

TANZANIA

Business Sector Programme Support – Phase III BSPS III 2008 – 2013

COMPONENT A IMPROVED BUSINESS ENVIRONMENT

A.1: Business Environment Strengthening for Tanzania (BEST-BRU)

A.2: BEST Advocacy Component (BEST AC)

A.3: Enhanced Capacity of Private Labour Market Institutions

Appendix A Component Description Document

Cover Page

Country	Tanzania
Sector	Business Sector
Title of SPS document	Business Sector Programme Support, Phase III
Title of Component A	Improved Business Environment
<i>Sub-Components</i>	<i>National Implementing Partner Agencies</i>
A.1 Business Environment Strengthening in Tanzania (Public Part: BEST-BRU) DKK 45 million	Better Regulation Unit (BRU) of the Ministry of Planning, Economy and Empowerment (MPEE) + numerous ministries, departments and agencies (MDAs) responsible for reform implementation in their areas, and the Tripartite Review Committee of the BEST Programme.
A.2 BEST Advocacy Component (Private Part: BEST-AC) DKK 25.7 million	Private consultancy firm reporting to Project Board and the Tripartite Review Committee of the BEST Programme
A.3 Enhanced Capacity of Private Labour Market Institutions DKK 52.3 million	A.3.a: Association of Tanzania Employers (ATE) – DKK 17.3 m A.3.b: Trade Union Congress of Tanzania (TUCTA) – DKK 35 m
Duration	Five years: 1 July 2008 – 30 June 2013

Description:

Due to its past history of a state-managed economy, Tanzania is positioned in the bottom group of the World Bank index on the ease of doing business. However, recently Tanzania is assessed to be among the top ten reformers in the world and this component continues the support for the reform process.

In the public part of the BEST Programme, BPS III contributes to a government basket fund supported by the World Bank, DFID, SIDA and the Netherlands. This basket supports reforms of regulations and improvement of the services required to implement reforms and enforce regulations related to business registration and licensing, land reform and registration, commercial dispute resolution, facilitation of investments, and the labour market. Reforms and improvements in several of these areas are in particular important to micro, small and medium enterprises and to female entrepreneurs. The private part of BEST, i.e. the Advocacy Component (BEST-AC), is managed outside the government framework and has a basket fund supported by DFID, SIDA and the Netherlands to enhance the capacity of private sector organisations to advocate for improvements in the business environment. BPS III will finance a contract with a consultancy firm to manage the fund and implement the sub-component.

During the first part of BEST, labour laws were reformed and today the labour market is liberalised and based on bi- and tri-partism. BPS II directly supported the capacity development of public labour market institutions and this support will be continued from the BEST Basket. BPS II also supported the recently re-shaped employers' and employees' organisations, ATE and TUCTA respectively, and this support will be continued as direct bilateral support with the objective of developing their capacity to manage the new framework, undertake collective bargaining, solve labour disputes etc.

The vision of the proposed support is that Tanzania by 2013 has a regulatory business environment that (i) induces many informal companies to register, apply the official rules of the game, and expand production and employment; and (ii) encourages national and foreign entrepreneurs to invest and expand production and employment. An important element of this environment will be an efficient and transparent labour market that reflects fairness to employers and employees and encourages employers to generate more jobs.

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Abbreviations

AC	Advocacy Component
ATE	Association of Tanzania Employers
BEST	Business Environment Strengthening in Tanzania
BRELA	Business Registration and Licensing Agency
BRU	Better Regulation Unit
BSPS	Business Sector Programme Support
CBA	Collective Bargaining Agreements
CMA	Commission for Mediation and Arbitration
CSR	Corporate Social Responsibility
CTI	Confederation of Tanzanian Industries
DFID	UK Department for International Development
DKK	Danish Kroner
DoL	Department of Labour
DP	Development Partner
EATUC	East African Trade Union Council
FCM	Faculty of Commerce and Management
FTE	Federation of Tanganyika Employers
GDP	Gross Domestic Product
GoT	Government of Tanzania
HQ	Headquarters
HRM	Human Resource Management
ICT	Industrial Court of Tanzania (or Information and Communication Technology)
JAST	Joint Assistance Strategy in Tanzania
LESCO	Labour Economic and Social Council
LRC	Law Reform Commission
MDA	Ministries, Departments and Agencies
MITM	Ministry of Industry, Trade and Marketing
MLHSD	Ministry of Lands, Housing and Human Settlements Development
MoF	Ministry of Finance
MoJCA	Ministry of Justice and Constitutional Affairs
MOLEYD	Ministry of Labour, Employment and Youth Development
MPEE	Ministry of Planning, Economy and Empowerment
MSME	Micro, Small and Medium Enterprises
OHS	Occupational Health and Safety
OSHA	Occupational Safety and Health Authority
PMORALG	Prime Minister's Office – Regional Administration and Local Government
PSO	Private Sector Organisation
RDE	Royal Danish Embassy
RIA	Regulatory Impact Assessment
RITA	Registration, Insolvency, and Trusteeship Agency
RTC	Regional Technical Committees
SC	Sub-Component
SIDA	Swedish International Development Cooperation Agency
SME	Small and Micro Enterprises
SSA	Sub-Saharan Africa
TA	Technical Assistance
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TIC	Tanzania Investment Centre
TNBC	Tanzania National Business Council
TPSF	Tanzania Private Sector Foundation
TRA	Tanzania Revenue Authority
TRC	Tripartite Review Committee

TTU	Tanzania Teachers' Union
TUCTA	Trade Union Congress of Tanzania
TUICO	Tanzania Union of Industrial and Commercial Workers
TZS	Tanzanian Shillings (sometimes abbreviated as Tsh
UDEC	University of Dar es Salaam Entrepreneurship Centre
UDSM	University of Dar es Salaam
USD	US Dollars
VETA	Vocational Education and Training Authority
ZNCCIA	Zanzibar National Chamber of Commerce, Industry and Agriculture

Exchange Rates:

USD 1.00 = DKK 6.00

DKK 1.00 = TZS 250

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Problems in the Business Environment

Since the late 1980s, the macroeconomic framework has generally been favourable to private sector development and in the period 2000 - 2006, Tanzania enjoyed an annual GDP growth of 6-7%, driven by the private sector of which the major part operates informally. Yet, private enterprises face a series of constraints that reduce their growth. First and foremost, Tanzanian enterprises have much higher energy and transport costs than their competitors in many developing countries. However, the under-investment and deficiencies in the energy and transport sectors are addressed by other sector investment programmes and are outside the scope of BSPS III and this component. Secondly, enterprises have to spend considerable time and money in complying with various business regulations while the regulatory services are of a poor quality. The majority of enterprises therefore prefer to operate informally, which limits their growth potential. This Component focuses on reducing the regulatory burden on enterprises while increasing their benefits from good quality regulatory services.

Burdens include the time, payment and procedures of being registered and licensed, various taxes and duties, and the costs of complying with labour market, environmental and other regulations. Potential benefits include legal protection against cheaters, protection of property rights, a judicial system that ensures that claims can be realised, use of registered land and property as collateral to access cheaper formal sector credit, better access to suppliers' credit, and better access to markets and support services. At present some of the institutions, which provide regulatory services, suffer from corrupt practices and lack of a service- and client-oriented attitude.

Reforms would in particular benefit female entrepreneurs and micro, small and medium enterprises (MSMEs) which have more difficulties than large companies in dealing with the regulatory burden. Encouraging more businesses to join the formal economy could make a significant contribution to economic growth, employment and government revenue.

According to the World Bank's assessment of the overall ease of doing business in 175 countries, Tanzania is ranked at the bottom end as number 142. However, it is for the period 2005-2006 considered among the top ten reformers, having achieved improvements on indicators such as "starting a business", "registering property", "protecting investors" and "trading across borders". Continuation of the reform process is required to strengthen Tanzania's private sector and competitiveness.

Compared to the average situation in SSA, it requires more time and money to obtain the necessary licenses when starting a business; it is more complicated and costly to hire and fire labour; and it is very time-consuming and costly to register property and land. Closing a business can take more than a year. A Commercial Court has been established (with support from Danida) but faces backlogs and inefficiencies and therefore private businesses do not yet have a reliable and efficient system for settling disputes and enforcing contracts.

Following labour law reforms and establishment of new institutions, the state-managed labour market has been replaced by a labour market based on bi- and tri-partism. The employers represented by the Association of Tanzania Employers (ATE) and the workers and trade union movement represented by the Trade Union Congress of Tanzania (TUCTA) now have a role in determining employment conditions and settling disputes. New public institutions for conflict resolution have been established such as the Labour Court and the Commission for Mediation and Arbitration. However, the system and the institutions are young and considerable support for developing their capacity is required before the system will function according to the intentions. In particular there is need for rolling out the system to areas outside Dar es Salaam.

Overview of Proposed Support

The support under Component A is a continuation of the Danida support under BSPS II. It comprises three sub-components or budgets that have the common purpose of improving the business environment; the component objective (immediate objective at programme level) is defined as: *An enabling*

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regulatory and institutional framework for the business sector, delivering services that induce businesses to formalise and grow.

The contribution to the joint programme of the Government of Tanzania (GoT) and several Development Partners (DPs) on Business Environment Strengthening in Tanzania, the BEST Programme, will be continued. This support is divided in two parts or sub-components: (A.1) the public part of BEST which is facilitated by the Better Regulation Unit (BRU) of the Ministry of Planning, Economy and Empowerment (MPEE) and has a basket fund supporting various ministries, departments and agencies (MDAs) in undertaking regulatory reforms and improving (regulatory) services – this part is referred to as BEST-BRU; and (A.2) the private part, i.e. the BEST Advocacy Component (BEST-AC), which has no GoT participation and is located outside government; it has a basket fund, financed by four DPs, and provides assistance for enhancing the capacity of private sector organisations (PSOs) to advocate for improvements in the business environment.

The public as well as the private part of BEST had a slow start but have now obtained momentum and are providing a valuable contribution to the reform process. Nevertheless, it is recognised that reform implementation is a complicated and lengthy process. Changes of policy need to be translated into changes of the regulatory and institutional framework which have to be approved by government/parliament. Then follows a process of developing the capacity to implement and manage the new regulations.

The third sub-component (A.3) provides support for enhancing the capacity of private labour market institutions, ATE and TUCTA. This support is provided directly and the Danida support is the main international support that they receive.

BEST-BRU (DKK 45 million)

The initial reform menu was enlarged and funding was extended till 2012 when the World Bank in 2007 joined the original donors to the BEST Basket Fund, i.e. Danida, DFID, the Netherlands, and SIDA. The total

commitment of the World Bank is USD 41.4 million while the combined total commitment of the bilateral donors for 2003-2008 was USD 19 million.

The BEST Programme has two objectives:

To reduce the burden on businesses, including SMEs, by reforming and eradicating as many procedural and administrative barriers as possible

To improve the quality of services provided by Government to the private sector (especially SMEs), including commercial dispute resolutions

The focus areas currently include: (i) business registration and licensing to reduce time and costs of starting a business; (ii) land registration to reduce time and cost of having land registered, allowing more land to be registered and used as collateral for obtaining credit; (iii) commercial law and dispute resolution, in particular to improve the efficiency of the Commercial Court; (iv) labour market reform; and (v) strengthening the Tanzania Investment Centre (TIC), the MSME Policy Unit of the Ministry of Industry Trade and Marketing (MITM) and BRU/MPEE. Also there is a component for Zanzibar supporting similar areas.

The menu, and thus the budget, is subject to change. Other development partners have expressed an interest in financing (bilaterally and outside the basket) the significant costs related to establishment of a National Individual Identification Database (NIID). On the other hand, it has been agreed among the BEST partners that the BEST Basket will provide the support for the institutional reforms and the capacity development of public labour market institutions which they require to effectively manage and perform their roles and functions in the reformed labour market. This support was largely provided directly by Danida during BSPS II.

While the budget is subject to change, also the financial commitment is a “flexible entity”. For the period up till June 2012, the World Bank has made the largest commitment (USD 41.4 million) but the Bank is willing to take the

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position of financier of last resort. Also the commitment of the other bilateral donors may be subject to change. It is therefore not possible to exactly determine the funding gap that Danida/BSPS III should cover.

However, a contribution under BSPS III of DKK 45 million (~USD 8 million) is considered as an appropriate Danish share (about 10%), also in view of the fact that BEST “takes over” the financial support for the public labour market institutions, hitherto provided directly by Danida. In the case that new areas are introduced in the BEST menu and a funding gap emerges, Danida may consider to use part of the unallocated BSPS III budget to cover part of the gap.

BEST-AC (DKK 25.7 million)

In BSPS II, Danida financed the contract of an international consultancy firm to manage a basket fund supported by DFID, the Netherlands and SIDA. This arrangement will be continued in BSPS III where Danida will finance a management contract of USD 4.29 million (~DKK 25.7 million) while the other development partners will finance a basket fund of USD 8.24 million (~DKK 49.4 million).

The objective is defined as: “Enhanced quality and credibility of private sector organisations (PSOs) to engage effectively in private public dialogue and to advocate improvements in the business environment”. Better results are achieved when government considers the supported PSOs to be credible which requires advocacy based on evidence but also a certain “weight” in terms of representing businesses responsible for the majority of sector by value or jobs. This objective will be achieved through four outputs, viz.

Output 1: PSOs will have demonstrated (managerial, technical and financial) capacity to advocate effectively on behalf of their members;

Output 2: Capacity building partners will have increased their own capacity to support, train and advise PSOs on private sector advocacy;

Output 3: Stakeholders, especially PSOs, will have engaged in more, and more effective, networking and collaboration;

Output 4: BEST-AC will have been effectively managed and governed.

A PSO can apply for a matching grant which normally will not exceed USD 100,000 that can be used for contracting services to assist the PSO in five stages of the advocacy process: (i) identifying the issue; (ii) understanding/researching the issue; (iii) formulating evidence-based policy proposals; (iv) reaching appropriate people in government and parliament to influence their position; and (v) follow-up and monitoring progress.

During 2007/08, Danida (with participation of partners) will implement the tendering process so that an international firm is selected and ready to start work on 1 July 2008.

ATE (DKK 17.3 million)

The cooperation in BSPS II was initially constrained by a limited absorption capacity. However, recently ATE has implemented a significant strengthening of its secretariat, and the number of members and the income from membership fees and services are rapidly increasing. ATE has stated the objective to reduce its dependency on Danida.

However, ATE’s outreach (offices in Dar es Salaam and Arusha only) and capacity to service members is still limited. The objective for the ATE-Danida cooperation in BSPS III is: “Enhanced capacity of ATE to represent and service employers with the view to improve their competitiveness and human resource management”. Five outputs are defined to contribute to achievement of this objective:

Improved Advisory and Training Services to ATE members (DKK 3.6 million): three professionals of ATE’s secretariat will receive 3-month training in negotiation and arbitration skills. BSPS III will provide budget for development of training packages for courses in: (i) Human Resource Management; (ii) Occupational Health and Safety (OHS); (iii) HIV/AIDS; (iv) Corporate Social Responsibility (CSR); and (v)

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labour laws for SMEs. Ten trainers will undergo a trainer of trainers' course and the first four courses under each theme will be financed by BSPS III.

Expanded geographical coverage and improved ATE infrastructure established and operating (DKK 4.9 million): Budget will be provided for: (i) establishment of zonal offices in Mwanza, Mbeya and Tanga; (ii) facilitation of an employer member working as regional liaison officer in the 16 regions without any ATE office; and (iii) improvement of ATE infrastructure and financing part of operational costs.

Enhanced capacity to represent and advocate members' interests (DKK 5.1 million): In negotiating employment conditions (salaries etc.) ATE and employers lack an analytical basis, e.g. data on trends in salaries and productivity, and an assessment of the profitability of different sectors and the threats from international competition. BSPS III will provide budget to allow ATE engage national consultants and a limited input of international consultants to undertake such analysis for 10 sectors and for updating the information. Training in advocacy skills will also be supported.

Improved awareness among employers of labour related issues (DKK 1.8 million): Support is provided for the annual survey made in order to award the "Employer of the Year Award". Though the award in itself is relatively small, it creates awareness among all employers about the importance of good HR management and employment practices. The survey provides a valuable input to establishment of membership statistics. Support will also be provided for ATE's communication activities.

Enhanced international cooperation and cooperation with TUCTA (DKK 1.8 million): ATE and TUCTA have identified areas where they jointly could implement activities. Some activities do not require budget or external support but some do. ATE and TUCTA have agreed that one of the organisations would be the lead and recipient of Danida funds for some activities while the other organisation would be the lead agency for other activities. For example, ATE will promote joint forums, nationally and at the individual workplaces, for

dealing with Occupational Health and Safety (OHS) and HIV/AIDS issues while TUCTA will be the lead on the issue of child labour.

A part of the support for ATE will be in the form of a framework contract with an international consultancy firm which ATE can request to field short-term international and national consultants to assist with the implementation process, development of training packages, business plans for new zonal offices, and sector and thematic studies required for evidence-based advocacy in sectoral wage boards or other frameworks.

TUCTA (DKK 35 Million)

TUCTA, the apex body of 14 affiliated unions, was established in 2001. It has a number of buildings and a secretariat with seven professionals but limited income which makes it highly dependent on external support. TUCTA has defined the objective of the cooperation with Danida in BSPS III as: *At the end of BSPS III the trade union movement of Tanzania mainland affiliated with TUCTA will be able to provide effective services to their members in collective bargaining agreements and dispute settlement and effectively advocate the interest of the members.* Three outputs have been defined to contribute to the achievement of this objective:

TUCTA Secretariat Strengthened (DKK 14.4 million): Budget will be provided for: (i) equipment, physical facilities and operations; (ii) short-term training of TUCTA's seven professional staff (advocacy, analytical, negotiation skills) and 12 administrative staff; (iii) a Danida Adviser for four years as well as various short-term consultancy inputs for the M&E system, review of TUCTA policies and strategies, assessment of gaps in the labour market statistics and analysis of the labour market survey; (iv) communication strategy implementation; and (v) facilitation of elections and the 3rd and 4th trade union congress.

Affiliated Unions Strengthened (DKK 4.8 million): Affiliated unions will be supported with: Information and Communication Technology; training of staff and leaders in

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advocacy, labour market analyses, financial analysis of company performance, computer skills and accounting, and planning and management. Finally, budget is allocated for a review of conflicts between constitutions and for a workshop to harmonise the constitutions.

Enhanced Capacity at Regional and Branch Level (DKK 15.8 million): Each of the 21 Regional Technical Committees (RTCs) will receive a PC and support for operational costs. Budget is provided for annual consultations with regional union secretaries and all regional secretaries (150 from regional union branches) will receive regular capacity development training. The TUCTA regional buildings will be refurbished. A matching grant fund of DKK 6.3 million will be established to support part of the costs of promotion and training activities (focusing at the branch level), planned and proposed by the RTCs. TUCTA will develop appropriate criteria and procedures for allocating the matching grants. It is anticipated that on average about USD 10,000 will be allocated per RTC per year, allowing for 2-4 training events or campaigns.

A large part of the budget is for training which mostly will be outsourced to national training providers. To manage such a large training programme requires that the capacity of TUCTA Secretariat is expanded, preferably with a professional training/HRD manager. Though TUCTA is positively considering this, it may not have sufficient income. To mitigate this risk, part of the training budget may be converted to contracting a national training/HRD consultant.

Organisation and Management

The four partners supported by Component A all have their own systems for management, oversight and coordination. These systems will be applied in managing implementation of the BSPS III support. The RDE will negotiate individually with each partner the annual work plan and budget, the contribution of BSPS III, and any other matter that may arise during

implementation. The partners have between them collaboration on certain specific issues but also collaboration with many other institutions that are not part of Component A and BSPS III. Therefore, there is no rationale or need for introducing a “Danida Component Steering Committee”.

Unlike the situation in BSPS II, the support for ATE and TUCTA will be fully integrated in their budgets of which it will constitute the major part. With the exception of international consultancy contracts and the Danida adviser, the budget items can all be procured through local shopping, applying ATE’s and TUCTA’s procurement regulations. Progress and financial reporting will follow the systems required by their respective oversight bodies, i.e. ATE’s Board and TUCTA’s Executive Board.

Budget

The total BSPS III budget for Component A is DKK 123 million (~USD 20.5 million or TZS 31 billion).

	DKK million
BEST-BRU	45.0
BEST-AC	25.7
PRIVATE LABOUR MARKET	
ATE	17.3
TUCTA	35.0
TOTAL	123.0

Annual disbursements are projected to range between DKK 16 million and DKK 32 million. However, this assumes that the tendering processes for consultancies for BEST-AC and ATE are completed before the start of BSPS III in July 2008.

1 INTRODUCTION

1.1 Overview of the Component and Sub-components

1. Component A: Improved Business Environment focuses on removing the main regulatory and institutional constraints on doing business and improving the public (regulatory) services to the private sector. Though good macroeconomic management is crucial to an enabling business environment, this is not part of the scope of this component or BSPS III. Furthermore, the Component, as BPS III in its totality, does not address economic infrastructure services and constraints, e.g. of energy and transportation, though current deficiencies in these sectors do have a significant negative influence on the business environment. However, other sector investment programmes are supporting the development in these sectors. Even if a major part of the BPS III budget was allocated towards addressing problems of energy supply and transport, it would only make a minor dent.

2. Component A includes a continuation of Danish support under BPS II for private labour market institutions and for the Business Environment Strengthening for Tanzania Programme (BEST Programme) which is a joint programme between the Government of Tanzania (GoT) and several Development Partners (DPs), supporting public regulatory reforms and improvement of services as well as private advocacy initiatives for improving the business environment. The public and private initiatives are supported by two different basket funds and managed differently. Therefore, the support for the public and the private part of BEST is structured as two sub-components, as it was the case in BPS II. Thus, Component A comprises three sub-components (SCs):

A.1 Business Environment Strengthening for Tanzania (BEST-BRU): The “public part” of the BEST Programme assists (government) ministries, departments and agencies (MDAs) with introducing and implementing a conducive framework for business. This involves reforms of the regulatory framework as well as development of capacity to implement the reforms and provide satisfactory services. The facilitation and coordination of the public/government part of BEST is provided by the Better Regulation Unit (BRU) of the Ministry of Planning, Economy and Empowerment (MPEE). This part of the programme often is referred to as “BEST-BRU”, which distinguishes it from the private part of BEST, i.e. BEST-AC, which supports the private sector in advocating for reform and better services.

A.2 BEST Advocacy Component (BEST-AC) provides matching grants and capacity development support for private sector organisations (PSOs) to allow them advocate for a better business environment. BEST-AC is coordinated/implemented by a contracted international consultancy firm.

A.3 Enhanced Capacity of Private Labour Market Institutions which provides capacity development support for the trade union movement through the Trade Union Congress of Tanzania (TUCTA) and for the employers’ organisation, the Association of Tanzania Employers (ATE). Enhanced capacity of these private sector institutions is required for the proper implementation of the new labour market laws and framework that builds on tri- and bi-partism. While ATE and TUCTA in some respects are opponents, they are on certain issues working for the same goals, undertaking joint advocacy activities

3. The direct Danida support provided under BSPS II for public labour market institutions will from July 2008 be continued under the joint basket of BEST-BRU. A predictable, transparent and orderly labour market is an important element of a conducive business environment, and as the BEST Programme is supporting labour law reforms aimed at improving the business environment, it is relevant that the BEST Basket finances the capacity development support for public labour market institutions that is required for these institutions to implement the recent reforms. With assistance from BSPS II, the Ministry of Labour, Employment and Youth Development (MOLEYD), including the new Commission for Mediation and Arbitration (CMA), the Occupational Health and Safety Authority (OSHA), and the Labour Court (formerly the Industrial Court of Tanzania, ICT) have prepared proposals for the support that is required to achieve their organisational goals and targets during 2008-2013. These proposals will be considered by the BEST Programme when preparing annual work plans and budgets for the next five years.

1.2 The Identification and Formulation Process

4. While the Danish financial support for BEST-BRU and BEST-AC will be in the form of a contribution to two joint basket funds, the support for TUCTA and ATE will be provided as direct support, with Danida being the only/major donor. As a consequence, different processes for identification and formulation have been followed. However, during the identification mission in January 2007, all partners were asked to complete questionnaires on their lessons learnt (from past and on-going support) and their policies, strategies and measures for dealing with the cross-cutting issues of gender equality and HIV/AIDS.

5. In the case of BEST-BRU and BEST-AC, consultants were contracted by the baskets in cooperation with the DPs to prepare proposals on extensions of the programmes. The document updating the BEST Programme and the detailed proposal on continuation of BEST-AC are presented in Annex A.7 in a separate volume.

6. In the identification phase ATE and TUCTA prepared an outline of how they would prioritise the future cooperation. During March-April 2007, TUCTA and ATE were asked to prepare more detailed proposals, using the logical framework as the structure. It was emphasised that Danida's support would not be provided for isolated "project outputs" but rather for assisting the organisations with achieving their organisational visions, goals and targets. In addition, during the same period assistance was provided by a RDE-contracted cross-cutting issues specialist to assist TUCTA and ATE with improving their strategies for gender equality and HIV/AIDS.

7. During the formulation mission, 7-25 May 2007, a 2-day working session was implemented with ATE and TUCTA to discuss the submitted proposals and develop a consensus on the structure and content of the cooperation as well as detailed output-budgets. A joint working session of ATE and TUCTA was also implemented to discuss support for joint activities. Subsequently, a sub-component working paper was prepared and submitted by the mission for discussion and amendments in a half-day working session with each partner. In the case of TUCTA, several of the unions, which are members of TUCTA, provided valuable contributions to the working session while in the case of ATE, the chairman and a representative of a major employer provided comments on the working paper. This provided the major input to preparing the first draft component description, which was discussed with the partners in August 2007, and then subsequently revised to become a final draft in September 2007.

8. During November 2007, the Technical Advisory Services of the Danish Ministry of Foreign Affairs undertook an appraisal of the proposals and based on the recommendations and observations of the appraisal, this final Component Description Document was prepared together the implementing partners.

1.3 Achievements and Lessons of Past Support

1.3.1 BEST-BRU

9. BEST-BRU presents a number of observations in the questionnaire on lessons learnt. On the positive front, it is mentioned:

Labour Market Reform: Policy Papers, Draft Bills and Draft Regulations for the total reform package have reached various stages of the approval process. The direct BPS II support for public labour market institutions has facilitated the recent establishment of the Commission for Mediation and Arbitration (CMA), the Labour Economic and Social Council (LESCO) and the Labour Court, which will be responsible for implementation of some of the reforms. The new systems have started to function.

Business Registration: The Government was supported to undertake a review of the Business Licensing Act No. 25 of 1972 which has regulatory, revenue generation and information collection functions. An extensive review was made of the prevailing regulatory licensing regime which comprises 63 enactments administered by 54 institutions. The review was used to inform stakeholder discussions and a Government decision on introducing a simplified Business Activities Registration Bill that was enacted into law by Parliament in February, 2007. Preparations are now under way for designing the Registry and drawing up regulations to facilitate implementation. The report from the Regulatory licensing study is a major input into a process of developing a national policy on regulatory licensing.

Commercial Dispute Resolution: The outreach of the Commercial Court has been expanded to Arusha (with direct Danida support) and now to Mwanza with BEST Basket funding. Other measures to increase the efficiency in commercial justice delivery include an ongoing Civil Procedure Review. A position paper has been completed and will be used for discussions by stakeholders so as to build consensus on reform of about 10 different legislations that impact on civil procedure processes.

Land Law Reform: The BEST basket fund is supporting implementation of the Land Act 1999 and the Village Land Act, 1999 through enactment of several legislations and building the institutional capacity for implementation, including:

- Rehabilitation and modernization of District Land Registries and establishment of Village Land Registries as a Pilot Scheme to develop the basis for implementing the Village Land Act;
- Formalization of Unplanned Urban Settlements on a Pilot Scheme basis;
- Resolution of backlogs of Lands and Housing disputes so as to lay the foundation for formalization; and
- Mapping, surveying and other activities, which are required for modern and computerized registries.

Preparations for take off of these reforms are at an advanced stage and BEST funding has contributed substantially to this process.

BEST Zanzibar Component: The reform process that has been initiated in the Union Government is being rolled out to Zanzibar through a BEST Zanzibar sub-component.

10. On the negative front it is mentioned that implementation was constrained by the fragmentation of many activities into small consultancy assignments during the initial phase of implementation, resulting in increased costs and delays. New approaches are being adopted where BEST-BRU clusters many related activities into large framework contracts, and applies a more efficient and rigorous planning system.

11. The October 2006 Review Report notes: “The BEST program performance is overall satisfactory”. Substantial progress has been achieved in revising the policy and regulatory framework while much remains in terms of developing the infrastructure and institutional capacity for implementation of reforms. The design was based on highly optimistic assumptions about the possible speed of reform.

1.3.2 BEST-AC

12. The Mid Term Review Report of October 2006 noted: “BEST AC has already begun to make a difference... There are some weaknesses but these can all be overcome...they [10 projects approved in the first application round] are having some impact both in terms of changing existing policy and in enforcing existing regulation”¹. The Review also stressed that focus should be on advocacy and not on general capacity development. Also, concern was expressed about the high costs of fund management compared to the size of the fund and that “there are some costs which are far higher than they need to be”.

13. In response to the Cross-cutting Issues Questionnaire, BEST-AC informs that it does not have a CCI policy but that special efforts will be made to identify projects that focus on issues in the business environment that in particular constrain female and disabled entrepreneurs.

1.3.3 Association of Tanzania Employers

14. The support for ATE under BSPS II was initially constrained by lack of staff in its very limited secretariat which reduced the absorption capacity. However, the situation has recently improved considerably with a new management team and recruitment of four specialists. Despite the problems, ATE has during the last years provided a number of important training courses, introduced the Employer of the Year Award, increased the number of members, doubled its membership fees, tripled revenue from sale of services, established a modern head office and opened a branch in Arusha. BSPS II support has contributed to these achievements.

1.3.4 Trade Union Congress of Tanzania

15. The Lessons Learned highlight a number of positive achievements, mainly related to capacity development, e.g. training in collective bargaining, but also a number of “disappointments”, e.g. research on socioeconomic situation of members was not sufficiently developed, baseline data are not well stored, internet installations are not functioning in all regions, the cooperation between TUCTA departments and between TUCTA and affiliated unions is not well developed.

¹ These 10 projects had been completed by June 2007 at which time there were 15 new projects ongoing.

1.4 Implementing Agencies and Collaborating Partners

16. The three sub-components involve four institutions as executing agencies but relate to numerous collaborating partners in Tanzania's private and public sectors. In particular, the BEST Programme has a large number of stakeholders and collaborating partners.

S/N	Sub-component/ Cooperation Area	Key Implementing Institutions	Collaborating Partner Institutions
SC A.1	BEST-BRU coordinated and facilitated by the Better Regulation Unit (BRU) of the Ministry of Planning, Economy and Empowerment (MPEE)		
1.	Business entry, regulation, and exit	Ministry of Industry , Trade and Marketing (MITM), Business Registration and Licensing Agency (BRELA), Registration, Insolvency, and Trusteeship Agency (RITA)	MoF, PMORALG, MoJCA, BRELA, TPSF, TCCIA, MITM
2.	Land Registration Reform	Ministry of Lands, Housing and Human Settlements Development (MLHSD) , Registrar of Land	MoJCA, Judiciary, Local Government, TPSF, TNBC
3.	Commercial Dispute Resolution	The Ministry of Justice and Constitutional Affairs (MoJCA)	BRU, Judiciary, LRC, UDSM, TNBC
4.	Labour Reform	MOLEYD, OSHA, Labour Court, CMA	TUCTA, MoF, LGPF, TPSF, ATE, VETA, MoJCA
5	Tanzania Investment Centre	Tanzania Investment Centre (TIC)	TNBC, TPSF, MITM, TRA
6	Programme Management and Institutional Support	MPEE/BRU	MDAs
7	BEST-Zanzibar Component	Ministry of Finance and Economic Affairs	MITM, BRU, ZNCCIA
SC A.2	BEST-AC	BEST Tripartite Review Committee (TRC) BEST AC Project Board Committee BEST-AC Fund Manager	Tanzania National Business Council (TNBC), Tanzania Private Sector Foundation (TPSF), PSOs, BRU
1	Matching Grants	BEST AC Project Board BEST-AC Fund Manager	PSOs, Business Development Service Providers
2	Network promotion	BEST AC Project Board BEST-AC Fund Manager	PSOs, TNBC, TPSF,
3	Development of Advocacy Capacity	BEST AC Project Board BEST-AC Fund Manager	UDEC
SC A.3.a	Capacity Development Support for ATE	ATE	Employers, Business Development & Training Service Providers, TUCTA, CTI, TCCIA, MOLEYD, OSHA, CMA, Labour Court
SC A.3.b	Capacity Development Support for TUCTA	TUCTA	14 affiliated unions, ATE, MOLEYD, OSHA, CMA, Labour Court, Training Service Providers

Since BEST-AC is a temporary intervention, supporting private advocacy (sometimes opposing government), it is managed as a stand-alone project, with a contracted consultancy firm reporting to the BEST-AC Project Board and the BEST Tripartite Review Committee

2 COMPONENT CONTEXT AND OBJECTIVES

2.1 Main Problems to be Addressed

17. Tanzania has about 2.7 million micro, small and medium enterprises (MSMEs) of which the majority are micro enterprises, mostly operating informally without registration or licence. It is estimated that the informal sector accounts for some 70 per cent of employment and 58 per cent of gross national income² while the SME sector provides one third of GDP and employs 20 per cent of the labour force.

18. Tanzania's private sector has since the late 1980s benefited from peace and stability and a macroeconomic management that generally is favourable to private investments. However, apart from the constraints related to poor performance of utilities, private enterprises face a number of problems related to specific areas of the regulatory framework. This is one reason why many micro and small enterprises prefer to operate outside the regulatory system. They find that the administrative burden of being part of the formal business sector outweighs the benefits of being formalised. Burdens include the time, payment and procedures of being registered and licensed, various taxes and duties, and the costs of complying with labour market, environmental and other regulations. Potential benefits include legal protection against cheaters, protection of property rights, a judicial system that ensures that claims can be realised, use of registered land and property as collateral to access cheaper formal sector credit, better access to suppliers' credit, and better access to markets and support services. Encouraging more businesses to join the formal economy by, inter alia, reducing the regulatory burden and increasing the advantages of being formalised could make a significant difference to economic growth.

19. According to the World Bank's assessment of the overall ease of doing business in 175 countries, Tanzania is for the period 2005-2006 considered among the top ten reformers, having achieved improvements on indicators such as "starting a business", "registering property", "protecting investors" and "trading across borders". However, Tanzania, ranked number 142, is still belonging to the bottom group. Some of the constraints that place Tanzania down the rank include:

Obtaining Licenses and Permits: The World Bank Doing Business Survey has calculated the procedures, time and costs of building and starting operations of a warehouse. These indicators are for Tanzania far above the average for the Sub-Saharan Region.

Hiring and Firing Workers: In Tanzania, it is also much more costly and complicated to hire and fire workers than what is the average situation in the region. The Rigidity of Employment Index assigns a value of 67 to Tanzania while the average for Sub-Saharan Africa is 47 (the lower value the less rigid). Furthermore, many employers and employees complain about lack of predictability and transparency in the labour market, making it difficult for both sides to determine the appropriate remuneration package for a certain job/qualification level. Recent reforms of labour laws have created the framework for a labour market based on bi- and tri-partism, but the public institutions and the social partners (ATE and TUCTA) need to develop their capacity in order to make the labour market function efficiently.

² GoT, BEST Programme Document, updated Feb 2007

Registering Property and Land: It requires considerable time and money to register property and obtain land titles. As a consequence, few farmers and SMEs have their property registered and official titles to their land, which they therefore cannot use as collateral for obtaining formal sector credit.

Enforcing Contracts: Though a Commercial Court has been established, there continues to be major problems with resolving disputes and enforcing contracts. Further support, for regulatory reform and capacity development, is required.

Many institutions, which issue licenses, registrations and permits, collect taxes, duties and fees or manage public tenders, are still suffering from corrupt practices and lack of a service- and client-oriented attitude.

2.2 Component and Sub-component Objectives

20. The objective of Component A (= one of the three immediate programme objectives) is defined as:

An enabling regulatory and institutional framework for the business sector, delivering services that induce businesses to formalise and grow.

21. The BEST Programme is designed to contribute to the overarching national goal of reducing poverty, by creating sustainable conditions for private sector growth, in particular the creation and growth of small and medium enterprises. The specific objectives of the BEST Programme are defined³ as:

A.1.1 To reduce the burden on businesses, including SMEs, by reforming and eradicating as many procedural and administrative barriers as possible;

A.1.2 To improve the quality of services provided by Government to the private sector (especially SMEs), including commercial dispute resolutions;

The emphasis on SMEs has been introduced in the extension of the Programme.

22. The objective for BEST-AC is in the Component Description defined as:

A.2 Enhanced quality and credibility of private sector organisations to engage effectively in private public dialogue and to advocate improvements in the business environment in Tanzania

The proposed extension introduces “credibility” in order to prioritise the achievement of results. It is unlikely that government will listen to a private sector organisation representing a few members or a minor fraction of an industry. An organisation representing the major part of an industry or sector has more credibility and is therefore more likely to have influence on government policy.

23. The objective of the labour market sub-component is defined as:

³ Draft Programme Document for the BEST Programme

“Improved functioning of a private labour market based on bi- and tri-partism”

“Improved functioning” involves the notions of (i) a flexible labour market that matches supply and demand, avoids bottlenecks and encourages enterprises to expand employment, (ii) transparency, so that the partners know the supply/demand situation and the salary conditions of the different market segments and (iii) “fairness” to employers and employees ensuring peace and stability.

3 SUB-COMPONENTS A.1: BEST-BRU AND A.2: BEST-AC

Please refer to Annex A.7 (in separate volume) for a full presentation of the extension of the BEST Programme and a description of BEST-AC, 2008-2013

3.1 BEST-BRU

24. BEST, launched in December 2003, is governed by a memorandum of understanding (MOU) signed between the Government of Tanzania (GoT), the Tanzania Private Sector Foundation (TPSF) and four bilateral donors - the Department for International Development UK (DFID), Danida, Royal Netherlands Embassy (RNE) and the Swedish International Development Agency (SIDA). Programme cost was originally estimated at \$25.4 million over a five-year period; the initial donor commitment was USD 19 million based on equal pro rata contributions from the four donors; the remaining part of costs would be financed by GoT. By 30 June 2006, only USD 6.3 million of the committed donor funds had been spent; however, the budget for 2007/08 was USD 17.5 million.

25. The World Bank has recently joined the MOU. In December 2005 the World Bank approved an IDA credit for the Private Sector Competitiveness Project (PSCP), which became effective in July 2006. Under Component 1 of PSCP, USD 41.4 million is allocated for the BEST Basket, which allows for an extension of the funding till 30 June 2012 (i.e. the current completion date of PSCP which, however, is expected to be extended), and for enlarging the programme menu. With inclusion of the World Bank in the BEST partner group, it was agreed to adopt the World Bank Procurement and Financial Management Guidelines, with the exception of BEST AC which the Bank does not support.

26. BEST has two objectives: (i) reduce the burden on businesses by eradicating as many procedural and administrative barriers as possible; and (ii) improve the quality of services provided by Government to the private sector. The revised and enlarged BEST Programme has in addition to BEST-AC seven components. The major outputs planned under the components are summarised below in Table 3.1. However, it should be highlighted that this menu is not fixed for the next five years.

27. During 2007, other Development Partners expressed an interest in financing (bilaterally and outside the basket) the significant costs related to implementation of a National Individual Identification Database which therefore was deleted from the BEST menu. On the other hand, institutional support for public labour market institutions was added and included under Component 4: Labour Reforms. In BSPS II, capacity development support was provided directly by Danida for the Department of Labour (DoL) of the Ministry of Labour, Employment and Youth Development (MOLEYD), the Occupational Safety and Health Authority (OSHA), for the establishment of the Commission for Mediation and Arbitration (CMA) and the Labour Court. For the period 2008-2013, the BEST Basket will provide the support for the institutional reforms and the capacity development which these institutions require to effectively manage and perform their roles and functions in the reformed labour market.

28. Thus, the BEST-BRU menu, and therefore also the BEST-BRU budget for July 2008 – June 2013, is not fixed in advance. The Programme Document for the extension was jointly appraised by the involved development partners in November 2007. The team recommended that Government clarifies how BEST should and could be better integrated into government structures over time. The team also recommended that more consultations, dialogue and communication be undertaken to fully achieve joint agreement on the BEST document. While

the budget is subject to change, also the financial commitment is a “flexible entity”. The World Bank has made the largest commitment (USD 41.4 million) but is willing to take the position of financier of last resort. Also the commitment of the other bilateral donors may be subject to change. It is therefore not possible to exactly determine the funding gap that Danida/BSPS III should cover. As the basis for determining the BSPS III allocation, it is instead argued that it should constitute around 10% of the total funding and expenditure for 2008/09 – 2012/13 which are estimated around DKK 450 million (USD 75 – 80 million), giving a BSPS III contribution of DKK 45 million.

Table 3.1 – BEST Components

Component	Main Outputs
<p>COMPONENT 1 - BUSINESS ENTRY, REGULATION AND EXIT Objective: Business entry, operation and exit nationwide is low cost, fast and efficient</p>	<p>1.1 Business Registration – a one-stop, fast and low cost business registration system linked to other registries, established</p> <p>1.2 Natural and legal person registries - births, deaths and insolvency registration and registration information is properly safeguarded and easily retrievable</p> <p>1.3 Business Regulation - transparent and efficient business licensing established and in place only where necessary to protect public health, safety, national security, the environment and scarce resources</p> <p>1.4 Business Exit - an efficient system for insolvency which deals with both incorporated companies and individuals is established and operational</p>
<p>COMPONENT 2 - LAND REGISTRATION REFORM Objective: An efficient land market established with accurate land information, efficient land registration, and land dispute settlement</p>	<p>2.1 Appropriate legal and institutional framework established</p> <p>2.2 Efficient land registration and land information system established</p> <p>2.3 Effective surveying and mapping infrastructure in place</p> <p>2.4 Effective resolution of land disputes</p> <p>2.5 Formalisation of house plots in unplanned settlements completed</p> <p>2.6 Village Land Act implemented</p>
<p>COMPONENT 3 – COMMERCIAL DISPUTE RESOLUTION Objective: Timely, efficient, fair and cost effective resolution of commercial disputes</p>	<p>3.1 Access to Commercial Court enhanced</p> <p>3.2 Recommendation from LRCT on reforms to Civil Justice system adopted</p> <p>3.3 Civil Justice delivery modernised</p> <p>3.4 Continuing Legal Education supported</p> <p>3.5 TLS Supported to become effective advocacy, representative and regulatory organisation for lawyers in Tanzania</p> <p>3.6 Access to the High Court (Land Division) enhanced</p> <p>3.7 Performance of CDR implementers enhanced through training and capacity building programme</p>
<p>COMPONENT 4 - LABOUR REFORMS Objective: An efficient, flexible and socially responsible labour market established</p>	<p>4.1 New labour market policies, Bills & regulations prepared</p> <p>4.2 Labour market institutions strengthened to implement new labour market reforms (MoLEYD, CMA, OSHA, Labour Court)</p>
<p>COMPONENT 5 - TANZANIA INVESTMENT CENTRE Objective: TIC supported to attract new investment and to maximise its impact on the economy</p>	<p>5.1 Effective TIC website and targeted marketing activities</p> <p>5.2 Delivery of targeted investment promotion strategy</p> <p>5.3 Existing investors supported to expand investment and develop local supplier networks</p> <p>5.4 Sites and buildings meeting investors needs promoted</p>
<p>COMPONENT 6 – PROGRAMME MANAGEMENT & INSTITUTIONAL SUPPORT Objective:</p>	<p>6.1 BRU operating as efficient service deliverer to MDAs</p> <p>6.2 Laws are being routinely and systematically screened to ensure benefits outweigh costs</p> <p>6.3 Programme supports equality of opportunity for men and women to conduct business</p>

Component	Main Outputs
BEST Programme is meeting targets on time and within budget	6.4 Effective information, communication and education strategy is in place
COMPONENT 7 – BEST ZANZIBAR Objective: Regulatory environment for businesses in Zanzibar is improved	7.1 A fast and low cost business entry, exit and securities registration system established 7.2 Business licensing and regulation harmonised and streamlined 7.3 ZIPA corporate plan in place, being implemented and targets are being monitored 7.4 An efficient land registration and land information system established

29. Management and Organisation: Each MDA is responsible for implementing the support received from the BEST Basket, while the role of BRU/MPEE is to coordinate and facilitate. A BEST Steering Committee (BSC) is established as the forum where MDAs can coordinate activities and exchange information; BSC has an advisory role. A Tripartite Review Committee (TRC) is established as a more operational decision-making body, having membership of selected permanent secretaries, the private sector and a DP representative. For further details please refer to Annex A.7. In line with the recommendations of the Joint Appraisal, the DPs will work with government to promote a better integration of the management into government structures.

30. Indicators and Monitoring: BEST is a large and complex programme and BRU has understandably had difficulties in establishing a comprehensive yet manageable monitoring system. Monitoring and reporting on implementation progress against work plans have taken place on a regular basis. The reports prepared to the TRC include a narrative overview as well as a more detailed account of implementation status of the activities and expected outputs. Impact monitoring is appropriately taking place through the World Bank Doing Business Surveys. The difficulties have been in monitoring outcomes in particular the regulatory changes introduced by MDAs. An M&E system was designed in mid-2006 that set out the structure for monitoring in terms of identified indicators and proposed targets and reporting formats. However, the system was not geared to adequately address the complexity of monitoring regulatory changes introduced by the different MDAs.

31. To strengthen the monitoring of these regulatory changes and outcomes, the updated Programme Document is focusing on using Regulatory Impact Assessments (RIAs). RIAs is a methodology and tool for designing policies, laws and supporting regulations so that these are precise and targeted, and minimise the negative impact of government intervention on society and the economy. Through RIAs the potential impacts arising from government action is systematically and consistently examined and communicated to decision makers so there is a full understanding of benefits and costs associated with the proposed regulatory change. Several preparatory initiatives for introducing RIAs have been completed such as training of trainers and training of the members of the Cabinet. The RIAs are important mechanisms for continuous informing and guiding the BEST Programme interventions.

3.2 BEST-AC

3.2.1 Objectives and Outputs

32. Private public dialogue is intended to ensure that each part has a better understanding of the issues and pressures impacting on the other. Private sector advocacy (sometimes known as business advocacy) is the process of influencing or attempting to influence the development and implementation of public policies that affect the business sector. The objective of BEST-AC is defined as: *“Enhanced quality and credibility of private sector organisations to engage effectively in private public dialogue and to advocate improvements in the business environment”*. It is important that private sector

organisations that are advocating to government are seen to be credible – representing a handful of informal businesses is unlikely to be regarded as credible whereas representing businesses responsible for the majority of sector by value or jobs will be extremely credible. In this line, BEST AC may in the next phase also consider to form strategic partnerships with organisations that demonstrated a good record and capacity for advocacy.

33. This objective will be achieved through four outputs, viz.

Output 1: Partner private sector organisations (PSOs) will have demonstrated (managerial, technical and financial) capacity to advocate effectively on behalf of their members;

Output 2: Capacity building partners will have increased their own capacity to support, train and advise PSOs on private sector advocacy;

Output 3: Stakeholders, especially PSOs, will have engaged in more and more effective networking and collaboration;

Output 4: BEST-AC will have been effectively managed and governed.

3.2.2 Processes

34. PSOs seeking support from BEST-AC will be expected to follow a five step approach to advocacy, viz.

1. Identifying the issues – which may come from business, from government, from other stakeholders (such as consumers, employees, NGOs, etc) and may require effort before a PSO has an idea of the real issues and their priority;
2. Understanding the issues – which requires excellent research, including a systematic gathering of views, the ability to draw logical conclusions and a process for developing consensus internally;
3. Formulating ‘evidence based policy’ – which requires the distillation of objective evidence from reliable sources, the consideration of policy options and the preparation of a compelling argument for the chosen option;
4. Reaching appropriate people in Government, both national and local – to influence public policy; and
5. Monitoring progress – to ensure that, when the public sector agrees changes, they are put into practice.

The maximum grant for a single project covering all the steps will normally not exceed USD 100,000.

3.2.3 Budget

35. The component description estimates the budget required for the period July 2008 – June 2013 as shown below. Part of the budget for the management contract with an international consultancy firm is allocated to Output 2: Capacity Building which includes USD 500,000 for international technical assistance and USD 300,000 for national staff. The total cost of the management contract, including the technical assistance for developmental purposes, comes to USD 4,290,500 or DKK 25.7 million.

		Jul 08-Jun 09	Jul 09-Jun 10	Jul 10-Jun 11	Jul 11-Jun 12	Jul 12-Jun 13	Total
Output 1 (grants)	Grants	1,250,000	1,400,000	1,500,000	1,500,000	1,250,000	6,900,000
Output 2 (capacity building)	Int'l staff	100,000	100,000	100,000	100,000	100,000	500,000
	Local staff	50,000	50,000	50,000	60,000	60,000	270,000
	Sub- contract	160,000	160,000	160,000	160,000	50,000	690,000
Output 3 (Networking)	Flexible fund	150,000	150,000	150,000	150,000	50,000	650,000
Output 4 (Management and Governance)	Int'l staff	100,000	100,000	100,000	100,000	100,000	500,000
	Local staff	150,000	160,500	171,500	173,000	185,500	840,500
	Running costs	436,000	436,000	436,000	436,000	436,000	2,180,000
	Total	2,396,000	2,556,500	2,667,500	2,679,000	2,231,500	12,530,500

36. BEST AC is currently supported by DFID, the Government of the Netherlands, SIDA and Danida (BSPS II) where Danida finances the management contract. It has been agreed to continue this arrangement for the period 1 July 2008 – 30 June 2013. This has the following implication for the contribution of Danida (BSPS III) and the other development partners.

BEST-AC - Annual Budget for the Contribution of Danida and Basket Partners

in USD'000	2008/09	2009/10	2010/11	2011/12	2012/13	TOTAL	
BASKET financed by DFID, SIDA and Netherlands	1,560	1,710	1,810	1,810	1,350	8,240	
Danda/BSPS III - Management and TA Contract	836.0	846.5	857.5	869.0	881.5	4,290.5	
TOTAL	2,396	2,557	2,668	2,679	2,232	12,531	
Danida/BSPS III Budget in DKK'000	5,016	5,079	5,145	5,214	5,289	25,743	
Danida's Contribution in DKK'000 and according to the Danish fiscal year	2008	2009	2010	2011	2012	2013	TOTAL
	2,508	5,048	5,112	5,180	5,252	2,645	25,743

3.2.4 Organisation and Management

37. As other BEST components, BEST-AC reports to the Tripartite Review Committee (TRC) comprising the Government of Tanzania, the private sector and donors under the auspices of the Tanzania National Business Council. TRC approves the overall strategy for BEST-AC and provides advice relating to the strategic direction. A BEST-AC Project Board has been appointed to advise on strategy and provide oversight of activities and initiatives. It approves the strategy and business plan. In relation to grant applications, it reviews, comments and make decisions.

38. The contracted consultancy firm will be paid directly by Danida according to the agreed procedures in the contract. The other DPs will transfer their contributions to the BEST-AC Basket Fund Account according to approved budgets. The tender process for the management contract will be initiated in 2007. It will be administered by Danida and have observer(s) from the DPs in the tender committee.

3.2.5 Indicators and Monitoring

39. BEST-AC currently provides comprehensive quarterly progress reports to the Project Board and the four development partners. The reporting comprises both narrative progress reporting against activities and financial reporting. The format has been agreed by all involved parties. BEST-AC is in the process of designing an improved monitoring and evaluation system; this should be completed by early September 2007. The new process will include regulatory monitoring of project progress, which currently is managed in an ad hoc way, and linking this with the evaluation of progress against programme indicators. As part of the Mid-Term Review, the BEST-AC Logical Framework was refined. The improved LFA, incorporating new indicators, will allow BEST-AC to complement the current progress reports with monitoring data, which will also measure outcomes of the interventions.

40. In addition, it is likely that periodic impact assessments will be initiated to measure the impact of selected interventions (the latter is subject to the design of the M&E process). One key measure of BEST-AC's impact is the effect of its capacity development support on its partner private sector organisations. BEST-AC currently has a number of tools to measure the capacity of these organisations periodically and therefore to capture any changes in their capacity. These include baseline surveys (three completed to date) and a capacity diagnostic tool which BEST-AC has started to apply to all new partner private sector organisations in collaboration with the University of Dar es Salaam Entrepreneurship Centre.

4 SUB-COMPONENT A.3: ENHANCED CAPACITY OF PRIVATE LABOUR MARKET INSTITUTIONS

4.1 The Context

41. In BSPS II, Danida initiated support for developing the capacity of the private labour market institutions, providing direct support for the apex organisation of employees and for the employers' association, respectively the Trade Union Congress of Tanzania (TUCTA) and the Association of Tanzania Employers (ATE). Due to the dominance of the informal sector and agriculture in the economy, as well as the past history of state regulation, a labour market characterised by bipartism, tripartism and collective bargaining is still in its infancy. Agreements are mostly made at the individual work place between the employees and the employer. In many companies, all employees are members of one and the same union, regardless of professional background. As a consequence, the delineation of the territory between different unions is sometimes unclear, resulting in clashes and competition for members.

42. According to the Integrated Labour Force Survey (ILFS) of 2005/2006 the labour force of Mainland Tanzania is 20.6 million with 25.9% in urban areas and 74.1% in rural areas. The unemployment rate was estimated at 11% (women 12.6 – men 10.7), down from 12.9% recorded in the ILFS 2000/01. The private sector (formal and informal) employs about 80 percent of the effective labour force and is dominated by MSMEs. Large enterprises account for less than 10% of employment. During the 1990s, the informal sector seems to have expanded; one in every three households had an informal sector activity in 2000/01 as compared to one in every four households in 1990/91. In the ILFS of 2000/01, 61% of the total households in urban areas had informal sector activities compared to 42% in the ILFS 1990/91.

43. Since 2000, reforms have been implemented providing the basis and principles for a private labour market based on bi- and tri-partism. Several new institutions have been established. The *Labour, Economic and Social Council (LESCO)* was established in 2005 to advise the Government on measures to promote economic growth and social equity. It consists of an independent chairperson and sixteen members (all appointed by the Minister for Labour) representing government, the interests of employers (nominated by ATE) and the interests of employees (nominated by TUCTA); four members are appointed because of their expertise in labour, economic, and social issues.

44. In addition to ATE, two other important business membership organisations are represented in LESCO, viz. the Confederation of Tanzanian Industries (CTI) and the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA). CTI advocates for a competitive, minimally regulated business environment and serves as a source and conduit of information about manufacturing and associated industries. CTI is based in Dar es Salaam but has some officers working in the regions. TCCIA was established in 1988 with support of government to strengthen the private sector. TCCIA represents the private business sector throughout Tanzania and has regional offices in all 21 regions of mainland Tanzania and about 60 district centres.

45. The Labour Institutions Act gives the possibility to form *Sectoral Wage Boards* to determine minimum wages and employment conditions in different sectors. The members of the Wage Boards represent the interests of government (chairperson), the employers (ATE) and the employees (TUCTA). They are appointed by the Minister for Labour on the recommendation by LESCO. By January 2007, eight wage boards had been appointed. Generally, each wage board covers several sub-sectors which may face highly different situations with respect to labour

demand and supply, and international competition. Unless more specific sub-sector boards are established, this may complicate the achievement of collective agreements.

46. During 2007, the formal approval and initial establishment of two new institutions that play a key role in the implementation of the labour law reform was achieved, i.e. *the Commission for Mediation and Arbitration (CMA)* and *the Labour Court* (Labour Division of the High Court) replacing the Industrial Court of Tanzania (ICT). These institutions will provide a new system for dispute resolution and their establishment has been supported under BSPS II. There are early indications that many cases are now resolved by the CMA, significantly reducing the workload of the Labour Court.

47. If these new institutions and the emerging new framework shall function as intended, the effective and professional participation of TUCTA and ATE is required. However, currently ATE's and TUCTA's geographical coverage, membership base and professional capacity are relatively modest, and therefore, their capacity would need to be significantly enhanced in order to operationalise the new system. It would also require progress on the formalisation and registration of MSMEs which account for a major share of the labour market. In fact, most private sector employment is generated by small and medium-sized farms, and by micro, small and medium enterprises, operating informally and outside the regulated system.

4.2 Capacity Development Support for the Association of Tanzania Employers (ATE)

4.2.1 Background and Rationale

48. The Federation of Tanganyika Employers (FTE) was formed in 1960. It changed its name into the current, ATE, in 1976. It was registered in 2003 by the Registrar of the Trade Unions as the apex body for all (mainland) Tanzanian employers in the private sector as well as the public utility companies. The labour market laws mandate ATE to represent employers in tripartite forums. Most of ATE's

ATE Membership Data as of January 2007 (paying members only)

Sector	Employer Members	% of total	Employees	% of total	Average Number Employees per Member
Agriculture	22	3	29,795	21	1,354
Banking/Finance	34	5	9,207	6	271
Commerce	198	31	14,349	10	72
Industry	241	38	34,023	24	141
Mining	12	2	4,340	3	362
Oil	14	2	1,244	1	89
Public Utilities	112	18	51,267	36	458
TOTAL	633	100	144,225	100	228

members operate within industry and commerce but the public utilities, and the mining and agricultural companies are the biggest employers. The majority of members are SMEs, particularly in commerce and industry. About 70% of the members are based in Dar es Salaam which is partly a reflection of the spatial characteristics of private business and partly due to the fact that ATE has limited coverage.

49. While ATE has membership of some parastatals and public utilities, ATE does not represent the government as employer and has therefore no significance for government employees, e.g. teachers. This is unlike TUCTA which does represent government employees and therefore is important to many more employees. TUCTA also has a much better geographical coverage than ATE which only has offices in Dar es Salaam and recently in Arusha. Thus, there is a certain degree of asymmetry in the relation. However, ATE's membership is rapidly increasing (about 100 new members per year). For example, while ATE had 633 paying members in January 2007, the number had by May 2007 increased to 705, i.e. 68 new members in

a 4-5 month period. Many SMEs are uncertain about how to apply the new labour laws and they need ATE as a “help-desk” to advise them in concrete labour matters and assist them in disputes. Furthermore, it is important for employers to be effectively represented through ATE in: (i) sectoral wage boards, which are being established to negotiate minimum wages and other employment conditions; (ii) the Labour Economic and Social Council (LESCO); (ii) the new Labour Court; (iii) matters handled by the new Commission for Mediation and Arbitration (CMA); and (iv) the board of the Vocational Education and Training Authority (VETA).

50. From a low base, ATE’s income is increasing rapidly. From 2003 to 2005, income from membership fees doubled from TZS 59 million to TZS 119 million while income from sale of services almost tripled from TZS 32 million to TZS 93 million. Though this trend is continuing, and ATE today probably generates an annual income approaching DKK 2 million, ATE would not be able to finance an expansion of its services and geographical coverage without external funding.

51. The support under BSPS II was initially constrained by the fact that ATE had a very limited secretariat and thus absorption capacity. However during 2006/07, ATE has significantly expanded its secretariat in terms of number of professionals and their skills. This has allowed the board and secretariat to define goals for expansion of the geographical coverage and the “help-desk”, advocacy, and development services that ATE in the future will provide to its members. While ATE is committed to reduce dependency on Danida and increase the self-financing through membership and service fees, it is at the same time recognised that Danida financing is required for the planned expansion.

4.2.2 Goals and Strategies

52. ATE intends to pursue the expansion of its geographical coverage and services through a gradual step-wise process, emphasising low-cost solutions and the objective of reducing dependency. For example, for expanding the geographical coverage ATE will in a step-wise manner open three small zonal offices over the next five years, and designate an employer in each region as “liaison officer”, facilitating the liaison officer with a modest budget for communication etc. Where relevant, ATE will undertake advocacy, awareness-creation and development activities jointly with TUCTA. ATE will in BPS III also introduce training courses for its members to enhance their capacity for managing human resources (HRM), occupational health and safety (OHS), and HIV/AIDS issues, and for dealing with their corporate social responsibility (CSR). While Danida is requested to finance the development and initial operation of these courses, user fees and ATE’s other income will be mobilised towards financing the continuation of such courses.

53. ATE’s objective for the ATE-Danida cooperation in BPS III is: “*Enhanced capacity of ATE to represent and service employers with the view to improve their competitiveness and human resource management*”. In representing employers, ATE does not consider short-term profit maximisation (through exploitation of labour) as a goal for ATE and its members. Rather a longer term view is applied in order to improve competitiveness and this, *inter alia*, involves introduction of good practices for HRM, OHS, CSR etc. It also involves advocacy on behalf of members about what kind of skills employers require, highlighting for example in the VETA Board where special efforts are required to address the employers’ constraints in finding qualified people in certain professions and trades. For example, currently many employers find it difficult to recruit middle-level technicians, electrical engineers/technicians, and people with skills in instrumentation. In connection with the annual survey for the Employer of the Year Award, a few questions may be included on this issue.

4.2.3 Outputs and Deliverables

54. A Logical Framework Matrix for the cooperation with ATE is attached as Annex A.1. Five outputs, as well as various deliverables and activities under each output, have been defined in support of the above strategy and objective:

Output A.3.a.1 - Improved advisory and training services to ATE members: In order to improve the advisory services, three professionals of ATE's secretariat will receive 3-month training in negotiation and arbitration skills. In order to improve (introduce) training services, BSPS III will provide budget for development of training packages for courses in: (i) HRM; (ii) OHS; (iii) HIV/AIDS; (iv) CSR; and (v) labour laws for SMEs. Gender issues will be an integrated part in all training packages. Ten trainers will undergo a trainer of trainers' course and the first four courses under each theme will be financed by BSPS III.

Output A.3.a.2: Expanded geographical coverage and improved ATE infrastructure established and operating: In order to expand the coverage, BSPS III will provide budget to allow ATE to: (i) establish zonal offices in Mwanza, Mbeya and Tanga and develop business plans for the three offices; and (ii) appoint an employer member as regional liaison officer in 16 regions without any ATE office – facilitating the liaison officer with about USD 100 per month for communication etc. The improvement of ATE infrastructure involves support for ICT, vehicles etc. The current “budget support” for ATE's operational costs (DKK 200,000 per year) will be continued at the same level which implies a declining Danida share as ATE's budget and income increase.

Output A.3.a.3: Enhanced capacity to represent and advocate members' interests: In negotiating employment conditions (salaries etc.) ATE and employers lack an analytical basis, e.g. data on trends in salaries and productivity, and an assessment of the profitability of different sectors and the threats from international competition. Public sector agencies do not provide such information, and even if they did, ATE would need to make the analysis from its own perspective. BSPS III will provide budget to allow ATE engage national consultants and a limited input of international consultants to undertake such analysis for 10 sectors and for updating the information. This support assumes that ATE, as planned, will expand its in-house analytical skills.

In addition to enhancing the analytical basis for advocacy, four ATE staff will receive training in advocacy skills. ATE may engage in advocacy not only on “wage issues”. For example, among some of ATE's members there is dissatisfaction with the recent transfer of the vocational training portfolio from MOLEYD to the Ministry of Education and there is a perception that only a part of the government revenue from the “skills development tax” is used for financing vocational training and education.

Output A.3.a.4: Improved awareness among employers of labour related issues: ATE has introduced an “Employer of the Year Award”. Currently ATE has the Overall Employer of the Year Award and special awards in the categories of: OHS, CSR, HIV/AIDS, and Employees Relations and staff development. In the future, it is planned to include a special award for gender equality policy. In addition, in 2007 ATE introduced awards in terms of company sizes, i.e. Best Small, Best Medium and Best Large Company Award. Though the award in itself is relatively small, it has an important promotional value for the winner and also it creates awareness among all

employers about the importance of good HR management and employment practices. It is relatively costly for ATE to contract a specialised company to implement the survey of employers, which candidate for the award. However, the survey provides a valuable input to establishment of membership statistics. – ATE has recently employed a capable communication officer, and budget will be provided to support ATE's communication activities (news letters, web-site, advertisement etc.)

Output A.3.a.5: Enhanced international cooperation and cooperation with TUCTA: ATE and TUCTA have during the formulation process met to identify areas where they jointly could implement activities. Some activities do not require budget or external support but some do. Where external support is required, BSPS III will provide it. For the purpose of management and accountability, it was in a joint meeting between ATE and TUCTA agreed that one of the organisations would be the lead and recipient of Danida funds for some activities while the other organisation would be the lead agency for other activities. For example, ATE will promote joint forums, nationally and at the individual workplaces, for dealing with OHS and HIV/AIDS issues while TUCTA will be the lead on the issue of child labour. Where beneficial, ATE and TUCTA will implement joint training courses, with participation of workers and employers.

55. ATE will, as a joint activity with TUCTA, contract national and international expertise to review the management of social security and pension funds, as a basis for joint advocacy vis a vis GoT. Another deliverable, at regional level, will be joint activities between ATE's regional liaison officers and TUCTA's regional technical committees. As described in section 4.2.6, budget will be provided for an international framework contract which ATE may use for contracting specialised short-term inputs. This contract may also be used for activities that benefit TUCTA as well.

4.2.4 Activities and Support to Address Cross-cutting Issues

56. ATE has been involved in the development of the Tripartite Code of Conduct on HIV and AIDS at the workplace in Tanzania Mainland. This code of conduct is expected to assist members in adopting good practices in dealing with HIV and AIDS related issues at work places. In quest to implement part of its obligations in the Tripartite Gender Mainstreaming Tools for Government, Employers' and Workers' Organisations in Tanzania (ILO), ATE will also make efforts to engage some of the following measures: capacity building on gender issues in the private sector; gender balanced involvement in different working or consultative forums; provision of gender disaggregated data in all routine statistics; development of guidelines for gender disaggregated staff data bases; implementation of equal opportunity policies; and, establishing coordination mechanisms for CCIs in employer organisations. The organisation also wants to increase its efforts in helping employers deal with prevention, mitigation and care of HIV/AIDS among its workers and spouses.

57. ATE also plans to promote good environmental management for integration in the curricula for courses in OHS and CSR. ATE at present provides awards for the "Employer of the Year", an exercise that also awards firms that excel in best practices as regards HIV and AIDS services for its staff and employees. ATE intends to explore possibilities for introducing awards for best women entrepreneurs and execute mapping of women entrepreneurs for their further promotion. Considerations for creation of a section for women entrepreneurs and mentorship programmes are also in line.

4.2.5 Inputs and Budget

58. While ATE recently has increased staff numbers and thus created the basis for capacity development support, it is anticipated that ATE will continue to undertake a minor and gradual expansion of its secretariat during BSPS III. Specifically, it is assumed that (i) ATE will employ an economist who will coordinate and benefit from the proposed external inputs, and (ii) staff three new zonal offices. It is also the understanding that ATE will undertake a special effort to raise its income from membership and service charges so that some of the new training courses can be continued without Danida support.

59. The proposed BSPS III budget is DKK 17.3 million (~USD 2.9 million). It is based on the inputs that need to be purchased in order to achieve the deliverables under the five outputs, please refer to the output budgets in Annex A.2.

Sub-component A.3: Enhanced Capacity of Private Labour Market Institutions

A.3.a: Enhanced Capacity of ATE

Budget by Output and Year (in DKK'000)		2008/09	2009/10	2010/11	2011/12	2012/13	TOTAL	
A.3.a.1	Improved Advisory and Training Services to Members	1,320	1,420	620			3,360	
A.3.a.2	Enhanced geographical coverage and adequate infrastructure	1,281	1,361	985	445	425	4,497	
A.3.a.3	Enhanced capacity to represent and advocate members' interests	1,040	1,200	1,000	920	920	5,080	
A.3.a.4	Improved awareness among employers about labour issues	350	350	350	350	350	1,750	
A.3.a.5	Enhanced international cooperation and cooperation with TUCTA	650	300	260	260	260	1,730	
Total Contingency for all output budgets		225	288	179	81	79	852	
TOTAL BUDGET FOR A.3.a		4,866	4,919	3,394	2,056	2,034	17,269	
TOTAL BUDGET ACCORDING TO THE DANISH FISCAL YEAR		2008	2009	2010	2011	2012	2013	TOTAL
		2,433	4,893	4,157	2,725	2,045	1,017	17,269

4.2.6 Organisation and Management

60. In BSPS II, implementation was supported by short-term inputs of an international consultant. Considering ATE's expansion plans and the considerable increase in Danida support, in particular during the first years of BSPS III, a framework contract with an international consultancy firm is included (in the above budget) for provision of short-term inputs in the form of process/ management consultancies as well as expertise in specific technical areas as the need arises. Based on the output budgets, the inputs under the framework contract are estimated below. It should be highlighted that the figures represent an upper maximum frame. Unit costs for a person-month of a national and an international consultant include company overhead, international travel, hotel and per diem, local transport, quality assurance and contract administration, and insurance and other miscellaneous expenses.

61. While the Royal Danish Embassy/Danida will serve as employer, paying the invoices to the contractor, the definition of each specific task will be the responsibility of ATE. In each case, ATE will prepare terms of reference, detailing the outputs to be delivered, the tasks to be performed, and the inputs required in terms of persons, time and qualifications. As the recipient

and beneficiary of the inputs, ATE will also assure that the services delivered satisfy the terms of reference. Draft Terms of Reference for the framework contract are presented in Annex A.3.

ATE - International consultancy contract for provision of process and technical assistance support

	National Consultants		International Consultants		TOTAL
	pers-month	DKK'000	pers-month	DKK'000	DKK'000
1. Support development of 5 training packages - Output A.3.a.1	10.0	400.0	2.0	400.0	800.0
2. Develop business plans for 3 new zonal offices - Output A.3.a.2	6.0	240.0	1.5	300.0	540.0
3. 10 sector studies + capacity development of ATE staff/representatives, and support for implementation process - Output A.3.a.3	46.0	1,840.0	15.0	3,000.0	4,840.0
4. Studies (e.g. pension funds) for evidence-based joint advocacy with TUCTA - Output A.3.a.5	2.0	80.0	2.0	400.0	480.0
TOTAL	64.0	2,560.0	20.5	4,100.0	6,660.0

62. ATE will designate a staff member as the focal point for the contact with RDE and with overall responsibility for the planning and utilisation of the support.

4.2.7 Financial Management and Procurement

63. The budget of Danida will mainly finance the local currency expenditure of ATE's recurrent and development budget, and for this part the BSPS III supported activities will be integrated in ATE's annual work plans and budgets. ATE operates a budgeting/accounting system based on outputs and related activities and it should be relatively easy to merge the Danida support into this. Financial management will be based on ATE's quarterly accounts and the annual financial statement audited by the auditor who is appointed by ATE's Annual General Meeting. An assessment of the financial management and procurement procedures of ATE will be conducted in the beginning of 2008 to ensure that all systems are adequately in place and that possible issues can be addressed before the start of the implementation of BSPS III.

64. Most items can be procured through local shopping for which ATE will be responsible, following its internal procurement procedures accepted by RDE. However, the administrative processes of tendering for and managing the international framework contract will be undertaken by RDE/Danida. ATE will be participating in the tendering process, which will be initiated already in 2007 in order to avoid a gap. However, contract award will be subject to approval of BSPS III.

4.2.8 Indicators and Monitoring

65. ATE's Board meets quarterly and the Secretariat reports to the Board in the form of prepared minutes from the last meeting and follow-up issues through matters arising. It has been agreed that the reporting to the Board will be strengthened so that it includes a systematic reporting against the approved work plan. To supplement activity reporting the deliverables under the outputs can be used to inform on progress made, e.g. x number of training courses delivered to members. On a six-monthly basis the reporting to the Board will include a narrative on progress and reporting on monitoring data from the outcome and impact indicators. The indicators and targets have been agreed and are included in the LFA (Annex A.1)

66. In addition, it would be useful for ATE to undertake regular surveys among members about their satisfaction with ATE's services and their awareness about the labour law and other labour issues. Possibly, this could be integrated in the annual survey made among members for the "Employer of the Year Award". For the new training courses for members, it is anticipated that it will be part of the course to obtain the feed back from the trainees about the relevance and quality etc. of the course.

4.3 Capacity Development Support for TUCTA

4.3.1 Background and Rationale

67. The Trade Union Congress of Tanzania (TUCTA) was established in 2001 after the introduction of the new trade union act. It is the apex body of 14 affiliated unions, and is by law mandated to represent the trade union movement in various tripartite and bipartite forums. The affiliated unions have a total membership of close to 400,000, both public and private employees. The Tanzania Teachers' Union (TTU) accounts for 140,000 members while some smaller unions may have only a few thousand members. TTU recently withdrew from TUCTA because it wanted proportional influence according to number of members. TUCTA's constitution is now being amended to accommodate this demand.

68. The role of the trade union movement has changed with the transition from a state controlled command economy to a free market economy, and BSPS II has supported this transition. As TUCTA notes: "It [BSPS II] has enabled TUCTA to develop successfully from the former incarnations as a state controlled organisation, operating in a state controlled economy, into an independent Trade Union Central, operating in a market economy".

69. TUCTA is governed by: (i) the Congress which meets twice during every five years, with participation of about 300 delegates from all affiliated unions; (ii) the General Council which meets once every year and has participation of about 100 delegates representing all affiliated unions; (iii) the Executive Committee that meets twice a year with about 50 representatives from all affiliates; and (iv) the Executive Board which meets every quarter and comprises the Secretary Generals of all affiliated unions.

70. TUCTA has a Secretariat with seven professional staff and 12 administrative staff. The Secretariat is organised in four departments for: (i) Education and Workers' Participation; (ii) Occupational Health and Safety, Environment and HIV/AIDS; (iii) Research and Economics; and (iv) Gender and Youth. Each department is headed by a Director, being the only professional staff of the department. The Secretariat has no legal expertise in labour law. Private lawyers are contracted for specific legal cases. The Secretariat has no permanent help-desk function which, when called upon, immediately could advise affiliates on legal issues.

71. The main role of TUCTA is to represent and advocate the interests of affiliated unions but also to assist the affiliates with developing their capacity. The need for the latter varies significantly as there is a considerable difference in the size and strength of the unions.

72. Being an apex body of unions, TUCTA was traditionally working at the national level, having weak ties to the grassroots. In recent years, TUCTA has changed this. In the 21 regions, TUCTA has established Regional Technical Committees (RTCs) which comprise members from the (administrative) secretariats of the regional branches of the unions. The RTCs are guided by a committee of the regional union leaders. These regional committees have now been made a permanent legal entity of the TUCTA structure. They plan and implement joint activities at

regional level, e.g. training courses for the branch leaders in individual companies. This in particular benefits the small unions, which have weak capacity at the regional level.

73. Financially, TUCTA and the smaller unions are weak. TUCTA has obtained its income from a system whereby the employer transfers 2% of the worker's salary to the respective union which then is supposed to pay 5% of this transfer to TUCTA. In most years, TUCTA has only received some 60% to 70% of the income it was entitled to. However, TUCTA has no exact picture of how much the affiliated unions are actually receiving. The system is currently being changed so that the employer will pay TUCTA's share directly to TUCTA.

74. While the new system is expected to increase TUCTA's annual income somewhat above the current level of about TZS 100 million (~DKK 0.5 million), the income will remain a minor but increasing fraction of the needed financing and the support requested from Danida. TUCTA considers that there is still a considerable need for enhancing the capacity of the secretariat, the weaker unions, and the new regional structures. In this situation, there are no medium-term prospects of reducing the dependency on external financing (BSPS III). However during the next five years, other options for raising the income will be explored. Such include increased revenue from membership fees (as a result of more members), co-financing by beneficiaries of services (e.g. training courses) and raising the income from the buildings that TUCTA owns in Dar es Salaam and the regions. These buildings represent TUCTA's main asset.

4.3.2 Goals and Strategies

75. TUCTA's Strategic Plan defines its goal as "sustained economic growth and employment" and says that: "*The purpose of the strategic plan is to have workers contributing effectively to improvement of productivity*". Some of the proposed strategic measures for achieving these goals relate to upgrading workers' skills and competitiveness which is considered a responsibility of affiliated unions. Though investments and economic growth may be discouraged if too high a share of company revenue is allocated to labour and too low a share to capital, it is the normal role of the labour movement to advocate (in a responsible manner) for a fair share for the workers. Hopefully, the tripartite and bipartite systems will then provide for a distribution of revenue between labour and capital that contributes to economic growth and employment as well as sustainable improvements in workers' welfare. The support under BSPS III contributes to the following objective: *At the end of BSPS III the trade union movement of Tanzania mainland affiliated with TUCTA will be able to provide effective services to their members in collective bargaining agreements and dispute settlement and effectively advocate the interest of the members.*

76. BSPS III will support the strengthening of three levels of the labour union movement:

The national (apex) level, in terms of the TUCTA Secretariat and the constitutional bodies: The TUCTA Secretariat needs the capacity to provide relevant services to the 14 affiliated unions and the Regional Technical Committees, to advocate and defend the interests of the labour union movement in tripartite and bipartite forums at national level, and to network with the international labour movement.

The affiliated unions: Some of the smaller unions have limited capacity for analysis, advocacy, and negotiation, and for providing other services for their members. These weaker unions need support for enhancing their physical and human resource capacity. However, the big unions may have limited capacity constraints, and even have the capacity to represent TUCTA in national forums. Therefore, a differentiated strategy for developing the capacity of unions will be applied.

The regional level, which is a relatively new TUCTA structure, needs to be further strengthened and have access to resources for implementing activities at regional and branch level. At the regional level, the weaker unions may benefit from the activities organised by the stronger unions, e.g. training of leaders at the individual work place, i.e. the branch leaders. Specific support will be given to recruiting new members and training the regional and branch leaders (shop stewards).

4.3.3 Outputs, Deliverables and Inputs

77. Three outputs, each with numerous deliverables, activities and inputs, have been defined:

Output A.3.b.1: TUCTA Secretariat Strengthened (DKK 14.5 million)

Budget will be provided for equipment and physical facilities (19 PC work stations with printer, fax, photocopier and various office equipment, DKK 300,000), refurbishment of the HQ building and Mbeya Training Centre (DKK 3.5 million) and a vehicle. Given that TUCTA has no generator and many working hours are lost due to power cuts, it should be considered to purchase laptops (instead of PCs) with considerable battery capacity.

DKK 750,000 will be provided for short-term training of TUCTA's seven professional staff (advocacy, analytical, negotiation skills) and for the 12 administrative staff (computer and language skills etc.). The training will be outsourced and contracted from professional training service providers.

Under Technical Assistance, a Danida Adviser is provided for the first four years as well as various short-term consultancy inputs for the M&E system, review of TUCTA policies and strategies, assessment of gaps in the labour market statistics, analysis of the labour market survey, and a feasibility study of establishment of a central data base. No steps will be taken to establish a central data base before the feasibility and costs of its establishment and operation (with data on about 400,000 members) have been carefully assessed.

For the operational budget, DKK 166,000 is allocated per year as non-earmarked "budget support" as well as funding of various activities such as communication strategy implementation, printing of materials, dissemination of guidelines, campaigns, regional travel, facilitation of elections and the 3rd and 4th trade union congress.

While the above inputs may contribute to the strengthening of the TUCTA Secretariat, they are not sufficient to satisfactorily address some of the problems and constraints that TUCTA has highlighted in the questionnaire on lessons learnt in BSPS II, for example: "the cooperation between different departments inside TUCTA and between TUCTA and the affiliated Unions were not well developed". It is anticipated that the Danida Adviser will assist TUCTA with developing processes and frameworks that may address these problems.

The TUCTA Secretariat will ensure that the cross-cutting issues such as gender, youth, occupational health and HIV/Aids are mainstreamed in all activities at all levels. Specific training on the cross-cutting issues will also be undertaken. Specific indicators for the cross-cutting issues will be monitored.

Output A.3.b.2: Affiliated Unions Strengthened (DKK 4.8 million)

Information and Communication Technology of DKK 400,000 is included for the weaker unions. A tentative budget of DKK 3.6 million is allocated to train staff and leaders of affiliated unions following a training needs assessment. The areas of training include: specialised skills, advocacy, economic and policy analysis related to labour market issues, financial analysis of company performance, computer and financial management skills, and planning and management skills for union leaders. Finally, financing is allocated for a review of conflicts between constitutions and for a workshop to harmonise the constitutions.

Output A.3.b.3: Enhanced Capacity at Regional and Branch Level (DKK 15.8 million)

Each of the 21 Regional Technical Committees (RTCs) will receive a PC, all regional secretaries (150 from regional union branches) will receive regular capacity development training, the TUCTA regional buildings will be refurbished (DKK 4.2 million), and the operational costs of the RTCs will be supported with DKK 756,000. DKK 1.4 million is provided for annual consultations with Regional Union Secretaries which is considered an important element of developing the capacity at regional and grassroots level.

A matching grant fund of DKK 6.3 million will be established to support part of the costs of promotion and training activities (focusing at the branch level), planned and proposed by the RTCs. TUCTA will develop appropriate criteria and procedures for allocating the matching grants. It is anticipated that on average about USD 10,000 will be allocated per RTC per year, allowing for 2-4 training events or campaigns per region per year.

For further details, please refer to the Logical Framework Matrix in Annex A.4 and the output budgets in Annex A.5.

4.3.4 Activities and Support to Address Cross-cutting Issues

78. The issue of gender equality has been high on TUCTA's agenda since its establishment. TUCTA and its affiliates are guided by the vision of a society free of sexism, racism, class exploitation, and all other forms of oppression. TUCTA has developed an HIV/AIDS policy in 2002, which was operationalised in 2003, and TUCTA is a partner in the development of "Tripartite Code of Conduct on HIV and AIDS at the workplace in Tanzania". TUCTA also developed a WID policy in 1999, and reviewed it to integrate a more gender focused approach in 2005. TUCTA aspires for a future where "women participate equally in the economy and society without barriers, and where women are emancipated from all forms of oppression in the household and the workplace..."⁴. Women's representation at the higher levels of trade union organisations and TUCTA provides a few challenges. Nevertheless, one of the highest ranking women in the trade union movement is the Vice President of TUCTA.

79. The proposal provides budget for implementation of a number of activities on cross-cutting issues. Guidelines and training packages will be developed, and training courses and awareness campaigns will be implemented at the three levels (national, union, regional/branch) on gender equality, HIV and AIDS, child labour, OHS, democracy and governance. TUCTA will also consider options for addressing the gender issue in its analytical and advocacy work, for

⁴ TUCTA Gender Policy

example addressing the question of men and women receiving equal pay for equal work. The issue of child labour will partly be addressed as a joint activity with ATE, but with TUCTA serving as the lead agency.

80. TUCTA intends to mainstream HIV and AIDS and occupational health and safety education in all trade union activities, and also in building capacities of member unions. During the BSPS III, TUCTA aspires to create more work place interventions such as: raise awareness on HIV and AIDS at work places; prevention of HIV transmission at workplaces; promotion of voluntary counselling and testing (VCT); training of peer educators; development of Kiswahili versions of the OHS Manuals; development of collective bargaining agreements that incorporate and meet the challenges of HIV and AIDS and OHS; and, promotion of care and support for workers living with HIV and AIDS. TUCTA aims at achieving better skills in the following areas: gender analysis, sensitizing membership in regards to gender in general, and, to elections in particular; acquiring better skills in collecting and analysing gender disaggregated data; better lobbying skills; and, better skills in mainstreaming gender.

81. In quest to implement its part of the obligations in the “Tripartite Gender Mainstreaming Tools for Government, Employers’ and Workers’ Organisations in Tanzania”, TUCTA is expected to address some of the following strategies: adopt gender concerns in major instruments governing Trade Union organisations; review constitutions and policies to ensure gender equality is safeguarded; promote a 50% female representation ratio in all decision making structures at all levels; eliminate discriminatory practices in staff recruitment, staff training, and staff career development; review and incorporate gender into all Trade Union matters; upgrade existing resource centres with modern information; publish and disseminate guidelines on gender mainstreaming to all Unions; train and sensitize all planners, economists, researchers and educators in all unions on gender sensitive tools; and, encourage the development and use of gender sensitive indicators for all unions.

4.3.5 Budget

82. Detailed output-budgets are presented in Annex A.5, including notes on the assumptions on which the calculations were made. While TUCTA’s proposal includes a Danida budget of USD 6.8 million ~ DKK 41 million, the budget arrived at, based on the discussions with TUCTA, amounts to DKK 35 million (USD 5.8 million). Yet even with this reduction and a 4-year input of a Danida adviser, it could be questioned if there in the TUCTA Secretariat is sufficient capacity to properly implement the budget. This is in particular so for the relatively large budget for training. This risk could be reduced if TUCTA would expand the Department of Education and employ a professional training/HRD officer who would assist with planning and implementation of training programmes. Also, it would be helpful if training programmes of all departments could be coordinated and quality assured by a training officer.

83. TUCTA is positive towards employing a training officer (and a legal expert), but its weak financial situation may not allow it to do so, - at least during the first years. In order to mitigate the risk of insufficient capacity to implement the large training programme, part of the training budget may, if required, be allocated to recruit a national HRD/training consultant to assist with the planning and implementation.

A.3.b: Enhanced Capacity of TUCTA

Budget by Output and Year (in DKK'000)		2008/09	2009/10	2010/11	2011/12	2012/13	TOTAL	
Output Budgets excluding Contingencies								
A.3.b.1	Enhanced Capacity of the TUCTA Secretariat	3,240	5,730	2,140	1,790	660	13,560	
A.3.b.2	Enhanced Capacity of Affiliated Unions	600	1,090	1,100	800	800	4,390	
A.3.b.3	Enhanced Capacity at Regional and Branch Level	2,821	3,991	4,191	1,991	1,991	14,985	
Total Contingency for all output budgets		372	823	493	216	199	2,103	
TOTAL BUDGET FOR A.3.b		7,033	11,634	7,924	4,797	3,650	35,038	
TOTAL BUDGET ACCORDING TO THE DANISH FISCAL YEAR (in DKK'000)		2008	2009	2010	2011	2012	2013	TOTAL
		3,517	9,334	9,779	6,361	4,224	1,825	35,038

4.3.6 Indicators and Monitoring

84. TUCTA is currently lacking essential data from the affiliates. Most progress monitoring is based on qualitative analysis with limited objectively verifiable data. As an initial start, some outcome and impact indicators have been agreed as part of the Logical Framework (Annex A.4). TUCTA will report against these indicators on an annual basis. TUCTA is aware of the need for improving its monitoring system in general. This is important for internal management purposes, for guiding the interventions of the organisation and for providing data and information on the labour market in general.

85. TUCTA has dedicated 2007/08 to improving the monitoring system. A significant part of the information and data required for monitoring various indicators is kept with the affiliated unions. The flow of information from affiliates to TUCTA (and perhaps vice versa) has not been as desired. As an initial step TUCTA is in a dialogue with the affiliates on information requirements. In addition to building up an appropriate and comprehensive monitoring system, TUCTA will continue to organise for all training courses feedback questionnaires, completed by the participants, which is a simple low-cost method of getting quick feedback. For the higher level objectives, TUCTA's concern is expected to be partly related to whether its "customers", i.e. affiliated unions and the regions, are satisfied with the services they receive from TUCTA. For monitoring the usefulness of its services, TUCTA will implement an annual questionnaire survey among its 14 affiliated members and the RTCs, assessing their satisfaction with TUCTA's services.

4.3.7 Organisation and Management

86. Oversight and Coordination: During BSPS II, a special (Danida-TUCTA) Steering Committee was established to guide, supervise and coordinate implementation of the Danida support. However, given that the Danida support in BSPS III will account for the major part of TUCTA's budget and be provided mainly as "budget support", it would be more relevant if oversight and coordination was provided by TUCTA's own governing structure. Within the governing structure, the Executive Board has the membership and meeting frequency that would make it in the best position to perform this role.

87. Based on the proposals from the Secretariat, the Executive Board will review and endorse annual work plans and budgets (for the entire Secretariat, including own funds) and follow progress and budget utilisation based on quarterly progress reports. However, the Executive Board can only endorse TUCTA's request for Danida's annual contribution, which has to be directly negotiated and agreed between the TUCTA management and the RDE. The RDE will be invited to participate in meetings where annual budgets, progress reports and other BSPS III related issues are discussed.

88. The quarterly progress and financial reports prepared to the Executive Board are activity-based, comparing progress against approved departmental work plans. The reports are comprehensive, showing both activities funded through TUCTA's own funds and through other sources, i.e. Danida, DFID etc. On an annual basis a more comprehensive progress report is prepared against the organisational strategic plan. This report is based on a qualitative analysis, comprehensively outlining progress and constraints, but with limited objectively verifiable data. The indicators in the LFA will be included and once the more general monitoring system is fully operational additional data will be included as well. These reports will adequately cover the Danida requirements.

89. Procurement: TUCTA will out-source the major part of the Danida-financed activities/services to professional service providers within Tanzania, e.g. training in computer skills. Thus a major part of the budget will be for buying national services and products from within Tanzania. The RDE will entrust TUCTA with this type of procurement (local shopping), subject to the acceptance of TUCTA's internal procurement manual by the RDE. Given the significant volume of procurement envisaged, it will be important to monitor the capacity of TUCTA to undertake such procurement which is not only an administrative issue (handled by the Chief Accountant). The departments need to provide terms of reference for consultants, training specifications etc. and quality assurance of the services delivered.

90. Synergies: When seeking service providers, TUCTA will be encouraged to explore cooperation with other BPS partners. For example, the Faculty of Commerce and Management (FCM), at UDSM, may be a good candidate for training branch leaders on how to analyse a company's financial statement, training union staff in how to assess the competitiveness of a sub-sector, and for delivering courses in negotiation skills and governance. – TUCTA may also seek training services from its affiliates. A recent Danida Appraisal Report⁵ recommends that TUCTA may use retired teachers from TTU and utilise TUICO's training experience in OHS and HIV/AIDS.

91. Financial Management: The BPS III support for TUCTA will account for the major part of TUCTA's budget and expenditure, and therefore, TUCTA's annual/quarterly budgets and audited accounts would appear to be the most appropriate basis for financial management rather than establishing a special "project account". Although BPS III will provide support also for the union and regional levels, it appears feasible that the TUCTA Secretariat is the only "account holder", with the final responsibility for expenditure, procurement, and accounting. There could be a few exceptions such as the matching grant scheme where special procedures may be needed. An assessment of the financial management and procurement procedures of ATE will be conducted in the beginning of 2008 to ensure that all systems are adequately in place and that possible issues can be addressed before the start of the implementation of BPS III.

⁵ COWI/Danida, March 2007: Appraisal Report on Good Governance and Local Social Dialogue in East Africa 2007-10

92. TUCTA will for the four first years be supported by a Danida Adviser who will provide support for the capacity development at central, union and regional/branch level (please refer to draft job description in Annex A.6). TUCTA will designate one professional staff member within the Secretariat to serve as the official liaison and contact person for the RDE. As such, this TUCTA officer will have overall responsibility for ensuring a satisfactory monitoring system and progress reporting.

4.3.8 Assumptions and Risks

93. Risk of Duplication: A proposal on Danida support for a regional project: “Good Governance and Local Social Dialogue in East Africa 2007-2009” was generally positively appraised in March 2007. However, with respect to Tanzania, it is noted that “BSPS III in Tanzania is being prepared and TUCTA is likely to be included, which was not foreseen when LO/FTF Council programme proposal was prepared in 2006”. The proposed regional support is focusing on the East African Trade Union Council (EATUC) but also on selected national unions, e.g. TTU in Tanzania, and the work of these unions with the grassroots/branch/regional level. Occupational health and safety is a priority theme in the proposal as it is in the work plans of TUCTA. Therefore, if approved, special efforts will be made to avoid duplication of the support, in particular at the union and regional levels.

94. Absorption Capacity: A question has been raised whether the current capacity of the TUCTA Secretariat is sufficient to manage an expanded cooperation, and in particular a very large training programme. In order to mitigate this risk and safeguard against a situation where TUCTA is not able to employ a “training officer”, flexibility is provided in the training budget allocation, allowing TUCTA to use part of the training budget for the contracting of a national training consultant, if required.

5 COMPONENT BUDGET

95. The total budget for Component A is DKK 123 million (~USD 20.5 million), including contingencies of DKK 3 million. Though a 10% contingency allowance is applied, Danida rules stipulate that development and investment funds (e.g. A.1 – contribution to a basket) and technical assistance (e.g. A.2 – financing of a management contract) do not generate contingencies. Since all sub-components are a continuation of on-going support, relatively high disbursements are expected in the first years.

COMPONENT A: IMPROVED BUSINESS ENVIRONMENT

BSPS III Budget in DKK'000

Sub-components	2008/09	2009/10	2010/11	2011/12	2012/13	TOTAL	
SUB-COMPONENT A.1: BEST-BRU	10,000	10,000	10,000	10,000	5,000	45,000	
SUB-COMPONENT A.2: BEST-AC	5,016	5,079	5,145	5,214	5,289	25,743	
SUB-COMPONENT A.3: ENHANCED CAPACITY OF PRIVATE LABOUR MARKET INSTITUTIONS							
Intervention A.3.a: Capacity Development Support for ATE	4,866	4,919	3,394	2,056	2,034	17,269	
Intervention A.3.b: Capacity Development Support for TUCTA	7,033	11,634	7,924	4,797	3,650	35,038	
TOTAL SUB-COMPONENT A.3	11,899	16,553	11,318	6,853	5,684	52,307	
TOTAL COMPONENT A	26,915	31,632	26,463	22,067	15,973	123,050	
TOTAL COMPONENT A ACCORDING TO DANISH FISCAL YEAR	2008	2009	2010	2011	2012	2013	Total
	13,458	29,274	29,048	24,265	19,020	7,987	123,050

96. The public labour market institutions which were direct partners in BSPS II, will receive support from the BEST-BRU basket. OSHA has estimated its assistance requirements for the period 2008/09 – 2012/13 at USD 6.5 million (DKK 38.9 million) The Department of Labour (DoL), including the Commission for Mediation and Arbitration (CMA), has submitted a tentative budget of DKK 41.7 million, while the Labour Court has submitted a budget of USD 2.3 million (DKK 13.8 million).

6 COORDINATION AND MANAGEMENT

6.1 Coordination and Synergies

97. The terminology “component” and “sub-component” should not be perceived as describing an “institutional body” but rather as a budget of support. The reason why the budgets for BEST-BRU, BEST-AC, ATE, and TUCTA are presented under “Component A: Improved Business Environment” is that these budgets are provided with the common goal of improving the business environment. The many institutions that are supported through the component budgets may or may not have cooperation with each other. There is an obvious relationship between the private and public labour market institutions but in a number of cases, the institutions which receive support under Component A may have no relationship with each other but important relations with institutions which BSPS III supports under other component budgets or not at all. For these reasons, it would not be appropriate to introduce coordination frameworks and mechanisms that are determined by the component=budget, and therefore it would not be relevant to introduce a component steering committee or similar. Rather the existing institutional partnerships and coordination mechanisms will be supported where relevant.

98. Under Sub-component A.3 budget is provided to allow ATE and TUCTA implement joint activities. Part of the basket for BEST-AC will be used to contract training in advocacy from the University of Dar es Salaam Entrepreneurship Centre (UDEC) which is also supported under Sub-component B.2: Trade and Business Education, with the Faculty of Commerce and Management (FCM) as implementing agency. The planned support for developing the advocacy skills of ATE and TUCTA may also be implemented by using services of UDEC or FCM. Likewise, FCM may be used to train local branch leaders in how to analyse a company’s financial position, in training ATE and TUCTA staff on how to analyse productivity and salary trends and the competitive challenges of a sector. The support for the Ministry of Industry, Trade and Marketing (MITM) for improving Tanzania’s position in international trade negotiations will facilitate improved stakeholder consultation, and where relevant ATE and TUCTA will be consulted on issues that concern them.

99. Sub-component C.2, the basket fund for the Enterprise Development Programme, will support the vocational education and training system in which both employers and employees have an important stake. Both ATE and TUCTA are represented in the Board for Vocational Education and Training

6.2 Role of the Royal Danish Embassy (RDE)

100. In line with the Joint Assistance Strategy in Tanzania (JAST) the development partners (DPs) supporting the BEST-BRU and BEST-AC baskets will participate based on division of labour and responsibilities. While Danida/RDE will be an active partner in the BEST Programme, the position of lead partner may change from time to time, according to the staffing of the RDE and the local missions and offices of the other DPs. This is already happening in BSPS II where the DP, having the more experienced staff (and time available), takes the lead responsibility. As in BSPS II, RDE will, on behalf of the other DPs, have a special responsibility for following the developments in the labour market for which there is direct Danish bilateral support. And in 2007, RDE was given the lead DP role for BEST-BRU, overall.

101. With respect to ATE and TUCTA, the BSPS Programme Coordination Unit at the RDE will have the current contact on implementation matters. The liaison and cooperation will be

facilitated through direct contact with respective appointed liaison officers and through RDE participation in relevant board or management meetings.

6.3 Approval of Budget Re-allocations, Annual Work Plans and Budgets

102. In the case it becomes necessary to re-allocate part of the budget from one sub-component to another sub-component or use the unallocated budget for raising the budget of a sub-component, RDE will adhere to current Danida procedures for such re-allocations. Currently an annual re-allocation of DKK 10 million or less may be approved by the RDE annually. The present principle for use of unallocated funds is that it would have to be used for a new activity that has been identified since the programme was approved. Considering the history of the BEST Programme, there could be a possibility of such new activities emerging over the next five years.

103. Generally, the annual BSPS III disbursements/budgets will be based on the approved annual work plans and budgets of the implementing partners. In the case of the BPS III contribution to the BEST-BRU basket, some flexibility is provided when deciding on the annual BPS III contribution, which is a minor part of the total BEST budget. Furthermore, the World Bank, which is providing the major contribution to the basket, has indicated that it would be willing to serve as financier of last resort.

6.4 Financial Transfers and Procurement Management

104. BEST-BRU will apply World Bank procurement procedures and the World Bank will provide oversight. For BEST-AC, Danida will be responsible for the process of tendering for the international consultancy firm, however one or two other DPs will participate as observers in the tender committee. The selected contractor will manage local procurement according the current procedures applied by BEST-AC.

105. The budget for ATE and TUCTA is for financing items that may be procured locally through local shopping, with the exception of an international consultancy contract in the case of ATE and the Danida Adviser in the case of TUCTA. For these latter items, Danida will take the responsibility for organising the tendering/recruitment process, however with ATE and TUCTA participating as relevant in the respective decision processes.

106. Therefore, for ATE and TUCTA, RDE will make semi-annual or quarterly transfers based on approved annual budgets, accounts for the last three or six months, and the estimated requirements for the next period minus the balance available. ATE and TUCTA will then use their internal procedures for local shopping and procurement (accepted by RDE).

6.5 Progress and Financial Reporting

107. As mentioned above, several of the partners are in the process of or have agreed to improving their progress and financial reporting. For BEST-BRU and BEST-AC, the current procedures for progress and financial reporting will be applied. In the case of ATE and TUCTA, the BPS III contribution will be an integral and major part of their budgets, and therefore, their internal procedures and processes for reporting on progress and budget utilisation will be applied, which include quarterly progress and financial reports. The annual plans, budgets and accounts will reflect support/income from other sources than BPS III, in the case of TUCTA e.g. support from the regional project implemented by the Danish trade union movement. ATE's

Board and TUCTA's Executive Board are expected to provide efficient oversight ensuring that the resources are well spent, according to approved purposes.

6.6 Audits

108. The implementing partners will organise that annual audits are implemented in accordance with their internal procedures and requirements and for ATE and TUCTA, budget is provided specifically for audits. In addition, RDE may if necessary contract special audits.

7 MONITORING, REPORTING, REVIEWS AND EVALUATION

7.1 Monitoring and Indicators

109. Generally, Component A includes support for areas that are surveyed in the World Bank's Doing Business publications. Therefore the information on the indicators provided in these publications will constitute the major part of determining the overall impact of the support. All the sub-components have Logical Frameworks and defined indicators to monitor outputs, outcome and impact of the interventions. It is important that consistent and regular reporting takes place against these indicators. Data availability and reliability constitute constraints for monitoring, but efforts have been made to identify indicators where the data is actual available and accessible or where this is not the case, mechanisms for generating the data have been identified.

110. For the two baskets, some improvements of the monitoring systems have been initiated. BEST is a particular complex programme where monitoring of effects has a certain time dimension. At the same time continuous feedback is necessary to guide interventions. The institutionalisation of Regulatory Impact Assessments (RIAs) should strengthen this part of the monitoring considerably. BEST-AC already has a good basis for monitoring its overall impact through the baselines. The initiative to improve the monitoring of the supported projects and the application of the capacity diagnostic tool will strengthen the ongoing monitoring.

111. Both ATE and TUCTA are aware of the need for supplementing and improving their monitoring system. Surveys of members' satisfaction with their services will serve to monitor progress and results. In the case of TUCTA, it is relatively low-cost to measure results within the first layer of impact, i.e. the 14 affiliated member unions, but it is a major challenge to assess changes for the about 400,000 workers and employees who are members of the affiliated unions. TUCTA will initially complete a sample covering a small percentage of the affiliates' members. Further, systems for improving routine data collection and monitoring will be developed in 2007/08. ATE has started a good initiative through its Employer of the Year survey. The institutionalisation and integration of additional information into this survey will be pursued.

7.2 Reporting, Reviews and Evaluation

112. For the two joint baskets (BEST-BRU and BEST-AC), their systems for monitoring, reporting, reviews and evaluations will be followed. Reviews and evaluations will be undertaken as joint exercises with participation of GoT and the involved DPs. However, Danida may in the future include these joint programmes in Danida thematic or country programme evaluations, if relevant.

113. ATE and TUCTA will submit copies of their quarterly progress reports, including financial statements which will make it possible to report on expenditure according to the Tanzanian as well as the Danish fiscal year. As far as possible, the reporting and formats will be according to the requirements of the ATE's and TUCTA's oversight bodies. However, for both organisations the existing formats will be supplemented with verifiable data from monitoring on the agreed indicators. In ATE's case the existing Board minutes will also be supplemented with progress reporting against the workplan and bi-annual substantive progress reports. About once a year, Danida's Technical Advisory Services may field a sector review, which will advise and present recommendations on implementation issues in the programme and its sub-components.

8 ASSUMPTIONS AND RISKS

114. The BEST Programme: The success of the BEST Programme depends primarily on the commitment to reform of the Government, the concerned MDAs and the Parliament. Once the needed regulatory reforms have been adopted, the capacity to implement the new regulations and improve the quality of services needs to be enhanced. This not only requires extra staff and money, but sometimes also changes in the way that the staff works, and in how they behave towards private sector clients, i.e. an attitude change. Past experience indicates that this may be the most difficult challenge.

115. The rationale of having a separate BEST basket fund (outside Treasury) to support MDAs is that a reform process is something that is beyond the daily activities of MDAs and requires a special focus during a limited period of time. Once the regulations have been changed and the institutional capacity has been developed to implement the changes and provide quality services, reform implementation becomes just an integral part of the normal daily routine, and therefore, the normal GoT budget system should take over to sustain the capacity and the services. In this transition, there could be a risk that the normal budget system does not sufficiently replace the basket funding of the implementation in which case there would be problems of sustainability.

116. In the case of TUCTA, a limited absorption capacity does constitute a risk but it is mitigated by allowing flexibility to use part of the training budget for contracting a national training/HRD expert to assist with the planning and implementation of the training budget.

9 IMPLEMENTATION PLANS

117. Since the support is a continuation of on-going support, the current processes and procedures for preparing and approving the work plans and budgets for 2008/09 will be applied. However, there are three issues of transition from BPS II to BPS III that need to be addressed during 2007/08:

1. BEST-AC: the contract for the fund manager/TA provider needs to be tendered in 2007 and awarded before July 2008. Draft Terms of Reference are presented in the description of BEST-AC in Annex A.8.
2. ATE: The contract for an international consultancy, for provision of short-term process and technical assistance inputs, needs to be tendered in 2007 and awarded before July 2008. Draft Terms of Reference are presented in Annex A.3.
3. TUCTA: The Danida Adviser for the period 1 July 2008 – 30 June 2012 needs to be identified and contracted before July 2008. A Draft Job Description is presented in Annex A.6.

118. A considerable part of the support for ATE and TUCTA is for recurrent activities, i.e. activities that are initiated and completed within a given year. However, there is also support for activities that span over more than one year, and for this type of activities, ATE and TUCTA will, during July-December 2008, prepare detailed implementation plans and budgets.

ANNEXES

- Annex A.1 Logical Framework Matrix for Capacity Development Support for ATE
- Annex A.2 Output Budgets for ATE
- Annex A.3 Draft Terms of Reference for Process Consultant for ATE
- Annex A.4 Logical Framework Matrix for Capacity Development Support for TUCTA
- Annex A.5 Output Budgets for TUCTA
- Annex A.6 Draft Job Description for Danida Adviser for TUCTA
- Annex A.7.a Programme Document BEST (presented in separate volume)
- Annex A.7.b BEST-AC: Sub-Component Description (presented in separate volume)

**Annex A.1/
Logical Framework Matrix for ATE**

Sub-component A.3: Enhanced Capacity of Private Labour Market Institutions (DKK 52.3 million)			
Objectives and Outputs	Objectively Verifiable Indicators	Means of Verification	Assumptions
Sub-component Objective: Improved functioning of a private labour market based on bi- and tri-partism	Number of collective bargaining agreements signed increased with 30% per year; Percentage of employers organised ⁶ No of TUCTA members ⁷	TUCTA files ATE will obtain data from the Registrar, CTI and TCCIA TUCTA files	
Intervention A.3.a: Capacity Development of the Association of Tanzania Employers (DKK 17.3 million)			
Enhanced capacity of ATE to represent and service employers with the view to improve their competitiveness and human resource management	a) Paid-up members increased from 70% to 80%; b) +15% annual increase in membership; c) 65% of members satisfied with services d) % of women trained in each workshop must be at least 30%	ATE accounts, membership files, training reports and satisfaction survey	
A.3.a.1: Improved Advisory and Training Services to ATE members (DKK 3.6 m)	a) yearly revenues from sales of services increased from Tshs 140 mill with 10%; b) 80 % participants highly satisfied with training	Accounts + End of training evaluation forms (Progress reports)	ATE raises its income for membership fees and services
A.3.a.2: Expanded geographical coverage and improved ATE infrastructure established and operating (DKK 4.9 m)	a) regional liaison officers increased from 0 to 16; b) zonal offices operating in Arusha, Tanga, Mwanza and Mbeya (increased from 1 to 4)	Progress reports	ATE has resources to employ staff for new zonal offices
A.3.a.3: Enhanced Capacity to represent and advocate members' interests (DKK 5.1 m)	a) 2 sector analyses implemented per year; b) ATE success rate on matters effecting employers	Progress reports; the qualitative data will be through self-assessment in narrative form	ATE employs expertise in labour market economics/analyses
A.3.a.4: Improved awareness among employers of labour related issues (DKK 1.8 m)	a) 50% of members with good policies & practices for HIV/AIDS, gender, CSR; b) 12 seminar or workshops per year; c) quarterly news letters to all members	Survey made for the Employer of the Year Award	
A.3.a.5: Improved international cooperation and cooperation with TUCTA (DKK 1.8 m)	a) 2 joint training session with TUCTA per year, b) 12 joint sessions at the workplaces per year (also including HIV/AIDS); c) 6 sessions at the regional level per year (also including HIV/AIDS)	Progress reports	

⁶ As there is no number for total employers, the indicator will be based on “number of registered companies and TCCIA, CTI and ATE members”

⁷ While the ideal indicator would have been “percentage of organised employees”, reliable data on total number of employees is not available.

Annex A.2
Output Budgets for ATE

Output A.3.a.1: Improved Advisory and Training Services to ATE members

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL BUDGET OUTPUT A.3.a.1 DKK'000
			No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	
I	INVESTMENT AND DEVELOPMENT COSTS												
	1. Equipment and Materials			-		-		-		-		-	-
	2. Vehicles	4-wheel drive	180.0	-		-		-		-		-	-
	3. HRD (Training and Education)			-		-		-		-		-	-
	a) 3 months regional training	course/person	120.0	1	120	1	120	1	120		-	-	360
	b) TOT courses for 5 ATE trainers	1 course for 10	100.0	1	100	1	100		-		-	-	200
	c) 20 courses for members	course-5 days	100.0	5	500	10	1,000	5	500		-	-	2,000
	4. Investment and Development Funds			-		-		-		-		-	-
	5. Civil Works			-		-		-		-		-	-
	Sub-total Investment and Development			720		1,220		620		-		-	2,560
II	TECHNICAL ASSISTANCE COSTS												
	1. International Danida Advisers	person-month	80.0		-		-		-		-		-
	2. International Long-term Consultants	person-month	115.0		-		-		-		-		-
	3. International Short-term Consultants	person-month	200.0	2	400		-		-		-		400
	4. National Long-term Advisers	person-month	10.0		-		-		-		-		-
	5. National Short-term Consultants	person-month	40.0	5	200	5	200		-		-		400
	6. Other National Technical Services	person-month	40.0		-		-		-		-		-
	Sub-total Technical Assistance Costs			600		200		-		-		-	800
III	OPERATIONAL AND RECURRENT COSTS												
	1. Contracted National Staff				-		-		-		-		-
	2. Vehicle O&M	dr/year	40.0		-		-		-		-		-
	3. Office O&M				-		-		-		-		-
	4. Travel and Allowances/see note	LS per year			-		-		-		-		-
	Sub-total Recurrent Costs				-		-		-		-		-
	Contingencies				72		122		62		-		-
	TOTAL BUDGET FOR OUTPUT A.3.a.1 EXCL. CONTINGENCY				1,320		1,420		620		-		-
	TOTAL BUDGET FOR OUTPUT A.3.a.1 INCL. CONTINGENCY				1,392		1,542		682		-		-

Output A.3.a.2: Enhanced geographical coverage and adequate ATE infrastructure established and operating

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL BUDGET OUTPUT A.3.a.2 DKK'000	
			No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000		
I	INVESTMENT AND DEVELOPMENT COSTS													
	1 Equipment and materials													
	1.a For 3 zonal offices	package for 1 zonal office	80.0	1	80	1	80	1	80		-	-	240	
	1.b For Headquarters	ICT+furniture	17.0	8	136	8	136		-		-	-	272	
	2. Vehicles	4-wheel drive	180.0	2	360	2	360	1	180		-	-	900	
	3. HRD (Training and Education)				-		-		-		-	-	-	
	4. Investment and Development Funds				-		-		-		-	-	-	
	5. Civil Works	refurbishment 1 zonal office	60.0	1	60	1	60	1	60		-	-	180	
	Sub-total Investment and Development				636		636		320		-	-	1,592	
II	TECHNICAL ASSISTANCE COSTS													
	1. International Danida Advisers	person-month	80.0		-		-		-		-	-	-	
	2. International Long-term Consultants	person-month	115.0		-		-		-		-	-	-	
	3. International Short-term Consultants	person-month	200.0	0.5	100	0.5	100	0.5	100		-	-	300	
	4. National Long-term Advisers	person-month	10.0		-		-		-		-	-	-	
	5. National Short-term Consultants	person-month	40.0	2	80	2	80	2	80		-	-	240	
	6. Other National Technical Services	person-month	40.0		-		-		-		-	-	-	
	Sub-total Technical Assistance Costs				180		180		180		-	-	540	
III	OPERATIONAL AND RECURRENT COSTS													
	1. Annual Audits	LS per year	30.0	1	30	1	30	1	30	1	30	1	30	150
	2. Vehicle O&M	4-wheel dr/year	40.0	3	120	5	200	5	200	5	200	5	200	920
	3. Office O&M for all ATE	budget subsidy	200.0	1	200	1	200	0.7	140	0.5	100	0.4	80	720
	4. 16 regional liaison officers facilitated	ls per l.o/year	7.2	16	115	16	115	16	115	16	115	16	115	576
	Sub-total Recurrent Costs				465		545		485		445		425	2,366
	Contingencies				110		118		81		45		43	396
	TOTAL BUDGET FOR OUTPUT A.3.a.2 EXCL. CONTINGENCY				1,281		1,361		985		445		425	4,498
	TOTAL BUDGET FOR OUTPUT A.3.a.2 INCL. CONTINGENCY				1,391		1,479		1,066		490		468	4,894

Output A.3.a.3: Enhanced capacity to represent and advocate members' interests

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL BUDGET OUTPUT A.3.a.3 DKK'000
			No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	
I	INVESTMENT AND DEVELOPMENT COSTS												
	1. Equipment and Materials			-		-		-		-		-	-
	2. Vehicles	4-wheel drive	180.0	-		-		-		-		-	-
	3. HRD (Training and Education)	course pers	60.0	2	120	2	120			-		-	240
	4. Investment and Development Funds			-		-		-		-		-	-
	5. Civil Works			-		-		-		-		-	-
	Sub-total Investment and Development			120		120		-		-		-	240
II	TECHNICAL ASSISTANCE COSTS												
	1. International Danida Advisers	person-month	80.0	-		-		-		-		-	-
	2. International Long-term Consultants	person-month	115.0	-		-		-		-		-	-
	3. International Short-term Consultants	person-month	200.0	3	600	3	600	3	600	3	600	3	3,000
	4. National Long-term Advisers	person-month	10.0	-		-		-		-		-	-
	5. National Short-term Consultants	person-month	40.0	8	320	12	480	10	400	8	320	8	1,840
	6. Other National Technical Services	person-month	40.0	-		-		-		-		-	-
	Sub-total Technical Assistance Costs			920		1,080		1,000		920		920	4,840
III	OPERATIONAL AND RECURRENT COSTS												
	1. Contracted National Staff			-		-		-		-		-	-
	2. Vehicle O&M	4-wheel dr/year	40.0	-		-		-		-		-	-
	3. Office O&M			-		-		-		-		-	-
	4. Travel and Allowances	LS per year		-		-		-		-		-	-
	Sub-total Recurrent Costs			-		-		-		-		-	-
	Contingencies			12		12		-		-		-	24
	TOTAL BUDGET FOR OUTPUT A.3.a.3 EXCL. CONTINGENCY			1,040		1,200		1,000		920		920	5,080
	TOTAL BUDGET FOR OUTPUT A.3.a.3 INCL. CONTINGENCY			1,052		1,212		1,000		920		920	5,104

Output A.3.a.4: Improved awareness among employers of labour related issues

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL BUDGET OUTPUT A.3.a.4 DKK'000
			No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	
I	INVESTMENT AND DEVELOPMENT COSTS												
	1. Equipment and Materials			-		-		-		-		-	-
	2. Vehicles	4-wheel drive	180.0	-		-		-		-		-	-
	3. HRD (Training and Education)		50.0	-		-		-		-		-	-
	4. Investment and Development Funds			-		-		-		-		-	-
	5. Civil Works			-		-		-		-		-	-
	Sub-total Investment and Development			-		-		-		-		-	-
II	TECHNICAL ASSISTANCE COSTS												
	1. International Danida Advisers	person-month	80.0	-		-		-		-		-	-
	2. International Long-term Consultants	person-month	115.0	-		-		-		-		-	-
	3. International Short-term Consultants	person-month	200.0	-		-		-		-		-	-
	4. National Long-term Advisers	person-month	10.0	-		-		-		-		-	-
	5. National Short-term Consultants	person-month	40.0	-		-		-		-		-	-
	6. Employer of the Year Survey	l/s	250.0	1	250	1	250	1	250	1	250	1	250
	Sub-total Technical Assistance Costs			250		250		250		250		250	1,250
III	OPERATIONAL AND RECURRENT COSTS												
	1. Contracted National Staff			-		-		-		-		-	-
	2. Vehicle O&M	4-wheel dr/year	40.0	-		-		-		-		-	-
	3. Office O&M (promotional material)	l/s	100.0	1	100	1	100	1	100	1	100	1	100
	4. Travel and Allowances	LS per year		-		-		-		-		-	-
	Sub-total Recurrent Costs			100		100		100		100		100	500
	Contingencies			10		10		10		10		10	50
	TOTAL BUDGET FOR OUTPUT A.3.a.4 EXCL. CONTINGENCY			350		350		350		350		350	1,750
	TOTAL BUDGET FOR OUTPUT A.3.a.4 INCL. CONTINGENCY			360		360		360		360		360	1,800

Output A.3.a.5: Enhanced international cooperation and cooperation with TUCTA

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL BUDGET OUTPUT A.3.a.5 DKK'000	
			No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000		
I	INVESTMENT AND DEVELOPMENT COSTS													
	1. Equipment and Materials			-		-		-		-		-	-	
	2. Vehicles	4-wheel drive	180.0	-		-		-		-		-	-	
	3. HRD (Training and Education)	ls per year	100.0	0.5	50	1	100	1	100	1	100	1	100	450
	4. Investment and Development Funds	lump sum	180.0		-		-		-		-		-	
	5. Civil Works				-		-		-		-		-	
	Sub-total Investment and Development				50		100		100		100		100	450
II	TECHNICAL ASSISTANCE COSTS													
	1. International Danida Advisers	person-month	80.0		-		-		-		-		-	
	2. International Long-term Consultants	person-month	115.0		-		-		-		-		-	
	3. International Short-term Consultants	person-month	200.0	2	400		-		-		-		400	
	4. National Long-term Advisers	person-month	10.0		-		-		-		-		-	
	5. National Short-term Consultants	person-month	40.0	1	40	1	40		-		-		80	
	6. Other National Technical Services	person-month	40.0		-		-		-		-		-	
	Sub-total Technical Assistance Costs				440		40		-		-		-	480
III	OPERATIONAL AND RECURRENT COSTS													
	1. Contracted National Staff				-		-		-		-		-	
	2. Vehicle O&M	4-wheel dr/year	40.0		-		-		-		-		-	
	3. Activities with TUCTA at regional level	lump sum/year	120.0	1	120	1	120	1	120	1	120	1	120	600
	4. Travel and Allowances (regional and international travel to "sister" organisations)	LS per year	40.0	1	40	1	40	1	40	1	40	1	40	200
	Sub-total Recurrent Costs				160		160		160		160		160	800
	Contingencies				21		26		26		26		26	125
	TOTAL BUDGET FOR OUTPUT A.3.a.5 EXCL. CONTINGENCY				650		300		260		260		260	1,730
	TOTAL BUDGET FOR OUTPUT A.3.a.5 INCL. CONTINGENCY				671		326		286		286		286	1,855

Notes to Output Budget A.3.a.1

For five thematic subjects (HIV/AIDS, OHS, HR Management, CSR, Labour Law for SMEs) the budget will finance development of training packages, TOT courses, and the first four courses for each theme.

Notes to Output Budget A.3.a.2

During the first three years, ATE will open zonal offices in Tanga, Mwanza and Mbyea, one per year. The offices will be accommodated in rented facilities but BSPS III will finance refurbishment and office and ICT equipment, as well as national consultants to make a business development plan for each office. 16 regional liaison officers will be facilitated (about USD 100 per month per officer). Since ATE's revenues are expected to increase substantially over the period, the general budget subsidy for ATE is included with a decreasing amount, starting at DKK 200,000 in 2008/09 declining to DKK 80,000 in 2012/13

Notes to Output Budget A.3.a.3

Four staff will receive training in advocacy and negotiation. About 10 sub-sector/branch studies will be implemented with support of national and international consultants to provide evidence on salary and productivity trends and the competitive situation of the branch. It is anticipated that implementation will be done by a team comprising ATE staff, a national consultant and an international expert and that the consultancy input will decline as the ATE staff develop the capacity. About 5 p/m of the international consultant person-months are process consultants for supporting the implementation and general capacity development of ATE.

Notes to Output Budget A.3.a.4

The annual survey for the "Employer of the Year Award" will be financed in addition to "budget support" for general promotional materials

Notes to Output Budget A.3.a.5

2 p/m national and 2 p/m international consultants will be provided to study management of security/pension funds as basis for joint ATE/TUCTA advocacy. About DKK 100,000 will be provided to organise joint ATE/TUCTA training activities. Cooperation with TUCTA at regional level will be facilitated.

Tanzania
Business Sector Programme Support – Phase III
BSPS III
2008-2013

Implementation Support and Specialised Technical Assistance
for the Association of Tanzania Employers

DRAFT TERMS OF REFERENCE

1 BACKGROUND

1. Under BSPS III, July 2008 – June 2013, Danida continues its support for development of an efficient labour market based on bi- and tri-partism. This involves continuation of the support for the Association of Tanzania Employers (ATE) and for the Trade Union Congress of Tanzania (TUCTA). In their present shape and role, ATE and TUCTA are relatively new organisations which need to further develop their capacity and outreach for representing and supporting their members. Due to the dominance of the informal sector, the formal labour market for the private sector has a relatively modest size, though expanding rapidly. For example, ATE had in 2007 only some 700 member companies, employing some 170,000 workers. Most agreements are made within the individual company but it is envisaged that in the future employers and employees increasingly will enter into collective bargaining agreements (CBAs).

2. For the period 2008-2013, ATE intends to pursue an expansion of its geographical coverage and services through a gradual step-wise process, emphasising low-cost solutions and the objective of reducing donor dependency. For expanding the geographical coverage ATE will in a step-wise manner open three small zonal offices over the next five years, and designate an employer in each region as “liaison officer”, facilitating the liaison officer with a modest budget for communication etc. Where relevant, ATE will undertake advocacy, awareness-creation and development activities jointly with TUCTA. ATE will also introduce training courses for its members to enhance their capacity for managing human resources (HRM), occupational health and safety (OHS), and HIV/AIDS issues, and for dealing with their corporate social responsibility (CSR). While Danida is requested to finance the development and initial operation of these courses, user fees and ATE’s other income will be mobilised towards financing the continuation of such courses.

3. ATE’s objective for the ATE-Danida cooperation in BSPS III is: *Enhanced capacity of ATE to represent and service employers with the view to improve their competitiveness and human resource management*. In representing employers, ATE does not consider short-term profit maximisation (through exploitation of labour) as a goal for ATE and its members. Rather a longer term view is applied in order to improve competitiveness and this, *inter alia*, involves introduction of good practices for HRM, OHS, CSR etc. When representing members’ interests in negotiations of CBAs or in other contexts, ATE is constrained by lack of information on salary and productivity trends within a given sector or industry, and the competitive position of the industry, for example the threats and opportunities from abroad. It is difficult to deliver effective advocacy without hard evidence.

4. For the period July 2008 – June 2013, ATE and Danida have agreed on a cooperation programme that involves a financial contribution from Danida of DKK 17.3 million supporting the achievement of five outputs:

Output A.3.a.1 - Improved Advisory and Training Services to ATE members: In order to improve the advisory services, three professionals of ATE's secretariat will receive 3-month training in negotiation and arbitration skills. In order to improve (introduce) training services, BSPS III will provide budget for development of training packages for courses in: (i) HRM; (ii) OHS; (iii) HIV/AIDS; (iv) CSR; and (v) labour laws for SMEs. Gender issues will be an integral part of all the courses. Ten trainers will undergo a trainer of trainers' course and the first four courses under each theme will be financed by BSPS III.

Output A.3.a.2: Expanded geographical coverage and improved ATE infrastructure established and operating: In order to expand the coverage, BSPS III will provide budget to allow ATE to: (i) establish zonal offices in Mwanza, Mbeya and Tanga and develop business plans for the three offices; and (ii) appoint an employer member as regional liaison officer in 16 regions without any ATE office – facilitating the liaison officer with about USD 100 per month for communication etc. The improvement of ATE infrastructure involves support for ICT, vehicles etc. The current “budget support” for ATE's operational costs will be continued.

Output A.3.a.3: Enhanced Capacity to represent and advocate members' interests: In negotiating employment and working conditions ATE and employers lack an analytical basis, e.g. data on trends in salaries, productivity, skills, CSR, OHS and an assessment of the profitability of different sectors and the threats from international competition. Budget will be provided to allow ATE engage national consultants and a limited input of international consultants to undertake such analysis for 10 sectors and for updating the information. This will enhance the capacity of ATE staff and ATE representatives at different levels such as sectoral wage boards, social services committee, LESCO, CMA, Labour Court etc.

Output A.3.a.4: Improved awareness among employers of labour related issues: ATE has introduced an “Employer of the Year Award”. Currently ATE provides the Overall Employer of the Year Award and special awards in the categories of: OHS, CSR, HIV/AIDS, Employees Relations and staff development. In the future, ATE will include an award for gender equality policy. In addition, in 2007 ATE introduced awards in terms of different company sizes i.e. Best Small, Best Medium and Best Large Company Award. Though the award in itself is relatively small, it has an important promotional value for the winner and also it creates awareness among all employers about the importance of good HR management and employment practices. It is relatively costly for ATE to contract a specialised company to implement the survey of employers, which candidate for the award. However, the survey provides a valuable input to establishment of membership statistics. – ATE has recently employed a capable communication officer, and budget will be provided to support ATE's communication activities (news letters, web-site, advertisement etc.)

Output A.3.a.5: Enhanced international cooperation and cooperation with TUCTA: ATE and TUCTA have identified areas where they will have joint activities

For example, ATE will promote joint forums, nationally and at the individual workplaces, for dealing with OHS and HIV/AIDS issues while TUCTA will be the lead on the issue of child labour. Where beneficial, ATE and TUCTA will implement joint training courses, with participation of workers and employers. Gender issues will be an integral part of all the joint activities between ATE and TUCTA. ATE will, as a joint activity with TUCTA, contract national and international expertise to review the management of social security and pension funds, as a basis for joint advocacy vis a vis GoT. Another deliverable, at regional level, will be joint activities between ATE's regional liaison officers and TUCTA's regional technical committees.

2 OBJECTIVES

5. The objectives of this consultancy are:
 1. To enhance the capacity of ATE and facilitate the production of the following deliverables: (i) training manuals and materials, (ii) business plans for three new zonal offices; (iii) 10 sector/industry studies assessing employment and labour trends of the industries, the competitive threats, opportunities etc. as a basis for negotiations in the sectoral wage boards and other contexts; (iv) an analysis of public pension fund management based on international experiences and/or analyses of other subjects for which evidence is required for joint ATE & TUCTA advocacy.
 2. Develop the capacity of ATE staff and representatives at various levels (through training on-the-job when delivering the above technical outputs)
 3. Ensure timely and efficient implementation through support, when relevant and needed, for the processes of implementation, e.g. for preparing work plans and reporting.

3 INPUTS AND DELIVERABLES

6. Inputs comprise international and national consultants fielded for specific tasks and with the relevant background and experience for implementing the tasks. The international consultancy firm tendering for the job is required to form an association or joint venture with one or more Tanzanian consultancy firms, research institutions or similar in order to develop the capacity of national service providers. A national consultant shall participate in the execution of all technical tasks. Each input of an individual consultant is of a short-term duration, three months or less. The total maximum frame for the inputs is given below.

Planned inputs of the international consultancy contract for provision of implementation support and specialised technical assistance

Input in person-months	National consultants	International Consultants
1. Support development of 5 training packages - Output A.3.a.1	10.0	2.0
2. Develop business plans for 3 new zonal offices - Output A.3.a.2	6.0	1.5
3. 10 sector studies + capacity development of ATE staff/representatives, and support for implementation process - Output A.3.a.3	46.0	15.0
4. Studies (e.g. pension funds) for evidence-based joint advocacy with TUCTA - Output A.3.a.5	2.0	2.0
TOTAL	64.0	20.5

7. Different types of expertise will be required for the different deliverables and subject areas. Expertise and experience in human resource development will be required for development of training packages; financial and business planning expertise for the business plans; experts in labour market economics/industrial economics for the sector studies; expertise in public pension fund management for the study of pension funds; and expertise in project management for the implementation support. Out of the 15 person-months of international consultancy allocated under the third item, it is expected that about 5 person-months will focus on supporting implementation and capacity development processes.

8. The bidders shall in their proposals on the framework contract provide an overview of the pool of expertise in these different areas, and the person-month cost of different types and levels of expertise. The tender shall also include the direct cost of fielding the expertise, i.e. international travel, per diem, hotel, and local travel. However, the indirect costs of certain deliverables, e.g. a workshop to present and discuss a study, will be funded from ATE's budget with support of Danida.

4 MANAGEMENT OF THE FRAMEWORK CONTRACT

9. While the Royal Danish Embassy/Danida will serve as employer, paying the invoices to the contractor, the definition of each specific task will be the responsibility of ATE. In each case, ATE will prepare terms of reference, detailing the outputs to be delivered, the tasks to be performed, and the inputs required in terms of persons, time and qualifications. Being the recipient and beneficiary of the inputs, ATE will also assure that the services delivered satisfy the terms of reference and its requirements.

Logical Framework Matrix for Capacity Development Support for TUCTA

Sub-component A.3: Enhanced Capacity of Private Labour Market Institutions (DKK 54.1 million)			
Objectives and Outputs	Objectively Verifiable Indicators	Means of Verification	Assumptions
Sub-component Objective: Improved functioning of a private labour market based on bi- and tri-partism	Number of collective bargaining agreements signed increased with 30% per year; Percentage of employers organised ⁸ No of TUCTA members ⁹	TUCTA files ATE will obtain data from the Registrar, CTI and TCCIA TUCTA files	
Intervention A.3.b: Capacity Development of the Trade Union Congress of Tanzania (TUCTA) – DKK 35.1 million			
<i>At the end of BSPS III the trade union movement of Tanzania mainland affiliated with TUCTA will be able to provide effective services to their members in collective bargaining agreements and dispute settlements and effectively advocate the interest of the members</i>	a) Collective bargaining agreements signed covering HIV/AIDS increased with 20% and covering gender increased with 20%; b) 75% of union affiliates satisfied with TUCTA's services; c) TUCTA yearly membership income increased from Tshs 100 million in 2007 with 20% per year	TUCTA records, TUCTA survey, TUCTA financial records	
A.3.b.1: TUCTA Secretariat Strengthened (DKK 14.4 million)	75% Union Affiliates satisfied with TUCTA's services; b) no of secretariat professional staff (women and men) increased from 6 to 12	Progress report + survey	Enhanced professional staff capacity (training officer)
A.3.b.2: Affiliated Unions Strengthened (DKK 4.8 million)	75% members of unions satisfied with services provided by unions; b) membership of unions increased with 10%	Yearly sample survey based on 10% of unions members; Progress report, unions' member registry	Enhanced professional staff capacity (training officer)
A.3.b.3: Enhanced Capacity at Regional and Branch Level (DKK 15.8 million)	a) No of regional and branch representatives trained (women and men) (target to be established); b) 12 meetings of the regional committee per year per region; c) x number of shop stewards trained	Progress report + survey + unions' member registry	Enhanced professional staff capacity (training officer)

⁸ As there is no number for total employers, the indicator will be based on “number of registered companies and TCCIA, CTI and ATE members”

⁹ While the ideal indicator would have been “percentage of organised employees”, reliable data on total number of employees is not available.

Annex A.5

Output Budgets for the Capacity Development Support for TUCTA

Output A.3.b.1: TUCTA Secretariat Strengthened

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL OUTPUT A.3.b.1 DKK'000
			No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	
I INVESTMENT AND DEVELOPMENT													
1. Equipment and Materials	lump sum/year	150.0	1	150	1	150		-		-		-	300
2. Vehicles	4-wheel drive	180.0	1	180	1	180		-		-		-	360
3. HRD (Training and Education)	ls year	150.0	1	150	1	150	1	150	1	150	1	150	750
4. Investment and Development Funds				-		-		-		-		-	-
5. Civil Works	refurb building			500		3,000		-		-		-	3,500
Sub-total Investment and Development				980		3,480		150		150		150	4,910
II TECHNICAL ASSISTANCE													
1. International Danida Advisers	person-month	80.0	12	960	12	960	12	960	12	960		-	3,840
2. International Long-term Consultants	person-month	115.0		-		-		-		-		-	-
3. International Short-term Consultants	person-month	200.0	1	200	1	200	1	200	1	200	1	200	1,000
4. National Long-term Advisers	person-month	10.0		-		-		-		-		-	-
5. National Short-term Consultants	person-month	40.0	8	320	2	80	2	80		-		-	480
6. Other National Technical Services	person-month	40.0		-		-		-		-		-	-
Sub-total Technical Assistance Costs				1,480		1,240		1,240		1,160		200	5,320
III OPERATIONAL AND RECURRENT													
1. Contracted National Staff				-		-		-		-		-	-
2. Vehicle O&M	dr/year	40.0	1	40	2	80	1.5	60	1.25	50	1.0	40	270
3. Implementation of Communication Strategy	LS per year			100		100		80		70		60	410
4. guidelines on CCIs developed issued	on guideline	120.0	1	120	2	240		-		-		-	360
5. Printing- workshop for educ policy	LS	60.0	1	60		-		-		-		-	60
6. Issue Youth Policy - empowerment	LS per year			60		60		60		50		30	260
7. Campaign info on child lab (ATE)	LS per year	60.0	1	60	1	60	1	60	1	60		-	240
8. Campaigns before TUCTA election	LS per year	60.0		-		-	1	60		-		-	60
9. 3rd and 4th trade union congress	LS per Congr	130.0		-	1	130	1	130		-		-	260
10. Office O&M ("budget support") TA c	LS per year			200		200		180		150		100	830
11. Audit	ls per year	40.0	1	40	1	40	1	40	1	40	1	40	200
12. Travel and Allowances/see note	LS per year			100		100		80		60		40	380
Sub-total Recurrent Costs				780		1,010		750		480		310	3,330
Contingencies				176		449		90		63		46	824
TOTAL BUDGET FOR OUTPUT A.3.b.1 EXCL. CONTINGENCY				3,240		5,730		2,140		1,790		660	13,560
TOTAL BUDGET FOR OUTPUT A.3.b.1 INCL. CONTINGENCY				3,416		6,179		2,230		1,853		706	14,384

Output A.3.b.2: Affiliated Unions Strengthened

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL OUTPUT A.3.b.2 DKK'000	
			No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000		
I	INVESTMENT AND DEVELOPMENT COSTS													
	1. Equipment and Materials	ls per year	200.0	1	200	1	200		-		-		400	
	2. Vehicles	4-wheel drive	180.0		-		-		-		-		-	
	3. HRD (Training and Education)	ls per year	800.0	0.5	400	1	800	1	800	1	800	1	800	3,600
	4. Investment and Development Funds				-		-		-		-		-	
	5. Civil Works				-		-		-		-		-	
	Sub-total Investment and Development				600		1,000		800		800		800	4,000
II	TECHNICAL ASSISTANCE COSTS													
	1. International Danida Advisers	person-month	80.0		-		-		-		-		-	
	2. International Long-term Consultants	person-month	115.0		-		-		-		-		-	
	3. International Short-term Consultants	person-month	200.0		-		-		-		-		-	
	4. National Long-term Advisers	person-month	10.0		-		-		-		-		-	
	5. National Short-term Consultants	person-month	40.0		-	2	80		-		-		80	
	6. Other National Technical Services	person-month	40.0		-		-		-		-		-	
	Sub-total Technical Assistance Costs				-		80		-		-		80	
III	OPERATIONAL AND RECURRENT COSTS													
	1. Contracted National Staff				-		-		-		-		-	
	2. Vehicle O&M	4-w.dr/year	40.0		-		-		-		-		-	
	3. Preparation for Union Elections	LS per year	300.0		-		-	1	300		-		-	300
	3. Office O&M				-		-		-		-		-	
	4. Travel and Allowances (workshop)	LS per year			-		10		-		-		-	10
	Sub-total Recurrent Costs				-		10		300		-		-	310
	Contingencies				60		101		110		80		80	431
	TOTAL BUDGET FOR OUTPUT A.3.b.2 EXCL. CONTINGENCY				600		1,090		1,100		800		800	4,390
	TOTAL BUDGET FOR OUTPUT A.3.b.2 INCL. CONTINGENCY				660		1,191		1,210		880		880	4,821

Output A.3.b.3: Enhanced capacity at regional and branch level

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL OUTPUT A.3.b.3 DKK'000	
			No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000	No Units	Budget DKK'000		
I	INVESTMENT AND DEVELOPMENT COSTS													
	1. Equipment and Materials	pc	12.0	21	252		-		-		-		252	
	2. Vehicles	motor bike	18.0	21	378		-		-		-		378	
	3. HRD (Training and Education)	participant	3.0	100	300	100	300	100	300	100	300	100	300	1,500
	4. Investment and Development Funds	matching grant	60.0	21	1,260	21	1,260	21	1,260	21	1,260	21	1,260	6,300
	5. Civil Works	refurbishing	lump sum		-		2,000		2,200					4,200
	Sub-total Investment and Development				2,190		3,560		3,760		1,560		1,560	12,630
II	TECHNICAL ASSISTANCE COSTS													
	1. International Danida Advisers	person-month	80.0		-		-		-		-		-	-
	2. International Long-term Consultants	person-month	115.0		-		-		-		-		-	-
	3. International Short-term Consultants	person-month	200.0		-		-		-		-		-	-
	4. National Long-term Advisers	person-month	10.0		-		-		-		-		-	-
	5. National Short-term Consultants	person-month	40.0		-		-		-		-		-	-
	6. Regional IT network	ls	200.0	1	200		-		-		-		-	200
	Sub-total Technical Assistance Costs				200		-		-		-		-	200
III	OPERATIONAL AND RECURRENT COSTS													
	1. Contracted National Staff				-		-		-		-		-	-
	2. Vehicle O&M	4-wh. dr/year	40.0		-		-		-		-		-	-
	3. Office O&M	LS per year per committee	7.2	21	151	21	151	21	151	21	151	21	151	756
	4. Annual Consultations of Regional Unions' Secretaries	LS per year	280.0	1	280	1	280	1	280	1	280	1	280	1,400
	Sub-total Recurrent Costs				431		431		431		431		431	2,156
	Contingencies				136		273		293		73		73	849
	TOTAL BUDGET FOR OUTPUT A.3.b.3 EXCL. CONTINGENCY				2,821		3,991		4,191		1,991		1,991	14,986
	TOTAL BUDGET FOR OUTPUT A.3.b.3 INCL. CONTINGENCY				2,957		4,264		4,484		2,064		2,064	15,835

Notes to the Output Budgets:

Output Budget A.3.b.1: Under equipment provision is made for 19 pc workstations (pc/laptop+printer) at USD 2,000 per unit, one fax USD 1,000; and one photocopier USD 3,000. Two vehicles are included as well as their O&M. DKK 3 million is provided for the refurbishment of TUCTA HQ building in DSM and DKK 500,000 for the Training Centre building in Mbeya. Short courses are provided for 7 professional staff and 12 admin staff. All directors will receive training in advocacy and negotiation skills. Under Technical Assistance, a Danida Adviser is provided for 4 years. Budget is provided for contracting national consultants: 4 p/m for review of TUCTA policies and strategies; 2 p/m for development of M&E system and training in reporting; 2 p/m to assess gaps in official national labour statistics; 2 p/m to analyse the new labour market survey; 2 p/m to make a feasibility of establishing a central data base.

Under operational and recurrent costs, DKK 410,000 is provided for implementation of the communication strategy, budget is also provided for various campaign and issuing of guidelines. DKK 200,000 is provided provided in the first year, declining to DKK 100,000 in the last year, as general support for operations, and budget (DKK 380,000) is provided to visit the 21 regions with participation of the Danida adviser.

Output Budget A.3.b.2: DKK 400,000 is provided to buy information and communication technology to affiliated unions. DKK 3.6 million is provided to train staff in affiliated unions. National consultants (2 p/m) are provided for to make TNA and assess potential conflicts of constitutions. DKK 10,000 is provided for a workshop to harmonise constitutions.

Output Budget A.3.b.3: Budget is provided to buy a computer+printer (USD 2,000 per unit) to each of the 21 regions; for short-term training (USD 500 per person) of 500 regional secretaries, i.e. 100 per year; a matching grant fund, DKK 6.3 million, which will support training and campaigns of RTCs at regional and branch level, average USD 10,000 ~DKK 60,000 per region per year for all 21 regions. DKK 4.2 million is provided for refurbishment of TUCTA's regional buildings. A consultancy (DKK 200,000) is provided for establishment of regional IT network. USD 100 is provided per month for each Regional Technical Committee for operation and communication (total DKK 151,000 per year for 21 regions). Budget is provided for annual consultation of regional unions' secretaries (DKK 1,400,000).

DRAFT JOB DESCRIPTION FOR TECHNICAL ADVISER FOR TUCTA

(Note: Statements included in this description are intended to reflect in general the duties and responsibilities and are not to be interpreted as being all inclusive)

Functional Title: Technical Adviser (TA) to the Trade Union Congress of Tanzania (TUCTA)

Duty Station: Dar es Salaam, Tanzania, but with considerable in-country travel

Duration: 1 July 2008 – 30 June 2012

Reporting: The TA shall report to TUCTA's Secretary General on professional matters and to the Royal Danish Embassy (RDE) on contractual and administrative matters

Context:

The TA position is financed under the third phase of Danida's Business Sector Programme Support (BSPS III), July 2008 – June 2013, and is part of the sub-component supporting the capacity development of private labour market institutions. This sub-component is working with the Association of Tanzania Employers (ATE) and the trade union movement through a support programme implemented by the apex organisation, the Trade Union Congress of Tanzania (TUCTA) which has 14 affiliated unions as members. The support for ATE and TUCTA is provided as two separate interventions, and the TA position is exclusively for supporting TUCTA. The BSPS III support is designed to assist TUCTA and the trade union movement with achieving their strategic goals, and focuses in particular on developing the capacity of TUCTA at the central level, the affiliated unions, and the trade union movement at regional and branch level. The BSPS III support is focusing on specific activities and deliverables but is provided as "budget support" for TUCTA's budget. Oversight and coordination is provided by TUCTA's Executive Board.

The TA will provide technical assistance to TUCTA and affiliated unions on trade union matters. In particular, the TA will assist with identifying and defining the needs for capacity development and the interventions required for developing the capacity of TUCTA and the trade union movement to efficiently represent its members in the reformed labour market based on bi- and tri-partism. The TA is counterpart to the TUCTA Management and responsible to the TUCTA Secretary General on professional matters of her/his work. The TUCTA Secretary General approves the work plans of the TA.

Duties and responsibilities:

- Provide technical support and advice to TUCTA and affiliated unions on trade union matters
- Assess capacity constraints and advise on strategies and measures for organisational and capacity development
- Assist the TUCTA Secretariat with contracting services for capacity and organisational development, including drafting Terms of Reference and preparing training specifications

- Support TUCTA in the detailed design and implementation of a matching grant scheme (financed by BSPS III) that supports training activities and other capacity development activities at regional/branch level
- Assist TUCTA in developing evidence-based advocacy by undertaking analysis of labour market issues
- Support the TUCTA Secretariat in preparing annual work plans and budgets (of which a major part is financed by BSPS III)
- Support TUCTA in establishing a proper monitoring system and in progress and financial reporting on work plan and budget execution;
- Support TUCTA in its work on addressing and mainstreaming its policy and practice on cross-cutting issues, such as gender equality, HIV/AIDS, environment and governance
- Assist TUCTA and affiliated unions with developing their relationship with the international trade union movement, including the Danish trade union movement
- Facilitate cooperation with other donor financed trade union development projects
- Assist TUCTA and affiliated unions in establishing of working relations to other relevant partners, whether or not they are supported by BSPS III.

Background and Qualifications of the TA: The TA is expected to have experience from working with the trade union movement in developed countries and in Africa as well as a proven track record in working with capacity and organisational development, and labour market economics and analyses.