

Japan's Country Assistance Program for the United Republic of Tanzania

June 2008

The Government of Japan

1. Vision and Rationale

(1) Diplomatic Considerations

(a) Tanzania has maintained domestic stability since its independence in 1961 and has contributed to African solidarity since the time of African countries' independence. As such, Tanzania plays a central role in the peace and stability of Eastern and Southern Africa. The Government of Japan (GoJ) regards Tanzania as one of the priority countries in its African diplomacy. In December 2005, the third presidential election since its transition to a multi-party political system was peacefully completed. As evidenced in this smooth regime change, the Government of the United Republic of Tanzania (GoT) has taken the initiative in promoting democratisation and proactively implementing core reforms in such areas as public services and financial management.

(b) Tanzania hosts the headquarters of East African Community (EAC) and is actively involved in vitalising the regional economy. Tanzania has also been making efforts to establish peace among neighbouring countries, especially those of the Great Lakes Region. Moreover, it has accepted the largest number of refugees among African countries. It plays a leading role in regional stabilisation in the United Nations (UN), African Union (AU) and other diplomatic theatres. As a result, its reputation and importance in the international community have risen significantly in recent years.

(c) GoT has historically maintained a friendly relationship with GoJ since independence. VIP exchange between Tanzania and Japan is lively, and GoT is always cooperative towards the TICAD (Tokyo International Conference on African Development) process, the mainstay of GoJ's African diplomacy. As one of the leading countries of Eastern and Southern Africa, Tanzania is also an important partner from the standpoint of strengthening cooperation between TICAD and NEPAD (New Partnership for Africa's Development).

(d) As discussed above, assistance to Tanzania contributes to the development and stabilisation of Southern and Eastern Africa and, at the same time, is essential in enhancing the bilateral cooperation and friendly relationship between the two nations. In addition, having undertaken core reforms and achieved stable economic growth, Tanzania has demonstrated a certain level of good governance and has high growth potential. Therefore, it is considered to be a significant endeavour for Japan to continue assisting and prioritising Tanzania as an example of successful poverty reduction in Africa.

(2) Development *(Source: JPD (2006), PHDR (2005))*

(a) Tanzania has sustained stable economic growth since 2000, with annual GDP growth of about 6% and inflation of about 4%. While growth has mainly been led by mining, construction, trading, communications, tourism and other sectors, the

growth rate of agriculture, which accounts for about 40% of overall GDP, is stagnating. In trade, the share in exports of primary crops such as coffee, tobacco and cotton has declined, and that of non-traditional products has increased. Whilst total export value has increased, Tanzania's international balance of payments has been in deficit, because the value of imports exceeds that of exports. While its tax revenue remains on an upward trend due to reform efforts in tax administration, it still remains below about 15% of GDP. About 40% of Tanzania's national budget and 60% to 80% of its development budget are dependent on external aid. Tanzania's economic and social structures are still fragile; for example, the country is susceptible to external shocks such as skyrocketing oil prices and shortages of electricity and food supply caused by droughts.

(b) The GDP per capita is approximately US\$ 300, which is low compared with other African countries. 50% to 60% of the population live on less than US\$ 1 per day. While the proportion of those who live below the national poverty line¹ declined from 39% to 36% in the 10 years from 1991, population growth has meant that the absolute number of those in poverty has increased. There has been a dramatic drop in the poverty rate in Dar es Salaam from 28% to 18% and a decrease in other urban areas from 29% to 26%, but in rural areas only a slight reduction from 41% to 39% has been observed. One of the critical concerns is that rural areas, which encompass approximately 80% of the total population and 80% to 90% of the poor, have been and might be left behind in economic benefits.

(c) GoT is proactive in pursuing the UN Millennium Development Goals (MDGs), which are aimed at combating poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women, as well as Tanzanian Development Vision 2025 (Vision 2025), which aspires for high and shared growth, quality of life, peace, stability and unity, good governance, high quality education and international competitiveness. Many donors (development partners: DPs) have been supporting these efforts by GoT. Both GoT and DPs are actively engaged in the coordination of development cooperation for enhanced aid effectiveness, and some results have been observed. Tanzania still remains one of the world's poorest countries, however, and faces the problem that recent stable economic growth has not had sufficient impact in terms of poverty reduction.

2. Strategy of Assistance

(1) Goal of Assistance

(a) It is important for Tanzania to sustain its stable economic growth and to achieve poverty reduction in a visible and tangible manner, ensuring that the benefits of growth are not concentrated only in urban areas and are shared widely by the poor,

¹ GoT defines those who live on less than 262 Tanzanian shillings (approximately US\$ 0.33) a day as below the national poverty line.

including in rural areas. Furthermore, it is crucial for the country to forge a virtuous cycle of economic growth whereby such poverty reduction leads to capacity development, the creation of new employment opportunities and increased demand.

(b) Based on the above viewpoints, Japan's assistance to Tanzania will have the following two pillars. The first pillar is to provide assistance for the promotion and enhancement of productivity and competitiveness. Economic and social infrastructure development is indispensable not only for improving the living standards of the general public but also for laying the foundations of industrial development, including the promotion of private enterprise. At the same time, it is also vital to reduce income poverty by improving productivity in agriculture, in which 80% of the population is engaged. This pillar corresponds to the first cluster ("Growth and Reduction of Income Poverty") in the National/Zanzibar Strategy for Growth and Reduction of Poverty (Mainland: NSGRP, Zanzibar: ZSGRP), which is the second poverty reduction strategy.

The second pillar is to provide assistance for the promotion of good governance. Only when central and local governments' capacity for public administration and financial management are strengthened, will it be possible to deliver the benefits of economic development to the rural poor in a more equal and efficient manner. Assistance in this area corresponds to the third cluster in NSGRP/ZSGRP, "Governance and Accountability".

(c) Accordingly, Japan has set as the goal of its assistance for Tanzania the "creation and promotion of a virtuous cycle of sustained and stable growth and poverty reduction." Japan will provide support for developing the foundations of sustained and stable economic growth and for ensuring that the benefits of growth contribute to poverty reduction throughout the country.

(2) Approach to Assistance

(a) Development Coordination in Tanzania

(i) In the past, the fragmented and uncoordinated nature of development projects reduced efficiency and effectiveness, heavily taxing GoT's limited capacity. Learning from such experiences, under GoT's leadership GoT and DPs have been intensively engaged in aid harmonisation/alignment including the formulation of a poverty reduction strategy, General Budget Support (GBS), and harmonisation of aid procedures.

(ii) The Joint Assistance Strategy for Tanzania (JAST) was developed, which stipulates the promotion of aid harmonisation by each DP and its alignment to GoT systems, and GoT and DPs, including Japan, have signed a JAST memorandum of

understanding (MoU) outlining the principles of JAST². In this framework, there have been deliberations on division of labour (DoL) among donors. This exercise aims to improve efficiency and effectiveness of development cooperation by rationalising and limiting the number of sectors/thematic areas in which a DP is engaged in on the basis of comparative advantages of the DP.

(iii) Japan now needs to make various efforts in line with JAST, such as increasing predictability (indicating medium-term projections of assistance), harmonisation in monitoring and evaluation, and use of GoT systems in project management (e.g. reporting, procurement).

(b) Progress in Reforms, and Advantages and Challenges of Budget Support

(i) In Tanzania, one of the major aid modalities is budget support (GBS and basket fund), which accounts for a large share of external assistance (about 60%). Budget support is comprehensive support of government efforts to establish and execute a basic administrative function, i.e. a cycle of strategy formulation, budgeting, execution, review and feedback. DPs assist in the development of a framework for such cycles and support the budget for its operation and implementation.

(ii) This support has brought some positive changes in one of the nation's most fundamental administrative functions. Government officials and ministries have begun to take the initiative in reviewing the present situation of each sector and having policy dialogues with the Ministry of Finance based on their own analyses. It is observed that budget support, moreover, has provided an opportunity to make a certain level of progress in the reform of public financial management systems such as public accounting and procurement. In the field of social development, sector basket funds and GBS as well as other technical and financial assistance have helped facilitate rapid sector reforms, resulting in a dramatic increase in the enrolment rate of primary education and a sharp decrease in the child mortality rate.

(iii) While funding from the general budget or basket funds is reaching local government authorities (LGAs), a number of challenges remain, such as the severe lack of capacity to properly design and implement development plans at a local level and the failure to execute budgetary measures at the right time. Other issues include inadequate project formulation (for infrastructure projects, etc.) and inappropriate prioritisation among projects.

(c) Modality of Assistance: Best Mix of Project-type Assistance and Budget Support in Tanzania

² On December 5, 2006, 19 donors, namely, the African Development Bank, Belgium, Canada, Denmark, DFID, EU, Finland, France, Germany, Ireland, Japan, Netherlands, Norway, Spain, Sweden, Switzerland, USAID, World Bank and UN (UN Resident Coordinator representing various UN organisations) signed the MoU. A JAST action plan and monitoring framework are currently being developed.

(i) Though it has been observed that the current promotion of decentralisation and budget support for such an endeavour are making positive progress, there still exist wide gaps between central government and local governments in such areas as 1) human resources, 2) knowledge and information, 3) funding and 4) attitudes toward reforms. In this regard, it is therefore essential to assist in promptly delivering benefits from reforms to people such as the expansion of public services, by developing capacity through an appropriate combination of budget support and project-type assistance.

(ii) Assistance in the form of budget support is a holistic approach to building a strategic framework and strengthening the will and motivation of the government. Project-type assistance such as technical cooperation, on the other hand, is an on-the-ground approach to sharing the process of the developing country's self-help efforts in accordance with the idea of capacity development. It is likely to produce visible and tangible results relatively quickly if a project-type approach is properly incorporated into the government strategy. Synergic effects can be expected in Tanzania, by combining these two types of assistance in a complementary manner. Japan will pursue this mutually complementary approach in assisting Tanzania.

(iii) The perspectives of Japan's assistance for Tanzania include 1) comprehensive enhancement of government functions, 2) development and strengthening of issue- and sector-specific strategies/plans and monitoring frameworks and 3) assistance in improving public services (water, roads, electricity, etc.) and reinforcement of central/local governments' administrative capabilities. 1) and 2) will be supported through budget support, while 2) and 3), through project-type assistance of grant and loan assistance and technical cooperation

(iv) Policy dialogue through budget support and technical cooperation (e.g. basic surveys from a medium-term perspective) is necessary in formulating development projects (such as infrastructure development) and prioritising them appropriately.

(v) GoJ will endeavour, through project-type assistance, to develop human resources, government administrative capabilities, and public services at the local level. At the same time, GoJ will provide budget support with technical cooperation to facilitate the formation of policy frameworks (assistance for public financial reform and/or sector programmes, etc) at the central level, helping to strengthen the relationship between government administration and the people, which has tended to be fragile in African nations. In this manner, based on the concept of Human Security, GoJ will implement assistance at both the micro and macro levels to deliver the benefits of reforms aimed at improving public services to every citizen of Tanzania.

3. Priority Areas

On the basis of the goal of assistance stated above, GoJ will selectively concentrate its assistance on priority areas, taking into account the principles/policies of development coordination proactively promoted by GoT and comparative advantages and efficiencies of Japan's assistance. In order to realise "the creation and promotion of a virtuous cycle of sustained and stable growth and poverty reduction", we will focus our assistance on raising productivity and competitiveness in agriculture, which sustains about two-thirds of households and is deeply connected with both growth and poverty reduction, and on infrastructure development, which is the foundation of growth and also attracts private investment, while leading policy dialogue among DPs, GoT and other stakeholders on growth and infrastructure development, of which we have knowledge and experience. In addition, assistance for improving public administrative and financial management capabilities, which form the foundation of development, will be strengthened in order to promote good governance. In the health and education sectors, where assistance has been provided to date, further assistance will be considered, building on the previous successful initiatives, although no significant increases in assistance resources are anticipated in these sectors.

(1) Growth and Reduction of Income Poverty

(a) Agriculture

(i) Agriculture in Tanzania accounts for about 40% or more of total GDP and approximately 20% of export earnings, while sustaining the livelihoods of two-thirds of the population. It is also the nucleus of Tanzania's economic growth and one of the key factors in poverty reduction. Therefore, NSGRP has as one of its targets to attain a dramatic increase in the agricultural growth rate by 2010.

(ii) In order to attain further growth as mentioned in the objectives of NSGRP, it is essential to work on increasing agricultural productivity, which remains low. At present, however, there is insufficient investment in such items as high-quality seeds, fertilizers, and agricultural chemicals, and extensive cultivation methods are applied with the result that Tanzanian agriculture has not increased productivity, particularly among small-scale farmers. Moreover, major requirements for future growth include the construction of irrigation facilities necessary for better agricultural production and rural roads for better market access, rural electrification and promotion of the processing of agricultural products.

(iii) GoJ, as a major donor in the sector, will make effort to support GoT in tackling these issues with the optimum combination of policy inputs, financial assistance and technical cooperation. With the experience of having contributed to the development of agricultural policies and their implementation frameworks through close dialogue in the frameworks of both GBS and the Agricultural Sector Development Program (ASDP), GoJ will continue to lead discussions, actively

engaging in the Annual Review process of GBS and the Sector Review process. In addition to its contribution to policy dialogue, Japan will continue to make two specific contributions through its assistance: first, improving capacity at both central and district levels for effective and efficient implementation of ASDP, and second, promoting irrigated rice cultivation including improvement of technical capacity in irrigation at the district level.

(iv) In order to operate and implement ASDP more effectively and efficiently, GoJ will continue to provide assistance to Agricultural Sector Lead Ministries (ASLMs) in strengthening their project management capabilities. Improving implementation capabilities at the district level is one of the highest priorities in ASDP implementation, because 75% of the ASDP Basket Fund is granted to districts. GoJ will assist in consolidating institutional and human resources development in planning, implementation, monitoring and evaluation of the District Agricultural Development Plan (DADP), while making clear the complementary relationship between GoJ's assistance and support from the ASDP Basket Fund.

(v) GoJ will also continue to assist the promotion of irrigated rice cultivation in order to bring about an increase of staple crop production and better living standards among the rural poor by raising farmers' income, based on GoJ's experiences of implementing projects since early 1980s and on its comparative advantage in this sub-sector. Japan has continuously provided support for irrigated rice production through irrigation system development and technical cooperation; for example, the Lower Moshi Irrigation Development Project and support for the Kilimanjaro Agricultural Training Centre (KATC). The KATC project, in particular, has been highly praised by the GoT because of its success in achieving yield increases in rice, using simple equipment such as push weeders, and simple techniques such as row planting without any special or substantial investment. Specifically, the assistance will seek expansion in two dimensions: extending the results of KATC to increase rice production across the country and securing the development of irrigation infrastructure in the districts through human resources development in the field of irrigation, especially at the district level. In addition, GoJ will also be involved in assisting research and production promotion of the new rice variety, New Rice for Africa (NERICA), in the country including Zanzibar, as one of measures for improving land productivity in areas where irrigation development is not available.

(vi) The improvement of market access from rural areas and promotion of agricultural product processing are expected to contribute to further growth in the sector. GoJ will consider means of providing concrete assistance in these areas through policy dialogue on institutional and structural reforms in the sector and a basic or fact-finding study with a mid-term perspective. Public Private Partnership (PPP) is also considered for tackling the above-mentioned issues.

(2) Infrastructure

Amid progress toward trade liberalisation under EAC, the Southern African Development Community (SADC) and other regional integration initiatives, boosting competitiveness through measures such as infrastructure development is an urgent issue, and GoT recognises the importance of infrastructure. Yet the Tanzanian road network and the rate of access to electricity are poor compared with those of neighbouring countries, a situation that constrains social and economic development and foreign investment to Tanzania. GoJ will assist in the infrastructure development, which is the foundation of economic growth, through the following programs.

(a) Transport (Road)

(i) Roads are the principal mode of transportation in Tanzania. Expansion of the road network is a prerequisite for stable economic development because it improves access to public services such as education, safe water and medical services, as well as facilitating investment and market access for mining and agricultural products, promoting the exchange of goods with neighbouring countries and vitalising the private sector.

(ii) Nevertheless, a shortage of financial resources and the inadequate capacity of implementing agencies and private contractors have resulted in low road density and poor road conditions (only 5% of roads are paved). The inadequacies of the road network are stifling development nationwide.

(iii) GoJ has a long record of assistance in road construction and capacity development in terms of both human resources and institutional development. GoJ will continue to place high priority on assistance in these fields, in which Japan has a comparative advantage.

(iv) Moreover, GoJ will contribute to the “development of a road network that can be maintained and managed continuously” by prioritising assistance for the construction of trunk roads (including in provincial areas), which are arteries for market access and goods distribution, and for boosting maintenance and management capacity through financial advice, human resources development, and institutional development. Under the Sector Wide Approaches, GoJ will also actively contribute to the preparation and prioritisation of sector development programs through GBS and other means. In addition, as part of its assistance under the New Partnership for Africa’s Development (NEPAD), GoJ will make active efforts to facilitate international transportation in the region surrounding Tanzania in cooperation with the World Bank, the African Development Bank and other donors.

(b) Energy

(i) A stable power supply is essential to economic growth and is a driving force for increasing tax revenues through the revitalisation of economic activities. Tanzania has 950MW of installed electricity generation from a mix of hydroelectric power, natural gas, and oil. Currently only around 10% of the population has access to electricity, and 60% of those are concentrated in the Dar es Salaam area.

(ii) Tanzania depends on hydroelectric power for about 70% of its electricity supply, leaving it vulnerable to drought, since variations in rainfall in major river basins can easily restrict hydropower generation. In addition, inadequate maintenance of electricity transmission and distribution facilities is a serious problem.

(iii) In order to meet the expected increase in demand for electricity, GoT is making efforts to secure a stable power supply through a combination of hydroelectric power, coal and gas. However, there are some issues to be addressed. One is the financial recovery of TANESCO, a major electricity supply company on the mainland, and another is the reinforcement of electricity distribution facilities to ensure a stable power supply.

(iv) GoJ has provided assistance in the planning of the power supply network in urban areas and the construction of the transmission and distribution network, including substations.

(v) Placing priority on infrastructure development for economic activities, GoJ will continue to provide assistance for constructing the distribution network, including in provincial cities, and the inter-city transmission network and for improving maintenance capacity. Moreover, Japan will contribute to reviews of investment and master plans and energy sector reforms through policy dialogues and other means.

(vi) At the same time, there is also a need to consider realising an environmentally-friendly, and stable power supply through water resources management and the use of alternative energy.

(c) Water Resources Management and Rural Water Supply

(i) Due to constraints on geographical location, quality and quantity of the country's water resources, the share of the population with access to safe water remains low, at 73% in urban areas and a mere 10% to 42% in rural areas of the mainland (according to the 2002 census).

(ii) "Vision 2025" aims to increase the safe water access rate to 90% by 2025 by strengthening water resource management capacity etc. NSGRP cites increasing the water access rate as one of the top priorities. The Water Sector Development Program(WSDP) is currently underway in Tanzania under the National Water Sector Development Strategy aimed at implementing water resources planning, development and management in consideration of each sector's demand for water resources.

(iii) GoJ has constructed water supply facilities mainly by developing underground

water in areas where access to safe water is limited, efforts that have been highly appreciated by GoT. GoT announced an explicit policy that project-type assistance will be continued in implementing the WSDP and has high expectations that Japan will make an active contribution to the program.

(iv) In line with the WSDP, GoJ will assist in the development of water supply plans by local governments and will develop water-supply-related infrastructure in accordance with the water supply plans in areas where water resource development is difficult and access to safe water is insufficient. GoJ will also assist in strengthening the capacity to formulate, implement and manage the water supply plans through human resources development in LGAs. In addition, GoJ will provide assistance in strengthening institutional capacity and improving the environment for enhancing water resources management capacity, in order to contribute to appropriate distribution of water resources to sectors that lead to economic growth.

(3) Governance and Accountability

(a) Fully recognizing the importance of accountable and effective government in achieving and sustaining the growth and poverty reduction goals of NSGRP/ZSGRP, GoT has been making efforts to strengthen capacity in core government functions, i.e. establishing the policy-budget cycle of planning, budgeting and monitoring of performance and policy outcomes. This has been undertaken mainly through a series of core reforms including the Local Government Reform Programme (LGRP) and Public Financial Management Reform Programme (PFMRP). GoT has also established a national monitoring mechanism through which progress on various outcome indicators is regularly monitored.

(b) While these government efforts have led to the development of new frameworks and systems, they are not fully functioning in the service delivery due to the lack of coordination among central ministries and the limited capacity of local governments.

(c) GoJ highly regards these endeavours as Japan considers that an effective government system is crucial for strengthening domestic accountability, for ensuring the sustained impact of Japanese assistance in priority sectors such as agriculture and infrastructure, and for reducing fiduciary risks in budget support.

(d) In recognition of the above, Japan will extend further support to selected reforms and initiatives with the focus on 1) strengthening administrative capacity at the local government level, 2) strengthening government financial management systems and 3) enhancing government capacity for monitoring development outcomes, giving due consideration to linkage with reforms. In its programs, GoJ will strive to ensure that the assistance is provided in line with frameworks of ongoing reforms and initiatives such as LGRP and PFMRP and, in cooperation with other development partners, that reform outcomes reach Tanzanian people through

improved frontline public service delivery.

(4) Other Areas of Assistance

(a) Health

(i) Tremendous efforts have been made to improve the health sector, and the under-five mortality rate has been reduced over the past ten years. As the high maternal mortality rate (578/100,000 LB in 2005) and still-high infant mortality rate (165/1000 in 2005) show, however, access to primary health care services remains inadequate. The causes of this include poor health management at the district level, a shortage of human resources for health and delays in developing health infrastructure.

(ii) The country faces a high incidence of communicable diseases such as HIV/AIDS, which is the second highest cause of death among adults in Tanzania. HIV/AIDS was declared a national emergency in 2000. However, the HIV/AIDS prevalence rate remains high (8.2% in 2005 according to an NACP survey), and reducing HIV/AIDS prevalence is a major challenge in the health sector.

(iii) GoJ has provided assistance in malaria control, HIV/AIDS control and Maternal and Child Health based on the Health and Development Initiative (2005-2009), aimed at achieving the MDGs. Specifically, to contribute to GoT's effort to achieve the MDGs, GoJ will utilise the experience it has gained through past cooperation in malaria control and capacity development in national referral hospitals in Tanzania, and will place priority on strengthening health systems, especially health management systems at the regional and district levels. To fight against HIV/AIDS, GoJ regards strengthening HIV prevention and strengthening HIV testing and counselling as top priorities of its development cooperation in Tanzania.

(b) Education

(i) Education is the key to poverty reduction as well as national growth. GoT formulated the Education Sector Development Programme in 2001, aiming at achieving comprehensive education sector development from basic education (pre-primary, primary, secondary, literacy, non-formal and teacher education) to higher education. Under the framework of the First Poverty Reduction Strategy, the Primary Education Development Plan was implemented as part of the accelerating decentralisation process. As a result, access to primary education has dramatically improved, and the net enrolment rate had reached 96.1% as of 2006.

(ii) Expanding access to post-secondary education and improving the quality of primary and secondary education remain the most critical issues. Support for vulnerable children is another issue meriting equal consideration from the standpoint of stable growth and poverty reduction.

(iii) GoJ has mainly contributed to two areas in basic education development:1)

expansion of access by school construction and assistance to making education sector plan and 2) educational management development through training of educational officials. Japan will continue assisting in these two key areas where the needs are high and support for quality improvement by teacher development in education will be also considered.

4. Points to Note

(a) Aid Dependence

Tanzania depends heavily on external assistance, which accounted for about 10% of GDP in 2006, and approximately 40% of the national budget. Consequently, DPs' resources have a significant influence on the country's development. Even though GoT is making efforts to increase its revenue by expanding the tax base and improving tax collection capacity, it is expected to remain dependent on external assistance for the foreseeable future. It is therefore important for DPs to assist Tanzania in harmony with the policy and strategy of NSGRP/ZSGRP as well as individual sectors, and to provide stable assistance by improving predictability. GoJ will also assist GoT in increasing its revenue in order to reduce dependence on external assistance in the medium to long term.

(b) Debt Sustainability (Debt Management, Repayment Capacity)

As of November 2006, Tanzania's public debts amounted to approximately US\$ 7.4 billion, of which 80% is foreign debt. In 2001, under the Enhanced Heavily Indebted Poor Country (HIPC) Initiative, debt cancellation was applied to Tanzania, and in 2006, under the Multilateral Debt Relief Initiative (MDRI), the IMF, the IDA and the African Development Fund cancelled approximately US\$ 3.8 billion of debt. These measures have significantly reduced Tanzania's debt burden. The 2005 World Bank/IMF debt sustainability analysis (DSA) assessed Tanzania as having satisfactory debt sustainability even though the country poses some risks due to its high aid dependence and limited exportable products. Tanzania needs to promote exports including diversifying exportable products and to strengthen its debt management capability. Debt sustainability must be carefully considered in providing yen loans.

(c) Relationships with Neighbouring Countries

Tanzania is one of the most stable countries in Eastern and Southern Africa in terms of political and security conditions, although some disturbances occurred in Zanzibar during the general elections in 1995 and 2000. Its stability greatly contributes to the stability of the region as a whole. Tanzania also promotes regional cooperation such as through EAC and SADC. Taking advantage of Tanzania's qualities, GoJ will extend assistance that contributes to the development of Eastern and Southern African regions as a whole, including for regional projects and training in third countries.

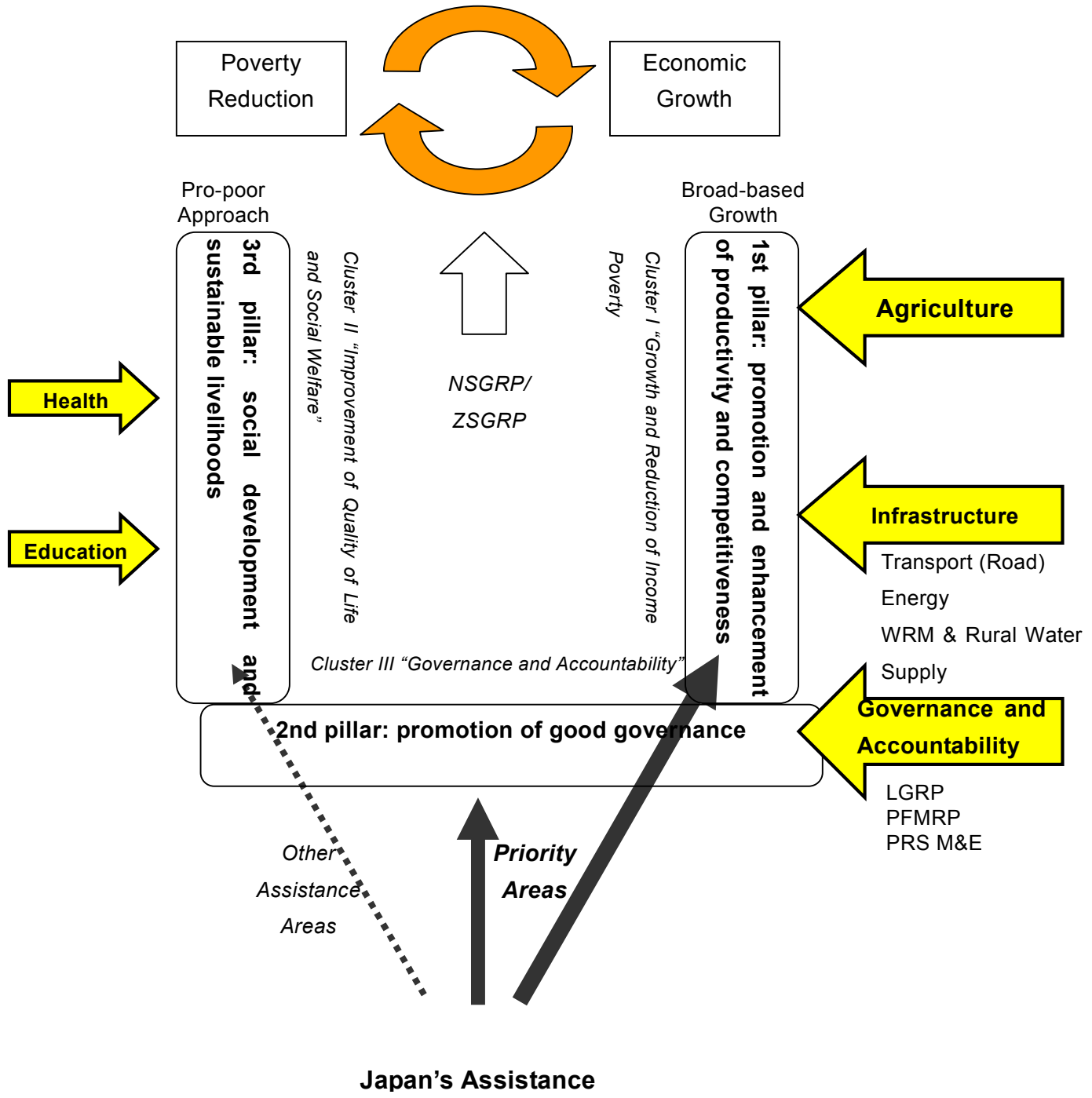
(d) Multi-sectoral Issues and Cooperation with Other Organisations

Based on Japan's ODA Charter, GoJ will take into account various multi-sectoral aspects including governance, gender and environment, when implementing its assistance. Furthermore, it will strive to cooperate with other organisations such as NGOs, international organisations and other donors, whenever possible.

(e) Natural Resources (Mining)

Considering GoT's interest in mineral resources development, GoJ will consider assisting in mineral resources development, utilising Japan's technology and expertise in this field, including improving the environment surrounding resources development.

Goal of Assistance: "Creation and promotion of a virtuous cycle of sustained and stable growth and poverty reduction"



Attachment 2 Result-Monitoring Matrix

Japan's Country Assistance Plan for Tanzania							MKUKUTA and GBS PAF			
Goal	Pillar	Priority Area	Area	Objective	Target	Planned Japan's Input (Cooperation Program)	Result-measuring Indicators (MKUKUTA Indicators: GoT, GBS PAF: GoT & DPs →)			
Creation and Promotion of Virtuous Cycle of Sustained and Stable Growth and Poverty Reduction	Growth and Reduction of Income Poverty (Economic and Social Infrastructure Development for Promotion and Enhancement of Productivity and Competitiveness)	Priority Areas	Agriculture	Increasing Agricultural Productivity and Improving Livelihoods of the Poor	Promoting and strengthening sector policy dialogue	"Agricultural Sector Development Program (including financing ASDP Basket Fund)"	<ul style="list-style-type: none"> * Agriculture Sector Review ●○* GDP annual growth rate (Agriculture sector) ● Annual production of food crops ○ Total smalholder areas under irrigation as % of total cultivatable area * No. of districts which receive LGCDG grant based on the performance on public administrative and financial management capacity ● Annual kms of improved and upgraded rural roads ○ Rural Access Index 			
					Strengthening capacity of ALMs on project management and of LGAs on formulation, implementation, M&E of DADPs					
					Extending good practices in irrigated rice cultivation and improving technical capacity on irrigation development at district level					
						Transport (Road)	Development of an Ideal Road Network with Enough Capacity of Periodic Maintenance	<ul style="list-style-type: none"> Improving trunk & regional roads for market access and commodity distribution Promoting and strengthening sector policy dialogue Promoting human resource & institutional development for enhancing capacity for road maintenance management 	"Domestic Transport Development Program"	<ul style="list-style-type: none"> * Transport Sector Review ○ Rate of improvements and upgrades of trunk and regional roads
						Energy	Establishing Stable and Reliable Power Supply System to Urban Areas and Ensuring Stable Power Supply	<ul style="list-style-type: none"> Promoting and strengthening sector policy dialogue Improving and enhancing distribution network & transmission facilities in urban areas Improving maintenance capacity of transmission & distribution facilities network 	"Infrastructure Improvement for Stable and Reliable Power Supply Program"	<ul style="list-style-type: none"> * Energy Sector Review ○ % Increase in number of customers connected to national electricity grid * Total electricity generating capacity and utilisation/supply reliability (% difference between capacity and utilisation)
						Water Resource Management and Local Water Supply	Increasing Access to Safe and Clean Water in Local Areas and Enhancing Capacity on Water Resource Management	<ul style="list-style-type: none"> Constructing and enhancing water supply facilities in line with WSDP Enhancing LGAs capacity for formulation, implementation, management of water supply plans Enhancing institutions/organisations & facilities for strengthening water resource management capacity 	"Water Supply and Water Resource Management Program"	<ul style="list-style-type: none"> ●○ Proportion of urban population with access to piped or protected water as their main drinking water source (within 30 minutes) ●○* Proportion of rural population with access to piped or protected water as their main drinking water source (with a 30 minutes time to go, collect and return considered)
						Strengthening Public Administrative and Financial Management Capacity	Strengthening and Improving Essential Public Administrative and Financial Management Capabilities both of Central and Local Governments	Strengthening public administrative & financial management capacity of LGAs in planning, budgeting, implementation & evaluation	"Strengthening Public Financial and Administrative Management Capacity" including financing Basket Funds for PFMRP, PRS M&E and LGRP/LDCGD	<ul style="list-style-type: none"> ○ Proportion of LGAs posting public budgets, revenue and actual expenditures on easily accessible public notice boards ○ % of population who found key service providers to be absent when they needed a service ○ Number of Government entities (MDAs and LGAs) awarded clean audit certificate from National Audit Office ○ Central Government revenue as % of GDP ○ Total tax revenue collected by Tanzania Revenue Authority
			Strengthening PFM system & capacity of MDAs & LGAs in accounting, financial management & auditing to realise more equal distribution of public resources							
			Enhancing government capacity of monitoring development outcomes including data collection, analysis and dissemination on indicators							
						Health	Strengthening the Health Systems (Enhancing Health Administrative Management Capacity)	Strengthening the health systems both at central & at regional & district levels and enhancing public administrative capacity	"Strengthening Health System Program" and "HIV/AIDS Control Program"	<ul style="list-style-type: none"> ●○ Infant mortality per 1,000 Live Births ●○ Under-five mortality per 1,000 Live Births ●○ Maternal mortality ratio ● In-hospital mortality rate by malaria (under five) ●○* HIV prevalence among 15-24 years olds (*) No. of users of HIV/AIDS VCT service
								HIV/AIDS		
						Education	Expanding Access to High Quality Basic Education	Expanding access to basic education	"Expansion of Access to Education and Improvement of the Quality of Education Program"	<ul style="list-style-type: none"> ●○* Net enrolment rate in primary education ●○* Transition rate from Standard VII to Form 1 ○ Pupil/teacher ratio in primary education ○ % of teachers with qualifications
				Improving quality of basic education	Enhancing education administrative capacity at LGAs					
				Sustaining Economic Growth in a Stable Manner		Poverty Reduction Strategy Support Program (General Budget Support)	<ul style="list-style-type: none"> ○ GDP annual growth rate (national) ●○ Share of people living below national poverty line (national) ●○ Share of people living below national poverty line (rural) 			
				Achieving Poverty Reduction in a Visible and Tangible Manner both Urban and Rural Areas						

(*1) Source: ● MKUKUTA Indicators of GoT, ○ MKUKUTA Monitoring System of GoT and ★: Joint GBS PAF of GoT and DPs. It is intended that these indicators clarify the objectives and targets of Japan's assistance and it is expected that those indicators would be utilised in evaluating this Japan's CAP for Tanzania. All the relevant documents are available at MoFA's website - URL: <http://www.mofa.go.jp/mofaj/area/tanzania/index.html>

(*2) Source: "HIV/AIDS/STI Surveillance Report January-December 2004, Report No 19. NACP/MOHSW, Oct. 2005" and "National VCT Targets for Global Fund Round 4" - Please note that this indicator is scheduled to be amended after the formulation of "Health Sector HIV and AIDS Strategic Plan 2008-2012" which would be adjusted accordingly.

Abbreviations

ASDP	Agricultural Sector Development Programme
CPIA	Country Policy and Institutional Assessment
DADP	District Agricultural Development Plan
DoL	Division of Labour
DSA	Debt Sustainability Analysis
GBS	General Budget Support
EAC	East African Community
GDP	Gross Domestic Product
HIPC(s)	Heavily Indebted Poor Country(ies)
JAST	Joint Assistance Strategy for Tanzania
JPD	Joint Programming Document
KATC	Kilimanjaro Agriculture Training Centre
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
MoU	Memorandum of Understanding
NEPAD	New Partnership for Africa's Development
NERICA	New Rice for Africa
NSGRP	National Strategy for Growth and Reduction of Poverty
PPP	Public Private Partnership
PRSC	Poverty Reduction Support Credit
SADC	Southern African Development Community
TICAD	Tokyo International Conference on African Development
ZSGRP	Zanzibar Strategy for Growth and Reduction of Poverty