock Tanzania
as the gateway into East and Central Africa.





TRANSPORT NKRA

Ministry of Transport

DRIVING CHANGE

TANZANIA'S geographic advantage is enviable; with a 1424 km coastline studded with the three major ports of Dar es Salaam, Tanga and Mtwara. Tanzania's ports are crucial in facilitating the import and export of goods internally as well as for neighbouring land-locked countries such as Burundi, Rwanda, the Democratic Republic of Congo (DRC), Uganda, Zambia and Malawi.

At a Presidential Round Table held in Dar es Salaam in March

2015, the Heads of State of Uganda, Burundi, Rwanda and the DRC all pledged their support to the Central Corridor Infrastructure Projects initiative. Considering that East Africa is one of the fastest growing regions in the world, this presents Tanzania with a significant potential to handle regional transit cargo through its ports.

The Transport NKRA initiatives aim to deliver increased capacity and efficiency of the port, rail and road transportation along the Central Corridor. Significant progress

was made in improving efficiency at all key transport hubs in 2014/15. Freight volumes at Dar es Salaam port increased by 3.8% to 14.8 million tonnes during the year while the average ship turnaround time was more than halved to 2.9 days. In addition, the permanent extension of operating hours for the Tanzania Inter-bank Settlement System (TISS), up to 8pm on week days and from 9am to 2pm on weekends and public holidays, enabled importers to pay import tax duty during off-peak periods, thus fast-tracking cargo clearance at the

An aerial view of Dar es Salaam Port. Average ship turnaround time at Dar es Salaam Port has been reduced to 2.92 days from 8.1 days in 2012, while Roll-On/Roll-Off (RORO) capacity has been increased to 864 vehicles per shift compared to 695 vehicles the year before.





Travel time along the Central Corridor, between Dar es Salaam Port and Rusumo, has been reduced to 70 hours from 84 hours. This was achieved by removing checkpoints at Misugusugu, Dumila and Isaka.

port. Between February 2015 and June 2015, nearly 30,000 transactions were executed with a total tax collection of TZS 1.6 trillion.

Key stakeholders are working closely to determine whether a further extension of TISS hours to 10pm would be commercially viable given that commercial

banks such as NMB and CRDB already process payments of import duties 24/7.

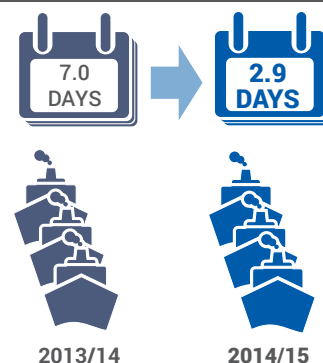
Rehabilitation works on the Kigoma Port on Lake Tanganyika were completed as planned in 2014/15, with overarching cargo throughput expected to rise from 12.1 million tons in 2012 to 18 million tons by the year 2016.

On road efficiencies, travel time along the Central Corridor, between Dar es Salaam Port and Rusumo, has been reduced to 70 hours from 84 hours. This was achieved by removing checkpoints at Misugusugu, Dumila and Isaka. In addition, a total of 248.5 km of roads were upgraded to bitumen standard in 2014/15 surpassing the target of 214 km.

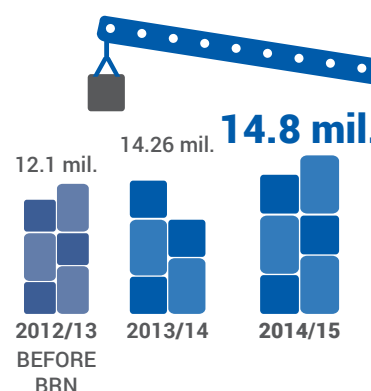
A feasibility study for a toll road to from Dar es Salaam to Chalinze is expected to be completed by the end of 2015.



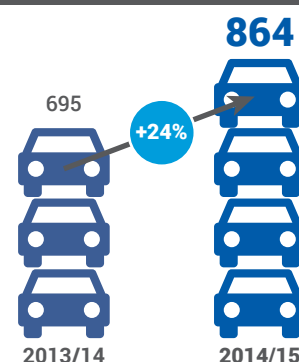
Average ship turnaround time at Dar es Salaam port has been reduced by **58%**



Throughput capacity at Dar es Salaam Port hit **14.8 million tonnes**



Roll On/Roll Off (RORO) capacity rose by **24%** to **864 vehicles** per 8-hr shift



SUCCESS THROUGH COLLABORATION

BRN facilitates cooperation amongst all stakeholders in order to establish Tanzania as a regional transportation hub.

TRANSFORMING

Tanzania into a regional transportation hub will mean capitalising on the country's promising seaports and existing rail and road networks. In 2014/15, the country made significant investments in acquiring new railway rolling stock which helped boost freight traffic by 37% to 0.213 million tonnes from 0.154 million tonnes in the previous year. The average availability of locomotives has improved from 32% to 53% between 2013/14 and 2014/15, while the average availability of wagons has improved from 44% to 72% over the same period.

The Transport NKRA promotes collaboration and leverage amongst government agencies and industry stakeholders. This means aligning the efforts of

the country's road, rail and port operators with those of the authorities while simultaneously recognising the needs of businesses that use Tanzania's transportation network. It also means working closely with government agencies in neighbouring countries to ensure that the Central Corridor reaches its full potential.

Despite the operational and infrastructural challenges that TRL (railway operators) and RAHCO face, TICTS is willing to collaborate and find ways to make the railway line between Dar Port and Ubungu Terminal more efficient to ensure the smooth movement of cargo.

The institutional setup between TRL and RAHCO will be executed under the Tanzania Intermodal and Railway Development Project. The



Busy trains

The country's investments in rolling stock helped boost freight traffic by 37% to 0.211 million tonnes in 2014/15 from 0.154 million tonnes in 2013/14.



parties are presently engaged in transferring rail assets from RAHCO to TRL including locomotives, coaches, wagons and departmental vehicles.

The Tanzania Port Authority (TPA) is working closely with key stakeholders to create a universal port community system that will streamline

TRL and RAHCO collaborate for savings

TRL and RAHCO aim to upgrade the railway by relaying sections of tracks with heavier rails, upgrading low-axle load bridges and improving signaling systems. The contract for bridge inspection has already been awarded, while track improvement works along the Kitaraka–Malongwe section are almost complete. **Three station buildings** along with sections of the rail track at Kigoma, Mwanza and Kaliua have also been successfully restored. Restoration works on a further **five stations as well as three workshops** in Dar es Salaam, Morogoro and Tabora will commence once funds have been secured. Rehabilitation works on the flood-prone Kilosa–Gulwe section are pending a feasibility study by technical experts.

The TRL-RAHCO collaboration will also require increasing the availability of rolling stock on the railway. However,

new rolling stock is prohibitively expensive, and other ways of increasing the railway's capacity had to be found by remanufacturing existing assets. Although remanufactured assets might have shorter lifespans than new assets, they are nonetheless more financially viable given the company's current finances.

TRL targets to remanufacture **16 locomotives**, eight of which have been restored to TRL's satisfaction and at 40% lower than the cost of buying new locomotives.

TRL has also procured **13 new high-power locomotives** as well as **274 freight wagons**. TRL is also procuring brake vans and ballast hopper wagons, both of which will come from India.

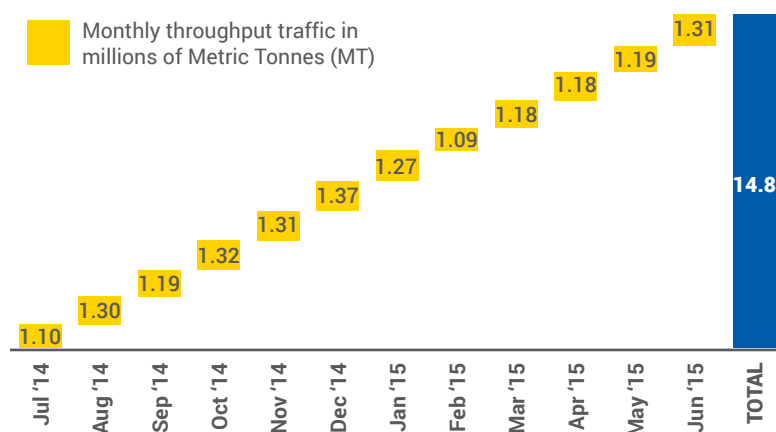


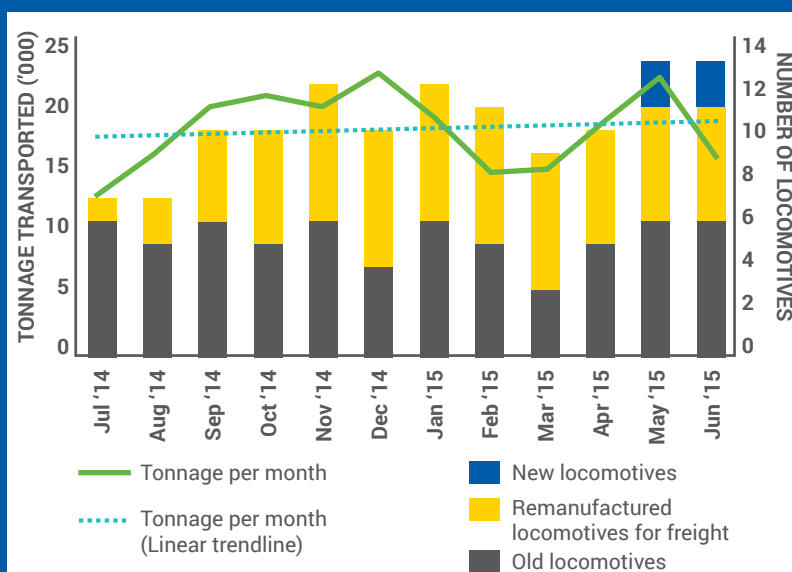
FIGURE Year-on-year throughput volumes at Dar es Salaam Port rose by 3.8% to a record high of 14.8 million tonnes in 2014/15.

port operations and automate documentation and payment processes. This will improve the efficiency of the port which is important towards meeting the set target of 18 million tonnes per year. The port community system will also be connected with the new cargo scanning systems that are being installed at the Dar es Salaam, Tanga and Mtwara ports. The new scanning machines are expected to significantly accelerate cargo clearance times.

The new Integrated Electronic Payment System (IePS) will be implemented from early 2015/16 to facilitate easier duty payments at the port.

Rehabilitation works at the Dar es Salaam Port are progressing well. The Dar es Salaam Maritime Gateway Project involves demolishing old general cargo warehouses to construct a new 12,000 m² container terminal as well as building dual-access roads and dredging the port's mouth

The Tanzania Port Authority (TPA) is working closely with key stakeholders to create a universal port community system that will streamline port operations and automate documentation and payment processes.



PORT OF DAR ES SALAAM

BRN
improvements
bolster port
confidence

Two years into Tanzania's bid to become the central transport gateway to East and Central Africa, private sector stakeholders can finally see the light.

"The port was hopelessly inefficient and congested this time last year," recalls Paul Wallace, CEO of Tanzania International Container Terminal Services Limited (TICTS) at the Dar es Salaam Port. "Now, the port operates 24/7, is no longer congested towards the seaside, and cargo dwell time is being gradually improved. These changes give me hope for the future."

TICTS is a private company that handles 70% of the loading and offloading at the Dar es Salaam Port. Wallace notes that vessel delays have been **reduced by 80%** to an average of one day compared to five days previously, and that the vessels docking at port with TICTS are also growing in size – the company can now serve **vessels up to 260 m long** thanks to an increase in overall quay crane productivity and high quay crane multiples.

"Average performance on Maersk tonnage is now above that delivered by Mombasa Port," says Wallace. "We plan to commit a further USD 30 million to purchase two new Post Panamax cranes for the TPA capital dredge program in 2016."

Going forward, Wallace is also eager for a cheaper railway transport option to move cargo to and from the port.

"We have partnered with Tanzania Rail Limited to move our cargo by rail, and we hope this partnership leads to greater improvements in the future."

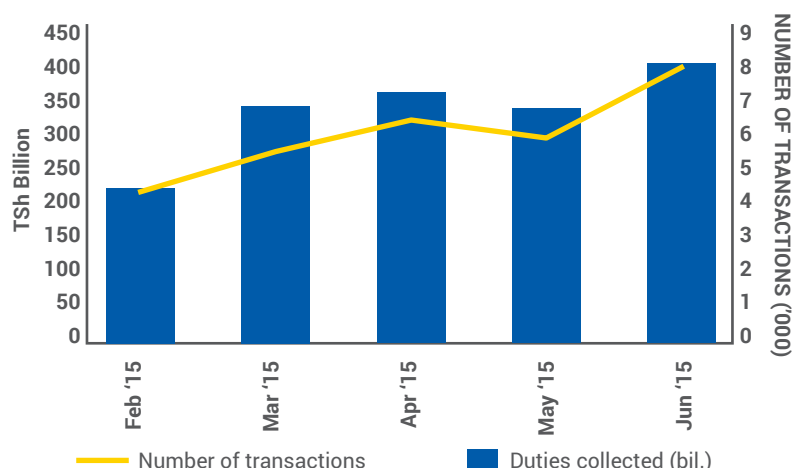


FIGURE TISS transaction Impact during extended hours.

to allow larger ships onto Tanzania's shores.

The Kibaha police roadblock was removed in 2014/15 with the installation of a new Weigh-In-Motion (WIM) weighbridge at Vigwaza. The new weighbridge can potentially reduce delays by as much as 90%, from 60

minutes to five minutes per vehicle. An additional four WIM weighbridges are set to replace other weighbridges and police checkpoints at Njuki, Mwendakulima, Nala, Mikese and Nyakanazi. 📍

PORT OF DAR ES SALAAM

Smoother routes from port to market

Said Muhammad Said Abeid, owner of Said Salim Bakhresa & Co., has a great deal of insight into the changing experience of doing business before and after BRN. The company, which produces consumer products for sale both in and outside of Tanzania, now faces fewer inconveniences and delays in transporting goods. The company is particularly pleased about the improvements in railway operations.

"I am glad that BRN is spurring investments into railway infrastructure and acknowledging the role of the private sector in its development," says Said. "Using the railway for transporting cargo is more efficient and will save our roads from wear and tear. One truck trip can carry 37 tonnes at most, while one railway trip can have 19 wagons loaded with up to 42 tonnes worth of goods each."

Said also welcomes the improved services at the Dar es Salaam Port. With the improvements introduced by the BRN programme, the company can now clear cargo more easily. He believes that port officers will be able to do more by shifting to 24-hour operations.

BRN's initiative to reduce roadblocks has also made business more convenient for Said Salim Bakhresa & Co. He hopes for further improvements and investments in undercover surveillance security covering the entire route from the port to the trucks' final destinations.

"Business can only get better with the BRN Transport Initiatives," says Said. "We hope it gets the support it deserves."

The country made significant investments in acquiring new rolling stock in 2014/15 which helped boost freight traffic by 37% to 0.213 million tonnes from 0.154 million tonnes in 2013/14.



UNLOCKING THE FUTURE

Further improvements at every level of the transportation sector will deliver big results for Tanzanians.

IMPROVING TANZANIA'S transportation infrastructure not only boosts the efficiency of logistics service providers but also unlocks business opportunities and creates jobs. The implementation of the Single Customs Territory (SCT) in the East African Community (EAC) is expected to attract investments into the enlarged regional market and eventually benefit freight forwarders and encourage them to expand their operations. To ensure this succeeds, Tanzania's transportation sector intends

to upgrade the skills of its employees. TPA organised several training programmes for employees in 2014/15, including sending the country's first batch of marine pilots and engineers to Egypt to complete their practical training, with a second batch of trainees set to leave in the current financial year. Thirty TPA Principal and Senior Officers also attended a PPP workshop and collaborated with institutions such as the National Institute of Transport and Dar es Salaam Maritime Institute to offer training to staff. TPA is

in the process of publishing its Customer Service Charter and information booklet for port community stakeholders. The new TPA One-Stop building that is currently under construction and will accommodate TICTS' administrative staff. The old TICTS building will be demolished to make way for additional container yard space. Improvement works on berths 1-7 at Dar es Salaam Port have already commenced. Additionally, the preliminary works for the construction of the new RO/RO terminal



FIGURE Overview of the Transport NKRA.

Preliminary works for the construction of the new RO/RO terminal at Gerezani Creek started in 2014/15.

at Gerezani Creek started in 2014/15.

The Transport NKRA's biggest challenge is the insufficient funding of the rail sector. Efforts are ongoing to secure funding for several projects which include railway infrastructure and rolling stocks.

Finally, Government is drafting the Road Safety Bill. 🇹🇿

DODOMA

Full train operations healthy for small businesses



To judge from the bustling crowds outside Dodoma's railway station, it is hard to imagine that it was all but obsolete just a few years ago. Back then, the station only one scheduled train per week, and even that was unpredictable – the lone weekly train often ran off schedule or simply did not show up at all. The residents in the area had almost given up using the service altogether, and businesses that relied on passenger traffic were threatened with closure.

"There were so few people coming by the station, business was at a standstill," recalls Anthony Kirahagaze, a former railway worker who retired to run a restaurant at the station. "I almost closed down my restaurant."

Since then, the BRN programme has helped revamp Tanzania Railway Limited's business, arranging for the acquisition of more trains and more frequent railway trips. Tanzania's central railway line now boasts 18 shunting locomotives, a new deluxe passenger train and new cargo carriers. It now makes **six trips through the Dodoma station every week**, ferrying roughly **1,500 passengers per trip** – a huge boon for the 200 small businesses that operate out of the station.

SUMMARY OF RESULTS



TRANSPORT NKRA SUMMARY SCORECARD

	Weightage	2013/14	2014/15
Qualitative Criteria	25%	15%	17%
Topline KPIs	50%	30%	33%
NKRA KPIs	25%	19%	14%
Total score		64%	64%



TURNING ON MORE TAPS

Delivering safe water to rural Tanzania is changing the lives of millions of wananchi.



WATER NKRA

Ministry of Water

THE CHANGING WATER SECTOR

IN 2014/15, ACCESS to water in rural Tanzania increased by another 4.7 million to cover 22.3 million people (70.6% of the rural population), a tremendous improvement from the 40% coverage that was recorded at the start of the BRN programme.

Much of this success is attributed to the problem-solving sessions that the

Ministry conducted with Local Government Authorities (LGAs) to resolve challenges in project implementation. This collaborative effort yielded particularly notable results for projects in Nkasi, Kiteto and Mtwara.

The success of the BRN programme has spurred the Ministry to expand the adoption of the BRN methodology other water sectors, beginning with the Urban Water Sector.

The Ministry's top priority in the year ahead will be to ensure sustainability of rural water supply and services as well as quality data. The improved Water Point Mapping System will play a key role in this exercise as it will provide real time, accurate data on rural water services across the nation and visibility into regions where support in terms of capacity building, financial aid and technical expertise are needed most. 🌐



Primary pupils at Kigugu village in Mvomero District, Morogoro, collecting water from the newly-installed water point in the village.



WORKING TOGETHER TO DELIVER MORE WATER

Millions of Tanzanians are gaining reliable access to water thanks to disciplined service delivery.

THE FOCUSED discipline of delivery has given over seven million rural Tanzanians access to water over the last two years by shortening procurement processes from 210 days to 97 days and concentrating development efforts on projects that were near completion which could deliver fast results.

By the end of 2014/15, the Ministry completed 17,577 new water points through the 10-Village Programme and an additional 9,482 new water points by extending existing infrastructure to connect villages to under-utilised dams and tee-offs from Lake Victoria pipelines. It also restored 2,891 broken water points, including

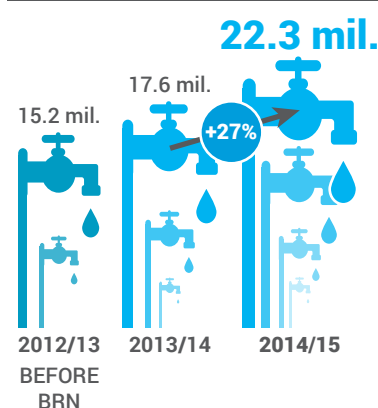
hand pumps, diesel-powered pumps and gravity-fed supply systems. These project-based initiatives have raised the total water coverage to 22.3 million people, or 70.6% of the rural population.

Communities are also beginning to play a more active role in taking ownership of water infrastructure and managing the facilities. Community Owned Water Supply Organizations (COWSO) were established to manage community water supply and address issues faced by the rural water sector such as unavailability of spare parts, poor management of water services and technical support for maintenance of water points at the community level.

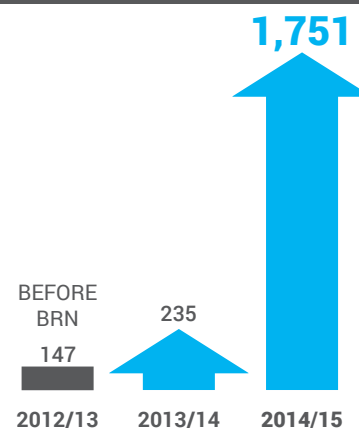
Realising the critical role of COWSOs in sustainability of rural water services, the ministry has reduced COWSO registration process from 252 days to only 42 days. A total of 1,751 villages were served by registered COWSOs by end of 2014/15. 🌐

These initiatives raised the total water coverage to 22.3 million people.

Access to water in rural Tanzania increased by **27%** in 2014/15 to **22.3 million people**



There are now **1,751** registered COWSOs throughout the country



A total of **1,977** broken water points were restored in 2014/15



INFORMED DELIVERY OF WATER SERVICES

Better data collection and analysis will help control costs and improve delivery.

THE MINISTRY'S TOP priority in the year ahead will be to address the inadequacy of useful data in the system. The new Water Point Mapping System (WPMS) will help address many of the issues being faced. The WPMS is an on-line database of Tanzania's water projects, water points, functionality, coverage and geographical locations. The information is updated in real-time and is available to the public. The information will help the Ministry and other stakeholders make better decisions when planning water projects and identifying trouble spots.

In 2014/15, the WPMS was successfully rolled out

across all regions, while GPS monitoring devices were distributed to 167 LGAs. The WPMS will eventually become the sole reporting platform for LGAs. Data from all over the country is currently being uploaded to the WPMS, which may be viewed online at <http://wpm.maji.go.tz/>. Tanzania is the second country in Africa to have such a WPMS in place.

In the year ahead, the Ministry will institutionalise a robust reporting methodology and process for collecting key data from villages such as tariff collection and cost of operating COWSO. The Ministry has established a Central Data Management Team (CDMT) to act as the custodian of all

The WPMS will eventually become the sole reporting platform for LGAs.

data collection and reporting activities, including the WPMS. This will improve the quality of data pertaining rural water supply and will help address data inconsistencies that will lead to long term sustainability.

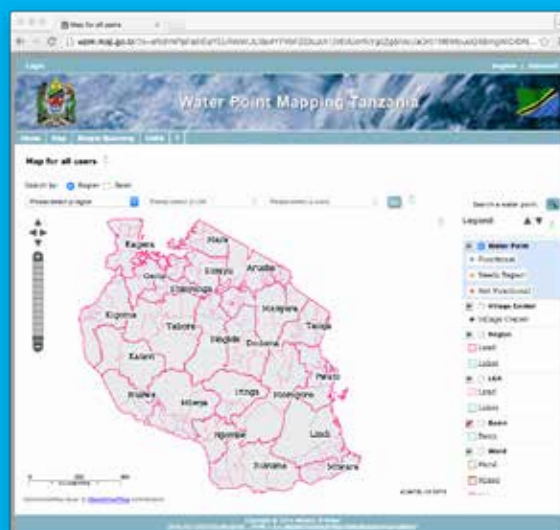


Mapping the way to greater water services

The Water Point Mapping System (WPMS) seeks to solve the problem of inequitable water distribution throughout Tanzania. It is a planning and management tool that allows users to pinpoint areas with water problems by visually mapping basic information about existing water facilities and sources, population distribution and other related information. This helps service providers locate critical water situations quickly, allowing them to roll out action plans in a timely manner. Teams can also use the WPMS to determine the effectiveness of a plan by monitoring progress on the map.

During the implementation, staff from the Ministry of Water and WDM were sent nationwide to capture information about existing water facilities. This included the type and condition of each facility along with their exact geographic locations. Pictures were taken at every spot, and at the end of the collection phase all the information was compiled and presented in an interactive digital map.

The basic map is available online and is open to the public, providing a measure of transparency and accountability. More advanced maps are available to registered users who require further information, such as those in water planning and management roles. In the



next phase of the roll-out, the BRN team will enhance and scale up the WPMS to incorporate water quality data and ongoing KPIs, including requirements for a potential Open Government Partnership in the future.

The COWSO model is expected to significantly reduce the number of broken water points in rural Tanzania.





PHOTO A visiting team from PDB and the Ministry of Water together with engineers inspecting a water tank at Shongo in Mbeya.



Better planning

Information in the Water Planning Management System (WPMS) is updated in real-time and will help the Ministry and other stakeholders make better decisions in planning water projects.

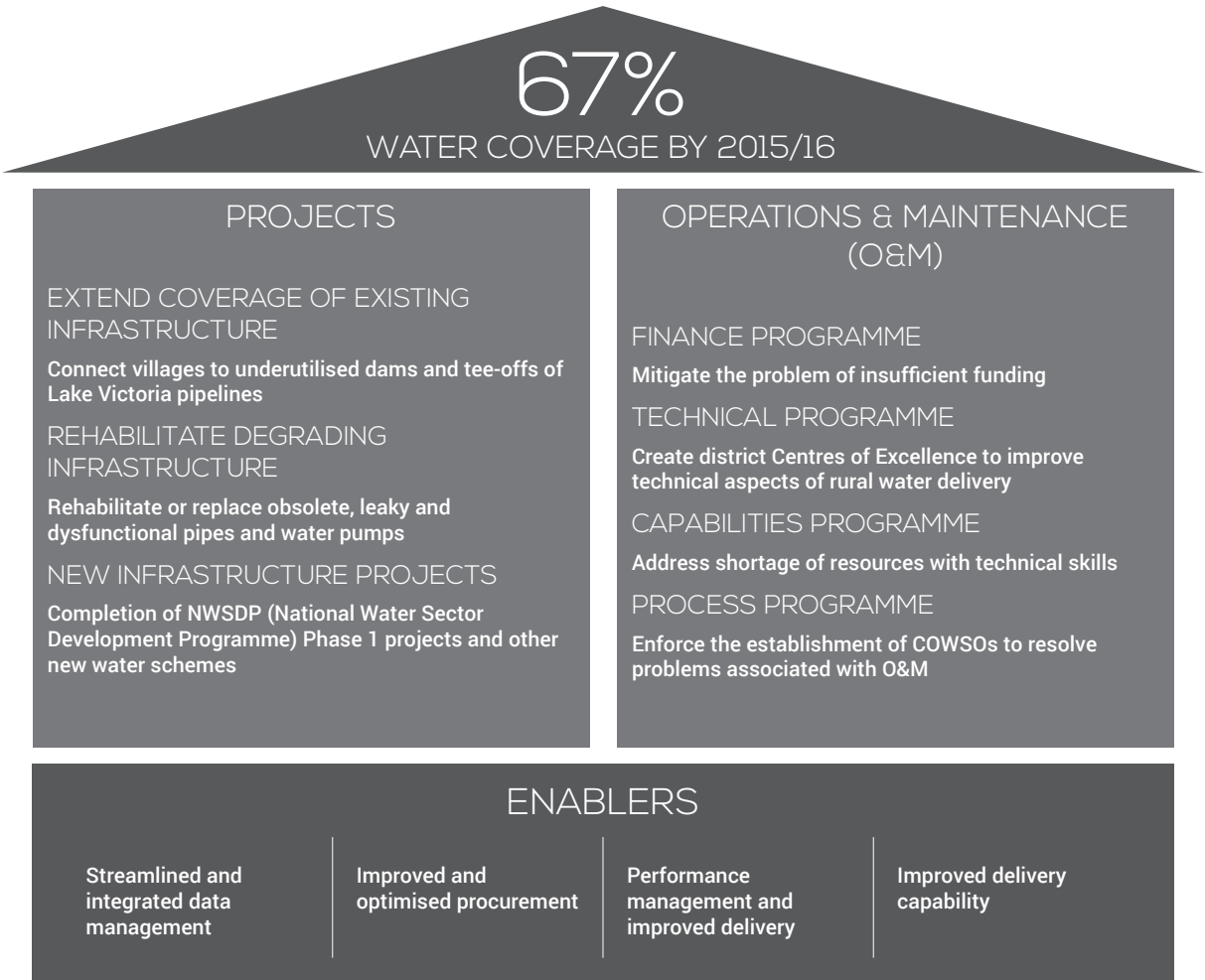


FIGURE Overview of the Water NKRA.



SUMMARY OF RESULTS



WATER NKRA SUMMARY SCORECARD

	Weightage	2013/14	2014/15
Qualitative Criteria	25%	20%	25%
Topline KPIs	50%	38%	41%
NKRA KPIs	25%	22%	19%
Total score		80%	86%

THIRD PARTY VALIDATION REPORTS

In line with the BRN methodology, a third party review of both qualitative and quantitative implementation results is required each year. The review verifies that the delivery system is making institutional change and ensures the accuracy of reported results for continuous performance improvement in delivering the set objectives.

On the quantitative aspect, PricewaterhouseCoopers was engaged to conduct a series of Agreed-Upon Procedures (AuP) and specific tests to review reported results for the KPIs.

On the qualitative aspect, the Independent Review Panel was convened by the President. The Panel, comprising individuals with distinguished backgrounds and expertise, was given the responsibility of providing an objective and external perspective on BRN's methodology, strategic direction and implementation progress for the year in report.

Summary of results on Key Performance Indicators (KPIs) and qualitative impact assessment of the Big Results Now! (BRN) programme for the year ended 30 June 2015



BY PRICEWATERHOUSECOOPERS

The Government of Tanzania, in order to achieve its Vision 2025 of becoming a middle-income country, has set its targets through a series of Five Year Development Goals, which it had committed to implement by adopting a proven 'programme management' model similar to that of the Malaysia's 'Big Fast Results'. Tanzania's emulation of the 'Big Fast Results' approach is termed as the 'Big Results Now (BRN)', which emphasizes on: (i) evidence-based prioritisation; (ii) continuous monitoring; and (iii)

accountability for performance results.

A core tenet of the President's Delivery Bureau (PDB) under the BRN Initiative responsibility is and continues to be transparency and accountability and this is reflected by the release of its Annual Report.

With one of the 8 key steps under the BRN process being the 'independent performance review and validation of results through audit', comprising of 'quantitative and qualitative assessment and validation

of results', PDB retained PwC to carry out the independent studies.

(a) Verification of achievements/results for the National Key Resource Areas (NKRA's) for the financial year ended 30 June 2015

PDB endeavoured to ensure the collection and tabulation system is transparent and stringent. Extensive rigor has been put into confirming the collection of data, tabulations of statistics and

that results are accurate. To this end, PDB engaged PricewaterhouseCoopers Tanzania (PwC), an independent professional services firm, to conduct a series of Agreed-Upon Procedures (AuP) to review the reported results for the Key Performance Indicators (KPIs) announced. These procedures were applied to a sample taken from the KPIs of each NKRA for the financial year ended 30 June 2015. The respective calculations were also checked against guidelines and formulae originally developed in the NKRA labs, and prescribed by PDB.

Over the course of this exercise, PwC's findings highlighted exceptions on the sample selected, which were subsequently addressed and reflected in this Annual Report. PwC confirms that the results reported in the Annual Report for the tested KPIs have been validated according to the Agreed-Upon Procedures.

(b) Qualitative impact assessment of the BRN programme for the year ended 30 June 2015

The report details the findings of the qualitative study encompassing the 4 key perspectives: (a) prioritization; (b) execution: systems, processes, resource

utilization and people; (c) institutional changes: structural and behavioural, and resultant transparency and accountability; and (d) results and impacts: both tangible and intangible.

Based on the wide range of findings, the study has evidenced a spectrum of positive influence of BRN on the current functioning of the Ministries, including: (1) enhanced productivity through multi-tasking and collaborative working; (2) improved efficiency through optimal utilization of human and financial resources; (3) effective problem solving through adoption of multi-stakeholder engaged multidisciplinary approach; (4) enhanced transparency and accountability through consistent communication and community participation; (5) continuous monitoring and effective guidance to successful implementation through systematic data capture, reporting and performance review; and (6) selective innovation in fund mobilization. However, the study observed that the momentum secured from the last quarter of the first year of BRN implementation has reduced, which probably is reasoned as due to the election-year compulsions and lingering uncertainty about the priorities of the new Administration.

The implementation of BRN also saw some challenges which include: (i) continued absence of a well-established comprehensive management information system capturing and reporting national-level multi-sector (or multi-NKRA-level) performance data; (ii) continued hesitation or lack of success in enabling public-private partnerships, as an alternate mode of financing and investments management; (iii) limited endeavour to capacitate existing systems, as compared to establishing of alternate structural interventions; and (iv) unavailability and delayed disbursements of funds.

As highlighted above, the positive influences out-weigh the constraints, which still have scope for improvement and potential to establish 'impactful' and 'sustainable' positive changes across the governance system.

Yours sincerely,



NELSON E. MSUYA
DIRECTOR

Independent Review Panel

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Independent Review Panel Views

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H.E. Festus Mogae
Former President of the Republic
of Botswana



Linah Mohohlo
Governor, Bank of Botswana



Lord Peter Mandelson
Chairman, Global Counsel



Nkosana Moyo
Founder, Mandela Institute for
Development Studies



James Adams
Former Vice President, World
Bank



Nkosana Moyo
Executive Director, ONE Africa
Bank



Knut Kjaer
Chairman, Trident Asset
Management

FIGURE Members of the Independent Review Panel

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0.34	12.20	
5.16	12.20	
93	12.20	
4.14	4.96	12.20
8.83	10.90	
0.84	10.70	
9.84	10.70	

APPENDIX



NKRA SCORECARDS

NKRA AGRICULTURE

KPI	Baseline	Actual Achievement	Target	% Achievement	Weight
1. Qualitative Assessment Score					25%
A1 President's qualitative assessment	N/A	20	25	80%	
Weighted average				20%	
2. Topline KPIs					50%
T1 Total yield for paddy in BRN schemes (MT/ha)	4	5	6	83%	
T2 Total production for paddy for commercial farm outgrowers and irrigation schemes under BRN big ideas ('000 MT)	146	319	245	100%	
T5 Total exports for rice in Tanzania (USD Mil)	29.4	2.61	44.2	0%	
T6 Total exports for maize in Tanzania (USD Mil)	64.0	78.96	76.8	100%	
T7 Total area of commercial farm land (cumulative) ('000 hectares)	83.6	89.11	315	2%	
T8 Average farm gate price for paddy for commercial farm outgrowers and irrigation schemes under the BRN big ideas (Tsh/kg)	456	521	672	30%	
T9 Average farm gate price for maize for collective warehouse based marketing schemes under the BRN big ideas (Tsh/kg)	280	500	364	100%	
T10 Total quantity of paddy sold for commercial farm outgrowers and irrigation schemes under the BRN big ideas ('000 MT)	117	185	175	100%	
T11 Total quantity of maize sold for collective warehouse based marketing schemes under the BRN big ideas (MT)	10,000	17,183.66	23,600	53%	
T12a Number of smallholders registered in Irrigator Organisations in rice irrigation schemes ('000)	10	20.22	58.4	21%	
T12b Number of Irrigators Organisations linked to markets.	8	11.80	39.0	13%	
T13 Number of smallholders participating in warehouse based marketing schemes ('000)	7.2	26.66	75	29%	
T14 Number of smallholders as outgrowers ('000)	0	0	48	0%	
Average score				49%	
Weighted average				24%	
3. Initiative KPIs					25%
Initiative 1: Commercial Farming Deals				41%	
Initiative 2: Smallholder rice irrigation and warehousing schemes				26%	
Initiative 3: Collective warehouse based marketing schemes				46%	
Average score				38%	
Weighted average				9%	
Final Score (100%)				54%	

NKRA EDUCATION

KPI	Baseline	Actual Achievement	Target	% Achievement	Weight
1. Qualitative Assessment Score					25%
A1 President's qualitative assessment	N/A	20	25	80%	
Weighted average				20%	
2. Topline KPIs					50%
T1 % Pass Rates in the National PSLE exam	51%	57%	70%	81%	
T2 % Pass Rates in the National CSEE exam	58%	69.76%	70%	100%	
Average score				91%	
Weighted average				45%	
3. Initiative KPIs					25%
Initiative 1: STEP Primary				91%	
Initiative 2: STEP Secondary				100%	
Initiative 3: 3R assessment				N/A	
Initiative 4: 3R teacher training				100%	
Initiative 5: Official school ranking				100%	
Initiative 6: School incentives scheme				100%	
Initiative 7: School improvement toolkit				74%	
Initiative 8: Basic facility construction				11%	
Initiative 9: Capitation grants				27%	
Initiative 10: Teacher motivation				N/A	
Average score				75%	
Weighted average				19%	
Final Score (100%)				84%	

NKRA SCORECARDS

NKRA ENERGY

KPI	Baseline	Actual Achievement	Target	% Achievement	Weight
1. Qualitative Assessment Score					25%
A1 President's qualitative assessment	N/A	10	25	40%	
Weighted average				10%	
2. Topline KPIs					50%
T1 Increase annual energy delivery to Tanzania (consumption) (Annual energy produced - losses) / population of Tanzania (as per NBS)	97	109.8	165	67%	
Average score				67%	
Weighted average				33%	
3. Initiative KPIs					25%
Initiative 1: Energy Delivery				95%	
Initiative 2: Project Delivery (Generation)				31%	
Initiative 3: Project Delivery (Transmission)				1%	
Initiative 4: Sector structure				0%	
Average score				32%	
Weighted average				8%	
Final Score (100%)				51%	

NKRA RESOURCE MOBILISATION

KPI	Baseline	Actual Achievement	Target	% Achievement	Weight
1. Qualitative Assessment Score					25%
A1 President's qualitative assessment	N/A	15	25	60%	
Weighted average				15%	
2. Topline KPIs					50%
T1 Tanzania's public debt-to-GDP ratio (in present value terms) to remain below the East African Monetary Union's target of 50%	0	24.80%	50%	100%	
T2 Cumulative incremental revenues from BRN NKRA tax initiatives of TZS 3.48 trillion by 2015/16 (TZS trillions)	0	0.735	1.472	50%	
T3 Cumulative incremental revenues from non tax initiatives of TZS 0.410 trillion by 2015/16 (TZS trillions)	0	0.056	0.204	27%	
T4 Implement/Initiate TZS 6 trillion worth of non-GoTz funded projects by 2015/16 (TZS trillions)	0	0.1984	2.00	10%	
T5 Disburse 100% of all approved/ revised budget to BRN projects (TZS trillions)	0	0.794	1.78	45%	
Average score				46%	
Weighted average				23%	
3. Initiative KPIs					25%
Initiative 1: Tax Revenue				68%	
Initiative 2: Non-Tax Revenue				75%	
Initiative 3: Project funding				40%	
Average score				61%	
Weighted average				15%	
Final Score (100%)				53%	

NKRA SCORECARDS

NKRA TRANSPORT

KPI	Baseline	Actual Achievement	Target	% Achievement	Weight
1. Qualitative Assessment Score					25%
A1 President's qualitative assessment	N/A	17	25	68%	
Weighted average				17%	
2. Topline KPIs					50%
T1 Throughput capacity at Dar es Salaam Port	12	14.8	15	99%	
T2 Freight capacity transported by TRL	0.20	0.213	2.00	11%	
T3 Average travel time of trucks from Dar es Salaam port to Mwanza, Rusumo and Kabanga	84	70	68	86%	
Average score				66%	
Weighted average				33%	
3. Initiative KPIs					25%
Initiative 1: Port				68%	
Initiative 2: Railway				55%	
Initiative 3: Road				49%	
Average score				57%	
Weighted average				14%	
Final Score (100%)				64%	

NKRA WATER

KPI	Baseline	Actual Achievement	Target	% Achievement	Weight
1. Qualitative Assessment Score					25%
A1 President's qualitative assessment	N/A	25	25	100%	
Weighted average				25%	
2. Topline KPIs					50%
T1 % of population covered	40%	70.06%	71%	97%	
T2 Number of people in rural provided with water access (millions)	15.20	22.33	29.3	51%	
T3 % of expenditure covered by Tariff collections	38%	77%	75%	100%	
Average score				83%	
Weighted average				41%	
3. Initiative KPIs					25%
Initiative 1: Project-based Initiatives				78%	
Initiative 2: Sustainability Initiatives				60%	
Initiative 3: Enablers				94%	
Average score				77%	
Weighted average				19%	
Final Score (100%)				86%	

GLOSSARY

3R	Reading, Writing, and Arithmetic	GPE	Global Partnership for Education
AADT	Average Annual Daily Traffic	GWh	Gigawatt hours
AMR	Automatic Meter Reader	ha	Hectares
ANSAF	Agricultural Non-State Actors Forum	ICB	Investors Complaints Bureau
BEE	Bagamoyo Eco Energy	IECDB	Import-Export Commodity Database
BRN	Big Results Now!	IEPS	Integrated Electronic Payment System
CCROs	Certificates of Customary Right of Occupancy	IMTC	Inter-Ministerial Technical Committee
CDMT	Central Data Management Team	IO	Irrigators' Organisation
CFL	Compact Fluorescent Light	IPP	Independent Power Producer
CoEs	Centres of Excellence	KASHWASA	Kahama Shinyanga Water Supply and Sewerage Authority
COWABAMA	Collective Warehouse-Based Marketing Schemes	KATC	Kilimanjaro Agricultural Training Centre
COWSO	Community Owned Water Supply Organisation	KIA	Kilimanjaro International Airport
CSEE	Certificate of Secondary Education Examination	KPI	Key Performance Indicator
DFID	Department for International Development UK	kV	Kilovolt
DITS	Department of Irrigation Technical Services	kWh	Kilowatt hours
DLUP	Department of Land Use Planning	LANES	Literacy and Numeracy Education Support
DSE	Dar es Salaam Stock Exchange	LGAs	Local Government Authorities
DSM	Demand Side Management	MAFC	Ministry of Agriculture, Food and Cooperatives
DSMPort	Dar es Salaam Port	MDAs	Ministries, departments and agencies
EAC	East African Community	MDU	Ministerial Delivery Unit
EAGC	East Africa Grain Council	MEM	Ministry of Energy and Minerals
ECTS	Electronic Cargo Tracking System	MIS	Management Information System
EGMA	Early Grades Math Assessment	MIT	Ministry of Industry and Trade
EIA	Environmental & Social Impact Assessment	MLHSD	Ministry of Lands, Housing and Human Settlement Development
EPP	Emergency Power Producer	MoCU	Moshi Co-operative University
EQUIP-T	Education Quality Improvement Programme	MoE	Ministry of Education
ESI	Electricity Supply Industry	MoEVT	Ministry of Education and Vocational Training
eSWS	Electronic Single Window System	MOF	Ministry of Finance
FBOs	Farmer-Based Organisations	MoU	Memorandum of Understanding
FYDP	Five Year Development Plan	MoW	Ministry of Water
GAP	Good Agricultural Practices	MSME	Micro, small and medium enterprise
GDP	Gross Domestic Product	MT	Metric tons
		MVIWATA	Mtandao wa vikundi vya Wakulima Tanzania

MW	Megawatt	SUA	Sokoine University of Agriculture
NARCO	National Ranching Company	TAHA	Tanzania Horticultural Association
NECTA	National Examination Council of Tanzania	TAL	Tanzanite Africa Limited
NFRA	National Food Reserve Agency	TANCIS	Tanzania Customs Integrated System
NKRA	National Key Result Area	TANESCO	Tanzania Electric Supply Company
NSSF	National Social Security Fund	TANROADS	Tanzania National Roads Agency
NWSDP	National Water Sector Development Programme	TAZARA	Tanzania Zambia Railway Authority
O&M	Operations & Maintenance	TDC	Transformation and Delivery Committee
OSIS	One Stop Inspection Station	TDC	Transformation Delivery Council
PAYE	Pay As You Earn	TEU	Twenty-foot equivalent unit
PBWB	Pangani Basin Water Board	TIB	Tanzania Investment Bank
PDB	President's Delivery Bureau	TIC	Tanzania Investment Centre
PforR	Payment-for-Results	TICTS	Tanzania International Container Terminal Services Limited
PMO	Prime Minister's Office	TISS	Tanzania Inter-bank Settlement System
PMO-RALG	Prime Minister's Office – Regional Administration and Local Government	TPA	Tanzania Ports Authority
POPC	President's Office - Planning Commission	TPDC	Tanzania Petroleum Development Corporation
PPP	Public Private Partnerships	TR	Treasury Registrar
PSLE	Primary School Leaving Examination	TRA	Tanzania Revenue Authority
PTR	Pupil-Teacher Ratio	TRL	Tanzania Railways Limited
RAHCO	Railway Assets Holding Company	TTU	Tanzania Teachers' Union
RATIN	Regional Agricultural Trade Intelligence Network	TZS	Tanzanian Shilling
RBWB	Rufiji Basin Water Board	UDSM	University of Dar es Salaam
RC	Regional Commissioner	UNDP	United Nations Development Programme
RDU	Rural Delivery Units	USAID	United States Agency for International Development
REA	Rural Energy Agency	USD	United States Dollar
RORO	Roll-On/Roll-Off	UWSA	Urban Water Supply Authorities
RUBADA	Rufiji Basin Development Authority	VAT	Value Added Tax
SAGCOT	Southern Agriculture Growth Corridor of Tanzania	VETA	Vocational Education and Training Authority
SCT	Single Customs Territory	WDMI	Water Development and Management Institute
SEDP	Secondary Education Development Programme	WIM	Weigh-In-Motion
SOP	Standard Operating Procedure	WPMS	Water Point Mapping System
SRI	System for Rice Intensification		
STEP	Student-Teacher Enrichment Programme		



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