

DELEGATION OF THE EUROPEAN COMMISSION

COOPERATION

BETWEEN

THE EUROPEAN UNION

AND

THE UNITED REPUBLIC OF TANZANIA

ANNUAL REPORT

2004



**Annual Report on the implementation of the ACP-EU Conventions and
Other Co-operation activities**

Executive Summary

Main events and achievements:

MTR:

Education:

The second phase of the implementation of the ESDP has started with the approval in 2004 of the Secondary Education Development Plan (SEDP). This will increase the proportion of the relevant age group completing lower and upper secondary education, to improve learning outcomes of students especially girls and enable the public administration to manage secondary education more effectively. During 2004, efforts towards better quality education were not supported to the extent suggested in the previous review report: capitation grant was partially disbursed to schools, preventing the provision of books in sufficient numbers and of other teaching and learning materials. The review in 2004 has recommended that the organisation, management and development of pre and in-service teachers and the role, function and capacity of Teacher Colleges be urgently reviewed. These recommendations will be integrated in the budget and planning process for FY 2005-2006.

Macroeconomic support:

At the PRBS 2004 Mid-Year Review, in April 2004, Development Partners assessed progress in implementing actions under the performance assessment framework (PAF) as broadly satisfactory. Government was commended for progress in strengthening the poverty monitoring system, which facilitated the preparation of the Poverty and Human Development Report, the 3rd PRS Progress report, and the guidelines and initial efforts for the preparation of a new PRS. Furthermore, macroeconomic stability has been maintained notwithstanding the effects of the drought. Efforts to improve domestic revenue generation were assessed as remaining broadly on track with tax collection above targets, and broadening of the tax base and modernisation of the tax administration progressing largely as planned. Finally, key elements of the reform of public service remain in line with plans, notably the continued decompression and enhancement of public service wages while maintaining fiscal prudence, which is critical to improve performance in the public sector.

Infra:

The 9th EDF preparatory study by Roughton Consultants, launched in May 2004, was completed in November. A new element is the Government's decision to request that the rehabilitation of the Mandela Road be financed under the 9th EDF. Therefore the Mid-Term Review of the 9th EDF in January 2005 recommended increasing the trunk roads allocation to 40 million € reducing the allocation to regional roads accordingly. Except for the Mandela Road project, the other Financing Agreements are not expected to be signed before the beginning of 2006. This will be dependent upon the assessment of the sector's readiness to move into a sector programme, which could then be supported through budget support to the Road Fund and to TanRoads' regional roads maintenance. Also, an agreement was reached on the roads to be maintained in coffee and tea producing areas under Stabex 94/99 (10 million €).

Non-focal sector:

In 2004 the Non-state actor programming took off by a mapping exercise of who NSAs are in Tanzania and what type of engagement exist between them and the Government of Tanzania. This formed the background for a government facilitated general meeting of a large number of representatives from the civil society and the private sector to develop a NSA Programme (€2.9 million). This meeting took place in February 2005. The design of the programme will be completed together with the non state actors and it is expected that in the last quarter of 2005.

Total amount of resources for programming period and focal sector:

	Initial indicative allocation		Indicative allocation after the MTR also including transfers from previous EDFs	
Focal sector: transport infrastructure	116	40%	110 – 125*	28%
Focal sector: basic education	43.5	15%	43.5	11%
Macroeconomic support	98.6	34%	159 –	40%

			186**	
Programmes outside the focal sectors (of which support to non-State actors' initiatives, if appropriate>	31.9	11%	81.35	21%
Total	290	100%	393.85***	100%

Sum-up of conclusions:

* In bold are guideline requirements to the JAR 2004.

2. Update of the political, economic and social situation

2.1 Update of the political situation

Tanzania continues to enjoy relative political stability. Presidential and parliamentary elections are not due until late 2005. President Mkapa has used his last two years in office to push ahead with structural and institutional reforms. Given the overwhelming political domination, it is expected that the ruling Chama cha Mapinduzi Party (CCM) will win the elections easily. The opposition remains weak and is dominated by individuals. The question of Zanzibar is likely to be the most contentious issue in the 2005 election. Following the signature of the reconciliation agreement (known as Muafaka) in 2001, the EU and other partners had decided to resume long-term development cooperation with Zanzibar. Supported by donors, among them the EU, important elements of the Muafaka process, such as the reform of the electoral law in Zanzibar, have been implemented, but others such as the Permanent voters Register remain. The successful by-elections in Pemba on 18 May 2003 were seen as a test case for the credibility of the Muafaka Agreement. CUF gained all 15 seats for the Tanzanian Union Parliament and 11 of the 17 seats for the Zanzibar House of Representatives.

The government's efforts to promote good governance in public service delivery focused on improving financial management and accountability (including reform of public procurement), strengthening the judiciary and the fight against corruption. In the 2004 Corruption Perceptions Index of Transparency International Tanzania has slightly raised its ranking from 92 last year to 90 this year with an improved score of 2.8. However, despite strong political commitments, corruption continues to be a concern and greater efforts are needed in areas such as licensing and registration of businesses, collection of taxation and VAT rebates.

The Tanzanian authorities remained committed to policies supporting peace and stability in the region. In November, the Government of Tanzania hosted the International Conference on Peace, Security and Development in the Great Lakes Region, attended by Heads of State and Government and the UN Secretary General Mr Annan. At the conference, President Mkapa strongly urged those present to build on a new-found political will to adhere to fundamental principles, to put in place confidence-building mechanisms and to promote a spirit of mutual trust. In addition, the government continued to participate in mediation between conflicting parties in neighbouring countries, and to represent the concerns and aspirations of least developed countries on the world stage.

Specific regional integration efforts focused on the run-up to entry into force of the East African Community (EAC) Protocol on Customs Union with common external tariffs. This event took place on 1 January 2005,

2.2 Update of the economic situation

Macroeconomic situation

Real GDP growth is expected to reach 6.3% in 2004, which represents an increase of 0.7% compared to 2003. Preliminary data indicated in particular potential higher growth for agriculture (5.1%), mining (14.1%) and construction (11%). Overall growth is expected to reach 6.6% in 2005 and 7% in 2006.

For the year 2003/04 headline inflation was 6.3 percent, although it has fluctuated, sometimes sharply due to disruptions in the food supply and world petroleum prices. Food inflation has been steadily increasing since March 2003 following a strong seasonal

pattern as opposed to non-food prices which have followed a downward trend since January 2003.

During the 2004/05 fiscal year, up to September 04, the annual growth rate of broad money supply (M2) has remained within the target growth path of 20-24% for the year, reflecting tightened liquidity management by the Bank of Tanzania. The interest rate spread has been following a downward trend since 2001. The overall lending rate increased to 14.2 percent in 2003. The slight depreciation of the TZS against the US dollar has continued, with the TZS reaching 1,060.0 per USD at end-September 2004. The continued weakening of the US dollar against other major currencies meant that the Shilling weakened considerably against such other currencies and the real effective exchange rate continued to depreciate. Official reserves were standing at around 8 months of imports of goods and services. As the aim is to keep these around at least six months, there may be a gradual relaxing in the accumulation of reserves

The current account deficit for 2003/04 was 10.9 percent of GDP or USD 506.8 million, representing an increase of 140 percent compared to 2002/03. The goods and services deficit widened by 69 percent mainly due to a rise in imports of goods and services. This was concentrated in the increase in goods imported. The main increase is in the intermediate and capital goods categories, due to increased foreign projects and also improved capturing of petroleum imports. Exports were driven by non-traditional export commodities and gold alone now constitutes just under half of total goods exports. Domestic debt remains low and all borrowing is limited to concessional borrowing. The Government has signed bilateral agreements with all Paris Club creditors, however there has been little progress in discussions with other non-Paris Club creditors.

The overall budget deficit before grants was lower than expected in FY 03/04 (by 14%) due largely to higher than anticipated domestic revenue collections (4% greater than budgeted largely due to strong performance on income tax and petroleum tax), and lower expenditure, concentrated in foreign development underperformance, 92% of budgeted. Actual expenditure in the PRS priority sectors was 98% of budgeted. Lower than expected payments of interest on foreign debt also contributed to the reduced deficit. The overall balance for the year was a deficit of Tsh 400 bn, approximately Tsh 100bn less than budgeted.

Domestic revenue financed 58% of expenditure. This highlights the need to continue efforts to reform the tax administration, which is most likely to impact on collections.

The government is making progress on a number of structural reforms. Public enterprise reform is progressing with the financial restructuring of TANESCO, the energy utility. Structural reform in tax policy and administration is continuing with the recent focus on the reform of the customs administration. The preparation of a new anti-corruption law is high on the agenda, and it is expected to be submitted to cabinet during the second quarter of 2005

Key macroeconomic indicators

Key macroeconomic indicators	2000	2001	2002	2003	04 (est)	05 (est)	06 (est)
GDP per capita (USD) (1)	270	270	280	280	290	300	
Headline inflation (2)	6,2	5,2	4,6	4,5	4,3	4	
Overall lending rate (3)	12,5	12,3	13	14,2			
Current account deficit (% of GDP - before grants) (4)	7,8	5,3	5,6	7,8	9,6	11,7	11
Foreign debt (NPV - % of GDP) (5)		14,8	14,9	15,5	16,4	15,6	15,3
Domestic resources (% of GDP) (6)	12,2	12,2	12,8	13,3	13,7		
Gvt budget (% of GDP) (7)	17,2	17,1	21	23,1	27,6		
Budget deficit (% of GDP - before grants) (8)	4,9	4,9	8,1	9,8	13,9		
Gvt spending on health/educ (% of GDP) (9)	5,8	6,2	8,4	9,7	10,2	11,5	11,5
Gvt spending on security/defence (% of GDP) (10)	2	2,1	2,3	2,4	2,4		
Share of exports in GDP (11)	14,4	16,2	17	18,2	18,5	17,8	17,2
Trade deficit (% of GDP) (12)	7,7	8,5	6,5	9,1	9,4	9,7	9

(1): source: IDA: Programme doc. for 2d PRSC, July 2004

(2): source: Macroeconomic policy framework for the plan/budget 2004/05 2006/07; Government of Tanzania

(3): source: GoT; data are for fiscal years (July-June)

(4): source: IDA: Programme doc. for 2d PRSC, July 2004

(5): source: IMF staff report for the 2004 Article 4 Consultation, July 22, 2004; data are for fiscal years (July-June)

(6): source: Macroeconomic policy framework for the plan/budget 2004/05 2006/07; Government of Tanzania; data are for fiscal years (July-June)

(7): id

(8): id

(9): source: IMF/WB HIPC country docs.

(10): source: PER External Evaluation 04; data are for fiscal years (July-June); approx.

(11): source: IDA: Programme doc. for 2d PRSC, July 2004

(12): id

Regional economic integration

Tanzania's economic integration perspective in 2004 focused on the preparation of the East African Community (EAC) Customs Union, the Protocol for which was signed in March, with implementation from 1 January 2005. About 400 standards were harmonised between the three countries concerned (Tanzania, Kenya and Uganda) and structures have been established for common action on monetary union, fiscal affairs and the development of capital markets. EAC Ministers of Finance met at both pre and post-budget stages to ensure economic policy convergence. A Competition Policy was adopted by the EAC Council. Tanzania is also committed to regional integration and trade liberalization as part of the Southern African Development Community (SADC), with which it also participates

in Economic Partnership Agreement negotiations with the EU. The SADC Trade Protocol, which entered into force in 2000, continues to be the focus of activity. Its objectives are the liberalisation of 85% of intra-SADC trade by 2008 and of 100% by 2012. The Mid Term review of the Trade Protocol undertaken in 2004 showed that tariff dismantling is heavily backloaded and that some countries are lagging behind on implementation. At present, SADC Member States have only achieved 20% of the liberalisation scheduled for 2008 vis-à-vis South Africa and 34% vis-à-vis the other SADC Member States.

Trade balance and the current tariff regime

At end-2003 Tanzanian exports were rising at an average level of around 3-4% per annum. Imports have been rising faster, and there is a concern that the imbalance could increase further due to dependence on prices in particular sectors, notably minerals and agricultural products.

Tanzania's tariff regime underwent various reforms since the late 1980s, resulting in a reduction of import duty bands from 18 different tariff categories in place in 1988 to a four-tier structure in 2001/02. The four tariff rates of 0 %, 10 %, 15 %, and 25 % has been applied to product categories according to their respective degree of processing. As of 2005, a Common External Tariff for EAC replaced the current tariff rates. The three-tier structure is set at 0 %, 10 %, and 25 % and will apply to goods imported into East Africa. A selected list of sensitive items shall attract rates above 25% as an additional protection measure for similar locally produced products. As for trade on goods originating and traded among the Partner States these now attract a zero tariff. In the transition period of 5 years, a limited number of goods from Kenya to Uganda and Tanzania will attract minimal rates of duty in keeping with the principal of asymmetry. The zero tariff applies on goods that satisfy the Rules of Origin for the EAC. The preferential treatment under COMESA and SADC shall continue to apply during the transition period.

In addition to the above tariff structure applicable to goods imported into East Africa a so-called "suspended tariff" of up to 50 % is collected on a number of sensitive import items that are also manufactured in Tanzania. While officially in place as an instrument against unfair dumping practices, suspended tariffs in Tanzania tend to be used as a protective measure for uncompetitive domestic industries. Whilst EAC members are granted preferential tariff rates, exporters from Tanzania's EAC partners Uganda and Kenya are also faced with suspended tariffs of up to 25 %, and these often cancel out the preference margin accorded to them over other trading partners.

Trade Negotiations – EPA and Doha

Tanzanian participation in both the EPA negotiations and the Doha Development Agenda is constrained by lack of government capacity and the need for support in preparing positions on more technical areas, notably sanitary and phytosanitary requirements, trade facilitation and services. However, there is a strong degree of national commitment to address these areas. The EC has sought to boost capacity in relation to EPAs by supporting a work programme to strengthen the national technical team. Work will continue to optimize Tanzanian uptake of available funds to enhance both public and private sector capacity in the trade area. It should be noted, however, that the configuration issue (Tanzania's participation in EPA negotiations with the SADC configuration while it is part of a customs union with two members of the ESA bloc), continues to create a challenge.

2.3 Update of the social situation

The prevalence of income poverty is still high in Tanzania. According to the Household Budget Survey of 2000/01, which is the latest overall survey of this kind – the next HBS is due in 2006, the proportion of the population below the national food poverty line is 18.7 percent and the population below the national basic needs poverty line is 35.7 percent. There is also a big disparity between urban and rural poverty for both food and basic needs poverty. Poverty remains overwhelmingly in rural areas where 87 percent of the poor population live, and is highest among households who depend on agriculture. Comparing these results with those of the Household Budget Survey of 1991/92 there has been a small decline in the proportion of the population below the national poverty lines. As the population is growing, the absolute number of the poor raises concern. Basic needs poverty decreased from 38.6 percent to 35.7 percent and food poverty from 21.6 percent to 18.7 percent. The HBS 2000/01 results reveal also growing income inequality as measured by a rise in the Gini-coefficient from 0.34 in 1991/92 to 0.35 in 2000/01.

In primary education substantial achievement has been recorded over the past three years, which saw enrolment growing from 4.9 million in 2001 to above 7 million in 2004. As a result the PRS targets for both net and gross enrolment ratios have already been surpassed (respectively 90,5% and 106,5%). However, very little progress has been made in terms of gender equality with a girl/boy ration worsening in 2004 for primary education and barely improving for secondary education, thus adversely affecting the PRS/MDG targets. Quality in primary education continues to be a concern: while a lot of emphasis has been put on the schools' infrastructures components, significant improvements in terms of curriculum review, pedagogical support to teachers and capacity building as a whole are still awaited. Nevertheless, progress has been made in 2003 in terms of passing rates for primary education 40.1% (the target of 50% remains to be met) and secondary education, where the target of 28% has been surpassed (30.1%). The prevailing challenges at sector level, beyond the required improvement of quality, are better equity in access with specific attention on non formal education and special needs education, and further developments of sub-sector strategies such as vocational training.

In health, there have been notable improvements in vaccination rates since 2000 with an impressive coverage of 90 percent by 2002, thus surpassing PRS targets. Improvements in TB treatment completion rates are also encouraging. However, both infant and maternal mortality have not changed much. Rural areas and the poor remain disadvantaged both in terms of outcomes and service uptake. It is thus important to ensure that health services are accessible to the poor population and the quality of services is improved. Also important is the need to strengthen the routine data system to generate indicators for measuring health service delivery.

Government launched the Multi-sectoral Strategic Framework on HIV/AIDS in May 2003. The framework provides for strategic leadership, guidance and multi-sectoral co-ordination, advocacy, planning, resource mobilisation, monitoring and evaluation of the national response, including interventions by development partners and civil society. Government and the development partners have also signed a Memorandum of Understanding (MoU) to reaffirm their joint commitment and support to the framework. Efforts to mainstream HIV/AIDS in the public sector planning and budgeting process have been initiated. All Ministries, Departments and Agencies (MDAs) are developing plans for mainstreaming HIV/AIDS interventions through the Medium Term Expenditure Framework (MTEF). Local government authorities and civil society organisations have received support in the development of comprehensive HIV/AIDS programmes to ensure sustainable interventions at the grassroots level.

International support for the fight against HIV/AIDS includes the Clinton Foundation's five-year USD 535 million programme and the World Bank funded five-year, USD 70 million agreement on HIV/AIDS. Short-term quick HIV/AIDS intervention projects totalling USD 2.5 million funded by development partners and administered by civil society organisations and institutions were funded from the Rapid Funding Envelope. Similarly, the one-year Global Fund Grant Agreement for scaling up effective district response focusing on communities, primary schools and the informal sector was signed in July 2003 (USD 5.4 million). The thrust is to increase awareness and interventions to slow down the rate of new infections while taking care of the already affected and orphans.

Focus has also been on increasing access to clean and safe domestic water, especially for the rural population (55 percent of which is benefiting from this access by 2003). Improved rural water supply coverage has gone up to 53 percent in June 2003 from 49 percent in 2000 and 50 percent in 2002. Urban water supply coverage has increased from 68 percent in December 2000 to 73 percent in June 2002. While it is important to provide safe and clean water, it is equally important to protect and manage water catchment areas. Coverage of sewerage services increased from 10 percent in 2000 to 17 percent in 2003 in urban areas but pollution control and solid waste management systems are not adequately developed to protect public health, well being and the environment. The challenge is how to expand water and sanitation services in rural and urban areas

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

Type	Indicator	Baseline			Actuals				Targets		
		Year	Estimate	Source	2001	2002	2003	2004	2003	2005	2010
Impact	a 1 % of population below basic needs poverty line	2000	36	1	36				30		18
	b 1 % of population below food poverty line	2000	19	1	19				16		9
	Prevalence of underweight children (under five y.o)	1999	29	2	29	29					
	Under-five mortality rate	1997	147	2	165	165	169		127		79
Outcome	Net enrolment ratio in primary education	2000	59	3	65.5	80.7	88.5	90.5	90		100
	5 Ratio of girls to boys in:										
	- primary education	2000	.98	3	.98			.95	1.0		1.0
	- secondary education	2000	.85	3	.85			.86	.9		1.0
	6 % of birth attended by skilled health personnel	1999	38	2	36	36	36				80
	7 % of one-y.o children immunised against measles	1999		2/5	83	89			85		
	8 HIV prevalence in age group 15-24 (%)	Male	2000	8	4/5	8		8.1			
		Female	2000	13	4/5	13		12.1			
	9 Proportion of population with sustainable access to an improved water source (%)	2000	46	5	54	(2000)			55		85

Source:	<ol style="list-style-type: none"> 1. <i>National Bureau of Statistics</i> 2. <i>Tanzania Reproductive and Child Health Survey (1999)</i> 3. <i>MoEC Basic Statistics Education (BSE)</i> 4. <i>National Aids Control Programme (NACP) 2002 Household Budget Survey</i> 5. <i>Poverty and Human Development report</i> 6. <i>World Development Indicators/UNICEF</i>
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The current focal sectors of the Country Strategy continue to contribute to the social developments in Tanzania. The EC has remained a major partner in the funding of the basic education reform programme (PEDP). The macroeconomic support, in the context of the Poverty Reduction Budget Support (PRBS), indirectly contributes to social achievements, notably by preventing Government to face drastic choices between sectors as was the case in the past : education and health allocations have doubled since 2001, and have been protected during budget execution.¹ However renewed attention within the budget support dialogue between Development Partners and Government on social sectors, in education in particular, over the next years, should prompt Government to review their sector strategies to improve efficiency of service delivery.

The Poverty Monitoring System remains weak and the NSGRP document states that the PMS 'has not succeeded yet in pulling together data from routine systems of sector ministries', and that 'more efforts will be directed towards strengthening the M&E system at all levels of local government and linking it with the PMS' (page 61). A Review of the Poverty Monitoring System has been launched at the end of 2004, it will propose strategies to strengthen routine data collection, to better disseminate poverty information, and provide updated sets of indicators and targets.

Cross-cutting issues

The Government has initiated a process to integrate crosscutting issues into the Poverty Reduction Strategy and budget. The areas include HIV/AIDS, gender, institutional development capacity building, and the environment. On environment, Parliament adopted in February 2004 a framework legislation on environmental management, and the implementation plan is under preparation. 'Environmental units' have been created within sector ministries to develop capacity and mainstream the environmental assessment process. A study on development indicators has been conducted and the final set will be agreed in 2005 within the

Gender

Government continues to address gender disparities in employment and income, and also remains committed to reduce child labour (in 2004 1026 child labourers were sent back to primary education and vocational training). With the overall objective of formulating a Gender Policy, a three-year Master Plan was developed. A detailed computerised gender-disaggregated monitoring system to supplement the National Bureau of Statistics (NBS) database has been set up. This will assist in fully reporting to the Beijing Platform of Action and the MDGs. Government has continued to reform the laws that are discriminatory towards women, whilst a National Plan of Action for Combating Violence against Women is being prepared. Notable achievements in gender mainstreaming in the public service are reflected by a sizeable increase in the number of women at senior levels, 24% for Permanent Secretaries, 26% for Directors and 24% for Assistant Directors.

¹ See Tanzania General Budget Support Evaluation, ODI, November 2004.

Institutional development and capacity building

The Government continued to promote good governance in the public service delivery by implementing a number of macro-economic reform programmes aiming at improving financial management and accountability, strengthening of the judicial system and reduction of corruption. Efforts have focussed on strengthening the leadership and management qualities, promoting meritocracy and restoration of ethical conduct, gender equality and pay reform. The Public Service Reform Programme (PSRP) and Local Government Reform Programme (LGRP), implemented through a consultative process, gathered further momentum and the legal reform programme has further focussed on preparing its Legal Sector Wide Assistance. In October 2004 all core reform programmes met in a conference to address inconsistencies between them.

The modernisation of the public service is ongoing. Performance management systems have been established in 16 Ministerial Departments and Agencies (MDAs). The system will be rolled-out to other MDAs to ensure that they set service delivery targets against which their performance will be measured. Other ongoing initiatives focus on the enhancement of public servants salaries, the implementation of job evaluation capacity building to enhance leadership.

The reform of local government system involves changing the way central and local governments carry out their business, is the cornerstone of improvement of service delivery to the public. A recent review of the Local Government Sector Reform Programme concluded that there has been significant progress over the past three years in the service delivery role of local governments in Tanzania. In addition in 2004 the programme has facilitated the completion of a unified intergovernmental fiscal transfer system. However the sound progress made at local level has not been matched at national level. There has been little progress to implement decentralisation policy at national level. Internalisation of the concept of decentralisation by devolution within sector ministries is insignificant. Therefore the focus of the next phase of the LGRP programme will be besides the restructuring of councils on the implementation of the decentralisation policy at national level.

Environment

Tanzania's natural resources and environment are the main source of peoples' livelihoods and the backbone of the country's main productive sectors: agriculture, tourism and mining. Recent research by the Participatory Poverty Assessment has confirmed that most people in the country directly depend on a robust, healthy environment to support their income-generating activities and provide them with building and cooking materials, food and medicine. Environment is thus critically linked to poverty at the levels of livelihood, health and vulnerability. The Government in collaboration with UNDP has taken steps to mainstream environment into the PRS process and this is reflected in Mkukuta (PRS II). Final preparations were also made to the new Environmental Management Act which will enter into force in 2005 emphasising environmental assessment and enforcement.

3. The Development agenda of Tanzania

Over the last two decades, Tanzania has developed a number of strategies and policy initiatives to guide the development agenda and poverty reduction efforts. These have been articulated in policy and strategy documents such as the Tanzania Development Vision 2025, The National Poverty Eradication Strategy, The Poverty Reduction Strategy, The Tanzania Assistance Strategy and many more sector specific initiatives. The Government has undertaken a wide range of legal, regulatory and administrative reforms with the objective to improve service delivery to the public and to enhance transparency and accountability.

The **Poverty Reduction Strategy (PRS)** was prepared and implemented from 2000/01 to 2002/03 in the context of the enhanced **Highly Indebted Poor Countries Initiative (HIPC)**. For the achievement of specific PRS targets, resources were initially allocated on the strategic priority sectors Education, Public Health, Water Supply, Infrastructure (roads), Agriculture, Judiciary, and HIV/AIDS. The sectors Energy, Land management, Police force investigation, prosecution and prisons were included in the priority sectors at an advanced stage of implementation of the PRS.

The increased allocation of resources to these sectors has contributed to poverty reduction, which is clear from the improved delivery of social services, availability of primary education, better health facilities and the upgraded infrastructure and road network. However the current level of delivery of services still requires further improvement in quantity and quality.

The **National Strategy for Growth and Reduction of Poverty (NSGRP)**, a five-year national framework plan also known as “**Mkukuta**”, has been developed to attain optimal impact on economic growth and poverty reduction. The NSGRP is to enhance the operationalisation of the aspirations of **Development Vision 2025** with A Medium Term Plan, scale up the inter-sector collaboration towards economic growth and contribute to the achievements of the **Millennium Development Goals (MDGs)**.

Mkukuta has adopted an Outcome-Approach, which builds on the contribution of all sectors towards growth and poverty reduction, involving cross sector collaboration and inter-sector linkages and synergies. This approach calls for the allocation of local and foreign resources to all sectors involved in poverty reduction and interventions.

Mkukuta has also moved away from the PRS priority sector and is now concentrating on three major clusters of results, which were defined as:

1. Economic growth and reduction of income poverty
2. Improved quality of life and social well-being and
3. Good governance and accountability.

These strategies and policy initiatives were implemented by pursuing various reform programmes including the following:

The **Legal Sector Reform Programme (LSRP)**, which targets the strengthening and modernizing of legal institutions, processes and procedures with the goal to improving the rule of law and justice.

The Public Financial Management Reform Programme (PFMRP), which focuses on the attainment of macroeconomic stability, economic growth, improved service delivery and fair and transparent public procurement. It includes resource mobilization, budgeting and accounting through the reform of budget processes and use of a computerised Integrated Financial Management System (IFMS). The introduction of IFMS has minimised fiduciary risk, enhanced resource allocation and improved the management of public expenditure.

The task of the **Local Government Reform Programme (LGRP)** is to operationalize the government's Local Government Reform Policy. Currently, it is concentrating on the implementation of the decentralization by devolution in the fiscal and human resources.

The **Pay Reform** aims at enhancing civil service salaries to levels consistent with market rates. This will raise the motivation of the civil service and thus increase productivity and ultimately improved the overall performance.

Amongst other measures, the Government is pursuing the privatization of public enterprises, such as the National Microfinance Bank.

Consequently, each implementing agency will be allocated resources whenever focussing on the reduction of poverty through the interventions in three major clusters. The newly developed **Strategic Budget Allocation System (SBAS)** will be applied to identify the poverty cluster interventions (targets) and the respective actors (sectors).

In 2004, the Second Annual Implementation Report of **Tanzania Assistance Strategy (TAS)** was prepared. It translates the Monterrey Consensus of March 2002 into practise. TAS is a national three year framework, which seeks to augment the efficiency of aid and to facilitate the harmonization of development assistance. Equally important, it promotes Government leadership and ownership and seeks to align the procedures of Development Partners and the Government with the objective of improving the impact of development aid for the people of Tanzania.

The Report states that progress was made in view of the predictability of external resources for the support of Government initiatives in its fight against poverty. The timely and predictable release of funds mitigated the potentially unbalancing impact on the macroeconomic situation that large inflows can have regarding their influence on inflation and the exchange rate. Progress has also been made in developing plans for the rationalisation of the cycle of policy and consultative mechanisms. Nevertheless, the slow pace in channelling project finances through the government system has been noted. Still, a substantial amount of donor funds bypasses the government system contrary to the objectives of the TAS mission.

Also in 2004, the Government prepared a draft concept paper for a **Joint Assistance Strategy (JAS)**. The intention of JAS, which will supersede the Tanzania Assistance Strategy, is to move away from an individual donor approach to a joint and coordinated approach among the Development Partners, which would subsequently lead to well coordinated interaction between the Government and the community of Development Partners. This initiative is the reflection of the Rome Declaration and takes the aspects of rationalization and harmonization of aid modalities into account. The JAS is envisaged to detail the use of external resources in support of the NSGRP applying a harmonised approach and ensuring the optimised distribution of responsibilities between Development Partners. JAS is expected to address the intention of Development Partners in streamlining their procedures and further improve their dialogue with the Government.

In its cooperation with the Government of Tanzania, the European Commission has contributed significantly to the Government's efforts in implementing the aforementioned policy and strategic initiatives as described in the following chapters.

4. Overview of past and ongoing co-operation

The new breakdown of the indicative allocation destined to cover the long-term development activities (envelope A) is presented below:

	Initial indicative allocation		Indicative allocation after the MTR also including transfers from previous EDFs	
Focal sector: transport infrastructure	116	40%	110 – 125*	28%
Focal sector: basic education	43.5	15%	43.5	11%
Macroeconomic support	98.6	34%	159 – 186**	40%
Programmes outside the focal sectors (of which support to non-State actors' initiatives, if appropriate>	31.9	11%	81.35	21%
Total	290	100%	393.85****	100%

4.1 Focal sectors (and macro-economic support)

i) Basic Education

a) Results

The NSGRP – Mkukuta framework 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. The *Primary Education Development Plan (PEDP)*, approved in June 2001 by the Minister of Education and Culture, is the first sub-sector strategy to have become operational. Its main objectives cover 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. The first phase has been planned until 2006.

The second phase in the implementation of the ESDP has seen the light with the approval in 2004 of the Secondary Education Development Plan (SEDP), which aims to increase the proportion of the relevant age group completing lower and upper secondary education, to improve learning outcomes of students especially girls, and to enable the public administration to manage secondary education more effectively. The secondary education sub-sector is one of the smallest in Sub-Saharan Africa and constitutes only about 6% of the secondary school going age group.

During 2004, efforts towards better quality education were not supported to the extent suggested in the previous review report: capitation grant was partially disbursed to schools, preventing the provision of books in sufficient numbers and of other teaching and learning materials. With regards to teacher training, the review in 2004 has recommended that the organisation, management and development of pre and in-service teachers and the role, function and capacity of Teacher Colleges be urgently reviewed.

The Government and Development Partners are now working together to give a proper follow-up to the review recommendations and ensure that they will feed into the budget and planning process for FY 05-06. Discussions have started around the need to further

develop the sector and to review partnership around all sub-sectors. In that perspective, the revisiting of the Education Sector Development Plan has been suggested together with the drafting of a new Memorandum of understanding in order to better embrace the sector and all development partners. The strengthening of the SWAP requires the undertaking of an institutional and organizational audit in view of buttressing linkages with on-going public sector reforms. The elaboration of a capacity building strategy underpinning the revised institutional arrangements, the finalization of an EMIS strategy in the current context of the Poverty Monitoring review, the review of Teacher management and development will be some of the areas of focus for the year 2005.

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. 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 and equitable access to higher quality basic education and the capacity of the system to absorb an increased number of pupils. The Financing Proposal amounting to €25 million from EDF 8 was signed in March 2003. The release of the first tranche of 12.25 million euros was executed in June 2003. The release of the second tranche, which had been delayed due to the difficulties encountered by the Ministry of Education and Culture in organizing the annual review and audit in time, was made in October 2004.

The EC has been involved throughout the year with the other donors in the sector policy dialogue and has taken the lead of the pooled fund partners. A great attention has been given to donor coordination with regard to the implementation of the Memorandum of Understanding, signed in April 2002 between the Government of Tanzania and Pooled Fund Partners, concerning the funding of the PEDP. This has implied an intensive participation in development partners' meetings and technical meetings with the Government, especially regarding the planning, budgeting, reporting and monitoring mechanisms. The close partnership between donors and the ministries has allowed for some improvements to be made in terms of reporting and budgeting. The outcome of the collaboration has however not been up to the expectations as far as the Public Expenditure Review consultative process is concerned.

The challenge for 2005 remains to ensure a greater impact of our support to the education sector through better institutionalization of sub-programmes within the ministries involved and through a more efficient correlation between the sector strategies and the budgeting, planning and reporting processes. These challenges were emphasized in the final evaluation of the 8th EDF programme in June 2004. The financing proposal under the 9th EDF, under which an indicative allocation of €43,5 million is foreseen for sector-specific budget aid. The Project Identification fiche has been approved and discussions have taken place on the studies required to support the implementation of ESDP through sector budget support. The need for a sector performance assessment framework has been recognized and collaboration with Government in 2005 will concentrate on this area together with the revision of the MoU. the 9th EDF intervention will support the aspects lacking for a full, SWAp, namely a clear, updated policy and strategy, institutional arrangement and a monitoring system.

c) Degree of integration of cross-cutting issues

Cross-cutting issues still need to be mainstreamed in primary education and better addressed in terms of financing.

Except for peer HIV/AIDS counselling, few organized counselling services are available in schools. A Baseline study on status of Response to HIV/AIDS in the Education sector shows that only 7% of pupils in primary schools have been exposed to HIV/AIDS education (30% at secondary level and 50% of teacher trainees). At school level, there is no arrangement yet in place to monitor attendance, completion and performance of children affected by HIV/AIDS.

The Education Sector HIV/AIDS strategic Plan 2003-2007 has been developed within the context of the National Multisectoral Strategic framework and has been approved. It will help estimating the cost implications of reaching full coverage of preventive actions for youth in school. The education sector still has a major funding shortfall. The budget is dominated by the cost of books and teaching materials and the training of teachers, but the budget allocated in the current MTEF will meet only a fraction of the demand.

According to the PEDP review, attempts to create a girl friendly school environment within PEDP are evident, but it remains a major challenge. The construction of latrines and water tanks was under funded and therefore the adequate availability of latrines for boys and girls still could not be addressed seriously. There have been attempts to enrol more female teachers in the teacher training system to address the teacher imbalance among the teachers in place. Regarding leadership at school, ward and district level, there are fewer women holding senior position.

Environmental education is foreseen in budget estimates for future years, and attention will be given to reviewing the place of environment within the curriculum and within teacher training and education resource allocation.

No specific arrangements were made for disabled children, who are denied enrolment in some schools. This is a matter of considerable concern to Development Partners, and the European Commission will push for its inclusion in a forthcoming education sector review.

ii) Macro-economic support

The joint group of Poverty Reduction Budget Support donors², in which the European Commission is part, has been reformed over 2004. The group is now managed by the PRBS agencies' heads of cooperation, and draws its information and analysis from existing Development Partners' Group or joint technical working groups.

a) Results

Two PRBS reviews were carried out jointly with Government, according to the harmonised review process, in 2004.

At the PRBS 2004 Mid-Year Review, in April 2004, Development Partners assessed progress in implementing actions under the performance assessment framework (PAF) as broadly satisfactory. Government was commended for progress in strengthening the poverty monitoring system, which facilitated the preparation of the Poverty and Human Development Report, the 3rd PRS Progress report, and the guidelines and initial efforts for

² UK, DK, SW, NL, IRL, FL, EC, J, CDN, NW, CH, DE, World Bank, African Development Bank

the preparation of a new PRS. Furthermore, macroeconomic stability has been maintained notwithstanding the effects of the drought. Efforts to improve domestic revenue generation were assessed as remaining broadly on track with tax collection above targets, and broadening of the tax base and modernisation of the tax administration progressing largely as planned. Finally, key elements of the reform of public service remain in line with plans, notably the continued decompression and enhancement of public service wages while maintaining fiscal prudence, which is critical to improve performance in the public sector.

Nevertheless, Development Partners noted that difficulties were faced in a number of key areas, notably: (i) consistency of budget allocations with the PRS priorities, both in terms of budget execution for FY2003/04 due to the Supplementary Budget and in terms of the outlook for the FY2004/05 Budget (based on the Budget Guidelines); (ii) finalisation of the Public Financial Management Reform Programme; (iii) lack of momentum in the implementation of the anti-corruption strategy; and (iv) private sector development including delays in launching the new business licensing system. In some of these areas considerable progress was made at a subsequent stage, including the adoption of the Programme Document of PFMRP and of the amendments to the Procurement Act.

The 2004 PRBS Annual Review took place in November 2004. The PRBS Development Partners found that overall implementation of the poverty reduction strategy and the supporting reform programme is satisfactory and serves as a good basis for continued cooperation in this area. It was assessed that there are positive developments in all areas under review, however a number of issues of importance have been raised :

The focus on economic growth, private sector development and rural development in the new National Strategy for Growth and the Reduction of Poverty Reforms are welcome and the reforms that are already underway in this area need consistent implementation. The broader reforms of business licensing and registration, and the subsequent preparation and submission of the relevant legislation, need to be followed up. Furthermore, in the area of rural development, delays in the reforms of the crop boards should be overcome to ensure that the Tanzanian agriculture remains competitive.

The NSGRP is based on a consultative process and open sharing of information which needs to be continued during the implementation and monitoring phase, and the regular publication of data on poverty developments needs to be ensured.

Macroeconomic stability is underpinning growth and poverty reduction. GoT has made commendable progress in tax administration and this will, together with recent reforms to the budget system lay the foundation for the sustainable implementation of the NSGRP.

Public sector pay reform initiatives have been taken, however a renewed increase in the use of various types of allowances raises questions about the commitment to the reform process.

Some important changes are ongoing within the public procurement systems in Tanzania. Consistent implementation of financial management reforms under PFMRP, which has now been launched, is now required.

A range of initiatives have been undertaken by Government that will indirectly positively affect anti-corruption efforts. A revitalisation of a broad dialogue on corruption is suggested as Development Partners have been looking forward to a deeper engagement.

A major setback was the absence of publication in 2004 of 2003 data against the PRS indicators. This prevented the 2004 Annual Review to deal with these, and demonstrated deficiencies within the Poverty Monitoring System, which will be strengthened as a follow up to NSGRP.

b) Activities

The Delegation has been fully involved in the management of the PRBS and of its reviews, first as Co-lead until August 2004, then as Chair of the DPG Poverty Monitoring Group.

A second transfer (€31.5m) was made from the PRBS 02 programme in September 2004. It comprised a fixed component of €24m which was disbursed on the basis of the overall satisfactory assessment of the Annual Review 2003 as confirmed at the Mid-Year Review 2004. It also comprised a variable component of €10m, which was disbursed up to 75% after consultations between the Delegation and Government. This level of disbursement takes into account the overall good progress on PFM matters, but also the difficulties mentioned during the reviews. In the meantime, an exchange of letters between the EDF National Authorizing Officer and the EDF Principal Authorizing Officer allowed for an update of the list of social indicators and targets to be used for the calculation of the amount of the social sectors variable tranche for FY 05/06.

A contribution of € 1.5m was made from the PFMRP component of the PRBS 02 programme to the PFMRP pooled fund in September 2004. From the Technical Assistance component of the same programme, €0.45m was mobilised to contribute to the Poverty Monitoring System Pooled Fund in November 2004. In that area, the Delegation has been taking part to the preparation of the strategy to strengthen routine data collection, which is to be finalised within the Review of the Poverty Monitoring System in 2005. The Commission has also supported a review of the Education Monitoring and Evaluation System, along with UNESCO, and is currently funding the Agriculture Survey.

During 2004 two joint Development Partner missions for the Tax Administration Project were carried out with the Tanzania Revenue Authority. These followed the development and implementation of TRA's revised Corporate Plan (the Tax Modernisation Programme – to be financed by a basket fund) and the progress made in relation to other key TRA reforms, including in improving the legal framework (with the Income Tax Act becoming effective on June 1, 2004), in expanding the tax base and in institutional strengthening.

c) Degree of integration of cross-cutting themes

The Performance Assessment Matrix includes actions relevant to environment (section 6) and capacity building (for example training on new accounting, auditing and procurement systems, and strengthening of the agencies involved in the definition and the monitoring of the Poverty Reduction Strategy – or NSGRP). The dialogue around general budget support has also dealt with the budgeting system and the need for planning divisions in the line ministries to be strengthened in order to submit budget submissions in line with sector strategies. This discussion has been very topical in 2004, especially within the Public Expenditure Review process.

iii) Transport infrastructure (roads)

a) Results

1. Launch of the 9th EDF support to the road sector:

In 2002, the 9th EDF support to the Road Sector, which will amount to 95 million € was refocused on four main components as described in our 2003 Joint Annual Report (this followed the Government's decision to implement the rehabilitation of the Dodoma-Singida portion of the Central Corridor with its own funds):

Rehabilitation ('backlog maintenance') of selected trunk roads:	30 M€
Regional roads maintenance in selected regions	30 M€
Direct funding to the Road Fund:	30 M€
Institutional support to the Road Sector:	5 M€

A new element, which arose after the completion of the preparatory study, is the Government's decision to request that the rehabilitation of the Mandela Road be financed under the 9th EDF.

Based on that, the Mid-Term Review of the 9th EDF in January 2005 recommended increasing the trunk roads allocation to 40 million € reducing the allocation to regional roads accordingly.

Except for the Mandela Road project, the other Financing Agreements are not expected to be signed before the beginning of 2006. This will be dependent upon the assessment of the sector's readiness to move into a sector programme, which could then be supported through budget support to the Road Fund and to TanRoads' regional roads maintenance.

2. Road sector policy achievements:

Regarding the maintenance funding gap, the Government has embarked on a campaign to curb tax evasion. The introduction of bio-coding and flow meters was expected to raise the revenues generated by the fuel levy, which is the main source of income for the Road Fund. However, the depreciation of the TSh. has led to a drop in levy collection in dollar terms in 2004.

As for the institutional reform, the establishment of the Road Fund board and a semi-autonomous TanRoads in 2000 were agreed to be the first step in a reform, the second stage of which would, in line with the SADC Protocol on Transport, Communications and Meteorology, set up an autonomous accountable roads authority, representative of the public and private sector.

A Task Force, comprising of Government and donor representatives (among whom the EC) was formed early 2004 in order to revise the draft Roads Act prepared by the Government in 2002.

Whilst some progress was made in defining the objectives of the Act and the role of the Minister, no agreement could be found on the evolution of TanRoads into a Roads Authority.

The Government has asked the donors to make proposals for TanRoads' future based on best practices elsewhere in the world. Meanwhile, the EC expects that the future "National

Rural Transport Programme” will give rise to an improvement and possibly a reform of the management of rural roads currently under the responsibility of PORALG.

The sector debt has remained an issue, as the Government went on with the ‘Special Projects’ on the Central Corridor, the financing of which was still unclear in the budget, despite several attempts by the Delegation to seek clarifications through the Public Expenditure Review. A new Special Project was even launched in the north of Tanzania in 2004, raising donors’ concerns.

As the main donors are now willing to move towards a Sector Wide Approach, the mainstreaming of their different inputs in a Road Sector Development Programme needs to become a priority for the Government. Unfortunately, the lack of leadership due to scattered responsibilities in the sector has not yet allowed for such an approach.

3. Road sector performance achievements:

Partially with EC support, TanRoads has embarked on the definition and collection of performance indicators for their network. Unfortunately, the same cannot be said for the rural and urban roads under PORALG responsibility, the total length of which will only be ascertained through a World Bank-funded inventory to be completed in 2005.

The main indicators proposed, in line with the 2002 Joint Annual Report, are traffic flows and network condition. Whilst the equipment and methodology for traffic counts are still being established, the positive trend in the evolution of the main roads condition continues to be confirmed through the quarterly surveys done by TanRoads:

<i>Condition of trunk & regional roads in:</i>	Good	Fair	Poor
December 2003	35 %	37 %	28 %
June 2004	39 %	37 %	24 %
September 2004	41 %	36 %	23 %

Source: TanRoads Quarterly Reports.

The improvement of the road condition can of course be explained by the various donor-funded rehabilitation programmes, bringing some roads from poor to good condition, but also by an improvement in TanRoads’ contract management (reduction of the number of contracts, systematic recourse to private sector, etc.).

Progress in activities of previous EDF's

High priority corridor

In 2004, works started on the two 8th EDF-funded stretches of the Central Corridor linking Dar es Salaam to Mwanza, respectively in February and June: the Mwanza border-Tinde and Nzega-Isaka roads (€85 million), and the Morogoro-Dodoma road component of the Backlog Maintenance Project (€42 million).

However, serious difficulties were encountered on the second component of the Backlog Maintenance Project: the Nelson Mandela Road in Dar es Salaam. The cost increase of the Morogoro-Dodoma road works (due to further degradation of the road since design) and

the high level of bids received made it impossible to finance the Mandela Road works under the 8th EDF.

This of course has led to a lower-than-expected level of secondary commitments in 2004 for infrastructure projects. The level of payments was also below the target. The main reason was the difficulties linked to the introduction of a new customs inspection scheme, which delayed the importation of plant, equipment and materials by the contractors.

Support to road maintenance and road sector management

The Mwanza Roads Project (€35 million) was on its way to completion at the end of 2004, and it was inaugurated by the President of Tanzania in October. However, some quality concerns have delayed the provisional acceptance of the main roads until early 2005. The project is widely acknowledged in Tanzania as having contributed to the development of the country's second city.

The Ruvuma and Southern Iringa Road Maintenance project (RUSIRM - €22 million) saw the continuing reinforcement of TanRoads' regional offices and of local contractors' capacities. However, the Government's failure to provide its counterpart funding on time did not allow the routine maintenance works on the recently rehabilitated roads to start as planned.

In addition to the continuation of the first component of the Institutional Support to the Road Sector (€2 million), with the Technical Assistance to TanRoads (to be completed in March 2005), the second component, consisting of a Technical Assistance to the Road Fund Board, was completed in October 2004.

Degree of integration of cross-cutting themes

Prevention of HIV/Aids and environment protection have remained requirements of our road contracts. The gender aspects continued to received specific attention under the RUSIRM project: women and men were equally employed on site, and village women associations were entrusted with and trained for the daily routine maintenance of some of the rehabilitated roads.

4.2 Projects and programmes outside focal sectors

Water and sanitation

Progress in activities of previous EDFs.

The cooperation between Tanzania and the Commission in the water and sanitation sector is targeted at the poor populations in urban and peri-urban regional centres and is financed from the 6th, 7th and 8th EDFs through the Water Supply Programme to Regional Centres

Phase 1 of the Water Supply Programme (€44.76 million, 2003-2007) is co-financed with the Federal Republic of Germany by 24%. The main objective is to improve access to sustainable quality water supply and wastewater management services in the regional centres of Mwanza, Iringa and Mbeya. Phase I of the Programme started in 2003 and covers the improvement and extensions of the Mwanza and Mbeya water supply systems, the rehabilitation and extension of the Mbeya waste water system and supplementary studies on the water supply of Iringa. It is expected that Phase I will be followed by a

second and final Phase II with start in 2005. Phase II would comprise the necessary budget (€ 50.24 million) for the implementation of the Iringa and Mbeya water supplies and expanded sewerage systems in all three regional centres, as well as continuous institutional capacity building and public awareness campaigns.

Support to the Southern and Eastern African Mineral Center (SEAMIC)

The objective of SEAMIC is to promote socio-economic and environmentally responsible mineral sector development in eastern and southern Africa. The European Commission through the 9th EDF supports the centre to play efficiently its regional role. The project aims at strengthening SEAMIC's advisory/reference laboratory functions, its technical services and capacities. SEAMIC will be marketed in eastern and southern Africa and ISO 9001 certification will be achieved by the end of the project.

Support to the National Authorising Officer in Tanzania

This project of €3.8m over 4 years was adopted in May 2004 by the European Commission, and its first work programme started on 1 July. It is aimed at supporting the capacity of the National Authorising Officer in fully playing its role as provided in the Cotonou Agreement. This covers not only project and programme management, but also the participation of the Office of the NAO in the overall policy dialogue around budget and sector support, and the in the Economic Partnership Agreement negotiations. Along with the first work programme, a long term technical assistant has been recruited under the project.

Technical Assistance Facility

The Financing Agreement was signed in June 2004, and the purpose of this instrument of € 3.8m over 4 years is to fund *inter alia* expertise, workshops and meetings, press events, evaluations and audits. A number of initiatives have already been funded under this scheme, including a support to the National EPA Technical Team (NETT).

Farming in Tsetse Controlled Areas (FITCA) 7th EDF

This project ended its first phase in December 2004 following a three year regional intervention aiming at assisting livestock holders to continue farming in Tsetse areas by controlling tsetse fly numbers and protecting cattle against Trypanosomiasis (sleeping sickness). In 2004, activities concentrated on sustainability aspects of their exit strategy. The project was implemented in the Tanga and Kagera regions and the value of the Tanzania component was approximately €1 million.

Small Arms management and reduction 8th EDF

The objective of the project is to combat the problem of proliferation and illicit trafficking of small arms and light weapons (SALW) in Tanzania by supporting the implementation of the Tanzanian National Action Plan for arms and management and disarmament. The objective is to enhance security and improve the prospects for sustainable development by building the capacity of state institutions and civil society groups working to address the SALW problem. The project is on track with most activities although some training and development of curricula are delayed due to late approval and ratification of the New Firearm Control Act. Likewise, late approval of the Nairobi Protocol has delayed joint border operations with neighboring countries. All delays are expected to be caught up with during 2005.

Implementation of the Muafaka Agreement

The Financing Agreement was signed by the NAO in May 2003. The purpose of the project is to support the process of political reconciliation in Zanzibar. Project activities cover a wide variety of civic education and political reform measures including the establishment of a Permanent Voters' Register. The project is supported by altogether nine donors through a basket funding arrangement, which the EC joined in June 2003. The EC is also a member of the lead donor group. So far the Commission has disbursed 1 Million EURO. The major achievement will be the establishment of the Permanent Voters Register (PVR). Preparations for this are progressing well.

Self-reliance Programme for Refugees

Implemented by six NGOs, this €4 million project aims at minimising the adverse effects that refugee camps have on the local environment, and at improving opportunities for refugees in their home countries upon their return. Field activities have included provision of clean water, and improvement of quality of sanitary hygiene and health, as well as targeted STDs treatment schemes, HIV/AIDS and malaria prevention activities. Improved provision of primary and secondary education, as well as vocational training for refugees have also been a substantial part of the programme. The programme is scheduled to end in May 2005. A recent monitoring mission concluded that the programme is making good progress and has a significant positive impact on the refugees

SADC Fisheries Monitoring Control and Surveillance Project (MCS)

Key achievements of the Tanzania component of the project were realised in 2004, namely continuing to make arrests of vessels fishing illegally in the Tanzania Exclusive Economic Zone (EEZ) and the establishment of a professional cadre of senior fisheries inspectors. Because the Tanzania component is due to finish in October 2005, one key area of development in 2004 was the formulation of an exit strategy. To this end, the World Bank's Marine and Coastal Environmental Management Project (MACEMP) is due to commence in September 2005 and will build on the foundations laid by the project in order to establish a suitable authority to ensure marine fishery resources are effectively co-managed by Tanzania and Zanzibar

Fisheries Management Plan for Lake Victoria

Implementation began in April 2003. It aims to address the issue of the sustainability of the Lake's fisheries resources through assisting the Lake Victoria Fisheries Organisation (LVFO) implement an effective fisheries management plan. Because of procedural complications the first funding for project activities was received in November 2004, however national stakeholder workshops were held in Tanzania, Uganda and Kenya in November and December 2004. Following this the draft inception report has been finalised and the Project Implementation Unit (PIU) and the National Coordinators (NC) have been put in place.

Although sustainable development of the fisheries resource is the main aim of the project, the changes needed to achieve sustainability will have social and economic consequences which have been considered in the project design. To this end, project activities also aim to look at the promotion of an increased role for women, the fostering of public/private partnerships and steps to add value to the fish products.

Sanitary Controls on Health Conditions for Fish Products

The regional component (Tanzania, Kenya and Uganda) of this ACP-wide project began in 2004. The project aims at improving health controls and production conditions to improve the access of fish and fishery products to the EU. Particular attention will be paid to ensuring that artisanal fishers share the benefits from the export sector and that a harmonised system of fisheries legislation and sanitary controls is implemented by the three countries. The project will also support the development of legal and operational structures within a regional network for sustainable fisheries management. The value of the regional component is approximately €/m and will run for 24 months.

Pan-African Control of Epizootics (PACE)

The Tanzanian component of the project continued combating Rinderpest Virus (RPV) and other livestock diseases following a two year extension granted to 2006. The project in 2004 concentrated on surveillance and emergency response preparedness and other associated activities in order to gain an International Organisation of Epizootics 'Rinderpest Free Certificate'. The award of such a certificate for Tanzania would provide a major boost for the development of its meat sector. The project is on track to win the award of the certificate in 2005.

Progress in activities of the 9th EDF

4th Microprojects Programme

The implementation of the project, with a budget just under € 1.5 million, started in February 2004. MPPs overall aims at contributing to a sustainable improvement of living standards among rural poor communities through viable small-scale projects at grassroots level. Particular emphasis has been given to projects in education and health. NGO-implementing partners have been working with, and through district governments, and village authorities. The programme is being implemented in four regions: Singida (by HAPA), Kigoma, Tabora and Dodoma (the latter three by AFRICARE) and is making good progress in Singida, Tabora and Dodoma Regions. About a two third of planned projects is completed or at completion stage. A mid term review is scheduled for early 2005.

'Support to Tanzanian Game Reserves' (STGR)

Following EU support for the Special Programme for Refugee Affected Areas (SPRAA) which finished in August 2003, it was decided to continue support through this €2m project which started in 2004. Project activities in 2004 have been consolidating those gains established under SPRAA. The main areas of work in 2004 have been in office and road construction, boundary demarcation, finalisation of reserve management plans and the continuation of antipoaching operations. Also in 2004, the project engaged local communities in dialogue resulting in assistance being provided to the Kifura Beekeepers Association. Negotiations for other community development projects bordering Moyowosi and Kigosi game reserves also commenced in 2004.

Capacity Building for Participatory Development Programme

In the second semester of 2004 a consultancy was undertaken to finalise the draft financing proposal for a Local Governance Capacity Building Programme to be funded under the governance envelope in 7 districts in Dodoma and Coastal Regions. The aim of this consultancy was to bring the draft financing proposal in line with the LG Capital Development Grant system, which design was completed in 2004 and initiatives of other

donors towards harmonising their future support into one Local Government Capital Development Grant (LGCDG) system.

The Programme is designed to enhance, in relatively poor and poorly performing selected Local Government Authorities, the Local Government reform processes through the creation of responsive Higher Local Governments and more vibrant Lower Local Governments. The thrust of the project is to stimulate both weak and poor higher and lower Local Government's Authorities involvement in project cycle management through a combination of intensive capacity building efforts complimented with civic education and provision of an incentivised performance based development grant managed at Higher Local Government level. The Presidents Office for Regional Administration and Local Government will be the overall implementing authority for the programme. Activities are to be implemented by the LGRP through a common basket modality. Financing Proposal is awaiting submission by the National Authorising Officer.

Institutional Strengthening of the Tourism Sector

An amount of €2.5 million has been set aside for a follow up to the previous project. A draft financing proposal was prepared in 2003 to assist in the development of a national training curriculum and the establishment of an appropriate institutional framework, consisting of the public and private sector that. This programme will be supplementary to a project funded by the French Overseas Development Department. The draft financing proposal is to be submitted to the Commission Services in the first semester of 2005.

Support to PCB project,

The project, which came to an end in 2003, was reviewed in 2004. The review came out favorable to continue the support. The draft financing proposal will be submitted to the Commission Services in the 2. semester of 2005

4.3. Utilisation of resources for Non-state actors (NSA)

Non state actors are playing an important role in the monitoring of the PRSP. With regard to the Non State Actors involvement in the Cotonou process, the government convened a consultative meeting with NSAs on 18th February 2004. The focus of this meeting was to discuss strategies to ensure their broader participation in the Cotonou process. The consultative meeting brought together participants from the existing umbrella organizations namely NGO Forum, Tanzania Non Governmental Organizations (TANGO) and the Private Sector Foundations with a total participation of fifty representatives.

As a way forward the meeting requested the government to facilitate a general meeting that will bring a large number of representatives from the civil society and the private sector to develop a NSA Programme (€2.9 million) in a participatory manner to meet actual needs and create ownership of the process and product. This meeting was scheduled to take place in the last quarter of 2004 but due to problems in the recruitment of consultants the meeting was postponed until February 2005. However, the preparations for the meeting, which included a mapping exercise to get an idea of who NSAs are in Tanzania and what type of engagement exist between them and the Government of Tanzania, were completed. The design of the programme will be completed together with the non state actors and it is expected that in the last quarter of 2005.

4.4. Utilisation of envelope B

As a result of the Mid-term review, 55.5 M €has been transferred from envelop B to envelop A.

	Initial 9 th EDF allocation	Initial 9 th EDF allocation + old EDF transfers (end 2003)	New allocation after MTR (also including transfers from previous EDFs)
A envelope	290 million	338,7 million	393.85 million
B envelope (exclud. Peace facility)	59.7 million	59.7 million	4.55 million

A limited allocation of 4.55 m Euro is thus, as of early 2005, available for “unforeseen circumstance”. This was a deliberate decision by the Tanzanian Authorities in order to maximize development cooperation on long-term financial resources.

4.5 Other instruments

Fisheries Agreement

An EU-Tanzania Fisheries Agreement was initialled in 2004. A subsequent required protocol for a Vessel Monitoring System (VMS) is in the process of negotiation. The Agreement will ensure that any EU vessel fishing in the Tanzania EEZ is properly monitored, both electronically and by an on-board observer. This level of regulation has been previously unknown in the Tanzania EEZ. The Agreement also allows the Fisheries Department in Tanzania to be allocated an amount specifically to support monitoring activities, its institutional capacity building and for the development of small-scale fisheries.

Regional cooperation

The implementation of the 9th EDF Eastern African Regional Indicative Programme (RIP) has continued with COMESA, COI, EAC and IGAD co-operating through the Interregional Co-ordination Committee (IRCC) in order to oversee the design, preparation, implementation, monitoring and evaluation of all individual programmes financed under the RIP. The IRCC also includes the European Commission (EC) and the Southern African Development Community (SADC) (to ensure adequate co-ordination with the SADC Regional Indicative Programme) as members.

Follow up to the support of the EAC Secretariat (funded under the 7th EDF between 1999-2003) focused on the provision of technical assistance aimed at optimizing EAC’s capacity to prepare and implement effective project and programme proposals under the priority areas of the 9th EDF. This action will continue in 2005, and will build on results of a Mid-Term Review of the Regional Programme. Economic integration and trade-related activities are being given a particularly high priority.

Active preparations for Economic Partnership Agreement (EPA) trade negotiations continued, with Tanzania participating within the SADC configuration. Commission support focused on a work programme to boost national capacity in the EPA negotiations,. These issues were discussed by Tanzanian stakeholders, including civil society representatives and the private sector, at a validation seminar in November 2004.

Regarding regional project execution in 2004, the 7th EDF project to support economic integration, which had focused on the strengthening of the EAC secretariat, was the subject to a final independent evaluation. This evaluation made a number of important conclusions, in particular that the EAC secretariat staff was overstretched, that decision-making procedures were cumbersome, and that the secretariat’s programming skills, especially in relation to EDF procedures, should be urgently enhanced

Concerning the special programme for refugee-affected areas in Tanzania, funded under 7th EDF, for which the main objective was accommodating streams of refugees generated by the crisis in the Great Lakes region, the project was closed in July 2004. Final evaluation pointed to implementation difficulties.

7th EDF support for the East Africa Statistical Training Centre was intended to improve training and retention of middle-level statisticians. This project is currently due for audit and closure .

Transport sector interventions play an especially important role in both regional integration and *désenclavement* of the interior regions of East Africa. A key objective is to reduce transport and logistics costs which have a significant bearing on the competitiveness of locally-sourced products. In this respect, the ongoing projects under the 8th EDF Regional programme to support rehabilitation of the Mwanza border-Tinde and Nzega-Isaka roads will have an important bearing. The project should contribute to creating an effective road link between Dar es Salaam, Mwanza, and beyond to Uganda and Kenya. Sustainability will depend upon maintenance capacity. During 2004, work began on both main parts of the project and about three quarters of funds have so far been committed.

Associated with the above, and again under the 8th EDF, is upgrading of road infrastructure in the Mwanza area, the fastest growing region of Tanzania. Despite significant early delays, the first roads were completed during 2004, though just under half of committed funds remain to be disbursed. Works on the Morogoro-Dodoma section commenced in 2004 and the tender for the port access road is ongoing.

European Investment Bank

There were no new lending decisions by the European Investment Bank in Tanzania in 2004, although implementation of major EIB-supported projects in the gas and water supply/sanitation sectors continued. The Commission attaches high importance to co-ordination with the EIB, a body operating under the EU treaty and within the framework of the Cotonou agreement, and acting with the same overarching objectives. The EC Delegation will work with the EIB, and in particular the newly established local representation in East Africa (based in Nairobi) to exploit the bank's funds for long-term investment (loans and risk capital funded from the new Investment Facility and senior loans from EIB own resources). Co-ordination with EIB will focus in particular on the identification of suitable areas of support to the private sector in conjunction with the financial sector, complementing developments in trade policy and regional integration.

STABEX

The agricultural sector in Tanzania is supported through EDF funds for the Stabilisation of Export Earnings (STABEX). The agricultural sector accounts for about 50% of Gross Domestic Product (GDP), provides 85% of rural employment and generates 30% of all export earnings. The sector represents one of the priority areas for outcomes of the poverty reduction strategy. The strategic direction for development activities in the sector is outlined in the Agricultural Sector Development Strategy (ASDS) of 2001. The Agricultural Sector Development Programme (ASDP) provides the framework to implement the ASDS. The ASDP focuses on coordinating and monitoring agricultural development and for incorporating nationwide reforms.

In February 2003 the Government of Tanzania and the European Commission signed a Framework of Mutual Obligation (FMO) for an amount of €38million, representing the transfers of resources for the losses incurred on earnings from exports of coffee in 1994 and 1999 and balances of previous FMO's. It targets three programmes. Support is given to the Tanzania Coffee Research Institute (TaCRI) at Lyamungu, the above mentioned Agricultural Sector Development Programme (ASDP), and a programme for the rehabilitation of priority regional roads in coffee growing areas.

The support to TaCRI focussed in 2004 on rehabilitation of buildings and supplies for vehicles. A tissue culture laboratory is being set up with CIRAD from France. TaCRI received various support to strengthen its research management capacities.

The support to ASDP focussed on the following areas in 2004:

- A study on supporting Coffee Processing Technology.
- A formulation mission on a Joint Donor and Government Support for Agricultural Development at District Level (DADP). Once finalised, this mission will lead to the implementation of €4.3 million support packages at a district level in the form of basket funding.
- Support to tea sector is continuing in three areas: farmer training, smallholder nursery schemes and research support. Activities are in good progress in all these areas.
- Agriculture Sector Baseline Data and M&E through support to a national agricultural census.
- Support to the process of reform of the crop boards in cooperation with the World Bank.
- The Strategic plan for implementing the Village Land Act which will be completed in 2005.
- The coordination by ASDP Secretariat, led by a Programme Coordinator. A contract with FAO provides international TA.

With respect to the rural roads, a consultancy was done to facilitate the identification of those roads in coffee growing areas that need rehabilitation. The identification involved TANROADS, the Ministry of Agriculture and Food Security, and respective regional and district administrations.

An administrative adviser has been recruited to speed up the disbursement of STABEX funds. He assists the NAO.

During 2004 Tanzania was spending the last part of funds made available for the loss incurred of tea export earnings during 1996 totalling €3.0 million. Excellent progress was made in tea research, farmer training and distribution of planting material (funds disbursed €0.4 million). An evaluation confirmed that funds have been well spent and represented good value for money. It highlighted also the valuable role the Tanzania Research Institute played in revitalizing the tea industry.

Cotton research activities supported by the allocation of STABEX 1991-1992 Cotton (€2.2 million) progressed slowly (disbursements €0.7 million). Weaknesses in the performance of cotton research forced a considerable delay in the programming of the support to the research component. A study (to be funded by STABEX) which will prepare the policy shift towards involving the private sector in the funding and control of cotton research within a Government controlled regulatory framework.

Repairs, upgrading and 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 and markets for farmers in coffee growing areas. The intervention has been prepared and will be implemented during 2005.

Community budget lines

In 2004 the EC supported 20 NGO projects with budget line funding. The main areas of assistance were HIV/AIDS and infectious diseases; rural micro-finance and small-scale business development with a focus on women and youth; water, sanitation and hygiene; strengthening local CSOs; gender advocacy; support to agro-production; environment and protected areas management; as well as civic education. Individual projects also covered the areas of disability, capacity building for medical laboratories; and an internationally oriented project to improve technology for the detection of anti-personnel landmines using rodents. Support to individual projects has ranged from €0.45 to 5 million for project life spans between 2 and 5 years.

In the EC's support to NGO projects through budget lines there has not been a comprehensive effort of mainstreaming gender, environment and HIV/AIDS as cross-cutting issues. This is largely due to the fact that proposals need to be specifically focussed on sectors in order to be successful, however, there are increasing cases of mainstreaming, e.g., an environment project working with local communities on the park boundary targeting women in particular for income generation activities. Furthermore, many budget line projects, especially in the areas of business support, income generating activities, sanitation and health focus on women's needs and on youth and are sensitive to traditional behavioural patterns, the different roles and responsibilities that women and men have in their communities. In many projects, and this applies to the growing number of HIV/AIDS projects in particular, there is a component that aims at changing behavioural patterns in order to decrease high risk behaviour and improve community health in the long-term. Environment features in natural resources and rural development projects by recognising that livelihoods and the state of the environment are inextricably linked. Environment issues and planning are also addressed by projects in the water, sanitation and hygiene sectors.

ECHO

Tanzania continued over 2004 to host the largest refugee population on the African continent. The number of refugees registered in its Ministry of Home Affairs/UNHCR camps in North West Tanzania. At the end of 2004 was 400.000 (of which 60% Burundese, 39 % Congolese and 1 % Rwandese). These refugees are almost entirely dependent on humanitarian aid for survival, as refugee self-sufficiency is not permitted by Tanzanian's Refugees Act. 1998. ECHO is the key-donor to UNHCR in Tanzania with a contribution of 15 million Euro in 2004. In addition, food aid for an amount of 7 million Euro was made available.

5. Programming Perspectives for the coming years

The annexed tables on the updated pipeline of interventions reflects the outcome of the Mid Term Review, which took place during 2004 and early 2005.

No major changes were recorded as to the main objectives of the cooperation between Tanzania and the European Union. This cooperation will remain solidly focused on support to the transport and education sectors and will encompass continued macro-economic support. The available resources outside the focal sectors will target a good governance, support for Non-State Actors, water supply, support to the National Authorising officer, tourism and the technical cooperation facility.

The biggest challenge will come from the transport sector, where we will seek to evolve towards a transport sector intervention plan. Given the ultimate deadline of end 2007 for the commitment of all presently available programmable funds, we may be forced to lower our ambitions and support a more project-oriented approach in this sector.

In education, the Commission, with the support of other Development Partners, has decided to press for a sector approach: preparations are under way to create the conditions necessary to launch a sector policy support programme.

The allocation for macro-economic support has been substantially increased over time from the originally programmed 98.6 m Euro to 114 m Euro and on to at least 159 m Euro. This clearly illustrated our ever-increasingly emphasis on this instrument in EU-Tanzania relations.

The remaining STABEX-funds have all been programmed to be fully utilized by end of 2007. The emphasis will be on support to the Agriculture Sector Development Programme, coffee research and rehabilitation of priority rural roads.

The remaining funds STABEX (un-disbursed) at the end of 2004 amounted to around 29 m Euro.

Additional interventions will be forthcoming under the new all ACP Water and Energy facilities, as well as on budget line financing. Currently under preparation are measures to assist in the adjustment to new EU market conditions for sugar following internal EU sugar sector reforms and its effects on the ACP Sugar Protocol

6. Dialogue in country with the National Authorising Officer (NAO) and non-State actors (NSAs), and donor coordination.

6.1 Dialogue in country with the NAO and the non state actors (NSAs)

Regular meetings take place between Delegation and NAO-staff. These meetings cover programming aspects, follow-up interventions and clearing of identified problems and bottle-necks. The relations are efficient and have actively contributed to the good performance obtained. Given the crucial importance of the partnership between the NAO and Commission Delegation services and the complexity of the texts identifying the respective obligations, it was felt necessary to develop a commonly agreed "Code of

Conduct". This code would also clarify to the various contractors the intricacies of the relationship between Tanzania and the European Union.

A large scale NSA – coordination exercise was actively prepared during 2004. The objective is to identify an efficient coordination structure for the future in order to continuously and critically evaluating Tanzania – EU cooperation as well as identify the structural capacity building needs of the NSA's.

6.2. Donor Co-ordination

Coordination in Tanzania between donors and the Tanzania Authorities is very well developed. Monthly meetings to be placed in the context of the National Strategy for Growth and Reduction of Poverty – Mkukuta, as well as in the context of PRBS, TAS, JAS etc. Eleven different sub-groups are established within the Development Partners Group. Governance and Poverty monitoring systems are specially active. The European commission is leading in particular the sub-group Poverty Monitoring system and will take over the Chair of the Governance group in 2005.

Some issues are the subject of a concrete joint work amongst most of the Development Partners. (including the European Commission), in particular around budget support and with regard to the Education sector.

The Heads of mission of the EU Member States and the Commission meet monthly under the EU-Presidency. The Development Counsellors from the EU Member States and the Delegation Head of Operations meet as well monthly in order to discuss matters of common interest.

7. Conclusions

7.1. Overall

The government of Tanzania has continued to move forward to refine its strategies for national development, resulting in the National Strategy for Growth and Reduction of Poverty or "Mkukuta". Clear Strategies are defined in this context as well as expected outcomes and outputs. The European Union, as other development partners, is thus in a position to align its assistance to these national strategies as defined by Tanzania.

This provides a solid foundation for the cooperation programme between Tanzania and the European Union, which proceeded well along 2004. The Mid Term Review essentially confirmed the choices of the focal sectors as being transport infrastructure, basic education and macro-economic support. A total of 394 million Euro is available for programmes between 2005 and 2007 on the European Development Fund Resources.

In addition, Tanzania continues to benefit from resources from the STABEX transfers, budget lines and from the European Investment Bank, as well as from ECHO for the refugee-camps in the North West of the Country. At regional level the focus is on the integration process within the East African Customs Union as well as on Economic Partnership Agreements with the European Union.

The situation in Tanzania has remained stable over 2004 and the general socio-economic indicators show consistent improvement. This improvement is however still slow in

comparison to the major challenges of the country resulting in wide-spread poverty remaining evident. Mkukuta therefore solidly focuses on growth in order to combat poverty over the coming years.

Tanzania also remains very committed to its role as peace-broker for the Great Lakes Area, as demonstrated by the holding of the Great Lakes Conference in November in Dar es Salaam.

7.2. Operational review and In-country meeting

The Operational Review was completed with the EDF Committee approval on 21 September 2005 and the In-country review meeting on 19 January 2006.

The EDF Committee accepted the Joint Annual Report.

The in-country review meeting discussions are summarised below:

1. Results achieved in the focal sectors

1.1 Macroeconomic support

The meeting was informed that the PRBS 03 financing proposal has been approved by Member states at the EDF Committee of November 2005 and adopted by the Commission in December.

It was explained that this programme was in line with the new GBS Partnership Framework Memorandum and Performance Assessment Framework (PAF) which have been agreed upon after the 2005 GBS Annual Review and will be signed on 23 January 2006.

The Delegation also clarified that further work on the new PAF will be required, much ahead of the next Annual Review, to adjust it to the new list of NSGRP indicators and targets, once it is in place.

Furthermore the first transfer of funds will be operated in the first quarter of the 2006/07 financial year. It will be based on the 2005 GBS Annual Report which has concluded that there has been 'reasonably satisfactory overall progress' in the reform programmes in Tanzania. While the new performance-based budget preparation process was also a key theme of interaction, the public service reform programme and the anti-corruption policy were pointed as showing little progress over the last years. While the overall pay reform is broadly on track, discussions were centred on top-up allowances, where a study has been on the subject was completed but the results were inconclusive. The Government has decided to establish a Task Force to report in time for action in 2006/07.

The first transfer of funds will also be based on the latest data on education and health as published in the forthcoming Poverty and Human Development Report. Ensuring timely reporting on health data in particular will allow to avoid similar difficulties as last year when a substantial share of the social sector variable tranche could not be disbursed for lack of data.

1.2 Roads

The Commission representatives reported on the steps taken to prepare the two roads projects remaining in the 9th EDF pipeline, as decided upon during the 9th EDF Mid-term review : Isaka-Lusahunga and Nyanguge-Musoma. They also recalled that performance in this focal sector is hampered by lack of progress in the definition of a sector policy. Further progress is needed in 2006, in the context of these two projects and of the preparation for

the 10th EDF programming. This requires strong focus by the Government and the appointment of the new Minister for Infrastructures, as underlined by the NAO, is a good indication that the new ministry will see his role as to provide a strategic oversight over agencies' work. Over 2005, the Rehabilitation of Mandela Road (and also the Water Supply Programme for regional centres Phase II) was approved.

Progress in clarifying tax issues on donor financed projects, as discussed in the meeting, is also key to support a strong involvement of the EC in the sector. It was agreed that a high level meeting with Tax Revenue Authority's management would be convened in February. It would be chaired by the NAO and serve to disseminate the information of a newly compiled manual on tax procedures on donor financed projects and ensure commitment by TRA as an institution.

1.3 Education

The state of preparation of the financing proposal on sector budget support in education was explained. It was proposed to have a Government/Delegation task team convened to finalise the draft.

The Commission approach to sector budget support was explained. It was stressed that this was on-budget support linked to progress in the education sector (in this case) as assessed at the joint annual education reviews. The NAO supported this approach if this was to be seen as a manner for the Commission to increase its overall envelope of budget support.

1.4 Governance

In the non-focal sector of governance, the support project to Non-State Actors has been approved in 2005, and preparation work on the proposals to support capacities of local governments and fight against corruption have continued with expectations that decisions be made on these projects in the first half of 2006.

2. Use of resources for non-State actors

The 9th EDF Non State Actor support project was prepared in a participatory manner. It will help facilitate the interaction and development of NSAs in Tanzania. It was based on a consultation workshop in February where a core group of seventeen NSAs were mandated to agree on the different result areas and activities, as well as the management structure and implementation arrangements. The themes of the programme are : increasing the capacity of NSAs, improving communication and information, increasing engagement and dialogue, and assisting NSAs to better participate in EC support to their activities. The meeting agreed that modalities to associate NSAs to the 10th EDF programming process needed to be in place and that the project could serve as a framework for this to happen.

3. Programming perspective for 2006

We indicated that the first semester of 2006 would be a period of intense activity for the NAO and the delegation with the ETR and the preparation of the 10th EDF. A broad overview of the 10th EDF programming guidelines was given including the main deadlines (first draft of the CSP in July 2006, signature in June 2007) and the most important characteristics of the exercise: ownership, alignment on country development strategy, concentration on 2 focal sectors, emphasis on governance, budget support as a preferred

way of implementation, breakdown of the country envelope into a minimum component and a 'performance' component.

The NAO welcomed these developments and especially the fact that the CSP would be aligned with the NSGRP. He mentioned infrastructure (including energy) as being identified in the next MTEF as an area where continuous high level support by donors in general and the EC in particular would remain necessary. He stated that he does not see major difficulties in choosing the focal sectors. He also indicated that a time bound roadmap would need to be prepared to ensure that the programming process delivers on time.

ANNEXES TO JOINT ANNUAL REPORT 2004

Annex A

Minutes of Mid-Term Review

Annex B

Activity Chronogramme and Forecasts

- B1 Intervention Framework**
- B2 Activity Chronogramme**
- B3 Timetable for Commitments and Disbursements**
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Annex C

Financial Situation

- C1 Financial Situation for 7 - 9th EDF**
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Migration Profile

ANNEX A: Mid-Term Review Conclusions - Tanzania

In accordance with article 5(6-7) of annex IV of the ACP-EC Partnership Agreement a mid-term review of the Country Strategy Paper (CSP) and National Indicative Programme (NIP) for Tanzania was carried out during 2004.

The 9th EDF Country Strategy Paper for the period 2001-2007 was signed in March 2002. The National Indicative Programme (NIP) is based on an indicative allocation of €90m (A-envelope) to which could be added a further €65m (B-envelope) to cover unforeseen needs. In line with Tanzania's PRSP objectives, the CSP identifies two focal sectors, transport infrastructure (roads) and basic education, one non-focal sector - governance, and general macro support. In the Annual Operation Review in 2003, it was decided to restructure EDF interventions in the road sector, to include the rehabilitation of the Zanzibar port and to increase the allocation for general budget support. Otherwise, the choice of focal sectors remains valid and, consequently, no change of strategy is proposed in the Mid-Term Review exercise.

At the end of 2002, the EC Delegation became fully devolved, which has had a very positive effect on the efficiency of EC aid delivery. In 2003, payments doubled in comparison to the average of the last five years. The financial performance assessment conducted as part of the Mid-Term Review reveals that Tanzania has made very good progress with regard to assignments of funds, whereas commitments and payments are progressing more or less as scheduled.

With regard to the sectoral and macroeconomic performance, the assessment carried out in the Mid-Term Review process reflects overall sufficient progress in the road sector and good progress in education and macroeconomic stability.

Based on the satisfactory performance of Tanzania in the relevant areas, most donors have shifted their support towards general budget or sectoral support. Tanzania's absorption capacity is high, in particular for budget support. The generally stable political situation of the country and a reform process "on track" provide a favourable context for aid delivery. However, the political reconciliation process in Zanzibar and the budget will stay under the close scrutiny of donors in the run-up to the 2005 elections.

Tanzania has not yet used its B-envelope. It is proposed that €55.15 million be transferred to the A-envelope to cover the existing over-programming as a result of the decision to finance the rehabilitation of the Zanzibar port and to extend the current budget support programme at least until the end of 2007. An amount of €4.55 million in the B-envelope is kept in reserve for short-term emergency actions.

Following the completion of the mid-term review (MTR), in the light of an assessment of current needs and performance of the country, the Community revises the resource allocation for Tanzania as follows:

	Initial 9 th EDF allocation	Initial 9 th EDF allocation + old EDF transfers (end	New allocation after MTR (also including transfers from
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		2003)	previous EDFs)
A envelope	290 million	338,7 million	393.85 million
B envelope (exclud. peace facility)	59.7 million	59.7 million	4.55 million

Note: The increase in envelope A is due to a transfer of 55.15 million from the envelope B

The present addendum adjusts the indicative allocations for envelopes A and B referred to in paragraph 2 of the general provisions, accompanying the CSP and NIP, as well as all other references to these amounts in the different chapters and annexes to the CSP and NIP.

As part of the mid-term review, it has been agreed to maintain the country strategy as contained in the CSP and NIP.

The new breakdown of the indicative allocation destined to cover the long-term development activities (envelope A) is presented below:

	Initial indicative allocation		Indicative allocation after the MTR also including transfers from previous EDFs	
Focal sector: transport infrastructure	116	40%	110 – 125*	28%
Focal sector: basic education	43.5	15%	43.5	11%
Macroeconomic support	98.6	34%	159 – 186**	40%
Programmes outside the focal sectors (of which support to non-State actors' initiatives, if appropriate>	31.9	11%	81.35	21%
Total	290	100%	393.85***	100%

* An option to use €15 million either in the transport sector or for extended budget support remains open.

** €114 million have already been committed (PRBS 02), it is expected that any funds not disbursed in this current programme are recommitted under the new programme (PRBS 03).

*** Total expected to be higher as decommitments from previous EDFs will be also added.

ANNEX B1 – Intervention Frameworks

EDUCATION

NARRATIVE	PERFORMANCE INDICATOR	SOURCES OF VERIFICATION	ASSUMPTIONS
PRSP Objectives			
i. Achieved gender equality in Primary & Secondary Education. (2005)	* 100% 7-8 y.o. girls & boys in Std 1&2 * Equal decrease in dropout for girls and boys		
ii. Increased proportion of school age children (girls and boys) successfully completing primary education	* Increased GER to 93% * Increased transition rate from primary to secondary from 19% to 25%. <u>* Ave. annual drop out reduced from 6.6 % to 3%.</u> * Increased NER from 57 % to 70 % * Increased secondary enrolment from 15% to 21%	Annual Basic Statistics in Education (MoEC) 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			
Increased gender balanced equitable access to higher quality basic education, based on the following results:	ESDP performance indicators will be the same as the PRSP indicators		ESDP approved, funded and implemented. Decentralisation process progressing as planned. Public service reform progressing as planned, and development partners channelling funds through basket/budget.
1.1 Expanded equitable enrolment	Standard 1 Enrolment, additional teachers,	Annual Basic Statistics in Education	Assumption for all results: that schools and local authorities implement abolition of school fees, that cost

achieved	additional classrooms, gross enrolment	(MoEC)	constraint removal generates increased enrolment and the existence of variable incentive packages as a sufficient condition for equitable teacher distribution
1.2 Quality of education improved for all	Frequency of school inspection Book/pupil ratio maintained No. of INSET days for all teachers		
1.3 Appropriate institution. arrangements (including stakeholder participation) established at all levels	All schools should have annual development plan & functioning School Committee	Zonal Education reports	
1.4 Institutional capacity strengthened			
1.5 Adequate funds provided to appropriate educat. service delivery level	Level of Capitation grant to schools	Regional Education Reports	
1.6 Improved Financial Management System (IFMS) in place at all levels	FM manual in all schools All school accounts audited annually	Annual Expenditure Tracking Surveys and Controller and Auditor General's report	
1.7 IFMS capacity strengthened at all levels	Clean audit reports	Annual Expenditure Tracking Surveys and Controller and Auditor General's report	

MACRO-SUPPORT

NARRATIVE	PERFORMANCE INDICATOR	SOURCES OF VERIFICATION	ASSUMPTIONS
PRSP Objectives			
i. Income poverty reduced	% of population below poverty line (annual data not available)	Household Budget Survey (next survey planned for 2006)	
ii. Quality of life and social well-being improved	* Improvement in key social indicators as included in the PRBS 02 Financing Agreement	PRS Progress Report, Census and Surveys	
iii. Macro-economic stability maintained	* Single digit inflation * Stable effective "market determined"	NBS CPI, Monetary Surveys BoT monthly bulletins and annual report	

	exchange rate		
EC Intervention Objectives			
1. PRSP fully funded through Government Budget	* Priority items within priority sectors funded in line with PRSP expenditure targets	PER	Budget deficit (net of grants and concessional loans) will be kept below 1% of GDP
2. Public Finance is sustainably managed, with effectiveness and transparency	* Variance between Out-turns and Budget * LGA's publish quarterly allocations on notice boards	News media/ field research	Performance-based management of public service Foreign reserves >4 months imports
Expected Results			
1.1 EDF budget support sustained and predictable	* disbursement according to projections	MoF EDF/PSU	Sufficient budget support from other donors
1.2 Aid transaction costs reduced	* Joint reviews successfully completed	Joint Review report	
2.1 Effectiveness of Integrated Financial Management System (IFMS) enhanced	* % of LGA's with IFMS rolled out to them	IFMS Reports	Audits by Controller and Auditor General effective and acted upon
2.2 Accounting, procurement & internal audit cadres restructured and upgraded	* Number of personnel trained	Progress reports	Pay reform brings Civil Service pay to "near market" level
2.3 Production of macro-economic and financial statistics improved	* Timely availability of improved statistical reports and information	Reports NBS, POPP, MoF	

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 C: Revised Activity Chronogramme
(€million)**

Update February 2005

Project Title	Amount	Identification	End of Appraisal	Financing Decision
Education				
Education Sector Development Programme	43,5	Jan 04	June 04	Dec 04
Macroeconomic Support				
PRBS 03	57,0	Mars 05	Mars 05	October 05
Transport Infrastructure				
Zanzibar Port	30,0	Dec 03	Mar 04	July 04
Backlog Maintenance	30,0	Sept 04	Dec 04	Aug 06
Direct funding road fund	30,0	Sept 04	Dec 04	Aug 06
Regional road maintenance	30,0	Sept 04	Dec 04	Aug 06
Institutional support to Tanroads	5,0	Sept 04	Dec 04	Aug 06
Governance				
Local Governance Capacity Building Programme	22,7	May 05	Jun 05	Nov 05
Support for Non-State Actors	2,9	Apr 05	July 05	Nov 05
Support for Anti-Corruption	3,5	May 05	July 05	Oct 05
Other				
Water Supply Phase II/III	38,3	Mar 04	Aug 04	Jan 05
Support to NAO, Phase II	3,8	Sept 03	Oct 03	Mar 04
Institutional Strengthening Tourism Sector, Phase II	2,5	Feb 05	Apr 05	Sep 05
Technical Cooperation Facility	3,8	Aug 03	Aug 03	Mar 04
Total	303,0			

ANNEX B3: NEW Global Commitment Forecast EDF 9	2005			2006		
	Global commit.	Individual commit.	Payments	Global Commit.	Individual Commit.	Payments
TRANSPORT INFRASTRUCTURE						
Nelson Mandela Road Rehabilitation	30.000.000	0	0	0	26.000.000	8.000.000
Backlog maintenance	0	0	0	10.000.000	2.000.000	400.000
Direct funding road fund	0	0	0	30.000.000	8.000.000	8.000.000
Regional road maintenance	0	0	0	15.000.000	4.000.000	800.000
Institutional support to road sector	0	0	0	10.000.000	5.000.000	1.000.000
SUBTOTAL	30.000.000	0	0	65.000.000	45.000.000	18.200.000
MACROECONOMIC						
Poverty Reduction Budget Support 03	57.000.000	0	0	0	29.000.000	29.000.000
SUBTOTAL	57.000.000	0	0	0	29.000.000	29.000.000
EDUCATION						
Support to Education Sector	0	0	0	43.500.000	10.000.000	10.000.000
SUBTOTAL	0	0	0	43.500.000	10.000.000	10.000.000
NON-FOCAL						
Support to Anti-corruption Strategy	0	0	0	3.500.000	1.000.000	1.000.000
Tourism Training Programme	2.500.000	0	0	0	2.150.000	1.100.000
Local Governance Capacity Building Programme	0	0	0	22.700.000	6.000.000	4.370.000
NSA Support Programme	0	0	0	2.900.000	2.500.000	1.000.000
Water Supply Regional Centers Phase II	38.340.000	0	0	0	38.340.000	0
SUBTOTAL	40.840.000	0	0	29.100.000	49.990.000	7.470.000
TOTAL	127.840.000	0	0	137.600.000	133.990.000	64.670.000

ANNEX B3: Disbursement Forecast for ONGOING projects: 7, 8 and 9th EDF			Situation end 2004, €			Forecast on Disbursements, €	
Year of Commitment	Project No.	Project Title	Global commitment	Individual commitment	Disbursement	2005	2006
Transport Infrastructure							
1997	7ACP TA95	Ruvuna & Southern Iringa Road Maintenance Programme (RUSRIM)	8.000.000	7.949.052	3.292.707	1.850.630	0
1997	7ACP TA96	Ruvuna & Southern Iringa Road Maintenance Programme (RUSRIM)	13.800.000	13.455.579	2.726.928	1.050.293	0
1999	8ACP TA10	Rehabilitation of Mwanza Roads	32.000.000	31.090.000	20.825.111	3.391.000	1.462.800
2000	8ACP TA18	Rehabilitation and Up-grading of Mwanza Border-Tinte & Nzega-Isaka Roads	65.000.000	61.265.072	21.982.870	25.700.000	11.600.000
2000	8ACP TA20	Institutional & Policy Support to the Tanzania Road Sector	1.980.000	1.822.631	1.390.450	350.000	0
2001	8ACP TA22	Backlog Maintenance Programme for the Central Corridor	22.000.000	21.075.000	5.887.157	8.500.000	5.700.000
2003	8ACP TA47	Rehabilitation of Zanzibar Port	750.000	731.880	511.904	144.500	0
2004	9ACP TA14	Rehabilitation of Malindi Wharves, Port of Zanzibar	31.000.000	82.720	58.176	5.500.000	13.200.000
Subtotal			174.530.000	137.471.935	56.675.304	46.486.423	31.962.800
Education							
2003	8ACP TA41	Support to Primary Education Development Plan	25.000.000	24.566.370	24.539.822	206.374	0
Subtotal			25.000.000	24.566.370	24.539.822	206.374	0
Macro Support							
1999	8ACP TA11	Tax Administration Project	7.000.000	5.047.329	3.371.080	894.882	456.700
2003	9ACP TA1	Poverty Reduction Budget Support Programme 2003-2006	114.000.000	111.095.000	2.037.000	46.033.000	0
Subtotal			121.000.000	116.142.329	5.408.080	46.927.882	456.700
Non-Focal: Governance							
2000	8ACP TA17	Mwanza Sewerage System Rehabilitation	5.500.000	5.258.470	4.364.887	340.485	0
2002	8ACP TA40	Self Reliance Program for Refugees in Tanzania	4.000.000	3.777.747	3.020.095	896.201	0
2003	8ACP TA43	Small Arms Management and Reduction	1.000.000	1.000.000	616.635	202.845	180.520
2003	8ACP TA45	Implementation of Zanzibar Political Accord "Muafaka"	1.975.000	1.000.000	1.000.000	730.000	0
2003	8ACP TA46	Water Supply Programme Regional Centres Phase 1	33.660.000	33.660.000	6.732.000	10.000.000	0
2003	9ACP TA2	4th Micro-Projects Programme in Tanzania	1.469.725	1.289.000	728.659	592.330	0
2004	9ACP TA3	Support to Tanzania Game reserves (STGR)	1.980.000	1.049.000	459.485	1.098.991	578.297
2004	9ACP TA6	Support to the Southern and Eastern African Mineral Centre	1.499.750	661.081	206.223	704.832	500.000
2004	9ACP TA12	9th EDF Support to the NAO	3.800.000	1.190.000	326.097	500.000	600.000
2004	9ACP TA13	Technical Cooperation Facility	3.777.750	273.535	171.520	467.853	335.000
Subtotal			58.662.225	49.158.833	17.625.600	15.533.537	2.193.817
Total			379.192.225	327.339.466	104.248.806	109.154.216	34.613.317

ANNEX B4: DONOR MATRIX - SUMMARY SHEET (in MEUR)

Donor/ Programme period	Macroec/ Debt Relief (1)	Govern. Reform (2)	Democracy (3)	Agriculture (4)	Natural Resources (5)	Private Sector (6)	Transp. Infrastr. (7)	Energy/ Telecom (8)	Education (9)	Health/ Populat./ AIDS (10)	Water/ Sanitat. (11)	Other or Unspecified (12)	Total
Belgium * 01-03		2.0	2.0	12.0	8.0				5.0	6.0			35.0
Denmark 00-02	4.0	1.0	13.5 L	19.1 L	17.7	26.8	46.4			33.0			161.5
Finland 01-03	2.0	2.6	2.0	8.5	3.8				6.0				24.9
France 01-03				6.9	1.6			3.4	1.0	0.5	23.0 (L)	2.0	38.4
Germany 00-01		4.9			7.3					6.7	21.1 (L)		40.0
Ireland 00-02	15.6	5.6	0.4	11.2	1.1				5.7	11.0			50.6
Italy * 01-03												9.0	9.0
Netherlands 01-03	53.3 L	32.0				12.4			23.4	27.0		50.6	198.7
Spain *									X	X			X
Sweden 01-04 (3 y)	27.1	14.7	19.3	13.6		7.9		38.2	43.0 (L)			21.5 (L)	185.2
United Kingdom 01-03	254.0 (L)	34.7	4.5		3.9	14.7	2.2		3.1 L	21.1	1.3	1.3	340.8
EIB * (3 years)											15.0	40.0	55.0
7 th EDF 01-02	76.0			41.2	4.0		11.6 L		25.0		72.0		229.8
9 th EDF * mid 01- mid 04												174.0 **	174.0
TOTAL EU	432.0	97.5	41.7	112.5	47.4	61.8	60.2	41.6	112.2	105.3	132.4	298.4	1543.0

Amounts are expected primary commitments, as figuring in Country Programmes. Commitments made before Jan. 2001 are not included (among those 129 millions Euros by EDF in the road sector)

Donor/ Programme period	Macroec/ Debt Relief (1)	Govern. Reform (2)	Democracy (3)	AgriCulture (4)	Natural Resources (5)	Private Sector (6)	Transp. Infrastr. (7)	Energy/ Telecom (8)	Education (9)	Health/ Populat./ AIDS (10)	Water/ Sanitat. (11)	Other or Unspecified (12)	Total
Canada 01-04		2.2 (L)		3.3	1.3	6.5 (L)			8.7	8.7		4.1	34.8
Japan *				X					X	X			X
Norway 01-03	12.5	0.7 (L)		4.6	6.4		22.2 (L)	7.6	22.9	4.4			81.3
USA 01-03		7.2			11.1	11.8				51.9 L (AIDS)			82.0
Switzerland 01-04	24.1	5.0	3.7	1.7			18.5			22.7		1.3	77.0
IMF 00-03	240.4												240.4
W/Bank 01-03		87.0		21.7	87.0	119.6	87.0	184.8	141.3	21.7	54.3	54.3	858.7
UNDP 01-03												45.7	45.7
UNICEF 01-03										84.8 (L)			84.8
UNFPA 01-03										11.4			11.4
WFP 01-03												16.3	16.3
WHO 01-03										9.7 (L)			9.7
FAO 01-03				48.9									48.9
UNIDO 01-03						7.6							7.6
UNESCO 01-03												6.0	6.0
TOTAL NON-EU	277.0	102.1	3.7	80.2	105.7	145.5	127.7	192.4	172.9	215.3	54.3	127.7	1604.6
TOTAL	709.0	199.6	45.4	192.7	153.1	207.3	187.9	234.0	285.1	320.6	186.7	426.1	3147.6

Notes : X = amount unspecified

* no agreed programme

** 9th EDF = 3/5 of base case allocation

ANNEX C1: Financial Situation: Global Commitments					
	2000	2001	2002	2003	2004
N.I.P.	104.530.800	76.621.600	2.716.416	62.902.221	
A enveloppe (for 9 EDF)				116.826.725	42.057.500
Total N.I.P.	104.530.800	76.621.600	2.716.416	179.728.946	42.057.500
Refugees aid			4.000.000		
STABEX	27.432.817				2.839.441
Transfert from other funds					
Program.Regional Funds	40.000.000			921.000	
No program. Regional Funds					
Risk capitals		55.292.000		35.000.000	
Sub total EDF	276.494.417	208.535.200	9.432.832	395.378.892	86.954.441
Budgetlines (ONG,SANTE,ENV,DDH)*	5.010.011	7.508.925	2.088.238	19.095.923	9.671.395
ECHO	26.850.000	32.150.000	27.000.000	24.000.000	15.000.000
Food Security				10.000.000	7.000.000
GRAND TOTAL	308.354.428	248.194.125	38.521.070	448.474.815	118.625.836

*Note: Commitments also include regional projects benefitting Tanzania

ANNEX C1: Financial Situation: Individual Commitments					
	2000	2001	2002	2003	2004
N.I.P.	38.777.128	57.237.752	9.701.890	173.918.587	22.909.361
A enveloppe (for 9 EDF)				109.005.800	7.218.966
Refugees aid			2.476.249	1.406.449	343.722
STABEX		27.432.817			2.786.315
Transfert from other funds	76.000	99.000	6.149.400	730.363	2.654.300
Program.Regional Funds			1.867.800	2.470.015	3.145.900
No program. Regional Funds		2.175.088			
Risk capitals	7.100.181	55.292.000		35.000.000	
Sub-total EDF	45.953.309	142.236.657	20.195.339	322.531.214	39.058.563
Budgetlines (ONG,SANTE,ENV,DDH)*	5.010.011	7.508.925	2.088.238	19.095.923	9.671.395
ECHO	26.850.000	32.150.000	27.000.000	24.000.000	15.000.000
Food Security				10.000.000	7.000.000
GRAND TOTAL	77.813.320	181.895.582	49.283.577	375.627.137	70.729.958

*Note: Commitments also include regional projects benefitting Tanzania

ANNEX C1: Financial Situation: Payments					
	2000	2001	2002	2003	2004
N.I.P.	11.152.656	51.360.128	48.373.002	77.798.588	45.458.171
A enveloppe (for 9 EDF)				31.000.000	35.745.653
Refugees aid				1.649.048	1.246.732
STABEX		27.432.817			
Transfert from other funds	371.825	232.048	2.797.353	693.338	2.144.766
Program.Regional Funds	5.748.889	4.708.553	2.023.355	2.901.092	2.298.082
No program. Regional Funds		2.200.000	627.111		
Risk capitals	3.509.599	6.110.993	10.260.907	23.876.176	26.165.256
Sub-total EDF	20.782.969	92.044.539	64.081.729	137.918.242	113.058.659
Budgetlines (ONG,SANTE,ENV,DDH)*			2.087.452	2.645.941	3.437.709
ECHO	26.850.000	32.150.000	27.000.000	24.000.000	15.000.000
Food Security				10.000.000	7.000.000
GRAND TOTAL	47.632.969	124.194.539	93.169.181	174.564.183	138.496.368

*Note: Commitments also include regional projects benefitting Tanzania

Figures in EURO'000

Project		Global commitments			Individual commitments			Payments		
Number	Title	1/01/2004	31/12/2004	Difference	1/01/2004	31/12/2004	Difference	1/01/2004	31/12/2004	Difference
7 ACP TA 79	Kihansi Hydroelectric Power	23.000	23.000		23.000	23.000	0	22.592	22.592	0
8 ACP TA 5	Fehda Fund Limited	2.000	2.000		2.000	2.000	0	1.551	1.551	0
8 ACP TA 6	Air Traffic Services Project	12.800	12.800		12.800	12.800	0	12.326	12.326	0
8 ACP TA 15	Private Sector Development	9.000	9.000		9.000	9.000	0	2.365	2.365	0
8 ACP TA 35	Songo Songo Gas Development	55.000	55.000		55.000	55.000	0	21.615	47.780	26.165
8 ACP TA 49	Dar Es Salaam Water Supply and Sanitation	35.000	35.000		35.000	35.000	0	0	0	0
Total		136.800	136.800	0	136.800	136.800	0	60.449	86.614	26.165

ANNEX C3: STABEX

Summary of Financial Situation of the STABEX FMO 94/99 (in EUR)

Situation as at 06/04/2006

No	Component	Allocated Amount	Commitments Ytd	uncommitted	Payment Ytd	Balance unpaid
A.	Coffee Research and Technology Support Programme	9.000.000,00	1.561.423,00	7.438.577,00	990.778,00	570.645,00
A.1.	Rehabilitation Works	1.100.000,00	28.000,00	1.072.000,00	0,00	28.000,00
A.2.	Supplies	1.100.000,00	35.000,00	1.065.000,00	0,00	35.000,00
A.3.	Services	700.000,00	440.952,00	259.048,00	57.514,00	383.438,00
A.4.	Coordination & Supervision	1.480.000,00	1.057.471,00	422.529,00	933.264,00	124.207,00
A.5.	Endowment Fund	4.620.000,00	0,00	4.620.000,00	0,00	-
B.	Support to Agriculture Sector Development Programme	18.000.000,00	5.341.230,65	12.658.769,35	3.469.856,57	1.871.374,08
<i>B.1.</i>	<i>Result 1 - Decentralised project funded</i>	<i>9.308.693,00</i>	<i>556.604,00</i>	<i>8.752.089,00</i>	<i>485.962,50</i>	<i>70.641,50</i>
B.1.1.	District Based Programmes funded	4.308.693,00	0,00	4.308.693,00	0,00	-
B.1.2.	Reserves for Coffee Processing Technology	2.500.000,00	66.299,00	2.433.701,00	65.153,00	1.146,00
B.1.3.	Support to smallholder focused research (Te	2.500.000,00	490.305,00	2.009.695,00	420.809,50	69.495,50
<i>B.2.</i>	<i>Result 2 - Agriculture Sector Baseline Data and</i>	<i>2.661.307,00</i>	<i>2.600.164,40</i>	<i>61.142,60</i>	<i>2.304.424,57</i>	<i>295.739,83</i>
B.2.1.	Conduct Agriculture Sample Survey	2.661.307,00	2.600.164,40	61.142,60	2.304.424,57	295.739,83
<i>B.3.</i>	<i>Result 3 - Agriculture Sector Reforms implemete</i>	<i>2.650.000,00</i>	<i>692.538,25</i>	<i>1.957.461,75</i>	<i>556.387,51</i>	<i>136.150,75</i>
B.3.1.	Restructuring of the Crop Boards	450.000,00	291.691,25	158.308,75	211.113,74	80.577,51
B.3.2.	Strategic plan for implementation Village L	400.000,00	400.847,00	847,00	345.273,77	55.573,23
B.3.3.	Follow-up actions related to Crop Boards/1	1.000.000,00	0,00	1.000.000,00	0,00	-
B.3.4.	Other studies and impl. policy & regulatory	800.000,00	0,00	800.000,00	0,00	-
<i>B.4.</i>	<i>Coordination & Supervision</i>	<i>3.380.000,00</i>	<i>1.491.924,00</i>	<i>1.888.076,00</i>	<i>123.082,00</i>	<i>1.368.842,00</i>
B.4.1.	Coordination implementation of the ASDP	3.380.000,00	1.491.924,00	1.888.076,00	123.082,00	1.368.842,00
C.	Rehabilitation of Priority Rural Roads	10.000.000,00	0,00	10.000.000,00	0,00	0,00
C.1.	Rehabilitation Works (including +- 5% conti	9.200.000,00	0,00	9.200.000,00	0,00	-
C.2.	Supervision	800.000,00	0,00	800.000,00	0,00	-
D.	Technical Assistance, Studies, Monitoring & Evaluation	1.440.413,00	774.712,00	665.701,00	334.236,04	440.475,96
D.1.	Long term Technical Assistance	400.000,00	359.643,00	40.357,00	38.440,00	321.203,00
D.2.	Studies, Monitoring & Evaluation	1.040.413,00	415.069,00	625.344,00	295.796,04	119.272,96
TOTAL STABEX FMO 94/99		38.440.413,00	7.677.365,65	30.763.047,35	4.794.870,61	2.882.495,04

Summary of Financial Situation of the STABEX FMO 94/99 (in EUR)

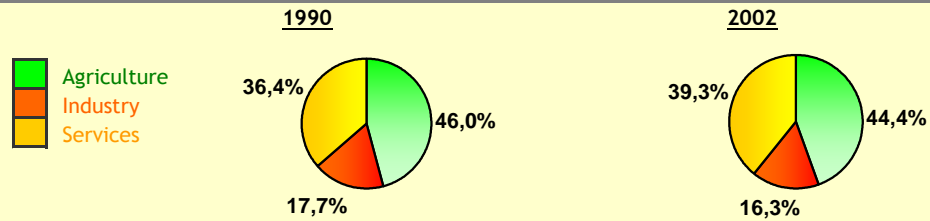
Situation as at 06/04/2006

		Allocated Amount	Commitments Ytd	uncommitted	Payment Ytd	Balance unpaid
A.	Coffee Research & Techn. Support Programr	9.000.000	1.561.423	7.438.577,00	990.778	6.447.799,00
B.	Support to ASDP	18.000.000	5.341.231	12.658.769,35	3.469.857	9.188.912,78
C.	Rehabilitation of Priority Rural Roads	10.000.000	0	10.000.000,00	0	10.000.000,00
D.	TA, Studies, Monitoring & Evaluation	1.440.413	774.712	665.701,00	334.236	331.464,96

TANZANIA

Population	2003	37,0 Mio inhabitants	(United Nations 2003)			
Area	2003	945 (1000qkm)				
Gross domestic product	2003	9 Bn euros	Exports-to-GDP ratio:	9,3	% in 2003	
GDP per Capita	2003	246 Euros				
(IMF, World Economic Outlook)			2000	2001	2002	2003
Real GDP (% growth)			5,1	6,2	7,2	7,1
Inflation rate (%)			6,2	5,2	4,6	4,5
Current Account Balance (% of GDP)			-5,3	-5,3	-3,8	-2,4

GDP BY SECTOR



Source: World Bank (WDI)

TANZANIA MERCHANDISE TRADE WITH THE WORLD



Source: IMF (Direction of Trade Statistics)

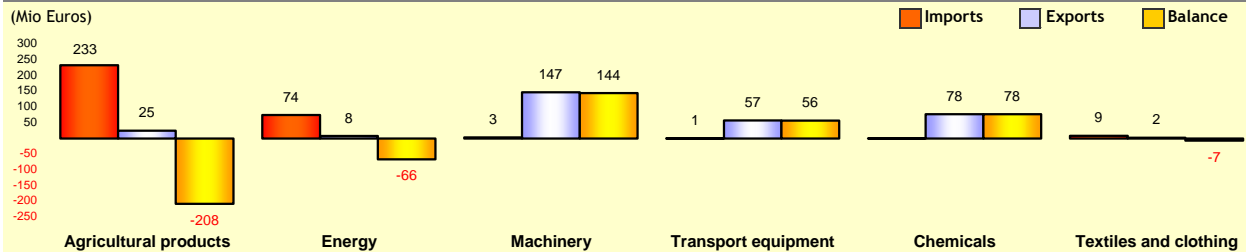
EU25 MERCHANDISE TRADE WITH TANZANIA



Source: Eurostat, statistical regime 4

% OF THE WORLD *	1999	2001	2003	% OF EU TOTAL	2000	2002	2004
Imports	0,04	0,04	0,04	Imports	0,04	0,05	0,07
Exports	0,02	0,02	0,02	Exports	0,04	0,04	0,05

EU25 MERCHANDISE TRADE WITH TANZANIA BY PRODUCT (2004)



Source: Eurostat, statistical regime 4

TANZANIA

		1999	2000	2001	2002	2003	Average growth 1999-2003 (%)
Exchange Rate Usd-Euro		1,07	0,92	0,90	0,95	1,13	
Population	Mio inhabitants					37,0	
Area	(1000qkm)					945	
Gross domestic product	Bn euros	8	10	11	10	9	+2,9
GDP per Capita	Euros	249	293	306	295	253	+0,4
Real GDP	(% growth)	3,5	5,1	6,2	7,2	7,1	+19,3
Inflation rate	(%)	9,0	6,2	5,2	4,6	4,5	-15,9
Current Account Balance	(% of GDP)	-9,9	-5,3	-5,3	-3,8	-2,4	
STRUCTURE OF GDP BY SECTOR			1990	1995	2000	2002	1990-2002
Agriculture			46,0 %	47,1 %	45,0 %	44,4 %	-0,3
Industry			17,7 %	14,5 %	15,7 %	16,3 %	-0,6
Services, etc.			36,4 %	38,4 %	39,2 %	39,3 %	+0,6
TANZANIA MERCHANDISE TRADE WITH THE WORLD		(millions of euros)					
		1999	2000	2001	2002	2003	1999-2003 (%)
Imports		1.552	1.643	1.982	1.841	2.046	+7,1
Exports		580	794	864	1.002	847	+9,9
Balance		-972	-849	-1.118	-840	-1.199	
EU25 MERCHANDISE TRADE WITH TANZANIA		(millions of euros)					
Imports		421	420	442	623	675	+12,5
Exports		343	414	385	408	439	+6,4
Balance		-79	-6	-57	-216	-236	
% OF THE WORLD *		1999		2001		2003	1999-2003 (%)
Imports		0,04		0,04		0,04	+1,5
Exports		0,02		0,02		0,02	+4,3
% OF EU TOTAL		1999		2001		2003	1999-2003 (%)
Imports		0,04		0,05		0,07	+11,6
Exports		0,04		0,04		0,05	+3,3
EU25 MERCHANDISE TRADE WITH TANZANIA BY PRODUCT (2004)		(millions of euros)					
Agricultural products							
Imports		1.552	1.643	1.982	1.841	2.046	+7,1
Exports		580	794	864	1.002	847	+9,9
Balance		-972	-849	-1.118	-840	-1.199	
Energy							
Imports		421	420	442	623	675	+12,5
Exports		343	414	385	408	439	+6,4
Balance		-79	-6	-57	-216	-236	
Machinery							
Imports		285	270	265	250	233	-4,9
Exports		24	22	26	25	25	+0,9
Balance		-261	-248	-239	-225	-208	
Transport equipment							
Imports		0			0	74	+513,1
Exports		6	6	5	5	8	+5,9
Balance		6	6	5	5	-66	
Chemicals							
Imports		1	3	3	3	3	+36,0
Exports		129	193	140	159	147	+3,3
Balance		128	190	137	156	144	+3,0
Textiles and clothing							
Imports		1	6	0	1	1	+16,0
Exports		32	36	44	36	57	+15,5
Balance		32	30	44	35	56	+15,5
		1999	2000	2001	2002	2003	1999-2003 (%)
Imports		-5	-9	-3	-4	-9	
Exports		54	58	64	75	76	+8,9
Balance		59	67	67	79	84	+9,3

ANNEX D: Project Sheets

TRANSPORT INFRASTRUCTURE

◆ Rehabilitation of Mwanza Roads

Project No.:	8.ACP.TA.010 & 8.ACP.ROR.003
Project Amount, €:	32,000,000 (NIP) & 3,000,000 (RIP)
Project Duration:	2000 – 2006
Implementing Agency:	Ministry of Works

Project Description	The objective of the project is to improve the conditions for economic activity and development in Mwanza by rehabilitating the Mwanza road network. Main activities include i) rehabilitation of the airport and Mwanza-Nyanguge roads, Kenyatta road and nine urban roads, ii) upgrading to gravel standard of the Usagara-Kisesa bypass and finally iii) technical Assistance to the Mwanza municipality.
Project implementation	The project suffered substantial initial delays due to the contractor's very slow mobilization. Although the situation later improved, the works were not completed at the initial expiry date of the Financing Agreement. Its validity was therefore extended, in order to cover the additional time needed and also implement the two other components (Usagara-Kisesa bypass, institutional support to the city council).

◆ Ruvuma & Southern Iringa Road Maintenance Project

Project No.:	7 ACP TA 095 & 096
Project Amount, €:	21,800,000
Project Duration:	2000 – 2005
Implementing Agency:	Tanroads

Project Description	The Ruvuma and Southern Iringa Road project (RUSIRM) is a two phase project designed to implement a strategic plan to rehabilitate the core road network in the two regions. The overall objective is to promote economic growth and better living conditions in the programme area, by bringing about a sustainable improvement in the condition of transport infrastructure. The purpose of the programme is to reduce transport costs and improve general accessibility within the programme area. The main results of the programme will be that the highest priority basic road network in the two regions will be restored to a good maintainable condition and an organizational framework to maintain it in that condition will be firmly established.
Project	The project is implemented through Programme Estimate, TA service

ANNEX D: Project Sheets

TRANSPORT INFRASTRUCTURE

◆ Rehabilitation of Mwanza Roads

Project No.:	8.ACP.TA.010 & 8.ACP.ROR.003
Project Amount, €:	32,000,000 (NIP) & 3,000,000 (RIP)
Project Duration:	2000 – 2006
Implementing Agency:	Ministry of Works

Project Description	The objective of the project is to improve the conditions for economic activity and development in Mwanza by rehabilitating the Mwanza road network. Main activities include i) rehabilitation of the airport and Mwanza-Nyanguge roads, Kenyatta road and nine urban roads, ii) upgrading to gravel standard of the Usagara-Kisesa bypass and finally iii) technical Assistance to the Mwanza municipality.
Project implementation	The project suffered substantial initial delays due to the contractor's very slow mobilization. Although the situation later improved, the works were not completed at the initial expiry date of the Financing Agreement. Its validity was therefore extended, in order to cover the additional time needed and also implement the two other components (Usagara-Kisesa bypass, institutional support to the city council).

◆ Ruvuma & Southern Iringa Road Maintenance Project

Project No.:	7 ACP TA 095 & 096
Project Amount, €:	21,800,000
Project Duration:	2000 – 2005
Implementing Agency:	Tanroads

Project Description	The Ruvuma and Southern Iringa Road project (RUSIRM) is a two phase project designed to implement a strategic plan to rehabilitate the core road network in the two regions. The overall objective is to promote economic growth and better living conditions in the programme area, by bringing about a sustainable improvement in the condition of transport infrastructure. The purpose of the programme is to reduce transport costs and improve general accessibility within the programme area. The main results of the programme will be that the highest priority basic road network in the two regions will be restored to a good maintainable condition and an organizational framework to maintain it in that condition will be firmly established.
Project implementation	The project is implemented through Programme Estimate, TA service contract, and Specific commitments for purchase of equipments. The first AWPB started in 2000/2001 and currently the programme is in its final year of implementation. The programme is implemented through PMU's after setting a MoU and an Implementation Protocol.

Mwanza border-Tinde & Nzega-Isaka roads

Project No.:	8.ACP.TA.18 & 8.ACP.ROR.15
Project Amount, €:	65,000,000 (NIP) & 20,000,000 (RIP)
Project Duration:	2002 – 2007
Implementing Agency:	Tanroads

Project Description	The project will reduce transport costs in north-western Tanzania by upgrading to bitumen standard the critical road link of Central Corridor and Lake Victoria Circuit: 98 km from Mwanza region / Shinyanga region border to Tinde (lot 1) and 71 km from Isaka to Nzega via Tinde (lot 2) of trunk roads rehabilitated and upgraded to bitumen standard.
Project implementation	The project launch has been substantially delayed by the cancellation of the initial tenders for each of the two lots, which necessitated an extension of the validity period of the Financing Agreement. Direct negotiations in 2003 led to the award of the two works contracts to the same firm, as the lowest bidder on both lots.



Reconstruction of Zanzibar Port

Project No.:	8.ACP.TA.047 & 9.ACP.TA.014
Project Amount, €:	31,000,000
Project Duration:	2004 - 2008
Implementing Agency:	Zanzibar Port Corporation

Project Description	The purpose of the project is to reconstruct the Malindi Wharves at Zanzibar Port which are in imminent danger of collapse. The main activity will be the reconstruction of the wharves by means of a design/build works contract.
Project implementation	Consultants familiar with the port and its problems were contracted to prepare the performance specifications and bid documents for the design / build contract. Contractors were pre-qualified to ensure that only those contractors having the technical and financial resources and expertise were allowed to bid. The bids for the works contract were submitted in January 2005 and the evaluation is ongoing. Bids have also been invited from experienced consultants to carry out the construction supervision. The evaluation of these bids is also in its final stages.

◆ **Backlog Maintenance of Central Corridor**

Project No.:	8.ACP.TA.022 & 8.ACP.ROR.019
Project Amount, €:	22,000,000 (NIP) & 20,000,000 (RIP)
Project Duration:	2001 – 2007
Implementing Agency:	Tanroads

Project Description	The purpose of the project is to prevent transport cost increases on the project roads and reduce overall backlog of maintenance on Tanzania's road network. The project is expected to ensure periodic maintenance for 256 km of paved road from Morogoro-Dodoma and 16 km of Dar es Salaam Port Access road (incl. installation of a weighbridge).
Project implementation	The project start has been delayed by the necessity to amend the incomplete lot 1 design (DSM Port Access road) in view of the constraints of an urban environment. Lot 2 was eventually launched first, whilst lot 1 was being re-designed. A one-year extension of the validity period of the Financing Agreement was obtained.

◆ **Institutional & Policy Support to the Tanzania Road Sector**

Project No.:	8 ACP TA 20
Project Amount, €:	1,980,000
Project Duration:	2001-2005
Implementing Agency:	Tanroads & Road Fund Board

Project Description	The objective of the project was to provide a cost-effective and sustainable maintenance and development of the Tanzanian roads, by improving the management and financing of the network. It consisted in a capacity building and management support to Tanroads and the Road Fund Board through long and short-term experts, study tours and provision of equipment to the Road Fund.
Project implementation	The technical assistance to Tanroads started in 2002 and will be completed in March 2005 (the project was extended for a year in order to allow the consultant to fulfill his terms of reference). The support to the Road Fund Board and Secretariat started in August 2003 and ended in October 2004. The final evaluation of both components is expected to take place in March 2005.

MACROECONOMIC SUPPORT

◆ Tax Administration Project

Project No.:	8 ACP TA 11
Project Amount, €:	7,000,000
Project Duration:	2000 – 2005
Implementing Agency:	Tanzania Revenue Authority (TRA)

Project Description	The project supports systems and processes of the VAT Department of TRA through consultancy and supply of hardware; institutional development of the VAT department through overseas and local training; supply of equipment (vehicles and generators); and the rehabilitation of two offices.
Project implementation	The project, which was evaluated in 2002 and 2004 and had an external audit carried out in 2003 has been recently judged to have achieved a good level of success, both in terms of impact on VAT collections and also in terms of the influence on the administrative organization of TRA and the element of coordination required for the joint development partner project.

◆ Poverty Reduction Budget Support Programme (PRBS02)

Project No.:	9 ACP TA 1
Project Amount, €:	114,000,000
Project Duration:	2003 – 2006
Implementing Agency:	Government of Tanzania

Project Description	The principal objective of the proposed PRBS 02 is to contribute to the reduction of poverty by supporting the implementation of the PRS and by linking budget support to outcomes of reforms. The proposed PRBS 02 focuses on (i) the need to sustain macro-economic stability that favours a broad-based economic growth; (ii) the need to support improvements in service delivery in the focal areas of the PRS, especially health and education; and (iii) the need to strengthen public finance management.
Project implementation	First installment of 31 m EURO was paid in December 2003, a second installment of 31,5 m is underway. On the Technical Assistance component of the programme, a 145.000 EURO service contract is under implementation in the area of trade strategy / PRS , and a contribution to the Poverty Monitoring System is underway.

EDUCATION

◆ Support to Primary Education Development Plan (PEDP)

Project No.:	8 ACP TA 41
Project Amount, €:	25,000,000
Project Duration:	2002 – 2006
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 under 8 th EDF 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	The EC has been involved throughout the year with the other donors in the sector policy dialogue and has taken the lead of the pooled fund partners. This has implied an intensive participation in development partners' meetings and technical meetings with the Government, especially regarding the planning, budgeting, reporting and monitoring mechanisms. The final evaluation of our support has taken place in June 2004 and has given recommendations on improving the policy dialogue and reviewing the MoU requirements.

NON-FOCAL SECTOR

◆ Self-reliance Programme for Refugees

Project No.:	8 ACP TA 40
Project Amount, €:	4,000,000
Project Duration:	2002 – 2005
Implementing Agency:	Christian Outreach Relief and Development (CORD), Norwegian People's Aid (NPA), International Rescue Committee (IRC), Tanganyika Christian Refugee Service (TCRS), Tanzania Red Cross Society (TRCS) & Concern Worldwide.

Project Description	Implemented by six NGOs, this project aims at minimising the adverse effects that refugee camps have on the local environment, and at improving opportunities for refugees in their home countries upon their return. Field activities have included provision of clean water, and improvement of quality of sanitary hygiene and health, as well as targeted STDs treatment schemes, HIV/AIDS and malaria prevention activities. Improved provision of primary and secondary education, as well as vocational training for refugees have also been a substantial part of the programme.
Project implementation	A recent monitoring mission concluded that the programme is making good progress and has a significant positive impact on the refugees.

◆ **Small Arms Management and Reduction**

Project No.:	8 ACP TA 43 & 8 ACP TPS 158
Project Amount, €:	1,921,000
Project Duration:	2003 - 2006
Implementing Agency:	SaferAfrica

Project Description	The objective of the project is to combat the problem of proliferation and illicit trafficking of small arms and light weapons (SALW) in Tanzania by supporting the implementation of the Tanzanian National Action Plan for arms and management and disarmament. The objective is to enhance security and improve the prospects for sustainable development by building the capacity of state institutions and civil society groups working to address the SALW problem.
Project implementation	The project is on track with most activities although some training and development of curricula are delayed due to late approval and ratification of the New Firearm Control Act. Likewise, late approval of the Nairobi Protocol has delayed joint border operations with neighboring countries. All delays are expected to be caught up with during 2005.

◆ **Implementation of the Muafaka Agreement**

Project No.:	8 ACP TA 45
Project Amount, €:	1,975,000
Project Duration:	2003 – 2005
Implementing Agency:	Joint Presidential Supervisory Commission

Project Description	The Financing Agreement was signed by the NAO in May 2003. The purpose of the project is to support the process of political reconciliation in Zanzibar. Project activities cover a wide variety of civic education and political reform measures including the establishment of a Permanent Voters' Register. The project is supported by altogether nine donors through a basket funding arrangement, which the EC joined in June 2003. The EC is also a member of the lead donor group.
Project implementation	So far the Commission has disbursed 1 Million EURO. The major achievement will be the establishment of the Permanent Voters Register (PVR). Preparations for this are progressing well.

◆ **Water Supply Programme Regional Centers Phase I**

Project No.:	8.ACP.TA.046
Project Amount, €:	33,660,000
Project Duration:	2003 – 2007
Implementing Agency:	Ministry of Water and Livestock Development

Project Description	Contribute to poverty reduction by improving access of the people of Mwanza, Mbeya and Iringa to reliable, affordable and sustainable quality water supply and wastewater management services in the supply areas of the three beneficiary Urban Water and Sewerage Authorities.
Project implementation	To improve the efficiency of the Programme's implementation it was in January 2004 decided that the foreseen 2 following phases to this Programme should be reduced to one. This resulted in more comprised feasibility studies in the Programme's initial phase and therefore a slight delay in the tendering process for the Mwanza Water Supply Works. The contract foreseen to be signed in January 2005. It is felt that the different projects are being efficiently implemented and that the coordination between the EU Delegation and KfW is working well. KfW has moved their responsible project advisor from Frankfurt to Dar es Salaam, which will further enhance the coordination and communication.

◆ **4th Microprojects Programme**

Project No.:	9 ACP TA 2
Project Amount, €:	1,469,725
Project Duration:	2004 – 2005
Implementing Agency:	HAPA Singida & Africare

Project Description	The implementation of the project started in February 2004. MPPs overall aims at contributing to a sustainable improvement of living standards among rural poor communities through viable small-scale projects at grassroots level. Particular emphasis has been given to projects in education and health. NGO-implementing partners have been working with, and through district governments, and village authorities. The programme is being implemented in four regions: Singida (by HAPA), Kigoma, Tabora and Dodoma (the latter three by AFRICARE) and is making good progress in Singida, Tabora and Dodoma Regions.
Project implementation	About a two third of planned projects is completed or at completion stage. A mid term review is scheduled for early 2005.

◆ **Support to Tanzania Game Reserves**

Project No.:	9 ACP TA 3
Project Amount, €:	1,980,000
Project Duration:	2004 – 2009
Implementing Agency:	Wildlife Department, Ministry of Natural Resources and Tourism

Project Description	Following EU support for the Special Programme for Refugee Affected Areas (SPRAA) which finished in August 2003, it was decided to continue support through this €2m project which started in 2004. Project activities in 2004 have been consolidating those gains established under SPRAA.
Project implementation	The main areas of work in 2004 have been in office and road construction, boundary demarcation, finalisation of reserve management plans and the continuation of antipoaching operations. Also in 2004, the project engaged local communities in dialogue resulting in assistance being provided to the Kifura Beekeepers Association. Negotiations for other community development projects bordering Moyowosi and Kigosi game reserves also commenced in 2004.

◆ **Support to the Southern and Eastern African Mineral Center (SEAMIC)**

Project No.:	9 ACP TA 006
Project Amount, €:	1,499,750
Project Duration:	2004 - 2006
Implementing Agency:	SEAMIC

Project Description	The mission of SEAMIC is to promote socio-economic and environmentally responsible mineral sector development in eastern and southern Africa and to contribute more specifically to the development of the mineral sector in the Member States of SEAMIC. The project purpose is to improve the service delivery of SEAMIC regarding accessibility and quality of data on mineral resources.
Project implementation	The expert in charge of the procurement process has been recruited through the AMS 451 procedure. The contract has been signed with BGRM and the expert has done his first mission in September 2004. His next mission is foreseen for early 2005. The service contract and the programme estimate covering the period September-June 2005 have been signed. Under this programme estimate capacity building activities through workshops and seminars have started together with the procurement of software.

◆ **Support to the NAO Phase II**

Project No.:	9 ACP TA 12
Project Amount, €:	3,800,000
Project Duration:	2004 - 2009
Implementing Agency:	NAO

Project	The purpose of the project is to ensure the effective utilisation of EU-
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Description	Tanzania cooperation enabling the NAO to perform efficiently and effectively. The direct results to be delivered by the project will be: <ol style="list-style-type: none"> 1. Capacity of the Office of the National Authorizing Officer (ONAO) strengthened 2. Participatory and effective processes for strategy planning and programming established 3. Effective systems for monitoring and evaluation established 4. Project management skills and knowledge of EDF procedures at line ministry/agency level strengthened 5. Trade and investment elements of the ACP/EU partnership agreement facilitated.
Project implementation	The performance remuneration scheme is being established on the basis of a consultancy study, and the long term TA is under recruitment. The interviews for the staff of the Office (civil servants and private staff) were held in July and the new team was in place beginning of August. It was trained on 9 th EDF procedures in September 2004. A solution for supplementary office space at Ministry of Finance is under consideration.



Technical Cooperation Facility

Project No.:	9 ACP TA 13
Project Amount, €:	3,777,750
Project Duration:	2001 – 2007
Implementing Agency:	NAO & EC Delegation

Project Description	The proposed programme aims at facilitating and supporting the implementation of the 9 th EDF CSP in Tanzania. It will provide: <ol style="list-style-type: none"> 1. Technical Assistance Facility 2. Training Support for Projects & Programmes 3. Conferences and Seminars
Project implementation	First work programme is under preparation, and deals with support to the negotiation capacity of the Tanzanian Government under the EPA negotiations. A service contract for a financial audit of the ‘Mema Kwa Vijana’ project started in September 2004.

ANNEX E: Environmental Profile Tanzania

Key Environmental Data¹:

Land Area	945,087 sq km (water 59,050 sq km; coastline 1424km).
Natural Resources	Gold, gemstones, fish, agricultural commodities, natural gas, tin, phosphates, iron ore, coal and nickel.
Biodiversity Hotspots	<ul style="list-style-type: none"> • Coral Reefs in Mafia Island, Chumbe Island and Mnemba Atoll. • Forest Reserves (e.g East Usumbaras). • Lakes (high degree of endemism, e.g Tanganyika, Rukwa & Nyasa). • Mountain habitats (Meru and Kilimanjoro).
Key Environmental Issues	Land degradation; Lack of accessible water; environmental pollution (waterways, urban & rural); Loss of wildlife habitats and biodiversity; Clearance of forest and woodlands; and Poor environmental management.
Status of Multi-Lateral Environmental Agreements	Ratified Conventions on Biodiversity; Climate Change; Ozone Layer and Montreal Protocol; Desertification; CITES; Transboundary Movements on Hazardous Wastes; Law of the Sea; Wetlands; Protection, Management and Development of the Marine and Coastal Environment of the Eastern African Region.

Tanzania's natural resources provide a principle source of peoples' livelihoods and play an important role in the economy with the sectors of mining, tourism, fisheries and agriculture forming major sources of Tanzania's income. Therefore the country directly depends on a robust, healthy environment to support income-generating activities and thus the environment is critically linked to poverty at the levels of livelihood, health and vulnerability.

The National Environmental Policy is being implemented by the National Environmental Management Council (NEMC), responsible for environmental management, and the Office of the Vice President responsible for co-ordination and policy development. Tanzania recently passed the Environmental Management Act (EMA). A key challenge now facing Tanzania is the implementation of the EMA especially with regards to the enforcement of environmental regulations and standards and the development of environmental management and planning at the district and village levels.

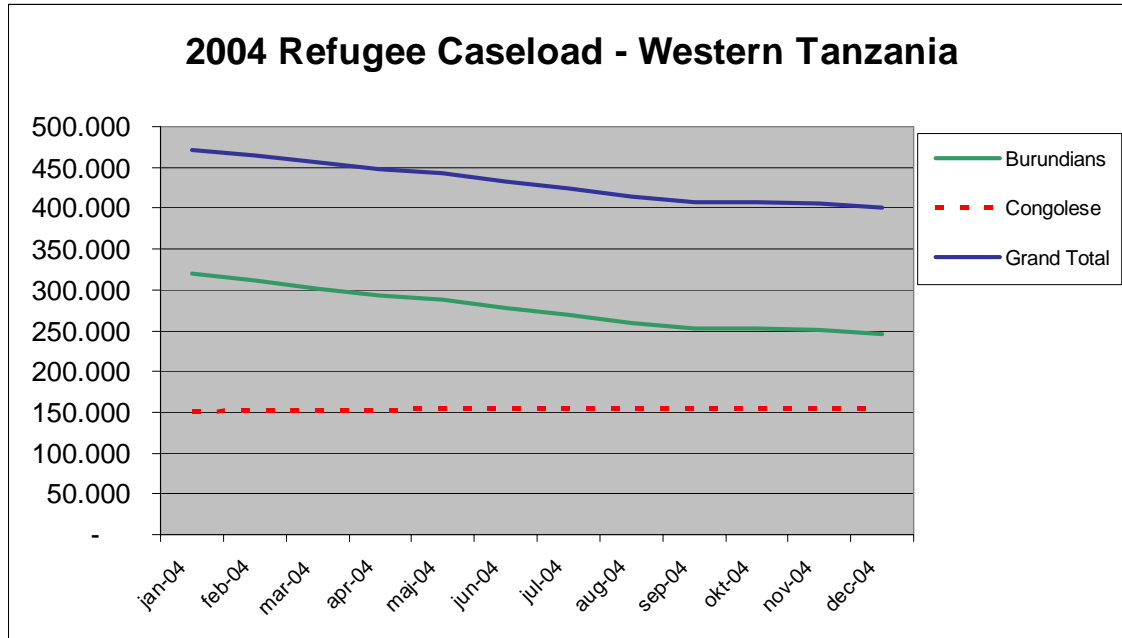
On the development side, Tanzania has been applauded for the inclusion of environment in its second Poverty Reduction Strategy (known locally as Mkukuta) which makes explicit mention of sustainable development as an underlying principle and has a specific goal on environmental sustainability. Interventions on environment are expected to make significant contributions to other targets focusing on growth, health and governance. Furthermore, a set of poverty-environment indicators are being developed as part of the national Poverty Monitoring System (PMS) which will be used to assist in reporting on the MDGs.

Tanzania is making progress on environment mainstreaming, though challenges still remain to implement the interventions defined by Mkukuta, for example, to develop operational guidance on environment mainstreaming at the local and sectoral levels; to strengthen environmental management capacity of government, non-government and private sector; and also to develop a strong civil society leading to champion the environment.

¹ For specific data environment data on Tanzania see <http://www.nationmaster.com/country/tz/Environment>

ANNEX F: Immigration Profile – Tanzania 2004

The focus of the immigration issue in Tanzania is concentrated in the North-western region bordering the conflict areas in the Great Lakes region. All refugee camps are located here. In 2004 83,102 Burundians repatriated, mostly facilitated by UNHCR however 1,095 Burundian refugees arrived. A limited number of Congolese repatriated, and 164 Congolese arrived. In total 15,377 birth and 664 deaths were registered.



Source: ECHO, Dar es Salaam 2005