

# UNITED REPUBLIC OF TANZANIA

## TANZANIA ASSISTANCE STRATEGY (A Medium Term Framework for Promoting Local Ownership and Development Partnerships)

Ministry of Finance  
Dar es Salaam

**Consultation draft 1**

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## TANZANIA PROFILE

- ♦ **Area:**
  - Total 945,000 km<sup>2</sup>
  - Mainland: 881,000 km<sup>2</sup>
  - Zanzibar: 2,000 km<sup>2</sup>
  - Water: 62,000 km<sup>2</sup>
  - Forest and woodlands 3,350 km<sup>2</sup>
- ♦ **Location:** Latitudes 1°-12° South of Equator, Longitudes 29°-41° East of Greenwich
- ♦ **Political System** Multi party democracy
- ♦ **Administration** 20 administrative regions (mainland), 113 administrative districts  
Zanzibar has 3 administrative regions.
- ♦ **Population** Estimated at 31 million people; about 51% are women; and about 46% are under age 15
- ♦ **Poverty** About 50% of the population are living below the poverty line.
- ♦ **Per Capita GNP** Estimated at USD 246 (1998) (*US\$1 = T.shs.681 in 1998*)
- ♦ **Per Capita GDP** Estimated at USD 251 (1998) (*US\$1 = T.shs.681 in 1998*)  
Growth Rate 3–4%
- ♦ **Refugee situation**
  - Regions most seriously affected with the influx – Kigoma, Kagera, Rukwa
  - Estimated total population of refugee (1999) –500,000-800,000
- ♦ **Natural Resources**
  - Minerals* – gold, diamonds, tanzanite and various other gemstones, natural gas, iron ore, coal, spring water, phosphates, soda ash and salt.
  - Wildlife and Tourism*- 12 National Parks, the Ngorongoro Conservation Area, 31 Game Reserves, 38 Game Controlled Areas: National Cultural Heritage Sites (about 120 sites)
  - Fisheries* Three large lakes: Victoria, Tanganyika and Nyasa, the Indian Ocean coastline, rivers and wetlands. Potential yield of fish from natural waters is estimated to be 730,000 metric tons annually, present catch is 350,000 metric tons.
  - Forestry and Beekeeping* Non-reserved forest-land (1,903.8 km<sup>2</sup>), Forest/ woodlands with national parks etc (200 km<sup>2</sup>), and Gazetted forest reserves (1,251.7 km<sup>2</sup>).
- ♦ **Health**
  - Infant mortality rate (per 1000 live births) 99(1999)
  - Crude death rate (per 1000 population) 16 (1996)
  - Life expectancy at birth 50 years (1988)
  - Crude birth rate (per 1000 population) 46 (1988)
  - Total fertility rate 5.6 (1999)
  - Maternal Mortality rate 200-400/100,000

### *Number of Health Facilities*

<i>Facility</i>	<i>Government</i>	<i>NGO/Private</i>
Dispensaries	2512	1764
Health Centres	284	60
District hospitals	62	20
Regional hospitals	19	0
Referral hospitals	4	0
Special hospitals	2	0
Other hospitals	0	143

Source: *Health Statistical Abstract 1997*

◆ **Education**

Gross Primary School Enrolment Ratio – 77.9 % (1997/98)

Net Primary School Enrolment Ratio – 55% (1999)

Gross Secondary School Enrolment Ratio – 5% (1999)

Adult Literacy is 68 % (1997)

***Number of Education Facilities***

<i>Facility</i>	<i>Government</i>	<i>NGO/Private</i>
Primary Schools † (The Economic Survey 1998)	11,300	21
Secondary Schools †	406	375
Teacher Training Colleges †	35	6
Public Universities (includes Colleges)‡	5	7
Technical Colleges ‡	3	-
Institutions of Higher Learning under other Ministries ‡	13	-

Sources: †*Basic Education Statistics 1999* (data for 1998) - Ministry of Education and Culture

‡ *Some Basic Statistics on Higher Learning Institutions in Tanzania 1994/95-1998/99* - Ministry of Science, Technology and Higher Education

◆ **Access to clean and safe water**

46% of the rural population - 1998 (*The Economic Survey 1998*)

68% of the urban population 1998 (*The Economic Survey 1998*)

◆ **The Economy**

Agriculture – 45% of GDP (1998) (about 80 % of the population engaged in agriculture)

Industry – 7% of GDP (1998)

Social services – 2% of GDP (1998)

Others 46% of GDP (1998)

◆ **Debt Stock**

Total: USD 9.2 billion (as of end December 1998)

Domestic: USD 1.3 billion (as of end December 1998)

Foreign: USD 7.9 billion (as of end December 1998)

◆ **Currency**

Tanzania Shilling: Exchange Rate *US\$ 1 = T.shs. 800* (1999/2000)

## Abbreviations

CAS	-	Country Assistance Strategy
CBF	-	Common Basket Fund
COBET	-	Community Based Education in Tanzania
CSO	-	Civil Society Organisations
CSRП	-	Civil Service Reform Programme
Ed-SDP	-	Education Sector Development Programme
ESAF	-	Enhanced Structural Adjustment Facility
GDP	-	Gross Domestic Product
GFS	-	Government Financial Statistics
HIV/AIDS	-	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HSRP	-	Health Sector Reform Programme
ICBAE	-	Integrated Community Based Adult Education
ICT	-	Information and Communication Technology
IDT	-	International Development Targets
IMF	-	International Monetary Fund
LAN	-	Local Area Network
LGRP	-	Local Government Reform Programme
MAC	-	Ministry of Agriculture and Co-operatives
MDA	-	Ministries, Departments, Agencies
MDF	-	Multilateral Debt Relief Fund
MOH	-	Ministry of Health
MTEF	-	Medium Term Expenditure Framework
MSME	-	Micro, Small and Medium size Enterprise (see also SME)
MTPIII	-	-
NACP	-	National Aids Control Programme
NBS	-	National Bureau of Statistics (formerly Central Bureau of Statistics or CBS)
NGO	-	Non-Government Organisation
PER	-	Public Expenditure Review
PFP	-	Policy Framework Paper
PRGF	-	Poverty Reduction and Growth Facility
PRSP	-	Poverty Reduction Strategy Paper
PSRP	-	Public Service Reform Programme
SME	-	Small and Medium Enterprise
SWAP	-	Sector Wide Approaches
STD	-	Sexually Transmitted Diseases
TA	-	Technical Assistance
TAS	-	Tanzania Assistance Strategy
TNBC	-	Tanzania National Business Council
TPSF	-	Tanzania Private Sector Foundation
TRA	-	Tanzania Revenue Authority
UPE	-	Universal Primary Education
VET	-	Vocational Education and Training

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## I. INTRODUCTION

### 1.1 What is TAS?

Tanzania Assistance Strategy (TAS) is a Government initiative aimed at restoring local ownership and leadership, as well as promoting partnership in designing and executing development programmes. It is also about good governance, transparency, accountability and capacity building and effectiveness of aid. TAS is not a program or a project. TAS is about a process for change.

The TAS initiative dates back to the mid 1990's when Tanzania/ donor relations were strained mainly due to serious slippage in revenue collection and rising corruption. *The Report of the Group of Independent Advisers on Development Co-operation Issues between Tanzania and Its Aid Donors* (The Helleiner Report, 1995) and the adoption of the *Agreed Notes* in January 1997 set in motion the process for building a new relationship. Notable too is the follow up of the implementation of the Helleiner Report at the CG meeting in December 1997. At more or less the same period (September 1996) a high level meeting adopted the *New Nordic-Tanzania Development Partnership*.

An independent review of the implementation of the *Agreed Notes* in March 1999 reported significant progress on almost all the provisions. These include macroeconomic management (preparation of PFP), aid co-ordination (implementation of SWAPs, PER/MTEF, Quarterly sector consultations, MDF, CBF), as well as democracy and governance (multiparty system, formulation of Vision 2025, National Poverty Eradication Strategy, National Anti Corruption Strategy). However, it was also noted that important problems still remain which include continued existence of:

- Separate/parallel donor systems/ procedures on procurement, recruitment and staff remuneration, accounting, reporting formats, monitoring, and management of projects which tax heavily the limited Government capacity.
- Fragmented and uncoordinated project support which reduces efficiency and effectiveness.
- Management and disbursements of resources outside the Government system (exchequer) undermining transparency and accountability.
- Heavy dependency on TA/consultants in executing projects which is very costly.
- Unsynchronised Country Assistance Strategies (CAS)
- Inadequate Government capacity.

Therefore, TAS is a Tanzanian attempt to consolidate and deepen the ongoing initiatives incrementally overtime to overcome remaining problems in delivering development assistance by putting in place and operationalising a coherent national development framework (blue print) for co-ordinating and managing external resources.

### 1.2 The TAS Approach

The formulation of TAS as far as possible took cognisance of appropriate ongoing and pipeline initiatives. Specifically, they include:

- Vision 2025 (1998)
- National Poverty Eradication Strategy (1997)
- National External Debt Strategy (1998)
- Sector Wide Approach (ongoing)
- Public Expenditure Review (ongoing)
- Country Assistance Strategies (ongoing)
- Poverty Reduction Strategy Paper(ongoing)
- Tokyo International Conference on Africa Development (TICAD II), Agenda for Action (1998)

- OECD's DAC-Shaping the 21st Century (1996) and a Working Checklist for Partnership (1998)
- Stockholm workshop on Making Partnerships Work on the Ground (1999)

TAS was formulated through a broad-based participatory approach under the coordination of the Ministry of Finance. A TAS secretariat established in the Ministry of Finance provided technical support to a TAS Working Group that oversees the formulation process. The TAS working group comprised of senior officials from Government, donors/multilateral financial institutions, private sector, NGOs, academic and research institutions. Consultations were facilitated through meetings, seminars and workshops at the national and zonal levels.

### **1.3 The Scope of TAS**

TAS provides a five year strategic national framework articulating the following:

- Policy framework
- National development agenda
- Priority actions
- Basic elements for promoting local ownership and leadership; and building partnership.

The framework will be reviewed every five years.

The preparation of TAS took place concurrently with that of PRSP thereby sharing a number of common themes. However, whereas the TAS provides a broad strategic national framework within which PRSP operates, the PRSP details out the characteristics of poverty and monitorable benchmarks and actions for poverty reduction in the medium and long term.

## **II THE NATIONAL DEVELOPMENT AGENDA**

### **2.1 Nature and Magnitude of the Challenges**

Tanzania is a very poor country with about 50 percent of the estimated 31 million people living below a US\$ 1 a day. About 30 percent of the people live in abject poverty. While poverty is mainly a rural phenomenon in Tanzania it is also gaining prominence in urban areas. The high debt burden, the incidence of HIV/AIDS and the unpredictable influx of refugees aggravate the problem of poverty in Tanzania. Poverty is widespread in Tanzania in spite of the abundance of land and natural resources.

Agriculture is the mainstay of the Tanzanian economy. About 3.6 million farm households operating on average less than one hectare and depending mainly on rain-fed agriculture, account for about 80 percent of employment, 50 percent of GDP and 75 percent of foreign exchange earnings.

In spite of progress made in recent years in restoring macroeconomic stability, current GDP growth rates (3.5-4.5 percent) are too low to address the problem of poverty. Therefore, sustained high growth underpinned by sustained high growth in agriculture and non-agricultural rural activities is critical for reducing poverty. As outlined in the following section the Government is committed to sustain implementation of sound policies and strategies to promote investment and the participation of grass roots institutions in fostering growth and prosperity.

### **2.2 The Goal**

Vision 2025 predicts Tanzania graduating from least developed to a middle income country by 2025 with high economic growth (8 percent) and devoid of abject poverty. In accordance to the International Development Targets (IDTs), the Government is targeting to reduce the proportion of people living in poverty by 50 percent by 2010 and eliminating poverty by 2025. The medium target is to improve the knowledge on the characteristics of poverty which will include, *inter alia*, developing effective instruments and tools for monitoring poverty

reduction programmes, and reduce the constraints that prevent the poor from contributing to growth. In view of this the Government will:

- Strive to forge a strong partnership with the poor to empower them to participate in designing and implementing poverty reduction programmes.
- Carry out periodic research and surveys on poverty.
- Improve access of the poor to basic social services, financial services and markets.

### **III POLICY FRAMEWORK**

#### **3.1 Overall Recent Developments**

Since the mid-1980's, Tanzania has implemented far-reaching reforms in the political system, economic management and Government administration. In 1992, a multiparty democracy system was introduced and successful multiparty elections were held in 1995. The second multiparty elections are due in October 2000. The economic reform programmes that commenced in 1986 have converted the command-based economy into a market one. Trade, exchange rates and interest rates are now fully liberalised. The reform of parastatals has privatised / divested about half of the more than 400<sup>1</sup> parastatals. The public service reform has cut down the workforce in Government from 355,000 (1992) to 270,000 (1997), rationalised and streamlined functions and structures and salaries, introduced new management systems (performance/ output based) and strengthened local Government through the formulation and implementation of the Local Government Reform Programme.

#### **3.2 Democracy and Good Governance**

Tanzania recognises the importance of creating an enabling environment for the citizenry to participate effectively in national development activities. Empowerment of grass roots institutions and communities is an important step towards promoting democratic systems and improving accountability. The Government has taken the necessary measures to lay the foundation for building democratic system and good governance through the introduction of multiparty democracy, revamping of Local Government and formulation of National Anti Corruption Strategy. The Government will continue to monitor progress in these areas. Specifically, the Government will:

- Sustain promotion of peace, stability and unity
- Sustain promotion of democratic institutions and a strong civil society.

#### **3.3 Macro economic Framework**

For a long time, the Tanzania economy has suffered several shocks with severe destabilising effects. They include the oil shocks, collapse of commodity prices, drought, break-up of the East African Community and the Uganda war. These shocks coupled with a poor policy regime culminated in severe economic crisis in the early 1980s. Several adjustment measures were implemented since 1981 but by mid 1990 fiscal instability was still severe.

In early 1996, the Government committed itself to a shadow programme monitored by the IMF and from September 1996, a three-year Enhanced Structural Adjustment Facility (ESAF) underpinned by a Policy Framework Paper (PFP). To-date, Tanzania has made significant progress in restoring macro economic stability. Overall fiscal balance (including grants) has been a surplus of around 0.8 to 1.2 percent of GDP during the past three years. Inflation has been controlled from more than 30 percent in 1995 to 6.6 percent in early 2000. Foreign reserves have increased from 1.5 months of merchandise imports in 1995 to 4.5 months currently. However,

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<sup>1</sup> The privatisation programme is now concentrating on the large and monopolistic enterprises whose privatisation has to be preceded by formulation of a legal and regulatory framework.



fiscal stability has been achieved largely as a result of expenditure cuts (cash budgeting system) curtailing the Governments' capacity to deliver adequate quality services in basic social services and infrastructure.

The Government recognises the need for a robust high growth to fight the nation-wide poverty. Higher (6–8 percent) and sustained growth is necessary. While growth is necessary it is important that it is broad-based and centred on improving the livelihoods of the poor.

The Government is committed to consolidating and intensifying the macroeconomic progress achieved to-date. The ESAF successor programme, the PRGF, outlines the economic and financial policies for the medium term. To sustain the progress in restoring macroeconomic stability requires:

- Curbing youth unemployment
- Improving the delivery (quantity and quality) of education, health and water.
- Improving the delivery of rural financial services
- Improving production, productivity and quality in agriculture
- Improving pay in the public service
- Improving infrastructure services.

To this end, the Government will:

- Consolidate and deepen the recent gains in macroeconomic stability
- Promote good governance
- Promote business environment
- Promote regional co-operation and integration
- Revamp the agricultural sector (better policy environment, legal framework etc.)
- Protect budget allocations that increase the access of the poor to basic education, health, water, improved production packages and markets.
- Protect the environment

The following section on priority areas for action outlines the factors and issues constraining progress and the strategies to overcome them.

## **IV PRIORITY AREAS**

### **4.1 Sectoral Issues**

#### **4.1.1 Agriculture and Food Security**

##### **4.1.1.1 Current Situation and Constraints**

Agriculture accounts for about half of the national income, three quarters of merchandise exports, and is a source of livelihood for about 80 percent of Tanzanians. It has high linkages with the non-farm sector through forward linkages to agro-processing, consumption and exports. Trends in poverty reduction are highly dependent on the growth of agriculture and related rural non-agricultural activities.

The performance of this sector has not been impressive in recent years. Agricultural GDP has grown at 3.3 percent per year since 1985, the six main food crops at 3.5 percent and export crops at 5.4 percent per year. Other components such as livestock and forestry have recorded lower growth rates. Considering that the overall GDP growth target for halving abject poverty by 2010 is in the range of 6-7 percent, this performance falls short of the needed growth. The constraints include:

- Inadequate access to and / or delayed delivery of, inputs and lack of timely advice.
- Poor transfer of knowledge from researchers to farmers, inadequate access to extension services and the transitional problems of decentralising the management of extension services to the local Governments. The problems are acute for small-holder operators, like cotton, food crops and coffee, in contrast to traditional estate crops like tea where big farmers and/or marketing/processing companies finance research and provide the bulk of extension services.

- Decline in the use of improved packages particularly improved seed, fertilisers and agro-chemicals. For an example, the use of fertiliser has declined by about half as a result of removing subsidy and due to lower crop prices.
- Very poor infrastructure and lack of comprehensive market information
- Unpredictable restrictions on crop movements and multiple local taxes and levies.
- Inadequate credit for agricultural production and marketing: the share of agricultural credit for production has declined from 12 percent of total domestic lending in 1996 to 6 percent in 1999. Constraints here include risks of poor recovery of credit where farmers have various market outlets; but more significant is the financial sector reform that has resulted in closure of the branches serving the rural/agricultural communities.
- Weak management of co-operatives and members' loss of confidence. Farmers' Associations have tended to exclude small farmers / peasants.
- Unfavourable Land Act, currently revised.
- Dominance of low technology relying on hand-hoe for the majority small holder farmers.
- Dependence on rain (for ages), thus subjecting agriculture to the whims of nature.

#### ***4.1.1.2 Priority Actions for the Way Forward***

The Government recognises the pivotal role of the agricultural sector both in terms of economic growth and poverty reduction. Also, the strong influence of factors outside the sector such as infrastructure, rural financial services, land ownership and governance is recognised. Therefore, more specifically, the Government will:

- Pursue macro-economic policies that will motivate investment in agriculture by smallholders and commercial large-scale farmers.
- Create an enabling environment and provide proactive support to private operators, farmers' organisations, NGOs and CBOs supplying inputs and credit to small farmers.
- Consolidate and deepen the reforms in agriculture with the view to taking the advisory services closer to the farmers.
- Concentrate budgetary allocations on agricultural research and extension.
- Remove obstacles that hamper small holder farmers' access to inputs and markets.
- Promote farmers' associations.
- Streamline taxation on produce.
- Strengthen and improve agricultural statistics and early warning system.
- Provide special support to investments in agricultural processing particularly in fruits and vegetables.
- Accord top priority to implementation of new Land Act.
- Put more emphasis on the rural road network
- Encourage people-owned and controlled co-operatives. Look into ways of promoting some form of peasant organisations.

### **4.1.2 Infrastructure – Roads**

#### ***4.1.2.1 Current Situation and Constraints***

Roads are a major means of integration of markets and interactions among people. The geography of Tanzania, its size, diversity and dispersion give roads a special position in integration of the national economy. In particular roads serve rural areas (where the majority of the people live) more effectively than any other mode of transport. Currently, poor roads are probably one of the most limiting factors to agricultural growth.

The road sector handles 70 percent of internal freight and 64 percent of transit cargo. In addition, it is a major mode of passenger transport. The road network in Tanzania is about 85,000 km of which 12 percent are trunk, 29 percent are regional and 59 percent are district roads. Over half of the district roads are feeder roads. Tarmac roads constitute only 5 percent of all roads while 10 percent are gravel and 85 percent are earth roads. The condition of roads is generally

poor and was aggravated by the El Nino rains. Of the unpaved roads only 14 percent are in good condition, 25 percent are in fair condition and 61 percent are in poor condition. Most of the district roads are earth roads of which only 8 percent are in good condition. The bulk of the road network (61 percent) requires rehabilitation.

Recently, the Government rationalised and streamlined the institutional framework for management of the road sector so as to enhance efficiency, effectiveness and accountability. An autonomous executive agency, the Tanzania Roads Agency (TANROADS), responsible for the management of trunk road construction, rehabilitation and maintenance has been established. A National Road Board guides its activities with representation from the private sector/road users and the Government. The Government has also established a Road Fund whose funding is ring-fenced field user charge as the main source of finance for road maintenance. The local authorities under the Ministry of Regional Administration and Local Government are responsible for the district, urban and feeder roads (the local road networks)

The local road networks face a number of constraints. These include: lack of funds for a huge backlog of feeder roads and bridges destroyed by *El-Nino*, lack of data on the networks and little capacity of the local authorities in planning, execution and management of rural roads programmes, as well as the under-utilisation of community labour force for roads. There is also a need for opening up existing and potential rural productive areas for agriculture, small-scale mining and rural tourism.

National networks (under the MOW) face lack of sufficient funds for rehabilitation and upgrading due to increased traffic (e.g. the proposed Urgent Roads Rehabilitation Programme – URRP) and for routine maintenance, low capacity of the local construction industry and low participation of the private sector.

#### **4.1.2.2 Priorities Actions for Way Forward**

*Vision 2025* states that investment in infrastructure, especially the road network, is essential for promoting rural development and for stimulating investments (local and foreign) and other employment generating activities.

In view of this, the Government will:

- Consolidate the institutional and legal reforms in the road sector to ensure adequate capacity and resources. Special attention will be given to enhancing the capacities of local authorities, under the Local Government Reform Programme.
- Focus on rehabilitation and upgrading of strategic road networks in order to have a realistic match of activities and funding.
- Strengthen the data bank on road networks and their condition to improve budgeting for road programmes.
- Increase efficiency in maintenance by working out optimum combinations of various inputs such as labour, equipment and materials. High priority will be given to more effective use of labour-based technologies and local natural resources particularly in district and feeder roads.
- Monitor the status of the road networks with a view to evaluating the efficiency and effectiveness of road construction and maintenance activities, and conduct annual road surveys (by independent evaluators) to establish efficiency and effectiveness of resource use on roads constructed or maintained during the year.
- Enhance technical and managerial capacities at the level of local Governments and communities (include skilled manpower, equipment and appropriate technologies).
- Promote private sector participation in the management of national corridor roads.

### 4.1.3 Infrastructure - Energy

#### 4.1.3.1 Current Situation and Constraints

Energy is one of the basic areas of infrastructure that Vision 2025 gives importance. The mission of the energy sector is to ensure availability and affordability of secure and sustainable energy sources and systems. The country's estimated total energy consumption is more than 22 million *tonnes of oil equivalent* (toe) or 0.7 toe per capita. Nearly 91 percent of the total energy consumed is wood-fuel, 8 percent and the remaining 1 percent electricity and a negligible contribution from renewable energy sources and coal. About 80 percent of the population have low incomes and consume about 85 percent of total energy.

In rural areas, Biomass (for cooking) and human energy (for agricultural work) are the most used sources, while kerosene is used for lighting. The effects on the environment and quality of life for the rural poor are negative. The provision of grid electricity is not economically viable because of the low rural incomes. However, the provision would alleviate the drudgery associated with the search for energy and slow down deforestation. Reaching the rural households is vital even if it requires lots of resources.

In order to attain the overall objectives of growth and poverty reduction, the Government, the private sector and communities must increase investment in the energy sector. Currently, the sector faces a number of challenges:

- Need to increase energy supply and distribution: Tanzania has plenty of untapped energy resources, e.g. hydropower (94.7GW), natural gas (29.02 m<sup>3</sup>) and coal (1,200 million tonnes). Hydro and thermal capacity has reached 800KW sufficient for the next few years. There is a need to expand capacity of all energy sources for industrial and rural development.
- Rural electrification is long-term national interest for rapid and balanced socio-economic development. However, the existing power infrastructure in most districts (e.g. transmission lines are commercially non-viable) is inadequate.
- Inappropriate and inefficient energy technologies and inefficient combustion leads to health problems and destruction of environment.
- Low priority for the supply of rural energy services is due to the fact the services are, to a large extent, non-commercial and attract little private sector interest. Hence the need for Government role. However, despite the distinct statement in the 1992 national energy policy to improve rural energy, rural energy has failed to attract resources. The rate of implementation of the renewable and rural energy projects has faced financial constraints.
- Lack of indigenous commercial actors with capacity to design, manufacture and market, install and maintain renewable energy technologies.
- Low level of awareness and understanding of the inefficiency of alternative sources and practices in use are a major reason for social resistance to changing attitudes to energy consumption. The challenge is to broaden this understanding through involvement of the CBOs and non-governmental and voluntary networks and local Government.
- Rural and renewable energy is diverse and has many actors and interests. An institutional framework is lacking that can cope with and co-ordinate rural and renewable energy services.
- Research in affordable and appropriate technologies for local conditions and standard equipment are currently documented and available in Tanzania, but there is a need to put them into an economic-cum-commercial context and link them to entrepreneurial development and markets.
- There is also a need to develop legal backing and mechanisms to enforce standards and norms for safe and environment friendly use of technologies in rural and renewable energy.

#### 4.1.3.2 Priority Actions for the Way Forward

The Government will implement a comprehensive programme in the priority areas such as electrification of rural economic and social centres: reforming Biomass combustion, particularly for cooking and energy for lighting. Specifically the Government aims:

- To facilitate increased availability of energy services, including grid and non-grid electrification to existing and potential economic growth centres in the rural areas.
- To encourage an efficient use of Biomass energy. Demand for fuel-wood and charcoal must be reduced by use of more efficient stoves.
- To improve the quality of life for populations in remote areas by providing electricity for lighting and other appliances.

Further, the Government presses on with reforms to mobilise private sector initiatives for meeting rural and renewable energy and to re-shape the institutional structure so as to ensure policy implementation. For these purposes, the Government aims:

- To create an institutional structure and mechanisms to address technical and financial barriers to increased use of renewable energy and availability of energy services in the rural areas.
- To establish a rural energy agency dealing with the major challenge of rural energy as a whole including non-renewable energy and rural electrification issues.
- To mandate the Rural Energy Fund (begun in October 1999) to bridge between the strict business interest of the energy service supplier and the overall national interest.
- To instruct the rural energy agency to collaborate with banks and financial institutions operating in rural areas to develop micro-credit lines targeted for the purchase of efficient stoves and other micro-scale investments in renewable energy.

#### **4.1.4 Education**

##### ***4.1.4.1 Current Situation and Constraints***

The education sector in Tanzania is probably the most seriously affected by the economic crisis and the aftermath reforms in the 1980s. While UPE was almost achieved and literacy rate reached 85 percent in the late 1970s. Currently gross primary school enrolment ratio is 77.9 percent (1997/8). On the overall the delivery of education services is inadequate both in quantity and quality at all levels. Some of the salient features in the education sector include:

- The pre-school education is narrow: hardly 10 percent of the population have access. Non-Government and Government pre-schools constitute 68 percent and 32 percent respectively.
- The gross Enrolment ratio has increased slightly from 77.7 percent in 1995 to 77.9 percent in 1997/98. Net Enrolment Ratio was 77.6 percent and teacher pupil ratio of 1:38 (1998). Repetition in lower classes is high (19 percent), while the drop out rate is 6 percent notably from the 5<sup>th</sup> and 6<sup>th</sup> year of schooling. At the primary level the gender balance is even, but the balance gets less even as one goes up the education ladder.
- The physical facilities vary enormously, but many buildings are in poor shape, with furnishing and teaching material supply woefully inadequate. There is a serious shortage of classrooms.
- Expansion of secondary education has been slow, only picking up in the last two decades. Between 1970 and early 1980s the slow pace of enrolment was due to the effect of nationalisation process which took place in the 1970s whereby the Government became inactive in the education sector leading to limited expansion of secondary schools. In 1996 the Government accepted the role of the non-Government sector. By 1998 private secondary schools constituted 47 percent (369 schools) with an enrolment of 109,000 students taught by 5,075 teachers (a teacher student ratio of 1:21.5). Within the private sector, a bi-modal distribution is emerging. Most private schools have less qualified teachers than the Government schools. But the seminaries and a minority of elite schools have staff with qualifications that match those of the Government schools.

- Tanzania has a narrow tertiary and higher education when compared to other countries in the regional. Yet the problem of unemployed graduates is growing reflecting a mismatch between education and labour market requirements.
- The private sector is not very active in technical education. There are three public institutions. Entry to these is highly competitive. At the higher education level, enrolment in public universities is 10,653 with 1,141 lecturers (i.e. a staff-student ratio of 1:9) (1998 data).
- Average expenditure on education as a percentage of GDP is close to 3.0 percent, while public expenditure on education averages 24.4 percent of Government expenditure. Out of this, 68 percent is allocated to the primary level. The relative emphasis on the primary sector was in line with the conventional development thinking of the last two decades that the highest returns to investments in education are reaped at the primary level. However, the concept is changing with the rising demands of technology that require secondary and higher education for the society to cope with challenges of competitiveness. Hence, the very low transition rates from primary to secondary education raise concern.
- In response to the local Government reform an action plan for transferring responsibility to local school committees has been prepared (see The Local Government Reform Act of 1998). A pilot project for decentralisation through a Block Grant system covers 37 Local Authorities. In principle, less developed regions/districts are given preference in opening new secondary schools or receiving assistance to do so.
- To-date, substantial analytic work has been done particularly on primary education These include:
  - Basic Education Master Plan (1997) which outlines a comprehensive analysis of the issues in the sector and a medium term strategy.
  - Annual PERs and MTEFs which focus on prioritisation, efficiency and effectiveness.
  - Education Sector Development Programme (1999) which outlines management and infrastructure concerns.

#### **4.1.4.2 Priority Actions for the Way Forward**

- Within the overall framework of the Ed-SDP and the PER process, the Government will:
- Improve the learning and teaching environment through rehabilitation and increase of classrooms, provision of textbooks and materials and improvement of teachers' professional competence and housing.
  - Raise efficiency and effectiveness in delivery of education by improving the pupil/teacher ratio.
  - Enforce quality control by strengthening inspectorate services and regulatory framework.
  - *Promote equal opportunity to access education:* remove gender, regional, geographical and social inequities in the provision of education.
  - Create an enabling environment for *promoting effective private-Government-NGO partnerships* in the provision of education.
  - *Revive adult education:* improve the rate of adult literacy through functional literacy programmes, expanded vocational training, education and work opportunities for the youth and adults. Target school children, girls and complementary basic education through the COBET, ICBAE and Youth Education programme.
  - *Expand secondary education:* expand enrolment by increasing the transition rate from 15 to 20 percent by the Year 2004, enhance access by quintiles, improve quality and relevance by re-organising curriculum, provide requisite teaching/learning materials and equipment, and address the language problem.
  - *Rationalise and streamline tertiary and higher education:* to enhance efficiency and effectiveness.

## **4.1.5 Health**

### ***4.1.5.1. Current Situation and Constraints***

Tanzania recorded significant human development improvements during the 1960s and 1970s. However, these achievements could not be enhanced and sustained since the early 1980s mainly due to a mismatch between the pace of these achievements and the deceleration of growth. Most of the health problems in Tanzania can be attributed to infectious/communicable diseases or preventable causes. Over 70 percent of life years lost in Tanzania are due to ten major diseases/causes, with malaria and prenatal / maternal conditions alone accounting for more than 40 percent of the deaths.

The major constraints relating to the provision of health care services arise from the long history of public service provision and financing weaknesses. The institutional arrangement or institutions of governance and the environment or rules of the game supported monopoly of public service provision and financing. This framework suffered from the following weaknesses:

- It discouraged private/individual initiatives. Only a few mainly religious NGOs were allowed to establish and provide health services.
- Health was seen to be a dominion of the Ministry of Health, a centralised and vertical system. The concept of sector-wide partnership approach was missing.
- As a result, the various options for financing service provision were missed and resources were inefficiently utilised - both as a result of resource misallocation within the Ministry of Health and misuse of services due to under-pricing.
- Lack of qualified personnel especially in rural areas.
- Weak referral system.

Against this background, the Government proposed major reforms to transform the provision and financing of the health care services in order to ensure cost-effective use of existing and future resources and emphasise priorities towards outcomes rather than inputs. In December 1994, the Government articulated its vision for the reform of the health sector in the Proposals for Health Sector Reform. The Government redefines its role in the health care system from one of dominant provider, to facilitator. The reform focuses on ensuring more transparent, cost-effective use of existing resources, and on improving delivery, quality and impact of essential health care to the poor. Public health services will be primarily channelled through a system in which authority and budgets are decentralised to the district level. The Health Sector Reform is embedded in the wider context of Civil Service and Local Government Reforms.

Following a series of joint missions between Government and donors, the Ministry of Health has developed its vision into strategies in the Programme of Work 1999–2002, which in its latest version attempts to cover the sector as a whole. To emphasise the need for cohesive and co-ordinated inputs to the sectoral programme, a group of donors and the Ministry have agreed a process to lead to a sector-wide approach (SWAP), in which all partner interests would be subsumed under a common system and programme with unified objectives. An outline Plan of Action for the first year of the sector programme has been finalised, along with the overall resource envelope identifying Government, internally generated and external sources of financing. The Plan of Work 1999–2000 and the Plan of Action 1999–2000 were reviewed in March 1999 and 2000 during the Ministry of Health/Partners Joint Appraisals.

### ***4.1.5.2 Priority Actions for the Way Forward***

The Government aims to put in place a health service provision system that will promote health to all, with a focus on those most at risk, a system that is responsive to the needs of the people. Six major areas are considered for further action:

- Restoration/rehabilitation of existing infrastructure including provision of equipment.
- Strengthening delivery of primary health service in order to enhance efficiency and effectiveness in the referral system.

- Establishing an enabling environment for the private sector (including NGOs) to participate fully in the provision of health services.
- Strengthening the legal and regulatory framework to ensure quality and curb unethical practices.
- Promoting alternative health financing arrangements such as health insurance for civil servants and community health funds.
- Improving inter sectoral linkages in health service delivery. Health is a multi-sectoral responsibility for partners in education, agriculture, water and sanitation, community development, etc.
- Implementing human resource programme to train adequate health staff to manage services (primary, secondary and tertiary).
- Strengthening the national support system for personnel management, drugs and supplies, medical equipment and physical infrastructure management, transport management and communications.
- Emphasise preventive care through public health education and community participation.

#### **4.1.6 Rural Water Supply**

##### **4.1.6.1 Current Situation and Constraints**

Water is essential to sustain life, development and the environment. Access to safe water is essential for addressing poverty and health problems. The poor, most of whom live in rural areas, have limited access to clean water for domestic use and crop production and adequate sanitation. Economic benefits are achievable indirectly through improved health and time saved from the drudgery of carrying water over long distances. Existing data on the incidence of water-borne, water-related and water-washed diseases indicate that these are mostly prevalent where people use contaminated water or have little water for daily use. Since such diseases account for over half of the diseases affecting the population and more than 80 percent of Tanzania's population living in rural areas, it is logical that the Government aims for sustainable rural water supply. The management of water also requires the participation of all stakeholders in order to achieve sustainable access, efficiency, equitable use and adequate protection and conservation of water.

Rural and peri-urban areas in the country are the most underprivileged in terms of the provision of water supply and sanitation services. The rural water supply coverage by 1999 was 48 percent. This figure is overestimated due to the fact that only 60 percent of all the completed water schemes are working and 40 percent are non-functioning schemes due to technical and management problems. As a result, other estimates indicate that less than 29 percent of rural population have access to clean and potable water. The peri-urban population has similar problems of having less coverage of clean and potable water as well as deficient sanitation.

Access to safe water is far from equitable. Water consumption varies from a low average of 15 to over 45 litres per capita per day. Some communities walk long distances (sometimes more than 15 km) to fetch water. This takes considerable time and energy and burdens mainly the women.

Prospects of improving the status of rural water supply are thwarted by the low rate of implementation of rural water supply projects. Due to financial constraints the rate for construction of water schemes between 1991/92 – 1999/2000 has been declining year after year. The rate for the rehabilitation of the schemes was no better.

The main types of rural water schemes include dams and charcos; pumping schemes: (electric, diesel, solar, windmill, hydram, hand pumps etc.); gravity schemes; wells (shallow, medium, deep) and rain water harvesting system.

The appropriate types of rural water supply schemes vary from one place to another depending on hydrological conditions, available opportunities and investment resources. General constraints include inadequate funding of new projects and rehabilitation, failure to revisit



designs which have over-lived their relevance, inadequate management of cost recovery schemes and low capacity of community level management coupled with the over-centralised approach to water supply management. Others are inadequate human resource development to manage water supply programmes and use of inappropriate technologies.

#### ***4.1.6.2 Priority Actions for the Way Forward***

Rural water supply policy is consistent with Vision 2025 - to improve health and reduce poverty of the rural population through safe, affordable and sustainable water supply. The following policy strategies and actions will be adopted:

- Empower the private sector, local institutions and communities in the development, operation and maintenance of their water supply systems including management and conservation. This will be supported by a review legislation to allow community groups and other entities to assume ownership of water supply schemes.
- Focus on rehabilitation and upgrading of existing schemes.
- Strengthen the legal and regulatory framework.
- *Promote education on conservation* to raise awareness on protection, conservation and optimal utilisation of water resources with full consideration of the impact on the environment.
- *Encourage private enterprise and intensify privatisation* of some of the water sector activities. Within this, promote participation of indigenous contractors and consultants in the design, drilling, construction, rehabilitation, operation and maintenance of water schemes.
- Adopt holistic approach in designing community water supply schemes by integrating the different uses such as domestic, irrigation and livestock.

### **4.1.7 Environment and Natural Resource Management**

#### ***4.1.7.1. Current Status and Constraints***

The National Environment Action Plan (1994) and The National Environmental Policy (1997) identify land degradation, lack of access to good water, pollution, loss of wildlife habitats and biodiversity, the deterioration of aquatic systems and deforestation as factors associated with the current environmental problems. Activities such as deforestation and extensive agricultural practices reduce the vegetal capital stock, the water retention capacity of land and increase erosion. Protected areas have recently been encroached upon for farming and settlement. Overgrazing, ground fires and felling of trees for energy, construction etc., reduce the regeneration of plants and animals. It is estimated that over 60 percent of the total land area may be classified as drylands, much of it threatened by desertification. Deforestation is estimated to expand rapidly at around 300,000-400,000 hectares per annum.

The negative environmental effects that arise from unsuitable methods of mining and quarrying include land degradation, river diversion, disturbance to wildlife and vegetation and air and water pollution. In gold mining areas, water pollution is aggravated by the use of mercury by artisanal and small miners. On the other hand, bad fishing practices (use of dynamite, chemical poisons, small nets) destroy the aquatic life cycle and fish stock.

In urban areas, environmental problems are serious in the unplanned, usually congested settlements (75-80 percent of the urban population) that are poorly supplied with sewerage disposal infrastructure and water. There is lack of waste separation between hazardous and non-hazardous, industrial, domestic and hospital waste and poor management of landfills. Industrial effluent, noxious gases, vehicular exhausts pollute water (lakes, rivers and ocean) and air mainly in major urban centres like Dar es Salaam, Mwanza, Morogoro, Arusha, Tanga and Mbeya.

The end results are rapid depletion of the natural resources and people's livelihoods, health hazards and intensification of poverty. While it is important to address each of these problems separately, comprehensive solutions call for mutually reinforcing interventions.

#### **4.1.7.2 *Priorities Actions for the Way Forward***

High priority has been put on designing and implementing policies aimed at both conservation and management of the resources and environment, raising public awareness and understanding of the linkages between environment and their livelihoods, and promoting international co-operation on the environment agenda.

The Government has adopted the forest policy, mineral sector policy, wildlife policy, fisheries policy and land policy. During the 3-5 years time frame, priority interventions will be directed at implementing the National Action Programme to Combat Desertification; Biodiversity Conservation; cleaner production in industries and abatement of pollution; and human resource and institutional strengthening. The key actions will include:

- Strategies that empower local communities, the civil society at large and the private sector, to participate effectively in environmental conservation activities.
- Public awareness on sustainable use of the natural resources through education and public media.
- CSO networks on environmental protection.
- Income-generation programmes targeting the poor.
- Soil and water conservation and conservation of degraded lands.
- Energy efficiency programmes and development of alternative energy sources.
- Environmentally sound practices for small-scale mining and fishing activities.
- Cleaner production for industries through incentive mechanisms and economic instruments
- Development of waste management strategy for urban areas; reduce emissions from vehicles through legislation and mandatory vehicle inspection, and encourage use of unleaded fuel, phasing out use of leaded fuel.
- Promoting re-use and recycling of waste.
- Monitoring of pollution, desertification and drought.
- Development of standards and indicators for environmental management and data base.
- Promotion of traditional biodiversity conservation practices.
- Formulation and implementation of integrated coastal zone management programmes.
- Implementation of relevant aspects of international treaties on the environment.
- Strengthening local authorities through environmental committees.
- Training personnel to improve functional capability at the centre in various environmental management tools and policy concerns.

### **4.1.8 Employment**

#### **4.1.8.1 *Current Situation and Constraints***

While the impact of the economic reforms, which began in the mid-1980s, has been fairly positive on economic growth, the employment challenge has yet to be addressed adequately. There is a close link between economic growth, employment and poverty reduction. Growth should raise savings and investment that create opportunities for more employment to enable the unemployed and the underemployed to earn more incomes and pull themselves out of poverty. The major aspects of the problem include the following:

- Labour market information is inadequate in coverage and is outdated.
- The magnitude of the employment problem is large. Estimates show that there are 700,000 new entrants into the labour force every year of whom 500,000 are school leavers (primary and secondary) with little or no skills. Out of these only 40,000 are employed leaving a total of 660,000 to join the unemployed or underemployed reserve. The informal sector absorbs the bulk of the labour force but it is stretched to the limit. Informal sector employment is growing at 2.4 percent annually which is below the growth of the labour force (3 percent). Incomes of those who are self-employed have not risen to any significant degree. In some informal activities real incomes have fallen due to competition and overcrowding. Tanzania's employment problem is essentially a problem of low productivity of labour.

- The problem is relatively more acute for women and the youth – as reflected in stereotypical occupations that demand minimum qualifications and usually go with low pay. Gender imbalances in education are reinforced by some inhibiting cultural and social factors.
- The youth have a greater potential to learn new techniques and are more flexible in adapting to changing conditions. Yet the incidence of employment among the youth is relatively high – 60 percent of all the unemployed. The problem is acute even among the educated. Tanzania has the lowest enrolment in tertiary education per 1,000 population in the Southern and Eastern Africa region. Yet unemployment of graduates from institutions of higher learning has grown to levels that are raising concern.
- The regional status of development (characterised by differentiation in levels of fertility and capacities of productive sectors) is taken as a basis for determining the levels of poverty and unemployment and underemployment. This means that a less developed region has a greater number of unemployed and underemployed people (though not necessarily all residing at that region) and a great incidence of poverty.
- Wages and salaries in formal employment declined for a long time since the 1970s. Efforts to reverse the trend have begun to bear fruit but real earnings of the 1970s have not been reached as yet. Inadequate real incomes have led to brain drain and under-utilisation of local human resources. Incomes in the informal sector have also fallen or at best stagnated. The main challenge in both formal and informal sectors is to raise the level of labour productivity.

#### **4.1.8.2 *Priorities Actions for the Way Forward***

Given the high rate of unemployment and underemployment, the Government is committed to creating an enabling environment that will facilitate the private sector to generate jobs for all types of job seekers, including self-employment opportunities. Agriculture will continue to be the most important employer for many years to come. Therefore special measures will be implemented to improve production and productivity in agriculture. In addition the Government will give emphasis on the following:

- *Updating labour market information:* collection and dissemination of information on the position and roles of all relevant stakeholders - who is doing what and where, status of working conditions and social roles of various groups in society.
- *Stimulating employment-creating investment:* efficient saving and investment in job creation in mainly labour-based activities e.g. roads, communications, power, and services industries.
- *Enhancing women employment:* Promote gender equality in education and integrate gender concerns in the activities of employers' organisations and through law amendments. The Women and Gender Advancement Programme planned for 1997/98-2001 expects to enhance capacity building and empowerment of women.
- *Promoting labour-based public works* - like road construction and maintenance, irrigation and village water supplies. Emphasise asset generation programmes and involve the private sector. Central authorities should reorient senior planners and professionals to supervise and manage labour-based programmes.
- *Co-ordinating employment generation efforts:* Reform the institutional framework towards co-ordination of efforts of all stakeholders in employment creation, through the National Employment Council, with the mandate to oversee and monitor the employment policy and all employment generation efforts.
- *Raising labour productivity:* increase training to brace up for competitive markets, apply simple and appropriate technology to create employment and increase labour productivity in sectors that engage the many people e.g. agriculture, livestock, fishing, MSMEs and mining.
- *Enhancing enterprise development:* Take private sector as the main engine for creating employment; instil a culture of self reliance and enterprise culture among the youth, school leavers and university graduates, challenge them to be job creators rather than job seekers.

Give special attention to the development of MSMEs: reduce their cost of doing business, remove barriers to their operations and provide support services and infrastructure.

- *Reorienting vocational education and training:* Relate vocational education and training to labour market conditions with special attention to youth and women and other disadvantaged groups. Strengthen vocational education and training and adapt it to new requirements of the economy. Formulate the following programme:
  - A wider apprenticeship modular training scheme
  - Vocational guidance and counselling to link more closely VET and clients (employers, communities and MSMEs).
  - Carry out community training-needs assessment and develop appropriate training packages for community development.
  - Promote in-service and on-the-job training in the public and private sectors and communities and encourage enterprises to invest in training on a continuous basis in response to changing conditions.
- Promote rural agro-processing industry for direct and indirect linkages with other sectors.

#### **4.1.9 Private Sector Development**

##### ***4.1.9.1 Current Situation and Constraints***

A holistic approach to co-ordinate the interests of private sector in Tanzania is a very recent development. The Tanzania Private Sector Foundation was legally registered in 1998 as an association under the laws of Tanzania. 33 founding organisations signed The TPSF Memorandum and Articles of Association. Today, there are 90 member associations.

The establishment the (TPSF) marks the beginning of a new era for the private sector in Tanzania. The new organisation is a culmination of a long and difficult process carried forward by diverse elements of the Tanzanian business community: trade associations, chambers, business support organisations and institutions. TPSF is now a well-established entity that is responsive to its multiple constituencies and able to serve as an effective focal point for the articulation of private sector-led approaches to economic and social development.

The Foundation is built on democratic and market-oriented approaches and gives top priority to the notions of service and customer or stakeholder satisfaction. It helps member organisations broaden support among their constituencies and improve their own service packages, promote dialogue and help build consensus around key issues. It provides new mechanisms of effectively dialoguing with Government, influencing public policy and improving the overall business climate. The keynotes of TPSF are service, dialogue and joint action.

##### ***4.1.9.2 Priority Actions for the Way Forward***

The Government recognises the paramount role of the private sector as the engine of growth. The Government is committed to continue to improve the business environment in order to catalyse participation of private sector in all aspects of social and economic development. To this effect the Government will give priority to abolishing remaining administrative, legal and regulatory framework as well as tax impediments to private sector growth. In addition, the Government will:

- Promote dialogue with the business community. A mechanism for promoting dialogue, consultations and network of various players will be promoted through the TPSF and Tanzania National Business Council (TNBC).
- Improve economic infrastructure services in particular transport and communication, power water and financial services.

## 4.2 Cross-cutting Issues

### 4.2.1 Land

#### 4.2.1.1 Current Status and Constraints

Land is an important basic resource for economic and social development. Its resources through agriculture, minerals, fisheries, forests and tourism etc. accounts for 80 percent of GDP, with agriculture alone accounting for about 50 percent of GDP.

Land policies and laws did not change in tandem with the current reforms until 1995 when the Government approved a new National Land Policy, and later in early 1999, enacted the new land laws. The problems of the land sector can be outlined as:

- Lack of security of tenure for the majority of urban people, about 70 percent of whom live in unplanned squatter areas besieged by health hazards and insecurity.
- Conflicts of land use in rural and urban areas.
- Difficulties in assessing planned urban land.
- Absence of adequate and co-ordinated information.
- Inadequate office space and equipment particularly for land records
- Inadequate human, institutional and infrastructural capacities.

Some of the recent remedial actions taken include:

- Improved revenue collection for improved operational capacity.
- Improved land information registries.
- Land information computerisation to establish a common data base and Local Area Networking (LAN), to improve services to customers and revenue collection.
- Strategic planning and sequencing of priority projects to be implemented so as to effect the new land laws.
- Improvement of working environment and capacity building (human, institutional and material).

#### 4.2.1.2 Priority Actions for the Way Forward

Within the overall framework of promoting private sector investment, the government will focus on:

- The implementation of the new Land Act:
  - Increase public awareness of the laws and rights and obligations of all stakeholders
  - Prepare regulations, guidelines, forms and manuals
  - Translate, print and distribute regulations, guidelines, forms and manuals to regions, districts and villages.
  - Print and distribute copies of the land laws to all regions, districts and villages
  - Review laws relating to or affected by land laws.
  - Implement the LAN
- Delivery of land services
  - Update township maps to facilitate proper urban planning and management
  - Prepare basic topographic maps in selected rural areas
  - Prepare physical land use plans
  - Establish planned sites
  - Legal regularisation of spontaneous settlement
- Capacity building (human, institutional and material)
- Creation of a Land Fund

### 4.2.2 HIV/AIDS

#### 4.2.2.1 Current Status and Constraints

The HIV/AIDS pandemic is now a real threat to the social and economic development in Tanzania. By December 1998, Tanzania was estimated to have over 1.63 million people infected

by the HIV and the epidemic was spreading steadily and fast throughout the country. The infection rate is ranging from 20-24 per cent in some urban areas and about 7-10 per cent in many rural areas. The infection spreading more quickly among the youth and women—particularly young women, affecting peasants, the elite and professionals alike. Economically it has affected the most productive sections of the population, leading to low production in many areas of the economy. Its impact will be even greater as the epidemic spreads more to the rural areas thereby severely affecting the agricultural sector—the backbone of our economic development.

The epidemic has already left several orphaned children, estimated to be over half a million so far and many helpless elderly people, raising dependency over surviving productive population. It continues to raise public and private expenditures on health, including funeral mourning and care time costs.

A number of factors constrain the development of a comprehensive HIV/AIDS intervention programme in the country. Many intervention activities have been championed by the health sector alone, through the false belief that the epidemic is solely a medical or health problem only. This attitude and approach has left other developmental and social aspects of the epidemic unattended, or insufficiently and poorly addressed. The AIDS programme therefore has faced a lot of problems including the following:

- There is poor involvement of other sectors and institutions which would have addressed non-health or no-medical issues; e.g. orphan care, school AIDS education, poverty alleviation for women who engage into sex for money, etc.
- There is weak institutional capacity to adequately manage the expected multisectoral responses at all levels. The built in capacity would have involved a variety of social, cultural, development and economic disciplines and issues for an effective control of the epidemic. The institutional arrangement would specify the roles and responsibilities of each player, including accountability on the implementation of planned activities by each actor.
- The National AIDS Committee, whose composition is mainly that of Permanent Secretaries, has not been meeting regularly as required by its establishment, as a result the country has lacked consistent guidance on the national priorities and strategies for the control of the epidemic. Similarly sectors have not taken up their roles and responsibilities as spelt out in the current Medium Term Plan-(MTPIII) and in accordance to their comparative advantages in the fight of the epidemic. Quite often this has been given different interpretations - including poor political will and commitment, poor government leadership which has resulted to total poor national response to the epidemic.
- There is lack or poor of involvement of the private sector, as well as uncoordinated NGO and Community Based Organization (CBOs). The private sector is an important resource base and non-involvement of this sector deprives the nation of the resources, which would have been tapped from this end. Many of the NGOs are dependent of foreign aid and non-coordination would result into poor and misallocation of such resources and mal-distribution of services.
- The HIV/AIDS policy guidelines for the prevention of the spread of HIV and protection of peoples' rights, has not been put into operation yet. As such relevant legal provisions have not been instituted within the government machinery and the general public is unaware of certain crucial issues, which may affect their own rights in regard to the epidemic. For example, people have the right to correct information and it has to be coming from the right source at the right time particularly if it is life saving information.
- There is no communication strategy to address salient cultural, social and behavioural issues and practices, which fuel the epidemic in the Tanzanian society. Denial and stigma still dominates in the public. We have lost strategies used in the 60s and 70s when Tanzanians were readily mobilized for a common course or issue e.g. The Arusha Declaration, 'Kilimo cha kufa na kupona', UPE, etc.

#### ***4.2.2.2 Priority Actions for the way Forward***

The multidisciplinary/multi-sector MTP III has identified areas of focus in the next five years. They range from those that are directly health related such as reduction of STD cases and safe blood transfusion to non-health such as reducing the number of poor and addressing individuals behaviours and cultural norms. Most of the measures are targeted, geographically or to vulnerable groups (mobile groups, commercial sex workers, armed and security forces, school going and the youth, girls and men with multiple partners). A list of strategies that cut across the various sectors has been made in conformity with the multi-disciplinarity of the problem. However, based on the weaknesses of the present system identified above the following areas need to be addressed:

- Put in place effective communication techniques to rally the entire population behind the vision to reduce the spread of the virus to the minimum levels. Encourage openness and compassion, enable people to deal with widespread denial, stigma and discrimination, the negative cultural practices and caring for the sick and the bereaved.
- Devise programmes for youths to encourage change of behaviour and resistance to peer pressure.
- Advocacy for active participation of the top national leadership (high level politicians and executive) in making the campaign to encourage change in people's behaviour.
- Establish clear roles, responsibilities for the various partners and clear reporting systems. Make the HIV/AIDS programme an integral part of the ongoing sectoral and local Government reforms so as to facilitate co-ordination and decentralisation of the HIV/AIDS programme. Let local authorities integrate HIV/AIDS concerns in their development plans.
- Encourage each sector to assess how HIV/AIDS impacts on its core business and how it can help reduce the incidence of HIV/AIDS among its members.
- Encourage partnerships in HIV/AIDS interventions involving all actors – local leaders, the private sector, religious organisations, NGOs and CBOs.
- Identify and rectify the existing weaknesses in the legal system. Establish and follow adequate incentive system.
- Strengthen the NACP and its co-ordinating capacity.

### **4.2.3 Human and Institutional Capacity**

#### **4.2.3.1 Current Status and Constraints**

The capacity of the government in terms of human and financial resources, institutions, systems and processes is critical to the implementation of Tanzania's development strategy. Over the years, particularly since the late 1970's there has been erosion in the basic capacity of the government with poor recruitment, training and remuneration and erosion of discipline and ethics. Low technical and managerial skills, obsolete administrative technologies, deteriorating government physical facilities and corruption attest to the inadequate capacity of the government. Institutional capacity in terms of the efficiency with which Ministries, Departments and Agencies perform has also diminished. The Technical Assistance has not been fully used for capacity building.

Phase One Civil Service Reform Programme (1993-1999) focused on re-defining the role of the state with the view to right size the civil service. This resulted in restructuring and rationalisation of the Ministries, Departments and Agencies (MDAs), civil service salaries and formulation of the Local Government Reform programme. Both follow-up programmes (public service and local Government) emphasise capacity and improving the quality of public services.

However, the need for a more comprehensive programme for effective and sustainable capacity building became evident during the implementation of the programme. The Public Service Reform Programme (PSRP), the successor programme to the CSR programme aims at transforming the public service into a service that has capacity, systems and culture for client orientation and continuous improvement of services. Likewise public servants and managers will be enabled and held accountable for specific output and outcomes. Pay reform is one of the key elements of the programme as is the restoration of meritocracy and continuous training of and retraining of

human resource. Decentralisation of public service delivery emanating from the redefinition of the role of government has resulted in institutional pluralism in the delivery of public services. The local government reform programme and sector reforms in health, education are addressing capacity issues of local authorities.

#### ***4.2.3.2 Priority Actions for the Way Forward***

The Government will continue with the implementation of public and social sector reforms. The Government will emphasise the following actions:

- Put emphasis on a holistic approach to capacity building in the core processes: new and improved systems, processes and practices, staffing, skills and knowledge, rewards and working environment.
- Leadership, governance and management (especially financial management).
- Implement the pay reform.
- Strive to turn more of Technical Assistance into domestic human and institutional capacity.
- At the lower levels, elevate the human capacity of the poor social groups by providing them with elementary skills. This can be done by / or in collaboration with NGOs and CBOs. For instance, those NGOs that extend credit to small entrepreneurs need to also provide some basic skills in bookkeeping and marketing, hygienic methods of food processing and preservation, and environmentally safe methods of fishing, farming, mining and so on.

### **4.2.4 Gender Equality and Community Development**

#### ***4.2.4.1 Current Status and Constraints***

Choices about priorities for strategic direction in development are likely to affect men and women differently. Hence the need to adopt a gender approach that addresses these differences and focuses on equality and equity of outcomes rather than simply equal treatment. Equal status of men and women is provided for in the Constitution of the United Republic of Tanzania. Tanzania has ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and adopted the Platform of Action after the Beijing Conference on Women in 1995. The Global Beijing Platform of Action spells out 12 critical areas of concern. The Government has given priority to 4 out of the 12 areas and formulated a National Platform of Action. However, the situation is one of unfulfilled expectations as poverty still afflicts the majority of women. There are still few women in official positions: few cabinet ministers, few councillors in local Governments.

In rural households, women typically work longer hours than men do. Their workload contributes to their poor health and nutritional status, high maternal mortality and low survival chances of their babies. The high incidence of low-birth weight babies, under-nutrition among children and high infant mortality rates point to the poor health of women. Men are traditionally considered the “head” of the household, and have a greater access to land, credit and extension services. Recent changes in legislation about land provide more equal access for women.

While girls and boys are almost all enrolled in primary school, a large proportion of them especially girls drop out before standard 7 and fewer girls than boys go on to higher levels of secondary and tertiary education. Examination results are worse for girls than boys, even among boarders in single-sex schools.

HIV/AIDS is having disastrous effects in Tanzania, and it disproportionately affects girls and young women compared to their male peers. Infection rates are highest among adolescent girls and young women. In rural communities most young female adolescents have very little knowledge about the functioning of their bodies and have very poor access to such information. Their low income also precludes access even to rudimentary sanitary aids. Their social status constrains negotiations about sexual relations. Providing home care for those infected by AIDS is the responsibility of females, and older female relatives, often the grandmothers, are taking responsibility for the upbringing of the increasing number of children orphaned by AIDS.



The Government established the Ministry of Community Development, Women Affairs and Children in 1990 with a view to addressing Community Development in general and concerns of special groups of women and children. Promoting community-based development requires well-trained *change agents* to guide and change peoples' attitudes towards their own development. However, the Ministry has limited capacity in areas of policy formulation and management, information management and monitoring.

#### **4.2.4.2 Priority Actions for the Way Forward**

To accord emphasis to community development, the Ministry will prepare the Community Development Programme. Since this is a cross-cutting issue, a lot of co-ordination with other sectors is required. Aspects like education, health, nutrition, agriculture, small industry, credit facilities need to be co-ordinated so that they build on each other at community level through a participatory approach at the grass-root level.

To address the gender problem the following complementary actions need to be adopted:

- A sub-Programme for Women's and Gender Advancement which contains four areas of concern needs to be implemented immediately.
- Mainstreaming of gender into all Government policies - a Gender Management System (GMS) to guide the process of incorporating gender in the various organisations and institutions.
- Easier access to quality health care and clean water for likely immediate benefit to women.
- Continue with women's economic empowerment and poverty reduction – increased access to credit facilities and ownership of means of production by women and enhancing their income-generating opportunities and capacity.
- Enhancing men's and women's legal capacity and legal literacy to facilitate gender awareness of the existing legal provisions against the abuse of women's human rights and make possible the elimination of gender-biased provisions.
- Improving females' access to education and training to enhance their employment opportunities.
- Decision-making and political empowerment: to mobilise women and men in joint decision making at household level, local Government, district committees and Parliament.
- Address the structural constraints – cultural and ideological - which continue to inhibit women's active participation in electoral politics and decision-making more generally.
- Direct advocacy and information towards changing socialisation processes and promoting greater equality in work sharing among men and women in productive activities, home management and child care.
- Improve communication and access to information for poor rural women and adolescents for life skills, through peer educators and other innovative methods, encourage the self-confidence of girls and young women and their power for negotiation.
- Promote generation, collection and dissemination and use of gender disaggregated data in order to address the problem of inadequate, inaccurate and under-representation of the gender dimension in the national statistics so as to increase the visibility of women and their concerns.

### **4.2.5 Disaster and Relief Management**

#### **4.2.5.1 Current Situation and Constraints**

Disasters arise from natural and man-made hazards. Vulnerability to the disasters depends on the capacity to absorb, deflect and manage the disasters. Readiness depends on the resources, availability and access to developed infrastructure, the economic system and the level of poverty. Tanzania is vulnerable to floods, cyclones, drought, epidemics, pests, landslides, transport and industrial accidents, bush and urban fires. The Office of the Prime Minister has a record of specific regions that are prone to natural hazards such as floods, fires, etc.

In urban areas, about 50 percent of the settlements are located in flood-prone valleys. Even in rural areas, poor supply of clean and safe water, health services, malnutrition and

widespread environmental degradation activities heighten the severity of the disasters such as floods, epidemics and drought when they strike. Incidents of human disease outbreaks are common nation-wide. The epidemics include malaria, cholera, bubonic plague, typhoid, meningitis, and HIV/AIDS. The problem of massive influx of refugees is common in Kagera, Kigoma and Rukwa.

Together with the above, a number of constraints reinforce each other to limit the ability of Tanzania to prevent, to respond adequately to, disasters and to be well prepared in the first place. Disasters impair growth and the poverty reduction drive. They disrupt the pattern of life, property, infrastructure and environment. Public expenditures rise unexpectedly. The country may be forced to increase import (usually of food) and to export less (if export products or the relevant infrastructure was destroyed), thus increasing the country dependence on assistance.

#### **4.2.5.2 Priority Actions for the Way Forward**

The Government is committed to prevent potential future disasters and to mitigate their negative impact. The enactment of the Disaster Relief Co-ordination Act of 1990 is currently under review. Other actions to be consolidated include the following:

- Establish a functional mechanism for disaster management in the country.
- Create public awareness on disaster threats in their areas.
- To undertake risk assessment and vulnerability analysis in order to determine the likely impact.
- To carry out education and training of institutions responsible for disaster preparedness, mitigation and response.
- To co-ordinate and integrate disaster activities in the development plans.
- Sector ministries, NGOs etc. to encourage people to follow regulations /advise/ by-laws on settlements, agricultural methods (against fires), healthy living against epidemics.

To carry out these actions, Tanzania needs a reliable resource base. For the refugee problem Tanzania needs international support beyond what the country has done both to cater for the refugees that continue to flow in, and to help areas of conflict to reach peaceful solutions.

### **4.2.6 Data, Information and Communication**

#### **4.2.6.1 Current Situation and Constraints**

The success of TAS relies heavily on the timely availability of accurate data and information to facilitate the process of decision making. A lot of data and information is produced, analysed and disseminated by various agencies in the Government, NGOs, the private sector and the donor community. However, these efforts are not co-ordinated. A number of weaknesses can be identified:

- Production of data that remains unused / under-utilised for a long period. A good example is the 1991/92 household budget survey that has not been adequately analysed and disseminated to-date.
- Large gaps in data production, analysis and dissemination arising from lack of communication. This has sometimes led to duplication of efforts.
- *Ad hoc* production of data and information, even for some critical variables. Important surveys that have become unpredictable include the population census and the household budget survey.
- Contradicting data for the same variables, even when produced by the same agency.
- Useful data and information analysed but not adequately used for management purposes.
- Poor networking to access useful data banks outside the country.
- Use of different software packages (that are often incompatible) to store data and information limits their use and exchange, without resorting to high cost conversions.
- Low technology in data storage and networking.

The weaknesses outlined above have emerged because the present system consists of various independent agents that produce, analyse and disseminate data and information without co-ordination. Lack of a recognised institutional set-up has led to:

- Production, analysis and dissemination of data and information which is supply-driven, also often determined by the interests of those who are ready to provide funding.
- The level and direction of capacity building for the production, analysis and dissemination of data and information to become supply-driven. Since much of the analysis and dissemination can be undertaken *outside* the country, limited capacity has been built domestically.
- No clear rules of the game established for quality control (e.g. providing methodological guidelines for some key surveys such as household budget surveys), data and information accessibility (including use of unfair practices), etc.

#### **4.2.6.2 Priority Actions for the Way Forward**

Information, institutional arrangements, if put in place, can specify clear lines of responsibilities for the various agencies, specifies reporting and lines of accountability. This will aim at maximising the benefits of specialisation and minimising overlaps and conflicts. There is a clear gap for an institutional set up, well co-ordinated, for the production, analysis and dissemination of data. A follow up to the data and information, timely communication is essential for realisation of the benefits of data and information, particularly in the delivery of public and other services.

With regard to data and information the following areas require attention in the medium term:

- The NBS needs financial and technical support. The same can be said of the other data / information collecting and processing agencies.
- Support to other institutions that translate the analysis into policy and action, i.e. Government, private, NGOs agencies and advocacy agencies. Also identify capacity building requirements.
- The institutional arrangement needs to be supported by an appropriate institutional environment or rules of the game: guidance to the various players in their area of jurisdiction as well as guidelines regarding accessibility of the data and information.
- Another step is to identify capacity building requirements. Some agencies have established link-up systems down to the regional level and others to the sub-district level, e.g. the NBS, MORC, MOH and MAC. Such a decentralised structure is intended to facilitate relay of data and information. For the NBS there is the additional role of co-ordination that need to be strengthened.

There is also **a problem of communication** among agencies and departments of Government. Decision making and effectiveness of public service managers at all levels is impaired by a lack of accurate, reliable and timely information. Weak co-ordination mechanisms have resulted in compartmentalised and fragmented systems. Lack of appropriate exposure to modern data communications / information systems. Likewise there is no consistent framework for announcing change, getting people involved in planning the change and giving feedback on progress in implementation. Records management systems are mostly obsolete and overwhelmed by the newly emerging requirements for speed and consistency. Paper based systems have almost broken down and the gradual build up of redundant paper is causing severe retrieval problems, with high costs in terms of wasted office accommodation, equipment and staff time. Information cannot be located when required, financial audits cannot be carried out effectively and the success or failure of development initiatives cannot be fully evaluated for timely adjustments. Telephone calls and staff movements made to chase information add to the inefficiencies.

Priority actions aimed to improve the situation should aim to rationalise the public service's internal communications network, taking advantage of new technologies to reduce the cost of internal telecommunications, while increasing the reliability of connections. This is particularly significant in the context of the on going privatisation process whereby the previously

state owned telecommunications service provider is no longer a monopoly and is soon going to be privatised. There is a need to pursue the following actions seriously:

- Adopt Information and Communication Technology (ICT) Standards for the public service.
- Information flow between the Government and other stakeholders and amongst other stakeholders should also be considered as critical.
- Establish ICT for communities – e.g. Tele-centres for communities.
- Rationalise the management of IT resources (HR, equipment and software).
- Modernise information and communications systems in government offices.
- Co-ordinate procurements of technology to gain economies of scale and easy maintainability.
- Link all government offices electronically but as efficiently as possible.
- Introduce electronic records systems and establish an appropriate framework for managing public records on electronic media.
- Enhance remuneration of professionals who develop IT-oriented skills in their work.
- Adopt security policy and procedures for handling and managing government information and communications technology assets.
- Continue with the creation of new efficient and effective paper-based record systems.
- Develop standards for IT-related training curricula and awards.
- Create national records centre and reinforce the existing National Archives.
- Build awareness on the significance of “knowledge management” and “globalisation”.
- Institute a system for electronically monitoring and evaluating all government operations.

## **V THE MEDIUM TERM EXPENDITURE FRAMEWORK (to be prepared)**

## **VI “BEST PRACTICES” IN DEVELOPMENT CO-OPERATION**

### **6.1 Current status**

Tanzania has a long history on development co-operation programmes which dates back to the early 1960s at the time of independence. As a result, foreign aid has played and continues to play an important role in the Tanzanian economy.

Currently, Tanzania is considered to be donor dependent with about 25 percent – 30 percent and 80 percent of the total Government budget and development budget respectively dependent on foreign aid/finances. While Tanzania ranks high on the basis of aid as percentage of GDP, on per capital terms the ranking is low compared to other Sub-Saharan countries<sup>2</sup>. Tanzania has development co-operation programs with over 50 Governments/donors, international financial institutions and NGO covering hundreds of projects virtually in all sectors. External assistance to Tanzania averaged US \$ 900ml between 1994–97.

Recent developments on aid fatigue, rising corruption and lack of progress in reducing poverty have generated strong debate on the effectiveness of aid. As a result, there have been a number of initiatives both at national and international level to address the issues of aid delivery and the roles of the stakeholders with the view to make aid more efficient and effective. Probably the most important recent developments in this case include the Agreed Notes (The Helleiner Report), The New Nordic–Tanzania Development Partnership, OECD’s DAC-Shaping the 21st Century, the Tokyo International Conference on African Development (TICAD II), the Tokyo

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<sup>2</sup> Timo Voipio and Paul Hoebink, *European Aid for Poverty Reduction in Tanzania*, ODI/IDS, Working Paper 116. February, 1999.

Agenda for Action, and the Stockholm Workshop on Making Partnerships Work on the Ground. The emphasis in all these initiatives is on:

- Promoting local ownership and leadership.
- Promoting partnership.
- Improving aid co-ordination mechanism.
- Improving transparency, accountability and predictability of aid.
- Harmonising donor policies and procedures.
- Strengthening capacity of aid recipient Government.

The TAS initiative attempts to address these concerns from the Tanzanian perspective by outlining some key elements on “best practices”.

## **6.2 The Need for Shared Vision/Goal**

There is now strong consensus that development assistance works where there is a common and shared vision and commitment by all the stakeholders. In the case of Tanzania we believe this shared vision and commitment has been achieved through:

- Focus on poverty reduction.
- Emphasis on promoting local ownership and leadership.
- The need to promote partnerships.
- The need to increase the efficiency and effectiveness of aid.
- The need to promote good governance.

Tanzania and her development co-operation partners are convinced that business as usual is not a viable option for the future. So the partners are committed to support and implement the basic principles of TAS.

## **6.3 Undertaking by Tanzania**

### **6.3.1 Development Agenda and Policy Framework**

As outlined in sections II and III poverty reduction is the most important development challenge and agenda in Tanzania. The medium term strategies for poverty reduction are outlined in section IV and the operationalisation details are available in the PRSP.

### **6.3.2 Good Governance**

The Government recognises the important role of good governance in promoting growth and reducing poverty. To this effect the Government is placing priorities in the following areas:

#### **(a) Sound Financial Management System**

The Government has completely overhauled the public financial management system during the last five years. On the revenue side an autonomous agency (TRA) has been established and on expenditure accounting, the manual accounting system has been replaced by a computerised Integrated Financial Management System (IFMS) which is implemented through the Central Payment System (National) and Sub-Treasuries (Regions). The computerised IFMS coupled with the cash budget system has restored fiscal discipline, accountability and transparency. Currently, all ministries and departments in Dar es Salaam are on line real time radio link to the Treasury facilitating prompt and accurate preparation of accounts, audit and reports. The IFMS is being extended to the Local Authorities (district and municipal councils) under the Local Government Reform Program. At the same time the Government has reformed the budgetary system by introducing performance budgeting and GFS classification. In the context of the public financial management reform stance the Government will:

- Consolidate and deepen the application of IFMS through out the Government system with the view to improve transparency and accountability.
- Strengthen the audit function.

- Promote strategic resource allocation to priority areas through performance budgeting and performance management systems.

#### **(b) Efficient Public Service**

Phase One reforms of the civil service which focused mainly on organisation and functional reviews were concluded in 1999 and phase two reforms which are focusing on efficient delivery of public services commenced in January, 2000 and would last for the coming five years. The Government plans to implement performance management systems in phases to be underpinned by ministerial/departmental strategic plans and performance budgets. The objective is to ensure that resources are allocated on the basis of monitorable concrete priority outputs or outcomes in accordance to the stated macro economic policies and strategies. The new approach will start with the ministries of Health, Water, Education and Agriculture. Pay reform and capacity building are important objectives of the PSRP. The Government is committed to implementing the medium term public service pay policy with a view to attain remunerative salaries by 2005. In the meantime harmonised targeted salary enhancement schemes will be encouraged to ensure efficiency and effectiveness in the delivery of strategic services.

#### **(c) Anti Corruption Measures**

Corruption is a very serious problem in Tanzania that must be dealt with in order to achieve sustained growth, reduce poverty and build mutual trust on the new partnership approach. The Governments' policy is zero tolerance on corruption. The third phase Government recognised this menace and took immediate action in 1995 by making corruption a national agenda with commissioning of the Warioba Report (The Presidential Commission of Inquiry Against Corruption) which provides comprehensive diagnosis on the causes, nature and magnitude of corruption in Tanzania. In 1999 the Government adopted a comprehensive National Anti-Corruption Strategy and Action plan. The strategy, which is a continuation of several previous efforts, is divided into immediate, medium and long-term sectoral action plans. It focuses on:

Institutional reforms.

- Advocacy (raising public awareness).
- Increasing transparency and accountability in Government business.
- Participation of civil society and private sector in fighting corruption.
- Monitoring progress.

Immediate areas of priority action are:

- The Rule of law and legal framework
- Financial discipline and management
- Procurement
- Public education, awareness and sensitisation on their rights
- Public service reform (capacity building)
- Whistle-blowers and witness protection.
- Media.

#### **(d) Domestic resource mobilisation**

Tanzania recognises that development will be brought about by Tanzanians. To this effect the Government is committed to pursuing policies and strategies that motivate all the citizens to participate and contribute to national development. In particular, the Government will pursue policies that promote business environment with the view to remove remaining policy and institutional bottlenecks to private investment. Reforms in tax regimes and administration will be consolidated and deepened to increase compliance and make them user-friendly respectively. The medium term target is to raise the revenue effort from around 12.5 percent to over 15 percent of

GDP. The over riding objective is to build a true Government–private sector partnership in growth and development.

Policies will be promoted to improve savings mobilisation including small savings at the household level; develop the capacity to export (to close the foreign exchange gap).

**(e) Partnership and empowerment of Local Government and Civil Society Organisations (CSO)**

Poverty is about people. Thus it is logical to assume that the institutions near to the poor people know better how to deal with the problem. These include the local authorities, CBOs, NGOs and community association and clubs. The Government has taken measures to provide appropriate legal framework for devolving powers to the Local Government. The Local Government Reform Programme is the vehicle for delivering the empowerment through capacity building in financial management, and restructuring.

At the same time, an NGO policy is expected to be adopted during year 2000, followed by a legislation that will facilitate and promote the activities of more than 8,000 NGOs operating in Tanzania. This action is also expected to improve the participation of CSOs in development policy dialogue.

The Government is committed to consolidate and deepen the measures for empowering CSOs in order to build a strong partnership in poverty reduction and development.

Promotion of enterprise partnerships and alliances with more advanced country enterprises may develop the capacity of our local enterprises to compete. Thus foreign investment promotion and facilitation will be instrumental.

#### **6.4 Undertaking by Development Partners**

As stated in the introduction section, donors have made significant progress in the past five years in the way they deliver aid in Tanzania. Overtime the tendency has been to support more local initiatives and working on the basic requirements for moving towards harmonised support. Typical examples to-date, are the PER/MTEF process, the MDF, the SWAP/CBF (health and Local Government) and the Quarterly Sector Consultations. Donors are committed to continue co-operating with Government to consolidate and deepen the progress achieved to-date by undertaking the following:

- Adopt the TAS initiative as a basis for formulating country strategies as appropriate.
- As far as possible adopt the joint actions approach and harmonised rules and procedures (formulation, supervision and evaluation missions; accounting, disbursement and reporting; annual consultations, etc.) with the view to enhance Government capacity. The initiatives on basket funds on health and LGRP and the MDF provide a basis for the way forward.
- Adopt the IFMS as the basis for harmonising rules and procedures on accounting, disbursement and reporting thereby enhancing transparency and accountability on aid. Currently, the Government and six donors have established a basket fund for implementing the Health Sector Reform Program and disbursements are made through the IFMS. Another basket fund involving 7 donors has also been established to support implementation of the LGRP. This initiative will be consolidated and deepened, and extended to other support programmes.
- As far as possible untie aid and provide technical assistance for capacity building. Some donors have completely untied aid ( ) while others are still constrained by policy stance ( )
- Adopt the MTEF with the view to improve the predictability of resources.
- As far as possible donor support to be in form of program/budgetary support and less project type support as means for harmonising donor rules and procedures.
- Decentralise authority on decision making to the country missions in order to expedite and deepen consultations.

## VII A FRAMEWORK FOR MONITORING TAS

### 7.1 Monitoring in the Context of TAS

Basically, there are two main components involved in monitoring the TAS initiative namely:

- Progress made in poverty reduction. This has both medium (particularly public expenditure program) and long-term (economic well being) outcomes which will be monitored under the PER/MTEF process and the PRSP respectively.
- Progress made towards achieving the principles and objectives of best practices. TAS monitoring will focus on this.

### 7.2 Indicators

The indicators for monitoring TAS will be based on the specific requirements for best practice development co-operation. Many of these indicators are processes, but some quantitative indicators are also relevant. For example, most indicators for good governance, decentralisation and democratisation are mainly qualitative, although a few such as those related to the establishment of sound financial and macroeconomic management are easily quantifiable. Specific indicators will be developed to judge the difference in the way partners (Tanzania vis-à-vis external development partners and the Tanzania Government vis-à-vis local development partners) operate overtime. Specifically, monitoring of TAS will focus on progress achieved in:

- Consolidation and deepening the financial management
- Implementing the anti corruption action plan
- Building capacity
- Implementing the medium term pay reform
- Reduction in project type of support
- Expansion of basket funding
- Adoption of joint actions
- Mainstreaming management of donor resources in Government budget management system.
- Internalisation of project management into the Government institutional framework.