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Tanzania



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List of Acronyms

AKTC	Aga Khan Trust for Culture
BEST	Business Environment Strengthening in Tanzania
BEDC	Basic Education Development Committee
BoT	Bank of Tanzania
CCM	Chama Cha Mapinduzi
CG	Consultative Group
CIDA	Canadian International Development Agency
CUF	Civic United Front
DAC	Development Assistance Committee
DANIDA	Danish International Development Assistance
DDP	District Development Programme
DFID	Department For International Development (UK)
DIT	Dar es Salaam Institute of Technology
DPG	Development Partners Group
DSE	Dar es Salaam Stock Exchange
EAC	East African Community
EC	European Commission
EPOPA	Export Promotion of Organic Products from Africa
ESDP	Education Sector Development Programme
EU	European Union
FACEIT	Front Against Corrupt Elements in Tanzania (NGO)
FINNIDA	Department for International Development Cooperation (Finland)
FSD	Financial Sector Deepening Programme
FY	Fiscal Year
GDP	Gross Domestic Product
GFS	Government Financial Statistics
HBS	Household Budget Survey
HIPC	Highly Indebted Poor Countries
IDA	International Development Association
ICT	Internet Communication Technology

IFMAP	Integrated Financial Management and Accountability Programme
IFMS	Integrated Financial Management System
ILO	International Labour Organisation
IMF	International Monetary Fund
IMG	Independent Monitoring Group
IRT	Investors Round Table
ITA	Institute of Tax Administration
JAS	Joint Assistance Strategy
JICA	Japan International Cooperation Agency
LAMP	Land Management Programme
LGA	Local Government Authority
LGRP	Local Government Reform Programme
LHRC	Legal and Human Rights Centre
LPAC	Local Project Appraisal Committee (Swedish Embassy)
MDG	Millenium Development Goal
MFI	Micro Finance Institution
MISA	Media Institute for Southern Africa
MIT	Ministry of Industry and Trade
MOEC	Ministry of Education and Culture
MoF	Ministry of Finance
MSEK	Million Swedish Kronor
MTEF	Medium Term Expenditure Framework
MUCHS	Muhimbili Hospital College of Health Sciences
NACP	National AIDS Control Programme
NAO	National Audit Office
NBI	Nile Basin Initiative
NGO	Non-Governmental Organisation
NMC	National Microfinance Bank
NORAD	Norwegian Agency for Development Cooperation
OECD	Organisation for Economic Co-operation and Development
PAF	Performance Assessment Framework
PER	Public Expenditure Review
PEDP	Primary Education Development Plan
PFMRP	Public Financial Management Reform Programme
P&HDR	Poverty and Human Development Report
PO-RALG	President's Office – Regional Administration and Local Government
PRBS	Poverty Reduction Budget Support
PRGF	Poverty Reduction Growth Facility (IMF)
PRS	Poverty Reduction Strategy
PRSC	Poverty Reduction Support Credit (World Bank)
PRSP	Poverty Reduction Strategy Paper

PSRP	Public Service Reform Programme
REA	Rural Energy Area
REF	Rural Energy Fund
RNE	Royal Netherlands Embassy
RRV	Swedish National Audit Office (Riksrevisionsverket)
SACCO	Savings- and Credit Co-operative
SADC	Southern Africa Development Community
SAREC	Department for Research Cooperation, Sida
SDC	Swiss Agency for Development Co-operation
SDR	Special Drawing Right (IMF)
Sida	Swedish International Development Cooperation Agency
SPW	Student Partnership Worldwide
STCDA	Stone Town Conservation & Development Authority (Zanzibar)
SWAp	Sector Wide Approach process
TACAIDS	Tanzania Commission for AIDS
TANESCO	Tanzania Electric Supply Company
TAS	Tanzania Assistance Strategy
TBS	Tanzania Bureau of Standards
TCTF	Tanzania Culture Trust Fund (Mfupo wa Utamaduni)
TCC	Tanzania Communications Commission
TCCIA	Tanzania Chambers of Commerce, Industry and Agriculture
TCRA	Tanzania Communication Regulatory Authority
TNBC	Tanzania National Business Council
TPSC	Tanzania Public Service College
TRA	Tanzania Revenue Authority
TTCL	Tanzania Telecommunications Company Limited
TUSEME	Children Theatre Project and Education for Democracy
UCLAS	University College of Lands and Agricultural Studies
UDSM	University of Dar es Salaam
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund

1. Summary

Since the mid-1990s, Tanzania has made substantial progress in macroeconomic stabilisation and structural reforms of the economy. At the beginning of the reform process, economic growth was slow to pick up, but over the last five years it has averaged over five percent. The positive development continued into 2003. Not only has growth accelerated, it has also become more resilient to adverse shocks. This is illustrated by the fact that despite unfavourable weather conditions and poor rains, GDP growth in 2003 reached a respectable 5.5 percent.

Although considerable progress has been achieved, growth performance has been inadequate to significantly reduce poverty, which remains pervasive, especially in the rural areas. This underscores the need to improve agricultural and rural sector development.

The Government remains committed to the implementation of its PRS and is currently working on a complete overhaul of the existing PRS. A weakness of the existing PRS is a very strong focus on the social sectors and relatively little attention to growth. The Government has embarked on a comprehensive PRS review and will prepare a new PRS during 2004 that will give more attention to growth and poverty reduction.

In accordance with the Country Strategy for 2001–2005, Swedish development co-operation is focussed on three areas; pro-poor growth, human resource development and democratic development. Overall, development has been satisfactory but the project portfolio could be further concentrated in order to consolidate and make the programme more strategic. The transition from project- to programme based co-operation has evolved gradually.

The Government and the donor community in Tanzania have been engaged in a process of strengthening donor co-ordination and harmonisation around Government priorities. Tangible results of this harmonisation are the co-ordinated budget support in PRBS, sectoral and thematic multi-donor programs and enhanced predictability of flows of aid. A special feature of taking forward the mandate in the Rome declaration on harmonisation is the ongoing work among donors considering a Joint Assistance Strategy (JAS).

2. Strategic Country Development Trends

2.1 Poverty Reduction: Overall Trends and Perspectives

A household budget survey carried out in 2000/01 showed a rather modest decline in poverty over the preceding decade. Basic needs poverty apparently decreased from 38.6 percent to 35.8 percent and food poverty from 21.6 percent to 18.7 percent between 1991 and 2001. The survey also revealed important differences between urban and rural areas.

In Dar es Salaam poverty declined quite significantly from 28 to 18 percent, at the same time inequality increased substantially. Poverty in rural areas is considerably higher than in urban areas and declined only marginally from 41 percent in 1991 to 39 percent in 2001. However, these figures should be treated with some caution as the methodology utilised in the two surveys do not allow complete comparability between the data sets.

The rather modest decrease in poverty is the result of low average per capita real economic growth of only 0.6 percent annually during the same period. However, this low average growth rate masks important economic developments during the decade. During the first half of the 1990s, per-capita incomes actually declined, mainly as a result of poor economic management. Once Tanzania started to implement economic reforms in the mid 1990s, economic growth started to accelerate and reached 6.2 percent in 2002. However, because of the contraction during the first half of the 1990s, per capita income in 2000 was as high as it was in 1990. In assessing progress it is important to keep this in mind, because it means that in 2000 the per capita resource envelope was as big (or as small) as it was in 1990. Only after the year 2000 did more resources become available.

Recent simulations done by the World Bank of poverty incidence illustrate how the specific pattern of economic growth observed during the 1990s is likely to have led to an initial increase in poverty followed by a quite substantial decline in poverty. According to these simulations, negative per capita income growth led to an increase in poverty from 38.6 percent in 1991 to 43 percent in 1994. After 1994, as per capita income growth started to accelerate, income poverty also fell more rapidly, leading to an estimated decline of poverty from 43 percent to 36 percent between 1994 and 2000. The simulations also indicate that during 2001 and 2002, poverty may have dropped by a further 4.5 percentage points to 31 percent.

If Tanzania is able to increase or at least maintain the growth rates achieved during the past few years, a significant further decline in poverty can be expected. The only caveat to this is the fact that in the past, urban areas and in particular Dar es Salaam generated higher growth rates and saw more rapid reduction in poverty than rural areas. Inequality also increased in the urban areas simultaneously with the decline in absolute poverty. Progress in poverty reduction will thus also depend on the pattern of growth and require attention to rural and agricultural development.

The MDG target for income poverty aims at reducing poverty to 19.3 percent by 2015, which is estimated to require annual per capita growth of at least 3.4 percent. This is not unattainable if the country continues to reform its institutional and policy environment. If growth is extended sufficiently to rural areas, the outlook for attaining the MDGs is favourable, with the exception of health.

With regard to non-income dimensions of poverty (education, health, water and HIV/AIDS) a more mixed picture is presented. Primary education has witnessed a dramatic increase in the enrolment ratios. A key challenge will be to improve the quality of education as enrolments increase. Rehabilitation and expansion of urban and rural water supply schemes have led to enhanced access to safe and clean water. In the health sector progress has been made in key areas, including better availability of health services at district level and improved sector budgeting and budget execution. Nonetheless, there appears nothing short of a health crisis in the country that goes beyond the effects solely related to HIV.

The HIV/AIDS situation is alarming. The impacts of the pandemic includes a reduction in economic growth, an enormous social burden imposed through illness, death and orphanhood as well as serious implications for the operation and financing of Government services. Data from blood donors show a steady increase in prevalence since 1996. Despite widespread knowledge of HIV, and some successful local initiatives in prevention and control, national data shows little suggestion of prevalence stabilising. It is estimated that 2.2 million are HIV infected, suggesting a prevalence rate above 12 percent. Out of these 2.2 million, more than 700 000 are suffering from AIDS. Simulations indicate that without effective policy action, AIDS may reduce GDP in 2010 by 15 percent in relation to a counterfactual no-AIDS scenario.

Tanzania prepared a full PRS in 2000 and reached the completion point under the enhanced HIPC Initiative in December 2001 and thus gain access to irrevocable debt relief. A new PRSP will be prepared during 2004, including a comprehensive review of experience and PRS achievements to date. Tanzania will thus be one of the first countries to prepare a “second generation” PRSP.

2.2 Macroeconomic Development

Macroeconomic developments in 2003 continued to be generally favourable. Despite a prolonged drought, which adversely affected agricultural production, real GDP is expected to have grown by 5.5 percent in 2003, as other sectors of the economy, notably mining, manufacturing, construction and tourism continued to grow rapidly. Inflation increased

marginally, from 4.4 percent 2002 to 4.6 percent in 2003. Food prices rose by 5.8 percent, while non-food inflation declines to 1.4 percent, partly reflecting the stability of the exchange rate and of oil prices. Gross official reserves of the Bank of Tanzania (BoT) stayed well above seven months of imports of goods and services. The exchange rate has depreciated slightly, which combined with a modest recovery of term of trade, improved environment for exports.

Progress was made in the reform of tax administration and expenditure management. Government revenues remained above estimates. Tax areas which showed strong revenue performance were VAT on domestic goods and income tax, but a negative growth was registered over the last year on taxes on petroleum imports. The Government introduced new revenue measures during the year aimed at curbing tax evasion, reducing distortions, eliminating nuisance taxes, particularly at the local Government level. Specific revenue enhancing measures have also been taken.

Monetary developments have been characterised by strong liquidity effects of foreign inflows that were not fully sterilised. There has been a marked improvement in the functioning of the financial system but relatively slow growth in bank lending. The banking system developed an increasingly large structural liquidity surplus, which triggered an excess demands for treasury-bills and, consequently, a decline in interest rates on bills and deposits. More recently the Bank of Tanzania has increased its activity in trying to mop up liquidity. Also notable is the fact that the spread between deposit and lending rates has narrowed. This reflects the growing competition in the banking sector.

Tanzania's overall balance of payments position improved due to larger inflows of donor assistance, as well as the debt relief under HIPC Initiative. However, the current account deficit, excluding official transfers, widened. There was a strong increase in non-traditional exports, mainly gold, combined with a moderate improvement in traditional exports, reversing a declining trend. Imports also rose significantly, reflecting the investments cycle of the mining sector and a return to a trend following lower than normal imports in 2002. The exchange rate has depreciated recently and is now close to what the IMF has estimated as an equilibrium real exchange.

External debt remained at a sustainable level, given the significant debt relief received under the enhanced HIPC Initiative. The Government has signed bilateral agreements with all Paris Club creditors except Brazil, Russia and Japan and is actively negotiating with these countries and hopes to soon conclude agreements. The Government continues to appeal to Non-Paris Club official and commercial creditor to extend debt relief on term comparable to those under the enhanced HIPC framework. Partial debt relief has been provided by China and India and negotiations are ongoing for further relief.

Structural Reforms

Overall the authorities are continuing pursue the structural reform agenda. The Government has continued its efforts in securing effective and sustainable financial management arrangements that support an equitable delivery of public services. The efforts are intended to reduce

and minimise resource leakage as well as strengthening accountability of public funds. A key issue concerns progress in implementation of the Public Financial Management Reform Programme (PFMRP) which has been underlined to be the Government's own reform programme. The main assessment is that there has been slow progress in the programme during 2003. The Government has broadened its efforts to improve governance, although the prosecution of individuals accused of corruption has thus far been limited. Also, anticorruption plans for local Governments were not included in the budget, as planned, since they are still being developed.

Public enterprise reform is continuing to make progress. The electricity utility, TANESCO, has strengthened its financial performance under the guidance of a private management team, but the use of expensive thermopower-generating facilities in the aftermath of the drought is placing an unsustainable burden on the corporation and resulting in additional budgetary transfers. Also, after the take-over by a concessionaire, the financial and operational management of the water utility, DAWAS, is improving. In the banking sector, following intensive consultation, Parliament approved the privatisation strategy for the National Microfinance Bank (NMB), including offering a maximum share of 49 percent to strategic investors. This will be followed by a sale of a further 21 percent of shares to domestic investors.

2.3 Political Development, Good Governance and Human Rights

Political Development

The focus of the domestic political situation last year was the continued transition to multiparty democracy in Zanzibar, with the ongoing implementation of the agreement on political reconciliation between the Government party CCM and the main opposition party CUF.

The agreement aims at judicial, electoral and constitutional reform and although the process is behind schedule there is certain progress at making the political and legal environment more compatible with a modern democracy.

In May, by-elections took place on Pemba, which were deemed free and fair by international observers. On Mainland, preparations for next year's presidential and parliamentary elections have started. A Permanent Voters Register, which should decrease the risk of flaws in the electoral process, is planned for both Zanzibar and Mainland. However, preparations are delayed and the opposition has stated its concern. There has been ongoing speculation on possible presidential candidates. The current President, Benjamin Mkapa, who is widely seen as a keen reformer, will remain as Party Chairman for three years to come which in some extent should ensure Tanzania's reform program.

Nine of the rather fragmented opposition parties have created a strategic alliance, *Umoja* (Unity), in order to pose a stronger challenge to the ruling party. The main opposition parties, CUF and TLP, have however chosen not to join.

A Zanzibari newspaper affiliated with the opposition, *Dira*, was banned and closed in November 2003, on grounds of calumny against the President of Zanzibar and his family. Although the newspaper's

conduct might be considered unethical, this was a negative development in terms of freedom of the press and goes against the reform commitments pertaining to media.

In the regional context, Tanzania has seen resumed repatriation by some of the 350 000 Burundian refugees after a cease-fire agreement was brokered between the Government of Burundi and the rebel faction CNDD-FDD in Dar es Salaam in November. More than 80 000 refugees returned to Burundi in 2003. Two new border crossings will soon open and projections for increased repatriation in 2004 are good. 473 000 refugees remain in Tanzania, of whom an approximate 150 000 are from the Democratic Republic of Congo.

Good Governance

In October 2002 the Economic and Social Research Foundation (ESRF) and the NGO Front Against Corrupt Elements in Tanzania (FACEIT) published the report "The State of Corruption in Tanzania Annual Report 2002". The corresponding study for 2003 was however delayed which hampered the PRBS Annual Review in November.

Corruption is still common and difficult to combat. Legislation continues to lag behind, particularly with regard to grand corruption. The Government has a national Anti-Corruption Strategy and Action Plans for the period 2001–2005 which is co-ordinated by a Good Governance Co-ordination Unit in the President's Office. There is also a Prevention of Corruption Bureau. Quite a few cases of corruption are reported to the different authorities and a relatively few cases have led to warning letters, suspension, dismissal or have been referred to criminal investigation. However, no one has been convicted on charges of corruption. Tanzania did improve its score in Transparency International's Corruption Index from 1,9 in 1998 to 2,7 in 2002 but fell back to 2.5 in 2003.

The Medium Term Strategy for a Legal Sector Reform Program was appraised early 2003 and since then the Government has revised the Strategy and a Legal Sector donors group has been created. The much-needed reform is expected to "take off" by July 2004.

Human Rights

The human rights situation is slowly improving but remains unsatisfactory. One positive development is the ongoing implementation of the commitments in the agreement on political reconciliation between the governing party CCM and the opposition party CUF in Zanzibar (Mwafaka). The successful macroeconomic reforms is now followed by a more active poverty eradication efforts, which ought to have positive impact on individual rights and living conditions. The respect for the freedom of speech and association is not yet satisfactory. The police use assault against suspected criminals. Torture and infringements exist in detention and prisons. Violence against women and children is a continuing problem. Female genital mutilation of girls is forbidden, but is still practised in significant parts of the country. The first nationally produced Human Rights Report was published during the year by the NGO Legal and Human Rights Center (which is supported by Sweden among others).

The widely contested new NGO Act that was passed by Parliament late 2002 proceeded after some delays and came into force 1st January 2004.

A more detailed assessment over the Human Rights situation in Tanzania can be found in the Annual Report on Human Rights in Tanzania 2003 (Swedish Ministry for Foreign Affairs).

2.4 Development Co-operation and Partnership

Relations between all major partners and the Tanzanian government are good, as it has been for the last couple of years. Nevertheless, no major high-level meetings took place during the year, that would have permitted dialogue on issues of common interest or concern. The next CG meeting has been scheduled for late 2004, the last one having taken place in December 2002. Partners have also repeatedly indicated to Government that they wish to re-activate the Development Forum that existed in the past in order to have a joint arena for discussion, but this has not happened. The traditional quarterly meetings between Government and all partners did not take place at all during 2003. However, the local DAC group continued to meet regularly and elaborated a Terms of Reference for itself which were approved at the end of the year, in order to institutionalise the principles according to which it functions – based on the Rome Declaration on Harmonisation. The local DAC group was also renamed DPG, Development Partners Forum, in order to distinguish the group from the DAC-OECD. Meetings between Government and individual donors as well as small groups of donors representing the DPG took place on a number of occasions.

One major event that did take place was the annual PER meeting in May. It was a one-day meeting in contrast to previous years. The PER has developed into an increasingly important mechanism to support the budgetary work of the government, including the budgetary guidelines. PER as a platform for discussions between the donors and the government during the budgetary process has been enhanced by the commissioning of studies on relevant issues, such as expenditure tracking studies. The consultation as such also increasingly involves stakeholders outside the Government. The PER 2003 examined the macro-economic development, the external evaluation of the budget framework and the cross-sector medium term framework.

Another important event was the Poverty Policy Week in October which was attended by both Government officials, Development Partners and Civil Society. A Participatory Poverty Assessment and a Poverty and Human Development Report were developed during 2003 and their conclusions were presented during the Poverty Policy Week, although the reports have not been published in final versions.

The Tanzania Assistance Strategy, TAS, was for some time neglected, while efforts were concentrated on the PRSP in order to get HIPC debt relief, was edited and finalised early in the year. The TAS Action Plan being an operationalisation of the TAS, was finalised. It has four main priorities: improved predictability of the flow of external resources; further integration of donor funds to the Exchequer; and rationalisation of processes and capacity building. These issues were also highlighted by President Mkapa, when he held the opening speech at the Rome High

Level Forum on Harmonisation, in February 2003. It was no coincidence that President Mkapa was given this role; Tanzania is seen as very advanced in progressive harmonisation efforts and the opening speech reflected heavily on Tanzania's active role in the OECD Task Force on Donor Practices.

In the context of the TAS, a joint Government-Donor Harmonisation meeting took place in March. As a result, there is now also a joint secretariat. The DPG has been challenged to go further in identifying ways to reduce transaction costs, including the promotion of common arrangements for dialogue and pooled funding, use of the exchequer system and reducing the tying of aid, particularly for technical assistance. For both sides there is a need to rationalise the multitude of sectoral dialogue mechanisms.

The move from project support to various forms of program support has accelerated. The change towards in particular budget support has been strongly encouraged by the Government. The Poverty Reduction Budget Support Facility (PRBS) started in 2000/01, and the inflow to the budget through this facility has trebled in three years. More than 25 percent of overall development assistance to Tanzania was channelled as budget support in 2003, which corresponds to around 40 percent of the total budget. Most likely this will increase over the coming years, the IMF has calculated that total sector banded and budget support will constitute between 40–50 percent of total aid inflow in 2004. To reduce reliance on foreign aid, domestic revenues need to be increased. In 2003, the revenue to GDP ratio was only 12.5 percent and the 2003/04 budget targets an increase to 13.2 percent.

PRBS has turned out to be a useful instrument for improved harmonisation and continuous low-key policy dialogue with the Government. The PRBS donors have developed a close co-operation and division of labour.

The trend towards budget and sector programme support has resulted in a reduction in tied aid, a shift towards non-earmarking of funds and pooling of technical assistance. Government's ownership in programme implementation has increased. The share of donor assistance recorded in the budget has increased. All budget support and sector basket support are channelled through the Exchequer System and thereby accounted for.

3. Swedish Development Co-operation

The relationship between the Government of Tanzania and Sweden is excellent, and contacts at high level took place during the year. As example of high level visits in 2003, Tanzania was visited by the Swedish Foreign Minister Anna Lindh and the Minister for Development Co-operation Jan O Karlsson in May. In early September, the Vice Minister for Communications and Transport, Dr Maua Daftari, visited Sweden.

3.1 Strategic Assessment and Consideration

Through the continued work in which many Development Partners are engaged, to align their co-operation with the PRSP and the TAS, some results have been obtained. Examples of positive results that deserve to be mentioned are the pooled arrangements obtained for poverty monitoring, consolidation of the joint review in health and education, and harmonisation in requirements for budget support (PRBS and PRSC). Regarding the broad sector level there has been some progress although the processes are scarcely unilinear, and do suffer set-backs in a two-steps-forward, one-step back pattern. Work continues to obtain broad consensus on principles and action to reduce transaction costs both for Tanzania and for partners. To transform this consensus into implementation is often more difficult. Sweden has participated actively and is also working along-side like-minded partners in order to obtain better coherence in programmes where there is joint support.

The PRS Review process that was launched in September 2003 saw the introduction of a new concept, a Joint Assistance Strategy (JAS). Several partners notably UK, Netherlands, Canada, Denmark, Sweden and the World Bank, will be preparing country strategies or country assistance strategies in the coming two years. Work has been launched in order to explore the potential for a joint strategy based on the second generation PRS to be finalised during 2004. This will probably entail some division of labour among partners in terms of sector engagement, as well as a division of responsibilities as lead sector donor.

The Swedish Parliament approved the Bill on “Shared Responsibility, Sweden’s Policy for Global Development” in December 2003. In this Bill there are clear policy indications for concentration of programmes and projects to fewer areas in the bilateral cooperation and it is considered of

utmost importance that “(resources) are well co-ordinated, based on a common, coherent approach and a well-developed dialogue; and that they effectively support the countries (own) strategies”. In view of these indications and guiding principles, the Embassy participates in a co-ordinated approach to the elaboration of a Joint Assistance Strategy. The consequences will probably bring a relatively radical re-shaping and concentration of the programme portfolio, that has, to a modest extent, begun already.

3.2 Overall Country Programming Review

At the present time Swedish-Tanzanian development co-operation continues to be implemented according to the existing five-year Strategy for Swedish Development Co-operation (2001–2005) underpinned by two agreements, one for the period 2001–2003. A new two-year agreement for the remaining part of the strategy period has recently been signed. During 2003 several new agreements were signed with the Government and different CSOs. The high-level joint mid-term review of the agreement that took place in October 2002 in order to review progress and discuss areas for possible future expansion, led to instructions in the Country Plan for 2003 that the existing portfolio should not be expanded to include more areas of co-operation, rather they should be consolidated in order to benefit from any increased financial resources.

The planning exercise for the year 2004, that took place in the latter part of 2003, was based on these principles and on the assumptions that the financial frame would increase substantially. However, for various reasons the financial frame for 2004 turned out to be lower than estimated earlier. This led to decisions in the Country Plan to phase out some programmes that had agreements ending in 2003 and where the performance had not always been entirely satisfactory.

The total amount disbursed to Tanzania was 531 MSEK in 2003, including 26 MSEK through Swedish NGOs and also including budget support (110 MSEK). The amount represents 99% of the total allocated to Tanzania by Sida (Africa Department) in 2003. The sector distribution of these funds were as follows: 28% to social sectors, budget support 21%, Infrastructure and Private sector Development, 18%, Democracy and Human rights 10%, Natural Resources/environment 8%, Research and higher education 6%, Swedish NGOs 5%, Others 5%. The Embassy was managing 71 specific agreements in 2003.

A contribution to Tanzania that had not been planned for at the beginning of the year, was the response to Tanzania’s appeal for drought relief. 15 MSEK were allocated and disbursed from the country budget frame, as emergency support, for this purpose.

3.3 Follow-up of Country Programme Performance

3.3.1 Pro-Poor Growth

Budget Support

The *Poverty Reduction Budget Support*, PRBS, was launched in April 2000 as a successor to the Multilateral Debt Fund that previously had financed HIPC debt reductions. The Government has now reached agreement with 11 donors, accounting for more than 60 percent of official develop-

ment assistance to Tanzania, to use PRBS facility to support the implementation of the PRS. In addition, it has been agreed that the World Bank's PRSC program should be harmonised and integrated in the PRBS. The basic aim of the facility is to protect and increase budget allocations to the seven priority areas of the PRSP (at present primary health, basic education, rural water, rural roads, agriculture, judiciary and HIV/AIDS). Over the years budget allocation to these sector have increased substantially, both in absolute and relative terms.

To reduce the transaction costs for both the Tanzanian authorities and the donor agencies, a common Partnership Memorandum, including a Performance Assessment Framework (PAF), has been developed. The PAF contains indicators to monitor development and agreed actions by the Government in the fields of improved systems for monitoring PRSP, macroeconomic stability, the effectiveness of delivery of public services and overall incentive environment and to minimise resource leakage and strengthen accountability.

The PAF serves as the framework for monitoring progress and decisions on budget support and is reviewed and developed jointly by the PRBS group (including the World Bank) and the Government.

In November 2003 the second Annual Review assessed progress in all areas and concluded that overall progress was "moderately satisfactory" (i.e. a somewhat lower grading than the first review done in 2002).

Progress in the areas of private sector development, rural development, macro-economic stability, improved budget management, public sector performance, and environmental sustainability was assessed as being "satisfactory".

Progress in the area of public financial management was assessed as "moderately satisfactory" as there have been delays in finalising the institutional arrangements for implementing the Public Financial Management Reform Program. Similarly, there was also only limited progress in strengthening the National Audit Office.

Progress in the area of reducing corruption was judged as being "moderately unsatisfactory". The key factors behind this assessment were delays in issuing quarterly reports depicting progress in the implementation of anti-corruption plans and in the preparation and funding of anti-corruption action plans by local Government authorities.

Finally, progress in improving poverty monitoring and evaluation was assessed as "not satisfactory", as at the time of the annual review in November 2003 the third PRS progress report had not been finalised. Subsequently, Government issued the first draft of the progress report in early December 2003.

A three-year agreement for Swedish budget support totalling SEK 350 million was signed in June 2003 and the first annual tranche of SEK 110 million for FY 2003/04 was disbursed in September 2003.

Disbursements under PRBS during FY 2002/03 (fiscal year run from July to June) were USD 193 million. Since 2002 ten countries and the EC have committed themselves to provide support through the PRBS. During FY 2002/03 the following donors contributed in USD million: Canada (1), Denmark (11), EC (41.8), Finland (1.7), Ireland (14.2), Japan (4.0), Netherlands (15.3), Norway (13.7), Sweden (12.8), Switzerland (5.0) and UK (72.3).

In March 2003 the World Bank negotiated its first Poverty Reduction Strategy Credit (PRSC) with the Government. The World Bank preparations were made in close co-operation with the PRBS donors, and the content of the revised PAF in March 2003 was agreed upon by the Bank, the PRBS donors and the Government. In May 2003 the PRSC to the amount of USD 132 million was approved by Bank's Board. It is expected to be followed by similar PRSCs in 2004 and 2005.

Private Sector Development

The strategy to consolidate and enrich the PSD support has continued during 2003. In order to increase the impact of the different interventions as well as reduce transaction costs strong efforts have been made to identify opportunities for multidonor supported programs.

Last December a MoU was signed by the GoT, Private Sector, Sida, RNE, DFID and Danida regarding a joint donor basket funding mechanism for a programme for Business Environment Strengthening (BEST). The Embassy has decided to participate with a maximum amount of SEK 40 million.

A similar facility for support to a Pro-Poor Financial Sector Deepening Programme (FSD) has been prepared and a final decision on the Swedish contribution amounting to SEK 40 million as well as a MoU between the donors (Sida, DFID, RNE and CIDA) is expected in the beginning of 2004.

In addition to above-mentioned joint donor interventions, the Embassy has started the assessment process for a Trade Related Technical Assistance basket as well as a more broad Financial Sector Support.

Among highlights from the ongoing PSD program was the launching of the new National Trade Policy. Furthermore, the Fair Competition Act 2003 was approved by the Parliament but the notice for its commencement has not yet been published and thereby the establishment of the Fair Competition Commission and the Tribunal is delayed. During the period under review, the implementation of the workplan agreed upon for the Tanzania Chamber of Commerce, Industry and Agriculture has been delayed due to internal weaknesses. Within the EPOPA (Export Promotion of Organic Products from Africa) programme, one of the participating companies has been certified according to KRAV standards. The new legal framework for micro-finance operators has been approved by the Parliament and the work with the regulatory part of the new system has continued. A new agreement has been signed for support to savings- and credit co-operatives (SACCOs) in the Lake Victoria and Arusha areas.

ICT for Development (ICT4D)

The ongoing Information and Communication Technology (ICT) projects have, in general, made good progress during the year and no delays are expected for their finalisation. ICT is rapidly gaining momentum in Tanzania, and the Embassy is playing an active part in that process, and long term and focused co-operation areas have been identified. The channelling of ICT into the mainstream of other Sida programmes is slowly becoming a reality.

The Capacity Building project at Tanzania Communication Regulatory Authority, TCRA, former TCC, has finally gained full speed after long discussions on merging with other regulatory. Credibility of TCRA is an issue that still needs to be addressed. The ICT Policy project, under the responsibility of the Ministry of Communication and Transport, MoCT, is now elaborating a Master Plan for the implementation of the Policy, that the Cabinet approved last year. The training of ICT-professionals, *IT-Fundis*, at Dar es Salaam Institute of Technology, DIT, is on schedule and the first course will start in February 2004. DIT has initiated a technical co-operation with KTH in Stockholm. As part of the Lake Victoria Initiative, Telecommunication studies, under the responsibility of East African Community, EAC, has defined an innovative and efficient business solution for operation of telecom Networks that will hopefully become a reality in 2004.

The challenge in the formulation of ICT programmes is to maximise the effect on Pro-Poor Growth. With the short history of ICT for Development co-operation and few models to learn from, a number of studies and pilot activities are required. It is clear that ICT would contribute significantly to the Millennium Development Goals by programmes in the education sector (Teacher Training and Secondary Schools) as well as in rural areas. Other important areas for ICT oriented co-operation are within the policy and regulatory framework, and in national reform programmes.

In parallel with the above, the merging of ICT into the mainstream of other Swedish programmes, is ongoing. It is also considered beneficial to complement the ICT mainstreamed (Sida) programmes, with pure ICT programmes, with no direct relation to the other programmes goals. The synergy of such a co-ordination would boost the efficiency of both programmes.

Energy

The Swedish support to the energy sector in Tanzania has been an important component of development assistance for many years, based on the assumption that a lack of access to modern energy is a severe constraint on development and economic growth. From the early large-scale hydropower development the focus has now shifted to institutional strengthening and increased access to electricity in rural areas. Consequently, three large and long-lived investment projects were brought to a close, the hydropower projects at Kihansi and Kidatu, and the rehabilitation of the Ubungu substation. These three projects together represent a Swedish contribution of 340 million SEK.

In February 2003, Tanzania's new Energy Policy was adopted by the Parliament, a result of the new focus of Sida's support. The policy has as main objectives increased competition in the energy sector, privatisation of the power utility and increased access to modern energy in rural areas. Sweden has contributed to meeting both of these objectives. In 2002 the management of the power utility TANESCO was privatised with a two-year performance based management contract. In 2003 the results are clearly visible. Monthly collection of bills had increased from 67 percent to 93 percent and the company reached a positive cash-flow. Sweden had contributed to this by financing the fixed fee of the manage-

ment contract. This has been done in co-operation with the World Bank. The successful implementation of the management contract is an important first step in the process which is expected eventually to lead to the privatisation of TANESCO.

In the area of rural electrification, Sida has made an important contribution to establishing the legal framework for the Rural Energy Agency and the Rural Energy Fund. A concept document was prepared by the Ministry of Energy and Minerals with the support of a Swedish consulting team. During the autumn the proposed legislation was discussed in several workshops, and is expected to be presented to the Parliament in 2004. In addition to the institutional support, Sida also actively contributes to the implementation of several rural electrification schemes. The community-based systems in Wino and Kasulu were under preparation, and in October the grid based systems in Urambo and Serengeti went out for tender. Providing electricity for productive uses is a main focus. Together these projects are estimated at about 150 million SEK. Through these projects, estimated to cost about 120 MSEK, more than 10 000 houses, schools and shops will be connected to the grid. Innovative and cost-saving technologies will be used, and in the sensitive area in the Serengeti district, cables in the earth will be used due to the wildlife migration.

It is envisaged that Sida, together with the World Bank, also in coming years will continue to play a major role in the development of the energy sector of Tanzania, a sector where many other donors are no longer active. The energy program poses many challenges. One is the further privatisation of TANESCO, which in the current gloomy market with little interest from private investors, may take more time than expected. Under such conditions, the Government will have to take on much of the responsibility. With a financially restructured TANESCO, the market prospects are however good, and electricity demand can be expected to grow at a rate of about 5–6 percent annually. Sida is planning to extend its support to the management arrangements at TANESCO and will also consider providing concessionary credits to generation and transmission projects in response to requests received.

Sida has been engaged in several key issues dialogues, including the Energy and the Poverty Reduction Strategy and the Long-term Investment Planning in the Power Sector.

Land Management and Environment

Since 1997 Sweden has supported the Land Management Programme, LAMP, with SEK 260 million out of which SEK 34 million was disbursed in year 2003.

LAMP is now in the second phase for the period 2002–2005 and Sida has approved support to the amount of SEK 138 million. The programme is being implemented in the district councils of Kiteto, Babati, Simanjiro and Singida where the district councils facilitate and assist their respective communities to implement the programme. The programme at the national level is co-ordinated by President's Office of Regional Administration and Local Government (PORALG) and a consortium of consultants (Orgut Consulting AB and Scanagri Finland)

provides technical assistance through Programme Support Office and Development Advisors.

The quarterly review meetings for year 2003 were held in March, June and September. The annual review meeting was held in Babati on 2nd–3rd December 2003 where budgets and annual work plans for year 2004 were approved.

LAMP phase II is implemented hand in hand with the Local Government Reform Programme, which advocates capacity building, poverty reduction, and improvement of economic and social service delivery to the communities. The concept further includes empowerment of the communities to plan and make decisions for their own development. HIV/AIDS has been well recognised as a cross cutting issue in the second phase of LAMP. Each district has developed a task force to develop an action plan and implementation responsibility.

In general the programme performed well in all the districts with increased interest by pastoral women in agriculture and business as one of the indicators. The programme implementation however, was temporarily hampered during the first quarter by the issue of new registration plates for project vehicles. Delayed and shortage of rains during the last quarter caused food, water shortage as well as pasture for the animals hence affecting programme achievement.

A follow-up team was contracted for the in-depth programme monitoring which includes a study aiming at establishing benchmarks as well as giving the target population's views on LAMP benefits received. Preparations are underway between the Embassy and NATUR for a mid-term review scheduled for August–September 2004. The main objective of the review is to provide guidance to the Programme after the second phase as well as input to the preparations of the new Country Strategy.

An evaluation of more than 30 years of the Swedish support to the forestry sector of Tanzania was finalised in February 2003. The final report has been published in the Sida Evaluation series.

An external evaluation of the previous Swedish support to the *environment sector* started in December 2003. A final report is expected by March 2004. It is envisaged that the report will be an important input for dialogue and for the new Country Strategy.

A key issue for dialogue will be the Government's stand on the future approach to supporting Area Based Programmes in the context of the proposed Local Government Support Programme.

3.3.2 Human Resource Development

Education

The support to the education sector is concentrated to a few programmes and projects. The most important is the Primary Education Development Programme, (PEDP). In addition, support is given to the education sector in Zanzibar, to the Barbro Johansson Model Girls' Secondary School, and to the Tanzanian Education NGO Haki Elimu. Special efforts in prevention of HIV/AIDS in the education sector has been supported through two NGOs: Student Partnership Worldwide (SPW) and Forum Syd.

In the overall framework of an Education Sector Development Programme, work has been ongoing during 2003 to prepare for a Secondary Education Development Programme, SEDP. The programme has been developed with substantial support from the World Bank, while other agencies have not been given the opportunity to be involved to the extent desired. Other subsectors are still in the preparation phase of similar programmes.

In January 2003, a four-year agreement for support to PEDP amounting to MSEK 455 was signed. The funds are channelled through a Holding Account to which also other agencies are contributing, and then disbursed through the Exchequer. A joint structure, the Basic Education Development Committee, BEDC, is set up for the overall management of the programme, including decisions on release of funds. During 2003 Sweden contributed MSEK 92.5 to the Holding Account for the implementation of PEDP.

The programme as such has been successful in terms of increasing the number of pupils in primary school, construction of more classrooms, recruiting more teachers and in improving pass rates. However, problems related to the quality of education have not been given sufficient attention, e.g. provision of textbooks and in-service training of teachers. A Joint Review Mission was carried out in October–November. In addition to the observations above, it noted problems in relation to the institutional arrangements for carrying out the programme that need to be addressed.

In Zanzibar, an initial support of MSEK 5 for the completion of classrooms, stores and offices in schools was carried out, starting in 2002. This phase was completed in July 2003 after successful completion of 197 classrooms and 35 offices (61 classrooms more than planned due to savings during implementation of the project). In December, it was followed by a new agreement for one year amounting to MSEK 13, comprising continued support for completion of classrooms, but also support to a process to develop a sector-wide Zanzibar Education Development Programme which would form the basis for a new mode of co-operation in the sector.

In December 2002, an agreement was signed for support to construction and running of a secondary school in the spirit of the late Swedish missionary and Tanzanian MP, Barbro Johansson. Support is provided during four years with an amount of MSEK 35. In addition to the official support through Sida, an association has been created in Sweden for financial and some technical support to the school. During 2003 the second phase of construction works was initiated, comprising two classroom buildings, one dormitory and two staff houses. Considerable delays have been noted, and in December the contract for one of the two contractors was terminated when it became obvious that the works would not be completed in accordance with the contract. A new contractor needs to be identified to complete the construction works.

Haki Elimu is a relatively new Tanzanian NGO promoting principles of democracy and human rights in education, working both at grassroots level and at central policy level to increase participation in management of education. Generally, the organisation is very active and has an

important role in promoting a human rights perspective in education. Swedish support is planned to continue from 2004.

Research Co-operation

The research co-operation between Sweden and Tanzania, aimed at strengthening research and research training, started in 1976. It currently comprises 21 programmes at the University of Dar es Salaam (UDSM) and the Muhimbili College of Health Sciences (MUCHS). The support is directed at three main areas: (i) Reform and management, (ii) Research capacity strengthening, which include funding for the development of ICT and libraries, in addition to funding for competitive research grants and Masters scholarships, and (iii) Research projects, accounting for the major part of the support, with the overall objective of addressing important development issues in Tanzania and enhancing the research capacity of the university staff. The research is conducted in collaboration with Swedish universities and includes research training at Master and PhD levels. The agreement period for 2001–2003 totals SEK 116 million.

During 2003 approximately ten PhD, six Licentiate and four Master theses have successfully been defended by students from UDSM and MUCHS. At the Faculty of Commerce and Management, UDSM, where the research programme is exploring and investigating how business networks can influence small and medium enterprise (SME) performance in Tanzania, two licentiate degrees have successfully been defended. In addition, a study within the programme on the role of networks in internationalisation of small handicraft businesses won the best paper award at the 4th International conference of the Academy of African business and development. This paper was later accepted for publication in an international journal. Within the collaboration a “Supervisors’ course” has been conducted with much success. This course will during the coming agreement period be expanded and adapted to be incorporated into the core course curriculum of the university.

At the University College of Lands and Architectural Studies (UCLAS), UDSM, four PhD theses have been presented within the field of urbanisation addressing the topics of “Compulsory acquisition of land for urban development”, “Water and sanitation systems”, “Informal settlements in Dar es Salaam” and “Urban food markets”.

From MUCHS a PhD thesis was presented from the Malaria-programme with the title “Exploring malaria case management of under five children at households and public primary health care facilities in Kibaha district, Tanzania”. A second Ph.D. thesis from MUCHS from the HIV/AIDS-programme entitled “HIV-1 infection in Tanzania: HIV antibody testing strategies and lymphocyte subset determinations” has also been defended during the year.

The performance of the research co-operation with UDSM and MUCHS has in general proceeded well during the year and activities have been carried out roughly according to plans. However, due to the late submission of external audit reports, disbursements were delayed to UDSM. The agreement period 2001–2003 has been extended with six-months until June 2004. In connection with the visit to Dar es Salaam for the Semi-Annual Review meeting held in November 2003, discussions

were initiated with the Swedish Embassy, the Ministry of Finance, UDSM and MUCHS regarding the importance of “Knowledge innovation in the process of poverty reduction”, in view of the ongoing review of the Tanzanian Poverty Reduction Strategy Paper.

During the year preparations have been made and the decision has been taken to embark on continued collaborations with UDSM and MUCHS. The new agreement period will start 1 July 2004 and run for four years onward. Within the new agreement one new programme within the area of statistics has been incorporated while three old programmes have been phase out.

Culture and Media

Swedish support to Culture in Tanzania is mainly channelled through the Tanzania Culture Trust Fund. The fund provides grants for building institutional capacity for competence, development and for networking, production incentives, and cultural exchange. In 2003, 236 Cultural Awards were given on competitive basis against criteria such as innovation, renewal and strategic activities.

The Swedish assistance to cultural heritage in Tanzania includes support to the Community Based Rehabilitation Programme in the Stone Town in Zanzibar by the Aga Khan Trust for Culture (AKTC). Support was also provided to the Zanzibar Stone Town Conservation & Development Authority (STCDA) for institutional support to their care for the World Heritage Site of Stone Town Zanzibar. A twinning arrangement between Visby and Zanzibar was initiated during 2003 with an aim to provide mutual benefits and interchange of experiences regarding conservation, awareness promotion, tourism and urban development.

Furthermore, a decision was taken in 2003 to provide support through Swedish consultancy to Bagamoyo township in preparing the ground for the Government of Tanzania to file for an application for Bagamoyo and the Trade and Slave Route to be accepted on the UNESCO World Heritage List.

Another principle decision was taken in November 2003 in order to provide support to institutional capacity building in Department of Antiquities of Tanzania over a period of 5 years. The programme will include close work with the National Heritage Board of Sweden, exchange and training programmes.

The main support to the Media Sector is channelled through The Media Council of Tanzania (MCT). The MCT is an independent and non-statutory organisation with a mission to create an environment which enables a strong and ethical media that contributes towards a more democratic and just society. The MCT is an umbrella organisation and has initiated Press Clubs in all regions and received international recognition for its pioneering work in 2003.

Sweden’s support to the Media Law reform Project administered by the MISA-TAN concerns the project objective to review laws that contradict or suppress the freedom and independence of media and to lobby for the repeal of media laws that do not reflect the current political changes. The work was recognised in the new Tanzania Media Policy approved in Parliament in November 2003.

The Children's Book Project (CBP) is given support for strengthening of the reading capacity among children in their education and with the goal of increasing private book production of children's fiction in Kiswahili, to improve skills in the book trade and to promote reading environment. The CBP works closely with the Children Theatre Project (CTP) and The Education for Democracy in Secondary School project (TUSEME) managed by the Department of Fine and Performing Art of the University of Dar es Salaam (UDSM).

In addition to the Embassy of Sweden's engagement above, in collaboration with Sida/Culture and Media Division in Stockholm, plans and preparations are taking place of establishing a House of Culture at the National Museum ground in Dar es Salaam. These plans concern creation of a facility for the multiplicity of culture in Tanzania in cooperation with the Ministry for Natural Resources and Tourism and the National Museum. The planning is strengthened with consultancy from Sweden for the museum programme and in architecture.

Technical courses

Every year Sida provides scholarships for Tanzanians to participate in International Training Programmes in Sweden. The duration of the courses is between four to six weeks. The training is organised in a number of technical and administrative fields, primarily in the form of courses and seminars, where Sweden has a considerable level of expertise to offer. In most cases costs for international travel has to be paid by the recipient except for a few exceptional courses where full sponsorship is provided.

During the year 2003, a total of 70 Tanzanians participated in Sida's International Training Programmes, out of whom 22 were women. The participation was in the following areas: Governance, Democracy and Human Rights (9), Social Services, Health, Education and Community Planning (5), The Enabling Environment, Public Institutions and Services (25) Infrastructure, Telecommunications, Energy and Transports (12) Industrial Production; Management and Technology (5), and Environment, Land Use and Natural Resources Management (14). The most popular courses with were: Local Democracy and Local Governance (72), Online Research Course for Journalists (45), Women in Management (17), and Financing and Management of Local Infrastructure Initiatives (15).

3.3.3 Democratic Development

In 2002 a nation-wide population and housing census was successfully conducted, being the fourth since independence. From the census two major reports were published in 2003 and are available on the Tanzania Government website. Comprehensive reports on each district will follow during 2004.

The Embassy has participated in the donors group preparation for the Elections 2005 and a MoU was recently signed (January 2004). UNDP has accepted to administrate the donors support and United Kingdom will act as lead donor.

The final report from the Study of the Institutional and Operational Capacity of the Tanzania Union National Assembly was presented in

January 2003. The Nordic donor group had several meetings with representatives from the Parliament and from UNDP with the objective to receive a project proposal for support together with UNDP. A proposal is in the final stage of preparation.

The Swedish support to public reforms programs continued during 2003. The Quick Start component of the Legal Sector Reform Program (LSRP) has started to produce results in form of consultancy reports. The Mid Term Strategy of the LSRP was appraised early 2003 and has since been revised by the Government. The needs assessment to strengthen capacities of law enforcement officers for conflict mediation and security matters (the Police and Prisons study) presented their final report in January 2003. UNDP presented a project document on the same matter in August 2003.

In order to promote human rights support were given to the Legal and Human Rights Centre and Zanzibar Legal Services Centre, to the Pastoralists Indigenous Peoples Non Government Organisation, Save the Children and Dogodogo to promote children's rights. Support was also given to UNICEF for vulnerable children and adolescences affected by HIV/AIDS.

Public Management

Sweden has since 1994 supported public sector reforms in Tanzania with around SEK 130 million. Key areas of support have been the Public Service Reform Programme (PSRP) and Public Financial Management Reform Programme (PFMRP).

As part of the PSRP Sweden has supported the Leadership, Management Development and Governance Project. The Agreement between Sweden and Tanzania was valid from January 2001 to December 2003. Total resources amounts to SEK 16 million, all of which has been disbursed. Activities undertaken during 2003 include training of Directors and Assistant Directors from Ministries, Government Departments and Agencies on Modern Public Management Skills and practices. Gender disaggregated data has been collected from 20 Regions and Ministries. A Television programme on sexual harassment has been prepared. Implementation strategy of the PSRP has been revised. The revised PSRP Medium Term Strategy, Action Plan & Budget 2003/04–2005/06 is in place. The Swedish support to this programme has been discontinued.

The Tanzania Revenue Authority (TRA) has its objective of maximising revenue collection and contribute to the economic and social development of Tanzania. This is complemented by the capacity building through the Human Resources Development Project (HRDP) supported by Sweden. Agreement is valid from January 1999 to June 2004, to be extended for six months up to December 2004. Total resources stand at MSEK 50.3 of which MSEK 48.12 has already been disbursed. Activities undertaken include extension of the Institute of Tax Administration (ITA) Administration block that has been completed. Training programmes undertaken at ITA and in other institutions within Tanzania and abroad has continued. Roll out of the Motor Vehicle Registration System started in the second half of 2003. The second five year TRA Corporate Plan has also been developed. The Swedish support is being phased out in 2004.

Integrated Financial Management & Accountability Programme (IFMAP) is being implemented under Swedish support. Agreement is valid from January 2002 to December 2004. Total agreed amount is MSEK 40 of which 18.1 has been disbursed up to December 2003. The programme has benefited from short term consultancy services in Gender, Internal Audit, Training and Budgeting between January and November 2003. There are also long term Advisers in Financial Management and Information Technology. The Integrated Financial Management System (IFMS) is functioning and there has been training of Auditors and Accountants. Regional Secretariats and Local Authorities have been trained on MTEF and Government Financial Statistics (GFS) classification. Monthly system reports are generated in a timely manner. All Government accounts are being reconciled on time.

The first phase of the Swedish supported National Audit Office (NAO) Project was being implemented. Agreement was valid from July 2002 to December 2003. Total agreed amount is MSEK 12.5. Of this only MSEK 1.58 has been disbursed. The project was delayed, as there were problems in recruiting an Audit Specialist (Project Manager) and Performance Audit Adviser key for the project. However, a baseline study was conducted with assistance from the Swedish National Audit Office which entered into institutional co-operation with the NAO. A workshop was held under facilitation of the Swedish National Audit Office to come up with a revised project proposal/request. A new request for three years support is currently being assessed.

Local Government Reform Programme

Sweden is a member of the partner consortium supporting the Local Government Reform Programme (LGRP). The agreement between Sweden and Tanzania covered the period July 2001 to December 2003. The LGRP is part of the decentralisation process bringing more autonomy to the districts. The objective of the programme is to improve the quality of and access to public services provided through or facilitated by Local Government Authorities. Total resources amount to SEK 12.5 million, all of which was disbursed 2003.

Progress has been made in the area of fiscal decentralisation. A new formula-based inter-governmental transfer system for recurrent grants, initially for health and education grants, has been introduced. This will result in an improved and transparent financial system.

The joint Government – Donor Consultative Forum as well as the Common Basket Fund Steering Committee meetings took place as planned during the year.

A new 2-year agreement for the Swedish contribution estimated to 20 MSEK is expected to be signed in 2004.

District Development Programme

In March 2000 an agreement was signed between Sweden and Tanzania, on the planning and preparation of a long-term programme called District Development Programme (DDP) in the Lake Victoria basin. Three districts were selected for a start, Bunda and Serengeti in Mara Regions and Ukerewe in Mwanza region.

An office with 3 advisors was established in Musoma to support the districts in the planning and implementing of the programme.

Experiences for the programme is drawn from the Hesawa programme and LAMP. DDP is a multi-sectoral and long-term support to the districts. The programme is based on the ongoing decentralisation and empowerment of local Governments in line with the Local Government Reform Programme (LGRP).

The preparation phase with training on good governance issues and preparations on programme documents was finalised in April 2003. During the year funds disbursed to districts for 'small projects' such as classrooms, school sanitation and income generating activities were completed.

The specific agreement for the programme was signed between the two Governments in May 2003. Sweden has for the first phase of the DDP set aside 150 million SEK for a period of 5 years.

After signing of the agreement a six months inception period commenced where a strong focus was laid on preparations of Plan of Operations (PoO) for the 5-year period 2003–2007. The PoO includes district strategies for poverty reduction.

During the inception period workshops were held on LFA methods, poverty reduction methods and strategies. Several workshops were held in the districts and villages for increased stakeholder participation.

As assessment on Financial Management in the districts was done by Mzumbe University. Several meetings took place between districts and the University which finally resulted in a plan for training of local Government personnel on financial management.

An annual review was held in December with participation from district councils, civil society and the LGRP team. In the review meeting the Annual plans and Budgets from the districts were discussed. Due to a change in the local Government planning/budgeting year only half-year plans were approved, January–June 2004. From July 2004 local Governments will plan according to fiscal years similar to central Government and a new annual review will be held.

An assessment of the in-depth training in good governance to all districts will be done during 2004. Recommendations on continuation of the training will be the major outcome. A first external audit by KPMG will take place in the districts during first quarter 2004.

3.4 Support to Regional Co-operation Programmes

The Lake Victoria Programme

Sida has during the period participated in the support of development of an East African Vision And Strategy for Development of the Victoria Lake Basin. The owners of the project were the three East African states through the East African Community. The study was implemented with a large participation of different stakeholders in the three countries. Three separate country visions and strategies were developed and later incorporated into a joint Lake Victoria Basin Vision and Strategy report. The EAC Council of Ministers has approved the report and directed its use as a planning document for all stakeholders operating in the basin.

Sida has during the year developed a proposal for a Lake Victoria Basin Strategy for Swedish development co-operation, now subject to Swedish Government approval.

The Partnership Agreement between East African Community, Sida and a number of other donors concerning the promotion on sustainable development in the Lake Victoria Basin, and the attached Partnership Fund has during the year come into a more operative phase.

A number of projects under the Lake Victoria programme have been under implementation during the year. Examples of ongoing partnership projects are a co-operation between the regional NGO ECOVIC and Forum Syd, co-operation between Union of Baltic Cities and Lake Victoria Region Local Authorities Co-operation, research co-operation between Inter University Council of East Africa and SAREC. A new partnership project started with co-operation between East African Business Council and the International Council for Swedish Industry.

Sida has also given support to a plan for improved telecommunication in the basin and to HABITAT for City development strategy for improved urban environment and poverty reduction implemented in three Lake Victoria cities (including Musoma).

East African Community (EAC)

Sida supports the development of an East African Power Master Plan. Institutional support has been given to East African Law of Justice and East African Law Society.

Nile Basin Initiative

Under a Nile Basin Initiative (NBI) Shared Vision Program Sida gives support to a Regional Power Trade Project. The regional office for the project will be located in Dar es Salaam. Under a sub-program (NELSAP) to NBI, support is given to three River Basin Management projects around Lake Victoria. The Tanzanian Kagera and Mara river basins are part of the study.

Other Programmes

Sida provides special funding to the World Bank for development of rural energy in Sub-Saharan Africa. A World Bank financing in the sector is being developed in Tanzania with the support of these funds. Through a Swedish trust fund in the World Bank to the "Public-Private Infrastructure Advisory Facility", support is given for a scoping study for privatisation of TAZARA railway. The urban project Water for African Cities supported through HABITAT has a component for improved water

3.5 Office and administrative issues

Current staff at the Embassy is an Ambassador, First secretary for political and commercial affairs, Third secretary for consular affairs and archive and communications, Head of Development Co-operation, Economist and six sent-out POs as well as four NPOs and an Administrative manager as Head of the Embassy's Administrative Division, as well as an IT-Network specialist/administrator.

Except for the sent out staff as above there are twenty-one locally employees. During the year there was a change in five of the positions. The Ambassador, the Head of the administrative division, the Economist and two programme officers took up their posts in August respectively September. A Swedish Regional Advisor in Infrastructure is based at the Embassy in Dar es Salaam

An Internal Quality program was introduced during 2002 as well as new routines for financial follow up.

There is a need to upgrade both the emailsystem to a modern version as Lotus notes and the switchboard that due to old age make it complicate to communicate in an efficient way.

Sida Quality Assurance Team reviewed the work of the Embassy in the light of the full delegation that the Embassy has had since January 1999. The team produced a report that includes a number of recommendations that are followed-up at the Embassy.

A yearly event in the Nordic community, The Nordic Sports Day, was this year organised by the Swedish Embassy. An administrative seminar for administrative personnel in the region was organised by the Embassy.

Appendix 1

Selected Macroeconomic and social indicators – Tanzania 2003

Population:	35 million
Surface area:	945 000 sq km
Population growth:	2.4%
Life expectancy:	44 years
Infant mortality rate (per 1000 live births):	104
Illiteracy total (% age 15 and above):	24
Illiteracy female (% age 15 and above):	32
National poverty rate (% pop):	35
International poverty rate (%<1USD/day):	19.9
GDP (USD millions):	9 700
GDP/capita (USD):	280
GDP/capita (PPP):	520
GDP growth:	5.5%
Inflation in %:	4.5%
Savings/GDP:	8.6%
Investments/GDP:	17%
ODA/cap:	36 USD
Total debt service	
(% exports of goods and services):	10.3%
Health expenditure (% of GDP):	2.0
Education expenditure (% of GDP):	4.6
Acces to improved water source	
urban:	90%
rural:	57%
CO2 emissions (metric tons per capita)	0.1
Energy use per capita (kg of oil equivalent):	456.3
Proportion women in Parliament:	
Women in Decisionmaking Positions	
(% of total at ministerial level):	13

HDI-index:	0.400
World Ranking HDI:	160
HPI:	36.2
GDI	0.396
Freedom house Index	
Political Rights:	4
Civil Rights:	3
Freedom Rating:	Partly Free
Corruption Perception Index	
World ranking:	92
Index:	2.5
PRSP-status	
I-PRSP:	February, 2000
PRSP:	October, 2000
HIPC-status	
Decision Point:	March, 2000
Completion Point:	November, 2001

Appendix 2

Delimitation:

Status: I, P, A and C (agr end > 200300 or Outcome <> 0)

Region/Country: Tanzania

Other:

Country report – Tanzania

Outcome and forecast in TSEK

Responsible Unit (All)

Main Sector (All)

			Data			
Allocation Frame	Allocation Account	Sub Sector	Outcome 2003	Outcome 2004 per March 30	Forecast 2004	Forecast 2005
Inside country allocation	155020 Tanzania	-	0	0	13 500	42 250
		100 Human rights	15 338	1 400	15 300	11 700
		109 Human rights	930	0	600	600
		110 The legal system	3 383	0	9 811	8 000
		120 Democracy	4 083	23	4 865	8 030
		129 Democracy	1 796	586	1 660	1 660
		131 Central public administration	403	169	457	0
		132 Financial administration	19 573	3 430	25 964	43 000
		133 Local administration	6 438	1 372	53 519	53 693
		134 Environment administration	0	0	0	0
		139 Other within government and public adm	3 666	245	8 840	0
		200 Primary education	1 161	14	600	0
		201 Secondary education	12 958	21	5 701	8 500
		202 Higher education	100	0	0	0
		209 Other within education	106 020	789	116 509	125 660
		211 Health service	17 763	2 552	28 491	21 533
		212 Public health	344	0	0	0
		291 Basic provisions	11 774	0	0	0
		292 Culture	10 155	1 408	7 768	2 200
		294 Population issues	0	0	0	0
		301 Tele, post, & IT communications	14 514	990	8 707	0
		302 Energy	54 689	1 191	104 631	133 43
		305 Urban development	9 822	1 041	21 548	10 180
		310 Trade and industry	12 574	1 754	38 337	22 636
		311 Financial sector	3 938	0	19 896	20 000
		400 Land	42 987	18 413	42 838	29 646
		401 Water	667	1 206	4 526	0
		409 Other natural resources	454	506	1 138	0
		410 Pollution, other environmental protection	-1	0	0	0
		900 Information & communication	34	0	0	0
		910 Research	3 182	0	0	0
		920 Other	110 000	29	120 480	120 000
		929 Other	4 788	1 393	4 690	3 820
		155020 Tanzania Total	473 533	38 533	660 378	666 541
Inside country allocation Total			473 533	38 533	660 378	666 541
Outside country allocation	155029 Regional programs					
	Africa	310 Trade and industry	300	192	271	0
		929 Other	1 746	642	1 760	1 660
		155029 Regional programs Africa Total	2 046	834	2 031	1 660

Data						
Allocation	Allocation		Outcome	Outcome	Forecast	Forecast
Frame	Account	Sub Sector	2003	2004 per	2004	2005
				March 30		
Outside country allocation	155030	Others, Africa				
		310 Trade and industry	0	0	0	0
		311 Financial sector	0	0	0	0
	155030	Others, Africa Total	0	0	0	0
	15541	Concessionary credits				
		311 Financial sector	0	0	0	0
	15541	Concessionary credits Total	0	0	0	0
	15551	Research				
		-	0	0	4 870	4 870
		110 The legal system	188	26	26	0
		200 Primary education	404	300	300	0
		202 Higher education	6 227	6 824	31 387	47 500
		211 Health service	8 950	0	0	0
		292 Culture	721	681	681	0
		301 Tele, post, & IT communications	1 869	135	135	0
		302 Energy	4 321	631	631	0
		310 Trade and industry	1 467	653	653	0
		400 Land	712	1	1	0
		401 Water	3 163	2 720	2 720	0
		910 Research	1 521	1 353	1 353	0
	15551	Research Total	29 543	13 324	42 758	52 370
	15561	Non-governmental organisations				
		100 Human rights	-160	0	0	0
		120 Democracy	-10	0	0	0
		129 Democracy	38	0	0	0
		199 Other within HR & Demo	6 098	161	1 100	0
		200 Primary education	-162	0	0	0
		203 Vocational training	-6	0	0	0
		209 Other within education	10 049	491	3 364	0
		211 Health service	1 115	9	65	0
		219 Other within health care	1 823	111	757	0
		299 Other within social sectors	867	0	0	0
		304 Housing and construction	-25	0	0	0
		310 Trade and industry	-11	0	0	0
		311 Financial sector	1 148	4	26	0
		399 Other within infra, trade etc	741	19	129	0
		400 Land	-40	0	0	0
		409 Other natural resources	5 394	0	0	0
		499 Other natural resources	1 122	99	679	0
		929 Other	1 383	51	349	0
	15561	Non-governmental organisations Total	29 364	945	6 469	0
	15571	Humanitarian assistance				
		100 Human rights	191	0	0	0
		109 Human rights	286	0	0	0
		219 Other within health care	572	0	0	0
		291 Basic provisions	-692	0	0	0
		303 Water supply and sanitation	381	0	0	0
		400 Land	-808	0	0	0
	15571	Humanitarian assistance Total	-71	0	0	0
Outside country allocation Total			60 882	15 104	51 257	54 030
Grand Total			534 415	53 636	711 635	720 571

Appendix 3

Strategic documents received during 2003:

General

- The Economic and Social Impacts of HIV/AIDS in Tanzania, ESRF, December 2003
- Tanzania: New aid modalities and donor harmonisation, Bertil Odén and Tone Tinnes, October 2003

Land Management and Environment

- Rural Development and Private Sector in Sub-Saharan Africa – Sida Evaluation 03/18
- Guidelines for Review of Environmental Impact Assessments – Sida Environment Policy Division
- Baseline Study on the Feasibility of Sector-wide Approach in Tanzania National Forest Programme Implementation – Ministry of Natural Resources and Tourism: Forest and Beekeeping Division (MNRT/FBD)
- Guidelines for Rural Development Methods for Africa, March 2002: JICA
- Tanzania Forest Conservation Management Project (TFCMP) IDA Credit No. 3604 TA: Status of implementation, (MNRT/FBD)
- Gender and Access to Land: FAO Land Tenure Studies 4
- Donorship, Ownership and Partnership, Gus Edgren – Sida Studies Evaluation 03/03
- Poverty Reduction and Rural Growth: IFAD, Regional Workshop Report – Dar es Salaam 23–24 May 2002
- Assessment of Rural Poverty Eastern and Southern Africa – IFAD
- TFCMP: Joint Supervision Aide Memoire Aug–Sept. 2003 – (MNRT/FBD)
- Perspectives on Poverty – Sida
- Shortcomings of Linkages Between Environmental Conservation and Poverty Alleviation – Research on Poverty Alleviation (REPOA) Research Report No. 03.2

- The future of farms in West Africa: What can we learn from long-term data? – Sept. 2003; International Institute for Environment and Development (iied)
- Rural land plans: Establishing relevant systems for identifying and recording customary rights, Sept. 2003 (iied)
- Gender and Natural Resource Conflict Management in Niore du Sahel, Mali – March 2003 (iied).
- Collaborative Forest Management in Kyrgystan: Moving from Top-Down to Bottom-Up Decision-Making, 2003 (iied)

District Development

- Poverty Reduction and Rural growth, Eastern and Southern Africa, IFAD and GoT.
- Finding out about results from projects and programmes concerning democratic governance and human rights. A study commissioned by Sida. Kim Forss.
- Urban traffic and Transport. Lund University
- Study on School Health Programme, The Hesawa Programme. Orgut for Sida 2003.
- Programme Statistic verification and water user groups analysis, The Hesawa Programme. Orgut for Sida 2003.

Good Governance

- National Democratic Institute for International Affairs (NDA) – Study of the Institutional and Operational Capacity of the Tanzania Union National Assembly, January 2003.
- Sida – eBunge Project Proposal – Discussion Draft March 2003.
- Raul Wallenberg Institute – Report of the Needs Assessment to Strengthen Capacities of Law Enforcement Officers for Conflict Mediation and Security Matters, January 2003.
- UNDP URT/03/001 – Project Document for Strengthening Capacities of Law Enforcement Institutions for Conflict Mediation and Security Matters, August 2003.
- Central Census Office – 2002 Population and Housing Census General Report, January 2003,
- Central Census Office – 2002 Population and Housing Census, Volume 1, Methodology Report, September 2003.
- Central Census Office – 2002 Population and Housing Census, Volume II, Age and Sex Distribution, September 2003.
- Legal and Human Rights Centre – Tanzania Human Rights Report 2002, 2003.
- Ministry of Justice and Constitutional Affairs – Legal Sector Reform Programme, Medium Term Strategy & Action Plan, Preliminary Draft, February 2003.
- Ministry of Justice and Constitutional Affairs, Legal Sector Reform Programme, Medium Term Strategy & Action Plan, Attachment to the Preliminary Draft – Cost Estimates, February 2003.

- Rule of Law Consulting – The Government of the United Republic of Tanzania, Joint Legal Sector/Partners Appraisal of the Legal Sector Reform Programme, September 2003.
- Kituo Cha Katiba – Constitutionalism and Political Stability in Zanzibar: The Search for a new vision, October 2003.
- Revolutionary Government of Zanzibar – Draft Report, Training Needs for the Legal Sector in Zanzibar, December 2003.
- Mkombozi Centre for Street Children – Census of the number of children who were spending time on the streets on 4th and 6th June 2003 in Moshi and Arusha Municipalities, Tanzania, December 2003.

Energy

- New Energy Policy 2003
- Mid-term Report from Monitoring Consultant,
- REA/REF Concept Paper,
- Assessment Memo Makambako, Final Report Kihansi (NORAD).

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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