



**Country Strategy  
Sweden Tanzania 2001 - 2005**

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### Tanzania Profile

Source: Tanzania Assistance Strategy

<b>Area:</b>	945 000 km <sup>2</sup>
<b>Political System:</b>	Multi-party democracy
<b>Population:</b>	Total estimated 31 million people About 51% are women About 46% are under age 15
<b>Poverty:</b>	About 50% of the population are living below US\$1 a day
<b>Per capita GNP:</b>	Estimated at USD 210
<b>Health:</b>	Infant mortality rate: 88 (per 1000 live births) (1996) Crude death rate: 16 (per 1000 population) (1996) Life expectancy at birth: 50 years (1998)
<b>Education:</b>	Gross rate of primary school enrolment (5-11 years) - 77,9% Net rate of primary school enrolment (5-11 years) - 55% Gross rate of secondary school enrolment (11-16 years) - 5% Adult literacy - 68% (as of 1999) Tertiary education gross rate of enrolment - 0.29%

## 1 Conclusions from the Country Analysis

Tanzania is a country of paradoxes. On the one hand the economic climate has improved, but on the other hand severe poverty persists. Multi-party democracy has been introduced, but poor people still have few chances of influencing their own futures. The greatest challenge for Tanzania is to reduce poverty and overcome these paradoxes. Two key documents, the Tanzania Assistance Strategy (TAS) and the Poverty Reduction Strategy Paper (PRSP), are nearing completion and they will together form the platform for Tanzania's fight against poverty.

They are the points of departure for both the Country Strategy 2001-2005 and the Country Analysis. The general conclusion of the country analysis is that much has been done to lay the foundations for future economic growth, but much remains to be done in translating the macro-economic stabilisation, structural and political reforms into a development pattern which favours the poor.

### Severe poverty

Poverty reduction has been on the country's policy agenda for the last three decades but poverty has remained deep and severe in Tanzania. Over half the population lives in poverty. The most vulnerable groups are farmers in areas with poor natural conditions, pastoralists in marginal areas, landless households, young people, female-headed households and urban dwellers dependent on informal sector activities. In general, women and youth are poorer than men are. The poor suffer from the corrupt practices of government officials, and they are more affected by the HIV/AIDS pandemic and by environmental degradation than are the better off.

The human rights of the poor are not fully respected and they have little power to change their own situation. A serious impediment to the involvement of all people in economic and social development is the lack of consistent implementation of international conventions ratified by Tanzania. Poor people rarely know their legal rights, and in general they have few possibilities to participate in the decision-making which affects their lives.

For the poor, an increase in opportunities for work is essential since un- and under-employment are severe. Over half the population of Tanzania is under 18 years of age, and a chance to sustain themselves is especially important for the growing numbers of young people who are moving into the towns in search of work. At the same time, many children are being exploited as cheap labour. Although there is legislation in place to protect children, they are found working in mines, on commercial farms, as domestic servants and even as sex workers.

In sum, to be poor in Tanzania is to have few or no choices - it means no security, neither in financial nor in legal nor in social terms. For this to change, the Government needs to start translating the positive macro-economic development into a pro-poor economic growth.

Growth in itself must be faster than today, given the population growth, which has resulted in a consistent low per capita income. Growth is a prerequisite for poverty reduction in Tanzania, but it is not sufficient in itself and policies are needed which gives

high priority to the equitable distribution of resources and which makes both free enterprise and social development possible. This must be done in a participatory manner. While marginalised, the poor majority is in itself a great resource for development and all poverty reduction efforts will be unsustainable unless the poor are enabled to take charge of their own lives.

### **A new foundation**

Although the severe poverty has persisted during the 1990's, Tanzania's development over the past five years has laid down a new foundation for a future pro-poor growth. The major achievement is the stabilisation of the economy, which, together with structural reforms, has allowed Tanzania to reach the decision point for the enhanced HIPC debt relief initiative. The net present value of debt relief is estimated at USD 2 billion, which will create more scope in the budget for poverty alleviation measures. Major institutional reforms such as the Public Service Reform, Local Government Reform and the Public Financial Management Reform are on-going, with the aim of streamlining management and increasing the effectiveness of the public services.

Since 1996 the government has followed a strict fiscal regime under a cash budget system. This has kept the budget in balance, but it does not allow for a long-term planning of government expenditures. This is exacerbated by unpredictable disbursements of external resources. The introduction of annual Public Expenditure Reviews and the Medium Term Expenditure Framework has made the planning much more efficient, but there are still difficulties concerning actual implementation. The expenditure reducing policy have had serious costs in terms of reduced public service delivery. However, domestic revenue mobilisation has improved and government expenditures are expected to increase in the coming years, specially for priority sectors defined as education, health, water, rural roads, judiciary, agriculture and the campaign against the spread of HIV/AIDS.

The growth rate in 1999 of 4,5-5% can be seen as a high figure, but for Tanzania to reach the threshold for defeating absolute poverty in 2025, an increase in the rate of growth to 7 percent is a minimum. The private sector is today looked upon as the engine for achieving the desired growth rates. The potential growth sectors are agriculture, mining and tourism and also, to a certain extent, manufacturing. Agriculture still suffers from low productivity and high marketing costs. However, after years of inadequate actions, the Government has now made agriculture the priority.

A major re-think on the respective roles of the state and the private sector has begun to have an impact. Two thirds of the parastatals have been divested although the sale of major public utilities such as telecommunications is not yet completed. There have been reforms of the legislation controlling investment and foreign investors are welcomed and private sector institutions for the promotion of commerce and trade have been established. The reforms have improved the prospects for private sector led growth but there are still a number of constraints including a weak legal and institutional framework, poor infrastructure and high cost of utility services, weak governance structure, a complex taxation system, inefficient bureaucracy, and corruption.

At sector level, work is on-going on establishing reform programmes that will be joint financed with the development cooperation partners. However rural roads and rural water supply are still not adequately serving the majority of the population and both rural and urban poor populations are still virtually excluded from access to telecommunications and electricity supply. The quality of primary education and health care declined dramatically in the 1980's and has not yet shown any signs of improvement. There should be direct benefits of the reforms for the poor including improved provision of the basic health and education services.

### **The capacity dilemma**

The legacy of the one-party era and state-controlled economy is slowly fading and new laws and institutional frameworks are being established to allow a wide range of actors to play a role in poverty reduction. However, severe constraints are the low degree of policy implementation, inefficient administrative routines and management problems and the whole society is dominated by hierarchical structures with top-down and male-dominated decision making. For this to be changed a major capacity development is needed. The institutional problems start already at basic education level. The school system is authoritarian and children are not taught to think independently. For there to be a sustainable change in work place cultures, the culture of the classroom will have to be tackled. This is also important in higher education so that the universities can produce graduates with the potential to be creative and learn new management styles, and so that research findings can be linked back into development.

### **Political context**

It is not only the economy of the country and the structure of public services, which have been undergoing change. Tanzania has also made a transition to a multi-party democracy. The first multi-party elections were held in 1995 and the second general elections was held in October 2000. During the five-year period between elections, the opposition parties have had a voice in parliament and to some extent also in the media. Still the ruling party dominates the political arena and the opposition is in an unfavourable situation. The parliament has therefore not yet become the forum for a vivid ideological debate about the country's future development.

The opposition parties are small and scattered and so far they have shown little initiative in terms of formulating substantive political alternatives. In October 2000 and for the first time in Tanzania, democratically elected representatives had to ask the electorate to rate their performance through balloting. Efforts have been undertaken to create conducive conditions for the elections, which include reforms of the national electoral commission, civic education via NGOs and fair access to the media. This seems to have had a positive impact.

The media has been opened up to private sector interests, and the political debate has been enhanced by the growing number of civil society interest groups. After years of suspicion and attempts to control, the Government today recognises the importance of a strong civil society, although this new recognition is not yet acted upon in a consistent manner. Tanzanian authorities have tried to use a colonial law from 1954 to get the women's organisation BAWATA deregistered. It is ironic that the law introduced by the colonial powers to control TANU, the predecessor of CCM, is now being used by the

same party to stop the women's organisation. Sweden has supported the drawing up of new guidelines for NGOs. A final version of the new guidelines has now been presented for adoption by the Parliament. The next stage of the work will be to translate guidelines for a judicial regulatory framework. Sweden will continue the dialogue in this phase. The civil society provides space for participation, promotion and protection of human rights and could become a breeding ground for a culture of democracy. However, it will take time before it can fully play this role due to the very narrow membership base of NGOs and the limited resource mobilisation, which make them extremely dependent on international support.

Tanzania has formed the East African Cooperation, EAC, together with Uganda and Kenya. Prioritised areas in the treaty include the promotion of trade, investments, joint ventures and other forms of economic and political co-operation and dialogue. Increased trade integration may lead to lower prices of goods and commodities, which will be beneficial for ordinary people, but in the short run may lead to bankruptcy of enterprises that cannot compete effectively. The EAC will also provide a forum for discussion of shared problems such as Lake Victoria's environmental degradation. One of the first major regional projects to be started by the EAC is the Lake Victoria project, which was initiated by Sweden. Lake Victoria is the second largest inland lake in the world and it is very important for Tanzania as a fresh water resource. It has great potential for development in many aspects. However, the lake and its surroundings are threatened by escalating poverty and an alarming environmental degradation.

### **Threats to development**

Compared to its neighbouring countries Tanzania is relatively peaceful and stable and there is at the moment no major conflict that threatens the development co-operation on the mainland.

However, the situation in Zanzibar is unstable. There are shortcomings regarding good governance and respect for human rights in Zanzibar. This year's Zanzibar elections have justifiably come in for a great deal of criticism. This has created special problems and is a threat for the stability of the Union.

The conflict-ridden political situation close to Tanzania's borders is a threat to continued stability in the country. The Government of Tanzania is endeavouring to bring about peace in the region and has made a major contribution to regional peace processes. Tanzania has also provided a haven for refugees from Burundi, Rwanda and the Democratic Republic of Congo.

HIV/AIDS is perhaps the greatest threat against all development efforts in Tanzania at national, community and individual levels. The estimates of numbers of people with HIV infection range from 1,5 million to 10 percent of the population, i.e. about 3 million and it has already had an impact on average life expectancy. The threat of HIV/AIDS has long been under-estimated by the Government, but it has now begun to take the AIDS threat seriously.

The full mobilisation of Tanzania's resources is hindered by corruption which is exacerbated by opaque and inadequate management and decision making structures. In

November 1999 the Government adopted an Anti-corruption Strategy which is now in its early stages of implementation.

Without due attention to environment, Tanzania's development will be unsustainable. There are problems with desertification, deforestation, coastal and marine environments and urban settlements. Sustained action will be needed to prevent a worsening of the situation and improve the prospects for environmentally sustainable growth.

Unless these threats are brought under control, the progress already made, and future prospects for growth, could be wiped out. Tanzania will also have to come to terms with the rapid urbanisation of the population and with the need for progress regarding gender equality and respect for the human rights of all people. Unless these problems are tackled, economic growth will be uneven and it will be more difficult for the Government to achieve an overall reduction in poverty. There is, however, some optimism among the development cooperation partners that the Government will have a mandate after the October 2000 general election to press forward with the reform programmes and, together with the private sector, speed up the rate of economic growth and structural reform, and establish a pro-poor growth pattern.

## 2 Conclusions from the Results Analysis

The environment for development cooperation in Tanzania has substantially improved the last five years. Tanzania has, together with the development cooperation partners, tried to rectify the problem of parallel, stand-alone and fragmented donor programs and there have been several initiatives to rationalise coordination. These began with the Nordic/Tanzania partnership agreement in 1996, which was then widened to include most of the major partner countries and institutions. Sweden has had a very active role in the development of this new partnership, an effort that is in line with the Country Strategy 1997-2001.

Tanzania continues to be one of Sweden's most important partner country in the development cooperation. Between 1997-1999 a total sum of SEK 1 232 million was disbursed.

### *Swedish Development Assistance to Tanzania*

<b>Contribution/Activity SEK 000'</b>	1997	1998	1999	Total
Human Rights / Democratic Governance	18 848	36 622	40 107	95 577
Social sectors	112 386	98 509	103 804	314 699
Infrastructure, private sector, urban development	102 454	159 170	95 371	356 995
Natural resource use	46 432	34 240	39 764	120 436
Economic reforms	27 500	91 400	0	118 900
Research cooperation	30 810	29 883	38 459	99 152
Humanitarian assistance	498	2 883	24 877	28 258
NGO's	33 952	26 379	20 844	81 175
Information, recruitment	550	18	194	762
Others	0	18 332	1 992	20 324
<b>Total</b>	<b>373 429</b>	<b>493 437</b>	<b>365 411</b>	<b>1 232 277</b>

Source. Sidas Årsredovisning 1999

During the period great efforts have been made to mainstream the cross-cutting issues of gender, democracy and environment. They have also been the main focus of some programmes.

The land management programme, LAMP, is a good example of how gender, environment and democracy aspects are integrated to create empowerment on a local level. Capacity building has been an integral part of the majority of the programmes.

The support to public administration has improved the transparency and accountability of the public financial management system, which is strategically important for improved service delivery and Democratic Governance. Corruption is, however, still a serious problem in Tanzania. After the 1996 Warioba Report measures have been taken to counter corruption, but they have so far had little impact. Therefore the Swedish Embassy in Dar es Salaam has formulated an anti-corruption strategy for Swedish support to Tanzania and since then fewer irregularities have been found in the programmes, and it has been possible to take quicker action when irregularities have occurred.



Programmes that have been phased out during the Strategy period 1997-2000 are support to:

- The Tanzania Food and Nutrition Centre (TFNC). The objectives with the programme have been fulfilled and a historically long support has been ended.
- The National Bureau of Statistics. NBS used to be a Government Department but has now been transformed to a business entity although still with strong links to the Civil Service.

Programmes that are in the process of being phased out are:

- Telecommunications. An expansion of basic services, particularly in urban areas, has been achieved and commercialisation has changed the structure of telecommunications.
- Investments in large-scale power plants. The role of the state in financing large-scale power projects has been radically altered as a consequence of the privatisation and commercialisation of the energy sector.
- The Health through Sanitation and Water project, HESAWA. It is considered to be too much of a stand-alone project, working parallel to rather than with the local authorities.

### Relevance to poverty reduction

The different programmes' relevance to poverty reduction covers a span from direct influence to indirect. The box below gives an indication of how the programmes have contributed to poverty reduction using the categories established in Sida's poverty reduction policy. It is important to note that the categories are inter-linked and the classification can not be seen as clear-cut.

*Classification of contributions as proposed in the Poverty Action Programme*

Direct relevance	Poor included	Policy/institutions	Indirect relevance
HESAWA LAMP Energy; Sema-Ki Humanitarian support NGO-support	Education Tanzania Food & Nutrition Centre	Economic reforms; policy dialogue Public Administration HR and democracy Culture and media Research NEMC Energy policy Telecom; institutional development	Economic reforms; financial support Energy; power stations. Telecom; investments. Financial sector development. Private sector development.

The land management programme, **LAMP** and **HESAWA** are directly oriented to the poor rural population. LAMP aims at raising production, which will increase income for the households and, through local taxation, for the community. Environmental sustainability is another important aspect of poverty reduction efforts in LAMP as is

Democratic Governance. Within a short period of implementation, positive indications have already been observed in LAMP, particularly in areas of land security and community empowerment. One problem with this programme is that its components have tended to develop in isolation from each other.

**Humanitarian assistance** has been given through the UN-system and the Red Cross. It has been targeted to refugees from Burundi and Democratic Republic of Congo (DRC) and to victims of floods and droughts.

A substantial support has been given through **Swedish NGO's** with the objective of promoting a vigorous civil society in Tanzania and to strengthen the local partner organisations.

Most organisations that cooperate with Swedish NGO's work directly with poor communities with a focus on education, agriculture, health and water and sanitation. Capacity building is an integral part of the programmes.

Swedish support to **education** has been concentrated to quality improvements at classroom level, in particular educational materials and teacher training. The textbook project is directed to all Tanzanian children, including the poorest. There needs to be further improvement of the distribution system and of teachers' use of the books if there is to be a more substantial poverty reduction effect. Sweden is very active in the dialogue between Government and donors on a future Education Sector Development Programme and some progress has been made. There are still many problems, financial and managerial as well as substantive.

Support to **economic reforms** and **public administration** reforms has facilitated the Government's own efforts to make an impact on poverty by increasing its possibilities to provide basic services, both social services and physical, for example transport, communications, water and electricity supply.

Sweden has given a substantial support to economic reforms through the Matching Funds System and through the Multilateral Debt Fund. The latter has proven very successful as a platform of several bilateral donors for dialogue and for its link to social sectors. Support to economic reforms was not given in 1999 due to the financial budget ceiling Sida faced, but was restarted in 2000.

Support has been given to the Government accounts development project (GADP), which has assisted the Government to improve the overall expenditure control, the public debt management and it has significantly limited the growth of the government fiscal deficit. Delivery can now be made daily on accurate and consistent accounting and reporting for domestically financed recurrent and development expenditure for almost all ministries and departments.

Sweden has also supported the development of Tanzania Revenue Authority (TRA), to improve Tanzania's revenue collection. With Swedish support, the Gender Unit of the Civil Service Department has made good progress towards gender mainstreaming in the Civil Service. In two years, the Unit has been enabled to develop a conducive environment for gender mainstreaming in the sector ministries. Support has also been given to Gender Budgeting.

The support to **Democratic Governance** has increased substantially, both in financial terms and as a cross-cutting issue. There is a well-established support to public service and public financial management, but support to other aspects of Democratic Governance is fragmented and therefore a new strategy for this support is being developed.

The support to **media and culture** is an important part of the efforts to assist in establishing a democratic culture in Tanzania. The Culture Trust Fund has proven to be an innovative and efficient instrument for local ownership of cultural activities and for the cohesion of what used to be an ad hoc set of projects.

The support to **research** enabled the University to improve the provision of academic services of good quality to the wider society, which is of vital importance for economic and democratic development. The University reform programme has now reached a level where the Tanzanian Government is more willing to take on costs, even though funding to research is still a major bottle-neck. Other problems at the universities are weak governance, lack of trained staff at the University and ineffective dissemination of research results. Efforts are therefore being made to establish links between researchers, governmental institutions and enterprises and to continue with research training.

Support has been given to the National Environment Management Council, **NEMC**, with a particular emphasis on capacity building for environmental assessments. There is an ongoing assessment of Tanzania's institutional framework for environmental management.

Direct investment of Swedish funds in **energy and telecommunications** as well as **financial and private sector development** has aimed at contributing to economic growth, which is a basis for poverty reduction.

Through the support to infrastructure Sweden has contributed to increase Tanzania's access to power. Electricity cuts and load shedding have been reduced. The restructuring of the telephone network has improved Tanzania's access to telecommunications. Sida is also looking into possibilities to support rural electrification and alternative energy sources as a means of making more impact on the lives of the poor.

Within the Energy-programme Sida has supported **Sema-Ki**, a Socio-Economic mitigation and monitoring component of the Kihansi hydro-electric power station project, and this has been an important factor in the amelioration of the negative effects of the power station on the area and community. Sema-ki is directly poverty-oriented.

The support to **private sector development** and **financial sector development** has increased over the last years. The strength of this support is that it is strategic and targets important processes that are conducive for growth. Sweden has contributed to increase the provision of financial services and to build capacity for handling the privatisation of the industrial parastatal sector. Support has also been provided to build up a strong private sector representation all over the country, through a collaboration with the chambers of commerce.

## Evaluations

Overseas Development Institute, ODI, performed an evaluation in 2000 with a focus on the country strategy 1997-2000, its operationalisation, relevance and coherence. It did not assess programme impact. According to ODI the Country Strategy did not function as intended as the steering instrument for the programme as a whole. ODI points at historically specific reasons for this, but also identifies generic problems. The strongest recommendation at programme level is that Sida should pay more deliberate attention to the low productivity of small-holder agriculture in Tanzania and other natural-resource-based activities. ODI also emphasises the importance of engaging more in discussions on policy level, especially in energy and telecommunications, something that Sida has already initiated. ODI states that the Swedish-Tanzanian cooperation has contributed significantly to the emergence of the new partnership agenda and establishes that Sweden is almost alone among bilateral donors in reporting in full both budgeted and actual disbursements for the whole of its country programme.

The ODI evaluation took place while the 2001-2005 Strategy was developed and it has fed in to the process. The Strategy has been developed with ODI's recommendations in mind, specially concerning poverty reduction in general and small-holder agriculture in particular. However, the Strategy takes a wider approach to the problem of small-holder agriculture and tries to focus on the macro-micro dilemma which emerges in the country analysis not only for agriculture but also for the social sectors and infrastructure.

## Other Development Cooperation Partners

Aid dependency in Tanzania remains very high, as does the number of partner countries and agencies working with Tanzania. Much has been done to improve Tanzania's ownership of the development cooperation and the number of development projects has drastically been reduced. Still the new partnership has succeeded above all on a macro level and much remains to be done before the new attitudes and work methods are assimilated at all levels of development programmes. Sweden is a member of a donor consortium in connection with a number of large-scale programmes, such as the Public Financial Management Reform and the Education and Public Service Reform, and concerning core issues such as those relating to corruption and children. During the last three years external assistance has constituted between 12 -15 per cent of GDP. The total external assistance to Tanzania amount to around USD 1 billion annually, including both grants and loans. Foreign assistance accounts for about a third of the total government budget and nearly all of the development budget

In 1998 Sweden was the third biggest bilateral donor. Norway, Netherlands, Denmark, Germany and the UK provide assistance at about the same level as Sweden, while Japan stands out as the biggest bilateral donor. Among the Multilateral agencies the World Bank, the World Food Programme, the International Monetary Fund, the African Development Bank and the European Union are the major sources of funding.

The EU programme

The EU programme in Tanzania is primarily focused on transport, education and water supply/sanitation. The transport sector can be said to be the EU's major area of

expertise in Tanzania and the EU is the lead donor within the road sector. The EU is making major investments in Mwanza and Iringa regarding water supply/sanitation. The EU has also contributed major funding in connection with the elections in 2000, for example for the printing of ballot sheets.

Payments within the 8th development programme, EFF 8, were delayed in 1998–99. This can be mainly explained by the transition from project-oriented funding to funding aimed more at sectoral programmes. In 1999, however, the EU judged that the recipient capacity in the spheres of transport, water supply and education had improved and that the rate of payment could be increased during 2000.

The EU has also funded macroeconomic reforms. After a number of audits Tanzania has taken steps to address certain problems that had obstructed payments for a period. The EU made payments of 40.5 million euro (1998) and 61 million euro (1999), which puts the EU in the midfield of all the donors to Tanzania (multilateral donors included).

Sweden and the EU are supporting each other in efforts to assist Tanzania's attempt to establish sectoral programme funding within the education sector. Progress is slow, largely because the education ministry is finding it difficult to manage a reform programme. The cooperation between the EU, Sweden and other bilateral donors, especially Ireland, the Netherlands and the UK, will continue in the sector.

The EU programme for water supply and sanitation in Mwanza is a useful complement to the Sida HESAWA programme in the neighbouring district. Sida is not involved in bilateral support to the transport sector but considers the transport issue to be important for the country, not least for the agricultural sector, because bad roads obstruct agricultural development.

Coordination between the EU and the Member States has been mainly within the framework of the very active cooperation by the major Development Assistance Committee (DAC) group in Tanzania, and in working groups at sectoral level. During 2000, however, an EU–Member States cooperation group has been established to enable discussion of development cooperation policy and strategic questions.

The European Community has been critical of Tanzania's management of corruption issues, the transport sector and the education sector, for example. There have also been problems in connection with EU budgetary support to Tanzania, in particular management of funds intended for the payment of internal debts. At certain periods the problems have caused bad relations between the Commission and the Government. Relations have improved during the second half of 2000, however, and there are signs that they will improve further.

### 3 Tanzania's Development Policy

Poverty reduction is the main focus of the Government of Tanzania's development efforts and the overriding goals have been expressed in the Government's Vision 2025, which outlines five main goals for the country:

- a society with high quality livelihood;
- peace, stability and unity;
- good governance;
- a well educated and learning society; and
- a strong and competitive economy.

Vision 2025 is being concretised in two related strategy papers, the Tanzania Assistance Strategy (TAS) and the Poverty Reduction Strategy Paper (PRSP). TAS establishes poverty reduction as the core issue for international co-operation and the PRSP sets out the actions to be taken in the medium term.

In TAS and PRSP it is recognised that the Government must forge a strong partnership with the poor to empower them to participate in designing and implementing poverty reduction programmes and to improve access of the poor to basic social services, financial services and markets. If implemented this approach will necessitate a radical shift away from the tradition of top-down authority-based attempts to organise the life of the people, particularly the rural population.

The Government is committed to a broad-based development strategy that sees the private sector, and in particular agriculture, as the engine of growth. Government interventions, over and above direct inputs into the provision of basic infrastructure and services, will be concentrated to the facilitation and regulation of private sector-led economic growth.

Tanzania recognises the role of good governance and prioritises a consolidation of the financial management system, a strengthening of the audit function and promotion of performance budgeting and performance management systems.

TAS is intended to promote local ownership and leadership and provide a framework in which the development partners will work. It is an integral part of the wider partnership. The consultation with the international partners has been intensive, but consultation with the civil society needs to be further developed into full participation on all levels.

In TAS the Government is encouraging the agencies to work together on a sectoral basis, and where possible to provide budget support through Government channels to the priority sectors, benchmarking the utilisation of funds against achievement of agreed targets. The Government also intends to continue improving transparency, accountability and predictability of aid.

However, in its present draft, there is still little concrete guidance for the donors: the number of priority sectors and cross-cutting issues is large and TAS is unclear regarding which sectors and issues the development partners should focus on. However, in the joint government-partners TAS sectoral working groups, it has become evident that some sectors such as roads and health already have substantial external support, whereas others such as agriculture and education are under-financed.

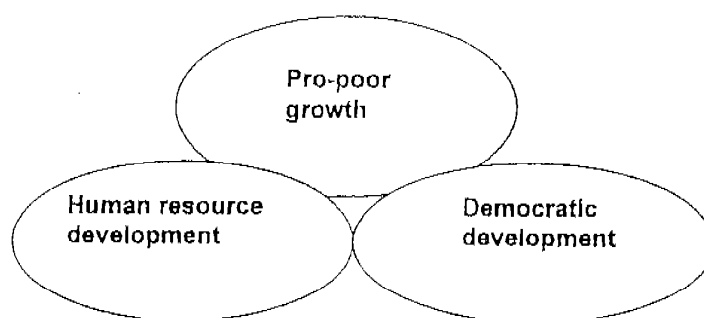
There is a danger, due to its linkages with HIPC debt relief, that the PRSP becomes the driving document for Tanzania's development although in substance it is only a three year action plan rather than a strategy. It is therefore important that Sweden continues to work with Tanzania on the further development of the TAS as the strategic document for Government - development partners cooperation.

All in all, Tanzania's endeavours to boost growth, improve administration, raise tax income, increase development cooperation ownership coupled with the debt write-offs within HIPC mean the country will be increasingly less dependent on assistance. To combat further dependence on assistance, it is nevertheless important to remove any remaining structural obstacles to growth. If the process towards achieving the goals laid down in Vision 2025 continues in the same vein as it has done in recent years, there is every chance that Tanzania will become more independent and reduce its dependence on foreign resources.

## 4 The Objectives of the Development Cooperation

The overriding objective of the Swedish development cooperation with Tanzania is to contribute to poverty reduction in the country.

The development cooperation will be focused on three mutually reinforcing areas:



The approach to poverty reduction is multi-dimensional. Consideration is given to the balance between support to the further development of the enabling environment for economic growth and democratic development, and the measures, which have a more direct impact on the quality of life of individuals and communities in Tanzania. This includes not only opportunities for economic development but also respect for human rights and access to justice and information. The programme will be implemented both at national level and at district level. For each focal area, consideration is given to the appropriate levels of the intervention, the potential local and international partners including the Swedish resource base, and how gender equality and the interests of children and young people can be addressed.

### 4.1 Strategic Considerations

#### Poverty reduction and partnership

TAS and PRSP will be the framework for future cooperation between Sweden and Tanzania. Tanzania's multisectorial approach to poverty reduction is in line with Sida's poverty action programme and Sida's action programme for sub-Saharan Africa. The country analysis focuses on the disconnect between successful macro-economic reforms, the country's economic potential and the continuing poverty. The future Swedish development cooperation will therefore make efforts to address this paradox. A participatory approach to poverty reduction will be taken and attention will be paid to the human rights situation in Tanzania, in particular lack of access to information and justice, and to the fragility of the new democratic institutions of a multi-party state. Without access to information, justice and political rights, it is difficult for individuals and communities to take control of their own lives and thereby contribute to poverty reduction at the local level and to national economic development.



All components in the areas of development cooperation will be directly or indirectly related to pro-poor growth. Economic growth needs a conducive environment with clear and consistent regulations, functioning infrastructure and access to inputs including commercial credits. Sweden will therefore support efforts to consolidate the macro-economic and structural reforms and to create a conducive environment for growth.

To further increase the focus on poverty reduction it is suggested that Swedish development cooperation with Tanzania should continue to develop support to

- activities with direct relevance to the poor, especially in the rural areas with small-holder agriculture
- policy work with a poverty reduction focus
- Democratic Governance at national and local levels

Sweden will continue to participate in the efforts to develop partnership methods, including instruments to assess the quality of partnership between Government and donors.

Sweden will actively support further development of poverty indicators within the processes of PRSP and TAS and use these indicators to monitor the development cooperation.

Sweden supports Tanzania's efforts to harmonise donor programmes and procedures and Tanzania's ambition for more aid to be given in the form of budget support. A challenge will be to find ways of monitoring Swedish funds in the new mechanisms that are being developed and to maintain a close dialogue with Tanzania at sector level. The mechanisms for budget support and sector wide approaches are still in their early stages of development and therefore it is envisaged that throughout the strategy period, the Swedish support will be managed through a variety of mechanisms. These will range from budget support, to sector and sub-sector programmes co-financed with other agencies, to district programmes and well-defined projects.

The programmes will be carried out together with the Government of Tanzania, Tanzanian civil society and the private sector. The programmes will also be co-ordinated with the wider work of the Embassy: it is important to further broaden and intensify relations of mutual interest such as research, culture, trade and investments. In this respect Swedish NGO's can play an important role in enhancing and broadening the partnership. There is considerable scope to strengthen networking between organisations and popular movements within Tanzania. The exchange of ideas and experiences between civil society and state organisations is also important for the democratic development.

## Concentration and coordination

Tanzania currently finds itself in a period of transition where economic reforms have been carried out and the state has relinquished responsibility to district authorities and the private sector. Swedish development cooperation is currently being adapted to suit these new conditions. At the same time as new programmes will be developed in order to meet the needs of today's Tanzania, other programmes will be concluded. This means that during a transitional phase at the beginning of the strategy period, Swedish development cooperation will have a relatively wide stakeholder portfolio. In time, however, this will decrease and the programme will become more focused. In addition to programmes being phased out, focus and coordination will be intensified in four different ways:

- by achieving synergy effects between programmes implemented at district level - the Land Management Programme and the new District Development Programme - and linking these programmes to the Lake Victoria initiative and new initiatives such as rural electrification.
- by further developing the methods for consortiums with other like-minded organisations in support of Tanzanian-led programmes. Participation will range from co-financing to shared analysis, monitoring and joint reviews of sector development programmes or government-led macro-reform programmes. In some cases, Sweden will play a leading role in a consortium of funding agencies. In other cases Sweden will play a more limited role as member of a consortium or give a budget support via another agency. Another method that could be used is to channel support through a like-minded agency. One possible sector where this could be of interest is the health sector.
- by reinforcing the links between Democratic Governance components in the sector based programmes such as education, land management, public administration and public financial management.
- by making special efforts to gain synergy effects between programmes to make an impact on growth. Of particular interest are the links between agriculture, rural infrastructure and private sector development.

Because of the multidimensional approach to poverty efforts will be made to work cross-sectorially between programmes. Advantage will also be taken of the synergy effects of co-ordination between the national programme and Swedish-supported regional programmes in Eastern and Southern Africa in areas such as sustainable development in the Lake Victoria region, culture, media, trade relations and the fight against HIV/AIDS.

In the development of the programme, special consideration has been given to the Lake Victoria region, where Sida, in cooperation with the EAC, is developing a regional programme. A continuous assessment of what can be done to support the development in the Lake Victoria area will take place in the different programmes. This will in particular be important concerning agriculture, environment, private sector development and HIV/AIDS.

Sida will continue to support the work of Swedish NGO's active in Tanzania, with an emphasis on capacity building within the civil society. Sida regards this support as strategically important for poverty reduction efforts. It is expected that Swedish NGO:s

will continue to play an important role in supporting social services like education and health and at the same time work with issues related to democratic development and Human Rights both within these areas and as specific areas.

### **Threats to Development**

In all programmes supported by Sweden, special consideration will be given to how to help reduce the spread of HIV infection, and support families and especially children living with AIDS, as the pandemic threatens to undermine the work done to date on human resources development. Specific support will be given within the area "Human Resource Development".

Sweden will continue to analyse the developments in Zanzibar from a human rights perspective and will be prepared to give support to conflict resolution initiatives. Sweden and the majority of bilateral donors have suspended their programmes in Zanzibar and will not review the situation until after the October 2000 elections. If the political situation in Zanzibar normalises Swedish support to education in Zanzibar will be resumed.

Peace efforts and mediation activities in the region will be prioritised and fall under the support to Human Rights, including support to Tanzania's capacity building within areas of conflict resolution. As long as is need, the support to refugees will be continued.

For about a year Tanzania has had a strategy for a more active and efficient fight against corruption. The implementation of the strategy is going slowly. It is very worrying that few corruption cases have been heard in court. It is said that this is because of insufficient capacity. To obtain credibility the Government must see that those accountable are brought to justice. A clearer vision of how to involve civil society and the private sector in implementing the strategy is needed. For the partnership agenda to succeed, it is vital that corruption is tackled. Sweden will continue to support the improvement of financial management and work within the area of anti-corruption as part of the strategy for pro-poor growth. Special attention will be given to the budget process, financial management and anti-corruption measures.

Environmental analysis will be carried out in all programmes, which could possibly have a negative impact on the local area and community. Specific support, which will address the environmental perspective, will be given within the area "Pro-poor Growth".

Concerning the reduction of aid-dependency, Sweden will continue to work in groups and consortia, which support partnership and Government ownership in the development cooperation relationship.

### **The role of women, youth and children**

The country analysis shows that women and young people are consistently discriminated against in Tanzania. During the last five years some legislation has been passed which will give greater protection to women, and to some extent also to children and youths. However, unless there is a major change in mind set regarding the role of women and youth in development, Tanzania risks an uneven economic and social development which can lead to increasing instability, especially in urban areas to which the

unemployed are increasingly moving. Therefore in programme development, management and review, mechanisms will need to be built in to monitor effectively the inclusion of all sectors of the population both as actors in development, and as beneficiaries of an increased social and economic welfare.

Support to education has been the main entry point for Swedish support to children in Tanzania. However, falling enrolments rates have given rise to the need to consider how best to reach out to children, especially the poor, through other programmes in the strategy period 2001-2005.

## **4.2 The Areas of Development Cooperation**

### **Pro-poor growth**

**The objective of the Swedish support in this area is to further contribute to Tanzania's growth and to efforts to create a conducive environment for the individual and communities to develop their livelihoods.**

The support to macro-economic stability and structural reforms will be done through a combination of direct budget support and technical assistance to the key government institutions responsible for domestic resource mobilisation, budget management, and accounting for public resources. There will be a multi-sectoral approach to facilitation of sustainable economic growth and include support to infrastructure, private sector development, the sustainable use of natural resources and environmental regulation. Support to pro-poor growth will be given both indirectly to development of policies and regulations on a macro level and, directly on a micro level.



The majority of Tanzanians are dependent on the Government's provision of basic services, be it social services or the facilitation of private sector growth through the provision and maintenance of basic infrastructure such as roads, railways, energy and telecommunications. Tanzania's debt servicing has, however, for a long time restricted the Government's investments in the country's human, natural, financial and social resources. **Budget support** enables the government to improve the supply and quality of the services thereby making an important contribution to economic growth both nationally and at local level. Sweden was one of the first partners to contribute to the multilateral debt relief fund (MDF) and the Swedish Government has already decided to provide support to economic reforms in Tanzania over a three-year period. This is proposed to take the form of support to MDF's successor, the Poverty Reduction Budget Support (PRBS). The PRBS will be reviewed annually by the Government of Tanzania together with the external providers of budget support. The protection the fund will give to the social sectors in budget allocations will contribute to poverty reduction in Tanzania. This focus on social sectors, which includes health, education and water, will be of particular benefit to women and children.

The stability of the economy depends on effective public administration of both the revenue and expenditures of the Government. The Government is providing the framework for a concerted, multi-partner reform of public administration by means of three mutually reinforcing reform programmes: the Public Financial Management Reform, the Public Service Reform, and the Local Government Reform. The latter two are considered within the framework of the focus on democratic development.

Swedish support is concentrated to the **Public Financial Management Reform** and this focus will continue in the new strategy period. The revenue side is supported through the institutional cooperation between the Swedish National Tax Board and the Tanzania Revenue Authority. The collaboration focuses on human resource development within the framework of the Tax Administration Project, which is financed by the Government and a multi-donor consortium led by the World Bank. The support will in the first instance continue to 2002 and thereafter be reviewed. The support to the expenditure side is to the Government Accounts Department and the Budget Department of the Ministry of Finance and this will continue.

Regarding the Government's **Anti Corruption Strategy**, it is proposed that Sweden supports its implementation in a consortium with other external agencies. The main components of the strategy are the rule of law and legal framework, financial discipline and management, procurement, public education, awareness and sensitisation, public service reform, witness protection, and information. Sweden will give consideration to support to the Office of the Controller and Auditor General, which is responsible to Parliament, as well as support to the information component of the strategy. The Swedish support to financial discipline and management, public service reform and to the media in Tanzania will strengthen the implementation of the anti-corruption strategy.

**Agriculture** is the primary means of survival of the majority of Tanzanians and Agriculture and Land are crucial issues in the TAS. The Land Management Programme, LAMP, which Sweden has supported since 1990, will continue throughout the strategy period. While a major goal is to improve the livelihoods of the farmers and their families, the programme includes a significant component of support to Democratic Governance at the local level and human resource development of both the farming communities and the local governments and administrations. Smallholder management of natural resources including agriculture will continuously be in focus within LAMP and is foreseen to be an important component also in the new District Development Programme.

The lessons learnt in LAMP will be made available to other districts and in particular to the proposed new District Development Programme, which will be implemented in the Lake Victoria catchment area. One lesson from the ongoing programme is that the agricultural areas cannot develop in isolation from the market towns and district headquarters. Therefore the urban-rural connection will be taken into account in further programme development in the agricultural sector. Another lesson learnt is that without access to credit, small-holder farmers cannot improve their productivity. Therefore a review of possible micro-credit facilities has been initiated by Sida and support to micro-credit facilities will be incorporated into the district-based programmes. Women and young people, who currently have very limited access to land and capital, are expected to be the main beneficiaries of this support.

The role of the Ministry of Agriculture is vital for the promotion and development of the agricultural sector. However, as several donors are providing support to the Ministry, it is not considered necessary for Sweden to enter into a direct cooperation agreement with the government in this area. Sweden will, however, join the joint Government/donor Working Group on policies and strategies on the agricultural sector.

The TAS treats Environment and Natural Resource Management as a specific sector. The actions proposed range from public awareness, cleaner production and strengthening local authorities and environmental management. Sweden is already a major source of funding for in the field of **environmental management**, in particular for the National Environmental Management Council, which is the Government's institution for environmental monitoring, assessment and protection.. At local level, Sweden is working with environmental issues in the LAMP programme. This will continue and environmental issues will also be central in the new District Development Programme. A Government review of the institutional arrangements for environmental management was initiated in 1998. Upon completion of the review, Sweden will consider in what form future support to this area could be given. Components of the Swedish-Tanzanian research cooperation such as coastal and marine research will also contribute to environmental sustainability.

For people to play their part in economic development, they need to have access to basic **infrastructure** including transport, telecommunications, electricity and water. Sweden has been a key partner in Tanzania's development of the energy and telecommunication sectors but has not been active in the transport sector. The changing roles of the state and the private sector in investment in infrastructure during the 1990's has led to the phasing out of Swedish support to telecommunication. There is a radical rethinking of the modalities and financing mechanisms for large scale power projects such as hydro-electric plants, which up to now have been the major focus of Swedish support to the power sector in Tanzania.

The role of the Government in **telecommunications** will in future be confined to that of a policymaker and regulator and Sweden will continue to be involved in these aspects of telecommunication in the early part of the Strategy period. Regarding the **energy sector**, Sweden is a trusted partner and can contribute to the necessary stable provision of services by remaining in the policy and regulation arena. At the same time, there are new priorities: rural electrification and the development of renewable energy sources, which will allow small-scale farmers and businessmen to develop their enterprises and generate new jobs, thereby contributing to growth and development at the local level. The recently elaborated energy policy provides scope for positive changes in the provision of energy services to the people and thus for the promotion of a more rapid and balanced socio-economic development. Measures that are specifically mentioned in the TAS include the set-up of a Rural Energy Agency and strengthening of the newly established Rural Energy Fund. Sweden will support these activities, where possible in coordination with other development cooperation agencies including the World Bank. Investments in large-scale energy projects should be financed by other means such as credits.

The TAS recognises the role of the **private sector** as the engine of growth and states that the Government is committed to continue to improve the business environment in

order to stimulate participation of private initiative in all aspects of social and economic life. One challenge is to create necessary links between producers on the one hand and the market on the other. The function of the development cooperation is to strengthen the Government's initiative in this regard and support institutions that are necessary for a conducive environment for the private sector to work and develop. Private sector growth, including agriculture, is essential for employment opportunities for the half million young people joining the labour force each year.

The support will increasingly focus on the creation of an enabling environment through assistance to policy reforms and through addressing the legal and regulatory constraints hindering private sector growth. Special attention will also be given to the promotion of trade development. The support to member-based private sector associations is proposed to continue. Efforts will also be made to increase the provision of financial services, particularly for the poor. A pilot programme, aimed at creating commercial links between primary producers and the traders on the market, is currently being prepared. It is envisaged that the experiences from the programme will eventually feed into the Lake Victoria District Development Programme. A comprehensive financial sector assessment will be undertaken in collaboration with other donors. The outcome of this will provide guidelines for future interventions in the financial sector. In addition, efforts will be made to promote commercial relationships between Sweden and Tanzania, in line with the goals and objectives of the Swedish strategy for a new partnership with the African countries. Sweden can also contribute to private sector development through Swedfund.

#### **Human Resource Development**

**The objective of the Swedish support to human resource development is to support people in Tanzania to empower themselves to participate more actively in the development process.**

In this respect it is important to contribute to the development of an appropriate institutional framework at central and local level, and to increase the implementation capacity of government institutions, in the fields of education, training and research. More widely, human resource development will be in focus in the programmes that Sweden supports at district level and in the support to the Financial Management, Public Service and Local Government reforms.



**Education** is the foundation for human resource development, which in turn is a precondition for economic development and the reduction of poverty. Without a well-educated population, Tanzania cannot hope to achieve the objectives of its policy document Vision 2025. Education also has the potential to be a training ground for a democratic culture. The TAS recognises that the education sector in Tanzania is probably the sector most seriously affected by the economic difficulties and the ensuing reforms in the 1980s. Given the importance of education for children and young people and for the development of all sectors of the economy, and given Sweden's and given Sweden's substantial knowledge of education in Tanzania, the support to the education sector in Tanzania will continue throughout the strategy period.

The support is currently to the primary level of education and it is concentrated on educational materials, teacher training and cultural programmes in the school. These inputs focus on the classroom environment but are, in themselves, insufficient to ensure good quality education for all pupils. Sweden will therefore continue to work together with the responsible ministries, institutions and local governments and other development cooperation agencies, to establish an Education Sector Development Programme (EdSDP). This will encompass not only support to the schools but also to the institutions responsible for their management and for development of the sector as a whole. This EdSDP will cover all levels of education, but the emphasis during the strategy period will be on basic education. The challenge for Tanzania is to integrate all externally financed projects into a unified programme, which will enable the schools to improve the quality of education provided, and enrol the remaining children and turn the classroom into a learning institution for democratic behaviour and respect for individuals. The dialogue with the Ministry will include the issues of respect for human rights, the rights of children and democracy in the classroom.

Sweden will, through the regional office in Harare, work to fight the spread of HIV infection and the regional office will be a resource for the design of inputs in Tanzania. Support is already being given to HIV/AIDS research within the research programme and it is proposed that this be continued. There will not be a special programme for tackling HIV/AIDS but a strategy is being developed with the regional office for the incorporation of project components concerning HIV/AIDS into all the major sector programmes and in particular those which reach out to young people and rural communities.

The preparatory work for a new **District Development Programme** has been initiated during the current agreement period. The proposed programme will encompass both rural and urban development, focusing on democratic development and the enabling of families and communities to improve their own situation. The geographical focus for this support will be around Lake Victoria. This programme will draw on best practices from the Land Management Programme, the Health through Sanitation and Water Programme (HESAWA) and on the lessons learnt from a pilot project in Urban Development which has over the last two years been a framework for testing modes of cooperation with small towns.

The **HESAWA** programme, now on its sixteenth year of implementation, will be phased out by mid-2002. Although this programme has enabled thousands of communities to access clean water, the programme design is not easily adapted to a partnership with local authorities. During the phase out period, the emphasis is on local capacity development for the future management of the installations and capacity development of local officials and end-users for the continued expansion and maintenance of the installations.

One of the aims of Sweden's support to **research co-operation** is to increase Tanzania's knowledge base. Research co-operation will continue throughout the strategy period. Sida considers institutional- and capacity-building for research as essential for poverty reduction efforts. However, if the University shall be able to contribute to poverty alleviation, links to other institutions in society are as important as internal strengthening.



Means of stimulating collaboration between university and non-academic institutions will also be carefully considered.

### **Democratic Development**

**The objective of the support is to promote a democratic development by assisting both the Government and a range of actors in civil society to tackle the issues of the respect, protection and provision of civil, political, economic, social and cultural rights for all men, women and children.** The Swedish support to democratic development will include promotion and protection of Democratic Governance, strengthening of a culture of democracy and popular participation, and protection of human rights. This support will focus on strengthening and capacity development in public institutions as well as in civic society. The present ad hoc approach to these activities will be replaced by a sector programme developed in part together with the Government, but also leaving room for continued direct co-operation with Tanzanian non-governmental and community based organisations and with other donors.



The sector support to good governance mainly includes support to the Public Service Reform, the Local Government Reform Programme, the anti-corruption strategy and support to Non-Governmental Organisations in Tanzania. If a decision is taken to give support to the Legal Sector Reform, the support will be given through a donor consortium. The culture of public administration in Tanzania is a stumbling block not only to effective and sustainable economic reforms but also to Democratic Governance. Therefore the management aspects of administrative reform will be addressed during the strategy period. Support is already given to the gender dimensions of the government budget and to the on-going reform of the civil service. During the strategy period consideration will be given to a broader support to the **Public Service Reform**, in particular to the Leadership, Management and Governance component of the reform. Such support should make a greater impact on gender equality in the civil service than support solely to the Gender Unit, and will also address aspects of ethics, accountability and a more service-oriented management style. As with the Public Financial Management Reform, there is a consortium of external partners working with the Government in the Public Service Reform, and Sweden's inputs will be made and monitored within the framework of this joint effort.

The role of the Tanzania's local authorities will be substantially increased when the **Local Government Reform Programme (LGRP)** is implemented. The first phase, encompassing a third of the district authorities, is due to start before the end of 2000. The LGRP is expected to have a substantial impact on the delivery of social services. It also has the potential to facilitate the development of local democracy as decision making and resource allocation will be moved nearer to the communities. During the strategy period 1997 - 2000, Sweden has supported the Local Government Reform only in a limited way, through the good governance component of the Land Management Programme. However, it is insufficient to work only at the local level of a national programme. Sweden will therefore join the consortium of agencies supporting the Ministry of Regional Administration and Local Government, which at central level is responsible for the development, and implementation of the LGRP. Sweden's primary

concern as a member of the consortium will be Democratic Governance and social service delivery, in particular education.

There is a growing concern in Tanzania that not only human rights but also economic development is being threatened by the inappropriate and poorly functioning legal system. The Government has presented a **Legal Sector Reform** programme to the donors and Sweden will consider supporting this reform as a member of a donor consortium, focusing in particular on access to justice for the poor. The District Development Programme will provide resources at local level for civic organisations to develop legal literacy, for example concerning the new Land Bill, with the aim to assist the small-holders to protect their rights and interests. In some districts this will also include support to efforts to promote and protect the rights of ethnic minorities i.e. pastoralists and hunter/gatherers.

Sweden is already a member of a consortium supporting the Government's development of an **anti-corruption strategy** and intends to support its implementation. This strategy has close links to the legal sector reform because a major problem for the poor in accessing the system is the corruption, which pervades it.

The new sector support to human rights and democracy will include extended support to **Non-Governmental Organisations** devoted to the promotion and protection of human rights and democracy. A specific objective is to strengthen the democratic culture in the society in general and to support NGOs working with the rights of women, youth and children in particular.

The lack of up-dated and reliable data is a major obstacle in all development cooperation efforts in Tanzania today. Against this background, and given past Swedish experience in this field, Sweden is likely to become one of the lead partners in carrying out and supporting **the National Population and Housing Census 2002**.

Restricted **access to information** is a threat to democratic development. It is also a threat to private sector development as information is a prerequisite for a functioning market. Sweden is the leading partner in this area in Tanzania and will continue to give support to the relatively independent media sector. For example, support will continue to be given to the Media Council and to community radio, enabling them to play a crucial role in the democratisation process and the promotion of human rights. Support to public service media will be explored early in the strategy period.

The **culture** sector is central to democratic development and respect for human rights, allowing people to articulate their societal and unique experiences. Sida has a regional programme of culture and media cooperation in Eastern Africa and Tanzania participates in regional programmes concerning book development, theatre, and media. The latter includes the Lake Victoria Network for Environmental Journalism. Sida is also supporting successful theatre projects for school children and these will be continued within the education sector support. Participation in the regional programmes will continue. Specifically in Tanzania, Sweden has a successful partnership with the Cultural Trust Fund, which promotes and strengthens government, non-government and individual cultural activities. Originally financed solely by Sweden, the Trust Fund is attracting increasing attention from other development cooperation agencies. Norway and Denmark have already started to co-finance the Fund.

## 5 Financial planning and administration

There is an improved environment for development cooperation in Tanzania: there is a national strategy for poverty reduction (PRSP) and a framework (TAS) within which external agencies can finance development programmes, which contribute to pro-poor growth. Tanzania is also one of the few countries that take the concept of partnership seriously both in word and deed.

These are good reasons for an increase in Sweden's development cooperation with Tanzania. A comparison with other partner countries in Sub-Saharan Africa also favours Tanzania as a potential country for increased development cooperation.

The proposed programme is based on a planning figure of 400 MSEK in 2001 (Balance of Payment support and support through Swedish NGOs not included). The cooperation agreement is proposed to cover three years (2001-2003) and include a figure of not less than 1 100 MSEK for the period.

Given the planned expansion of the general Swedish development cooperation budget there is room for a major increase in funds for the development cooperation with Tanzania, during the two remaining years. If a possible increase will be moderate this could be accommodated within the proposed programme. Should the increase be substantial further strategic planning needs to be undertaken.

A possible expansion should be discussed with Tanzania, and consideration given to the overall financing picture in the different sectors. Given the problem with poverty in rural areas, and agriculture's important role in the economy, great efforts in planning the expansion shall be made in the area of rural development.

A substantial increase would require a continuation of the positive developments in the country concerning the environment for development cooperation. The risk factors that have been described in the Conclusions from the Country Analysis must be taken into consideration.

Sweden is committed to working in partnership with the Government of Tanzania and other development cooperation agencies. Partnership means dialogue at many different levels. It places demands on sectoral knowledge, understanding of development in the specific Tanzanian context, and on time. Working in government-led, donor consortia is time consuming but the time spent on co-ordination should lead to the enhanced effectiveness of the programmes supported. The partnership dialogue builds on trust and cannot be managed from a distance.

Development cooperation is a major part of the work of the Swedish Embassy in Dar es Salaam.

It is an integrated Embassy with a Development Cooperation Division, consisting of staff with a diversified competency profile. Considering that the programmes may increase in volume over the strategy period, the equivalent need for additional capacity at the Embassy and broad competence within the Development Cooperation Division must be discussed. Should development cooperation increase substantially, it may also be appropriate to consider a corresponding increase in capacity concerning administration and programme responsibility at the Embassy. In particular, it is important that the

Embassy retains socio-cultural skills in order to maintain the quality of programmes during a period of expansion. Forms of cooperation should be chosen that do not entail a heavy administrative burden.

At Sida Stockholm DESA, SEKA, UND, KULTUR, NATUR, SAREC, HUM, INEC and AFRA have staff working with Tanzania, all with different percentages of their working time. With the new delegation to the Embassy the role of the programme officers is changing and it will be important during the strategy process to monitor the staff implications of the delegation, both in Dar es Salaam and in Stockholm. This will be done through the yearly process Country Planning process.