



Country Strategy Paper

Bilateral Aid Programme

2000 - 2002

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**Embassy of Ireland
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Tanzania**

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Summary

Tanzania was designated a priority country for Ireland Aid (IA) in 1975. Since the signing of a Financial and Technical Co-operation Agreement in 1980, and its revision in 1985, IA annual expenditure in Tanzania has grown from around £200,000 per annum in the early 1980s to a budget of IR£24.4 million for the present three-year (1996 - 1999) country programme.

The present programme reflects priorities in the areas of poverty reduction, provision of basic services, gender equality, sustainable use and management of natural resources and good governance. The programme has components at central level in the health and education sectors and has area based multi-sectoral programmes in four districts. In the area of governance the programme includes a number of separate activities on human rights, legal reform, gender issues and poverty eradication implemented through different ministries and Government of Tanzania (GoT) institutions. The restructuring of the Dar es Salaam City Council is also being supported as well as some initial support to the Ministry of Regional Administration and Local Government for the local government reform process. Apart from the activities supported in the district programmes, agricultural research and extension is supported with limited programmes at central and zonal level. Other significant programme components are a community based coastal zone management project and capacity building for the tourism sector at the Ministry of Natural Resources and Tourism. Direct support to debt relief started in 1998 with a grant of £2,000,000 for 1998 and 1999.

In 1996 a Country Review and Planning exercise recommended a greater integration of the bilateral aid programme into GoT institutions. As a result the programme has undergone significant changes in its structure, management and content. Institutionally based programmes have been prioritised, levels of project based expatriate technical assistance have been reduced, technical and management capacity at the embassy has been increased, greater emphasis has been given to capacity building of partners and procedures are being developed to promote the transfer of the decision making and programme management functions to Tanzanian institutions.

The local government reform process, announced by the GoT in 1996, and the consequent reforms of other sectors constitutes the major ongoing political and institutional development in Tanzania. It provides and, in all likelihood, will continue to provide the principal overall framework within which development of the country and, consequently, that of the bilateral aid programme takes place.

The proposed strategy for the next three years is to consolidate the current strategy, by focusing on the two key principals of poverty reduction and partnership and targeting support on four sectors: Health, Education, Agriculture/Natural Resources and Governance. The approach to implementation will continue to be through sector programmes at the national level and through district development programmes at the district level. Contributions to the Multilateral Debt fund will continue.

1. Introduction

1.1 The last strategic planning mission in Tanzania took place in 1996 and involved extensive consultations with existing and potential partner agencies. In the meantime the nature of the Ireland Aid programme in Tanzania has changed. Participation in the development of sector programmes mean that ongoing consultations are an intrinsic part of the programme's operation while at District level, major participatory planning exercises have either been undertaken or are underway with each of our partner districts. A repeat of the 1996 exercise was not therefore required and the purpose of the 1999 mission is to focus on strategic issues with a view to consolidating, and where necessary adjusting, the current strategy rather than developing a completely new one.

1.2 The development of the country strategy involved a series of internal workshops by the Embassy team members focusing on sectoral issues and on the operationalisation of the policies of Ireland Aid. Consultations with the Ministry of Finance began at an early stage. A representative from Treasury participated in the two-week mission when the Dublin based members of the Planning team were in country. Discussions took place with other partner ministries and some donor agencies. Following on these discussions the revised strategy for the coming three years was arrived at by considering the programme as a whole and its individual sectors in the light of a number of criteria. These were:

- the existence of a good locally driven policy environment and of competent institutions and systems as critical conditions for aid effectiveness;
- GOT development priorities of poverty reduction, economic and civil service reform, a focus on the social sectors and on the economic sectors of agriculture, transport, tourism and industry (Tanzania Vision 2025);
- Ireland Aid's policy priorities of poverty impact, partnership, gender and sustainability;

1.3 The social, economic and political situation of Tanzania from a development perspective is summarised in chapter two. The presentation concentrates on changes which have occurred in the period since the last country review and planning exercise in 1996 and which are likely to occur during the next programme phase. The chapter also looks at donor support and relations between Tanzania and donors. In chapter three a brief overview of the current Ireland Aid programme is presented together with the logical relationship between the programme and the policy priorities of both the Government of Tanzania and Ireland Aid. The main conclusions from chapter two and three are presented in chapter four and the future strategy is outlined in chapter five.

2. Analysis

2.1. Political Situation

2.1.1 Tanzania is one of the largest countries in East Africa, occupying an area of 950,000 square kilometres (about 11 times the size of Ireland), and has an estimated population of 32 million people with an annual growth rate of 2.8%. It is one of the most politically stable countries in the region. The first multi-party elections took place in Tanzania in October 1995. Chama Cha Mapinduzi (CCM) had the majority of seats and Benjamin Mkapa was elected president. The Third Phase Government of Tanzania was formed in November 1995 and since then political liberalisation, democratisation and transparency have continued to be consolidated with emphasis on good governance.

2.1.2 A Constitutional Reform Process is ongoing with the President advocating that it be as participatory as possible. The next national and local government elections are due in 2000 and two parties, the Civic United Front (CUF), and the National Convention for Construction and Reform (NCCR-Maguezi) are the two largest opposition parties.

2.1.3 Instability in the Great Lakes Region is a source of major concern to the present government as well as a major fiscal strain caused by the growing numbers of Burundian and Congolese refugees in Western and Northern Tanzania.

2.2. Economic Background

2.2.1 Tanzania's socio-economic development has been guided by the socialist development policies of the 1960's, which put emphasis on state provision of basic services, placed most investments in the public sectors and envisaged the transformation of the productive sector. The economic crises of the late 70's and early 80's necessitated the introduction of economic reforms and in recent years the government has been largely engaged in consolidating the institutional framework necessary for a market oriented economy and private sector led development.

2.2.2 The past three years have witnessed major progress toward achieving Tanzania's stabilisation objectives and achievements include fiscal consolidation, streamlining the civil service, privatisation of about half of the parastatals and a far-reaching restructuring of the financial system. Public expenditure is controlled by the use of cash based budgeting. Inflation is at its lowest level for nearly two decades, the current rate being approx. 9%. External debt stands at US\$8.6 billion.

2.2.3 Agriculture represents the most important sector of the economy in terms of employment, contribution to GDP and is the principal source of foreign currency. Agriculture employs 80% of the active labour force, is responsible for 55% of GDP and accounts for 58% of export earnings. The main cash crops are coffee, cotton, cloves and cashew nuts. The agriculture sector was very severely affected by the El Nino floods in 1997/98 and is still recovering from the damage caused to both crops and infrastructure.

2.2.4 Two sectors with potential are tourism and mining. Revenues from both are increasing, however, the two sectors require considerable investment.

2.2.5 The GoT carries an Annual Budgeting exercise in April/ May of each financial year. In the past, GoT had focused on feeding the Annual Budget into a Rolling Plan and Forward Budget (RPF) as a way of strengthening medium term expenditure planning. Since 1997 the move has been towards a Medium Term Expenditure Framework (MTEF) and one has been prepared for 1999/2000 to 2001/2002. The aim of the MTEF is to link policy, planning and budgeting in a medium term framework so as to improve budgeting outcomes at the macro, strategic and operational levels and do away with short term planning for annual budgets. It attempts to recognise that, resources are limited and will remain so in the medium term, that decisions need to be made in accordance with clear GoT priorities, and the focus is on output and the efficiency and effectiveness of it. The current MTEF only covered the priority sectors. It was a new exercise and was a learning-by-doing one. It was deemed to be a useful first attempt and the aim now is to roll it out to all sectors and fully integrate it into the GOT budgeting cycle.

2.3. Poverty in Tanzania

2.3.1 Tanzania ranks much higher on the UNDP's Human Development Index (149th richest out of 175 countries, 1997, 150th in 1998 and 156th in 1999) than one might expect in relation to its poverty levels. This is due to successes especially in the health and education sectors during the 60's and 70's. However the economic crises of the 80s impacted negatively on the social indicators and, even in recent years, poverty and social indicators do not follow the overall improvement in the macro economic indicators. Under-five Mortality Rate is 143 per 1000 (Unicef 1997), overall life expectancy is estimated at 48 years (UN 1997), Maternal Mortality Rates are 200 - 400 per 100,000 (MoH, 1996) although Unicef (1997) estimates 770 per 100,000 and Infant Mortality Rate remains high at 92 per 1000 (Unicef 1997). It is estimated that 30% of under-five's are malnourished. Illiteracy rates are increasing and primary school enrolment (Standard 1) has fallen from 98% in 1981 to 75% in 1996 while the net enrolment ratio for primary education is only 47% (UN 1997).

2.3.2 Tanzania has not defined an official Poverty Line, but based on the \$1 per capita per day poverty line, the proportion living below the poverty line is 59%. This figure was as high as 65% in 1983 but had declined to 50% in 1993 only to rise again in recent years. Poverty in Tanzania is mainly a rural phenomenon. Rural households account for 92% (World Bank report, 1997) of the poor with 42% of all rural Tanzanians living in households classified as hard-core poor (Ferreira, 1994).

2.4. Social Sector Policies and Poverty Reduction

2.4.1 Tanzania puts high priority on the development of the social sectors to meet basic needs of the people and the percentage share of the budget in the areas of Health, Education and Water has increased over the last three years. For example Education's share of the national budget has increased from 21.1% in 1996/97 to 24.2% in 1998/99, the actual disbursement in 1996/97 being US\$110 million compared with an approved budget of US\$155 million in 1998/99.

2.4.2 In addition to increased budgetary resources in recent years, various reform processes have been initiated in the social sectors together with the formulation of sector development programmes e.g. in Health and Education. These are focusing on decentralisation of management, improvement in the delivery of basic services and the introduction of cost sharing. In both Health and Education it is hoped that the government-designed sector programmes will lend themselves to agreed and

prioritised annual workplans which can be jointly financed by government and donors through the establishment of agreed disbursement and financial management systems. However, while the vision is clear, there are many constraints to its realisation including over ambitious plans, lack of financial resources, limited human resource capacity and motivation, weak ownership of programmes and pressure from donors.

2.4.3 A national focal point for poverty eradication has been established in the Vice President's Office. In late 1998, the government launched the National Poverty Eradication Strategy (NPES) although work had been ongoing throughout 1998 on developing indicators for monitoring poverty and welfare. The strategy proposes that the guidelines for the medium term expenditure framework will fully reflect poverty issues and this will be aimed primarily at the priority sectors.

2.5. Development Context

2.5.1 The Third Phase government has restored the good relationship between Tanzania and its donors, which had deteriorated in the 1980's and early 90's. Recommendations from the Helleiner Report (1995) and the ensuing process were aimed at changing the relationship between donors and Tanzania with a view to enhancing Tanzanian ownership of the development process. In recent years the Government has articulated and formulated a clear development vision. Vision 2025 puts emphasis on attaining a high quality of livelihood, good governance and rule of law and putting in place a strong and competitive economy.

2.5.2 The reform of the civil service and in particular, local government reform, are among the main reform processes ongoing in Tanzania which will impact on the bilateral aid programme. Since the beginning of civil service reform, overall government employment has been reduced from 355,000 to 270,000. Restructuring of the regional administration and prioritisation of functions in key ministries (Planning Commission, Ministry of Finance, Civil Service Department, Prime Minister's Office) has been finalised. The challenge now is to ensure that the reforms can improve the performance of the civil service and the main focus of the reforms in the coming year will be performance improvement which is to be implemented in phases starting with three ministries.

2.5.3 Local Government Reform was seen as one of the core elements of Civil Service Reform and in October 1996 a comprehensive policy document on local government reform, the Local Government Reform Agenda (LGRA), was presented. It advocated the need for substantial transfer of decision-making powers and responsibilities from central to local government. This has subsequently been developed into the Local Government Reform Programme (LGRP) with an action plan and budget. A Local Government Reform Team has been established with the responsibility to organise and lead the process. Key enabling legislation and institutional changes have already been introduced to facilitate the decentralisation to local government. One of the most fundamental changes will be budget support to local government, which will no longer be channelled through sector ministries but will instead be transferred directly to local authorities. Conditional and unconditional grants to 35 local authorities are planned to commence in January 2000.

2.6. Good governance (Democratisation and Human Rights)

2.6.1 President Mkapa has demonstrated his commitment to the elimination of all forms of corruption and appointed a commission on corruption in 1996 headed by Justice Warioba. The study by the commission concluded that corruption is endemic throughout Tanzania. A minister was appointed with responsibility to ensure all ministries develop and implement clear anti-

corruption strategies and a wide ranging national anti-corruption programme is in preparation.

2.7. Gender

2.7.1 Women were accorded equal rights with men under the constitution in 1977, however, the status of women in Tanzanian society varies and is influenced by both cultural and religious traditions. Poverty has a strong gender dimension with women constituting 69% of the hard core poor. There have, however, been some positive changes due both to policies and also to civil organisations which have formed strong lobbying and advocacy coalitions. These changes tend to benefit urban women more than rural women.

2.8. Environment and Sustainable Development

2.8.1 In recent years a number of policies have been approved by the GoT that are targeted at the development of the environment. These include policies on national land, wildlife, forestries, fisheries, agriculture and the national environment. In all of these policies emphasis is on stakeholder involvement, community management and sustainable utilisation of natural resources. In practise, however, a great deal needs to be done to operationalise these policies.

2.9. Development Assistance

2.9.1 Donor assistance has played a significant role in the development process of Tanzania. This is reflected by the percentage of the development budget supported by donors. For instance for the social sectors in 1998/1999 donor support to development interventions was 92% of the total development budget. A similar trend is exhibited by other sectors.

2.9.2 Bilateral donors continue to be the major source of external assistance contributing 501 million US\$ in 1997, and the major donors are the Netherlands, UK, Germany, Japan, Norway and Sweden. Ireland contributed 2.5% of bilateral assistance in 1997. The major multilaterals are the World Bank, European Union, IMF and the African Development Bank.

2.9.3 Ireland Aid works closely with the main donors involved in sectors that Ireland Aid is supporting. Joint government/donor co-ordination and co-operation is developing especially with the advent of sector support programmes in health and education and local government reform and in the operation of the multilateral debt fund. More recently the Ministry of Finance is co-ordinating quarterly joint government/donor meetings where an overview of progress in each of the priority sectors is presented and discussed.

2.9.4 A number of major foreign NGOs work in Tanzania including CARE International, PLAN, Norwegian People's Aid, Action Aid, Save the Children Fund and Oxfam. The two main organisations with Irish connections are Concern and APSO. APSO is currently introducing major changes in its Country Programme with increased emphasis on local personnel rather than expatriate. Concern's programme encompasses both humanitarian support for the refugee population and longer-term development assistance with a strong community development and livelihood security focus.

2.10. HIV/AIDS

2.10.1 A situation analysis of HIV/AIDS in Tanzania was completed in 1997 and shows a worsening epidemiological situation whereby the epidemic has spread rapidly into rural areas where prevalence rates are more than 10% in some areas. Young people and women are the most affected groups due to economic, social-cultural, biological and anatomical reasons. AIDS is now the leading cause of death among the 15 to 59 age group. At the launch of The Third Medium Term Plan for the Prevention and Control of HIV/AIDS/STD earlier this year the following impacts of the epidemic were highlighted: lower life expectancy, higher dependency ratio, slower growth rate in GDP, absenteeism in the workplace, decline in productivity, increasing health costs, increasing poverty, rising infant and child mortality, growing number of orphans, social stress, long periods of illness, funeral costs and bereavement.

3. Overview of the existing Ireland Aid Programme

3.1. Objective and priorities

3.1.1 The overall objective of the current bilateral aid programme is:

to improve the human capacity, self-reliance and livelihood security of the men, women and children of Tanzania, particularly the poor, and to assist the Government to improve essential service delivery, accountability and governance, with a view to reducing poverty and achieving sustainable and equitable development.

3.1.2 The present programme reflects both Government of Tanzania and Ireland Aid priorities of poverty reduction, provision of basic services, gender equality, sustainable use and management of natural resources and good governance. The major features of the current country strategy are:

- the completion or integration into relevant Ministries or Agencies of ongoing stand alone projects
- a reduction in the number of long-term, expatriate TA
- support to the development of sector programmes in Health and Education
- elimination of parallel structures in the District Development Programmes and their integration into Districts Councils
- promotion and use of participatory planning approaches
- an expansion in the number of partner districts
- a continuing focus on the social sectors and
- greater involvement in the directly productive sector.

A summary outline of the current programme is presented below.

3.2. Education

3.2.1 Overall support to the education sector comprises 12.6% of the annual budget. 18% of this is delivered through the district programmes. The current programme of support at national level is concentrated principally towards supporting the development and implementation of the Basic Education Master Plan. This plan is part of an overall Sector Development Plan and concentrates on improving access to and quality of primary education and strengthening teaching capacity and educational planning, management and monitoring. The plan also envisages the institutional and management reforms required by the Public Service and Local Government reform processes. Funding is administered through an education fund in the Ministry of Education and Culture.

3.2.2 The education programme supported by Ireland Aid in the current country programme cycle also contained a number of ongoing projects which at the end of 1999 will all have been phased out or integrated into the emerging Sector Development Plan.

3.3. Health

3.3.1 Overall support to the health sector comprises 12.3% of the annual budget with 17.5% of this amount delivered through the district programmes. The current programme of support to the health sector was developed in 1996 and outlined a programme for three years. The programme which includes assistance to the process of health reforms and the development of a sector support programme, also supports components in three main divisions within the Ministry of Health: Human Resources; Preventative Services and Essential Hospital Services.

3.3.2 The current programme is being implemented through existing structures in as far as possible and monitored through steering committees comprising MoH, Ireland Aid and other relevant stakeholders.

3.3.3 Both the education and health programmes are being implemented at a critical period in the process of moving towards the development of sector support programmes. As well as reforms in both sectors there are also major reforms proposed for the process of decentralisation and Local Government. Any proposed support to these sectors must be flexible and responsive to the changing context both at central and district level.

3.4. Agriculture and Natural Resources

3.4.1 Overall support to the agriculture sector in the Tanzanian programme currently makes up 5.6% of the annual budget. Just over one third of this support is provided through the District Development Programmes. Interventions are concentrated on the development and provision of extension services and related research activities. Some support for improving and increasing dairy production through livestock distribution schemes is provided through the district programmes and through the Pemba Smallholder Livestock Development Project, which will effectively terminate in 1999. Support at central sectoral level is limited. Most present and planned interventions are and will be implemented and managed at district and Zonal level.

3.4.2 Support to the natural resources sector constitutes 7.9% of the overall budget. None of this support is directed at or through central sectoral level. More than 80% of the support allocated to the sector is through the Tanga Coastal Zone Conservation and Development Programme, the remainder being channelled through the District Development Programmes.

3.5. District Development Programmes.

3.5.1 Overall support for District Development Programmes comprises 22% of the annual bilateral aid budget. The programmes are multi-sectoral involving support principally to health, education, environment and natural resources, agriculture and rural transport infrastructure. The programmes also have a component specifically directed at supporting District Council management and capacity building and a component for funding the implementation of Microprojects identified at village level. In general the programmes try to maintain a sectoral balance in line with IA and GoT policies and district level priorities, however implementation capacity of individual sectors is frequently a constraint which influences levels of support.

3.5.2 There are currently four District Development Programmes. The programme in Kilosa has been running for 15 years and IA support is due to finish in 2003. The Ulanga programme started in

1995 and is expected to continue until 2010. Both of these programmes are implementing activities across the full range of sectors based on three-year district development plans. New programmes were started in 1998 in Kilombero and Muheza districts. Both of these are in a planning and capacity building phase, district plans will be produced in 1999 and a gradual start up of sectoral activities will commence in 2000.

3.6. Governance

3.6.1 On the basis of the recommendation of the 1996 planning team, Ireland Aid became involved in the Local Government Reform Programme (LGRP) in late 1996, in its early planning stages. In the preparatory phase, Ireland Aid agreed to provide support for some strategic consultancy work, principally one on a training policy and programme for local government and the other on the decentralisation of personnel to the District level.

3.6.2 Support to the restructuring of Dar es Salaam will continue up to the time of the elections in October/November 2000, when the restructuring exercise is to be completed. The support being provided under this programme is in the form of technical advice to the Dar es Salaam City Commission, the interim body appointed by the Government to replace the discredited former City Council, to assist in the task of dividing the city into three municipalities, with one relatively small coordinating City Council.

3.6.3 Since 1995 Ireland Aid has partnered the local authorities in Dar es Salaam in implementing the Community Infrastructure Programme (CIP). The programme was developed to address basic infrastructure and services by working directly with communities and involving Government, Non-Government and Community organisations in the development process. Since 1998 the programme has become more integrated into the Dar es Salaam city structures and has served as a model for community based development in the city.

3.6.4 In 1997 a portfolio of projects under the title of Human Rights and Democratisation was approved on a pilot basis. The programme is multifaceted and covers a range of components including support to the constitutional reform process, the training of judges and support to the office of the chief justice, training of police and prison officers, and through training and study visits support to strengthening parliamentary capacity. Another component of this programme is support to the National Poverty Eradication Unit in the Vice President's office. While many of these components will end this year, one aspect, support to the 2000 parliamentary elections will commence.

3.7. Tourism

3.7.1 The current support to the tourism sector started in 1997 and was as a result of a request made to Ireland Aid by GOT during the 1996 country-planning mission. The support is mainly in the form of technical assistance to the Tourism Training Unit of the Ministry and is primarily focused on building technical, management and marketing capacity in the sector. The project also has a large fellowship component.

3.8. Multilateral Debt Fund

3.8.1 Direct support to debt relief started in 1998 with a grant of £2,000,000. A similar amount will also be disbursed in 1999.

3.9. Management of the Programme

3.9.1 The Ireland Aid Country Programme is managed by the Irish Embassy. The management capacity was increased in early 1999 with the appointment of a second programme officer and a Financial Systems Advisor. The programme management staff now comprises the Charge d'Affaires, 2 Programme Officers, 4 sectoral advisors (Ag/NR; Education; Gender/Social Development, Health), a Financial Systems Advisor and a Programme accountant.

3.9.2 Field based expatriate TA contracted by Ireland Aid is limited to one District Development Advisor, in Muheza district. Two external management agencies are contracted to manage specific components of the programme and they both employ expatriate technical advisors, three in total. Thus the overall dependence on long-term expatriate technical advisors has been reduced from eighteen at the beginning of the present country programme to four at present. The present level of expatriate TA posts will remain constant for the coming year but is expected to reduce further towards the end of 2000.

3.9.3 Implementation of the Programme is now undertaken largely by partner Ministries, Districts or local institutions and monitored by Ireland Aid through various mechanisms such as steering/management committees. In principle the partner institution is responsible for all aspects of management, however, the degree to which this happens varies across the programme. Furthermore, with the exception of the Multilateral Debt Fund, financing of the programme does not fully comply with Government of Tanzania requirement to fund through central government financial systems.

3.9.4 In the health, education and tourism sectors programmes are being implemented through existing structures in as far as possible and monitored through steering committees comprising the line Ministry, Ireland Aid and other stakeholders. With the development of sector programmes in health and education, management and financial integration will be possible and components currently funded by Ireland Aid can be adjusted accordingly.

3.9.5 In agriculture and natural resources implementation methods and channels vary between the components and no one management approach is used. The Sokoine Extension Project and the EZCORE programme are implemented through GoT institutions. The Smallholder Livestock Development Project has been implemented as an independent project but is currently being

integrated into the ministry as part of an exit strategy. Funding and reporting are through parallel systems using dedicated bank accounts and the IA accounting system. The Tanga Coastal Zone Programme is managed by the International Union for the Conservation of Nature, which receives funding from, and reports to, IA. Although integrated into or subordinated to the Tanga regional administration and some activities are carried out by district councils, the programme is set up as an autonomous unit and could not be described as being implemented by GoT institutions.

3.9.6 The district programmes are implemented by the respective District Council. The council is responsible for all aspects of programme management including planning, budgeting, implementation, and reporting, while IA inputs are limited to appraisal and advice through district based District Development Advisors, DCO based sectoral advisors and specially contracted consultants. In practice DDAs and other district based IA staff are the principal operational and financial managers for the programmes. Planning, and reporting methodologies are the result of the joint district development planning exercises while accounting procedures are IA established.

3.9.7 Support to the restructuring of Dar es Salaam is managed by the Irish Institute of Public Administration while many of the components of the Human Rights and Democratisation Programme are funded and managed through UNDP.

4. Conclusions from country analysis and overview of programme

4.1. Country Analysis

4.1.1 Tanzania now offers an excellent environment for investment of aid funds and there is a high likelihood that aid expenditures will be effective and will make a difference. The macroeconomic policy environment is good. Over the past number of years, exchange controls have been relaxed, trade has been liberalised, public expenditure controlled by the introduction of cash-based budgeting, and the government has closed or divested itself of many parastatals, which had been a tremendous drain on its resources. As a result of these reforms, inflation has been reduced to the current level of 9% (mid 1999), the current budget deficit has been eliminated and transformed into current budget savings of 1% of GDP.

4.1.2 As regards the development of effective institutions and systems, considerable progress has also occurred. The civil service reform programme is in operation and overall government employment has been reduced. However, the critical issue of public sector pay has still to be addressed and is the single most important factor limiting the development of a well-motivated public service committed to integrity. The Government has demonstrated tremendous commitment at the highest level to the elimination of corruption and has established a task force, which is preparing a national anti-corruption strategy.

4.1.3 Tanzania's very impressive macroeconomic performance has, however, been accompanied by a fall in the standard of living, especially for the poorer sections of the population, particularly in rural areas. The former socialist economic systems have been dismantled but the private sector has failed to replace them. This is evident for instance in the absence of agricultural inputs and adequate markets for crops. Basic services such as health and education remain under-resourced and inadequate.

4.2. Programme analysis

4.2.1 The current Ireland Aid country programme strategy provides a sound basis for the development of the next country programme. The current country programme is coherent, cohesive and complementary, with strong synergy among the various component objectives, strategies and levels. Much of the support at national level is being complemented at District and sub-District levels. Programme components correspond to highly prioritised GOT programmes with support being provided in most cases through government systems. Local ownership and control of these interventions is growing positively.

4.2.2 The current country programme has a clear focus on targeting the poor. The main emphasis of the programme is on basic service provision, primary education, preventative health services, agricultural extension and a rural focus emphasised through the District Development Programmes. Furthermore the use of participatory planning and labour-based construction ensures participation by the poor in the programme. However the overall impact of the programme on poverty reduction needs to be strengthened. To improve the impact of the programme on poverty reduction strategies need to be identified which will prioritise and ensure the inclusion of programme components and activities, which specifically impact on the poor, and among whose outputs will be raising rural incomes and increasing food and livelihood security.

4.2.3 The current country programme has clearly recognised and operationalised the principle of Tanzanian ownership and management. Ireland Aid's involvement in sector development programmes, dismantling of parallel systems in district programmes, reduction in number of executive TA positions all testify to this together with the establishment of the Financial Systems Advisor's post to assist further the process of financial integration. However, partner management and implementation capacity and IA management and supervision capacity and procedures have not been adequately developed to respond to the ongoing shift from a project based programme to an integrated sector and area based programme implemented through partner institutions. This has resulted in a tendency for IA to be overly involved in component management, in order to try to maintain quality and levels of expenditure. This has not been successful in either regard and probably results in poor quality implementation and delays in the integration process. In the future all management structures and procedures should seek concurrently to establish effective sustainable Tanzanian management of the programme and to ensure good quality implementation and impact.

5. Future Strategy

5.1. Objective of the Country Programme

5.1.1 The overall objective of the bilateral aid programme is now defined as:

to assist the Government of Tanzania and civil society to achieve the Development Vision 2025 objectives, especially in relation to poverty reduction, improved livelihood security, effective basic service delivery, capacity strengthening, good governance and equitable and sustainable development in order to improve the quality of life of the women, men and children of Tanzania.

5.1.2 The country strategy 2000 - 2002 will consolidate and build on experience from the current programme. The Programme will focus its support on four sectors - Health, Education, Agriculture/Natural Resources and Governance. The approach to implementation of programmes in these sectors will continue to be through sector programmes at the national level and through the District Development Programmes at the district level. In addition to the four major sectors contributions to the Multilateral Debt Fund will continue.

5.2. Underlying principles

5.2.1 Poverty Impact and Partnership are the key concepts, which will guide the Ireland Aid Tanzania Country Programme over the coming three years. It is the conclusion of the planning team that both concepts, properly developed, will encompass other key principles of Ireland Aid and, in particular, principles which the current programme in Tanzania is especially committed to: Gender equality, sustainability and capacity building. Poverty in Tanzania has a strong gender dimension, especially in rural areas, and potential poverty impact will need to be addressed from both women's and men's perspective. True and equitable partnership should provide a realistic assessment of partner capacity needs, ensure sustainability of impact of interventions, realise full financial integration and ensure a monitoring role only for Ireland Aid.

5.2.2 The concepts of Poverty Impact and Partnership need to be further elaborated by the programme and clear strategies developed to operationalise the commitment to and policies on both which already exist in the programme.

5.2.3 For an intervention to contribute to poverty reduction it must be targeted on the poor, both women and men. Income generating commercial or production related activities, which do not impact on the poor but benefit the better off, tend to increase the disparity in wealth and further weaken the position of the poor. Some possible strategies for targeting the poor could be:

- geographical location - district programmes could be located in poorer districts or poorer areas or population groups in districts could be specifically targeted
- population segments - properly implemented PRAs could identify poorer segments and their specific needs within communities. Income generating opportunities such as labour-based construction could use selection procedures that target the poor
- activity design - many activities, particularly related to the productive sector, are technology driven and may require inputs, which effectively put them beyond the reach of the poor. For an activity to impact on a poor person it must be feasible for that person to benefit from it with the means currently at their disposal.
- sectors - concentrate activities in sectors which represent economic opportunities for the poor, probably mainly agriculture and/or rural production. Activities should be comprehensive of production and market issues.
- terms of trade - the poor, particularly, the rural poor are involved in productive activity and therefore in trade. The terms of trade are inevitably prejudicial to the poor and activities can aim at improving the terms of trade or strengthening their trading positions
- partners - we should consider working with partners who can target and interact with the poor more effectively than our traditional partners, or encourage our partners to do so
- scale - activities need to be modest in scale and micro-managed.

5.2.4 Policies related to Tanzanian ownership and management of the programme have been established. In reality the practical partnership necessary for this policy to begin to be realised has not yet been defined. In order to define and agree the partnership relationship and respective roles and responsibilities, clear national, sectoral and district level agreements with partners should be elaborated. The overall programme management policy and structure should be established on a long-term basis with the Tanzanian Government and the annual consultative process between GoT and Ireland Aid clarified and agreed.

5.3. Health

5.3.1 Ireland Aid currently provides financial assistance for a number of activities, which were identified by the MOH as priority areas when the programme was designed in 1996. Though it is recognised that this support has been effectively employed, the large number of components in the programme caused difficulties from a management perspective.

5.3.2 In 1998 the Ministry of Health and all co-operating partners signed a statement of intent which outlined a commitment to the development of a sector wide approach in the health sector in Tanzania. Since this time a Task Force comprising MoH and donor representatives has overseen the process of moving towards a health sector support programme. A three-year Programme of Work

(PoW) and a one-year Plan of Action (PoA) were produced. A joint MoH/Partner appraisal mission has taken place to review the PoW and PoA as well as to review the broader policy environment within which to move towards a more comprehensive sector wide support programme.

5.3.3 An outcome of this appraisal mission is recognition that the PoW and PoA constituted a valid framework for developing a health sector support programme in Tanzania. Following the appraisal a group of six donors, including Ireland Aid, signed a joint statement of intent with both the MoH and Ministry of Regional Administration and Local Government (MRALG) on agreed next actions to move the process forward especially in relation to joint financing of the PoA. Ireland Aid are playing an active role in monitoring these agreed activities and also to ensure that any proposed joint financing system satisfies Ireland Aid's accounting regulations. It is intended that this process, which has involved strong co-operation with the Ministry of Regional Administration and Local Government and Treasury, will lead to the establishment of two health baskets, one at central level (which will be operational from July 1999) and one at district level (which will be operational from January 2000).

5.3.4 On the establishment of an agreed disbursement and financial management system and an agreed and prioritised work plan it is proposed that Ireland Aid's main support to the Health Sector over the next three years be channelled through this joint financing (GoT and other co-operating partners) system to support the delivery of district health services.

5.3.5 Some of the vertical programmes supported by Ireland Aid (TB, EPI) have not been incorporated into the PoW as a debate is on-going as to the validity or otherwise of them remaining as vertical programmes. However, the Ministry continues to accord them a high priority and financial support will be maintained. A national programme which is greater than the programme which lies within the Ministry of Health is the National AIDS Programme and Ireland Aid will seek to clarify where it can make an effective intervention into the national programme.

5.3.6 Ireland Aid believes that the provision of basic health services has a potentially high poverty impact. The transition from projects to a sector programme is indicative of a high degree of partnership between donors and GOT. Ireland Aid will over the next three years:

- devote approximately 20% of programme expenditure to the health sector;
- continue supporting the process of health reform and the development of a sector programme;
- channel funds through common pools when support systems have been fully appraised and agreed with other partners while continuing to support projects during a transitional phase;
- as the Sector Programme develops and more of the projects being supported are incorporated into the Sector Programme, expect to see an increasing proportion of Ireland Aid support going through the basket funds.

5.4. Education

5.4.1 Reform of the education system is considered a key strategy by the Government of Tanzania for poverty reduction and achieving sustainable development. In order to provide quality and relevant education to all its citizens, the Government has embarked on a process of developing a sector wide approach to education reform to ensure efficient and effective use of resources and their equitable allocation across the sector.

5.4.2 Since 1997, Ireland Aid has been supporting the Ministry of Education and Culture in developing the Education Sector Development Programme (ESDP) with a particular focus on basic education. Ireland Aid's support has concentrated on activities identified by the Ministry which would effect change at the classroom level: School Management Development, Monitoring, and Publicity and Mass Communication.

5.4.3 An appraisal of the draft **Education Sector Development Plan** was undertaken by a joint GoT/Donor team in early 1999. While acknowledging the limitations of the plan, the appraisal recommends that the plan be endorsed as the basis for the future development of the sector. Furthermore the appraisal indicated that there "is a great opportunity for Tanzanians and donors in partnership to move the sector forward, refining and enhancing the plan as they proceed". The appraisal team stated that the current operational programmes (including the components supported by Ireland Aid) are essential and must form part of the "take off phase" of the ESDP. Improving school management was seen as essential for enhancing capacity and participation and improving the quality of education, while a sensitisation and awareness campaign was identified as key to changing attitudes and values and promoting greater participation and partnership.

5.4.4 Future support by Ireland Aid will aim at assisting GoT to address the shortcomings in the ESDP plan highlighted by the appraisal team and, in co-operation with all the partners, move forward the process of developing the ESDP. Ireland Aid will review its current support with the relevant personnel in MoEC in light of the recommendations of the appraisal and its own monitoring of the programmes and will consider how best to support these key areas in the future.

5.4.5 A number of donors have indicated a willingness to joint financing of agreed priority activities within the plan. It is recommended that when a fully integrated financial system is established that all current and future activities supported by Ireland Aid be funded through this system

5.5. Agriculture/Natural Resources/Tourism

5.5.1 Given the importance of the agriculture sector in relation to employment and income generation, improving agricultural productivity and returns to labour, it has a high potential poverty impact. As regards the quality of partnership, the Ministry of Agriculture is a weak partner, its various divisions being fractious, uncoordinated and lacking leadership. A considerable amount of donor funds, estimated at US\$600 million, is given annually to the sector, however, the funds are going into donor-driven and designed projects which are uncoordinated and are producing negligible if any aggregate impact on food security. The sector is also complicated by the fact that agriculture is essentially a private sector activity. The private sector should predominate in the provision of inputs, production and markets but has failed to develop and replace the state and parastatal institutions, which were dismantled as part of the reform and liberalisation of the economy. Credit and transport infrastructure are other factors essential to the development of the sector. In other words, it is a complex sector involving multiple actors and with a strong need for intersectoral linkages.

5.5.2 Developing a sector support programme is an obvious way to address the above constraints but it is unlikely that this will happen within the next Ireland Aid country programme timescale. The World Bank is proposing to assist the Ministry in analysing and developing agriculture policy and the Ireland Aid will closely monitor any developments that lend themselves to investment opportunities. The potential impact of investing in agriculture is recognised, however, such investments will not be

effective until current institutional constraints are addressed. Expansion of Ireland Aid support to the agriculture sector will therefore be limited during the current planning period.

5.5.3 Support will focus initially on the recently approved Eastern Zone Client Oriented Research and Extension programme (EZCORE) which will operate in the four regions of Morogoro, Coast, Tanga and Dar-es Salaam. New initiatives may emerge in the Food Security area, either through supporting the Strategic Grain Reserve (SGR) restructuring or interventions at household food security level. While recognising that it will not happen in the immediate future, Ireland Aid will also support any attempts by the GOT to develop a Sector Programme.

5.5.4 Ireland Aid is financing the Tanga Coastal Zone Conservation and Development Programme, which is managed by IUCN and implemented by the Tanga Regional Authorities. A mid-term review of the second phase recently took place and found the programme to be very effective in addressing key issues such as destruction of the coral reef and mangrove swamps. Community fishery management plans will soon cover 80% of the Tanga coastline and dynamite fishing appears to have been totally eliminated. Land-based activities such as agriculture have been less successful and the review recommends that the programme re-focus on the marine environment and on its proven areas of success. A third phase is foreseen and will be planned in early 2000.

5.5.5 Ireland Aid has been supporting the Tourism Training Unit in the Ministry of Natural Resources and Tourism since 1997 and the objectives of the first phase have largely been met. When appraising this activity in terms of its potential impact on poverty, it does not score highly on direct poverty impact. Current commitments will continue and this includes support to the fellowship component until 2002. A clear exit strategy for other components will be developed and support will be phased out during 2000. Ireland Aid would, however, be open to considering proposals relating to community-based eco-tourism or similar approaches that might have a more immediate impact on poverty.

5.6. Participatory Development and Good Governance

5.6.1 In addition to the portfolio of projects under the Human Rights and Democratisation Programme both Sector Programmes and District Development Programmes have extensive governance components related to the development of capacity at central and local government level.

5.6.2 During the coming three years, Ireland Aid funding support will be focussed on the Local Government Reform Programme. A smaller amount may be made available for building gender capacity in the Ministry of Community Development, Women's Affairs and Children while another relatively small sum has been left unallocated but could be used for continuing support to the GoT's Poverty Eradication Strategy. A contribution to the 2000 election costs will be made in that year.

5.6.3 The potential poverty impact of the Local Government Reform Programme results from its intended effect of improving the delivery of basic services through better, accountable management and the mobilisation of local resources for development. When looking at the partnership criteria, the Strategic Planning Team considered the quality of partnership to be high at the macro level. The reform process is locally driven and enjoys considerable political support. Donors have also been closely involved in the preparation and appraisal of the programme, a process that has been managed in a similar way to sector programmes. A basket fund will also be established. However, at the local level, little is known about the Local Government Reform Programme and District

Councils have not been significantly involved in its design. The recently completed appraisal found that the “governance” component of the LGRP was weak and that it contained no “participation” component. The Local Government Reform Team is currently revising the Action Plan and Budget (APB) in the light of the Appraisal Report.

5.6.4 Ireland Aid has supported the reform process by financing some consultancies and by supporting the restructuring of Dar es Salaam City Council which is seen as a prototype for the reform of other Municipal and District Councils. The Planning Team felt that the Local Government Reform Programme should be supported. Factors to be considered in deciding the level of support include an appraisal of the revised APB particularly regarding the governance component and the approach to participation; an appropriate proportion of the total Ireland Aid country programme budget and an appropriate proportion of the LGRP total budget given the contributions and relative sizes of other donors; the Ireland Aid contribution should be channelled through the basket mechanism but the possibility of earmarking so as to ensure that the governance and participation aspects are adequately funded, should not be ruled out.

5.7. District Development Programmes

5.7.1 District Development Programmes (DDPs) have a high potential to impact on poverty and it is recommended that Ireland Aid continue to use this approach for the delivery of aid at the local government and community level. Ireland Aid proposes the following strategic approach to DDPs over the coming three years:

- Continue supporting the District Development Programmes at a level based on realistic assessments of implementation capacity
- The DDP’s main objective will be to improve the District Council’s capacity to deliver key services
- Ensure that the role of DDA is an advisory and not an executive one
- Agree new planning, appraisal and monitoring procedures in line with the DDP’s partnership approach
- In partnership with the District Councils concerned, review their operation and management in late 1999.
- phase out the longest running programme (Kilosa) at the end of the three year period
- examine the possibility of entering into a new partnership with a District in one of Tanzania’s poorest regions
- Ensure full financial integration in all the DDPs.

5.8. Multilateral Debt Fund

Ireland Aid, along with six other contributing donors, has strongly endorsed the effectiveness of the Multilateral Debt Fund mechanism in terms of both debt relief and increased funding for the social sectors. A recent Ireland Aid mission to Tanzania is recommending, in addition to funds already committed, substantial increases of between IR£2.5m and IR£5.0m to contributions to the Multilateral Debt Fund in coming years.

5.9. Programme Management

5.9.1 The main goal in terms of management of the next country programme in Tanzania is to move towards full integration into government systems, with Ireland Aid retaining only a monitoring role, and to move towards full compliance with the Government of Tanzania's requirement that all donor funds be reflected in, and channeled through, the government's budgetary and financial process. This changing context for both aid disbursement and the role of Ireland Aid in Tanzania requires specific management structures, strategies and skills. In order to ensure the efficiency and effectiveness of the programme and to optimize management and technical resources existing in the programme a management review will be commissioned. This will recommend a management structure that addresses existing and anticipated programme needs and propose appropriate follow up actions.

5.10. Programme Financing

5.10.1 During the course of the next three-year strategy, the Ireland Aid budget for Tanzania is expected to grow by more than 50% from a total of IR£24 million for the current three-year strategy to at least IR38.5m over the next three years. The final figure will depend on agreed contributions to the MDF. As well as this increase in the Country Programme budget the manner in which the finances are disbursed and managed will also change. In as much as possible the aim is to comply with and integrate into GoT systems.

5.10.2 The lack of comprehensive information regarding current and proposed donor funding is a concern of the GoT and constitutes a limitation to the value and effectiveness of exercises such as the Public Expenditure Review. A major challenge for IA in the next three year strategy is to pass all funds through the Bank of Tanzania into the Treasury system and from there to the respective ministries. Where this is not achievable then IA will provide GoT with all the necessary information to allow budgets and expenditure to be adequately recorded in the respective Annual Budgets and in the Medium Term Expenditure Framework (MTEF). This will necessitate IA reformulating budgets into the GoT financial year (July/June) and linking the country strategy planning with the MTEF process.

5.10.3 The Expenditure Profiles for the Country Strategy 2000 to 2002 are set out as Annexes to this document:

- Annex 1 shows the Expenditure Profile split between Sectors/ Approaches and compared to the Current Strategy for 1997 to 1999.
- Annex 2 shows the Expenditure Profile split into the detailed components within each Sector/ Approach.
- Annex 3 shows the Expenditure Profile by Pools on funds. The idea is that two Pools of funds will exist. Pool 1 for basket funding to various Sectors and funding to MDF. Pool 2 for District Development Programmes. Reallocations could be made within Pools in a financial year to cater for certain components under or over performing.

Annex 1

IRISH AID

TANZANIAN COUNTRY PROGRAMME

SUMMARY EXPENDITURE PROFILE

Current programme versus Next Programme

Project Title	Strategy 1997 to 1999	% OF TOTAL	Budget 2000	Budget 2001	Budget 2002	Strategy 2000 to 2002	% OF TOTAL
	IR		IR	IR	IR		
	(Note 1)						
Health (Note 2)	2,913,922	12%	2,200,000	3,000,000	3,500,000	8,700,000	21%
Education (Note 2)	3,285,139	13%	1,000,000	1,500,000	2,000,000	4,500,000	11%
Agric/Nat Res/Tourism	3,610,622	15%	985,174	903,270	1,000,000	2,888,444	7%
Good Governance	4,088,697	17%	1,190,000	1,500,000	1,700,000	4,390,000	10%
District Development Programme	4,842,001	20%	2,000,000	2,500,000	2,600,000	7,100,000	17%
Support Multilateral Debt Fund	4,000,000	16%	5,000,000	5,000,000	2,267,000	12,267,000	29%
DCO Budget	1,751,640	7%	743,000	843,000	943,000	2,529,000	6%
Other							
TOTAL EXPENDITURE/ BUDGET	24,492,021	100%	13,118,174	15,246,270	14,010,000	42,374,444	100%

Note 1

These figures are for the 3 year period 1997 to 1999; actuals for 1997 and 1998, and approved budgets for 1999.

Note 2

These figures do not include budgets for Health and Education included in District Development Programmes.

IRISH AID
TANZANIAN COUNTRY PROGRAMME

ANNEX 2

INDICATIVE EXPENDITURE FRAMEWORK 2000 TO 2002

Project Title	Budget 2000 IR	Budget 2001 IR	Budget 2002 IR
Health			
Health Sector Funds (including support to existing components)	2,200,000	3,000,000	3,500,000
Sub-Total	2,200,000	3,000,000	3,500,000
Education			
Education Sector Funds	1,000,000	1,500,000	2,000,000
Sub-Total	1,000,000	1,500,000	2,000,000
Agriculture/Nat Res/Tourism			
Tanga CZC&DP	400,000	400,000	400,000
SEP V	93,200	0	0
Eastern Zone Agricultural Research	212,670	283,270	400,000
Pemba SLDP	9,304	0	0
Tourism Master Plan:HRD	170,000	70,000	0
Agriculture Unallocated	100,000	150,000	200,000
Sub-Total	985,174	903,270	1,000,000
Good Governance			
Local Government Reform Process	500,000	1,000,000	1,200,000
DSM Restructuring	370,000	200,000	200,000
Poverty Eradication Programme	120,000	0	0
Preparation for 2000 Elections	100,000	0	0
Unallocated (incl. Gender & Poverty)	100,000	300,000	300,000
Sub-Total	1,190,000	1,500,000	1,700,000
District Development Programmes			
Kilosa DDP	700,000	600,000	400,000
Ulanga DDP	600,000	800,000	800,000
Kilombero DDP	350,000	550,000	700,000
Muheza DDP	350,000	550,000	700,000
Sub-Total	2,000,000	2,500,000	2,600,000
Support Multilateral Debt Fund	5,000,000	5,000,000	2,267,000
DCO Budget	743,000	843,000	943,000
TOTAL BUDGET	13,118,174	15,246,270	14,010,000