

Tanzania Country Programme Document (2014-2019)

1. Introduction

The Denmark-Tanzania Country Policy Paper 2014-18, discussed with the Government of Tanzania (GOT) at High-Level Consultations in May 2013, was approved by the Danish Parliament in November 2013, and finally approved by the Danish Minister for Development Cooperation in January 2014. Formulation of the Country Programme that will implement the Country Policy received guidance by the Danish Programme Committee in December 2013, and has been finalized during the beginning of 2014.

The overall objective of the Denmark-Tanzania Country Policy is to reduce poverty and inequality in Tanzania by helping to create broad-based growth and ensure equitable delivery of quality health services.

The country programme integrates one Development Contract (general budget support), including accompanying measures, and three thematic programmes:

- Health Sector Support Programme (HSS)
- Business Sector Programme Support (BSPS)
- Good Governance and Human Rights Programme (GGR)

The programme has been developed in consultation with the Government of Tanzania and aligns to the national policy objectives of Tanzania. The country programme applies a Human Rights Based Approach and seeks to promote the principles of non-discrimination, participation, transparency and accountability.

This document sets out the overall objectives, thematic objectives and programmes, expected outcomes and major risks of the overall country programme.

2. Summary of the Country Level Context

The country programme is designed to address the overall objective, defined by the country policy, of **reducing poverty and inequality and ensuring equitable delivery of quality social services, especially within health**. The strategic direction of the Danish support is **to make growth inclusive**, targeting inequality and the distribution of economic growth, and strengthening human rights. Creation of jobs, progressive efficient tax systems and equal access to quality social services, are high impact areas and main drivers for achieving this. Thematic programmes will address income poverty, non-income poverty, governance and rights in Tanzania, through use of a rights-based approach. Income poverty will be addressed directly through the Business Sector programme – BSPS specifically targeting creation of employment and incomes in rural areas. Non-income poverty will be addressed directly through the Health Support programme, with specific focus on equitable social service delivery to all. Good governance and rights will be addressed directly through the Governance and Rights programme focusing on the demand-side for improved transparency and accountability mechanisms and on human rights with particular focus on gender equality. These interventions are supplemented by the Development Contract - focusing on the supply-side and government as duty-bearer. The Development Contract with accompanying measures will support all three thematic areas, addressing income poverty, income distribution through taxes, non-income poverty, governance and rights. The financial support is accompanied by high-level policy dialogue and integrates key sector and thematic performance indicators in the overall performance assessment framework of the Development Contract.

Resume of country policy paper and preparatory analysis

The analysis forming the basis of the country policy paper says, in brief: Tanzania has seen strong growth over the last decade, with an average annual growth rate of 7%, which has resulted in a doubling of the economy over this period. Nevertheless, despite high growth and significant ODA inflows, there is no indication of income poverty falling significantly over this period. Almost one-third of Tanzanians still lives below the national poverty line, and two-thirds below \$1.25/day. Relative poverty has fallen slightly, but in absolute numbers poverty is not declining. This is explained through very high population growth (3%), increasing inequality, and most of the growth taking place in capital-intensive sectors with little employment impact. More than 75% of the population are employed in the agricultural sector, a sector in which growth has barely been higher than the population growth. There have been significant improvements in non-income poverty over the last decade, primarily because of large public investment especially in access to education but also access to health services, and health sector performance indicators have improved significantly. The fast expansion has, however, led to issues with the quality of services. The relative success of social service expansion is partly due to the fiscal space provided by the significant budget support resources made available over the period. At the same time, budget support and core sector wide support (e.g. basket funding) modalities have contributed to improvements in public financial management systems and institutions. Nevertheless, weaknesses in fiduciary management, procurement compliance and systemic corruption remain large challenges, partly due to low transparency and weak accountability mechanisms.

The country programme must address these challenges in a context where political stability and appetite for reform is limited, at least till after elections i.e. 2016. CCM, having ruled Tanzania since independence and with absolute majority in Parliament, is occupied with succession and control of a constitutional review, which could in principle entail a rebirth of Tanganyika and a more autonomous Zanzibar in a new three-tier government structure. The country programme must be adaptable enough to respond to changes in the national planning framework and priorities over the programme period.

The country programme and its thematic programmes are structured to address these challenges of: 1) Persistent income poverty – thematic focus on rural income and employment; 2) Non-income poverty – thematic focus on equitable health services for all; 3) Inequality and weak governance structures – thematic focus on transparency, accountability and human rights especially gender equality. The Development Contract will contribute to all three areas through policy dialogue and selection of high impact performance indicators supporting these agendas.

Country policy strategic objectives

The overall development objective and thematic development objectives for the country programme are defined by the country policy document. The overall development objective is **to reduce poverty and inequality and to ensure equitable delivery of quality social services, especially in health**. Thematic development objectives contributing to the overall development objective are to:

- promote inclusive green growth and employment
- improve the health and well-being of the poorest by strengthening national systems to enhance the delivery of and equal access to quality health services for all
- strengthen democracy, good governance, rule of law and respect for all human rights.

The different thematic programmes are aligned to Tanzanian policies and strategies, and more often than not they are part of multi-donor interventions. The Danish interventions are also mostly mutually supportive, and the country programme is designed to promote strategic reinforcement between thematic interventions. Social sectors are central for implementing the rights agenda – the health sector is crucial for pursuing gender equality and women's rights, with some of the most important rights related to sexual and

reproductive rights, reproductive and maternal health, and family planning. On the other hand, equitable health service delivery depends on public sector management and incentive structures, solid PFM systems, adequate resourcing deriving chiefly from tax revenue generated by the economy, and functioning accountability mechanisms. Programmatic synergies will be pursued in the formulation of the thematic programmes, and the Development Contract will through its results and performance framework help prioritize major national development targets. The good governance and human rights programme will be highly complementary to the Development Contract and include accompanying measures focused on the demand-side, e.g. civil society demand for stronger transparency and accountability mechanisms.

Danish support will focus on equity and sustainability. It needs to play a catalytic role in terms of supporting Tanzanian policies on tax and redistribution policies by working for a more progressive tax system and getting rid of regressive exemptions. Similarly, a strong advocate is needed for a more inclusive and sustainable growth path for the economy, which has seen high growth but without generating the many needed jobs. This will require the ability of Danish support to play a catalytic role in the context of national policies and resource allocations, as Danish financial support is small in the big picture of the Tanzanian economy and government budgets. Total Danish support corresponds to approximately 1% of the GOT budget, or about 0.3% of GDP. Denmark will, in addition, be able to leverage other more commercially focused tools and instruments to support green growth and employment in Tanzania, including Danida Business Finance and Danida Business Partnerships.

The country programme will establish linkages to the core human rights principles of non-discrimination, participation, transparency and accountability - in the country programme as a whole, and within each thematic programme. The formulation of the business sector programme drew on expertise from the Danish Centre for Human Rights to adapt a rights-based approach to private sector development. The health thematic programme will build on an existing health sector support programme with human rights and equity serving as guiding principles. The good governance and human rights programme will be directly focused on the four principles of the rights-based approach, with a special focus on gender equality. The underlying principles of the Development Contract include the core human rights and are on an annual basis assessed with issues brought up in the high-level policy dialogue with the government.

Strategic considerations and justification of country programme

As Tanzania looks ahead to middle-income status – a vision set out in the national plan Vision 2025 - with expanding possibilities for own-financing of its public expenditure, the Government has delivered a strong political commitment to specific measurable goals (Big Results Now), which are generally in line with the Danish strategic poverty reduction objectives. Some major donors are moving away from the GBS modality, but it remains the government's preferred modality with maximum alignment to national systems and priorities, and the possibility of optimizing resource allocation to nationally defined and democratically decided policy priorities. The quality of policy dialogue has in recent years been less than satisfactory, but the mechanism is currently being reformed to enable more effective dialogue and a clearer focus on results. The assessment of the 5 budget support principles is overall satisfactory, but flags weaknesses in quality and implementation of pro-poor strategies and plans, and continued issues with systemic corruption.

The growth in Tanzania's economy in coming years will be strong and unevenly distributed. It will be driven by extractive industries, which represents a threat of rent-seeking and mismanagement of public funds. However, such strong growth is primarily an opportunity for Tanzania to expand its fiscal resources and eventually move away from depending on development assistance. This provides the opportunity for Denmark to build on and strengthen current efforts to support tax systems and policies as well as public

financial management, hence supporting Tanzania in building a more equitable society through redistribution and transparency.

Denmark will therefore provide general budget support with a strong emphasis on results and value for money, linking performance payments to a narrow set of Government's top priorities and use of a substantial performance tranche. Through dialogue, paying for results, and accompanying measures, the support will put special emphasis on improving revenue performance and public financial management, supporting income redistribution and Tanzania's progress towards fully own-financed and accountable public spending. The development contract's support to Government's policy and system to implement its poverty reduction goals will be reinforced by support for civil society through the thematic support to governance emphasising accountability and transparency for social services, tax and public financial management.

The government's prominent initiative to address the implementation problem, the "Big Results Now" (BRN) approach, could have potential for driving change and results, as well as providing the necessary national results framework for linking up performance and results-based financial aid instruments. BRN top priorities include agriculture, revenue management and health, areas receiving strong Danish support in the new country programme. The BRN is focused on delivering results, which implies increased accountability and efficiency not least for the public sector in its implementation. Local governments (LGAs) have a central role and function in the delivery of results by government, especially in terms of social services, but they are important in all thematic areas of this country programme.

Tanzania continues to have, compared to its region, a relatively positive human rights record. It has ratified most international human rights related instruments and established an institutional framework to support democratic governance and the implementation of human rights. Tanzania accepted a number of recommendations from the 2011 Universal Periodic Review, which is considered a sign of the government's continued commitment to improve human rights. In terms of implementation on the ground, significant challenges still remain, with recent worrying signs of pressure on press freedom, with attacks on journalists and editors as well as administrative closures of critical media. Regarding women's rights, Tanzania has relatively adequate legislation, but traditions contrary to gender equality and women's rights are very strong, and implementation and enforcement of laws is uneven at best. Women still have much less rights than men, with a high level of girls dropping out of school, poor sexual and reproductive health and very high incidence of gender based violence.

Aid effectiveness and alignment to national objectives and partner strategies

The country policy is structured around, and strongly emphasizes, alignment to national objectives as defined by the national development framework – Tanzania Vision 2025, MKUKUTA II, Long Term Perspective Plan (2011-2025), Five-Year Development Plan, Big Results Now (BRN) and sector-level strategies such as the Health Sector Strategic Plan. A significant share of country programme resources, defined as support to the general budget of the country, by definition directly supports the implementation of the national development strategy, with no earmarking of the funds beyond the general budget.

The DAC quality criteria for use of development cooperation funds – relevance, impact, effectiveness, efficiency and sustainability - have been applied consistently in developing the country programme. Thematic areas are highly relevant and selected for maximum impact and contribution to overall objectives. Implementation modalities have been identified with a view to efficient and effective programme implementation, including significant use of multi-donor interventions ensuring both increased efficiency and institutional sustainability.

All development engagements propose to give funding as core support to partners. This takes the form of various modalities, ranging from GBS tranches going into the treasury of Tanzania co-mingled with domestic resources in the general budget; to basket fund support to tax, PFM and health; to CSO support designed as core support to achieving the partner objectives and strategies. In all cases the modality has been chosen on the basis of preference given to the most aid effective modality, most aligned to partner objectives and strategies. The bulk of the resources of the proposed country programme are programmed as contributions to joint modalities, including basket funds, but also for example multi-donor vehicles being established under the business sector programme.

Contextual risk analysis

Despite impressive economic growth in recent years, absolute poverty has not fallen and unemployment rates (partly hidden as under-employment) are high in Tanzania, not least for youth. This high and rising inequality provides a breeding ground for increasing public discontent and disillusion with government and elected leaders. Tanzanian society is now characterized by a higher level of internal conflict and crime than ever before. The governing party CCM seems set to keep power also after the next election in 2015, although democratic competition is on the rise. The lead up to the next election may see increased political violence and pressure on human rights and media, possibly calling into question the continued commitment to democratic values and human rights in a tough election environment. Government will seek to justify tough measures against different forms of advocacy for reform, including real threats to stability, with considerations of national unity and peace.

Partly due to the history of political settlement in Tanzania, but also due to years of weak enforcement of rule of law, corruption and conflicts of interest are endemic in the country. This is true at all levels, from higher political echelons to petty corruption in the police, judiciary, schools and health work force. The Development Contract and accompanying measures of strengthening fiduciary management systems and institutions are designed to mitigate the risk of corruption. Nevertheless, it is likely that corruption scandals in the country will erupt during the period of country programme implementation, with potentially severe consequences for disbursements of aid.

Some key programmatic risks are linked to poor policy dialogue with government, lack of political drive to tackle tax exemptions, slow progress on PFM reform, too low emphasis on equity in social services, and low priority given to the health sector in the national budget. Risk management measures include GBS programme design with annual assessment of underlying principles, a high variable performance tranche to ensure value for money, and strong components supporting PFM Reform and Revenue Management. Performance measures in the design of the health programme will also act as risk mitigation, while the governance and rights programme will directly target strengthening of transparency and accountability mechanisms. Thematic descriptions cover programmatic and institutional risks in further detail.

Budget allocations for Tanzania Country Programme, 2014/15-2019/20 (DKK million)

General budget support	550
Health sector support	550
Business sector support (approved 2013)	600
Good governance and human rights (unallocated)	250
TOTAL	1950

3. Thematic Programme: Development Contract

The development contract will be the fifth phase of Danish General Budget Support to Tanzania.

The Thematic Programme can be outlined as follows: The total budget is DKK 550 million, of which 10 million is reserved for reviews and studies of broad relevance to the country programme and 20 million are unallocated. An amount of DKK 380 million will support Tanzania's budget directly in the form of general budget support - fixed and variable tranches. Accompanying measures to the budget support include DKK 70 million to support the Tanzania Revenue Authority (TRA), mainly through a basket support modality but combined with technical assistance. DKK 70 million will support the Public Financial Management Reform Programme (PFMRP) and the Public Expenditure Review process (PER) through basket modalities. The third accompanying measure, under the un-allocated budget, will focus on poverty research and analysis and evidence based policy making and will be formulated during 2015. The three accompanying measures are critical not just for achievement of the budget support objectives, including long term sustainability, but also as part of the risk management strategy.

Strategic considerations and justification

The overall aim of Danish support remains poverty reduction. The Thematic Programme will address income poverty, income distribution through taxes, non-income poverty, governance and rights. The financial support is accompanied by high-level policy dialogue and integrates key sector and thematic performance indicators in the overall performance assessment framework of the GBS operation.

The analysis of the five budget support principles is built on the shared assessment performed during the joint identification and formulation missions of EU+ Budget Support in 2013¹. The overall conclusion shows that the preconditions for GBS are in place; however, continued weaknesses in relation to the implementation of pro-poor strategies and plans, as well as problems of systemic corruption are reiterated. These conclusions were confirmed in the joint DP assessment of underlying principles performed in preparation of the annual review in November 2013 and reconfirmed during March 2014.

The five Underlying Principles (UPs) include in brief: Macroeconomic stability, implementation of pro-poor national development policy framework, public financial management, human rights and democratic values, and good governance including an active fight against corruption. The fundamental values of human rights, democratic principles and rule of law are assessed as met even though recent concerns regarding human rights and incidents relating to press freedom have been expressed. There are, however, important risks regarding corruption to address, linked to both the expenditure side of the budget and the revenue side.

The national policies, commitment and plans for poverty reduction, good governance and sustainable development are assessed to be adequate to enable Danish budget support. The capacity of the public sector is sufficient to enable basic services and measures to be implemented, but it will be important during the support period to see effective action from Government to address the weaknesses in the quality of service delivery, especially at local government level. While the current PRSP, MKUKUTA II, expires in 2015, it is anticipated that the process around defining a second Five Year Development Plan (FYDP) will include an enhanced focus on poverty reduction as part of *inclusive* economic growth. It will be essential for Denmark to ensure a larger focus on poverty and results in social delivery during the expected DP consultations with government on the formulation of FYDPII during 2015, ensuring a basic sharing of central objectives.

¹ This involved EU, Sweden, Denmark, Finland and Ireland agreeing to jointly attempt to define a joint operation or framework for general budget support, while still aligning to the larger GBS donor group, which included World Bank, AfDB, UK, Germany, Canada, Norway and Japan.

Tanzania has exhibited positive macroeconomic performance over more than a decade and meets the criteria of a stable macro-economic framework. However, there are important fiscal risks linked to off-budget spending and debt build-up over the medium term, which need to be continuously monitored. The criterion on quality of public financial management is met given Tanzania's relatively developed public financial management systems, but it remains important to monitor and see clear improvements in the areas of budget credibility and accountability. These critical areas are directly targeted through the activities in the PFM Reform Programme (PFMRP) and in the high level policy dialogue with government during the annual review process, UP assessments, and agreement on the annual PAF.

Recently several positive developments in terms of accountability and transparency in Tanzania have been seen. Tanzania joined the Open Government Partnership in 2011 and has developed its first action plan in this regard. It is concluded that Tanzania meets the criteria on transparency and oversight of the budget in view of the positive developments, especially in regard to openness and access to the budget but also oversight. There is a concern in relation to the limited ability of Parliament to review the Controller & Auditor General's reports, which should be given attention on the way ahead.

The GBS modality remains the government's preferred modality. The quality of policy dialogue has in recent years been less than satisfactory, but a reform of the GBS mechanism is in progress to enable more effective dialogue and a clearer focus on results. Denmark will, with the reformed dialogue structure as a point of departure, continue to work to improve dialogue between government and development partners and re-focus the dialogue on strategic and mutually useful policy discussions about poverty and rights throughout the programming period.

The importance of the development contract as an element in the Country Programme is illustrated by the ability of the instrument to ensure a Danish presence and role in the main overarching dialogue forum, which is critical to Denmark in pursuing the objectives of the Country Programme. The access and possibility to promote the Country Programme objectives through dialogue with Government on the overarching policy issues is a key general justification for the continued budget support. Rebuilding an effective high-level policy dialogue with government will help reinforce aid efficiency, maximise the overall impact of the Danish development cooperation in Tanzania and manage risks of the overall Country Programme.

Integration of Experience and Results from Previous Cooperation

Denmark has been providing General Budget Support to Tanzania since 2001. Conclusions from the joint evaluation of Budget Support to Tanzania, which was undertaken in 2013 and covered the years 2005/06 – 2011/12, show that the primary contribution of GBS has been to assist in scaling up funding within priority sectors. GBS has helped sustain the fiscal space to finance the higher service provision level including a continued growth of primary school enrolment and investment in infrastructure. Another dimension is that budget support has tended to boost the non-wage recurrent expenditure in particular, covering the operational inputs that enable social service staff to actually perform their tasks on the ground. At the same time, budget support and core sector wide support (e.g. basket funding) modalities have contributed to improvements in public financial management systems and institutions. Nevertheless, weaknesses in fiduciary management, procurement compliance and systemic corruption remain large challenges, which will be directly addressed in the country programme.

The Tanzania Revenue Authority (TRA) was established in 1996 and is currently implementing the 4th Corporate Plan. Denmark has supported TRA from 1999-2008 and from 2011-2013, latest through the Tax Modernisation Programme Basket Fund (TMP). The TMP support, and activities supported through the TMP basket fund in two corporate plans, has provided the basis for significant improvements in TRA, particularly in revenue collection. Tax collection increased from Tshs 1.4 trillion in FY2003/04 to Tshs 7.74 trillion in

2012/13, raising the tax to GDP ratio from 11% to 16.6%. Furthermore, it provided for a broadening of the tax base by increasing the number of taxpayers from 190,000 in 2003 to 1,611,520 in 2013. The results show that support to a dedicated institution paired with policy dialogue can produce impressive results as measured by the increase in revenues collected and the effective implementation of initiatives in TMP.

The Public Financial Management system in Tanzania has made tangible progress in recent years, as confirmed by the 2013 PEFA exercise. Denmark has supported all phases of the Public Financial Management Reform Programme (PFMRP) since 2001 and actively supported setting up the PFMRP Basket Fund. The results produced by the PFMRP show that support to the Basket Fund paired with a continued policy and technical dialogue can produce good results as measured by the number of improvements in the GOT PFM system. A well-functioning PFM system is fundamental to ensure the quality of service delivery and long-term sustainability in the administration of public funds.

Denmark has earlier supported the Public Expenditure Review basket fund. After a long dormant period, the PER champions groups² was revitalised in 2013 with the appointment of highly respected persons in Tanzania. As a think tank appointed by MOF, the group has the task to develop an analytical partnership which informs and improves the formulation and management of fiscal policy. Through regular dialogue, the process develops analytical studies and brings together ideas from the government and a wide range of stakeholders to facilitate and inform budgetary and PFM reforms. The revitalisation of the PER process is important to underpin both the broader GBS process and to further strengthen the PFM systems in Tanzania.

Thematic Programme Summary

The Development Contract will target the Danish overall objective of reducing poverty, inequality and ensuring equitable delivery of quality social services, especially in health, by continuing Denmark's long-standing general budget support to Tanzania, but with stronger focus on catalysing Government's reform effort through an enhanced emphasis on results, demand-side accountability, revenue generation and reforming public financial management.

The current GBS programme covers the years 2011-2015, with the last disbursement expected July 2015 (i.e. Tanzanian FY2015/16). This means that the two programmes will partly overlap. Consequently, the first 1½ years of the new GBS programme will only entail disbursements on the accompanying measures, with actual disbursement of tranches to the general budget following from 2016. Disbursements from 2017 and onwards will be guided by the country programme mid-term review expected in early 2017.

The Danish GBS support to Tanzania contributes to all three thematic objectives of the Country Programme: i) inclusive, sustainable growth; ii) quality and equity of social services, and; iii) effectiveness of public administration with focus on revenue enhancement and public financial management. These align with government priorities and harmonize with the Joint Budget Support Framework³. The budget support will interact with the other Danish Development Engagements to promote the overall development objective.

Short Summary of Development Engagements

The Thematic Programme comprises the following development engagements:

² The Champions' Group is Chaired by the Permanent Secretary, Ministry of Finance, and includes the Governor of the Bank of Tanzania, Executive Secretary of the Planning Commission, PS of the Prime Minister's Office, World Bank Country Director, GBS Chair, EU Ambassador, the UN Resident Representative, Representative of CSOs from Policy Forum, and the representative of Private Sector from Tanzania Private Sector Foundation (TPSF).

³ All GBS donors in Tanzania have signed up to a joint Partnership Framework Memorandum defining the joint budget support framework.

Partner	Type of Support	Objective	Engagement Budget (5 years)
Ministry of Finance	General Budget Support – Development Contract	To support the implementation of pro-poor national development strategy	DKK 380 m
Tanzania Revenue Authority (TRA)	Support to Tax Modernisation Programme + TA	To support Tanzania’s authorities in their efforts to raise revenues by modernising the tax administration and broadening the tax base.	DKK 70 m
Ministry of Finance	Support to Public Financial Management Reform Programme (PFMRP) IV Support to Public Expenditure Review (PER) basket fund	To support current efforts to strengthen and improve the PFM system in a coordinated manner and enabling GOT to meet current fiscal policy challenges.	DKK 70 m
TBD (unallocated budget)	Support to Poverty Monitoring Studies and evidence based policy dialogue	To provide analytical work on poverty statistics to enable the government to make informed decisions on way forward	DKK 20 m
Reviews, studies etc.	Consultancy contracts guided by terms of reference drafted by the embassy	To assess progress in the overall country programme and suggest relevant adjustments during a midterm review, etc.	DKK 10 m

Accompanying measures to the general budget support will focus on:

Strengthened support to revenue enhancement, directly targeting thematic objective iii), but also contributing to thematic objective ii). The elements will increase Danish core-funding to Tanzania Revenue Authority supplemented by earmarked support and technical assistance to address identified gaps in TRA’s strategic plan in areas of ICT and human resource development. Denmark will assist TRA in the identified Corporate Plan areas of Convenience, Compliance and Continual improvement by providing direct financial and technical input and being a trustworthy and participating partner helping to appropriately address areas of particular importance for the successful implementation of shared objectives. The support to the modernisation of the tax system complements the development contract by targeting long term sustainable tax financing of the public sector and ultimately reducing Tanzania’s dependency on foreign aid. The target is to increase revenue from 16.6% in FY12/13 to 19.9% of GDP by 2019.

Support to the PFM reform programme directly targeting thematic objective iii) and thematic objective ii): Through capacity building and establishing systems of coordination and computerisation of processes combined with a sound legal basis for reform, the support is aimed at addressing areas of fiscal sustainability and balance in the public economy, reallocation and restructuring for growth and poverty alleviation and improved public sector performance. Denmark will participate as an active partner in the technical dialogue with components and beneficiaries in the programme through the technical working groups. At the same time Denmark will address the non-technical factors related to unrealistic budgets, the pending legislative reforms, and debt sustainability and fiscal risk through participation in the high level policy dialogue with GOT. This Development Engagement builds on the existing Danish support to the Public Financial Management Reform Program IV until it expires in 2016/17. During the mid-term review of the country

programme expected in early 2017, the process of defining the continuation and contents of the fifth phase of the programme will be assessed.

Support to the Public Expenditure Review (PER) process: PER is a forum or think tank for working groups comprising members of Government, development partners, academia, the private sector and civil society organizations. The forum agrees on an analytical agenda, and guides thematic studies addressing current PFM weaknesses. The overall objective is to improve fiscal policy formulation and management. As such the PER forum is uniquely designed to address and finance relevant studies identified by evaluations such as the PEFA. The forum normally implements three-four studies annually; currently addressing non-tax revenues, arrears, contingent liabilities and Public-Private Partnership (PPP).

Support to Poverty Monitoring, policy analysis and evidence based policy dialogue, targeting immediate objective ii) by strengthening systems and initiatives on poverty assessment and analysis. The support is expected to provide research addressing the dilemma between high annual growth but persisting poverty and possibly rising inequality in an effort to provide useful insight into these aspects to inform policy makers. A total of DKK 20 million in unallocated funds is set aside, mainly to fund this engagement (research, dissemination and policy dialogue), to be formulated in 2015. Implementing partner(s) will be identified during formulation, but the preference will be for a joint modality involving other DPs. Denmark currently cooperates with the World Bank on the next Poverty Assessment to be finalized in 2014. Longer term future engagements would aim to involve academic institutions from both Tanzania and Denmark.

Support to demand-side accountability and participation. To reinforce the supply-side governance support of the development contract, and achieve synergy within the Country Programme, the Danish thematic support to good governance and rights will be designed to promote the demand-side for accountability, transparency, participation and non-discrimination as the principles come into play in connection with the support under the development contract. The thematic support to good governance and rights will be formulated and approved after the general elections in 2015.

Summary of design - the budget support package

The Danish budget support package in Tanzania includes the following elements in line with the Guidelines for Development Contracts:

Policy dialogue: Denmark will focus on the Danish strategic priorities regarding equity and quality in social services, especially health; job creation and agricultural productivity for income poverty reduction, and; governance, tax and public financial management. The Joint Budget Support Framework will continue to be the main platform for conducting the policy dialogue by Denmark.

Fixed tranches will be used by Denmark in line with the EU joint budget support framework, developed during the joint identification. Denmark will follow the joint approach of linking payments of the fixed tranche to the joint DP assessment of the underlying principles.

Variable tranches: Variable tranches representing 1/2 of total tranches will reflect the enhanced results focus and also be a risk mitigating factor. Denmark will promote a joint approach in the design of the framework that links payment of variable tranches to up to 5 indicators with preference for a simple mechanism based on a graduated scale, depending on demonstrated level of progress. If indicator target is achieved, the attached variable tranche is released fully. If the target is not achieved, but with significant progress made, this could release 50% of the tranche attached to the indicator, subject to clear definition in advance in the performance assessment framework.

Underlying principles (UPs) correspond to eligibility criteria for the recipient country to receive budget support. The UPs are assessed jointly by DPs twice per year, at the time of the Annual Review and before DPs give firm commitment for disbursement in the coming financial year. If Tanzania is found to be in breach of any UP, the country is not eligible for either fixed tranches or variable tranches. DPs decide individually whether there is breach of underlying principles, but on the basis of the joint assessment.

Performance monitoring will be based on the PAF, which is expected to be reduced to around 15-20 indicators, reflecting Government's top priorities as expressed in the BRN initiative, and jointly selected and agreed by DPs providing GBS and GOT. The indicators must be SMART, realistic, the assessment method robust, results oriented, and should not duplicate the UP assessment. DPs using variable tranches will link them to performance indicators in the PAF.

PAF indicators will cover 10 thematic areas across the three objectives: i) Sustainable growth: agriculture, energy, transport, roads, business environment; ii) Equitable social services: education, water, health, social protection and; iii) Governance/PFM: governance/transparency, public financial management/resource mobilization. Denmark will work towards basing the PAF on multi-annual indicators to provide a more durable and robust framework. The process to develop PAF15-17 according to these principles continues during 2014, with proactive Danish engagement.

Denmark will ultimately select up to five, preferably multi-year, indicators from the final, reduced PAF to reflect Denmark's strategic priorities (agricultural productivity and employment creation; equity, social services for health, water and education; PFM and domestic revenues) as triggers for payment of the Danish variable tranches.

At present, a preliminary definition of "Danish" priority indicators has been distilled from the long-list by considering the Danish strategic priorities, as illustrated in the results framework. Some of the indicators were already included in the PAF14, with a high likelihood of being included also in coming PAFs, but all indicators need to be negotiated with GBS DPs and GOT. The PAF is negotiated on an annual basis. Maximum five indicators will be selected as Danish performance tranche indicators. While the selected indicators will be the focus for payment of the variable tranches, Denmark will monitor the GBS based on the entire PAF.

Results Framework

The indicative GBS results framework in terms of impact and outcomes is shown below. Each Development Engagement Document has an individual results framework, reflected in the Results Framework in Annex C. Outcome level indicators are indicative, corresponding to PAF performance indicators, but representative of important priorities that Denmark will work to include in the PAF. GBS is supporting the achievement of national development objectives. Most high-level outcome targets cannot yet be defined for 2019, as the national targets are defined in either MKUKUTA (PRSP) or FYDP, the plans lasting until 2015 and 2016 respectively. Development of a new FYDP will take place during 2015-16 and should put in place national outcome targets for FY19/20. Intermediate outcome indicator targets will be negotiated at sector level for 2015 and 2016, and introduced in the PAF. The embassy will strive to, in cooperation with partners, identify and include gender inequality related indicators in the PAF, and using gender-disaggregated indicators where this is relevant.

Engagement title		Development contract	
Impact indicators		<ul style="list-style-type: none"> • GDP growth rate • Income and non-income poverty levels⁴ • Human Development Index 	
Outcome 1		Inclusive, sustainable economic growth	
Outcome Indicators for monitoring of Danish GBS:			
Baseline	Year	2013: tbd	Increased land productivity (e.g. output/acre of maize, sugar, rice)
Target	Year	2019:	
Outcome 2		Improved quality and equity in the provision of social services	
Indicators for monitoring of Danish GBS:			
Baseline	Year	2009: 46%	Number of births attended by skilled health personnel
Target	Year	2019:	
Baseline	Year	2013:31.6 %	Staffing for delivery of basic services at LGA level – reduced number of districts with nurses/midwives <3/10000 of population (in PAF14)
Target	Year	2015: 16%	
Baseline	Year	2013: 39	Staffing for delivery of basic services at LGA level – reduced number of districts with primary school PTR>50 (in PAF14)
Target	Year	2019:	
Baseline	Year	2013: 34%	Girls’ education – secondary school net enrolment
Target		2019:	
Outcome 3		Enhanced effectiveness and accountability of public administration	
Indicators for monitoring of Danish GBS:			
Baseline	Year	2013:16.6 %	Ratio of domestic revenue to GDP (in PAF14)
Target	Year	2019:19.9%	

Disbursing GBS tranches – in practice

The first GBS tranche disbursement under this programme will take place in 2016. In order to make this disbursement a number of steps must be completed.

A joint donor assessment of the five UPs must be completed before the Annual Review in Nov 2015, declaring no breach. This will confirm eligibility for disbursing any GBS tranche - fixed or variable - and it will directly guide the fixed tranche, which can be confirmed on this basis. Assuming no breach of underlying principle is declared, Denmark would confirm DKK 47.5 million for disbursement in July 2016 (disbursement targeted at beginning of the Tanzanian financial year).

Before the variable tranche can be calculated, the Annual Review must by end 2015 conclude the assessment of the performance framework indicators in the PAF15. This framework will likely include 15-20 indicators, of which Denmark will likely select 3-5 indicators to carry Danish variable tranches. Denmark will indicatively select performance indicators: 1) Tax collection – domestic revenue to GDP – putting 50% of variable tranches on this indicator; 2) Girls’ secondary school enrolment rate – for 25% of variable tranches; 3) Staffing for basic services at LGA level – health staff, nurses/midwives – for 25% of variable tranches. If all performance indicators selected by Denmark are assessed achieved, Denmark would on that basis confirm the maximal budget for variable tranches DKK 47.5 million for disbursement in July 2016. In the case of

⁴ WB-Danida Poverty Assessment 2014 will provide baseline and backwards compatible indicators.

lower performance, with one or several performance indicators not achieved, the calculation of the variable performance tranches would be made on that basis, and only that part of the budget for variable tranches in 2016 would be confirmed, and subsequently disbursed.

Monitoring Framework

In line with the principles expressed in the Partnership Framework Memorandum the budget support monitoring will focus on results that the Government and GBS/BS partners can jointly be held accountable for, using the PAF. Monitoring and dialogue process will follow the annual review process aligned with Government's planning and budget process. Performance assessment will be joint Government-DP.

The main event for dialogue and monitoring of the budget support between the Government and development partners is the Annual Review, held annually in November. The policy discussion at the Annual Review is focused on the Performance Assessment Framework, agreed jointly on an annual basis, in addition to an assessment made by the DPs of the Underlying Principles of Budget Support twice a year.

Likewise, monitoring of the development engagements is done at regular intervals. For the PFMRP the semi-annual Joint Steering Committee meetings provide Denmark with an effective platform for policy dialogue with the authorities and monitoring of progress on the objectives on PFM and fiscal issues just as participation in the PER Champions group will enhance Denmark's influence on the choice of studies and discussions to undertake. A mid-term review of the PFMRP IV is expected during first half of 2015.

Performance monitoring in TRA will be based on the TRA M&E framework, the quarterly Tax Modernization Project progress reports and audit reports provided to TMP Basket Fund partners. Progress and challenges will be discussed with TRA at the semi-annual joint steering committee meetings.

Budget

The total budget is DKK 550 million of which a total of DKK 380 million will constitute the total maximal tranche payments in the development contract.

	2014	2015	2016	2017	2018	2019	Sum
Development contract							
- Fixed tranche	-	-	47.5	47.5	47.5	47.5	190
- Variable tranche	-	-	47.5	47.5	47.5	47.5	190
Total	-	-	95	95	95	95	380
Support to PFM reform Programme		15	15	15	10	10	65
Support to PER basket		1	1	1	1	1	5
Support to TMP		15	15	10	10	10	60
TA incl. advisers		2	2	2	2	2	10
Country programme reviews, studies etc.		2	2	2	2	2	10
Unallocated funds		4	4	4	4	4	20
Total Thematic programme		38	134	129	124	124	550
<i>Remaining tranches from 2011-2015 GBS</i>	<i>125</i>	<i>125</i>					<i>250</i>
Sums	125	164	134	129	124	124	800

Performance tranches representing 1/2 of the total budget support tranches will be based on positive results in the chosen indicators in the PAF, notably in the area of tax administration and social services. The first tranche disbursement will, however, not take place before 2016, after the last disbursement under the previous GBS programme in 2015.

To support the enhanced focus on results, an amount of DKK 70 million will support Tanzania Revenue Authority's fourth Corporate Plan 2013/14-2017/18 through the Tax Modernization Basket Fund from early 2015. DKK 65 million will be provided as continued support to reforming the Public Financial Management through the existing basket fund arrangement. A smaller amount of DKK 5 million for targeted studies on specific subjects identified by the PER champions group will be channelled through the PER basket. An amount of DKK 20 million will remain un-allocated, primarily with the intent of supporting poverty research and analysis to provide an evidence base for policy makers. This budget line may also be programmed to fund TA or GBS Secretariat support during the programme period.

Finally, a budget of DKK 10 million for crosscutting reviews, studies, communication of results etc. for the country programme (instead of budgets under each thematic programme) is included as a separate budget line under the development contract thematic programme. The budget should be used for reviews, studies and other activities relevant for the country programme as a whole.

Summary of Risk Analysis

The main risks are summarized in the following; please refer to the Risk Matrix (Annex E) for more details. A major risk is that policy implementation will focus exclusively on economic growth with little concern for poverty or equity. The current poverty reduction strategy runs out in 2015, and there is a risk that the new policy framework will not be pro-poor in its focus, with risk of limited achievements in terms of poverty reduction. Continued low emphasis on equity in the distribution of social services will pose a risk for non-income poverty reduction, as the middle class population will be increasingly powerful and effective in securing government attention. A series of grand corruption scandals have emerged in recent years and it is likely that more will emerge in the future, which can pose a direct risk to continued use of budget support in Tanzania, squeezing fiscal space required for poverty reduction. These risks may be compounded if the restructuring and revitalization of the high-level policy dialogue around budget support proves unsuccessful. Policy dialogue has deteriorated in recent years, a fact acknowledged by both government and its partners. GOT and budget support partners are, however, making a serious effort to rectify this situation, and Denmark will play an active role in this effort.

The risks of corruption and lack of pro-poor policy framework will be captured and addressed in the dialogue on and assessment of underlying principles. As additional risk mitigation, the GBS programme has been designed with a strong focus on performance and results, linking high variable tranches to results delivery on e.g. social services or revenue management to ensure value for money of the programme disbursements. Furthermore the programme will be assessed by the Mid-term Review in early 2017, after elections and constitutional reform are concluded, providing possibility for redirection or fine-tuning of the programmatic approach as needed.

4. Thematic Programme – Health Sector Support

Strategic considerations and justification

The Thematic Programme on Health represents the fifth phase of Danish Health Sector Programme Support (HSPS) to Tanzania. It continues a number of strategic elements of the previous support including efforts to strengthen the national health system, improve equity and quality in the provision of health services and

build capacity in the Ministry of Health and Social Welfare (MOHSW) through the posting of advisers in strategic positions in the ministry.

The Thematic Programme can be outlined as follows: The total budget is DKK 550 million, of which 50 million are un-allocated. An amount of DKK 300 million will support Tanzania's Health Sector Strategic Plan III (HSSP III) through the Health Basket Fund (HBF), while the remainder will be for support to Public-Private Partnership⁵ (PPP) organisations and for Technical Assistance (TA), advisers, reviews, and contingencies. Although based on a number of time-tested approaches, the thematic programme is different from the previous programme in a number of ways:

Firstly, in line with the 2012 strategy for Denmark's development cooperation, The Right to a Better Life, international human rights standards inform the results to be achieved as well as the processes used to achieve them. Close consideration has been paid to the latter in development of the results framework for the Thematic Programme on Health (annex c). Secondly, realising that the tax collected is and will remain insufficient to adequately fund provision of basic health services in Tanzania, and that a large and growing share of health care provision is undertaken by the private sector, the programme promotes PPPs. It targets institutions that enhance responsive and equitable health care provision with a strong public health focus, rather than single-minded profit-driven privatization, with risks in terms of regulation and quality control. The programme additionally recognizes that private health facilities are filling an increasing unmet need for quality services in Tanzania, and leverages financing for health care that is complementary to the government budget. Thirdly, the thematic programme includes elements that represent the demand side of health care provision, focusing on governance and accountability.

The programme builds on a human rights assessment, cf. the Human Rights Based Approach (HRBA) and Gender Screening Note, which finds that there is a gap between human rights in principle and human rights in practice in Tanzania. Many areas of HR are adopted in legislation and policy, but implementation remains largely lacking. The programme seeks to address some of these challenges. Entry points for support are outlined below:

- **Non-discrimination:** Concerted effort on equity in service provision for the poor as well as marginalised groups through direct support to health service delivery at the council level (HBF), associated policy dialogue with Government of Tanzania (GoT), as well as support to PPP partners that actively work to promote greater health equity in programming and advocacy, as well as to serve specific disadvantaged and marginalised groups in Tanzanian society
- **Participation and inclusion:** Support to civil society organisations that work for the participation of disadvantaged people, and support pluralism and voice within the health sector
- **Transparency:** Improved transparency regarding allocation of Local Government Authority (LGA) funds and budgeting processes through sector policy dialogue together with funding to civil society to enhance social accountability
- **Accountability:** Improved accountability at national and council levels, inter alia through both direct support and Social Accountability Monitoring, as well as within programs of PPP partners.

The overall aim of Danish support remains poverty reduction. The Thematic Programme will contribute to (non-income) poverty reduction and reducing inequality, reinforcing the General Budget Support (GBS) programme in this regard, while providing strong social sector linkages to the governance and rights agenda.

⁵ The term Public-Private Partnership describes a spectrum of possible relationships between the public and private actors for integrated planning, finance, provision and monitoring of services. The essential prerequisite is some degree of private participation in the delivery of traditionally public domain services. Danish support to PPP is based on the MOHSW PPP Policy Guideline (Nov. 2011)

When health, and health goods such as essential medicines, are thought of not just as commodities to be allocated by the market, but as rights, it has implications for state obligations. That is, GOT has a role to play in equalizing the playing field, in ensuring equality of access to all. Patients are understood not merely as consumers with preferences but as citizens with entitlements, which they should be enabled to actively claim. This, in turn, implies the need for political pressure through pluralism and voice from within the health sector, as well as mechanisms for redress and other forms of social accountability to foster greater responsiveness on the part of the system.

The various Development Engagement Documents (DEDs) work in synergy to promote a more rights-based view of the health system. Although not all partners contribute to all elements of a HRBA to health, together they are intended to enhance equity of access of services, as well as accountability, participation, and transparency. The insistence on alignment in the HBF, and in DEDs with PPPs, is rooted in a commitment to fostering accountability to Tanzania's citizens, rather than establishing separate relationships with donors.

Justification

In Tanzania, Human Rights are not specifically mentioned in the Constitution, but article 13 states that all persons are equal before the law and are entitled, without any discrimination, to protection and equality before the law. Human Rights related to health are specifically mentioned in the National Health Policy of 2007, stating that every individual has the right to health care and equitable distribution of health resources in the country. The legal basis for a HRBA is there; through the thematic programme supporting the Sector Wide Approach (SWAp), Denmark intends to support Tanzania in its efforts to make these rights a reality.

Tanzania has made strong progress with respect to the health-related MDGs. Tanzania has achieved impressive declines in infant mortality, under-five mortality, and HIV prevalence. However, gains in maternal and neonatal health have been much more limited; the latter two areas speak most directly to the functioning of the national health system. There are pronounced inequities in access to Sexual and Reproductive Health services, including maternal health services. Women in the wealthiest quintile are three times more likely than the poorest to deliver in a health facility. The disparities around access to skilled health providers during delivery are similar: there is a three-fold difference between the wealthiest and poorest, and between the best served (Dar) and least served (Rukwa) regions. Consistent with the analysis in the Human Rights Based Approach and Gender Screening Note, the Thematic Programme on Health places special focus on advancing equity in access to SRH services. This will be achieved through support to SRHR and accountability interventions via PPP, through support to the HBF and associated dialogue, and through linkages with the GBS and Good Governance and Rights thematic areas. Notably, the focus of the HSS programme on advancing equitable access to SRH services will be supplemented through interventions aimed at more broadly advancing gender equality and empowerment, as part of the formulation of the Good Governance and Rights thematic area. The focus on advancing SRHRs is reflected in the results framework.

The programme has been designed with a view to the five quality criteria. *Relevance* is high, as the programme addresses the health care needs of the Tanzanian population in accordance with the national strategies. *Impact* is highly likely based on the experience with previous support; most health indicators have improved throughout the time of the HBF, and several PPP partners routinely monitor their achievements, which show positive outcomes and impact. *Effectiveness* will be monitored through the results framework explained in the next section. *Efficiency* is difficult to guarantee, but the methods used in the supported public health interventions (such as for instance the Expanded Programme of Immunisation or the Vitamin A supplementation programme) are internationally recognised as efficient, and Primary Health Care is the most cost-effective way of delivering health care. Efficiency is one objective of using the HBF, currently the most aligned way of supporting Tanzania's health sector, thereby enabling the GOT to be held accountable for its priorities to the Tanzanian people rather than to displacing those priorities with donor-driven off budget

project funding. The use of core budget support to the PPP partner organisations, utilising their own monitoring and evaluation frameworks, is given with the same intention. *Sustainability* - Danish funds channelled through the HBF first and foremost ensure delivery of primary health care at the district level. Ultimately, tax revenue – for now still boosted with general budget support – and prioritization of health in the national budget, is what will guarantee long term financial sustainability of national health care. PPP and the private sector may supplement this by leveraging private sector financing. The innovative health care provider CCBRT is investing in facilities that attract affluent patients, generating a surplus used for financing treatment of poorer patients, in an attempt to sustain and enhance CCBRT’s ability to serve the poor.

Integration of Experience and Results from Previous Cooperation

The major part of the Danish funds will be channelled through the HBF. Denmark has been a member of the basket fund since the start of the HBF and the results have been relatively good.

The HBF, comprising 7 major health donors, is a harmonised way of channelling support. Some donors have pulled out for reasons not related to the HBF - none did so because they were dissatisfied with the way the fund works. The HBF is currently the most aligned way of giving health sector support, and it provides favourable conditions for sector policy dialogue with three ministries (MOHSW, PMO-RALG and MOF). The performance of the HBF, as measured by budget execution, is good. Health has indeed improved steadily during the lifetime of the HBF as illustrated in the table below. This is not to suggest that improvements in the indicators are solely attributed to HBF. Vertical programmes funded through a variety of donor mechanisms, as well as broader socio-economic improvements in Tanzania, have contributed significantly to such progress. That said the HBF, through intensive support to the operation of public (and private where service agreements are in place) primary health care facilities, has made an important contribution. Despite its relatively small share of the total health sector budget, the HBF has over its lifetime become essential to the delivery of health services.

Indicator	1999	2004/05	2009/10	2012	% Change 2004-2009	% Change 1999-2009	% Change 1999-2012
Infant Mortality Rate	99	68	51	-	-25.00%	-48.50%	-
Under 5 Mortality Rate	147	112	81	-	-27.70%	-44.90%	-
Maternal Mortality Ratio	529	578	454	-	-21.50%	-14.20%	-
Total fertility rate	5.6	5.7	5.4	-	-5.20%	-3.60%	-
Births in Health Facilities	36%	46%	51%	-	10.90%	41.70%	-
Contraceptive prevalence rate (modern methods)	17%	20%	27%	-	35%	59%	-
TB Completion Rates	81%	82.60%	88.00%	-	6.50%	8.60%	-
Outpatient Visits per Capita	0.71	0.78	0.74	0.69	-5.10%	4.20%	-2.80%
Clinical staff/10,000 pop.	4.3	4.6	4.93	7.30*	7.10%	14.70%	70.0%*

Source: Demographic and Health Survey, 2010; Annual Health Sector Performance Profile Report, 2010; WHO Analytic Report, 2013 (Adapted from WB Staff Appraisal Report Basic Health Services Project Nov. 2011)
 *HRH data for 2012 is from the HRHIS system (previously unavailable) and is not strictly comparable. Data for clinical staff is estimated by combining nurses/midwives/clinical officers/assistant medical officers/medical doctors.

Moreover, the HBF plays a critical role in filling gaps in the health system that are not covered through vertical programming by other donors. Tanzania’s heavy dependence on donor support for its health system,

coupled with the single-minded focus on achieving MDGs 4, 5 and 6, measured in narrow outcome indicators, has produced an array of vertical programs that leave gaps in basic health systems' institutional and infrastructure needs.

The HBF has some challenges, among which three deserve to be mentioned: Firstly, the additionality of DP funding for health is dubious. Government spending for Health as a share of total government spending has been falling: in FY07 it was 11.9%, in FY08 11.1%, in FY09 10.8%, in FY10 9.9%, and in FY11 it was 9.5%. The latest data for FY13 points to a figure of 8.7%. It should, however, be noted that in absolute terms the health budget has grown steadily over the last few years. Indeed, between FY 12/13 and FY 13/14, the health budget grew in absolute, real and per capita terms. Secondly, the HBF contributions are declining. Thirdly, overall health resource allocation to districts is not equitable. Some districts receive much more funding per capita than other comparable districts, and the application of the agreed resource allocation formula is not very transparent. Several donors wish to see changes regarding this issue. After discussions in the Basket Financing Committee, supplementing broader GBS dialogue, the first step in addressing this is the recent analysis of the inter-governmental resource allocation formulae funded by Danida.

The present HBF MOU ends in 2015, presenting an important opportunity to address the identified concerns and to improve aid effectiveness and equity functions of the modality. There is agreement amongst basket partners that additionality of basket fund contributions needs to be better ensured in the next HBF MOU. Basket partners and GOT have agreed to incorporate in the new MOU a more direct relationship with the Ministry of Finance and a detailed definition of and requirement of additionality. There is general agreement that the post-2015 HBF MOU will include some form of performance-related tranche, although specifics have yet to be developed. Danida believes that inclusion of performance measures provides important justification to move the HBF to a more strict form of Sector Budget Support. Mixing GOT resources and Basket Partner resources can enhance equity through application of a jointly agreed allocation formula. Moreover, a pooled funding channel, particularly if GOT counter-financing is ensured, can reduce the risk of DP funds displacing GOT funds. It is hoped to stem the decline of Basket contributions from existing partners in the post-2015 period, with some promising international commitments recently made to maternal health. Given the decline in Health Basket Funds, there is strong interest amongst Basket Partners to attract new partners - JICA, USAID, and UNAIDS have all expressed interest.

GOT has signalled that the low budget priority accorded the health sector will be raised in FY 2015/16. Specifically, a BRN priority on health is planned in 2014/15, and resources for the resulting action plan are to be prioritized in the budget for FY 2015/16. Also, GOT resources for family planning services will increase several times in the FY 14/15 budget. Furthermore, the MOHSW has prioritized development of the Health Sector Strategic Plan (HSSP) IV, as evidenced by the commitment of its own funds towards the process. The directions of the future plan are broadly known. GOT has confirmed that it will build upon the recommendations from the recently completed Mid-Term Review of HSSP III, with quality identified as a central theme. A number of associated documents, such as the HRH Strategic Plan, have been completed.

PPP partners in the previous phase included the Association of Private Health Facilities in Tanzania (APHFTA) and the Christian Social Service Commission (CSSC), as well as the PPP Secretariat in the MOHSW. Working with the two private organisations, a strong relationship has been built.

The experience from previous phases of Danida support to the health sector was evaluated positively in the large joint evaluation undertaken in 2007. The very comprehensive evaluation praised the joint efforts of GoT and DPs in establishing the SWAp, increasing efficiency and sector funding, and value of the HBF.

The support for the health sector in Zanzibar will be continued under the current HSPS IV funding until 2017. Future support may be envisaged under the un-allocated funding of the new programme. The Constitutional Review could have implications on political structures and availability of resources for health service delivery in Zanzibar and will likely give the Zanzibar government authority to negotiate donor assistance directly. Depending on the situation in Zanzibar following these political processes, Denmark may consider continued support through un-allocated funds under the HSS. A decision on this would be expected in 2016 and be subject to assessment by mid term review in early 2017.

Thematic Programme Summary

The HSPS is to improve the health and well-being of the poorest sections of the Tanzanian society by strengthening national systems to enhance the delivery of and equal access to quality health services for all.

Short Summary of Development Engagements

The Thematic Programme on Health comprises the following development engagements:

Partner	Nature of Partner	Partner Mission	Engagement Budget (5 years)
MOHSW's HBF	Government	To improve primary health care services	DKK 300 m
Association of Private Health Facilities in Tanzania (APHFTA)	Association (NGO)	To organise the private sector in order to contribute to improving the quality of care and services	DKK 15 m
Christian Social Services Commission (CSSC)	Non-profit Entity owned by Christian Council of Tanzania (protestant) and Tanzania Episcopal Conference (catholic)	To support the delivery of social services by church institutions in Tanzania. CSSC has registered a medical supplies company (Mission for Essential Medical Supplies Co. Ltd (MEMS)) with the mission to supply essential medicines to health facilities	CSSC DKK 15 m MEMS DKK 10 m
CCBRT	NGO	To prevent disability, maternal and neonatal mortality and morbidity, provide equitable access to affordable, quality medical and rehabilitative services, empower people with disabilities and their families, facilitate inclusion of disability in mainstream services and build capacity in quality managerial, medical and rehabilitative services	DKK 50 m
MST	NGO	To provide a range of sexual and reproductive health services, including: family planning, health screening, maternal health, post abortion care and primary healthcare.	DKK 50 m
Sikika	NGO	To improve governance, transparency and accountability within the health sector in Tanzania	DKK 20 m

Results Framework

The results framework is shown in Annex C. Each DED has an individual results framework, and remarks about the reasons behind the choice of indicators. The outcome framework is shown below:

Engagement Title	Health Sector Support through the Health Basket Fund
Outcome	Improved access to quality Primary Health Care services for the poor
Outcome indicators	Maternal Mortality Ratio, Births Attended by Skilled Personnel (disaggregated by poverty, rural/urban residence), Outpatient Attendance per capita (disaggregated by poverty, rural/urban residence)
Engagement Title	PPP Support to the Association of Private Health Facilities in Tanzania (APHFTA)
Outcome	Enhanced private health sector influence at the national level and strengthened capacity of members of APHFTA
Outcome indicator 1	APHFTA enters into a MOU with GOT; number of APHFTA members entering into service agreements for public health service provision with GOT
Outcome indicator 2	Number and proportion of private facilities providing public health services: HIV, Reproductive and Child Health (RCH), Non Communicable Diseases (NCD)
Engagement Title	PPP Support to Christian Social Services Commission CSSC
Outcome	Enhance ability of faith based health facilities to provide primary health care services and improve participation in the PPP agenda
Outcome indicator	Number of CSSC health facilities funded through the CCHP annual cycle as agreed upon in service agreements
Engagement Title	PPP Support to CCBRT
Outcome	Improved utilisation of quality health services by the poor
Outcome indicator	Number (and proportion) of disabled and number (and proportion) of maternal and newborn care services provided for free or at subsidised cost
Engagement Title	PPP Support to Marie Stopes Tanzania
Outcome	Improved access to quality family planning services
Outcome indicator	Contraceptive Prevalence Rate (modern methods)
Engagement Title	PPP Support to Sikika
Outcome	Enhanced health sector transparency, accountability and budget efficiency, at both central and local government levels with increased recognition of Sikika's role as a credible and balanced actor
Outcome indicator	Number of districts where Social Accountability Monitoring program is successfully implemented

The embassy will in dialogue with implementing partners endeavour to use gender-disaggregated indicators where relevant. The results frameworks will be revisited with partners during programme inception, after the new global Danish gender strategy has been finalized and launched.

Choice of Development Engagements

The development engagements have been chosen with the following in mind:

Firstly, the organisations should live up to the quality criteria of relevance (reduce disease burden by addressing health issues of major importance in line with Tanzania's HSSP III), impact (produce tangible results in terms of better health), effectiveness (achieve what they set out to achieve), efficiency (producing results with a reasonable use of resources), and sustainability (working, to the extent possible, in a way that may eventually be sustained with local resources). The link between public and private sector is very strong among development engagement partners since four out of six have service agreements with GOT.

Secondly, they should further the aims of the HRBA. Thirdly, their work should be in line with the strategy of Tanzania (HSSP III) and Denmark (The Right to a Better Life). Fourthly, they should be professional organisations with the capacity to produce and measure results, and they should be able to receive and effectively utilise core budget support. Each organisation is described in annex b. In general terms they all comply with the quality criteria.

The **Health Basket Fund** has provided pooled donor funds to the health sector in Mainland Tanzania since 1999, and is regarded as the most effective and most aligned way of supporting GOT efforts to improve the health of all Tanzanians, not least the poor. Currently seven development partners (Canadian DFATD, Danida, Irish Aid, Swiss Development Corporation, UNICEF, UNFPA, and the World Bank) provide support via the Health Basket Fund. Danida has supported the HBF since its inception and currently stands as the longest contributing partner to the HBF. The HBF modality is guided by the Health Basket MoU (2009-2015), as signed by Health Basket Partners and three ministries of the Government of Tanzania. Pooled development partner funds are channelled through government systems in support of the Health Sector Strategic Plan III and the broader SWAp dialogue.

Health Basket funds supplement the recurrent health budget of Local Government Authorities, the recurrent budget of the Ministry of Health and Social Welfare (both for its core function and a specified portion for the purchase of essential medicines), and support the supervisory function of PMO-RALG. In FY 14/15, approximately 90% of Health Basket Resources will be targeted directly at primary health service delivery through the purchase of essential medicines and via support to Local Government Authorities.

APHFTA and CSSC represent two sides of the private health care sector in Tanzania. APHFTA represents the secular (non-faith based) providers and works responsibly with public health (MCH, HIV/AIDS, immunisation, family planning, Non-Communicable Diseases) in collaboration with the government system. It is instrumental in the PPP agenda and organises a very large part of the private providers, including even some faith-based organisations (FBOs) that feel they do not fit among the religious organisations. Together CSSC and APHFTA members provide approximately 40% of the health services in the country. The quality of their work is often high and they also operate in areas with scarce government health service coverage.

In a well-functioning PPP in the health sector, the private sector follows the rules set by government, acts ethically in service delivery and provides a number of much-needed public health services. The government, in turn respects the private sector, enacts appropriate regulations and standards, incorporates private facilities into the district planning process, provides staff for the private hospitals (where gaps exist) and makes essential medicines available. GOT retains its core responsibilities of providing health services to citizens.

In concrete terms, APHFTA works to make the private, non-faith based health providers an aligned and accepted part of the Tanzanian health sector by professionalising members, establishing ethical and professional standards through accreditation, issuing guidelines on public health issues, seeking representation by the members in national health policy fora and technical working groups, promoting responsible member participation in council health plans, and offering continuing education on key issues in health. APHFTA's members comprise hospitals, health centres, dispensaries, laboratories, pharmacies, specialised clinics, nursing homes, physiotherapy centres and all other related private healthcare delivery points. APHFTA will continue to have a positive impact on the quality of services provided in the sector, and the integration of private providers into the mainstream health activities based on a constructive and trusting relationship with government (rather than single-minded privatisation) will improve utilisation of health services. APHFTA's active use of new technology and innovative management methods will provide inspiration to the government-run facilities and holds the potential to increase efficiency in the sector.

CSSC is also instrumental in the PPP agenda; it represents the Christian FBOs, with strong presence in rural and remote parts of the country. Under the CSSC there are 897 member health facilities (101 hospitals, 100 health centres, and 696 dispensaries) currently operational, with 2 hospitals serving as Teaching and Consultant hospitals. 38 CSSC hospitals currently serve as Council Designated Hospitals, filling an important gap in Government provision of primary health care services in rural districts. In concrete terms, CSSC works to improve relations between the government and faith-based organisations. Like APHFTA,

CSSC has been instrumental in the establishment of the health sector PPP, and CSSC has managed to integrate almost all their hospitals into the Comprehensive Council Health Plans. CSSC actively promotes the establishment of service agreements between the government and CSSC facilities, whereby GoT contributes financial and human resources for the delivery of essential health interventions. CSSC supports members in the implementation of national public health programmes (such as vaccination, tuberculosis control and ante-natal care). CSSC has recently established a medical supply company, MEMS. This will contribute to alleviating the constant problems of out-of-stock medicines supply by supplementing the government-owned medical store department (MSD), especially in rural and hard to reach areas. MEMS needs start-up capital and the programme will contribute to this.

The impact of CSSC's work will be most felt in rural areas where the government services are often scarce. CSSC hospitals and health facilities are often well-run and will, like those of APHFTA, have a positive impact on quality of service and lift a large part of the burden of providing services to the population. Once operational, MEMS will have a positive impact on supply of essential medicines.

CCBRT is an innovative health care provider that works actively with new ways of providing health care for people whose right to equal treatment are not fulfilled. In concrete terms, the services comprise a range of reproductive, maternal and child health services including fistula operations and corrective surgery for children with physical disabilities, as well as eye surgeries. CCBRT are social entrepreneurs financing delivery of services to the poor with revenue generated from service delivery to more wealthy paying clients, originally developed on the basis of eye care and surgery. A new maternity hospital will have facilities for high-end maternal services that will generate a surplus to be used to finance services for poor clients.

The impact of CCBRT will be felt in several areas. Firstly, the very concrete acceleration of quality services in fields where the need is high, such as services for people with disabilities, and in maternal health, will be notable. Secondly, as a referral facility that draws patients from around the country for corrective surgeries, CCBRT plays an important role in advancing SRHR and the rights of marginalised groups across Tanzania. Thirdly, the impact of CCBRT's new ways of managing health facilities (working with staff retention, patients' rights, health education, health worker behaviour, and specialist skills training) and improving quality of care will provide much-needed inspiration to other actors. One example of this is CCBRT's work with 16 government health facilities in and around Dar es Salaam to introduce new management methods that increase quality and efficiency.

Marie Stopes Tanzania (MST) is Tanzania's leading Family Planning organisation, providing 30% of family planning services in the country. It works with a range of SRHR (family planning, post-abortion care) in a combination of advocacy and service provision, especially among the underserved – the poor, the hard-to-reach and the young. 90% of MST's services are in rural areas, and 95% of clients receive the services in government facilities. 68% of their clients are defined as extremely poor. In concrete terms, MST's work includes collaborating with government health facilities on the provision of modern contraception (tubal ligation, vasectomy, implants, injectables, pills, condoms and emergency contraception) and post-abortion care to those women who have had an induced abortion outside the health sector. MST also offers comprehensive obstetric care in a number of clinics. In addition, MST works with the National Police Force, offering technical expertise to victims of gender-based violence. The impact of the support to MST will be improved services, especially to poor rural women, a reduction in unwanted pregnancies, lower maternal mortality and reduced population growth.

Sikika is an NGO that advocates for transparency and accountability in health. Sikika works to enhance health sector budget efficiency at local and at national levels, equitable distribution of health workers and increased availability of essential medicines. In concrete terms, Sikika works with Social Accountability

Monitoring at council (district) level. This includes training of citizens and councillors, monitoring of availability of medicines in health facilities and monitoring of health worker deployment and retention. The organisation also, through trained citizens, checks the posting of local government's income and expenditure reports. Sikika works with advocacy and raising awareness, and participates in public debate on good governance. Recently it has become involved in the Constitutional Review process to ensure that health-related rights and transparency are adequately reflected in the new Constitution. The impact of Sikika's work is expected to be enhanced capacity of citizens to engage in health governance processes at local level, increased and more efficient funding to health, and better compliance with established rights.

With the chosen mix of organisations there are possibilities for synergy, especially as related to advancing SRHR. Maternal ill-health illustrates the various overlapping constraints that adversely impact women's health, especially those of the poorest, over a life-course and generations. For every one woman who dies in childbirth, around 20 more suffer long lasting morbidities. Maternal mortality and morbidity, with Fistula being the most severe, is especially likely to occur where women and girls are subjected to early child marriage and child bearing. Under-nutrition before and during pregnancy further jeopardizes maternal health, with women of short stature significantly more likely to require assisted delivery services. Malnourished women and girls are also more likely to give birth to low birth-weight infants, who are malnourished in childhood and in later life. Improvement of SRHR health services in a given region could be achieved through reliable and more equitable funding to LGAs through the HBF, professional reproductive health services through the collaboration between Marie Stopes and the government facilities, better collaboration between government and private health providers through service agreements, and improved accountability in health service delivery through Sikika. Moreover, ensuring SRHR requires action outside the health sector, with simultaneous focus on improving women and girl's education, nutrition, economic empowerment, and a reduction in discriminatory laws, policies, and practices. Strong linkages will be sought with programming in the GGR and GBS thematic areas to further advance SRHRs in Tanzania.

TA to the partners could comprise short term TA for development of new strategic plans (several expire in 2015) with a professional indicator and budget framework. Four long-term advisers are envisaged, three in MOHSW (a health policy and planning adviser, a PFM adviser and a PPP adviser) and one in PMO-RALG, all instrumental in the SWAp processes and creating synergies with the PFM reform programme. The Health Policy and Planning Adviser is important to capacitate true government ownership with respect to health policy development, particularly in light of a fragmented aid architecture with highly active donor participation. The PPP Adviser is essential to ensuring strong MOHSW capacity to engage in PPP dialogue and advance PPP policies. The embassy has placed special attention on governance, both within and outside the sector, over the last several years. A PFM Adviser within MOHSW provides needed support towards improving governance-related capacity within MOHSW. Finally, PMO-RALG is building a strong health team within PMO-RALG, as well as within Councils and Regions, with focus on service delivery. PMO-RALG has specifically requested an adviser to support translation of national policy into tangible delivery of service on the ground. The proposed PMO-RALG Adviser function would link well with the increased Health Basket focus on service delivery at the Council level.

The MOHSW counterpart staff and development partners more broadly, have expressed appreciation of the current long-term advisers the last few years. Experience identified in mid-term review of the adviser set-up during phase IV will be used in formulating use of, and terms of, advisers.

Monitoring Framework

Monitoring of progress and results will be based on the monitoring and evaluation frameworks of the partner organisations. The MOHSW has a comprehensive national performance monitoring system based on the

indicators defined in the HSSP III. An annual Health Sector Performance Profile Report is produced. The performance of the HBF, alongside the broader health sector, is monitored through regular SWAp meetings, the Basket Finance Committee meetings, and Audit Sub-committee meetings.

Likewise, monitoring of the development engagements is done via the routine monitoring systems of the partners. The results framework with outcomes and a number of outputs including pertinent indicators is shown in annex c. A short annual progress report will be produced by the Embassy based on these indicators. Also the Embassy plans to have a specific M&E contract for the Thematic Programme on Health with an experienced health/M&E consultant to support the monitoring of the PPPs. A mid-term review in early 2017 will assess progress and the development regarding the risks identified at programme start.

Budget

The total budget is DKK 550 million for the period of five years 2015 to 2019/20. DKK 50 million is unallocated, of which part may be programmed for health on Zanzibar after completion of current programme in 2017. DKK 250 million will support Tanzania’s HSSP IV through the HBF, while the remainder will be for support to PPP organisations and for TA, advisers, reviews, studies and contingencies.

Budget figures in millions of DKK						
	2015/16	2016/17	2017/18	2018/19	2019/20	Sums
HBF	60	60	60	60	60	300
APHFTA	3	3	3	3	3	15
CSSC	3	3	3	3	3	15
MEMS	4	3	1	1	1	10
CCBRT	10	10	10	10	10	50
MST	10	10	10	10	10	50
Sikika	4	4	4	4	4	20
TA incl. advisers	6	6	6	6	6	30
Reviews, studies incl. contingencies	2	2	2	2	2	10
Total	102	101	99	99	99	500
Unallocated						50
Total with unallocated						550

Summary of risk analysis

The main risks are summarized in the following; please refer to the Risk Matrix Annex for more details. A key risk is that the current low policy emphasis on equity in service provision worsens further. Combined with continued high population growth, this could lead to deterioration of gains achieved so far in service quality to populations in poor rural areas. Another risk is that, given the current externalization of funding of the health sector to foreign donors and vertical funds, core cross-cutting funding of national health systems that depends on government funding – as opposed to vertical thematic funding – will be further squeezed with serious risks for long term sustainability of the sector. Finally, many newly educated doctors and nurses choose not to practice after graduation. If this tendency worsens, combined with increasing brain drain with medical practitioners leaving the country for better paid jobs elsewhere, it will mean serious risks to the

sustainability of the sector. The growth in urban middle class incomes and rise of private sector health service provision may serve to mitigate this somewhat. The current massive centralisation of health staff in Dar es Salaam and other major cities will, however, further compound understaffing in rural areas.

5. Thematic Programme – Business Sector Support

The BSPS programme was appraised and approved in 2013. A brief summary of considerations, justification, objectives and outcomes is presented here. All programmatic description, including detailed monitoring framework and management structures are described in the (already approved) BSPS programme document.

The Thematic Programme can be outlined as follows: The total budget is DKK 600 million, of which 50 million are un-allocated. An amount of DKK 130 million will support the Agricultural Markets Development Trust, addressing value chain constraints. DKK 215 million will support enabling business environment through development engagements on Local Investment Climate, BEST Dialogue and CTI/DI Twinning. DKK 185 million will support improving access to finance through development engagements with Financial Sector Deepening Trust and Private Agricultural Sector Support Trust.

Strategic considerations and justification

For the past decade Tanzania has been among the fastest growing economies in the world, yet reduction in poverty has been limited. The growth has been concentrated in a few capital-intensive sectors such as mining and telecoms and has overwhelmingly benefitted a small urban middle class. To truly impact on poverty levels, Tanzania's growth must be more inclusive by creating employment opportunities and increased income to poor people. Creation of employment and income opportunities for its fast growing population is one of Tanzania's most significant challenges. It is estimated that 7-800,000 additional jobs will have to be created annually just to keep under- and unemployment at current rates. Employment at this scale will have to be created predominantly in the private sector, more specifically through a transformation from subsistence agriculture to commercial agriculture, agribusiness and manufacturing. BSPS IV is designed to contribute to increased income and employment through supporting enterprises to grow.

There is general consensus in Tanzania that it is impossible to reduce income poverty without increasing investments in agriculture. 75 per cent of the population and 80 per cent of the poor live in rural areas and depend to a large extent on agriculture. However, productivity in traditional agriculture has not increased noticeably in the last 30-40 years. Consequently, agriculture and agribusiness will be the point of departure for BSPS IV. According to the 2011 SME survey, there are 3 million businesses in Tanzania, 88% of them informal. Despite the "informality", many informal economic activities are intertwined in the various value-chains. These informal activities play a significant role in value-addition in collecting, processing, manufacturing and distribution of goods and services, and are as such important in linking rural and urban areas.

According to the World Bank Doing Business Index, Tanzania was ranked 134th in 2013, one place down from 2012. Tanzania has recorded a low number of business related reforms in the past five years, indicating that business environment improvement takes place at a slow pace. Access to finance is a precondition for increasing private sector investments needed to e.g. transform agriculture and expand MSMEs involved in processing. While access remains low, the financial sector in Tanzania is maturing, new banks are entering the market, competition is increasing, and BSPS partners experience increasing interest from a number of banks to serve the agricultural segment. A major driver of change is mobile money, which receives highest priority from all the major telecom operators and banks. In October 2011 there were 2.3 million active registered users; by November 2012 this number had grown to 6.4 million.

Justification and integration of experience

The BSPS IV programme has been aligned to the MKUKUTA II, the Five Year National Development Plan and the “Big Results Now” approach where agriculture, with a focus on value chains, is a top priority.

Denmark has more than 20 years experience supporting private sector development in Tanzania. The fourth phase business sector support programme, BSPS IV, is mainly focused towards a strong involvement of non-state actors that have proven to be strong drivers of change and growth in Tanzania. Furthermore, Denmark has good experience from joint-donor implementation modalities, which through coordination and harmonisation of efforts ensure higher efficiency and sustainability of interventions. Four out of six development engagements are designed as multi-donor interventions.

The rights-based approach is a key guiding principle for Danida development interventions. From this perspective decent employment is not only important for the development of a society – for the individual it is a fundamental human right. The private sector can be a transformational driver of change that empowers the poor. BSPS IV partners will consistently be applying the principles of non-discrimination, participation and inclusion, transparency and accountability. Human Rights due diligence will be undertaken and key Human Rights risks will be incorporated in the partner plans, including M&E. Furthermore, opportunities for preferential treatment, which facilitate the access to support of vulnerable groups, will be explored (as an example PASS is providing a higher guarantee percentage for loans for female-headed SMEs).

Green growth is another key priority of the Right to a Better Life strategy. There are ample opportunities for greening the BSPS IV, but focus will be on introducing renewable energy solutions, energy savings solutions and greening agricultural transformation, especially outside the electricity grid. All of these are relevant also in a climate change adaptation perspective. Tanzania has a new Climate Change Strategy, developed with support from Denmark, which should now move into the implementation phase. Emphasis in BSPS will be on practical engagements relevant in a Tanzanian context. BSPS IV will engage in a continuous discussion with the implementing partners to explore how the most value can be added to the HRBA and Green Growth agenda through the specific interventions.

Thematic programme summary

The objective for the programme is **improved employment and income opportunities for farmers and micro, small and medium enterprises (MSMEs) through green inclusive growth**. Transforming the agricultural sector and increasing productivity are key elements for realising inclusive growth, employment and poverty reduction. The BSPS will contribute to overall objectives of income poverty reduction and reducing inequality through job creation, a highly effective form of income redistribution. It will reinforce the GBS (and tax) programme in this regard and provide a strong platform for the rights agenda, not least in terms of economic empowerment of women.

The programme has a strategic focus on raising agricultural productivity and pro-poor inclusive growth, with impact in terms of additional jobs and income created in strategic value chains. Based on experiences from previous support to BSPS and Agricultural Sector Programme Support, BSPS IV development engagements are focused on private sector organizations and other non-state actors. Prior lessons from joint-donor implementation modalities have been applied to add value and scale to the interventions. The programme has 3 components with a total of 6 development engagements, of which 4 are multi-donor interventions. Support is continued to two organizations (PASS and FSDT) providing credit guarantees, business services and developing financial products for MSMEs. A new multi-donor Trust (AMDT) is established with focus on alleviating the widespread income poverty that prevails in rural Tanzania, through the “making the markets work for the poor” approach to poverty reduction, where a number of value chains will be selected including edible oil, pulses and maize. A Local Investment Climate initiative targets critical constraints to business

growth and economic development at district level in selected regions, and the wide gap between regulatory reform initiated by Central Government and implementation of business regulation at the local level. Finally, to support the strategic development of the main industrial business organisation in Tanzania (CTI), a twinning arrangement with its Danish counterpart (DI) is being revived. BSPS IV is expected to reach a total of 2.7 million beneficiaries.

Summary of development engagements (components/sub-components)

The joint reference point for the programme will be a number of selected value chains with particular potential for creating large scale employment and income increase. Although each BSPS IV component will have its own set of objectives, outcomes and activities, they will all be contributing towards developing and growing the selected value chains. BSPS IV will become a key player in addressing binding constraints and barriers to growth in the selected value chains.

Agricultural Markets Development: Danida, Sida, Irish Aid and the Swiss Agency for Development Cooperation have jointly set up the Agricultural Markets Development Trust (AMDT) as an independent institution. It is expected that the AMDT during the first phase will engage in 3-5 value chains and 1-2 cross-cutting sectors, and facilitate the equivalent of 100,000 full time jobs and increase income for 300,000 farmers. The AMDT will fund interventions to address the constraints identified in selected value chains. A value chain selection framework has been developed, with the primary objective of creating jobs and income for the poor. The selection framework scores the value chains according to a number of criteria including national priority, number of people /entrepreneurs already active in sector, value chain market potential, pro-poor impact, potential environmental and societal impact as well as human rights implications. Based on the selection framework an initial four value chains have been identified including sunflower, maize and pulses.

Improved Business Climate: The component consists of the Local Investment Climate (LIC) sub-component, an Advocacy Fund (BEST-Dialogue) and a twinning programme between Confederation of Tanzanian Industries (CTI) and the Confederation of Danish Industries (DI). Based on the lessons learnt, BSPS will engage in facilitating the implementation of investment climate reforms at district level – close to the businesses. Furthermore, BSPS will actively promote public and private local infrastructure investments in e.g. energy, roads, market places and water, which can unleash productive activities at the district level.

Local Investment Climate (LIC) focuses on the critical constraints to business growth and economic development at the district level. LIC will support practical reform initiatives within areas such as business registration and licensing and local land use and administration that remove local obstacles to business growth. Furthermore, the LIC will establish a Small Industrial Facilities Fund (SIFF) to facilitate investments in public infrastructure and private business facilities to unlock critical constraints in local markets and value chains, and create new business opportunities for local business women and men. The investments will be targeting agribusiness in the region. **BEST-Dialogue:** A major shortcoming in improving the business environment in Tanzania is the lack of public-private dialogue. BEST-Dialogue of BSPS IV will build on the achievements of the past phase and focus further on the capacity of the business associations to engage in a longer term dialogue with the public sector institutions. **CTI/DI Twinning:** This engagement will revitalise the partnership between the important business association CTI and DI. The support will facilitate a strategy development process, strengthening CTI's capacity to carry out advocacy and up-date the portfolio of services offered to members. The programme will also support CTI in developing a greener profile.

Access to Finance: The two development engagements of the access to finance component are both continuations and expansions of BSPS III support, namely the Financial Sector Deepening Trust (FSDT) and the Private Agriculture Sector Support (PASS) Trust. Both FSDT and PASS have been successful in

facilitating access to finance for a large group of Tanzanians. The new phase of funding will allow PASS and FSDT to scale up outreach significantly to a larger number of MSMEs, farmers and agribusiness.

Financial Sector Deepening Trust is a multi-donor trust developing a wider selection of financial products accessible to all levels of society. FSDT has played an important role in strengthening the financial sector in Tanzania and has to date provided more than 1 million Tanzanians with improved access to financial services. FSDT is expecting to further improve access to finance for 2 million households and 50,000 businesses. **Private Agricultural Sector Support Trust** has for the past five years demonstrated that it is possible to operate on commercial terms and at the same time serve as a catalyst for making finance accessible to Tanzanian farmers and agribusiness. PASS increases investments and financing to commercial agriculture, agribusiness and agro-processing enterprises by providing a combination of credit guarantees and business development services. To date PASS has facilitated 2,000 loans, benefitting approximately 100,000 farmers and agribusinesses. The next phase is expecting to scale up to reach 250,000 beneficiaries through, among other, introduction of a range of new products that allow a shift from working directly with end-beneficiaries to also working with financial intermediaries that have a larger outreach through e.i. crop and value chain portfolio guarantees.

Results framework

The BSPS results framework was developed under previous guidelines for sector programming and has several outcome indicators per development engagement. A summary of thematic level outcomes is included here. Indicator baselines and targets have been developed with partners during inception in first half of 2014, these are reflected in the overall thematic results framework in Annex C

Thematic Programme	Business Sector Programme Support, Phase IV
Thematic Programme Objective	Improved employment and income opportunities for farmers and micro, small and medium enterprises (MSMEs) through green inclusive growth.
Outcome Indicators	<ul style="list-style-type: none"> • Nos. of MSME beneficiaries of BSPS IV (formal, informal, men & women) • Employment directly/indirectly created by BSPS IV activities (men & women). • Nos. of beneficiaries gaining access to a) finance (men & women) and b) market (men & women). • Partner organisations abide to principles of Human Rights as well as the Green Growth agenda and take active steps to promote these in their implementation.

External support has been contracted for developing a strong programme baseline and rigorous monitoring and evaluation of the BSPS programme. Issues of HRBA, gender equity and green growth have been built into the M&E system from the outset.

Budget

The total thematic programme budget is DKK 600 million. It is expected that the unallocated funds budget will be allocated within the first two years of implementation. Part of the unallocated funds will be used to initiate additional activities with the potential to make BSPS IV even greener and more aligned to the rights-based approach, as opportunities to achieve this are identified by the implementing partners.

(mio. DKK.)	Year							Total
	2013	2014	2015	2016	2017	2018	2019	
Component one	4	17	22	25	25	25	12	130
<i>AMDT</i>	4	17	22	25	25	25	12	130
Component B	5	29	41	40	33	34	33	215
<i>LIC</i>	0	8	20	20	20	20	20	108
<i>BEST-Dialogue</i>	5	18	17	17	13	13	14	97
<i>CTI/DI Twinning</i>	0	3	4	3	0	0	0	10
Component C	0	10	40	40	37	37	21	185
<i>FSDT</i>	0	2	13	13	11	11	10	60
<i>PASS</i>	0	8	27	27	26	26	11	125
Administration/Review	1	3	3	3	3	3	3	20
Total allocated funds	19	60	95	107	104	95	70	550
Unallocated funds			10	10	10	10	10	50
Total Budget	19	60	105	117	114	105	80	600
Other donors*	50	50	40	40	30	30		240
Danida Investment Fund**								400

* Estimated Sweden DKK 100 mio (FSDT, AMDT, BEST-Dialogue), Swiss DKK 75 mio (AMDT), UK 40 mio (FSDT), CIDA 23 mio (FSDT). **The Government of Tanzania holds 22% of the shares of CRDB bank in the Danida Investment Fund. These shares are to be sold. The Embassy of Denmark and the Government of Tanzania will agree how to spend the revenue (amount is approximate).

Summary of risk analysis and response

BSPS IV has been designed assuming that Tanzania will continue prudent and stable macroeconomics and a stable political environment. At programmatic level the following main risks have been identified:

Risks	Mitigation
Political economy. The context in which the individual sub-components operate risk being captured by political agenda not in favour of competitive private sector growth with SMEs and value added in Tanzania.	Close monitoring, building of trust at high level in the political system and the administration. Building solid foundations for reforms during the first two years of implementation. And giving farmers and small producers a voice.
Continued high level of corruption may discourage private sector involvement.	Promotion of corporate social responsibility and good governance throughout the programme. The principle of zero tolerance towards corruption will be emphasised.
Procurement processes and supervision of construction have in the past been a considerable challenge. It remains a risk in BSPS IV.	If relevant, an independent procurement specialist representing the financier should be attached to the process.
Risk of absorption capacity problems related to concentrating a larger support on fewer sub-components and partners	Close monitoring of progress and flexibility to channel funds to the best performing sub-components.

6. Thematic Programme – Good Governance and Rights

The Good Governance and Rights programme (GGR) will be formulated after the national elections in October 2015. The GGR is currently at pre-identification stage and was not appraised at the time of the country programme appraisal. The appraisal did, however, provide a number of useful suggestions for the GGR programme that have been taken into account in this outline, and which will help guide future programme identification. This thematic description is therefore a description of indicative directions of the programme, as defined by the Country Policy and concept note for the country programme. The GGR programme will count fully under unallocated funds of the country programme.

The tentative directions of the Thematic Programme can be summarized by the following: Demand-side focus; transparency and accountability; rights and gender equality. The organizing principle of the first major part of the GGR programme will be civil society initiatives focusing on strengthening, and indeed demanding, transparency and improving accountability mechanisms. Activities and partners could, subject to

later formulation, include Foundation for Civil Society, Tanzania Media Fund and support to CSOs working to promote transparency, such as e.g. Policy Forum and REPOA. Support to parliamentary oversight strengthening may be explored. Joint donor approaches to demand-side governance support will be explored.

The other major focus area of the GGR programme will be rights, with specific focus on gender equality and women's rights, a major issue still in Tanzania. Denmark currently supports TAMWA leading a network of CSOs focusing on gender based violence. Denmark is also supporting access to justice for all, but especially for women and the poorest. Future activities could include continued support to these areas, but will scale up the support for gender equality through civil society, while at the same time linking this to GBS policy dialogue (e.g. girls' education) and the health sector support (reproductive health and family planning). Women's economic empowerment will be strongly linked to the green growth and employment agenda, targeted directly by the BSPS thematic programme under the country programme.

Strategic considerations and justification

Complementing the Development Contract's focus on Government of Tanzania's supply side of governance and services, Denmark will support the demand side in **promotion of democracy, good governance, rule of law and respect for human rights** in Tanzania. The emphasis will be on creating mechanisms for linking supply and demand side of governance – i.e. linking the provision of budget support (enabling government to fulfil its duties) with support for increased transparency and social accountability – in social service delivery, public expenditure, resource extraction - by strengthening social monitoring and advocacy. Women's rights and gender equality are at the heart of this agenda - many more women than men have their rights violated - and the building of a stable, non-violent and more equitable middle income country hinges massively on the improvement of women's situation in Tanzania. Hence the support will target key institutions and organisations that can advocate for and demand good governance, help to secure the necessary checks and balances in a democratic society, and hold the government accountable to its citizens, especially women.

Good governance is about far more than administrative functions; it is critical to enabling socio-economic transformation and the improvement of lives through the eradication of structural inequality. Denmark has adopted a human rights-based approach (HRBA) to development cooperation, to include the principles of accountability, transparency, participation and non-discrimination in all its programming. The Human Rights Based Approach and Gender Screening Note prepared as part of the analytical foundation of this country programme gives the broader analysis and context of the country programme in these areas.

Accountability refers to the relationship of Government policymakers and other duty bearers to the rights holders affected by their decisions and actions. A principal aim of the GGR is to foster accountability and transparency through demand-side engagements that accompany General Budget Support. The GBS process annually assesses performance on Underlying Principles, which include an assessment of good governance – specifically in terms of accountability to citizens, transparency of information, and the active fight against corruption. This provides part of the framework for the GGR programme, which will be designed to be part of accompanying measures of the development contract, with focus on demand-side activities.

Tanzania has integrated a strong focus on advancing both human rights and gender equality within its national legal and policy framework. Tanzania has ratified most international and regional human rights treaties, including those relating to women's rights, and the Constitution of Tanzania guarantees equality between men and women and supports their full participation in social, economic, and political life. Nevertheless, despite a relatively strong gender and rights framework, there is a significant gap in

implementation⁶. Key issues include application of laws to protect women against discrimination and violence, as well as ensuring equitable access to legal and social services.

The GGR will place specific priority on advancing women's rights and gender equality, both as ends in and of themselves, and, given the interactions between structural gender discrimination and poverty in Tanzania, also as a means for achievement of the overall country programme objective of fighting poverty and inequality. Advancing women's status and enjoyment of their rights in practice is dependent on improving the quality of girls' education; improving their access to health care, including sexual and reproductive health services; reducing the acceptability of gender-based violence; enhancing the role of women in political decision-making; enhancing the economic empowerment of women; and focused efforts to rescind and eliminate laws and regulations that implicitly discriminate against women.

Directions for future programme formulation

Experience from previous support to governance and gender equality in Tanzania will inform the formulation of the GGR programme. The thematic programme objective is promotion of democracy, good governance, rule of law and respect for human rights in Tanzania. An important strategic consideration of the GGR programme, within the context of the overall country programme, is to deliver accompanying measures to the larger programme, and especially the GBS programme. The GGR programme will be **designed as risk mitigation** in relation to GBS, specifically Underlying Principles, which are in many ways the core of the good governance and rights agenda.

Transparency: Tanzania has signed up to the Open Government Partnership (OGP), which will be an opportunity for promoting more transparency and access to public data. GGR will focus on linking this to the demand-side, supporting civil society and citizens' demand for transparency of public information. This could leverage experience from Sikika, focusing on health sector governance, and look at opportunities to develop or scale up use of citizen score cards, exploring innovative ICT based models of user feedback (leveraging high mobile phone penetration in most areas, or linking to the World Bank BOOST initiative).

Accountability: GGR will explore support to national think-tanks and CSOs working on the demand-side accountability agenda (such as Policy Forum). This includes policy analysis, dissemination and discussion in civil society of government policies, including national budgets and use of GBS, but also e.g. the development of new policy and regulation on natural resource extraction, specifically gas and oil, and how national resources will benefit the broader Tanzanian population. This accountability focus links naturally to the mandate and work of TRA (under MOF), as the government institution responsible for revenue management, and will target increased transparency and accountability for how taxpayers' money is spent.

Democratic empowerment: GGR may explore support to strengthen parliamentary capacity and oversight, not least important in terms of parliamentary oversight of the national budget. The experience from the upcoming election process will inform the future programming. Weaknesses in the election process and pressures on human rights such as freedom of the media are likely to show during the time leading up to the election in October 2015. The outcome of the constitutional review and decisions on future structure of government will similarly inform programming on strengthening democratic processes and institutions. The possibility of developing a joint-DP supported democratic governance facility will be explored as part of the identification.

In addition to the focus on risk mitigation related to the overall country programme and GBS, there are also **opportunities in leveraging GBS policy objectives**. For example the priorities of equity and gender

⁶ World Economic Forum Gender Gap Report 2013 lists Tanzania as number 66 out of 68 countries in the comparison, i.e. third-last.

equality, may be pursued through both GBS programme (supply side focus) and GGR programme (demand side focus).

Girls' education: Improving girls' access to quality secondary education is particularly important in the Tanzanian context, and is intimately linked to the objectives of the Health Sector Programme Support and Business Sector Programme Support. While there is relative gender parity in primary education, the proportion of secondary enrolment of girls as compared to that of boys has declined in recent years. Furthermore, girls are less likely to complete a full cycle of secondary education. Through working for the selection of an education-related General Budget Support performance indicator, Denmark will support supply-side efforts towards girls' education. This could be supplemented with demand-side efforts through the work of NGOs that focus on social accountability for education.

Maternal health: Linking to the thematic health programme interventions, maternal ill-health has a major negative impact on women's health, especially health of the poorest, over a life-course and generations. Maternal mortality and morbidity is especially likely to occur where women and girls are subjected to early child marriage and child bearing. GGR will explicitly look at how to support objectives of the health engagements in this regard, and it is foreseen that the GGR programme will include activities focused on sexual and reproductive health and rights from a human rights and accountability angle, complementing development engagements under the thematic health programme more focused on health service delivery.

Gender based violence: Formulation of the GGR programme will consider how best to advance efforts towards reducing Gender Based Violence, advancing economic empowerment of women, and increasing women's participation and voice in order to maximize synergies within the country programme. There is potential to build on existing support to the Tanzania Media Women's Association (TAMWA), in order to reduce broader societal acceptance of gender-based violence. Existing support to the Foundation for Civil Society may be focused further to empower women's groups to exercise voice and citizenship.

Access to justice: Building on existing Danish support to legal sector reform, and specifically the Legal Services Facility Fund, programme identification will consider continuing to advance access to justice, and specifically women's access to justice under GGR, as well as to reduce legal and policy barriers that discriminate against women. A theory-of-change approach is being piloted under the existing access to justice programme, where links between demand- and supply-side institutions are central in identifying practical solutions to specific issues identified by stakeholders through participatory processes. Future programme identification will be informed by these pilot activities.

The results to be monitored through the GGR programme will include specific rights-related indicators and indicators related to accountability and transparency underpinning other thematic programmes.

Preliminary Results Framework

A preliminary results framework is shown below to indicate anticipated directions and targeted outcomes of the thematic programme. Most outcomes after formulation will link directly to development engagements, to be defined. The formulation of the GGR programme will lead to a more concrete results framework.

Thematic programme	Support to Good Governance and Rights
Outcome	Improved quality education for girls
Outcome indicator	Gender parity related to girls enrolment in and completion of secondary school (disaggregated by wealth quintile, if possible)
Outcome	Improved access to and utilization of family planning services
Outcome indicator	Contraceptive prevalence rate (disaggregated by gender if possible)

Outcome	Reduction in the prevalence of gender based violence
Outcome indicator	Prevalence of marital violence, physical and sexual
Outcome	Increased female political participation
Outcome indicator	Proportion of female representatives serving as national ministers, as members of national parliament, and as district executive directors
Outcome	Increased access to justice for women
Outcome indicator	Proportion and number of civil cases filed/won by female plaintiffs
Outcome	Increased Transparency of Public Information
Outcome Indicator	Proportion of fully and timely completed commitments in Tanzania's Open Government Partnership Action Plan
Outcome	Demand for more transparent and responsive governance through strong and vocal civil society
Outcome indicator	Capacity of citizens to demand accountability from local leaders (FCS survey)

Management and joint programming

With the GGR programme focused on demand-side interventions, and for the embassy to work effectively with a broad range of civil society and non-government stakeholders, it is foreseen to work through an intermediate setup that can facilitate this, e.g. an implementation unit or intermediary programme office. The possibility of pooling resources with other like-minded donors will be pursued in this regard.

7. Overview of management set-up at country programme level

The Danish-Tanzanian country programme management setup is designed to provide guidance, monitoring and quality assurance of a programme with the following characteristics:

The currently formulated programme encompasses 6 development engagements under HSS, 6 under BSPPS and 3 under GBS. The country programme will eventually have very close to 30 development engagements, after programming of the governance and rights programme and the unallocated budget.

Management modalities of development engagements make use of a wide range of instruments, from GBS and basket modalities, to multi-donor trusts and consulting company fund managers, to individual NGO contracts. A large part of country programme resources will, however, be focused on two large engagements, GBS and the Health Basket Fund, and three smaller but still significant development engagements, namely support for TRA, PFM and partly Local Investment Climate, with the government system. This corresponds to more than half of total country programme resources being channelled through government.

Alignment to national systems and procedures has been pursued as the preferred modality, whenever possible. This is fully in line with both principles of aid effectiveness, and in the spirit of the emphasis on lean and effective programming in Danish country programming guidelines. Monitoring of progress and results will be based on the monitoring and evaluation frameworks of the partner organisations. As many development engagements involve other DPs in joint funding arrangements, the alignment to partner organisations also effectively ensures alignment and division of labour with other DPS.

Because of a country programme design with maximal alignment to partners, the hands-on engagement of the Danish Embassy will in general be limited, as day-to-day management and implementation is handled by

implementing partners of the various development engagements. The role of the embassy becomes rather one entailing regular (annual or semi-annual, sometimes quarterly or monthly) strategic dialogue with partners, usually on the basis of progress reports on implementation and results achieved. This implies a need for a strong monitoring and evaluation framework of the country programme that may capture developments and guide partners and embassy.

The Embassy has programmed for specific M&E support at thematic level under the BSPS programme, while similarly the HSS programme proposes engaging an experienced M-&E consultant to support the monitoring of the PPPs. The GBS process is built around an advanced results monitoring process, while both TRA and PFM basket funds have their own joint monitoring frameworks and arrangements.

Management at country level

A Country Programme Committee (CPC) will consist of the Minister of Finance (adequately represented by the Permanent Secretary of Finance) and the Ambassador of Denmark. The CPC will receive information on progress in all thematic programmes. TORs for the CPC will be developed by the embassy and agreed with MOF. Focus will be on monitoring: a) progress on the indicators in the results framework; b) stock-taking on developments in the risk management matrix; c) status in implementation of Development Contract, basket funds, budgets and annual work plans as relevant.

The Embassy will prepare short annual reports taking stock of progress and results, supported by external consultants aggregating progress and results by thematic areas. Thematic areas will include either specific M&E contracts or budget lines for making this external monitoring support available. The country programme results framework will be revisited in dialogue with partners during inception in 2015, to further strengthen the gender focus in the programme where possible, after the new global Danish gender strategy has been finalized and launched.

A comprehensive mid-term review of the country programme is foreseen in early 2017 to review progress of the overall programme, assess possible needs for adjustment, and consider proposals for budget reallocations. The review will help inform bilateral consultations between Denmark and Tanzania in 2017.

Management at thematic level

Thematic management structures will be kept to a minimum, based on the assessment that the proposed country programme lends itself best to focusing management and steering committees at the level of development engagements, overseen by a country level programme committee. This is also a logical choice in light of the country programme seeking maximal alignment to partner organisations, providing core support for their respective institutional setups.

The Development Contract naturally revolves around an existing high-level management process for GBS, while support for TRA and PFM is focused on existing basket fund management arrangements. The embassy will actively lend itself to represent DPs in joint donor-government management structures of PFM and TRA. Regarding the management structure of the high level GBS-dialogue itself the possible benefits of such involvement will be weighed carefully against the possible loss of representing individual Danish views and positions.

The MOHSW has a comprehensive national performance monitoring system based on the indicators defined in the HSSP III. An annual Health Sector Performance Profile Report is produced. The performance of the HBF, alongside the broader health sector, is monitored through regular SWAp meetings, the Basket Finance

Committee meetings, and Audit Sub-committee meetings. This, however, does not encompass the PPP development engagements.

The BSPS is the exception, where a thematic programme steering committee will be established, chaired by the PS of the Prime Minister's Office (with the cross-cutting mandate of private sector development) and the Ambassador of Denmark. As part of future formulation of the GGR programme, it will be considered whether a strategic thematic level management setup is relevant, but this is not foreseen.

Management at engagement level

All development engagements include descriptions of management structures, and each engagement will define management committees, progress monitoring and coordination mechanisms. Monitoring of the development engagements is done via the routine monitoring systems of the partners. The results framework with outcomes and a number of outputs including pertinent indicators is shown in annex c.

For the future GGR programme, formulation of development engagements will define management structures. The GGR programme may make use of a project management unit as part of its management instruments.

Financial management

Principles for financial management across the thematic programmes are:

- Alignment to partners' financial management and accounting systems
- Using national procurement policies and procedures
- Disbursement of funds based on adequate justifications of previous funds (and audits) received and cash flow budget
- Capacity assessment of developing partners' financial management systems and staff as relevant
- Audit function covered by government Controller Auditor General, or certified auditor as relevant
- Zero tolerance for financial irregularity

Funds destined for public institutions will be transferred to a separate bank account in Bank of Tanzania. For institutions receiving basket funds transfer will be made to the separate bank account agreed among all donors. For ear-marked contributions each NGO or private institution will open a separate bank account. The implementation agencies will apply for funds on the basis of their cash flow budgets according to their annual plans. Request for funds is expected to be issued to the Embassy of Denmark every 6 months provided that a minimum of 70 pct. of the previous payments has been spent with exceptions being General Budget Support tranche disbursements or disbursement to basket funds with specific procedures agreed among the donors. Partners are responsible for execution of the plans. A close dialogue is, however, envisaged during the year in order to provide advice, monitor and mitigate risks. The Embassy of Denmark will aim at visiting the partner activities in the field at least once a year.

Tanzanian law and policy for procurement must normally be followed for public sector interventions. Private institutions and NGOs should establish a procurement policy aligned with the national procurement policy. Only exceptionally and in relation to TA will Danish procurement rules be applied.

Support to **public sector** entities will generally be aligned to the International Public Sector Accounting Standards (IPSAS) as the framework which directs how institutions should accounts for transactions. Transactions are expected to be recorded in the Integrated Financial Management System (IFMIS) following

the national legislation of Tanzania. The funds will be allocated according to the annual operational plans and budgets approved by the respective steering committee.

Support to **private institutions and NGOs** will use the rules as established in the Development Engagement document. Each private institution and NGO should before receiving any funds have established an operation finance and administrative manual. Minimum requirements should follow the “General Guidelines for Accounting and Auditing”.

Funds earmarked for **Technical Assistance**, and not channelled through a basket, will be managed directly by the Embassy of Denmark. Technical reviews will be agreed on a needs base with the partners and other funding partners. The partners will submit progress and financial reports.

Reallocation of funds can only take place within each of the thematic programmes, where overall decision in general will be taken by the Embassy of Denmark and the relevant minister or head of partner organisation. **Unallocated funds** are allocated by thematic programme. The embassy can reallocate up to 10% of the annual budget within each thematic programme. If a higher percentage needs to be reallocated, it must be approved by the competent Danish authorities.

Danish contributions to **public sector** institutions should be audited by the Controller and Auditor General (CAG) of the National Audit Office of Tanzania. The CAG is generally responsible to audit the institution as a whole and not specific programmes funded by individual donors. Due to internal requirements of the Embassy of Denmark to perform a separate audit and to be able to capture all information it will, in some cases, be agreed that the CAG selects an external private audit company to execute the audit on behalf of the CAG, the fee being paid by the programme / project.

Danish contribution to private institutions and NGO are subject to annual external audit by a private auditing company selected in agreement with the Embassy of Denmark. Where the administrative capacity is considered to be weak, the Embassy can provide external expertise to improve the capacity building and support additional control mechanism. For institutions receiving basket funding the selected audit company should be agreed among all donors.

All interventions may be investigated by the Auditor and Controller General of Denmark. Proper monitoring of program activities and financial control are key elements to enforce the zero tolerance for irregularities.

8. Country programme budget

It is not possible to present budgets in the form of output-based budgets. All development engagements are primarily in the form of core support for partner organisations, and none of the partners implement output-based budgeting.

Budget allocations for Tanzania Country Programme, 2014/15-2019/2020 (DKK million)

Development Contract (General budget support)	550
General budget support disbursements	380
Tax policy and systems	70
Public financial management	70
Reviews, Studies, Communication etc. for the country programme	10
Unallocated incl. poverty analysis support	20
Health sector support	550
Public sector health (basket fund)	300
Public-Private Partnerships	200
Unallocated	50
Good governance and human rights (unallocated)	250
Transparency and accountability	
Human rights and gender equality	
Business sector support (approved Oct 2013)	600
Agricultural Markets Development Trust (value chains)	130
Local investment climate	108
Business sector dialogue/advocacy	97
CTI/Danish Industry Twinning	10
Financial Sector Deepening Trust	60
PASS	125
Administration/Review	20
Unallocated	50
TOTAL	1950

Unallocated funds: Proposed unallocated funds to be programmed in support of the thematic programme objectives.

Unallocated funds under following thematic programmes

Development Contract (General budget support)	20
Health sector support	50
Business sector support	50
Good governance and rights support	250
Total	370