



**USAID**  
FROM THE AMERICAN PEOPLE



# PRIVATE SECTOR ENGAGEMENT

## TANZANIA

Private sector investment and entrepreneurship are essential to Tanzania’s economic development and its efforts to maintain its middle-income status. Private sector-led growth can 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 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. USAID engages Tanzania’s 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) and partners with the private sector, including local and international enterprises and business associations, to identify and promote market-based solutions to development challenges.

### CHALLENGES

A 2019 growth diagnostic showed that while Tanzania made tremendous progress improving its infrastructure (from a 2011 growth diagnostic), the country could do more to unlock its vast economic potential by improving its business-enabling environment, particularly in tax administration and access to finance. By opening and facilitating regional and international trade, Tanzania can take advantage of its economic potential and location, with access to fast-growing East Africa and the Middle East markets.

### IMPACT

#### HEALTH

- Private Health Sector: Faith-based health facilities historically provide healthcare to more than 40 percent of the population. With USAID technical support, the health provider network will develop market-oriented business strategies, strengthen financial and management systems, and mobilize capital.

- to enhance operational self-reliance. Capacity building will also improve service delivery in HIV/AIDS and Reproductive, Maternal, Newborn, Child and Adolescent healthcare.

**PRIVATE SECTOR  
OVERVIEW**

**RELATED USAID ACTIVITIES**

**Health**  
Sustaining Health Outcomes through the Private Sector (SHOPS Plus)  
USAID Social Enterprise  
Support Human Resources for Health Development and Retention  
Pomoja Tuwekeze Afya “Together, Let’s Invest in Health”

**Agriculture**  
Feed the Future Mboga na Matunda  
Feed the Future Advancing Youth  
Feed the Future Sera Bora

**Water Sanitation and Hygiene**  
Water and Development Alliance/Coca Cola

**Access to Finance**  
Development Finance Corporation

**Infrastructure**  
Energy Utility Partnership  
Power Africa Transaction and Reforms Program

**Trade**  
Trademark East Africa

**Contact**

- Market-Based Solution: Sanku, a social enterprise, invented a successful food fortification model, allowing small-scale processors in rural areas to reach up to 1.8 million people and address 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.

- Social enterprise: With USAID support, T-MARC, distributor 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 to move away from donor-subsidized product lines.

**AGRICULTURE**

- Private Sector Development: Promoting private sector engagement and partnerships is an integral component for youth to learn, increase their income, gain employment, identify market opportunities, and thrive. With USAID support, programs focused on identifying the needs of the market and providing critical skills training for youth to have a voice and stake in their communities. Through strategic partnerships with several of Tanzania’s apex private sector organizations, 3,600 jobs have been created and over 1,900 youth actively engage with District, Regional and National level decision-making bodies. This has been done through identifying current market needs and providing the relevant skills for youth to have a voice and a stake in their communities.

- Youth Entrepreneurship: Between 2017-2021, USAID supported and trained over 40,400 youth in agribusiness value chains and established youth-led enterprises, promoted access to financial services, elevated businesses from micro to SMEs, and connected youth to marketing, coaching and mentorships. During a five-year period, over 5,200 MSMEs were established or improved.
- Market Systems: USAID worked with 1,186 MSMEs and provided direct support to 21 MSMEs to sell products and services worth more than \$120,000,000. Successful private sector partnerships resulted in approximately \$4.09 million in FY 2021 farm inputs and produce sales. Financial partners disbursed over 1,900 loans, valued at over \$812,000, to stakeholders along the horticulture value chain.
- Policy: In FY 2021, USAID provided support to the Ministry of Finance and Planning Department of Financial Sector Development to establish a legal framework to allow MSMEs to use movable assets as collateral. USAID also commissioned two commercial lawyers to review existing Secured Transaction Laws (STL) in other Sub-Saharan Africa countries and draft the STL for Tanzania, based.

on international and regional best practices. The reform will improve MSMEs' (particularly youth and women owned enterprises) access to credit, job creation, increase income, and economic growth.

## **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 2021, more than 400 business representatives received training and support to link their microenterprises with WASH product suppliers, with 160 MSMEs receiving direct connections.
- Corporate social responsibility: An ongoing Water and Development Alliance partnership between USAID and Coca-Cola is improving water supply in nine communities by installing solar-powered pumps and training communities on sales and technical maintenance.

## **ENVIRONMENT**

- To further conservation goals, in FY 2022, USAID will fund \$7.5 million in grants for public private partnerships with companies, local organizations, and village savings and loans groups. The partnerships will work through local tourism and other private sector actors to secure key wildlife corridors in six biodiversity hotspots in Tanzania. These include the Kwakunchinja Wildlife Corridor, connecting the Tarangire and Manyara Ecosystems; the Tarangire -Simanjiro Plains; the Kigosi Moyowosi – Uvinza Corridor; the Nyerere Selous - Udzungwa Corridor; the Amani-Nilo Forest corridor, connecting Amani and Nilo Nature Forest Nature Reserves; and the Pemba Channel Conservation Area, a marine corridor off Pemba Island.

## **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. After successful utilization of the first health loan guarantee of \$2.3 million, a second loan facility of \$8.8 million to private health facilities. 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).
- Through the Development Finance Corporation, USAID mobilized \$54 million in lending to health, agriculture, and renewable energy between 2008 - 2020. The mobilization of \$54 million in Tanzania cost \$4.4 million in subsidy during that period, meaning that Tanzania's guarantee facilities leveraged over \$12 of commitments in private sector financing for every \$1 of USAID funds obligated.

## **INFRASTRUCTURE AND TRADE**

- 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 GOT is conducting an international competitive bidding procurement of 350 Megawatts of solar and wind power from the private sector for the first time.
- Trade: In FY 2021, USAID brought together TradeMark East Africa and USDA to collaborate and support the Government of Tanzania's ratification of the East African Community (EAC) Sanitary and Phytosanitary (SPS) Protocol. The EAC SPS Protocol is a milestone toward promoting intra-EAC trade and opening the region to international trade and Tanzania was the last EAC member to ratify.