

United Republic of Tanzania
European Union

Joint Annual Report on Tanzania – EU cooperation 2002

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1. Executive summary

On 8 March 2002, the EDF 9 Country Strategy Paper (CSP) for the period 2001-2007 was signed by the Permanent Secretary of the Ministry of Finance and NAO for the EDF and the Head of Delegation of the European Commission. The CSP, of which the National Indicative Programme (NIP) forms an integral part, sets out the framework for cooperation between the Government of Tanzania and the European Community. The NIP defines the focal sectors for the allocation of funds (road transport, education, macroeconomic support) and other areas of intervention. It also sets out jointly agreed indicators and targets and sector policy undertakings as a basis for sector performance assessments.

This Joint Annual Report for the year 2002 first gives some general information on the political, economic and social situation which sets the context for the implementation of the EDF. It then assesses progress in the focal and non-focal areas of intervention of the EDF 9 NIP and in areas covered under previous EDF 6, 7 and 8. On the basis of this assessment, it proposes a comprehensive planning framework for the use of resources under all EDF's and a partial revision of indicators and targets included in the CSP intervention frameworks.

Data from the latest Household Budget Survey show that over the last ten years, Tanzania has made moderate progress in poverty reduction, and has achieved some improvements in social indicators. Macroeconomic performance was satisfactory, and Tanzania continued to receive debt relief under HIPC.

Regarding the focal sectors of EDF 9, discussions between the Government and donors on road sector reform continued. Both parties agreed to carry out a comprehensive sector review, which will address issues such as institutional reform, road maintenance strategies, capacity strengthening and the development of a comprehensive sector programme. Good progress was made in education, in particular with regard to improved access to primary education, while quality issues and strategies for post-primary education will have to be given more emphasis in the future. A project to support the primary education sector was approved in March 2003. Macroeconomic support was also satisfactory, in particular with regard to the protection of PRS priority sectors and the improvement of public financial management.

A number of programmes were implemented outside the focal sectors in areas such as natural resource management, tourism, water and STD/AIDS. Mention should also be made of the considerable support which will be granted for the implementation of the Agricultural Sector Development Strategy from STABEX resources, following the approval by the European Commission of the project document in December 2002.

In financial terms, 2002 was a year of consolidation. While the level of new financing decisions and commitments was lower than for the previous year, the level of payments was in line with the medium term average. The situation is improving in 2003, as major projects in the areas of macroeconomic support, education and infrastructure are coming on stream.

The revised planning framework covers all resources from EDF 6, 7, 8 and 9. The main changes compared to the CSP include a restructuring of EDF interventions in

the road sector following the decision by the Government of Tanzania not to fund the Dodoma-Singida road from EDF resources, the inclusion of the Zanzibar port project, and an increase in the allocation for general budget support. Finally, in revising the planning framework, a particular effort has been made to fully integrate resources left over from previous EDF's, and to speed up their use.

2. The policy agenda of Tanzania

The long-term objective of sustained economic growth, as outlined in Vision 2025 and the National Poverty Eradication Strategy (NPES), sets the Government's development agenda. The fight against poverty is the overriding goal. The Poverty Reduction Strategy Paper (PRSP) was reviewed and updated again in 2002. The PRS Progress Report of November 2002 benefited from the availability of the rich data set on income and non-income aspects of poverty from the updated Household Budget Survey (HBS). Some targets have been revised, particularly those on income poverty, whilst the baseline values for many of the PRS indicators will greatly assist PRS monitoring.

The Tanzania Assistance Strategy (TAS) was launched in June 2002. It provides a national framework for improving aid coordination and enhancing national ownership of the development process. The TAS seeks to improve the predictability of aid flows, the integration of donor funds in the budget, the harmonisation/rationalisation of donor processes, as well as capacity building to ensure that external resources are effectively managed.

The Government is committed to improving the quality of public service delivery and is taking a series of measures to that end. A wide range of legal, regulatory and administrative reforms are under implementation, with a view to strengthening the integrity of government's public financial management, decentralizing service provision and reforming the public service. A revised National Debt Strategy was adopted by the Government in August 2002.

In the PRS Priority Sectors (Primary Education, Rural Roads, Water, Legal and Judicial System, Health, Agriculture) it is noteworthy to report that following the adoption of the Agricultural Sector Development Strategy (ASDS) in 2001, the Agricultural Sector Development Programme (ASDP) has been developed as a tool for its implementation.

Under "cross cutting issues" (Rural Development, Environment, HIV/AIDS, Gender, Governance, Employment, Local Government Reforms, Human Capital Development), the adoption in 2002 of the Rural Development Strategy (RDS) is to be noted. Within the broader PRS framework, RDS aims at creating an enabling environment for rural communities and households to achieve sustainable livelihoods.

Tanzania-EU cooperation took place in this context and supported the reform processes as described in the following chapters of this report.

3. Update on the political, economic and social situation

Tanzania is committed to the Millennium Development Goals (MDGs).

The availability of the information from the Household Budget Survey of 2000/01 has enabled Tanzania to establish baseline data for poverty and has facilitated revision of the PRS targets, which were initially based on the data from the 1991/2 Survey. Results show limited improvements in the poverty situation for Tanzania as a whole, in that the numbers of Tanzanians who live below the basic needs poverty line have declined from 38.6 to 35.7 percent. The new data confirm that poverty remains largely a rural phenomenon, with 87% of the poor living in rural areas. Moreover the available information indicates that, given the trends, it is not likely that the PRS target of halving poverty by 2010 will be achieved, with the exception of the commercial capital of Dar es Salaam. Selected indicators are set out in Table 1 below:

Table 1: Selected Millennium Development Goals (MDG) related Indicators (2000 - 2010)

Type	Indicator	Baseline	Targets					
			2000	2001	2002	2003	2005	2010
Impact	Proportion of population below \$1/day - Overall	38.6% †	35.7% ‡	-	-	-	-	17.8%
	Proportion of population below \$1/day - Rural	40.8 % †	38.7% ‡	-	-	-	-	19.3%
	Infant Mortality Rate (per 1000)	99 §	-	-	-	85	-	50
	Under-five Mortality Rate (per 1000)	147 §	-	-	-	127	-	79
Outcome	Births attended by skilled health worker	36 % #	-	-	-	-	-	80%
	Sero-positive rate in pregnant women	5.5 % - 23% *	-	-	-	-	-	6-27%
	Under 2 year children immunised against DPT	81 % #	-	-	-	85%	-	-
	Under 2 year children immunised against measles	78 % #	-	-	-	-	-	-
	Net enrolment rate (primary)	-	58.8%	-	85 %	-	90%	-
	Drop-out rate (primary) ⁷⁾	-	6.6%	5.5%	-	-	3%	-
	Girl/boy ratio – primary	-	0.98	0.97%	-	-	1%	-
	Girl/boy ratio – secondary	-	0.85	0.86	-	-	0.90%	-
Population with access to safe water (rural)	-	48.5%	50%	-	55%	-	85%	

† 1991/2 Household Budget Survey (revised) ; * 1996 (NACP); § 1997; # 1999; ‡ 2000/1 Household Budget Survey

Government is aware of the lack of quality and consistency of available data for monitoring purposes and is giving priority to the development of a poverty monitoring system. GoT intends to make MDG and PRS goals and targets fully coherent with each other. Whilst a number of the indicators are already incorporated

in the policy framework and monitoring system, there are notable exemptions, such as those that address environmental sustainability. So far reports have focused on national averages, but for equity considerations, indicators need to differentiate by sex, rural/urban strata, region and so forth. Government has also indicated that the next versions of the PRS Progress Report and of the Poverty and Human Development Report will document progress towards the MDGs as part of overall progress reporting.

Further analysis of developments in focal sectors is included in Chapter 4.1 of this report. Further analysis of the situation regarding indicators is included in chapter 6.2.

A number of trends in Selected Macroeconomic Indicators (1997-2002) are set out in Table 2. Further progress was made in macro-economic reforms. Preliminary figures for 2002 indicate a GDP growth of 5.9%, whilst the corresponding figure for agriculture was 5.5%. The tourism sector, which was recovering from the shock suffered during 2001, at year-end was again experiencing difficulties as a result of uncertainties in the international arena. In 2002 inflation declined further to 4.4%, largely due to the fall in food prices related to good agricultural output, and the high weighting for that sector in the Consumer Price Index (CPI). Foreign exchange reserves covered six months of import needs.

Government's revenue measures and improvements in tax administration, particularly income tax and value added tax, produced positive results. Government's recurrent expenditure registered at 91 % of estimates, as a result of the continued 'cash management' procedures.

Following the achievement of the HIPC completion point in November 2001, further reduction of Tanzania's external debt has taken place. The Paris Club donors combined cancelled debts amounting to some 500 million Euros during 2002, with further agreements being finalised at year's end.

The Public Expenditure Review (PER) of 2002 showed that progress had been made in the areas of financial management reform and accountability, with many of the recommendations from 2001 having been implemented. However, weaknesses highlighted previously in terms of consistency and links between the various processes remain, leading to sometimes inconsistent figures across the different budget instruments. The functioning of the PER process in terms of sequencing with the budget still remains to be addressed, as does Government participation in the sector working groups. This depends largely on ensuring that the appropriate incentives are in place, an issue to be addressed in the future work of the PER.

Table 2: Trends in Selected Macroeconomic Indicators (1997-2001)

	1997	1998	1999	2000	2001
Real GDP growth (%)	3.3	4.0	4.7	4.9	5.6
Per capita income – USD	240.2	256.9	259.4	261.2	264.1
Population estimates (million) *	29.1	30.0	30.9	31.9	32.9
Real growth of agriculture (%)	2.4	1.9	4.1	3.4	5.5
Inflation (%) – annual average	16.1	12.9	7.8	6.0	5.2
Inflation (%) – year on year	15.4	11.2	7.0	5.5	4.9
Merchandise exports – USD (million)	752.6	588.5	543.3	663.2	776.4

Foreign reserves (months of imports)	4.1	3.3	4.2	5.6	6.0
Exchange rate (annual average) Tshs/USD	612.1	664.7	744.8	808.4	876.4
External debt service (% of exports)	36.9	36.4	27.2	28.6	21.6
	1997/8	1998/9	1999/00	2000/1	2001/2
Domestic revenue (% of GDP)	12.6	12.5	11.3	12.2	12.2
Total government expenditure (% of GDP)	14.8	14.8	17.1	16.8	18.8
Fiscal deficit (before grants) – (% of GDP)	-2.4	-2.3	-5.8	-4.6	-6.6

* Based on 1988 population census Sources: National Bureau of Statistics; Ministry of Finance; Bank of Tanzania

As regards the political situation, following the signing by the ruling CCM party and the opposition CUF party of the “Muafaka” agreement to pursue a peaceful dialogue on Zanzibar in October 2001, the implementation of the agreement has contributed significantly to the maintenance of peace in the Isles and the country as a whole, despite a less than conducive international political environment.

The EU and other partners have taken steps to support the implementation of the agreement and to resume long-term development cooperation with Zanzibar. Of particular interest in this context is the planned support for the Port of Zanzibar.

In the international arena, Tanzania continues to pursue policy objectives in support of peace and stability in the region. The Government plays a leading role in mediation between conflicting parties in neighbouring countries, in an endeavour to promote the creation of conditions under which the large numbers of refugees may return voluntarily to their countries of origin. Tanzania, whilst pursuing its own policy of gradual integration in the regional and world-wide economy, also continues to present in international forums the interests of least developed countries, in an effort to establish and strengthen safeguards against the social implications of globalisation.

In respect of the situation along the borders, the refugee situation has not generally improved. The continued presence of some half a million refugees in the country not only poses security problems, but also places considerable stresses on the physical environment. With recent progress in settlement of the conflicts in Burundi and in the Democratic Republic of Congo, Government has adopted an approach of promoting voluntary repatriation.

In an effort to alleviate some of the pressures caused by the refugee situation the EC has made available funding from EDF resources to finance the development of social infrastructure in affected areas, through implementation arrangements with partner NGO's. In addition, during 2002 the EC contributions for refugee assistance through the Humanitarian Aid Office (ECHO) amounted to a total of EUR 27 million.

In 2002, Tanzania registered a trade surplus with the EU for the second time in three years (Euro 51 million). The EU absorbed 38% of all Tanzanian exports and was by far the country's biggest trading partner. Main export products to the EU were fish,

gold, tobacco, coffee and diamonds. At the same time, Tanzania's overall trade deficit with the world amounted to Euro 969 million. Total exports covered 45% of imports.

Initiatives are ongoing between the members East African Community (EAC) on the harmonisation of their trade and tax regimes and the formation of a customs union. Notable progress has been achieved as regards fiscal and monetary policies. Negotiations on the formation of the Customs Union are ongoing and the starting date of 2004 remains an objective.

During the year Government's efforts to fight corruption continued, with the rolling out of Action plans to regions and districts. Use of mass media programmes to raise awareness of the public on anti-corruption strategy and action plans has been intensified. The Ethics Secretariat has been given authority to receive anonymous complaints, enabling it to conduct proactive investigation against suspected leaders. In the Transparency International corruption perception survey Tanzania has been ranked 71 out of 106 countries, compared with the 91st position held previously. The strengthening of the legal framework and of the law enforcing capability must remain a priority if the desired results are to be achieved.

4. Overview of past and ongoing cooperation

4.1 Focal sectors (and macroeconomic support)

This chapter analyses the performance in the three focal sectors – road transport, education and macroeconomic support – against the indicators and policy undertakings included in the EDF 9 CSP signed in March 2002. Tables 4.1 and 4.2 show the results and targets for the selected indicators for education and macroeconomic support. Given the absence of reliable data in road transport, the analysis for this sector focuses on policy undertakings (see also the comments in chapter 6.2).

Implementation of EDF 9 had not started in 2002, although studies and other project preparation activities were underway. The performance analysis nevertheless refers to the indicators and undertakings included in the EDF 9 CSP. Firstly, the policy framework of the EDF 8 CSP, which was signed in 1997, is now largely outdated. Secondly, the main focal sectors of the EDF 8 CSP have been retained in the EDF 9 CSP.

The timetables for commitments and payments shown in annexes B and C have been updated following discussions held during a Commission meeting in March 2003.

1.1. Road transport

a) Results in sector policy undertakings¹

1. Road Maintenance Funding Gap - Current estimates suggest that the annual finance needed to maintain a stable road network in Tanzania is approximately € 124 million (2001 prices). GoT has increased total funding levels to the Ministry of Works

¹ All data sourced from the Draft Public Expenditure Review (2003) findings. Figures are preliminary and may be subject to revision.

from approximately € 40+ million in FY 00/01 to approximately € 60+ million in FY 01/02 and have a budgeted figure of € 80+ million for FY 02/03, of which > 90% is being spent on roads. There remain some concerns about the balance of expenditure between development and maintenance, as the actual expenditures on maintenance of approximately € 19+ million in FY 00/01 and approximately € 33+ million in FY 00/01 are still far from adequate. The shortfall in funding may be aggravated by the proposed introduction of VAT on road works and services.

2. Institutional and Policy Reform - The donors have raised concerns about the Government's commitment to Institutional and Policy Reform in the sector during the last 12 months. Donors' concerns were consolidated and presented to the Government in a paper entitled 'Tanzania at a Cross Roads?' prepared by the EU. This paper highlighted the following areas of concern :

- Lack of coherent political commitment.
- Need to consolidate and strengthen the reforms
- Need to implement reform of the MoW
- Continued capacity building of TanRoads
- Adequacy of road maintenance funding for a strategic network.
- Strengthening of the Ministry for local government – PORALG – and districts to deliver district road programmes.

As a result of dialogue the GoT agreed to establish a joint Donor and Government road sector technical consultative committee. The new committee met once in November 2002 and has agreed to the launching of a major review of the road sector reform programme in order to revitalise and refocus the reform process. Terms of Reference are under preparation by the EU.

3. Sector Debt - The total verified arrears for the MoW at June 2002 stand at approximately €1.8 million, approximately €0.7 million for the Road Fund Board, with PORALG arrears not documented. TanRoads had no arrears for this period. The MoW have introduced commitment control in all expenditure and is issuing guidelines limiting contractual agreements before funds availability is assured. Nevertheless, the MoW "Trunk Road Special Projects" requires funding of approximately €60 million for FY 2003/2004, whereas the Government has committed only approximately €22 in total. This issue and others will be addressed in more detail when the PER (2003) final report is available.

4. Sector Wide Programme - As mentioned previously, the Government has agreed to a major review of the road sector reform programme. This review will particularly look at the issues that prevent the sector moving towards a Sector Wide Approach and make recommendations for the GoT to create a comprehensive Road Sector Development Programme.

The CSP for EDF 9 originally included the Dodoma-Singida section of the Tanzanian Central Corridor as the major road rehabilitation project. When it became clear that a realistic delay for the commencement of works under EDF financing would be at least 3 years, taking into account the time needed for the feasibility study, financing decision and design, the Government decided to finance this project itself in order to be able to start earlier. This decision required a complete refocusing of the EDF 9

road sector intervention strategy. The new strategy reflects the importance of sector reform and the need to establish an effective maintenance strategy and capacity throughout Tanzania to protect on-going large investments in road infrastructure. The programme design will utilise, as much as possible, the existing structures within Government to deliver the outputs. Disbursement of funding will be closely linked to progress of reform in the sector. The goal will be to move towards an integrated sector-wide approach to road sector development and maintenance in the future. The new framework for the 9th EDF road sector support is as follows (primary commitments):

€ millions

EDF 9 Funding Framework (Roads Only)	2003	2004	2005	2006	2007	TOTAL
Priority Corridor						
Backlog Maintenance	1.0	9.0	10.0	10.0		30.0
Stabex Priority Regional Roads	10.0					10.0
Support Road Maintenance						0.0
Direct funding Road Fund		15.0		15.0		30.0
Regional Road Maintenance		10.0	10.0	10.0		30.0
Institutional Support		5.0				5.0
TOTAL	11.0	39.0	20.0	35.0	0.0	105.0

a) Progress in activities of the previous EDFs

(i) *High priority corridor*

There was continued focus on the 'Central Corridor' through the evaluation of tenders received in March 2002 for the *Mwanza border-Tinde and Nzega-Isaka roads* (€ 85 million), for which the works are expected to start in 2003, and the preparation of design and tender dossier for the Morogoro-Dodoma road and the Port Access road (*Backlog Maintenance Project*, € 42 million).

The complexity of the tendering process for the *Mwanza border-Tinde and Nzega-Isaka roads*, resulting in postponing the award of contracts to early 2003, and the lengthy discussions on the implementation of the *Backlog Maintenance Project*, which did not allow the launching of tenders before February 2003, induced a lower level of secondary commitments in 2002 than had been planned.

(ii) *Support for road maintenance*

In order to achieve a sustainable road network, the EC's support in 2002 was primarily directed at clearing the maintenance backlog, through the continued rehabilitation of the Mwanza roads (*Mwanza Region Transport Programme*, € 35 million) and the *Wazo Hill-Bagamoyo road*. The *Ruvuma & Southern Iringa Road Maintenance project (RUSIRM)* - € 24 million) covered both backlog, periodic and routine maintenance.

Whilst commitments were lower than expected on the high priority corridor projects, payments on the above 7th and 8th EDF road maintenance projects did not meet expectations either, as those projects suffered delays due to contractors' financial or technical shortcomings and slow relocation of utilities. Closer supervision by the Contracting Authorities and monitoring by the EC will be required in 2003 to reduce such delays.

(iii) *Support to road sector management*

2002 saw the setting up of a *Technical Assistance to TanRoads* and the preparation of another *TA to the Road Fund Board* (to start by April 2003). The *RUSIRM* project also involves a Technical Assistance team supporting a strengthening of the capacity of TanRoads' Regional Managers.

b) Degree of integration of cross-cutting themes

Gender aspects continued to be fully integrated in our projects in 2002, as better roads equally benefit women and men (the development of market activities thanks to the *RUSIRM* project is a good example).

Whilst better communication through new roads also contributes to the spread of *HIV/AIDS*, as can already be observed on the *RUSIRM* project, we try at least to limit the impact of the presence of temporary workers on construction sites. For instance, the works contract for the *Mwanza border-Tinde road* specifically states that "*the contractor shall be responsible for informing his workforce of the risks of spreading HIV/AIDS [and] shall provide condoms free of charge to his workforce*".

Environmental concerns are part and parcel of the design and implementation of projects. For instance, the above-mentioned works contract, under the heading 'Environmental Protection and Waste Disposal', addresses issues such as: landscape preservation, abatement of air pollution, dust, noise and light, use of pesticides, cleanup and disposal of waste materials, etc.

As for *institutional development and capacity building*, these are at the core of the EC intervention in the sector, at the central and regional levels, through the *Technical Assistance to TanRoads* and the *Road Fund Board* and through *RUSIRM*.

4.1.2 Basic education

a) Results

The PRSP emphasizes that education is at the heart of development and has prioritized education sector development in the effort to alleviate poverty. With the aim of ensuring that all children have equitable access to a good quality primary education, the Education Sector Development Programme (ESDP) was appraised in 1999 to incorporate and operationalize previous policies and plans together with the international EFA goals. Devolution of management and administration to local levels was introduced. The Local Government and Civil Service Reform Programmes, launched in 1996, were directly linked to this process. When the 8th

EDF was signed, the Government was in the process of preparing strategic plans and programmes for the different areas of the education sector.

In June 2001, the Minister of Education and Culture approved the *Primary Education Development Plan (PEDP)* as the first component of ESDP to become operational. The PEDP is a five-year plan that articulates the vision of Universal Primary Education within the ESDP framework. The initial phase of the PEDP focused on managing the strong increase in primary enrolment; providing funds to schools for non-salary recurrent expenditure to improve quality of teaching; and capacity strengthening. The main objectives and priority programmes of PEDP include enrolment expansion; improving the quality of teaching and learning processes; capacity building; and strengthening the institutional arrangements that support the planning and delivery of education services.

In order to achieve the objective of enrolling all children 7-10 years old by 2005, and further to the Government decision to abolish primary school fees nationwide, PEDP focused in 2001/2002 on enrolment and access. This was done through classroom rehabilitation and construction and teacher recruitment and deployment. Regarding expanding equitable enrolment, the target of enrolling 1.500.000 new pupils in standard one in 2002 was surpassed since enrolment increased from 800,000 to 1.566.711 pupils. The total number of pupils enrolled in primary schools went up to 5,952,691. The target set for 2003 regarding the Net Enrolment Rate (NER) was also surpassed in 2002, and female NER increased from 65.2% in 2001 to 79.3% in 2002. Likewise the target for the Gross Enrolment Rate (GER) set at 93% for 2003 was reached in 2002 (98.6%). These considerable achievements result from the emphasis put on the need to absorb the increase in primary enrolment. This required an estimated 14.000 new classrooms and 7.000 new teachers during 2002. According to the PRS progress report, by May 2002, 12868 classrooms had been constructed and 6202 teachers had been recruited. The total number of teachers was nearing 120,000 at the end of the year. Government, however, still needs to work on the strategy to ensure rational teacher distribution.

These commendable results will need a strong follow-up during the coming years especially to improve the quality of education. Even if some improvements have been made in the passing rate in the Primary School Leaving Examinations (increased from 22% in 2001 to 28,6% in 2002) and for the book/pupil ratio, it is noticeable that overall little progress was made regarding the quality of education in 2002. This is essentially due to the tremendous increase in enrolment and also to delays in the expected development of the quality strategies and the incomplete implementation of the capitation grant (an average of 2\$ has been made available to schools instead of 6\$). The 2003 annual PEDP review should allow a better assessment of performance regarding quality. As at the end of 2002, the data for some quality indicators selected in the intervention framework was not available.

Quality strategies including cross-cutting issues (especially HIV/AIDS) were due to be completed during the first quarter of 2003 and include programme descriptions, costs, financing, implementation arrangements and schedules, manuals and guides, and management, monitoring and evaluation mechanisms. Their implementation, together with the disbursement of the capitation grant to the schools should allow for improvements, especially in the fields of teaching and learning resources (textbooks

and other educational material), examinations and certification process. The objective of improving educational quality will be met also by strengthening human resources, the primary focus being on the pre- and in-service professional development of the teachers, which calls for the reform that the Government is expected to carry out in 2003.

These reforms of primary education will have to relate closely to the strategies for other sub-sectors being currently developed. This includes a National Strategy for Non-Formal Education (NFE) which is expected to result in an out-of-school basic education programme for children aged 11-13. A secondary Education Development Programme (SEDP) should be developed in 2003. This sub-sector is one of the smallest in Sub-Saharan Africa and constitutes only about 6% of the secondary school going age group. There are about 1086 secondary schools altogether for 289,699 pupils and 14,352 teachers (2001). According to PEDP, primary enrolment is expected to rise by over 30% by the year 2008, thus resulting in a larger number of pupils seeking secondary education. The need for expanding secondary education is therefore becoming urgent. Several studies are currently being carried out in order to develop a sub-sector strategy.

Further phases of the ESDP will depend on progress in capacity strengthening at all levels and on institutional change in the education sector as a whole. Close co-ordination among the different on-going reform processes will have to be ensured to maximize impact.

b) Activities

The European Commission has agreed, within the sectoral policy set out in the ESDP, to support the reform of the primary education system through PEDP. Under the 8th and 9th EDF, education is a focal sector. EC support aims at enhancing the human resource base of Tanzania, through increasing both gender-balanced equitable access to higher quality basic education and the capacity of the system to absorb an increased number of pupils. A Financing Proposal amounting € 25 million from EDF 8 was finalized during the year 2002 and presented to the EDF-Committee in September. However, required modifications to the FP led to delays in its finalization, postponing EC support to PEDP until the second quarter of 2003. Meanwhile the EC signed in April 2002 the Memorandum of Understanding between the Government of Tanzania and Pooled Fund Partners concerning the funding of the PEDP and has therefore been involved throughout the year with the other donors in the sector policy dialogue. Under the 9th EDF, an indicative allocation of € 43,5 million is foreseen for sector-specific budget aid. The financing proposal under the 9th EDF will be prepared on the basis of the PEDP review, expected for the second quarter of 2003. Future EDF support may also cover post-primary sub-sector strategies.

4.1.3. Macro-economic support

a) Results

As far as the Poverty Reduction Strategy Programme (PRSP) objectives are concerned, overall income poverty has not significantly declined in recent years. In 2000/2001, 36% of Tanzanians fell below the basic needs poverty line and 19 %

below the food poverty line². According to current trends, it is unlikely that Government targets for 2010 will be met, except in Dar es Salaam³. However, the data available on global poverty refer to financial year 2000-01, whilst the PRSP was finally agreed in December 2000. Since then sector reform programmes have been put in place in health and education, and others are under finalisation e.g. agriculture ; increased public funding in PRSP priority sectors has also been experienced both in absolute and relative terms. Even though output and some outcome indicators should demonstrate progress from the start of the programme, the impact on poverty of these programmes cannot be expected before a few years of implementation. The current yearly increase rate of the Tanzanian population (+2.8% or +1.2m per year) also has to be taken into account when considering poverty trends.

Social indicators testify to improvements in education (see above). In health, infant and under-five mortality rates have been stagnant in recent years. The spread of HIV-AIDS brings uncertainty to current projections. Current trends on DPT immunisation would make the target of 85% of children immunised in 2003 likely to be reached⁴.

Macro-economic stability has been maintained, with an inflation rate of 4.4% in 2002. A steady depreciation of the exchange rate has been experienced since 2000. Enhancement of domestic tax collection has been obtained in 2001/02 through removal of Government exemptions on VAT and import duties. Revenue in 2002/03 amounted to 12.3 percent of GDP. This was below the target of 12.6 percent. However, domestic revenue collections were almost 4 percent greater than targeted during 2002/03 at TZS 1,218 billion, with good performance concentrated in income tax (15 percent above target) and VAT collections (11 percent above target). Income tax collections reflected the performance of private companies, likely to mirror the strong growth of the mining sector⁵. VAT collections performed well following successful efforts to reduce evasion and to register new tax payers.

In relation to the EC intervention objectives, PRSP priority sectors have been protected in a consistent manner, as total priority sector expenditure was 103% of estimates during fiscal year 2001/02. The issue of enhancement of priority sectors and items in budget documents is under continuous review. Discussions with the Government aim at bringing more clarity in budget formats, in particular through the use of budget codes. Transparency in public finance management has been increased, thanks to the availability of quarterly budget reports. The overall assessment of the PRBS 2002 Annual report⁶ on the implementation of measures to enhance public finance management stressed that progress was made in all the areas, but that targets were only partly achieved. It is expected in particular that the Public Financial Management Reform Programme will be finalised and launched before the end of 2003. The interim programme of October 2002 took into account the conclusions and recommendations of World Bank's latest CFAA and ROSC studies. The Ministry of Finance has also launched an internal assessment of its capacity needs in view of the execution of the programme.

² Household Budget Survey 2000/2001, July 2002, National Bureau of Statistics, page 85.

³ Poverty and Human Development Report, August 2002, page 7.

⁴ Id

⁵ This analysis cannot be confirmed until the 2003 GDP figures are released.

⁶ Tanzania, Joint PRBS Annual Review, December 2002.

Against the expected results of EC intervention, the first tranche of the PRBS 01⁷ budget support programme was made available to the Government budget during the third quarter of fiscal year 2001/02. Efforts to reduce transaction costs have been sustained and materialised through quarterly joint PRBS donors' meetings. Progress in the implementation of the Integrated Financial Management System (IFMS) has been considered satisfactory by donors⁸.

b) Activities

The first tranche of the PRBS 01 budget support programme, which amounted to € 37.5 million was made available to the Government early 2002. Progress was made in the second half of 2002 to prepare for the transfer of the second tranche, for an equivalent amount. The Domestic Debt Retirement Scheme (DDRS), funded under the two previous budget support programmes, has been completed, and a final audit of the scheme has been conducted. A preliminary list of poverty indicators has been agreed upon and should serve as a basis for linking part of the future PRBS 02 programme to poverty trends. The second tranche has been disbursed in the first half of 2003.

Donor co-ordination has progressed further with an agreement of PRBS donors⁹ and the World Bank on a common matrix of measures to be undertaken by the Government, which serves as a common basis for each bilateral agreement. A joint PRBS/World Bank annual review was conducted with the Government in November/December 2002. Common framework documents for donors' budget support have been agreed (Memorandum of Understanding and Technical note), in order to enhance predictability and co-ordination.

Preparation work for the future EC-funded PRBS 02 programme started in 2002, with a preparatory mission from Headquarters in November and, as mentioned, a preliminary list of poverty indicators (attached to the common matrix of measures).

4.2. Projects and programmes outside focal sectors

7th EDF

The *Special Programme for Refugee Affected Areas* (SPRAA) commenced in September 1997 and is due to finish in August 2003. SPRAA is a follow on to the Special Rehabilitation Programme (SRP) for countries neighbouring Rwanda and aims to increase Tanzania's capacity to accommodate refugees from the Great Lakes Region and to improve readiness for future refugee influxes. Sub projects funded under SPRAA in Tanzania were in the areas of Programme Management; Transport Infrastructure; Environment; Policy Review; Administration and Socio-Economic Infrastructure. The total allocation for SPRAA is €22m. The only remaining activities under SPRAA are the environmental and the socio-economic components. EC supported Community-based social infrastructure projects, implemented in co-operation with locally based NGOs, were completed in 2002. It was decided to continue support for the *Game Reserves Rehabilitation in Kigoma and Kagera* and a draft financing proposal has been prepared to further support the Wildlife Department

⁷ Poverty Reduction Budget Support 01 programme 2000-2003

⁸ see PRBS annual review of December 2002.

⁹ UK, DK, SW, NL, IRL, FL, EC, J, CDN, NW, CH have decided to pool their contributions to the PRBS facility in 1999-2001.

in the development of management plans, support to anti-poaching activities and community based conservation in the reserves mainly in Kigoma and Kagera Regions.

In 2002 the last technical support being provided for upgrading the visitors' centre under the educational component of the *Serengeti Conservation Programme* was completed. Although the project undoubtedly has made a significant contribution to the Serengeti's infrastructure and management capacity, sustainability will largely depend on the ability to ensure their maintenance.

A mid term review of the *Institutional Strengthening of the Tourism Sector Project* concluded that the programme has succeeded in many respects and recommended the allocation of additional resources for human resource development in private sector related associations and support the hotel& hospitality sector schools after the completion of the project in 2003.

8th EDF

In April 2002 the *Third Microprojects Programme* started in four regions. Through three NGO partner organisations, eligible community micro-projects in the field of education, health, water and sanitation will be constructed. Communities were mobilised and made a contribution of 25%. However, activities were stopped in October 2002, because of the inability of the Commission to exempt the participating NGOs from producing bank guarantees or to change implementation arrangements. A new project proposal is under preparation to enable the communities to complete their projects.

Against the background of the ongoing and imminent repatriation of refugees in the Kagera and Kigoma regions, and in line with the commitment to linking emergency aid, rehabilitation and development, the *Self-reliance Programme for Refugees* was approved. This offers a mid-term and long-term development strategy for refugees. The programme, implemented by six NGOs, aims at improving future opportunities for refugees in their home countries upon their return. At the same time the programme aims to minimise the adverse effects the refugee camps have had on the local environment. It started in December 2002 and has an implementation period of 24 months. Grant contracts with the NGO's were signed in January 2003. An amount of approximately € 250.000 remains uncommitted.

In the field of *STD/AIDS control*, the Tanzania Commission for AIDS (TACAIDS) is gradually becoming operational. Vacant posts are being filled and the organisation is taking up its co-ordinating and advocating role of the multisectoral response. Its work is being guided by the recently formulated National Multisectoral Strategic Framework (NMSF), which is the umbrella plan under which the different sectors will formulate their own plans. The focus of this framework is the district, and most activities will be decentralised and implemented at this level.

Under the NMSF umbrella the health sector has formulated its own plan, the Health Sector HIV/AIDS Strategy for Tanzania 2003-2006, which succeeds the MTP III Strategic Plan. Donors now seem more willing to fund the new organisational set-up. The World Bank is planning to launch a new 70 million USD 5-year grant project, with two types of funds: a public sector fund and a community response fund. The Global Fund to Fight AIDS, Malaria and Tuberculosis will fund additional activities.

The government is also increasing its funding. Nevertheless many sectors lag behind, the districts have limited planning capacity and even more limited implementation capacity, the competent NGOs, which could support the regions, are few, and mainstreaming in the Ministry of Health is likely to be difficult.

The *EU-supported STD/AIDS project* fits well into this development. Although the project has faced major problems related to slow replenishment of funds, achievements have been made in line with plans outlined in the Financing Agreement. The project has continued to increase the coverage of staff trained in STD management, large quantities of information material has been printed and the number of reported STDs has increased to over 400.000 for the 12 supported regions. The hand-over to the districts has been taking place gradually in the supported regions culminating in a workshop to facilitate complete hand-over when the district plans for next year are being drawn up. Syphilis screening is being handed over to the Reproductive and Child Unit of the MoH as part of the mainstreaming process and routine reporting will be taken over by the Health Management and Information System in the same vein. The system of regional facilitating agencies, which has been one of the main implementation strategies of the project, will be taken over both by the World Bank supported AIDS project and by the Ministry of Health. This is likely to assure that the expanded efforts to a large extent will be sustained.

In 2002 the *Institutional Strengthening in the Water Sector project* financed by the 7th EDF and providing support to the reform process was completed with success for the four autonomous water and sewerage authorities of Iringa, Mbeya, Mtwara and Mwanza.

The preparation of the three-phase *Urban Sector Water Supply programme* aiming at implementing or improving urban water supply and sewerage schemes in Iringa, Mwanza and Mbeya, was successfully concluded when the EDF-Committee gave a positive opinion in February 2003. The programme is co-financed with Germany. Tenders for the implementation of the first phase of the project (Mwanza water supply and Iringa design studies, 2003-2005) were launched in 2003. The programme is co-financed with KfW (Germany).

The completion of the *Mwanza sewerage rehabilitation project*, which started in 1999, was delayed due to the contractor's receivership, which was only lifted in January 2003.

9th EDF

In early 2002 a pre-feasibility study was undertaken for a programme for *Capacity Building for Participatory Development* to be funded under the good governance envelope. The pre-feasibility study focussed on the selection of districts and the institutional set-up. The formulation of the programme, which was postponed to 2003, considers ongoing developments and activities in the relation to the Local Government Reform and present views of various donors with regards to area based rural development programmes.

4.3 Utilisation of resources for non-State actors

Non-state actors are involved as implementers of the Third Microproject Programme and the STD/AIDS project, and will be involved in the realisation of the programme for Capacity Building for Participatory Development as implementing partners, facilitators and beneficiaries of training, and as owners of community based interventions. In the last quarter of the year the Delegation was approached by the Friedrich Ebert Stiftung to participate in a workshop to be held early 2003 on emerging opportunities for civil society organisations in the ACP-EU development Cooperation. The NAO has proposed to allocate an amount of € 2.9 million under EDF 9 to a project to specifically support non-state actors. Detailed modalities for this support still have to be agreed upon.

4.4.1 European Investment Bank

During the year 2002, the EIB has disbursed some € 10.2 million, a large part of which went to Tanzania Air Traffic Services project (€ 5.95 m), as well as the Kihansi Hydro-power plant (€ 2.35 m). The rest of the funds went to the Private Sector Development Global Loan (€ 1.72 m) and the Songo Songo Gas Development project (€ 0.24 m).

In co-operation with other DFIs, the Bank is still negotiating the possibility of financing TTCL's commitments, in the context of its privatisation, to increase the number of telephone subscribers by more than 500%, by rolling out up to 800,000 new lines by the end of 2003. The DFIs' due diligence process had been suspended in 2001 pending an agreement between the Government of Tanzania and the Consortium of private investors on the second tranche payment.

The Bank has also worked extensively on the Dar-es-Salaam water sewerage project, with an appraisal mission performed early 2003. This project was submitted to the EIB Board in the first semester of 2003.

Projects which are currently being considered include the rehabilitation of 7 regional airports, as well as a possible second global loan for private sector development. Further projects might be identified with the ratification of the Cotonou Agreement on 1st April 2003, which foresees that the Bank will focus on both the private and financial sector as the motor for economic growth. The EIB will therefore be entitled to lend directly to the promoters, without channelling its loans through the Tanzanian Government.

4.4.2 Regional Cooperation

The 9th EDF Eastern African Regional Indicative Programme was signed on 19 November 2002 in Kampala. It amounts to 223 million EURO which will be mainly allocated to the following sectors: economic integration and trade (45-55%), management of natural resources (15-25%) and transport and communications (15-25%). Non-focal areas include conflict prevention/resolution, capacity building, higher education and culture. In the meantime, the 8th EDF Indicative Programme is almost completely committed. It includes additional resources for such projects as the Mwanza Border-Tinde & Isaka-Nzega road and the Backlog maintenance programme, as far as Tanzania is concerned.

A project to support the secretariat of the Eastern African Community has been going on in 2002. It is now focussed on the completion of the customs union at the end of 2003. It has so far been facilitating the negotiations between the different actors involved, including the private sector, and also legal and statistical preparation work.

Tanzania is a member of EAC and SADC. It withdrew from COMESA in 2001. In the process of negotiating the EAC customs union, the Tanzanian Government has obtained a gradual implementation of the new trade regime to ensure an adaptation period for its economy. Research work acknowledged that the short-term impact of lower customs duties on public finances would not be substantial enough to counterbalance the advantages of economic integration.

4.4.3 STABEX

Interventions funded from previous STABEX allocations are an important part of EDF activities in Tanzania. This section includes a brief description of the Agricultural Sector Development Programme, implementation of which will be supported by part of the STABEX resources. The development of performance indicators in this area is still at its early stages and does not yet allow any sector performance assessment based on such indicators.

EDF support through STABEX is mainly directed at agriculture. The agricultural sector accounts for about 50% of Gross Domestic Product (GDP), provides 85% of rural employment, and generates 73% of all export earnings. In order to improve the performance of the agricultural sector a long-term strategy for agricultural growth (Agricultural Sector Development Strategy), aiming at increasing real annual agricultural GDP growth from about 3.6 % per cent p.a. to 5 % per cent p.a. by 2005/07, was developed in 2001. The Government committed itself to

- decentralization of administrative and implementation responsibility to district councils
- liberalization of all agricultural markets and removal of state monopolies on the export and import of agricultural goods and produce
- redefinition of its food security objectives in terms of achieving food security at the national and household levels
- reliance on the private sector (comprising smallholders, commercial farmers and pastoralists) for all agricultural production and marketing activities
- continuing government responsibility for industry regulation and assistance through commodity crop marketing boards and monitoring of prices at all levels.

The success of the ASDS depends on how the many actors (central government ministries, regional secretariats, local government authorities, research and training institutions); the private sector (farmers, agribusiness, financial institutions); civil society and development partners will effectively play their role and the establishment of effective institutional coordination mechanisms. The

Agricultural Sector Development Programme (ASDP) will operationalize the ASDS. It provides central government with a sector-wide framework for coordinating and monitoring the institutional, expenditure and investment development of the agricultural sector. A Framework and Process Document for the ASDP was designed in December 2002 and detailed formulation will start in 2003.

In December 2002 the Commissioner signed a new Framework of Mutual Obligations for the use of € 38 million, made available to Tanzania for coffee export losses mainly in 1999. The funds will be spent in a coherent way supporting government policies and intervention as proposed in the Agricultural Sector Development Strategy and in the Poverty Reduction Strategy. Three programmes aiming at increasing smallholder incomes, including the incomes of coffee farmers, were identified:

The design and implementation of the ASDP will be supported from STABEX resources with an amount of the € 18 million. Support will be given to activities in direct support to agricultural production and processing at district level in order to make them profitable and to interventions on the policy and regulatory framework. Detailed formulation of these sub programmes is foreseen for 2003.

Support also will be provided to the recently established *Tanzania Coffee Research Institute* (TACRI) at Lyamungu for the rehabilitation and support to its applied coffee research and technology transfer during the implementation of its strategic action plan 2002-2007. The research programme is funded jointly from the cess on the coffee sales and STABEX resources. € 9 million from STABEX resources will be applied to investments in the institute and to establish an endowment fund, which will generate a regular flow of income, allowing TACRI to do its work after the intervention.

Backlog maintenance of regional roads will be supported with € 10 million in order to reduce the high transport costs for marketing, distribution of inputs and access to services for farmers. In recent years, relevant experience has been obtained in this regard from the *Ruvuma and Southern Iringa Road Maintenance Programme* (RUSIRM). This programme, also funded by the EU, had undertaken after two years of implementation backlog maintenance on some 300 km and routine maintenance on 1000 km of regional roads. A similar programme of € 10 million will be implemented by the National Roads Agency (TanRoads) in priority coffee growing areas and other selected areas with potential for agricultural diversification.

During 2002 Tanzania was in the process of spending the last part of funds made available as compensation for coffee export losses 1992 (€ 12.5 million), 1993 (€ 8.3 million). Spending at the end 2002 was 97%. Funds were for used coffee research and extension, feeder road spot repair, and credit availability and technical assistance and studies for the preparation of programmes to be financed under the newly signed FMO.

The transfer of resources for the loss incurred of tea export earnings during 1996 totals € 3,0 million. Major activities such as the compensation payments to farmers and the retrenchment of former Tanzania Tea Authority employees were

completed. Also good progress was made in tea research, farmer training and distribution of planting material. At the end of 2002 80% of the funds were disbursed.

Cotton research and cotton seed multiplications schemes are the two activities supported by the allocation of STABEX 1991-1992 Cotton (€ 2.2 million). During 2002 supplies for cotton research were delivered, the seed multiplication scheme started . Spending in 2001 was 30%.

4.4.4 NGO / Budget Lines

The budget lines funded programmes have continued to support a wide variety of operations to be implemented in Tanzania by European and local NGOs. Under the NGO cofinancing budget line three projects have been selected that will receive a total contribution of € 3.2 million; while under the Environment for Developing Countries Budget line with a budget of € 1.75 was approved.

All selected operations are complementary to the overall objectives of the European Development Fund in the areas of rural development, water supply, elimination of extreme poverty by 2015, health and HIV/AIDS, forest protection, and the promotion of human rights.

4.4.5 ECHO

The EC contributions for refugee assistance through the humanitarian Aid Office (ECHO) in 2002 amounted to a total of € 27 million.

These funds are being channelled through the UNHCR (€ 12 million), the WFP (€ 10 million), the IFRC (€ 2.5 million) and UNICEF (€ 1.285 million). All these partners work in close coordination and implement the projects with international and national NGO as well as with governmental services.

The refugee care and maintenance programme aimed to alleviate the burden on Tanzania supporting the provision and focussing on delivery of food aid, health care and nutrition, water and sanitation facilities, protection, shelter provision, education, transport and logistics.

5. Programming perspectives for the coming years

The tables in annex B are based on the updated project pipeline for all EDF's, as agreed between the Delegation, in consultation with its authorities, and the NAO.

The main change to the pipeline included in the CSP occurred in the road transport sector, where the whole intervention package had to be restructured following the decision by the Government not to fund the Dodoma-Singida road from EDF resources. The rationale and the details for this restructuring are explained in chapter 4.1.1. The restructuring gives more emphasis to a sector approach and budget support in the roads sector. This aims to improve the performance of the sector as a whole, instead of simply focussing on the performance of individual projects. Two of the three big projects under identification have been broken down into three consecutive annual commitments in order to take account of the stipulation in the new 9th EDF

Financial Regulations that all secondary commitments have to be made within three years of the financing decision. This new approach seeks to avoid problems in making contract amendments, which happens quite frequently in the case of large-scale works contracts. The projects may have to be broken down further into a project preparation and a project implementation phase. The precise planning is still under discussion.

The pipeline also had to be revised to include the rehabilitation of Zanzibar Port (Zanzibar Wharf Rehabilitation Project). A total amount of € 31.8 million has been set aside for this project, funded partly from the balance of EDF 7 and partly by reducing the allocation for road transport under EDF 9.

The allocation for general budget support (PRBS 02) has been increased to € 114 million, which now includes the amount originally allocated for project support for the Public Financial Management Reform Programme.

The preparation of the planned Support for Local Government Reform has been postponed to 2004, as discussions about the appropriate way of supporting LGRP and its links to other projects (Capacity Building for Participatory Development) and reform processes (Public Sector Reform, Public Financial Management Reform) are still ongoing. No final consensus has yet emerged on the proper project design.

Another adjustment agreed takes account of a new request from the NAO to include a project for Support to Non-State Actors in the pipeline. Identification of this project has yet to be done.

Finally the design for Support for the Anti-Corruption Strategy will depend on the outcome of the evaluation of the ongoing project Support to the Prevention of Corruption Bureau, which is presently under preparation.

6. 2003 Annual Operations Review – specific themes

6.1 The speeding up of the use of old EDF resources

The rate of utilisation of NIP resources from the sixth, seventh and eight EDF has been a source of concern to the both the Government of Tanzania and the EC. At the end of 2002 under the 6th EDF there were undecided balances of some € 15 million (9%), while the decisions, commitments and payments for the 7th EDF NIP (in percentages of the allocation) stood at 91%, 86% and 80% respectively. The comparable figures for the 8th EDF were 65%, 19% and 8%.

Although preparation of proposals for the utilisation of the allocated resources under the 9th EDF Indicative Programme for Tanzania are underway in key areas, no decisions or commitments had yet been made at the end of 2002.

During 2002 two separate but related exercises were carried out. The first is related to the clearing of the backlog in the closure of secondary commitments under the 7th EDF. These consist of some 50 commitments (Contracts and Work Programmes/Cost Estimate Agreements), which have been ‘dormant’ for over two years. A consultant has been engaged to undertake the task of bringing commitments to closure.

The second exercise was the review of the pipeline of projects. The focus in the review was to identify the resources to ensure that the priorities and commitments under the 7th EDF NIP could be honoured. A 'Pipeline Chronogramme' for the programmes and projects fully utilizing the NIP resources from EDF 6,7 and 8 has been agreed between the partners and a critical path analysis has been carried out.

In the water and sewerage sector, a joint funding with an EU Member State donor (KfW) is expected to speed up the implementation process. Identification and project formulation is now in full swing and a series of financing proposals will be in circuit soonest.

As regards the 9th EDF it should be noted that a clear shift has taken place in the implementation modalities for the agreed programmes. Of the resources of the 9th EDF some 60% of resources will now be disbursed in the form of general or sector budget support. In key areas, such as the transport sector capacity is being enhanced in the form of institutional strengthening activities, and support to the office of the NAO also will play a key role.

The Delegation and the NAO are proceeding with the closure and decommitment of funds for the (nine) projects with the biggest RAC/RAL.

6.2 Setting indicators and targets for measuring results in focal sectors

This chapter analyses in detail the indicators included in the CSP in 2002 and proposes revisions to some of them. The situation regarding indicators and performance measuring in general in the three focal sectors – road transport, education, macroeconomic support – is quite different for each sector.

Indicators included in the CSP for education were taken from the PRS and the PEDP document. As the analysis shows, some of these indicators are overtaken by events, while others are unrealistic. Some indicators referring to education are also included in the list established on the context of PRSC/PRBS. The latter, however, are mostly medium to long-term outcome indicators. So far, no comprehensive list of indicators agreed between the government and all donors supporting the education sector programme has been agreed. It is expected that such a comprehensive list will be put together during the next sector review, which is now planned to take place in November 2003. Only then will it be possible to include a revised list of indicators in the CSP, which will be the basis for the mid-term review in 2004.

During the discussions on the new PRSC between the World Bank, bilateral donors (including the EC) and the Government, it was agreed that in addition to the policy matrix, monitoring of general budget support, and in particular its impact on service delivery in priority sectors, a list of indicators would be established. This – preliminary – list now includes 58 indicators covering the PRS priority sectors. Impact monitoring of the PRS and of the general budget support provided in the framework of PRSC/PRB should be monitored by taking into account the indicators included in this list.

As is explained in more detail below, the absence of reliable data in the road transport sector did not allow an analysis of the performance of this sector by referring to the indicators included in the CSP. This may be due to the fact that the roads sector as a whole is not a PRS priority sector and has not been thoroughly discussed in the context of the poverty monitoring scheme, which so far is the main source of indicators in Tanzania. The section tries to analyse the present situation and make proposals on how to improve performance measurement for the 2004 mid-term review.

Education sector

Performance Indicators in the intervention framework	Comments and recommendations
* % 7-8 y.o. girls & boys in Std 1&2	Since this indicator is equivalent to the NER for standard 1 and 2 but is not calculated, it could be replaced by the girl/boy ratio in primary, which is monitored in the PRS.
* Equal decrease in dropout for girls and boys	The standard should be agreed upon. This indicator should be calculated as the drop out rate is not disaggregated by gender
* Increased GER	Target has been revised. Female GER is available and should be added
* Increased transition rate from primary to secondary	It should be indicated if private secondary is taken into account since figures change considerably
* Ave. annual drop out reduced	The indicator should refer to the average for all standards and also to the rate from standard IV to V since it is where it is the highest
* Increased NPER	Female NER is available and should be added
* Increased secondary enrolment	The target set for this indicator does not correspond to the PRS one. Should be revised. A disaggregation by gender is possible.
* Number of students passing at 61/150 in Std 7 exam increased	Since the % for the grade C will be modified, the target of 50% could be revised, but it has been kept identical within the PRS for 2003.
* % of out of school youth in NFE increased	Keeping this indicator would depend from the degree of implementation of the NFE strategy and the development of a monitoring system
* Adult literacy	Illiteracy rates are being monitored in the HBS surveys.
Expected Results	
ESDP performance indicators will be the same as the PRSP indicators	
* Std 1 enrolment (7 y.o.)	The targets set for this indicator in the intervention framework concern children aged 7 to 13. Should be revised accordingly
* GER	To disaggregate by gender
* Additional Teachers	Indicators on the grade of teachers should be added since the data are available. This would be quality indicators
* Additional classrooms	The targets may need to be revised in view of the dramatic increase in enrollment.
* All schools inspected every 2 yrs	This should be monitored during the annual review, but it is not clear yet how data is collected

* Book/pupil ratio maintained at 1:3	Should be kept. It remains to be checked if this information is being closely monitored at school level.
* 10 INSET days for all teachers	This could be refined taking into account that 40\$ are expected to be available per teacher per year and that 33200 teachers per year should have benefited from INSET.
* All schools have annual development plan & functioning School Committee	Can be assessed during the review if the monitoring conducted at school level allows for the collection of this data
* 2003 Capitation grant to schools 6US\$	
* FM manual in all schools by 2002	Can be assessed during the review if the monitoring conducted at school level allows for the collection of this data
* All school accounts audited annually 2003	“
* Clean audit reports (2003)	

Macroeconomic Support

PRSP Objectives	
i Income poverty reduced * Population below PL reduced from current level by 6% 2003 * Rural Poor population reduced from current level by 7.5% 2003 * Food Poor population reduced from current level by 3.5% 2003	Data to record progress against these indicators is recorded in the Household Budget Survey, the last survey was during 2000 and the next survey is planned for 2006. Therefore annual reporting of progress is not possible. Assuming that the baseline, against which progress can be judged is that of the survey in 2000, the next assessment is likely to be 2007. Therefore the targets of 2003 are not applicable. The revised targets for the PRS are currently under development.
ii. Quality of life and social well-being improved * Improvement in key social indicators	No social indicators were specified. A core set of indicators was recently developed and from these the PRBS02 financing proposal selects key health and education statistics. Based on this, the two health indicators are reported on and the education indicators are cross referenced with the education intervention framework.
iii. Macro-economic stability maintained * Single digit inflation * Stable effective "market determined" exchange rate	To be maintained
EC Intervention Objectives	
1. PRSP fully funded through Government Budget * Priority items within priority sectors funded in line with PRSP expenditure targets	To be maintained
2. Public Finance is sustainably managed, with effectiveness and transparency * Retention levels of qualified personnel	It is proposed to drop the first indicator, which is difficult to measure. It is also proposed that the disbursement indicator is more clearly specified as there are many possible disbursements that could be published. This could be clarified to refer to local government notices of allocations and local government submission of budget execution reports.

* Variance between Out-turns and Budget * Disbursements are published quarterly	
Expected Results	
1.1 EDF budget support sustained and predictable * Objectively verifiable release criteria * Continuous annual level of support	These indicators are now institutionalised and have been achieved. Therefore to be able to evaluate the extent of progress, it is proposed that predictability of support is focused on by reference to disbursing according to projections
1.2 Aid transaction costs reduced * Joint donor support functional	The term functional offers no objective way of evaluating progress. It is suggested that PRBS/PRSC harmonization is referred to, being monitored by the successful completion of joint reviews.
2.1 Effectiveness of Integrated Financial Management System (IFMS) enhanced * Reports produced within stipulated time * Increased % of Government financial operations covered	It is assumed that all Government operations are referred to. However it is not clear what is meant by <i>covered</i> , but this has been taken to mean resources flowing through the exchequer, as opposed to electronic reports produced or MDAs on line. It is proposed that the indicator focuses on process issues as once all resources are flowing through IFMS the existing indicator becomes redundant. The PRBS/PRSC Performance Assessment Framework has targets referring to support for LGAs and the roll out of IFMS to the regions. It is proposed that these indicators are adopted.
2.2 Accounting, procurement & internal audit cadres restructured and upgraded * Number of personnel trained	To be maintained
2.3 Production of macro-economic and financial statistics improved * Timely availability of improved statistical reports and information	To be maintained

Road Transport

The CSP intervention framework for the road sector proposed the following performance indicators for the 3 expected results:

- **Result 1.1 - Increased use of high priority corridors:** road conditions on priority corridors.
- **Result 1.2 - Increased periodic and routine maintenance:** roads passable throughout year; timely periodic and routine maintenance of road network; length of roads maintained.
- **Result 1.3 - Road sector management enhanced:** TanRoads/RFB performance monitoring systems in place; data-base for road conditions and utilisation available; expenditure planning based on road surveys and traffic counts; efficiency and transparency in procurement process; faster road project planning and implementation; overhead costs of TanRoads; unit costs for road construction and maintenance; enhanced capacity of local contractors; community level involvement in rural road maintenance.

At the time of the CSP, the GoT had not developed any indicator and related target for the road sector, and this is still the case today. Meanwhile, two co-ordination groups were starting their work:

- *in Tanzania*, the ‘Poverty Monitoring Secretariat’ comprising GoT and donors,
- *in Europe*, a group with the EC’s DG DEV and EU Member States Transport Experts.

The findings of these two working groups can now be used to refine the initial indicator list.

The first group tentatively proposed two performance indicators for roads in February 2003:

- the number of kilometers of roads under periodic maintenance in a given year,
- the number of kilometers of roads under routine maintenance in a given year.

It however acknowledges that *“these two indicators do not measure the intensity of maintenance nor the quality of work performed”*. This is indeed why it appears wiser to opt for performance indicators chosen among those proposed by the second group in December 2002, namely:

- i. **Network traffic flows for all modes and for roads, motorised and non-motorised traffic.**
- ii. **Road network condition.**
- iii. User charges – freight tariffs and passenger fares.
- iv. Vehicle operating costs.
- v. **Road Fund audits or maintenance expenditure relative to network needs.**
- vi. Road safety – fatalities and accidents.

Out of those six indicators, the three indicated above have been selected, which are actually a simplification and refinement of the indicators proposed in the CSP Intervention Framework:

Results	CSP performance indicators	Revised performance indicators
1.1 Increased use of Central Corridor	* Road conditions on Central Corridor	Road condition in the Central Corridor Traffic flows in the Central Corridor
1.2 Increased periodic and routine maintenance	* Roads passable throughout year * Timely periodic and routine maintenance of road network * Length of roads maintained increased	Network traffic flows Road network condition
1.3 Road sector management enhanced	* Performance monitoring systems in place for TanRoads and Road Fund * Data-base for road conditions and utilisation available * Expenditure planning based on road conditions surveys & traffic counts * Efficiency & transparency in procurement process * Faster road project planning and implementation * Overhead costs of TanRoads * Unit costs for road construction and maintenance * Enhanced capacity of local contractors * Community level involvement in rural road maintenance	Road Fund audits

The non-selection of some of the above CSP indicators is due to the difficulty of:

- data collection (efficiency & transparency in procurement process, unit costs for road construction and maintenance, community level involvement in rural road maintenance),
- interpretation of the evolution of indicators (e.g. length of roads maintained, overhead costs of TanRoads).

Other CSP indicators were considered more as expected sub-results (e.g. performance monitoring systems in place for TanRoads and Road Fund, data-base for road conditions and utilisation available), which could be indirectly measured by the chosen indicator (Road Fund audits).

Besides, one indicator proposed was not retained for the same difficulties of data collection and interpretation (*road safety*) and the last two ones (*user charges & vehicle operating costs*) were deemed to be closely related to *road condition* and *traffic flows*.

The following sources of verification and targets can be developed:

road condition: the Tanzanian road condition is not for the time being assessed on a regular basis, hence there are no detailed data for the past few years apart from those outlined in Annex No. 2 to the CSP. The EDF-funded Technical Assistance to TanRoads can help set up a national road survey every 2-3 years, which will provide a reliable source and be at the same time a very useful management tool for TanRoads by setting nationwide targets.

traffic flows: data are also quite general (see Annex 2 of the CSP). Pending the setting up of a nationwide traffic counting system, we propose to measure the evolution of this indicator at least at the level of EDF financed projects. For instance, for those roads covered by the Backlog Maintenance Programme, we will monitor the progress towards the target set by the Logical Framework of a 4.5-7% yearly traffic flow increase in the early years and 3.5-5% five years after project end.

Road Fund audits: in the framework of the EDF-funded Technical Assistance to the Road Fund Board launched early 2003, sub-indicators and targets could be developed to assess the improvement of the Road Sector management within the Road Fund audits.

The indicators set out in the CSP to measure the impact of the results on the 'Intervention Objective' closely match the ones later proposed by the DG DEV / EU Member States group:

EC Intervention Objective	CSP impact indicators	DG DEV / EU MS impact indicators
I. Access to local, regional and international markets and services improved	<ul style="list-style-type: none"> * Volume of trade * Freight and passenger rates * Road user costs * Travel time 	<ul style="list-style-type: none"> i. Trade flows ii. Transport cost element of export/import and internally traded goods iii. Transport expenditure relative to household income iv. Time spent travelling and average

		length of trips v. Employment levels in transport sector disaggregated by income groups.
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Only indicator (v) was not foreseen in the CSP and does not seem easy to collect and interpret.

6.3 Dialogue in country with the NAO and non-state actors

Working relationships between the Delegation and the NAO are excellent. Close contacts exist between the Delegation and the NAO's office in the Ministry of Finance at the technical level. Bi-monthly meetings with the Deputy NAO take place to review the progress in implementation and planning of all financial instruments.

As stated above, non-state actors played an important role in the planning and implementation of various projects. Their involvement on the overall planning and programming level was more limited. It was decided to involve non-state actors more systematically in the country review 2003, which took place in May 2003.

7. Summary and conclusions

Development strategy, economic and political situation

Tanzania's long term development agenda is outlined in Vision 2025, the National Poverty Eradication Strategy and the Poverty Reduction Strategy Paper. Tanzania has a fully fledged PRS process, which is the basic framework for the development of sector strategies and the provision of aid by all major donors.

The Tanzania Assistance Strategy (TAS) was launched in June 2002. It provides a framework for improving aid coordination and enhancing national ownership of the development process.

Tanzania has developed sector strategies in education, health and agriculture. GoT is also implementing or preparing various cross-cutting reform programmes which aim at improving public service delivery. This includes the Local Government Reform Programme, the Public Financial Management Reform Programme, and the Public Sector Reform Programme.

The PRS progress report was last updated in November 2002, incorporating data from the recent Household Budget Survey (HBS). Data from the HBS show a rather modest decline in poverty over the last ten years, which took place mainly in the Dar es Salaam area. Little progress was made in rural areas, where the majority of the population lives. Limited data are available for MDG indicators. These point to some progress in education (access to primary education) and health. GoT is trying to improve the quality and reliability of data in the context of the Poverty Monitoring System, and will integrate PRS and MDG indicators.

Macroeconomic performance during 2002 was satisfactory. Preliminary figures show a GDP growth rate of 5.9%, while agriculture grew at 5.5%. Inflation declined to 4.4%. Foreign exchange reserves cover six months of imports. Revenue performance was above target, with VAT performing particularly well. Expenditure was

considerably below target, mainly because of new procurement rules. Reforms are ongoing to increase the revenue ratio, which is still low compared to other countries in the region. Tanzania reached HIPC completion point in November 2001 and obtained debt cancellation of about US \$ 500 million during 2002 from Paris Club members.

In 2002, Tanzania registered a trade surplus with the EU for the third year in a row (Euro 51 million). The EU absorbed 38% of all Tanzanian exports and was by far the biggest trading partner. Main export products to the EU were fish, gold, tobacco, coffee and diamonds. Tanzania's overall trade deficit with the world amounted to Euro 969 million. Total exports covered 45% of imports.

The implementation of the Muafaka agreement has contributed to maintaining peace on the Isles and in the country as a whole. The agreement has also allowed EU donors to resume long-term development cooperation with Zanzibar. GoT continues to play an important role in the mediation of conflicts between neighbouring countries.

The refugee situation has not generally improved. The continued presence of 450.000 refugees in the country not only poses security problems, but also puts considerable stress on the physical environment.

Results and activities in focal sectors (road transport, education, macroeconomic support)

- **Road transport**

GoT increased total funding levels to the Ministry of Works during the last two fiscal years. There remains concern about the levels of actual expenditure on road maintenance, which appears to fall far short of requirements. Although various studies in this area have been carried out, GoT has yet to come up with a comprehensive proposal on how to close the funding gap for maintenance.

Donors have raised concerns about progress in sector policy reform in the roads sector in 2002. This concerned in particular GoT continued political commitment, the need to consolidate and strengthen the reform process, the need to implement the reform of MoW, capacity building for Tanroads, and strengthening of decentralised delivery mechanisms.

GoT has agreed to carry out a comprehensive sector review to look at the above issues. The review will also make recommendations on how to move to a sector wide approach in the roads sector and how to create a comprehensive Road Sector Development Programme.

As a consequence of the Government's decision not to fund the Dodoma-Singida road from EDF funds, the EDF 9 intervention for the roads sector has been reprogrammed. The programme now focuses more strongly on maintenance and will, as much as possible, use existing structures for implementation (Road Fund). Moreover, allocations for the roads sector had to be reduced to make room for the Zanzibar port project.

Progress in the implementation of ongoing projects and the preparation of new ones was slow during 2002 due to financial and technical shortcomings of works contractors and problems with tendering processes. Works for the projects approved in 2000 and 2001 were expected to start in 2003.

- **Education**

In 2001, the Minister for Education and Culture approved the Primary Education Development Programme (PEDP) as the first component of the Education Sector Development Programme (ESDP) to become operational. PEDP aims at improving access, quality and equity of primary education services. Implementation has made good progress regarding access (classroom construction and teacher recruitment). Targets set for enrolment were generally overachieved. Limited progress has however been made with regard to quality and capacity strengthening, areas which will have to be given more emphasis in the future in order to ensure credibility and sustainability of the sector reform programme.

The Financing Proposal for Support to PEDP under EDF 8 (€ 25 million) was approved in September 2002. However, requests by member states to modify the proposal resulted in delays for the signature of the Financing Agreement. This took place in the first quarter of 2003. Support is being provided through a pooled fund arrangement, together with a number of EU and other bilateral donors. Sub-sector strategies for secondary education, quality and non-formal education are under preparation and may be supported under a future EDF 9 programme.

- **Macroeconomic support**

Results with regard to macroeconomic support were satisfactory, although progress in poverty reduction was limited (see above). PRSP priority sectors were protected during the implementation of budget year 2001/02. The issue of enhancement of priority sectors and items in budgetary allocations is under continuous review and discussion with Government. Overall, progress has been made in the implementation of measures to improve the quality of public financial management, although targets were only partly achieved. Progress should be faster once the Public Financial Management Reform Programme has been launched. Implementation of the Integrated Financial Management System proceeded satisfactorily.

The first tranche of PRBS 01, amounting to € 37.5 million, was disbursed in early 2002. Disbursement of the second tranche took place in the second quarter of 2003, following the successful completion of the Domestic Debt Retirement Scheme and an agreement on a preliminary list of indicators as a basis for an assessment of policy performance. Preparations for the PRBS 02 programme started in November 2002.

Results and activities in other areas of interventions

A variety of programmes and projects are under implementation outside the focal sectors, most of which are funded under EDF 7 and 8. This includes projects in the area of natural resources and tourism, support for refugee affected areas, one project in the field of STD/AIDS control, and preparation of an area based District Development Programme. An Urban Sector Water Supply Programme was approved in February 2003. This project will be implemented under a co-financing arrangement

with Kreditanstalt fuer Wiederaufbau, with KfW being in charge of day to day project management.

In December 2002, a new Framework of Mutual Obligations was signed for the use of STABEX 1994 and 1999 resources amounting to a total of € 38 million. Funds will be used to support the Agricultural Sector Development Programme, the Tanzania Coffee Research Institute and the rehabilitation of regional roads through Tanroads. Funds left over from other STABEX application years were used for coffee and tea research, feeder road repair, farmer training, distribution of planting materials, cotton research and cotton seed multiplication and other activities related to rural development.

Three new projects were selected for support from the NGO co-financing budget line, mainly in the area of rural development. Implementation of various other projects mentioned above also heavily relies on NGOs.

The EDF 9 RIP was signed in November 2002 with a total amount of € 223 million. Focal sectors include economic integration and trade, management of natural resources and transport and communication. Use of funds from the EDF 8 RIP in Tanzania concentrated on road transport and support to the EAC secretariat.

The EC contribution to refugee assistance through ECHO in 2002 amounted to € 27 million and was implemented by UNHCR, WFP, IFRC and UNICEF.

Programming perspectives

The annual report includes a revised pipeline and timetable for the programming of funds from EDF 6, 7 and 8, as agreed between the Delegation and the NAO. The main change concerns the roads sector, where the whole intervention package had to be restructured following the decision by GoT not to fund the Dodoma-Singida road from EDF resources. The proposed new intervention moves away from rehabilitation of individual trunk roads and gives more emphasis to maintenance, a sector wide approach and budget support (through the road fund).

The pipeline also had to be revised to include the rehabilitation of Zanzibar port. A total amount of € 31.8 million has been earmarked for this project, funded partly from the balance of EDF 7 and partly by reducing the allocation for road transport under EDF 9.

The allocation for general budget support has been increased to € 114 million, which now includes the amount originally allocated for project support for the Public Financial Management Reform Programme.

The preparation of the planned Support for Local Government Reform had to be postponed to 2004, as no final consensus has yet emerged on the proper project design.

Finally the design for Support for the Anti-Corruption Strategy will depend on the outcome of the evaluation of the ongoing project Support to the Prevention of Corruption Bureau, which is presently under preparation.

Use of resources from previous EDFs

During 2002, two exercises were carried out to speed up the use of resources from previous EDFs. Firstly, the pipeline was revised to include and to plan for the use of all balances left over from EDF 6, 7 and 8. The new pipeline implies an overprogramming of € 22.5 million.

Secondly, in order to be able to proceed with the closure and partial decommitment of commitments and projects, an auditor was recruited to analyse the situation of 50 secondary commitments for work programmes, which have been “dormant” for more than two years. On the basis of this analysis, the commitments will be closed and the projects partially decommitted in order to allow the use of funds now blocked in these projects for new projects.

The Delegation and the NAO are proceeding with the closure and decommitment of funds for the (nine) projects with the biggest RAC/RAL, building on the exercise mentioned above. These projects represent about 80% of all RAC and 70% of all RAL.

Setting indicators and targets for measuring results in focal sectors

The annual report includes a detailed analysis of the quality of the indicators used in the CSP and proposes some changes. Overall, Tanzania is working hard to improve the data base and methodology for indicator based policy performance assessments. This process is relatively recent, however. Results are tentative, therefore, and only cover a limited number of sectors. While looking at indicators to assess EDF results, it is important to stay in line – as much as is possible under present conditions – with other processes like PRS, PRSC/PRBS, sector development programmes and the Poverty Monitoring system in general.

The absence of reliable data in the road transport sector did not allow an analysis of sector performance on the basis of the indicators included in the CSP. The road sector as a whole is not a priority sector in the PRS and no comprehensive list of indicators is therefore included in the PRS. The annual report proposes modifications of the indicator list for this sector, which for the time being would be based mainly on the outcome of the work of the EU expert group.

Indicators and targets for the education sector were taken from the PRS and the PEDP document. The analysis shows that some of these indicators are overtaken by events, while others are unrealistic. For some indicators referring to quality issues, only limited data are available as yet. Some of the education indicators are included in the list established in the context of PRSC/PRBS. The latter, however, are mostly medium to long term outcome indicators. So far, no comprehensive list of indicators agreed between GoT and the donors supporting the education sector programme has been established (although this is included as a joint commitment in the Memorandum of Understanding signed by GoT and the pooled fund partners). It is expected that such a comprehensive list will be put together during the next sector review, which is now planned to take place in May/June 2003. Only then will it be possible to include a revised list of indicators in the CSP, which will be the basis for the mid-term review in 2004.

The situation is relatively more advanced regarding the indicators used to assess results of macroeconomic support (or general budget support). The annual report therefore only proposes some refinements to the indicators in the CSP (in particular with regard to the quality of public financial management). It also tries to take into account the recently agreed list of indicators for PRSC/PRBS monitoring (social sectors). It should be noted, though, that data for indicators referring to general levels of poverty (headcount indices) only become available from the household budget survey. The next survey is now planned for 2006. Annual reporting on progress in poverty reduction is therefore not possible on the basis of these indicators.

ANNEX A

Minutes of the Operational Review Meeting held in Dar es Salaam on 3 and 4 July 2003

The operational review meeting of the EDF for the year 2002 took place in Dar es Salaam on 3 and 4 July 2003. A technical meeting involving staff from the NAO's office and the Delegation as well as non-state actors took place on 3 July 2003. The meeting was organized by sector and covered macroeconomic support, transport infrastructure, education, agriculture and natural resources, and governance. Discussions took place on the basis of an issues paper which was largely drawn from the policy undertakings included in the Country Strategy Paper signed in March 2002. A high-level review meeting to review the outcome of the technical meeting took place on 4 July 2003 involving the NAO, the Permanent Secretaries or their representatives of the line ministries and other agencies, and the Head of Delegation. The following issues were discussed and agreed during the meetings with regard to the respective sectors.

Macroeconomic support

1. In the context of the future PRBS 02, there is a need for continuous strengthening of the Poverty Monitoring System. EU was encouraged to participate in the agriculture survey as one critical source of data.
2. Channeling of EDF project resources through the exchequer system remains difficult owing to payments done in Brussels. Dummy entries as suggested under Treasury Circular of 2001 could be used since all information necessary for the dummy system is available with the NAO.
3. The importance of having to agree on indicators as a basis for performance measuring given the fact that over 55% of the 9 EDF resources will come in the form of general and sector budget support. PRS indicators should be harmonized with indicators agreed under the EDF 9 intervention frameworks. MDG indicators should also be used as progress indicators for macroeconomic performance.
4. The potential advantage, in terms of reduced transaction cost, of having joint reviews to cover not only the EC Commission but also to include all EU member states.
5. The need to realign the budget cycle to ensure that the PER and PRS processes are used to feed into the budget process. There was a concern that regarding the discussions of the budget for fiscal year 2003/04, the PER did not provide effective input into the budget process.
6. Updating of the commitment forecast and the intervention frameworks including the indicators as proposed in the draft Annual Report.
7. The importance of enhanced efforts to increase domestic revenue collections, in particular the efforts made under TAP in the areas of tax policy and tax administration within the framework of TRA's corporate plan. Government intends to review the tax laws, particularly the income tax laws, in order to

increase compliance, and will also review the structure of TRA in order to increase its efficiency. One of the agreed targets under the IMF sponsored PRGF programme is to improve revenue yield from the present 12.0% to 13.2% of GDP during 2003/04.

8. The importance of recent efforts to improve the transparency of budget allocations against the PRS framework and the MTEF.

Road Sector Support

1. There has been a complete refocusing of EDF 9 support to the sector moving away from roads development to roads maintenance, hence the need to revise the intervention framework in the same direction.
2. The importance of the indicators for performance measurement in the sector. NAO requested to include Tanzania in the ongoing pilot study aimed at identifying indicators for various countries.
3. Given the reforms in the sector, and with increasing use of private contractors, capacity building should not only be limited to TANROADS and the Road Fund Board but should also include the sector ministries, the private sector and the Engineers Registration Board.
4. The outcome of the institutional restructuring of the Ministry of Works has not been fully disclosed to development partners, although it has been reported that the structure has been approved. It was agreed that the same should be shared with all development partners.
5. The role of TANROADS and the Ministry of Works with respect to the implementation of newly signed "Special Projects" remains unclear. It was however observed that out of 42 ongoing development projects, 31 had already been transferred to Tanroads and only 11 remained under the Ministry. Of these, 4 were nearing completion. It is essential to determine a timetable for the eventual hand over of all projects to Tanroads so that the Ministry focuses on its policy responsibility. It is also essential to avoid the creation of new arrears by the Ministry of Works and Tanroads.
6. The concern that the ten-year road development programme does not cover rural roads, thus making it difficult to determine the overall funding requirement for the sector. It was reported that efforts were underway to carry out a separate study on rural/district roads whereby all stakeholders including the Ministry of Works and PO-RALG would participate. Concerns were also raised about the feasibility of the 10 year programme.
7. The PRS was narrow, as it does not cover trunk roads or other modes of transport like harbours, airports, ferries, railway lines etc.
8. The first draft of the Roads Act was welcomed, but concerns were expressed about the roles and responsibilities of the institutions proposed.
9. There is a need to improve the sector policy dialogue between the Government and development partners.

Education Sector Support

1. There was a good sector dialogue going on between the development partners and the education ministries.
2. The importance of a comprehensive sector review to be carried out over the next few months was stressed in order to prepare the EDF 9 Financing Proposal, inter alia.
3. Need to agree on a comprehensive list of sector indicators to be used to measure performance. An agreed list of indicators was one of the expected outputs of the review.
4. The need to increase emphasis on quality issues, especially teacher training and the reduction in dropout rates, which is still very high. This should go hand in hand with addressing capacity issues at the level of schools and at the regional level.
5. Some targets as conceived under the CSS intervention framework have already been surpassed thus there is a need to revise and update the indicators and targets. Linked to this is the need to streamline data collection to avoid conflicting data sets.
6. Since the PEDP is not a project there is need to fully integrate the PEDP into the line ministries. It was agreed that this issue will be looked at after the review meeting.
7. The need to improve the quality of the dialogue on budgetary issues, and the importance to make sure that PEDP is fully funded in the budget.

Agriculture and Natural Resources

1. While there has been encouraging discussion between donors and ASDP secretariat, there has been insufficient dialogue with the Ministry making it difficult to proceed with preparation of interventions within ASDP.
2. There have been problems with the cotton sub-sector which is already supported under Stabex, especially the seed multiplication programme that should be addressed soon.
3. The issue of new initiatives regarding agriculture proposed in the budget speech of the Minister of Finance was discussed and concern was expressed by the EC on the coherence of these activities with the ASDP. The problem will be further discussed in the relevant sector fora.

Governance

1. Work on the appraisal of interventions under this sector is behind schedule. While the draft Financing Proposal for the Capacity Building project is nearing completion, the proposal for the Local Government component has not been finalized and the component on anti-corruption depends on the evaluation of the PCB project.

2. A meeting would be held soon to accelerate work on the LGRP and the anti-corruption component. Consideration should be given to close coordination with other donors. Possibilities should be explored to use the funds allocated to LGRP to support other ongoing interventions in the area of governance like the basket fund support to Public Sector Reform, which would minimize transaction costs.
3. Given that an amount of € 2.9 million has been earmarked in the EDF 9 NIP for support to Non-State Actors, a project should be prepared according to agreed criteria.

ANNEX A – Participants at review meeting

Ministry of Finance

G. S. Mgonja	Permanent Secretary and NAO
P. M. Lyimo	Permanent Secretary
Joyce Mapunjo	Commissioner
J. J. R. Buretta	Ag. Asst. Commissioner
Daud Msangi	Head of PSU
Sadick Magwaya	PSU
Eliud Nyauhenga	PSU
Richard L. E. Byanyuma	PSU

Road Transport Sector

F. C. T. Kilowoko	Ag. PS Ministry of Works
F. Y. Addo-Abedi	Chief Executive TANROADS
F. T. Marmo	Director of Maintenance TANROADS
B. H. P. Nyiti	Director of Development TANROADS
Rose Masenga	Ag. Manager Roads Fund Board

President's Office

E.S. Bukuku	PS Planning and Privatization
Damian Foka	Deputy PS PO-RALG
E. M. Tarimo	Principal Officer

Vice-President's Office

M. Cheyo Buzenya	Economist
Robert M. Mayaya	Coordinator

Education

M. J. Malale	PS Ministry of Education and Culture
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Agriculture, Water and Livestock, Tourism and Natural Resources

S. A. N. Muro	Ag. PS, Ministry of Agriculture and Food Security
A. G. T. Nyenya	Director for Policy and Planning, Water and Livestock
S. A. Pamba	Director of Tourism

Prevention of Corruption Bureau

Edward Hosea	Director of Investigations
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European Commission

William Hanna	Head of Delegation
Joachim Zeller	Head of Economic Section
Gabriele Koehler-Raue	Desk Officer DG Development
Eva Johansson	Desk Officer AIDCO
Anthony Knott	Head of Infrastructure Section

TANZANIA

ACTIVITY PIPELINE CHRONOGRAMME

	Instrument	M€	%	TARGET DATES			
				Identifi- cation	End of Appraisal	Financing Decision	FA
9th EDF							
Allocation (Revised)		338.50					
<i>Education</i>							
PEDP II	SBS	43.50	12.9%	Jul-03	Oct-03	Mar-04	
<i>Macro support</i>							
PRBS II (Including FMS)	GBS	114.00	33.7%	Jan-03	Mar-03	Aug-03	
<i>Transport infrastructure</i>							
Backlog Maintenance	PS	30.00	8.9%	Apr-03	Jan-04	Apr-05	
Direct funding Road Fund	SBS	30.00	8.9%	Apr-03	Jan-04	Jul-04	
Maintenance Regional Roads	PS	30.00	8.9%	Apr-03	Jan-04	Jul-04	
Institutional Support RSM	PS	5.00	1.5%	Apr-03	Jan-04	Jul-04	
Zanzibar Port Rehabilitation	PS	32.40	9.6%	Apr-03	Nov-03	May-04	
<i>Governance</i>							
CBPD	PS	17.40	5.1%	Mar-02	Oct-03	Mar-04	
Support to Non-state Actors	PS	2.90	0.9%	May-03	Dec-03	May-04	
LGRP	PS	5.30	1.6%	May-03	Dec-03	May-04	
Anti-corruption Support	PS	3.50	1.0%	May-03	Mar-04	Sep-04	
Support to NAO II	PS	3.80	1.1%	May-03	Oct-03	Mar-04	
<i>Other (from balance 6th to 8th EDF)</i>							
TCF	PS	3.80	1.1%	May-03	Aug-03	Dec-03	
4th Micro-projects	PS	1.40	0.4%	May-03	Jun-03	Sep-03	
Water Suply RC Phase II/III	PS	38.40	11.3%	Sep-03	May-04	Nov-04	
Mwanza Sewerage (Supp.)	PS	1.00	0.3%	Jan-03	Oct-03	Jan-04	
Support SEAMIC	PS	1.50	0.4%	Jan-03	Apr-03	Jul-03	
Tourism Support Phase II	PS	2.50	0.7%	Oct-02	Oct-03	Mar-04	
Support Gameraeserves	PS	2.00	0.6%	Oct-02	Apr-03	Sep-03	
Total foreseen		368.40					
Balance available (shortfall)		(29.90)					

TANZANIA

PRIMARY COMMITMENT FORECAST

9TH EDF

EUR Million

Unit AIDCO	SECTOR Project/Programme Title	PIS							2004		2005	2006	2007	Total 2003- 2007	Comments
			JUL	AUG	SEP	OCT	NOV	DEC	Sem I	Sem II					
	Education													0.0	
	PEDP II								43.5					43.5	
	Subtotal		0.0	0.0	0.0	0.0	0.0	0.0	43.5	0.0	0.0	0.0	0.0	43.5	
	Macro support														
	PRBS II			114.0										114.0	
	Subtotal		0.0	114.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	114.0	
	Transport infrastructure														
	Backlog Maintenance										10.0	10.0	10.0	30.0	
	Direct funding Road Fund									10.0	10.0	10.0		30.0	
	Regional Roads Maintenance Progr.									10.0	10.0	10.0		30.0	
	Institutional Support Road Sector									5.0				5.0	
	Zanzibar Port Rehabilitation								32.4					32.4	
	Subtotal		0.0	0.0	0.0	0.0	0.0	0.0	32.4	25.0	30.0	30.0	10.0	127.4	
	Non-focal: Governance														
	Capacity Building Participatory Dev.								17.4					17.4	
	Support to Non-state Actors								2.9					2.9	
	Local Gov. Reform Progr.								8.2					8.2	
	Anti-corruption Support								3.5					3.5	
	Support to NAO II							3.8						3.8	
	TCF								3.8					3.8	
	4th Micro-projects Progr.								1.4					1.4	
	Water Suply RC Phase II/III									11.9	26.5			38.4	
	Mwanza Sewerage (Supp.)				1.0									1.0	
	Support SEAMIC					1.5								1.5	
	Tourism Support Phase II								2.5					2.5	
	Support Gamereserves					2.0								2.0	
	Subtotal		0.0	0.0	1.0	3.5	0.0	3.8	39.7	11.9	26.5	0.0	0.0	86.4	
	Total 9th EDF		0.0	114.0	1.0	3.5	0.0	3.8	115.6	36.9	56.5	30.0	10.0	371.3	
	CUMULATIVE		0.0	114.0	115.0	118.5	118.5	122.3	237.9	274.8	331.3	361.3	371.3		
	% of NIP (Revised)	338.5	0.0%	33.7%	34.0%	35.0%	35.0%	36.1%	70.3%	81.2%	97.9%	106.7%	109.7%		

TANZANIA

DISBURSEMENT
FORECAST

9TH EDF NIP

EURO'000

Project/Programme Title		2003	2004		2005	2006	2007	Total	Comments
		Sem II	Sem I	Sem II					
Education									
PEDP II			11,000	11,000	21,500			43,500	
Subtotal		0	11,000	11,000	21,500	0	0	43,500	
Macro support									
PRBS II		31,000	1,100	36,600	36,000	9,300		114,000	
Subtotal		31,000	1,100	36,600	36,000	9,300	0	114,000	
Transport infrastructure									
Backlog Maintenance					8,000	12,000	10,000	30,000	
Direct funding Road Fund				8,000	12,000	10,000		30,000	
Regional Roads Maintenance Progr.				8,000	12,000	10,000		30,000	
Institutional Support Road Sector				1,500	1,800	1,700		5,000	
Zanzibar Port Rehabilitation				10,000	9,000	2,000		21,000	
Subtotal		0	0	27,500	42,800	35,700	10,000	116,000	
Non-focal: Governance									
Capacity Building Participatory Dev.			1,000	2,100	2,600	3,400	4,100	13,200	
Support to Non-state Actors				600	1,100	1,200		2,900	
Local Gov. Reform Progr.				1,600	3,000	3,000	600	8,200	
Anti-corruption Support				600	1,300	1,300	300	3,500	
Support to NAO II			300	600	1,000	1,000	900	3,800	
TCF			150	300	1,000	1,000	900	3,350	
4th Micro-projects Progr.	740			516	144			1,400	
Water Suply RC Phase II/III				5,950.0	19,200.0	13,250		38,400	
Mwanza Sewerage (Supp.)				1,000				1,000	
Support SEAMIC			150	300	900	1,000	150	2,500	
Tourism Support Phase II			450	600	900	550		2,500	
Support Gameraeserves			450	600	950			2,000	
Subtotal		740.0	1,450.0	6,316.0	10,144.0	10,900.0	6,800.0	36,350.0	
Total 9th EDF		31,740	13,550	81,416	110,444	55,900	16,800	309,850	
CUMULATIVE		31,740	45,290	126,706	237,150	293,050	309,850		
% NIP (Revised)	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!		

TANZANIA

8TH EDF NIP

DISBURSEMENT FORECAST

EURO'000

AIDCO	BL	Project/Programme Title	31/12/2002	2003	2004		2005	2006	2007	Total	Comments
				Sem II	Sem I	Sem II					
		Roads Infrastructure									
	8-010	Rehabilitation of Mwanza Roads	13,999	3,275	3,775	3,775	7,176			32,000	
	8-014	Backlog Maintenance Study	125	25	0	0				150	
	8-018	Mwanza Border-Tinde & Nzega-Isaka Rd.	0	6,200	12,000	12,000	12,000	12,000		54,200	
	8-020	Institutional support to Road Sector	518	620	520	185	137			1,980	
	8-022	Backlog Maintenance	0	7,290	12,250	2,330	130			22,000	
		Subtotal	14,641	17,410	28,545	18,290	19,443	12,000	0	110,329	
		Social Services/Infrastructure									
	8-017	Mwanza Sewage System Rehab.	2,455	2,121	924	0				5,500	
	8-021	STD/AIDS Control	1,359	500	0	0				1,859	
	8-023	Mwanza Water Supply	92	8	0	0	0			100	
	8-041	Support to PEDP	12,250	12,250	0	0				24,500	
	8-046	Water Suply RC (KfW) Phase I		6,800	6,700	6,800	6,700	6,700	0	33,700	
		Subtotal	16,155.4	21,679.0	7,624.0	6,800.0	6,700.0	6,700.0	0.0	65,658.4	
		Non-focal									
	8-004	SADC Regional Monitoring Fisheries	219	500	500	602				1,821	
	8-009	Support to PCB	1,048	450	0	0	20			1,518	
	8-011	Tanzania Revenue Authority	2,868	1,393	730	730	1,200			6,921	
	8-019	Support to NAOs office	1,109	600	288					1,997	
	8-037	3rd Microprojects Programme	505			0				505	
	8-043	Small Arms management	0	500	500	0				1,000	
	8-044	Design Capacity Building Intervention	0	58	0	0				58	
	8-045	Mwafaka			375	1,000	600			1,975	
		Subtotal	5,749	3,501	2,393	2,332	1,820	0		15,795	
		Closed and Completed Projects	3,868								
		Total 8th EDF	40,413	42,590	38,562	27,422	27,963	18,700	0	191,783	
		CUMULATIVE	40,413	83,003	121,565	148,988	176,951	195,651	195,651		
		% NIP	208,437	39.8%	58.3%	71.5%	84.9%	93.9%	93.9%		

TANZANIA

7TH EDF NIP

DISBURSEMENT
FORECAST

EURO'000

BL	Project/Programme Title	22/09/2003	2003	2004		2005	2006	2007	Total	Comments
			Sem II	Sem I	Sem II					
	Transport									
7-018	Southern Highlands Telecoms	23,579	323						23,902	
7-027(RPR)	TRC Restructuring Project	13,931	130						14,061	
7-087	Mwanza Border-Tinde & Nzega-Isaka Roads	265	35						300	
7-089	Wazo Hill - Bagamoyo Road	1,894	101						1,995	
7-095	RUSIRM	4,095	1,623	1,623	659				8,000	
7-096	RUSIRM	10,357	420	420	1,303	1,300			13,800	
	Subtotal	54,120	2,632	2,043	1,962	1,300	0	0	5,305	
	Natural Resources-Tourism									
7-098	SPRAA	4,412	460						4,872	
7-122	Institutional Strengthening Tourism	1,096	600	400					2,096	
	Subtotal	5,508	1,060	400	0	0	0	0	6,968	
	Closed and Completed Projects	99,129							99,129	
	Total 7th EDF	158,757	3,692	2,443	1,962	1,300	0	0	111,402	
	CUMULATIVE	158,757	162,449	164,892	166,854	168,154	168,154	168,154		
	% NIP (revised)	168,411	96.5%	97.9%	99.1%	99.8%	99.8%	99.8%		

-800.0

-400.0

ANNEX C.1 - PRIMARY COMMITMENTS

	1998	1999	2000	2001	2002
NIP (EDF 6,7,and 8)	83,084,900	43,724,632	82,600,800	98,621,600	2,658,000
A enveloppe (EDF 9)					
Total N.I.P.	83,084,900	43,724,632	82,600,800	98,621,600	2,658,000
Refugees aid					4,000,000
STABEX	3,051,024		26,179,971	1,252,846	
Transfert from other funds					
Program.Regional Funds	2,500,000	3,000,000	20,000,000	20,000,000	
No program. Regional Funds		20,000,000			
Risk capital	2,000,000	12,800,000	9,000,000	55,000,000	292,000
Sub-total EDF	90,635,924	79,524,632	137,780,771	174,874,446	6,950,000
Budget Lines			31,851,463	34,648,660	33,869,780
GRAND TOTAL	90,635,924	79,524,632	169,632,234	209,523,106	40,819,780

Figures have been extracted from OLAS using calendar year dates.

ANNEX C.2 - SECONDARY COMMITMENTS

	1998	1999	2000	2001	2002
NIP (EDF 6,7 and 8)	92,990,383	18,074,704	10,055,579	78,087,680	17,393,564
A enveloppe (EDF 9)					
Refugees aid					
STABEX	3,051,024			27,432,817	
Transfert from other funds	22,953	875,000	76,000	99,000	6,149,400
Program.Regional Funds	10,212,920	3,239,225	7,633,375		1,669,800
No program. Regional Funds		26,000,000		2,191,894	
Risk capital	2,000,000	12,800,000	9,000,000	55,000,000	292,000
Sub-total EDF	108,277,280	60,988,929	26,764,954	162,811,391	25,504,764
Budget Lines			31,851,463	34,648,660	33,869,780
GRAND TOTAL	108,277,280	60,988,929	58,616,417	197,460,051	59,374,544

Figures have been extracted from OLAS using calendar year dates.

ANNEX C.3 - PAYMENTS

	1998	1999	2000	2001	2002
NIP (EDF 6,7,and 8)	25,253,384	61,257,405	10,701,046	41,853,441	54,257,589
A enveloppe (EDF 9)					
Refugees aid	51,665				
STABEX	2,801,861	3,051,024		27,432,817	
Transfert from other funds	82,819	123,772	325,672	284,184	221,808
Program.Regional Funds	10,013,524	7,059,924	6,429,421	4,259,513	2,875,394
No program. Regional Funds		12,000,000		2,200,000	627,111
Risk capital	15,285,044	5,297,953	3,509,599	1,804,025	8,549,936
Sub-total EDF	53,488,297	88,790,078	20,965,739	77,833,980	66,531,838
Budget Lines			25,961,301	28,698,314	31,446,356
GRAND TOTAL	53,488,297	88,790,078	46,927,040	106,532,294	97,978,194

Figures have been extracted from OLAS using calendar year dates.

PROJECT SHEETS
National Projects/Programmes

Road Transport Infrastructure

◆ ***Rehabilitation of Road between Wazo Hill and Bagamoyo***

Project No:	7.ACP.TA.089
Project Amount:	1,800,000
Project Duration:	1996-2001 Extended to March 2003
Implementing Agency:	Ministry of Works

Project Description

The project concerns the design and tender documents for the rehabilitation and sealing of the 43 km road from Wazo Hill (22 km from Dar es Salaam centre - end of macadam) to Bagamoyo and the supervision of works. The works are financed with Italian funds to the value of €15.5 million.

Project Implementation

Works are in the completion stage. The Supervision contract came to an end in late 2001 and Government of Tanzania undertook to fund the final phase supervision from own resources.

◆ ***Ruvuma & Southern Iringa Road Maintenance Programme RUSIRM***

Project No(s):	7. ACP.TA.095 ; 7.ACP.TA.096
Project Amount:	8,000, 000 ; 13,800,000
Project Duration:	1999-2004
Implementing Agency:	TanRoads

Project Description

The objective of the project is to put in place a sustainable road maintenance programme for the network of roads south of the main Iringa-Mbeya highway.

Project Implementation

Implementation of the project was put on hold in the period mid-1997 to early 1999 while discussions were underway with GoT in relation to the establishment and operation of a Road Fund Authority.

In October 1999, the consultancy agreement with was signed, and TA put in place. Following the preparation of work programmes, tenders for works and supervision contracts were launched and works commenced, using local contractors, in mid 2000. During 2001 the management responsibility for the programme was transferred from the Ministry of Works to the National Roads Agency (TanRoads). Works progressed well. Mid-term review completed and positive. Phase II started and new Work Programmes agreed .

Backlog Maintenance Works of Roads in Kigoma Region under Special Programme for Refugees Affected Areas (SPRAA)

Project No:	7.ACP.TA.098 7.ACP.RPR.641
Project Amount:	500,000
Project Duration:	2003 – 2005
Implementing Agency:	TanRoads

Project Description

The project aims at maintenance works of some 25 km Mwandiga – Kasagamba section of Mwamdiga – Manyovu Road. The works include reshaping and gravelling of the surface, drainage works including open drains and box culverts. Some structures will be rehabilitated or repaired and those beyond repair will be demolished and replaced with new structure.

Project Implementation

The Financing Agreement for SPRAA activities was signed in early September 1997. Economic study and design for the Road section has been done and tendering is expected to be launched soon. The works are expected to be undertaken for a maximum period of 6 months with a maintenance period of not less than one year.

The project will be implemented under Tanroads, Kigoma Regional Manager.

♦ ***Mwanza Region Transport Programme***

Project No:	8.ACP.TA.010; 8.ACP.RPR.003
Project Amount:	32,000,000; 3,000,000
Project Duration:	1999-2003
Implementing Agency:	MOW

Project Description

The project aims to rehabilitate roads within the Mwanza area and includes:

- construction of the Mwanza – Nyanguge Road (35 km)
 - construction of Mwanza town roads (22 km)
 - improvement of Usagara-Kisesa bypass road (earth road - 20 km)
 - supervision of works
 - TA to Mwanza Municipality

Project Implementation

Progress in the road sector reform allowed the project to be approved by the Commission in December, 1999. Tenders for works and supervision were launched in 2000. Works started during 2001 and are progressing, albeit with delays.

Consultancies for the design for the improvement of Usagara-Kisesa bypass road and for the TA to Mwanza City are being formulated.

♦ **Mwanza Border – Tinde & Nzega – Isaka Roads**

Project No	8.ACP.TA.018 8.ACP.ROR.015
Project amount	65,000,000; 20,000,000
Project duration	2001 - 2006
Implementing Agency	TanRoads

Project Description

The project will rehabilitate the roads from Isaka to Nzega (via Tinde) and Mwanza/Shinyanga Border to Tinde and up-grade them to bitumen standard.

Project Implementation

The Financing Agreement was signed in December 2000. Tenders for the works and for supervision of this very big project took one year to be prepared. They were launched in December 2001. Tender evaluation in 2002 recommended annulment of works tender. Negotiations started with lowest tenders in early 2003. Works contract awards pending. Supervision of Nzega – Isaka tender evaluation pending.

♦ **Institutional Support for the Road Sector**

Project No:	8.ACP.TA.020
Project Amount:	1,980,000
Project Duration:	2001 - 2003
Implementing Agency:	TanRoads/ Road Fund Board

Project Description

The project aims to provide management and policy support for the new institutions responsible for the Roads sector: The Tanzania National Roads Agency (TanRoads) and the Tanzania Road Fund Board (RFB).

Project Implementation

A tender was launched for the management support services to TanRoads and ToR were prepared for the support to RFB. TA to TanRoads now in place and tendering for TA to RFB now launched.

Backlog Maintenance Project Central Corridor and Port Access (Nelson Mandela) Roads

Project No:	8.ACP.TA.022 8.ACP.ROR.019
Project Amount:	22,000,000; 20,000,000
Project Duration:	2001 – 2006?
Implementing Agency:	TanRoads

Project Description

The project aims at maintenance works of some 272 km (including Morogoro – Dodoma road and Mandela road) of paved roads with mainly an asphalt overlay. Some structures will be rehabilitated or repaired and road furniture be renewed. A weighbridge will be installed at the Dar es Salaam Port.

Project Implementation

The Financing Agreement for works and supervision of works was signed in mid March 2001. Economic study and design for backlog maintenance works was done under the services contract signed in April 2000. The tender dossier for the design and supervision was approved in late 2001. Tender for Morogoro – Dodoma works now launched together with supervision consultancy tender.

2. Basic Education

◆ ***Support to the Primary Education Development Plan (PEDP)***

Project No(s):	8.ACP.TA.41
Project Amount(s):	25,000,000
Project Duration:	2003-2005
Implementing Agency:	Ministry of Education and Culture

Project Description

The project supports the Government of Tanzania to reform its primary education system through the Primary Education Development Plan 2002-2006 (PEDP), which is the first sub-sector programme of the Education Sector Development Programme (ESDP) to have become operational. The project will support the PEDP in its objectives of expanding enrolment, improving the quality of teaching and learning processes and building capacity and strengthening the institutional arrangements that support the planning and delivery of education services.

Project Implementation

EC support to the implementation of PEDP started during the second quarter of 2003. In order to increase the capacity of the primary education system to absorb an increased number of pupils and simultaneously provide better quality education, the project would contribute to the decentralized implementation of the programme in supporting the construction of classrooms, programmes for institutional capacity building, the recruitment and deployment of new teachers, the development of an in-service professional development programme and IEC campaigns.

EDF funds will be provided as sector budget support to finance expenditure within the primary education sub-sector, through a pooled fund mechanism, which has been put in place in April 2002.

Macroeconomic Support

◆ **Structural Adjustment
SAF IV**

Project No(s):	8.ACP.TA.002; 8. ACP.TA.003
Project Amount:	61,900,000; 9,300,000;
Project Duration:	1998-2002
Implementing Agency:	Ministry of Finance

Project Description

Unlike its predecessors SASP I,II, III, SAF IV was not an import programme-type, but a budget aid type operation. It provided finance for domestic debt retirement (savings accruing to the Government from this retirement are to be spent in social sectors), direct budget support against education sector expenditure goals and for improved Cross-Border trade relations.

Project Implementation

- The main achievement under SAF IV during 2002 was the completion of the *Domestic Debt Retirement Scheme (DDRS)*. Under this programme (which has complemented SASP funding), TZS 35.8 bl of Government arrears originating from FY98, 99 and 00 have been cleared. Refund was based on pre- and post-audits. A comprehensive package of expenditure commitment control measures was agreed by the Government in a memorandum of understanding with the EU. All these measures have been implemented by the end of 2002. A final evaluation of the DDRS scheme is planned for 2003.

◆ **Poverty Reduction
Budget Support 01**

Project No(s):	8.ACP.TA.027; 8. ACP.TA.028; 8.ACP.TA.029; 8. ACP.TA.030
Project Amount:	33,000,000; 33,200,000; 4,950,000; 4,980,000
Project Duration:	2001 – 2003
Implementing Agency:	Ministry of Finance

Project Description

This fifth phase of EDF structural adjustment support was materialised with the signing of the Financing Agreement in October 2001 to the tune of € 76.1 million. The PRBS reflects the gradual change in the EDF budget support from an earmarked system with separate conditions and mechanisms (e.g. DDRS) towards a contribution to a multi-donor basket funding mechanism of general budget support with a common monitoring system. This approach became effective during 2001.

Project Implementation

The first tranche of PRBS-01 (€37.5 million) was transferred into the joint PRBS account in early 2002.

The TA component (€1.13 million) is under implementation, and would lead to increased capacities of the technical audit unit of the Ministry of Finance, and to progress in the implementation of the National Debt Strategy.

◆ *Tax Administration Project*

Project No:	8.ACP.TA.011
Project Amount:	7,000,000
Project Duration:	2000-2005
Implementing Agency:	Tanzania Revenue Authority

Project Description

The project is an EDF contribution to the overall TAP which amounts to USD 70 million, co-financed by the World Bank and other donors. The EDF contribution is focussing on the VAT department of TRA that deals with both VAT and other indirect taxes such as the road toll. The project is expected to generate a substantial increase in revenue collection.

In terms of funding allocations the inputs comprise:

1. Technical assistance support (13%)
2. Training (17%)
3. Supply of vehicles (16%)
4. Rehabilitation of buildings (21%)
5. Supply of generator sets (7%)
6. Supply of computer & communications equipment (13%)

Project Implementation

At end 2002 13% of the funds had been spent. By end 2003 it is expected that more than 40% of the total EDF project funds will have been spent.

By component:

- TA support: June 2001- June 2003. This includes technical advice to the Commissioner for VAT, reviews of operational procedures and audits. VAT legislation and exemptions are reviewed and inputs provided for the budget. To improve capacity of the department review of and advice for departmental strategies has been provided. Inputs to establish a customer service system is also being undertaken.
- Training: Underway since April 2002. Local training includes training in debt management, VAT control verification and cash register awareness planned during 2002/03. One year of overseas training has been undertaken, involving approximately 20 people.
- Vehicle supplies: In January 2003 50 4WD station wagons were supplied to TRA to enhance revenue collection in the regions.

- Building renovation: At tender stage.
- Generator supplies: The contract has been awarded.
- Computer supplies for roll out of VIPS: The contract has been awarded and payment is underway.

4. Governance

***Support to the National
Authorising Officer's Office***

Project No(s):	8.ACP.TA.019
Project Amount(s):	2,394,000
Project Duration:	2001-2004
Implementing Agency:	Ministry of Finance

Project Description

The purpose is to ensure a more effective utilisation and impact of the EDF funds allocated to Tanzania, through improved capacity in programming and management of funds, mainly within the Office of the NAO.

Project Implementation

The project started at end-2000, with the recruitment of the Technical Advisor. In 2002, the team of the unit was beefed-up and training continued. An increase in the amount of the budget, from € 1,9 m to € 2,4 m will allow for funding the TA component of the project until it comes to an end and also to take into account the consequences of devolution for the NAO office.

5. Water

***Institutional Strengthening for
Improved Water Supply in 4 towns***

Project No:	7.ACP.TA.102
Project Amount:	1,985,000
Project Duration:	1997-2002
Implementing Agency:	Ministry of Water and Livestock Development

Project Description

The implementation of the project was completed in February 2002 and aimed to strengthen the institutional capacities for water supply in the four selected towns of Mwanza, Iringa, Mbeya and Mtwara in order to provide affordable reliable and quality water supply. The strengthening involved short and long term Technical Advisers plus the provision of essential supplies - water meters, leakage detectors and computer systems to assist customer billing.

Mwanza Sewerage Rehabilitation

Project No:	8.ACP.TA.017
Project Amount:	5,500,000
Project Duration:	2000-2004
Implementing Agency:	Ministry of Water/MUWASA

Project Description

The works consists of:

- rehabilitation of a pumping station including the installation of 3 new waste water pumps
- supply and laying of a new rising main of 4.0 km length and 400 mm diameter (ductile iron)
- rehabilitation of 3 existing ponds and construction of 7 supplementary waste water stabilization ponds

Project Implementation

The works contract was awarded in 2001. Work was scheduled to be completed by April of 2003.

6. Agriculture and Rural Development

♦ *STABEX cotton 1991-1992*

Project No(s):	
Project Amount(s):	2,186,000
Project Duration:	1997-2002
Implementing Agency:	Ministry of Agriculture and Food Security

Project Framework

The FMO for 1991/92 funds, which was signed in 1997, targeted €2.1 million to support cotton research through rehabilitation of research facilities at Ukiriguru and Ilonga and advisory services and to assist in a seed multiplication programme in the Eastern and Western Cotton Growing Areas of Tanzania.

Project Implementation

Implementation of the former has still been slow due to delays in the tendering process and late delivery of supplies. Supplies arrived during 2002 and were delivered and accepted at the research stations. In August work started under a technical assistance contract to assist in the rehabilitation of the research facilities and to advise on the cotton research programmes. A cotton agronomist advised the stations on research activities during his first mission and approval of the research programmes is under way. Multiplication of cottonseed in the Eastern Cotton Growing Zone, a three-year initiative of the cotton industry and the cotton research stations, continued during year 2002. A project proposal for Cotton Seed Multiplication in the Western Cotton Growing areas was presented and appraised by an outside consultant in the latter part of the year, but still not accepted.

♦ **STABEX coffee 1992-1993**

Project No(s):	
Project Amount(s):	20,800,000
Project Duration:	1997-2000
Implementing Agency:	Ministry of Agriculture and Food Security Ministry of Works

Project Description

Some €11 million out of the €20.8 million allocated under the 1992/93 FMO were committed as direct compensation payments to 360,000 coffee smallholder farmers. In addition support was provided development of the coffee sector strategy, seedling production, Robusta clonal multiplication, coffee farmers training, credit scheme, coffee quality improvement Mbozi and for feeder road improvement in coffee growing areas.

Project Implementation

During 2002 the remaining components under implementation were the *Credit Scheme*, the *Feeder Road Improvement* in the Arumeru District, *Support to the Coffee Research Institute*, and studies for the preparation of programmes to be financed under newly signed FMO. In December 2002 the Coffee and STABEX Management Unit presented its final report.

♦ **STABEX tea 1996**

Project No(s):	
Project Amount(s):	3,051,024
Project Duration:	2000-2003
Implementing Agency:	Ministry of Agriculture and Food Security

Project Description

The FMO for Stabex Tea 1996 was signed in August 2000. The following activities are foreseen under this FMO: a) compensation payment to tea small holders, b) support to retrenchment of former Tanzania Tea Authority Employees and support to the Tea Research Institute of Tanzania. The latter will implement.

Project Implementation

During 2002 the compensation payment exercise to tea small holders and retrenchment of former TTA employees were successfully completed. Also good progress was made in tea research, farmer training and distribution of planting material. In addition the contracts for research equipment were signed and supplies were delivered. At the end of 2002 80% of the funds were disbursed.

7. Tourism and Natural Resources

◆ *Institutional Strengthening for the Tourism Sector*

Project Nos:	7. ACP.TA.122
Project Amounts:	1,750,000
Project Duration:	2000-2003
Implementing Agency:	Ministry of Tourism and Natural Resources

Project Description

The purpose is to facilitate the development and implementation of sector policy and organisation reform based on improved stakeholder co-operation. Inputs are: long term TA – 3 years, and 24 person/months short term consultants and office equipment.

Project Implementation

During the second year of implementation activities focused on a great variety of activities including institutional strengthening of the Tourism Division, Tanzania Tourist Board and the Tanzania Confederation of Tourism through several institutional assessments and technical support, preparation of product development plans for Zanzibar, and the Northern Circuit and Southern Circuits, involvement in investment promotion and the launch of a tender for promotional materials. A mid term review of the *Institutional Strengthening of the Tourism Sector* Project concluded in 2002 that the programme has succeeded in many respects and recommended the allocation of additional resources for human resource development in private sector related associations and support the hotel & hospitality sector schools after the completion of the project in 2003.

◆ *Serengeti Conservation Project*

Project No:	7.ACP.TA.035
Project Amount:	9,000,000
Project Duration:	1994-02
Implementing Agency:	Tanzania National Parks (TANAPA)

Project Description

The national parks in the Northern tourist circuit in Tanzania are under heavy pressure from increasing visitor numbers, poaching and encroachment by adjacent communities. The objective of the project is to assist the Parks Authority, TANAPA, in improving Serengeti park services for conservation and utilisation to be measured by reduced environmental damage, higher level of tourist satisfaction and increased tourism earnings. The project has the following components:

- Ranger support
- Rehabilitation and maintenance of the road network
- Transfer of park headquarters to Fort Ikoma
- Serengeti Tourism, Education and extension Project (STEPP)
- Technical Assistance

Project Implementation

The project is nearing completion. The main achievement of the project has been the enhanced capacity of the TANAPA staff in managing both the park's natural resources as well as visitors. This has been measured in better environmental management and an improved visitor experience.

Two activities are still outstanding namely, the finalisation of delivery of vehicles and the completion of a visitors centre. Following the completion of these activities the project will be closed.

♦ **SADC Regional Monitoring, Control and Surveillance (MCS) of Fishing Activities**

Project Nos:	8.ACP.RAU.001
Project Amounts:	2,160,000
Project Duration:	1999-2006
Implementing Agency:	SADC Marine Fisheries Sector Co-ordinator, Namibia

Project Description

This project, co-ordinated by the Windhoek Delegation is a national component of a regional programme extending to SADC coastal states (total amount: €14.55 million). The overall objective of the programme is the improved management of marine fishery resources in participating countries, by establishing national Monitoring, Control and Surveillance (MCS) capacity and effective regional co-operation. The Tanzania component will comprise technical assistance, training, monitoring operations and equipment. The project aims to build capacity in local enforcement organisations to strengthen MCS activities including: developing a sea fisheries inspectorate supported by aerial and marine reconnaissance and an observer programme; providing support in the establishment of a MCS Handbook for Tanzania; and the development of an information system to improve data collection and processing.

Project Implementation

Implementation of the project started in 2001. Key achievements include:

- Training: This is helping to produce professionals who will be able to conduct MCS operations. Furthermore, staff have been put forward from several Tanzanian authorities thus strengthening the linkages between those authorities and increasing co-operation for effective monitoring, control and surveillance;
- Surveillance operations have recently begun which is beginning to develop a picture of current fishing effort in the Tanzania Exclusive Economic Zone (EEZ); and
- The development of a MCS Handbook.

One of the constraints of the project has been the non-establishment of the Deep Sea Authority (DSA) that is instrumental in assisting management and sustainability functions for the project since the establishment of the DSA clarifies responsibilities in the management of marine resources in the Tanzania EEZ.

♦ Pan African Control of Epizootics (PACE)	Project Nos:	8.ACP.TPS.032
	Project Amounts:	3,323,285 (TZ component)
	Project Duration:	2001 - 2004
	Implementing Agency:	Ministry of Water and Livestock

Project Description

The PACE programme is a regional project, co-ordinated by the Nairobi Delegation, aimed at controlling livestock diseases, improving productivity in livestock farming and enhancing food security. The programme extends to 32 countries across the continent and therefore another key aim of the project is to provide a framework within which national programmes will be developed and linked to sub-regional and national strategies for the surveillance and control of major epizootic diseases.

The project is working towards strengthening national and regional capabilities to assess the technical and economic aspects of animal diseases and to generate appropriate programmes for their control. To this end animal epidemiology and the control of major disease services are being reinforced in Tanzania. The project will also look at different vehicles in achieving this aim, e.g., the development of private/public sector linkages in the provision of veterinary services.

Project Implementation

To date key achievements of the project include:

- The training of District Veterinary Officers in the use of livestock drugs and meat inspection to ensure quality;
- The implementation of a livestock disease education and awareness programme in ministries, regions and districts;
- The establishment of a monitoring unit to provide early warning and response against the spread of livestock disease such as Rinderpest/Foot and Mouth; and
- The procurement of motorcycles and office equipment to enhance capacity.

Constraints include: a Technical Advisor has yet to be contracted to provide support to the project and also financial accounting will need to improve to ensure efficient and effective project implementation. Problems encountered with contractors engaged in civil works are in the process of being resolved.

♦ Farmers in Tsetse Controlled Areas (FITCA)	Project Nos:	7.ACP.RPR.578
	Project Amounts:	800,000 (TZ, Burundi and Rwanda component)
	Project Duration:	2002-2005
	Implementing Agency:	Ministry of Livestock and Water

Project Description

FITCA is a regional project encompassing six east African countries, aimed at sustainable animal and human Tsetse and Trypanosomosis control. The project supports the development of affordable, manageable and effective Tsetse and Trypanosomosis control methods that can also be applied by communities. Disease control is seen in the wider perspective of rural development and poverty alleviation of communities living in Tsetse infested areas.

The project in Tanzania is being implemented in the Tanga and Kagera regions. In the Tanga region different approaches are being applied for traditional livestock keepers (Handeni district) and the smallholder dairy farmers (Pangani). In the latter the project seeks to assist smallholders to protect their cattle through reduced cattle-fly contact whereas in Handeni trials are currently being conducted to establish the most effective methodologies.

The Kagera component is strengthening the ability of communities to undertake Tsetse control activities and at the same time, monitoring capacity is being developed. Training is also being carried out for livestock extension workers who will be able to work with communities in longer term, in meeting the project's objectives.

Project Implementation

One of the key achievements of this project has been to promotion of handling as well as health and safety measures to ensure effective protection of livestock from Tsetse and tick-borne diseases. This has involved organised dipping campaigns where prescribed doses are given; dipping is supervised; the environmental risks of using dip chemicals are minimised as is exposure to livestock owners. This represents a major improvement to past practices of *ad hoc* dipping which has proven in-effective and environmental un-friendly.

The project has yet to develop private sector technical services which aim to meet the needs of the livestock keepers in controlling trypanosomosis in livestock. The project also has yet to integrate Tsetse monitoring and control into community development plans.

Furthermore, as the Tanzania component is split into two different project areas, it is key that there is co-operation between the two regions in order to replicate good practice and promote cross-fertilisation between regions. At the same time, this co-operation can also assist in increasing the awareness of 'lessons learnt'.

PROJECTS UNDER THE FRAMEWORK OF THE 'SPECIAL PROGRAMME FOR REFUGEE AFFECTED AREAS' (SPRAA)

The three projects below are natural resource projects funded under SPRAA which is a multi-project programme of interventions aimed at improving Tanzania's ability to cope with refugee movements in the Great Lakes region.

♦ **Kagera Kigoma Game Reserve Rehabilitation (KKGRRP) Project**

Project Nos:	7.ACP.TA.098
Project Amounts:	2,000,000
Project Duration:	1999 - 2003
Implementing Agency:	Wildlife Division of the Ministry of Natural Resources and Tourism

Project Description

The Kagera Kigoma Game Reserves Rehabilitation Project (KKGRRP) was initiated to control the depletion of wildlife in the game reserves of north western Tanzania following massive influxes of refugees into these regions from Rwanda, Burundi and Democratic Republic of Congo. The reserves supported by the project include Ibanda & Rumanyika, Burigi & Biharamulo, Moyowosi & Kigosi which comprise of a wide diversity of habitats and wildlife. The major activities supported by this project are strengthening the reserve management; the protection of the wildlife resources through funding law enforcement operations; the development of management plans; and encouraging community based conservation of the surrounding wildlife resources.

Project Implementation

The key achievements of this project include:

- Wildlife populations are showing significant signs of recovery in many of the game reserves making the legal and controlled harvest of wildlife viable, as a result the reserves are beginning to generate their own income.
- The implementation of retention schemes whereby 50% of the income generated by the reserves is retained for management purposes.
- Boundary demarcations; road construction, airstrip rehabilitation; erecting and rehabilitating staff housing and outposts and strengthening management capacity thereof.

Activities not achieved include:

- Management plans for Burigi & Biharamulo Game Reserves and Ibanda & Rumanyika Game Reserves are yet to be formally adopted by the Wildlife Department;
- Small scale community development and conservation programmes have not been fully introduced.
- The gazettement of Kimisi Game Reserve has not been established.

♦ **Lake Tanganyika Catchment Re-forestation and Education Project (TACARE)**

Project Nos:	7.ACP.TA.098
Project Amounts:	400,000
Project Duration:	2002 - 2003
Implementing Agency:	Jane Goodall Institute

Project Description

The project aims to seek ways of arresting the rapid degradation of natural resources, especially indigenous forest in the Kigoma region partly due to the influx of refugees.

The objectives of the project include the creation of environmental protection awareness; to provide models for sustainable socio-economic development; to strengthen local institutional capacity for sustainable development; to introduce farming and agro-forestry systems; establishment of a tree nursery service and the promotion of income generating activities through village based savings and credit schemes.

Project Implementation

The project has been successful in de-centralising activities to schools and villages in order to help ensure sustainability which is facilitated by skills and knowledge dissemination as well training. In addition, the project has made significant impact in its ‘Roots and Shoots’ component (environment awareness training in schools) and in improving farming methods. Woodlots in over 30 locations and longer term forest conservation activities have been established. The development of a GIS system will enhance the ability for planners in effective natural resource management.

This project has been instrumental in raising environmental awareness through its ‘Roots & Shoots’ component which is part of a global environmental and humanitarian initiative for youth, and is also part of the TACARE project. In 45 primary schools and children’s centers in 20 villages, children are taking an active role in developing and implementing projects relating to animals, the environment, and their communities. The initiative is so popular that 73 Roots & Shoots clubs are now registered, 31 from Kigoma town, 13 from the Kigoma rural area and 29 from the Kasulu District.

♦ **Palm Oil Production and Improvement of Local Processing Techniques**

Project Nos:	7.ACP.TA.098
Project Amounts:	72,500
Project Duration:	2001-2003
Implementing Agency:	Jane Goodall Institute

Project Description

The project aims to improve the quality of oil that is locally produced from the Kigoma region, in order to meet the demand of consumers. The project involves the reform of selected oil palm producers in the region through improved production techniques. The project involves the establishment of demonstration palm oil processing units and demonstration organic farms plots which are used for training purposes. Seed production, nursery establishment and training extension officers are project activities.

Project Implementation

The project has introduced modern agricultural methods and assisted in promoting it as a cash crop in 18 villages in the region. This has been implemented through the promotion of organic and environmentally friendly farming techniques and the introduction of hybrid species which is better adapted to local conditions.

One of the main achievements of the project is the training of extension officers since it provides communities in the region to replicate demonstration techniques, in order to increase their incomes and thus help to improve livelihoods.

TANZANIA TRADE WITH THE EUROPEAN UNION

Exports/Imports Summary

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
EXPORTS TO EU													
Agricultural products (chapter 01-24)	109.4	103.8	96.5	104.3	100.5	127.1	148.5	182.4	197	150.6	257	244.1	243.4
TOTAL exports	177.1	179.7	155	167	185.7	202.3	208.2	245.6	255.9	233	405.4	408.4	430.0
Agricultural products % of TOTAL	-	-	-	-	-	-	-	-	-	-	-	-	-
	62%	58%	62%	62%	54%	63%	71%	74%	77%	65%	63%	60%	57%
Index (1990 = 100)	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural products	100	95	88	88	92	116	136	167	180	138	235	223	223.0
TOTAL exports	100	101	87	94	105	114	118	139	144	132	229	231	243.0
IMPORTS FROM EU													
Agricultural products (chapter 01-24)	18	23	25.7	29.5	21	21.4	16.7	22.4	16.3	18.7	23.7	22	25.1
TOTAL imports	399.8	369.8	369.2	359.2	331.8	317.5	303.2	401.2	315.4	310.4	335.5	410	379.4
Agricultural products % of TOTAL	-	-	-	-	-	-	-	-	-	-	-	-	-
	5%	6%	7%	8%	6%	7%	6%	6%	5%	6%	7%	5%	7%
Index (1990 = 100)	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural products	100	128	143	143	116	119	93	124	91	104	132	122	140.0
TOTAL Imports	100	92	92	92	83	79	76	100	79	78	84	103	95.0
TRADE BALANCE													
TOTAL trade balance	-223	190.1	214.2	192.2	146.1	115.2	-95	155.6	-59.5	-77.4	69.9	-1.6	50.6
Exports/Imports ratio	44%	49%	42%	46%	56%	64%	69%	61%	81%	75%	121%	100%	113%

Source: European Commission DG Trade-C-1 (BS)

TANZANIA TRADE WITH THE EUROPEAN UNION

2002 Exports to EU Main traded products in order of value

Item	VALUE	% of Total	VOLUME
	EURO '000		Tons
FISH FILLETS AND OTHER FISH MEAT	122,450	28.5%	25,099
GOLD, INCLUDING GOLD PLATED WITH PLATINUM	107,649	25.0%	19
UNMANUFACTURED TOBACCO; TOBACCO REFUSE	33,526	7.8%	11,094
COFFEE, WHETHER OR NOT ROASTED	21,091	4.9%	16,541
DIAMONDS, WHETHER OR NOT WORKED	18,849	4.4%	0
CANE OR BEET SUGAR AND CHEMICALLY PURE SUCROSE	11,175	2.6%	22,055
COBALT MATTES AND OTHER INTERMEDIATE PRODUCTS	9,364	2.2%	600
CRUSTACEANS, FIT FOR HUMAN CONSUMPTION	9,197	2.1%	1,218
CUT FLOWERS AND FLOWER BUDS OF A KIND SUITABLE	8,234	1.9%	2,086
COCOA BEANS, WHOLE OR BROKEN, RAW OR ROASTED	6,682	1.6%	3,695
TEA, WHETHER OR NOT FLAVOURED	5,779	1.3%	2,959
SISAL AND OTHER TEXTILE FIBRES OF THE GENUS AGAVE	5,351	1.2%	7,514
LIVE PLANTS INCL, THEIR ROOTS, CUTTINGS AND SLIPS	4,437	1.0%	555
DRIED LEGUMINOUS VEGETABLES, SHELLLED, WHETHER	4,430	1.0%	5,497
COTTON, NEITHER CARDED NOR COMBED	3,723	0.9%	2,061
MOLLUSCS, WHETHER IN SHELL OR NOT, AND OTHER	3,519	0.8%	940
PRECIOUS STONES AND SEMI-PRECIOUS STONES,	3,316	0.8%	18
CARBOYS, BOTTLES, FLASKS, JARS, POTS, PHIALS	2,879	0.7%	6,591
FROZEN FISH (EXCL, FISH FILLETS AND OTHER FISH MEAT	2,624	0.6%	775
T-SHIRTS, SINGLETS AND OTHER VESTS	2,304	0.5%	204
WOOD SAWN OR CUT LENGTHWISE, SLICED OR BARKED	2,174	0.5%	699
Total Main traded products	388,753	90.41%	
Total Tanzania Export to EU	430,000	100.0%	

Source: DG Trade-C-1 (BS)

TANZANIA TRADE WITH THE EUROPEAN UNION

2002 Imports from EU Main traded products in order of value

Item	VALUE		VOLUME
	EURO '000	% of Total	Tons
MEDICAMENTS CONSISTING OF MIXED OR UNMIXED	19,668	5.2%	423
WORN CLOTHING AND CLOTHING ACCESSORIES,	13,993	3.7%	14,491
PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH	13,897	3.7%	1,229
PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH	11,893	3.1%	64
AUTOMATIC DATA PROCESSING MACHINES AND UNITS	10,891	2.9%	329
MOTOR VEHICLES FOR THE TRANSPORT OF GOODS	9,240	2.4%	4
TRANSMISSION APPARATUS FOR RADIO-TELEPHONY	6,867	1.8%	3,896
SELF-PROPELLED BULLDOZERS, ANGLEDZERS	6,827	1.8%	1,014
MOTOR CARS AND OTHER MOTOR VEHICLES PRINCIPALLY	6,215	1.6%	705
PARTS AND ACCESSORIES FOR TRACTORS, MOTOR	6,077	1.6%	740
HUMAN BLOOD, ANIMAL BLOOD PREPARED FOR	5,977	1.6%	18
ARTICLES OF IRON OR STEEL, N,E,S, (EXCL, CAST ARTICLES)	5,636	1.5%	10,620
MACHINES AND MECHANICAL APPLIANCES HAVING	5,543	1.5%	354
MOTOR VEHICLES FOR THE TRANSPORT OF >= 10 PERSONS	5,397	1.4%	518
MOVING, GRADING, LEVELLING, SCRAPING, EXCAVATING	4,903	1.3%	437
PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH	4,743	1.3%	183
ELECTRICAL APPARATUS FOR LINE TELEPHONY OR LINE	4,544	1.2%	32
MALT, WHETHER OR NOT ROASTED	4,434	1.2%	8,882
PARTS AND ACCESSORIES (OTHER THAN COVERS,	4,172	1.1%	97
TRACTORS (OTHER THAN TRACTORS OF HEADING NO 8709)	4,156	1.1%	1,018
MACHINERY FOR SORTING, SCREENING, SEPARATING,	4,067	1.1%	724
PETROLEUM OILS AND OILS OBTAINED FROM BITUMINOUS	3,943	1.0%	11,882
INSTRUMENTS AND APPLIANCES USED IN MEDICAL,	3,745	1.0%	253
CONFIDENTIAL TRADE OF CHAPTER 85	3,739	1.0%	6
UNUSED POSTAGE, REVENUE OR SIMILAR STAMPS OF	3,479	0.9%	121
NEW PNEUMATIC TYRES, OF RUBBER	3,467	0.9%	1,034
MINERAL OR CHEMICAL NITROGENOUS FERTILIZERS	3,347	0.9%	27,244
FOOD PREPARATIONS N,E,S,	3,330	0.9%	442
INSECTICIDES, RODENTICIDES, FUNGICIDES, HERBICIDES,	3,301	0.9%	736
REFRIGERATORS, FREEZERS AND OTHER REFRIGERATING	3,235	0.9%	1,031
UNCOATED PAPER AND PAPERBOARD OF A KIND USED	3,145	0.8%	3,896
BOOKS, BROCHURES AND SIMILAR PRINTED MATTER	2,982	0.8%	322
MINERAL OR CHEMICAL FERTILIZERS CONTAINING TWO	2,967	0.8%	2,284
DISH-WASHING MACHINES; MACHINERY FOR CLEANING	2,892	0.8%	56
MIXTURES OF ODORIFEROUS SUBSTANCES AND MIXTURES	2,797	0.7%	303
LIFTING, HANDLING, LOADING OR UNLOADING	2,713	0.7%	306
ELECTRIC GENERATING SETS AND ROTARY CONVERTERS	2,561	0.7%	356
MACHINERY FOR WORKING RUBBER OR PLASTICS OR FOR	2,549	0.7%	157
GLAZED CERAMIC FLAGS AND PAVING, HEARTH OR WALL	2,548	0.7%	10,105
PHARMACEUTICAL PREPARATIONS AND PRODUCTS OF	2,476	0.7%	39
POLYACETATE, OTHER POLYETHERS AND EPOXIDE	2,384	0.6%	2,166
PUMPS FOR LIQUIDS, WHETHER OR NOT FITTED WITH A	2,278	0.6%	123
STRUCTURES AND PARTS OF STRUCTURES 'FOR EXAMPLE	2,232	0.6%	1,105
SETS OF GOODS, NOT ELSEWHERE CLASSIFIED")	2,121	0.6%	504
DRIED LEGUMINOUS VEGETABLES, SHELLED	2,079	0.5%	7,920

RESERVOIRS, TANKS, VATS AND SIMILAR CONTAINERS	2,009	0.5%	858
Total Main traded products	229,450	60.5%	
Total EU Imports Tanzania	379,420	100.0%	

Source: DG Trade-C-1 (BS)

ANNEX F.1: BASIC EDUCATION

NARRATIVE	PERFORMANCE INDICATOR	Results 2000	Results 2001	Targets 2002	Results 2002	Targets 03/04
PRSP Objectives						
	By 2003:					
i. Achieved gender equality in Primary & Secondary Education. (2005)	* 100% 7-8 y.o. girls & boys in Std 1&2 (equivalent to NER) * Equal decrease in dropout for girls and boys (at which level?)	Not calculated by standard				
ii. Increased proportion of school age children (girls and boys) successfully completing primary education	* Increased GER to 93% Female GER * Increased transition rate from primary to (public and private) secondary from 19% to 25%. No disaggregation by gender * Ave. annual drop out reduced from 6.6 % to 3%. No disaggregation by gender Average for all standards For STD 4 to STD 5 * Increased NPER from 57 % to 70 % Female NER * Increased secondary enrolment from 15% to 21% (public and private) Can be disaggregated by gender	77.6 % 77.7 % 12.49% (public only) 5.72% 6.81% 58.8 % 59.1 % 5.8 % 7 % (public only)	84 % 82.7 % 21.7 % 13.07% (public only) 5.53 % 8.90 % 65.5 % 65.2 % 10.6 % 10.7 % (public only)		98.6 % 96.1 % not yet available not yet available not yet available not yet available 80.7 % 79.3 % not yet available not yet available	93 % 25 % 3 % 70 % 21 %
iii. Increased % of students passing Std 7 examination at specified score (girls & boys)	* Number of students passing at 61/150 (grade C) in Std 7 exam increased from 20% to 50 % Can be disaggregated by gender Leaving Examinations results for all grades	16.62 % 21.95 %	21.11 % 28.62 %		28.6 % 29.5 %	50% (Grade C to be modified to 65/150)
iv. Increased % of youths and adults w/o formal schooling (both male and female) accessing alternative education.	* % of out of school youth in NFE increased from <1% to 4% * Adult literacy increased from 68 % to 82%	NFE strategy not developed yet	71.4 % (deducted from the illiteracy rate in the HBS survey)		69,12 %	4% 82%
NARRATIVE	PERFORMANCE INDICATOR	Results 2000	Results 2001	Targets 2002	Results 2002	Targets 03/04

EC Intervention Objectives						
1. Increased gender balanced equitable access to higher quality basic education	ESDP performance indicators will be the same as the PRSP indicators					
Expected Results						
1.1 Expanded equitable enrolment achieved	* Std 1 enrolment (7 y.o.) 715,000 (1999); 1.6 million (2003); 1.04 million (2005) These targets were for all ages together 7-13 : * GER at 93 % 2003 and 119 % (2005) (STD 1 to STD 7) Can be disaggregated by gender * Additional Teachers 11,639 (2003); 10,552 (2004); 7,208 (2005) * Additional classrooms 13,396 (2003); 14,203 (2004); 6,000 (2005)	181 783 894 894 77.6 % 11 608	314 823 1.125.909 84 % 11 799	973 175 (set in PEDP) 1.500.000 (set in PEDP) 9047 13 868	920 442 1.566.711 98.6 % 6202 (May 02) 12 868 (May 02)	1.6 million 93 % 11,639 (2003) 10,552 (2004) 13,396 (2003); 14,203 (2004);
1.2 Quality of education improved for all	* All schools inspected every 2 yrs (2003) * Book/pupil ratio maintained at 1:3 (2003) * 10 INSET days for all teachers (2003)	To be checked " To be checked	at the annual " at the annual	PEDP " PEDP	review review	 1:3 (2003)
1.3 Appropriate institutional arrangements (including stakeholder participation) established at all levels	* All schools have annual development plan & functioning School Committee (2003)	"	"	"	"	
1.4 Institutional capacity strengthened						
1.5 Adequate funds provided to appropriate education service delivery level	* 2003 Capitation grant to schools 6US\$				2 \$	6 \$
1.6 Improved Financial Management System (IFMS) in place at all levels	* FM manual in all schools by 2002 * All school accounts audited annually 2003	To be checked "	at the annual "	PEDP review "		
1.7 IFMS capacity strengthened at all levels	* Clean audit reports (2003)	"	"	"		

Annex F.2: MACROECONOMIC SUPPORT

NARRATIVE	PERFORMANCE INDICATOR	RESULTS FOR 2000	RESULTS FOR 2001	TARGETS FOR 2002	RESULTS FOR 2002	TARGETS FOR 2003	TARGETS FOR 2004
PRSP Objectives							
i. Income poverty reduced	* Population below PL reduced from current level by 6% 2003 * Rural Poor population reduced from current level by 7.5% 2003 * Food Poor population reduced from current level by 3.5% 2003	2000/01 * Pop below basic needs line = 35.7% * Rural poor = 38.7% * Food poor = 18.7%	See 2000	N/A	* Next HBS due in 2006, therefore data available in 2008	N/A	N/A
ii. Quality of life and social well-being improved	* Improvement in key social indicators: * DTP3 coverage of children under 2 years * Mortality attributable to malaria among children under 5 See education intervention framework	* DTP3 coverage of children under 2 years, 71% * Mortality attributable to malaria among children under 5, 12.8%	N/A	Improvement in key education and health indicators	N/A	* DTP3 coverage of children under 2 years increased to 85% * Mortality attributable to malaria among children under 5 reduced to 10%	N/A
iii. Macro-economic stability maintained	* Single digit inflation * Stable effective "market determined" exchange rate	* Inflation rate of 5.9% * Steady depreciation of floating exchange rate without signs for black market	* 5.1 % * Steady depreciation of floating exchange rate without signs for black market	* Less than 5% * maintain market determined exchange rate	* 4.4% * Steady depreciation of floating exchange rate without signs for black market	* Maintain inflation of less than 5% * maintain market determined exchange rate	* Maintain inflation of less than 5% * maintain market determined exchange rate
EC Intervention Objectives							
1. PRSP fully funded through Government Budget	* Priority items within priority sectors funded in line with PRSP expenditure targets	* Priority sector expenditure was in line with revised costing as presented in the budget.	* During 2001/02 total priority sector expenditure 103% of estimates. Total priority sector OC expenditure was 73% of estimates.	* Priority items within priority sectors funded in line with PRSP expenditure targets	* See 2001/02.	* see 2002	* see 2002
2. Public Finance is sustainably managed, with effectiveness and transparency	* Retention levels of qualified personnel * Variance between Out-turns and Budget	* No info * 2000/01 Rev 169 % of estimate * Exp 164% of	* No info * 2000/01 Rev 169 % of estimate * Exp 164% of		* No info * Quarterly MoF		* LAs to produce * LAs to produce

	* Disbursements are published quarterly	estimate * Quarterly budget reports produced	estimate * Quarterly budget reports produced	notices of allocations and budget execution reports	budget reports produced. Some LAs producing notices of releases	notices of allocations and budget execution reports	notices of allocations and budget execution reports
Expected Results							
1.1 EDF budget support sustained and predictable	* Objectively verifiable release criteria * Continuous annual level of support	N/A	* Release of PRBS tranche as specified in revised projections	* Objectively verifiable release criteria * Release of PRBS tranche as specified in revised projections	*PRBS02 developed with scoring system for release * Release of PRBS tranche as specified in revised projections	* Release of PRBS tranche as specified in projections	* Release of PRBS tranche as specified in projections
1.2 Aid transaction costs reduced	* Joint donor support functional	* Joint donor PRBS quarterly meetings undertaken	* Joint donor PRBS quarterly meetings undertaken	* Joint PRBS reviews undertaken	* Joint PRBS reviews successfully undertaken in April and Nov 2002	* Joint PRBS/PRSC reviews successfully undertaken in April and Nov 2003	* Joint PRBS/PRSC reviews successfully undertaken in April and Nov 2004
2.1 Effectiveness of Integrated Financial Management System (IFMS) enhanced	* Reports produced within stipulated time * Increased % of Government financial operations covered			*Undertake financial management benchmarking in all LGAs	*Complete * IFMS is now used by all ministries and sub-treasures, and all government resources are flowing through the exchequer.	* Mechanism established to support LGAs using EPICOR	*Extension of IMFS to local government as outlined in LGRP revised plan
2.2 Accounting, procurement & internal audit cadres restructured and upgraded	Number of personnel trained						

2.3 Production of macro-economic and financial statistics improved	* Timely availability of improved statistical reports and information	* Timely reports produced by MoF and PoPP	* Timely reports produced by MoF and PoPP	* Timely reports produced by MoF, PoPP and NBS	* Timely reports produced by PoPP The MoF Q4 Budget Execution Report was delayed by approx 1 month, and was published in early March 2003.	* Timely reports published by BoT, TRA, MoF and PoPP	* Timely reports published by BoT, TRA, MoF and PoPP
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ANNEX G – Revised Intervention Frameworks

ANNEX G.1 - ROADS

NARRATIVE	PERFORMANCE INDICATOR	SOURCES OF VERIFICATION	ASSUMPTIONS
PRSP Objectives			
i. Income poverty reduced through increased economic growth	* Population below PL halved from current level by 2010 * Rural Poor population halved from current level by 2010 * Food Poor population halved from current level by 2010	Household Budget Survey	
EC Intervention Objectives			
1. Access to local, regional and international markets and services improved	* Road user costs * Travel time * Freight and passenger rates * Volume of trade	Road User Magazine Freight Forwarders, Bus companies Trade statistics	Macro-economic stability maintained Investment climate improved Income distribution does not worsen
Expected Results			
1.1 Increased use of Central Corridor (CC)	* Road conditions on Central Corridor * Traffic flows on Central Corridor	TanRoads quarterly report	RIP funds available for 65 out of 245 km of CC upgrade
1.2 Increased periodic and routine maintenance	* Network traffic flows * Road network condition	RALG reports PER, RFB disbursement and collection reports Road Fund Technical & Audit reports	Continued Government support for sector reform Continued donor support for sector reform
1.3 Road sector management enhanced	* Road Fund audit	Audit report	

ANNEX G.2 - BASIC EDUCATION

NARRATIVE	PERFORMANCE INDICATOR	VERIFICATION SOURCES	ASSUMPTIONS
PRSP Objectives			
	By 2004:		
i. Achieved gender equality in Primary & Secondary Education. (2005)	* Increased girl/boy ratio in primary education to 1 * Increased girl/boy ratio in secondary education to 0.9		
ii. Increased proportion of school age children (girls and boys) successfully completing primary education	* Increased GER to 110% (female GER to 105%) * Increased transition rate from primary to secondary from 19% to 25% (private and public) * Ave. annual drop out reduced from 6.6 % to 3% * Increased NPER from 57 % to 90 % (to be disaggregated by gender) * Increased secondary enrolment (GER) from 15% to 21%	Annual Basic Statistics in Education (MoE) NBS Household Budget Survey	
iii. Increased % of students passing Std 7 examination at specified score (girls & boys)	* Number of students passing at 61/150 in Std 7 exam increased from 20% to 50 %	CWIQ Surveys	
iv. Increased % of youths and adults w/o formal schooling (both male and female) accessing alternative education.	* % of out of school youth in NFE increased from <1% to 4% * Adult literacy increased from 68 % to 82%		
EC Intervention Objectives			
1. Increased gender balanced equitable access to higher quality basic education	ESDP performance indicators will be the same as the PRSP indicators		ESDP approved, funded and implemented HIPC completion achieved and approved by end 2001. Decentralisation process progresses as planned Public Service Reform Programme progresses as planned. Donors ready to channel funds through basket/budget.
Expected Results			
1.1 Expanded equitable enrolment achieved	* Std 1 enrolment 715,000 (1999); 1.6 million (2003); 1.04 million (2005) * GER at 105 % 2004 and 119 % (2005) * Additional Teachers 11,651 (2003); 10,563 (2004); 7,286 (2005) * Additional classrooms 13,396 (2003); 14,203 (2004); 6,000 (2005)	Annual Basic Statistics in Education (MoE)	Schools and local authorities implement abolition of school fees Cost constraint removal generates anticipated enrolment increase Existence of variable incentive package is sufficient condition for equitable teacher distribution
1.2 Quality of education improved for all	* All schools inspected every 2 yrs (2003) * Book/pupil ratio maintained at 1:3 (2003) * 10 INSET days for all teachers (2003)		
1.3 Appropriate institutional arrangements (including stakeholder participation) established at all levels	* All schools have annual development plan & functioning School Committee (2003)	Zonal Education reports	
1.4 Institutional capacity strengthened			
1.5 Adequate funds provided to appropriate education service delivery level	* Capitation grant to schools 10 US\$	Regional Education reports	
1.6 Improved Financial Management System (IFMS) in place at all levels	* FM manual in all schools by 2002 * All school accounts audited annually 2003	Annual Expenditure Tracking Survey and Controller & Auditor General's Report	
1.7 IFMS capacity strengthened at all levels	* Clean audit reports (2003)		

Annex F.2: MACROECONOMIC SUPPORT

NARRATIVE	PERFORMANCE INDICATOR	RESULTS FOR 2000	RESULTS FOR 2001	TARGETS FOR 2002	RESULTS FOR 2002	TARGETS FOR 2003	TARGETS FOR 2004
PRSP Objectives							
i. Income poverty reduced	* Population below PL reduced from current level by 6% 2003 * Rural Poor population reduced from current level by 7.5% 2003 * Food Poor population reduced from current level by 3.5% 2003	2000/01 * Pop below basic needs line = 35.7% * Rural poor = 38.7% * Food poor = 18.7%	See 2000	N/A	* Next HBS due in 2006, therefore data available in 2008	N/A	N/A
ii. Quality of life and social well-being improved	* Improvement in key social indicators: * DTP3 coverage of children under 2 years * Mortality attributable to malaria among children under 5 See education intervention framework	* DTP3 coverage of children under 2 years, 71% * Mortality attributable to malaria among children under 5, 12.8%	N/A	Improvement in key education and health indicators	N/A	* DTP3 coverage of children under 2 years increased to 85% * Mortality attributable to malaria among children under 5 reduced to 10%	N/A
iii. Macro-economic stability maintained	* Single digit inflation * Stable effective "market determined" exchange rate	* Inflation rate of 5.9% * Steady depreciation of floating exchange rate without signs for black market	* 5.1 % * Steady depreciation of floating exchange rate without signs for black market	* Less than 5% * maintain market determined exchange rate	* 4.4% * Steady depreciation of floating exchange rate without signs for black market	* Maintain inflation of less than 5% * maintain market determined exchange rate	* Maintain inflation of less than 5% * maintain market determined exchange rate
EC Intervention Objectives							
1. PRSP fully funded through Government Budget	* Priority items within priority sectors funded in line with PRSP expenditure targets	* Priority sector expenditure was in line with revised costing as presented in the budget.	* During 2001/02 total priority sector expenditure 103% of estimates. Total priority sector OC expenditure was 73% of estimates.	* Priority items within priority sectors funded in line with PRSP expenditure targets	* See 2001/02.	* see 2002	* see 2002

2. Public Finance is sustainably managed, with effectiveness and transparency	* Retention levels of qualified personnel * Variance between Out-turns and Budget * Disbursements are published quarterly	* No info * 2000/01 Rev 169 % of estimate * Exp 164% of estimate * Quarterly budget reports produced	* No info * 2000/01 Rev 169 % of estimate * Exp 164% of estimate * Quarterly budget reports produced	* LAs to produce notices of allocations and budget execution reports	* No info * Quarterly MoF budget reports produced. Some LAs producing notices of releases	* LAs to produce notices of allocations and budget execution reports	* LAs to produce notices of allocations and budget execution reports
Expected Results							
1.1 EDF budget support sustained and predictable	* Objectively verifiable release criteria * Continuous annual level of support	N/A	* Release of PRBS tranche as specified in revised projections	* Objectively verifiable release criteria * Release of PRBS tranche as specified in revised projections	* PRBS02 developed with scoring system for release * Release of PRBS tranche as specified in revised projections	* Release of PRBS tranche as specified in projections	* Release of PRBS tranche as specified in projections
1.2 Aid transaction costs reduced	* Joint donor support functional	* Joint donor PRBS quarterly meetings undertaken	* Joint donor PRBS quarterly meetings undertaken	* Joint PRBS reviews undertaken	* Joint PRBS reviews successfully undertaken in April and Nov 2002	* Joint PRBS/PRSC reviews successfully undertaken in April and Nov 2003	* Joint PRBS/PRSC reviews successfully undertaken in April and Nov 2004
2.1 Effectiveness of Integrated Financial Management System (IFMS) enhanced	* Reports produced within stipulated time * Increased % of Government financial operations covered			* Undertake financial management benchmarking in all LGAs	* Complete * IFMS is now used by all ministries and sub-treasuries, and all government resources are flowing through the exchequer.	* Mechanism established to support LGAs using EPICOR	* Extension of IMFS to local government as outlined in LGRP revised plan

2.2 Accounting, procurement & internal audit cadres restructured and upgraded	Number of personnel trained						
2.3 Production of macro-economic and financial statistics improved	* Timely availability of improved statistical reports and information	* Timely reports produced by MoF and PoPP	* Timely reports produced by MoF and PoPP	* Timely reports produced by MoF, PoPP and NBS	* Timely reports produced by PoPP The MoF Q4 Budget Execution Report was delayed by approx 1 month, and was published in early March 2003.	* Timely reports published by BoT, TRA, MoF and PoPP	* Timely reports published by BoT, TRA, MoF and PoPP