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Following a peaceful first presidential succession in 1985, and the country’s subsequent transition from a planned to a free market economy, Tanzania experienced profound and rapid changes, with political and social reforms accelerating throughout the 1990s.

Today, although the country is still beset by many problems and counts amongst the world’s poorest nations, Tanzania is nevertheless regarded as a model for development in sub-Saharan Africa. Its resolve to pursue these changes is demonstrated in its National Strategy for Growth and the Reduction of Poverty, commonly known as ‘MKUKUTA’.

With great respect for this resolve, Germany has been happy to develop and expand the scope of its development cooperation with Tanzania. With an annual budget of around €45 million, this is now the largest of Germany’s bilateral partnerships for development in sub-Saharan Africa.

German cooperation with Tanzania takes place in various forms and at various levels. As well as direct, bilateral cooperation, Germany also contributes to the multilateral programmes administered by such organisations as the European Commission and the World Bank. A third form of cooperation is the assistance Germany provides to regional bodies such as the East African Community and the African Union.

However, it is bilateral cooperation - the programmes and projects for development that have bound Tanzania and Germany in close partnership for nearly forty years - which forms the subject of this booklet.

The nature of the partnership and the activities it involves have evolved in recent years. As Tanzania has experienced economic growth and strengthened its ownership of the development agenda, emphasis has moved to strategic planning, with the partnership now focused on coordinated approaches within clearly defined sectors. Germany and Tanzania have agreed to concentrate their efforts on three focal areas: water and sanitation, health and HIV/AIDS and support to local governance. In addition to its support in these specific sectors, Germany is providing general budget support to help implement MKUKUTA.

As the Tanzanian-German partnership has evolved, greater coordination has also arisen between the particular efforts of the numerous development partners working in the country, with Germany often playing a leading role in some of the development partners groups.
Tanzania is one of the largest countries of sub-Saharan Africa and shares many of the problems of underdevelopment so often associated with this region. It is one of the poorest countries in the world, ranked 162nd of 177 countries in the Human Development Index (2006). There is evidence of poverty in many aspects of everyday life: around thirteen million Tanzanians live on less than a dollar a day; thirty-eight percent of children are malnourished and the mortality rate for infants is 112 per 1,000; the main causes of death are HIV/AIDS, malaria and tuberculosis; forty percent of the population have no access to clean water.

At the same time, however, Tanzania has also built a strong economic record and today boasts a growth rate of more than five percent, coupled with a low single-digit inflation rate. Moreover, the country has been stable and peaceful for many years, which has added to the positive reputation it enjoys among African states and development partners. In Tanzania, as in many other African countries, in the years since the end of the cold war, the desire for democratic reforms has been growing and a new dynamism has entered politics and society. In recognition that the fight against poverty is its greatest challenge, the Government of Tanzania has formulated a comprehensive approach to development which has been set out in the National Strategy for Growth and the Reduction of Poverty, or ‘MKUKUTA’.

At home, Tanzania has adhered to its democratic constitution and successfully effected peaceful regime change; abroad, it plays a leading role in organisations such as the African Union, the East African Community and the Great Lakes Conference, and makes further contributions to regional stability by hosting still a large number of refugees from neighbouring countries with less peaceful recent histories. In this way Tanzania has become a model for its neighbours and an attractive partner for development cooperation. Between 35 and 40 bilateral and multilateral development partners are currently working with Tanzania, not including the many religious organisations, foundations and NGO that are also active here. To help avoid conflicts of interest and the waste of resources, many of these partners have agreed to place overall ownership of the development measures in Tanzanian hands and to coordinate activities between themselves and their hosts. The terms of this agreement are laid down in the Joint Assistance Strategy of Tanzania (JAST).
The aim of German development policy is to help improve living conditions in developing countries by promoting eco-
nomic growth, social justice and environmental sustainability. On a global scale, this involves finding solutions for problems such as foreign debt, imbalances of trade and international financial crises. Special attention is given to ensuring human rights, gender equality and the sustainable use of natural resources.

Within the partner countries, the main emphasis is on poverty reduction. In particular, this means German support for countries to meet the goals of the UN Millennium Declaration. To achieve sustainable results in Tanzania, German cooperation is now firmly integrated in Tanzania’s reform planning and harmonised with other development partners through the Joint Assistance Strategy.

**Bilateral Cooperation**

Over the last four decades, German bilateral cooperation with Tanzania has amounted to nearly € 1.8 billion; today the country counts as the largest beneficiary of German development cooperation in sub-Saharan Africa. At the beginning, support was provided to a wide variety of sectors and projects. More recently, however, the practice of bilateral development cooperation has changed. In line with many other development partners, Germany now places the emphasis of development cooperation on strategic planning, while focusing more closely on a small number of sectors. This helps to place activities properly in the context of prevailing social and political conditions and, at the same time, enhances the cohesion and effectiveness of the development programme.

Given the large numbers of development partners in Tanzania by the end of the 1990s, Germany had begun to narrow the focus of its bilateral cooperation with Tanzania, and now concentrates on three focal areas:

- Water and sanitation
- Health and HIV/AIDS
- Support to local governance

Germany provides capacity development at various levels of government and for other actors in the three focal areas, according to demand. This is complemented by considerable investments, either in the form of programmes or basket funding. The strategic thinking which guides Germany’s approach today is similar for all three focal areas. It is based on the coordinated activities of advisors working at different levels within each sector. Those involved at the project level, in districts and institutions, provide essential feedback from the ‘grassroots’ that helps to shape the strategies promoted by advisors working with their partners at regional and national level. Maintaining such links between the local interventions and the policy-level helps to ensure a cohesive programme across the sector, which is attuned to the needs and possibilities of the actual situation. Based on this multi-layered approach, projects are now frequently used for testing innovations: until a concept has been assessed, wider implementation could risk wasting time and money, so projects are used as models which can then be reproduced later.

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**TANZANIAN-GERMAN DEVELOPMENT COOPERATION**

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**A  BILATERAL DEVELOPMENT COOPERATION**

approx. € 45 million annually

1. **Bilateral cooperation** approx. € 41 million
   - governmental development cooperation implemented through CIM, DED, GTZ, InWEnt and KfW

   **Contributions according to focal area:**
   - Water supply and sanitation 30%
   - Health (including HIV/AIDS prevention) 37%
   - Support to local governance 11%
   - General budget support 22%

2. **German Government co-financing for the activities of other German bodies in Tanzania** approx. € 4 million
   - NGO
   - Churches / church based organisations
   - Foundations
   - Military

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**B  MULTILATERAL DEVELOPMENT COOPERATION**

German contributions to the programmes of:
- European Commission 20 %
- World Bank 10 %
- African Development Bank 7 %
- United Nations
  - Specialised agencies 9 %
  - Funds and programmes 3 %

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**C  REGIONAL DEVELOPMENT COOPERATION**

German contributions to regional integration and cooperation, for example:
- East African Community (EAC)
- International Conference on the Great Lakes Region (ICGLR)
- African Union (AU)
- UNHCR refugee operations
if they prove successful. The positive developments that have occurred in Tanzanian society and government since the beginning of the 1990s have altered the political framework for development. This has encouraged Germany to extend its bilateral commitments to include financial contributions in the form of general budget support specifically aimed at the implementation of MKUKUTA. For the period 2006-2008 this will constitute 22% of the bilateral cooperation. The rest is divided between contributions to various basket funds (39%), programme-based approaches (15%) and other programmes (24%).

German development cooperation also includes activities of other actors. The cooperation with and support for NGO and church organisations is very important in the German development policy. The German Embassy in Dar es Salaam administers a programme for small scale projects to provide quick and flexible assistance to NGO at the grassroots level. Four political foundations affiliated with German political parties have branch offices in Tanzania. These are the Konrad Adenauer Foundation, Friedrich Ebert Foundation, the Friedrich Naumann Foundation and the Hanns Seidel Foundation. Between them, they offer a variety of programmes to enhance democracy in Tanzania. Technical experts from the German army, the Bundeswehr, assist the Tanzanian army in civil projects like the expansion of military hospitals which are also used by the civilian population.

Regional Cooperation

The German Federal Government is a keen supporter of several African institutions working at a regional level to enhance cooperation between African states. Their activities promote political and economic integration in the region, build confidence in their members and foster peace and stability. Two of these are particularly important for Tanzania.

The International Conference on the Great Lakes Region is a multilateral forum for discourse involving all the nations of the Great Lakes Region. Its objective is to ensure sustained peace and stability; it was an initiative of the United Nations and the African Union and has received active support from the international community. Tanzania hosted the summit-meeting of African leaders in 2003 at which the conference was launched, and still plays a central role today. Germany is a member of the international ‘Group of Friends’ which advises and makes financial contributions through a trust fund. A German advisor is also employed at the office of the conference.

With Kenya and Uganda, Tanzania was a founding member of the East African Community (EAC) which is soon to be enlarged with the entry of Rwanda and Burundi. The goals of the EAC, whose secretariat is located in Arusha, range from customs union and a common market to full political federation. Germany is a significant partner for the organisation, having so far provided €8 million to finance the building of the headquarters for the secretariat and approximately €20 million in the form of capacity development through advisory service and training measures. The main focus of this assistance is to strengthen the organisational and economic competence in the EAC and promote peace and security.
All development partners have committed themselves to the principles of the JAST. It will be complemented by an Action Plan and a monitoring framework.

**Sectors, Groups and Committees**

Over the years, coordination between the development partners has been greatly enhanced. At the same time, they have developed ways to provide closer support to the emerging Tanzanian reform programmes. They have established various sector working groups, such as those for health and water, as forums for discussing the relevant issues of a sector with representatives of the Government of Tanzania.

To serve the needs of the country’s new policy framework, as laid out in MKUKUTA, JAST and the ambitious reform agenda, the development partners have agreed to pursue sector wide approaches (SWAP). In the SWAP committees, the development partners and the Tanzanian Government agree on specific measures to be undertaken in the respective sectors. In addition, the financial contributions made by individual development partners to specific sectors, or for sector-based reform programmes, are administered together as ‘basket funds’. Annual joint reviews are held, in which the government and non-state actors, such as representatives of civil society groups and the private sector, also participate. Here, the progress and the problems related to the relevant sectors are jointly assessed in preparation for the continued common approach in the coming year.

The Public Expenditure Review is an annual meeting of the Tanzanian Government with non-state actors and development partners. It is convened to assess a broad range of macro-economic and budgetary issues and the progress in areas like public financial management. One of its main purposes is to evaluate the extent to which general budget support is contributing to the implementation of MKUKUTA.

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**MKUKUTA**

In 2001 the Tanzanian Government approved its first Poverty Reduction Strategy and, in 2005, this was revised to form the National Strategy for Growth and the Reduction of Poverty, known by its Swahili acronym, MKUKUTA.

At the heart of MKUKUTA is the fight against poverty and the determination to achieve the Millennium Development Goals; it is specifically formulated to meet these targets while at the same time focusing on good governance. The strategy resulted from an inclusive process involving government, parliament, civil society, faith-based groups, the private sector, local authorities and development partners. The result was a three-fold approach:

- Support for economic growth and reduction of income poverty
- Improvements to the quality of life and social well-being
- Promotion of good governance and accountability

Numerous issues have been ‘mainstreamed’ in the strategy. This means that topics such as gender, the environment, HIV/AIDS, disability, children and youth, the elderly and employment are firmly integrated and are not seen as mere supplements. In Zanzibar, a similar strategy has recently been developed.

**JAST**

The Joint Assistance Strategy of Tanzania (JAST 2006-2010) is a national framework for managing development cooperation between the Government of Tanzania and its development partners. It can be seen as the Tanzanian answer to the 2005 ‘Paris Declaration on Aid Effectiveness’. Its main objectives are to increase harmonisation amongst the development partners and to align development cooperation with national policies and approaches. It stresses the need for an organised division of labour so that each partner can concentrate on specific sectors without duplication. At the same time, policy dialogue between the development partners and Tanzania should increase.
WATER FOR LIFE
An Integrated Programme to Support Water Supply and Sanitation

Since the early 1990s, Germany has been cooperating with the Government of Tanzania in its attempts to improve the water supply and sanitation situation in the country. More than two million people are already benefiting from German-supported models which have also been adopted in national strategies for country-wide application.

Gararagua intake lies on the lower slopes of the mountain, a fifteen minute walk through the lush forests of the Kilimanjaro National Park. The intake, which was renovated in 2002, consists of a watercourse where part of a mountain stream is diverted into a pipe that carries it to two large reservoir tanks a few kilometres away. It is kept clean by an attendant whose job also includes inspecting the pipes and controlling the chlorination of the water in the tanks.

Gararagua is just one of the many sources from which three water trusts in Hai District draw their supplies. The expanding network of tanks and pipelines brings water to around 600 public stand-pipes and over 1,000 private connections throughout the district. It is a place of great climatic diversity in a relatively small area, from the cool, green forest on the higher slopes, through a belt of banana and coffee cultivation down to the dry fields in the valley, where crops of maize compete with Masai cattle on the dusty soil.

There are several successful examples of community-owned water supply schemes in Kilimanjaro Region which, in recent years, has been the main focus of German development cooperation in the water sector. Apart from Hai District, other partners here include the Uchira Water Users Association in neighbouring Moshi District and the commercial service provider, Kiliwater Company Ltd. in Rombo, on the eastern slopes of the mountain. While each of these follows its own innovative model, they all share some important characteristics. In each case, the German approach combines self-help within the communities with advice for organisation and capacity development, as well as technical and financial support for the expansion and renovation of the infrastructure.

'Self-help' means that the people from the villages do most of the construction work themselves. They carry the pipes through the fields and forests, they dig the trenches and bury the pipelines, and they help to set up the water taps. The materials are provided by the German development cooperation and a professional contractor oversees the work. The investment of time and effort by the communities provides the motivation for them to look after the completed infrastructure and to pay their bills for the upkeep of the system. All the schemes are community-owned and organised democratically into village water committees and supervisory boards controlling the management and staff of the local providers.

Improving infrastructure makes little sense if the changes made do not bring long-term benefits. It is now generally agreed that, as long as they are adequately served, water customers should pay for the services they receive at a rate which covers the costs of current operation and future expansion. In short, the utilities should be self-sustaining.
Making water and sanitation a priority in its cooperation with Tanzania was important for Germany because access to safe water is one of the most important development issues for Tanzanians. Today, almost half the population still does not have a reliable supply of this essential commodity. The inadequate provision of water, and the related lack of sanitation facilities, has a knock-on effect for many other aspects of the country’s development: people’s health suffers when their water and hygiene are poor; women and children are held back in their personal development because their time is consumed by the daily journey to fetch water rather than spent in learning or income generation; economic productivity and national development diminish as a direct result of these problems.

German development cooperation involves a comprehensive set of activities at all levels. The work of German advisors with regional and district authorities and with local water schemes, such as those in Tanga and Kilimanjaro Region, generates valuable experience on the ground. This experience is essential for those supporting their Tanzanian partners at the policy level to make the overall framework of the water sector more coherent and strategic. Training, capacity development and new investments can then be targeted more precisely to meet the country’s poverty reduction goals. One conscious result of the ongoing sector reforms is that the role of central government is being separated from the provision of services and the development of infrastructure. While the communities are learning

When Germany began to cooperate with the Tanga UWSA in the mid 1990s, Farajis Nyoni had already been working there for several years as a technician. Today he is the head of the authority’s production section. He is in charge of collecting enough water to meet the town’s demand and ensuring it is clean. Farajis’ workplace consists of a dam, a 7.7 million m³ reservoir and a treatment plant which works around the clock. He is responsible for the quality of the water produced, and for supervising his team of workers in shifts, night and day. He also monitors the dam and the sources of water flowing into the reservoir, patrolling the area once a month as there is always a threat of pollution coming from the agricultural and mining activities upstream.

While on the one hand investment is needed in pipes, pumps and taps, on the other hand, regulation, good management and accurate, regular billing are just as important.

The coastal town of Tanga is another example of decentralisation and innovation in the water sector supported by German development cooperation. It was selected in the mid 1990s to be a model for reforming urban water supply. The reforms involved setting up an urban water and sewerage authority, or UWSA. In the ten years that German development cooperation was involved with the Tanga UWSA, some €10 million were invested in the construction and repair of infrastructure, the training of employees and the establishment of effective metering and billing mechanisms. But the need for the authority to cover its own costs became a central principle of the reforms. The keywords were ‘autonomous’ and ‘self-financing’. Improvements made to water production and distribution (much less water is now lost on the way to the customers) and improved accounting methods (nearly all customers now pay their bills) have since led to a substantial increase in the UWSA’s income. In 2005, the people of Tanga paid the authority €1.7 million for their water. This is a large step on the way to self-financing and the Tanga authority is now seen as one of the most successful in the country. The model is being copied in all of Tanzania’s larger towns and some smaller urban centres.

When Germany began to cooperate with the Tanga UWSA in the mid 1990s, Farajis Nyoni had already been working there for several years as a technician. Today he is the head of the authority’s production section. He is in charge of collecting enough water to meet the town’s demand and ensuring it is clean. Farajis’ workplace consists of a dam, a 7.7 million m³ reservoir and a treatment plant which works around the clock. He is responsible for the quality of the water produced, and for supervising his team of workers in shifts, night and day. He also monitors the dam and the sources of water flowing into the reservoir, patrolling the area once a month as there is always a threat of pollution coming from the agricultural and mining activities upstream.
to organise themselves to improve their situation, and commercially-run organisations are established, in 2006, a new central body was also set up for the regulation of the reformed water utilities.

Germany has also committed considerable funding for water supply and sanitation, with investments totalling €74 million for projects currently being implemented, such as those in Kilimanjaro Region. The significance of Germany as a leading partner in the water sector was underlined recently when the European Commission entrusted German development cooperation with the administration of several of its contributions to the sector, amounting to nearly €80 million. Another new development is the establishment of a water sector basket fund into which various development partners make contributions, pooling their resources for a common approach to water and sanitation. For the first five years of this development programme, around €360 million of new funding have been promised by five partners including Germany.

From her desk in Dar es Salaam, Nangula Heita-Mwampambas monitors numerous activities in the water sector, collecting data to assess their progress. As programme officer for water with German development cooperation, her documentation is essential, both for her German employers and for partners such as the European Commission and the members of the Development Partners Group for Water. Because Germany, with the World Bank, is currently co-chair of this group, Nangula also shares the tasks of the group secretariat. This is a job of organisation and liaison; it involves frequent meetings with representatives of the development partners and with the Tanzanian Ministry of Water. It also involves maintaining a database of information relevant to the group’s activities, a job she combines with the upkeep of a website for the Partners Group.

"Development partners stress a back-seat, accompanying role to assist the local partners achieve their targets."


In many of Tanzania’s health facilities a simple and striking poster can be seen. It shows six coloured pieces of a jigsaw puzzle joined together to form a circular band. It is the symbol of a comprehensive programme of support in the health sector called the Tanzanian-German Programme to Support Health - or TGPSH.

Masasi District Hospital is a large institution serving the inland district of Mtwara Region. As at most hospitals in the country, by mid morning the District Hospital provides a busy scene with long queues of outpatients and women bringing their families to the child health clinics. Deeper inside the hospital complex, however, the picture is different. Many of the beds in the wards are empty, not because the health of the district’s population is particularly good, but because the doctors to treat the patients are missing.

The staffing crisis has arisen due to low salaries, the long-term effects of HIV/AIDS, poor planning and the attraction of qualified medical personnel from Tanzania to work overseas in a steady ‘brain-drain’. The lack of staff is the most immediate problem for both private and public hospitals across the country. There are simply not enough medical officers, assistants or administrators to run the hospitals to their full capacity.

At Masasi District Hospital, a well equipped surgical theatre lies idle for much of the time. It is used mainly for emergencies or for operations by appointment when specialists such as gynaecologists or urologists, who are shared between regions, arrive on their regular visits. To compound this problem, a shortage of drugs from time to time reduces the capacity of the hospital to deal with many cases. The hospital management must spend an unhealthy amount of time dealing with water and electricity shortages. With its particular emphasis on health management, TGPSH addresses this urgent staffing problem as a central issue. An extensive programme of capacity development attempts to compensate for a lack of relevant know-how in many departments. This includes financial management, where the sharing of expertise is helping hospitals to make better use of available resources.

Another strategy is to encourage community participation in preventive health and the provision of basic services. These community-based activities coincide with TGPSH’s special focus on HIV/AIDS. Activities in the field of ‘Reproductive Health and HIV Education’ inform people from an early age about the possible consequences of the decisions they make. The main tool used is peer education in schools and communities to spread the information more effectively. While the main target is the younger generation, training is also provided for peer educators in workplaces and for high-risk groups such as sex workers and truck drivers. At the same time, a programme has been established in which volunteers act as ‘community-based distribution agents’, informing people in their neighbourhood about sexual and reproductive health. They distribute contraceptives to anyone who needs them and can also refer clients to health services. This is helping people, mainly in rural areas, who otherwise have little access to the formal health system.
volunteers have proved highly effective in promoting sexual health and family planning.

The AIDS control activities of TGPSH are largely based on lessons learned from a comprehensive regional AIDS control initiative conducted with German assistance in Mbeya region, which brought HIV prevalence down from more than 20% to around 13%. Building on those experiences, the programme now advises the Tanzanian Commission on AIDS (TACAIDS) about the development of national policies and strategies and supports the implementation of these in target regions. On behalf of TACAIDS and funded by the World Bank, German development cooperation is currently setting up ‘regional facilitating agencies’ to strengthen the capacity of civil society organisations in the fight against HIV/AIDS. Because of the considerable experience in the field of HIV/AIDS in Tanzania, since 2003 Germany has held the chair of the development partners group on HIV/AIDS, helping the Tanzanian Government to coordinate support in this important area.

Alongside capacity development and training, Germany is also financing improvements to health infrastructure, such as the renovation and new construction of numerous hospital buildings, the provision of equipment for operating theatres and the development of information material. With its partners in the sector, Germany also supports the nationwide distribution of contraceptives for AIDS prevention and family planning. This is being carried out by Population Services International (PSI) which works with private intermediaries in a system of social marketing.

About forty percent of health services in Tanzania are provided by private, predominantly faith-based institutions. For this reason, TGPSH makes a point of encouraging their cooperation with the government in the health sector. At the same time, regional forums for harmonisation help the public and the private institutions to provide services to the people more efficiently. Service agreements are also being developed to help channel more public funding to private health providers which should further improve the quality of services for the poor.

Tanzanian-German Programme to Support Health

Germany has supported the health sector in Tanzania for many years. The bilateral Tanzanian-German Programme to Support Health (TGPSH) assists its Tanzanian partners in tackling some of the country’s most significant health challenges. It consists of six components:

- District Health and Quality Management (including infrastructure and equipment)
- Reproductive Health and HIV Education
- Multi-sectoral Comprehensive AIDS Control
- Health Financing
- Public Private Partnership
- Human Resources for Health

After working in Masasi District Hospital since 1985 – with just a small break spent in Dar es Salaam - Victoria Frank has earned the respect of her colleagues. She is the hospital’s matron, with the job of organising and supervising 18 nursing officers and a large staff of junior nurses, midwives and medical attendants. She carries out inspections on her rounds of the wards, checking the patients’ progress and collecting data for the records. In addition to this, she takes obvious satisfaction from her own specialisation in ophthalmology and the eye clinics she conducts each morning for out-patients.

‘We are growing here, now: our beds are always full in the rainy season at the beginning of the year.’
Since 2004, the technician Matola Rajabu has been employed in the workshop of Mtwara Regional Hospital, repairing and maintaining medical equipment. From dentists’ chairs to laboratory centrifuges, defective instruments are also brought to him from the hospitals at Tandahimba and Lindi. The workshop was a ‘by-product’ of German involvement in the region when it became clear that a skilled worker on site could keep things functioning more quickly and cheaply than sending them away for repair. Born and raised in Mtwara, Matola also did his technical training there. Since starting at the hospital, he has been taught other, more specialised skills by visiting German advisors, and he once attended a course in Dar es Salaam. Having begun as a project funded through German development cooperation, full ownership of the workshop is about to pass into the hands of the regional health authorities. Matola is now looking forward to providing sustainable services to his new employers.

The programme is strongly interconnected, both horizontally, between its six components, and in a vertical sense, between the different levels at which German advisory staff can be found, from district hospitals and NGO to the Ministry of Health and Social Welfare. It builds on experiences from the long-standing partnership in the health sector; its activities are concentrated in four regions (Mtwara, Mbeya, Lindi and Tanga) and generates relevant experiences and good practices for wider use around the country.

Since 2000, Germany has also contributed to the health basket fund, the common pool that allows development partners to provide financial support directly to the Tanzanian health sector. This was the first case of German participation in a common funding arrangement of this kind.

“I have learned a lot from working with the Germans. It will help me now to keep this workshop running.”
Devolution is a revolution of sorts. It is happening in government offices (both local and central) and in the minds of public employees. It strengthens democracy, and it lies at the very heart of many reforms being carried out in Tanzania today.

It is ten o’clock on a Saturday morning and the large, sandy field is slowly filling with cattle, goats, sheep and people. At the edge of the field, traders have set up stalls where they are selling twine and beads, blankets and cooking utensils. The herds and herdsmen arrive from all sides, emerging from the scrub and bush on the surrounding hillside. Others come from the town on foot, by bike and in the back of pick-up trucks. This is the weekly livestock market in Handeni; it is a lively scene and a vital part of the economic existence of this remote district capital.

As the cattle are shunted and corralled on the upper slopes and the goats and sheep are tugged and coaxed into their section behind the central auction pens, three men with briefcases meet in the middle. They have sheaves of paper in their hands and confer briefly; these are the revenue collectors from the local council. To bring animals to the market or to offer goods at a stall costs a fee. Any income generated here is subject to tax as well. The sums are not huge, and though many might leave undetected from the unfenced area, most of the others pay up without complaining. From the point of view of the local authority, this revenue is highly significant: it represents the growing autonomy of Handeni District.

The devolution of political, financial and administrative authority from central government to the districts and urban councils - and even further down - became Tanzanian policy in the late 1990s. Development partners welcomed the move which led in 2000 to the Local Government Reform Programme, financed through a basket fund. After a slow start, the programme was reviewed and redesigned. It is now planned to run in three phases from 2002 until 2011. The ultimate goal is to have efficient, transparent local authorities that - whilst adhering to the framework of national laws and policies - are also free to make many of their own policy and executive decisions. The participation of the people in planning and implementation will also become a reality, thus enhancing democracy at the local level.

But all that will take time and effort. The monies collected in Handeni are still a long way short of covering the local budget; most of the Masai herdsmen visiting the market are probably unaware of what decentralised authority can mean for them. Challenges to the reform programme exist, both at the national level where individuals may show reluctance to surrender their authority, and at the district level where people are still learning how to respond to the new responsibilities that devolution brings.

Germany cooperates in the field of decentralisation at the national level with contributions to the basket fund. In the near future, support will also be given to a new grant scheme that should see the more effective and generous transfer of funding from central government to the
local authorities for public investments. On the ground, German advisors are working with various local authorities, such as Handeni, assisting them and different civil society and private sector groups around them, to adapt to the changes that are taking place. This support focuses on reforming aspects of financial management, strategic planning and human resources.

The programme of German assistance will soon be expanded to promote the empowerment of people at the lowest levels of local administration. The aim is to increase the ability of civil society to demand accountability from local leaders and to participate in local planning and decision-making processes. It will involve capacity development measures and the formation of networks for state and non-state actors to pool their resources in the empowerment processes. Particular support will be provided for the harmonisation of legal and regulatory frameworks. These are all areas that have so far been lagging behind in the decentralisation process despite their importance to the ongoing reform programme.

The significance of the Local Government Reform Programme is that it is not, in itself, a sector reform. Instead it goes deeper, having a direct effect on most other sector-based reform processes. Indeed, decentralisation is an important precondition for the success of many other reforms such as health, water, education, agriculture and natural resource management. After all, the stated purpose is to improve the provision of services for the people, especially the poor.

Hosiana Kusiga is head of the department of city planning at Tanga City Council, where she has worked since 1996. Through the five sections of her department Kusiga is responsible for land-use planning, ground surveying, land valuation and the allocation of plots. She is also in charge of the administration of title deeds and the collection of property taxes. Many of the working procedures in the department are outdated and inefficient, but now the winds of reform have begun to blow through the dusty paper archives. In its support for decentralisation, Germany has provided a number of computers and in the near future a technical advisor will be joining Kusiga to introduce a computerised GIS (geographical information system). She is excited at the prospect of seeing the capacity of her department improve in the near future.

“Having our records computerised will stop the theft and forgery of documents, and finally end all the disputes that causes.”
The man responsible for the effective implementation of MKUKUTA in his district is Aloyce Gabriel, the District Planning Officer for Handeni. His work includes promoting new ways for local people to generate income; this means, above all, diversification into new forms of agriculture to exploit the fertile land of the area. Gabriel’s first experience of German development cooperation was a local mapping project which helped Handeni council to keep track of land-use and prevailing economic activities. Today, with continued German assistance, his department is setting up a local government monitoring database which is designed to collate information for use in the fight against poverty.

“If we depend only on central government sources of funding, it reduces our sense of ownership, and even our accountability.”
FINANCING POVERTY ERADICATION
General Budget Support

Germany is one of fourteen development partners, including the European Commission, the World Bank, and the African Development Bank, which contribute general budget support to Tanzania. Budget support began as a means of assisting the country with debt reduction. Germany joined the pool of bilateral contributors as a co-financer of the World Bank’s so-called ‘Poverty Reduction Support Credit’ in 2003, the year in which Tanzania’s external debt was finally written off. Since then, budget support has continued as a tool for poverty reduction, tied to the National Strategy for Growth and the Reduction of Poverty, MKUKUTA. For the 2006/2007 fiscal year, more than €490 million has been provided in this way - or 17% of the national budget. Germany currently contributes €8 million each year.

The concept of budget support is particularly effective in a country like Tanzania where society and government have developed peacefully and where, from the early 1990s onwards, an appropriate political framework has been established with a commitment to transparency and decentralised structures. All participants in the partnership appreciate its advantages. Full disclosure and candid discussion of the country’s budget plans and actual spending are integral parts of the concept; contributing budget support is an entry-point for a development partner to become involved in the important dialogue.

In Tanzania, this dialogue takes place in a range of meetings of development partners and government ministries, in working groups and through specific sector reviews, where experiences gained through the sector interventions are fed into the process. The details of the country’s spending have become more transparent, with budget support adding layers of accountability which would not be possible if development cooperation was purely geared towards specific projects. This, in turn, allows politically sensitive cross-cutting issues like corruption to be dealt with more effectively. In addition, the dialogue has the advantage of ensuring efficient coordination of all contributions and activities.

The Tanzanian Government views budget support as the most effective way of achieving the Millennium Development Goals. It has witnessed a number of bottlenecks arise in project aid, so the idea of pooling resources and allowing the government to do its own planning is very attractive. Furthermore, general budget support has a lasting impact on the development of a country’s human resources. The administration of budget support requires local staff to be recruited and trained resulting in larger numbers of capable and experienced personnel in the public sector.

The economic development of Tanzania continues to face a number of challenges. Domestic accountability needs to be further strengthened as civil society organisations are still rather weak. The country’s growth remains vulnerable to external shocks such as droughts or international commodity prices. At the same time, domestic structural weaknesses also impede development. These include the crisis-prone energy sector, fiduciary risks and capacity constraints, particularly at lower tiers of government.
The general budget support programme addresses these issues with various measures agreed upon mutually with the government. The main goal is to bring about lasting social improvements as well as economic growth. Despite the challenges, there have been some impressive results so far. The effectiveness of the public sector has risen and several social problems have been addressed, for instance, water supply coverage has increased and there are higher school enrolment figures and immunisation rates. Finally, and very importantly, harmonisation between the development partners has dramatically improved. This has led to a reduction of so-called transaction costs for the government.

These results show that general budget support is indeed playing an important role in the financing and therefore implementation of MKUKUTA as well as the achievement of the Millennium Development Goals in Tanzania.

Johannes Jovin, economist with the Ministry of Finance, has plenty of experience working with Tanzania’s German partners. From 2002 to 2006 he was a desk officer in the external finance department in charge of bilateral relations with Germany. "That meant," he says, "that everything the Germans did in Tanzania had to pass through my desk." His office was responsible for tracking and reporting on the flow of German investments into Tanzania. The work therefore involved regular meetings with representatives of the German Embassy and German development cooperation. During his time in the position, Jovin was able to attend a German-sponsored two-month course in 'Economic Diplomacy' which took him to Bonn, Berlin, Hamburg and Brussels. Today, he has just returned to the ministry having completed an MSc in Economics.

"Years of peace and stability have built trust; nothing else can convince a donor to invest in budget support, other than trust!"

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Overall decision making for German development cooperation in Tanzania is the responsibility of the German Federal Ministry for Economic Cooperation and Development (BMZ). Policy guidelines are formulated in negotiation with the ministry’s Tanzanian partners and the implementation of the bilateral programmes is then coordinated by the German Embassy in Dar es Salaam, together with the Tanzanian government and other development partners. There are five main fields of activity, for each of which a different German organisation is the competent partner.

**INTEGRATED EXPERTS PROGRAMME**

The Centre for International Migration and Development (CIM) is a human resources recruitment and placement organisation of German development cooperation. CIM places experts and managers worldwide. Their work is supported with a variety of services and by topping up their local salaries. The partners of CIM are able employers in the civil service, private sector or civil society of partner countries. On behalf of these employers, CIM recruits professionals on the German job market.

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**TRAINING AND ADVICE**

The German Development Service (DED) places professionally experienced and socially committed specialists in strategic positions in developing countries to support local organisations and self-help initiatives. In Tanzania, the main thrust of DED’s projects is capacity development at the local level, within the German sector programmes. This involves both public and private institutions as well as civil society organisations.

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**TECHNICAL COOPERATION**

The Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) is an international cooperation enterprise for sustainable development owned by the government. It provides viable, forward-looking solutions for political, economic, ecological and social development in a globalised world. GTZ promotes complex reforms and change processes. Its objective is to improve people’s living conditions on a sustainable basis.

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HUMAN RESOURCE DEVELOPMENT

Capacity Building International (InWEnt) stands for the development of human resources and organisations within the framework of international cooperation. InWEnt’s services cater to skilled and managerial staff as well as to decision makers from business, politics, administration and civil societies worldwide. InWEnt cooperates equally with partners from developing, transition and industrialised countries.

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FINANCIAL COOPERATION

KfW Entwicklungsbank, a government owned bank, provides loans and grants to finance investment and advisory services in its partner countries, concentrating on the long-term development of social and physical infrastructure. As well as contributing to all the focal sectors of German development cooperation in Tanzania, KfW also manages general budget support.

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