



TANZANIA

AfDB Group and Tanzania

Four Decades of Enduring Partnership

Development Support for Sustainable and inclusive Economic Growth



African Development Bank Group
External Relations and Communication Unit



TANZANIA

AfDB Group
and
Tanzania

Four Decades of Enduring Partnership

Development Support for Sustainable and inclusive Economic Growth



DISCLAIMER

The Africa development Bank cannot be held responsible for errors, or any consequences arising from the use of information contained in this publication. The views and opinions expressed herein do not necessarily reflect those of the African development Bank.

PUBLISHED BY

External Relations and Communication Unit
African Development Bank Group
Temporary Relocation Agency (TRA)
B. P. 323 - 1002 Tunis-Belvedere, Tunisia
T. (216) 7110 2876
F. (216) 7110 3779
afdb@afdb.org
www.afdb.org

COORDINATOR

Felix Njoku

CONTRIBUTORS

Prajesh Bhakta
Lawrence Kiggundu

DESIGN AND LAYOUT

Yattien-Amiguet L.

PRINTER

Finzi Usines Graphiques

Copyright © 2012 African Development Bank Group

Table of contents

5	An Overview of the African Development Bank Group
7	Brief Economic History of Tanzania
11	Four Decades of AfDB Operations in Tanzania
13	Cumulative operations as at 31 March 2012
15	A Shared vision for Sustainable Development
17	Strategy to Leverage Tanzania's Competitiveness and Inclusive Growth
17	Indicative Lending Programme 2011-2012
18	Customized Intervention
18	Strategic Support Pillars
18	The Bank's Intervention Pillar 1: Infrastructure Development
19	The Bank's Intervention Pillar 2: Strengthening Institutional and Business Environment
19	Delivery Mechanisms
21	On the Ground Project Implementation Outcomes
21	Beneficiaries Begin to Acknowledge Bank Support
22	Integration on the Fastrack
22	Multinational: Kenya, Tanzania- Arusha-Namanga-Athi River Road Development project
27	Making Rural Agriculture a Profitable Business
27	District Agriculture Sector Investment Project (DASIP)
30	Harnessing Skills and Competencies for Development
30	Support to Strategic Action Plan for Vocational Education and Training Project
34	Building Infrastructure for Comprehensive Healthcare
34	Maternal Mortality Reduction Project
36	The College of Health Sciences in Zanzibar
36	Grooming Rural Entrepreneurs
36	Small Entrepreneurs Loan Facility (SELF II)
40	Developing Skills for the Labour Market
40	Alternative Learning and Skills Development Project in Zanzibar
45	Interview
45	A Business Case for Microfinance
49	Annexes



Learners at Zanzibar's Skills development Computer class

An Overview of the African Development Bank Group



AfDB Headquarters in Abidjan, Cote d'Ivoire

The African Development Bank (AfDB) Group was established in 1964 to promote Africa's economic and social development. The Group comprises the African Development Bank (AfDB), the African Development Fund (ADF), and the Nigeria Trust Fund (NTF). The Bank is funded by its 53 African (Regional) Member Countries (RMCs) and 23 Non-African (Non-Regional) (NRMs). It provides loans and grants to African governments and private investors in Africa. It has a public-interest mandate to reduce poverty and promote sustainable development. The Bank officially began operations in 1967 from its headquarters in Abidjan, Côte d'Ivoire. In 2003, the institution's Board of Governors decided to relocate in Tunis, Tunisia, temporarily due to political instability and civil strife in Cote d'Ivoire.

The AfDB performs four principal functions: Provides loans and equity investments to the RMCs; Offers technical assistance for the preparation and execution of development projects and programs; Promotes investment of public and private capital for development purposes; Assists in coordinating development policies and plans of RMCs.

Since 2006, the Bank Group's operations and support place greater emphasis on the strategic areas of infrastructure development and regional integration; private sector investment; economic and governance reforms; higher education, technology and vocational training. Between 1967 and 2011, the Bank Group approved 3,639 loans and grants, worth USD 92.5 billion (UA 60.05 billion) to RMCs.



Students at the Zanzibar College of Health Sciences

Brief Economic History of Tanzania



Kilimanjaro (5,895 m) Africa's highest snow-capped mountain

The United Republic of Tanzania, one of the Bank's 53 regional members, is the brainchild of the 1964 union of mainland Tanganyika and the island state of Zanzibar (comprising Unguja and Pemba islands), with a population of 42,746,620 (July 2011 estimate). The union government deals with matters related to defense, home affairs, foreign affairs and a common currency administered by the Bank of Tanzania. Other cabinet functions such as health and education are managed separately by the Mainland and Zanzibar governments.

Agriculture, the dominant sector of Tanzania's economy, employs 80 percent of the working population and accounts for 64 percent of all exports such as coffee, cotton, sisal, cashew nuts, meat, tobacco, tea, cloves, coconuts, and pyrethrum (a pesticide made from chrysanthemums). The agro-industry sector produces mainly sugar, beer, cigarettes, and sisal twine; as well as textiles, clothing, footwear, construction materials, and fertilizer.

The country also produces diamonds, phosphates, iron ore, gold, nickel, salt, and small quantities of coal and tin. Tourism remains a potential growth sector.

The Ujamaa (Swahili for family-hood), a socio-economic blueprint initiated under the 1967 Arusha Declaration, failed to deliver the envisaged home-grown development. It was centered on collective agriculture by village groups and called for nationalization of banks and industry, as well more self-reliance at both individual and national levels. Stifled by inefficient party politics, low commodity prices and high oil prices of the 1970s, the country moved away from the state-led policy and introduced a programme of economic reforms and liberalization in late 1980s.

Tanzania then adopted a development framework and long-term social and economic development goals based on a National Vision 2025 and Zanzibar Vision 2020. The National Poverty Era-

dications Strategy (NPES) provided the framework for guiding development, and poverty eradication efforts. In the medium-term, the Mainland designed and implemented a National Strategy for Growth and Reduction of Poverty (NSGRP) or MKUKUTA in Swahili, while Zanzibar adopted a Strategy for Growth and Reduction of Poverty (ZSGRP), MKUZA.

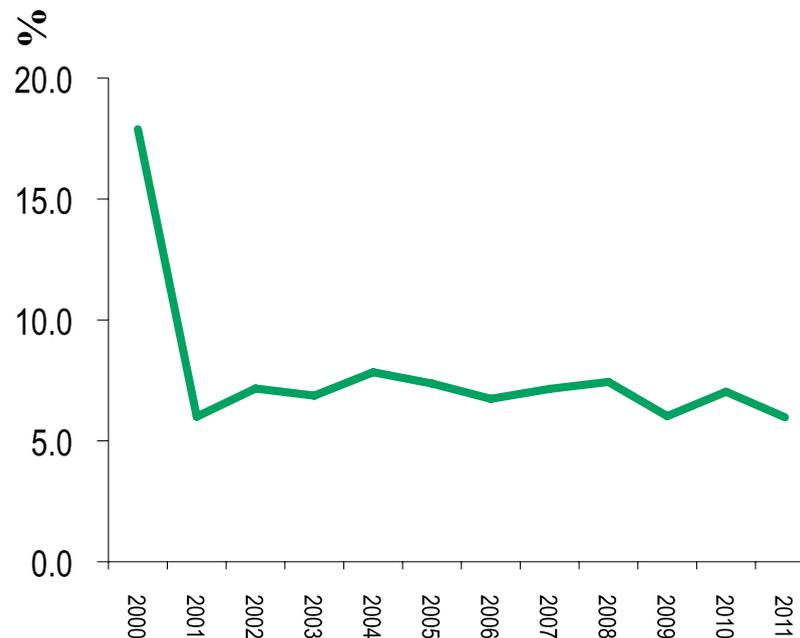
The country's overall development framework and long-term social and economic development goals are laid out in the National Vision and Zanzibar's Vision. The medium-term objectives for Mainland and Zanzibar are guided by the NSGRP II and ZSGRP II, both of which make up the national development strategy approved at the end of 2010, to be implemented over the period 2010/2011 – 2014/2015, respectively.

The economy is still highly dependent on agriculture, contributing an estimated 30 percent to GDP. The service sector—which has been growing rapidly in recent years—accounts for approximately 47 percent. The two sectors are expected to continue their

dominance of the economy in the foreseeable future. The industrial sector, dominated by the construction sub-sector, accounts for 23 percent. Industrial production plummeted in 2008-09 in the aftermath of the global economic slowdown. However, the sector has since rebounded, despite severe and persistent power outages as well as rising fuel prices. Since 2000, the mining sub-sector has attracted the bulk of foreign direct investment (FDI), contributing to its rapid growth. Nevertheless, its share of GDP remains small (2.3 percent), partly because it is import-dependent and not linked to the other sectors of the economy. The sub-sector still accounts for a quarter of total exports

However, the country has achieved impressive economic growth since mid-1990s with reasonably low inflation. This reflects the government's reform agenda. Real annual GDP growth increased from 3.3 percent in the early 1990s to an average of 7 percent in the late 1990s. In 2009, because of the global financial crisis, GDP growth was close to 6 percent, and recovered to 7 percent in 2010.

Figure 1 Real GDP Growth Rate, 2000-2011



A region in dire need of economic integration



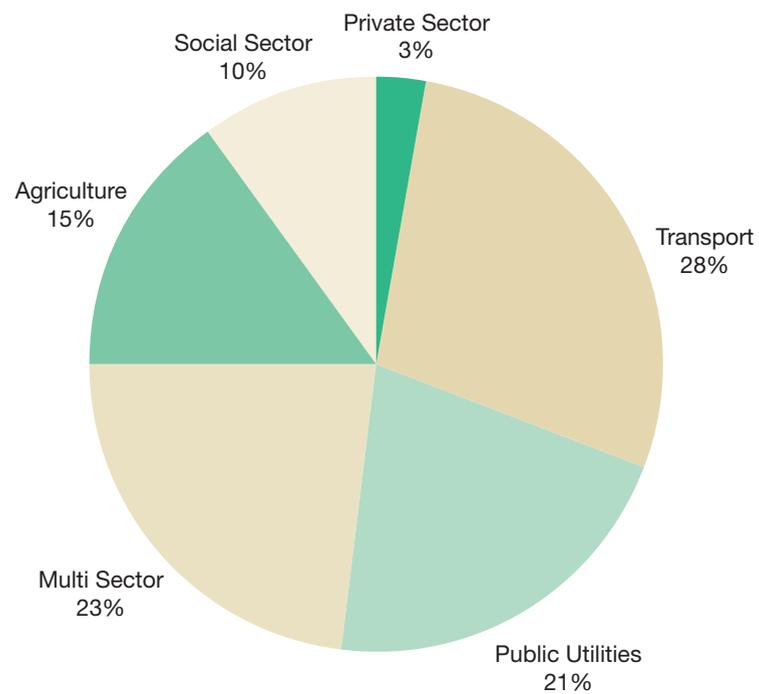
Tanzania Shares borders with eight East & Central African countries



Student nurses at Zanzibar College of Health Sciences

Four Decades of AfDB Operations in Tanzania

Figure 2 Bank's 40-Year History in Tanzania



In 40 years, the Bank has

- Approved 121 operations amounting to USD 2.9 Billion (UA 1.93 Billion).



Zanzibar alternative Skills Development Centre building

Cumulative operations as at 31 March 2012

The Bank Group commenced operations in Tanzania in 1971. By March 2012, the Group's cumulative interventions in the country comprised 121 operations (loans and grants) with a total commitment of USD 2.9 billion (UA 1.93 billion), largely financed through the ADF window (95.3%). Approvals from the non-concessional AfDB window accounted for 4% and resources from the NTF supported 0.4% of the interventions. Tanzania is now the second largest recipient of the Bank Group's concessional resources. The current portfolio consists of 16 ongoing national operations with a total commit-

ment of USD 1.04 billion (UA 672.3 million), 2 private sector operations with a total commitment of USD 13.25 million (UA 8.55 million) and 9 multinational operations. The institution has also supported non-lending programs; including Economic and Social Work (ESWs). Planned publications in 2011 include Tanzania's Ports, Logistics and Trade (agreed with the GoT in the CSP and conducted in collaboration with the European Commission and TradeMark-East Africa) and Tanzania Local Government Fiscal Review 2012 (conducted using Japanese trust funds).

Table 1 Tanzania Ongoing Portfolio (as of March 2011)

SECTORS	TOTAL	Disbursement (UA Millions)	Disbursement (Rate %)	Overall Assessment	PAR/CAR	Age Years
AGRICULTURE	87,99	67,43	80,12	2,29	2PPP	5,4
1. Direct Agric Sector Inv Program						
ADF Loan	36	22,89	63,58	2,17	36	6,3
ADF Grant	7	6,73	96,07		7	
2. Agric Sect. Dev. Program (ASDP)*	40	40	100	2,41		3,4
3. Support to Lake Tang Int. DEV	4,99	0,88	17,65		4,69	6,3
TRANSPORT	228,47	37,09	16,23	1,93	1PP	3,8
4. Zanzibar Road Upgrading*						6,8
ADF Loan	16,22	11,2				
Adf Grant	0,25	0,25				
Singida-Babati-Mjingu Rd Upgrade	60					3,5
6. Road Sector project 1	152					1,2
ENERGY	75,36	0,65	0,86		1PP	1,8
7. Electricity v Project***						
ADF Loan	28,68	0			28,68	3,2
ADF Grant	1,32	0,65	49,24		1,32	0,3
8. Inga-Shinyanga Trans Line***	45,36	0	0			
WATER	92,76	0,25	0,27	2,17		1,3
9. Zanzibar Water Supp & San Prog						
ADF Loan	25	0,25	1	2,17		2,3
RWSSII Grant	2,76					
Rural Water Supp & Anit II***						
ADF Loan	59					
RWSSII Grant	6					0,3
SOCIAL SECTOR	75,82	36,99	48,79	2,29		4,3
11. Support to SAP for VETA Project*						
ADF Loan	14,22	13,04	91,72	2,08		7,7
ADF Grant	1,6	0,96	60			
12 Suppt to Maternal Mort. Reduc.	40	13,44	33,6	2,39		4,4
13. Small Enterprises Loan facility II	20	9,55	47,77	2,41		0,8
MULTISECTOR	5,2					0,4
14. ISP for good Gov.II***	5,2					0,4
PRIVATE SECTOR	6,04	0,68	11,26	2,5		3,5
15. Equity Invest Access bank	0,55	0,55	100	2,5		4
16. CRDB Partial Guar. Scheme Loan	4,9	0	0			2,6
FAPA Grant	0,59		22,5	2,5		4
REGIONAL OPERATIONS	28,47	1,78	15,85	2,52		4,3
17. Arusha-Namanga-Athi R. Road	4,03	0,39	9,67	2,58		4,3
18 E. Africa Trans & Trade Fac (WEAC	6,2	1,41	22,74	2,74		4,3
19 E Africa Trans & Trade Fac TTFA	1	0,37	2,26	2,26		4,3
20. Lake Vic Water Supp & Sanitat	17,24					
21. Isaka-Kigali-Musongati Rail (Std)	1,06	0				1,2
(a) Public Sector Only	565,6	145,48	32,3	2,18	4 (28.6% PAR: 16.7% CAR)	2,8
(b) Public = Private Sector	571,64	146,16	32,4			2,9
(c) Public+Private+Ros	600,11	147,94	32,1	2,24		3,1

Note * Substantially completed and PCR planned 2nd Q 2011 ** effective but no distribution for over 6 months *** signed but not yet effective # Overall assessment is rated on a scale from 0 to 3 with 3 = highly satisfactory, 2 satisfactory and 1 = unsatisfactory.



Traditional grass thatched hut at Sukuma museum in Mwanza

A Shared vision for Sustainable Development



The Bank continually adapts and refines its interventions in the country in line with the government's vision and realities on the ground. For instance, key lessons derived from implementation of the 2006-2010 Country Strategy have been factored into the current 2011-2015 strategy.

These include (i) increasing selectivity as defined in the Bank's own mid-term strategy which requires concentrating on sectors where the Bank has comparative advantage; (ii) maintaining candid and sustained dialogue with the government; (iii) maintaining effective and pro-active communication and information flow between all parties involved in Bank operations; (iv) close supervision of all operations, and more regular review of portfolio performance (at least every two years); (v) close cooperation and coordination with other Partners; and (vi) expanding non-lending activities with particular focus on more Economic and Sector Work to inform the Bank's operations and advisory services to government, based on policy-based knowledge products; and (vii) increasing the size of operations to benefit from scale economies and greater efficiency in project implementation. These are aligned with National development strategy priority pillars, especially in the areas of growth and income-poverty reduction; im-

proved living conditions and social well-being; and (iii) good governance and accountability.

Bank Group support focused mainly on the first two pillars, while recognizing the importance of governance and accountability, it remained active in the third pillar through the Institutional Support for Good Governance project. The Bank's multi-sector operations contributed to macroeconomic stability, while in the agriculture and microfinance sectors, the contribution was mainly through the development of marketing systems and access to finance, respectively. Tanzania's notable progress in the social sector also benefited from Bank interventions, mainly targeted at improving service provision through infrastructure development (construction of classrooms and health facilities).

With regard to aid modalities, the Bank made significant progress on harmonization, as demonstrated by the increase in general budget support and sector budget support operations. Other areas of Bank improvement in donor harmonization include eliminating separate Project Completion Reports (PCRs) from implementing agencies and the use of parallel monitoring indicators.



Cotton Farmers in Mwanza

Strategy to Leverage Tanzania's Competitiveness and Inclusive Growth

The Tanzania Country Strategy Paper for 2011-2015 places emphasis on selectivity and rests on a single overarching theme: supporting Tanzania become a more competitive economy and achieve inclusive growth aimed at reducing poverty. This theme is anchored on two complementary pillars: (i) infrastructure development; and (ii) building an enabling institutional and business environment.

The preceding Bank Group Strategy (2006-2010) was drawn from the Joint Assistance Strategy for Tanzania (JAST). The country's Development partners have principally agreed to conti-

nue working in the spirit of the JAST while deciding on how best to proceed with future collaborations. The strategy's preparation benefited from elaborate consultations with government, development partners, private sector and civic institutions—including research and academic concerns. It incorporated lessons from the 2006-2010 Joint Assistance Strategy, underpinned by analytic and diagnostic knowledge products. In addition to optimally utilizing Tanzania's performance based concessionary resources allocation, the Strategy positions the Bank to assume a more catalytic role in leveraging additional private and non-Bank resources.

Indicative Lending Programme 2011-2012

Year	Amount (UAm)	Projects
Pillar 1: Infrastructure Development		
2012	140	Road Sector Support Program II
2012	14	Improvement of Urban Water Supply Network (Zanzibar)
2013	16	Agriculture Sector Development Program II
Pillar 2: Building an Enabling Institutional and Business Environment		
2011	100	General Budget Support (GBS)
2012	34	Education Sector Expansion and Development Project
Regional Operations		
2012	32 (96)*	Arusha-Holili / Taveta-Voi Road
2012	2 (26.7)*	EAC Backbone/Lake Victoria Maritime Safety
2012	4 (30)*	Rusumo Hydroelectric and Multipurpose Project

* First figure is contribution from national ADF allocation; figure in brackets is total project cost including leveraged funds from regional ADF allocation.



Learning to sew at Vocational Training Centre, Shinyanga

Customized Intervention

The overarching objective of the strategy is to consolidate Tanzania's robust macroeconomic performance over the last two decades and translate it into tangible and lasting benefits for the majority of Tanzanians. Growth should be sustainable and more inclusive. In the same vein, the Bank's Strategy is consistent, with and aligned to the national development strategies for both the mainland and Zanzibar and their renewed emphasis on pro-poor growth and targeting disadvantaged communities. Improved quality of life, good governance and accountability and private sector development—all key areas of Bank intervention, are also emphasized in the strategies. Based on its comparative advantage and informed by lessons drawn from past experiences, the Bank's planned interventions will be underpinned by analytic and diagnostic knowledge products. Interventions aim to build on successes achieved and help the government address identified challenges

Strategic Support Pillars

The Bank Group's support under this Strategy is anchored in the selectivity principle and rests on a single overarching theme of supporting Tanzania towards greater competitiveness and more

inclusive growth. The Strategy also aims at enabling the country benefit more from regional integration and trade.

The pillars highlight the Bank's comparative advantage, particularly in infrastructure and governance, and draw from the: (i) thrust of the national development strategy; (ii) SWOT analysis of the country situation; (iii) operational focus of the Bank Group's Medium Term Strategy 2008-2012; (iv) lessons learned from the Bank's previous engagement in Tanzania; (v) need to complement assistance from other partners; (vi) various Economic and Sector work (ESW); and (vii) Bank Group's efforts to enhance integration in the region as articulated in the East Africa regional integration strategy paper.

The Bank's Intervention Pillar 1: Infrastructure Development

The national development strategy made the case for extensive and efficient infrastructure (power, ports, roads, rail, air transport, water supply and sanitation, irrigation, ICT) as the critical leverage for the effective functioning of Tanzania's economy. It is in this context that the Bank aims to strongly focus on infrastructure as an enabling sector of the economy. Hence, a sizeable share of the Bank's new commitments will be directed to infra-

structure investments; aimed primarily at reducing travel time between regions, integrating the national market and connecting it to other markets in the East African community. This, in turn, will positively impact on national competitiveness, growth and regional integration.

The Bank's Intervention Pillar 2: Strengthening Institutional and Business Environment

Efficient public operations underpinned by accepted norms and practices are crucial for growth and competitiveness. Undue bureaucracy and overregulation, fraudulent procurement practices and waste in the management of public resources all impose significant economic costs on private economic actors; resulting in slow growth and development. Moreover, proper management of public finances is critical to ensuring trust in the national business environment. The Bank will direct a portion of its new commitments to reform-focused general budget support programs. Specifically, Bank support will focus on working with other partners to address upstream governance and accountability challenges. Building on the gains to date from earlier and ongoing reforms, new interventions will focus on strengthening public financial management systems designed to prevent and detect corruption and waste before they occur. Additionally, interventions will focus on supporting financial sector reforms and effective operationalization of key reforms, including the Public Procurement Act.

Human Resource Development will aim at enabling the country to become more competitive. This would require inter alia, producing high quality human resources to meet current and future labor market needs and promoting self-employment through creation of enterprises. It also calls for creating a cadre of young people skilled enough to take advantage of labor mobility and job opportunities in the sub-region. The Bank invests in human

capital development with a view to improving the business environment and enhancing competitiveness. Working in conjunction with other partners, the Bank will direct a portion of new commitments to support vocational training aimed at upgrading youth technical skills, promoting entrepreneurship and improving the quality of education; especially at vocational level. These would help to mitigate social discontent and other risks associated with youth unemployment and inequality.

Delivery Mechanisms

Lending Operations

The Bank is delivering the assistance through various modes including stand-alone investment projects, general and sector budget support, regional operations, and where appropriate, non-sovereign private sector interventions or sovereign transactions with a private sector development objective. In all its operations, the Bank, to the maximum extent possible, strives to utilize country systems and support efforts to improve their capacity.

Non-Lending Operations

In addition to its lending activities, the Bank's assistance to Tanzania during the period covered by the strategy would include focused investments in non-lending activities, such as Economic and Sector Work. Such interventions will marshal contributions from various departments and units within the Bank in full collaboration with other partners. These undertakings which will provide the analytical underpinning for the next lending cycle will facilitate high-level policy dialogue and advisory services and inform future operations.



Women microfinance entrepreneurs in Dar es Salaam

On the Ground **Project Implementation Outcomes**



Modern Health Centre, Zanzibar

Beneficiaries Begin to Acknowledge Bank Support

In the course of preparing articles for this magazine, the Bank's communication services led a team of consultants on a field visit to a number of diverse projects in the mainland and Zanzibar. These are in the areas of infrastructure, agriculture, health, education and skills development, and a micro-finance scheme funded by the Bank. The team witnessed the Bank at work and

heard touching testimonies of successes and challenges that appeared to belie the notion that the Bank is not known. One of the pleasant surprises of the field trip is the revelation that more and more people are getting to know the Bank through its projects. Ordinary people, such as truck drivers, workers and students who use some of the facilities funded by the Bank (roads, schools and hospitals), for example, are becoming aware of the positive impact which the AfDB is making in their lives.



Athi River-Namanga-Arusha Road

Integration on the Fastrack

Multinational: Kenya, Tanzania-Arusha-Namanga-Athi River Road Development project

Project Description

Name **Arusha-Namanga-Athi River Road**

Construction project

Location **Arusha region in Tanzania and Kajiado district in Kenya and the coastal strip between Tanga and Malindi**

Funding

Total Cost **UA 98.815 million – USD 156 Million**

ADF loan and grants **USD 84.30**

Other Sources

JBIC – USD – **62.69 million**

Tanzania – **USD 0.32 million**

Kenya – **USD 8.82 million**

Date of Approval **29 November 2006**

Start **June 2007**

The Arusha-Namanga- Athi River road project is part of a priority regional East African Community (EAC) Roads development programme agreed to by the partner states in 1998. The road traverses Tanzania's Arusha region from the city of Arusha to the border town with Kenya at Namanga, a distance of 104.4 km and through Kajiado and Machakos districts in Kenya, covering a distance of 136 km from Namanga to Athi River.

The road is part of the EAC Network Project Corridor No. 5 running from Tunduma in southern Tanzania to Moyale in northern Kenya. In Tanzania, the road links with the EAC Road Network Project corridor No.2 at Dodoma which commences at the port of Dar es Salaam to Kigali and Bujumbura in Rwanda and Burundi, respectively,

and beyond. In Kenya, it links with Corridor No. 1 at Athi River which commences at the Port of Mombasa through Kampala in Uganda to Kigali and Bujumbura in Rwanda and Burundi, respectively, and beyond. The regional road is the most important link between Tanzania and Kenya, with most of the imports and exports traffic to and from and through Tanzania and Kenya passing through the Namanga international border post.

Approach

The governments of Tanzania and Kenya under the sponsorship of the EAC received a grant of close to USD 1 million from the African Development Fund (ADF) in 2002 towards the cost

of carrying out a feasibility study and detailed engineering design of the multinational Arusha–Namanga–Athi River road project. The study commenced in 2004 and was completed in 2006.

In February 2007 after the completion of the detailed engineering designs and loan financing negotiations, the two governments received a loan amounting to USD 156 million (Kenyan portion USD 93.1 million and Tanzanian portion USD 63.2 million) from the AfDB and the Japan Bank for International Cooperation (JBIC) respectively, through the multinational financing window for upgrading works for the road. The AfDB and JBIC financed about 90% of the economic cost of the project. The loan covered all foreign currency costs and part of the local costs. The two governments covered 10% part of the economic cost in local currency.

The challenge

The existing 6 m wide road was bituminized and paved with sections in deteriorated condition between Tanzania and Kenya. The horizontal alignment consisted of winding stretches of 10km in some areas, typical of roads constructed in the 1950's. The Tanzania section of the road project was constructed to bitumen standards way back in 1957. The Athi River-Namanga section was constructed to bitumen standards in 1970 under financing from the AfDB, and later resealed in 1992 under a road maintenance project also funded by the Bank.

Upon the re-establishment of cooperation between the three former EAC partner states and the establishment of the EAC Customs Union in January 2005, trade between Tanzania and Kenya increased substantially and the traffic density on the road increa-



Athi River–Namanga–Arusha Road



Athi River-Namanga-Arusha Road

sed. As a result, both Tanzania and Kenya had prior to the reconstruction of the road been investing substantially in the maintenance and repairs to ensure that the road remained usable despite its condition.

Development Impact

The Athi River/Kitengela region where the road traverses in Kenya is a rapidly expanding commercial centre with numerous industries including three cement factories located in the area, which provides considerable employment and are major contributors to the local economy. Furthermore, the Export Processing Zone between Athi River and Kitengela also contributes to the rapid expansion of Kitengela township. Beyond these two centres, the local economy is based on agriculture with the main activity being pastoralism. Farming is restricted to the immediate vicinity of the various towns along the road as the area generally classified as dry for extensive cropping. However, several horticultural farms have been established at Isinya along the road project and pros-

pects for expanded horticultural activities are apparent. The Amboseli Game Reserve on the Kenyan side is also served by this road.

On the Tanzanian side, the area around Arusha is very fertile with a wide range of agricultural potentials in both subsistence and cash crops. Coffee and horticultural farms are predominant and other crops such as maize, banana, vegetables, sorghum, cassava, beans, and potatoes are grown. Further north, the volcanic sands and volcanic tuffs associated with Mount Meru are particularly friable and only support pastoralists who keep cattle and goats with trading centres at Oldonyo Sambu and Longido along the road.

A vibrant tourist industry on the northern tourist circuit and considerable commercial activity associated with gemstones mining and several high class hotels providing accommodation to this market flourish in and around Arusha and Mount Kilimanjaro Region. The two partner states have committed to re-orient their development

strategies along the length of this new road to take advantage of the new capacity brought about by the road and the envisaged construction of a high voltage power inter connector between Arusha and Nairobi. Currently the electric power from Kenya at Namanga has reached Longido District Headquarters. It is expected that the two developments should spur higher levels of economic activities to create more wealth and incomes for the communities along the road and for the two countries in general.

The new Road

The upgrading works on the Tanzanian portion valued at USD 63 million for the Arusha – Namanga section commenced in July 2008. The road works have been substantially completed as of December 2011. The contractor has been awarded extension of time under the current one-year contract to cover rectification of the hydrology challenges and construction of a One-Stop Border Post at Namanga.

The upgrading works for the Kenyan portion commenced in November 2007. As at December 2011, most of the upgrading works had attained 98%. The contractor has been awarded ex-

ension of time under the current contract to cover the construction of One Stop Border Post at Namanga.

The road has been widened and strengthened to a modern highway constructed as practicable as possible following the existing alignment with some realignment to improve visibility and speed but without compromising safety. The new road has been constructed to stronger pavement (bituminous and cement stabilized bases) with surface dressed layer on bituminous concrete covering a 7.0m carriageway and double surfaced 2m wide shoulders to enhance safety.

All major townships and settlements along the road have been provided with safety facilities including service roads, street lighting, pedestrian/cyclist lanes and crossings, clearly visible signs and parking bays. The road has been designed to the hybrid of superior national standards from both Kenya and Tanzania.

The border post at Namanga is to be reconstructed under the project to cater to the need of the International One-Stop Border Post. The structures, amenities and services provided at the station will be mirrored across the border.



Athi River-Namanga-Arusha Road

It is expected that the upgraded road infrastructure (with the completion of a One-Stop Border Post at Namanga) will lower border transit time and transport costs between Arusha and Nairobi. In addition, it will enhance transport services and border security, improve social services, increase trade and regional socio-economic integration of the EAC Community.

Testimonies

Moses Kingori
Managing Director
Riverside Transport Service

The Riverside Transport Service is an executive passenger transport company that plies between Arusha – Nairobi and Moshi. The company has operated on the said route for more than 10 years. For most of that period, the road between Nairobi and Arusha was a nightmare and companies like ours would invest in expensive heavy duty suspension systems and very regular tyre replacements due to cuts and shears on the rough roads not to mention the discomfort of the passengers as a result of the dust and roughness of the road surface.

With the improvements that have taken place on the road between Nairobi and Arusha, our cost of operations have come down, travel time has been reduced by more than 1.5 hours either way, passenger comfort has improved, and the overall costs of our operations on the route has come down. We are looking forward to the reconstruction of the border post at Namanga for an even better service to our clients.

We are grateful to the EAC and its financiers for prioritizing the development of this project and improving our operations.

Arun Lodhia
Executive Director
Trishalla Rolling Mills

Trishalla Rolling Mills is located in Arusha, Tanzania and is engaged in the manufacture of steel and steel products. The process involves transportation of bulky raw materials and heavy finished products to customers in Nairobi, Dar es Salaam, Moshi, Mombasa, Tanga and Mwanza. The firm is happy with the improvements planned for the Athi River – Namanga – Arusha – Moshi – Holili – Taveta – Voi road as this will bring down the cost of doing business substantially through lower maintenance costs, longer tyre replacement periods, lower fuel consumption and shorter dwell time at the respective border posts. We are likely to lower the delivered cost of our products by 20-25% once all the road improvements are in place. We are happy with this kind of development.

S. Kapoor
Marketing Manager
Air Travel Agency

I have been managing an Air Travel Agency office in Nairobi and Arusha for the last ten years. My business involves travel between the two offices once a week. It used to take me nearly six hours to drive my personal vehicle from Nairobi to Arusha. With the road improvements, it now takes me four hours with about 20 – 30 minutes consumed at the border crossing. I am happy with the developments on this road and I look forward to the completion of the works ongoing at the Namanga border post to even shorten the crossing times. The tourists for whom Arusha – Nairobi leg is by road are all happy with the current road condition and that makes our business look good. I am happy with the road's development and I see it as a good attraction for prime businesses in Northern Tanzania.



Cotton farmers in Mwanza

Development Challenge

The challenge is how to empower Tanzania's rural population, which depends on agriculture for income and subsistence. The sector faced certain constraints such as inadequate outreach to the rural poor, insufficient community participation in the planning process, resulting in supply-driven programmes, and declining agriculture productivity due to lack of critical resources such as water and irrigation systems. The country's rural agriculture was in dire need of improved technology, rural infrastructure and marketing opportunities. The government was therefore challenged to reduce rural poverty and food insecurity by increasing agricultural productivity and incomes of rural households in the project area, within the overall framework of the Agricultural Sector Development Strategy.

Making Rural Agriculture a Profitable Business

District Agriculture Sector Investment Project (DASIP)

Project Information

Name **District Agriculture Sector Investment Project**
Location **25 Districts in Kagera, Kigoma, Mara, Mwanza and Shinyanga Regions of North West Tanzania**

Funding

Total Cost **USD 87 million**
ADF Loan **USD 54 million**
ADF Grant **USD 10.5 million**
Government **USD 9.6 million**
Beneficiaries **USD 12.6 million**
Components **A) Farmer Capacity Building**
B) Community Planning and Investment in Agriculture
C) Support to Rural Financial Services and Marketing
D) Project Co-ordination and Management
Approval date **November 2004**
Commencement date **July 2005**
Duration **6 years**

Project Description

In response to these issues, the government developed the Rural Development Strategy (RDS) and the Agriculture Sector Development Strategy (ASDS), which put district level demand identification, project management and implementation as the most effective methodology for achieving sustainable development. The Agriculture Sector Development Programme (ASDP) serves as the mechanisms for the implementation of the two strategies.

The District Agriculture Sector Investment Project (DASIP) is a six-year venture. The implementation started in January, 2006. It covers a total of 25 districts in Kagera, Kigoma, Mara, Mwanza and Shinyanga regions.



Tiller helps farmers grow more cotton

The project was designed to lay the foundation for the preparation and implementation of more effective village agriculture development plans. This was to be achieved by (1) creating and strengthening the capacity of large numbers of participatory farmer groups and networks, using the Farmer Field School and the Participatory Farmer Group intervention model which was already widely used in many donor-funded projects in Tanzania so as to increase production, productivity and profitability, and (ii) strengthening the capacity of local government authorities concerned with the facilitation, preparation and execution of village and districts projects.

Demand-driven approach

The project has three major field components based on the demand driven approach and the project management component.

- Farmer Capacity Building: (i) 25 districts are provided with the necessary resources to train participatory farmer groups through participatory adult education methods; (ii) 250,000 farmers in 10,000 participatory farmer groups with an average of 25 members each, trained in technical, organizational and managerial subject matters through participatory adult education methods.

- Community Planning and Investment in Agriculture: (i) 25 districts capacitated to plan, manage and monitor district and village agricultural development plans; (ii) 25 District Agricultural Development Plans prepared and implemented; (iii) 750 Village Agricultural Development Plans prepared and implemented including agriculture related micro-projects, small infrastructures and agricultural technology investments; (iv) Improved market access through the improvement of 500 km of feeder roads; and (v) Improved water control for agriculture through the construction of 25 water harvesting structures.

- Support to rural micro-finance and marketing: (i) 200 operationally sustainable Savings and Credit Cooperatives (made up of 8,000 savings groups) with each cooperative having on average 1000 members and TZS 40 million in savings after six years of operation; and (ii) Marketing information network established and functioning in 25 districts.

Beneficiaries

Beneficiaries of the project are participatory farmer groups and their grassroots institutions such as Savings and Credit Associations (SACAs) and Savings and Credit Co-operative Societies (SACCOS) and communities in 780 villages where facilities are

being constructed or rehabilitated. An estimated 3.4 million people in 570,000 households are benefitting directly or indirectly from the project, in the form improved crop yield which results in higher prices for and increased household incomes.

Due to modern agricultural practices and improved seedlings the project witnessed impressive rise in crop yields with a quadrupling of maize yields from 1.23 tons to 4.2 tons per hectare; paddy rice from 0.99 tons to 3.2 tons per hectare and cotton yield shooting up from 0.9 tons per hectare to 3 tons per hectare.

Development Impact

Participatory and decentralized, with significant beneficiary input intended to ensure sustainability, the project is visibly contributing to high productivity and growth in the agriculture sector, and significantly improving the incomes of more than half a million Tanzanian households. More profoundly, the participatory farmer groups are getting used to making farming a profitable business through appropriate agricultural training, extension support, keeping proper accounts and managing their assets and liabilities as indicated by reports from the field. The fact that farmers who are not members of the groups have been able to adapt the modern methods in their farms with good results bodes well for the project's sustainability.

Box

Training on business plan transformed Mr Nasib Mulokozi from Umoja PFG at Buhigwe/Mulera village in Kasulu district to keep his banana farm records related to area under crop production, plant population and income. After graduating from FFS in 2008/09, he and his wife adopted improved banana farming in a plot containing 50 banana suckers or plants. With a guidance from their Ward Agricultural Extension Officer (VAEO) and Farmer Facilitator, the farmers expanded their banana farm into one acre with 460 batches (one batch has 3 banana plants) of banana as recommended by agronomists. With business skins in mind, the farmers are expecting to earn TZS 2 million from selling banana bunches and suckers between January and December 2011.

Challenges

Agriculture in many parts of the country are seasonally rain-fed; farmers rely on good weather for cropping and these are becoming increasingly difficult as weather patterns alternate between two extremes marked by draught and floods both of which are harmful to agriculture. Besides, fluctuating prices of agricultural commodities like cotton and coffee is also a disincentive to farming. Project leaders say these issues should be addressed within the framework of a holistic agro-industrial policy.

In which irrigation, processing and market access would be given primary considerations.

Testimonies

Margaret Kavaro

An extension staff in Kwamba District

Through good farming guidelines and mini-grants, our farmers are increasingly adapting farming as a business, making a good living from the crops to the point of being able to afford corrugated iron sheets for their houses and catering to the needs of their families.

Anastasi Nestory

Farmer

I am very pleased with the project which has improved our crop yields. With our earnings, we can now send our children to school build houses and sleep on beds with mattresses.

Elias Mabirika

Farming Facilitator at Solwe

DASIP has helped us move away from traditional methods of farming to modern methods, including the use of fertilizer that has been highly profitable. The farm clinics and grants have been helpful and we thank the donors, especially the African Development Bank for their support.



Carpentry at VETA, Shinyanga

The Vocational Education and Training (VETA) Project is designed to improve regional distribution of vocational and technical training facilities for primary and secondary school leavers. It is aligned with the government's efforts to revitalize and improve the design and delivery of vocational education and training, as a key component of the country's education sector development programme. The project is making a significant contribution to the upgrading of institutional capacity and quality, improvement in the organisation and management of training, and the provision of labour-market driven training programmes to a wide range of client-groups, such as school-leavers as well as formal and informal sector clients in need of tailored and refresher training. The project therefore serves to principally increase the quantity and quality of intermediate skills needed by the economy, promotes

Harnessing Skills and Competencies for Development

Support to Strategic Action Plan for Vocational Education and Training Project

Project Information

Name **Support to Strategic Action Plan for Vocational Education and Training Project**

Location **Countrywide**

Funding

Total Cost **USD 24.2 Million**

ADF Loan **USD 19.5 million**

ADF Grant **USD 2.2 million**

Govt. **USD 2.5 million**

Components **Improved Access to Vocational Education and Training; Capacity Building and Cost Effective Training; Project Management**

Approval **July 2003**

Commencement date **January 2004**

Duration **Five Years**

and encourages the entry of young men and women into a broader range of vocational and technical training skill areas. It is contributing to the reduction of unemployment, and regional disparities in the capacity to relate labour-market requirements to adequate vocational training offerings.

Development Challenge

The shortcomings in the training system identified by stakeholders emphasized the need to improve infrastructure and upgrade the training equipment of Vocational Training Centres to enable them evolve into regional outfits with broad-based training and service functions, as well as serving as models and regional excellence centres; the necessity of progressively make VETA-



Plumbery at VETA, Shinyanga

owned centres more autonomous and financially self-sustainable in their operational requirements; the necessity to gradually decentralize the management of the centres, whilst providing necessary training for management and staff.

The design and implementation of the project aim at correcting identified sub-sectoral constraints and limitations, as well as policy directions and opportunities, within the framework of the second phase of the Strategic Action Plan (SAP II) for Vocational Education and Training. SAP II was designed and formulated on the basis of a participatory approach and it follows the Strategic Action Plan (I) which emphasized decentralization of the management of training and making training more responsive to the needs of the labour market.

Approach

The project focuses on two major areas plus management and coordination: Increasing and harmonizing opportunities for vocational education and training by building, rehabilitating and upgrading and equipping vocational education and training centres to accommodate thousands of learners. The second approach involves capacity building and development of cost-effective decentralized training modules.

One of the main objectives of VETA is to ensure that the system of vocational education and training is based on demand and that it is cost-effective. The Strategic Action Plan ensured that the training was demand-driven rather than supply-driven; and that all stakeholders - employers, workers, professional bodies - had to be consulted in the identification of training needs, the development of curricula, setting standards, testing and financing training. The Strategic Action Plan - Phase I emphasized: (i) The designation of the Regional Boards and eight (8) core Regional Vocational Training and Service Centres (RVTSCs); (ii) The operationalization of the Regional Vocational Education and Training Boards in all the 20 regions and (iii) maintaining quality at the highest possible level.

Benefits

The project is impacting positively in many areas including gender, health, poverty reduction, and income generation. The project's impact on gender is quite profound in that it enables girls who would otherwise be engaged in early marriage, street hawking or prostitution to enroll into vocational training. The provision of better facilities, including dormitories, and the improvement of the facilities for training in a more diverse range of skills, is attracting more girls. In addition to qualitatively improved hotel and tou-

rism related trades, the inclusion of life skills in the curriculum is helping to combat HIV/AIDS. Besides, the target groups of the project are mostly in the disadvantaged areas of the country where the benefits of skills acquisition are helping to alleviate income-poverty. The availability of skilled workers in the regions is helping to catalyze enterprise-creation on the part of both private and informal sectors

Overall, the benefits derived from the project are that: (i) the improvement in the management of the system is reducing the cost of training; (ii) the trainers are better qualified and motivated to perform their jobs and increase the level of their productivity; (iii) the trainees are spending less time to master the different skills; (iv) the parents and the community are spending less to produce skilled youth.

Development Impact

The project has improved access to training for disadvantaged young men and women, including basic education cycle school leavers in the relatively poor target regions. It has helped to increase female participation rates in vocational education and training from 25% to 35%. The regional centres are providing skills and expertise that are facilitating the integration of young Tanzanian men and women into the mainstream of the economy. They

are also providing them with skills in entrepreneurship and guiding them in starting their own businesses. It has dispensed quality training to nearly 2000 full-time and an equal number of part-time trainees per year in civil trades, automotive, mechanical, electrical, hospitality and tourism, office practice, commerce and business support, agriculture and food processing, cosmetology, printing, transport, mining, fish processing and clothing.

Sustainability appears to be gaining traction as some of the schools have opened courses for private students who pay to take courses, especially in computing and ICT.

Challenges

Girls still largely find themselves in a limited range of training despite the fact that VETA instituted a national gender coordinator, as well as gender officers in each of its centres, among other measures. This resulted in the introduction of girls' dormitories in three centres (Kihonda, Arusha, and Shinyanga) and determined efforts to improve on the quality of training in the trades that attracted girls the most. A lot still has to be done in other areas to attract more girls to the programme.

There is evident potential and scope for responsive diversification of training offerings in general. The current strategy, which in-



The Skills I have acquired here will enable me use the computer in the village



Welding at VETA, Shinyanga

volves the combined actions of the gender officers and the VETA labour market survey officers, is expected to gradually lead to more girls opting for a wider range of skill areas, including those of certain industries in the private sector.

Testimonies

Wambura Warioba
third year plumbing
student

I have learned a lot in this school, such as mounting and fitting water systems and sewage disposal systems. My future plans are to continue with further education because we do not study in VETA to become plumbers only, but to continue to the university to acquire more knowledge and skills to help develop our country.

Mwita Mahiti
Disabled student

I have been studying for six months and the skills I am acquiring here will enable me use the computer in my village. The teachers are good and I have learnt new things. The school conditions are also good for people with disabilities like me.

Hassan Hamis
(an albino)

I came here in January to learn tailoring. I knew about the college through advertisement. I want to become a good tailor. The teaching and teachers are good and they encourage us to learn well. During exams our exam papers are printed in bold for us to see properly and after teaching, teachers give us their notes to copy from and the college is good for people like us.



Maternal and infant Healthcare

Building Infrastructure for Comprehensive Healthcare

Maternal Mortality Reduction Project

Project Information

Name **Support to Maternal Death Reduction Project**

Location **Mara, Tabora, Mtwara and Zanzibar**

Components **(I) Strengthened Delivery of Maternal Health Services (Mainland); (II) Strengthened Delivery of Health Care Services (Zanzibar); (III) Management and Coordination**

Total Cost **USD 65.74 million**

ADF Loan **USD 59.18 Million**

Govt. **USD 6.56 million**

Approval Date **October 2006**

Commencement date **2007**

Duration **5 years**

At the last count in 2009, 454 out of 100,000 Tanzanian women died from birth complications and related maladies. Although the figure reflects a decrease from the 578 deaths per 100,000 live-births recorded in 2004-2005, the numbers are among the highest maternal mortality ratio across countries. The country still has a long way to go to achieve the fifth Millennium Development Goal of halving maternal mortality by 2015. This resulted from inadequate service delivery capacity in the health sector, especially with regard to infrastructure and human resources.

Both Mainland and Zanzibar were experiencing critical shortages of skilled health workers. Many facilities are unable to provide quality care and have low utilization rates due to shortages of skilled health workers. Medical attendants, who are marginally skilled, are in most cases substituting professional nurses and the current output of qualified staff from training institutions is inadequate to meet the staffing norms. The shortage of staff

housing at or close to health facilities is a major contributing factor impeding recruitment and retention of qualified health workers in the rural areas. In Zanzibar in particular, staff shortage had led to a situation where even if facilities were rehabilitated and equipment provided, avoidable maternal deaths would continue to occur because of the shortage of trained staff.

Thus, although Tanzania has a fair distribution of health facilities with over 75% of the total population living within five kilometers from a health facility, the increasing shortfall in the level of resources for maintenance has resulted in their physical deterioration.

Project description

Health studies and subsequent updates in the 1990s financed by the Bank in Mainland and Zanzibar were the basis of the ma-

ternal mortality reduction projects supported by the Bank. The project focuses on rehabilitation of health facilities and reproductive health, based on sector-wide approaches. Thus, the objective of the ADF support is to reduce infant and maternal deaths in Mara, Mtwara, Tabora and Zanzibar with the overall objective of improving the well-being of Tanzanians.

It comprised three components: i) Strengthened maternal health services delivery in the mainland; Strengthened Delivery of Health Care Services in Zanzibar and iii) Management and Coordination.

Approach

The project provides resources for in-service training of more than 2,000 various health workers (clinical officers, midwives, nurses, teachers, etc.) through workshops in order to update their knowledge and skills in provision of services pertaining to maternal and newborn health care on the mainland.

In Zanzibar, the project strengthens healthcare services delivery by recruiting and training trainee tutors in various specialties to fill the vacant posts at the College of Health Sciences (CHS), while technical assistance tutors were recruited with the assistance of WHO and the Commonwealth Secretariat in the short term. Scholarships were provided to enable students from Zanzibar, in particular those from Pemba, to undergo health training programs on the Mainland.

The CHS has been upgraded with additional dormitories, classrooms, staff quarters and ancillary facilities and services and all female students provided accommodation, a measure which has helped increase the intake of students within Zanzibar, and to guarantee placement and accommodation for qualifying students from Pemba,

Six second-line dispensaries have been upgraded to assist in meeting primary health care demands and maternal health.



Second Line Health Center, Zanzibar



Dr. Hakim Bilal, Principal, Zanzibar College of health Sciences

The College of Health Sciences in Zanzibar

All in all the AfDB has done a tremendous job by raising the College profile to be one of the best Colleges in Zanzibar in terms of infrastructures. We hope this collaboration will continue for the benefit of all parties concerned and obviously the winners will be the people of Zanzibar and Tanzania in general. Thanks to AfDB, you are a real partner in the College development.

Dr. Hkim Gharib Bilal
Principal

The College of Health Sciences, the only institution in Zanzibar that provides training in the health sector, was officially opened in November 1989. It had a capacity of accommodating 200 students on campus and takes 80 more students who stay off campus.

The CHS's vision is to be a center of excellence for acquisition of knowledge, attitudes and skills through training, research, consultancy services in health sectors in Zanzibar and beyond. The mission is to enhance the quality of training for health professionals in Zanzibar by providing scientific skills of caring, adequate knowledge and right attitudes towards the patients/clients in all settings. This can be achieved through training, research, consultancy, publication and public services.

The Bank's support included two modern academic blocks with each block having ten new furnished classrooms with a capacity of 35 students each; a new laboratory; a new practical room; two new 800m² 100-bed dormitories (female and male); two 300m² staff quarters for eight tutors; and minor associated works to enable higher enrolments. Other deliverables include provision of medical equipment, incinerators; laboratories, staff housing units, dispensaries and related equipment, furniture for newly-built

structures such as classrooms and dormitories, scholarships as well as provision for the maintenance of buildings, equipment and the premises.

The college currently accommodates 350 of its 930 students, of which 150 are accommodated by the hostels the Bank provided. Some 783 students have graduated from the college since its inception 14 years ago.

Challenges

However, plans by the college to upgrade to a university would require addition structures such as, a teaching hospital, a multi-purpose hall, Transport facilities and human resources, especially, lecturers.

Development impacts

The project is having significant health and socio-economic impacts, as a result of improved access to quality health care for rural populations in line with equity principles contained in the country's health sector reforms; increased utilization of health facilities for uncomplicated deliveries; improved maternal health;

reduced severity of illnesses such as malaria as a result of improved access to care and treatment. In addition, socio-economic impacts include: savings of rural people who no longer have to travel far in search of better health care and gains in productivity as a result of averted maternal deaths and disabilities. The project is also benefitting women to a large extent and contributes to addressing gender disparities in health and access to opportunities.

AfDB and the ministry of Health and Social Welfare (MoHSW) are partnering in the efforts to reach this goal through the Support to Maternal Mortality reduction Project (SMMRP).

The reduction of maternal mortality to half is the fifth Millennium Development Goal to be reached by 2015 but progress is lagging behind in Sub Saharan Africa and in Tanzania in particular. Maternal deaths are largely avoidable with the right antenatal and postnatal care and through delivery attended by skilled health professionals.

Testimonies

Maria Daudi Maduhu
Hours after giving birth
to a baby boy

I am grateful for the services. They received me well. They supported me with equipment and delivered my baby after hours of labour. I did not lose this one as it was the case in the past...

Rahmadhan Makame Hamis
Clinical Officer
Metemwe health center

My work is to ensure that everything goes well, the center being the largest in the region. It provides primary health, HIV and TB testing. The centre opened recently and we thank the Ministry of health and the ADB for building the center which serves people from three wards – Mahonda, Katalini and Myini and far beyond.



Plaque with AfDB Logo as Key supporter of the College



Microfinance: Shopkeeper Urio doubled proceeds in months

Grooming Rural Entrepreneurs

Small Entrepreneurs Loan Facility (SELF II)

Project Information

Name: **Small Entrepreneurs Loan Facility (SELF II)**

Funding

USD 34.20 million

ADF Loan **USD 31.10 million**

Govt. **3.10 million**

Location: National: **141 Districts**

Components I - **Financial Services**

II - **Institutional Capacity building**

Project approval **5 May 2010**

Effectiveness **June 2010**

Launching **July 2010**

Project description

SELF II comprises a financial services loan venture and an institutional capacity building scheme. The financing requirement for the project amounts to USD 33 million (UA22 million). The components are financed through an ADF loan of USD 30 million (UA20 million) or 90% of the total cost. The government contributed USD 3 million (UA 2 million) or 10% in counterpart financing. The project is being implemented over a five-year period. On completion SELF is expected to disburse to financial intermediaries 2,040 loans on-lent to 820,000 clients of whom 50% are women in all regions of Tanzania and Zanzibar. In addition, the project is strengthening the capacity of SELF, microfinance institutions MFIs and the finance and economic affairs ministry through training of approximately 21,000 staff members.

Approach

This second Small Entrepreneurs Loan Facility built on the successful implementation of its predecessor. The Bank's intervention addressed the gaps in the demand and supply side while

taking SELF to higher level of institutional development and sustainability. In particular, Bank support has enabled SELF to build the capacity and systems of multilateral finance institutions to enable them graduate from infancy to intermediate and advanced MFIs that can access finances from formal financial institutions through linkage banking. Moreover, SELF complements other Bank financed projects in Tanzania such as CRDB bank and ACCESS Bank enabling them access financial services. The proposed project also fitted into the strategic mandate of the Bank in alleviating poverty and building human capital in Regional Member Countries while deploying its operational competences during implementation.

The Challenge

The project supports economic and social development through the provision of financial services to underserved categories of the population in a country which, according to recent studies, ranks lowest in the East Africa region with regards to the ability of the population to access financial services. Only 7% of the population in Tanzania has access to any form of formal banking

services while more than 54% of the population is totally excluded from accessing financial services. Recent evidence shows that since 2006 the number of people accessing financial service shrank by almost 3%. In terms of the provision of financial services, banks and other formal financial institutions have a very low level of penetration in the rural areas, primarily driven by the fact that many bank branches are located in urban areas.

The government sought to tackle this challenge by developing the 2004 National Microfinance Policy (NMP) designed to establish a basis for the evolution of an efficient and effective microfinance system that services the low-income segment of society, and thereby contribute to economic growth and poverty reduction. A year later, the Rural Financial Services Strategy (RFSS - 2005-2009) which aimed at improving the level of access and to deepen financial services delivery for individuals, households and enterprises in the rural areas was introduced.

Benefits

All 141 districts of mainland Tanzania and Zanzibar are benefitting from the project, as long as the participating Microfinance Institutions fulfilled the eligibility criteria stipulated in the project operations manual. The main beneficiaries of the project are the active rural poor. The project impacted positively on household income and reduced poverty among the target population. The finance and economic affairs ministry has also benefitted from the institutional strengthening which enables it to coordinate and oversee the microfinance sector.

Going forward, the project has enhance the knowledge of staff involved in all the three institutions involved as well as those of clients on financial management, accounting, micro-loan apprai-

sal and management. In addition, the project is investing in knowledge building through the conduct of beneficiary assessment studies; research and development of new products that respond to clients' needs; innovation in financial service delivery in remote rural areas; and outcome and impact assessment studies; among others. All publications produced by SELF are shared with the Bank which circulates them to similar operations in the RMCs.

Testimonies

Lazaro Innocent Urio Albino shopkeeper

I got a loan of 2 million shillings in August and finished paying it back in March. I have opened another retail shop in Chanika and expect to take another loan of 4 million shillings to increase business. This money has helped me to educate my sister's children, pay my workers and support my family. This is my own house but I am renting the one at Chanika.

Mikocheri B. Businesswoman

After many failures in other businesses, I received a three-day training to make soap and detergents. I started with 50,000 shillings from Family Support and began to produce soap, shampoo and toilet detergents which neighbours bought up easily. Each time finish paying off my debt, I get higher loans of 200,000 shillings, 400,000 shillings, 800,000 shillings, and the last being 1,200,000 shillings. The challenge for me now is packaging. I intend to get better packaging and equipment to produce more and sell them in a wider market.



Literacy and Numeracy are essential survival skills

Developing Skills for the Labour Market

Alternative Learning and Skills Development Project in Zanzibar

Project Information

Name **Alternative Learning and Skills Development Project in Zanzibar**

Funding

PHASE 1

Total Cost **USD 9.76 million**

ADF Loan **USD 7.44 million**

TAF grant **USD 1.35**

Govt. **USD 0.97 million**

PHASE 2

Total Cost **USD 32.83 million (1 UA = 1.562)**

ADF **USD 23.43 million**

BADEA **USD 6.99 million USD 7 million**

Govt. **USD 2.40 million**

Components **Development of Alternative Learning Skills; Development Centers, Business Incubator Development; Institutional Strengthening; Project Management**

Approval date **July 2011**

Effectiveness **September 2011**

Project Description

The learning and skills development project in Zanzibar, currently in its second phase, is designed to provide and develop an alternative education for out-of-school children and adult literacy in non-formal education, with a strong focus on girls and women on the Mainland.

The project, which was implemented over a period of 5 years, consists of five components: Development of Alternative Learning; Establishment of Skills Development Centers; Development of Business Incubator Facilities; Institutional Strengthening; and Project Management.

It involved the establishment of an alternative learning school; two Skills Development Centers and rehabilitation of a Vocational Training Center; establishment of Business Incubators in the two skills development centers; and iv) capacity building through institutional strengthening of five ministries.

The Challenge

The formal education system in Zanzibar faces different challenges that hinder the delivery of basic education to the school-age population. Among the challenges are: the lack of adequate facilities to accommodate the growing number of school age population; the lack of trained teaching staff and

of a diversified teaching system that can respond to changing needs; the increased number of school drop-outs; and the poor adaptability of skills of school graduates to employment. As a result of these problems and due to the high rate of population growth, an increasing number of the school-age population is out of school. Young people aged 14-30 years, who are neither at school nor engaged in gainful employment, have become a wasted productive resource that cannot contribute to the socio-economic development of the country. The country does not have sufficient skills development centers for these idle human resources to be retrained to respond to the demand of the labor market and thereby contribute to human capital formation.

Approach

One of the key innovations applied in the project's implementation was the business incubation approach which ensured the necessary linkages between skills development/ vocational

schools and the business environment in Zanzibar; providing support to first business steps of vocational school graduates by organizing them in small productive entities provided with adequate space, services, technical and financial assistance; and catalyzing/facilitating contacts among these entities and the local business community. The approach also benefited the school as the interaction with the local economic environment provided useful feedback for updating and adapting the curricula to real needs.

Impact

Most of the objectives of the project including non-formal education for never enrolled and out of school children have been attained. The Alternative Learning Centre which started as an institution for imparting literacy and numeracy skills to enrolled youth has expanded its program to include skills training. The centre has produced 211 graduates out of a total enrolment of 1239 enrolment since 2006.



Trainees sewing at Zanzibar learning Center



Zanzibar youth acquiring critical IT Skills

Nineteen microfinance institutions have obtained loans amounting to 1,248,000,000 shillings from the project's micro-credit facility and subsequently lent to groups and individuals. Direct beneficiaries who have obtained loans so far are over 6,333 of which 70% are women. Repayments have been regular and it is anticipated that the scheme could generate interest on loans amounting to USD 100,000 which could then be paid into the revolving fund.

The project produced other unexpected gains such as the additional use of the alternative learning centre as community centre for hosting social events as well as evening classes that have ensured the training of 1320 community members in computer literacy of which more than half of them were women.

The ALC which has achieved financial autonomy has so far earned TZS 49,544,428 (USD 40,000) from tuition and renting out office space and halls for social events. The earnings as well as

the creation of the Vocational Training Authority (VTA) augur well for the sustainability of the Vocational and Skills Development Centres.

Challenges

Considering the dynamics of the labour market, there is a need to update skills and strengthen formal schooling and basic education in literacy and mathematics. More opportunities for students to benefit from on-the-job training and apprenticeships. More SDCs built with up-dated and quality equipment and teachers with strong working experience in the relevant fields. Combine aspects of formal schooling and basic education such as literacy and math. There is a need for frequent opportunities for knowledge sharing between vocational training centres on one hand, and among the entire learning system as a whole to update skills and new areas.

Testimonies

Mohamed Njange Haji
Learner

I am studying Kiswahili, religion, mathematics and electricity. My life has changed since I came here. I used to live in the streets and never knew what to do but now , I thank God I know how to write and read.

Zenu Kweli Hamada
Learner

I studied up to class five at Kilimahewa Primary School until I had to drop out when my parents could no longer afford pay for my education. To help myself and the family, I started selling peanuts in the streets until I met someone who told about the school. I enrolled and it is working. I thank God I have learnt Kiswahili and a little English. I have also do tailoring.



Ministry of Health, Zanzibar



Microfinance: Making a living from detergents



A Business Case for Microfinance

Abiah Kaaya
Manager
Small Entrepreneurs Loan
Facility (SELF)
Says the project is helping the poor
enter mainstream business in Tanzania

Question

What are the successes and challenges of the SELF Project?

Answer

Microfinance is about serving the poor and the ultimate objective is to try to empower them to the level where that can easily migrate into mainstream business.

Question

So what have you achieved in this regard?

Answer

During the life of the first phase of the project, we were able to impact the lives of people in terms of improved incomes for individual beneficiaries, employment generation, a general entrepreneurship development awareness, and considerable improvement in the living conditions of people in terms of housing, nutrition and even hygiene.

I think it is the good results realized from SELF I that encouraged the AfDB and the Government to finance the second phase in which we are now.

Question

How has the second phase fared so far?

Answer

The components of the first phase were replicated in the second and the positive signs we are seeing at this stage points to the direction of sustainability. One can only manage a microfinance programme effectively and successfully if one is able to recoup capital and interest.

This possibility was demonstrated during the two-year interim period (2007-2010). We had built up the system to the point that it was able to continue running effectively, supporting itself while fulfilling the two core mandates of providing loans and capacity building.

Question

Going forward, what do you see as the key challenges?

Answer

We are in the second year of phase two of the project. And from all indications, we should be able to achieve the target by the end of the project in 2015; that is, to reach 820 clients. We are also expected to transform from a project to an autonomous legal entity. We have launched a transformation study to determine the most suitable type of transformation we would want.

The big challenge we have had all along derives from the fact the microfinance industry is still very young in Tanzania. We did not have any until 1993. So this situation made it possible for us to have an interface with the poor who constitute the ultimate target of the business. So we had to begin by training and grooming staff ranging from clerks loan and credit officers to managers to run the system.

We still have this problem in rural areas where most of our clients, the poor, reside. So we are trying to solve this problem by establishing two regional financial hubs to bring the services closer to the clients. We are also encouraging people in rural areas to establish Savings Circles.

The third challenge emanates from problems associated with growth. In the last 10 years we have brought in so many institutions into the portfolio which has resulted in having to manage big loans. We now have over 250 microfinance institutions in our portfolio, so we are continually challenged to manage growth.

Finally, we have other microfinance players who are not faithful. They shop indiscriminately and this compromises their ability to repay loans. This problem can be resolved through a mechanism for sharing experiences and practices, a kind of “Credit Bureau” to bring some order to the market.

Otherwise, I would say we are doing fine. We are determined to debunk the notion that microfinance tends to perpetuate poverty and let the institution sell itself as a good business case.

The second phase of the Small Entrepreneurs Loan Facility (SELF II) financed by the Bank comprises a Financial Services loan venture and an institutional capacity building scheme.

The financing requirement for the project amounts to USD 33 million (UA22 million). The components are financed through an ADF loan of USD 30 million (UA20.00 million) or 90% of the total cost. The government contributed USD 3 million (UA 2.00 million) or 10% in counterpart financing.



WAZARA YA ELIMU NA MAMUNDO YA UHAFUJI
ZANZIBAR
KITUO CHA ELIMU MBADALA
(ALTERNATIVE LEARNING CENTRE)

TAKWIMU
JANUARI 1990 - JULAI 1991

Alternative Skills development Centre, Zanzibar



Mwanza: Bismarck Rock on the south-eastern shores of Lake Victoria

AfDB Addresses and Contacts

Temporary Relocation Agency

African Development Bank
13 Avenue du Ghana,
BP. 323,- 1002, Tunis Belvedere, Tunisia.
Tel.: (+216) 71 333 511 / 7110 3450
Fax: (+216) 71 351 933
Email: afdb@afdb.org
Statutory Headquarters
Rue Joseph Anoma,
01 BP 1387 Abidjan 01
Côte d'Ivoire
Tel.: (225) 20.20.44.44
Fax: (225) 20.20.49.59
Email: afdb@afdb.org

Regional, Country and Field Offices Representatives contacts

ALGERIA FIELD OFFICE

Groupe de la Banque africaine de développement
Bureau National de l'Algérie (DZFO)
Commune Hydra Paradou
3, rue Hamdani Lahcène, Daira Birmouradrais
Alger, Algérie
Tel.: 00213 21 43 53 95 /66
Fax: 00213 21 43 53 92
Contact: Mrs. Diarra-Thioune
Représentant Résident

ANGOLA FIELD OFFICE

Bureau Nationale de l'Angola (AOFO)
Contact: Mr. Septime Martin, Resident Representative

BURKINA FASO FIELD OFFICE

Groupe de la Banque africaine de développement
Bureau National du Burkina Faso (BFFO)
Immeuble Administratif et Technique de l'ARTEL
(Autorité Nationale de Régulation des Télécommunications)
5eme Etage
Ouagadougou, Burkina Faso

Tel.: +226 50375750/51/53 Ext. 6100-6129

Fax: +226 50375749

Contact: Mme Kamuanya Ginette Nzau-Muteta

CHAD FIELD OFFICE

Groupe de la Banque africaine de développement
Bureau National du Tchad (TDFO)
Immeuble BCC, 2ème étage
Avenue Charles de Gaulle
BP 193, N'Djamena, Tchad
Tel.: (235) 52 46 79/ 52 45 57 Ext. 6200-6229
Fax: (235) 52 49 96
Contact: Mr. Michel-Cyr Djiena-Wembou
Représentant Résident

CAMEROON FIELD OFFICE

Groupe de la Banque africaine de développement
Bureau National du Cameroun (CMFO)
Immeuble No 1067 bis
Rue 1750 Nouvelle Route
Bastos, Yaoundé, Cameroun
Tel.: +237 22 20 27 61 Ext. 6800-6859
Fax: +237 22 20 27 64
Contact: Mr. Racine Kane, Représentant Résident

CENTRAL AFRICAN REPUBLIC FIELD OFFICE

Groupe de la Banque Africaine de Développement
Bureau National de la République du Centre Afrique (CFFO)
Contact: Mr. Modibo Sangare, Représentant Résident

DRC FIELD OFFICE

Groupe de la Banque africaine de développement
Bureau Régional de la R. D. Congo (CDFO)
Immeuble de la BCDC (Banque de Commerce du Congo)
Boulevard du 30 Juin - Kinshasa NRC Kinshasa 340
Kinshasa I République Démocratique du Congo
Tel.: +243 815 560 291 Ext. 6330-6399
Fax: +243 815 560 294
Contact: M. Valentin Zongo

EGYPT FIELD OFFICE

African Development Bank Group

Egypt Country Office (EGFO) 72b
Al-Maahad El-EshterakySt. – 5th floor-
Opposite to Maryland Roxy/Heliopolis
Cairo, EGYPT
Tel.: +202 22 563 790/1
Fax: +202 22 563 792 Ext: 6730-6759
Contact: Mr. Sibry Tapsoba, Resident Representative

ETHIOPIA FIELD OFFICE
African Development Bank Group
Ethiopia Country Office (ETFO)
7th and 8th Floor, Get-House Building,
Kirkos Sub-City, Kebele 20/21, House N° 056
P.O Box 25543 Code 1000
Addis Ababa, Ethiopia
Tel.: +251 115 546 336 Ext. 6700-6729
Fax: +251 115 546 335
Contact: Mr. Lamine Barrow, Resident Representative

GABON FIELD OFFICE
Groupe de la Banque africaine de développement
Bureau Régional du Gabon (GAFO)
Immeuble Saint Georges , Quartier Kalikak
B.P. 4075 Libreville, Gabon
Tel.: +241 76 85 76 / +241 76 85 79 Ext. 6600-6649
Fax: +241 76 85 77
Contact: Mr Moulay Lahcen Ennahli, Représentant Résident

GHANA FIELD OFFICE
African Development Bank Group
Ghana Country Office (GHFO)
No.1 Dr. Isert Road 7th Avenue – Ridge
Accra, Ghana
Tel: +233 302 66 28 18/+233 302 66 28 35/ +233 302 68 72 72
Fax: +233 302 66 28 55
Ext: 6130-6159
Contact: Ms Akin-Olugbade, Marie-Laure
Resident Representative

GUINEA-BISSAU FIELD OFFICE
African Development Bank Group
Guinea-Bissau National Programme Office (NPO)

Bissau, Guinea-Bissau
Tel.: (Serv): (245) 20 13 48 / 20 10 98
Fax: (245) 20 17 53
Cell.: (245) 721 08 98 / 668 43 43
Contact: Mr. Albino Jose Cherno Embalo
Administrative Assistant

EAST AFRICA REGIONAL RESOURCE CENTER
African Development Bank Group
East Africa Regional Resource Center (EARC)
12th Floor, Landmark Plaza, Argwings Kodhek Road, Upper Hill
Nairobi, Kenya
Tel.: +254 20 2712925/6/8 Ext. 6230-6259
Fax: +254 20 2712938
Contact: Mr. Gabriel Negatu, Regional Director

LIBERIA FIELD OFFICE
Contact: Ms Margaret Hilda Kilo, Resident Representative

MADAGASCAR FIELD OFFICE
Groupe de la Banque africaine de développement
Bureau National de Madagascar (MGFO)
9ème étage, Immeuble Fitaratra
Ankorondrano, Rue Ravoninahitriniarivo
BP 1718 Analakely, Antananarivo 101, Madagascar
Tel.: (261) 2022 643 61, 202264189 Ext. 6000-6029
Fax: (261) 2022 642 32
Contact: M Abdelkrim Bendjebbour, Représentante Résidente

MALAWI FIELD OFFICE
African Development Bank Group
Malawi Country Office (MWFO)
2nd Floor, Kang'ombe House, Box 30732
City Centre, Lilongwe, Malawi
Tel.: (+265) 0 1 77 44 60-62/64 Ext. 6300-6329
Fax: (+265) 0 1 77 44 69
Contact: Mr Andrew Mwaba, Resident Representative

MALI FIELD OFFICE
Groupe de la Banque africaine de développement
Bureau National de Bamako (MLFO)
Quartier ACI-2000 Angle derrière la BNDA Face au rond-point

BP 2950 Bamako Mali
Tel.: +223 20 22 28 85/ 20 22 28 72
Fax: +223 20 22 29 13 Ext: 6031
Contact: Mr. Amadou Thierno Diallo, Représentant Résident

MOROCCO FIELD OFFICE
Groupe de la Banque africaine de développement
Bureau National du Maroc (MAFO), Immeuble “Espaces les Lauriers”, 1er Etage
Angle des avenues Annakhil et Mehdi Ben Barka, Hay Riad
BP 592 Rabat Chellah
Rabat, Maroc
Tel.: (212) 537565937 / 537713826-7 Ext. 6160-6190
Fax: (212) 537565935
Contact: Mme. Amani Abou-Zeid, Représentante Résidente

MOZAMBIQUE FIELD OFFICE
African Development Bank Group
Mozambique Regional Office (MZFO)
3rd floor, JAT 4 Building, Zedequias Maganhela, 267
Maputo, Mozambique
Tel.: (258) 21326409 Ext. 6430-6499
Fax (258) 21315600
Contact: Mr. Joseph Ribeiro, Resident Representative

NIGERIA FIELD OFFICE
African Development Bank Group
Nigeria Country Office (NGFO)
8, Lake Chad Crescent, Maitama District
Abuja, Nigeria
Tel.: +234 – 70 40 277 814; 70 40 277 818
Ext. 6650; 6651; 6657; 6658
Contact: Mr Ousmane Dore, Resident Representative

RWANDA FIELD OFFICE
Groupe de la Banque africaine de développement
Bureau National du Rwanda (RWFO)
Immeuble BCDI 8 Avenue de la Paix
BP 7329 Kigali, Rwanda
Tel.: +(250) 50 42 97/50 Ext. 6060-6090
Fax: +(250) 50 42 98
Contact: Negatu Makonnen, Représentant Résident

SÃO TOMÉ AND PRÍNCIPE FIELD OFFICE
African Development Bank Group
São Tomé and Príncipe Programme Office (STFO)
Contact: Mr. Helder Neto (UNDP) Baldeh,

SENEGAL FIELD OFFICE
Groupe de la Banque africaine de développement
Bureau Régional du Sénégal (SNFO), Immeuble Coumba
Route de Ngor, Zone 12, Quartier des Almadies,
BP 50544 - CP 18524 RP
Dakar, Senegal
Tel.: (+221) 33.820.08.88 / (+221) 33.869.75.44 Ext. 6530-6599
Fax: (+221) 33.820.09.99
Contact: Mme. Leila Mokadem, Représentant Résident

SIERRA LEONE FIELD OFFICE
African Development Bank Group
Sierra Leone Country Office (SLFO)
5th & 6th floor, Bishop Building, 13 Lamina Sankoh Street,
PMP335
Freetown, Sierra Leone
Tel.: +232 (0) 76541328
Ext. 6260-6290
Contact: Mr. Yero Baldeh, Resident Representative

SOUTHERN AFRICA RESOURCE CENTER (SARC)
African Development Bank Group
Crestway Office Park, 2 Hotel Street, Persequor Park 0020
Pretoria, South Africa
Tel.: +27 12 818 6900/7200
Fax: +27 12 349 5201
Contact: Mr Ebrima Faal, Regional Director

SUDAN FIELD OFFICE
African Development Bank Group
Sudan Country office (SDFO)
Higleig Petroleum Tower, 7th floor, Plot 499, Square 65, East-Se-
cond
Khartoum, Sudan
Tel.: +249 183 236240 / 236320 / 236131
Contact: Mr. Abdul Kamara
Resident Representative

TANZANIA FIELD OFFICE

African Development Bank Group

Tanzania Country Office (TZFO)

5th Floor, International House, Garden Avenue, P.O. Box 6024

Dar es Salaam, Tanzania

Tel.: (+255) 22 2125281/2 (office) Ext. 6500-6529 / (+255) 22 2125286 (Direct)

Fax: (+225) 22 2125283

Contact: Ms. Tonia Kandiero, Resident Representative

TOGO FIELD OFFICE

African Development Bank Group

Togo Country Office (TGFO)

Contact: Mr. Serge N'guessan, Resident Representative

UGANDA FIELD OFFICE

African Development Bank Group

Uganda Country Office (UGFO)

14th Floor, Crested Towers Building, Hannington Road

P.O. Box 28509

Kampala - Uganda

Tel.: (+256-414) 236 166/7

Fax: (+256-414) 234 011

Ext. 6760-6790

Contact: Mr. Khaemba, Patrick Simiyu, Resident Representative

ZAMBIA FIELD OFFICE

African Development Bank Group

Zambia Country Office (ZMFO)

Banc ABC House, 746 Church Road, Cathedral Hill,

P O Box 51449 Ridgeway, Lusaka, Zambia

Tel.: +260 211 257868/69/74

Fax: +260 211 257872 Ext: 6400 - 6420

Contact: Mr. Freddie Kwesiga, Resident Representative

ZIMBABWE FIELD OFFICE

Contact: Mr Mahamudu Bawumia

Resident Representative



© AfDB 2012 - Design, ERCUYAL

TANZANIA



www.afdb.org