

United Nation Capital Development Fund
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Country State of LED Draft Report
TANZANIA

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ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
BEST	Business Environment Strengthening for Tanzania
BRU	Better Regulation Unit
BRELA	Business Registration and Licensing Agency
CBO	Community Based Organizations
CSO	Civil Society Organization
DANIDA	Danish International Development Agency
DFID	Department for International Development (UK)
EC	European Community
FINIDA	Finnish International Development Agency
GoT	Government of Tanzania
HIPC	Highly Indebted Poor Countries
IFAD	International Fund for Agricultural Development
ILO	International labour organization
JAST	Joint Assistance Strategy for Tanzania
LED	Local Economic Development
LGA	Local Government Authorities
LGRP	Local Government Reform Programmes
MDGs	Millennium Development Goals
NSGRP	National Strategy for Growth and Reduction of Poverty (MKUKUTA)
MTEF	Medium-Term Expenditure Framework
NGOs	None Governmental Organizations
NORAD	Norwegian Agency for Development Co-Operation
NOVIB	Netherlands Organization for International Development Cooperation (Belongs to Oxfam-International)
PMO-RALG	President's Office Regional Administration and Local Government
PRSP	Poverty Reduction Strategy Paper
SIDA	Swedish International Development Agency
SNV	Netherlands Development Organization

TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TPBP	Tanzania`s Property and Business Formalisation Programme (MKURABITA)
UK	United Kingdom
UNDP	United Nations Development programme
UN-Habitat	United Nations Human Settlement Programme
USAID	United States Agency for International Development
WFP	World Food Programme
WB	World Bank

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1.0 INTRODUCTION

There is neither a coherent national perspective; a definition of LED nor a specific LED policy in Tanzania. This has resulted in limited understanding of LED nationally though many of the development interventions (projects and programmes) at national and local levels are inherently LED in terms of quality, locality and economic perspective. Also, there are policies, perspectives and strategies that create enabling conditions for promotion of real LED interventions. The subsequent sections of this report attempt to detail the national and local enabling perspectives.

2.0 NATIONAL ENABLING PERSPECTIVE

At the national level, the Government of Tanzania has a number of policies and strategies that are quite enabling of LED. These include: The Development Vision 2025; The Decentralization Policy and the Local Government Act (1982); the Local Government Reform Policy (1999); the National Economic Empowerment Policy and the National Economic Empowerment Act (2004). On the basis of the economic empowerment policy, the Government introduced a number of strategies and programmes/institutions such as: The National Strategy for Growth and Reduction of Poverty (NSGRP) (MKUKUTA); the National Strategy for Registration and Formalization of Property (MKURABITA); The Business Environment Strengthening for Tanzania (BEST) Programme; the Local Government Reform Programme (2000); The Joint Assistance Strategy for Tanzania (JAST) for 2006-10. The Government has also established the National Business Council; Tanzania Investment Centre; Business Registration and Licensing Agency (BRELA). Furthermore, the Government has, in collaboration with the bilateral donor community, supported the creation of the Private Sector Development Foundation.

2.1 The Development Vision 2025

During 1980's the government realised that the past development policies and strategies since independence in 1961 were not adequately responding to changing market and technological conditions in the world economy. In response, beginning mid-1986, the Government adopted various socio-economic reforms and during their implementation, it became apparent to the government that those socio-economic reforms were not adequately informed by a national long-term development philosophy and direction. Realisation of this led to the formulation of the Tanzania Development Vision.

The Vision is an articulation of a desirable future condition or situation which Tanzania envisages to attain plausible course of action to be taken for its achievement. The Vision was adopted by the Government in 1999 and its implementation started in 2000. The objective of the vision is to awaken, coordinate and direct the people's efforts, minds and national resources towards those core sectors that will enable us to attain our development goals.

The National Vision 2025 outlines five main attributes that Tanzania is expected to have attained by the year 2025, namely (i) a high quality livelihood; (ii) peace, stability and national unity; (iii) good governance; (iv) a

well educated and learning society imbued with an ambition to develop; and (v) a competitive economy capable of producing sustainable growth and shared benefits. It envisages Tanzania's graduation from a least developed into a middle income country, having eliminated abject poverty and maintaining a high economic growth rate of at least 8 percent per annum. The Vision 2025 furthermore identifies basic pillars for its successful implementation, including the need for a competitive development mindset as well as a culture of self-reliance in Tanzanian society. It includes implementation guidelines, relating among others to the importance of undertaking reviews and reforms of existing laws and institutional structures as well as of people's participation in preparing and implementing plans for their own development. Various strategies have subsequently been formulated in line with the National Vision 2025.

2.2 National Economic Empowerment Policy and the Economic Empowerment Act (2004)

In spite of all attempts made since independence, Tanzanians were yet to effectively participate in formal economic activities and were deeply overwhelmed by poverty, high child mortality rate, illiteracy, environmental degradation and diseases. It is in light of this situation that the Government deliberately established the *National Economic Empowerment Policy* to serve as a roadmap for the participation of the majority of the citizens of Tanzania in all sectors of the economy.

The Policy is intended to address economic empowerment needs of the individual citizens of Tanzania and local companies in which Tanzanian citizens held not less than fifty percent of the shares. The Policy takes on board all economic actors including farmers, livestock keepers, fishermen, employees, traders as well as other groups of individuals in various economic activities. The Policy puts in place the general guidelines for the formulation of strategies to be used by respective sectors depending on the prevailing circumstances. In this respect, each sector is enjoined to come up with concrete implementation strategies:

The primary objective of this policy is to provide general guidelines which will ensure that the majority of the citizens of Tanzania and particularly economic actors or entrepreneurs have access to opportunities to participate effectively in economic activities in all sectors of the economy. In this regard, sector policies will give preferential treatment to nationals where necessary so as to enhance their bargaining position and opportunities. The Policy focuses on:-

- i. Creating a favourable business environment for investment and economic growth;
- ii. Improving the tax system and its administration;
- iii. Reviewing laws, rules and regulations from time to time to ensure that they meet the requirements of a market-oriented economy;
- iv. Improving and simplifying licensing procedures;
- v. Improving efficiency in public service delivery;
- vi. Easing the availability of capital and enabling more Tanzanians to borrow;
- vii. Raising skills and knowledge levels;

- viii. Strengthening economic infrastructure and involving Tanzanians in infrastructure development;
- ix. Creating an enabling environment for Tanzanians to participate more effectively in the privatization of state enterprises;
- x. Improving the capacity to produce goods of a high quality, provide better and reliable public services, support the establishing of appropriate marketing systems, including the use of government tendering system to assist Tanzanians to access markets.
- xi. Encouraging and strengthening the development of cooperatives;
- xii. Using land as a springboard to accelerate empowerment;
- xiii. Establishing a sound institutional framework for managing and supervising the implementation of the National Economic Empowerment Policy.
- xiv. To re-orient government policies to invest in human resource and integrate entrepreneurship subjects from early learning stages
- xv. To promote SMES because of their flexibility, fast ability to adjust to shocks and their large potential to create new jobs.
- xvi.** To take advantage of the stable policy regime which Tanzania enjoys in welcoming partnerships between public/private sector and transnational corporations in order to capture their crucial role in the country's social and economic development.

2.2 The Decentralization Policy and Local Government Act 1982

Tanzania has undergone several phases of decentralization since independence in 1961. The period shortly after independence (1962-1967), saw democratic and strong district and town councils. This was followed by a gradual decline from 1967 followed by complete abolition of the local governments in 1972. The local governments were replaced with the policy of decentralization by delegation in 1982; the local governments were reintroduced following disastrous consequences of the local government abolition measures.

The newly introduced local government system is based on political devolution and decentralization of functions and finances within a unitary state. Local Governments are now holistic, i.e. multi-sectoral, government units with a legal status (body corporate) operating on the basis of specific and discretionary powers under the legal framework constituted by the national legislation. Local governments have a responsibility for social development and public service provision within their areas of jurisdiction; facilitation of maintenance of law and order and promotion of local development through participatory processes. The elected local councils are governments or organs which are at lower levels of one unitary Government of United Republic of Tanzania and thus required to operate within the national policy and legal framework while retaining their status as the highest political authorities within their areas of jurisdiction. The most powerful tools of councils are their annual work plans, budgets and control of resources exercised by the standing committees.

2.3 The Local Government Reform policy (1996) and Reform programme (1999)

The local government reform programme's (LGRP) goal is reduction in the proportion of Tanzanians living in poverty. Its purpose is "improved quality, access and equitable delivery of public services particularly to the poor, provided through reformed, autonomous local authorities. The LGRP was initiated in 1999 to implement the reform policy (1996) and the reform agenda 1996-2000. The LGRP has seven reform areas namely: (i) Good Governance, (ii) Fiscal Decentralization, (iii) Legal Harmonization, (iv) Coordination, (v) LGA Restructuring, (vi) HR Management and (vii) PMO-RALG.

At national level LGRP deals with elaboration and implementation of instruments (Laws, Systems, and Guidelines) and concepts for local government reform. On the other hand, at local level LGRP deals with restructuring, strengthening of capacities and sensibilisation of LGA for reforms.

2.4 Other Sectoral policies emphasizing the private sector role in promoting economic growth and poverty reduction

Various Sectoral Policies: MSMEs Policy, Trade Policy, Agricultural Marketing Policy, Industrial Development Policy emphasize the role of the private sector as the engine of economic growth and poverty reduction. They also focus on the concerns of the smallholder producers, processors and traders.

2.5 The National Strategy for Growth and Reduction of Poverty (NSGRP)

As it was preparing the National Vision 2025, the Government at the same time developed a National Strategy for Growth and Reduction of Poverty (NSGRP- known in Swahili as MKUKUTA), as a long-term strategy for poverty reduction is the national framework which accords high priority to poverty reduction in Tanzania's development agenda. It identifies three cluster outcomes aiming at achieving the Vision 2025 and the Millennium Development Goals (MDGs). The three cluster outcomes are: (i) growth and reduction of income poverty (ii) improvement of quality of life and social wellbeing and (iii) promotion of good governance and accountability.

MKUKUTA builds on the Poverty Reduction Strategy Paper (PRSP) (2000-2003) which was linked to debt relief under the Highly Indebted Poor Countries (HIPC) initiative. The PRS(P) identified a few priority sectors (education, health, agriculture, water and sanitation, roads, judiciary and HIV/AIDS) through which resources (debt relief) were channeled. Lessons from the implementation of PRS(P) and the recognition of multidimensional nature of poverty informed the approach and focus adopted by MKUKUTA. MKUKUTA adopts an outcome approach and requires all sectors to contribute to the poverty reduction agenda. It also encourages inter-sector collaboration. It is linked to the National Vision and provides a guiding framework for coordinating and supervising the formulation, implementation and evaluation of policies and strategies for poverty eradication in order to reduce absolute poverty by the year 2025.

The (NSGRP) identifies areas of strategic interventions, relating to the creation of an enabling environment for poverty eradication.

To fast track progress toward achieving the National Vision 2025, in 2005 the Government completed a Tanzania Mini-Tiger Plan 2020, which fed into the MKUKUTA. The Mini-Tiger Plan aims at fostering competitiveness of Tanzanian products on the global markets and promoting exports, including through the creation of Special Economic Zones. The Government also prepared a range of sector policies and strategies for, among others, agriculture, education, health, water, roads and HIV/AIDS, to guide implementation of the first PRS. These sector policies and strategies underpin the implementation of the MKUKUTA.

2.6 National Strategy for Registration and Formalization of Property (MKURABITA)

The Tanzania Property and Business Formalisation Programme (TPBP) (known by the Swahili acronym as MKURABITA) was founded to empower the marginalised majority in the informal sector so that they could use their properties and business assets and other opportunities in the modern market economy, and thus increase their income.

The creation of MKURABITA followed a research finding that some 25bn/- could not be absorbed in the national economy because they were in the hands of informal sector where they could not be accounted for any economic activity.

It was therefore decided that a way should be sought by which the poor could be integrated in the national economy; hence the birth of MKURABITA. The idea behind was to make maximum use of their properties and business assets as well as other opportunities to secure loans for opening up small scale projects thereby raising their income. Under such facilitation the poor could effectively participate in the reduction of income poverty and contribute to the attainment of Medium Development Goals (MDG) targets.

MKURABITA, and MKUKUTA are interrelated economic interventions effected by the government in an effort to provide relief to the Tanzanian masses of medium and lower ranks. While MKURABITA focuses on petty traders, MKUKUTA targets all the poor in general in their struggle to improve their welfare. MKURABITA seeks to empower the marginalised majority in the informal sector by recognising their properties and register them to be used as collateral.

2.7 The Business Environment Strengthening for Tanzania (BEST) Programme

The Government of the United Republic of Tanzania recognizes that the private sector is an engine and a precondition to economic growth, and is therefore committed to support private sector development by ensuring a more enabling environment to facilitate development of private sector. It is for this reason in 2002 the government decided to implement a 5 years Business Environment Strengthening for Tanzania (BEST) Programme with the goal of

reducing the cost of doing business, by eliminating legal, regulatory and administrative burdens facing businesses. The programme is being coordinated and facilitated by the Better Regulation Unit (BRU) under the Ministry of Planning, Economy and Empowerment. The programme is organised in five (5) components as described below:

Component 1: Achieving Better Regulation aiming at reducing the unnecessary regulations and ensuring better enforcement of such regulations with a particular focus to SMEs.

Component 2: Improving Commercial Dispute Resolution which aims at improving the speed and quality of processing commercial disputes with a particular focus to SMEs.

Component 3: Strengthening the Tanzania Investment Centre which aims at assisting the centre to address constraints on investments.

Component 4: Changing the culture of the Government which aims at improving services delivery by the Government to the Private Sector.

Component 5: Empowering Private Sector Advocacy aiming at improving the capacity of private sector stakeholders to identify regulatory problems and also advocate for the improved business environment.

The Programme has facilitated reviewing of laws and regulations that inhibit development of the private sector. Examples include Phase I of the Labour Law reform that was passed in parliament in April 2004, whereby two new pieces of legislation namely The Employment and Labour Relations Act and Labour Institutions Act were assented by the President in early June 2004. To operationalize the Land Act (Amendment) 2004, Land Mortgage Regulations were also completed and became operational as of August, 2005. The other areas where the BEST Programme is working with the aim of reducing the cost of doing business include business and taxation reforms, agricultural sector reforms and BRELA reforms.

The programme has also created practical space for the private sector to contribute to policy and legislative reform processes, by catalyzing and fostering a true Public-Private Partnership spirit, thus enhancing ownership and commitment by both the public and private sectors. Technical Working Groups that draw from the Public and Private Sectors are involved in all technical processes of the implementation of the Programme, building upon participatory principles that enable stakeholders from the Public and Private Sectors to work together as equal partners.

2.8 The Joint Assistance Strategy for Tanzania (JAST) for 2006-10.

JAST is Tanzania's new medium-term framework for managing development cooperation between the Government and Development Partners. JAST has established five forms of grants (Basket Funds) at the discretion of the local governments to initiate and implement Led projects. (i) Local Government Capital Development Grants. (ii) District Agricultural Development

Programmes. (iii) District Irrigation Funds and (iv) District Urban and Environmental Development Grants. The JAST is not expected to merge country assistance strategies of individual partners into a single strategy. Individual country assistance strategies will rather be brought in line with the JAST principles. The JAST includes an Action Plan and a Monitoring Framework with jointly agreed indicators and targets.

3.0 LOCAL ENABLING PERSPECTIVE

At the local level, the following enabling perspectives exist:

3.1 Establishment of the Local Government Capital Development Grant System (LG-CDG)

LGDG is heavily enabling for LED as it:

- Is a first step towards devolution of the development budget.
- Is part of a broader process of fiscal decentralization.
- Contributes to 'streamling' planning, appraisal, monitoring and reporting procedures.
- Provides Local Governments with Grants for capital investment.
- Provides Local Governments with Grants for capacity building.

3.2 Local Government Powers

Fiscal decentralization has introduced equitable and transparent revenue and capital development grants from central Government to Local Government Authorities (LGAs) thus giving them more financial powers and powers to raise appropriate local revenues. Moreover, administrative decentralization of personnel is integrating the staff into LGA administration and away from sectoral subordination and unnecessary bureaucratic control. In addition, political decentralization is aimed at the strengthening of the local democratic institutions at all levels – including villages, street and hamlet – thus enabling and enhancing public participation and bring control over many important aspects of people's daily lives closer to the people themselves. Furthermore, service delivery function involves decentralization of public services to bring efficient, predictable and reliable services closer to the end user and to ensure the quantity and quality of these services. Lastly, the changed central – local relations is aimed at changing of the role of the central government vis-à-vis LGAs, with the central government retaining over-riding powers as stipulated in the Constitution and existing legal framework while the LGAs exercise and enjoy devolved powers, authority, responsibilities and resources in accordance with the law.

3.3 Local Government Finance

In its efforts to improve local government finance, the government of Tanzania has planned that, one out of every five shillings spent in the public sector is spent at the local government level. As a result, a sound system of local government finance and intergovernmental relations is a key factor in assuring that the public sector provides an enabling environment for economic growth and reducing poverty in line with Tanzania Vision 2025 and with MKUKUTA.

Accurate and up-to-date information on local government finances is critical in order for local government officials to improve the quality of local services, as well as for communities and civil society to hold central and local government officials accountable for the funding of local government service delivery. In order to enhance the transparency of local government finances in Tanzania, the Local Government Information (LOGIN) system for Tanzania Mainland enables the user to generate a number of reports to monitor different aspects of the local government finance system. The LOGIN website is developed and maintained by the Local Government Finance Working Group.

3.4 Stakeholders Engagement

Many stakeholders are involved in implementation LED related projects and programmes at local level in Tanzania. The key stakeholders include the following:

- District councils
- Community groups at village level
- Micro, Small, Medium Enterprises
- NGOs, CBOs, CSOs
- Micro-finance institutions

3.5 Local Government Planning and Reporting Database (PlanRep),

The Government has developed a database, the Local Government Planning and Reporting Database (PlanRep), to allow Local Government Authorities to formulate MTEF plans and budgets linked to the MKUKUTA and monitor their expenditure and implementation. Despite substantial progress, capacity in planning, strategic resource allocation and budget management needs.

4.0 LED IN PRACTICE

Analysis of LED in practice draws on the stock take excel sheet fed back to the consultant from the LEDNA mask. The number of projects/programmes was reduced by the task managers from the original 25 to 22. The analysis also occasionally makes reference to the ten guiding principles of LED from the global practice (Swinburn and Yatta, 2006:14). The analysis of the 22 projects/programmes covers seven areas as follows: (i) Major LED characteristics of the Projects/Programmes (ii) Projects/Programmes by Themes (iii) Projects/Programmes Time Frames (iv) Main donors' priority areas of interest (v) Projects/Programmes by Budget Size (vi) Spatial Focus and Spatial Scale (vii) Stakeholder Engagement- district councils; private sector and civil society.

4.1 Major LED characteristics of the Projects/Programmes

All the twenty two projects/programmes have been subjected to an analysis of the extent to which they meet the ten LED guiding principles. The results as presented in Table 1 show all projects follow the principles of the territorial approach and local ownership (Principles #2 and #3). Furthermore, more than 80% of the projects at least meet the principles of strategic planning (#1), partnership in design and implementation (#4); integration of hard, soft and institutional infrastructure (#8); integration of multiple sectors (#7); as well as

the principle of PPP (Principle # 10). About half of the projects (45%-50%) are weak in the principles of enabling conducive local business environment for all actors (Principle # 6) and in integrated interventions across multiple sectors (Principle # 5). The projects are weakest in the principle of retention of local business and people (Principle # 9) where only 22.7% of the projects do this.

Table 1: Major LED characteristics of the Projects/Programmes (n=22)

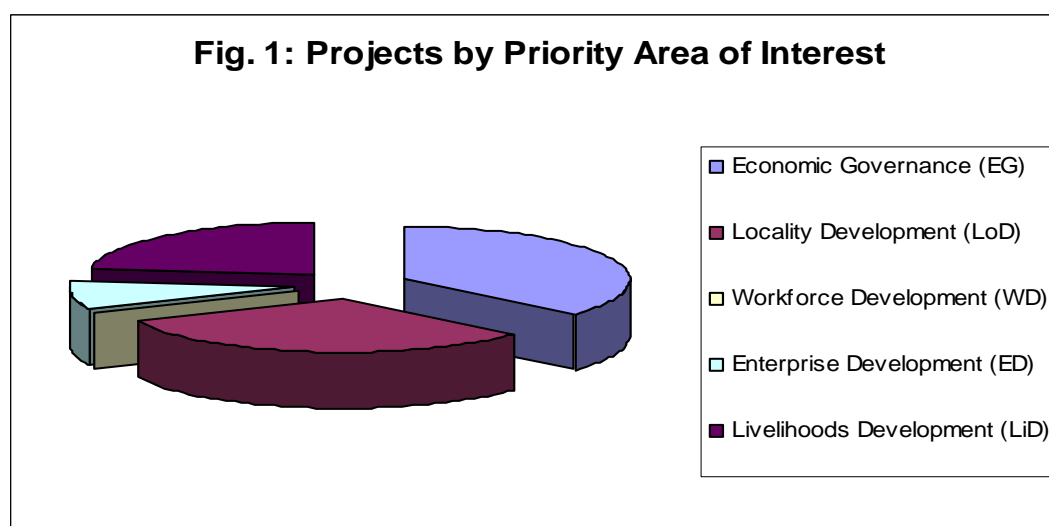
Global LED Guiding Principles	Number of Projects for each principle	Percentage
1. A strategically planned process	19	86.4
2. Based on a territorial approach	22	100
3. Locally owned, designed and delivered	22	100
4. Best achieved through partnership both for design and implementation	21	95.5
5. Reinforced by integrated interventions across multiple sectors	11	50
6. Focused on enabling a conducive local business environment for all actors	10	45.5
7. Involves integrated interventions across multiple sectors	18	81.8
8. Involves calibrating interventions in hard, soft & institutional infrastructure	20	90.9
9. Prioritizes development and retention of local business and people	5	22.7
10. Projects are delivered by all actors public, private and none governmental.	19	86.4

4.2 Projects by Themes

Table 2 shows that, of the 22 projects/programmes, 36% of the projects were under Economic Governance (EG), 28% of the projects were under the Locality Development theme (LoD), 20% of the projects were done under Livelihood Development (LiD) while 16% of the projects were under the Enterprise Development (ED) theme. None of the projects were found under the Workforce Development (WD) theme. Fig 1 much more clearly illustrates this argument. The results show that the projects/programmes are almost evenly spread out within all the four themes except WD.

Table 2: Projects¹ by themes

Theme	Number of projects	Percentage
Economic Governance (EG)	8	36
Locality Development (LoD)	7	32
Workforce Development (WD)	0	0
Enterprise Development (ED)	2	9
Livelihoods Development (LiD)	5	23
TOTAL	22	100



4.3 Projects' Time Frames

Table 3 (and Fig 2) show that 5 out of 9 programmes/projects (55%), for which data was available, fall in the 3-5 years life cycles. Unfortunately there are about 14 projects (56%) whose time frames are not complete because only Starting years are shown but End years are not shown². This medium life span of projects and programmes suggests that donors and governments are for short term projects and for quick wins. Experience shows that, most LED projects would work and produce results in the medium or long term not short term.

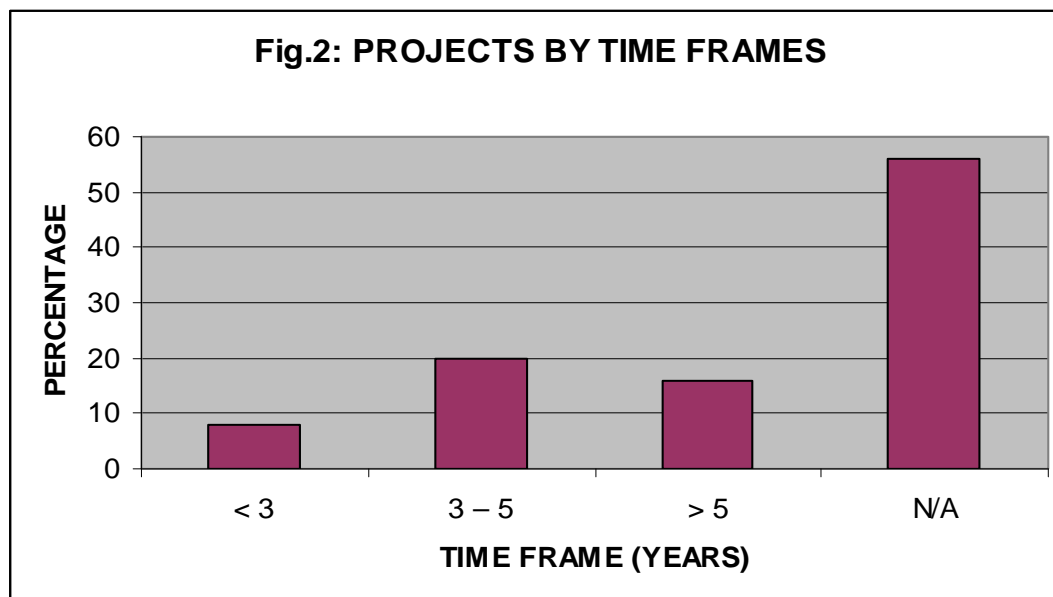
Table 3: Time Frames of Projects/Programmes

Time frame (years)	Number of projects	Percentage
< 3	2	9
3 – 5	5	23
> 5	2	9
Sub-total	9	41
N/A ³	13	59
TOTAL	22	100

¹ The term *projects* is used here to include also *programmes*

² Work to fill in all data gaps for this study is still underway. The final report will have most of the data gaps cleared.

³ Data on *Start Year* and *End Year* were not immediately available.



4.4 Main Donors' Priority Areas of Interest

Table 4 shows that there are five (out of 22) main donors of LED-related interventions (those supporting two or more LED themes) are UNDP, World Bank; UNCDF; IFAD, and the Swedish Government. These donors prefer EG (3); LoD (3); ED (2) and LiD (2) projects/programmes with none of the 22 donors interested in Workforce Development. About sixty four percent (63.8%) of the total projects were on Economic Governance and 68.2% of the total projects were in Locality development while Livelihood Development had 27.3% and Enterprise Development got 18.2% of the total projects. ED, and LiD projects and programmes are preferred by small donors such as SNV and bilateral donors particularly foreign government support coming in through Embassies rather than through development agencies of the respective governments. This trend probably illustrates that donors prefer funding projects that involve Economic Governance and Locality Development to projects under other themes. This may probably be due to the fact that it is easier to measure impact from this type of projects than the other three types.

Table 4: Main Donors by Priority Areas of Interest

No.	Donors	Project themes supported				
		EG	LoD	LiD	WD	ED
1	GoT	3		1	-	-
2	UNCDF	3	1	-	-	-
3	UNDP	3	3	-	-	-
4	SIDA	1		-	-	-
5	WORLD BANK	3	3	1	-	-
6	SNV	-	-	-	-	1
7	DFID	1	-	-	-	
8	UK Government	-	-	-	-	1
9	Swedish Government	-	-	-	-	3
10	Netherlands Government	-	-	-	-	1
11	EC, IFAD, ADB	-	-	-	-	3

No.	Donors	Project themes supported				
		EG	LoD	LiD	WD	ED
12	IFAD	-	-	1	-	-
13	Danish Government, ILO	-	2	-	-	-
14	UN-Habitat, DANIDA, FINIDA, Swiss Agency, NORAD, USAID	-	6 ⁴	-	-	-
15	IRISH AID, WFP, Oxfam-NOVIB5	-	-	3	-	-
Total		14	15	6	-	4
Percent		63.8	68.2	27.3	-	18.2

4.5 Projects by Budget Size

Table 5 and Fig. 3 illustrate that 68% (17) of the projects had budgets above US\$ 5 million, 20% (5) projects with budgets ranging between US\$ 1 million and US\$ 3 million, 8% (2) projects with budgets ranging between US\$ 3 million and US\$ 5 million, and 4% (1) project with a budget of less than US\$ 500,000.

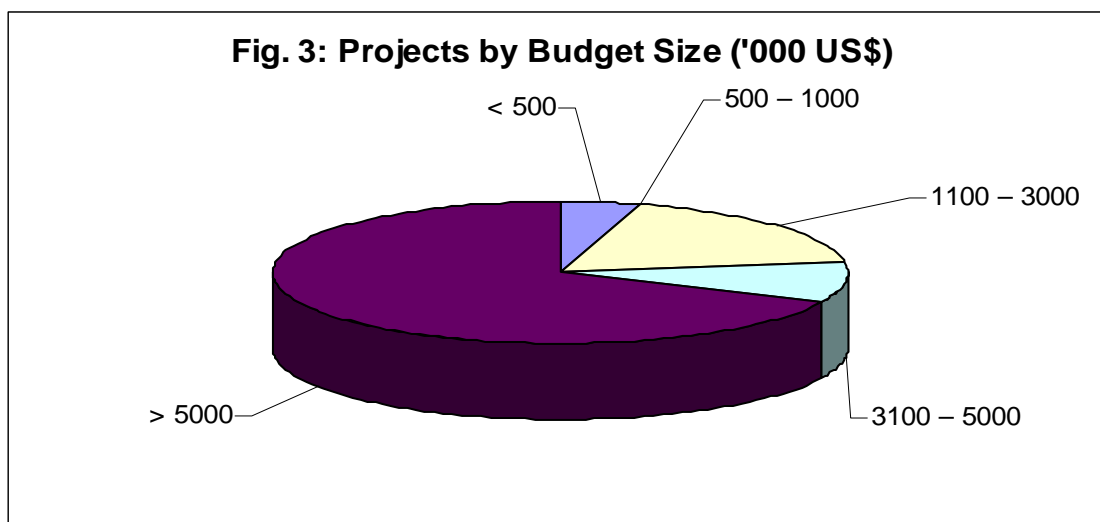
This indicates that though the projects are conducted only in part of the country, many of them cover many people and bring impact to a wider area. It is also significant that the donors are interested in projects that cover a bigger population though only in part of the country rather than projects that covers a small population. This is in line with the territorial approach provided in the guiding principles of LED.

Table 5: Projects by Budget size

Budget Range ('000 US\$)	Number of projects	Percentage
< 500	1	5
500 – 1000	0	0
1100 – 3000	4	18
3100 – 5000	2	9
> 5000	15	68
Total	22	100

⁴ Each donor has one project each in LoD

⁵ Each donor has one project each in LoD



4.6 Spatial Focus and Spatial Scale

LED guiding principles suggest an LED project/programme should adopt a territorial approach. This means the projects/programmes must cover only part and not the entire country. The stock take data shows that all the 22 projects (100%) meet this requirement. On the spatial scale it is unfortunate that there are only 2 projects/programmes which are urban. The remaining 20 out of 22 are largely rural in scale.

5.0 LED PRACTITIONERS, COMPETENCY CENTRES AND SKILLS AVAILABILITY

There is abundant skills base in aspects of LED such as Micro-finance management; market access; MSME development, but skills in sector and sub-sector (value chain) analysis are largely scarce. In terms of competency centres i.e. Training institutions that offer training in LED-related fields are very few. Such institutions include: (i) Agricultural Economics and Agribusiness Studies Department of the Sokoine University of Agriculture and (ii) Ardhi University (Formerly University College of Lands and Architectural Studies-UCLAS) of the University of Dar es Salaam).

6.0 IDEAS FOR LED THEMATIC STUDIES

Since we have been able to identify projects and programmes that have significant LED elements, it is possible that there exist in Tanzania LED related policies, mandates/functions, regulatory framework as well as knowledge bases or LED competency centres that we are not aware of. This report, therefore, suggests the following unexplored study areas:

- i. Review of National LED-related policies and strategies generated by central government agencies with a view to determining Government engagement or commitment to it (LED).

- ii. Mapping of LED or LED-related functions and mandates in LED lead ministries at central government level such as Agriculture, Economy, industry, trade, finance, economic planning and empowerment.
- iii. Review and document donor-sponsored Led support programmes and Funds particularly those targeting private sector promotion at national, regional and district levels.
- iv. Mapping of LED related competence or knowledge base/skills centres e.g. Training institutions that offer courses related to LED e.g. sector/ sub-sector (value chain) analysis;
- v. Assessment of the business regulatory environment at national, regional and district levels.
- vi. Mapping of MSMEs and Microfinance Institutions at local level.
- vii. Mapping of Business Associations and Centres (TCCIA, National Business Councils, Investment Centres) at Regional and local levels.

7.0 CONCLUSION

There is a limited understanding of the concept and practice of LED though many interventions are inherently LED in quality, locality and economic perspective. Neither is there an official/national definition or policy of LED.

There is, however, a sufficiently enabling environment for LED promotion in Tanzania at both national and local levels. The government of Tanzania in collaboration with various development stakeholders has launched various policies, strategies and programmes that create the enabling environment for LED initiatives. At the national level such initiatives include:

- The National Development Vision 2025.
- The Decentralization Policy and the Local Government Reform Policy and Programme (LGRP) as well as relevant legislation.
- The Strategy for Growth and Poverty Reduction (MKUKUTA).
- The formalization and registration of Property (MKURABITA).
- Business Environment Strengthening for Tanzania (BEST).
- The National Business Council.
- Tanzania Investment Centre.
- Business Registration and Licensing Agency (BRELA).
- The Private Sector Development Foundation.
- Various Sectoral Policies: MSMEs Policy, Trade Policy, Agricultural Marketing Policy, which emphasize the role of the private sector as the engine of economic growth but also favour poverty reduction.

At the local level the establishment of basket funds and district capital development grants, which are at disposal of local councils, gives the councils the resources (the powers and finances) for implementing plans for economic growth and poverty reduction.

On LED in practice, there are many projects (both Government and donor-funded) that are LED-related. Specific trends are visible in these projects such as that some of these projects and programmes have significant LED components as per the ten (10) LED guiding principles.

There are also clear areas of LED that need further study in order to make LED programmes systematic and coherent. These include:

- Review of National LED-related policies and strategies generated by central government agencies with a view to determining Government engagement or commitment to it (LED).
- Mapping of LED or LED-related functions and mandates in LED lead ministries at central government and regional level such as Agriculture, Economy, Industry, Trade, Finance, Economic Planning and Empowerment.
- Review and document donor-sponsored LED support programmes and Funds particularly those targeting private sector promotion at national, regional and district levels.
- Mapping of LED related competence or knowledge base/skills centres e.g. Training institutions that offer courses related to LED e.g. sector/sub-sector (value chain) analysis;
- Assessment of the business regulatory environment at national, regional and district levels.
- Mapping of MSMEs and Microfinance Institutions at local level.
- Mapping of private sector institutions and their mandates e.g. Business Associations and Centres (TCCIA, National Business Councils, Investment Centres) at Regional and local levels.

8.0 REFERENCES AND APPENDICES

Government of Tanzania (1999): The National Development Vision 2025, Ministry of Planning and Economic Empowerment, Dar es Salaam. <http://www.tanzania.go.mpee/documts/theTanzaniadevelopmentvision.pdf>.

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(More Reference lists and Appendices to be included in the revised report)