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LIST OF ACRONYMS

BOT	Bank of Tanzania
CDC	Central Development Corridor
CTI	Confederation of Tanzania Industries
DANIDA	Danish International Development Assistance
DFC	District, Feeder and Collector roads
FY	Financial Year
ICD	Internal Container/Clearance Depot
ICT	Information and Communications Technology
IMO	International Maritime Organisation
GDP	Gross Domestic Product
GOT	Government of Tanzania
HACC	HIV and Climate Change Complex
JISR	Joint Infrastructure Sector Review
LGCDG	Local Government Cities Growth Guideline
LGTP	Local Government Transport Programme
MoFEA	Ministry of Finance and Economic Affairs
MoID	Ministry of Infrastructure Development
MtDC	Mtwara Development Corridor
NDC	National Development Corporation
NSGRP	National Strategy for Growth and Reduction of Poverty (MKUKUTA)
PMMR	Performance based Management and Maintenance of Roads
PMO RALG	Prime Minister's Office - Regional Administration and Local Government
PPP	Public Private Partnership
RAHCO	Reli Asset Holding Company
TAA	Tanzania Airports Authority
TAZAMA	Tanzania Zambia Pipeline
TANZAM	Tanzania Zambia Highway
TAZARA	Tanzania Zambia Railway Authority
TBS	Tanzania Bureau of Statistics
TCAA	Tanzania Civil Aviation Authority
TEU	Twenty Foot Equivalent Container
TICTS	Tanzania International Container Terminal Services

TPA	Tanzania Ports Authority
TRL	Tanzania Railways Limited
TSIP	Transport Sector Investment Programme
SUMATRA	Surface and Maritime Transport Regulatory Authority
VTTP	Village Transport and Travel Programme

EXECUTIVE SUMMARY

(To be written in final report)

1. INTRODUCTION

1.1 Background

Tanzania has vast untapped or underutilized economic potential that, if or when fully exploited, would catapult the country to the aspired Vision 2025 high level growth and more effective combating of poverty. This potential is in agriculture and agro processing, livestock (meat, milk and leather industries), fisheries and aquaculture, forest products, tourism, minerals and mineral processing, manufacturing, trade and logistics to take full advantage of status of transit country for neighbouring landlocked countries.

However, in order to transform the above potential into real economic activities and growth, investments have to be made, mostly by individual persons or private sector in economic ventures and businesses. These may be individuals at local community level, small, medium and large scale local, regional and international companies. However, as expressed in many investment roundtables and forums, among the biggest impediments to investment, from local and foreign sources, is the inadequate and poor state of infrastructure (transport being the major component), which, in turn, results in high and uncompetitive cost of doing business (see Fig 1.1 and Table 1.1).

Fig 1.1: Major contributors to cost of doing business in selected countries

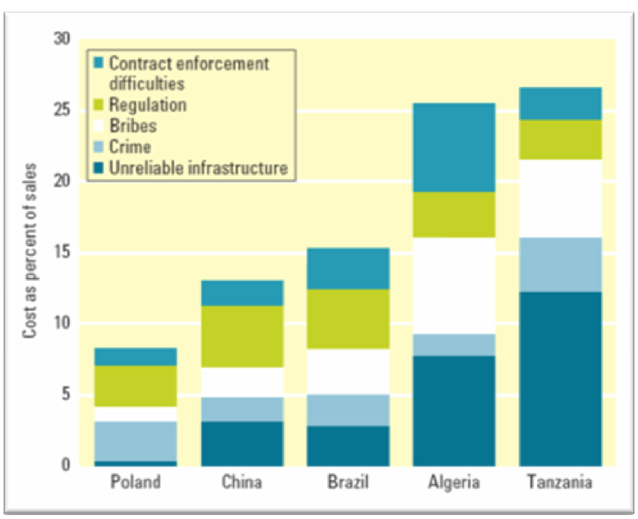


Table 1.1: Global Competitiveness Index 2007: Ranking of sample of 128 surveyed countries on infrastructure requirements

Country	Infrastructure	
	Score	Ranking
Tunisia	4.42	26
Botswana	3.38	67
Brazil	3.32	72
Tanzania	2.65	96
South Africa	4.04	50
Sub Sahara Africa Average	2.45	
Latin America and Caribbean Av	3.25	
North Africa Av	3.53	
South East Asia Av	4.08	

Source: Assessing Africa's Competitiveness in a

Global Context. Jennifer Blanke, World Economic Forum, 2007
Source: World Bank World Development Report 2005 –
Investment Surveys.

The National Strategy for Growth and Reduction of Poverty (NSGRP), popularly known in its Kiswahili acronym as MKUKUTA, is a Tanzania national framework for development or growth, with a particular focus on poverty reduction. MKUKUTA was established and launched in 2005, with implementation to run from 2005/6 to 2009/10. It is a framework to guide and facilitate achieving the long term aspirations of Tanzania as spelt out in the National Development Vision (Vision 2025) for high and shared growth, high quality livelihood, peace, stability and unity, good governance, high quality education and international competitiveness. It is also a framework or a tool towards achieving the Millennium Development Goals (MDGs), as internationally agreed targets for reducing poverty, hunger, diseases, illiteracy, environmental degradation and discrimination against women by 2015.

MKUKUTA is categorized into three clusters: (i) Growth and Reduction of Income Poverty, (ii) Improvement of Quality of Life and Social Wellbeing and (iii) Governance and Accountability. For each cluster, expected broad outcomes are defined, together with a set of goals, operational targets and strategies. Annex 1.1 summarises the clusters and related goals.

By its function, as elaborated in the following chapter, transport is involved, either directly or indirectly, in all clusters. However, this review will focus on the set of goals and operational targets that specifically mention the transport sector, as shown in Table 1.1 below.

Implementation of MKUKUTA in the transport sector is now underpinned by, first, the 10 Year ***Transport Sector Investment Plan (TSIP),*** Phase 1 (2007/8 – 2011/12). The TSIP, prepared under leadership of the Ministry of Infrastructure Development (MOID), provides the overall transport infrastructure development framework. TSIP Phase 1 envisages an investment of US$6,192.52 over the five years, with only about 40% reported as committed in 2008.

The second major plan is the ***Local Government Transport Programme (LGTP)***, which is reflected in the TSIP, was also launched in 2008 and is similarly for the period 2007/8 – 2011/12. The LGTP in particular addresses the isolation or lack of access to economic opportunities and social services of the poor. The immediate objective is "*accessibility in urban and rural areas significantly* *improved on a sustainable basis*". In 2008 at the launch of LGTP, 20,000 - 30,000 km of roads, out of a total 56,625 km district roads, was reported as unable to provide reliable accessibility (basic access) during the rainy seasons.

TABLE 1.1: MKUKUTA BASED TARGETS FOR THE TRANSPORT SECTOR

Cluster and broad outcomes	Goal	Operational Targets	Cluster Strategies
Cluster 1: Growth and Reduction of Income Poverty: Broad based and equitable growth is achieved and sustained	**Goal 1:** Ensuring sound economic management**.**	Macro-economic stability maintained.	Sustain efforts to contain inflation to a level close or equal to that in major partners by pursuing prudent fiscal and monetary policies and infrastructure improvements.
	Goal 2: Promoting sustainable and broad based growth.	1. Accelerated GDP growth rate to attain a growth rate of 6 – 8% per annum by 2010.	Induce modernization and expansion of railway connections through favourable policies. Modernize and expand trunk roads connections, ports and airports, and transport services e.g. in Development Corridors through enhanced public –private partnerships.
		Increased agricultural growth from 5% in 2002/03 to 10% by 2010	Modernise and expand trunk roads connections, ports, railway and airports and transport services e.g. in Development Corridors
		Promoted regional equity in development and capacity for growth and infrastructure that enables investment and livelihoods diversification	Develop and implement regional based investment policy revision plan and, promote investment for employment creation, capacity building and increased productivity Refocus public expenditure to priority outcomes and associated priority actions and ensure delivery of these resources direct to local authorities (addressing needs of disadvantaged districts).

Cluster and broad outcomes	Goal	Operational Targets	Cluster Strategies
		Repaired 15,000 km of rural roads annually by 2010 from 4,500 km in 2003.	Provide adequate level of physical infrastructure needed to cope with the requirements of poverty reduction targets. Involve rural communities in construction and management of rural roads.
	Goal 4: Reducing income poverty of both men and women of rural areas	Secured and facilitated marketing of agricultural products	Improve transport systems, thus lowering transport costs and improve marketing to ensure high profit margins for producers. Invest in infrastructure and widen access to markets within the country, region and internationally to increase productivity and incomes in agriculture.
	Goal 5: Reducing income poverty of both men and women of urban areas	Reduced proportion of the urban population (men and women) below the basic needs poverty line from 25.8% in 2000/01 to 12.9% in 2010	Support SMEs and informal sector through provision of credit, improved business environment and supportive technology. Facilitate private and public investments with a view to creating jobs.
<u>Cluster 2:</u> Improvement of quality of life and social well-being Improved quality of life and social well-being, with particular focus on the poorest and most vulnerable groups Reduced Inequalities (e.g. education,	**Goal 5:** Systems in place to ensure universal access to quality public services that are affordable and available	Improve passable (good/fair condition rural) roads from 50% in 2003 to at least 75% in 2010	Ensure the basic infrastructure exists, in particular adequate facilities and network of passable roads to enable the delivery of basic social services.

Cluster and broad outcomes	Goal	Operational Targets	Cluster Strategies
survival, health) across geographic, income, age, gender and other groups			

Extracted from the National Strategy for Growth and Reduction of Poverty (NSGRP) Report, Vice President's Office, **June 2005**

Thus the main LGTP intervention over the first five years will be spot improvements, which typically comprises construction of bridges, drifts and culverts, raising embankments, gravelling of weak and slippery sections, improvements of side drainage and rehabilitation of steep sections. Full rehabilitation and to some extent new roads will be the priority over the next 10-15 years.

The Framework Budget for the first five years of LGTP, from FY 2007/08, is Tshs. 167,400 million for road works, Tshs. 18,450 million for institutional support and capacity building and Tshs. 366,220 million for maintenance. As regards financing, the total committed and projected funding by the Government and Development Partners (DPs) is still about 30% short of the total financial requirement of Tshs 186 billion for roads works and capacity building, excluding maintenance. Funding for maintenance in 2009/10 was also about 74% of needs. The ability of the Government to sustain the projected funding is also not certain. Therefore, the programme is not yet fully funded, thus finance mobilisation is on-going to source funds from the Government and Development Partners.

The third plan is the ***Village Travel and Transport Programme (VTTP***), whose implementation started 1994 in seven pilot districts. The programme's aim is to improve access and mobility of rural communities. This includes improving community transport infrastructure and means of transport within and between villages. The projects include construction and rehabilitation of community roads, tracks, paths and its cross drainage structures, footbridges and landing points for transport on rivers and lakes, and promotion of intermediate means of transport like donkey/ox carts, bicycles, etc. The experience of VTTP has shown that the programme can reduce the cost of transport in rural areas in terms of effort, time and money to carry out household and livelihood activities and to access socio-economic facilities like health centres, schools, markets and employment opportunities. Consequently, the VTTP is being rolled out and 27 districts received funding for VTTP activities in FY 2007/08 and the number is increasing to ultimately cover all rural districts.

1.2 Review of Transport in MKUKUTA 1

Since implementation of MKUKUTA 1 is now in the final year 2009/10, a series of reviews are being made, led by sector working groups, to determine the achievements of the set goals and targets, identify gaps or shortfalls and propose goals, operational targets and strategies for MKUKUTA II.

Consequently, this assignment is being carried out to review the transport sector performance and plans in relation to MKUKUTA 1. The Terms of Reference, which are attached as Annex 1.2, specify the objectives of the review as to:

i. Identify linkage between infrastructure and poverty reduction;
ii. Assess the adequacy of MKUKUTA 1 targets and whether they fully reflect the role of infrastructure in underpinning all other sectors;
iii. Assess the achievement of the targets; and
iv. For the second MKUKUTA, propose new transport infrastructure policies and targets.

According to the approach prescribed in the terms of reference, this assignment has been carried out by an Inter-ministerial Task Force comprising members from:

- Ministry of Infrastructure Development (MoID) – Leader;
- Ministry of Finance and Economic Affairs (MoFEA);
- Planning Commission;
- Prime Minister's Office – Regional Administration and Local Government (PMO-RALG);
- Bank of Tanzania, and
- Confederation of Tanzania Industries.

The Task Force has been facilitated by Spatial Development Limited, a local consultancy firm. The assignment is financed by DANIDA.

The Task Force held a first 3-day retreat, from 14th – 16Th October 2009 to review existing studies and agree on methodology. The persons who participated at the retreat and key issues discussed, to inform and guide the preparation of the initial report, are presented in Annex 1.3. The Task Force considered the consultant/facilitator's initial report and finalized its report, which is presented herewith.

1.3 Structure of the Report

After this brief introduction, the next chapter 2 elaborates the contribution and linkage of the transport sector to other sectors and to growth and poverty reduction. Chapter 3 assesses the adequacy of the transport sector as provided for in MKUKUTA 1. Chapter 4 assesses the achievement of MKUKUTA 1 in relation to the set goals, targets and strategies. Indicators that should be used to measure the performance of the transport sector in a more comprehensive manner are also presented. Chapter 5 presents proposed framework for MKUKUTA II. Chapter 6 reviews financing and other implementation challenges and proposed measures to overcome them. The report ends with a summary of recommendations for MKUKUTA II in chapter 7.

2. TRANSPORT SYSTEM AND OTHER SECTORS AND POVERTY REDUCTION

2.1 Transport System and Functionality

In order for the majority of the poor to effectively improve their lives and stand any chance of getting out of poverty, they need in particular: (i) to increase production and productivity, (ii) internal and external markets for their products that reward their efforts with profits (iii) adequate, efficient and economical infrastructure that enables them to trade efficiently and cost-effectively and (iv) and institutional and legal framework to establish an enabling environment for investments and sector growth..

Taking the case of agriculture, which is the major occupation of the majority of the poor, about 80% of the population, increasing **productivity and overall production** requires, among other matters:

- Availability of inputs including fertilizer, chemicals and farm implements;
- Access to farm implements and machinery;
- Reliable storage facilities for both farm inputs and produce to minimizes material pilferages and post harvest losses;
- Being healthy, which means good access to health services (especially to mitigate pandemics) and, when necessary, health clinics and hospitals (district, regional or referral);
- Being smart (adequately educated and with awareness), especially to enable adopt efficient production and trading systems and practices; and
- Being secure and socially at ease. One of the major ingredients of being socially at ease is ability to interact and communicate at all levels (household, village, district, regional, national and international level).

Markets include the village market, roadside market, district or regional consumption/distribution centres, processing plants, manufacturing plants, national trading centres/houses and export/import institutions. The more the ability to access far away markets, eg export markets, the more likelihood to have higher absorption capacity for the goods produced and better reward in terms of income and profits. Similarly, availability and access to processing plants and agro-based manufacturing, provides the possibility of a bigger and higher value market.

Infrastructure includes transport, storage facilities, energy, information and communications technology (ICT) and water networks. However, in this review we shall focus on transport only. In this respect, the **transport** system required must facilitate smooth, efficient, reliable (predictable) and economical flow of inputs from whatever the source, internal or external, to the household and farm or work area of the majority poor. Similarly, products from the poor must be able to flow efficiently and cost-effectively to all levels of the markets as indicated above. Transport must also facilitate efficient access to social services (especially health and education), as well as social interaction at all levels.

The above description means that although the transport system is often considered as discrete components, often delineated according to modes of transport or by relating them to the institutions responsible for their development and management, these components are in fact just parts of a single logistic chain. A weak component or link in the chain renders the total transport system weak and not adequately effective in providing necessary services.

Figure 2.1 below summarizes a typical logistics chain for a rural and agriculture based economy. It shows the various components of the transport system required to effectively service the rural poor. It shows, for example, that in order for agriculture inputs to get to a farmer in a village, it has to go through the port, rail or national (trunk or regional) road, district (feeder or collector) and community roads to the household and, finally, on a path or track to the farm. Similarly the output or agriculture produce follows the same transit chain to major processing or trading centre and, if exported, through the ports, international airports and exit borders. Furthermore, an efficient total logistics chain is necessary to attract investors to establish processing and manufacturing plants and businesses, which provide opportunities for more accessible, stable and higher value markets for the farmers' products. In turn, good access to a higher value and stable market provides incentives for farmers to increase production.

As depicted in figure 2.1, there are 6 major components of a transport system that would address the majority poor. These are links connecting:

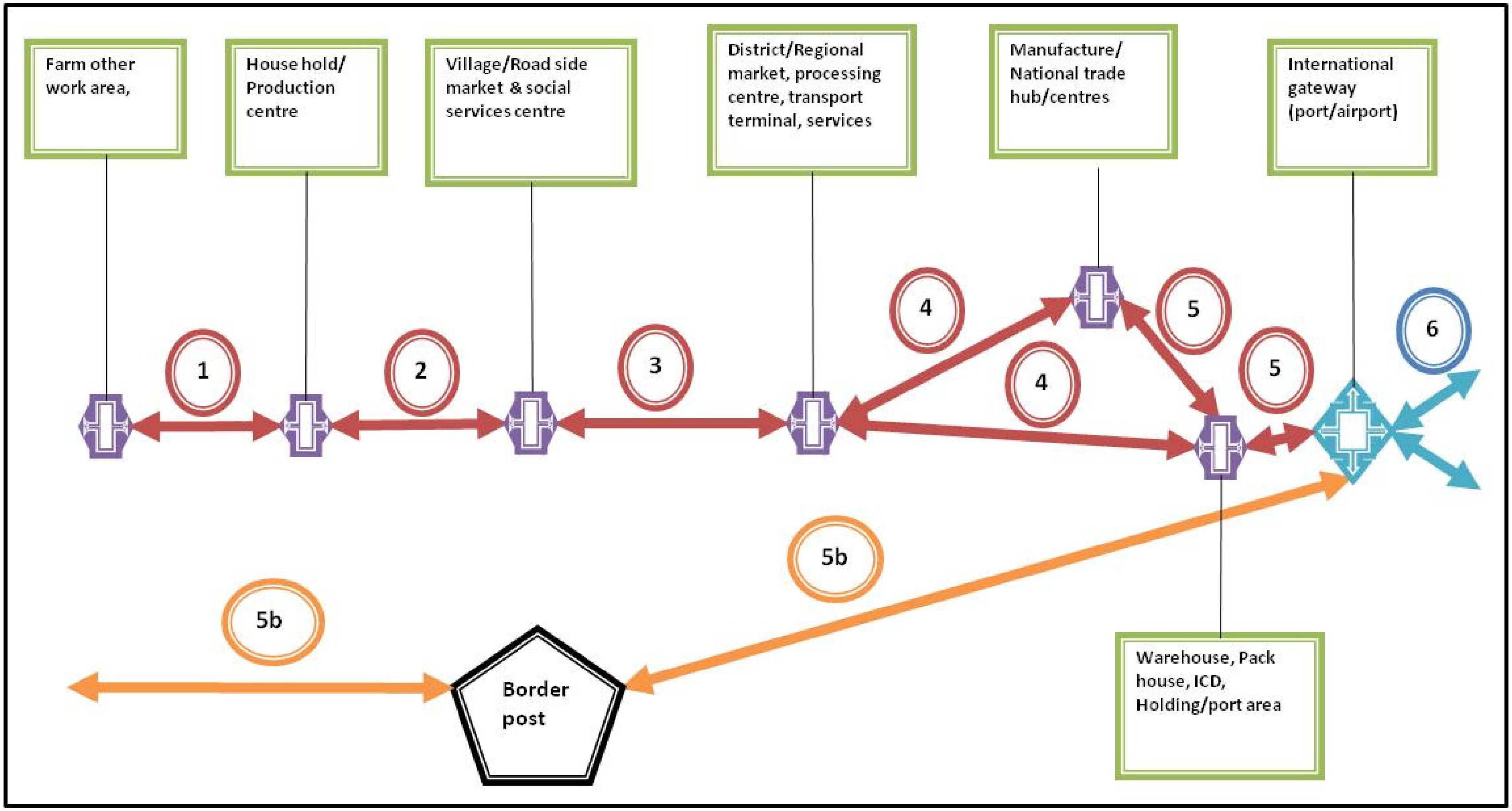
- Farm or rural work/production area - household and household to household;
- Household - village centre or collection/distribution centre;
- Village centre or collector or distribution centre - district/regional centres;
- District/regional centre – regional or national centres; and
- National or regional centres – external (neighbouring countries and overseas).

Farm – household and household - household

The typical transport movements involved include going to work on the farm or productions area, sending inputs, evacuating harvest, fetching water or firewood and making social trips to visiting other households or social interaction.

The transport system involved comprises foot path, tracks (for walking, animal drawn carts and bicycles). *Depending* on location of farm and household, the system may also include community roads as well as inland waterways.

Figure 2.1. Pro-Poor Transport System and Logistics Chain



Definition of numbered links

1. Tracks, paths, etc
2. Community roads, inland waterways (rivers, lakes), tracks
3. District roads, national (regional) roads,
4. National (trunk and regional) roads, rail, inland waterways (ports and
5. National (trunk) roads, rail, inland and coastal waterways, pipeline, aviation
6. International shipping and aviation

5b. International (trunk), rail & inland waterways constituting

landing sites), airstrips, pipeline	regional transit routes especially for landlocked neighbours

Household – village or collection/distribution centre

Movements at this level involve (i) collection of inputs and consumer goods, (ii) sending of farm products to nearest buying centre or market (at village centre, trunk or regional road side market) or processing plant (such as oil press), (iii) trips to health clinic and school and (iv) social visits and interaction.

Transport infrastructure in this regard comprises community roads, feeder/collector roads and, depending on location, as well as foot paths and tracks. The main means of transport is non-motorized including walking, bicycles and animal drawn carts. In recent times, there has been ascendancy in the use of cheap motorcycles.

Village or collector/distribution centre - district/regional centres

Transport in this case involves (i) taking goods to bigger markets including intermediate traders or primary processing plants in urban areas, (ii) moving agricultural inputs and other consumer goods from urban areas to village distribution centres, (iii) trips to higher level education institutions (secondary, vocational and technical schools) and to district/regional hospitals and (iv) social visits and interaction.

Transport infrastructure involved is composed of mainly feeder/collector roads, district roads and, where available, national (especially regional) roads and coastal and inland waterways. The means of transport are motor vehicles, motorcycles, bicycles and, where applicable, boats. Storage facilities are also important to mitigate the large amounts of post harvest losses.

District/regional centre – regional or national centres;

Movement at this level involves (i) moving larger, or consolidated, quantities of products to bigger markets including larger national trading centres, processing plants or manufacturing companies, (ii) moving inputs and consumer goods from national manufacturing plants or wholesale or major warehouses, (iii) trips to regional or national major or referral hospitals and higher education institutions and (iv) social interaction travel.

Transport at this level involves relatively longer distances and larger volumes of cargo using rail, national (mainly trunk and, where necessary, regional) roads, aviation and, where applicable, coastal and inland waterways. Storage facilities are also an important part of the transport logistics value chain infrastructure to mitigate post harvest losses.

National/regional centres – external (neighbouring* countries *and overseas).
Main transport here involves movement of goods across import/export gateways at major ports, international airports and land borders. However, some informal cross border trade does not follow this pattern.

Transport in this case involves maritime ports and shipping, international aviation, rail, road and, where applicable, inland waterways and coastal feeder services to neighbouring countries' ports. However informal trade at times does not follow these conventional routes. It is achieved through even footpaths and tracks, with non motorized transport.

Transit operations for neighbouring countries
This involves moving imports/exports of especially landlocked neighbours through Tanzania ports, as their gateway for international trade. Though not a directly pro-poor intervention, increasing transit trade through Tanzania ports has a significant impact on poverty reduction. It creates jobs especially for Tanzania service providers of this trade including ports, rail, and road transport operators participating in the trade, clearing and forwarding agents, fuel station operators, spare parts dealers for transport equipments, lodging and eating service providers along the transit route, and insurance companies and other financial services' institutions.

Transit trade also provides opportunities for sale of products of the rural poor by the road side or railway station along the transit route. Access of this market will encourage the village farmers to produce more and shifting from subsistence to trading their products. Though this trade may be in small quantities, it could be significant cumulatively. More extensive use of Tanzania transit routes provides also the opportunity to generate increased revenues for all involved and, ultimately, more tax revenue from them. This, in turn, has the potential to increase government revenue to enable it tackle pro-poor interventions especially in the social sectors.

The means of transport used for transit trades are maritime ports and shipping, rail (which should ideally carry the majority of traffic given the long distance involved), road (which currently take large share due to inefficient rail services), international aviation and, where applicable, inland waterways especially across Lakes Victoria and Tanganyika.

Sound institutional, legal and regulatory framework constitutes laws and regulations governing investments; provision of services; competition or economic/market regulation; technical, services and safety standards; institutional and human resources capacity building; and other necessary aspects related to general sector governance. This is very important to provide a reliable and predictable rule of the game and confidence required by all parties involved in sector infrastructure development and service provision.

2.2 Status of Tanzania Transport System

The overall status of various components of the transport system in Tanzania is described below. However, this is not based on a comprehensive set of performance indicators for all components of the transport system. Only the road sector had relatively well defined indicators. MOID is in the process of defining such comprehensive performance indicators for the transport sector. An indicative list of indicators being considered is attached as annex 2.3.

Community Roads, Tracks and Paths

Status

There is no certified inventory of this component of infrastructure, which includes community roads, tracks, paths and related cross drainage structures, footbridges and landing points for transport on rivers and lakes. This infrastructure in general does not need advanced engineering design. Planning, prioritization and implementation of development of community roads are the responsibility of the Village Governments and the communities, with support from their respective Councils.

Community roads do not qualify for funds from the Roads Fund. Therefore planning and implementation of projects at community level are based on self help initiatives prevailing within the community and future sustainability is based on commitments by the community to maintain the investment assets.

The Village Travel and Transport Programme (VTTP), which commenced implementation in 1994 in seven pilot districts, with assistance from Development Partners, has demonstrated a systematic and effective way to reduce the cost of transport in rural areas. Consequently, a roll out programme is under implementation, with 27 districts receiving funding for VTTP activities in FY 2007/08. The number is expected to increase to 55 in this FY 2009/10 and, in the long term, to cover all districts. The roll out of this programme will be important to ensure that the primary component of the pro-poor transport logistics chain does receive due attention to ensure that there are no villages that are inaccessible during some periods of the year.

As regards financing of the VTTP, so far the main source has been Development Partners and Government programmes such as TASAF. However financing from these sources is limited. Consequently, concerted effort must be made to allocate more resources from Government and Development Partners to ensure successful implementation of the crucial VTTP roll out.

Challenges

The key challenges that may impede successful implementation of the programme effectively are:

- Inadequate institutional structure and capacity to plan, prioritise and implement the programme, especially in the Villages and associated Councils. PMO RALG is seeking long term solutions to the structure, status of a coordinating and technical guidance unit or institution under PMO RALG and how best to strengthen the Councils. This is critical to avoid wastage or sub-optimal use of resources.

- Inadequate financing: Currently most finance is obtained from the national Government and Development Partners. However, ability to finance infrastructure at this level in a sustainable manner depends on the capacity of the village and associated council to raise funds locally. A major challenge here is to mobilise funds from all sources, especially local. However, at initial stages as much assistance as possible should be mobilised.

- Inadequate local consultants and contractors' capacity: There is no shortcut to providing intensive training and inculcate professional integrity at village and Local Government Authorities' level.

Classified (Trunk, Regional and District) Roads

Status

Road infrastructure comprises 86,472 km. According to a revised 2009 reclassification of some roads by MOID from district roads to regional roads 3,316 km) and regional roads to trunk roads (2,763 km), the country's road network now comprises 12,787 km trunk roads and 20,226 km regional roads, both managed by TANROADS, and 53,461[1] km classified as District Roads (Collector and Feeder Roads excl. Community Roads), managed by the Local Government Authorities (LGA or Councils).The District Roads Network comprises 26,221 km of district roads (termed as collector roads in the Road Act 2007), 21,191 km of feeder roads and 5,897 km of urban roads.

[1] This is a total inferred as a result of MOID reclassification of 2273 km from regional roads to trunk roads and 3316 km of district roads to regional roads. It is assumed that there was no reclassification of some community roads to district roads.

The condition of the classified road network is summarised in Table 2.1 and Figures 2.2 and 2.3 below, based on road sector performance indicators shown in Annex 2.1. It should be noted that a more comprehensive list of basis of indicators was discussed by the Task team and is included as Annex 1.3.

The indicators show that Tanzania had in 2009 a low density of about 98 metres per one square kilometre. The overall length of paved roads is also a low 8% (ref Table 2.1 and figure 2.2). The least is for district roads, of which only a little over 1% is paved, mostly in urban areas, out of the total of 53,461 km. Trunk roads depict a better ratio, with about 40% of 12,787 km paved. Regional roads, which constitute the remaining 20,226 km are about only 3% paved.

Regarding road conditions (ref Figure 2.3 and Table 2.1), the overall condition in 2009 was only 35% good, 34% fair and 31% poor[2]. The trunk and regional roads recorded the better condition of respectively 48% and 48% good; and 40% and 35% fair for unpaved roads. The condition for paved roads is even better at 74% and 88 % good and 22% and 10% fair. District roads are worst at about only 24% good, 35% fair and 41% poor.

Furthermore, PMO RALG has reported that out of a total classified district road network of 53,6461 km, 20,000 - 30,000 km cannot provide reliable accessibility (basic access) during the rainy seasons.

It is clear that such poor condition, with only 35% of the overall road network in good condition, imposes very high cost to the economy. In as far as the classified roads are concerned; the weak link appears to be the district roads, which is about 62% of the total network with only 23%in good condition. .

Table 2.1 Classification, Surface Type and Condition of Road network

Classification	Surface type	Kms	%paved/ unpav	% good	% fair	% Poor
Trunkroads	paved	5,131	40	74	22	4
	unpaved	7,656	60	48	40	12
Regional roads	paved	702	3	88	10	2
	unpaved	19,524	97	48	35	17
DFC roads	paved	783	1			
	unpaved	52,678	99	24	35	41
Total	paved	6,615	8			
	unpaved	79,857	92			
		86,472		35	34	31

Source: **TANROADS** September 2009, (**DFC** - District, Feeder & Collector Rds)

Note: Assumption that no unclassified roads werere classified to classified district roads

[2] Road condition is reported quarterly, after what is stated as quick surveys by regions. Thus the methodology may at times not be as technically thorough as needed.

Figure 2.2 Type of Surface of Roads by classification

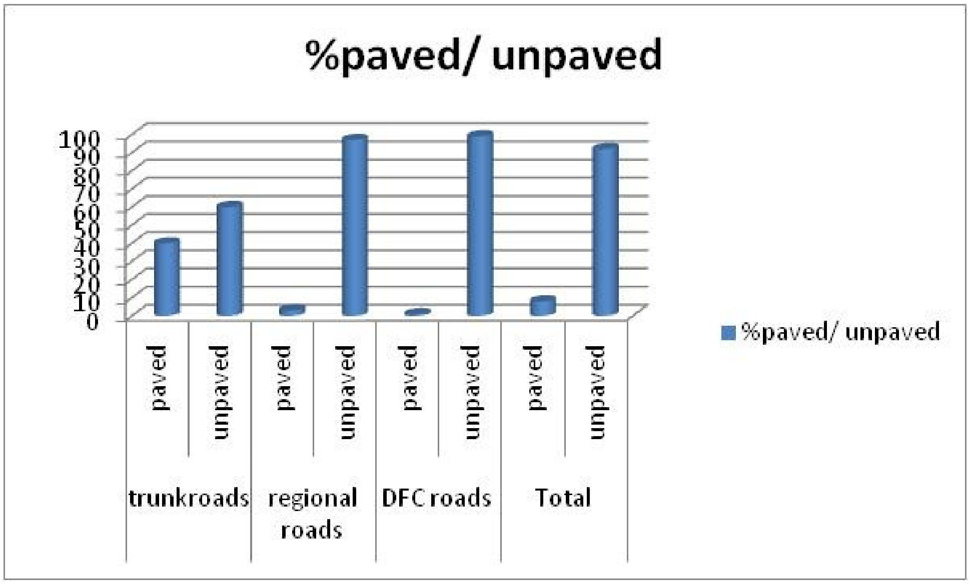
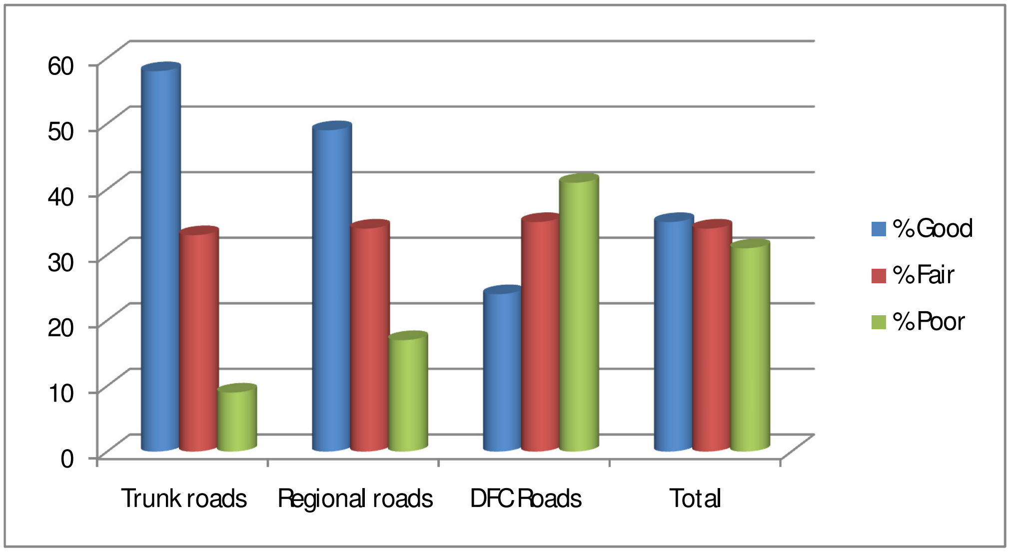


Figure 2.3 Condition of Roads by Classification



Source: Tanroads September 2009 Classified road network

Challenges

The biggest challenges for classified road sector are:

- Increasing the length of paved roads: The planned completion of paving all trunk roads by 2015 appears difficult to achieve since this will mean paving or providing funds to pave over 680 km per year or a budget provision of about Tshs 680 billion per year, which is much higher than the achievement in the past five years of an annual average of about 200 km. Unless there is a near miraculous increase of the budget provision, this may mean revising the target to extend the time schedule for completing paving of the trunk roads. In addition, a serious drive should be made to improve the surface of regional and district roads to good gravel roads and also increasing the rate of sealing of regional roads (by adopting low volume sealed roads techniques);
- Financing needed is large and cannot be mobilized entirely from traditional sources. The challenge of financing is discussed in more detail in Chapter 6;
- Inadequate consulting and contracting capacity; and
- The need to further strengthen integrated planning and implementation of road development plan and projects.

Railways

The railway sector has in recent years performed badly. The infrastructure is dilapidated and services rendered are below standard due to many reasons including old age and outdated permanent way, with a lot of speed restrictions, shortage of rolling stock (locomotives and wagons) and poor management.

Table 2.4 below shows the performance of the two railways in terms of moving traffic. It shows a decline since traffic performance of the TAZARA and TRL/RAHCO railway in 2008 and 2009 was in all cases lower than 2006 and 2007. And these 2006 and 2007 performances were still lower than the best past years in the 70s, in the case of TAZARA, and nineties and early 2000s in the case of TRC.

Table 2.4 Railway Perfomance

Key Performance Indicators	June 2004 Bench Mark	June 2005	June 2006	June 2007	June 2008	June 2009
TAZARA						
Total traffic freight (ton-km mil)	863	938	869	793	798	470
Total passenger traffic (pass-km in millions)	241	298	349	350	344	286
TRL / RAHCO						
Total traffic freight (ton-km in millions)	1,196	993	667	477	900	1138
Total passenger traffic (pass-km in mill)	433	475	325	316	375	618

Source:TAZARA/ RAHCO Submission, JSR 2009

As a way to inject more capital and innovation in the then TRC, the Government concessioned the TRC services in September 2007 to Tanzania Railways Limited (TRL), a joint venture company. Ownership of the company is shared between RITES of India (51% shares) and the Government of Tanzania (49% shares).

However, the performance of TRL has been encumbered with a lot of problems and it does not appear that these problems are going away soon. It should be recalled, however, that the problems of the former TRC and now TRL railway operations did not start now. They have accumulated over years. Granted that the attempted solution may not be working, the principle of reaching out to the private sector is still valid. Going back to managing the railway on a heavy leaning bureaucratic and political based fashion will not work, as this was one of the causes for long neglect and, hence, initial problems that led to considering concession in the first place. Consequently, it is hoped that as the TRL shareholders negotiate to determine a way out of the problems, a prudent and more beneficial way forward will emerge.

Similarly, TAZARA is facing financial, equipment and operational difficulties. Again the problems have persisted for a very long time. It is hoped that negotiations with the Chinese, the original financiers of the construction of the railway and providers of continued financial support and technical assistance will result with an injection of capital and an innovative management that will be able to and empowered, by the two owner governments of Tanzania and Zambia, to take the railway out of the current misery.

One issue with railways that needs to be mentioned: The recent poor performance of the railways has led to some authorities to have an impression that roads could take over. Indeed road transport carries more than 90% of local and transit traffic from neighboring countries. However, the railways provide an opportunity to reduce transport cost significantly, due to the inherent economies of scale. For example, a SUMATRA survey of 2008 shows that the cost of moving 30 tonnes from Dar es Salaam to Mwanza would be a minimum of USD 4,800 by road, compared to USD 2,403 by rail. Now with the reported clearance of cargo from the port limited to only about 6%, it means that most of the freight moves by road, at a much higher cost. The same survey makes similar comparison for transit traffic for neighboring countries.

Therefore, not developing a more efficient rail system, which is able to attract especially long distance and low value goods, such as agriculture produce and cement, as well as bulk cargo, would be denying the economies of Tanzania and neighboring countries the possibility of operating at lower transport and logistics cost. The country and region would be missing the opportunity to be more competitive in regional and global trade. This is not taking into account the advantage of less pollution, higher rate of destruction of roads, which are very costly, and the benefit of fewer accidents than for road transport.

Maritime Transport and inland waterways

<u>Status</u>

Tanzania maritime transport comprises the major sea ports, which are Dar es Salaam, Tanga, Mtwara and Zanzibar, and inland water transport with ports in Lakes Victoria, Tanganyika and Nyasa. All ports are managed by Tanzania Ports Authority. Inland shipping is currently undertaken mostly by the private sector on Lakes Victoria, Tanganyika and Nyasa, as well as along the coastal area and islands of Zanzibar. The major Tanzanian ports in inland waterways are Mwanza, Bukoba and Musoma on Lake Victoria, Kigoma and Kasanga on Lake Tanganyika and Itungi and Mbamba Bay on Lake Nyasa.

The performance of the Maritime sector is shown on Table 2.5 below. The main feature of the recent past for the Dar es Salaam port has been congestion. A key indicator of congestion is container dwell time in the port, which went up from about 15.8 days in June 2004 to about 21.8 days in June 2009. However, recent reports indicate that dwell time has been reduced, with a combination of various measures taken by the different stakeholders involved, especially under the auspices of a decongestion Task Force. The advent of ICDs has also contributed significantly. The target for June 2010 is to achieve a dwell time of 16 days. However, at a Central Corridor Transport and Transit Facilitation Agency (CCTTFA) Executive Board meeting held in January 2010 in Dar es Salaam, TICTS has reported that the target had already been achieved and that they are working towards the lowering of dwell time to below 10 by end of 2010.

Challenges

The major challenges for the maritime sector are to:

- Further improve and modernize the ports, according to the recent completed Master Plan, through PPPs.
- Integrating the activities at ports, especially Dar es Salaam port, through introduction of a port community system and, ultimately, a one stop cargo clearance procedure.

Table 2.5 Perfomance of the Maritime Sector

Key Performance Indicators	June 2004 Bench Mark	June 2005	June 2006	June 2007	June 2008	June 2009
Maritime sub-sector						
Ship turn round time (time/arr at anchorage to dep(Days)	2.3	3.8	2.8	4.4	7.3	7.8
Total traffic (Conts, Gen. Cargo, Liquid, Bulk) tons (000)	6,665	7,180	7,409	8,171	8,820	9,060
Total traffic (Conts, Gen Cargo, Liqd, Bulk) tons (000) - Dar	5,709	6,219	6,289	6,898	7,567	7,952
Total Container Traffic Dar es Salaam Port (TEU) (000)	205	246	257	309	365	382
Dsm Container Terminal (TICTS) TEU (000) - Traffic	198	245	258	299	329	341
Import (Full) Container dwell time in port (days)	15.8	20.21	23.08	19.25	22.58	21.8
Total revenue in TShs million (TPA operating Rev.)	84,793	76,736	141,412	149,082	164,429	193,120
Revenue in TShs million (Dar Port)	74,418	67,977	128,555	126,875	101,259	174,007
Total Operation Costs TShs million (TPA operating cost)	67,066	55,514	103,718	113,707	119,215	145,190
Operating Costs TShs millions (Dar Post operating cost)	42,816	35,042	61,204	68,462	70,493	81,315
Modal split - % of total cont (TEU) that leave port by road						
Road	89.2	90.7	92.3	93.9	93.6	92.7
Rail	10.8	9.3	7.7	6.1	6.4	7.3

Source: TPA submission 3rd JSR 2009

Air Transport

Status

There are a total of 368 aerodromes which are owned, managed and operated by different entities. Tanzania Airport Authority (TAA) owns, manages, operates and develops 62 airports. There are four International Airports namely; Mwalimu Julius Nyerere in Dar- es-Salaam, Kilimanjaro and Zanzibar.

The performance of the air transport sub-sector is depicted in Table 2.6. It shows a steady growth of traffic, in terms of aircraft movements and passengers handled at airports. However, a decline in cargo can be noted for the years of 2006 to 2009 compared to 2004 and 2005.

Table 2.6 Air Transport Perfomance

Key Performance Indicators	June 2004 Bench Mark	June 2005	June 2006	June 2007	June 2008	June 2009
Total Traffic - internatl/domestic (aircraft movements)	150,000	147,013	155,431	161,146	178,494	173,712
Total Traffic (including transit) - international/domestic (passangers) (000)	1,950	2,246	2,590	2,992	3,269	3,211
Total Traffic - international/domestic (cargo) tons	42,500	44,338	35,618	34,711	36,230	29,920
Source: TAA Submission to 3rd JSR 2009						

A main characteristic of the aviation industry has been the high cost of air travel, especially domestic and to neighbours, as well as inadequate air connections.

Challenges:

The main challenges for aviation are to:

- Develop airports and airstrips to handle traffic to inland destinations, for tourism and business purposes: Availability of air travel enables potential investors to complete their transactions in time;
- Attract more international airlines to fly into Tanzania, through liberalization based on Yamoussoukro decision; and
- Develop an aviation industry with capacity and price that will facilitate uplifting of horticulture products (cut flowers, vegetables and fruits, meat, fish, etc). There are areas in Tanzania with a big potential to produce these products.

Pipeline Transport

There are only two functional long distance pipelines in the country: The Tanzania and Zambia (TAZAMA) pipeline which transports crude oil from Dar es Salaam to Ndola refinery terminal in Zambia, a distance of 1,750 km. The other pipeline transports gas from Songo-Songo Island to Dar es Salaam, over a distance of 232 Km. There are no major issues concerning these pipelines.

The main challenge in pipeline transport is expansion to cover other areas such as the Great Lakes. Hence implementation of the long standing Dar es Salaam to Mwanza and Kigoma pipeline project needs expediting. Similarly, it would be beneficial if the southern Tanzania regions could benefit from an improved TAZAMA, which transports domestic petroleum too. Petroleum is a major component of the cost incurred by the population, including poor people. Therefore having it transported by a cheaper means would help somewhat lower the price.

Transit Transport for land locked neighbours

Transport to neighboring countries is characterized by long delays or transit times and high cost. Corridor committees involving all stakeholders have been formed for Dar es Salaam corridor along the TANZAM Highway and TAZARA and the Central Corridor to the Great Lakes' countries.

The challenge is to:

- Support and use these committees to remove the barriers to smooth flow of transit trade; and
- Develop infrastructure that can adequately cope with such traffic. Given the higher volumes of trade, there are PPP opportunities, which would be attractive in developing and/or managing some components of infrastructure along the corridors.

Cross –cutting Challenges

There are cross-cutting issues and challenges. These include the following:

- The corridors have been identified as major conduits through which HIV is spread. This is due to the mobility involved and transport crews, especially road and rail crews, being away from home for long periods. The vulnerable people are the crew members and young females along the corridor. The impact has not only been on the victims but also especially in losing highly trained crew members knowledgeable of the trade routes and related transactions.

- In Southern Africa from late 90s and early 2000, there were transport corridor based interventions to create awareness, provide counseling at wellness centres, testing and making available condoms. Using experience gained from the initiatives, it is beneficial to establish and implement such initiatives along the Tanzania corridors. A concept note for such an initiative is included in this report as Annex 2.2.

- Developing human and institutional capacity is also common for all components of infrastructure. It is understood a comprehensive training and capacity building project for the transport sector is being prepared. It would be important that all components are covered.

- Financial mobilization: This may become a major constraint to realizing the development envisaged. This is discussed specifically in chapter 6 below.
- Safety is also a major issue. There are too many fatalities, injuries and costly loss of property (especially transport vehicles) arising from in particular motor vehicle and train accidents. A comprehensive programme needs to be established and implemented urgently with a view to improving driver training and licensing, law enforcement, post accident handling of victims, infrastructure designs to enhance safety, vehicle inspection and certification, and establishment of a coordination mechanism needs.
- Environment preservation is another important matter involving the preservation of land and biodiversity along transport routes and prevention of any form of destructive pollution. It is not a general practice that transport projects are subjected to environmental certification process. It is important that in future all transport projects are subjected to environmental impact assessment and certification.

2.3 Contribution and link to other sectors

A common measure of the contribution of the transport sector to economic development is its share of GDP per annum. In this regard, as a percentage of GDP, the contribution of the transport sector is estimated to be around 5.7% in 2009.

However, this statistic does not clarify fully the true contribution of the transport sector to economic and social activities of the people due its direct and indirect inputs to each and every other sector, which are not being separately accounted for. A critical contribution of transport sector is its provision of access to:

- ***Unlock economic potential:*** Without transport to access any area of economic potential, such as agriculture, minerals, tourism, etc means that the potential will remain unexploited or underexploited.
- ***Markets:*** People make a living out of being able to trade their products and services for some income. Access begins with closer markets such as the nearest urban centres. However, as indicated in the previous section, the more the ability to access far away markets, such as export markets, the more likelihood of getting much higher incomes.
- ***Industrial development:*** The aspiration to develop to a middle level income country, with poverty reduced significantly, cannot be achieved without a higher level of industrialization. This includes establishing industries which add value to primary products such as agricultural commodities and minerals. Industries that produce

consumer goods, as well as supplies' industries to provide necessary inputs and provisions for all sectors of the economy. However, no investor in such industries would even consider risking their money without an efficient supply chain anchored by, among key facilities, a transport logistics system, which guarantees efficient and economical availability and reliability of inbound and outbound supply chain for the inputs as well as movement of products to internal, regional and international markets from production centres/ areas.

- ***Social services:*** Access to health services from primary clinics in the village and, when needed, to district, regional and national referral hospitals is necessary for people to be more productive and stand a chance of getting out of poverty. Each community member must also be able to access education services at various levels available by means of reliable transport services throughout theyear.
- ***Social interaction:*** A person who is confined to one place is likely to be hostile to others. Access to and ability to travel and interact with various people as far away as possible creates people who are ready to integrate and live in social harmony to enhance security and regional integration and, therefore, expanding markets
- ***Jobs creation:*** In addition to jobs related to the construction, maintenance and operation of transport infrastructure, facilities and services, good infrastructure enables attracting of investment in commodity value addition and other related industries such as agro processing and manufacture of inputs and consumer goods, which provides an opportunity for additional jobs. Good infrastructure also makes it possible for people to access far away jobs.
- ***Income inequality:*** is minimized with adequate, equitably distributed and efficient transport infrastructure.

Another crucial contribution of the transport sector is the ability to facilitate people engaged in economic activities to get higher incomes. This possibility arises with an efficient transport system that results in reduction of logistics and transaction cost in the production and trading process.

Consequently, on the basis of the above, there is no hope to achieving any level of development, overall and in other sectors, without an efficient transport system.

2.4 Link of Transport Sector to Poverty

Access to markets

In order for the poor to be able to improve their conditions, that is to move out of poverty, they need to sell and earn some income from what they are engaged in, mostly agriculture production, but could also be artisanal mining, livestock keeping, bee keeping and honey production, etc. Since almost all the villagers produce identical products, they need to sell to markets away from their village or area. For any such trade to happen, they need transport to access such markets. The immediate markets normally available to the poor residing in the villages are the nearby urban centres, mostly in the district or regional headquarters. This is where consumption is larger and also where national or even international traders as well as agro-processing plants are located. This simply means that without transport, access to such markets is impossible and, thus, there would be no hope to eradicate poverty.

From chapter 2 above, it has been elaborated that rural roads provide the primary access to immediate and largest market centre for the majority of the poor Tanzanians. The assessment of the status of the transport system in chapter 2 has also shown that a majority of the rural roads are in poor condition and, therefore, constitute the weakest link in the pro-poor transport logistics chain as defined above. Some of these roads, estimated to be between 20,000 – 30,000 km or about half of the rural roads network, are reported to be impassable during parts of the year, especially in the rainy season. This is one of the reasons why the rate of rural poverty reduction has not matched the impressive economic growth rate achieved in recent years. Consequently, any effort to effectively combat poverty must correct the apparent mistake hitherto, by according top most priority to improving rural roads.

Access to basic services

There is no doubt that access by the rural poor to basic social services, including education and health services, as well as agricultural extension services is a key necessity for any hope to eradicate poverty. These are part of the key components with firm commitments within the universal MDG agenda. But without reliable rural infrastructure there is no hope to get such services to the poor.

Furthermore, public servants who provide such services, including teachers, health officers and extension officers get scared reporting for duty and living in areas with difficult access. Even if they do report, they quickly look for alternative employment elsewhere. That is why the rural areas are poorly staffed. In addition, with difficult access it is hard or almost impossible to maintain adequate supplies for the rural health and education services. Therefore, continued maintaining poor rural infrastructure denies the fundamental basic services to the majority of the population.

Social Interaction and National Cohesion

Social interaction helps to build understanding and tolerance among people. People who are confined to one place, because of difficulties or high cost of travel, are likely to be intolerant to others. Without intolerance, the potential for conflicts is high. And any conflict has a major negative impact in economic growth and the ability to combat poverty. Hence, improving rural transport enables travel and social interaction, which is important for national cohesion and development.

3. ADEUQUACY OF MKUKUTA 1

It is our view that MKUKUTA I was the first really serious comprehensive and well thought out programme to address overall issues of poverty reduction from the perspective and location of where the majority of the rural population lives. But like all new attempts at solving the endemic problem of poverty, it has successes and some shortfalls. A number of time lags and gaps need to be filled as we move to MKUKUTA II. Poverty is a real problem and lingering time bomb to individual nations and world peace and even survival.

3.1 Adequacy of targets and strategies

The following is an assessment of the adequacy or otherwise of individual operational targets and cluster strategies:

Goal 1 of cluster 1: Ensuring sound economic management
Operational target : Macro-economic stability maintained
Strategy: Sustain efforts to contain inflation to a level close or equal to that in major partners by pursuing prudent fiscal and monetary policies and **infrastructure improvements**

Assessment: The strategy for infrastructure is too general and inadequate to tackle key weak areas and to monitor the impact intended, it does not emphasize the need to prioritise and focus action to ensure maximum impact of poverty reduction. Finally, there should have been some direction on how reporting should be organized, and the need to draw out measurable, in particular quantifiable, indicators.

Goal 2 of cluster 1: Promoting sustainable and broad based growth
Operational target: Accelerated GDP growth rate to attain a growth rate of 6% to 8% p.a. by year 2010
Strategy: Modernize and expand trunk roads connections, ports, and airports and transport services e.g. in Development Corridors through enhanced public – private partnerships

Assessment: Again the strategy is very general and can justify any action taken to improve any part of infrastructure irrespective of level of impact on poverty eradication. It does not require any specific focus or prioritization to make sure that maximum impact is achieved. In addition, one would expect that achieving broad based growth would require the inclusion of the primary infrastructure in rural areas, the weakest link. But this is not the case.

Goal 2 of cluster 1: Promoting sustainable and broad based growth
Operational target: To repair 15,000 kms of rural roads annually by 2010 from the 4,500 km in 2003
Strategy: Provide adequate level of physical infrastructure needed to cope with the requirements of poverty reduction targets. Involve rural communities in construction and management of rural roads.

Assessment: Whereas the target of repairing rural roads is relevant and the target length to be repaired is quantified, the definition of repair is not clarified. It leaves room for various interpretations. This is so because there is a lot required to be done to uplift many rural roads to "repairable" conditions. This is so because of the reported around half, which are impassable during rainy season and would therefore require works beyond repair to make them passable all season. Furthermore, the condition of most of them is reported to be mostly poor, with about 77% earth surfaced. Most of these would need to at least be upgraded to gravel roads. Finally, there is no direction as to where or how the 15,000 km should be picked from for maximum impact on poverty reduction. However, the LGTP does propose a set of good criteria to be used in future.

Goal 4 of cluster 1: Reducing income poverty of both men and women of rural areas
Operational target: Secured and facilitated marketing of agricultural products
Strategy: Improve transport vehicles with a view to lowering transport costs and improve services thus enhancing the marketing potential to ensure improved and sustainable margins for service providers. Invest in infrastructure and increase accessibility to the domestic market regionally and internationally, with the view of increasing productivity and incomes in the agricultural sector.

Assessment: The strategy is broad and does not require prioritization based on where population is concentrated and where productivity is highest. Again, the focus being facilitating marketing of agriculture, one would expect mention of the need to fix the weakest link in the transport logistics chain for marketing of agriculture products, the rural roads.

Goal 5 of Cluster 2: Systems in place to ensure universal access to quality public services that are affordable and available
Operational target: Improve passable good/fair condition rural roads from 50% in 2003 to at least 75% in 2010
Strategy: Ensure the basic infrastructure exists, in particular adequate facilities and network of passable roads to enable the delivery of basic social services.

Assessment: Again the strategy is very broad, without any quantification. It does not point to focusing in terms of geographical coverage and prioritization, especially since this covers a very huge piece of infrastructure.

3.2 Additional general observations

After assessment of the specific targets, the following is an additional general discussion of the areas of inadequacy in MKUKUTA 1.

The main shortcoming of MKUKUTA 1 is that it did not address all the components of the transport chain with equitable emphasis. Although other modes were mentioned in the text the intermodal and complementary nature required to address optimal pro-poor intervention in transport was not clearly elaborated. For peasants to combat poverty they must be linked properly to both national and International markets. Tanzania is a vast nation whose productive areas especially of agriculture are located far from consumption and manufacturing areas. Lack of reliable transport infrastructure can be a major distorting factor in economic growth.

In Tanzania though the cost of producing agricultural crops is low, the expensive intermediate cost of delivering via road transport makes the final delivery to the market expensive and renders agricultural commodities uncompetitive. For example, the price of imported maize from Durban (Republic of South Africa) to CIF Dar es Salaam is $ 352 per tonne compared with $ 422 per tonne of locally produced maize from Dodoma region (ref: UN import parity 2010). MKUKUTA II, therefore, should address all the components of the logistic chain adequately and make commensurate investment for each link and mode without sacrificing the other, for every link and mode has its contribution in making the country a low cost nation able to attract investment and achieve higher growth.

MKUKUTA 1 and the main programmes through which it is being implemented in the transport sector, which are the TSIP, TLTP and VTTP, constitute a very good basis to secure expected benefits and effectively combat poverty. However, efforts to mobilize resources must be well coordinated and managed in an integrated fashion. The aim should be to secure proportionate Investment.

Railways provide an opportunity to lower costs of bulk commodities such as fertilisers and grains. However, in MKUKUTA I railway transport does not feature significantly. Transportation of, for example, fertilizer and other farm inputs by rail would lower production costs significantly. Bulky products will also command lower charges and, therefore, competitive prices. This would enable overall lowering of production and transactional cost, making the small scale farmers get more profit.

Specialized transport, such as for perishables, is also not covered. Tanzania has the potential for selling perishables to the markets in the Middle East and other not very far destination. Perishables like flowers, fresh meat, vegetables and fish are high paying agricultural products, which could be undertaken by emerging farmers should there be adequate facilities for collection, freezing and chilling. For example, while villages in Morogoro, Tanga and Coast regions produce orange and pineapple and other fresh fruits, they all ended on limited local markets at very low prices.

Tourism is another high economic potential sector. However, it requires very well linked and efficient air transport, as well as highly organized land transport to tourist sites. Furthermore, developing countries grow quickly with functioning airline industry especially dedicated to the country. Aviation also engenders business travel, which is in turn attracts business development that is key to any country's growth. Limited number of airports / air strips to the tourist area hinders reliable accessibility.

Maritime Transport: In order for maritime ports to be efficient, they need to be coordinated and integrated with other modes of transport, especially road and rail. There must be efficient evacuation of freight from the ports to their hinterland and vice-versa for exports.

These are matters that MKUKUTA II should address, as adjustments to the shortfalls of MKUKUTA I.

4 ACHIEVEMENTS OF MKUKUTA 1

Having explained the inadequacy of the targets of MKUKUTA I in the preceding chapter 3, the following assessment of achievement of MKUKUTA I has to be made in that context. It is an assessment of an already inadequately defined programme.

Implementation of the MKUKUTA 1 operational targets related to transport sector is provided in Table 4.1 below. Status of implementation was drawn out of submissions by various institutions to the Joint Infrastructure Sector Review (JISR) in 2009.

Main observations which can be derived from the implementation report are presented hereunder:

Cluster I: Aims at achieving growth and reduction of income poverty. The goal was to make sure that there is sound economic management, by, among other macro-economic factors and **undertaking infrastructure improvements**. The explanation of performance, in terms of infrastructure improvements, is too general and lacks quantification or clear elaboration of specific achievements made. This is a result of the inadequately defined strategies for infrastructure development as explained in the previous chapter. The absence of clearly set quantifiable targets allows for such general description of achievements.

The performance report does also not explain where the focus was and should be to effectively create an effective pro-poor infrastructure

The second and third goal is to promote sustainable and broad based growth by, targeting a growth rate of between 6% and 8% per annum, and repairing 15,000 km of rural roads by the year 2010. The underlying strategy is modernizing and expansion of trunk roads, Ports, Airports and by providing adequate levels of physical infrastructure needed to cope with poverty reduction. The performance explanation in this case is again too general and limited in scope.

In addition, specific transport infrastructure modernization achieved should have been clearly elaborated and appropriately quantified. However, for roads, such tangible improvements can be deduced from Annex 2.1 that the length of paved roads has increased by 1,213 km from 5200 km in 2004 to 6,413 km in 2008. However, at this rate of increase experienced in the past 5 years, it would take another more than 20 years to achieve the target of paving all trunk roads, as opposed to the target of achieving this by 2015. And this excludes regional and urban roads, which are included in the reported length of paved roads.

Furthermore, it is reported that 30,673 kms of district, feeder and collector roads have been maintained in 2008/9, out of a total of 56,625kms. This is a much higher achievement than the target of 15,000 kms repaired annually. This achievement was attained through financing allocation from the Road fund. The remaining part was not attended to because the complementary development funds from Government have not been disbursed.

Furthermore, as reported in chapter 2, it has been observed that out of the 56,625 km of district roads, about 20,000 – 30,000 do not provide access or are not passable throughout the year. They are impassable during the rainy season. Hence, these must first be brought to higher standard so that they can be repaired annually. However, there is no clear mention of how these 20,000 to 30,000km, classified as annually recurring bad roads, will be brought up to repairable standard.

The fourth goal seeks to reduce income poverty of both men and women of rural areas, by targeting securing and facilitating marketing of agricultural products. The strategy to be applied towards achieving this goal is to Invest in infrastructure to further improve accessibility to markets, to improve reliability of carrying units and competition among private carriers with a view to lowering costs and reliability/convenience.

Performance achievement is reported to be a success because of the existence of various upgrading, rehabilitation, and maintenance programs under implementation in the trunk road corridors and regional roads. Yet again no specifics have been provided.

Furthermore, regional and district roads are mainly gravel and earth and are, therefore, expensive to maintain annually. With the ever increasing maintenance cost, the budget outlay would grow to even more unmanageable levels. This means that there should be efforts to improve them to higher maintainable standards. Finally, again rail improvement should have been discussed, given its potential to mitigate overall transport costs for some agricultural commodities, which are deemed to be low value goods attracting low tariff not suitable for long haul road transportation.

Cluster II: seeks to achieve improvement of quality of life and social wellbeing with particular emphasis on the poorest and most vulnerable: to equip them with the tools of development especially education and health services, and to reduce extreme inequalities. The goal set in this regard was to improve passable good/fair condition of rural roads to 75% in year 2010 up from 50%in year 2004. The cluster strategy is set to ensure that the basic infrastructure exists for delivery of basic social services. The reported achievement was 58.5 % good/fair condition in 2008/9, which means the target was not achieved. It is further reported that since improved condition of all roads in good/fair condition is dependent on the level of funding for development works, funding needs to double if the MKUKUTA operational target of 75% good/fair condition of rural roads is to be attained in 10 years from 2008 or 8 years from now. But because this portion constitutes the weakest link in the logistics chain, upon which all movement of the farm inputs and crops depends on, it is of utmost importance that MKUKUTA II addresses the issue with a more sense of urgency. This is particularly so since more than 80% of the population lives in rural areas, occupied mostly in agriculture activities.. The LGTP has provided an adequate and well thought out strategy, which should be adopted and implemented in MKUKUTA II to achieve reliable access and overall improvement of infrastructure in rural areas.

Table 4.1 Implementation of MKUKUTA 1 Transport Sector

MKUKUTA Operational Targets	Cluster Strategies	Performance (2001 – 2009)
<u>Cluster 1:</u> **Growth and Reduction of Income Poverty:** **Broad Outcomes**: Broad based and equitable growth is achieved and sustained		
Goal 1: Ensuring sound economic management		
Macro-economic stability maintained.	Sustain efforts to contain inflation to a level close or equal to that in major partners by pursuing prudent fiscal and monetary policies and **infrastructure improvements**.	The government is implementing a ten year program divided in two phases of five years each W.E.F year 2006 to 2015. The program is called TSIP. In line with this program, various upgrading, rehabilitation and maintenance programmes are taking place on trunk and regional roads to ensure better road services. Local skilled and non skilled labor are employed in roads projects
		Various programmes to improve roads leading to high agricultural production centers have been implemented. These include: STABEX, RSPS, RSP and RUSIRM where a total 2,571 km of roads were rehabilitated. Others include on-going projects for upgrading of trunk roads to bitumen standard and annual regional roads rehabilitation
		Various actions to improve airports infrastructures has been taken resulting into some studies and designs e.g. feasibility study and preliminary design for new Msalato airport, feasibility study and detailed engineering design for Kigoma, Tabora, Bukoba, Shinyanga, Sumbawanga, Mafia and Arusha airports. Further; rehabilitation works were carried in some upcountry airports namely Mafia, Mwanza,

MKUKUTA Operational Targets	Cluster Strategies	Performance (2001 – 2009)
		Arusha, Mpanda and commencement of rehabilitation works at Bukoba Airport.
Goal 2: Promoting sustainable and broad based growth		
Accelerated GDP growth rate to attain a growth rate of 6% to 8% p.a. by year 2010.	Modernize and expand trunk roads connections, ports, and airports and transport services e.g. in Development Corridors through enhanced public – private partnerships	Four Development Corridors have been identified: Mtwara Development Corridor (MtDC), Central Development Corridor (CDC), TAZARA/TANZAM or Uhuru Development Corridor and Tanga Northern) Development Corridor. Investment strategies and programmes in economic projects and related infrastructure development have been identified for MtDC and CDC and implementation is being pursued, with NDC as technical secretariat.
		Nine trunk route corridors have been established. Various projects/programmes are ongoing for upgrading roads to bitumen standard; rehabilitation and maintenance of existing paved roads are taking place. Maintenance is adequately provided for all trunk and regional roads. Poor roads are now less than 15% of the network compared to about 30% five years ago.
		The policy framework for PPP in the country including road sector is being formulated by GOT. Identification of suitable PPP projects in the road sub sector is in the pipe line. This includes the road maintenance

MKUKUTA Operational Targets	Cluster Strategies	Performance (2001 – 2009)
		concession study recently completed
To repair 15,000 kms of rural roads annually by 2010 from the 4,500 kms in 2003:	Provide adequate level of physical infrastructure needed to cope with the requirements of poverty reduction targets. Involve rural communities in construction and management of rural roads.	"Repair" in this context means "Maintenance". In FY 2008/09 a total of 30,673kms of District Roads received routine, periodic and spot maintenance under the Road Fund Budget incl. roll-over funds from FY 2007/08. Since some urban roads are included it means that; the operational target of 2010 has already been achieved, (actually in FY 2007/08.)
Goal 4: Reducing income poverty of both men and women of rural areas		
Secured and facilitated marketing of agricultural products	Improve transport vehicles with a view to lowering transport costs and improve services thus enhancing the marketing potential to ensure improved and sustainable margins for service providers. Invest in infrastructure and increase accessibility to the domestic market regionally and internationally. With the view of increasing productivity and	The nine trunk road corridors promote among others local and inter-regional trade. Various upgrading, rehabilitation and maintenance programs are being implemented on the trunk corridors and regional roads in line with the Transport Sector Investment program for a period of ten years W.E.F. year 2006 to year 20015. Implementation of various road programs has improved accessibility and reduced transport time to markets .Thus contributing convenience and significant overall cost reduction.

<table>
<tr><th>MKUKUTA Operational Targets</th><th>Cluster Strategies</th><th>Performance (2001 – 2009)</th></tr>
<tr><td></td><td>incomes in the agricultural sector.</td><td></td></tr>
<tr><td colspan="3">Cluster 2: Improvement of quality of life and social well-being
Broad outcomes-
Improved quality of life and social well-being, with particular focus on the poorest and most vulnerable groups
Reduced Inequalities (e.g. education, survival, health) across geographic, income, age, gender and other groups</td></tr>
<tr><td colspan="3">Goal 5: Systems in place to ensure universal access to quality public services that are affordable and available</td></tr>
<tr><td>Improve passable good/fair condition rural roads from 50% in 2003 to at least 75% in 2010</td><td>Ensure the basic infrastructure exists, in particular adequate facilities and network of passable roads to enable the delivery of basic social services.</td><td>The existing roads infrastructure comprise of trunk, regional, district, urban and feeder roads totaling 85,000 km. Various improvement and maintenance programmes are taking place on the roads. As a result for trunk and regional roads, condition of good/fair has improved from 50% in 2003 and to 85% in 2007/08. This road condition far exceeds the target set for year 2010.</td></tr>
<tr><td></td><td></td><td>District Roads (both rural and urban collector and feeder roads) in good and fair condition as surveyed in FY 2008/09 is 58.5 %. Maintenance of roads targets first of all roads in good/fair condition, thus improved condition depends on the level of funding for development works. With the current funding level it can take almost 10 years to achieve the operational target of 75 % in good/fair condition.</td></tr>
</table>

5. FRAMEWORK FOR MKUKUTA II

5.1 Principles

A main focus of MKUKUTA II should be to facilitate Kilimo Kwanza. However, meaningful planning of the kind of infrastructure needed can only be derived with the knowledge of where and how much specific products are envisaged along their specific value chain. Hence, it would be important to have crop strategies that provide a clear indication of what kind and volume of freight would be dealt with, where it will occur along the value chain, location of processing facilities and markets, and how much of the traffic would be for domestic consumption and/or for export.

MKUKUTA II transport programme should also aim at opening up economic potential involving providing access to unexploited or underexploited agricultural rich areas, mineral deposits, fisheries, livestock, manufacturing trade centers etc would be very beneficial.

Tanzania, as a coastal state, is strategically placed to earn and exploit the economics of geography. Like any maritime nation anywhere in the world, it has a potentially very rich land locked hinterland featuring the mineral rich Republic of Congo, Zambia, Burundi, Rwanda and Uganda.

District and community roads are the weakest link in the pro-poor transport chain as defined in this report. Hence specific intervention is needed to bring them up to higher standard in terms of providing access and driving conditions.

5.2 Framework

The proposed operational targets/strategies for MKUKUTA II are presented in Table 5.1 below. Since we have considered that the various components of a transport system, as described in this report, play complementary important roles and constitute one transport logistic chain, we have not attributed any component to a specific goal. We believe that all components should be addressed proportionately to their respective roles for any effective pro-poor intervention. The only refinement that may be necessary would be prioritizing them depending on the available resources, which we discuss in the next chapter 7.

After approval or acceptance of this approach and proposals in Table 5.1, a refinement can be made in the presentation, to establish appropriate links with the respective clusters and goals.

Table 5.1 Proposed MKUKUTA II Operational Targets for Transport Sector

<table>
<tr><th>MKUKUTA 1 Operational Targets</th><th>MKUKUTA 1 Cluster Strategies</th><th>Proposed MKUKUTA II Transport Sector Operational targets/Strategies 2010/11 – 2014/15 (for all clusters and goals)</th></tr>
<tr><td colspan="2"><u>Cluster 1:</u> Growth and Reduction of Income Poverty:
Broad Outcomes: Broad based and equitable growth is achieved and sustained</td><td rowspan="5">Overall:
i. Update & consolidate TSIP implementation as an integrated transport development programme to effectively cater for pro-poor transport intervention (as defined in this report) – 2010
ii. Prepare specific plan to facilitate implementation of specific needs which may arise from defined specific crop development strategies under Kilimo Kwanza– 2010

Community roads and tracks improved:
i. Roll out VTTP to cover all 137(?) districts by 2014 from expected 55 districts in 2009/10

District roads:
• Increase rural population living within 2 km of all-season passable road to 92% by 2012 and basic access established on at least 90% of rural infrastructure by 2012:
i. Motorable roads increased to at least 95% by 2012
ii. 90% of ward and division headquarters connected to all season road by 2012
iii. Condition of roads increased from 23%good and 34%fair in 2008 to 70% good and 20% fair in 2012
iv. Increased use of labour based method to generate about 250,000 jobs related to roads works in rural and urban poor areas by 2012.</td></tr>
<tr><td colspan="2">Goal 1: Ensuring sound economic management</td></tr>
<tr><td>Macro-economic stability maintained.</td><td>Sustain efforts to contain inflation to a level close or equal to that in major partners by pursuing prudent fiscal and monetary policies and infrastructure improvements.</td></tr>
<tr><td colspan="2">Goal 2: Promoting sustainable and broad based growth</td></tr>
<tr><td>Accelerated GDP growth rate to attain a growth rate of 6% to 8% p.a.</td><td>Modernize and expand trunk roads connections, ports, and airports and transport services e.g. in Development Corridors through enhanced public –</td></tr>
</table>

<table>
<tr><th>MKUKUTA 1 Operational Targets</th><th>MKUKUTA 1 Cluster Strategies</th><th>Proposed MKUKUTA II Transport Sector Operational targets/Strategies 2010/11 – 2014/15 (for all clusters and goals)</th></tr>
<tr><td>by year 2010.</td><td>private partnerships</td><td rowspan="4">National (Trunk and Regional) Roads:
i. Paving or financing of paving an average of at least 300 km of national (trunk and regional) roads annually, from 5,833 km paved in 2009 to 7,633 paved in 2015.
ii. Accelerated Improving regional roads from earth to gravel surface as well as sealing some of them (eg applying appropriate technology of sealing of low volume roads)
iii. Adequately maintain roads so that there is no more accumulation of backlog maintenance by 2015, including by contracting maintenance/ management of major roads, especially on transit road corridors to neighbouring countries;

Railways:
i. Secured financing to improve RAHCO/TRL railway through addressing the concession weaknesses/problems - 2010
ii. Restructure TAZARA – immediate to secure recapitalization/investment and efficient management, through PPP - 2010
iii. Modernize Dar –Tabora – Mwanza/Kigoma railway, through PPP - 2015.
iv. Implement Isaka – Keza – Kigali; Keza – Musongati (Burundi) extension through PPP - 2015.
v. Promote and secure PPP partner to analyse and, as necessary, develop special purpose railway eg for transportation of major</td></tr>
<tr><td>To repair 15,000 kms of rural roads annually by 2010 from the 4,500 kms in 2003:</td><td>Provide adequate level of physical infrastructure needed to cope with the requirements of poverty reduction targets. Involve communities in construction & management of rural roads.</td></tr>
<tr><td colspan="2">Goal 4: Reducing income poverty of both men and women of rural areas</td></tr>
<tr><td>Secured and facilitated marketing of agricultural products</td><td>Improve transport vehicles with a view to lowering transport costs and improve services thus enhancing the marketing potential to ensure improved and sustainable margins for service providers. Invest in infrastructure and increase accessibility to the domestic market regionally and internationally. With the view of increasing productivity and incomes in the agricultural</td></tr>
</table>

MKUKUTA 1 Operational Targets	MKUKUTA 1 Cluster Strategies	Proposed MKUKUTA II Transport Sector Operational targets/Strategies 2010/11 – 2014/15 (for all clusters and goals)
	sector.	mineral traffic, such as from coal and iron resources in Mchuchuma and Liganga respectively – 2010/11. **Maritime Transport and inland Waterways:** i. Expand and modernize Dar es Salaam port, through PPP by: a. Increasing capacity of existing extended container terminal to 650,000 TEUs (2011) and establish new terminal (berths 13 & 14) to bring capacity to 1.5 mill TEUs (2015) b. Modernizing & expanding petroleum handling facilities (eg SBM) – 2011 c. Streamlining cargo clearance processes through a "one stop shop" – 2011 d. Implementing other components of Master Plan. ii. Upgrade Lakes ports, especially Kigoma and Mwanza, and Lakes services to cater for domestic & international traffic - 2013. iii. Develop Mtwara port for increased international cargo business – 2013. **Air transport:** i. Expand & modernise Dar es Salaam and improve Kilimanjaro airports through PPP/strategic partners – 2015 ii. Complete construction of Songwe airport and upgrade Mwanza, Kigoma and Mtwara airports, to enable all the four airports handle scheduled international traffic iii. Establish and implement a Master Plan to improve national airports,
Cluster 2: Improvement of quality of life and social well-being **Broad outcomes-** Improved quality of life and social well-being, with particular focus on the poorest and most vulnerable groups Reduced Inequalities (e.g. education, survival, health) across geographic, income, age, gender and other groups		
Goal 5: Systems in place to ensure universal access to quality public services that are affordable and available		
Improve passable good/fair condition rural roads from 50% in 2003 to at least 75% in 2010	Ensure the basic infrastructure exists, in particular adequate facilities and network of passable roads to enable the delivery of basic social services.	

MKUKUTA 1 Operational Targets	MKUKUTA 1 Cluster Strategies	Proposed MKUKUTA II Transport Sector Operational targets/Strategies 2010/11 – 2014/15 (for all clusters and goals)
		with enhanced private sector participation through PPP – 2015 iv. Procure strategic partner for ATCL to secure capability to expand national, regional and international flights - 2010 v. Consolidate implementation of agreed regional & Africa aviation liberalisation to secure higher capacity, efficient and competitive airline industry – 2011 vi. **Pipeline transport:** **i.** Secure strategic partner to develop pipelines to Mwanza and Kigoma to serve the Lakes regions, as well as the neighbouring Great Lakes countries – 2013. **ii.** Establish feasibility and strategy to strengthen TAZAMA pipeline (to Zambia) or establish a new pipeline to serve the Southern regions and Malawi through Mbeya hub - 2011 **Urban transport:** i. Implement DSM transport/decongestion strategy & plan including construction of ring roads, reorganising mass or public transport through implementation of the rapid transit project and introduction of other mass transit systems (eg rail, coastal ferries etc), establishing satellite towns, etc – 2012 ii. Establish a comprehensive strategy and guidelines for incorporation of efficient urban transport systems in cities' development plans or growth.

MKUKUTA 1 Operational Targets	**MKUKUTA 1 Cluster Strategies**	**Proposed MKUKUTA II Transport Sector Operational targets/Strategies 2010/11 – 2014/15 (for all clusters and goals)**
		Transit transport facilitation: i. Establish and implement client service charters for all service providers along major transport routes, with international standards benchmarks – 2010 ii. Streamline documentation and processes at port, weigh-bridges and Customs and security control points to international benchmarks - 2010. iii. Establish one stop operations at all road borders – 2014. **Other cross-cutting** i. ***HIV:*** Establish and promote implementation of specific HIV propagation mitigation strategies in the transport sector, especially along international transit routes and construction sites – 2010 ii. ***Safety:*** Implement a comprehensive safety strategy and plan in transport to reduce accidents and fatalities to international levels – 2011 iii. ***Capacity building:*** Establish a strategy and guide for human resources development and capacity building in various sections of the transport sector – 2010/11. iv. ***Environment preservation:*** Subject all major transport projects to environmental assessment and certification – 2015

6. FINANCING

6.1 Status and principles

The main source of finance for MKUKUTA 1 has been from government (central and local government) and its development partners, ie traditional budget sources. This sort of financing has an advantage because it is reliable and can easily be measured. The problem withthis source is its inadequacy to meet requirements. In most cases it falls far short of needs due to competing priorities in other sectors of the economy such as agriculture, health etc.

Furthermore, traditional source of financing has the following disadvantages:

- Diversion of budget funds to cater for emergencies, which become priorities
- Late submissions of some donor funds to meet earlier budget pledges
- Not strictly adhering to defined and agreed criteria for allocation of funds, sometimes to respond to respond to some political pressures.

Due to shortage of funds from traditional sources, the Government has taken measures and promoted mobilizing private financial resources to fill the gap. Such financing from the private sector has been in the ascendancy, at least before the 2009 financial meltdown. In May 2009, it was reported at an EAC Ministerial retreat on infrastructure that there were about $300 billion private sector investment funds, mostly dedicated to infrastructure development. And in the last decade sub-Sahara Africa got only less than 1 %!

These non-traditional sources of funding are mostly private sector, loans from infrastructure investment funds, and commercial loans. They involve investment in physical infrastructure and operating assets or in management improvements.

The advantages of the nontraditional sources include:

- Do not constrain the national budget and do not increase the national debt. Allows public funds to focus more on the public service sectors; and
- Distributing risk to most appropriate partners, taking advantage of the different strengths of public sector (establishing requisite governance) and private sector (commercial and innovation).

However, for PPP to be successful there is need for a requisite legal and institutional framework, in addition to defining well structured and attractive projects. The absence of such framework, especially where goodwill is still being nurtured, may be one of the source of very few PPP projects undertaken, as well as among the causes for problems that have encumbered operations of some PPP ventures in infrastructure such as the TRL and until recently TICTS.

6.2 Financing approach

The financing mechanism for proposed MKUKUTA II is presented in Table 6.1 below. As indicated in the table, financing on various components is expected to be as follows:

There are components whose financing can only be sought from the public sector or on public sector obligation, as well as voluntary work. These include community roads, district roads, small ports and airstrips;

- There are components where although major source of financing would be from public funds, there is a possibility in some cases to get private sector interest and financing. These include mainly trunk roads. Some of the cases that should be pursued in this respect are:
    - Kigamboni bridge (should actually be rail and road bridge if it is expected to lead to expansion of the port on the Kigamboni side of the creek. This is an old project which is promoted by NSSF. However, it is unlikely that serious investors are going to consider putting money without due process led by both the financier and a technically more competent ministry eg MOID or through its specialised agency, TANROADS;
    - A Dar port access by pass: a road from the port to say between Mlandizi and Chalinze. This has received support from financiers. The Development Bank of Southern Africa (DBSA) has expressed readiness to finance a feasibility study; and
    - Contract maintenance of some portions of roads. In this case of high traffic roads, such as the major transit routes, a small toll fees could be charged to enable maintaining of a high level maintenance.
- The third component is that of infrastructure, which is amenable to private sector financing, those with commercial value or revenue and profit making possibilities. These are railways, major port terminals, major airports, pipeline, and transport operating companies or institutions in all modes. Tanzania has not done well to attract finance in these sectors or sub-sectors. The legal and institutional framework must be completed as quickly as possible. Complementary, capacity must be developed to identify and structure appropriately PPP opportunities.
- There are also possibilities for major industries to construct dedicated infrastructure spurs to access their area of operation. These include large mines, commercial farms, industrial complexes and trading centres, as well as major real estate developments. Similarly as a way of demonstrating corporate responsibilities, some companies, including mining companies, banks, mobile phone providers are

already sponsoring social services such as construction and provision of facilities for schools, health centres, sponsoring sports and other social events, capacity building and development of local infrastructure. This "culture" should be promoted by working closely and in harmony with such major businesses with a view to achieving mutual benefits: the companies operating in a peaceful and harmonious environment with the local communities and the communities benefiting from the social services and infrastructure.

- Financing could also be saved from better controls, ensuring value for money, minimising construction cost escalation to achieve levels in better performing countries. The leakages and weaknesses identified in routine technical and financial audits should be addressed in a more forceful manner to enforce accountability. Furthermore, a thorough analysis should be made and strategy for minimising the escalation of construction costs should also be established and implemented.

Table 6.1 Financing of MKUKUTA II

Component/category of infrastructure	Type of financing	Likely sources
Community roads and tracks	i. Local contribution (financial or in kind or self help) ii. Budget allocation from local sources iii. Budget allocation from sources "external" to the village	i. Villagers/public ii. Villages Government/Council, cess from cooperatives iii. Donors funded programmes such as VTTP iv. Corporate responsibility contributions
District roads	i. Allocation from Road fund ii. Budget allocation from District iii. Various funds, levies etc at local level iv. Subvention from central government v. Allocation from "external" sources	i. Road Fund ii. District Council iii. District Council and private iv. PMO RALG v. Donor funded programmes such as TASAF, etc
National (trunk and regional) roads	i. Allocation from Road Fund ii. Central Government budget, including budget support from dev partners iii. Project support funds iv. Private sector financing alone or in combination with above in PPP	i. Road Fund ii. Central Government (MOID) iii. Donors/Development Partners iv. Private sector, investment funds, banks, tolls, etc
Railways, major ports, major airports, pipeline	i. Internally generated funds from operations revenue or lease/concession fees ii. Private sector financing alone or in combination with above in PPP	i. Operating companies/institutions ii. Private sector (equity & loans) iii. Central Government iv. Donors/DPs

Component/category of infrastructure	Type of financing	Likely sources
	iii. Central Government budget provision iv. Project support financing	
Small airports and ports and services	i. Funds from operational revenues ii. Central/Local Government budget/subvention iii. Specific project support financing from donors/DPs iv. Other donations from private sector users	i. Respective operating institutions ii. Central/Local Government iii. Donors/DPs iv. Private sector
Safety	i. Government budget ii. Funds from fees/charges by safety autonomous regulators	i. Government, ii. Regulators (SUMATRA, TCAA)
HIV Mitigation	i. Public service obligation contribution by transport operating companies; ii. Donations from various parties iii. Government & Donors/DPs support funds for combating HIV	i. Companies , associations and individuals; ii. Government iii. Donors/DPs

7. PROPOSALS AND PRIORITISATION FOR MKUKUTA II

In chapter 5 and especially Table 5.1 a framework or long list of possible targets for MKUKUTA II were proposed. However, due to limited resources, there is a need for prioritising to transport infrastructure development targets that will have maximum impact on poverty eradication.

There are two levels of prioritisation considered: prioritisation between components (and modes) of the transport chain as defined in chapter 2; and prioritisation within each component. Prioritisation is mainly for allocation of public finance. Private sector financing will only go attractiveness of the particular project or activity. However, we have also indicated some prioritisation for private sector (PPP) finance. In this regard it is not for resource allocation, rather for Government to give top priority for mobilisation of the private sector participation in that particular mode or component, mainly because of its ability to attract such investment. Table 7.1 below shows such prioritisation and the recommended targets.

Prioritisation between components is based on which component does impose the most impediments for the rural poor in particular, in terms of assuring them of access to inputs, consumer goods and markets. In this regard, rural transport infrastructure, which was identified as the weakest link gets top priority 1. Others follow depending on how close they are to serving the rural and urban poor.

Prioritisation within a component or mode is to choose between which section of the infrastructure should be tackled first. For this we have just listed what we consider as key factors that can be used to determining the sequencing of projects or interventions.

The list of proposed targets in Table 7.1 is adopted from Table 5.1. It may still look too long but the following is a brief interpretation to guide determining of inputs in MKUKUTA II.

Priority 1: District, feeder, collector and community roads should be given top priority for inclusion in MKUKUTA II. Some targets have been shown. However, the LGTP has provided a comprehensive programme and detailed targets to pursue. These should be tackled first and foremost. The target here is to provide reliable all season access ultimately for all the rural and urban poor. Furthermore, increased use of labour based methods in road works in rural roads is recommended, mainly due to its potential to create up to 250,000 jobs by 2012 by LGTP estimate. These jobs will add significantly to eradication of poverty for the rural and urban poor.

The other components have been allocated priority 2 to 4. This should not be construed as being less important. It is purely for resource allocation to components that impact most on poor people. Secondly, some important sectors have been given lower priority because they can get finance from elsewhere, mostly from internally generated funds (for commercial oriented operations) or from private sector, because of their commercial value. They are included in the proposals to motivate action from Government to vigorously pursue establishing a conducive environment for PPP in infrastructure, including legal, regulatory and institutional framework for PPP in infrastructure. This will not only accelerate development of the sector but also release public sector funds to the sectors that can only be developed with public finance.

Based on above, we recommend that contents of Table 7.1, proposed targets for transport sector, be considered for inclusion in MKUKUTA II.

Table 7.1 Proposed Indicators and targets for MKUKUTA II

Component of transport infrastructure	Priority between components		Prioritisation within component (Basis)	Indicators	Targets
	Public Funds	Private Funds			
Rural roads (classified district, feeder& collector roads and unclassified community roads)	1		• Population • Poverty level (index) • Reliability of access	• Households living within 2 km of road (LGA to establish) • Road condition measures • Number of division headquarters connected • Roads condition measures • Number of labour based contracts in road works and persons employed	• Increase rural population living within 2 km of all-season passable road to 92% by 2012 • Basic access established on at least 90% of rural infrastructure by 2012: i. Motorable roads increased to at least 95% by 2012, from ii. 90% of ward and division headquarters connected to all season road by 2012 iii. Condition of roads increased from 23%good and 34%fair in 2008 to 70% good and 20% fair in 2012 • Increased use of labour based method to generate up to about 250,000 jobs related to roads works in rural and urban poor areas by 2012.
National (trunk & regional) roads	2	2 (PPP)	• Population affected or served • Impact on	• Km of roads paved annually, at least 300 km/year • Km of roads improved from earth to gravel roads annually	i. Paved national roads increased from 5,833 km in 2009 to 7,633 km by 2015 ii. …….km of earth national roads improved to gravel roads by 2015 iii. Condition of national roads increased to ….& good and ….fair for paved

Component of transport infrastructure	Priority between components		Prioritisation within component (Basis)	Indicators	Targets
			poverty • Volume of traffic	• Road condition measures • Km of transit roads put under contract management/maintenance • At least 2 PPP roads projects implemented	roads; and …….& good and …….%fair for unpaved roads by 2015, iv. Key highly trafficked roads put under long-term maintenance contracts (eg international transit routes) v. At least 2 PPP projects implemented by 2015 (eg Kigamboni bridge and port access by pass road)
Rail	3	1 (PPP)	• Population served/ affected • Volume of traffic	• TRL restructured and financing secured. Traffic increased from 275 mill ton-km in 2009 (up to June) to at least 1,500 mill ton-km by 2015 • TAZARA restructured and financing secured. Traffic increased from 470 mill ton-km in June 2009 to 1,200 mill ton-km in 2011/12 • Modernised railway operational between Dar and Isaka by 2015	i. Secured PPP financing to improve RAHCO/TRL railway through addressing the concession weaknesses/problems - 2010 ii. TAZARA restructured to secure recapitalization/investment and efficient management, through PPP - 2010 iii. Dar –Tabora – Isaka railway modernized through PPP – 2015 and PPP secured to implement Isaka – Keza – Kigali; Keza – Musongati (Burundi) extension - 2015.
Port & Maritime	4 For major ports	1 (PPP)	• Volume of traffic • Hinterland served	• Traffic handling capacity of existing (TICTS) container terminal ncreased from 340,000 TEUs in 2008/9 to 650,000 TEUs per year by 2011 • New and container	i. Expanded Dar es Salaam port container facilities to handle 650,000 TEUs by by 2011 and TEUs 1.5 mill by 2015, through PPP ii. Modernised other Dar port terminal facilities to handle increased petroleum products and other

Component of transport infrastructure	Priority between components		Prioritisation within component (Basis)	Indicators	Targets
				terminal (at new berhs 13 & 14) built with additional capacity to handle 850,000 TEUs by 2015 • Total tonnage handled at all ports increased (from 7,952 mill tonnes in 2008/9 to 12,811 tonnes in 2015)	general cargo iii. Reduced ship and container/cargo dwell time at port to international levels (4 – 7 days), through PPP by 2011/12 iv. Mtwara port developed to cater for increased international cargo business – 2013.
Aviation	4 for major or internat i-onal airports	1 PPP	• Volume of traffic • Areas served (with economic potential)	• Traffic handled at the airports (number of passengers and freight tonnes) • Number of additional routes served and traffic handled (passengers-km performed) by ATCL	vii. Expand & modernise Dar es Salaam and improve Kilimanjaro airports through PPP/strategic partners – 2012 viii. Strategic partner procured for ATCL - 2010
Urban transport	1	2		• Planned ring roads (and length in km) built to paved standard by 2015 • At least 2 grade separated junctions completed by 2015 (additional to already committed Ubungo junction)	i. Implement DSM transport/decongestion strategy & plan – 2012/3
Transit traffic facilitation	1	1		• Transit times (days) of cargo from Dar port to neighbouring countries' capitals or commercial centres served by Dar port	i. Documentation, procedures and processes streamlined at port, weigh-bridges and Customs and security control points to international benchmarks - 2010.

Component of transport infrastructure	Priority between components		Prioritisation within component (Basis)	Indicators	Targets
				(in Uganda, Rwanda, Burundi, DR Congo, Zambia and Malawi) • Average time taken to clear vehicles at border posts	ii. One stop operations established at all road borders – 2014.
Safety	1	1 Social responsibility		• Number of accidents and fatalities	i. Accidents and fatalities reduced, especially in road transport, from 2,200 in 2008/9 to ….. in 2015
HIV mitigation	1	1 Social responsibility		• Number of HIV wellness centres established along major transport corridors and construction sites and number of people served • HIV awareness adverts visible along corridors	i. HIV mitigation strategies established and implemented, especially along international transit routes and construction sites – 2010
Capacity building	1			• Number of training courses conducted and number of people trained	i. Strategy and guide for sector wide capacity building established– 2010/11
Environ-ment	1			• Number of transport projects registered for environment assessment and clearance	i. All major transport projects subjected to environmental assessment and certification by 2015,

ANNEXES

ANNEX 1.1: MKUKUTA CLUSTERS AND RELATED BROAD OUTCOMES AND GOALS

Cluster I: Growth and Reduction of Income Poverty

Broad outcome:
Broad based and equitable growth is achieved and sustained

Goals:
1. Ensuring sound economic management.
2. Promoting sustainable and broad -based growth.
3. Improving food availability and accessibility.
4. Reducing income poverty of both men and women in rural areas.
5. Reducing income poverty of both men and women in urban areas.
6. Provision of reliable and affordable energy to consumers.

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

Broad outcomes:
1. Quality of life and social well -being, with particular focus on the poorest and most vulnerable groups improved
2. Inequalities in outcomes (e.g. education, survival, health) across geographic, income, age, gender and other groups reduced

Goals:
1. Ensuring equitable access to quality primary and secondary education for boys and girls, universal literacy among men and women and expansion of higher, technical and vocational education .
2. Improved survival, health and well -being of all children and women and of specially vulnerable groups
3. Access to clean, affordable and safe water, sanitation, decent shelter and a safe and sustainable environment and thereby, reduced vulnerability from environmental risk.
4. Adequate social protection and provision of basic needs and services for the vulnerable and needy.
5. Effective systems to ensure universal access to quality and affordable public services.

Cluster III: Governance and Accountability

Broad outcomes:
1. Good governance and the rule of law
2. Accountability of leaders and public servants
3. Democracy and political and social tolerance

4. Peace, political stability, national unity and social cohesion deepened

Goals:
1. Structures and systems of governance as well as the rule of law are democratic, participatory representative, accountable and inclusive.
2. Equitable allocation of public resources with corruption effectively addressed
3. Effective public service framework in place to provide foundation for service delivery improvements and poverty reduction
4. Rights of the poor and vulnerable groups are protected and promoted in the justice system
5. Reduction of political and social exclusion and intolerance
6. Improved personal and material security, reduced crime, eliminate sexual abuse and domestic violence
7. National cultural identities enhanced and promoted

ANNEX 1.2: TERMS OF REFERENCE

Issue Code B3:	**Review of Transport Sector Pro-Poor Interventions**
Issues Code B3.1	Review of transport infrastructure in relation to poverty reduction and economic growth
Lead:	MoID

1. Background

Cluster I: Growth and reduction of income poverty of the MKUKUTA (2005/06-2009/10) identified the following operational targets for transport:

- Modernization and expansion of trunk road connections, ports and airports, railways and transport services, e.g. in development corridors and through public-private partnerships.
- Improvement of transport systems, thus lowering transport costs, and improvement of marketing to ensure higher profit margins for agricultural producers.
- Provision of adequate level of physical infrastructure (rural roads) needed to cope with the requirements of poverty reduction targets including involvement of rural communities in construction and maintenance of rural roads. A specific target included repairing 15,000km of rural roads annually by 2010 from 4,500km in 2003.
- Creation of employment in communities through community based construction and maintenance of rural roads.

2. Available Documents for Review in Transport Sector

- MKUKUTA
- National Transport Policy 2003
- Transport Sector Invest Plan (TSIP) April 2008
- Short TSIP Expected July 2009
- Local Government Transport Programme (LGTP) August 2008
- Performance Assessment of Transport Sector (Expected September 2009)
- Management Consultancy for the Transport Sector, Final Inception Report November 2008
- SPSP Formulation Study for the Tanzania Road Transport Sector (FED/2008/19918), Final Formulation Report, November 2008

- Dar es Salaam Transport Policy and System Development Master Plan Final Report, June 2008
- Joint Infrastructure Sector Review October 2008, Aide Memoire and Strategy Papers
- Port Master Plan August 2008
- Infrastructure Round Table, Dar es Salaam, April 2009, Proceedings and Concept Papers
- Technical & Financial Audit of Road Fund Allocations 2007/08
- Government budgets and actual allocations in the period
- TANROADS' Annual Reports 2005 – 2009 (2008/09 expected to be available approx 1 Sep 09)

3. Objectives

i. To identify linkage between infrastructure and poverty reduction
ii. To assess the adequacy of MKUKUTA 1 targets and whether they fully reflect the role of infrastructure in underpinning all other sectors
iii. To assess the achievement of the targets
iv. For the second MKUKUTA propose new transport infrastructure policies and targets

4. Scope

The paper is expected to cover the following main areas:

i. Review of studies listed in 2 above with a view to their relevant material useful for the MKUKUTA process
ii. Assessment of transport infrastructure growth towards poverty reduction
iii. Assessment of transport infrastructure sub sectors and their contribution towards economic growth
iv. Assessment of linkages and contribution of transport sector to other sectors of the economy including tourism, agriculture, health, education and manufacturing.
v. Assessment of transport sub sectors contribution to pro poor growth

vi. Identification of sources of finance for transport infrastructure (e.g. mining industry, property tax)
vii. Identify measures to enhance efficiency in the utilization of existing sources of finance
viii. Identify how a culture of Corporate Social Responsibility could be inculcated into industrial corporations so that they contribute to poverty reduction.
ix. Assess what portion of funds raised for infrastructure should be geared towards economic growth and what portion towards poverty reduction. For example the Road Fund allocates 70% for national roads that make important contributions to economic growth and 30% to local roads that make important contributions to poverty reduction (although the entire road network makes a contribution).
x. Assessment of better practices for infrastructure provision and sustenance
xi. Assessment of infrastructure requirements to ensure food security, pro-poor growth, and income poverty reduction.
xii. To provide a set of recommendations and proposed way forward

5. Methodology

An inter-ministerial Task Force will be set up to carry out the assignment with membership from:

- MoFEA
- Planning Commission
- TRA
- MoID
- PMO-RALG

This Task Force will be supported by the consultant for secretariat, documentation and editing purposes. The following timeline of activities is proposed:

Week 1: Task Force 3-day retreat to review existing studies and agree on methodology

Weeks 2 to 6: Consultant collects information and prepares initial draft paper

Week 7: Task Force 3-day retreat to complete paper

The Consultant will organise arrangements regarding the venue for the retreats and administrate payments in this respect. It is assumed that the study budget will cover costs for conference rooms, accommodation and meals for the task force, while the contributing organizations will cover any allowances and transport for the individual members.

Preliminary findings and conclusions should be presented at the Infrastructure Round Table now scheduled for 29 September 2009.

6. Expected Output

The assignment is expected to produce a report that will contain among others the following main issues:

- Thorough analysis of the impact of infrastructure growth on poverty reduction
- Analysis of the linkage between infrastructure sectors and other growth sectors
- Analysis of the adequacy of present plans for infrastructure
- Identification of how to scale up financing should the assessment of current plans show that they are inadequate to achieve macro-economic goals within the MKUKUTA framework
- Proposals for inclusion in next MKUKUTA covering clear operational targets and indicators to measure performance of infrastructure sectors in contributing to growth and income poverty reduction

ANNEX 1.3 TASK TEAM RETREAT ON MKUKUTA REVIEW

DAR ES SALAAM, GIRRAFFE HOTEL/BEACHCOMBER HOTEL MBEZI BEACH
14/10 TO 16/10/2009

PARTICIPANTS

Mr. MEENA	MOID
Mr. ELIREHEMA MOLLEL	MOID
Mr. THOMAS NGULIKA	MOID
Mr. DAVID MWAKENJA	TREASURY/PLANNING COMMISSION
Mr. GEFREY MACKANJA	PRIME MINISTERS OFFICE/REGIONAL ADMINISTRATION
Mr. HETSON MSALALE	MOID
Mr. PAULO S. LAISER	MOID
Mrs. NDOSA	MOID (TA)
Mr. HAIN	MOID (EXPATRIATE)

TEAM OF CONSULTANTS:
Mr. SMAK KAOMBWE
Mr. A. A. KARAVINA
Mr. M. MABUYU

Participation to the retreat on MKUKUTA review did not take place as scheduled as most of the targeted candidates were occupied with other tasks. Consultants had to wait until all of them were ready. The discussions were lively enough to generate, a proposed schedule of issues to deal with and recommended approach, as presented hereunder. This became the guide and framework for the work of the consultants as its ownership belongs to participants themselves.

Discussion notes:

1. Contribution & linkage of transport to other sectors & growth + poverty reduction
    a. Access
        i. Unlocking (full exploitation of) economic potential community roads, feeder/collector roads, district roads, regional roads, trunk roads, district & special purpose airstrips, inland & coastal waterways, rail & ports (ICDs, cargo freight stations, warehouses)
        ii. Markets
            1. Production/consumption centre to collection/distribution point foot path and community roads

2. Collection/distribution point district/regional centres feeder/collector roads, district roads
3. district/regional centers to national/regional markets district, regional and trunk roads, rail, air, coastal and inland waterways
4. national/regional centres to port of export/import trunk roads, rail, ports, international shipping, air

iii. Social services (health, education, social interaction) community roads, feeder/collector roads, district roads, regional roads, trunk roads, district & special purpose airstrips, coastal & inland waterways, (rail & ports)

iv. Communication accessing knowledge and skills, getting information, interaction of persons community roads, feeder/collector roads, district roads, regional roads, trunk roads, district & special purpose airstrips, coastal & inland waterways, (rail & ports)

v. Job creation construction, maintenance, operations of community roads, feeder/collector roads, district roads, regional roads, trunk roads, district & special purpose airstrips, coastal & inland waterways, (rail & ports)

b. Provision of services
   i. Standards and specifications – setting and enforcement (vehicles & quality of services)
   ii. Safety-infrastructure design (safety aspects)
      - vehicle worthiness
      - driver training and licensing/certification
      - Enforcement
   iii. Policy, strategy and regulation
      - promotion investment and efficiency
      - competition
      - affordability
      - roles of public sector (facilitation & PSO) and Private sector (management) & PPP (investment)
c. Reduction of cost
   i. Modal complementarities and integration
   ii. Inter and intra-modal fair competition
   iii. Removal of regulatory and administrative barriers (institutional coordination, one-stop centre/shop, port community system, documentation, procedures, weigh bridge checks, police/security stops, border post, etc)

d. Reliability& predictability (good planning framework, adequacy of capacity {financial, human resource}, good infrastructure, maintenance, coordination, sector and corporate governance {accountability}, operational efficiency)

Barriers

e. Capacity & availability
f. Delays and long transit times

2. Strategies and targets in transport did not

i. fully elaborate the contribution of transport to other sectors & poverty reduction (as indicated above)
ii. address some subsectors of transport (as above)

3. Indicators

a. Contribution
   i. Percent of GDP growth (TBS national accounting)
      As a percentage of GDP contribution the transport sector decreased from 8.6% in 2004 (the time MMk started) to 5.7% in 2010 (the end of MMK 1).A difference of about 3%. In real terms

Achieving targets

Physical improvements made

- Roads

Percent of paved and gravel roads to total network (by categories)

kilometers repaired (by categories & where?)percentage Level of maintenance expenditure vs needs (Amount of money spent?)

- Railway
  a. Volume of cargo and passengers handled
  b. Average speed
  c. Capacity enhancement
  d. Level of maintenance expenditure vs needs
  e. Amount of money spent ?

  b. Ports Volume cargo handled (by category)
  a. Ship turn around Cargo dwell time:
  b. Capacity added
  c. Level of maintenance expenditure vs needs
  d. Amount of money spent ?

- Aviation
  a. Volume of cargo and passengers handled
  b. Volume of aircraft movements

c. Level of maintenance expenditure vs needs
d. Number of accidents per population and means of carriage (vehicles, aircraft, trains, port equipment)
e. Fatalities per population

- Congestion DSM
    a. Traffic density
    b. Vehicle ownership
    c. Proportion of large, medium, small vehicles

- Pollution
    a. Level of pollution

4. Achievement (using above indicators)
   a. Performance – achieving of targets
   b. Outcome/result
   c. Impact (change in incomes - HBS)

5. Conclusion

6. MKUKUTA 2

1. Kilimo kwanza (which crops-crop strategy, where, how much planned production, agro-processing, trading in a competitive market where farmers realize a fair price contract farming assures existence of markets and therefore pre determined volumes for carriage, How much change in traffic is envisaged as a result of increased production of crops for both domestic consumption and commercial purposes

2. Opening up economic potential-(Unlocking other resources and unexploited or under-exploited economic potential (minerals, tourism, fisheries, livestock, manufacturing and trade centers etc) eg. limited palm oil production for lack of access.

3. Geographical position- Tanzania is strategically placed to earn exploits of the economics of geography
   1)- Investments in Infrastructure along international Corridors (ports, rail, road, in- land waterways, airports etc.
   2) Dealing effectively with operational and non-tariff barriers,- source of frustration of users of corridors.
   i) Cargo vehicles detained from time to time all along the route (sometimes corrupt practices are involved)
   ii) Culture and mindset has to change
   iii) Donors are now considering going back to direct project support rather than budget support.

4. Purely pro-poor interventions-

5. Financing

i) Traditional Sourcing (Government budget)

Advantages:

- Reliable source of funding (create level playing field for all sectors)

- **Limitations:**

Inadequate funds due to competing of priority sectors like agriculture, education, health etc.

- Regional policy such as Abuja declaration, which requires each member countries, must allocate 15% of their budgets to health sector.
- International policy such as ODA (Official Development Assistance) whereby donor countries are required to contribute 0.2% of their GNP to LDCs' budgets, fulfilment of donor commitments towards this goal has never been attained.

- Budget interference during implementation such as diversion of funds to unallocated priorities.

- Donor financing towards budget, mostly comes late and with a number of conditions, which are difficult to fulfil.

- Budget constraints, since all other sectors are dependent on the same basket.

ii. Non – traditional sourcing

- Private sourcing such as allowing potential railway clients to invest into operating equipments like rolling stocks.

- PPP (Public Private Partnership) such as BOT (Build Operating and Transfer).

- Community contribution towards national developments such as TASAF and VTTP (Village Travel and Transport Programme), which currently operating on 16 LGAs (Local Government Authorities).

Advantages:

- t inculcates sense of ownership of the projects.

- It doesn't constrain the national budget as it is an independent source.

- It doesn't increase the national foreign debt, hence stabilize balance of payment.

- Most of projects are well prepared with in-depth research, which ensure their viabilities.

Limitations:

- It can not directly serve public service obligations (PSO).
- It has an element of unreliability, in terms of financing (availability) and quality of the projects.

ANNEX 2.1 KEY PERFORMANCE INDICATORS FOR ROAD SECTOR

Key Performance Indicators	June 2004 Bench Mark	June 2005	June 2006	June 2007	June 2008	June 2009
Road Sub-Sector						
Percentage road network in good/fair condition (%)						
Trunk & Regional Overall (paved / unpaved)						
Good	39	47	53	42	56	66
Fair	37	35	33	37	34	29
Trunk roads (Paved)						
Good	61	63	72	70	71	75
Fair	23	30	23	23	24	21
Trunk roads (Unpaved)						
Good	37	45	52	32	51	53
Fair	38	39	35	42	40	40
Regional roads (Paved)						
Good	64	78	81	85	89	90
Fair	27	17	16	13	10	10
Regional roads (Unpaved)						
Good	35	44	49	38	47	55
Fair	38	34	34	39	37	35
District, feeder, and Collector roads						
Good	-	-	14	14	23	24
Fair	-	-	41	41	34	35
%age rural popul within 2 km of season passable road*	-	-	-	-	-	-
Road network length	85,000	85,000	85,000	86,472	86,472	86,472
Paved Length of network	5,200	5,400	5,600	5,900	6,413	6,600
Level of maintce funding (exp) - National roads (TShs)	43	44	42	86	86	67
Total expenditure roads sub-sector (TShs. Billions)	187	272	307	618	(---)	334
Road Safety						
Fatalities	2,366	2,430	2,884	2,800	2,430	2,200
Axle-Load Control (%)age of Vehicles Overloaded	7	7	9	18	23	20

Source: TANROADS Submission to 3rd JSR 2009

ANNEX 2.2 MAINSTREAMING HIV & AIDS INTO THE MKUKUTA REVIEW PROCESS

"Make no mistake: in some way or another we all live with HIV. We are all affected by it. We all need to take responsibility for the response. "

Ban Ki-Moon, Secretary-General, United Nations

- Since the start of MKUKUTA I the shape and nature of the HIV & AIDS epidemic in Tanzania Mainland and the national response to it have changed significantly, yet there are still nearly 2 million people in Tanzania living with HIV, of whom only around 50% have access to ARV treatment to date.

- HIV prevalence has stabilized at the national level on Tanzania Mainland at 5.8% and annual incidence at around 1% but this should not lead to complacency putting at risk the gains made. In addition different subtypes of the virus have the potential to move Tanzania Mainland into an even more serious 2nd phase of infection.

- The impact of HIV & AIDS on affected communities is enormous with increasing numbers of orphans, estimated at 2.4 million (UNICEF) and a great burden on the health care system (45-55% of in-patient hospital beds occupied by AIDS patients). There are huge variations in prevalence between various social groups and geographical settings[3]. For example:
    - HIV prevalence is 10.6% amongst urban women and 15% at ANC sites near trading towns and transport routes. The burden of the epidemic is disproportionately falling on women;
    - Prevalence is 16% in Iringa, 9% in Dar es Salaam and Morogoro and 20% in fishing communities along the Lake Victoria basin;
    - Specific sub-populations such as truck drivers, short term migrant workers and sex workers have a disproportionately high HIV prevalence, and their sexual partners can act as bridges for increased HIV prevalence in the general population;
    - As over 70% of the population live in rural areas the number of persons living with HIV in rural areas has surpassed urban areas and the trend is continuing.

- The Alma Ata Declaration, to which URT is a signatory, states that: good health, a fundamental human right, is the "*state of complete physical, mental and social wellbeing, and not merely the absence of disease or infirmity…and that the attainment of the highest possible level of health is a most important world-wide social goal whose realization requires* ***the action of***

[3] Sources: *THMIS 2007* and *The HIV Epidemic in Tanzania Mainland*, UNAIDS 2008

many other social and economic sectors in addition to the health sector. Multi-sectoral responses to HIV & AIDS are rooted in this principle.

- HIV&AIDS in Tanzania needs to be viewed as a critical developmental concern, with implications far beyond the health sector. There is a clear distinction between biomedical public health measures (care & treatment, medical prevention, nutrition, surveillance) that contribute to reducing the epidemic in the short and medium term, and long-term systemic interventions that address the root causes and impact of the epidemic.

- Issues such as chronic poverty, low levels of education, awareness and behavioural changes, gender inequalities, human rights and women's rights, the effects of climate change, and institutional and financial arrangements call upon the expertise and the responsibility of non-health sectors which need to be deeply involved in the policy and strategic dialogue for an effective AIDS response.

- The single most important challenge is how to organize an effective and efficient response which is country-led and country-owned and makes the best possible use of collective resources. MKUKUTA, which guides national development, is the context in which this has to happen.

- MKUKUTA I acknowledged the importance of HIV &AIDS as a cross-cutting issue, and there were important institutional developments during its implementation. In order to build on this progress and prevent reversal it is essential for MKUKUTA II to ensure that HIV & AIDS are addressed following the principle that mainstreaming is *"a process that enables actors to address the causes and effects of HIV* ***as they relate to their core mandate*** *in an effective and sustained manner." (UNAIDS).*

- For this to happen each sector needs to determine:
  - How HIV & AIDS is spread in the population involved in the sector and how factors within the sector might unwittingly increase vulnerability to HIV infection;
  - How HIV & AIDS is likely to affect the sector's goals, objectives and programmes;
  - How the sector has a comparative advantage to respond to and limit the spread of HIV and mitigate the impact of the epidemic.

- The Review process offers the opportunity to facilitate this reflection and to provide the relevant information and analysis so that responses to HIV & AIDS are integral to the poverty reduction strategies in MKUKUTA II.

Specific issues relating to Clusters

Specific issues of concern, particularly those highlighted by the HIV & AIDS Sector Review, 2008, are related below to the areas addressed by the MKUKUTA CWGs, in order to illustrate linkages with the topics being covered by the review process.

CWG 1: Growth and reduction of income poverty

- Poverty, including migration to find work, and particularly marginalization, heighten the vulnerability of people to HIV & AIDS and reduce their access to information, services and treatment. At the same time HIV & AIDS deepen poverty by reducing production, income, savings and investment, and decreasing the growth rate of per capita income. The negative impact on children's education, health and nutrition diminishes prospects for longer term economic growth and development of the country.
- The epidemic continues to affect the productive-aged population and impose significant costs on both the formal and informal economy, through declining productivity, increasing labour costs and loss of skills and experiences.
- As the epidemic has spread to rural areas, where 77 % of the population of Mainland Tanzania lives, the number of persons living with HIV in rural areas is greater than in urban areas, with the potential for dramatic effect on agricultural production, rural livelihoods and food security. These in turn heighten vulnerability to HIV & AIDS.
- There are indications of exceptionally high HIV transmission intensities in areas of high mobility (e.g. average 15% prevalence at roadside ANC clinics) with implications for the transport sector.
- The main concerns of communities as regards the needs of their members affected by HIV & AIDS, in addition to the need for increased access to care and treatment, relate to poverty, poor nutrition and the need for economic empowerment;
- An urgent emphasis is needed on prevention of new infections. This implies the involvement of all sectors and programmes which reach the population, including workplace interventions, both rural and urban, formal and informal.
- The combination of climate change and HIV & AIDS, referred to as the HIV and Climate Change Complex (HACC), presents further serious challenges in poverty reduction. These complicated interactions, including the effects of climate change on immunity and disease, the heightened vulnerability of people to HIV & AIDS when agricultural livelihoods fail, and the undermining of ART effectiveness through malnutrition, place the country at risk of a worsening or prolongation of the epidemic. Tanzania cannot afford to overlook this risk in its preparation for MKUKUTA II.

Cluster 2: Improved quality of life and social well-being

- PLHIV are still facing many problems in accessing prompt and quality care, treatment and support, and are still facing stigma and discrimination, especially at district and local levels.

- There is a major human resource constraint for effective delivery of VCT, ART and home-based care services implying a need to explore a wide range of strategies in addressing the human resource issue in the health sector, such as task shifting as proposed in the Addis Ababa Declaration.
- Prevention efforts have not sufficiently addressed sexual and reproductive health matters and have often lacked continuity.
- The significance of gender inequalities for HIV vulnerability and the disproportionate impact of HIV & AIDS on women have not been sufficiently understood and addressed.
- Challenges still remain regarding inadequate resources (financial and human) and weak capacity at community level to reach more Most Vulnerable Children (MVC) with quality services.

Cluster 3: Governance and accountability

- Many of the challenges to implementation of HIV & AIDS responses and gaps in carrying out policies are related to structural and human resource issues in the systems responsible, funding flows and lack of clear guidelines. LGA planning, budgeting, receipt and use of funds, and funding flows below the district level are of particular concern.
- There is need for stronger middle and lower level political commitment and accountability for the HIV response, and closer collaboration and partnership between stakeholders at all levels, including MDAs, regional and local governments, CSOs and the private sector.
- There is insufficient involvement of CSOs and PLHIV especially at district and community levels in planning and implementing HIV responses.
- Programmes at regional, district and community outreach levels are weak and capacity in LGAs to develop and implement comprehensive and integrated HIV & AIDS plans is limited.

Cluster 4: Macroeconomic and PFM

- 95% of the available funding for HIV & AIDS in Tanzania is from donors, of which only 26% is captured by the GoT budget. Expected expenditure for 2008/9 is 3% less than for 2007/8.
- There is a need to conduct a 'donor expenditure review' study and to accelerate the process of establishing the National HIV and AIDS Trust Fund to reduce dependency on donor funding.
- Provision is needed from MoFEA for the HIV & AIDS earmarked Block Grant in the Government budgets each year without it being donor dependent.
- Detailed operational guidance is needed for the HIV & AIDS Fund, covering fund flow, procurement, financial and physical monitoring;
- There is limited decentralisation of financial resources below the district level and there is inadequate funding to community-based organisations (CBOs) and CSOs dealing with HIV & AIDS activities. Several MTEFs have shown HIV & AIDS funds have mainly benefited district officials in the form of training seminars and the associated per diems.

<u>Source Materials available from UNAIDS/TACAIDS for reference:</u>

- *Tanzania HIV/AIDS and Malaria Indicator Survey 2007-08*
- *HIV/AIDS in the 2007-08 Tanzania HIV/AIDS and Malaria Indicator Survey (THMIS): Fact Sheet*
- *HIV & AIDS Joint Biennial Sector Review 2008: Report*
- *The HIV Epidemic in Tanzania Mainland*: UNAIDS- ASAP, November 2008
- *A Report on the Rapid Assessment of the District and Community HIV & AIDS Response:* resented to 2008 HIV & AIDS Sector Review
- *Summary report from the Joint UNEP-UNAIDS meeting to review a Position Paper on HIV and AIDS and Climate Change, 2008*
- *NACP/UNAIDS HIV & AIDS Estimates for Mainland Tanzania, July 2009*
- *UNAIDS' Terminology Guidelines for HIV & AIDS*

Additional documents are available for specific sectors.

ANNEX 2.3: KEY PERFORMANCE INDICATORS – A PROVISIONAL LIST BY MOID

ROAD SUB-SECTOR
Percentage road network in good/fair condition (%)

Trunk & Regional Overall (paved / unpaved)
Good
Fair
Trunk roads (Paved)
Good
Fair
Trunk roads (Unpaved)
Good
Fair
Regional roads (Paved)
Good
Fair
Regional roads (Unpaved)
Good
Fair
District, feeder, and Collector roads
Good
Fair
Percentage of rural population living within 2 km of all season passable road*
Dar es Salaam urban travel time - peak hours daily average (km/hr)
Total vehicle population (disaggregated)**
Traffic level - National roads (veh-km)
Traffic level - District & feeder roads (veh-km)
Cargo traffic - road transport (ton/km)
Road network length
Paved Length of network
Level of maintenance funding (expenditure) - National roads (TShs)
Level of maintenance funding (expenditure) - Local roads (TShs)
Total expenditure roads sub-sector (TShs. Billions)
Road Safety
Fatalities
Axle-Load Control Percentage (%) of Vehicles Overloaded

RAIL SUB-SECTOR

TAZARA

Total traffic freight (ton-km in millions)
Total passenger traffic (passenger-km in millions)
Locomotive utilization (km/loc/day)
Wagon turn around time (days)
Permanent speed restriction (km)
Total Revenue - freight (TShs)
Total Revenue - passenger (TShs)
Total operating cost (TShs)
Captial expenditure (Tshs)

TRL / RAHCO

Total traffic freight (ton-km in millions)
Total passenger traffic (passenger-km in millions)
Locomotive utilization (km/loc/day)
Wagon turn around time (days)
Permanent speed restriction (km)
Total Revenue - freight (TShs)
Total Revenue - passenger (TShs)
Total operating cost (TShs)
Captial expenditure (Tshs)

AIR TRANSPORT SUBSECTOR

Total Traffic - international/domestic (aircraft movements)
Total Traffic (including transit) - international/domestic (passangers) (000)
Total Traffic - international/domestic (cargo) tons
Aircraft turn around time (Hours?)
Incident rates (per 100,000 aircraft departures)
Accident rates (per 100,000 aircraft departures)
Airports capital expenditure* (TShs)
Total airports revenues* (TShs)

MARITIME SUB-SECTOR
Ship turn around time (from arrival at anchorage to departure port (Days)
Total traffic (Container, General Cargo, Liquid, Bulk) tons (000) - All Ports
Total traffic (Container, General Cargo, Liquid, Bulk) tons (000) - Dar
Total Container Traffic Dar es Salaam Port (TEU) (000)
Dar es Salaam Container Terminal (TICTS) TEU (000) - Traffic
Import (Full) Container dwell time in port (days)
Berth occupancy - Dar Port (%)
Total revenue in TShs million (TPA operating Rev.)
Revenue in TShs million (Dar Port)
Total Operation Costs TShs million (TPA operating cost)
Operating Costs TShs millions (Dar Post operating cost)
Capital expenditure (TShs)
Modal split - % of total containers (TEU) that leave the port by road
Modal split - % of total containers (TEU) that leave the port by rail

METEOROLOGY
Accuracy rate for daily and seasonal weather forecasts (as per 26 available stations) (%)
% of required Tanzanian data posted in international weather chart
% of users satisfied with accuracy and timeliness of weather information (as per 1000 questionnaire copies)
% of customers using TMA Services
Total expenditure on meterological services (TShs)

SUMATRA
IMO security levels
Rail Safety - fatalities
Passenger-km - road transport
Freight tariffs (TShs / ton-km)
Passenger tariffs (TShs / km)

ENVIRONMENT
% of transport infrastructure projects complying with Environmental legislation (EIA. Standards, etc.)
No. of transport environmental legislations in place
% of transport infrastructure equipped with sanitary facilities used as per regulations
% of transport equipment (roads & marine) complying with emission standards
% of transport equipment (roads & marine) using alternative source of energy other than bio-fuels.
% of transport land reserves encroached