

Country Strategy for TANZANIA 2001-2005

**Strategy for Danish
development cooperation
with Tanzania**



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Denmark's Development Policy



The Danish development policy, Partnership 2000, is the foundation for Denmark's co-operation with the developing countries. The overriding objective of Danish development policy is poverty reduction. Denmark seeks to reduce poverty by promoting sustainable development through pro-poor economic growth with equal participation of men and women, by promoting human development through expansion of the social sectors, and by promoting democratisation and popular participation in the development process.

Denmark will contribute to poverty reduction globally through a long-term and binding partnership with developing countries. Partnership is thus the cornerstone of development co-operation. The partnership will be broad-based and involve a comprehensive and open dialogue with a variety of stakeholders, such as the government, the private sector, and the civil society including the poor. The partnership will be based on realistic agreements concerning shared visions, joint objectives, and mutual obligations. It must work to strengthen the ability and opportunity of the developing countries themselves to create a sustainable development process that will benefit the poor. The development co-operation will build on the developing countries' own strategies and policies as well as on the recognition of and respect for differences in the partners' points of departure with respect to values, resources and capacities.

Within the framework set out by Partnership 2000, the country strategy outlines the guiding principles for the development co-operation over a five-year period. The country strategy is the basis for the long-term partnership and the Danish development policy vis-à-vis each individual programme country. A country strategy takes as its starting point the development needs and policy priorities of the partner country and will specifically be based on its national policy or strategy for poverty reduction. Based upon the country strategy a partnership agreement is drawn up between the partners, confirming the common foundation of the co-operation.

The Danish development policy, Partnership 2000, was formulated in 2000, and on October 26th 2000 the Danish Parliament endorsed the principles and objectives of the strategy.



1. Introduction and summary

Tanzania is one of the poorest countries in the world with a great need for international assistance to its development. Tanzania has a significant development potential with extensive natural resources, mineral deposits and natural gas reserves. Despite recurring droughts and floods, the soil is fertile in much of the country, and the climate is favourable for agriculture. Tanzania is becoming increasingly important as a transit country for a number of other countries in the region without direct access to the sea. By African standards, Tanzania has a high degree of political stability.

Danish co-operation with Tanzania commenced in 1963. The first country strategy for Tanzania covered the period from 1996 to 2000 and included a significant reduction in the number of co-operation sectors as well as the phasing out of single projects in favour of developing sector programme co-operation within health, agriculture, roads and industry.

Co-operation with Tanzania has been supported by the positive economic development and continued democratisation that took place during the first strategy period. Through an extensive structural adjustment programme, the Tanzanian economy has been stabilised with low inflation and increasing currency reserves. Economic growth over the last three years has been higher than the population growth of about 2.8 per cent per year. The Government has implemented comprehensive reforms within the public sector, including decentralising to district level, and has improved conditions for the private sector and foreign investors.

At the same time, there has been significant progress in developing a partnership between Government and donors based on a higher degree of Tanzanian leadership, constructive dialogue and new methods of co-operation.

Preparation of this country strategy for 2001-2005 has emphasised the experiences of co-operation to date, developments in Tanzania and the current situation. Local consultants have carried out an assessment of the poverty orientation in the current Danish programme. This analysis, together with the Tanzanian Government's priorities as reflected in the Government's poverty strategy from October 2000, Danish experiences and dialogue with the Tanzanian authorities and other Tanzanian partners, has formed the foundation for the current country strategy.

This strategy continues to concentrate Danish development assistance on the four priority sectors: health, agriculture, roads and industry. At the same time, more initiatives will be taken to strengthen the macro economy and institutional reforms that support the Government's development strategy and which

are crucial in establishing the overall framework required to carry out the sector initiatives. Assistance to promote democratisation, good governance and respect for human rights will continue, with special emphasis on the legal system. Endeavours will be made to incorporate initiatives to combat HIV/AIDS in all programmes.

2. The political and economic situation

2.1. Political history and background

Tanganyika became independent in 1961 after having been part of a British mandate. Following independence, the country was rallying politically behind the TANU Party which, under the leadership of later President Julius (Mwalimu) Nyerere, had been able to unite the majority of the population in a non-violent struggle for independence.

In contrast, the independence of Zanzibar from Great Britain in 1963 as an independent sultanate was followed in 1964 by a violent rebellion during which Abeid Karume, as head of the Afro-Shirazi Party, took over power. A few months later Tanganyika and Zanzibar entered into a union, the United Republic of Tanzania, which allowed Zanzibar extensive autonomy.

In practice, from 1964 a one-party system was introduced in both parts of the Union, and in 1977 TANU merged with its sister party in Zanzibar to become 'the Revolutionary Party', CCM. From the start, the party consolidated control of political life, and the state, the army, parliament and the party were amalgamated. The president had (and still has) extensive powers, and, as far as possible, all political activity is channelled into the party or the party's organisations.

Government policy has long been based on 'African Socialism', as defined in the Arusha Declaration of 1967, and which, following the Chinese example, coupled socialism with African-inspired self-sufficiency and self-confidence policy (based on village communities – 'Ujamaa'). Economically, a centralised, planned economy was established. Large parts of the economy were nationalised, prices and currency rates were controlled by the state, and private enterprise was generally discouraged. In the late 1970s, this policy, and a number of external factors, led to economic collapse. 'Ujamaa' relied heavily on the development of the social services in rural areas, and at first this led to significant improvements in health and education. However, the unsuccessful economic policy gradually undermined this progress.

The development of a nation with a common national feeling and a common language, rather than tribal loyalties was one of Nyerere's most important objectives, and today Tanzania is in general a peaceful country without ethnic conflict.

President Nyerere retired in the mid-1980s, and a gradual shift in economic policy towards more liberalisation followed. At the same time, internal and external pressure mounted for political liberalisation. As a result, in the early 1990s a multi-party system was reintroduced, the media were liberalised, and the amalgamation of the party, the state and the army was revoked.

The first presidential and parliamentary elections with the participation of several parties took place in 1995, when a total of 13 parties stood for election. The CCM candidate, Benjamin Mkapa, won the presidential election with 62 per cent of the vote. Five opposition parties together achieved about 20 per cent of the 274 seats in the Union Parliament. At the election held in October 2000, Mkapa was re-elected as President of CCM with 71.8 per cent of the vote. In the parliamentary election, the opposition parties won almost 35 per cent of the vote, but because of the first-past-the-post system in constituencies, they only achieved about 13 per cent of the seats. International observers concluded that generally the elections on the mainland were peaceful, freely conducted and representative of popular opinion. The results of the election should be considered in light of the fact that the opposition parties were affected by internal and mutual differences during the period.

Parliament has gradually gained greater influence in the political debate, not least because the governing party's own members of parliament have been critical of government policy and legislation.

An extensive local authority reform, which was introduced in 2000, is an important step away from the previously strong centralisation and control. The reform will involve considerable decentralisation of responsibility and resources to the country's approximately 115 district councils, and in the long term it is expected to strengthen democracy, good governance and more efficient utilisation of resources. Pre-requisites for this, however, will be that the districts' capacities are enhanced, and that local politicians, administrations and citizens understand and exploit the new opportunities.

An increasingly more democratic social structure has also been demonstrated in other areas in recent years. The private media sector has grown considerably and appears strong and directly critical of abuses of power, injustices and corruption. An independent trade-union movement is being developed and business organisations are more visible in the dialogue with the Government. The courts function relatively independently, and a reform launched in 1999 aims at making the entire legal system more modern and efficient. It also aims at eliminating corruption. The human rights situation on the mainland is relatively good, although injustices continue, particularly by the police and within the prison service.

While there have been advances in the process of democratisation on the mainland the situation on Zanzibar has been affected by conflict between the governing CCM party and the opposition party, CUF ever since the controversial presidential election in 1995 where the CCM candidate, Salmin Amour,

was declared winner with 50.2 per cent of the votes. In combination with serious violations of human rights, the majority of the bilateral donors, including Denmark, have decided to phase out support to Zanzibar. Danish support ceased at the end of 1996.

In 1999, following protracted arbitration, with assistance from the Commonwealth Secretary General, the parties succeeded in reaching agreement between CCM and CUF on normalising the political situation prior to the election in 2000. As part of the agreement, CUF recommenced parliamentary activity in Zanzibar. However, the Amour Government did not keep to its side of the agreement, which included comprehensive reform of the electoral system and the legal sector.

The election campaign in Zanzibar up to the 2000 election was influenced by serious disagreements between the two parties, and the polling itself on October 29th 2000 was chaotic, particularly in the 16 constituencies where re-election was conducted. The elections were not observed by the EU. CCM's candidate, Amani Karume, was declared Zanzibar's new president with 67 per cent of the vote against 33 per cent for the CUF candidate, Seif Hamad. The opposition, which demanded a second ballot all over Zanzibar, boycotted the re-polling in the 16 constituencies.

Following his inauguration President Karume sought a conciliatory approach. Eighteen opposition politicians, including four previous members of the Zanzibari Parliament who had been remanded in custody for treason since 1997, were released immediately after his inauguration.

CUF refused to accept the outcome of the ballot and decided that the elected CUF candidates on Zanzibar would not participate in the work of either parliament. When CUF in January 2001 tried to stage protest marches against the ballot in all major towns despite the fact that the Government had banned the demonstrations, the police, especially in Pemba, swiftly and severely cracked down on the demonstrators. Serious human rights abuses were reported with several dead and wounded, and in the subsequent tense situation a substantial number of people fled Pemba and took refuge in Kenya. Urged by the international community, at the beginning of March 2001 CCM and CUF took the first visible and concrete steps to initiate a dialogue with a view to normalising the political situation, and on October 10th 2001 an agreement between the two parties was signed at the State House in Zanzibar. The agreement stipulates the path to be followed during the next 18 months in normalising the political situation. A Joint Presidential Supervisory Commission with equal participation from both parties will be formed to monitor the initiatives to be implemented under the agreement. The ceremony was witnessed by the Union and Zanzibar presidents, who fully committed themselves to the implementation of the agreement.

The issue of future Danish assistance to Zanzibar will regularly be reassessed in light of developments in the human rights situation and the Government's

willingness to implement the agreement. The implementation of the agreement, including the continued dialogue between CCM and CUF, on the other hand, will also have some bearing on the continued dialogue between Tanzania and Denmark on development co-operation issues.

For many years following independence, Tanzania pursued an active foreign policy, and President Nyerere succeeded in achieving a central international role for the country, not least in the North/South dialogue within the Organisation of African Unity (OAU) and regionally in southern Africa. Tanzania was one of the strongest forces in regional co-operation to combat the apartheid regime in South Africa within the 'front-line-state co-operation', which existed at the time.

Tanzania has provided asylum to refugees from many countries over the years, from South Africa in the south to Somalia in the north. It is estimated that there were about 850,000 refugees in Tanzania in mid-2000, particularly from Burundi, Rwanda and the Democratic Republic of Congo. This large number of refugees places an economic, social and environmental burden on Tanzania, particularly in the border regions of Kigoma and Kagera.

In recent years, Tanzania has primarily, and successfully, concentrated on ensuring good relationships with neighbouring countries. On the initiative of President Mkapa, in 1996 East African co-operation between Kenya, Uganda and Tanzania was restored. This co-operation was formalised at the end of 1999 with the signing of an agreement on the restoration of the East African Community.

Ex-President Nyerere participated actively in endeavours to achieve reconciliation and a peace agreement with the neighbouring country of Burundi up to his death in October 1999. South Africa's former president Mandela took over the role as mediator and led the negotiations forward to the signing of a preliminary co-operation agreement in August 2000 between the 18 Burundi parties. Tanzania is remaining neutral in the crisis in the DRC and is working closely with other countries in the region, especially Zambia, Mozambique and South Africa, to ensure that the parties observe the Lusaka cease-fire agreement.

2.2. Economic and social development

With a GNP of USD 280 per inhabitant in 2000, Tanzania is one of the poorest countries in the world. However, there is no doubt that the country is on the right course and that it now has better opportunities than ever before to reduce poverty significantly.

The basis for this is the economic structural adjustment and reform policy followed by Tanzania since 1986, with support from the Bretton Woods institutions and multilateral and bilateral donors. This policy has fundamentally redirected the previous state-dominated economy towards a market-based economy where the private sector is expected to play a leading role. The reforms have also stabilised the previously very unbalanced economy and, inter alia,

brought down inflation from over 30 per cent p.a. to about 6 per cent p.a. in 1999/2000, reduced the state's budget deficit considerably, increased currency reserves significantly by a figure corresponding to four months' imports and stabilised the exchange rate.

Economic growth in recent years has been increasing with mining, construction and tourism growing most rapidly. In 1999 growth in GDP was 4.7 per cent, and it is expected to increase to 5.5 per cent in 2000 and 5.9 per cent in 2001. With an estimated growth in population of 2.8 per cent p.a., this corresponds to an economic growth per inhabitant of 1.9-3.0 per cent p.a. Growth rates per inhabitant of 3-5 per cent p.a. over many years will, however, be necessary to reduce poverty significantly.

Economic reforms are still in progress, including privatisation of state enterprises in all sectors, improvements in the state's economic management, reorganisation of taxes and duties, increases in the basis for state revenue, etc. However, since the mid 1990s, the agenda for reforms has placed special emphasis on institutional reforms. These aim in particular at making the public sector more efficient through better management, personnel policies, salaries, etc. Other important initiatives include transfer of authority from central government to local authorities, efficiency improvement in the legal system, legislative review, and structural change in individual sectors (including health, roads, water and agriculture) with a view to improving public services.

Financing the public sector continues to be a major challenge. Public revenues comprise only about 12 per cent of GDP, and an extension of the revenue basis will only be possible gradually. Hence, there are only narrow limits for increasing public expenditure without jeopardising economic stability.

Financing the public sector will be relieved through the HIPC debt relief for which Tanzania fully qualified in 2001. In recent years, servicing the foreign debt has accounted for about 13 per cent of public expenditure. After the HIPC and Paris Club relief of the bilateral debt, about 55 per cent of the mid-1999 level of total foreign debt will be written off. Even in the year before final qualification, Tanzania will save approximately USD 44 million in debt servicing. Domestic debt, the servicing of which from 1994 to 1998 also accounted for 12-13 per cent of expenditure, has been reduced significantly in recent years. Limited new domestic loans are expected in forthcoming years, however, in order to allow for greater expenditure on priority sectors.

Tanzania has a large export deficit which has been increasing slightly since the mid-1990s, partly due to falling exports of coffee and cotton.

Despite the reforms and the results already achieved, Tanzania faces great challenges. The economy is primarily based on an underdeveloped agricultural sector where a large majority of small farmers do not have access to modern methods of production, and are entirely dependent on the climate, which has become increasingly unstable in recent years. Primary agricultural and forestry production and fishing employ about 80 per cent of the population and

account for almost 50 per cent of GDP. In comparison, industry accounts for less than 8 per cent of GDP.

The transport infrastructure in Tanzania is inadequate. It is in poor condition and contributes to higher production costs in agriculture and other sectors compared with the surrounding countries.

The school and education systems are very poor throughout, and the proportion of children attending school has been falling over the past 20 years. The proportion of children reaching school higher than basic school level is extremely low, even by African standards.

The quality of public services is generally poor and characterised by inefficiency and lack of motivation on the part of public employees. Very low pay and inadequate personnel management in the public sector are contributory factors. Financial management and presentation of accounts in the public sector continue to be weak, although considerable reforms are on the way. Local authority reform will place increasing demands on the capacity of the districts, including financial management and administration.

In addition, corruption is rampant. In 1999, the Government drew up a strategy and action plan to combat corruption. A large number of customs and police officers involved in bribery have been removed and the anti-corruption bureau has been strengthened. However, only few cases involving large-scale corruption have been brought before the courts.

Although there have been improvements in the business and investment climate, significant obstacles to development of the private sector remain, including outdated and inconsistent company legislation, incomprehensible tax demands and complicated and difficult administrative procedures, all of which nourish corruption.

The HIV/AIDS epidemic is worsening in Tanzania. According to official statistics, 9.4 per cent of the adult population had been afflicted by the epidemic in 1997, but the actual figure is undoubtedly higher. AIDS is now the most frequent cause of death among adults, and it is increasing as a cause of death for children under 5. It has been estimated that the disease has caused a drop in life expectancy from 56 to 47 years.

The economic and social consequences of HIV/AIDS are becoming increasingly visible throughout society. Rural communities are being affected to an ever-greater extent and this will impact productivity negatively. The already scarce skilled and highly educated labour force will become even more difficult to come by to satisfy the needs of the growing economy. Schools and the health service, as well as other parts of the public sector are increasingly being hit, and the number of orphans is beginning to exceed what extended families can cope with. Women and men are affected to the same extent, but women are typically infected at a younger age and infection from mother to child is becoming more frequent.

Both official and popular reactions to HIV/AIDS have come late in

Tanzania, and the disease is still subject to silence and stigma. However, the President addressed the subject seriously in his New Year speech for 2000 and there is increasing openness in the media. Formally, plans to combat HIV/AIDS have existed for many years. Adopted in 1998, the current plan applies to the period 1998-2002, but this was still being developed into final action plans in the ministries and districts in the autumn of 2001. A national AIDS council, headed by the prime minister's office, and with the Ministry of Health's National AIDS Control Programme as secretariat, has been established to co-ordinate between the sectors. Furthermore, the Government has established a national consultancy AIDS forum that includes the private sector, religious groups and NGOs. However, none of these bodies are yet working with adequate effect and the NGOs active in the area also lack impact.

Starting with the fiscal year 2000/2001, the Government has allocated significant resources to combat AIDS, and it has officially redefined the problem from being a health problem to being a general development issue.

The rapid growth in population in Tanzania means that the population is very young. Children up to 15 years old comprise more than 40 per cent of the population. The annual entry into the labour force is correspondingly large – perhaps up to 700,000. Facing this is a labour market in the formal sector with capacity for 20-30,000 new employees per year. Unemployment and under-employment was estimated at 30 per cent of the labour force in the late 1990s. This has undoubtedly risen considerably and today it represents by far the most important problem facing Tanzanian youth.

The youth employment situation is aggravated by the fact that today they are leaving school with poorer skills and qualifications than their predecessors, and because more young people than previously do not attend school. Besides, the public sector employs fewer people than previously, and the growing formal private sector – due to growing competition – is making greater demands on the level of education of employees. Finally, the limited capacity of the education sector above primary school level is not suited to meeting the new demands of employers.

Child labour does exist in Tanzania, but until the results of a Danish-supported labour market survey are available in 2002, not much will be known of its extent.

In 1998, about a quarter of the population lived in towns and cities. This proportion is growing rapidly as a result of persistent migration from rural to urban areas. Urban growth applies to both large cities and smaller centres. Most of the children and young people who move to the towns end up among the already large number of people trying to make a living from temporary work and small enterprises in the informal sector. Migration from rural areas is taking place despite the fact that rural employment problems seem less visible than problems in the towns because arable land is still available in most places. Income from agriculture, however, is very low for most farmers.

The most recent survey of living standards was held in 1991/92. Until the results of the survey currently in progress are available in 2001, estimates of the extent and development of poverty in Tanzania will be very uncertain.

However, there is little doubt that a large part of Tanzania's population lives in poverty. About half of the population have been classified on the basis of various studies as absolutely impoverished. Rural poverty is both more widespread and deeper than in the towns, and there are indications that rural poverty increased during the 1990s. Agricultural families are poorer than rural residents with other employment, and households primarily living on subsistence farming are less well off than those with produce for sale, also with regard to food security. The Pastoralists are amongst the poorest groups. Although urban poverty is far less widespread, it remains a serious problem, not least for people who are dependent on the informal sector. The spread of poverty is different from region to region, especially due to very uneven climate conditions.

As in other countries, poverty is closely linked to a number of other social and economic factors: large families are typically poorer than small ones; the young and the elderly are generally poorer than the middle age groups, and people with little or no schooling are more often poorer than people with more schooling. Studies indicate that households headed by women are not, on average, poorer than those headed by men. However, in many respects women live under greater insecurity than men, for example with regard to rights (property rights, inheritance, the right of disposal of productive resources, etc.), status and personal safety. Therefore, they perceive themselves as poorer than men.

Health is another important dimension of poverty. For example infant mortality is far higher among the poor, not least in rural areas, and HIV/AIDS would appear to be more widespread within poorer groups of the population than within the more wealthy ones. AIDS often results in the families affected becoming poorer through loss of income, extra costs, etc.

2.3. Government development strategy and priorities

The Tanzanian Government's development strategy has been formulated in a number of documents from recent years: Vision 2025 from 1999, the National Poverty Eradication Strategy from 1998, the Tanzania Assistance Strategy (TAS) from 1999/2000, and most recently the Poverty Reduction Strategy Paper (PRSP) from 2000. The first two of the above-mentioned documents contain long-term objectives for 2025 and 2010, respectively, while the last two documents have a perspective of 5 and 3 years, respectively. The struggle against poverty is a central goal for the Government in all these documents. However, it was not until the emergence of the PRSP that specific priorities were set for efforts to relieve poverty in accordance with the economic situation and the economic and institutional reforms.

The implementation of the strategy (PRSP) was condition for the achievement of debt relief under the HIPC. The strategy aims at three target areas: poverty reduction, including improvements in the level of education and health, strengthening of social integration and reduction of the vulnerability of the poor.

The aims are: to reduce the proportion of the population living under the poverty level from 48 per cent in 2000 to 42 per cent in 2003; to reduce the corresponding proportion of the rural population from 57 per cent to 49.5 per cent; and to reduce the proportion of the population who, due to poverty, are undernourished or malnourished, from 27 per cent to 23.5 per cent.

The primary tool to achieve these targets is to continue the current economic policy, which is aiming at ensuring increased economic growth of up to 6 per cent in 2003 while maintaining macroeconomic stability. Improving conditions for the private sector will also receive priority, and special initiatives will be made to stimulate growth in the agricultural sector, including improving the road infrastructure. A new agricultural strategy and a general strategy for rural development are expected in 2001.

In the social sector the PRSP prescribes a number of intermediate objectives for 2003, which require more resources than previously. However, these sectors have for some years already received increased public funds. In the fiscal year 1999/2000 the social sectors received about 32 per cent of all public funds, an increase from about 26 per cent in 1996/97. The strategy indicators in these areas include, inter alia, the proportion of children who attend school, the quality of schooling (exam results), infant mortality, life expectancy for children and mothers, combating malaria and HIV/AIDS, and water supply.

The PRSP also emphasises an improvement in the rule of law through more efficient courts and by combating corruption. Furthermore, local authority reform is mentioned together with more openness, and popular participation in preparation of budgets, projects and programmes.

Finally, the PRSP stresses the role of the environment including that of forestry resources for the livelihoods of the poor, and the necessity to improve the inclusion of environmental aspects in the struggle against poverty is emphasised.

The strategy will be improved and updated regularly. The same applies to the 5-year TAS, which will incorporate the PRSP. It is the intention of the TAS, which is in draft form only, to set the framework for and enhance co-ordination of all donor support, based on Tanzania's own development plans. Together with a number of new sector strategies, these two documents will constitute the most important indicators for both Government and donor contributions to development of the country over the next 5 years.

3. The partnership and donor situation

3.1. Partnership and donor co-ordination

The relationship between Tanzania and the donors has undergone pronounced improvement since 1995, when, on the initiative of Denmark, an expert group drew up a report on the economic situation in Tanzania and co-operation with the donors. The Helleiner Report – named after the chairman of the expert group, Professor Gerald K. Helleiner, Canada – indicated critical conditions on the Tanzanian side, including lack of commitment and limited capacity at both central and local administrative levels, inadequate economic planning and management, erratic tax collection, extensive tax evasion and increasing corruption. At the same time, there were also critical observations regarding the donors' domineering role in projects and co-ordination of development assistance, which had meant that ownership had become a remote concept for the Tanzanian authorities.

The report saw the initiation of extensive dialogue between the Tanzanian Government and the donors, and in January 1997 this led to agreement on the principles for a new partnership. Important elements of this agreement were obligations from the Tanzanian side to continue democratisation, observation of human rights, combating corruption, increased transparency, macro-economic stability, increased mobilisation of domestic resources and more emphasis on the private sector. On their side, the donors committed themselves to respect Tanzanian leadership of policy and programme development, to maintain the level of assistance in the medium term and to change the modalities for co-operation, including the gradual transfer to budget support and sector programme support, enhanced co-ordination and standardisation of the accounting and reporting systems.

With Danish support, in 1999 Professor Helleiner carried out an assessment of progress in the partnership. His findings were conclusive. Significant progress has been achieved towards realising the new partnership. The Tanzanian Government has assumed a considerable degree of leadership, not least in the macroeconomic area, and it has also achieved macroeconomic stability. Thus, the crucial conditions for effective application of development assistance have been established. The dialogue between the Government and donors is much more constructive than before, and it is based on mutual respect. The important donors also clearly express the desire to develop forms of co-operation aimed at budget support,

improved integration of assistance into the Government's own systems and sector programme support. At the same time, Helleiner points out that development of the sector programme approach will have profound consequences for traditional donor behaviour. It requires a shift from donor controlled projects to more emphasis on developing sector policies, greater openness and co-ordination regarding donor funds, transfer of a larger part of budget and accounting control and procurements to the recipient country, and above all acceptance of Government leadership and responsibility for sector programmes. In Helleiner's opinion there is no doubt that this form of greater Tanzanian ownership at sector level will take longer to achieve than the changes that have already taken place at the macroeconomic level.

In recognition of the positive effects which Professor Helleiner's regular, independent assessments have had on the development of the partnership between Tanzania and the donors, discussions are currently taking place on the establishment of a more formal monitoring mechanism, based in a Tanzanian economic institute, financed by Denmark, and including independent international experts.

It is planned that this independent monitoring mechanism will report to the annual CG meetings (Consultative Group headed by the Government and the World Bank) currently taking place in Tanzania. The CG meetings are the central forum for collective and general discussions between the Government and the donors on the political and economic situation in Tanzania and development co-operation in general.

Increased Tanzanian ownership can be seen in the Government initiative to prepare the Tanzania Assistance Strategy (TAS), and in the fact that the Government itself drew up the PRSP.

In line with the development of the partnership, co-ordination and dialogue between the Tanzanian authorities and the donors has intensified considerably. In the macroeconomic area, the on-going co-operation between the Government and the donors on monitoring and rationalisation of public finances (the Public Expenditure Review), which is headed by the Ministry of Finance, can be mentioned. Another example was the support from a number of bilateral donors, including Denmark, to the Multilateral Debt Fund, which was established by the Government with joint reporting and accounting and with regular dialogue concerning development.

The main emphasis of the co-ordination is on specific developments and the implementation of institutional reforms and sector programmes under the leadership of the relevant Tanzanian authorities and with the participation of interested donors. Considerable variation exists between the degree of co-ordination and development of the partnership in individual areas. The Local Government Reform and Health Reform are the most advanced reforms, where a number of donors, including Denmark, are part of a joint financing arrangement with the Government on implementation of the reforms and the associated action plans.

In other areas, such as reform of the public sector, tax administration and the road sector, the Government has prepared an overall programme where, in close co-ordination, each donor is funding different elements.

Regarding education, endeavours have been made for several years to establish a sector programme proper. However, as progress has so far been modest, donor managed projects still exist. Government leadership is also very limited within other sectors such as agriculture, water and the environment, and the overall framework has yet to be finalised.

The significant differences between the various areas and sectors reflect the fact that development of partnerships is a protracted process requiring commitment, trust and capacity from both the Government and the donors. Just as differences between individual countries and organisations exist on the donor side regarding their readiness and ability to demonstrate flexibility, there are considerable variations between the capacity of individual ministries on the Tanzanian side to take responsibility and leadership, including variations in their ability to demonstrate the necessary transparency and accountability. However, as mentioned by Professor Helleiner, considerable progress has been made within a relatively short period of time, and there is general commitment from all sides to further develop and expand the partnership.

3.2. Scope and allocation of donor assistance

Total annual development assistance to Tanzania has been about DKK 7 billion in recent years, corresponding to about DKK 220 per inhabitant. Donor support, therefore, amounts to over 30 per cent of total public expenditure, and about 85 per cent of the capital budget.

A large number of donors are represented in Tanzania, and assistance is more or less equally distributed between bilateral and multilateral assistance. The largest bilateral donors are Japan, the Netherlands, Sweden, Denmark, Germany, the United Kingdom and Norway. The largest multilateral donors are the World Bank, the EU, the African Development Bank and the UN. Approximately 70 per cent of assistance is granted as gifts, while 30 per cent comprises loans on very favourable conditions.

Donor assistance covers a very wide area and many sectors. According to a statement from the UNDP, in 1998 the largest areas for donor support were macroeconomic and institutional reform, followed by the social sector (health, education, water), transport, energy and agriculture. Like Denmark, in recent years several bilateral donors have concentrated assistance in fewer sectors in accordance with the priorities of the Government of Tanzania.

3.3. Conditions for dialogue with the authorities

The Tanzanian and Danish development policy objectives and priorities are in harmony with each other, and co-operation takes place in close, open and constructive dialogue. Denmark is active in developing a new type of partnership between the Government and the donors, both at the overall level and within priority sectors and areas for Danish assistance. This is appreciated by the Tanzanian authorities.

In line with the development of the partnership, and not least the intensified Tanzanian leadership, the efficiency and quality of co-operation with Denmark has improved, but as mentioned considerable differences exist between the various sectors and areas. In a number of cases, lack of delegation of responsibilities and inadequate capacity have meant that it has been necessary to take relatively straight-forward decisions and subsequent follow-up activities to a high level.

3.4. Co-operation with civil society

In Tanzania approximately 8,500 private organisations were registered in 2000. Their work concentrates in particular on delivering social services, and this should be regarded in light of the traditional significance of Church missions in health and education, and the large number of district-based organisations with social objectives. Furthermore, in Tanzania there is a tradition – especially among women – for informally organising relief for economic and social problems.

In step with increasing democratisation, a number of recently founded private development organisations have started to participate in the social debate and development. These organisations have relatively well-educated leaderships, but they also have rather modest capacity, few members and strong dependence on resources from donors and they are concentrated in larger towns. Special interest organisations, independent of trade unions and other associations, are developing but, with a few exceptions, they remain weak.

The relationship between the Tanzanian state and civil society is undergoing change. A new NGO policy which makes registration easier, but which also places demands on organisations for more transparency, is in preparation and new NGO legislation is expected to follow in 2001.

In recent years the Tanzanian Government has increasingly involved civil society in the development process, not least in connection with preparation of the development and poverty strategies, at the annual public expenditure review and at the CG meetings. Although civil society has had influence in individual areas such as the commission for human rights and the land act, there remains a need for the organisations to develop their commitment and capacities to

become active dialogue partners with the Government and to enhance their grassroots contacts.

Danish development assistance already involves civil society in relevant areas, both with regard to sector programmes and in support to democracy. In each case, the actual support touches upon balancing the organisation's capacity and its role in relation to the state. Within the business sector programme, for example, there is good experience with strengthening a business organisation, while support to the employee side has been pending the implementation of legislation on independent trade unions from July 2000. In the health and agricultural sectors, there has not been very much direct co-operation with civil society. With regard to the health sector, priority has been on enhancing government leadership in the sector. In agriculture, the absence of organisations representing the interests of small and medium-sized farmers has been an obstacle. The roads sector programme involves, for example, women's groups in placing road work out to tender at the lowest levels.

Within the areas of democracy, good governance and human rights, the NGOs are supported strategically and flexibly with small project grants. Likewise, for example, Danish support for the preparation of a new NGO policy and a free press has sought to promote the development of a favourable climate for civil society.

Co-operation with civil society will be assessed regularly in step with changes in organisations and the distribution of roles between the state and organisations.

4. The Danish assistance programme

4.1. Overall objectives for the country programme

The overall aim of Danish development co-operation with Tanzania is poverty reduction through a programme that strives to balance productive and social initiatives that support one another. The programme is based on the Tanzania Assistance Strategy (TAS) and the Poverty Reduction Strategy Paper (PRSP), and it is aimed to achieve the overall objective for the Danish programme by pursuing six individual, but interdependent, sub-objectives.

Firstly, Danish assistance initiatives will be directed towards increasing production in agriculture and other parts of the private sector where the potential for poverty-related growth is significant. Support to the agriculture and business sectors is one of the most important elements in this regard. Furthermore, from January 1st 2000, activities in the PS Programme have been extended to also comprise Tanzania.

Secondly, Danish initiatives will include support to rehabilitating and expanding Tanzania's infrastructure, which constitutes the physical basis for the country's economic development. Assistance to the roads sector is the most important element in this connection.

Thirdly, steps will be taken to develop Tanzania's human resources. Attention will be given to enhancing access to, and the quality of, basic health services. This is to contribute to an immediate improvement in the population's living conditions and to establish a basis for sustainable development in the long term. Support to the health sector is the most important element in this context.

Fourthly, there will be more initiatives focusing on enhancing macroeconomic and institutional reforms which support the Government's development strategy and which at the same time are essential for obtaining the required overall framework for the implementation of sector initiatives. Support to improving the efficiency of collection and administration of taxes as well as administration of the public sector's finances, the Local Government Reform and civil servant reform, and general budget support are all examples of this.

Fifthly, promotion of democratic development, respect for human rights and good governance, strengthening the gender aspect in the development process and consideration for the environment will comprise additional, independent objectives for Danish assistance to Tanzania. Support to the legal system and to promoting respect for human rights are examples of this.

Sixthly, there will be special initiatives through Danish development assistance to strengthen efforts to combat the HIV/AIDS epidemic in Tanzania. Initially, a review of all the existing sector programmes and projects will be carried out in order to incorporate initiatives to prevent the HIV/AIDS epidemic as far as possible. Furthermore, there will be active efforts to ensure that the HIV/AIDS epidemic is accorded high priority in Tanzania as a development problem that requires an inter-sectoral approach, co-ordination, and more resources.

4.2. The poverty strategy in the country programme

The individual elements in the strategy for bilateral co-operation between Denmark and Tanzania contribute to combating widespread poverty in different areas and at different levels, thereby supplementing one another.

A prerequisite for combating poverty in Tanzania, both short and long term, is the creation of significantly increased economic growth. This can only be secured through boosting production. Support to the agricultural sector is particularly important in a country where approximately 80 per cent of the population base their livelihood directly on agriculture. Productivity development, improved credit opportunities and market access as well as increased production, including crops for export, concentrating on women and men small farmers, will lead to increased incomes for the poor families in rural areas. This will also enhance utilisation of the greatest growth potential of importance to macroeconomic development. Danish support to the agricultural sector will also contribute directly to strengthening private enterprise, which, in agreement with Government policy, will be the principal element in future development in the sector.

Through support to the business sector, initiatives will be taken in both the formal and informal sectors, comprising support both to improving the framework for the private sector and to initiatives to directly promote production and employment. Support to developing micro-financial services and to adapting vocational training so as to meet demand from both the formal and informal sectors will directly consider the needs of the most impoverished women and men. However, the greatest poverty-reducing effect of the programme will be long-term and indirect, in the form of supporting the development of a modern business sector which can increase economic growth and employment.

One of the greatest barriers to growth and poverty reduction in Tanzania is the country's poorly developed road infrastructure. For many of the people living in rural districts, the poor state of the roads, which are often completely closed during the rainy season thus increasing the cost and difficulty of transport of both goods and people, is a fundamental obstacle to their inclusion in the national economy and their ability to work their way out of poverty.

Support to the roads sector covers all levels of the road network. Main roads, which connect the different regions in the country, are essential for trade both within Tanzania and with the outside world and therefore have both a direct and indirect effect on alleviating poverty. Regional, district and village roads provide immediate access to markets where farmers can sell their products, and thus they have a direct poverty-reducing effect.

Support to the health sector has a direct impact on poverty reduction, as the sector has access to more resources than would have been possible through the Government's own budget, and contributions of a financial and technical nature will help to develop sector policies and plans. Finally, institutions essential to the provision of health services at local level will be strengthened and become more efficient. By improving health conditions for poor women and men, the immediate opportunities of the poor to earn a living and improve their conditions in general are increased while at the same time paving the way for more long-term improvement of their conditions.

Together with support from the activities of other donors, general macro-economic assistance and support to institutional reform constitute important contributions to implementing the Government's overall vision and policy that is dedicated to poverty reduction. In keeping with this, the Government is placing increasing emphasis on improving social services, both by increasing allocations of its own resources to the social sectors, and through decentralising competence and decision-making to district level. At the same time, the reform of the public sector aims at promoting the motivation and efforts of employees in the public sector through improving salaries and increasing performance demands. Macroeconomic support also contributes to both increasing taxes and making tax collection more efficient. This is a precondition for increasing state revenues and thus for strengthening initiatives to combat poverty and reduce long-term donor dependency.

In addition, through supporting improvements in the management and control of state finances, macroeconomic assistance aims at contributing to channelling donor assistance as budget support through the Government's systems for budgets, payments, tenders, accounts and audit. Macroeconomic and institutional assistance has a direct poverty-reducing effect by contributing to increased allocation of resources to priority sectors and more efficient utilisation of funds within these sectors, as well as more efficient implementation of activities at local level.

Continued development of democracy and civil society at both central and local levels is essential for popular participation in, and influence on, the development process. Increased openness and responsibility in the administration and development of a better-functioning legal system will limit randomness in decision-making. In particular, this will lead to improving conditions for excluded and marginalised groups, including poor women and men. It will also reduce the potential for corruption as well as enhancing predictability, which is

also vital for developing the private sector. Therefore, support to continued democratisation, good governance and the legal area has both a direct and indirect poverty-reducing effect.

4.3. Focal areas of the programme

In accordance with Denmark's overall development strategy and the first country strategy for bilateral co-operation between Denmark and Tanzania, the number of co-operation sectors has been reduced in the strategy period 1996-2000. At the same time, steps have been taken to prepare a sector programme concept in the selected priority sectors. The many previous project activities within carriage by sea, ports, electricity and drinking water, and the single projects within health were therefore concluded in the previous strategy period.

The planned phasing out of the basic schools programme in the first quarter of 2001 will mark the completion of the focus of the development assistance programme on four priority sectors. The process, which has been conducted over a longer period, has placed priority on the sustainability of activities, either by the recipients themselves taking responsibility or by other donors stepping in.

Following this, the Danish programme will include support to sector programmes within health, roads, agriculture and the business sector, supplemented by support to macroeconomic and institutional reforms as well as assistance to the promotion of democracy, good governance and respect for human rights.

The intended breakdown of assistance between the sectors is as follows:

Health	25%
Roads	25%
Business sector	10%
Agriculture	15%
Democratisation, etc.	10%
Macroeconomic and institutional reform	15%

The PS Programme and environmental activities under the Environment, Peace and Stability Fund (MIFRESTA) are additional to this.

4.4. Implementing sector focus

Focus on four sectors has enabled increased Danish involvement and insight in each sector, both financially and technically. This has also led to greatly strengthened Danish engagement in the dialogue with the Government and other donors on monitoring, adapting and developing policies within each area and in preparing and implementing sector programmes. The final goal is for assistance to be channelled through the Government's own systems.

In Tanzania, the health sector is the most advanced in this area. Danish support has played an important part in enabling preparation of a final sector programme with three-year action plans and in establishing a "basket fund" system between the Ministry of Health and the most important donors. This should eventually lead to gradual integration of the administration of donor-funded activities into the Government's system and "basket funding" of the sector. A similar "basket funding" scheme has also been established within the Local Government Reform with Danish support.

Within the roads sector, an integrated road sector programme constitutes the basis of both Government and donor initiatives, and a smaller "basket funding" scheme has been established with a view to developing the Road Directorate, TANROADS, to which Denmark also contributes.

In contrast to this, initiatives to prepare a final sector programme for the agricultural sector have only just begun. However, as an important first step, in 2000 the Government initiated preparation of an agricultural sector strategy. On the initiative of the World Bank and Denmark in particular, the important donors have entered into co-operation and a more systematic dialogue with the Government.

In many ways, the business sector crosses the traditional division of sectors and is directly influenced by policies and initiatives from a large number of different competent authorities. Hence, there is little point in drawing up a joint sector programme for the business sector. A joint policy framework should rather be established to ensure that implementation of individual donor and Government initiatives could be co-ordinated. Danish support has contributed to proposals for a national forum for dialogue between the Government and the most important parties within the business sector, and there is also informal co-ordination of donor initiatives.

Experience in Tanzania has clearly illustrated the importance of thorough insight into and support to macroeconomic and institutional reforms, as these reforms dictate the overall framework for sector initiatives. An example of this is the Local Government Reform, which entails an important break with central management and administration at sector level. Through its support, Denmark has gained detailed insight into the Local Government Reform, which has been used directly in Danish sector programme support within health, roads and agriculture and in the dialogue on the formulation and imple-

mentation of the Government's sector plans and programmes as well as the design of decentralised projects, including within the Environment, Peace and Stability Fund (MIFRESTA). This also applies to the reform of the public sector, which is crucial for the efficiency of public administration and hence also the services offered by individual public institutions to the population.

The interplay between support to overall macroeconomic and institutional reforms and support to sector reforms has thus given rise to a considerable synergy effect between Danish development assistance initiatives to Tanzania. Furthermore, the potential for synergy is greatest at local level where different Danish sector-programme activities are implemented in the same regions and districts. This particularly applies to the Iringa region, which is one of Tanzania's most important agricultural areas. Here, the planned support to regional, district and village roads and the development of micro-credit through the CRDB will directly support the initiatives within the agricultural sector to improve conditions for small farmers. In addition, there are synergy effects between initiatives for the agricultural sector and forestry management projects within the Environment, Peace and Stability Fund in the Iringa region, and between the nationwide Danish programme support to the health sector and urban environment projects within the Environment, Peace and Stability Fund, which currently comprises Mwanza, Iringa and Arusha.

In connection with the preparation of Tanzania's poverty-reduction strategy, gender-specific indicators for measuring the poverty-reducing effect of the Government's and donors' collected development initiatives will be prepared. Within the health sector, an indicator system is in preparation as part of collaboration between donors and the Tanzanian authorities. During preparation and implementation of the Danish sector programme components and other projects, indicators for measuring progress and effects have been drawn up. In the future, where possible, Danish assistance will emphasise support to develop Tanzanian monitoring systems rather than having separate systems to monitor Danish development assistance.

4.4.1. Agriculture

Agriculture is the cornerstone of the Tanzanian economy. Food crops account for over half of the value of production, and cattle almost one third. The sector contributes with approximately 60 per cent of exports. The most important agricultural products for export are coffee, cotton, tea, tobacco and cashew nuts, all of which are generally unprocessed. The not inconsiderable amounts of food crops, which are unofficially exported to neighbouring countries, are additional to this figure. However, more than 90 per cent of total agricultural production is consumed in Tanzania itself.

In Tanzania, poor small farmers grow almost all food crops and the most important commercial crops. Therefore, the agricultural sector is vital in the efforts to reduce the widespread poverty, which is greatest in rural areas.

In recent years, Tanzanian small farmers have been faced with market conditions that have changed fundamentally. Neither the state nor the co-operative movement any longer have procurement monopolies, and today private companies dominate the market. By and large this liberalisation is thought to have had positive effects for the small farmers. However, not all farmers have benefited equally from the reforms due, among other things, to the poor state of the country's transport infrastructure, which makes it unprofitable to deliver goods to and buy produce from farmers in remote areas.

Limited access to financial services, inappropriate taxation, a weak judicial system, a high and increasing rate of illiteracy, and the everspreading HIV/AIDS epidemic must be added to the other problems facing the sector.

The extensive social reforms in Tanzania since the mid-1980s have entailed severely curbed public sector influence on the agricultural sector. Thus the tasks of the Ministry of Agriculture have been limited to a set of core functions comprising, in particular, agricultural policy, regulation and control, information, statistics, advisory services, agricultural training and agricultural research. The Ministry's transition to its new role has proved difficult, and its efforts have been severely hampered by this as well as by insufficient public funding for the sector. For a period of time, the Local Government Reform will also cause uncertainty about the role of the Ministry, as almost all its field personnel will be transferred to the district authorities from 2000.

Maintaining the public sector's role in agricultural development is highly dependent on donors, of which the World Bank, the African Development Bank, the IFAD, Denmark, Germany, Ireland, and the Netherlands are the most important.

The Danish agricultural sector programme support, the first 5-year phase of which runs from 1998 to 2002, consists of continuing initiatives which have already been set in motion – first and foremost the HIMA Project aiming at the dissemination of sustainable farming methods in the Iringa Region – as well as activities in areas which Denmark has not previously supported.

The general objective for Danish support is to improve the level of income and nutrition for Tanzania's poor small farmers, not least the women. The support is designed in accordance with Tanzania's agricultural policy from 1997, where responsibility is divided between the Ministry, other public institutions and private organisations. In the first phase, this includes support to the Ministry of Agriculture (improving small farmers' irrigation practices, seed-grain production in villages and general institutional development within the Ministry, including gender issues and donor co-ordination), the Agricultural University (applied research concerning the use of raw phosphate as fertiliser), the district authorities (advisory services for the dissemination of sustainable farming methods, including HIMA), the ministries which are responsible for overall social reforms that affect the sector (reform of the public sector and the Local Government Reform) and the private sector including the farmers' own

organisations. The latter is mainly supported through a special component, which from 2000 onward has been added to the agricultural sector programme support, where the focus is on production aspects, processing, marketing and organisation of farmers.

Denmark will continue to work actively to strengthen co-operation and co-ordination between donors under the management of the relevant Tanzanian authorities with a view to developing an agricultural sector strategy in the first instance, and subsequently a sector reform. As mentioned above, as a number of factors that are not included in the Ministry's competence play a key role in the development of small farmers' production, Denmark will support initiatives that ensure that developments in the agricultural sector take place within the framework of the strategy for the development of rural districts, which must also be drawn up.

4.4.2. The business sector and the PS Programme

In recent years, the Tanzanian Government has implemented a number of measures to improve conditions for industrial and commercial development and to attract foreign investments. Despite these improvements, there are still major obstacles blocking development in this area. These include high electricity prices, limited infrastructure, an underdeveloped banking sector and lack of access to credit and venture capital, weak social partners and a vocational training system which should be better adapted to meeting demand from both the formal and informal sectors. Overall, corporate legislation is both out-dated and inconsistent, tax collection is not transparent and administrative procedures and regulations for obtaining, inter alia, business licences and work permits are generally complicated and far from transparent, all of which promotes corruption. The Tanzanian Government recognises that there are still considerable problems with regard to development of productive businesses and is willing to rectify the situation. However, administration is still very slow and many civil servants need to change their attitude to the business world, a development that will take some time.

Danish business sector programme support, the first phase of which runs from 1998 to 2002, aims at remedying a number of the above obstacles to business. The primary objective of the programme is to contribute to greater economic growth and job creation.

Through supporting the CRDB in developing micro-credit systems and contributing to the Fedha Fund, which offers venture capital to private enterprises, Denmark is contributing to strengthening the financial sector. A current survey of this sector, financed by Denmark, the World Bank and others, will constitute the basis for further Danish initiatives within this area.

Through supporting the Confederation of Tanzanian Industries, CTI, Denmark is contributing to organising Tanzanian businesses with a view to strengthening not only their internal co-operation but also their role as sparring

partners for the Government in efforts to improve the business and investment climate.

The commencement of a new act on free trade unions on July 1st 2000 creates the basis for Danish efforts to promote an effective Tanzanian trade-union movement, which will play an important role in building a labour market system proper. As the new law represents a decisive break with the previous state-controlled trade union movement, Danish support will at first primarily focus on basic training for all registered trade unions in issues such as collective bargaining, organisation, communication, supplementary training and education, administration and occupational health and safety.

For the past several years, Denmark has supported the building up of a nationwide vocational-training system. Future initiatives will focus on adapting and developing this system to meet the changed labour market conditions, including developing training modules and capacity to meet demands from both the formal and informal sectors. There will, furthermore, be emphasis on decentralisation and on stronger user representation, particularly by the social partners.

Danish support to establishing a Tanzanian trade court has laid the foundation for establishing an effective mechanism for solving commercial disputes in Tanzania. The new trade court has reduced processing time for commercial disputes from 5-8 years to less than 6 months. Denmark will continue to support expansion of the trade court system in Tanzania.

In order to advance the role of the public sector as a facilitator for business development, support to training and capacity development in the Ministry of Labour is being planned as part of the next phase of the programme. Support for review of commercial and labour-market legislation, and regulations in connection with this, are also expected. Moreover, initiatives will be considered for improving the efficiency of public regulative institutions, which play an important role in developing productive businesses, for example the Tanzanian Standardisation Bureau and the Enterprise Registry. In addition to enhancing the capacity of these ministries and institutions to carry out their duties, an important element in such an initiative will be to contribute to the necessary changes in attitude towards the corporate sector and its role in Tanzania's development.

Under the PS Programme, which was launched on January 1st 2000, up to now support has been provided for two specific co-operation projects between Tanzanian and Danish enterprises and a number of preparatory activities.

4.4.3. Roads

A precondition for social and economic development in all regions of Tanzania is that the road network is improved and expanded.

In recognition of this, with the assistance of the World Bank and other donors, the Tanzanian Government launched an integrated roads sector pro-

gramme in 1990 that aimed at stabilising the road network over a 10-year period. A survey in 1997 revealed that since the programme was launched, although the road network had not only been stabilised but also improved, it was still in poor repair. According to the survey, only 33 per cent of main roads (approximately 10,000 km), 25 per cent of regional roads (25,000 km) and 8 per cent of district roads (50,000 km) were in good condition. Parallel with implementation of the integrated roads sector programme, which is currently in its second phase, the most important donors (the EU, the World Bank, Japan, Denmark, Switzerland, Norway, Italy and the African Development Bank) and the Government entered into an intensive dialogue about providing more efficient organisation of the roads sector and ensuring increased local funding for road maintenance. This has led to the establishment of a road fund of which 90 per cent of funding is to be used for maintenance and appropriated as follows: 70 per cent for main and regional roads and 30 per cent for district roads. The road fund is mainly financed through a tax on fuel to be paid into a special, protected account. A board for the road fund consisting of an equal number of representatives from the private sector and the Government has been established. A road directorate, TANROADS, which is responsible for maintaining main and regional roads, was established on July 1st 2000. When TANROADS is in full operation, the tasks of the Ministry of Roads will be limited to supervision of the directorate and overall planning of the road network.

In accordance with the Local Government Reform, the Department of Regional and District Administration under the office of the president is overall responsible for district roads. At the moment, the Department has limited capacity to assess the needs of the districts, and many districts lack qualified technical personnel to supervise maintenance.

By establishing the Road Fund, more resources have been made available for road maintenance in regions and districts. Primarily due to illegal imports of fuel, the resources of the Road Fund fell slightly in 1999/2000, but the Government has initiated measures to prevent such smuggling. The 14 per cent tax rise on fuel sales in 2000 also illustrates the importance the Government now places on maintaining and expanding the road network. However, at the end of 2000 the resources in the Road Fund were still inadequate to maintain the whole road network, but sufficient to cover maintenance of a large part of the network.

The current first phase of the Danish road sector programme support (1997-2001), which is progressing very satisfactorily, comprises a main-road component (rehabilitation of the Dar Es Salaam/Mlandizi Road, which is the busiest in Tanzania), a regional-road component (the Coastal Region), a district-road component (selected districts in the Coastal Region), a local-road component (selected villages in the Rufiji district in the Coastal Region), and an institutional-development component (TANROADS and the Coastal Region).

The second phase of road sector programme support (2001-2005) has been

prepared and will include the same main components as the first phase. The main-road component will comprise rehabilitation of the east-west main road connecting Chalinze to Melela via Morogoro by a Danish contractors' consortium. The regional, district and local-road components will be continued and expanded in the current areas and extended to also include the Iringa region. Local contractors will be used for these components and labour-intensive methods will be used for district and village roads. It is estimated that in the first phase, approximately 50 per cent of the labour force on these roads were women. Emphasis will continue to be given to training local contractors and villagers, including women, in routine maintenance, and support is expected for institutional development in central road institutions and ministries, including road-environmental assessments.

4.4.4. Health

Although Tanzania's health system is relatively well-developed, the economic crisis in the 1980s led to the system being worn down and undermined, and the sector was fragmented into donor-operated programmes. With a view to increasing general access to basic health services of good quality, the Government launched a health reform in 1996. The reform, which aims at relieving the structural problems of the sector including its severe underfunding, is based on giving higher priority to public health services, increasing the efficiency of the health system, mobilising new financial resources and an institutional reform which comprises focus on the core activities of the Ministry of Health and decentralising responsibility for public health services to local government authorities.

Denmark has granted considerable assistance to the health sector for many years and is still the largest donor within this sector. The Danish health sector programme support, which was launched in 1996, primarily focused on support to the Government's health sector reform with a view to improvement of primary health services and support to the reform of the public sector. The support includes assistance to improving the level of service in the primary health service all over the country by means of direct support to districts in the form of medicines, vaccines and budget support. One of the objectives of Danish health sector programme support has been to pave the way for a joint health sector programme under the management of the Ministry of Health and with the participation of most of the largest donors to the sector (besides Denmark, the World Bank, the UK, the Netherlands, Ireland, Germany, Norway, and Switzerland).

With the support of Denmark, among others, the Ministry of Health in 2000 established the basis for launching a sector programme proper. A rolling three-year action plan for implementation of the Government's policy and strategy for the health sector will gradually comprise both activities in the public health sector, which are financed by the Government, and activities which

are financed by donors. The plan also makes up the basis for a joint financing arrangement between the Ministry of Health and donors, in part for the activities of the central Ministry of Health and in part for the district health service, in the form of budget support under the Department of Regional and District Administration.

Danish efforts within the health sector will continue to take place within the framework of the Government's action plan. Based on initiatives so far, the second phase of the sector programme support, covering the period from 1999 to 2004, will continue to support selected elements of the Government's action plan with a view to increasing access to efficient, sustainable, good-quality district health services, particularly for the poorest groups. Thus, the programme will support capacity building and operating costs at central, regional and decentralised levels, including the Medical Stores Department, in order to enable these institutions to better carry out their duties. In particular, emphasis will be on supporting improved efficiency and quality in the sector through the increased capacity of the institutions to give priority to and administer resources, improved personnel structure and work performance, and more effective support functions.

Parallel to this, the programme contributes to solving immediate financing needs in the district health service by providing budget support, medicines and vaccines to districts in order to maintain and improve services, as the districts gradually become part of the Local Government Reform. The Kagera region will continue to be a special pilot area for testing the elements in the Health Reform with focus on drawing on experience gained from the Local Government Reform and developing models for increasing the involvement of the local community in services under district level with particular emphasis on women's health needs and aimed at HIV/AIDS.

The programme is aimed at being flexible enough to allow Danish support initiatives to be integrated into the joint financing scheme ("basket fund") as this is developed. Denmark stresses the importance of: 1) the joint sector programme contributing to improving the quality of the district health service concurrently with implementation of the Local Government Reform; 2) the Government making the necessary priorities and subsequent adjustments so as to ensure that activities compare with the financial basis of the sector; and 3) giving the prevention and combating of HIV/AIDS a key position in the health service.

4.4.5. Macroeconomic and institutional reforms

Following the achievement of macroeconomic stability, the great challenge for the coming years is to secure pronounced economic growth, which can significantly improve living conditions for the general population. Continuation of the macroeconomic and not least institutional reforms will play a crucial role in this development.

Danish support in this area will comprise continued contributions to the public sector reform and the Local Government Reform, both of which aim at improving public services through restructuring and rationalising the public sector by, for example, being more attentive towards the needs of the population. With regard to the public sector reform, Danish support will initially focus on the health sector with support to the initiatives to combine higher salaries with other measures to raise productivity. Corresponding initiatives for other Danish priority sectors and programmes will be considered. Support to the Local Government Reform will partly be general and partly specifically aimed at those sectors which Denmark supports. Emphasis will be given to adapting all programmes and projects to the new decentralised political and administrative structure.

Continued Danish assistance to improve the efficiency of the customs and taxation authorities with a view to increasing public revenues and improving the service levels of the tax authorities is expected. Moreover, as follow up of Danish contributions to debt servicing, general annual budget support is extended through the facility for strengthening public sector budgets and particularly allocations to social sectors. This facility has been established to replace the Multilateral Debt Fund. Further to this, the continued initiatives to improve financial management and control tools in the public sector will be supported, and Denmark will continue to participate actively in the ongoing co-operation between the Government and donors regarding supervision and rationalisation of public finances (Public Expenditure Review). Furthermore, Denmark will act as an active co-player and sparring partner in connection with loans and consultancy offered by the Bretton Woods Institutions, and ongoing efforts will be made to improve co-ordination and harmonisation of assistance under the management of the Government in accordance with the partnership concept.

4.4.6. Promotion of democracy, good governance and human rights

Since the multi-party system was reintroduced during the 1990s, Tanzanian society has gradually become more open and pluralist.

However, the governing party's continued strong presence in all spheres of society, the weak opposition, the inadequate capacity in democratic institutions and civil society, and the lack of knowledge of basic rights among the general public mean that it is still primarily the Government and the governing party which set the agenda for the further development and consolidation of democracy, good governance and respect for human rights.

Denmark will actively work towards advancing and consolidating the democratisation process as an important precondition for favourable social and economic developments in society.

Following the reintroduction of the multi-party system, Denmark has played a central role as the co-ordinating donor at the local elections in 1994, the pres-

idential and parliamentary elections in 1995, and the presidential, parliamentary and local elections in 2000. It would therefore be natural to follow up this initiative in the years before the next elections in 2005.

In order to strengthen the due process of law, promote good governance and improve the statutory framework for democratic and economic development, at the end of 1999 the Government presented a strategy for reforming the legal sector. Since 1998, Denmark was one of the few donors to support capacity development in the Legal Reform Commission and access to legal aid for people of limited means by establishing a NGO network. These initiatives still comprise central areas in the reform programme and can lead to broader Danish commitment in the legal sector as the reform programme develops.

Within the framework of reform of the legal sector, Denmark will provide support to the establishment of an independent human rights commission. The way in which Denmark can contribute to improving the Tanzanian police force and prison service will also form part of Danish deliberations concerning future support for this area.

Since the 1995 election in particular, democracy and human rights have fared significantly worse in Zanzibar when compared to the mainland. Where and when possible, Denmark will continue to support small-scale initiatives which are aimed at strengthening conflict resolution and respect for democratic rights in Zanzibar.

Denmark will promote the Masais' influence on their own development by means of continued support to the Pastoralist Project in Ngorongoro.

Other small-scale initiatives aim at supporting the development of a free press and promoting democratisation through research and information. Furthermore, there is great need to follow up the political, democratic and administrative reforms with information for the general public. A long-term effort to increase especially rural participation in the development society is undergoing will be essential to achieve the goal of the Local Government Reform and to ensure that electorate of the country is well-informed in time for the next election in 2005.

4.5. Cross-cutting issues

4.5.1. The environment

Both the national environmental action plan and environmental policy establish that Tanzania has the following key environmental problems which should be given priority: 1) erosion of arable land particularly due to poor methods of cultivation and lack of conservation measures; 2) deforestation, which is estimated to comprise more than 1 per cent of the entire forest area of approximately 33.5 million hectares; 3) lack of clean water as only 42 per cent of the population in rural areas and 50 per cent of the urban population have access

to clean water within 400 meters of their homes; 4) pollution of the environment which in particular stems from the agricultural sector (pesticides and fertilisers), mining, industries (organic material, heavy metals, waste water and waste oil) and urban development (unauthorised housing with no public services); 5) loss of habitats and biological diversity which is threatened by the need for new land stemming from a growing population, deforestation, poaching, etc.; and 6) deterioration of water quality in the sea, lakes and rivers, as the country's abundant freshwater and marine systems, including mangrove woods, coral reefs, wetlands and fish stocks are also threatened.

In recognition of how inadequate and highly fragmented environmental legislation and management have been, as well as of the failure to involve the local population, a fundamental analysis of the entire environmental sector has been carried out with the support of the World Bank and Danida, among others. The aim of this analysis was to identify options for the most appropriate structure for future management of the environment. The work of translating the environmental policy into practical legislation will be launched when the Government has decided on the future structure of the environmental administration.

In the majority of its components (HIMA, seed grain, irrigation and raw phosphate), agricultural sector programme support aims at sustainable intensification of production in order to avoid, inter alia, increasingly small areas suitable for farming being included in production, thus leading to environmental degradation. The business sector programme includes environmental assessments in the support to specific enterprises, and under the PS Programme the possibility exists for support to initiatives for improving environmental conditions.

Within road sector programme support, an environmental impact assessment of the main-road component is to be carried out and, as a special initiative to improve the environment, existing tarmac will be recycled. Denmark has also supported preparation of Tanzanian environmental guidelines for road construction. Support is also expected for the establishment of a special environment department within the Ministry of Roads.

4.5.2. The Environment, Peace and Stability Fund (MIFRESTA)

Outside of the country frame, and therefore beyond the scope of this strategy, there is in addition Danish support to environmental initiatives financed through the Environment, Peace and Stability Fund, which includes both national and local capacity development and specific environmental projects.

The environmental support programme for Danish assistance to Tanzania for the period 2000-2004 under the Environment, Peace and Stability Fund includes two main components. The first main component is support to natural resource management and protection of biodiversity. This component aims at promoting sustainable management of forest resources and wetlands.

Forest management projects in the Iringa and Lindi regions and a project regarding sustainable management of the Malagarasi-Muyovozi wetland, which is Tanzania's first Ramsar area, are among the projects implemented under this component. All these projects are carried out at decentralised level with the active participation of the local population. In order to ensure that knowledge gained from these projects is collected and applied when developing policies, Danish advisors are stationed in the Ministry of Natural Resources and Tourism. The second main component includes support to urban-environmental management, and thus far projects in the cities of Mwanza, Iringa and Arusha have been initiated.

In addition to this, it is now possible for small-scale Danish initiatives to support development of environmental policies, legislation and administration, and development of renewable energy within the area of wind power, provided on-going wind measurements confirm the potential for this.

4.5.3. Gender aspects

The Tanzanian constitution stipulates that all persons are equal and guarantees the equality of all in the eyes of the law. However, legislation does not fully live up to this, despite certain recent improvements concerning inter alia the right of women to own land. In reality, men and women do not receive equal treatment in many areas such as schooling, work load, access to credit, right of inheritance and inclusion in political decision-making processes, even though 20 per cent of the seats in the Union Parliament are reserved for women. The courts of law also discriminate between men and women, not least in inheritance cases.

The Ministry of Community Development, Women and Children is responsible for co-ordinating the Government's policy for the gender area, while the individual ministries are responsible for implementing specific measures within their area of responsibility. However the gender aspect is generally not given sufficient priority and in general the implementation of gender-related measures is very slow. This should also be viewed in light of the co-ordinating ministry's poor impact and the generally weak institutional and financial resources in the ministries. However, it may be pointed out that current initiatives are aimed at making the Tanzanian budget more gender-specific, and that the gender aspect will be incorporated in the Tanzania Assistance Strategy. Surveys of living conditions and the labour market will also be gender-specific.

The gender aspect is incorporated in sector programmes and single projects within the Danish assistance programme, and concrete gender-related activities are also supported.

Under the agricultural sector programme support, assistance is granted to strengthen the Department for Gender Aspects in the Ministry of Agriculture and there is emphasis on ensuring the active participation of women in the implementation of activities under HIMA, inter alia. An in-depth gender-

policy study with a view to preparing a gender strategy that may be supported under the health sector programme support will be implemented in the health sector in collaboration with the Ministry of Health. Furthermore, a very considerable number of the activities in the health sector programme support are aimed at the primary health of women and children and reproductive health and rights. Within the business sector programme, there are endeavours to increase the number of women who participate in the vocational training programme. At the moment women comprise 30 per cent of each year's students. Attempts are also being made in the CRDB to increase the number of women managers. Under the road sector programme support, special efforts are made to train women contractors and villagers to carry out road maintenance at both district and village levels.

In the "Pastoralist Project" in Ngorongoro, not least single mothers have benefited from the initiatives and as a direct consequence of the project, these Masai women now have the right of ownership and use of cattle through an adjustment of local tradition.

Danish support to limiting female genital mutilation is expected to continue. With regard to human rights, several women's NGOs offering legal aid to the disadvantaged are being supported. In the Human Rights Commission, currently being prepared with Danish support, a standing committee for protecting the rights of women, children and the disabled is expected to be established.

4.5.4. Democratisation, good governance and respect for human rights

Democratisation, good governance and respect for human rights are both an individual area for initiatives and a cross-cutting consideration in Danish assistance to Tanzania.

In the sector programmes, of which three will progress to the second phase in the period, emphasis will continue to be given to advancing this area in the specific activities of the programme. Danish support will, where relevant, improve civil society's knowledge of and influence on the development process, including Danish assistance. Furthermore, Danish assistance will contribute to ensuring that basic rights are respected as well as improving information for the general public with a view to preventing corruption, etc.

The Local Government Reform is in itself an important step towards strengthening the democratisation process, as it brings decision-making processes and resources closer to the population and thus has the potential to enhance both popular participation in the development process and good governance. In the years to come high priority will be given to adapting all relevant activities supported by Denmark to the new decentralised political and administrative structure, in step with implementation of the elements of the reform. Furthermore, sector programme support to health, roads and agriculture in particular will specifically work on strengthening popular participation in the interplay between local government and the population in each sector.

Increased integration, not least at district level, of Danish project and programme resources into the public budget, accounts and audit systems, and enhancing transparency and accountability in the Tanzanian administration will be another cross-cutting area for initiatives aimed at advancing sound administrative practices.

5. Co-operation with the resource base

5.1. Participation by Danish businesses

The Tanzanian Government considers that development of the private sector is vital as a dynamo for economic growth and it is increasingly investing in attracting foreign investment. A large number of previously state-owned enterprises have been taken over by foreign, in particular South African, companies and considerable foreign investment has taken place, particularly in the mining sector (gold) and in tourism. In the African context, Tanzania is now considered one of the more interesting markets by foreign investors.

The selection of the business sector as one of the four priority sectors for Danish-Tanzanian development co-operation reflects the Tanzanian Government's commitment to developing and improving conditions for private enterprise.

The number of Danish enterprises permanently represented in Tanzania remains limited. However, Danish businesses are showing increasing interest in Tanzania in connection with opportunities for receiving support for specific co-operation projects between Danish and Tanzanian enterprises. This interest has been further reinforced with the initiation of the PS Programme from January 1st 2000. The formal private sector in Tanzania is still very limited in size, but with the prospect of increasing economic growth and continued improvements in conditions for business life, the potential for Danish enterprises is growing. In this regard, Danish enterprises will also be able to build on the contacts and platforms created by Danish development assistance to the business sector and others.

Within the rest of Danish bilateral assistance in general, the greatest opportunities to involve Danish business remains in the road sector, where Denmark is strong and enjoys wide recognition for the quality of the main-roads projects. Furthermore, there will be opportunities to supply the health sector in particular.

5.2. Co-operation with Danish research institutions and consultancy firms

Within the agricultural sector, support is being provided to co-operation between the University of Sokoine and the Royal Danish Veterinary and

Agricultural University on the development of raw phosphate. Danish research institutions are involved in specific research activities into natural resource management projects under the Environment, Peace and Stability Fund (MIFRESTA) framework. Under the ENRECA programme a number of co-operation projects have been established between Danish and Tanzanian research institutions, including research and training programmes regarding malaria, philariasis and health systems, which from the Danish side involve the Danish National University Hospital, the Danish Bilharzia Laboratory and the University of Copenhagen.

A large number of Danish consultancy firms are involved in development assistance co-operation in connection with preliminary studies, reviews and supervision tasks, as well as short-term technical assignments within virtually all programmes and projects. One Danish consultancy firm has a permanent office in Tanzania.

A significant need will remain for Danish consultancy firms in development assistance co-operation. At the same time, increasing priority will be placed on involving local consultants, preferably in co-operation with Danish consultants, in order to underpin and develop the local resource base, which remains limited compared with demand from both authorities and donors.

5.3. Utilisation of advisors

At the end of 2001 the Danish development assistance programme included 39 long-term advisors stationed locally, of whom ten were corporate advisors. In addition there were 11 long-term advisors, including one corporate advisor, under the Environment, Peace and Stability Fund (MIFRESTA).

In the shorter term, a slight increase in the number of advisors posted to Tanzania under the MIFRESTA Fund is expected as a result of the significant growth in the programme in the forthcoming years. Regarding development assistance, the number of long-term advisors has been reduced during the first strategy period, primarily as a result of concentrating the support on fewer sectors. In step with development of the Tanzanian administrative system, transition to sector programme assistance proper, and integration of development assistance activities into the Tanzanian administration at both central and local levels, further cuts in the number of posted advisors are anticipated. Advisors' assignments will also gradually change from more narrow Danish activities to broader consultancy for the Tanzanian system. For example, this has already taken place within the health sector, tax administration and vocational training.

5.4. Co-operation with NGOs

There is a wide range of NGO activities in Tanzania, from multi-million-kroner projects to very modest activities. The most important of the Danish NGOs, which operate or finance activities in Tanzania are listed in the footnote below*. The Danish organisations are involved in more than 70 projects or activities, of which a large proportion are funded through the Ministry of Foreign Affairs' frame for private organisations.

Danish NGOs' work in Tanzania commenced more than 50 years ago when the Danish Missionary Society took over the activities of German missionaries after the Second World War. These activities were primarily aimed at education, health, and other social services, and this remains the case today. The Danish Association for International Co-operation posted its first volunteer to Tanzania in 1960, and since then it has maintained a large programme concentrating on education. Furthermore, the Danish Association for International Co-operation has joined six voluntary HIMA projects under Danish agricultural sector programme support.

Danish NGOs in Tanzania primarily work with local partners and, with the two exceptions of ADRA and Development Aid to Self-help, they do not actually carry out projects themselves. The Danish Association for International Co-operation has a local office in Dar Es Salaam and also operates a regional training centre in Arusha, but activities are carried out through local partners.

In relation to state assistance co-operation, the voluntary organisations' activities generally take place at district and village levels. The majority of Danish NGO-supported activities in Tanzania concentrate on social services, including building schools, health clinics, water supplies, or specific income-creating activities such as corn mills.

In connection with the approval of framework agreements for the larger NGOs, the Ministry of Foreign Affairs in Copenhagen and the Embassy in Dar Es Salaam are involved in assessing the proposed programmes in order to ascertain whether they complement activities within the existing Danida pro-

* *The Danish Association for International Cooperation, DanChurchAid, the Danish Red Cross, the Danish Mission Council, the Danish Missionary Society, the Danish Lutheran Mission, and ADRA Denmark. Furthermore, the Danish Hunters' Association, The Danish Centre for Human Rights, the Dockworkers' Development Association, Development Debate 1980, the Danish Moravian Mission, the Danish Pentecost Church, Development Aid to Selfhelp, Aarhus County Support Association' (Århus Amts Støtteforening), the Danish-Tanzanian Friendship Association, the Danish Ornithology Society – BirdLife Denmark, Utamaduni Culture Association/ Ngorongoro Milling Association (Majsmølleforening) and the Danish Gymnastics and Sports Associations are also active in Tanzania.*

grammes and projects in Tanzania or to test any ideas which could be of interest for Danish assistance.

In order to co-ordinate Danish state initiatives within sector programmes, and to exchange joint experience and information, efforts will be made to establish a 'country forum' of the Danish NGOs active in Tanzania and the Danish Embassy.

5.5. Special control and audit problems regarding Danish initiatives

Tanzania has commenced the introduction of a modern budget and accounting system for the public sector at central level within the ministries etc., and at local level in step with the introduction of the Local Government Reform. The new computer-based system also allows for activity management of expenditure and income, and it will provide opportunities for significant improvements in administration and control of public funds. The new system is still being run in, and there will be a considerable need to develop capacity both at central and local levels in order to manage the system with the associated new procedures.

To a great extent, administration of development assistance funds continues to be based on parallel systems. However, there have been significant changes over the past years in step with developments in the partnership. This primarily applies to channelling macroeconomic support through the Government's own system, but it also applies to "basket-funding" systems, primarily within the health sector and the Local Government Reform. As far as possible, Denmark will exploit the opportunities that the new budget and accounting system offers to facilitate the integration of Danish development assistance resources into the Tanzanian administration. Denmark is also prepared to contribute to developing the necessary capacity at both central and local levels. Until this can take place in an appropriate manner, there will continue to be a need for financial advisors to administer Danish funds.

The Tanzanian Office of the Auditor General is still working according to traditional auditing practice, and it has limited capacity. It is also inexperienced in auditing computer-based budget and accounting systems. At local level, as part of the Local Government Reform, the internal audit of the districts was enhanced, but the external audit remains inadequate. Therefore, a need will continue for the use of private auditing firms to perform external audits until the Tanzanian Auditor General is in a position to perform these tasks appropriately.

6. Evaluation and monitoring

With the change to sector programme support, traditional evaluation has, to a large extent, been re-placed by new types of appraisal and control. Each year there is a sector review in the priority sectors, very often in association with other donors. The results of these reviews are included in the basis for the annual consultations between Tanzania and Denmark. Similarly, a regular review is conducted of Danish support to macroeconomic and institutional reforms, and of activities outside the priority sectors. Evaluations proper are increasingly conducted as broader theme or sector evaluations covering several programme countries. Therefore, in 2000/2001 Tanzania is included in evaluations regarding vocational education and training and institutional development. Hence, at the moment it is not possible to indicate which other activities supported by Denmark in Tanzania will be included in cross-cutting themes or sector evaluations, as this depends on the overall planning of the evaluation programme for all programme countries.

Appendix 1

Key economic and social figures

Key economic figures

Area	945,000 km ²
Population 1999	33 million
GNI per inhabitant 2000	USD 280
Annual economic growth (GNP) per inhabitant 2000	2.8 per cent
Growth in GNP per inhabitant 1999	3.1 per cent
Economic sectors 1999:	
Agriculture	48 per cent
Industry	14 per cent
Manufacturing	7 per cent
Services	38 per cent
Development assistance per inhabitant 1998	USD 31
Foreign debt	
Total foreign debt (EDT) 1999	USD 6.385 billion
Of which multilateral debt	USD 3.424 billion
Current value of foreign debt as percentage of GNP	71 per cent
Debt service 2000 in relation to exports (expected)	27.7 per cent

Key social figures

Population growth, annual 1990-99	2.9 per cent
Life expectancy 1998	47 years
Infant mortality 1998	85
No access to clean drinking water	34 per cent
No access to health facilities	7 per cent
Total doctors per 100,000 inhabitants	210
Adult illiteracy 1998	73.5 per cent
Primary education 1997	48 per cent
Girls in primary education 1997	48 per cent
Social sector, percentage of public expenditure	not available
Defence expenditure, percentage of GDP 1997	1.3 per cent
Income distribution (per cent of consumption)	
Wealthiest 10 per cent of the population	30.1 per cent
Poorest 20 per cent of population	6.8 per cent

Appendix 2

Overview of Danish development assistance to Tanzania

Bilateral development co-operation

The following indicative figures for bilateral development co-operation with Tanzania have been planned for 2001-2005: (In addition to advisory and consultancy assistance, scholarships, etc.)

2001: DKK 320 million

2002: DKK 330 million

2003: DKK 330 million

2004: DKK 330 million

2005: DKK 330 million

The Environment, Peace and Stability Fund (MIFRESTA)

For the period 2001 to 2003 MIFRESTA will operate with an annual commitment frame rising from DKK 78 million to above DKK 100 million. The actual fulfilment of the commitment frame will be set on an ongoing basis as specific grants for individual projects.

Mixed credits

No mixed credits have been extended to Tanzania.

NGO assistance

The NGO framework agreements which, at the start of the strategy period for Tanzania, included DanChurchAid, the Danish Red Cross, and the Danish Trade Union Council for International Development Co-operation, are expected to amount to between DKK 10 and 15 million per year for 2001-2005. In recent years support for projects through individual applicant organisations has been about DKK 11-13 million per year and it is expected to remain at this level. Funding for the voluntary programme from the Danish Association for International Co-operation amounts to over DKK 20 million per year.

Regional assistance

Tanzania is a member of the SADC, Africa Capacity Building Foundation (ACBF), and the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI). As such, Tanzania can participate in activities being carried out under regional auspices.

Research assistance

A number of research projects receive annual support of about DKK 10-12 million. In addition to seeking specific research results, these projects will enhance research capacity at the Tanzanian research institutions involved through co-operation with corresponding Danish institutions. Research issues supported in recent years relate to agriculture, health, physical planning, and public administration. At the start of the strategy period, nine research projects were being supported.

Appendix 3

Glossary

ADRA	Adventist Development and Relief Agency
Bretton Woods Institutions	The World Bank and the IMF (International Monetary Fund)
CCM	Chama Cha Mapinduzi (the party of government)
CG	Consultative Group
CTI	Confederation of Tanzanian Industries
CUF	Civil United Front (the largest party of opposition)
Danida	Danish International Development Assistance
DRC	Democratic Republic of Congo
ENRECA	Programme for Enhancement of Research Capacity in Developing Countries (the bilateral research programme)
EU	European Union
GNP	Gross national product
GDP	Gross domestic product
HIMA	Hifadhi ya Mazingira (Protect the Environment)
HIPC	Highly Indebted Poor Countries (debt initiative aimed at the poorest countries with the greatest debt)
IFAD	International Fund for Agricultural Development
MIFRESTA	The Environment, Peace and Stability Fund
MS	The Danish Association for International Co-operation
NGO	Non-governmental Organisation
OUA	Organisation of African Unity
PS	The Private Sector Programme
PRSP	Poverty Reduction Strategy Paper (poverty strategy, condition for HIPC and IMF loans)
	Analysis of public expenditure

Ramsar Convention	International environmental convention on the protection of wetlands
SADC	Southern African Development Community
TAS	Tanzania Assistance Strategy (Tanzania's strategy for donor co-ordination)
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme

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