

# SWISS CO-OPERATION IN TANZANIA: COUNTRY PROGRAMME 2004–2010

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**s e c o**

The undersigned institutions approve the present Country Programme, which they have developed together and view as a common undertaking. While they will work closely together in its implementation, each of the institutions involved remains responsible for the execution of its part of the Programme and for the achievement of related results and objectives. The responsibility for the overall co-ordination of the Programme lies with SDC.

Bern, December 2003

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## Executive summary

Swiss co-operation with Tanzania will have a clear focus on poverty reduction in the years 2004 to 2010. The new Country Programme builds on the experiences and strengths of the Swiss Programme 1999-2003, and takes into account a wide range of consultations and evaluations.

The Tanzanian political context is comparatively stable, and there are encouraging signs as far as the macro-economic key indicators are concerned. The Poverty Reduction Strategy (PRS) adopted in 2000 has become a reference for pro-poor government spending and is accepted as the most important framework for development investment by multilateral and bilateral development partners. On the other hand, poverty remains unacceptably high in the country, and the uncontrolled spread of HIV/AIDS is a major threat to all development efforts. The aid flow to Tanzania has reached close to one billion USD in 2002, and the dependence on aid is not likely to decrease.

Overall, Switzerland is recognised as an important development partner in Tanzania, thanks to major contributions to donor coordination and its commitment to a clear poverty focus. During the period 1999 to 2003, the Country Programme made a strong move towards a more programmatic approach, with programme coherence increasing due to sectoral and thematic concentration. The main achievements of the Swiss programme were the following:

**Macroeconomic level:** The Swiss involvement in the PRS monitoring and in the Public Expenditure Review (PER) process, as well as technical assistance provided to the Ministry of Finance and the Central Bank, enhanced the government's capacity for effective, pro-poor public fund management and strengthened mechanisms for quality impact monitoring.

**Health sector:** Swiss involvement gradually shifted from project support to a Sector-Wide Approach (SWAp) supporting the Health Sector Reform (HSR) of the government of Tanzania. Together with a group of other donors, SDC played a key role in establishing the "Health basket", a sector budget support mechanism, and actively participated in SWAp fora like the annual Health Sector Review.

**Infrastructure and transport:** Switzerland supported both central and district roads projects, with focus on rehabilitation of rural roads (districts, villages). Labour Based Technologies have been given growing emphasis and have become a highlight of Switzerland's involvement in the sector.

Civic education, organized by the Village Travel and Transport Project, has triggered ownership and fostered empowerment of village communities beyond the immediate scope of the sector.

Two cross-cutting support programmes – namely **gender, democratisation & decentralisation** – were more difficult to implement than initially anticipated. Therefore the new programme will address these crucial issues in a different way.

### Swiss Programme 2004 – 2010

Under the title "Well-being and equity in growth" the new Country Programme's overall goal reads: "Switzerland contributes to Tanzania's efforts to reduce poverty and improve the well-being of Tanzanians in a sustainable and equitable way through fostering economic growth, specially among the rural poor, enhancing social and physical well-being, promoting gender balanced development and good, pro-poor governance with decentralised democratic decision making, while paying special attention to HIV/AIDS". In this context, poverty refers to a lack of material goods, such as food and shelter, but also to illness, social isolation, insecurity, powerlessness and hopelessness. The programme includes pro-active strategies to directly target the poor and build on their potential.

The Swiss Programme will concentrate on three key domains of intervention: "Governance for poverty reduction", "Economic growth and asset development for the poor", as well as "Social and physical well-being". The respective objective for each of these domains is:

**Governance for poverty reduction.** "The poor and the pro-poor forces of the civil society exercise their civil, social, political and economic rights, national and local authorities make decisions, mobilise and allocate public resources in an accountable and transparent way". The rationale for this domain is that good governance is considered as the foundation on which prosperity is built.

**Economic growth and asset development for the poor.** "In an enabling environment, poor communities, in particular in rural areas, are capable of withstanding economic shocks and use opportunities to improve the material livelihoods of men and women". The rationale for this domain is that economic growth is a pre-condition for sustainable poverty reduction. The lack of opportunities to ensure an income and to gather and maintain assets was identified as a major cause of poverty.

**Social and physical well-being.** "Poor communities manage and use affordable services of adequate quality, reduce their exposure to risks in order to enjoy a healthy and productive life, and strengthen their social cohesion". The rationale for this domain is the fact that people's vulnerability due to ill health, but also to policy-induced dislocations, natural disasters, violence, the after-effects of the HIV/AIDS pandemic, etc. is another major factor of poverty.

The Swiss programme will be implemented with a balanced mix of public and private partners, and it will work at the micro, meso and macro levels. As far as interventions at micro/meso levels are concerned, the programme will concentrate its efforts in the Central Corridor (Morogoro, Dodoma, Singida, and Shinyanga) where poverty is widespread. This corresponds to a shift from the Uhuru corridor (stretching from Dar es Salaam to Mbeya). The Morogoro region, where Swiss co-operation has been very active in the past, will be the starting point for progressive expansion along the Central Corridor.

Strong links and fostering synergies within and between components will assure the coherence of

the programme. Links between micro/meso level involvement and macro level interventions are especially important for policy dialogue.

The programme implementation will follow twelve principles, the rigorous application of which will guarantee the creation of relevant added value. Gender, culture, sustainability and HIV/AIDS are among those principles and they will have to be included in all programme activities.

The resources for the programme implementation will amount to approximately 28 million Swiss francs per year. The target allocation for 2007 is about 25% for "Governance for poverty reduction", 36% for "Economic growth and asset development for the poor", and 32% for "Social and physical well-being".

A close monitoring of the Country Programme implementation will ensure efficiency and sustainability. It will help to anticipate changes in the context, and to take pro-active measures in response to changes. It will also allow assessing progress and shortcoming in reaching the overall goal of the Country Programme.

# Well-being and poverty

To get a better understanding of the real situation of the poor in Tanzania and to capture their views on well-being and ill-being, during the elaboration of the Country Programme a study was completed in Morogoro region on a small sample of households (see photos below for methodology).



Participants in the study were asked to document their situation. Here a nine year old boy is taking a photo of his father.



Study team members participated for one day in the study households' life, here helping to cultivate a field.

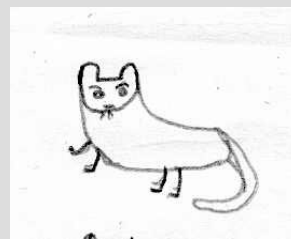


Children of the study households communicated their views for example through drawings, here a girl drawing her dreams.

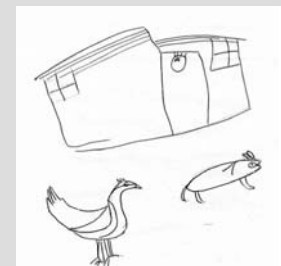
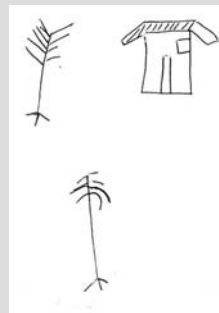
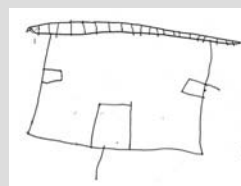
This study on the "Views of the Poor" illustrates extreme forms of poverty. The present document is enriched with photos and drawings made by members of these households and quotes from what they told. These "poverty windows" are meant as a vivid reminder that consistent poverty orientation requires special efforts to reach the poorest and take their views into account.

## Well-being is

- Being able to afford three meals per day
- Living in a brick house with corrugated iron roof
- Having good family relations



A young Mgeta boy of nine years drew a picture of a cat, an animal he hates because it eats rats. This is because the family catch and eat rats to supplement their diet and the cat is seen as a competitor.



Houses with corrugated iron roofs and brick walls predominated in the children's drawings of their hopes for the future.

“The worst thing for me is when it rains at night. The roof leaks so badly that I can’t lie down on the ground and we have to stand up throughout the night.” Boy of ten years, Mgeta



Current house (above) and “wished for” house (below) of a study household

**Poverty is**

- Hunger
- Poor state of the house and leaking roof
- Feelings of helplessness

The only son (fourteen years old) of a young mother who is paralysed asked his friend to photograph him in his school uniform as he felt this was something he was most proud of. He loves to study but since his mother became ill five years ago his education has been severely disrupted. They had to move to live with his grandmother. She died soon after and he now has to look after his mother. The Village Government has agreed to waive his school contributions as they are "needy", However, he misses about two days of school a week either because he has to collect food from neighbours where they used to live (a two and a half hours walk away), write begging letters to the Church, collect medicines from the chemist or because his only school uniform is dirty. They do not have enough money to buy soap and he fears he will be ridiculed at school if he goes with a dirty uniform. He has been laughed at at school for having a "crawling" mother. His mother is very sad that her son who used to be second in class is now struggling in Standard-6.



Source: Jupp D, 2003. Views of the poor: Report of a study commissioned by SDC. SDC Berne, 76p.

# 1 Introduction

## 1.1 Country Programme

The Country Programme for Tanzania is a joint document of the Swiss Agency for Development and Co-operation (**SDC**) and the State Secretariat for Economic Affairs (**seco**), the two aid agencies of the government of Switzerland. It shall be the overall guiding document whenever the programme managers are confronted with strategic decisions.

This Country Programme has been developed in a number of participatory evaluation and planning steps and a wide range of stakeholder consultations in Tanzania and Switzerland (see Annex 1). Among these consultations, the “Views of the Poor” study has a special status.

## 1.2 Tanzania

With a population of about 35 million inhabitants – three quarters of them living in rural areas – Tanzania is the fifth most populous country of Sub-Saharan Africa. It is endowed with a rich natural resource base (land, water, biodiversity, natural gas, mineral deposits). A country profile is presented in Annex 2.

Tanzanians live in a relatively stable and liberal society, with comparatively little ethnic and religious tensions. The country has a remarkable track record in improving its macroeconomic key indicators through structural adjustments and tight implementation of macroeconomic measures. The Tanzanian Poverty Reduction Strategy (PRS) adopted in 2000 has become a reference for pro-poor government spending and is accepted as the most important framework for development investment by multilateral and bilateral development partners.

However, even if a slight reduction of poverty was registered in the past 10 years, poverty remains unacceptably high in the country, inequalities grow and unemployment is a serious problem. A major threat to all development efforts is the uncontrolled spread of HIV/AIDS. A high proportion of sexually active adults are estimated to be infected, and millions of people are believed to be living with HIV/AIDS. AIDS is a leading cause of death among adults.

## 1.3 Swiss co-operation in Tanzania

Swiss development co-operation in Tanzania started at the end of the 1960s. In 1981, **SDC** opened a Co-ordination Office in Dar es Salaam. The Country Programme 1999-2003 concentrated on three main sectors (economic support, health, infrastructure and transport) and two crosscutting themes (gender, decentralisation & democratisation). The new Country Programme covers the period 2004 – 2010. It puts the emphasis on poverty reduction (central issue) while building on assets and experiences of **SDC** and **seco** in Tanzania. It defines implementation principles and describes how it will contribute to improve the well-being of the poor through interventions in three key domains.

### The challenge

“Don’t ask me about good times. I do not know what a good life is. I have nothing to be proud of in my life. I always work long hours, always work in other people’s fields and am always hungry.” Young mother of three boys, Mgeta



## 2 Development context

The following context analysis is based on expert reports and on the experience of Swiss co-operation and its partners in Tanzania. The trends are expected to last for the duration of the Country Programme (2004-2010).

### 2.1 Political context

#### A Democracy

Since the introduction of political pluralism, free press and access to information have greatly improved in Tanzania. On the other hand, democratic institutions have not yet produced significant "checks and balances", leading to improved implementation of the existing policies and strategies for the sake of the majority of poor people in Tanzania. Due to the weakness of the opposition, Tanzania is *de facto* governed by one party (CCM). Democratic culture remains fragile as most citizens lack confidence, experience and education to make use of representative systems to influence political decisions. Citizens' trust in government officials and institutions has declined significantly during the last two decades. Representation of women in Parliament and councils is still disproportionately low despite being officially encouraged.

**Expected trend:** Domination by the ruling party continues. However, awareness of democratic rights and procedures among citizens, in particular the educated urban and rural middle classes, will grow.

#### B Public and private sectors

Market economy, emerging political pluralism and international development partners put pressure on the government to reduce its size and spheres of intervention. It is generally accepted that the government should essentially refocus on regulatory functions and ensure the provision of quality services of high public interest, like health, education, agricultural extension/research and road maintenance, leaving the role of economic operator and programme implementer to the private. Civil service, local government, public finance management, judiciary and sector reforms aim at supporting this shift and putting in place effective "checks and balances" to improve the performance of public administration. However, changes are slow to take root and setbacks are frequent. The quality of public services offered to the economy and the citizens is still poor.

Macroeconomic reforms, privatisation and liberalisation have achieved major successes such as reducing official subsidies and budget deficits,

bringing in foreign direct investments, and increasing tax revenue. State-owned commercial banks, industries and trading companies have been privatised or closed. Today, private investments represent 75% of gross domestic capital formation. The employment in the public sector accounts for 2.5 % of the labour force (against 5.5 % ten years ago). However, privatisation has not yet brought the expected improvements for the large majority of Tanzanians. Unemployment has risen with the privatisation of state-owned companies, while structural and cultural impediments hamper the growth of the formal sector. A significant number of public enterprises, large farms, services and industries changed hands to Asian and international companies, which are at this stage of the process the winners of liberalisation. African entrepreneurs cannot compete yet. On the other hand, a growing number of Tanzanian NGOs enter the area of pro-poor policy advocacy and service delivery. Yet, most of them are highly dependent on external funding and thus donor-driven, and their political agenda is weak. Only few have clear programmatic lines, and they are facing problems of recognition by the government.

**Expected trend:** The picture of role change and performance of public administration will be mixed, real improvements alternating with slippages or setbacks. NGOs will gradually take over the function of "checks and balances" nowadays mostly assumed by donors. Liberalisation and privatisation are expected to continue, mainly under the pressure of the international financial institutions.

#### C Decentralisation

Important steps have been taken to implement decentralisation through Local Government Reform. District councils are seen today as the key actors for guaranteeing affordable and quality service delivery at decentralised level. Budget planning and execution mechanisms have been strengthened at the level of local governments, whose autonomy has increased. On the other hand, a majority of local governments still lack the necessary financial and human resources, tools, know-how and a suitable political and social environment to become accountable actors for rapid pro-poor development. They tend to be overburdened. There is some evidence that decentralisation has brought more patronage and corruption at decentralised level and in the Tanzanian context the correlation between decentralisation and effective poverty reduction has still to be proven. The local population is often squeezed between the power and patronage relations of the local gov-

ernments and malpractices of the private sector, encouraged by lack of competition.

**Expected trend:** Due to inadequate incentives, the decentralisation process is not likely to make significant progress.

#### **D Patronage and corruption**

The government has spelled out its intentions to tackle corruption and generally improve good governance in the "National Framework for Good Governance". Anticorruption has its own strategy and plan of action, coordinated by the Prevention of Corruption Bureau. A "Report on the State of Corruption" is scheduled to be published on a regular basis. However, patronage networks strongly influence the political and economic context, and the state management as a whole. Their influence is generally underestimated, and development partners tend to ignore or even reinforce it. Corruption is a widespread phenomenon at all levels, and anticorruption measures are too weak to change this. The "Prevention of Corruption Bureau" is unlikely to become more effective.

**Expected trend:** Powerful lobbies will remain strong, considering the high (financial) interests at stake. Anti-corruption forces will hardly be in a position to compete.

#### **E Political and social instability**

Although Tanzania has shown a remarkable stability compared to almost every other country in the region over the past four decades, there are potential areas of tension in the population. Land use is becoming more and more an issue, and conflicts are regularly flaring up between farming communities and pastoralists. Religious violence has been kept under control even in the aftermath of September 11, though the peaceful coexistence of a Christian majority and a strong Muslim minority has become more fragile. With the prevalent instability beyond the western border (Burundi, Democratic Republic of Congo), many firearms are now in circulation in Tanzania, increasing considerably the propensity for gangsterism. The growing poverty gap between urban and rural areas is another factor that might in future lead to more criminality and instability. The conflict between ruling party and opposition in Zanzibar, which culminated in 2001 has calmed down. A reconciliation process is underway, although deeply rooted issues in contention have not yet been addressed thoroughly.

**Expected trend:** Political instability in Tanzania will be contained as long as vocal groups (urban educated, economic and religious elites) have the feeling that the CCM patronage system is by and large functioning in their favour. If this is no longer the case, the growing poverty gap will become a fertile ground to mobilise the dissatisfied.

## **2.2 Economic context**

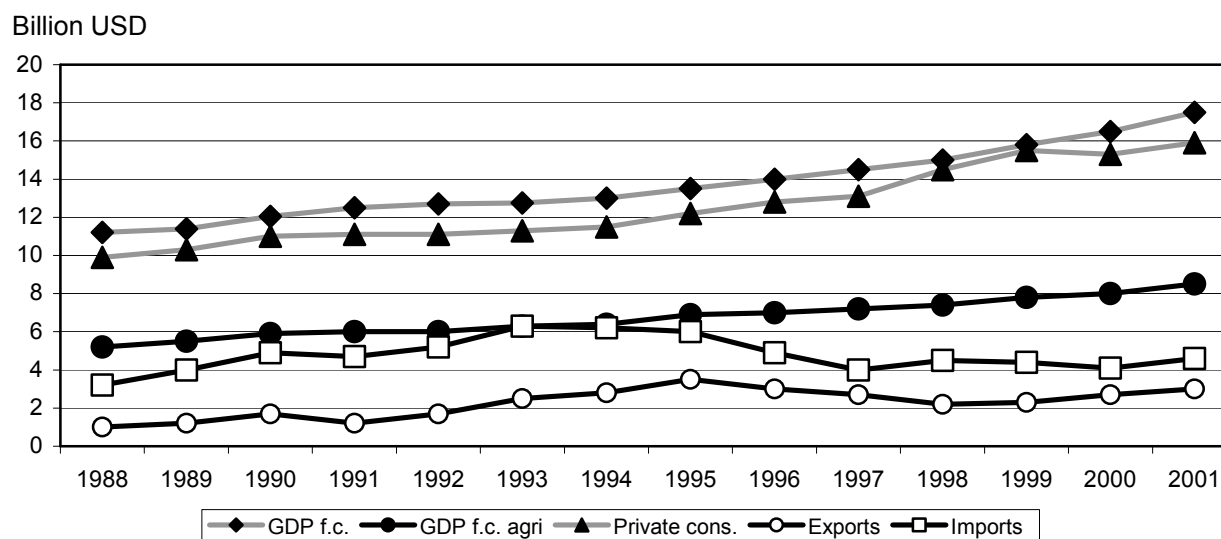
Since 1986 Tanzania has moved away from a controlled economy, through gradual – although sometimes erratic – adjustments. In 1995, the country embarked on the current programme of economic stabilisation and structural reforms supported by the World Bank and the International Monetary Fund. The main reforms include prudent fiscal and monetary policies, the privatisation of public enterprises and the creation of a conducive business environment. The government is also committed to the implementation of a Poverty Reduction Strategy (PRS) adopted in 2000 as part of the Heavily Indebted Poor Countries (HIPC) Debt Initiative.

#### **A Macroeconomic performance**

The country's overall economic performance has responded positively to the reforms (Box 1). Tanzania has achieved an annual average growth of 4.5% during the period 1995-2002, while maintaining macroeconomic stability. This represents an extraordinary achievement when compared to the economic regression experienced in the 1970s and early 1980s. Highest growth rates were recorded in the sectors of mining and tourism. Inflation fell from 33.5% in 1994 to 4.2% in 2002. Foreign direct investment has steadily increased, reaching 224 million USD in 2001. Substantial improvement has also been achieved in the management of public finances (deficit control, public expenditure reviews, medium term expenditure frameworks). The country benefited from a reduction by one third of its external debt services in 2001 under the HIPC Initiative. On the other hand, the positive macroeconomic developments did not change the country's poverty picture. The average income per capita (USD 265) is still very low, and the actual impact of macroeconomic measures on poverty remains modest. The Human Development Indexes have generally improved, but in a pattern of rather slow progress and increased inequality. World Bank and the International Monetary Fund estimate that a sustained growth of at least 8 % would be necessary to make a substantial dent into poverty. Domestic savings are still insignificant and local investment in agriculture and agro-processing is particularly low. Economic diversification and better financial intermediation are needed. Throughput in commercial courts has to be speeded up.

**Expected trend:** Continued good performance of the economy is expected, but the average growth rate is unlikely to reach or exceed 8 percent.

**Box 1 Development of some economic indicators, Tanzania 1988 – 2001 (at 1992 constant prices)**



The graph illustrates GDP at factor cost (f.c.) as well as some selected components of GDP (constant 1992 prices). It shows a few important features of the economy such as:

- a) the heavy predominance of private consumption in GDP,
- b) the importance of agriculture in overall GDP (GDP f.c. agri), and
- c) the generally large gap between imports and exports.

The graph also shows that real GDP in 2000 is approximately one third larger than GDP in 1990. However, this growth in GDP is roughly equivalent to the cumulative population growth over the same period. Per capita GDP growth has thus been essentially flat.

Source: *Trade and Macroeconomics Division, International Food Policy Research Institute, Washington, D.C., October 2002*

## B Structural issues

Since 1996, macroeconomic stabilisation has consistently stayed on track, boosting the confidence of the international donor community. Nevertheless, today's economy suffers from a number of weaknesses, which need to be tackled if the country's poverty reduction objectives are to be achieved. The main weaknesses of the economic sector are related to public finances, business environment, and world market integration.

**Public finances:** The cash budget system and the sector budget ceilings have markedly improved the control of the fiscal deficit. Generally, aid inflow has massively increased since 1995 to an average of almost one billion USD per year (i.e. 11 % of GDP), representing close to 40% of public financial resources (nearly 100% of the development budget and 35% of the recurrent budget). But to sustain the development process, the government must achieve substantial additional progress in managing public expenditure. Therefore, important reforms (civil service, local government, public infrastructure, divestiture of parastatals, etc.) have to be completed. Progress is also needed in mobi-

lising domestic revenue. Indeed, the total fiscal revenue as percentage of GDP (12.2% in 2002) is still very low, even by African standard. But there is little incentive for the government to improve the situation. This is unsustainable for poverty reduction and weakens national ownership of the development process.

**Expected trend:** Domestic revenue mobilisation will increase under international pressure, though at a slow pace. Aid dependency is likely to remain at high levels.

**Business environment:** Despite considerable progress in establishing a consistent and transparent business legal framework, the development of the private sector is still hampered by important constraints such as inadequate infrastructure, weak financial intermediation, unskilled labour force, an unreliable judicial system, red tape, plethora of licenses, permits, duties, taxes and levies. As a consequence, the investment rate (17% of GDP) is too low to achieve sustainable high levels of growth. The business environment has still to be improved to attract private (national

and foreign) investors. While foreign investment inflow has increased dramatically these last few years (224 million USD in 2001, against an annual average of 3 million USD during 1987-1992), they remain rather modest when compared to the annual foreign aid flow or earnings from tourism (725 million USD in 2001).

**Expected trend:** Improvements in the business environment are expected in the coming years. Due to a better economic framework for investments the investment rate will improve, however probably not sufficiently to achieve 8% GDP growth.

**World market integration:** The economy is highly dependant on agriculture (50% of GDP, 85% of exports, 60% of labour force) and the import of oil. Climatic conditions and the fluctuation of international prices of commodities heavily affect the annual economic performance. Liberalisation of trade and enhanced efforts towards regional integration (East African Community and SADC) have not led to a major boost of exports. Some success has been registered in the diversification of exports over the past ten years, but the fall of world prices and structural problems have severely affected the performance of traditional exports.

**Expected trend:** Agriculture and agricultural exports will remain the key sector of the economy, and the main source of revenue for the rural poor. Prices for traditional export commodities will not rise significantly. Tanzania will therefore continue to be vulnerable to external economic shocks.

### C Economic relations between Switzerland and Tanzania

The bilateral economic relations between Tanzania and Switzerland are marginal as reflected in the trade figures 2002 (Swiss exports of 14 millions CHF, imports of 3 millions CHF). Swiss companies however are involved in the international marketing of more than half of the Tanzanian cotton production. Swiss investments are diversified (tourism, transport, cement, coffee and sisal plantations, etc.) but modest. The Investment Protection Convention between the United Republic of Tanzania and the Swiss Confederation signed in 1965 will be replaced by a revised agreement in the near future, thus facilitating Swiss investments in Tanzania. Moreover, in 2002 a Memorandum of Understanding has been signed between the Swiss Organization for Facilitating Investments (SOFI) and Tanzania Investment Centre (TIC), officialising the co-operation between the two institutions.

**Expected trend:** A moderate increase of trade can be expected supported by the trade promotion efforts by *seco*.

## 2.3 Social context

### A Poverty, vulnerability and deprivation

The major landmark in addressing poverty is the adoption of the PRS, supported by the implementation of a comprehensive poverty monitoring system. This includes a Household Budget Survey (HBS) undertaken every five years. According to the HBS 2000/01 (Box 2), poverty is still widespread in Tanzania. It has only marginally decreased in relative terms, and actually increased in absolute numbers during the 1990s. Overall, the proportion of "food poor" has dropped from 21.6% to 18.7%, whereas the percentage of the population falling below the "basic needs" poverty line has declined from 38.6% to 35.7%. Improvements of living conditions have been largely confined to the urban elite and middle classes, mainly in Dar es Salaam, who have been the winners of liberalisation. But unemployment exceeds 20% among the urban youth, and the standard of living of Tanzania's poor rural majority has hardly changed for the better. One child out of six still dies before reaching the age of five. Life expectancy is 45/46 years. Some indicators suggest that rural literacy is declining. Globally, 20% of adult males and 36% of females are illiterate. Lacking formal education and capital, many young people are excluded from formal sector employment and technical or vocational education. Girls are particularly vulnerable to exploitation and abuse by relatives, teachers and employers. Harmful traditions – albeit prohibited by law – like female genital mutilations are still widely practised in parts of the country. Women are often denied ownership of land, cattle and other assets, and can be left destitute after the death of their male partners. The Tanzanian Participatory Poverty Assessment (TzPPA) 2002 – another core element of the PRS monitoring system –, exploring vulnerability revealed that lack of good governance (corruption, inappropriate taxation), deteriorating terms of trade and negative environmental trends have the greatest overt negative impact on communities' well-being and resilience to poverty. In arid and semi-arid areas such as Dodoma, Singida and Shinyanga, desertification is advancing as a result of expanding agriculture and declining rangelands, and is possibly aggravated by global warming.

**Expected trend:** Especially in rural areas, the implementation of the PRS will show positive results, for instance in the field of education, health and rural access, but power and income inequalities will remain high, thus reducing the benefits for the poor.

## Box 2 Poverty in Tanzania, 1991/92 and 2000/01

### Percentage of the population in poverty

	Dar es Salaam		Other urban areas		Rural areas		Mainland Tanzania	
	91/92	00/01	91/92	00/01	91/92	00/01	91/92	00/01
Food poverty	13.6	7.5	15.0	13.2	23.1	20.4	21.6	18.7
Basic needs poverty	28.1	17.6	28.7	25.8	40.8	38.7	38.6	35.7

Source: Household Budget Survey 2000/01, Dar es Salaam July 2002, National Bureau of Statistics Tanzania

### How the poverty line is drawn

The food poverty line is the minimum spending per person needed to provide 2,200 calories a day for one month, based on the foods consumed by the poorest 50% of the population (in 2000/01, 5'295 TSh). A higher, 'basic needs' poverty line (in 2000/01, 7'253 TSh) allows for other essentials such as clothes.

The national poverty line must be adjusted for the prices faced by households in different areas. As the price of most foodstuffs is higher in Dar es Salaam than in rural areas, it costs more to purchase enough food for 2,200 calories in Dar es Salaam. For example, in 2000/01 the food poverty line was 6,719 TSh in Dar es Salaam, while it was 5,107 TSh in rural areas.

## B HIV/AIDS

The government of Tanzania has put the fight against HIV/AIDS at the top of the national agenda. Development partners support the government in this endeavour through massive HIV/AIDS programmes with an increasing share going to civil society organisations in the implementation. According to conservative estimates, 9.2% of the male population and 13.3% of the female population are infected with HIV. According to other sources the rate of infection is 12% among the sexually active population (15-49 years old). The total number of HIV infected probably exceeds two million. The number of AIDS orphans has doubled in the last decade, reaching an estimated two million. Traditional support systems based on kinship are overstretched and often unable to cope with the additional burden. For the TzPPA 2002, HIV/AIDS is the single most severe impoverishing force threatening individuals and households in Tanzania today.

**Expected trend:** HIV/AIDS will continue to have a major impact on poverty and vulnerability. Even if the rate of new HIV infections can be curbed the number of AIDS affected persons will increase, with women, youth and children suffering most from the pandemic. The rural economy will be confronted with a major problem of labour shortage.

## 2.4 Development partnership

After a temporary low in the mid-90s, development partnership between the government and the international donor community has remarkably improved over the last years. The best indicator that mutual confidence has been restored is the steady joint move towards encouraging "sector wide approaches" and "basket funding", with the ultimate objective of channelling foreign assistance through

the state budget. Harmonization of aid modalities among donors is well advanced compared to most countries in the region. This has positively impacted on the coordination among development partners and on mechanisms of performance monitoring.

Poverty Reduction Budget Support (PRBS), targeted on the "priority sectors" of the PRS, has reached very high levels, inducing the risk that poverty spending strongly depends on donor funding. Government and donors often diverge on what priorities need to be funded to yield positive short and long-term returns on poverty.

The aid flow to Tanzania has continuously increased from an annual average of 850 million USD in 1994-97 to close to 1 billion in 2002. The share of concessional grants, probably exceeding 40%, is rather on the increase, the World Bank being the number one lender, followed by the African Development Bank. Among the big bilateral and multilateral donors, the heavy weights Japan, the United Kingdom and the European Union have substantially increased their contributions (close to or above 100 million USD per year each). Canada, Ireland, Belgium and Germany intend or have already started to follow suit, albeit on a much lower level (about 30 million USD per year), while Sweden, Norway, Denmark and the Netherlands remain firm supporters with annual allocations of 40-60 million USD. This trend threatens to push the position of Switzerland further down in the ranking, below the 2% share, if its contribution remains stable at around CHF 28 million annually.

**Expected trend:** Donors commitments are expected to remain steady. Insufficient success in poverty reduction might nevertheless occasion "aid fatigue".

## 2.5 Regional context

### A Regional integration

Tanzania's principal regional partners are Kenya and Uganda. The formerly rather difficult relations have improved with the reestablishment of the East African Community and its secretariat. In the EAC July 2000 Treaty (ratified by the three states), commissions for co-operation, joint railway operations and the harmonisation of revenue collection have been stipulated. There is broad agreement on the need for greater economic integration but the implementation of market liberalisation measures will take time. Tanzania fears that its markets will be flooded by Kenyan products undermining its much weaker industrial base. In September 2000 Tanzania formally withdrew from the Common Market for Eastern and Southern Africa (Comesa), the successor to the Preferential Trade Area for East and Southern Africa, to avoid overlapping memberships. It has maintained its membership of the Southern African Development Community (SADC), with whom it feels there are better trading opportunities and more realistic chances of economic integration.

### B Refugee situation

Tanzania's present main concern is the continued civil war and refugee problem in the Great Lakes region, especially Burundi. Although the conflicts in this region do not directly threaten Tanzania, the country carries a substantial part of the refugee burden on its western border, with more than 470'000 refugees – mainly Burundian and Congolese – in different camps.

### C Natural hazards

In Tanzania, the main natural hazards are flooding on the central plateau during the rainy season, and drought. The 1997 drought disaster – the worst in forty years – followed by torrential rains, and its consequences on the hunger situation, is still vivid in all memories. This dramatic event is a direct consequence of El Niño Southern Oscillation events.

**Expected trend:** The tensions in the region are not likely to disappear in the near future, the refugee situation will remain a burden for Tanzania. Extreme climatic events are expected to become more frequent in this region particularly exposed to El Niño and La Niña.

## 3 Review

### 3.1 Past relations Switzerland-Tanzania

Swiss development activities in Tanzania started at the end of the 1960s in the domains of higher education and health. Later, rural roads became another important focus area. The programme was first managed from **SDC's** Co-operation Office (Coof) in Nairobi. In 1981, **SDC** opened a Coof in Dar es Salaam, signalling that Tanzania had become a priority country for **SDC**. A component in agriculture was added in 1978 focusing on dairy production. **seco** started its involvement in Tanzania in 1988, concentrating on macroeconomic aid and later also on technical assistance to the Bank of Tanzania. The Country Programme 1993-1998 was the first to be elaborated jointly between **SDC** and **seco**.

#### A The Swiss Country Programme 1999-2003

The joint **SDC-seco** Country Programme 1999-2003 was designed as a contribution to Tanzania's efforts to sustainably improve the economic, social, political and institutional framework conditions. More specifically, it aimed at combating poverty, enhancing economic growth and promoting good governance, gender balanced sustainable

development, and democratic decision-making. The programme concentrated on three sectors:

- 1) Health
- 2) Infrastructure and transport
- 3) Macro-economic support

It included two cross-cutting support programmes:

- a) Gender balanced development
- b) Decentralisation and democratisation

Due to the alarming rise of HIV/AIDS cases in Tanzania, HIV/AIDS was introduced as an additional cross-cutting issue during the implementation of the Country Programme.

The Swiss programme was characterised by a combination of interventions at micro, meso and macro level. It involved a gradual shift from a project approach to a comprehensive sector-wide programme approach. This made policy dialogue instrumental, which in turn could draw on field experiences from micro/meso level interventions.

**Macro:** processes at the national level, framework conditions, general regulatory bodies, national policy dialogue linked to national sector policies/strategies and policy/strategy implementation, national referral centres.

**Meso:** processes at provincial and council level, federations, networks, unions, consortia, chambers of commerce, business development service providers, research centres, funding mechanisms like the Foundation for Civil Society.

**Micro:** processes at grass-root level, direct activities with the target population, individual businesses, households, associations, public service facilities (e.g. hospitals, health centres, dispensaries, schools)

The government was the main partner in the Swiss Country Programme. However, recognising the trend towards institutional pluralism, the collaboration with the civil society and the private sector was progressively sought.

Additional principles of the Country Programme included the promotion of ownership, self-reliance, transparency and accountability, and the building of management and technical capacities in local institutions.

The disbursements by Swiss co-operation in Tanzania from 1999 to 2003 are presented in Annex 3.

## B Key achievements

During the period 1999 to 2003, the Country Programme made a clear move towards a more **programmatic approach**, with programme coherence increasing due to sectoral and thematic concentration. Tanzania's PRS became the overall guiding framework for the Swiss programme as of 2001. **seco's** contribution to the PRBS is seen as a highly valuable contribution, establishing relevant synergies with some **SDC** programmes (e.g. the basket funding in the health sector and PRS monitoring).

Overall, Switzerland is recognised as an important development partner in Tanzania. Swiss co-operation in Tanzania has gained **profile** with Switzerland's major contribution to donor coordination and with its commitment to a **clear poverty focus**. Indeed, during the implementation of the Country Programme 1999-2003, a significant move has been made towards pro-poor priority setting, based on practical field experience, and important steps undertaken to adapt the programmes to the reality of the poor. Poverty has become a crosscutting concern, around which the programme is focused. The poverty assessment undertaken by the Co-operation Office and project partners in 2002 was crucial for building-up a better understanding of "poverty" in its different dimensions and for developing poverty reduction tracking instruments.

**Macroeconomic** stability in Tanzania has progressed considerably over the past years and the

donor community, including Swiss co-operation, made important contributions in this respect: Budget processes of the government of Tanzania, supported by **seco**, have improved substantially. The Swiss involvement in the PRS monitoring and in the Public Expenditure Review (PER) process, as well as technical assistance provided to the Ministry of Finance and the Central Bank, strengthened mechanisms and instruments for quality impact monitoring.

In the **health sector**, **SDC's** involvement progressively shifted from project support to a Sector-Wide Approach (SWAp) supporting the Health Sector Reform (HSR) of the government of Tanzania. The goal of the Health Sector Reform is to improve the health and well-being of all Tanzanians, with a particular focus on the poor and most vulnerable. It has included changes in the provision and financing of health care services. Responsibility for public health services was further decentralised. The health SWAp was adopted to enhance coordinated planning and implementation of activities. Together with a group of other donors, **SDC** played a key role in establishing the "Health Basket", a sector budget support mechanism viewed as a model for other sectors, and actively participated in SWAp fora like the annual Health Sector Review. Basket funding started in 1999 and decentralization became effective for a first batch of districts in 2000. It triggered major achievements in budgeting, expenditure tracking and performance monitoring, encouraging **SDC** to integrate district based health support projects in Dar es Salaam and Kilombero into the basket and to plan the same for the National Tuberculosis and Leprosy Programme in the near future. The reform of the Dar es Salaam health services through the Dar Es Salaam Urban Health Programme has been recognised as a success story and served as model for the HSR.

The **SDC Infrastructure and Transport Programme** included support to both central and district road projects. In spite of relatively modest financial contributions, Switzerland is considered as a credible and valuable partner in the road sector in general, and in the rural roads (districts, villages) sub-sector in particular. Labour Based Technologies have been given growing emphasis and have become a highlight of Switzerland's involvement in the sector. Civic education, organized by the Village Travel and Transport Project, has triggered ownership and fostered empowerment of village communities beyond the immediate scope of the sector. Similarly, the training of contractors (SMEs) enhanced their self-reliance beyond road rehabilitation. The "spot improvement" approach to road maintenance and rehabilitation has meant that funds are used more efficiently and thus have more impact. Participatory District Road Planning, the re-introduction of labour-based road maintenance and contractor training gave a strong basis to enhance bottom-up processes.

The **Southern Highland Dairy Development Project** (SHDDP) provided support to a large number of farmer organisations in Iringa and Mbeya regions and successfully contributed to establish a sustainable local milk market.

## 3.2 Lessons learned from the past

### A Poverty focus

Poverty reduction became a strong, cross-cutting and integrating concern of the Country Programme. In this process, important lessons were drawn:

- The poor were not directly targeted; instead, the programme relied too heavily on trickle-down effects. Yet, trickle-down effects are slow to materialise (if ever); therefore complementary pro-active strategies to directly target the poor and build on their potentials are required. In other words, “the tap has to be opened” by positive action.
- Due to the lack of monitoring instruments, the trickle-down effects could not be verified. Monitoring, particularly poverty monitoring, has to be more strategic, outcome-oriented, continuous, conscious and in line with Tanzania’s PRS. Monitoring needs to be based on clear impact hypotheses to be efficient.

A family of twelve in the slums of Morogoro survives through a variety of means. One of the daughters in her early twenties runs a small kiosk selling onions and tomatoes. If she sells all her stock (on a good day) she can make about TSh 500-1000 per day. Another daughter in her early thirties works as a barmaid and earns about TSh 500-1000 per day. The family rents out two rooms for TSh 3000 per room per month. The eight year old daughter of the Barmaid walks 6 km to buy oranges (photograph) which she sells after school. She can make about TSh 250 from one basket load of oranges. The son is a religious teacher and occasionally gets gifts for his reading the Koran for families.



- Income poverty was hardly addressed in the Country Programme. Redirecting resources into pro-poor programmes in the social sector is important, but not sufficient to sustainably alleviate poverty. It needs to be complemented by investments to secure and improve economic livelihoods of the poor.

### B Approach

A mix of interventions at micro, meso and macro level characterized the Swiss Country Programme. However, the strategy was to progressively integrate area-based projects into macro level budget support programmes. Thus, the project portfolio was slowly reduced, entailing a rampant drying out of direct field experience. In the crowded donor environment of Tanzania, this strategy put the Swiss Programme at risk of losing one of its most invoked comparative advantages.

- A balanced approach (macro-meso-micro) is important to have an impact at policy level. Micro/meso interventions are crucial to inform macro initiatives about the needs, effects and impacts of macro level programmes on the ground. Vice-versa, micro level interventions can take advantage of macro programmes to better anticipate changes in the context and to advocate policy changes deemed crucial for success. For instance the **seco**-supported PRBS had an impact at macro level and on economic governance. Adding other economic instruments oriented towards the micro/meso level would expand impact considerably. In addition, a balanced approach provides additional benefits like cross-fertilization between and among sector programmes. However, synergies originating from respective linkages have to be actively pursued.
- Scaling-up village, community and district-based experiences is complex and resource intensive. Hence, the approach of pilot activities with the perspective of later rolling-out runs the risk of stalling due to lacking resources. Rolling-out needs to be carefully designed before the start of pilot activities.
- In the health sector, improvements at the system level (planning, priority setting, fund allocation, etc.) up to now have not yet translated into visible gains in quality of care. More time has to be allowed, combined with sector-oriented monitoring/tracking of improvements down to the micro level. Participatory planning in districts might further improve performance of services, but so far all efforts to put in place a reliable Health Management Information System have failed. The present system is too comprehensive and time-consuming. It is not motivating for health workers. Strong leadership from the Ministry is vital to correct these shortcomings.



## C Policy dialogue and donor coordination

The Country Programme has put increasing emphasis on Swiss participation in the policy dialogue.

- Contributing to the policy dialogue cannot be reduced to active participation in meetings and working groups. To be in a position to voice concerns and to be taken into consideration by the government and by the other development partners, the participation in the policy dialogue has to be supported by expertise and resources to make substantial inputs, and/or a strong field experience. Moreover, Switzerland being a relatively small player, it is forced to build topical alliances to obtain a better leverage. Wherever **SDC** and **seco** have met these prerequisites, Switzerland's impact on the policy dialogue has been noticed and reflected (health sector, Labour Based Technologies in the road sector, etc.), where this was not the case (PRBS), visibility and influence have suffered.
- Overall, what the development partners call policy dialogue tends to be confined to the higher technical level of the ministries. The political decision makers are not involved, which results in limited impact of donors' interventions. Commitment to the reforms often stops at the doorstep of the ministerial offices, with the effect that the extensive dialogue between development partners and government has hardly been able to generate a sensible shift of budget priorities towards poverty reduction relevant expenses.
- The past decade has seen a gradual reinforcement of the coordination among development partners. One of the drawbacks of good donor coordination, combined with high aid dependency, is that it continuously entertains a real risk of undermining ownership of the Tanzanian government in policy development. Occasional nationalist outbreaks of politicians against "donor dictates" are an indicator that, underneath, the relationship between the Tanzanian community and international development partners is not that easy. But coordination also generates a tendency within the donor community to adopt relatively low-

key positions towards the government, reflecting necessary compromises among various agencies.

## D Partners

Partners are crucial for the Swiss Programme, as its implementation relies on partner institutions.

- The portfolio of the Swiss Programme was heavily oriented towards collaboration with the government of Tanzania. Yet, the role of the government is under revision, and a pluralistic panel of partners is emerging. While acknowledging the importance of the state, the Swiss programme can and needs to reconsider its partner mix, following criteria of effectiveness, innovation and outreach, and based on common values, attitudes, approaches and visions. For the sake of economic progress and political pluralism, the role of the civil society and the private sector needs to be enhanced.
- Effective, qualitative tools to assess partners' skills and attitudes regarding poverty have been developed. These tools can be used to identify and select partners with adequate poverty orientation track records, in case there is a choice. Where there is only limited scope to select a partner for a given intervention, it should be supported to strengthen its poverty relevant skills and experience.

## E Cross-cutting programmes

The idea of cross-cutting support programmes was that all interventions would consider issues of gender, democratisation and decentralisation and include respective actions.

- The implementation concept (strategic actions and mainstreaming) was more difficult to put into practice than anticipated, in particular with regard to the identification of strategic actions and partners that would help address crucial thematic issues. The concept of "mainstreaming" is more and more understood, but to be effective, clear strategies and monitoring tools need to be developed and implemented at project, programme and Country Programme level. The strategies should provide direction and visions for the future.

## 4 Strategic orientation of the Country Programme 2004-2010

### A Goal

“Well-being and equity in growth” is the main thrust of the Country Programme. Its overall goal is that:

“Switzerland contributes to Tanzania’s efforts to reduce poverty and improve the well-being of Tanzanians in a sustainable and equitable way through fostering economic growth, specially among the rural poor, enhancing social and physical well-being, promoting gender balanced development and good, pro-poor governance with decentralised democratic decision making, while paying special attention to HIV/AIDS”.

The Programme is directly linked to the Tanzanian PRS, which represents for government and international development partners the prime reference document and investment plan to fight poverty in the country. Switzerland’s contributions shall support Tanzania’s efforts to reach the poverty reduction targets set by the PRS: **“Reducing the proportion of the population below the basic poverty line from 48 % in 2000 to 24 % in 2010. Reducing the proportion of the rural population below the basic poverty line from 57% in 2000 to 28% in 2010. Reducing the proportion of the food poor from 27% in 2000 to 14% in 2010.”**

### B Key definitions

Poverty is a complex, multi-faceted phenomenon, which requires a differentiated terminology.

“The fight against poverty is about making sure people have:

- **Material well-being**, which includes having enough food, clean water, shelter, tools to make a living, etc.
- **Bodily well-being**, which includes health and energy
- **Social well-being**, which includes having a family, friends, peace and understanding at household and community levels, self-respect, etc.
- **Security**, which includes physical safety and a sense of confidence in future well-being
- **Freedom of choice and action**, which includes having good/relevant education, adequate livelihood skills and participating in the decisions that affect one’s life”

Source: TzPPA 2002, main report

In the Country Programme, the notion of **poverty** refers to a lack of material goods, such as food and shelter, but also to illness, social isolation, insecurity, powerlessness, hopelessness, etc. It is about being below a socially defined minimum level of well-being *now*. In contrast, **vulnerability** is about the likelihood of falling below (or further below) a minimum level *in future*, through the combined action of impoverishing forces and inadequate response options to cope with them. **Inequality** measures the distance or gap between different positions on a continuum. In Tanzania, the most important issue is the widening gulf between urban (especially Dar es Salaam) and rural areas in general, the urban based highly educated government and business elite and the traditional, subsistence oriented farmers in particular. **Equity** is the ethically motivated, political and social response to redress the inequality balance through measures of redistribution, empowerment, building of social capital and solidarity. Less poverty, less vulnerability and less inequality will lead to more **well-being** for larger proportions of the population. This is the overall goal of the Country Programme.

### C Components, partners and profile

The Programme (see graph) will address the three interlinked facets of ill-being – poverty, vulnerability and inequality – by focusing on three domains, working with a balanced mix of partners from central and local government, civil society and the for-profit private sector:

- **Governance for poverty reduction**
- **Economic growth and asset development for the poor**
- **Social and physical well-being**

The Programme will also put emphasis on “mainstreaming”, i.e. integrating the **gender perspective**, the **fight against HIV/AIDS** and the **promotion of local culture and knowledge** in all programmes (cf. Chap. 5.1).

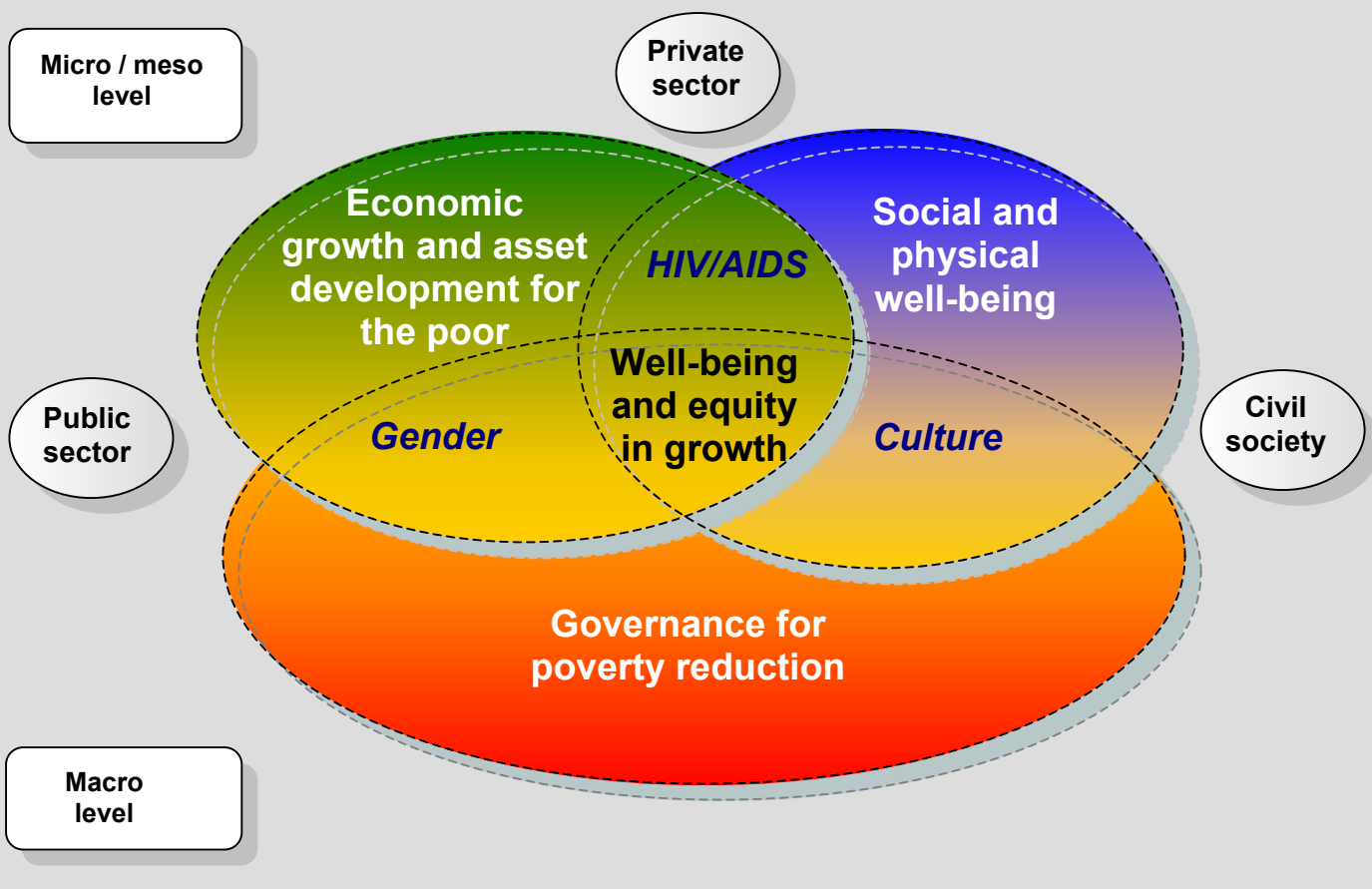
The use of the term “domain” instead of “sectors” indicates a shift away from technical to more thematic approaches enabling systemic visioning and thinking, and interlinked action. Domains can indeed embrace several sectors, or sectors can stretch over different domains. Within the domains, the Programme identifies a number of entry points, which further narrow down the Programme focus. Entry points single out more concrete investment

areas. They cover projects or clusters of projects taken over from the previous Programme, to be continued or expanded, as well as new fields of activity to be investigated. They are not cast in iron, but meant to evolve over time.

Overall, the programme has a clear rural and poverty profile. Poor people, especially in rural areas and their struggle to secure better livelihoods take centre stage.



## Well-being and equity in growth



### 4.1 Governance for poverty reduction

#### Objective

"The poor and the pro-poor forces of the civil society exercise their civil, social, political and economic rights, national and local authorities make decisions, mobilise and allocate public resources in an accountable and transparent way"

Good governance in the sense of making state institutions more accountable and responsive to poor people, strengthening the participation of citizens - the university degree holder and the subsistence farmer alike - in political process and local decision making, and removing the social barriers that result from distinctions of gender, ethnicity, race, religion and social status, is considered as a

prerequisite not only for sustainable economic development, but also for adequate and equitable access to services, and maintenance of political stability and peace. **Governance is the foundation on which prosperity is built.** The Country Programme will therefore support national and local initiatives to manage and allocate public resources equitably and accountably, monitor progress in translating the PRS into results on the ground, improve public services, strengthen civil society forces to hold government to account and contribute effectively to fighting poverty, and develop lively forms of democratic involvement of communities in public affairs.

### A Entry points<sup>1</sup>

At **micro/meso level**, the programme fosters local governance by working with **local authorities** to enhance their management capacity, efficiency, transparency and accountability, **civil society organisations** and empowering **communities** towards autonomy and self-determination.

To achieve this, the main entry points are:

- **Promotion of civil society:** Supporting civil society organisations in their commitment to poverty reduction and in their efforts to create awareness of rights and responsibilities of citizens and authorities and to improve access to justice.
- **Promotion of a democratic culture:** Civic education, legal advice, leadership education including raising awareness for accountability and transparency.

At **macro level**, the programme supports the implementation of the PRS. Selected interventions to support economic stabilisation and public sector reforms aim at fostering good governance and ensuring conducive framework conditions for enhanced well-being, equitable growth, and private sector development.

The main entry points are:

- **Poverty reduction strategy monitoring:** Monitoring of the implementation of the Tanzanian PRS and of its impact on the welfare of the poor.
- **Poverty reduction budget support:** General budget support for poverty relevant expenditures, through contributions to the PRBS facility. As the PRBS is expected to impact on economic growth as well as on governance, this entry point is equally spread

over the two domains “Governance” and “Economic growth”.

- **Policy dialogue:** Macroeconomic policy and structural reform, decentralisation, private sector development, taxation and public finance management.

All these entry points shall be linked through an integrated approach.



Members of Lungongole village government draw a map of the area showing resources and services

### B Main partners for implementation

At the micro/meso level, the main partners will be civil society organisations, federations and networks, service providers, NGOs, community based organisations, professional associations, media organisations, village and district councils. At macro level, these will be the government of Tanzania, civil society organisations, academia, and other development stakeholders.

“The Village Government is very ineffective. As soon as the road construction project is finished, the construction groups want to remove the Village Government.” Mgeta man

“I never go to the village meetings. I do not feel welcome.” Elderly woman in Lungongole. Her son attends the village meetings, but he never speaks as he does not know the procedures.

“The Ward Executive secretary conspired to take our sister’s land claiming that my wife had given approval. To persuade them otherwise, we had to pay TSh 10’000 as a contribution to building the ruling party conference hall in Chimwaga Dodoma. Poor people like us are very vulnerable to land being seized by officials.” Old man Morogoro

<sup>1</sup> Entry points are elements of a domain. The domain encompasses several entry points, and programmes are located within entry points.

## 4.2 Economic growth and asset development for the poor

### Objective

**"In an enabling environment, poor communities, in particular in rural areas, are capable of withstanding economic shocks and use opportunities to improve the material livelihoods of men and women"**

The lack of opportunities to ensure an income and to gather and maintain assets is a major factor of poverty. People enter into poverty traps when they lose the assets (such as land, livestock, fishing gear or good health) they depend upon to avoid impoverishment. These assets can be lost as a direct result of shocks (e.g. theft) or be sold off as a means to survive other hardships. Hence, addressing these issues by ensuring broad based economic growth, building up poor people's assets and increasing the returns on these assets through a combination of market and non-market actions results in expanding economic opportunities and better livelihoods for all. Swiss co-operation will enter in this field with some experience in the country and in other contexts. Nevertheless, the focus on the domain is innovative for Swiss co-operation in Tanzania. It gives the opportunity to use new instruments (**seco**) and to adopt innovative approaches (livelihood concept, ways to support private sector development, business linkages, etc.). This domain will characteristically be demand-driven.

Being a new domain for SDC most entry points are of prospective nature. An extensive preparation period will be necessary to identify the most promising options and to ensure that interventions at macro and micro/meso levels are complementary and feed each other.

### A Entry points

At **micro/meso level**, the programme focuses on productive, income generating activities especially in rural areas forming the livelihoods of village households and communities. It will concentrate on selected elements of the livelihood systems such as agriculture or livestock and crucial linkages for market integration, such as storage, processing, manufacturing, and financial and non-financial services. To make these productive activities possible, access to resources (including financial resources) and favourable framework conditions are also required.

The list of possible entry points includes:

- **Sustainable use of farm and non-farm natural resources:** Preservation of soil fertility, improved production through applied research and extension, rural storage, market linkages.

"Although I have four fields which together make up three acres, I do not have enough money to buy seeds and because I have to do casual labour I do not have time to cultivate."  
Father of four, Mgeta

- **Non-farm rural micro and small enterprise promotion:** Development of markets for service delivery to SMEs, technical skills development, agro-processing, intermediate means of transport.
- **Enhancing export capacities of SMEs:** Including standards, marketing, value-chain management, export administration.
- **Financial services:** Rural savings and credit systems together with professional partners, high quality informal and formal systems.

An elderly couple in Chamwino felt that the conditions to get credit are too onerous and "people who take loans become poorer". The repayment time is too short and at 12% interest. In order to get a loan one needs a guarantor and collateral (such as a sewing machine). Delayed or inadequate repayment leads to confiscation of the property.

- **Rural access and transport:** Integrated access planning, road and path networks, access to markets.



"Our fields are on the other side of the river and the whole family must go because we have two very small children. In the rainy season, particularly in April, we cannot cross the river. We sometimes have to stay out at the field because we cannot get home. A man constructed a bridge and charges TSh 100 to cross it during the rainy season."  
Young father, Mgeta

“In Mgeta, pigs are being fed on cabbages because there is no market for cabbages. Porterage charges are TSh 1000 and the selling price is only TSh 2000 which does not even cover the costs of production.” Mgeta farmer

“The poor road means that there are often no drugs, we get a low price for produce, there is a shortage of food and commodities such as kerosene are high priced.” Mgeta villager

- **Enabling local planning framework:** Participatory planning for local development, involving local governments and authorities, private sector, civil society organisations and other stakeholders.

At **macro level**, the programme supports the establishment of conducive conditions for business development, which include facilitating investments, the development of a sound financial sector, but also macro-economic stabilisation and economic reforms. Trade is another key element to ensure sustainable economic growth.

The main entry points read:

- **Trade policy:** Improvement of the trade environment, opening doors for trade on international, regional and local markets.



A mother in Ifakara often collects grasses from the nature reserve to supplement the household income, but there is lots of competition to sell, so it often rots. She feels that a bicycle would help a lot to enable her to sell.

- **Enabling business environment:** Regulations, investments, financial sector development, and economic reforms.
- **Capitalisation of policy dialogue and dissemination of experiences:** Linking the Tanzanian Country Programme to regional networks, and make use of the broad experience of SDC in other countries of the region.

- **Poverty reduction budget support:** General budget support for poverty relevant expenditures.

## B. Main partners for implementation

At the **micro/meso level**, the key partners for implementation will be private sector service providers, the civil society, community groups and local authorities. At the **macro level**, they will be the central government (e.g. Ministry of Trade, Ministry of Finance, Ministry of Agriculture), and private sector actors.

## 4.3 Social and physical well-being

### Objective

**"Poor communities manage and use affordable services of adequate quality, reduce their exposure to risks in order to enjoy a healthy and productive life, and strengthen their social cohesion"**

Reducing people's vulnerability to ill health, but also to policy-induced dislocations, natural disasters, violence, the after-effects of the HIV/AIDS pandemic, etc. requires that good public services and effective safety nets for the most affected are in place. This essentially is the issue at stake addressed by this domain. The concept of well-being used here is therefore broader than health (as it covers physical, social and mental well-being as well). Certainly, programme activities will encompass the health sector where the Swiss co-operation has substantial experience in Tanzania, but they will also include community efforts to increase their social capital and solidarity. Interactions with the economic (productive) domain are very strong. Healthy people, i.e. people with a high standard of well-being are more productive, while diseases and accidents are often the reason for lost economic opportunities, and poverty.

### A Entry points

At **micro/meso level**, the programme puts emphasis on community-based health initiatives, demand-based applied research, and participatory planning and implementation at local level, with a view to effectively informing the overall health policy and implementation strategies.

The main entry points are the following:

- **Community Based Health Initiatives:** Environmental health, traditional health, and nutrition, HIV/AIDS.
- **Social Networks:** Strengthening and promoting social coping mechanisms.

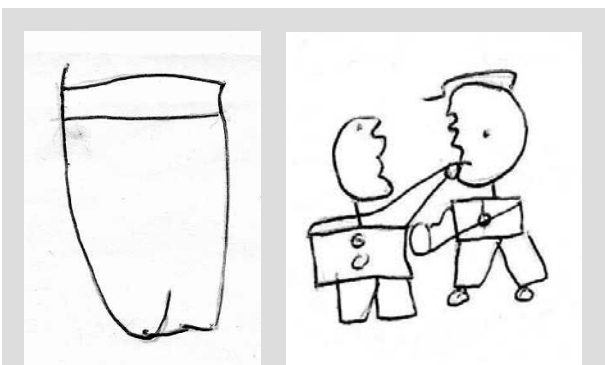


A study participant took this picture to illustrate the importance of family relations. Social Networks are important coping mechanisms.

- **Applied Research on Health and Equity:** Research on topical issues of health, social justice and safety nets.

At **macro level**, the programme ensures continuity with present activities and coherence with the PRS, in order to institutionalise and capitalise on recent developments and improvements in the overall health systems and the Health Sector Reform:

- **Health Sector Reform Support:** Strengthening and improving health systems and health service delivery at decentralised level.
- **Control of Communicable Diseases:** Reinforcement of the national malaria control programme, national programme for tuberculosis and leprosy.
- **Muhimbili Orthopaedic Institute:** Support to the national centre for orthopaedics, neurology and cardiology.



An eight year old boy drew a cup of brew which he does not like. His grandfather drinks alcohol heavily and is abusive when he comes home.

An eleven year old boy drew a picture of men fighting. His house is situated between illegal gin houses and so he sees a lot of drunkenness and violence, which he hates.

## B Main partners for implementation

At the **micro/meso level**, the key partners for implementation will be civil society organisations, local communities, and local authorities. At the **macro level**, they will be the central government (e.g. Ministry of Health) and the private sector, as well as other donors.

## 4.4 Strategies

- Linkages and fostering synergies will be a centrepiece in the architecture of the Country Programme (Annex 4). This is a precondition to the cohesion of the programme and the capacity of each domain to aim at the overall objective. Linkages and synergies are also required to enhance systemic thinking and action by programme management and implementers, to facilitate replication and spill-over effects, and to achieve critical masses for more impact.

A father of four children in Mgeta told about the worst time of his life when he fell as he was trying to re-thatch the family house. He broke his left wrist in several places but could not afford treatment at Morogoro Hospital and so the bones were never set properly and he has a permanently deformed and weak hand. Despite owning four fields amounting to 3 acres, he and his wife cannot now cultivate them all and their maize harvest only provided food for 3 months of the year (July - September) for their family of three young boys. So the rest of the year this family is totally dependent on casual labour. But because of the weak hand, his wife always has to help with this work and their income is meagre, sometimes as low as TSh 500 per day for both of them working all day. They sometimes get paid with maize instead of cash but then they face the problem of having no cash to get the maize milled.

- Interventions at macro level and activities at micro/meso level will be formally linked to ensure an optimum leverage of the programme and a high quality of the Swiss contribution to policies and broader changes in Tanzania.
- Where Switzerland is not able to contribute significantly on its own to changes, strong alliances will be built with local and international partners to increase programme leverage while preserving its specific character. However, as a rule, Switzerland will not play the role of a "silent partner" in multi-donor funded programmes, but favours negotiated divisions of tasks commensurate with available human resources, expertise and experience.

- Linkages between elements of the three domains will be given special emphasis. Governance issues in particular will have to be addressed and monitored in all activities. PRS monitoring and policy dialogue are also largely covering the whole programme and connecting its elements.
- Topical transversal issues and themes (HIV/AIDS, gender, culture) will be mainstreamed throughout the programme. The mainstreaming will be monitored and instruments will be provided to the Swiss co-operation partners to integrate these endeavours into the various projects.
- Strategic linkages and synergies between the Country Programme and different types of Regional Programmes of the Eastern and Southern Africa Division of SDC shall be actively used and strengthened.
- To promote local development, the Country Programme puts emphasis on the institutionalisation of a broad-based stakeholders dialogue and co-ordination of actions. Coherent packages of activities in rural areas are explored, based on identified potentials for increasing productivity, adding value, and equitable distribution of benefits.

## 5 Country Programme implementation

### 5.1 Principles

The Country Programme with its three domains and corresponding entry points follows twelve guiding principles in implementation. Monitoring of the Country Programme will mainly focus on these principles as they represent the fundamental yardsticks and benchmarks of the programme. The rigorous application of these principles guarantees the creation of relevant added value. It ensures

that the Swiss programme makes a real difference. Taken over from the previous Country Programme, the crosscutting issues gender and HIV/AIDS, completed by culture, are included as compulsory principles to be mainstreamed in all projects and programmes, to ensure that respective actions are implemented in each intervention.

Principles	Comments
<b>Strategic</b>	
<b>1. Coherence with and strong advocacy for the Tanzanian Poverty Reduction Objectives and the Millennium Goals</b>	Any Swiss support is embedded in the Tanzanian PRS, Tanzanian policies and the Millennium Goals (see Annex 6).
<b>2. Coherence with the overall SDC/seco policies and building on the Swiss comparative advantages</b>	All the programmes respond to the <b>SDC</b> and <b>seco</b> policies. Potential contradictions are continuously checked. Programmes bank on the <b>SDC/seco</b> institutional competencies.
<b>Transversal issues</b>	
<b>3. Giving local knowledge, culture and cultural change a voice</b>	The Swiss support recognises that development is narrowly linked with cultural values and cultural change. Culture is seen as an important change dimension in the overall programme. Any Swiss support advocates implementation mechanisms and technologies that are responsive to the local context.
<b>4. Programme implementation with a specific gender perspective</b>	Each programme and project takes into account gender disaggregated individual or collective realities. Needs and priorities of women and elderly people are specifically addressed (for <b>seco</b> programmes where possible).
<b>5. Including HIV/AIDS components in all programme activities</b>	HIV/AIDS is a key threat to development in Tanzania. Swiss programmes include HIV/AIDS components (mainstreaming with specific budget lines); <b>seco</b> programmes adhere to this principle as much as possible. Special attention is given to women and girls.



<b>Approach</b>	
<b>6. Creating synergies and strong partner alliances</b>	Programme support builds on strong synergies between fields of activities. Like-minded alliances are strategic replication factors.
<b>7. Promoting a Swiss quality profile and insisting on outreach</b>	The overall programme reflects a clear Swiss quality profile. Promoting outreach, macro, meso and micro involvement as well as policy dialogue are important factors for this quality profile. Successes of programmes are made visible.
<b>8. Having a broad partner-mix</b>	The programme works with a broad mix of partners (government, civil society, private sector, regional and international organisations) and applies transparent selection procedures.
<b>9. Addressing sustainability as a key concern</b>	Development is only credible if sustainability (economic, social and environmental) is a key concern in planning, implementation and evaluation. Any Swiss support has an explicit sustainability approach.
<b>10. Promoting equity in growth, equitable access to social resources and empowerment</b>	The Swiss support promotes redistribution and equity in favour of the poor. It encourages empowering processes and promotes empowerment as outcome.
<b>Management</b>	
<b>11. Planning of flexible programme components</b>	The Swiss support is based on transparent planning and implementation instruments. Fix components are the backbone of the programme. Flexible components are in-built, in order to be able to react to changes in the context and to new opportunities.
<b>12. Effective and efficient programme management</b>	Effectiveness, cost-efficiency and accountability are implemented as key elements for <b>SDC</b> and <b>seco</b> corporate governance at all programme levels.

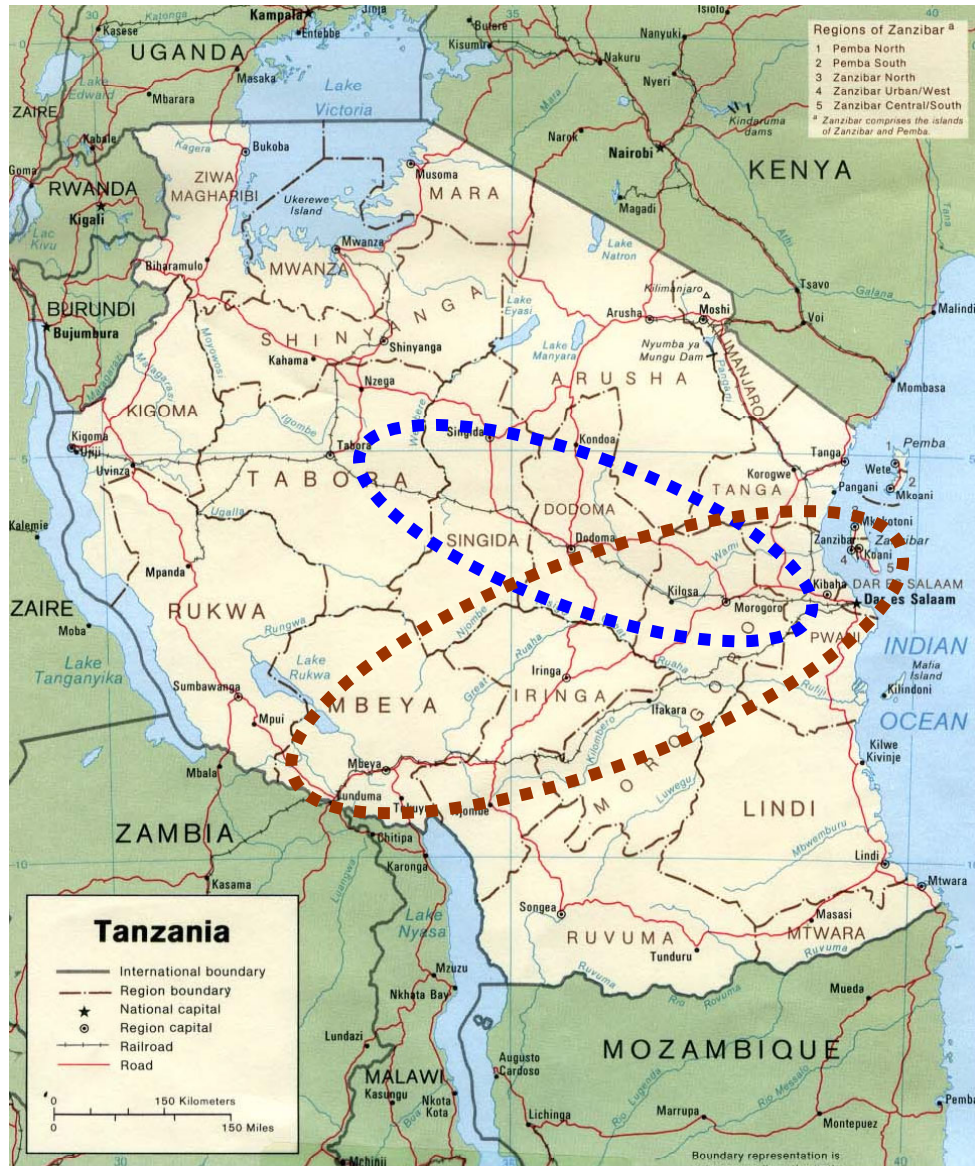
## 5.2 Geographical focus

The geographical concentration has the objective to make a difference in a selected, limited area, to increase the potential for synergies between programme components, and to enhance the prospects for scaling up. Concentrating Swiss micro/meso level interventions geographically is also necessary for efficiency and manageability reasons.

To date, Swiss interventions at micro/meso level were located along the Uhuru corridor (see map), stretching from Dar es Salaam to Mbeya, with a concentration in the Morogoro region. This, however, included some of the better-off regions and districts. In line with the stronger poverty orientation of the Country Programme a shift to poorer areas was explored. The selection was done

based on the following criteria: The new regions would have to figure among the country's lower 50% in terms of poverty status (according to three different sets of indicators); be underserved by donors in the intended domains of intervention; be reasonably accessible (situated along a so-called "trunk road corridor"); and they should have some economic potential that can be exploited (local assets, natural resources, market opportunities).

On the basis of these criteria, the strategic decision has been taken to gradually move the Swiss involvement in Tanzania to the Central Corridor (Morogoro, Dodoma, Singida, and Shinyanga, see map). Morogoro with its strong past involvement of Swiss co-operation will be the starting point for progressive expansion along this corridor.



**Map of Tanzania** indicating the past (brown) and the future (blue) geographical focus of Swiss co-operation

The poverty status is certainly the key criteria for selecting an area of intervention for the Swiss programme. On the other hand, poverty is far from being evenly distributed within the regions located along the Central Corridor, yet there is no reliable statistical data available to get a more detailed

picture of poverty distribution and patterns. Surveys and feasibility studies will help to identify clusters of villages and districts Swiss programmes will focus on within the future very vast geographical focus area.

### 5.3 Budget perspective, envelope

Table 2 presents the target budget allocation for 2007. The main purpose of the table is to formulate financial benchmarks for levels of intervention and domains, for the progressive reorientation of the programme from the present situation. The combined financial envelope available from **SDC** and **seco** is assumed to be 28 million CHF per year.

**Table 2 Target budget allocations for 2007**  
(in million CHF)

	Micro/ meso level	Macro level	Total	% of total
Governance for poverty reduction	3.0 (43%)	4.0 (57%)	7.0 (100%)	25%
Economic growth and asset development for the rural poor	5.0 (50%)	5.0 (50%)	10.0 (100%)	36%
Social and physical well-being	2.5 (28%)	6.5 (72%)	9.0 (100%)	32%
<b>Total programme</b>	<b>10.5 (40%)</b>	<b>15.5 (60%)</b>	<b>26.0 (100%)</b>	<b>93%</b>
Co-operation Office	-	-	2.0	7%
<b>GRAND TOTAL</b>			<b>28.0</b>	<b>100%</b>

Overall, it is planned that micro/meso interventions will slightly increase their share, and that the “Economic growth and asset development” domain will take the lead. To reach this target, the most challenging task will consist in identifying and planning the area-based programme(s). As indicated above (Chap. 4.2), the **seco** funded participation in the PRBS facility is spread over the two domains “governance” and “economic growth”. The project and programme portfolio of **SDC** and **seco** as per 1.1.2004 is shown in Annex 5. A mid-term review in 2006 will be used to formulate targets for the horizon 2010.

Budget management will endeavour to translate the principle of flexible programme components into practice. This has a short and a medium term aspect. Budgets for the upcoming year will include a small amount of unallocated funds when country allocations allow it. But flexibility is essentially translated through the 3-years budget projections, especially the “programme bleu”. The “programme bleu”, but also funding increments shall be purposefully used to explore emerging opportunities, in particular the identification of new entry points. However, as a general rule, stand-alone activities outside the defined domains will be avoided.

### 5.4 Humanitarian aid

Tanzania is still hosting more than 550'000 refugees (mainly Burundian and Congolese) in different camps on the border with Burundi and the Democratic Republic of Congo. This represents an

important pressure on the already scarce resources of the region. The Humanitarian Aid will continue to focus its support on World Food Programme (WFP) and United Nations High Commissioner for Refugees (UNHCR) activities in the refugee camps (approx. CHF 2'000'000.- per year). It will also continue to provide assistance to the most vulnerable by distributing milk products through NGOs. It will remain on a stand-by level, ready to react in case of major disasters.

### 5.5 Regional activities

Synergies between the Country Programme and the different types of regional programmes of the Eastern and Southern Africa division of SDC shall be actively created and strengthened. This applies mainly to:

#### The Regional Programmes Southern Africa and Great Lakes

Opportunities for synergies and active collaboration will be identified within the strategic orientations of these programmes under development. This can be promising in the medium term as cross-border issues can at last be addressed through these new East and Southern Africa programmes.

#### Regional initiatives

The East and Southern Africa Division of SDC is financing a limited number of agriculture and natural resource management regional research programmes. Synergies with these programmes shall be enhanced, especially within the field of rural development and agricultural research.

### 5.6 What is new in the Country Programme?

**Focus on Poverty Reduction:** The Country Programme 2004-2010 clearly refers to the Tanzanian PRS: The overall goal of the Country Programme has the PRS as key reference point. Internationally, the Country Programme also makes a direct reference to the Millennium Development Goals.

**Well-being of the poor:** The Country Programme aims at the well-being of the poor, in a broad sense. Therefore, the Country Programme does not have a sector approach (health, agriculture, road construction, etc.) but a more holistic approach. The focus on income poverty is significantly stronger; the productive potential of the poor is addressed.

**Transversal issues:** Transversal issues are no longer at the level of support programmes, they are now considered as implementation principles. This enhances their importance: Gender, local culture and HIV/AIDS must be taken into account in each intervention.

## 6 Management and monitoring

The Coof 2000 concept defines the roles of headquarters and the Co-operation Office. The Coof is the link between **SDC** and **seco** headquarters and individual partners, programmes and projects. Clearly defined administrative responsibilities and permanent consultation are the basis for collaboration between the Coof and headquarters in Berne.

### 6.1 Role of the Co-operation Office

The Coof is vested with the responsibility of managing and implementing the Country Programme. It is responsible in the first place for operational questions, coordination with other development agencies in Tanzania, contacts with government services and civil society in Tanzania and participation in the policy dialogue. Other important responsibilities include the monitoring of the development context of Tanzania, the monitoring of the Country Programme implementation, the formulation of Annual Programmes, the identification of new potentials and preparation of new projects, support services to SDC-funded projects and the establishment of good working relationships with the Embassy of Switzerland in Tanzania.

For the steering and implementation of the Country Programme, the Coof essentially works with **SDC**'s tools for the Programme Cycle Management (PCM), such as sector concepts and strategies, annual programmes, project documents and agreements, monitoring concepts, self-evaluations and external reviews. These tools need to be tuned with perceptions and instruments of partners. In its internal and external relationship, the Coof will set the example in following up programme priorities.

As per January 2004, the Coof team includes five international staff, four national programme officers and various support staff.

*International staff* comprises the Country Director (coordinator), a Deputy, two Assistant Country Directors and the Head of Finance and Administration. One of the Assistant Country Directors is recruited by **seco** in consultation with **SDC** to follow-up on **seco** activities.

*National programme officers (NPOs)*: Employed by the Coof, they are in charge of specific operational responsibilities regarding domains, programmes and projects. National programme officers will be guided and coached by international staff.

The Coof is organized thematically and works as a team. International staff assumes the main responsibility for advocating and monitoring the cross-

cutting issues (culture, gender and HIV/AIDS) and for policy dialogue whose importance will increase, especially at central level. The Country Director will make sure that programme management is efficient and cost-effective. The team as a whole is responsible for the application of the "implementation principles".

### 6.2 Role of SDC and seco headquarters

**SDC** and **seco** headquarters in Berne concentrate on overall normative, strategic, guiding, supporting and supervising functions towards the Coof. They consider questions regarding programme strategies and their coherence with the overall strategies and principles of the two organisations. They participate in the international and regional dialogue on development policy and liaise with international organizations. Contact with the public, the Parliament, other administrative bodies in Switzerland come within their responsibility, and headquarters also maintain contacts with Swiss implementing agencies and consultants. **SDC** and **seco** headquarters have an important advocacy and knowledge management role. Experiences from the Tanzania programme have to be disseminated.

Persons directly involved in the Tanzania Country Programme at **SDC** and **seco** headquarters regularly consult with each other and keep each other informed on the progress of the programme.

### 6.3 Role of partners

Local partners will play an increasing role in the implementation of programmes and projects. Support will be drawn from institutions, organisations and consultants in Tanzania, from the East and Southern Africa region, from Switzerland and from international bodies.

### 6.4 Monitoring of the Country Programme (MCP)

#### A Purpose, nature and sources

The purpose of MCP is to keep a clear focus on objectives, to ensure the efficiency and sustainability of implementation and to monitor changes in the context with a view to anticipating them and taking pro-active measures in response to them. MCP is crucial for steering the Country Programme implementation and for creating factual evidence on

progress and failures in reaching the overall goal of the Country Programme.

MCP is different in content and form from monitoring in project cycle management, which essentially informs operational decision-making. MCP is located at a high aggregation and abstraction level, focusing twelve principles, the overall goal of poverty reduction and the domains objectives. It builds on relevant information and observations from the projects and programmes, compiling and consolidating them. But it also uses other sources of information like tailor-made tracking studies. An important source is the national PRS monitoring system, an endeavour to which **SDC** is closely associated. The country perspectives provided by of the PRS monitoring and the bottom-up perspective stemming from projects and tracking studies will not only complete but potentially also question each other.

## B Fields of observation

The MCP looks at (i) performance and outputs, and (ii) outcome and impacts (Annex 7). Performance and outputs capture whether there have been serious and successful attempts to translate principles into practice. Generally, they can be monitored within short terms, whereas monitoring of outcomes and impacts often requires more time, regular and systematic information collection over a longer period and specific impact evaluations. However, experience shows that episodic evidence of progress or absence of progress can be found at all times.

The **development of the context** will be observed continuously (through the MERV) and checked against the trend assumptions outlined in chapter 2, which served as the basis for developing the Country Programme. Important deviations from these assumptions will be documented and taken into account in steering the programme. They may trigger a revision of the strategic orientation.

The monitoring of **partnership** will include performance and development of partners, partner mix and alliances. Multi-donor partnerships need to be assessed periodically, as they play an important role in Tanzania.

The monitoring of **transversal issues and management principles** will pay special attention to the mainstreaming of culture, gender and HIV/AIDS.

The performance monitoring on **domains** will focus on coverage, outreach (in particular the efforts made to include extreme poor) and the utilisation target groups make of the services. But the princi-

pal challenge will be to track and document outcomes and impacts, an endeavour that has not been given enough attention in the past. MCP will progressively develop instruments and capacities to fill this gap. At the level of projects and programmes, the formulation of impact hypotheses could be a first step in this direction.

## C Implementation

Monitoring and steering of the Country Programme is the responsibility of the Coof. Country Programme monitoring is done on a regular annual basis and is integrated in the Annual Programme elaboration process. It aims at finding a good balance between "accountability", "learning" and "steering". This requires a constructive and critical distance between the Coof and programme/project implementation, investments in developing analytical and methodological skills to assess and understand the reality, and time to compare, reflect, question.

More specifically, the role of the Coof in MCP is to:

- Make it operational, specific and practical, and introduce it to the programmes. An important point to be clarified is what information will be collected and analysed annually, and what in longer or more irregular intervals
- Harmonise it with the project cycle management
- Collect, process and analyse the information and condense it into a yearly report
- Organise regular learning events informed by and feeding into MCP
- Disseminate its results to a wider public
- Feed monitoring results back into policy dialogue and strategic planning

## D Mid-term review

The seven-year duration of the Country Programme, the embarking on new domains, the vision of reinforcing synergies between **SDC** and **seco** components, changes in the staffing pattern of the Coof, etc. make a mid-term review necessary. Thus, in 2006, the Country Programme will appraise its achievements, review the development of the context and decide if the strategic orientations in the different domains continue to be valid or how they should change for the remaining implementation period, and formulate budget targets for the horizon 2010. It will rely mainly on the yearly monitoring reports.

## Annex 1: Process of Country Programme elaboration

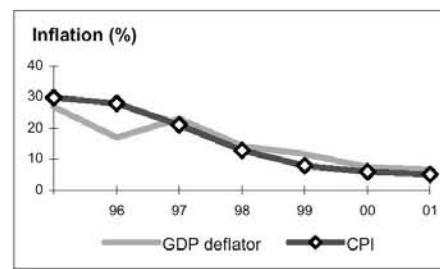
	Event	Topic	Date
Preparatory steps	External evaluations of <b>SDC</b> and <b>seco</b> programme components	Infrastructure & Transport, <b>SDC</b> Budget support, <b>seco</b>	2002/2003 Beginning 2002
	Internal evaluations	All programmes, with a poverty, partnership and sustainability focus	March-October 2002
	Peer review	Management assessment by the <b>SDC</b> country directors Mali and Bangladesh	January 2003
	Views of the Poor	Research study on well- and ill-being of poor people in Tanzania and their survival strategies	November-December 2002
	Thematic reports and notes	Health basket Microfinance institutions SHDDP Financial sector	2003 2002 2002 2003
Moments forts	Options workshop	Synthesis of the evaluation documents and development of 4 options	March 2003
	Stakeholder workshop	Consultation of the proposed options, proposal of the final one, concretisation	May 2003
Formulation and approval of the document	Synopsis paper – Decisions	5 page summary of the strategic orientations of the Country Programme and <b>seco</b> country note, decision <b>SDC</b> and <b>seco</b>	June 20 <sup>th</sup>
	Starting programme planning	Based on the decisions, first steps in programme planning	July 2003
	Programme drafting Draft consultation	Backstopper, <b>SDC</b> and <b>seco</b>	June – September 2003
	Programme approval	Approval by <b>SDC</b> and <b>seco</b> directorate	November 2003
	Editing	Internal version Public short version	November / early December 2003
	Views of the Poor exhibition	Launching of the new Country Programme, opening of the View of the Poor exhibition	December 2003



## Annex 2: Tanzania country profile

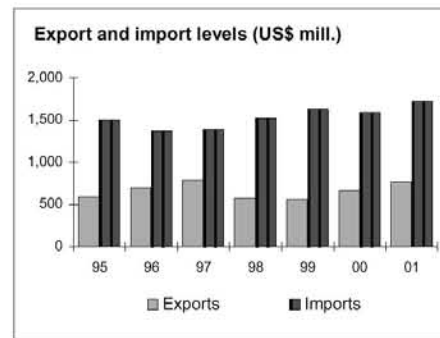
### PRICES and GOVERNMENT FINANCE

	1981	1991	2000	2001
<b>Domestic prices</b> (% change)				
Consumer prices	25.6	28.7	5.9	5.2
Implicit GDP deflator	..	28.1	7.4	6.7
<b>Government finance</b> (% of GDP, includes current grants)				
Current revenue	19.2	12.3	10.6	11.4
Current budget balance	-3.3	-0.2	-0.5	-0.7
Overall surplus/deficit	-13.7	-1.7	-5.4	-4.2



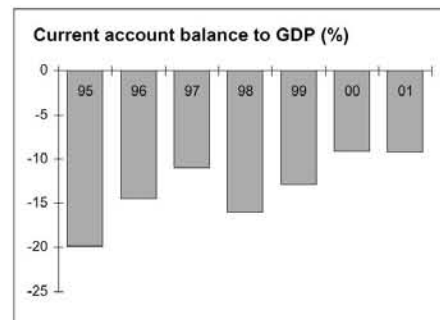
### TRADE

	1981	1991	2000	2001
<i>(US\$ millions)</i>				
Total exports (fob)	562	394	663	772
Coffee	165	77	84	57
Cotton	78	63	38	33
Manufactures	60	70	34	56
Total imports (cif)	1,111	1,276	1,592	1,726
Food	104	32	176	169
Fuel and energy	261	189	95	106
Capital goods	563	579	638	755
Export price index (1995=100)	103	75	130	136
Import price index (1995=100)	93	98	90	100
Terms of trade (1995=100)	112	77	143	136



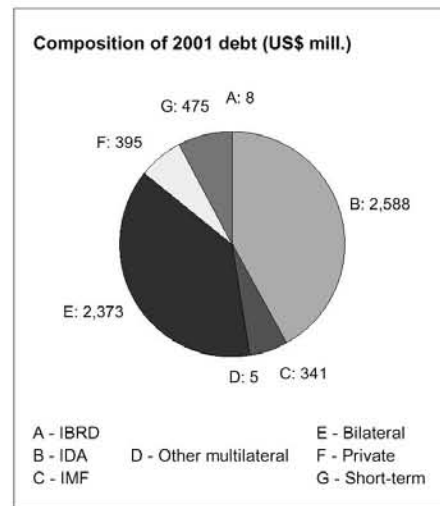
### BALANCE of PAYMENTS

	1981	1991	2000	2001
<i>(US\$ millions)</i>				
Exports of goods and services	572	529	1,330	1,487
Imports of goods and services	1,192	1,569	2,094	2,316
Resource balance	-619	-1,040	-765	-829
Net income	0	-185	-83	-44
Net current transfers	510	408	18	15
Current account balance	-110	-818	-830	-858
Financing items (net)	94	825	1,179	1,058
Changes in net reserves	16	-8	-348	-201
<b>Memo:</b>				
Reserves including gold (US\$ millions)	..	209	974	1,157
Conversion rate (DEC, local/US\$)	8.2	219.2	800.4	876.3



### EXTERNAL DEBT and RESOURCE FLOWS

	1981	1991	2000	2001
<i>(US\$ millions)</i>				
Total debt outstanding and disbursed	5,822	6,558	7,440	6,185
IBRD	210	208	11	8
IDA	319	1,434	2,593	2,588
Total debt service	179	207	198	331
IBRD	23	56	5	4
IDA	3	17	52	57
Composition of net resource flows				
Official grants	..	67	685	709
Official creditors	524	170	111	125
Private creditors	59	-9	..	..
Foreign direct investment	..	..	193	203
Portfolio equity	..	..	..	..
World Bank program				
Commitments	91	334	329	360
Disbursements	98	181	131	75
Principal repayments	8	43	37	40
Net flows	89	137	94	35
Interest payments	17	29	20	21
Net transfers	72	108	74	14



The World Bank Group: This table was prepared by country unit staff; figures may differ from other World Bank published data.

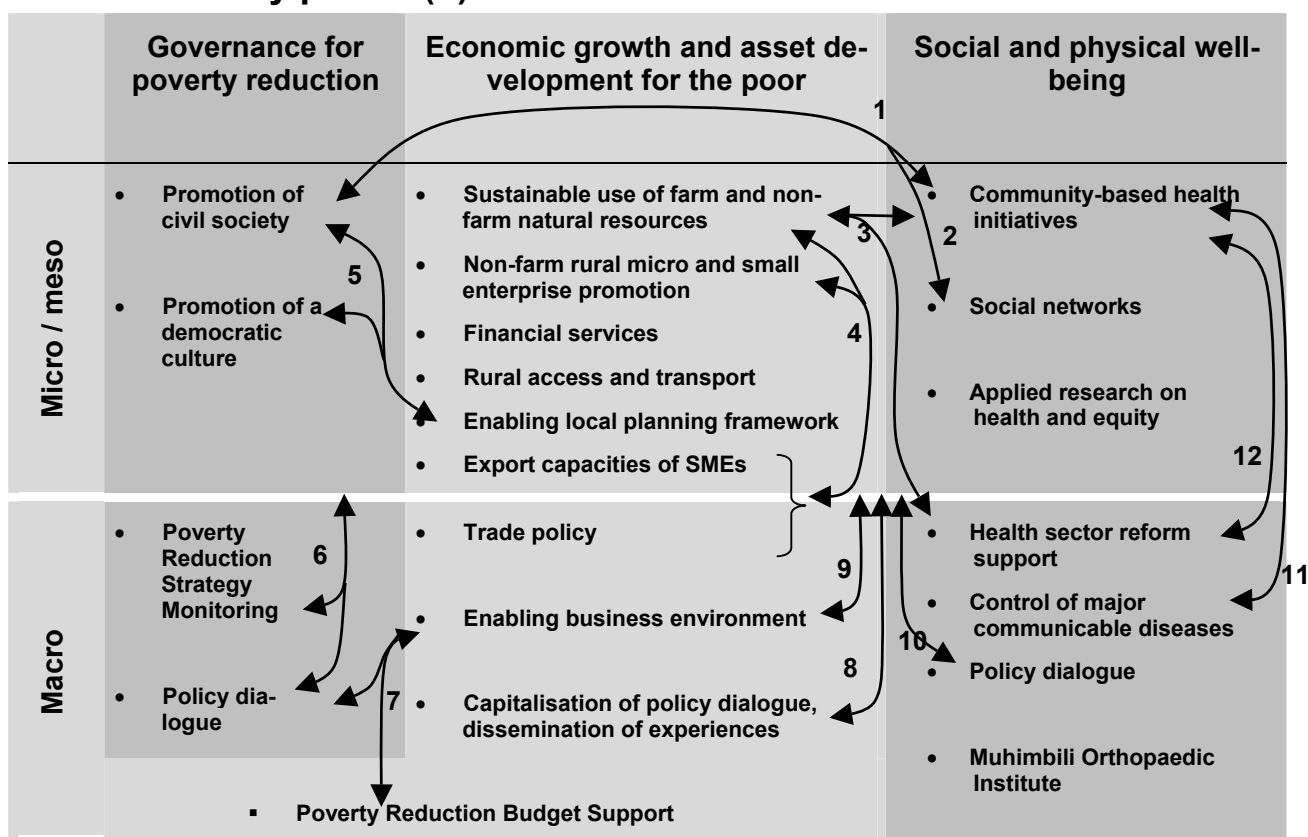
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### Annex 3: Disbursements by Swiss co-operation in Tanzania, 1999-2003 (in million CHF, bilateral components only)

Components	Source	1999	2000	2001	2002	2003*
<b>Health</b>		<b>5.7</b>	<b>6.3</b>	<b>7.5</b>	<b>8.5</b>	<b>9.1</b>
Health Sector Reform Support Programme (Basket)	SDC	1.6	2.9	5.4	4.4	5.0
Dar es Salaam Urban Health Project	SDC	1.2	1.4	0.1	0.7	-
National Tuberculosis and Leprosy Programme	SDC	0.6	0.5	0.6	1.2	0.8
Kilombero Health Support	SDC	0.1	0.8	0.4	0.5	1.0
Kilombero Impregnated Nets	SDC	0.7	-	0.1	-	-
Ifakara Health Research and Development Centre	SDC	1.5	0.2	0.4	0.6	0.4
Muhimbili Orthopaedics Institute	SDC	-	0.5	0.5	0.7	0.3
HIV/AIDS	SDC	-	-	-	-	0.9
NETCELL	SDC	-	-	-	0.4	0.5
Water & Health Education	SDC	-	-	-	-	0.2
<b>Infrastructure and Transport</b>		<b>5.9</b>	<b>6.7</b>	<b>6.6</b>	<b>6.9</b>	<b>7.5</b>
Village Travel and Transport Programme	SDC	0.2	0.4	0.7	0.8	0.2
District Roads Support Programme	SDC	0.7	1.5	1.5	1.5	1.0
Regional Roads Support Programme	SDC	1.0	1.3	1.5	2.0	1.5
Contractor and Consultant Input Component	SDC	1.0	0.5	0.5	0.2	0.5
Basket Funding to TANROADS	SDC	2.0	2.0	1.0	1.0	1.0
Technical Assistance	SDC	1.0	1.0	1.4	1.4	1.0
Kitadu-Ifakara	SDC	-	-	-	-	2.3
<b>Economic development</b>		<b>8.7</b>	<b>3.0</b>	<b>8.9</b>	<b>9.2</b>	<b>9.8</b>
Poverty Reduction Budget Support	seco	8.5	2.8	8.0	8.1	8.0
Technical Assistance to the Ministry of Finance	seco	-	-	0.7	0.7	0.7
Technical assistance to the Bank of Tanzania	seco	0.2	0.2	0.2	0.2	0.2
PRS Monitoring	SDC	-	-	-	0.2	0.9
<b>Cross-cutting Support Programmes</b>		<b>0.4</b>	<b>0</b>	<b>0.3</b>	<b>0.1</b>	<b>1.7</b>
Gender	SDC	0.4	-	0.25	-	0.2
Democratic culture	SDC	-	-	-	0.1	0.2
Foundation for Civil Society	SDC	-	-	-	-	1.3
<b>Other projects</b>		<b>3.2</b>	<b>1.0</b>	<b>1.2</b>	<b>0.7</b>	<b>0.3</b>
Southern Highland Dairy Development Project	SDC	2	1.0	1.2	0.7	0.3
National Income Generation Programme	SDC	1.2	-	-	-	-
<b>Humanitarian Aid</b>	SDC	<b>5.9</b>	<b>4.3</b>	<b>4.6</b>	<b>5.8</b>	<b>3.5</b>
<b>Co-operation Office</b>	SDC	<b>1.6</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>
<b>Total Swiss Programme</b>		<b>31.4</b>	<b>22.9</b>	<b>30.8</b>	<b>32.9</b>	<b>33.6</b>
*Planned						



## Annex 4: Synopsis of the Country Programme and main links between entry points (●)



### Main links explained

- 1,2 Strong civil society organisations and a democratic culture facilitate participatory processes for planning community based health initiatives and interventions that aim at strengthening social networks.
- 3 Healthy people, a prerequisite for productive activities
- 4 Trade promotion (improved conditions for trade) has a direct link with farm and non-farm productive activities, both for domestic and export markets.
- 5 Participatory planning requires a sense of democracy among stakeholders, especially local authorities. On the other hand, without the support from local authorities planning frameworks are not useful.
- 6 Policy dialogue on decentralisation, private sector development, and sector reforms is enriched by experiences gained at micro/meso level on promotion of civil society and democratic culture. In return, it contributes to the improvement of the policy framework for civil society and democratisation at local level.
- 7 Improved conditions for businesses and macroeconomic stability are closely linked. Stable economy together with improved businesses environment and economic reforms attract investors, which boosts the economy, increases fiscal revenue, and ultimately improves the state budget, allowing more pro-poor investments.
- 8 Success stories and lessons learned in rural development at micro level are capitalised in view of informing policy dialogue and disseminating them in the country. In this domain (rural development), SDC has gained substantial experience in Eastern Africa and exchange with or through regional networks has much potential.
- 9 Interventions at central level provide the framework and enabling conditions for the development of the private sector and rural production at decentralised levels.
- 10 Experiences gained at the micro/meso level feed the policy dialogue with relevant and well-founded inputs. The newly gained knowledge is not only useful in the region where the programme operates, but offers an opportunity to improve the frame conditions in health and related sectors for the entire country.
- 11 Interventions at the central level in health provide a favourable framework and the knowledge for interventions at the decentralised levels, where experiences made provide a reality-check to inform policy dialogue and overall health planning.
- 12 Basic health package is made available through Health Sector Reform at decentralised level, on which basis communities can build more comprehensive health initiatives.

**Annex 5: Portfolio of Swiss co-operation in Tanzania as per 01/01/04**  
(in million CHF, bilateral components only)

Components	Source	2004 *	2005	2006	Component ending by
<b>Domain 1: Governance for poverty reduction</b>		<b>9.2</b>	<b>7.8</b>	<b>5.8</b>	
Poverty Reduction Budget Support**	seco	4.0	4.0	4.0	open
Technical Assistance to the Ministry of Finance**	seco	0.7	0.7	0.7	open
Technical assistance to the Bank of Tanzania**	seco	1.0	1.0	1.0	open
Trade promotion**	seco	1.0			open
PRS Monitoring	SDC	0.8	0.4		6/2005
Democratic culture	SDC	0.1	0.1	0.1	3/2006
Foundation for Civil Society	SDC	1.6	1.6		12/2005
<b>Domain 2: Economic growth and assets development for the poor</b>		<b>9.9</b>	<b>5.0</b>	<b>4.0</b>	
Poverty Reduction Budget Support	seco	4.0	4.0	4.0	open
Road Sector Support Programme	SDC	4.4			12/2004
Kidatu-Ifakara road	SDC	1.5	1.0		12/2005
<b>Domain 3: Physical and social well-being</b>		<b>9.1</b>	<b>5.9</b>	<b>0.3</b>	
Health Sector Reform Support Programme (Basket)	SDC	6.0	4.5		9/2005
National Tuberculosis and Leprosy Programme	SDC	1.2			12/2004
Ifakara Health Research and Development Centre	SDC	0.3	0.2		6/2005
Muhimbili Orthopaedics Institute	SDC	0.5	0.4	0.3	6/2008
HIV/AIDS	SDC	0.6	0.6		12/2005
NETCELL	SDC	0.5	0.2		6/2005
<b>Other projects</b>		<b>0.3</b>	<b>0.2</b>		
Gender Balanced Development	SDC	0.1	0.1		6/2005
Water and Education Project	SDC	0.2	0.1		12/2005
<b>Coordination Office</b>	<b>SDC</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	
<b>Total funds committed</b>		<b>30.2</b>	<b>20.6</b>	<b>11.8</b>	
<b>Envelope for the entire Swiss Programme</b>		<b>28.0</b>	<b>28.0</b>	<b>28.0</b>	
Funds committed in % of total envelope		<b>108</b>	<b>74</b>	<b>42</b>	
*The amount for the full year 2004 is given					
** Internal commitments					

## Annex 6: Millennium development goals to be achieved by 2015

- **Halve extreme poverty and hunger**

1.2 billion people still live on less than \$1 a day. But 43 countries, with more than 60 per cent of the world's people, have already met or are on track to meet the goal of cutting hunger in half by 2015.

- **Achieve universal primary education**

113 million children do not attend school, but this goal is within reach; India, for example, should have 95 per cent of its children in school by 2005.

- **Empower women and promote equality between women and men**

Two-thirds of the world's illiterates are women, and 80 per cent of its refugees are women and children. Since the 1997 Microcredit Summit [Washington], progress has been made in reaching and empowering poor women, nearly 19 million in 2000 alone.

- **Reduce under-five mortality by two-thirds**

11 million young children die every year [2002], but that number is down from 15 million in 1980.

- **Reduce maternal mortality by three-quarters**

In the developing world, the risk of dying in childbirth is one in 48. But virtually all countries now have safe motherhood programmes and are poised for progress.

- **Reverse the spread of diseases, specially HIV/AIDS and malaria**

Killer diseases have erased a generation of development gains. Countries like Brazil, Senegal, Thailand and Uganda have shown that we can stop HIV in its tracks.

- **Ensure environmental sustainability**

More than one billion people still lack access to safe drinking water; however, during the 1990s, nearly one billion people gained access to safe water and as many to sanitation.

- **Create a global partnership for development, with targets for aid, trade and debt relief**

Too many developing countries are spending more on debt service than on social services. New aid commitments made in the first half of 2002 alone, though, will reach an additional \$12 billion per year by 2006.

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*Source:* United Nations, 2002. Millennium development goals and the United Nations role. Fact sheet, published October 2002. Accessed <http://www.un.org/millenniumgoals/MDGs-FACTSHEET1.pdf>



## Annex 7: Framework for monitoring of the Country Programme

Field of observation	Objectives	Observation dimensions	Output and performance indicators	Change, outcome and impact indicators	Sources of verification
<b>Context</b>	Observe and interpret trends, forces/obstacles of change, in order to identify opportunities, to establish and follow risks	See (adapted) MERV (including now the CP trend assumptions)	See MERV indicators	See Millennium Development Goals, PRS goals	Observation (direct, indirect), resource persons, media, PRS monitoring, country reports
<b>Partnership</b>	Enhance the understanding of the appropriateness/limitations of individual partners, partner-mixes and alliances in view of strategically improving programme effectiveness in poverty reduction	Individual partners, partner-mix  Synergies and alliances  Swiss quality profile and visibility	Partner assessment, % resources allocated per categories of partners, efficacy of organisational development investments  Quality and quantity of interaction between programme partners, performance and limitations of multi-donor funding and budget support arrangements  Availability of PR instruments and implementation of PR events, visibility in policy dialogue	Track record of partners in pro-poor activities  Evidence of cross-fertilisation, evidence of effectiveness of multi-partner arrangements/budget support  Evidence of replication of Swiss initiatives, effectiveness in policy dialogue	Assessments, partner audits, financial planning, tracking studies, observation  Project reports, observation, opinion "polls", evaluations  Observation, opinion "polls", meeting minutes and reports, evaluations
<b>Transversal issues, empowerment, sustainability and management</b>	Quality control of transference into practice and results	Mainstreaming of transversal issues (local culture and knowledge, gender perspective, HIV/AIDS)  Empowerment  Sustainability  Management principles (flexibility, effective and efficient programme management)	Rate and quality of mainstreaming in individual projects  Rate and quality of implementation  Percentage of projects with exit strategy  Budget formulation, respect of budget	Evidence of successes and limitations of mainstreaming efforts  Evidence of successes/limitations  Sustainability at project end  Quality standard of programme management, budget used as steering instrument, annual performance achievement rate	Project reports, survey, observation  Project reports, observation  Credit Proposals, sustainability audits  Annual programme review, budget and accounts

<p><b>Domain Governance for poverty reduction</b></p>	<p>Establish documented evidence on progress/ failures in achieving the objective of the domain</p>	<p>Public expenditures for poverty reduction, democratic culture and civil society participation in the establishment of "checks and balances"</p>	<p>Programme contributions to PRS sectors and poverty areas within those sectors, contributions to enhance participation of communities and civil society organisations in the political debate, quality of the Coof and project contribution to the policy dialogue for poverty reduction</p>	<p>Level of accountability of public expenditures at the central and local level, influence of the civil society on the development agenda</p>	<p>Partner and project reports, PRS monitoring, PER/PRBS studies and reports, tracking studies, public reports on governance issues (e.g. corruption, Report of Auditor General)</p>
<p><b>Domain Economic growth, income and assets for the poor</b></p>	<p>Establish documented evidence on progress/ failures in achieving the objective of the domain</p>	<p>Livelihood security, access and use of financial and non-financial services, transport and access, trade promotion</p>	<p>Coverage and outreach of programmes, number of people benefiting and using their services, quality and quantity of activities targeting specifically the extreme poor</p>	<p>Evidence of positive impacts/drawbacks, development of selected economic indicators (income, employment etc)</p>	<p>Surveys, PRS monitoring reports, annual project reports, tracking studies, surveys</p>
<p><b>Domain Social and physical well-being</b></p>	<p>Establish documented evidence on progress/ failures in achieving the objective of the domain</p>	<p>Implementation of Health Sector Reform, communicable diseases (trends), community based health initiatives, social networks</p>	<p>Coverage and outreach against targets of people having access to services or networks, quality and quantity of activities targeting specifically the extreme poor</p>	<p>Evolution of health sector performance and impact indicators, increase of people who are "well"</p>	<p>Project reports, Health Sector Review, PRS monitoring, tracking studies</p>
<p><b>Note:</b> In the implementation of the MCP baseline values for 2004 shall be established where possible, otherwise the 2004 figures will represent the baseline</p>					
		<p>CP PRS Coof</p>	<p>Country Programme Poverty Reduction Strategy Co-operation Office</p>	<p>MERV PER</p>	<p>Monitoring entwicklungsrelevanter Veränderungen (Monitoring of development relevant changes in the context) Public Expenditure Review</p>

## Annex 8: Abbreviations

CCM	Chama Cha Mapinduzi (political party)
Coof	Co-operation Office (of SDC)
EAC	Eastern Africa Community
HBS	Household Budget Survey
HIPC	Heavily Indebted Poor Countries
HSR	Health Sector Reform
MCP	Monitoring of the Country Programme
MERV	Monitoring entwicklungsrelevanter Veränderungen (monitoring of development relevant changes in the context)
NGO	Non Governmental Organisation
PCM	Programme Cycle Management
PER	Public Expenditure Review
PRBS	Poverty Reduction Budget Support
PRS	Poverty Reduction Strategy
SADC	Southern African Development Community
<b>SDC</b>	Swiss Agency for Development and Co-operation
<b>seco</b>	State Secretariat for Economic Affairs (Switzerland)
SMEs	Small and Medium Enterprises
SWAp	Sector-Wide Approach
TSh	Tanzanian Shilling (in 2003 1 USD was about 1000 TSh)
TzPPA	Tanzanian Participatory Poverty Assessment