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USAID works with strategic non-traditional private sector players critical to countering wildlife trafficking.

PRIVATE SECTOR ENGAGEMENT

TANZANIA

Private sector investment and entrepreneurship are essential to Tanzania's economic development and its efforts to reach middle-income status by 2025. Private sector-led growth has the potential to sustainably generate jobs and economic opportunities for Tanzania's growing population, particularly youth, while contributing tax revenue for public goods and services. The private sector also offers innovation, technical expertise, and efficient distribution of goods and services. Building local capacities and systems, developing sustainable, market-based solutions, mobilizing and expanding private investment, and deepening collaboration with the private sector are all necessary to achieving the goal of self-reliance.

In Tanzania, USAID engages the private sector to improve the scale, sustainability, reach, and effectiveness of its programs, with a focus on enterprise-driven development. USAID promotes the growth of rural micro, small, and medium enterprises (MSMEs), while pursuing improvements in the business-enabling environment. This includes policy, trade, and finance, and addressing other constraints to private sector investment, including roads, electricity, and land. USAID facilitates the network of buyers, sellers and other actors to improve access to goods and services for rural and underserved populations. USAID partners with the private sector, including Tanzanian and international enterprises and business associations, to identify and promote market-based solutions to development challenges.

CHALLENGES

A 2011 growth diagnostic identified poor infrastructure, particularly electricity and rural roads, and uncertain land rights as the main constraints to private investment in Tanzania. The growth diagnostic informed a series of USAID activities addressing these challenges. A second growth diagnostic in 2019 showed that while Tanzania made tremendous progress in improving its infrastructure, particularly with

the availability of a reliable supply of electricity, the country can still do more to unlock its vast economic potential by improving its business-enabling environment, particularly in the areas of tax administration and access to finance. Furthermore, by opening and facilitating regional and international trade, Tanzania can increasingly take advantage of its economic potential and location, with easy access to fast-growing markets in East Africa and the Middle East.

PRIVATE SECTOR OVERVIEW

RELATED USAID ACTIVITIES

Health

SHOPS Plus
Social Enterprise Support Activity
Vodafone Foundation
Touch Foundation

Agriculture

NAFAKA/Corteva Agriscience
Mboga na Matunda
ENGINE
Advancing Youth
Land Tenure Assistance
Sera Bora

Water Sanitation and Hygiene

Water and Development Alliance/Coca Cola
WARIDI

Environment

PROTECT

Access to Finance

Development Credit Authority

Infrastructure

Energy Utility Partnership
Power Africa Transaction and Reforms Program

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IMPACT

HEALTH

- **Public-private partnership:** In partnership with Vodafone Foundation, as well as other funders such as Touch Foundation, USAID piloted using private emergency taxi services in two districts to get pregnant women to health care facilities quickly, saving over 100 maternal lives per year. Building on the success of the pilot, private international investors and the regional government are taking the lead in expanding these services throughout the region, without USAID support.
- **Market-based solution:** Sanku, a social enterprise, invented a successful food fortification model, which allows small-scale processors in rural areas to reach up to 1.8 million people addressing hidden hunger by fortifying staple foods with essential micronutrients. Processors are partnering with the government to supply fortified maize flour to government institutions in the Southern Highlands region.
- **Market systems:** Negotiated agreement with a microfinance institution to provide small loans, between \$200 to \$2,000, to more than 1,000 accredited drug dispensing outlets. These are private, predominantly women-owned small pharmacies, many located in rural areas where they are the only source of medicines and are undercapitalized.

- Social enterprise: With USAID support, T-Marc, producer of Dume condoms and FlexiP oral contraceptive pills product lines, is transitioning part of its operations into a social enterprise. T-Marc is introducing new health related products to broaden its revenue base and complement existing products. Ongoing market research helps T-Marc explore ways of moving away from donor-subsidized product lines.

AGRICULTURE

- Private sector development: Capacity-building support for 300 business development service providers strengthened the market and incentivized nearly 3,500 MSMEs to purchase business development services. As a result, MSMEs added more than 700 jobs and reported, on average, a 10 percent increase in revenue.
- Youth entrepreneurship: Through agriculture, food processing, and poultry training, combined with basic business and entrepreneurship skills and savings and loans groups providing access to finance, over 1,400 youth established or improved their microenterprises in FY 2019.
- Market systems: Trained 200 agriculture input suppliers to better service smallholder farmer needs in horticulture. Successful partnerships with the private sector resulted in approximately \$3.3 million in FY 2019 farm inputs and produce sales. Financial partners disbursed over 1,000 loans, valued at over \$530,000, to stakeholders along the horticulture value chain.
- Trade: USAID partnered with Corteva Agriscience, a U.S. based agricultural company, to promote high quality plant protectants and improved seed varieties. Corteva provided approximately \$25,000 in seeds, plant protectants, and technical support. The partnership resulted in nearly \$240,000 in sales for Corteva and demonstrated rural Tanzanian farmers' demand for improved products.
- Policy: In FY 2019, USAID built the Tanzanian private sector's capacity to advocate for improving policy and regulatory bottlenecks to agricultural trade and facilitate a policy network of 17 partners to coordinate a common platform. USAID also supported the establishment of a private sector desk at the Ministry of Livestock and Fisheries to facilitate public-private dialogue. As a result, the Ministry abolished ten fees and charges in the dairy and poultry sectors, implementing regulatory reforms identified in the national government's Blueprint, a holistic plan to improve the business climate in Tanzania.
- Land tenure: Developed a low-cost, effective model for rural land tenure certification and advised local and national land authorities, academia, civil society, and other donors. In FY 2019, assisted villages and district administrations to map parcels and deliver certificates of customary rights of occupancy for nearly 20,000 parcels, benefitting almost 10,300 people. With land tenure security, certificate holders can access finance and realize greater economic benefits from their land.

WATER, SANITATION, AND HYGIENE (WASH)

- Market systems: USAID expanded its capacity building and mentorship program for small, community-based businesses that play a key role in the local sale and provision of WASH products. In FY 2019, nearly 300 business representatives received training and support to link their microenterprises with WASH product suppliers.
- Corporate social responsibility: A Water and Development Alliance partnership between USAID and Coca-Cola improved the water supply for 3,200 people by drilling and rehabilitating boreholes and installing solar-powered pumps.

ENVIRONMENT

- **Public-private partnerships:** In FY 2019, USAID worked with the private sector, including Chem Chem, Asilia, and the Kwanini Foundation/Manta Resort, to further conservation goals. The public-private partnership secured key wildlife corridors and leveraged over \$900,000 in private capital. In addition, over 200 private sector actors (particularly, strategic non-traditional players critical to countering wildlife trafficking from aviation, ground transportation, and logistics sectors) were trained to increase their understanding and knowledge of conservation and combating wildlife crime. USAID also initiated a partnership with Illovo Sugar to pilot a novel approach to recreating a wildlife corridor in an area with high human-wildlife conflict.

ACCESS TO FINANCE

- **Financial markets:** Provided partial credit guarantees to reduce risk and expand lending in underserved markets and sectors and demonstrate the long-term commercial viability of developing markets lending. Since 2014, \$2.3 million has been mobilized in bank lending to rural and women-owned health facilities and nearly \$4 million has been mobilized for agriculture. Additionally, trained over 180 financial institution staff and facilitated agricultural-related credit on behalf of MSMEs (63 percent women and 22 percent youth owned).

INFRASTRUCTURE

- **Rural roads:** Built capacity of Tanzania Rural and Urban Roads Agency engineers to prioritize roads in terms of accessibility of markets (for cash and food crops), inputs and social services.
- **Electricity:** Worked with the Government of Tanzania to manage private sector investments in the power sector, by updating policies, regulations, and legal frameworks to attract private investment. Since 2013 many off-grid private companies have invested in powering the remote areas of Tanzania with prepaid electricity meters. Currently the Government of Tanzania is conducting an international competitive bidding procurement of 350 Megawatts of solar and wind power from the private sector for the first time.