

TANZANIA

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

COMPONENT B

BETTER ACCESS TO MARKETS

B.1: Enhanced Capacity in International Trade Negotiations

B.2: Trade and Business Education

Appendix B Component Description Document

Cover Page

Country	Tanzania
Sector	Business Sector
Title of SPS document	Business Sector Programme Support, Phase III
Title of Component B	Better Access to Markets
<i>Sub-Components:</i>	<i>National Implementing Partner Agencies:</i>
B.1 International Trade Negotiations DKK 26 million	Ministry of Industry, Trade and Marketing (MITM)
B.2 Trade and Business Education DKK 49.8 million	Faculty of Commerce and Management (FCM), University of Dar es Salaam (UDSM)
Duration	Five years: 1 July 2008 – 30 June 2013
Overall component budget	DKK 75.7 million

Description:

Component B is designed to contribute to improving Tanzania's participation in international markets. It does so by: (i) assisting MITM with developing its human resource and institutional capacity for improving Tanzania's position in international trade negotiations and follow-up on signed agreements; and (ii) assisting FCM with expansion of its menu, physical and human resource capacity, outreach and throughput of students and trainees with qualifications in international trade, business management and entrepreneurship.

The major part of the support for MITM is a budget that MITM can use to contract national and international expertise to analyse what would be the most advantageous position for Tanzania in international trade negotiations and what would be the best way of following up on signed agreements. Budget is also provided to improve stakeholder consultation and raise the awareness in the private sector about the challenges and opportunities offered by trade agreements. Finally, budget is provided to strengthen MITM's capacity for planning, management and communication.

The support for FCM comprises upgrading and expansion of physical facilities, capacity development of staff, support for research, development of new programmes and courses, and sponsoring of students.

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Abbreviations

ATE	Association of Tanzania Employers
BDS	Business Development Scheme
BEST	Business Environment Strengthening for Tanzania
BSPS	Business Sector Programme Support
CCI	Cross Cutting Issues
CoET	College of Engineering and Technology
CPGS	Faculty's Coordinator of Postgraduate Studies
CRDB	Cooperative and Rural Development Bank Ltd
DIT	Department of International Trade
DKK	Danish Crones
DTIS	Diagnostic Trade Integration Study
EAC	East African Community
ECP	Enterprise Competitiveness (Development) Programme
FCM	Faculty of Commerce and Management
GDP	Gross Domestic Product
GoT	Government of Tanzania
GSP	General System of Preferences
IF	Integrated Framework
IMF	International Monetary Fund
ITC	International Trade Centre
LDC	Least Developed Countries
MDA	Ministries, Departments and Agencies
MIB	Masters of International Business
MIT	Masters in International Trade
MITM	Ministry of Industry, Trade and Marketing
MKUKUTA	The Kiswahili acronym for the second Poverty Reduction Strategy Paper (NSGRP)
MSTHE	Ministry of Science, Technology and Higher Education
NGO	Non-Governmental Organisation
NSGRP	National Strategy for Growth and Reduction of Poverty
PASS	Private Agriculture Sector Support
PSCP	Private Sector Competitiveness Project
PSRP	Public Service Reform Programme
RDE	Royal Danish Embassy
SADC	South Africa Development Community
SCF	SME Competitiveness Facility
SME	Small and Micro Enterprises
SPS	Sector Programme Support
STT	Strategic Think Tank
SUA	Sokoine University of Agriculture
TA	Technical Assistance
TBDS	Tanzania Business Development Scheme
ToR	Terms of Reference
TOT	Training of Trainers (course)
TPRM	Trade Policy Review Mechanism
TUCTA	Trade Union Congress of Tanzania
TWG	Technical Working Groups
TZS	Tanzanian Shilling
UDEC	University of Dar es Salaam Entrepreneurship Centre
UDSM	University of Dar es Salaam
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
USD	US Dollars

WB	World Bank
WTO	World Trade Organisation

Exchange Rates:

USD 1.00 = DKK 6.00

DKK 1.00 = TZS 250

Executive Summary

Accessing Markets - Challenges and Opportunities

Government's 2025 Vision is that Tanzania becomes a middle income country and an active and competitive player in regional and world markets. While Tanzania has embarked on the road towards this vision, there is a long way to go and many constraints (at the border and behind the border) that remain to be addressed. Achieving the vision requires an expansion of the manufacturing sector and that more value is added to basic commodities and raw materials which still dominate the economy and exports. Many agricultural commodities leave the rural areas without much value addition, and therefore the non-farm rural enterprise sector has limited volume and capacity for absorbing the close to one million youths who enter the labour market each year.

There are opportunities for expanding manufacturing and the non-farm rural enterprise sectors. The urban middle class is growing rapidly, super markets are expanding and there is a substantial and growing tourism, all offering an opportunity for substituting food product imports with home-made products. Also there are several niches in the international markets that Tanzania may exploit.

Raising value addition requires major investments in transportation and energy but also improvements in human resources and institutional capacity, e.g. the capacity to negotiate advantageous international trade agreements.

While Tanzania has more or less free access to major markets for commodities and raw materials, Tanzania needs to negotiate international trade agreements that allow exports of processed and manufactured goods and a fair competition from imports. Markets generally become less open as one moves up the value addition ladder, and it is also becoming an increasing challenge to meet the health and other requirements that the main trading partners are applying to food and food products.

Due to Tanzania's legacy of a state-managed economy, the rapidly emerging private sector is short of human resources with skills and qualifications in international business. Also

there is a shortage of people with entrepreneurial skills who can spot and exploit the market opportunities, whether in Tanzania or outside.

Though Tanzanian small and medium enterprises (SMEs) provide one third of GDP and employ 20 per cent of the labour force, they are mostly producing for the local markets within Tanzania and have limited capacity and experience for accessing markets of an international nature, being it export markets or "international markets" within Tanzania, such as supermarkets, hotels or large (international) companies buying inputs and parts from smaller domestic producers. For this, they need not only capital for upgrading their production apparatus, but also knowledge, information and networks.

Overview of Proposed Support

The overall thrust of Component B is to address the private and public sectors' human resource and institutional deficiencies that act as constraints to improving Tanzania's participation in international markets. The contribution of BSPS III to this end comprises budgets for:

The Ministry of Trade, Industry and Marketing (MITM) to improve its capacity to negotiate advantageous international trade agreements and follow-up on signed agreements (DKK 26 million).

The Faculty of Commerce and Management (FCM) of the University of Dar es Salaam (UDSM) to expand its menu, throughput of graduates and trainees, and outreach for increasing and improving the supply of people with qualifications and skills in international trade, business management and entrepreneurship (DKK 49.8 million).

Thus, the component is structured in two sub-components with the following titles and objectives:

B.1 Enhanced Capacity for International Trade Negotiations

Improved position of Tanzania in negotiation and implementation of international trade agreements

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B.2 Trade and Business Education

Enhanced private and public sector competencies in international trade, business management, and entrepreneurship

The support under these sub-components is a continuation and expansion of the support provided under BSPS II.

B.1: International Trade Negotiations

The Department of International Trade (DIT) of MITM is engaged in international trade negotiations in a number of different frameworks: globally, in WTO and the Doha round; regionally, in the East African Community (EAC) and South African Development Community (SADC), and perhaps in the future also the Common Market for Eastern and Southern Africa (COMESA) from which Tanzania withdrew in 2000 but now is considering re-entering; and bilaterally, with the main trading partners such as Canada, USA, EU, China and India.

Whatever the context, there are two generic processes: (i) defining and negotiating Tanzania's position; and (ii) following up on and implementing signed agreements. Due to shortage of budget, staff and time, and knowledge and qualifications, these processes are currently not implemented as desired. Official positions are defined without proper analysis of the implications, and without participatory consultations with the main stakeholders. Negotiations are constrained by inadequate negotiation skills and lack of budget to include the required expertise in the delegations. Agreements are signed but not properly followed up in terms of tariff revisions or amendments to the national regulatory framework. The choice among different options (tariff binding or not) offered by signed agreements is often not made. And the private sector is not properly informed about the challenges and opportunities that may emerge from the signed agreements.

MITM is aware of the acute need for addressing these deficiencies and is establishing a Strategic Think Tank (STT) which will contribute to ensuring that positions are based on evidence and stakeholder consultations. Support will be provided to STT to contract national and international expertise to undertake the needed

analyses. Budget will also be provided to allow MITM organise Technical Working Groups with participation of key public and private stakeholders.

Expertise will be provided to assess compliance of the national regulatory framework with the signed agreements and to recommend necessary actions. Analysis will be undertaken of the implications for Tanzania of selecting different options offered by the agreements. A communication strategy will be developed and implemented *inter alia* to ensure that the private sector is aware of the opportunities and challenges that the changes in the trade regime offer. Finally, budget is provided for enhancing MITM's capacity for planning, management and communication.

During BSPS II, a Diagnostic Trade Integration Study (DTIS) was implemented and there is an ongoing process of designing an implementable action plan, which is envisaged implemented through a future joint basket fund. If and when such is established, BSPS III may contribute to the DTIS basket, using unallocated funds.

B.2: Trade and Business Education

While the private sector is the main driver of growth and poverty reduction in Tanzania, insufficient supply of people with skills and qualifications in international trade, business management and entrepreneurship is today one of its most serious constraints.

FCM is Tanzania's leading institute for producing such qualifications and skills but is faced with physical facilities and staff resources that only allow it to accept a fraction of the number of qualified applicants for its graduate and under-graduate programmes, despite operating at more than full capacity and with an unhealthy student-teacher ratio. Furthermore, many public and private institutions use FCM to upgrade the qualifications of their staff. FCM also plays an important role in developing the human resource capacity of local business schools in other parts of Tanzania.

FCM strives "to become a world class business school in knowledge creation, management skill development, and entrepreneurship". The high number of applicants and their willingness to pay relatively high fees demonstrate that FCM is

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on its way to achieving this ambition. For example, in BSPS II, support was provided for a masters programme in international trade (MIT) and the enrolment funded by BSPS II was doubled through private payments.

BSPS III will support FCM with: expanding and upgrading its physical facilities, allowing for a higher throughput; introducing new programmes demanded by the private sector; sponsoring students in existing and new programmes, e.g. 250 graduates in MIT and 250 graduates in Master of International Business; enhancing the capacity of staff for teaching and research; introducing short courses for private and public sector institutions; and training of staff from other business schools.

The University of Dar es Salaam Entrepreneurship Centre (UDEC), which is a child of FCM and currently using FCM's human resources, will receive support for its programmes to enhance the capacity of entrepreneurs and Business Development Service (BDS) providers.

Financial support will also be provided for a number of courses on cross-cutting issues, such as gender equality, HIV/AIDS, environmental issues and governance. Courses will be implemented for both staff and students. While FCM is ahead of others in promoting gender equality further progress is planned, which

amongst others will include promotion of a study environment that is friendly to women.

Corruption is a general problem for private businesses in Tanzania. It destroys transparency and the level playing field, and increases company costs. Governance issues will be part of most programmes and courses and will also be addressed in specific governance courses.

Organisation and Management

Apart from international consultancy contracts, the support for MITM and FCM will be channelled through Treasury and fully integrated in government's budgeting and accounting system. MITM and FCM have concrete cooperation with each other in specific areas. Therefore, there is no need for introducing a component steering committee or similar.

A major part of the support for MITM consists in international consultancy services for which tendering will be initiated in 2007.

Budget

The budget for the BSPS III contribution to Component B is DKK 75.7 million or USD 12.6 million or TZS 19 billion. During implementation, more support, using unallocated programme budget, may be provided for the international trade area, if the DTIS basket is established.

Executive Summary

1 INTRODUCTION

1.1 Overview of the Component and Sub-components

1. Component B: Better Access to Markets focuses primarily on developing the human resource and institutional capacity that Tanzania needs to improve its participation in international markets. The component provides budget for:

B.1 Enhanced Capacity in International Trade Negotiations (DKK 26 million) supports the Ministry of Industry, Trade and Marketing (MITM) to better define Tanzania's position based on evidence and stakeholder views, advocate the position and ensure the necessary follow-up actions on signed agreements. A detailed description is presented in Chapter 3.

B.2 Trade and Business Education (DKK 49.8 million) supports the Faculty of Commerce and Management (FCM) at the University of Dar es Salaam (UDSM) to expand its menu, throughput of students, and outreach in order to satisfy a rapidly growing demand for skills in international trade, business and entrepreneurship. A detailed description is presented in Chapter 4.

The support is a continuation of the support under BSPS II. However, in the case of B.2 the support is for an expanded menu including business management and entrepreneurship skills.

1.2 The Identification and Formulation Process

2. During the identification mission in January 2007, all partners were asked to complete questionnaires on: (i) their lessons learnt (from past and on-going support); (ii) their policies, strategies and measures for dealing with the cross-cutting issues of gender equality and HIV/AIDS; and (iii) the external support required to achieve their strategic and institutional goals. During March-April 2007, MITM and FCM 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 the partners with improving their strategies for gender equality and HIV/AIDS.

3. During the formulation mission, a 2-day working session was implemented with MITM and FCM to discuss the submitted proposals and develop a consensus on the structure and content of the cooperation as well as detailed output-budgets. Subsequently, sub-component working papers were prepared and submitted by the mission for discussion and amendments in a half-day working session with the partners. This provided the major input to preparing the first draft (July 2007), which was discussed with the partners in July and August 2007, and then subsequently revised to become a final draft in September 2007. Following the comments and recommendations of the Appraisal in November 2007, MITM and FCM prepared revisions to the proposals which are included in this final version.

1.3 Achievements and Lessons of Past Support

4. MITM highlights a number of positive results in its answers to the lessons learned questionnaire: (i) position papers for the Doha round of negotiations were professionally prepared and in 2005 Tanzania participated successfully in the Ministerial Conference in Hong

Kong; (ii) under the Trade Policy Review Mechanism (TPRM), a review was satisfactorily carried out and finalised in 2006, based on intensive consultations, including one involving EAC member states; (iii) short term training courses were implemented on WTO issues.

5. On the negative side, MITM notes that it did not achieve its target to have a website and well functioning library by 2006 due to re-location of offices and incompetence of a former website expert.

6. FCM notes that the cooperation with Danida in BSPS II, aimed at introducing a masters programme in international trade (MIT), has achieved a number of results, including: (i) a high quality MIT programme was developed with inputs from stakeholders from the public and private sectors, and from abroad (UNCTAD, ITC and WTO) and locally. FCM is the only faculty in the region offering this type of programme; (ii) the first enrolment of 25 students successfully completed their studies in 2006 and in the second enrolment 50 students were accepted though Danida only supports 25 students; however, since the programme is highly demanded, several privately sponsored students entered; (iii) one FCM staff has started a sandwich PhD programme.

7. On the negative side, FCM highlights that it created problems that the support was handled as a sub-intervention of the BSPS II support for MITM, which therefore channelled the funds to FCM. This resulted in delayed payment of the relevant fees and other operational expenses. FCM also notes that, in the first year there was no strong institutional mechanism at Faculty level in handling MIT. However, this problem was addressed and the MIT programme is currently hosted by the Faculty's Coordinator of Postgraduate Studies (CPGS) who reports directly to the Dean.

2 COMPONENT CONTEXT AND OBJECTIVES

2.1 Context and Challenges of Market Access

8. Government's "Tanzania Development Vision 2025" envisages that Tanzania by 2025 has graduated from a least developed country to a middle income country where: "*Tanzania should have created a strong, diversified, resilient and competitive economy which can effectively cope with the challenges of development and which can also easily and confidently adapt to the changing market and technological conditions in the regional and global economy*". Some of defining features of this vision include: (i) "*a diversified and semi-industrialized economy with a substantial industrial sector*"; and (ii) "*an active and competitive player in the regional and world markets, with the capacity to articulate and promote national interests and to adjust quickly to regional and global market shifts*".

9. Emerging from a period of unsuccessful state-management of the economy, Tanzania started in the late 1980s on the long road towards this ambitious vision. Although impressive progress has been achieved, the current economic structure is still that of a least developed country; agriculture including forestry and fisheries accounts for 45% of GDP while manufacturing contributes just less than 10%; exports only cover 60% of imports and the main export items are minerals (50%), traditional export crops (25%)¹ while manufactured goods only account for 10%. Imports comprise capital goods (45%) such as machinery and vehicles, consumer goods (30%) and intermediate goods (25%) such as petroleum products and materials for industry and agriculture.

10. Thus, the economy is still largely based on raw materials with limited value addition. To achieve the Vision 2025, Tanzania needs to increase value added but this entails various challenges, including:

1. Tanzania needs to improve its position in international trade negotiations and follow better up on agreements entered. While Tanzania has more or less free access for its raw materials, various hindrances are faced when one moves up the value-addition ladder. These hindrances may be related to provisions in the agreements and the wish of trading partners to protect their value addition. However, Tanzania also fails to fully exploit signed agreements due to lack of follow-up to comply with the agreements and the regulatory requirements of foreign markets. Furthermore, emerging domestic processing and manufacturing enterprises may fail to consolidate or expand due to unfair import competition based on dumping or other regulatory violations from abroad.
2. Due to Tanzania's history and the fact that raw material exports are largely handled by large international enterprises, there is a significant deficit of Tanzanians with knowledge and skills in international trade and business. And among entrepreneurs, there is insufficient capacity to identify and successfully exploit the options for value addition, either through substituting imports of food, consumer and other goods or through accessing foreign markets.
3. While Tanzania's small and medium enterprises (SMEs) provide one third of GDP and employ 20 per cent of the labour force, they mainly produce for the markets within Tanzania and have limited capacity and experience for accessing markets of an international nature, be it export markets or "international markets" within Tanzania,

¹ In recent years, there has reportedly been a significant but largely unrecorded export of food crops (maize) to neighbouring countries.

such as supermarkets, hotels or large international companies in Tanzania buying inputs and parts from smaller domestic producers.

11. It should be highlighted that the process of improving Tanzania's participation in international trade involves many more issues and constraints than those listed above. The issues and constraints that Tanzania faces in improving its participation in international trade were analysed comprehensively in 2004/05 in the Diagnostic Trade Integration Study (DTIS), implemented with assistance from the second phase of the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries (IF)². The DTIS is intended to support GoT in the realization of its National Trade Policy, the objective of which is to develop an export-oriented economy. The DTIS Report of November 2005 is a sizeable document, containing a comprehensive Action Plan. BSPS II has financed a process consultant to support the transition phase to full-scale implementation which is envisaged to be financially supported through a multi-donor basket fund.

12. DTIS finds that Tanzania for most products has free access to the major markets and notes: *"the most important factors facing export performance currently in Tanzania, and in particular diversification of exports, are those "behind-the-border" ones. Such factors could, in principle, include virtually all aspects of the development agenda"*. Though attempting to focus on the directly trade-related factors, the Action Plan addresses also behind-the-border constraints. It is therefore multi-sector and multi-institutional, containing at least 122 recommended actions. "At least" because in some cases "one action" contains several major ones, e.g. "one" of the recommendations on animal health control contains three of which two are major ones, viz. (i) enhance scale and effectiveness of surveillance for animal diseases, including cross-border control arrangements; (ii) enhance post entry quarantine structures; and (iii) modernise slaughter houses to meet international standards. Another example can be drawn from the list of actions to support export crops where one recommendation contains: (i) build farmers' capacity to produce; and (ii) develop and strengthen farmers associations through the provision of technical assistance for capacity building. This seems to cover a major part of the Agricultural Sector Development Strategy.

13. Out of the 122 actions recommended, 62 actions require policy, regulatory and/or institutional reforms while 90 actions require technical assistance and/or investments. In several cases the nature of reform is only vaguely indicated. Given the capacity constraints in government, the Action Plan, in its current ambitious form, may not be digestible and implementable. Therefore, it is likely that a relatively lengthy process of review and revision will be required in order to arrive at and agree on an Action Plan that can form the basis for a government-donor financial package, such as a basket fund, to finance its implementation.

2.2 Component and Sub-component Objectives

14. Component B is designed to make a contribution - albeit small - to assisting Tanzania in meeting the above-mentioned three challenges. It consists in three sub-components or budgets that support three different partners in achieving their objectives. However, the three budgets

² The IF is a multi-agency, multi-donor program established by WTO trade ministers in 1996 to promote the integration of the least developed countries (LDCs) into the global economy. The participating agencies are the International Monetary Fund (IMF), the International Trade Center (ITC), United Nations Conference on Trade and Development (UNCTAD), United Nations Development Program (UNDP), the World Bank and the World Trade Organization (WTO). Tanzania went through the first IF process, for which a needs assessment was prepared and two donor roundtables were held (1999 and 2000). The main result from the first IF for Tanzania is the multi-donor² funded "Business Environment Strengthening for Tanzania" (BEST) Programme.

serve one common overall objective, i.e. the component objective which equals one of three programme objectives:

Improved participation of Tanzania in international markets

“Improved” implies not only that Tanzania increases its trade/GDP ratio but also that Tanzania moves up the value addition ladder, substituting imports of processed and manufactured goods and increasing the share of processed/manufactured products in the exports, generating more income for Tanzanian enterprises and workers. Thus, “international markets” is here comprising export markets as well as domestic markets that today are covered by imports.

15. The three sub-component objectives that contribute to the above component objective are defined as:

B.1 International Trade Negotiations

Improved position of Tanzania in negotiation and implementation of international trade agreements

It should be noted that the scope with respect to “implementation” is limited to areas that are the responsibility of the Ministry of Trade, Industry and Marketing.

B.2 Trade and Business Education

Enhanced private and public sector competencies in international trade, business management, and entrepreneurship

The public sector competencies are primarily related to international trade and to enhancing the understanding among public staff of what is required in order to establish an enabling environment for private business.

3 SUB-COMPONENT B.1: ENHANCED CAPACITY IN INTERNATIONAL TRADE NEGOTIATIONS

3.1 Background and Rationale

16. In the identification process, it was considered whether Danida should channel all of its BSPS III support for the international trade agenda through the anticipated joint basket fund supporting the implementation of DTIS. However, it was found that the process of arriving at an workable DTIS action plan and establishing the modalities for a DTIS basket fund might be relatively lengthy and complex (see Chapter 2). Therefore, waiting for the DTIS basket would entail the risk that BPS III in the worst case would be unable to support the international trade agenda until the end of its implementation period. In order to mitigate this risk, it was therefore decided to follow a two-pronged strategy: (i) support would be designed with a narrow focus of enhancing the capacity of MITM in international trade negotiations, - this support would be implemented from day one; (ii) unallocated funds would be included in the BPS III budget and a part of the unallocated funds would be kept in reserve for supporting a DTIS basket fund if and when such is established for supporting the implementation of a feasible action plan.

17. In BPS II, Danida initiated support for developing the capacity of GoT to effectively engage in international trade negotiations and develop a trade regime that is conducive to achieving the government's vision of Tanzania becoming a middle income country, export-oriented and fully integrated in the world economy. The Department of International Trade (DIT) within the Ministry of Industry, Trade and Marketing (MITM) has the mandate for international trade policy and negotiations and is the implementing partner in this sub-component. DIT has 26 professional staff of whom two have implemented the master's programme in international trade at the Faculty of Commerce and Management (also financed by Danida). Many of the staff still have inadequate analytical and negotiation skills, and due to time and skill constraints they are not able to engage in analytical work required for the negotiation processes and in work required to follow up on agreements that Tanzania has signed. DIT lacks budget for systematically engaging private and public stakeholders in defining the position of Tanzania, for contracting specialised expertise to establish the analytical basis for defining her position, and for implementing follow-up actions on signed agreements. Working together with external expertise is a way of skills transfer for enhancing the capacity of DIT staff.

18. In order to address this situation, MITM decided in 2007 to establish a Strategic Think Tank (STT) which will have the resources for engaging in more in-depth and time consuming analyses. STT will be a relatively small unit, drawing on external expertise as required. Enhancing the capacity of STT will be a major element of the cooperation with Danida in BPS III. Another element of the support will be to enhance the general ministerial capacity for strategic planning and management of daily operations, which are aspects that also impact on the performance in international trade negotiations.

19. While DIT's capacity is being enhanced, it is still insufficient considering the immediate challenges that Tanzania faces in the multilateral, regional and bilateral context. In the WTO context, Tanzania needs to define and negotiate her position on many issues (e.g. intellectual property rights, liberalisation of the services sector, tariff binding etc.), and also, special efforts are required to implement signed agreements where Tanzania lags behind in fulfilling her obligations. In the regional context, the process of establishing a common market for the East African Community (EAC) will significantly increase the workload and challenges of DIT, and the membership of SADC continues to generate issues that DIT needs to address. The agreements (GSP) with USA and EU raise many issues and DIT also has a crucial role to play in

the process of developing an Economic Partnership Agreement with the EU. Partly as a consequence of limited progress in the Doha round, bilateral agreements continue to have a dominating role. India and China are emerging as Tanzania's main trading partners and Tanzania needs to obtain satisfactory terms for her trade with these partners.

3.2 Objectives and Strategies

20. It is not possible to plan the work and the support for the next five years according to what is expected to happen in the different contexts of international trade negotiations. While there are plans for some processes and contexts, the field of international trade is dynamic, resulting in many unexpected events. Though the names of organisations, committees and expertise may differ in the different contexts and subject matters, DIT is handling two generic processes which are more or less the same whatever the context and subject, viz.

- I. Defining and negotiating Tanzania's position: this process should ideally start with proper analysis of the consequences of different options for Tanzania's private and public stakeholders, consultation with the stakeholders, establishing recommendations on Tanzania's position, obtaining the approval of the Cabinet (and/or the Committee of Permanent Secretaries), and negotiating the position.
- II. Following up on and implementing signed agreements: this process should ideally involve: (i) a review of compliance of the national laws and by-laws with international agreements. Monitoring and guidance from MITM and other ministries, departments and agencies (MDAs) will be required to ensure that amendments and actions are implemented; and (ii) informing the private sector about new agreements and the opportunities and challenges they create. Finally, some international agreements allow the signatories a choice among options (e.g. binding the tariffs or not, notification or not) and proper analysis is required to conclude what option is the most advantageous for Tanzania

Due to human and financial constraints and in some cases organisational issues, these processes are currently not effectively implemented or not implemented at all, and therefore, the cooperation in BSPS III focuses on addressing these main weaknesses. For further details see Annex B.1.

21. On this background, the objective for the cooperation and the sub-component is defined as:

Improved position of Tanzania in negotiation and implementation of international trade agreements

3.3 Outputs and Deliverables

22. Outputs B.1.1 to B1.4 focus on improving the processes related to preparing Tanzania's position and negotiating it, and following up on signed agreements while the fifth output focuses on enhancing the general planning and management capacity of MITM:

B1.1: Improved stakeholder consultation for formulation of Tanzania's position in international trade negotiations. This will involve establishment of Technical Working Groups (TWGs) on specific issues (related to e.g. SPS, a commodity, tariffs, intellectual property rights, service sector liberalisation, trade facilitation, etc.). DIT will serve as secretariat for the TWGs and BSPS III will support "conference costs" and meeting

facilitation (national consultant). Depending on the issue, about 10 private and public sector stakeholders will participate. In the past, employers (ATE) and employees (TUCTA) have been “forgotten” in the consultation process. As ATE and TUCTA have an obvious stake (and often a common interest) in many trade issues, their participation in TWGs will be considered, where relevant.

B.1.2: Better informed decisions on Tanzania’s position in international trade negotiations. The support under this output will be provided for the new STT. It is expected that the STT will be headed by a Coordinator (appointed by and from the Ministry), perhaps having one assistant, and that the STT will draw on national expertise within academia and the private and public sectors, and engage this expertise (“*national champions*”) on a short-term basis. In order to further strengthen the STT, BSPS III will provide budget for a framework contract with a consortium comprising national, regional, and international expertise. It is anticipated that BSPS III will finance three studies or ‘relevant’ reports per year, prepared with assistance from expertise supplied by the pre-selected consortium, as well as five person-months of “national champions” per year. In executing their work, the national champions and the consultants will work closely together with the DIT staff in order to transfer skills and knowledge to the staff.

The capacity of the STT is crucial to utilising and benefiting from this framework contract. The STT, composed of Ministry members, has held several meetings and is in the process of consolidating its mode of operation. An International Trade Policy Adviser (ITPA) is to be provided under the framework contract for a total period of 12 months within a period of three years, with short-term consultancies of 3-4 months/year. The specific tasks are to be identified and will include various subjects such as intellectual property rights, sanitary and phyto-sanitary regulations, protection of a specific industry/sub-sector, legal compliance etc. He/she will serve as a day-to-day “help desk” and resource person for DIT and GoT, in relation to international trade issues. The ITPA will also work with MITM to strengthen its trade capacity management. As this is an important part of his/her work, the input of the ITPA is budgeted for under output budget 5.1.5. For further details on the framework contract, please see sections 3.4 and 3.6.

B.1.3: Enhanced capacity of MITM to participate in and negotiate Tanzania’s position in international trade negotiations. - Under this output, about 15 DIT staff will participate in short-term training courses (< 3 months) in negotiation skills and other relevant subjects. BSPS III will continue the support for the masters programme in international trade of FCM, and in the FCM sub-component, two places per year will be reserved for DIT staff. However, the DIT candidates would have to meet the minimum requirements that are applied for all applicants to the programme. Finally, BSPS III will provide a budget that is sufficient for DIT to include in the delegations the range of expertise required for the negotiations.

B.1.4: Improved management, follow-up and awareness on international trade agreements. The component has two distinct objectives, (i) legal compliance (public part) and (ii) awareness by the stakeholders on new opportunities created by the Ministry (private part).

For the public part, the BSPS III will provide budget for DIT to contract national/international legal expertise under the framework contract to undertake

compliance reviews together with MITM staff in order to assess whether the current national laws, by-laws and regulations (like various directives) are compliant with the international trade agreements that have already been signed or will be signed following national priorities' setting and respective MITM's plan. This includes both an assessment of the capacity for implementation and an action plan on how to comply. Finally, there is need for strengthening the process whereby the DIT screens the proposed amendments for national and international (WTO) compliance before the amendments are submitted for Cabinet (and Parliament). Under this output, a strategic study to recommend a WTO compliant notification procedure for Tanzania will be carried out. Finally, short-term training of DIT staff will be provided in cooperation with WTO or EAC on how to put forward notifications (formats, procedures and software updates).

For the private part, awareness creation, a communication strategy will be developed on how DIT can most effectively make the private sector aware of new trade agreements, including opportunities and challenges that they create for private business. While DIT has a responsibility to create awareness, it is the responsibility of other stakeholders to ensure that the private sector exploits the new opportunities by DIT. Budget is also provided to support implementation of the communication strategy and for maintaining MITM's website, communication system and library. Communication systems will be developed according to national policies, also at MITM. Resources from other related Projects will be synchronised with BSPS inputs to improve intra- and inter-ministerial communication.

B.1.5: Enhanced Institutional Capacity of MITM: According to the Ministry's vision, the focus over the next five years will be on institutional development, related to strategic planning and management capacity as well as ability to communicate with other Ministries and stakeholders in order to improve Tanzania's performance in international trade negotiations. Support to institutional strengthening of MITM will be needs-based and be focused on issues such as: monitoring, procedures, human and financial resources, coordination, transparency, and participation in decision making. There is definite need also to strengthen information flows (including data banks) within the MITM, and with other ministries, stakeholders and international organisations, the WTO in particular.

As the second phase of the Public Service Reform Project (PSRP, 2nd Phase) is likely to begin in 2007, the scope of the support under this output can be detailed only during preparation of the respective annual work plans. It will be done in full coordination with the PSRP II and the Ministry's annual plan.

A Long Term International Institutional Capacity Building Adviser, preferably with knowledge in international trade issues, (18 months) will provide assistance together with a Local Institutional Capacity Building Adviser (24 months), to enhance institutional capacity building for international trade, strategic planning and management capacity as well as for internal and external communication. New challenges such as EPA are likely to accrue during the expert service tenure. In addition, budget has been provided to allow MITM to contract short term national/regional service providers to further assist with improving the capacity in focal areas.

23. The logical framework matrix, presented in Annex B.2, captures the above described objective and output level. Further details, are provided in the output-budget assumptions (see Annex B.3) which however should be considered as indicative and a guideline only when developing annual work plans and targets for deliverables.

3.4 Main Implementation Processes

24. The main implementation process is related to entering into and utilising the framework contracts. It is proposed that, already in September/October 2007, the Royal Danish Embassy (RDE)/Danida and MITM prepare tender documents for inviting consortia (joint ventures or associations) of Tanzanian+Regional+International consultancy firms/expertise-centres to submit bids for a framework contract. The participation of a Tanzanian firm/expertise centre in the consortium and a Tanzanian expert in each individual study should be mandatory as this would enhance the national capacity for international trade policy analysis. Furthermore, it should be highlighted that where adequate Tanzanian expertise is available, national consultants will replace the international consultants. Thus, the budget for the framework contract is only a framework budget. A draft proposal on the Terms of Reference (ToR) for the framework contract is presented in Annex B.4. In order to obtain economies of scale and attract sufficient international interest, the tender for consultancy services under this sub-component will be merged with the tender for international consultancy services required for sub-component B.3: SME Market Access.

25. While Danida will be charged with the administrative part of the tender process (applying the EU tender procedures), and financial management of contract implementation, a joint Danida/MITM tender committee will be formed for the professional management of the process, including the decision on the short-list, implementation of interviews with candidates, and the final selection and award of contract.

26. The contract with the selected consortium will specify the fee for different categories of expertise, and the operational modalities. Thereafter, it is the responsibility of MITM and the STT to make use of the framework contract. When DIT/GoT identifies the need for a specific study of an international trade issue, it is envisaged that the STT Coordinator drafts the ToR, specifying the scope of work and required inputs. The TWG or others may contribute to the formulation. Based on the ToR, the selected consortium is then invited to submit the CVs and work plans of their candidates, - in some cases the consortium may be required to submit two or more candidates for a position. The final selection is then done by the STT Coordinator, possibly with a “no-objection” from an internal group and the RDE. Once the study is completed, it would be the responsibility of the STT Coordinator to ascertain that the study fulfils the ToR and has a satisfactory quality. If so, the Coordinator authorises RDE to make the final payment for the specific study. The tendering process will be implemented in 2007/08 so that work can start in 2008/09.

27. Another important task of STT and the STT Coordinator will be to digest the study reports (often heavy documents) and communicate and explain the analysis, conclusions and recommendations to the higher levels of DIT/MITM and GoT. During the first year, the ITPMA will assist in this process.

3.5 Activities and Support to Address Cross-cutting Issues

28. It is a challenge to integrate Danida’s cross-cutting priorities and thematic concerns (gender, HIVand /AIDS, environment, and governance) into the international trade issues that

are negotiated (e.g. tariffs, SPS, intellectual property rights etc.). However the MITM intends to address at least three cross cutting issues in BSPS III. These are: improving gender balance in the internal human resource policies and management, putting gender on the agenda at meetings and including CCIs in all BSPS supported activities where relevant. More often environmental issues are on the world trade agenda. Undoubtedly child labour is an issue that needs constant attention and counterfeiting is a relevant trade issue which relates to public and corporate governance. Other factors that will be addressed through analytical studies for determining Tanzania's position at the world trade forum are those relating to consequences for and impact on CCIs. It is certain that cross-cutting issues play a much more important role in MITM's other departments, particularly the SME development and marketing departments (not covered by this sub-component) and there is therefore good rationale for integrating cross-cutting issues in MITM's mission statement.

3.6 Inputs

29. A major part of Danida's input consists in technical assistance of which a part will be procured and managed by MITM (DKK 3.7 million) while another part (DKK 18.3 million) will be provided through a framework contract, which will be tendered and managed by RDE/Danida with participation of MITM. The crucial input of MITM consists in the STT Coordinator, and possibly an assistant. It would be beneficial if MITM consults with RDE on the terms, mandate and staffing of the STT since these issues would have a significant impact of the utilisation and benefits of the framework contract. The STT Coordinator needs to have capacity for "consultant management", *inter alia* drafting terms of reference and assuring that the product received is of satisfactory quality. She/he should also have adequate analytical skills for digesting and communicating the reports.

Technical Assistance Inputs and Their Procurement and Management

	National Consultants and Service Providers		Short-term International Consultants		Long-term International Consultants	
	person-months	DKK'000	person-months	DKK'000	person-months	DKK'000
1. National Services Procured and Managed by MITM						
B.1.1: National Consultants to Facilitate TWGs	11.5	460.0				
B.1.2: National "Champions" for STT	40.0	1,600.0				
B.1.4 Formulation of Communication Strategy	2.0	80.0				
B.1.5: National service providers for improving MITM strategic planning and management	40.0	1,600.0				
Sub-total 1	93.5	3,740.0	-	-	-	-
2. Services Procured and Managed under Framework Contract Administered by RDE/Danida with Participation of MITM						
B.1.2: Preparatory Studies for Negotiations	45.0	1,800.0	30.0	6,000.0		
B.1.2: Interval Input of International Trade Adviser			12.0	2,400.0		
B.1.4: Compliance and follow-up studies	11.0	440.0	8.0	1,600.0		
B.1.5: National and International long-term Institutional Capacity Building Advisers (MITM capacity development)	24.0	240.0			18.0	2,070.0
Sub-total 2	80.0	2,480.0	50.0	10,000.0	18.0	2,070.0
TOTAL SUB-COMPONENT B.1	173.5	6,220.0	50.0	10,000.0	18.0	2,070.0

30. The establishment of the STT headed by a qualified Coordinator who is able to manage and make effective use of the framework contract is at this stage an assumption. This is one reason why it is recommended to provide national and international long-term advisers as well as interval inputs of an international trade adviser, *inter alia* to assist the Coordinator with consultant management, developing the study programme and quality assurance of the work.

3.7 Budget

31. The estimated total budget for Danida's contribution comes to DKK 26 million (or USD 4.4 million) of which the major part is investment in improving the analytical basis for forming the Tanzanian position. The below budget is based on the detailed output budgets presented in Annex B.3.

**B.1: Enhanced Capacity for International Trade Negotiations
Budget by Output and Year (in DKK'000)**

Output Budgets excluding Contingencies		2008/09	2009/10	2010/11	2011/12	2012/13	TOTAL	
B.1.1	Improved stakeholder consultation	384	748	748	748	748	3,376	
B.1.2	Better informed decisions	3,124	2,914	2,914	2,114	2,114	13,180	
B.1.3	Enhanced Capacity of MITM to Participate and negotiate	450	450	450	450	450	2,250	
B.1.4	Improved Management, follow-up and Awareness on Trade Agreements.	142	1,212	292	292	292	2,230	
B.1.5	Enhanced Institutional Capacity Of MITM	1,892	1,190	380	380	380	4,222	
Total Contingency for all output budgets		135	140	140	141	141	697	
TOTAL BUDGET FOR SC B.1		6,127	6,654	4,924	4,125	4,125	25,955	
TOTAL BUDGET ACCORDING TO THE DANISH FISCAL YEAR		2008	2009	2010	2011	2012	2013	TOTAL
		3,064	6,391	5,789	4,525	4,125	2,063	25,955

3.8 Indicators and Monitoring

32. The support to MITM and the outputs focus on process changes, which eventually are expected to lead to more advantageous trade agreements and improved follow-up on signed agreements. Such developments are difficult to measure. At the objective level one would need to monitor changes in the processes of formulating and advocating Tanzania's position and following-up on signed agreements. At the output level, achievement of the respective deliverables entails high probability that also the respective outputs will be achieved. If for example more stakeholder consultations are organised, it is highly likely that there will be "improved stakeholder consultation for formation of Tanzania's position". Therefore it may be argued that the deliverables may be used as proxy indicators for the outputs. However, it may also be necessary to supplement the monitoring of deliverables with surveys and reviews. For example, in the case of output B.1.4 it may be necessary to undertake a survey of a sample of private businesses to assess whether they are aware of new trade agreements and the opportunities and challenges that these agreements offer. In the case of the capacity development support for the Ministry (output B.1.5), it is envisaged that the concrete interventions for performance improvement will be defined in annual work plans together with indicators and methods for determining whether these targeted improvements have been achieved.

33. It is expected that MITM may require some support in developing an appropriate monitoring system, undertaking the data collection, organise the surveys and reviews. The surveys and reviews could be outsourced, but it is essential that the survey results are properly utilised to inform and guide the programme interventions. The Ministry needs to build in-house capacity to collect and maintain routine monitoring data. Continued dialogue with MITM and monitoring of its capacity for data collection, monitoring and analysis will be necessary.

3.9 Organisation and Management

34. Coordination: MITM is the implementing agency, and within MITM the following units will play a key role: DIT, STT and the communication and information units. Also the top

management will play a role in the cooperation and the ITPA will report to the Permanent Secretary. MITM will appoint one officer with overall responsibility for coordinating the Danida support, including preparation of progress reports and annual work plans and budgets. No steering committee or other support-related temporary coordination mechanism is proposed. The BSPS III support is an integral part of the MITM budget and MITM will pursue the coordination with relevant partners, according to its activities. Such partners may or may not be supported under BSPS III. However, where relevant MITM will take the lead and be pro-active in coordinating BSPS III support with that of other development partners; for example, support from a World Bank trust fund is presently being discussed. Also, it should be mentioned that Danida indirectly is supporting improvements in the overall performance of MITM through its support for the Public Service Reform Programme (PSRP); the second phase of PRSP is about to be initiated, focusing on instituting a performance-based management culture.

35. Annual Work Plans and Budgets: Approval of annual work plans and budgets will be done jointly by RDE and the Ministry of Finance.. The annual BSPS III support will, as MITM's national resources, be planned in line with MITM's strategic objectives and be an integral part of the Medium Term Expenditure Framework. For the first year, i.e. 2008/09, MITM will in consultation with RDE prepare a proposal on the utilisation of Danida funds and integrate this proposal in the GoT budget planning process as from February 2008. For planning the support and monitoring progress and expenditure, MITM will be in close dialogue with RDE. It is anticipated that copies of MITM's normal quarterly progress reports to the Ministry of Finance will be sufficient for the RDE.

36. Financial Management and Procurement: With respect to financial flows and management, Danida's support for all outputs and expenditure categories, with the exception of the Framework Contract, will be channelled through Treasury and fully integrated in GoT's budgeting and accounting system. Government's financial management system provides for monthly internal financial reports and quarterly reports to Treasury. While the expenditure under the Framework Contract is off-budget, RDE and MITM will report actual expenditure to Treasury for recording in the GoT system. For the on-budget support, MITM will use government procurement regulations

4 SUB-COMPONENT B.2: TRADE AND BUSINESS EDUCATION

4.1 Background and Rationale

37. Some 25 years ago, Tanzania's economy was largely managed by the state. Parastatal enterprises in agriculture and industry accounted for the major part of formal sector production, manufacturing and trade, and the state regulated most markets. Private business was looked upon with some suspicion and many informal sector activities, which today are an accepted part of daily life, were considered a crime. In those days, young people were looking for an education suited for employment in the public sector. Over the last decades, this situation has changed dramatically. Parastatal enterprises have been privatised and markets liberalised, and today the private sector is the primary driver of economic growth. The private sector comprises close to three million Tanzanian micro, small and medium enterprises (MSMEs), several million commercial farmers and a number of large enterprises, often based on Foreign Direct Investment (FDI) which has reached a level of about USD 500 million per year. Growth in the private sector has been faster than growth in human resources with qualifications and skills in business management and trade.

38. Therefore, insufficient supply of people with relevant trade and business education/skills is today one of the most serious constraints on private business development as well as in public organisations. Often private enterprises do not have the knowledge, resources and skills to upgrade their operations to international levels. Major skill and knowledge gaps have been identified in entrepreneurship, business development and other support services, engineering and technical areas, and international trade and marketing. In the private corporate sector there is a high but unsatisfied demand for qualified business and financial economists. For example in the financial sector, many banks and institutions are competing for the best MBA graduates, offering them internships during the study and paying them salaries of up to USD 2 - 3,000 per month after 1 – 3 years employment. Experienced (5-10 years) and qualified financial sector experts may obtain salaries between USD 5,000 and USD 7,000 per month.

The contribution of higher education to the economy is indirect, through impacts on policies and companies. Well educated graduates are required for policy formulation, policy analysis and policy evaluation. At the level of the firm, skilled graduates are required to increase the firm's productivity and profitability through effective and efficient management. A well functioning private sector leads to increased government tax revenue and hence increased social services and economic development. Therefore, returns from higher education are long term but have a large impact on social and economic growth.

The Tanzania National Trade Policy indicates the need for improving the capacity to handle various issues including commitment to WTO agreement and international negotiating capacity and capacity to participate fully in regional markets such as poverty reduction. The MKUKUTA growth and reduction of income poverty cluster advocates for investments in human capability-including having an internationally competitive labour force. The Private Sector Development (PSD) includes support to SMEs and making them competitive and capable of responding to global market conditions. Other issues related to PSD include: addressing entrepreneurship development needs for rural private producers (on farm and non farm), agro-based industries, urban-based SMEs, formal and informal enterprises. Support to FCM and UDEC focus on training among others Micro Enterprises and SMEs which will directly contribute towards poverty reduction.

Needs assessment and tracer studies will therefore be conducted to establish human resource capacity needs as well as assessing the impact of FCM's programmes

39. Increased support to higher education will increase the number of people with specialised skills in business and trade. Students, who manage to enter FCM will eventually contribute to alleviating the skills constraint of the private sector and thus stimulate private sector growth. Therefore, support for tertiary education, oriented towards the needs of the private sector, will address one of the important systemic factors in poverty in Tanzania which is a private sector that is too small and growing too slowly to absorb the more than two million unemployed and the close to one million young people who enter the labour market each year. In the absence of sufficient private sector growth, many unemployed and new entrants have to seek their survival in low-input traditional agriculture which will not distance them from the poverty line. Thus, the proposed support will contribute to addressing a systemic cause of poverty, which otherwise would continue to cause poverty.

40. GoT recognises the correlation between higher education, economic growth and poverty reduction. A thriving private sector will contribute to job creation and public revenue generation through raising GDP and export earnings. Tanzania's Development Vision 2025 proposes "a well-educated and learning society" as one of five major attributes. Education and knowledge will instil "a developmental mindset and competitive spirit". Tanzania should strive towards attaining "a high level of quality of education in order to respond to development challenges and effectively compete regionally and internationally as competitive leadership in the 21st century will hinge on the level and quality of education and knowledge. Tanzania should be a nation with a high level of education, a nation which produces the quantity and quality of educated people sufficiently equipped with the requisite knowledge to solve the society's problems, meet the challenges of development and attain competitiveness at regional and global levels". In the same way the National Strategy for Growth and Reduction of Poverty – NSGRP or the MKUKUTA - identifies investments in human capability, e.g. provision of quality education, as one of the major sources of growth.

41. According to MKUKUTA, universities and institutions of higher learning face a number of challenges, including:

- Appallingly low student enrolment
- Gender imbalance
- Poor financing
- A tendency to distort the real worth of academic programmes, e.g. declining quality.

MKUKUTA targets increased enrolment in higher and technical education in Universities and in Technical Colleges to 30,000 full time students, 10,000 part time, and 15,000 distance learners by 2008. A second target of NSGRP is improved knowledge on entrepreneurship skills amongst youth.

42. The Private Sector Development Strategy for Tanzania considers it a strategic priority to invest in human resource development that is commensurate with the needs of private sector development. Investments are required to develop a disciplined and skilled workforce and human resources with high/multi skills demanded by the private sector. This comprises investments in technology and innovations, product improvement, and in a vibrant modern educational and science and technology infrastructure.

43. The National Higher Education Policy of 1999 highlights that there is an increase in social demand for higher education due to the fact that Tanzania, as other third world countries, for a long time has lagged behind, continuing to use old methods and technologies while the world is changing very fast. According to UNESCO statistical year book of 1999, the participation rate of higher education was 0.27 percent in Tanzania compared to 9.11 percent in South Africa, 4.66 percent in Botswana, 1.47 percent in Kenya and 1.23 percent in Uganda. Though recent statistics show that the Tanzanian figure has improved, the participation rate has yet not passed one percent.

44. While there is no human resources data base, and no comprehensive study has been done to document the human resource needs and gaps in trade and business studies in the Tanzania, anecdotal evidence shows that there is a huge capacity gap in both the private and public sector. Experience also shows that many of the business failures have been associated with poor and ineffective management.

45. GoT has committed itself to a market economy whereby the private sector will take the lead in creating incomes, employment and growth. This means the capacity of the private sector to deliver has to be improved. Because the public sector is a facilitator for effective performance of the private sector, there is need to also improve the capacity of the public sector. The Economic Reform Programmes (ERPs) and the MKUKUTA growth and reduction of income poverty cluster are based on the same philosophy that building competences of the private sector leads to building capacity of the public.

46. The support under this sub-component will address some of the needs and challenges identified in the 1999 Policy, including: a serious shortage of specialized skills and entrepreneurship, the challenges of globalization and international competitiveness, the sustainability of higher education, and social democracy and good governance. Part of this support is to conduct a human resources needs assessment to assess the capacity gaps in business sector. The support will also facilitate tracer studies which should be able to show the impact and contribution of higher education

47. The Faculty of Commerce and Management (FCM) at the University of Dar es Salaam (UDSM) is the executing agency of the proposed support. FCM is one of the leading institutions in business management research, teaching and consulting in the Sub-Saharan region while the UDSM is ranked highly among African universities³. FCM delivers both under-graduates and post-graduates with background to enter the business sector at various levels – in managerial positions in private enterprises or as entrepreneurs starting up own businesses. FCM offers a number of programmes within business management, international trade (supported by BSPS II) and entrepreneurship to address the undersupply of qualified graduates. New programmes and short term courses are continuously introduced to address the growing and diverse need for business management and entrepreneurship qualifications. Special programmes and courses are being developed for public sector employees to enhance their understanding of private business and the need for an improved overall business environment.

³ In 2007, UDSM was ranked as number thirteen of all African universities (Webometrics Ranking – WR). The first eleven Universities are from South Africa and one from Egypt. In Sub-Saharan Africa and North of Limpopo, UDSM is number one. Besides UDSM, the only other university in Tanzania qualifying for a ranking on the Top 100 African list is Sokoine University of Agriculture (SUA) located in Morogoro (ranking: 75).

4.2 Sub-component Objective and Strategy

48. As mentioned in chapter 2, the support under this sub-component is designed to contribute to the overall component objective (one of three programme immediate objectives), viz.

“Improved participation of Tanzania in international markets”.

In order to achieve this objective, business and trade skills/qualifications are required to compete with imports and on foreign markets. Therefore, the objective of the sub-component (i.e. the immediate objective of Component B) is defined as:

“Enhanced competencies for the private and public sector in international trade, business management and entrepreneurship”.

49. The sub-component should not be perceived as an institutional body on its own but as a budget that supports FCM’s vision, objectives and strategies. FCM’s vision is to become a leading business school offering a broad range of business and commerce programmes at both undergraduate and postgraduate levels. Specifically FCM will strive “to become a world class business school in knowledge creation, management skill development, and entrepreneurship”. This vision is developed in line with UDSM’s vision which is “to become a reputable world class University that is responsive to national, regional and global development needs through engagement in dynamic knowledge creation and application” and “the unrelenting pursuit of scholarly and strategic research, education, training and public service directed at attaining of equitable and sustainable socio-economic development of Tanzania and the rest of Africa”.

50. FCM’s strategies for achieving its vision and objectives include:

- Development of new programmes and courses to meet private and public sector needs: New programmes and short courses have either been introduced recently or are planned to be introduced. These programmes and short courses have been designed together with staff from companies and public sector departments in order to address their specific needs. The objective of these new programmes is to develop the capacity of human resources already engaged in the private sector or employed in the public sector dealing with and supporting private sector development.
- Develop the internal capacity of FCM: Since 2001/2002 the Student Staff Ratio has gone from 25 students per staff to 40 students per staff which is approximately twice that of the Main Campus. Therefore FCM plans to increase its academic staff workforce. This will be financed by government funds paying the salaries. At this point in time FCM has a staff of 66 members and is planning to employ 15 new staff members in order to build the capacity for serving new categories of students such as employees in the private and public sector as well as staff members of other business school institutions.
- Develop the capacity of the University of Dar es Salaam Entrepreneurship Centre (UDEC) to become an autonomous National Entrepreneurship Development Institute, serving several Faculties of UDSM as well as external institutions and partners. UDEC’s mission is to contribute to the growth of micro and small enterprises. This is done through training, consultancy, counselling, and contract research with different stakeholders, including other training institutions, NGOs,

private consulting firms, government agencies, local governments and development projects and partners.

- Geographical expansion & outreach: Due to increased demand for its programmes from all over the country, FCM has plans to open up campus centres in other parts of Tanzania e.g. in Arusha and Mwanza. However, as a first step FCM will initiate some outreach training of staff from other business school institutions.
- Establishment of new departments for new disciplines: To be more responsive to both national and global challenges as well as labour market skills requirements and needs, FCM plans to change its operating structure and establish new departments, i.e. Department of Management Information Systems, Department of Human Resources Management, Department of Entrepreneurship, and Department of Tourism and Hospitality Management; the latter will receive support from the World Bank.

51. During the past years, FCM has experienced a rapid growth and expansion in undergraduate and postgraduate programmes (number and scope) as well as student numbers (undergraduate and postgraduates). Consequently FCM has become one of the fastest growing Faculties at UDSM – both in terms of output numbers and quality of its products. Thus, FCM has to cope with:

1. a significant increase in number of applicants
2. a steadily increasing intake of students
3. an increase in demand for research and consultancy services

FCM can far from satisfy this rapidly increasing demand, and is therefore operating at its full capacity and more.

52. Apart from human resource constraints, FCM is constrained by its limited physical space for lectures, class and study facilities (PC-rooms, libraries etc). As a consequence, FCM has only been able to admit 30% of all qualified applicants. For this reason, FCM took in 2006 a loan from the CRDB Bank Ltd to finance an additional building to accommodate existing students as well as management and staff of FCM. However, this expansion is far from sufficient to meet the growing demand.

53. The loan will be repaid from income generated from student fees. While government fully finances staff salaries, it only finances about 20% of FCM's other costs; the remaining part of other costs is covered by student fees.

54. The sub-component budget will support FCM in becoming one of the development engines for private and public sector development by means of expanding the scope of programmes and courses and increasing throughput of graduates with competencies within business management, international trade and entrepreneurship, enhancing or facilitating future growth in the private sector and among SMEs, and a better understanding within the public sector for establishing an enabling business environment.

4.3 Cross-cutting Issues and Priority Themes

55. Gender disparities in enrolment are common throughout the Tanzanian educational system. High cut off points for university entry, poor interest in science and economics at the

high school level, and highly competitive selection procedures and processes remain challenges to enrolment of girls in higher education. One of the goals of NSGRP is to ensure equitable access to quality education among men and women and expansion of higher education. The ambition of GoT is to achieve gender equality (50%) in order to benefit from the untapped female potential.

56. FCM is covered by UDSM's policies for HIV/AIDS and Gender. The University's gender policy seeks to ensure equitable and fair relationships and access to opportunities for male, female, and disadvantaged groups. The policy requires all University managers and staff to be sensitised and for units to take affirmative actions where this is necessary to ensure fairness and equity. According to the gender policy, at least 30% of management level employees and total student enrolment should be female. UDSM has a dedicated gender unit which coordinates all gender issues in the University while at Faculty level there is a gender coordinator who liaises with the University gender unit.

57. FCM currently has 66 academic staff, most of whom are PhD holders or in various stages of their doctorate degree studies. Of these, 20 (30%) are female which is a very high percentage compared to other faculties and universities in Tanzania. Women account for about 30% of the total number of students enrolled in FCM. FCM has conducted one gender awareness training workshop for academic and administrative staff at the Faculty, but intends to address CCIs in all courses and programmes in the new phase. To attract female students, FCM offers short courses where there is a 50:50 gender balance. The FCM management is acutely aware of the importance of dealing with these issues in the daily operations and that one precondition for succeeding is to provide a gender friendly study environment.

58. Gender, HIV/AIDS and environmental issues have an important impact on private business in Tanzania, and FCM management has included these issues in all curricula and activities. FCM has also introduced courses in good governance for both private and public sector players. FCM plans to integrate gender and other CCIs in the design of training and education programmes and in reporting on activities. Also it is considered to invest more efforts in the prevention and mitigation of HIV/AIDS among staff and scholars.

59. Activities related to CCIs will be planned and outlined in FCM's annual work plans. FCM will receive support under the BSPS III in the following areas:

- a. Five modular workshops for FCM and UDEC staff on HIV/AIDS and gender e.g., developing modules on prevention and mitigation of HIV/AIDS at work places; and research techniques on monitoring of economic impact of HIV/AIDS
- b. Ten skills development seminars for students on HIV/AIDS and gender, e.g., on prevention and mitigation techniques, the impact on human resources management of HIV/AIDS, and on accessing of VCT and ART services at the campus
- c. Ten and Five seminars on environmental issues for students and FCM and UDEC staff respectively, e.g., critical techniques and methods for environmental assessment

4.4 Outputs

60. The outputs that will be achieved with support of the sub-component are:

Output no.	Outputs for Sub-component B.2
B.2.1	Competencies of graduates and capacity of other partners in the BSPS III enhanced by developing and delivering programmes within international trade, entrepreneurship, corporate governance, investment analysis and portfolio selection, and enterprise management
B.2.2	The FCM capacity enhanced in provision of knowledge and skills within its main disciplines
B.2.3	The UDEC capacity enhanced in provision of knowledge and skills in Entrepreneurship
B.2.4	Capacity of other business school institutions improved

The logical framework matrix is enclosed in *Annex B.5*. The main deliverables and activities are summarised below.

B.2.1: Competencies of graduates and capacity of other partners in the BSPS III enhanced by developing and delivering programmes within international trade negotiations, entrepreneurship, corporate governance, investment analysis and portfolio selection, and enterprise management.

The deliverables of this output include: (i) 230 graduates in Masters of International Business (MIB) and 220 graduates in Masters of International Trade (MIT); (ii) 40 short specialised courses for public and private employees; (iii) two staff members from Ministry of Trade and Marketing (MITM) enrolling in the MIT programme each year for the first three years and (iv) various partners and staff members within the BSPS III attending short courses in specific areas to improve management or tackling of specific issues. This is expected to improve the ability of other BSPS III partners to manage identified constraints. One example could be managers and staff of labour market organisations (i.e. ATE and TUCTA) attending short term courses in good governance. Another could be training of branch leaders of the trade unions in how to analyse a company's financial statement. In this way the outputs from FCM will contribute positively to the other sub-components of BSPS III; (v) One country wide training needs assessment study (vi) 8 local joint research projects focused on International Trade as well as business concluded and reports published; (vii) 20 Training of Trainers (TOT) courses on entrepreneurship and enterprise development; (viii) 100 incubators to establish their own businesses with support of UDEC/FCM; (ix) 4 international conferences conducted; (x) 20 SME training sessions, each with 25 participants; and (xi) 10 seminars on gender and HIV/AIDS for 250 students; (xii) 10 seminars on environmental issues for 250 students. - It is expected that the FCM graduates will be employed in managerial positions in either the private or public sector or alternatively, that they will start their own businesses. Tracer studies will be implemented to assess impact.

B.2.2: The FCM capacity enhanced in provision of knowledge and skills within its main disciplines

FCM has to mobilise additional resources and improve its present capacity in order to realise its vision of becoming a world class business school and deliver output B.2.1. The deliverables under this output include: 1) expansion of learning facilities to allow for bigger intake of students; 2) upgrading existing learning facilities and tools (new PCs, books etc), marketing of programmes and/or courses; and 3) add and develop new and strengthen existing internal capability and capacity of FCM staff. The latter will be by means of FCM staff enrolled in PhD, MIB and MIT programmes as well as being involved in research projects and exchange programmes. Courses for CCIs will also be covered under this output. Programme reviews and tracer studies will be conducted to establish to what extent FCM has been successful and to identify areas to be improved academically. The expected impact will be an improved capacity and efficiency for FCM staff to deliver a range of good quality programmes and courses to different target groups

(students, business and public sector employees, and other business school institutions). Another contribution will be that FCM becomes even more financially sustainable and less dependent on government funding. Special attention has been paid to supporting research activities with the purpose of addressing specific private sector, business management and international trade issues and challenges. Joint research collaborations are planned to take place including international or local experts, local private enterprises etc.

B.2.3: The UDEC capacity enhanced in provision of knowledge and skills in entrepreneurship

Skill development related to entrepreneurship has been identified by the UDSM as a focus area which should be addressed independently of any faculty specialisations or directions. Tailor made programmes, courses and activities should be initiated to address the multi-skilled requirements of entrepreneurs. UDEC and College of Engineering and Technology (CoET) already run joint courses combining the business and the engineering qualifications. The deliverables include training of UDEC associates in entrepreneurship skills and establishment of a UDEC training environment (class rooms with new PCs, books etc). It is expected that UDEC will start mobilising its own resources and use UDSM faculties as a resource pool for its own activities. UDEC will thus have started to institutionalise itself as an autonomous unit with outreach to entrepreneurs and BDS providers. It should be mentioned that the BEST-Advocacy Component, also supported by BSPS, currently is using UDEC as a service provider for developing capacity in business advocacy.

B.2.4: Capacity of other business school institutions improved

FCM sees itself playing a role not only in terms of educating individuals but also in building the capacity of other business school institutions and partners who in turn will pass on the acquired skills and expertise to their students and clients. The deliverables under this output include training sessions for staff of other business schools as well as joint research projects. In a medium to long term time frame the expected impact will be that these business schools have the necessary capacity to develop and run their own programmes and courses without input from FCM staff. FCM's outreach activities will hence create a trickle-down effect and multiply the impact of the sub-component on a broader scale. A further positive side effect will be that FCM may have a better retention rate of FCM staff as poaching of staff is expected to decrease gradually as the capacity building takes place at the other business school institutions.

4.5 Activities and Inputs

61. Activities will be planned and outlined in FCM's annual work plans. FCM will receive support under the BSPS III in the following areas:

1. Expansion of physical infrastructure in the form of:
 - a. An additional building to expand learning space to be opened for students in 2009/10
 - b. Additional learning facilities and tools i.e. laptops, pc's, books, multimedia equipment etc
2. Development of new programmes and courses, sponsoring students in the various new and existing programmes, and courses and capacity building of BSPS III partners and other business school institutions. DANIDA will support 225 students with an average sponsorship of about 45% per student. Selection and sponsorship assessment criteria will be based on international selection standards and procedures where a means testing criteria will be used.

3. Various kinds of capacity building of the FCM and UDEC management and staff. FCM will ensure that the quality of their programmes and courses will remain high despite the additional workload due to increased student intake
4. Addressing CCI's in programmes and courses – targeting both management and staff members at the Faculty, students and other external stakeholders (please refer to section 4.3)

62. The inclusion under output B.2.2 of a budget for financing a new building (DKK 12 million) is done to overcome the hard physical constraint. Without more physical space it will not be possible to increase the throughput of graduates. With a new building, the throughput of under- and post-graduates is expected to increase by nearly 50% from 864 students in 2007/08 to 1281 students in 2012/13. Without the building, the number would remain at the present level.

Total Under & Postgraduate Students													
	2001/02	2002/03	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Admitted	427	567	525	1065	1319	906	1139	1280	1330	1463	1609	1770	1947
Output	171	268	250	448	482	722	864	864	873	1100	1126	1165	1281

The increase in throughput will raise FCM's income and thus contribute to improving FCM's financial self- sustainability (except for staff salaries paid by government).

4.6 Sub-component Budget

63. The estimated total budget for Danida's support to the sub-component amounts to DKK 49.8 million (or USD 8.3 million). The major parts of the support are for sponsoring students to enrol in various programmes and courses (DKK 24.5 million), financing of a new building (DKK 12 million), and capacity building of FCM (DKK 4.9 million). The budget based on outputs is presented in the table below. Detailed output budgets and the budget assumptions are presented in Annex B.6.

Sub-component B.2: Trade and Business Education (FCM)							
Budget by Output and Year (in DKK '000)							
Output Budgets excluding Contingencies	2008/09	2009/10	2010/11	2011/12	2012/13	TOTAL	
B.2.1 Competencies of graduates enhanced by developing new programmes	4,712	6,462	6,425	3,558	3,342	24,499	
B.2.2 The FCM capacity enhanced in provision of knowledge and skills	8,530	7,098	1,098	1,098	1,098	18,922	
B.2.3 UDEC capacity enhanced in provision of knowledge and skills in Entrepreneurship	414	30				444	
B.2.4 Capacity of other business school institutions improved	310	310	310	310	310	1,548	
Total Contingency for all output budgets	1,211	1,386	779	492	471	4,339	
TOTAL BUDGET FOR SC B.2.	15,177	15,286	8,612	5,458	5,221	49,752	
TOTAL SUBCOMPONENT B.2. ACCORDING TO DANISH FISCAL YEAR	2008	2009	2010	2011	2012	2013	Total
	7,588	15,231	11,949	7,035	5,339	2,610	49,752

4.7 Organisation and Management

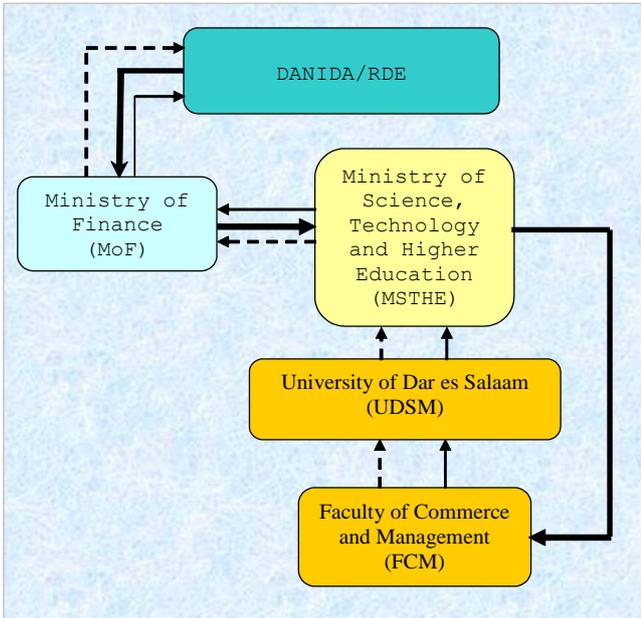
64. Coordination: With or without BSPS III, FCM has a number of cooperating partners with whom it coordinates its activities and programmes. Therefore, there is no need for

establishing a special BPS III-based coordination mechanism. However, it is expected that FCM/UDEC will have working relations with a number of partners in BPS III, e.g.: MITM on the MIT-programme, BEST-AC and perhaps also ATE and TUCTA on advocacy training, TUCTA on training branch leaders in analysing company financial statements, PASS and SCF on training BDS providers, etc..

65. Annual Work Plans and Budgets: Annually, FCM will prepare a proposal on how it plans to utilise the allocated BPS III budget in the next year. The approval of annual work plans and budgets will be done jointly by RDE, FCM/UDSM and the Ministry of Finance (MoF). The annual BPS III support, as FCM’s national resources, is planned in line with FCM’s strategic plan. For the first year, i.e. 2008/09, FCM will in consultation with RDE prepare a proposal on the utilisation of Danida funds and integrate this proposal in the GoT budget planning process as from February 2008.

66. Financial Management and Procurement: FCM’s position under UDSM allows it to serve in its own capacity as implementing agency of donor supported programmes and to receive donor funds, directly from Treasury through the parent ministry, the Ministry of Science, Technology and Higher Education (MSTHE). Thus, the sub-component budget will be channelled through Treasury to MSTHE to FCM and be integrated into GoT’s financial management system. Procurement will be done according to GoT procurement procedures. The diagram below illustrates the systems for planning and budgeting, funds disbursement as well as activity and financial reporting.

Flow of Funds, Planning, Budgeting and Reporting



Legend:
 ———→ Planning and Budgeting
 ———→ Flow of Funds
 - - - - -→ Reporting (Activities & Financial)

67. Quality Assurance: UDSM like any other higher learning institutions in Tanzania follow the Tanzania Council of Universities (TCU) quality assurance regulations and processes. In all

faculties including FCM, UDSM has further instituted its own internal quality assurance processes and procedures for inputs, processes and outputs. In general, the UDSM quality assurance processes meet the international standards and are stricter than other Universities in the region. UDSM has a quality assurance processes and procedures for students and staff recruitment, programme approval, internal and external exam moderation and academic audits, research and tracer studies for its outputs.

68. Monitoring and Evaluation : Monitoring of implementation progress will take place through quarterly progress reporting against an approved work plan as well as financial reporting. The agreed Logical Framework includes a number of output, outcome and impact indicators which FCM will report on bi-annually. The systematic reporting against the indicators and analysis of progress against the agreed targets is central for guiding programme interventions. Every three years FCM will conduct programme reviews to assess among other things relevance and adequacy of the programmes offered. The reviews will also assess the actual demand for our programmes and the willingness and ability of the students to pay fee. As a contribution to assessing impact, FCM will periodically undertake tracer studies, to determine where graduates and trainees work. FCM has an Alumni Association which also works as a monitoring and quality assurance process to give feedback to the faculty. This is an important aspect of the monitoring and evaluation systems, which FCM has earlier proved capable of handling for other donor support. One of the impact reports reviewed shows an appropriate mix of narrative description complemented with verifiable data. It should further be noted that FCM does not have a standardised reporting format for external support, but is planning to introduce one format that will satisfy all parties. This will be fully in line with the current requirements for harmonisation and alignment.

5 COMPONENT BUDGET

69. The total budget for Component B is DKK 75.7 million corresponding to USD 12.6 million or TZS 19 billion, distributed among the two sub-components as illustrated below. Though “International Trade” (MITM) appears to have a modest share, it should be recalled that a major increase in the budget for the international trade issue could be made through use of the unallocated programme budget, in case the DTIS basket fund is established. Though a 10% contingency allowance is applied, Danida rules stipulate that technical assistance, a major part of sub-component B.1, do not generate contingencies. Since the sub-components are a continuation of on-going support, relatively high disbursements are expected in the first years.

Budget for Component B

	DKK'000
International Trade Negotiation	25,955
Trade and Business Education	49,752
Total	75,707

Component B: Better Access to Markets

Component Budget in DKK'000

Sub-components and Outputs	2008/09	2009/10	2010/11	2011/12	2012/13	TOTAL	
Sub-component B.1: Enhanced Capacity in International Trade Negotiations							
B.1.1 Improved stakeholder consultation	384	748	748	748	748	3,376	
B.1.2 Better informed decisions	3,124	2,914	2,914	2,114	2,114	13,180	
B.1.3 Improved participation and negotiation	450	450	450	450	450	2,250	
B.1.4 Improved follow-up on International Trade Agreements	142	1,212	292	292	292	2,230	
B.1.5 Enhanced Institutional Capacity of MITM	1,892	1,190	380	380	380	4,222	
Total Contingency for all output budgets	135	140	140	141	141	697	
TOTAL BUDGET FOR SC B.1	6,127	6,654	4,924	4,125	4,125	25,955	
Sub-component B.2: Trade and Business Education							
B.2.1 Competencies of graduates enhanced by developing new programmes	4,712	6,462	6,425	3,558	3,342	24,499	
B.2.2 The FCM capacity enhanced in provision of knowledge and skills within its main disciplines	8,530	7,098	1,098	1,098	1,098	18,922	
B.2.3 UDEC capacity enhanced in provision of knowledge and skills in Entrepreneurship	414	30				444	
B.2.4 Capacity of other business school institutions improved	310	310	310	310	310	1,548	
Total Contingency for all output budgets	1,211	1,386	779	492	471	4,339	
TOTAL BUDGET FOR SC B.2.	15,177	15,286	8,612	5,458	5,221	49,752	
TOTAL BUDGET FOR COMPONENT B (according to Tanzania's fiscal year)	21,304	21,940	13,536	9,583	9,346	75,707	
TOTAL BUDGET FOR COMPONENT B (according to Denmark's fiscal year)	10,652	21,622	17,738	11,559	9,464	4,673	75,707

6 COMPONENT COORDINATION AND MANAGEMENT

6.1 Coordination and Synergies

70. Component B is a budget allocated for three institutions, and should not be perceived as an institutional body or frame within which the participating institutions need to integrate their efforts. Nevertheless, the implementing partners, MITM and FCM, do have areas of mutual interest and already there is cooperation between them. This cooperation functions without a “component steering committee” why there is no particular need for introducing such a committee in phase III. The organisations also have active cooperation with other partners, some of which are supported by BSPS III and some which are not. The potential synergies and cooperation with these partners are described in the previous sections.

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

71. Annually, the implementing partners will prepare proposals on work plans and budgets for the subsequent year. The BSPS III contribution will be discussed and agreed with the Royal Danish Embassy (RDE). In the case of MITM and FCM, the agreed BSPS III support will then be integrated in their budget proposals that enter the GoT budget formulation and approval process.

72. Re-allocations within sub-component budgets will be agreed between the implementing partner and the RDE, in compliance with current Danida rules.. In 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 and enter into an agreement with the involved partners and the Ministry of Finance.

6.3 Financial Transfers and Procurement Management

73. Apart from the international consultancy contracts, all items in the budgets can and will be procured through local shopping by the partners. MITM and FCM will follow GoT procurement systems and rules. The tendering and administration of international consultancy contracts will be done by Danida/RDE but with the relevant partners being part of tender committees. Danida/RDE will pay the invoices directly to the selected contractors, on recommendation from the respective partner. The contract with the contractor for SCF will include international as well as national staff and be administered by RDE/Danida.

74. In the case of sub-components B.1 and B.2, RDE will make transfers to Treasury which will pass on the transfers without delays to MITM and FCM respectively. In the case of FCM, the transfer will be made through the parent ministry, MSTHE.

6.4 Progress and Financial Reporting

75. MITM and FCM will follow GoT systems for financial reporting. Progress reporting will as far as possible follow the internal systems of the institution. However, as a minimum RDE will receive semi-annual reports which will allow RDE to report to the Danish authorities according to the Danish fiscal year (=calendar year).

6.5 Audits

76. MITM and FCM will organise that annual audits are implemented in accordance with GoT and their internal procedures. In addition, RDE may if necessary contract special audits.

7 MONITORING, REPORTING, REVIEWS AND EVALUATION

7.1 Monitoring and Indicators

77. At the level of the component objective, proxy indicators will have to be used to monitor if Tanzania's participation in international markets improves, for example the trade/GDP ratio, the distribution of imports and exports between consumer goods, intermediate goods, and capital goods, and the export and import of food products. The Programme Coordination at RDE will be responsible for selecting and monitoring the trends of the indicators.

78. At sub-component level, the individual Logical Frameworks (LFs) include agreed indicators for the objectives and outputs. Consistent and regular monitoring and reporting should be completed against the LFs and the indicators. FCM has proven that it has the capacity to manage the data collection, analysis and reporting and FCM will complete tracer studies for monitoring outcomes and impact of the interventions. It is expected that MITM may require some support in developing an appropriate monitoring system. The process change that is expected to be achieved through the support is complicated to measure. Surveys and reviews could supplement the agreed output indicators. Continued dialogue with MITM and monitoring of its capacity for data collection, monitoring and analysis will be necessary.

7.2 Reporting, Reviews and Evaluation

79. All three sub-components will be subject to Danida/GoT Reviews which may be implemented annually or less frequently according to need. The Reviews will address issues prioritised by RDE and the partner and provide advice for the guidance of the implementing partner and RDE. MITM and FCM will generally follow their systems and formats for monitoring and reporting, but as a minimum, semi-annual progress reports will be submitted. Danida may at any time decide to implement an evaluation of one the sub-components.

8 ASSUMPTIONS AND RISKS

80. While the achievement of many objectives and outputs involves assumptions, none of the assumptions are critical risks that need to be translated into conditions with the possible exception of one assumption. At the time of drafting, MITM's plans for establishing a Strategic Think Tank (STT) have not yet materialised in terms of staff having been appointed and a budget allocated. The existence and proper functioning of the STT is critical to achieving several of the outputs in sub-component B.1 and therefore, it would not make much sense to start implementation unless STT is in operation. MITM has, however, indicated that this will happen during 2007.

9 IMPLEMENTATION PLANS

81. Though a government agreement on BSPS III between Denmark and Tanzania may not be signed before April/May 2008, it is important that all partners start preparing the work plan and budget for 2008/09 well in advance; in the case of MITM and FCM around January/February 2008. For MITM and FCM, the process of formulating annual work plans and budgets will follow the government procedures and cycle. However, for investments/expenditure items of a certain size and spread over several years (e.g. the building of FCM), a more detailed multi-year plan, including cash flow projections, will be prepared.

ANNEXES

Annex B.1	International Trade Negotiations – Problem Analysis
Annex B.2	Logical Framework Matrix for Sub-component B.1: International Trade Negotiations
Annex B.3.	Output Budgets – Sub-component B.1
Annex B.4	Draft Terms of Reference for International Consultancy Contract on International Trade (sub-component B.1)
Annex B.5	Logical Framework Matrix for Sub-component B.2: Trade and Business Education
Annex B.6	Output Budgets for Sub-component B.2: Trade and Business Education

**Annex B.1/
International Trade Negotiations - Problem Analysis**

What are the weaknesses and problems in **the process of forming and negotiating Tanzania’s position** in international trade negotiations, and how will BSPS III assist MITM with addressing these problems?
(the below process is for planned and scheduled trade negotiations and not for urgent ad hoc requests to provide a position)

Step in the process	Current problems/weaknesses	What will BPS III finance to address the problems?	What will be the institutional and organisational arrangements for addressing the problems
Obtain the views and insights of key private and public stakeholders on specific international trade issues	Due to lack of funds, MITM is unable to organise Technical Working Groups (TWGs) where key stakeholders can form and contribute their views. Furthermore, MITM has limited capacity for contributing quality evidence and in-depth analysis as basis for the work in the TWGs	BSPS III will provide budget allowing MITM to organise TGWs, invite members for retreats, and provide facilitation of meetings, when necessary contracting national consultants	The relevant “desk officer” of the Department will serve as “secretariat” of the TGW The BSPS III support will be channelled through the GoT system and managed accordingly
MITM formulates recommendations on the position of Tanzania for approval by the Committee of Permanent Secretaries and subsequently by the Cabinet	The 26 professional staff/negotiators in the Department are too busy with daily duties to undertake studies/analyses that require a concentrated effort of several weeks. Furthermore on some issues the knowledge is not available in Tanzania. Therefore, in some cases positions are taken without being based on the needed analyses	BSPS III will provide a budget for entering into framework contracts with 2-3 consortia of national+international consultancy firms/research institutions that have demonstrated expertise in international trade issues. As and when a specific type of expertise is required, MITM will draft TOR and invite the pre-selected consortia to submit candidates.	MITM will establish a Strategic Think Tank (STT) which will be headed by a coordinator supported by an assistant who both will be employed and paid for by MITM. The coordinator would be a highly qualified professional with expertise in international trade. The STT will draft TOR for specific tasks to be undertaken by the pre-selected consortia, receive the reports for quality assurance, and digest and communicate the analyses and conclusions to the Department. The STT will also undertake analyses and for this purpose,

Step in the process	Current problems/weaknesses	What will BSPS III finance to address the problems?	What will be the institutional and organisational arrangements for addressing the problems
			its capacity will be enhanced through a budget to contract short-term “national champions”. The relevant desk officer of the Department may participate in certain stages of the studies in order to develop capacity for international trade issues analysis.
Based GoT approval the Department fields delegations to obtain the most advantageous deal for Tanzania	Few of the Department’s negotiators are experienced international trade negotiators. Many need to acquire negotiation skills. Due to budget constraints, the required range of expertise cannot be included in the delegations	Budget will be provided for training courses and for including the required expertise in international trade negotiations	The BSPS III support will be channelled through the GoT system and managed accordingly

What are the weaknesses and problems in **the process of following up on and implementing** the provisions contained in international trade agreements, and how will BSPS III assist MITM with addressing these problems?

Step in the process	Current problems/weaknesses	What will BSPS III finance to address the problems?	What will be the institutional and organisational arrangements for addressing the problems
1. Following the conclusion of an international trade agreement, various MDAs need to undertake follow-up actions (modify/introduce laws and regulations, revise	1. Limited national legal expertise for assessing compliance of national legislation with the international trade agreements and for formulating bills that are in conformity with international agreements (e.g. anti-dumping law	Re. 1: BSPS III will provide budget (under the framework contracts) for hiring national/international legal expertise to assess compliance of national legislation with	Re. 1 For trade-related legislation under other ministries, DIT will present to the Committee of Permanent Secretaries the analysis of conflicts as well as suggested

Step in the process	Current problems/weaknesses	What will BSPS III finance to address the problems?	What will be the institutional and organisational arrangements for addressing the problems
tariff schedules etc.) in order for Tanzania to comply with the agreements. As member of various trade organisations, Tanzania is obliged to notify and obtain clearance for certain new legislation	<p>which is the responsibility of MITM)</p> <p>2. The capacity within DIT to present notifications to WTO, according to WTO requirements, is limited</p> <p>3. Lack of analysis and strategy on choice of different options provided by trade agreements (e.g. binding or not-binding the tariffs, notify or not)</p>	<p>international trade agreements, pinpoint conflicts and suggest needed amendments.</p> <p>Re. 2: BSPS III will finance a WTO expert to visit Tanzania and train staff of DIT in formats and requirements (2-3 days).</p> <p>Re 3: contract expert(s) to work with DIT staff and STT to undertake the needed analyses</p>	<p>amendments. A process whereby DIT is involved in the preparation of amendments needs to be identified.</p> <p>For legislation under MITM, MITM with support of the contracted legal expertise will formulate and present the amendments for eventual presentation to the Parliament</p>
2. The private sector should be informed about the conclusion of new trade agreements – the provisions of the agreements and the new opportunities and challenges for Tanzanian businesses	<p>Popular versions of international trade agreements in Kiswahili are not produced</p> <p>No dissemination of information about trade agreements and the new opportunities that they offer</p> <p>Inadequate information of business membership organisations</p> <p>No regular meetings with between DIT and BMOs</p> <p>No communication strategy (how to reach the different target groups in the</p>	<p>BSPS III will provide budget for MITM to contract communication experts to assist with development of an efficient communication strategy</p> <p>Funds (not yet earmarked) will be allocated to assist MITM with implementation of some of the activities prioritised in the approved communication strategy</p> <p>Minor funding for maintenance of website and library will be continued</p>	

Step in the process	Current problems/weaknesses	What will BSPP III finance to address the problems?	What will be the institutional and organisational arrangements for addressing the problems
	<p>most efficient way)</p> <p>MITM preparing to issue News Letter but limited budget</p>		

Annex B.2
Logical Framework Matrix for Sub-component B.1

Sub-component B1: Enhanced Capacity in International Trade Negotiations - Ministry of Industry, Trade and Marketing (DKK 26 million)			
Objectives and Outputs	Objectively Verifiable Indicators	Means of Verification	Assumptions
Sub-component Objective: Improved position of Tanzania in negotiation and implementation of international trade agreements			
Output B1.1: Improved stakeholder consultation for formulation of Tanzania's position in international trade negotiations (DKK 3.7 million)	Eight (8) Technical Working Groups (TWGs) sustain averaging three (3) meetings per year	Progress reports	Stakeholders have interest and capacity for contributing to the work
Output B.1.2: Better informed decisions on Tanzania's position in international trade negotiations (DKK 13.3 million).	a) At least 15 analytical issues studies prepared and made available for official use. b) A well performing Strategic Think Tank (STT) meets at least 2 times p.m c) 5 position papers submitted by STT/DIT	Progress reports	MITM has appointed qualified staff and allocated adequate budget for establishment and operation of the Strategic Think Tank (STT)
Output B.1.3: Enhanced capacity of MITM to participate in and negotiate Tanzania's position in international trade negotiations (DKK 2.5 million).	a) At least one specific negotiation training p.a b) Number of staff included in trade negotiation delegation increases by 10% annually	Progress reports	Increased capacity to hire junior staff and to give them trade negotiation specific training
Output B.1.4: Improved follow-up on international trade agreements (DKK 2.2 million)	a) A minimum of 3 proposals of laws and policies to be annually re-drafted to align with the respective WTO agreements b) Two way linkages established with private sector and increase by 20% annually c) # of sensitization workshops on signed trade agreements	a) Compliance reviews b) Progress reports c) Surveys d) Information centre reports	a) legal system can cope with new needs and specify successive drafting needs b) Information centre and assigned staff have adequate software and hardware resources.
Output B.1.5: Enhanced Institutional capacity of MITM (DKK 4.3 million).	a) Inter ministerial communication mainly uses computers b) Inter ministerial linkages are adequate to handle complex issues like agricultural trade	Progress reports	Potential of MIS recognized

**Annex B.3/
Output Budgets – Sub-component B.1**

Output B.1.1: Improved stakeholder consultation for formation of Tanzania's position in international trade negotiations

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL BUDGET FOR OUTPUT B.1.1 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)			-		-		-		-		-	-	
	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	1.5	60	3	100	3	100	3	100	3	100	460
	6. Other National Technical Services	person-month	40.0	-		-		-		-		-	-	
	Sub-total Technical Assistance Costs			60		100		100		100		100	460	
III	OPERATIONAL AND RECURRENT COSTS													
	1. Contracted National Staff			-		-		-		-		-	-	
	2. Vehicle O&M	dr/year	40.0	-		-		-		-		-	-	
	3. Office O&M			-		-		-		-		-	-	
	4. Conference Days/see note	one day all incl	0.900	360	324	720	648	720	648	720	648	720	648	2,916
	Sub-total Recurrent Costs			324		648		648		648		648	2,916	
	Contingencies			32		65		65		65		65	292	
	TOTAL BUDGET FOR OUTPUT B.1.1 EXCL. CONTINGENCY			384		748		748		748		748	3,376	
	TOTAL BUDGET FOR OUTPUT B.1.1 INCL. CONTINGENCY			416		813		813		813		813	3,668	

Output B.1.2: Better informed decisions on Tanzania's position in international trade negotiations

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL BUDGET OUTPUT B.1.2 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	Starter pack- age for STT	60.0	1	60	-	-	-	-	-	-	-	60	
	2. Vehicles (1 sedan for STT)	Sedan	150.0	1	150	-	-	-	-	-	-	-	150	
	3. HRD (Training and Education)				-	-	-	-	-	-	-	-	-	
	4. Investment and Development Funds				-	-	-	-	-	-	-	-	-	
	5. Civil Works				-	-	-	-	-	-	-	-	-	
	Sub-total Investment and Development				210	-	-	-	-	-	-	-	210	
II	TECHNICAL ASSISTANCE COSTS													
	1. International Danida Advisers	person-month	80.0		-	-	-	-	-	-	-	-	-	
	2. International Consultants <i>International Trade Policy Adviser</i>	person-month	200.0	4	800	4	800	4	800				2,400	
	3. International Short-term Consultants	person-month	200.0	6	1,200	6	1,200	6	1,200	6	1,200	6	1,200	6,000
	4. National Long-term Advisers	person-month	10.0		-	-	-	-	-	-	-	-	-	
	5. National Short-term Consultants	person-month	40.0	9	360	9	360	9	360	9	360	9	360	1,800
	6. "National Champions" for the STT	person-month	40.0	8	320	8	320	8	320	8	320	8	320	1,600
	Sub-total Technical Assistance Costs				2,680		2,680		2,680		1,880		1,880	11,800
III	OPERATIONAL AND RECURRENT COSTS													
	1. Contracted National Staff				-	-	-	-	-	-	-	-	-	
	2. Vehicle O&M	Sedan	30.0	1	30	1	30	1	30	1	30	1	30	150
	3. Office O&M - STT	LS per year	24.0	1	24	1	24	1	24	1	24	1	24	120
	4. Workshops (under framework contr)	LS per year	180.0	1	180	1	180	1	180	1	180	1	180	900
	Sub-total Recurrent Costs				234	1,170								
	Contingencies				44		23		23		23		23	138
	TOTAL BUDGET FOR OUTPUT B.1.2 EXCL. CONTINGENCY				3,124		2,914		2,914		2,114		2,114	13,180
	TOTAL BUDGET FOR OUTPUT B.1.2 INCL. CONTINGENCY				3,168		2,937		2,937		2,137		2,137	13,318

Output B.1.3: Enhanced capacity of MITM to participate in and negotiate Tanzania's position in international trade negotiations

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL BUDGET OUTPUT B.1.3 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	90.0	3	270	3	270	3	270	3	270	3	270	1,350
	4. Investment and Development Funds			-		-		-		-		-	-	
	5. Civil Works			-		-		-		-		-	-	
	Sub-total Investment and Development			270	1,350									
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. Other National Technical Services	person-month	40.0	-		-		-		-		-	-	
	Sub-total Technical Assistance Costs			-	-									
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 - for trade negotiations	LS per year	180.0	1	180	1	180	1	180	1	180	1	180	900
	Sub-total Recurrent Costs			180	900									
	Contingencies			45	225									
	TOTAL BUDGET FOR OUTPUT B.1.3 EXCL. CONTINGENCY			450	2,250									
	TOTAL BUDGET FOR OUTPUT B.1.3 INCL. CONTINGENCY			495	2,475									

Output B.1.4: Improved follow-up on international trade agreements

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL BUDGET OUTPUT B.1.4 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)	3-day course	50.0	1	50		-		-		-		50	
	4. Investment and Development Funds Communication Strategy Implemented	lump sum	180.0	0.5	-	1.0	-	1	-	1	-	1	-	
	5. Civil Works			-		-		-		-		-	-	
	Sub-total Investment and Development			50		-		-		-		-	50	
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 for compliance studies etc.	person-month	200.0		-	5	1,000	1	200	1	200	1	200	1,600
	4. National Long-term Advisers	person-month	10.0		-		-		-		-		-	
	5.a: National Short-term Consultants for compliance studies etc	person-month	40.0		-	5	200	2	80	2	80	2	80	440
	5.b: National short-term consultants for formulation of communication strategy	person-month	40.0	2	80		-		-		-		80	
	6. Other National Technical Services	person-month	40.0		-		-		-		-		-	
	Sub-total Technical Assistance Costs			80		1,200		280		280		280	2,120	
III	OPERATIONAL AND RECURRENT COSTS													
	1. Contracted National Staff				-		-		-		-		-	
	2. Vehicle O&M	4-wheel dr/year	40.0		-		-		-		-		-	
	3. Office O&M (website + library)	lump sum/year	100.0	1	12	1	12	1	12	1	12	1	12	60
	4. Travel and Allowances	LS per year			-		-		-		-		-	
	Sub-total Recurrent Costs			12	60									
	Contingencies			6		1		1		1		1	11	
	TOTAL BUDGET FOR OUTPUT B.1.4 EXCL. CONTINGENCY			142		1,212		292		292		292	2,230	
	TOTAL BUDGET FOR OUTPUT B.1.4 INCL. CONTINGENCY			148		1,213		293		293		293	2,241	

Output B.1.5: Enhanced planning and management capacity of MITM

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL BUDGET OUTPUT B.1.5 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)			-		-		-		-		-	-	
	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: <i>Long-term International Trade Adviser (LTITA)</i>	person-month	115.0	12	1,380	6	690		-		-		2,070	
	4. <i>National Long-term Trade Adviser</i>	person-month	10.0	12	120	12	120		-		-		240	
	5. National Short-term Consultants: national and regional consultants	person-month	40.0	6	240	6	240	6	240	6	240	6	240	1,200
	6. Other National Technical Services	person-month	40.0	2	80	2	80	2	80	2	80	2	80	400
	Sub-total Technical Assistance Costs			1,820		1,130		320		320		320	3,910	
III	OPERATIONAL AND RECURRENT COSTS													
	1. Contracted National Staff			-		-		-		-		-	-	
	2. Vehicle O&M	4-wheel dr/year	40.0	-		-		-		-		-	-	
	3. Office O&M	LS per year	12.0	1	12		-		-		-		12	
	4. Travel and Allowances incl workshops and similar	LS per year	60.0	1	60	1	60	1	60	1	60	1	60	300
	Sub-total Recurrent Costs			72		60		60		60		60	312	
	Contingencies			7		6		6		6		6	31	
	TOTAL BUDGET FOR OUTPUT B.1.5 EXCL. CONTINGENCY			1,892		1,190		380		380		380	4,222	
	TOTAL BUDGET FOR OUTPUT B.1.5 INCL. CONTINGENCY			1,899		1,196		386		386		386	4,253	

Budget Notes

Notes on Output Budget B.1.1

It is assumed that at any time there would be between four and eight active TWGs. On average each TWG would have 10 members and three working sessions per year, each working session of three days, i.e. 90 person/working-session-days per year per TWG or 720 session/conference days for eight TWGs per year. The average cost per person per day is estimated at USD 150 or DKK 900 which covers travel to the meeting venue, bed and full board, meeting facilities, stationary, printing and photocopying. This is an average figure. For some participants there may not be any travel and hotel costs. It is assumed that on average half of the working sessions (24 per year except for year one) will require a national consultant to prepare for and facilitate the working session. In addition, budget is provided to allow MITM contract national consultants to facilitate the TWG sessions.

Notes on Output Budget B.1.2

It is assumed that the framework contracts will be entered into around May-June 2008 and that in each year there will be on average 3 studies per year. It is further assumed that each study on average will have in input of 3 person-months national consultants and 2 person-months international consultants. In addition, for more general capacity development in trade policy, interval inputs of international trade policy adviser will be provided. Tentatively, there is budgeted for an input of four person-months during each of the first three years, i.e. a total of 12 months to be delivered by the same expert. Where national consultants and expertise with needed qualifications and experience are available, national expertise will be used instead of international consultants. For each study, a workshop will be implemented with around 40 participants, at an estimated cost of USD 10,000 or DKK 60,000 for one and DKK 180,000 for three. In addition, budget is allocated for the STT to contract eight person-months of “national champions” per year (outside the framework contract). Also a “starter package” comprising PCs, a photocopier and other office equipment is included for the STT as well as office O&M. Finally, a sedan vehicle is included for the STT, plus vehicle O&M.

Notes on Output Budget B.1.3

It is assumed that each year three DIT staff participate in short-term training (about 3 months) in subjects such as negotiation skills, trade issue analysis and other of relevance. The average cost per person per course is estimated at USD 15,000 or DKK 90,000. When done within Tanzania costs may be lower but some courses will also be overseas, e.g. at the World Trade Institute in Bern. DKK 900,000 is allocated to allow MITM field trade delegations with the required expertise.

Notes on Output Budget B.1.4

A specialist from WTO will be invited to Dar es Salaam to conduct a 3-day training course for DIT staff in notification procedures and formats. Under the framework contract, two studies will be implemented in 2009/10. Firstly, a major “compliance-study” involving 2 person-months national and 2 person-months international legal specialists. Secondly, a study of strategic options offered by already signed agreements in order to make the most advantageous choice(notification or not, binding or not); this study is planned with an input of 3 person-months national and 3 person-months international consultants from the framework contract. After 2009/10, 1 person-month international and 2 person-months national consultants are provided each year for follow-up studies. With respect to raising the awareness of private businesses, two person-months national consultants are allocated to assist

MITM/DIT to develop a communication strategy. Once approved, development budget (currently unspecified) is allocated for the implementation of the strategy. Measures may be workshops, news letters, advertisements in media etc. A total of DKK 810,000 is allocated as “development funds” for the 5-year period. In addition, “budget support” is allocated for the maintenance of MITM’s library, web-site and internet connection (total DKK 500,000 for 5 years).

Notes on Output Budget B.1.5

Inputs of 18 person-months of a Long-term International Institutional Capacity Building Adviser and 24 person-months of a national Institutional Capacity Building adviser are included to assist with the development of the capacity of MITM. In addition, budget is provided to allow MITM to contract specialised national consultants and service providers (6 person-months per year declining to 5) for performance improvements, within e.g. information flow, strategic planning, M&E systems, financial management etc. Budget is also provided for necessary workshops in these processes.

Tanzania
Business Sector Programme Support - Phase III
BSPS III

**Consultancy for Supporting the Government of Tanzania on International Trade Issues
and Negotiations**

Draft Terms of Reference

1 Background

1. In BSPS II, Danida initiated support for developing the capacity of the Government of Tanzania (GoT) to effectively engage in international trade negotiations and develop a trade regime that is conducive to achieving the government's vision of Tanzania becoming a middle income country, export-oriented and fully integrated in the world economy. The Department of International Trade (DIT) within the Ministry of Industry, Trade and Marketing (MITM) has the mandate for international trade policy and negotiations and is the implementing partner in this sub-component. DIT has 26 professional staff of whom two have implemented the masters programme in international trade at the Faculty of Commerce and Management (also financed by Danida). Many of the staff still have inadequate analytical and negotiation skills, and due to time and skill constraints they are not able to engage in analytical work required for the negotiation processes and in work required to follow up on agreements that Tanzania has signed. DIT lacks budget for systematically engaging private and public stakeholders in defining the position of Tanzania, for contracting specialised expertise to establish the analytical basis for defining her position (based on evidence), and for implementing follow-up actions on signed agreements.

2. In order address this situation, MITM decided in 2007 to establish a Strategic Think Tank (STT) which will have the resources for engaging in more in-depth and time consuming analyses. STT will be a relatively small team, drawing on external expertise as required. Enhancing the capacity of STT will be a major element of the cooperation with Danida in BSPS III.

3. While DIT's capacity is being enhanced, it is still insufficient considering the immediate challenges that Tanzania faces in the multilateral, regional and bilateral context. In the WTO context, Tanzania needs to define and negotiate its position on many issues (e.g. intellectual property rights, liberalisation of the services sector, tariff binding etc.), and also, special efforts are required to implement signed agreements where Tanzania lags far behind in fulfilling her obligations. In the regional context, the process of establishing a common market for the East African Community (EAC) will significantly increase the workload and challenges of DIT, and the membership of SADC continues to generate issues that DIT needs to address. The agreements (GSP) with USA and EU raise many issues and DIT also has crucial role to play in the process of developing an Economic Partnership Agreement with the EU. Partly as a consequence of limited progress in the Doha round, bilateral agreements continue to have a dominating role. India and China are emerging as Tanzania's main trading partners and Tanzania needs to obtain satisfactory terms for her trade with these partners.

4. It is not possible to plan the work and the support for the next five years according to what is expected to happen in the different contexts of international trade negotiations. While

there are plans for some processes and contexts, the field of international trade is dynamic, resulting in many unexpected events. Though the names of organisations, committees and expertise may differ in the different contexts and subject matters, DIT is handling two generic processes which are more or less the same whatever the context and subject, viz.

- I. Defining and negotiating Tanzania's position: this process should ideally start with proper analysis of the consequences of different options for Tanzania's private and public stakeholders, consultation with the stakeholders, establishing recommendations on Tanzania's position, obtaining the approval of Cabinet (and/or the Committee of Permanent Secretaries), and negotiating the position.
- II. Following up on and implementing signed agreements: this process should ideally involve: (i) a review of compliance of the national framework (laws, tariffs etc) with the international agreement, and monitoring and guidance of public ministries, departments and agencies (MDAs) to ensure that the required amendments and actions are implemented; and (ii) informing the private sector about new agreements and the opportunities and challenges they create. Finally, some international agreements allow the signatories a choice among options (e.g. binding the tariffs or not, notification or not) and proper analysis is required to conclude what option is the most advantageous for Tanzania.

Due to human and financial constraints (and in some cases organisational issues), these processes are currently not effectively implemented or not implemented at all, and therefore, the cooperation in BSPS III focuses on addressing the main weaknesses. The overall MITM management and operations also influence the performance in international trade negotiations, and therefore, part of the support will focus on improving ministerial performance, addressing issues and constraints that will be identified and prioritised during the course of implementation within areas such as for example strategic planning, monitoring and evaluation, resource management including human resource management, information flow and coordination, and financial management.

5. BSPS III, 1 July 2008 – 30 June 2013, will assist MITM with addressing these constraints. Budget is provided for achieving five outputs:

- B.1.1 Improved stakeholder consultation for formation of Tanzania's position in international trade negotiations
- B.1.2 Better informed decisions on Tanzania's position in international trade negotiations
- B.1.3 Enhanced capacity of MITM to participate in and negotiate Tanzania's position in international trade negotiations
- B.1.4 Improved management, follow-up and awareness on international trade agreements
- B.1.5 Enhanced institutional capacity of MITM

2 Purpose of the Consultancy Services

6. Consultancy services are sought for four purposes:

1. Contributing to an evidence-based position: This involves preparation of studies that properly analyse the implications of different positions that Tanzania may take in future international trade negotiations and recommendations on the most advantageous position. Such studies may be of a sector nature, e.g. the cotton sector, or be focusing on a specific issue, e.g. intellectual property rights.

2. Improving follow-up on signed agreements:
 - Assessment of the most advantageous choice of options offered by signed agreements, e.g. tariff binding or not, notification or not, etc.
 - Assessment of compliance with signed agreements, e.g. requirements for amending tariffs and regulations, and recommendations on required actions
3. Developing MITM's and the private sector's human resources through implementation of the above exercises in joint teams of international and national consultants with participation and contribution from MITM staff, and through the fielding of an International Trade Policy Adviser (ITPMA) for about four months per year during each of the first three years.
4. Enhancing the overall performance of MITM within areas of planning and management, through long-term international (18 months) and national (24 months) Institutional Capacity Building advisers, preferably with knowledge on international trade issues.

3 Deliverables and Inputs

7. While the input of the international and national long-term advisers is pre-determined, the exact nature of each study will be defined in the implementation process by MITM/SIT which for each study will prepare detailed Terms of Reference specifying the outputs, scope of work, and inputs including the experience and qualifications of the consultants. The expertise required will vary from case to case. Though experience and qualifications in international trade issues will be a general requirement, there may be cases where highly specialised expertise will be required. Tentatively, the planned studies and inputs are indicated below, which for the short-term inputs is a frame only. Where the required expertise and qualifications are available within Tanzania, the international consultants will be replaced by Tanzanian consultants and experts.

Tentative Inputs and Deliverables under the Framework Contract

	Person-months	DKK' 000	
A. CONSULTANCY INPUTS			
A.1 Sector/Issue Studies to be identified (B.1.2)			
National Specialists to be decided	45		The International Trade Policy Adviser is expected to provide an input of 4 months per year during the first three years. In addition, 3 studies demanded by STT and TWGs are expected per year, each study involving 2 person-months national and 2 person-months international consultants
International Trade Policy Adviser (3 yrs x 4 p/m)	12		
International Specialists to be decided	30		
A.2 Studies/Reviews of Legal Compliance and Follow-up Strategy (binding/not binding) - B.1.4			
National	11		During 2009/10, a legal compliance study as well as a study on best options offered by signed international trade agreements will be implemented. Follow-up studies in each of following years will be implemented as relevant
International	8		
A.3 Enhanced Planning and Management Capacity of MITM			
Long-term International Institutional Capacity Building Adviser	18		The LTITA will be permanently stationed in Dar es Salaam from 1 July 2008 till 31 December 2009
National Long-term Institutional Capacity Building Adviser	24		The National Adviser will be permanent for the period 1 July 2008 - 30 June 2010

8. The International Trade Policy Adviser will work with the STT for about four months per year during the first three year and be adviser to the Coordinator of STT whom she/he will assist with assessing needs for studies, preparing for the studies, e.g. terms of reference, and digesting and explaining study reports. The Adviser may also be called upon by other senior staff in MITM and GoT to give advice on specific issues of international trade.

9. The long-term international and national institutional capacity building advisers will assist MITM with addressing specific ministerial management issues to achieve performance improvements in areas such as strategic planning and operational management. They will in principle work with all departments of the ministry and they will report to and be answerable to the Permanent Secretary of MITM.

4 Organisation and Management

10. The long-term international and national advisers will work with all departments but in particular the departments of international trade, policy and planning. They will report directly to the Permanent Secretary. The International Trade Policy Adviser, providing interval inputs, will be the advisor to the Coordinator of STT and the Director, Department of International Trade (DIT). Short-term inputs will be delivered based on detailed ToR for specific studies. In all studies, the selected consortium will be required to compose teams of national and international expertise (international includes expertise from the region). Occasionally the contract holder will be requested to submit more than one candidate for each position in the study team. Candidates for studies will be approved by the Coordinator/STT. When submitting the candidates for short-term studies, a brief introduction to working methodology and approach shall be included.

11. The STT Coordinator will certify that the study has been properly implemented according to the ToR and authorise the Royal Danish Embassy to make the final payment.

5. Requirements to the Tendering Consortia

12. It is anticipated that the bidders will be “consortia”, joint ventures or associations, comprising: (i) Tanzanian institutions which may be consultancy firms and/or research centres (ii) international and regional institutions which may be consultancy firms and/or research centres; and that both groups have a demonstrated capacity and a proven track record in delivering research/advice on international trade issues.

13. The proposal shall include presentation of candidates for the long-term national and international adviser positions as well as the position of International Trade Policy Adviser (4 p/m per year in first three years). For these positions, a binding financial offer shall be presented. In addition, a pool of candidates shall be presented for the short-term studies, as well as a financial proposal giving the fee level for different categories of consultants and experts, and the reimbursable cost directly related to a short-term consultancy input.

Annex B5 – Log Frame Matrix for Sub-component B.2

Sub-component B.2: Trade and Business Education - Faculty of Commerce and Management (FCM) (DKK 49.8 million)			
Objectives and Outputs	Objectively Verifiable Indicators	Means of Verification	Assumptions
Sub-component Objective: Enhanced competencies for the private and public sector in international trade, business management and entrepreneurship	a) FCM/UDSM ranking among the top ten business schools in Africa; b) 20 % increase in number of graduates from Private and Public sector; c) At least 5 % of Private and Public Sector programme/course graduates employed in managerial positions	a) Internet ranking; b) registration records and c) annual tracer study and postgraduate study reports	Government policies on public Universities remain stable and favourable. No disruption of university activities. FCM ability to attract and keep competent staff members.
Output B.2.1: Competencies of graduates and capacity of BSPS partners enhanced by developing new programmes within the disciplines international trade, negotiations, entrepreneurship, corporate governance, investment analysis and portfolio selection, and enterprise management (DKK 26.95 m)	a) 40 % of Private Sector and b) 60 % of Public Sector programme/course graduates employed in managerial positions by 2013	Annual tracer study; postgraduate study reports	Government policies on public Universities remain stable and favourable. No disruption of university activities. FCM ability to attract and keep competent staff members.
Output B.2.2: The FCM capacity enhanced in provision of knowledge and skills within its main disciplines (DKK 20.65 m)	a) 50 % increase in the number of graduates from the current level due to new teaching facility; c) teaching assessment showing improved capacity of FCM staff to teach and conduct more research; and d) improved motivation of FCM staff	b) registration records; c+d) teachers' assessment study	Government policies on public Universities remain stable and favourable. Government will continue to pay salaries of present and new FCM staff. FCM ability to attract and keep competent staff members.
Output B.2.3: The UDEC capacity enhanced in provision of knowledge and skills in entrepreneurship (DKK 450,000 for PY1 and PY2)	a) 20 % of UDEC graduates starting up their own business , b) by 2013 UDEC has institutionalised itself with own staff, structure and activities	a) Annual tracer study; b) annual progress report	Resistance from Faculties to provide resources for UDEC activities
Output B.2.4: Capacity of other business school institutions improved (DKK 1.7 m)	a) No of new programmes and courses developed by own staff; b) number of new programmes and courses conducted by own staff; and c) retention of FCM staff	a+b) Annual tracer study; c) FCM annual report	Government policies on public Universities remain stable and favourable. Conducive relationship with partner business school institutions

Annex B.6 – Output Budgets for Sub-component B.2

Output B.2.1.: Competencies of graduates enhanced by developing new programmes

Expenditure Accounts		Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL BUDGET FOR OUTPUT B.2.1 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)	Prog./courses			4,712		6,462		6,425		3,558		3,342	24,499
	4. Investment and Development Funds				-		-		-		-		-	-
	5. Civil Works				-		-		-		-		-	-
	Sub-total Investment and Development				4,712		6,462		6,425		3,558		3,342	24,499
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. Other National Technical Services	person-month	40.0		-		-		-		-		-	-
	Sub-total Technical Assistance Costs				-	-								
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				471		646		643		356		334	2,450
	TOTAL BUDGET FOR OUTPUT B.2.1 EXCL. CONTINGENCY				4,712		6,462		6,425		3,558		3,342	24,499
	TOTAL BUDGET FOR OUTPUT B.2.1 INCL. CONTINGENCY				5,183		7,108		7,068		3,914		3,676	26,949

Output B.2.2: The FCM capacity enhanced in provision of knowledge and skills within its main disciplines

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL FOR OUTPUT B.2.2 DKK'000
			No Units	Budget DKK'000									
I	INVESTMENT AND DEVELOPMENT COSTS												
	1. Equipment and Materials	Mkt. Material	2	30	2	30	2	30	2	30	2	30	150
	2. Vehicles	4-wheel drive		-		-		-		-		-	-
	3. HRD (Training and Education)	Progr/courses		1,028		1,028		1,028		1,028		1,028	5,138
	4. Investment and Development Funds	pc's etc.		1,432		-		-		-		-	1,432
	5. Civil Works	new teaching facility	0.5	6,000	0.5	6,000	-	-	-	-	-	-	12,000
	Sub-total Investment and Development			8,490		7,058		1,058		1,058		1,058	18,720
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	1	40	1	40	1	40	1	40	1	40	200
	6. Other National Technical Services	person-month		40.0		-		-		-		-	-
	Sub-total Technical Assistance Costs			40	200								
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 (workshop)	LS per year		-		-		-		-		-	-
	Sub-total Recurrent Costs			-	-								
	Contingencies			706		706		106		106		106	1,729
	TOTAL BUDGET FOR OUTPUT B.2.2 EXCL. CONTINGENCY			8,530		7,098		1,098		1,098		1,098	18,920
	TOTAL BUDGET FOR OUTPUT B.2.2 INCL. CONTINGENCY			9,235		7,803		1,203		1,203		1,203	20,649

Output B.2.3: The UDEC capacity in provision of knowledge and skills in Entrepreneurship

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL OUTPUT B.2.3 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)	training		30		30							60
	4. Investment and Development Funds	pc's etc.		384		-		-		-		-	384
	5. Civil Works			-		-		-		-		-	-
	Sub-total Investment and Development			414		30		-		-		-	444
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. Other National Technical Services	person-month	40.0	-		-		-		-		-	-
	Sub-total Technical Assistance Costs			-	-								
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			3		3		-		-		-	6
	TOTAL BUDGET FOR OUTPUT B.2.3 EXCL. CONTINGENCY			414		30		-		-		-	444
	TOTAL BUDGET FOR OUTPUT B.2.3 INCL. CONTINGENCY			417		33		-		-		-	450

Output B.2.4: Capacity of other business school institutions strengthened

Expenditure Accounts	Unit	Unit Price in DKK'000	2008/09		2009/10		2010/11		2011/12		2012/13		TOTAL OUTPUT B.2.4 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)	Training & research projects		310		310		310		310		310	1,548
	4. Investment and Development Funds			-		-		-		-		-	-
	5. Civil Works			-		-		-		-		-	-
	Sub-total Investment and Development			310	1,548								
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. Other National Technical Services	person-month	40.0	-		-		-		-		-	-
	Sub-total Technical Assistance Costs			-	-								
III	OPERATIONAL AND RECURRENT COSTS												
	1. Contracted National Staff			-		-		-		-		-	-
	2. Vehicle O&M	4-wheel dr/year	40.0	-		-		-		-		-	-
	3. Office O&M	lump sum/year		-		-		-		-		-	-
	4. Travel and Allowances	LS per year		-		-		-		-		-	-
	Sub-total Recurrent Costs			-	-								
	Contingencies			31	155								
	TOTAL BUDGET FOR OUTPUT B.2.4 EXCL. CONTINGENCY			310	1,548								
	TOTAL BUDGET FOR OUTPUT B.2.4 INCL. CONTINGENCY			341	1,703								

Output Budget Assumptions

Notes on Output Budget B.2.1:

Danida will contribute to the financing of a part of the costs of the 18 months MIB and MIT programmes, while the rest will be financed by students and FCM. In addition, a budget of DKK 8.8 million is provided to finance short courses, tailor made to clients in the private and public sectors. For short courses and training sessions it is assumed that 1) all short term courses will have 25 participants; 2) all short courses will have input from a regional or international expert or guest speaker; 3) half of the courses will take place at FCM premises and half of the courses externally.

Notes on Output Budget B.2.2:

The support for each of the four FCM staff (DKK 300.000) to complete their PhD studies includes them visiting selected European universities for six months each year for a four year period and perform field research work and write research reports. It is assumed that the support will be sufficient to cover transport costs, accommodation and possibly university fees.

It is assumed that the DANIDA support of DKK 12 million will finance the total cost of duplicating the building presently being constructed on site. FCM has taken a loan from CRDB Bank for USD 2.1 million with an interest rate of 10% to finance this building.

The improvement of FCM teaching and learning environment covers procurement of books, computers, printers, photocopiers, LCD multimedia, television, video, laptops, office chairs, tables and book shelves.

DKK 150,000 is allocated (budget line I.1) for marketing materials and promotion so as to inform the public about the programmes and courses, e.g. leaflets and brochures.

To measure impact of various programmes and courses it is recommended to conduct annual tracer studies to establish the employment of students subsequent to graduation from FCM. The budget provides for one tracer study annually conducted by a national consultant for one man-month at DKK 40.000. Including in the tracer study reviews of MIB and MIT programmes will be done at the same time with the view to continuously adjust and improve the programmes.

Notes on Output Budget B.2.3:

The support for UDEC is limited to the first two years. To build the capacity of UDEC staff 10 UDEC and associates will attend one of the short term courses. The improvement of UDEC training environment covers procurement of laptops, photocopier, LDC projectors, chairs, tables, shelves etc.

Notes on Output Budget B.2.4:

It is assumed that the selected business school institutions have the necessary absorption capacity to engage their staff in capacity building by FCM staff members.