

Data Sheet

USAID Mission:	Tanzania
Program Title:	Incomes Increased
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	621-012
Status:	New in FY 2005
Planned FY 2005 Obligation:	\$1,965,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$2,951,000 DA
Year of Initial Obligation:	2005
Estimated Year of Final Obligation:	2014

Summary: USAID's economic growth program will use a range of program interventions to increase rural incomes through improved agricultural productivity and market access. It will expand smallholder productivity through better cultivation techniques, inputs, and technologies. The program will improve market linkages for the sale of products, and increase local, regional, and international trade of agricultural commodities through marketing partnerships, policy reforms to ease trade barriers, and matchmaking of producers and agricultural processors and buyers. Most of these efforts will center on producer organizations, improving their ability and effectiveness in carrying out these services for their members.

Inputs, Outputs, Activities:

FY 2005 Program: Increase Participation in Global Trade and Investment (\$900,000 DA). USAID will build on the accomplishments of the previous strategic objective (SO) to increase the sale and trade of specific commodities - internally, regionally, and in export markets. At the national level, USAID will continue to encourage the Government of Tanzania (GOT) to reduce trade barriers - such as high tax rates on export commodities - to the profitable export of targeted commodities. USAID's successful work to increase exports of specialty coffee to niche markets by helping improve the quality and yield of Tanzania's coffee harvest will continue. USAID will support activities not only to improve cashew quality to increase export sales, but also to increase cashew processing in Tanzania. In addition, USAID will identify new agricultural sub-sectors that demonstrate export potential. Commodities such as tea and citrus fruit will be examined. USAID will fund a pilot effort to help Tanzania make more effective use of the African Growth and Opportunity Act (AGOA). The pilot activities will include the development of AGOA strategy, capacity building in product quality, marketing, pricing, business and managerial skills, utilization of new technologies and process control and trade promotion activities. Principal contractors and grantees are: Development Alternatives, Inc. (prime) and TechnoServe (prime).

Increase Agricultural Productivity (\$1,065,000 DA). USAID will continue to support work through producer organizations to increase the quantity and quality of agricultural products in Tanzania. USAID will support efforts to introduce farmers to better production and processing technologies and to the use and application of improved seed. Such efforts will make Tanzanian agriculture more competitive in markets - both national and international markets. Yields have already markedly increased in coffee, onions, citrus; USAID will investigate additional commodities that can meet quality standards for export such as tea. USAID will begin to scale-up work with other high-value traditional exports whose policy climates are favorable. USAID will also continue its work with improved irrigation technologies. Access to irrigation allows smallholder farmers the opportunity to plant crops throughout the year. Further, in some commodities - such as fruit trees - medium-term investments will be made to enable farmers to become and remain economically competitive. USAID will continue its efforts to expand tree nurseries - such as citrus and timber trees - to build infrastructure, which will guarantee better yields and incomes for our client farmers over the short and long term. Principal contractors and grantees are: Development Alternatives, Inc. (prime), TechnoServe (prime), EnterpriseWorks (prime), ApproTEC (prime), and Agricultural Cooperative Development International (ACDI)/Volunteers in Overseas Cooperative Assistance (VOCA) (prime).

FY 2006 Program: Increase Participation in Global Trade and Investment (\$1,730,000 DA). As USAID's efforts in existing commodities such as coffee, paprika, and oranges show sustained success and as more producer organizations are brought into the program, USAID plans to add additional high-potential crops. USAID will continue to advocate and support the standardization and the enforcement at the local level on limits to taxes on the transportation of agricultural products. This will help to make the pricing of Tanzanian products more competitive. Mature and effective producer organizations will serve as effective advocates for the reduction of trade barriers, helping regional and international trade of agricultural products. Coffee and cashew exports may be focus areas, helping to create additional market linkages and to streamline exporting procedures and regularized taxes and fees. When identifying and working with horticulture or another high potential sub-sectors for export, USAID may utilize services from the U.S. Department of Agriculture's Animal Plant Health Inspection Service Technical Advisors. Implementers are the same as stated above, although new implementers could also be identified.

Increase Agricultural Productivity (\$1,221,000 DA). USAID will continue working to improve the yields and quality of commodities for internal and external markets. USAID may consider expanding the program by adding a new commodity, a new region, or an increased number of targeted producers. Credit has been identified as a key constraint to the purchase of inputs necessary to increase production in Tanzania. USAID will explore more direct linkages to credit organizations, such as formal associations with producer organizations. Given sufficient resources, we may work with local and regional research and extension institutions in order to increase USAID's capacity to reach producers and to institutionalize improved production techniques. USAID's work with appropriate technology, such as irrigation, may continue and mature, establishing additional production facilities and marketing linkages throughout the country. Finally, USAID will explore an additional Global Development Alliance public-private partnership project to further leverage our resources, possibly in the cashew sector. Implementers are the same as stated above, although new implementers could also be identified.

Performance and Results: Ongoing activities, carried out under the previous strategic objective, are showing impressive results. Smallholder farmers are increasing their production and selling more in local and international markets. The current program builds on the success of our previous work, including the Rural Roads activity, which ended in 2004. Through this activity, USAID rehabilitated over 1,865 kilometers of rural roads in the Southern Highlands - the current focus area. Three of USAID's partner organizations are utilizing these improved transportation links to help small producers market their crops. USAID is now working with over 39,000 producers (including nearly 7,000 women), almost doubling the amount of participants in the year. USAID's support to an association of smallholder coffee farmers resulted in increased sales of over \$1.1 million (a 47% increase over the previous year). In part, this was due to increases in the quality of coffee produced, which commanded a 65% premium over average regional prices. Overall, sales by USAID-supported farmers have increased over \$5 million during the past year, a 375% increase. As a result of USAID support to the appropriate technology sector, private manufacturers expanded their sales of locally manufactured water pumps, which increased average incomes over 200% for these families. This is improving farm irrigation infrastructure.

By program completion, farmers in Tanzania will have stronger professional organizations and associations that can help provide members economy of scale, access to technical information, and financial resources. The country will see an increase in regional and international trade due to the increases in the production of farm products that meet regional and international standards for quality and food safety. In addition, Tanzanian farmers will be supported by an improved national policy environment that enhances their competitive advantage in the international marketplace.

US Financing in Thousands of Dollars

Tanzania

621-012 Incomes Increased	DA
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2004	
Obligations	0
Expenditures	0
Through September 30, 2004	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2005 NOA	
Obligations	1,965
Total Planned Fiscal Year 2005	
Obligations	1,965
Proposed Fiscal Year 2006 NOA	
Obligations	2,951
Future Obligations	25,751
Est. Total Cost	30,667