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# Tanzania





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# List of Acronyms

AfDF	African Development Fund
AKTC	Aga Khan Trust for Culture
AMREF	African Medical Research Foundation
AWEPA	European Parliamentarians for Africa
BCA	Bagamoyo College of Arts
BEST	Business Environment Strengthening in Tanzania
BOT	Bank of Tanzania
CCM	Chama Cha Mapinduzi
CG	Consultative Group (World Bank)
CIDA	Canadian International Development Agency
CMSA	Capital Markets and Securities Authority
CSD	Civil Service Department
CSO	Civil Society Organisation
CUF	Civic United Front
DAC	Development Assistance Committee
DAC forum	Bilateral and multilateral aid agencies in DSM
DANIDA	Danish International Development Assistance
DDP	District Development Programme
DFID	Department For International Development (UK)
DIT	Dar es Salaam Institute of Technology
DRC	Democratic Republic of Congo
DSE	Dar es Salaam Stock Exchange
EAC	East African Community
EC	European Commission
EPOPA	Export Promotion of Organic Products from Africa
ESDP	Education Sector Development Programme
EU	European Union
FINNIDA	Department for International Development Cooperation (Finland)
FSD	Financial Sector Deepening Programme
FY	Fiscal Year
GDP	Gross Domestic Product
HBS	Household Budget Survey
HIPC	Highly Indebted Poor Countries
IDA	International Development Association
ICT	Internet Communication Technology

IFMAP	Integrated Financial Management and Accountability Programme
IFMS	Integrated Financial Management System
ILFS	Integrated Labour Force Survey
ILO	International Labour Organisation
IMF	International Monetary Fund
IMG	Independent Monitoring Group
IRT	Investors Round Table
ITA	Institute of Tax Administration
JICA	Japan International Cooperation Agency
LAMP	Land Management Programme
LGA	Local Government Authority
LGRP	Local Government Reform Programme
LHRC	Legal and Human Rights Centre
LPAC	Local Project Appraisal Committee (Swedish Embassy)
MFI	Micro Finance Institution
MISA	Media Institute for Southern Africa
MIT	Ministry of Industry and Trade
MOEC	Ministry of Education and Culture
MOF	Ministry of Finance
MTEF	Medium Term Expenditure Framework
MUCHS	Muhimbili Hospital College of Health Sciences
NACP	National AIDS Control Programme
NAO	National Audit Office
NEMC	National Environment Management Council
NEPAD	New Partnership for African Development
NGO	Non-Governmental Organisation
NORAD	Norwegian Agency for Development Cooperation
OAU	Organisation for African Unity
OECD	Organisation for Economic Co-operation and Development
PAF	Performance Assessment Framework
PER	Public Expenditure Review
PEDP	Primary Education Development Plan
PFMRP	Public Financial Management Reform Programme
P&HDR	Poverty and Human Development Report
PO-RALG	President's Office – Regional Administration and Local Government
PPPC	Parliamentary Political Parties Committee
PRBS	Poverty Reduction Budget Support
PRGF	Poverty Reduction Growth Facility (IMF)
PRS	Poverty Reduction Strategy
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
PSRP	Public Service Reform Programme
PTF	Presidential Trust Fund for Self-Reliance
PV	Photovoltaic
REA	Rural Energy Area
REF	Rural Energy Fund
RRV	Swedish National Audit Office (Riksrevisionsverket)
RUFIP	Rural Financial Institutions Development Programme
SACCO	Savings- and Credit Co-operative

SADC	Southern Africa Development Community
SAREC	Department for Research Cooperation, Sida
SASE	Selective Accelerated Salary Enhancement
SCAPA	Soil Conservation and Agro-forestry Programme, Arusha
SDC	Swiss Agency for Development Co-operation
SDR	Special Drawing Right
Sida	Swedish International Development Cooperation Agency
SPW	Student Partnership Worldwide
STCDA	Stone Town Conservation & Development Authority (Zanzibar)
SWAp	Sector Wide Approach process
TACAIDS	Tanzania Commission for AIDS
TAMFI	Tanzania Association of Micro Finance Institutions
TANESCO	Tanzania Electric Supply Company
TAPAC	Tanzanian Parliamentary Aids Coalition
TAS	Tanzania Assistance Strategy
TBS	Tanzania Bureau of Standards
TCTF	Tanzania Culture Trust Fund (Mfupo wa Utamaduni)
TCC	Tanzania Communications Commission
TCCIA	Tanzania Chambers of Commerce, Industry and Agriculture
TGNP	Tanzania Gender Networking Programme
TNBC	Tanzania National Business Council
TPSC	Tanzania Public Service College
TRA	Tanzania Revenue Authority
TTCL	Tanzania Telecommunications Company Limited
TUSEME	Children Theatre Project and Education for Democracy
UCLAS	University College of Lands and Agricultural Studies
UDSM	University of Dar es Salaam
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
ZEC	Zanzibar Electoral Commission
ZPRP	Zanzibar Poverty Reduction Plan

# 1. Introduction

The history of development co-operation between Sweden and Tanzania dates back to the period before Independence. The co-operation expanded rapidly from the late 1960's. Its content and modalities have changed over the years. More Swedes have worked in Tanzania for a period of their life than in any other African country and the links between the two countries at the personal and institutional levels are strong. During the next few years the co-operation will most probably expand further.

The main aim of Sida's semi-annual reports on Tanzania is to provide a brief overview of major events within the various fields of our bilateral development co-operation during the previous six months' period. A brief political and macro-economic framework is also provided. The period covered in this report is October 2002–March 2003. Due to the inevitable time lag general data often cover the second half of 2002, while the information on agreements and implementation of development projects covers the period up to the end of March 2003.

The on-going Swedish-Tanzanian development co-operation is based on a three year agreement, presently covering 2001–2003, in which the Government of Sweden has committed itself to keep available at least SEK 1100 million over the period (subject to parliamentary appropriation of funds). By end-March 2003 a total of SEK 1113 million had been disbursed.



## 2. Political development

The elections and change of government in Kenya in February 2003 have had a profound impact on the political landscape in East Africa and also on the political debate in Tanzania. Although the election results in Kenya have been seen as an encouragement by the political opposition in Tanzania the general preconditions are not in favour of a similar development on the Tanzanian scene..

Since the last Semi-Annual Report developments within CCM has attracted a lot of attention. It is increasingly realised that the forthcoming leadership change in connection with the 2005 elections – when president Mkapa will step down having completed his two terms over 10 years – will be of crucial importance for Tanzania's future. A strong and determined leader will be needed, who can continue the on-going reform processes. A weakened leadership at the highest level could lead to a sliding back of the reforms. It is still early to discuss concrete candidates; CCM and Mkapa have discouraged the launching of an early process in this regard.

The Zanzibar process, following up on the Mwafaka Agreement from October 2001, is proceeding reasonably well, although there are some delays in implementing certain agreed measures. A vital test will come on 18 May when by-elections will take place in 17 constituencies in Pemba. The preparatory phase, including registration, has up to mid-April been handled satisfactorily by the new Zanzibar Electoral Commission (ZEC) which seems to command respect and trust from both sides. CUF is expected to win most if not all the contested constituencies.

Intense developments are presently taking place in Tanzania's geopolitical surroundings. The suspicions and divisions between Uganda and Rwanda are again deepening, as a result of both countries' engagement in D R Congo. The peace process in Burundi is at a critical stage with president Buyoya stepping down on 1 May in order to hand over to a hutu president and with the two rebel movements (FDD and FNL) still not part of the process negotiated in Arusha. In D R Congo substantial political progress is being made through the agreement to form a transitional government in order to prepare for democratic elections two years from now. SADC is in a deep crisis caused by the on-going negative events in Zimbabwe. Tanzania continues to try to play a constructive role in all these regards: through mediating efforts between Uganda and

Rwanda, through an active engagement in the Burundi peace process, through close contacts with president Joseph Kabila and through assuming – from July – the chairmanship in SADC.

During the period president Mkapa has continued to profile Tanzania on the international scene. This has been done through his co-chairmanship – together with Finland's president Tarja Halonen – of the ILO World Commission on the Social Consequences of Globalisation, active advocacy regarding HIV/AIDS and the Opening Speech at the High-Level Summit on Development Assistance Harmonization in Rome in February 2003.

Otherwise the internal political scene in Tanzania has been quiet. One national public debate has focused on the NGO Bill, adopted in December last year and introducing restrictive requirements which may hamper the continued development of an open civil society. Another public debate focused on corruption, and was initiated by the CCM MP Hassany Kitine, a former Minister of Good Governance – resigning in 1998 because of accusations for corruption. Kitine and others argue that corruption is still rampant at all levels and that government efforts to reduce it are not enough.

# 3. Macro economic development

## 3.1 General

The macro-economic development continues to be marked by stability. The GDP growth in 2002 was 6.0 per cent. This implies a continuation of the growth trend in recent years. Historically, economic growth between 5 and 6 per cent is high for Tanzania, but it is still below the growth rate of 7–8 per cent, that is generally considered necessary to reach the targets for poverty reduction by 2015.

Main growth sectors in recent years have been mining, tourism and construction. All of them provide small but increasing shares of the total GDP, gold mining growing quickest. During the period tourism has suffered from the effects of terrorist threats and the war in Iraq. The agriculture sector, with three-quarter of the population and providing almost half of the GDP (including non-monetary production) has a strong impact on the overall GDP growth. Its growth in 2002 is estimated to have been 5.5 per cent, which is the same as in 2001. The crops in 2003 are estimated to be negatively effected by lack of rain in some parts of the country. A high level of growth in agriculture is a prerequisite for both a high total growth rate and a reduction of poverty.

The investment to GDP ratio in 2002 is projected to have been 17.4 percent, slightly higher than in 2001.

The rate of inflation declined during 2002 and was 4.5% on an annual basis in December, against 4.9 per cent in December 2001. It declined further in the first months of 2002 to 4.4 per cent by end February. The continued decline is due to a rapid reduction of the inflation rate for food items, while the rate for non-food items has increased.

During 2002 the overall external trade deficit (goods and services) was reduced with 20 per cent from USD 751 million to USD 598 million (preliminary figure). Non-traditional exports increased significantly while traditional exports recorded its worst performance in many years mainly due to lower export prices in the world market together with lower export volumes. However, during the last quarter of 2002 prices of most agricultural export commodities turned upwards, while cloves and sisal continued to decline Imports increased marginally, with capital and intermediate goods contributing, while imports of consumer goods declined. Gold exports have increased rapidly during the last three years. In 2002 its value was 1.5 times that of all traditional export commodities together.

Up to end-June 2002 the decline in terms of trade continued, with continued high prices on petroleum products and continued lowering of prices for coffee, cotton and cashew nuts. The world market gold price increased and was 335 USD/ounce by end March 2003.

The current account deficit as share of GDP in 2002 is projected to be slightly lower in 2002 than in 2001, both including (4.1 per cent) and excluding (8.9 per cent) official transfers.

Foreign direct investment reached 220 million USD in 2001, slightly more than during the two previous years. Mining was the dominating sector. The total inflow of development assistance is estimated to have been around 1 billion USD in 2002, which is the same level as the previous year.

Foreign exchange reserves by the end of February 2003 covered about seven months of imports. In November 2002 the TSH had depreciated against the USD with about 15 per cent since early 2001. During the first three months of 2003 TSH has followed the pattern of USD, resulting in depreciation towards most other currencies than the USD. In beginning of April 2003 the exchange rate was 1027 TSH/USD

### **3.2. Government Finance**

Revenue collection for the first half of FY 2002/03 was 595 billion Tsh, 6.4 per cent above the budget estimate. The over performance is attributable to higher collection of income taxes and VAT on domestic sales. Total expenditure was 765 bn Tsh, being 71 percent of the estimated expenditure for the period. Actual expenditure of the development budget lagged strongly behind the estimate, mainly due to slow foreign project inflows. This trend was enhanced by slower than projected budget support disbursements.

In the budget for 2002/03 domestic revenue is estimated to 1,172 billion Tsh. Domestic revenue as share of GDP thereby will increase from 12.2 to 12.3 per cent. Total expenditure is estimated to 2,219 billion Tsh, of which 1,499 billion recurrent and 720 billion development expenditure. Corresponding figures for 2001/02 were 1,765 billion total, 1,412 billion recurrent and 353 billion development expenditure. The doubling of development budget expenditure is mainly due to better coverage of aid financed activities, together with large expenditures for the Songas project. The projected budget deficit for FY 2002/03 is 7.3 per cent of GDP, to be covered by grants (5 per cent of GDP), concessional foreign loans (1.6 per cent), and domestic financing (0.8 per cent).

The cash budget system has continued, and contributed to reasonably good budget balance. It continues to be based on quarterly releases of funds to the priority sectors of the Poverty Reduction Strategy, which has improved the flexibility in those sectors. In the budget for 2002/03 it is estimated that development assistance will cover 45 per cent of the total budget expenditures and 87 per cent of the development budget expenditures, which is slightly higher than in the previous budget. The share financed by development assistance in the recurrent budget is estimated to be reduced from 27 to 22 percent.

Recurrent expenditure in priority sectors has increased from 4.2 per cent of GDP in 1999/00, to 4.6 per cent in 2000/01 and 5.2 per cent in

2001/02. In the budget for 2002/03 it corresponds to 5.5 per cent. Development expenditure in priority sectors increased to 1.9 per cent of GDP in 2001/02 and in 2002/03 it has increased to 3.7 per cent.

The share of the priority sectors in the total budget expenditure increased rapidly between 1999/00 and 2000/01, when it was 45.4 per cent. The share increased further to 46.8 per cent in the 2001/02 budget and 48.2 per cent in the 2002/03 budget. The share of priority items within priority sectors increased rapidly in 2001/02 but declined slightly in the budget for 2002/03.

Outstanding domestic public debt has increased slightly to 892 Tsh billion by end December 2002, corresponding to around 10 per cent of GDP, which is an internationally low figure.

### **3.3. Economic Reforms**

The efforts to restructure and strengthen budget and finance management continue. The budget formulation and execution overall has improved. The classification of development expenditure is made consistent with the structure of recurrent expenditure. Transparency has been strengthened by the publication of budget releases. However the Local Government structures are lagging behind. For instance the planning and budgeting guidelines for Local Government authorities has not yet been completed. The rolling out of IFMS at the local level is lagging behind, although all 21 regions are now connected at regional headquarter level.

The reform of Tanzania Revenue Authority is behind schedule. There is still limited information available to provide reliable basis for assessing service delivery performance.

A revised Public Financial Management Reform Programme, PFMRP, was presented at a stakeholder workshop in mid-October. It covers a number of ongoing processes, including IFMAP, which is supported by Sweden. The PFMRP has a very high level of ambition and it is important that the PFMRP is implemented in a way, which prevents distortion of ongoing reform processes.

PER has developed into an increasingly important mechanism to support the budgetary work of the government, including the budgetary guidelines. By commissioning studies on relevant issues, PER as a platform for discussions between the donors and the government during the budgetary process is enhanced. The consultation as such also increasingly involves stakeholders outside the government.

### **3.4. Balance of Payment and external debt**

In November 2001 Tanzania reached the Completion Point under the enhanced HIPC framework. This triggered the start of a debt reduction process. Over a period of twenty years the existing outstanding disbursed debt (6186 million USD by 30 June 2001) is estimated to be reduced by about half, or around 3 billion USD in nominal terms (2 billion USD in net present value terms.). After a decision by the Paris Club in January 2002 to adhere to its previous commitments on totally USD 737 in debt relief, the Government of Tanzania has been negotiating bilaterally with the individual Paris Club member countries. After concluded bilateral

agreements, the bilateral debts are either written off or written down to 10 per cent of its original value.

The total disbursed external debt increased from USD 6912 million at end June 2002 to 7385 million at end December. The increase was driven mainly by accumulation of arrears on non-Paris club debt, depreciation of the Tsh and new disbursements.

Outstanding debt to non-Paris-Club members totals USD 817 million. GOT is attempting to convince the creditors to accept the Paris Club debt relief but by September 2002 only two of 18 creditors (Kuwait and China), covering around ¼ of the total outstanding debt have accepted to start negotiations on this premise.

The debt relief is estimated to be at the level of USD 100 million per annum during the next few years, compared to a non-HIPC situation. Thereby the debt service will be reduced to about half of what it would have been without HIPC relief.

### **3.5. Private Sector Development**

The economic reforms that have been implemented over the past fifteen years have gradually changed the Tanzanian policy framework from that of a planned economy towards a more liberal market economy. The change in policy orientation constitutes an important precondition for continued and increased private sector growth in the country. However, despite the positive changes, Tanzania is still perceived by many investors to be a relatively risky place in which to do business. The main constraints, as articulated by both international investors and local business people, include the weak legal and regulatory environment, poor infrastructure, insufficient domestic demand and a weak governance structure.

After having recognised the value of regular consultations and dialogue between the different stakeholders in improving the economic and business environment, Tanzania National Business Council (TNBC) was launched in April 2002 as a supreme consultative body between the private and public sectors under the Chairmanship of the President.

Despite the existing constraints for private sector development, an increasing number of investors are beginning to look at the Tanzanian market and there is an open attitude from the Government in terms of acknowledging and trying to address the existing problems affecting the business community. Accordingly, in July 2002, Investors' Round Table (IRT), was launched as a special working committee reporting to the TNBC. IRT is an informal forum chaired by the President and consisting of members from the Government, Tanzania private businessmen and private sector representatives, representatives of foreign investors already established in Tanzania as well as international business people currently not investing in the country. The IRT has so far established a number of working groups.

Furthermore, TNBC has been selected as the national hub for the global initiative SMART Partnership International Dialogue (SPH). The concept is based on the principle that infrastructure, business processes and social responsibilities are all supporting each other. SMART is focusing on the small and informal sector and SPH working groups will be established on the basis of themes.

### 3.6. Development Co-operation

The relation between the Government of Tanzania, the bilaterals and the multilaterals including both the Bretton Woods institutions, the EU and UN organisations, continues to be good. All major bilateral and multilateral donors are in basic agreement with the Government on main policy issues. One of the main topics in the discussion among partners is the implementation of both Government commitments and external support through grants and loans to the Poverty Reduction Strategy.

The Poverty Reduction Strategy Progress Report was very much at the centre of the CG meeting that took place in December 2003, as were the recommendations from the report from the Independent Monitoring Group, on the implementation of Partnership principles.

At the formal CG meeting, Tanzania received praise for good progress in macro-economic performance, but two important points were made: the first being that growth is still too low to achieve the millenium targets and second that the growth that has taken place has so far not produced any significant impact on poverty reduction. Participants at the CG made a series of recommendations regarding poverty reductions; that budget allocations must take into account regional diversities; that unemployment must be adressed, particularly among youth; that more efforts need to be made regarding the agriculture sector, and that within the priority sectors, more specification of priorities needs to be made in order to enhance poverty reduction. The Development Partnership was an important agenda item at the meeting and was concentrated on issues brought up in the IMG report. Some of these were: the need to consolidate achievements made so far regarding harmonisation; the need for continued efforts to strengthen Government ownership and capacity, and for utilisation of tanzanian competence in order to build necessary human and institutional capacity. It was noted that an increasing number of partners are positive to moving towards budget and sector-wide support.

Sector specific recommendations were also made, where the need to accelerate HIV/AIDS prevention action stands out as one of the most important. The Informal CG with the participation of civil society, was well-prepared and constructive. In contrast, the large number of written statements in the formal CG reduced the scope for dialogue and discussion.

With regard to aid, Tanzania is on track in the three year *Poverty Reduction Growth Facility*, PRGF agreement with the IMF. The fifth review of the PRGF and Article IV consultations were completed in November 2002. Five tranches, totalling 120 million SDR have been disbursed up to now out of the total amount of 135 million SDR. The PRGF arrangement has been extended until end-June this year. One question now on the agenda is what arrangement between IMF and Tanzania is going to replace the present PRGF.

The largest providers of concessional credits and grants continue to be the same as during recent years. IDA is normally the largest contributor, followed by the EC and UK. Then follow Japan, Sweden, Netherlands, Denmark, Norway, Germany, and AfDF. The ranking between this group of donors differs slightly over the years.

# 4. Social development

## 4.1 Refugees

At the end of March 2003, UNHCR was assisting 522,000 refugees, of whom the great majority (more than 300,000) was from Burundi, another large group (145,000) from DRC and a minority from Somalia and Rwanda. The number of new arrivals is rising as compared to the previous months, approximately 2200 in March 2003 from Burundi and rising numbers from DRC. Simultaneously UNHCR continues to facilitate repatriation to Burundi, bringing the total number to 38 800 since March 2002.

The new influx of Congolese refugees has led to the need for a new refugee camp for them in Tanzania. Authorities are in discussion with UNHCR as to sites and costs.

Meanwhile, the Government of Tanzania continues to maintain a strong position on the rapid repatriation of Burundian refugees.

In March 2003, UNHCR moved the Somali refugees from the temporary camp in Mbeya where they have been staying since 1993 to a recently constructed settlement in Tanga.

## 4.2 HIV/AIDS

Since 1999 AIDS has been the main cause of death among adults between 15 and 59 years of age in the country. The social, economic and human impact of AIDS has already had severe consequences for the entire country. It affects economic productivity and disrupts families and communities, leaving thousands of orphans. It also reflects in development indicators such as school enrolment, infant and child mortality and life expectancy at birth. The Government initiated its response to HIV/AIDS later than many countries but has now recognised the importance of scaling up its program for prevention and care. The political leadership and President Mkapa in particular is now in the forefront in the fight against HIV/AIDS.

The Tanzania Commission for AIDS (TACAIDS) established by the Government in February 2001 is working in close co-operation with the DAC HIV/AIDS Group. TACAIDS has identified health, education and district response as priority sectors/areas for pressing action. A National Multisectoral Strategic Framework for HIV/AIDS, which gives guidance to stakeholders to see where they fit in to the national response, has been



adopted. The framework translates the National HIV/AIDS policy into objectives and strategies; the real challenge will be the implementation. A joint Memorandum of Understanding for the implementation of the framework is expected to be signed soon.

The Swedish Embassy has established an “Embassy Policy and Guidelines for HIV/AIDS response”, which is in line with the Swedish policy “Investing for Future Generations” and the above-mentioned National Strategic Framework.

### **4.3. Civil society**

Civil Society organisations are becoming more and more active in policy dialogues and advocacy. Well-established organisations work together with the government in the poverty monitoring process. The Tanzania Gender Networking Programme (TGNP), an NGO, serves as a consultant for the Ministry of Finance in the Sida-financed Gender Budget Initiative. NGOs also participated in the CG meeting in December 2002 and are expected to participate in the PER annual consultation in May 2003. This new openness on the Government’s side to recognise and utilise the potentials of the Civil Society has however been negatively counterbalanced by the adoption of the NGO Bill in November last year and actions to control and silence some of the most out-spoken of the NGOs.

The NGO Policy that had been established after several years of hard work was in late September of 2002 followed by a draft legislation which did not have much in common with the policy. Several of the clauses in the draft bill were highly contradictory with the spirit of openness and enforcement of civic rights, which is seen as instrumental for the establishment of an enabling environment for civil society. The civil society with strong backing from the donor community argued that Government should recall the draft Bill in order to have sufficient time to revise it and align it with the policy. However, after only minor adjustments that did not change the substance in the draft, the Bill was passed by the Parliament. It has now been enacted and it remains to be seen how it will be implemented. Worrying tendencies of attempts to harass and exclude or limit civil society organisations from development work in districts, from policy dialogue committees such as the Basic Education Development Committee at their Ministry of Education and other attempts to censor or hinder their work, have been experienced lately.

# 5. Swedish-Tanzanian development co-operation

## 5.1 Partnership in development

The Tanzania Assistance Strategy, TAS, was for some time neglected, while efforts were concentrated on the PRSP in order to get HIPC debt relief. TAS has now been edited and finalised. TAS is the overall policy document guiding the principles for Government's collaboration with international partners, while PRSP is the instrument for the implementation of poverty reduction action and programmes. The TAS Action Plan which is an operationalisation of the TAS has also been finalised. It has four main priorities: improved predictability of the flow of external resources; further integration of donor funds to the Exchequer; and rationalisation of processes and capacity building. These issues were also highlighted by President Mkapa, when he held the opening speech at the Rome High Level Forum on Harmonisation. It was no coincidence that President Mkapa was given this role; Tanzania is seen as very advanced in progressive harmonisation efforts and the opening speech flected heavily on Tanzania's active role in the OECD Task Force on Donor Practices.

In March a joint Government-Donor Harmonisation meeting took place. There is now also a joint secretariat that works to prepare the issues further discussed in the larger meetings. The DAC group needs to go further in identifying ways to reduce transaction costs, including the promotion of common arrangements for dialogue and pooled funding, use of the exchequer system and reducing the tying of aid, particularly for technical assistance. For both sides there is a need to rationalise the multitude of sectoral dialogue mechanisms.

Some positive results deserve to be mentioned, such as pooled funding arrangements obtained for poverty monitoring, consolidation of the joint review in health, and harmonisation in requirements for budget support (PRBS and PRSC). Regarding the broad sector level there has been some progress although the processes are scarcely unilineal, and do suffer setbacks in a two-steps-forward, one-step back pattern. Work continues to obtain broad consensus on principles and action to reduce transaction costs both for Tanzania and for partners. To transform this consensus into implementation is often more difficult. Sweden has participated actively and is also working along-side like-minded partners in order to obtain better coherence in programmes where there is joint support.

During the period under review no new meetings in which all development partners participate have been held. Originally these meetings were carried out quarterly but in 2002 only two took place, and in 2003 none so far.

Swedish-Tanzanian development co-operation continues to be implemented according to the five-year Strategy for Swedish Development Co-operation established in an agreement for the period 2001–2003 between the two partners. During the period under review, several new agreements were signed with the Government and different CSOs. A mid-term review of the agreement took place in October 2002 in order to review progress and discuss areas for possible future expansion. There is agreement with Government that the portfolio should not be expanded to include more areas of co-operation, rather existing areas should be consolidated and benefit from increased financial resources from Sweden.

## 5.2 Poverty issues

The final version of *Poverty and Human Development Report 2001/02* was published in March 2003. It contains the main findings from a number of recent surveys and studies, which together constitute major steps towards improved understanding of the poverty structure and dynamics in Tanzania. The P&HDR is intended to be an annual publication. The final version of the second *PRS Progress Report* was also published in March 2003, while a draft version was available at the CG meeting in December 2002.

The new data sets are a major step forward towards an improved analysis of the poverty structure and dynamics, as they also will form improved baselines for future surveys and studies.

Among the characteristics of income poverty that can be drawn from the data are:

- Poverty in Tanzania is still largely a rural phenomenon, 87% of those under the basic needs poverty line are living in rural areas.
- Sources of income for the poor are diverse; 40 per cent of rural household income comes from sources outside own-farm production and agriculture sources provide about 20 per cent of urban household incomes.
- There are significant differences between average incomes of men and women, the men on average earning almost double the amount of women.
- The correlation between level of education and level of poverty is strong.
- The poor benefit less from social services, lower share attend primary school, etc.

On the income poverty trend three major observations can be made:

- With the exception of Dar es Salaam, poverty levels have not decreased significantly over the last decade and the poverty ratio figures are still very high. The absolute number of the poor has increased, while the share of the total population has declined very modestly.

- The poverty burden has continued to weigh heavily on the rural population.
- Inequality has increased, in particular between Dar es Salaam and the rest of the country and within Dar es Salaam. There are significant differences in the level and nature of poverty for different population groups and for different parts of the country. This suggests the need for regional and district poverty reduction strategies.

Regarding non-income poverty indicators, the HBS found that compared to a similar study ten years earlier, there has been an increase in female-headed households; there have been improvements in access to some social facilities but decline in others, and there has been an improvement in housing materials (such as roofing). There has also been an increase in access to electricity in urban areas.

However, when looking into social sectors, such as education and health, the picture is bleaker. Large numbers of rural adults remain without education and this is true particularly of women; access to primary school has declined especially in rural areas, and entry to school is late, especially in rural areas. However, girl's enrolment is now higher than boys. Regarding health, it was found that access to health facilities has remained unchanged since the last survey, and that over half of rural households still depend on an unprotected source for their water although there had been some improvements in the quality and access to drinking water in rural areas. Since these reports were prepared, significant improvements have taken place as regards primary school enrolment, and enhanced allocation of non-salary resources to the education sector in the budget.

The second PRS Progress Report for FY 2001/02 is a product of a consultative process involving stakeholders in government, civil society, private sector and development partners. One part presents the recent poverty data from the sources related above. It also performance assessments covering all the PRS priority sectors, in relation to previous year. Furthermore it includes performance assessments of some crosscutting issues, notably gender, good governance, HIV/AIDS and employment.

The progress report states that the budget is the key instrument in the efforts to consolidate further the macroeconomic situation and that a substantial increase in resources going to the priority sectors in line with the PRS objectives. However, as has been discussed within the framework of the PER the development partners feel that there are still a number of conceptual issues to sort out in this area in order to increase the clarity. In particular, the assessment of resource allocation to the priority areas within the priority sectors have to be further improved.

The Progress report also notes that a comprehensive Poverty Monitoring System now is fully operational.

### **5.3 Pro-poor growth**

#### *5.3.1 Poverty Reduction Budget Support, PRBS*

The *Poverty Reduction Budget Support, PRBS*, was launched in April 2000 as a successor to the Multilateral Debt Fund that previously had financed HIPC debt reductions. The basic aim of this facility is to protect and

increase budget allocations to the priority areas of the PRSP (at present primary health, basic education, rural water, rural roads, agriculture (research and extension), judiciary and HIV/AIDS).

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

A first mid year review of the PAF instrument was carried out jointly by the Government of Tanzania and the PRBS donors in April 2002. The first Annual Review took place in November 2002 and a second mid year review in March 2003.

Projected disbursements under PRBS during FY 2002/03 are USD 190 million, of which USD 144 million were disbursed by end March 2003. Since 2002 ten countries and the EC have committed themselves to provide support through the PRBS, (Canada, Denmark, EC, Finland, Ireland, Japan, Netherlands, Norway, Sweden, Switzerland and UK).

In March 2003 the World Bank negotiated its first Poverty Reduction Strategy Credit, PRSC, with the Government of Tanzania. The World Bank preparations have been made in close co-operation with the PRBS countries, and the content of the revised PAF in March 2003 was agreed upon by the Bank, the PRBS donors and the Government of Tanzania. A decision by the Board is expected in May 2003. The amount of the credit for FY 2003/04 is projected to be USD 100 million to which shall be added USD 32 million under the grant facility.

The African Development Fund decided to provide a structural adjustment credit in July 2001, totalling USD 50 million over a period of 18 months. The disbursement of the second tranche was supposed to take place in May 2002 but was postponed. It is now expected to be disbursed in May 2003.

An agreement between Sweden and Tanzania, providing SEK 80 million each year into the PRBS in 2001/02 and 2002/03 was signed August 2001, and the first disbursement was made in September 2001. In February 2002 the Swedish Government decided to increase the second tranche under this agreement with a further SEK 40 million. The amount of SEK 120 million for 2002 was disbursed in August 2002.

A three-year agreement for continued Swedish budget support totalling SEK 350 million is under preparation. It is expected to be signed in May or June 2003 and the first annual tranche of SEK 110 million for FY 2003/04, is expected to be disbursed in August 2003.

### *5.3.2. Infrastructure–Energy*

Sweden has participated in the development of Tanzania's energy sector for 30 years and has contributed around SEK 2 billion to this sector. It has included part financing of all Tanzania's present hydropower stations.

Tanzania's energy sector is currently undergoing a major restructuring process, supported by a revised energy policy elaborated with Swedish support. During the reporting period, a consultancy firm has been selected to assist the Ministry of Energy and Minerals in implementing the revised energy policy. This work will involve among other things the formation of a Rural Energy Agency (REA) and the establishment of a Rural Energy Fund (REF).

A SEK 27 million agreement has been signed with Tanzania on support to a project for the facilitation of solar photovoltaic (PV) market development in rural Tanzania. The project aims to facilitate the development of the rural PV market in Tanzania by using a commercial, market-driven approach. The project will work with the existing market actors with the objective to increase the awareness, acceptance, access and affordability of solar PVs. The activities will be demand-driven and the existing market actors will be part of formulating and implementing the activities.

Environmental impact assessments and socio-economic base line studies have been carried out for rural electrification of the Urambo and the Serengeti districts. Following a competitive tendering procedure, a consultancy firm has been selected to assist Tanesco with project management, design and supervision for rural electrification of the two districts. The consultant is also tasked to require the contractors to integrate HIV/AIDS issues in all of the projects' undertakings. This will involve awareness campaigns and mitigation activities.

Following the conclusion of a number of consultancy assignments for the proposed isolated hydro-electric mini grids for Wino Ward in Songea Region and Kasulu in Kigoma Region, Sida preparations have continued. Both projects are being prepared together with the World Bank, which is expected to finance parts of the associated mini-hydro power plants. A World Bank Mission, which would have discussed the status of the projects has been moved from April to May.

Following an initial assessment of the Makambako Rural Electrification Project, an in-depth assessment has been delegated to Sida/INEC.

Practical "Taking over certificates" for the Ubungo Substation Project were issued at the end of March 2003. Phase II of the rehabilitation of Tanzania's largest and most important hydropower station, Kidatu, is basically completed. It has been co-financed by Sida and Norad.

The Embassy has entered into a Trust Fund Agreement with the World Bank on Sida support to an external team to manage the national Power Company, TANESCO, until its future privatisation. Support to a "Relief Projects" component has been separated from the Trust Fund arrangement and will be implemented on a bilateral basis.

### *5.3.3. ICT and Telecommunications*

ICT issues are included in several co-operation projects and programmes and there is an ongoing activity of identifying opportunities to mainstream ICT into primarily the new programs but also the ongoing ones.

All commissioners and some staff of the *Tanzania Communications Commission* (TCC) visited Sweden in November 2002, to learn from the regulatory experience in that country. The annual review of the project was done in March 2003 and it was concluded that the project needs to

be extended 12 months, without additional funding, due to a slow start. The project will be redesigned with longer and fewer visits of the consultants and the focus will be on departments instead of cross cutting issues, a reason for the slow start. Discussions on a mega regulator including all regulatory bodies have also made it's impact on the progress of the project. A merger of that dimension would have changed the whole organisational structure and the roles within the organisation. The mega regulator idea seems now to be abandoned. However, the Tanzania Broadcasting Authority and TCC will merge, which will affect the progress of the project. This has been taken into account in the new planning.

The Embassy is channelling support through the Ministry of Communications to elaborate a *National ICT Policy*. In November 2002 most of the members of the policy task force visited Sweden. The group joined the TCC Commissioners and other professionals from TCC on the visit. The cabinet accepted the policy 6 March 2003, with a request for some changes. It is estimated that the project will come to an end in April 2003.

The Vocational Training Programme of ICT-professionals (IT-Fundis) at *Dar es Salaam Institute of Technology* (DIT) is progressing well in relation to the plan. At the end of March 2003, the construction work of computer laboratories, the process of procuring computers and software and contracting a consultant for curriculum development are in progress.

A final draft of the report from the preparatory *ICT study at the Parliament* (eBunge) was finished in March 2002, followed by reviews and changes. The project is expected to be finalised in April 2003.

#### *5.3.4. Land Management, LAMP and Environment*

Since 1997 Sweden has supported the *Land Management Programme, LAMP*, with SEK 230 million.

Sida has approved support to the second phase of LAMP for the period 2002–2005. The district councils of Kiteto, Babati, Simanjiro and Singida will facilitate and assist their respective communities to implement the programme. The total budget for the four years is SEK 138 million. The Agreements between the Embassy and the District Councils were signed on 12 November 2002.

The annual review meeting was held in December 2002 where budgets and annual work plans for year 2003 were approved, together with a budget of SEK 34 million, including technical assistance.

The first quarterly review meeting for year 2003 was held in February 2003. The issue of new registration plates for project vehicles hampered the programme temporarily. This issue was solved in March 2003, when the Government issued a new directive on how the project cars should be registered.

HIV/AIDS has been well recognised as a cross cutting issue in the second phase of LAMP. At this initial stage the focus has been on training of trainers, peer educator and focus group discussions on various subjects including basic information on HIV/AIDS, behaviour and values. A workshop was held in October 2002 to identify gaps and overlaps among collaborators (NGOs, CSOs and Health Department) in the districts. Each district has developed a task force to develop an action plan and implementation responsibility.

An evaluation of more than 30 years of the Swedish support to the forestry sector of Tanzania has been carried out from December 2002 to February 2003. The draft report was discussed at the Embassy on 31 March and in Stockholm on 7 April. The final report is expected before the end of April.

A draft report on the post-evaluation of Swedish support to the Soil Conservation and Agroforestry Project in Arusha has been received for comments.

A draft report on the Environmental Impact Assessment of the LAMP Phase 2002–2005 has also been received. Finalisation of report is awaiting comments from the districts and the co-ordinating ministry, President's Office, Regional Administration and Local Government.

Audit reports from the first Phase accounts ending December 2001 were received in December 2002. In collaboration with the National Audit Office, financial statements for 2002 have been finalised, as preparation for next audit, which is scheduled for April – May 2003.

The bridging support/agreement with the *National Environment Management Council, NEMC*, expired on September 30, 2001. During the Mid-term Review of 30<sup>th</sup> October 2002 it was agreed that consideration on the form of future support to NEMC would depend on the Government's priorities and a formal decision on an appropriate institution for environmental management. According to a Cabinet decision in December 2002, NEMC shall be a statutory body responsible for enforcement, pollution control, environmental information systems, research and development. The Cabinet also instructed the Vice President's Office to draft the Bill for the Environmental Management Act by December 2003.

Efforts are underway from both the Government and the donor community to improve the status of natural resources and environment which seems to have been overlooked in the Poverty Reduction Strategy Paper (PRSP).

#### 5.3.5 *Private and Financial Sector Development*

Sweden has continued to support institution- and capacity building to facilitate private sector development. During the five-year period 1997–2002 around SEK 90 million have been provided under this support.

Sida has since 1999 supported the Ministry of Industry and Trade (MIT) in their formulation of a new *National Trade Policy* with a total amount of SEK 2 million. Additional work on the policy is included under the *MIT Capacity Building Project*, with a budget of SEK 8 million for 2001–2004. It consists of three sub-components; (i) operationalisation of the Fair Competition Policy and Law, (ii) modernisation of the Registry function within MIT and (iii) implementation of the National Trade Policy. During the period under review the drafting of the regulatory framework and main policy documents for the Fair Competition component have been finalised. The Fair Competition Bill has been approved by the Parliament. The present system for registration of documents has been reviewed and a new one is under implementation. An editorial team has been working on amendments that will enable the Ministry to submit the draft Trade Policy documents for approval.



Since the Swedish collaboration with *Tanzania Bureau of Standards, TBS*, started in the mid-70s, a total amount of SEK 67 million has been allocated for technical assistance, training and equipment. The present agreement totalling SEK 3 million for the period 2000–2002 is focused on upgrading of TBS' capacity to strengthen the organisation's income generating capacity and financial sustainability. The project has been implemented according to plan. The agreement expired on December 31, 2002 and a final report is expected within short.

In July 2001 a new agreement was signed between Sida and the *Tanzania Chambers of Commerce, Industry and Agriculture, TCCIA*, covering the period 2001–2004 with a budget allocation of SEK 18,3 million. The aim is to establish a sustainable and member-driven network able to provide appropriate services and support to the Tanzanian business community. The network currently comprises of 20 Regional chambers and some 30 District chambers. A new contract for consulting, coaching and training services has been signed. An inception report and work plan for the next two years have been agreed. There is a growing need to bring awareness to the business community of the effects of HIV/AIDS. The work plan includes activities on this topic.

Sida has since 1998 supported two organic export promotion pilot projects in Tanzania with a total amount of SEK 5 million. A new agreement on an extended and expanding support to the *EPOPA (Export Promotion of Organic Products from Africa)* programme has been signed, covering the period 2002–2004 and amounting to SEK 17,5 million. The objective of the programme is to facilitate export of organic products in order to increase income for farmers. The project is providing technical know how, market contacts and certification development.

The support to the *Capital Markets and Securities Authority, CMSA*, and the *Dar es Salaam Stock Exchange, DSE*, started in 1997 and a total amount of SEK 8 million has been allocated to the two institutions. The present agreement covers the period 2001–2002. The overall objective of the support to CMSA is to develop a sustainable capital market. The overall objective of the support to DSE is to promote the creation of an active and efficient stock market in Tanzania. Activities undertaken include public awareness campaigns, regional exchange activities and training of the professional staff on the financial market. A consultant has advised CMSA on strategies and models for issuance of government/municipal bonds and alternative ways of introducing underwriting/guarantee schemes and/or credit rating agencies. During the period under review, CMSA has been evaluating the recommendations and the need for further support. The present Agreement has expired and it is not yet decided if the support will continue. A request for continued support to DSE has been appraised and a new agreement is under preparation.

In the area of micro-finance, a support of SEK 0.6 million is provided to the *Bank of Tanzania* task force on review of legal, regulatory and supervisory framework for micro-finance operators. During the period under review a draft of the proposed legal framework has been presented and discussed with the stakeholders. After some adjustments the proposed new law was approved by the Parliament. The work has continued with the regulatory part of the new legal system.

A one-year agreement on support to *Tanzania Association of Micro Finance Institutions, TAMFI*, was signed in December 2001. The total contribution is SEK 1,1 million and will be used to co-finance the establishment of the TAMFI secretariat and to start operationalisation of the association's membership and activities. The overall goal of TAMFI is to develop the capacity and capability of MFI's and the micro finance sector through lobbying, advocacy, training and information gathering and dissemination. TAMFI will also assist in the creation of awareness of potential dangers of HIV/AIDS pandemic among members. The project is slightly delayed and the Agreement has been extended up to June 30, 2003.

Support to *Pride Tanzania Micro Finance Programme* has been provided since 2000 and the agreement is valid up to 2003 within a total amount of SEK 4 million. The objectives of the project are to contribute to a sound financial structure of Pride Tanzania's assets, a reasonable portfolio growth and clear progress towards financial self-sufficiency. A new micro-finance regulatory framework will most probably be in place by mid 2003. During the period under review special emphasis has been on supporting Pride to elaborate a reliable business and financial plan which may attract new investors.

An agreement on support to the *Presidential Trust Fund for Self-Reliance, PTF*, which is a micro finance institution, has been signed for the period 2002–2007 totalling SEK 5 million. The objectives of the project is to increase access to micro-finance services for the poor in rural and urban areas and supporting PTF to become fully sustainable. The project is being implemented according to plan and the established performance targets have been met.

A proposal for support of SEK 10 million to a *Rural Financial Institutions Development Programme, RUFIP*, aiming at the establishment of savings- and credit co-operatives (SACCOs) in the Lake Victoria and Arusha areas has been assessed. Special interventions on awareness on HIV/AIDS will be incorporated in the work plan. RUFIP is considered to be an eligible candidate for the FSD programme, see below. A bridging support amounting to SEK 1,5 million for the period January–June 2003 has been agreed.

Many donors plan for further substantial support to pro-poor finance in Tanzania. A number of them, including Sida, have resolved to combine their efforts in a *Pro-Poor Financial Sector Deepening Programme (FSD)*. As critical constraints to market development exist at all levels (macro, meso and micro) the FSD will apply a sectoral approach. During the period under review a strategy as well as implementation arrangements for the project has been elaborated. A final decision is expected in May/June 2003.

The Government has formally adopted and approved the programme for *Business Environment Strengthening in Tanzania (BEST)* as a key element in its drive to improve the enabling environment for businesses. Critical issues to be addressed by BEST include improvement of the regulatory environment for businesses and empowering private sector advocacy. In January a formal request was submitted by the Government to Sida, RNE, Dfid and Danida. A joint donor appraisal has recommended the donors to fund the proposed programme with certain adjustments.

The final preparations of BEST have continued and a joint donor basket funding mechanism is expected to be in place by mid 2003.

## **5.4. Human Resource Development**

### *5.4.1. Education*

The bilateral co-operation in the field of education started in the early 1970s with a wide range of projects. In the early 1990s the programme was narrowed down to focus on basic education in the areas of education materials, pre-service and in-service training of teachers, and training of tutors. Cultural activities were also included in the programme.

During the period 1988–2002 a total of SEK 815 million was provided.

Since 1995, the Government had initiated a series of policies and reforms in the education sector with the aim of ensuring that all children have equitable access to good quality primary education. The Government and the development partners have collaborated in the development of an Education Sector Development Programme (ESDP) and, at the same time, agreed to change the funding modality from project support to a Sector Wide Approach (SWAp). Ownership of the programme by the Government, partnership based co-operation and harmonisation of resources and procedures are key elements of a SWAp. In July 2001 the Primary Education Development Plan, PEDP, a sub-sector SWAp, was approved by all partners.

The main content and objectives of the PEDP are enrolment expansion and free primary education, revitalisation and improvement of quality, strengthening of institutional arrangements and increasing and optimising the utilisation of resources. PEDP is being implemented by the Ministry of Education and Culture (MOEC) – responsible for policies, strategies and technical guidance- and President's Office, Regional and Local Government (PORALG) – responsible for the overall supervision of the councils and the schools.

The PEDP covers a five-year period 2002–2006, and the first intake to Std 1 for all 7 to 8 years old took place in January 2002. So far, the World Bank, CIDA, EC, Ireland Netherlands, NORAD, and Sida have signed agreements to support the PEDP. FINNIDA and Belgium will join the development partner group during the first half of 2003. JICA and Gtz, together with UNICEF and UNESCO, continue to give project support and efforts are made to mainstream these into the PEDP.

The implementation of the PEDP is well on track and the targets set down for the first year have, practically all, been met or exceeded. In 2002 over 1,6 million children enrolled in Standard 1, that is an increase of 45,5% compared to 2001. Approximately 16 000 classrooms were build and more that 7000 teachers recruited. Increased availability of funds for recurrent expenditures has started making a difference.

The challenge in the second year of PEDP is to focus on elements of quality education, e.g in-service and pre-service teacher training, curriculum development and availability of education materials, and at the same time keep up the classroom construction and teacher recruitment with the expansion.

In January 2003, the Government of Tanzania and the Government of Sweden signed a new agreement amounting to SEK 455 million for the period 2003–2006.

In addition to the government-to-government support to PEDP, Sida is supporting a national civil society organisation (CSO) HakiElimu since November 2001. The agreement covers the period 2001 – 2003 and amounts to SEK 10 million for three years. The objectives of HakiElimu are to promote a culture and practice of human rights, democracy and good governance in education and society. They have started their activities in four districts: Serengeti, Bunda, Ukerewe and Temeke. The programme is complementary to the efforts of the government to develop the basic education sector. The first annual review will take place in May.

Swedish development co-operation with Zanzibar, concentrated to the education sector, was discontinued in 1996. With the developments in Zanzibar during the second half of 2001, preconditions for a resumption of Swedish support improved. An agreement to complete the construction of 135 classrooms, both in Unguja and Pemba, was signed in August 2002. An amount of SEK 5,0 million was allocated for this purpose. 90% of the classrooms have been completed and the remaining 10% is expected to be completed before the end of April.

The Embassy is preparing for longer-term support to the sector of education in Zanzibar, which will include support to the government to make a plan for the elaboration of Education Sector Development Programme (SWAp). A donor co-ordination group has recently been formed, consisting of Sweden, Netherlands, CIDA, UNESCO, UNICEF, the World Bank and UNFPA, with Sweden as co-ordinator of the donor group.

The next step will be for the Government of Zanzibar to formulate a plan for 1) Identification of gaps in the draft Education Status Report; 2) Collection and analyses of updated data to fill the gaps, 3) Revision and definition of the process for ZEDP and its links to other reforms; 4) Redraft of Terms of Reference for and contract consultancy services needed through tendering process, and 5) Draft revised Policy Framework.

#### *HIV/AIDS Education*

Responses to HIV/AIDS in education constitute an integrated part of the PEDP and are mainstreamed into the various programmes. Sweden has been asked by the other international partners to take the lead from the donor side. A unit for crosscutting issues, including HIV/AIDS, has been established in the Ministry. The Ministry has issued guidelines for HIV/AIDS/STDs prevention and control program, they have identified carrier subjects at different levels and HIV/AIDS components have been incorporated in the textbooks of this subject. There has also been efforts taken by the Ministry to collaborate with NGOs and other institutions to promote HIV/AIDS education.

As a direct intervention for HIV/AIDS, the Embassy gives support to an NGO 'Student Partnership Worldwide' (SPW). SPW works in close collaboration with the Ministry of Education and Culture. SPW Tanzania is implementing a Demonstration Model of School-based Health Education in secondary schools of Iringa Region for the period 1999–2002. The objective of the schools-based programme is to mobilise young people against HIV/AIDS and imparting innovative preventive

education to students on adolescent sexual reproductive health. The total budget for the programme 2001–2002 amounts to SEK 3,2 million and the Swedish support amounts to SEK 800 000. SPW has submitted a funding proposal for a three year period starting in September 2003. Sida has recently commissioned an evaluation of the pilot phase 2000–2002.

#### *5.4.2. Research Co-operation*

Research co-operation between Sweden and Tanzania started in 1976. An orientation towards concentrated support to the University of Dar es Salaam (UDSM) was initiated in 1993. Currently, the Swedish research co-operation with Tanzania is directed at strengthening of research capacity at the University of Dar es Salaam (UDSM) and the Muhimbili College of Health Sciences (MUCHS). The support goes to the UDSM reform and management programmes, to research facilitating activities and to research projects at most faculties, including training at masters and PhD levels. The agreement period for 2001–2003 totals SEK 83 million.

During the period October 2002 to March 2003, 6 PhD theses and 15 Master theses have successfully been presented by students from UDSM and MUCHS. In one PhD thesis from MUCHS, the metabolism of quinine, used in the treatment of severe forms of malaria, was investigated. In one PhD thesis from UDSM food insecurity and coping strategies in the semiarid areas of central Tanzania was investigated, while another thesis dealt with the characteristic of surge transfer through different forms of transformers.

An evaluation of two Sida supported research programmes at MUCHS was finalised during 2002 pointing out constraints related to health research. In order to shape future support to faculties of medicine in eastern and southern Africa in an optimal way, Sida has initiated a process where the different faculties of medicine in eastern and southern Africa are given an opportunity to assess their needs and constraints in order to develop health research at faculties of medicine. The first meeting between representatives from the participating universities in Ethiopia, Uganda, Tanzania, Rwanda and Mozambique, and Sida was held in June, 2002. A second meeting was held in November, 2002 in Arusha, Tanzania. At this seminar the same group met to discuss the assessments made and compare results. The topics discussed were: Mission and vision of medical faculties, Institutional structures that handles research, Human resources, Physical facilities for research, Financial resources for research, Ongoing research activities, Research policy and strategies, and challenges to research. Each theme also resulted in a number of recommendations. It was also agreed that the participating faculties of medicine would produce an action plan containing areas of priority and indications of what support from Sida each country will require in the future. A third meeting is planned to be held in Rwanda during 2003, on which occasion the discussions will focus on regional co-operation.

Preparations for a new specific agreement covering 2004–2006 between Sida/Sarec and UDSM and MUCHS have started.

#### 5.4.3. District Development Programme, DDP

In January 2001 the Governments of Tanzania and Sweden agreed to embark on a long-term development programme in the Lake Victoria basin using the district level as an entry point. This reflects developments in Tanzania's local government reform programme (LGRP) that aims at decentralising local administrative structures in order to improve service delivery. In the first phase, *Bunda, Serengeti and Ukerewe Districts* participate in the new programme. Sida has provided SEK 20 million during the planning phase.

As part of the DDP, an agreement for support of SEK 18 million was signed with *AMREF* in January 2002, to carry out a HIV/AIDS programme in the Bunda and Serengeti districts over the three year period 2002–2004. A discussion with Care Tanzania on similar support to HIV/AIDS activities in Ukerewe district is under way.

Training on good governance and human rights has been carried out with district and Musoma town council staff and politically elected representatives. Support to small community based initiatives in four pilot villages in each of the three districts has continued, with emphasis on household income generating activities.

One aim of the DDP is to support the urban development of the districts in the area. Preparations are ongoing for such a support to Mugumu in Serengeti District and to Musoma town. A participatory appraisal and planning exercise was carried out during the period in Musoma. The exercise has produced a detailed City Development Strategy. Plans for upgrading Mugumu market are prepared and the district has started procurement procedures.

The DDP is based on a partnership approach and has evolved into a proposed budget support to the three districts for the introduction and implementation of the Local Government Reform Programme in these districts. Under the overall goal of reducing poverty the support will cover the three main areas; i) Effective Planning and Management of financial resources, ii) Effective and expanded services delivery and iii) Household income generation.

A consultant was contracted to support the districts in the write-up of a project document. Workshops were held with the districts. A final project document was ready by March 2003. The programme has been presented to the Sida Project Committee, which has made a recommendation to the Director General to approve an allocation of SEK 150 million for the period 2003–2007.

### 5.5. Democratic Development and Human Rights

Sida agreed in May 2002 to contribute SEK 48 million over three years to UNICEF in support of *Vulnerable Children, Adolescents and Young People Affected by HIV/AIDS in Tanzania*. The overall objectives of the program are to equip the youth and adolescents in 17 districts, with the knowledge, skills and supportive environment that will enable them to remain free of HIV/AIDS. Since the start the program has been established in 6 districts.

Save the Children UK is implementing a *Community Health Promotion Programme 2001–2004* with Swedish financial support in *Zanzibar*.

The programme was originally quite broad, but as other donors started activities in Zanzibar, the programme has become more focused during 2002.

The *Dogodogo Centre Street Children Trust* aiming at supporting and reintegrating street children into the society, is building a Multipurpose Training Centre. Sida is giving core-funding to Dogodogo and is also assessing the Multipurpose Training Centre project for possible financial support.

Swedish support was provided to the national *Census 2002* – in the form of an institutional partnership between Statistics Sweden, the National Bureau of Statistics and the National Census Office.

The support of SEK 40 million covers part of the operational costs, cartography and satellite imagery. The first reports were presented in February 2003 – six months after the census. Detailed reports on population in each district will be presented currently. The reports are also available at the Tanzania Government website.

The *Election Basket 2000*, in which Sweden is a member, has a balance of funds amounting to USD 1 million. Part of that (107.000 USD) will be used for the by-elections in Zanzibar. The rest will be used for the upcoming elections in 2005. The donors have started discussions on forming a similar basket fund for the elections 2005.

A study of the Institutional and Operational Capacity of the *Tanzania Union National Assembly* was provided in December 2002. It has been discussed and approved by the Assembly. Sweden is the lead in this Nordic initiative and the possibilities to join the ongoing UNDP-program or the USAID-DFID program for support to the Assembly will be discussed by the end of April 2003.

The *Law Revision* programme has published the reference volumes financed by the World Bank. During field visits to primary courts in remote districts it was found that the reference literature had been distributed to all offices of local magistrates. Future evaluations will assess its use. The remaining activities, financed by Sweden, is the compilation, publication and production of CD-Rom as well as printing 600 copies of Laws enacted from 1996–June 2002. Publication is expected in June 2003.

The *Legal Sector Reform, Quick Start Programme* has been very slow and missed opportunities to pave the way for the main legal reform. After long delays, it has been possible to disburse a Swedish contribution of SEK 5 million to the Government basket fund in October 2002. The institutional set up is in place. Tendering for a significant part of the Programme has started.

In January 2003 the Government of Tanzania took the initiative to revive the collaborators forum for the main *Legal Sector Reform Programme*. An appraisal of the project was carried out by a joint consultancy team in April 2003.

Related to the legal reform process is the needs assessment for a *Reform programme of law enforcement, the Police and Prisons*. The process is led by the Ministry of Home Affairs, in collaboration with UNDP, Sweden, Great Britain, USA and Canada. Sweden was appointed to lead of the first and second phase of the assessment. The first phase was carried out in March, 2002, by a team from Raoul Wallenberg Institute. The second phase was done in August 2002 and the final report was presented in January 2003.

*Anti-corruption work* continues to be a central component in Swedish support to e.g the Integrated Financial Management and Accountability Programme and the Public Service Reform. In addition, Sweden contributes SEK 5 million to the newly initiated programme “Strengthening Capacities to Combat Corruption in Tanzania”. The programme is led by the President’s Office and the support is co-ordinated by UNDP. Initiated activities include strategic interventions in reform planning, further education and capacity building of the *Prevention of Corruption Bureau* and assistance to awareness campaigns through civil society organisations.

The *Legal and Human Rights Centre (LHRC)* in Dar Es Salaam has reported good results from the Legal Aid Clinics of LHRC. In February 2003 LHRC published the first “Tanzania Human Rights Report 2002”.

Gender analysis activities are increasingly being included in reform documents. Sida-financed support to *gender budgeting* in six pilot ministries (education, health, water, agriculture, local government, and roads) is seen as one important catalyst to this development. A new strategic support to gender analysis and advocacy was discussed during 2002 with *Tanzania Gender Networking Programme, TNGP*, the most significant umbrella NGO in the field. After some delays the discussions are expected to continue in 2003.

Discussion on the possibility to support NGOs through an external distribution mechanism, in the form of a trust fund is continuing with DFID and SDC. The prospect requires further analysis not least with regard to questions on ownership in the proposed models.

## **5.6. Public sector reforms**

Sweden has since 1994 supported public sector reforms in Tanzania with around SEK 130 million. The key area has been the Civil Service Reform. In July 2000 this reform was split into two: The Public Service Reform Programme (PSRP) and the Public Financial Management Reform Programme (PFMRP).

### *5.6.1. Public Service Reform Programme, PRSP*

Sweden supports the *Leadership, Management Development and Governance Project* of the Public Service Reform Programme (PSRP). The agreement covers the period 2001–2003. The objectives include: realisation of a result oriented and professional public service through increase of leadership and management skills of public service managers; increase of compliance to the code of ethical behaviour by all public servants and increase of gender sensitivity in public service policies, programmes and activities. Total resources amount to SEK 16.0 million, all of which has been disbursed. Activities during the last six months include training of Ministry and PSRP staff, gender projects and HIV/AIDS and Ethics seminars.

Two years into the implementation of the Performance Systems phase of the PSRP, the progress so far has brought to the fore the need to improve the strategy. The main factors for reviewing and updating the strategy have been:

- An integrated and total systems perspective to public sector reforms;



- The need to strengthen links with other public sector reforms;
- The case for sector-wide approach and programmatic funding; and
- Clarifying PSRP links to service delivery improvements and poverty reduction.

As a result, the Civil Service Department (CSD) has produced a draft revised PSRP Medium Term Strategy Action Plan and Budget 2003/4–2005/6 to be further discussed by all stakeholders.

#### 5.6.2. Finance Management Reforms

Sweden has supported the *Tanzania Revenue Authority (TRA)* since 1997. The current agreement originally covered the period 1999–2002, but was extended to the end of 2003 as some planned activities had been delayed. This also included SEK 7.3 million in additional funding. Thereby the total support increased to SEK 50.3 million.

TRA has as its objective “to maximise revenue collection and contribute to economic and social development of the country”. The Swedish support includes capacity building by supporting the *Institute of Tax Administration (ITA)* and general training, including addressing of gender issues; computerising Expenditure Accounting system; and computerisation of Motor Vehicle Registration system.

During the period in question TRA has continued to train its staff at the *Institute of Tax Administration (ITA)* and in other training institutions. ITA extension construction has commenced and is planned to be completed during the second quarter of 2003. Gender articles have been prepared and forwarded for inclusion in the TRA Newsletter.

For the *Central Motor Vehicle Registration System*, all necessary preparations are completed. The system was due to rollout on the 28<sup>th</sup> March 2003. However, it has been delayed due to a court case regarding a dispute on the contract for manufacturing of registration number plates, resulting in a High Court injunction. TRA is looking for an alternative to proceed with the activities, leaving aside the issue of numberplate, in case the Court rules against TRA.

Sweden is supporting the *Integrated Financial Management and Accountability Programme (IFMAP)* within the context of the PFMRF. An Agreement between Sweden and Tanzania was signed in February 2002 and covers the period 2002–2004. The main objective of the programme is to establish an effective, sustainable, transparent public financial management system so as to facilitate the management of, and proper accountability for, national resources, enabling equitable delivery of quality public services. Total resources committed are SEK 40.0 million, of which SEK 8.3 million was disbursed at the end of 2002. Short-term consultants in budgeting, internal audit, training and gender are in place since December 2002. Long term consultants in Financial Management and Financial Management-Information Technology are under recruitment and expected to be in place latest by July 2003. Staff from Regional Secretariats and Local Authorities have been trained on MTEF and GFS classification

A Project Proposal for support to the *National Audit Office* has been assessed. The objective of the project is provision of professional audit

services in order to promote accountability and transparency in public revenues and expenditures so as to achieve social and economic development, facilitating the delivery of sustainable, equitable, quality public services. The project was suggested to cover a period of four years, costing about SEK 70 million. It would have required significant capacity building and institutional change.

To minimise risks it has been agreed that there be an interim phase of 18 months before possible full implementation, after which an evaluation will be done. An agreement between Sweden and Tanzania to cover the first phase was signed in May 2002, covering the period July 2002 to December 2003. Total resources committed for the project are SEK 12.5 million. A Risk and Materiality Assessment has been undertaken by a Consultant from the Swedish National Audit Office (RRV). As a result, the Agreement between Sweden and Tanzania on institutional support to the National Audit Office has been amended to accommodate the issue of institutional co-operation between RRV and NAO.

### *5.6.3. Local Government Reform Programme*

Sweden is a member of the donor consortium supporting the *Local Government Reform Programme (LGRP)*. The current agreement between Sweden and Tanzania covers the period July 2001 to December 2003. The objective of the programme is to improve the quality of and access to public services provided through or facilitated by Local Government Authorities. Total resources amount to SEK 12.5 million, all of which has been disbursed.

During the period, the training of Local Authority Councillors and Directors has continued. In total 1650 councillors have attended the training. All Councils have completed their strategic plans and organisation reviews. HIV/AIDS issues are included in all training sessions at this level.

A concept paper on corruption in LGAs will be presented in end of April 2003. Harmonisation of Education laws has been completed. Attorney General's approval is being awaited and it is expected to be ready for the June Parliamentary session.

A study of the formula based grant system in Tanzania has been completed. An implementation plan has been prepared and submitted to the Permanent Secretaries for PORALG and PO-CSD.

A study concerning the Public Service Act and LG Service Regulations has been submitted and discussed. Findings and recommendations are now with the President's Office for action.

## **5.7. Culture and media**

The Swedish co-operation includes the areas of Cultural Heritage, Fine and Performing Arts and the Media. Support has been provided since 1997. To date, about SEK 30 million have been disbursed.

### *Cultural Heritage*

The support to cultural heritage in Tanzania has since the International Conference on *Bagamoyo Past, Present and Future* held in September 2002 been concentrated on preparing the ground for the Government of Tanzania to file an application on for *Bagamoyo and the Trade and Slave Route* to

UNESCO World Heritage List. The University College of Lands and Architectural Studies, UCLAS, has prepared a draft Action Plan, aiming at fulfilling the nomination criteria. The support has included work with the Department of Antiquities in repairing historical buildings in Bagamoyo, work with the Bagamoyo District Council in developing a participatory Strategic Urban Development Planning Framework, and assist in capacity building and in recording of oral culture. It also includes construction of a new bus station in Bagamoyo and technical assistance for town planning.

Zanzibar Stone Town is already an accepted World Heritage Site by UNESCO. In accordance with the Memorandum of Understanding of 2001, between Sweden and the *Zanzibar Stone Town Conservation & Development Authority* (STCDA), Support is given to STCDA for capacity building of the management in supervising and managing cultural sites and buildings in Zanzibar. In addition, the ongoing three-year agreement (2001–2004) with the *Aga Khan Trust for Culture* (AKTC) is now in the second phase of the Community Based Rehabilitation Project in Zanzibar. The intention is that AKTC eventually will take over the management of the key activities in the Conservation Centre. Preparations are in place to link the World Heritage Site of Visby in Gotland, Sweden, to Zanzibar Stone Town.

#### *Fine and performing arts*

The Governments of Tanzania and Sweden are the two Settlers of The *Tanzania Culture Trust Fund – Mfuko wa Utamaduni* since 1998. The present agreement between the Embassy and the Fund is for the period 2002–2004, with Norway and Finland as co-donors. The Culture Trust Fund organised their annual ‘MFUKO –week’ in November 2002. The event included workshops, exhibitions and artist performances. Altogether 236 participants took part of those who had received grants from the Fund during the year. The Zeze Award (Cultural Award) was given to 21 Tanzanian individuals for their outstanding contribution in the culture sector this year. The Fund has established their own web-site: [www.mfuko.org](http://www.mfuko.org).

Three culture projects were up to 31<sup>st</sup> December 2002 handled by the Embassy under the Agreement between the Embassy and the Ministry of Education and Culture. These are the *Children’s Book project*, the *Children’s Theatre Project* and the *Education for Democracy (TUSEME)* in secondary schools. All three projects are doing well and receive funds also from other donors. The new agreement for primary education, which came in force at the beginning of 2003 did not include these three culture projects. Sida is discussing with UDSM if continued support to the projects can be included in their plans for construction of an outdoor theatre on their grounds.

The open air theatre building at the *Bagamoyo College of Arts* was burnt down early 2002. Sida has pledged to support its re-construction, on the condition that a new well functioning management is in place and concrete plans for re-constructions are finalised. The Ministry of Education and Culture has submitted (March 2003) the *Bagamoyo College of Arts’ Strategic Plans for Development of the College* during 2003–2006. Included is a request for support for both the re-construction of the theatre building

and in developing the infra-structure master plan for the College. Discussions regarding the format of the assistance are currently going on between Sida, the Ministry and the College. *The Bagamoyo College of Arts* also conducts an annual Cultural Festival, with financial support mainly by Sweden.

#### *Media*

Awaiting a new Tanzania Media Policy to be approved in the Parliament, Sweden, the Netherlands and Denmark jointly support the *Media Law Reform Project*. The specific objective is to review laws that contradict or suppress press freedom and independence of the media and then to lobby for the repeal of media laws that do not reflect the current political changes. MISA –Tanzania Chapter is the recipient on behalf of six other media organisations

The main support by Sida to the media sector is channelled through *the Media Council of Tanzania*. The support includes the establishment of regional press clubs in all regions (including Zanzibar and Pemba), development of up-dated curriculum for mid-career journalists, advisory support and to an independent resource centre for the Media sector. The present agreement covers the period 2001–2004.

A needs assessment of journalist training was carried out in December 2001, by *Further Education of Journalists, FOJO*. It recommended Swedish support to journalist training and institutional support. A fact-finding study by Swedish Radio in collaboration with Radio Tanzania in early 2002 on *Public Media Service* concluded that the need for public service in Broadcasting is quite evident in Tanzania. Based on these recommendations, discussions have started about further support through Media Council to broadcasting.

Sida is supporting the *Africa Media Group's TV production for HIV/AIDS prevention in Tanzania*. The project, which is for the period 2002–2004, is implemented through Dar es Salaam Television Channel Ten and is called "Adolescent sexual and reproductive health education through the media".

#### *Regional programmes*

The *regional cooperation programmes* include continued support to the *Eastern African Theatre Institute*, a regional body incorporating Uganda, Kenya, Tanzania and Ethiopia. It is a forum for theatre practitioners and theatre groups to develop the work of arts within the region. Specific agreements with each National Representative are in force for three years 2001–2003.

Sida/Culture is also involved in the planning and preparations of a Culture House to be located at the National Museum grounds in Dar es Salaam in cooperation with the Ministry for Natural Resources and Tourism and the National Museum, amount SEK 1.5 million for 2003.

The Department of Mass Communication at the Makerere University and Sida signed a three-year agreement to implement a *regional training programme in environmental journalism in Eastern African Region* in collaboration with the Saint Augustine University in Tanzania, Nairobi School of Journalism in Kenya and the National University of Rwanda. The objective is to improve the quality of environmental reporting in Eastern African.

Sweden has sponsored a major research work documenting the Swedish role in supporting the national liberalisation in Southern Africa. The Nyerere Foundation in Tanzania in co-operation with the Sida/CULTURE is currently looking into a possible project to establish an OAU liberation committee Archives and Permanent Exhibition.

### **5.8 Technical courses**

Every year Sida provides scholarships for Tanzanians to participate in International Training Programmes in Sweden. The training is organised in a number of technical and administrative fields, primarily in the form of courses and seminars, where Sweden has a considerable level of expertise to offer.

During the period October 2002–March 2003 a total of 26 Tanzanians participated in Sida's International Training Programmes, out of whom 8 were women. The main areas were Enabling Environment, Public Institutions and Services (8 persons) Infrastructure, Telecommunications, Energy and Transports (7), Industrial Production; Management and Technology (3) and Environment, Land Use and Natural Resources Management (4).

### **5.9 Support through Swedish NGOs**

Organisations from Tanzanian civil society receive significant support from Swedish NGOs. The total contribution amounts to almost SEK 30 million yearly. The main sectors for co-operation are education, health, agriforestry, democracy and human rights.

### **5.10 Lake Victoria Initiative**

Under the East African Co-operation Development Strategy, the Lake Victoria basin has been designated as an area of common economic interest and as an economic growth zone to be developed jointly by the three partner states Tanzania, Uganda and Kenya.

Together with four other donors, Sida signed a partnership agreement with EAC in April 2001. The Partnership Consultative Committee meets semi-annually. Agreement on a Partnership Fund was signed in November 2003. At the World Summit on Sustainable Development, Johannesburg 2002, the Swedish Prime Minister stated that Sweden during the coming 10 year period is prepared to support the development of the Lake Victoria basin with an amount up to SEK 1500 million.

Sida has committed itself to support the development of the Victoria Basin with a long-term perspective of at least 20 years. This also means that a sustainable use of the regions natural resources as well as environmental concerns have to be linked with economic interests to allow for sustainable growth also in future in a region ready burdened with environmental degradation, increasing level of poverty and pollution from industry and agriculture.

A number of activities related to Lake Victoria basin are implemented with financing from Sida's Africa Regional Funds. Other projects of more national nature, but related to the basin, are financed from funds allocated to Tanzania, including:

- The District Development Programme in three of the Lake districts.

- Support to Press Clubs, Mwanza
- Support to Chambers of Commerce in the basin.

Other projects are:

- Development of a City Development Strategy for Musoma.  
The project is part of a programme implemented by Habitat in three cities around the lake. The strategy report is finalized.
- Support to environmental training of journalists in Mwanza
- Support to Vi-skogen, Mwanza and to ECOVIC, an NGO which has its regional headquarter in Mwanza. Both these organizations have moved into the former HESAWA project offices.

The city councils of Musoma, Mwanza and Bukoba participate in the co-operation project between Lake Victoria Region Local Authorities Co-operation (LVRLAC) and Union of Baltic Cities.

# 6. Administration and external information

## 6.1. Administration

No staff changes have taken place during the period.

Mr Lazaro Shange has been awarded a crystal bowl as a token for 30 years of duty with the Embassy, “Nit och redlighet i rikets tjänst”, and Edith Mbuili with a medal of honour for long service “Förtjänstmedalj” for her 15 years with the Embassy.

Linda Nordin our internal ICT professional has settled in and is solving our computer problems to everybody’s satisfaction and we are now able to work efficient. IT training has had high priority during the period and we have focused on internal training of using our databases for the workplan, decisions and mail registration as well as for using the scanner, power point projector, digital camera, PhotoShop and the colour printer.

During the fiscal year of 2002 the Embassy transferred SEK 239 million through its local Bank account, compared to SEK 201 million 2001.

The Embassy hosted an Administrative seminar with 22 participants from Sida administered Embassies in Africa and Sida HQ. The main topics for the seminar was the Field Vision from an administrative point of view, the role as Head of Administration Vs development cooperation administration, the Controller function, Quality Assurance as well as up to date information from HQ, Finance Division, Field Unit and PEO.

A second follow up on the Internal Quality Control Program is in process.

During the period 9 Local Project Appraisal Committee meetings have taken place.

The 31 remaining refugees out of 77 that the Swedish Migration Board and UNHCR had identified have been given passports, visas and residence permits and have settled down in Sweden.

During the period 189 visa applications were received, of which 164 were approved. 87 applications for residence permit were received and 34 interviews were carried out.

Gender balance in the Embassy as per March 31, 2003.

Women 20 (57%). Men 15 (43%).

Management: 2 women, 1 man.

Program Officers: 5 women and 5 men.

## **6.2. External communication and information**

The communication and information work at the Embassy focuses on four areas: Information about the bilateral cooperation, general information about Sweden, media contacts in Tanzania and Swedish cultural events.

During this period two issues of the Newsletter “På Gång” for Swedes stationed in Tanzania have been produced and distributed to all Swedes in Tanzania and to a number of persons in Sweden with certain interest in Tanzania. The Embassy's web site ([www.swedemb-dar.com](http://www.swedemb-dar.com)) and fact sheets are being updated continuously.

18 press releases have been sent out to media in the areas of bilateral cooperation, new agreements, political statements and cultural events.

A half-day Media seminar was conducted in November 2002.

All embassy staff participated and three eminent media persons from the Media Council of Tanzania were invited. The programme covered the media situation in Tanzania and the relation to Swedish media, how we can be better in reporting results of our work and make it public.

The EU film Festival took place in November 2002 and Sweden participated with one movie: *Tsasiki Mum and the Policeman*.

The Nordic Festival a co-arranged showcasing aims at Nordic culture such as art, handicraft, music, tradition and food, as well as the partnership with Tanzania in development cooperation took place at the Golden Tulip hotel from 3–5 December 2002. Jazz singer Rebecca Tornqvist from Sweden performed in this event.

Several interviews with the Ambassador have been made through TV and Radio in connection with the on-going development cooperation between Sweden and Tanzania.



# Appendix 1

## Selected economic indicators, 2000–2002

	2000	2001	2002 (proj.)
Nominal GDP (bn Tsh)	7,267	8,186	9,039
Real GDP growth (%)	4.9	5.6	6.0
Change in consumer prices (end of period) (%)	5.5	4.9	4.5
Total investment (% of GDP)	17.6	17.0	17.4
Exports f.o.b. (mUSD)	663	776	850
Imports c.i.f. (mUSD)	1,537	1,715	1,729
Export volume (%)	+25.8	+26.8	+4.2
Import volume (%)	-2.2	+12.4	+1.6
Terms of trade (%)	-2.7	-8.2	
Exchange rate Tsh/USD(end of period)	800	917	970
Current account balance(excl. grants) (% of GDP)	-9.4	-9.3	-8.9
Current account balance(incl. grants) (% of GDP)	-5.1	-5.4	-4.1
Gross official reserves(months of imports)	5.1	6.1	7.1
Govt revenue (% of GDP)	12.0	12.1	12.3
Total grants (% of GDP)	3.7	4.5	5.7
Govt. expenditure (% of GDP)	17.3	18.1	22.2
Expenditure in priority sectors(% of GDP)#	6.4	8.8	10.1
# FY 00/01 etc. Source:PRS second progress report			
Broad money (% change)	14.8	17.1	21.0

Based on IMF, BOT and MOF data

# Appendix 2

## Swedish Development Co-operation with Tanzania 2002–2005(MILLION SEK)

<b>Project/programme</b>	<b>2002 disbursed</b>	<b>2003 country plan</b>	<b>2004 indicative planning</b>
Poverty Reduction Budget Support	120.0	110.0	120.0
Rural energy		15.2	128.6
Other Energy Support	14.5	10.0	-
Ubungo	24.4	9.0	-
Tanesco management + Ministry of Energy and Minerals	25.9	23.0	20.0
ICT	6.3	16.0	11.0
Land Management and Environment, LAMP	37.3	34.5	41.9
Private and Financial Sector Support	18.6	48.2	66.2
Urban Development	7.3	9.5	11.3
Primary Education Dev. Progr. PEDP	91.2	100.0	120.0
Joha Trust	7.0	7.5	10.0
Education, Zanzibar	5.0	6.0	7.0
Research Co-operation, UDSM	28.3	29.9	55.0
Research Co-operation, MUCHS	11.0	10.7	55.0
Research Co-operation, other	1.7	1.7	55.0
HESAWA + NEMC	11.7	5.1	-
District Development Programme, DDP	5.9	20.0	40.0
HIV/AIDS	22.1	26.5	31.1
Democracy and Human Rights	15.7	19.6	16.4
Legal Sector Support	5.0	8.0	8.0
Census	27.8	11.0	-
Public Service Reform	6.0	-	10.0
Financial Management Reform, IFMAP	9.3	13.5	10.0
Tanzania Revenue Authority, TRA	10.3	11.1	12.0
National Audit Office, NAO	5.0	5.8	20.0
Local Government Reform	7.5	-	5.0

<b>Project/programme</b>	<b>2002 disbursed</b>	<b>2003 country plan</b>	<b>2004 indicative planning</b>
Culture and Media	12.7	20.7	30.6
Support through Swedish NGOs	31.1		
Strategic Development Fund	3.8	-	-
Programme Development Fund	1.9	5.0	5.0
Sida staff and administration	13.9	16.4	15.3
<b>Total, excl PRBS &amp; Swedish NGOs</b>	<b>441.1</b>	<b>480.0</b>	<b>674.4#</b>
<b>Total, incl PRBS</b>	<b>561.1</b>	<b>590.0</b>	<b>794.4#</b>

# indicative, incl. 20% overplanning





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



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