

Country Assistance Program (Tanzania)

<1> POLITICAL, ECONOMIC, AND SOCIAL CONDITIONS

(1) Political Conditions

Constitutional amendments brought a multiparty system to Tanzania in 1992, with the peaceful succession of a new president and prime minister achieved under this system in 1995 in Tanzania's first presidential and parliamentary elections, marking smooth progress toward democratization. The second elections will be held in October 2000. Despite potential factors of instability such as a variety of different religions and races (African, Arab, Indian, etc.), since becoming independent, Tanzania has never experienced a coup d'etat, and the domestic political situation remains generally stable.

A supporter of African-style socialism*1, Tanzania's relations with Kenya, Uganda and other neighbors with different political views were not ideal for a time. However, Ali Hassan Mwinyi, who became the country's second president in 1985 following Dr. Julius Nyerere, placed diplomatic priority on strengthening friendly relations with neighboring countries. President Benjamin W. Mkapa, who took over the reins of power in 1995, has continued this diplomatic course, and in 1999, Tanzania signed an agreement with Kenya and Uganda establishing the East African Community (EAC*2), enhancing regional cooperation with these countries in the political and economic spheres, as well as a broad range of other areas. As a member of the Southern African Development Community (SADC*3), Tanzania is also engaged in cooperation with the Southern African nations. In terms of relations with other neighboring countries too, Tanzania has been absorbing substantial numbers of refugees from Rwanda, Burundi, Congo (Democratic Republic of the Congo; same below) and elsewhere, and has been particularly active diplomatically in resolving the Burundi and Congo conflicts, playing a key role in the region as a political stabilizer.

(2) Economic Conditions

Since 1986, Tanzania has effectively abandoned its socialist economic policies, and, with assistance from the World Bank and the International Monetary Fund (IMF), has been pushing ahead with a structural adjustment program*4 of investment and distribution system reforms, state enterprise reforms, and cutbacks in civil service payrolls. These efforts have begun to bear fruit, but Tanzania has yet to shrug off its "least less-developed country" (LLDC) status, with a per capita GNP of

US\$210 (1998, World Bank statistics), and in 1997, still owed a hefty US\$7.177 billion in external debt. Industry centers around agriculture, while Tanzania's main exports-coffee, cotton, cashew nuts, tea and tobacco-bear witness to an economic structure with a textbook primary-product dependence.

Since its shift to a market-oriented economy in 1986, Tanzania has unified both monetary and fiscal exchange rates, instituted foreign bank license reforms, designed revenue-boosting measures such as the establishment of the Tanzania Revenue Authority (TRA) and introduction of a value-added tax, while also adopting a cash budget formula*5 to ensure tighter revenue control. As of 1993, the government has also introduced a Rolling Plan and Forward Budget (RPFB), which combines the government's development strategy with a mid-term fiscal plan, ensuring sound economic and fiscal operation based on an annual review of macroeconomic plans, sectoral policies and the three-year fiscal plan.

As a result of these economic reform efforts, macroeconomic indicators are improving, while strong mining (diamonds, gold, etc.) production lifted the FY1998-99 real GDP growth rate to 4.0%, outstripping the 3.5% of the previous year. The 10.3% average inflation rate for FY1998-99 was the lowest in the last 20 years. Tanzania's new macroeconomic stability and economic growth have been highly praised by the IMF and World Bank.

(3) Social Conditions

It is estimated that around half Tanzania's population lives in extreme poverty, bringing in less than a dollar a day. Economic reforms such as currency devaluation and the elimination of price controls have pushed up prices, squeezing the budgets of urban wage-workers, but at the same time, the disparity between urban and rural areas continues to widen, with rural poverty becoming increasingly severe. Infrastructure development has improved the urban living environment, at the same time spurring a greater population influx from rural areas. The result has been an overall deterioration in housing, education, medical care and also employment, while crime is on the increase. Substantial cutbacks in civil service numbers and pay deferments also threaten to increase graft, and the current Mkape administration is channeling considerable energy into preventing corruption, positioning "good governance" as the cornerstone of domestic stability and economic development.

In border areas, ongoing refugee inflows reflect the confusion in neighboring Burundi, Congo, Rwanda and Uganda, and reports suggest deteriorating civil order.

<2> CHALLENGES TO BE ADDRESSED IN DEVELOPMENT

(1) Tanzania's Development Plans

(A) Outline of development plans

Since FY1993, the Tanzanian government has operated on the basis of a Rolling Plan and Forward Budget (RPFb), a three-year mid-term development and budget plan based on new planning and budget formation methods. The RPFb is reviewed at the end of each initial fiscal year of the plan, looking at implementation status and immediate issues, with a new three-year plan formed every year. Sectoral development plans incorporate donors' views as expressed at sectoral donor meetings, and are formed in line with World Bank and IMF structural adjustment policies. The current RPFb (1999-2000 through 2001-02) aims to raise the GDP growth rate from 4.1% in 1999 to 6.1% in 2002 and reduce the inflation rate from 7.5% in June 2000 to 5% in June 2002. The budget surplus is to be held at 1% of GDP, finance stabilized and strengthened, and the privatization of state-run companies continued. Recent macroeconomic indicators are beginning to produce figures in line with RPFb goals.

(B) Relationship with goals of DAC Development Partnership Strategy*6

In January 2000, the Tanzanian government issued "Tanzania Development Vision 2025" (JCHCK\$B!O(J, a long-term development strategy covering through to 2025. However, this does not include specific goals based on the DAC New Development Strategy.

The administration is currently formulating the following development plans.

(i) Poverty Reduction Strategy Paper

(ii) Tanzanian Assistance Strategy (TAS)

Joint strategy paper by donor countries and organizations.

(iii) Medium-Term Expenditure Framework (an assistance strategy paper for all donor nations and institutions)

Where around 70% of assistance from donor nations and institutions is currently spent outside the government budget, the framework is intended to build donors' assistance plans into the budget, allowing strategic budget allocation toward national development.

(2) Primary Challenges in Development

(A) Strengthening the foundations of agriculture

Agriculture is a key industry, accounting for 50% of GDP, 80% of the labor force, and more than 70% of total export value. Agricultural development therefore has a particular importance, not just as an engine for economic growth, but also with a view

to improving the quality of life of the rural population, who comprise the bulk of Tanzania's poor. Irrigation equipment, however, remains underdeveloped, while dependence on rainwater for cultivation means that droughts and other natural factors severely impact heavily on agricultural production. Moreover, infrastructure shortfalls and the predominance of small-scale farmers cultivating two hectares or under are keeping productivity low.

(B) Improvement of social services

While Tanzania is pushing ahead with the approval of private-sector banks and other types of financial liberalization as part of its structural adjustment program, limited financing is available for small-scale farmers, with no agricultural financing system in place since the collapse of the state-run rural banks in the late 1980s. Fiscal retrenchment has also reduced government spending in the social sector, weakening social services. For example, where the primary school attendance rate topped 90% during the 1980s, the impact of policies such as partial payment for education had pushed this down into the 60% range by the late 1990s. In the area of primary education, tighter education spending has led to the deterioration of school facilities, while educational content needs to be improved, including re-training for teachers and the development of a curriculum and teaching materials matched to student needs.

(C) Infrastructure development

A new economic environment with a stronger market orientation is beginning to emerge, bringing trade liberalization, abolition of price controls, and privatization of state-run companies and public corporations. At the same time, debilitated and underdeveloped infrastructure is obstructing more

vigorous economic activity. Roads in particular are in poor condition due to the economic stagnation and consequent budget shortfalls Tanzania has suffered since the early 1980s, with muddy roads and flooding common during the rainy season. Because Tanzania's main agricultural areas lie along its borders, roads and warehouses need to be developed to form a transport system for domestic goods which will link urban and rural areas, stimulating the distribution of not only agricultural products, but also fertilizers and other production inputs and stabilizing supply. Moreover, wood accounts for 90% of Tanzania's energy supply, with electricity providing only around 3%. Approximately 95% of that electricity is supplied through hydro-power, which means major fluctuations in supply according to rainfall levels, and this unstable electricity supply is heavily constraining the development of manufacturing and other economic activities. Telecommunications and broadcasting also suffer from marked

infrastructure shortfalls. There are only 0.38 telephones per 100 persons, for example, around a sixth of the African average.

(D) Human resources development

The lack of industrial human resources is obstructing Tanzania's independent economic development. Tanzania will need to train personnel to foster industry, develop infrastructure and otherwise carry forward the country's economic development, while also widening the reach of basic education and strengthening vocational and technical training.

(E) Improving health and medical care services

HIV/AIDS stands alongside malaria as Tanzania's foremost challenge in terms of health and medical care. As in other African nations, HIV has become widespread in urban Tanzania. In the space of 1997, 150,000 people died of HIV/AIDS, while a total of 940,000, or 3% of the total population, are estimated to have died to date. With 1.4 million adult (15 to 49 years) HIV sufferers, the equivalent to 9.4% of the population, the disease is impacting heavily on Tanzanian society.

The mortality rate for children under five, while gradually improving, still stands at a high 142 per 1,000 persons (1998 figure), suggesting a strong ongoing demand for assistance in medical and health care services.

(F) Environment

Around 37% of Tanzanian territory is forested (1995), a comparatively large area for Sub-Saharan Africa. However, 300,000 to 400,000 hectares is lost annually to conversion to farm land, forest fires, and collection of the firewood and charcoal which provide 90% of Tanzania's energy supply, and this swift depletion of forested areas is affecting the production and environmental protection capacity of the country's forests. Tanzania's forest and other abundant natural resources are tourist resources which could become a valuable source of foreign currency in the future, and tourism development possibilities are another valid reason why the country needs to work to protect its forests and wildlife. Another concern is gold extraction around Lake Victoria possibly causing mercury pollution.

(3) Relationship with International Development Aid Institutions, Other Donors, and NGOs

(A) Relationship with international development aid institutions

The major international aid institution working with Tanzania is the World Bank, which has supported Tanzanian structural adjustment together with the IMF since Tanzania adopted market economy-oriented policies in 1986. The United

Nations Development Programme (UNDP) is the main organ for structural adjustment in Tanzania, providing support and assistance for civil service reforms, poverty reduction, environmental protection, local government reforms and judicial system reforms. Aiming to reduce infant mortality rates, the United Nations Children's Fund (UNICEF) assists with vaccinations, maternal and child health, nutrition, water supply, and sanitation.

The Northern European countries are also important donors. Sweden focuses on the deployment of experts to provide advice on the development of key government policies, while by sector, an increasing amount of Swedish aid has been provided in the energy sector (hydropower, for example) in recent years. Norway and Denmark concentrate on human resources development, energy and health care. Other assistance is given by the United Kingdom, primarily in agriculture and forestry, operation of the economy and education, and by the European Union, mainly in transport, agriculture, and the development of health care and other social services. In terms of NGOs, European NGOs from Sweden, Germany and elsewhere continue to tackle a wide range of areas. Japanese NGOs too have built up a track record in afforestation, organic farming, technical guidance on well-digging, and refugee camp assistance.

As recognition of the need to promote assistance coordination and partnership is shared by all main donor countries and institutions, donor meetings are held frequently in Tanzania on poverty reduction, private investment promotion and other areas of interest.

Tanzania has also been eligible for debt reduction measures*7 since 1986, and has been assigned Heavily-Indebted Poor Country (HIPC) status. While its debt service ratio fell from 40.8% in 1992 to 13% in 1997, the US\$717.7 in external debt (World Development Indicators, 1999) which the country is carrying led to the decision in early April 2000 to apply the Expanded HIPC Initiative*8 to Tanzania.

<3> JAPANESE AID POLICIES FOR TANZANIA

(1) Significance of aid to Tanzania

Serving as a stabilizing influence in eastern and southern Africa, Tanzania is working to strengthen friendly ties with neighboring countries, has made efforts to mediate conflicts in Burundi and Congo, has accepted refugees and dispatched PKO forces to Liberia in 1993, and is playing a leading role with respect to the various problems faced by Africa. While promoting the two major principles of non-alignment and anti-colonialism, it has traditionally been highly active in the Organization for African Unity, the Council of Non-Aligned Countries, and the United Nations, and

has political influence among other African countries. Tanzania is therefore a key country in terms of diplomacy, not only in respect to the eastern and southern regions but to Africa as a whole. As a priority country for African aid, support for Tanzanian development and the further strengthening of friendly bilateral ties*9 could become diplomatic assets for Japan.

Given that Tanzania's per capita GNP is extremely low at \$210 and that it has a population in excess of 30 million, there is a great need for aid. In addition, the country is making independent efforts to achieve development including democratization and economic reforms, and, with rich natural and tourism resources, has possibilities for potential economic development. Thus, in the context of boosting the impact of its development assistance to Africa as symbolized in the convening of TICAD II*10 and making even greater international contributions, it is vital for Japan to continue providing assistance to Tanzania.

(2) Relation with ODA Charter*11 principles

Democratization has moved forward since the introduction of a multiparty system in 1992, with the first presidential and parliamentary elections held in 1995, and accompanying changes of president and prime minister. In terms of economic reconstruction, Tanzania has accepted World Bank and IMF assistance since 1986, and has been working on structural adjustment and the establishment of a market economy. Furthermore, the government has positioned the elimination of corruption as a national challenge of the utmost importance, and the administration under President Benjamin W. Mkapa is united in addressing this issue.*12 Positive evaluation can therefore be made in the sense that efforts are being pursued in an overall desirable direction from the standpoint of ODA Charter principles. However, it is important to continue to closely monitor progress toward good governance in the areas of political democratization, anti-corruption, administrative transparency, rule of law, and human rights guarantees, while also offering advice and assistance from the standpoint of a donor country.

(3) Orientation for Japanese aid

(A) Japanese aid to date

Japan has cooperated actively with Tanzania since the commencement of aid in 1966, with ODA loans totaling 40.25 billion yen (seventh in the Sub-Saharan African region), grant aid worth 101.723 billion yen (first in the region), and technical cooperation amounting to 40.855 billion yen (second in the region). Japan's net aid disbursement to Tanzania in 1998 was \$83.37 million, placing second in terms

of aid to countries in the region. Given worsening economic conditions, ODA loans have been halted from fiscal 1982 onward with the exception of debt rescheduling. Further, as Tanzania is eligible for debt reduction measures, provision of new yen loans from Japan will be difficult.

Grant aid has been centered on areas of basic human need such as health and medical care, with cooperation extended to basic infrastructure construction in areas such as communications and broadcasting, road construction, and electric power supply. Also, in order to assist with structural adjustment, a total of 16.5 billion yen worth of non-project grants has been provided through fiscal 1998.

Technical cooperation has been implemented in a variety of forms, in areas including agriculture, industry, and health and medical care. In particular, project-type technical cooperation has been continuously implemented in Kilimanjaro Province [CHECK] in fields such as paddy rice

cultivation and other agricultural development, village-based forestry, and small and medium-sized industrial development, while development studies centered on agriculture and water supply have also been extensively carried out.

(B) Share of Japanese aid in total aid to Tanzania

Where the Northern European countries-Sweden, Denmark and Norway-have traditionally dominated bilateral aid to Tanzania, Japan ranked first in the amount of aid to Tanzania for the three years from 1994 (\$105.7 million in 1996; net disbursement basis), accounting for 17.5% of total bilateral aid. In 1997, however, Japan became the fifth ranked aid donor (\$55.4 million, accounting for 9.7% of total bilateral aid).

Japan has only a brief history of cooperation in African development compared to Europe, but has demonstrated its intention to play an active role through, for example, its hosting of the Second Tokyo International Conference on African Development (TICAD II) together with the United Nations and the Global Coalition for Africa in Tokyo in October 1993, continuing on the path of the 1993 TICAD I. Japan will need to engage in a serious follow-up to TICAD II in consultation with the African countries. At the same time, given tight domestic fiscal circumstances, Japan will have to look carefully at the cost effectiveness of its aid in terms of encouraging Tanzanian self-help efforts, which will also require a greater focus on improving the quality of aid.

(C) Orientation for aid over the next five years

Based on the medium-term policy*13 on Official Development Assistance (ODA) which identifies poverty alleviation, social development, and industrial

support directed towards economic autonomy as important issues for aid to Africa, Japan has agreed with Tanzania to emphasize the following five areas in future aid guidelines, and will implement aid accordingly: (1) promotion of agriculture and small-scale industries; (2) basic education; (3) population control, HIV/AIDS prevention, children's health, and the improvement of basic health and medical care; (4) improvement of the living environment in urban areas through the development of basic infrastructure; and (5) forest conservation.

In aid implementation, priority will be assigned to projects targeting basic human needs (BHN*14) which directly benefit of the socially vulnerable, i.e., the urban poor and rural farmers shouldering the burden of structural adjustment, and attention will be focused on rectifying economic disparities. Also, in the construction of basic infrastructure (roads, sewer systems, etc.) for the realization of economic growth, a prerequisite for poverty alleviation, cooperation will be continued while exercising sufficient care that the fruits of economic growth do not serve to profit only certain social classes, and are distributed among all members of society including the poor.

As it is difficult for Japan to provide new yen loans to a country subject to debt reduction measures, the focus will rather have to be on efficient aid implementation combining grant assistance and technical cooperation.

(4) Aid guidelines for priority areas and challenges

(A) Promotion of agriculture and small-scale industries

In order to encourage Tanzania to break free of an aid-dependent fiscal structure (aid accounts for approximately 40% of the national budget), and to achieve autonomous economic and social development in a country where approximately half the population lives in absolute poverty, the promotion of agriculture and industry will be essential.

Assistance for agriculture, which occupies about 50% of GDP and more than 70% of the total value of exports, is of particular importance. Of the working population, 80% (or 12.8 million people) are employed by agriculture, and, since 70% of this figure represents small-scale farmers cultivating two hectares or under, poverty alleviation is an aspect of agricultural promotion.

From the standpoint of agricultural and rural development, construction of agricultural infrastructure such as small-scale irrigation equipment maintainable by local residents and roads for the transport of agricultural produce is important, as is the transfer of agricultural technology. Japan has established a record of contributions to agricultural development in the Kilimanjaro region*15 involving an organic mix of grant aid,

ODA loans, and technical cooperation. As the debt reduction measures to which Tanzania is entitled make it difficult to provide new yen loans, Japan needs to implement effective aid through a combination of grant assistance and technical cooperation based on its experience to date. On the other hand, from the standpoint of relief to poor farmers, it will be effective to proceed not only with modern forms of agricultural development but also to cooperate in fostering the agricultural cooperatives and small-scale finance (micro-credit*16) that will directly benefit small-scale farmers. In addition to promoting the diversification of processing technology that increases the value added to agricultural produce and encouraging entrepreneurial initiative, Japan will also consider supporting entrepreneurs in fields where technology is relatively easy to acquire, such as sewing, flour milling, leather production, metal processing, and ceramics, as well as providing assistance through micro-credit, as effective means of providing poverty relief through fostering small businesses.

(B) Basic education

Improvement of the declining school enrolment rate and enrichment of basic education, the foundation of human resources development, are crucial to Tanzania's national development. Given Japan's recognition of basic education as an important key to the resolution of the development issues that Tanzania confronts, and based on Tanzania's education sector program*17, Japan will examine the possibility of building school facilities with grant aid as a formal part of this program, while also giving consideration to collaboration with other donors.

At the same time, given the context of the difficulties experienced by parents in paying the school fees required by the partial introduction of tuition for basic education, there is also a need to improve educational content itself so as to achieve common awareness on the part of the citizens of the necessity of education. From this standpoint, consideration will be given to the dispatch of education policy advisors, as well as to assistance for teacher retraining programs that will help raise teacher quality. Here, working in concert with other donor countries and organizations, it might be appropriate for Japan to take the lead in the area of science and math education, where it has considerable experience and comparative strength. It would also be desirable for Japan to undertake independent efforts for assistance with the introduction of simple health hygiene education into the basic education curriculum, distance education using radio broadcasting, as well as adult education.

(C) Population control, HIV/AIDS prevention, and children's health, and the improvement of basic health and medical care

Japan's cooperation to date in the area of health and medical care has included the provision of medical equipment to key hospitals and refugee districts, malaria control projects, assistance with a nationwide concentrated polio vaccination scheme, and implementation in the field of infant and maternity health, and these efforts have been highly appreciated. Considering Tanzania's general situation, it will be important to continue cooperation in these fields. Enhancement of medical care services, particularly in rural areas, will be a major issue for the future. The improvement of basic medical care technology at the local level, the reinforcement of the referral system¹⁸ connecting local medical centers, regional hospitals, and key hospitals, as well as the expansion of educational activities to promote knowledge of hygiene among the citizens will all be of importance.

Japan regards Tanzania as a key country under the Global Issues Initiative on Population and AIDS (GII¹⁹), and will continue to use instruments such as development welfare support projects²⁰ to assist Tanzania in preventing HIV infection, providing family planning education and improving public awareness.

Also, with the establishment and implementation of staged sector programs in the health field, Japan will consider undertaking cooperation accordingly, taking into account collaboration with other donors.

(D) Improvement of living environment in urban areas through the development of basic infrastructure

Given urban population growth and the corresponding increased need for the construction of basic infrastructure including roads and bridges in transportation networks, communications and power distribution networks, water lines, sewers, and waste treatment facilities, Japan will continue with cooperation while establishing collaboration and a division of labor with other aid donor countries and organizations. Especially in the capital city of Dar es Salaam, although Japan has constructed 20% of the total length of paved roads, 40% of the total power distribution network, and 30% of the telephone circuits, the situation is still inadequate in terms of carrying out primary city functions, and consideration will be given to further assistance.

At the same time, infrastructure development in major provincial cities and between such cities is also important from the standpoint of improving the living environment of the poor in provincial cities and, as a secondary effect, preventing population flow to Dar es Salaam. Furthermore, infrastructure development which takes into account the wider region including neighboring countries (e.g., Uganda, Zambia, and Malawi) is also important for the promotion of inter-regional economic

cooperation. This could include assistance where possible for the construction of trunk roads in regional areas and the development of water resources in southern Tanzania.

(E) Forest conservation

Although about one-third of the land area is covered by forests, depletion is proceeding as a result of expansion in land under cultivation stemming from population growth, as well as the collection of firewood and charcoal for fuel use. In addition to ensuring water resources and soil conservation, forests are a tourism resource that could generate future foreign currency, and have multifaceted importance for Tanzania.

Cooperation undertaken thus far by Japan such as the Green Promotion Project*21 [CHECK] has delivered the results expected, and, based on the importance of forest resources, cooperation will continue to be provided for sustainable forest development. In doing so, from the standpoint of the comparatively efficient securing of aid personnel for field activities in remote areas, it will be necessary to consider the active involvement of local NGOs and the dispatch of forest resource management advisors.

(5) Matters to note in aid implementation

(A) Strengthening aid absorption capacity

As the aid absorption capacity of the Tanzanian government is insufficient and limited by inadequate policy formulation and implementation capacity, Japan will conduct prior studies to fully ascertain the aid absorption capacity of the counterpart implementation institution (staff, budget allowance, etc.) before determining which projects to implement. Constant attention will also need to be paid to local budget allocation and management and management systems for projects already underway. It will also be important to provide assistance for the strengthening of aid absorption capacity, through such means as the deployment of experts able to assist with policy recommendations.

In addition, with respect to good governance, adequate attention will need to be paid to items such as the improvement of transparency in government and administrative organizations.

(B) Ties with NGOs, other donor countries and international organizations

Based on frequent donor meetings held at local level, Japan will work to implement efficient and effective aid in concert with other aid donor countries and organizations. Specific sector programs in the fields of both education and health have already been formulated, and are now being implemented in stages. Japan views Tanzania as a

priority country for the implementation of sector programs in Sub-Saharan Africa, and will actively participate in consultations with other donor countries and organizations, placing education as a priority sector. In terms of specific response to sector programs, Japan will consider utilization of environment and social development sector program grants*22 and expansion of its JICA planning and liaison staff together with flexible utilization, as well as deployment of policy advisor experts, so as to formulate projects based on sector programs and enable contributions to sector development schemes through development studies.

In terms of technical cooperation in areas such as education and the dissemination of agricultural technology, Japan will work together with NGOs to implement projects which directly benefit local residents through finely-tailored assistance.

In addition, as it has been decided that Tanzania will be subject to the Expanded HIPC Initiative, the Tanzanian government is currently working on its Poverty Reduction Strategy Paper*23. Japan will monitor the formulation process so that its opinions are reflected in the Paper to the fullest possible extent. Also, from the standpoint of respect for Tanzanian ownership, this Poverty Reduction Strategy Paper will need to be adequately considered in implementing specific aid.

(C) Improving debt management capacity

As noted above, Tanzania has been officially designated for application of the Expanded HIPC Initiative. Nevertheless, recognizing that debt relief alone will not achieve economic development for Tanzania and that utilization of external funds and the improvement of debt management capacity will be crucial, Japan will continue to provide assistance aimed at strengthening debt management capacity.

(\$B#D(J) Inter-regional cooperation

Waterways such as Lake Victoria and Lake Tanganyika are shared with neighboring countries, meaning that regional development promotion for Tanzania, which also serves as a transport route for landlocked countries such as Zambia, Uganda, and Rwanda, is not an issue involving Tanzania alone. Rather, it is an issue in common with Tanzania's neighbors, and one in which they maintain a high level of concern. Moreover, as Tanzania's main agricultural areas lie along its borders, spurring vigorous cross-border distribution, neighboring countries need to be borne in mind not just in terms of infrastructure, but also agricultural development and the development of distribution institutions. It will therefore be important to consider development of the entire region, planning project formulation with particular attention to relations with neighboring countries and coordination with other donors.

(E) Promotion of South-South cooperation

Based on its record of cooperation to date, Japan needs to promote South-South cooperation through technology transfer and personnel exchange, thus contributing to regional development and stability. With respect to the targeting of infectious diseases such as AIDS and malaria, as well as parasites, regional approaches and not just individual country efforts are important for improving effectiveness. Japan will work for cooperation with Tanzania in this area in the future, and active consideration will be given to the establishment of organic linkages to institutions such as the Kenya Medical Research Institute (KEMRI; currently being considered as a base for African regional efforts against infectious disease and parasites) and the Noguchi Memorial Medical Research Institute in Ghana, thus pursuing steady promotion of South-South cooperation.

Notes

<1> POLITICAL, ECONOMIC, AND SOCIAL CONDITIONS

(1) Political Conditions

*1 African-style socialism

Tanzania's first President, Dr. Julius Nyerere (in power 1964-85), brought Tanzania's main industries under state control and also advanced an ujama (Swahili for "countryman") village construction movement which sought to collectivize farming under the banner of "socialism and self-reliance". Internationally, he took a stand against colonies and racial discrimination, supporting non-alignment and developing close ties with communist countries.

*2 East African Community

The presidents of Tanzania, Kenya and Uganda signed an agreement establishing the EAC in November 1999, which is scheduled to go into effect once all three countries have completed ratification procedures. The new EAC will be a regional cooperation organization designed to promote trilateral cooperation in a wide range of areas, including politics, economy, society, culture, security and judicial functions.

*3 Southern African Development Community

A regional organization established in 1992 to promote economic integration in southern Africa. The 14 member nations are Tanzania, Zambia, Malawi, Zimbabwe, Angola, Mozambique, Botswana, Lesotho, Swaziland, Namibia, South Africa, Mauritius, The Democratic Republic of Congo and the Seychelles.

(2) Economic Conditions

*4 Structural adjustment

Rebuilding the economy through an economic reform program guided by the World Bank and the IMF, including stronger adherence to market principles, deregulation and economic liberalization.

*5 Cash budget formula

A type of fiscal retrenchment banning borrowing from the central bank and placing strict limits on the amount of cash revenue which can be spent. Designed to balance expenditure and revenue and establish a sound fiscal situation.

<2> CHALLENGES TO BE ADDRESSED IN DEVELOPMENT

(1) Tanzania's Development Plans

* 6 The OECD/DAC Development Partnership Strategy

In May 1996, the Development Assistance Committee (DAC) of the

Organization for Economic Cooperation and Development (OECD) adopted a document titled The Development Partnership Strategy (Shaping The Twenty-first Century : The Contribution of Development Co-operation). This development strategy sets specific goals and timeframes desired to improve the living standards of all people around the globe. Goals include: 1) reduction by half of the number of people in extreme poverty by 2015, 2) universal primary education in all countries by 2015, 3) elimination of gender disparity in primary and secondary education by 2005, 4) reduction to 1/3 of the 1990 level in the infant mortality rate by 2015, 5) reduction to 1/4 of the material mortality rate during the same period, 6) spread of health and medical access through the primary health care system to reproductive health service, 7) formulation of a national strategy for sustainable development in every country by 2005 so as to reserve the current trends in the loss of environmental resources at both global and national levels by 2015. The strategy emphasizes the importance of a global partnership because it will be essential that developed and developing countries work together if goals are to be achieved.

*6 DAC Development Partnership Strategy

In May 1996, the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) adopted a document entitled DAC Development Partnership Strategy (Shaping the 21st Century: the Contribution of Development Cooperation), which aims to improve the living standards of all mankind and sets forth concrete goals and schedules for the achievement of these goals. The specific goals are as follows: (1) by 2015, a reduction by one-half in the proportion of people living in extreme=

poverty; (2) universal primary education in all countries by 2015; (3)=

elimination of gender disparity in primary and secondary education by 2005;=

(4) a reduction by two-thirds in infant mortality rates by 2015; (5)=

reduction by three-fourths in maternal mortality rates by 2015; (6) access=

to reproductive health services by 2005; (7) the formulation of national=

strategies for sustainable development by 2005; and (8) reversal of the=

deterioration in environmental resources by 2015. The document states that=

cooperation between the advanced and developing countries will be=

indispensable to the achievement of these goals, and emphasizes the=

importance of global partnership.

(3) Relationship with International Development Aid Institutions, Other Donors, and NGOs

*7 Debt reduction measures

Where the Paris Club formerly addressed the issue of developing countries' accumulated debt only to the extent of allowing a 10-year deferment of payment on a certain amount of debt, adoption of the Toronto Scheme in 1988 signaled the introduction of the group's first debt reduction measure (33% debt reduction). Since then, other measures have been instituted in the form of hikes in the debt reduction ratio. In 1991, the New Toronto Scheme, otherwise known as the London Scheme, adopted a 50% debt reduction ratio, which was boosted to 67% under the Naples Scheme in 1994. Since the introduction of the Naples Scheme, attention has been on not only bilateral debt reduction, but also lightening the burden of debt owed to international financial institutions such as the World Bank and IMF. This led to the 1996 Heavily-Indebted Poor Countries (HIPC) Initiative, which aims to have all creditors, international financial institutions, bilateral and commercial creditors included, reduce HIPC debts to a sustainable level. The Koln Summit in 1999 expanded the HIPC Initiative, with members agreeing on 100% reduction of bilateral ODA debt through various options.

***8 Expanded HIPC Initiative**

At the Koln Summit in June 1999, members agreed to expand the HIPC Initiative to provide "faster, deeper and broader" debt relief, including 100% reduction of bilateral ODA debt. Japan has announced that it would find it difficult to provide new yen loans to countries to whom it has extended such debt reduction measures, with capital cooperation to be provided instead in the form of grant assistance.

<3> JAPANESE AID POLICIES FOR TANZANIA

(1) Significance of aid to Tanzania

***9 Japan-Tanzania relations**

In terms of trade relations, Japan imports primarily coffee from Tanzania (1998 import value US\$67.35 million) and exports primarily cars and tires (export value US\$77.52 million). President Mkapa visited Japan in December 1998. When former President Nyerere passed away in October 1999, Kazuo Aichi, a member of the Japanese House of Councilors, attended the funeral as a special ambassador from Japan. In December 1999, Their Imperial Highnesses Prince and Princess Takamado visited Tanzania, the first trip to the country by members of the Imperial Family for 16 years.

***10 Second Tokyo International Conference on African Development (TICAD II)**

In October 1998, Japan, the United Nations and the Global Coalition for Africa co-hosted a meeting of African nations, donor countries and international institutions,

culminating in the adoption of the Tokyo Agenda for Action (formally, African Development towards the 21st Century: the Tokyo Agenda for Action), designed to guide concrete policies for African nations and their development partners toward African development in the 21st century. The agenda was created based on long discussion between African leaders and development partners on urgent short-term issues which needed to be addressed to alleviate poverty and allow greater participation of the African economy in the rapidly globalizing world economy. Specific goals were stipulated in the following areas, with agreement reached on priority policy action: (1) social development, with attention to education, health care and population, and other measures to assist the poor; (2) economic development, including industrialization, private-sector development, agricultural development and measures to solve external debt; and (3) good governance, the prevention of future conflicts and post-conflict efforts to create development infrastructure.

(2) Relation with ODA Charter principles

*11 ODA Charter

The ODA Charter, approved by Cabinet on 30 June 1992, constitutes the most important basic document concerning Japan's ODA policies. It was formulated to clarify Japan's ODA philosophy and principles and is based on past achievements, experiences and lessons. The Charter consists of six sections covering the following areas: basic philosophy, principles, priorities, measures for effective ODA implementation, measures for promoting understanding and support at home and abroad, and the ODA implementation system. The following four elements are identified under "basic philosophy": (1) humanitarian considerations, (2) recognition of global interdependence, (3) the importance of self-help efforts, and (4) environmental conservation. Under "principles," Japan commits itself to the following four points while "taking into comprehensive account each=

recipient country's requests, socioeconomic conditions, and Japan's bilateral relations with the recipient country": (1) environmental conservation and development should be pursued in tandem, (2) use of ODA for military purposes or for aggravation of international conflicts should be avoided, (3) full attention should be paid to trends in recipient countries' military expenditures, their development and production of weapons of mass destruction and missiles, and the export and import of arms, and (4) full attention should be paid to efforts promoting democratization and the introduction of a market-oriented economy and to the situation regarding the securing of basic human rights and freedoms.

***12 Elimination of corruption**

Elimination of corruption was contained in the election platform of the ruling Chama Cha Mapinduzi party in the 1995 presidential elections. After his appointment in January 1996, President Mkape therefore established an anti-corruption commission headed by former Prime Minister Joseph Warioba (the Warioba Commission) to eradicate corruption within the government, and in 1997, also set up the Prevention of Corruption Bureau, which reports directly to the president.

(3) Orientation for Japanese aid

***13 Medium-term Policy on Official Development Assistance**

Japan's Medium-term Policy on Official Development Assistance (medium-term policy) provides a systematic and concrete ODA approach for the next five years, and is designed to boost aid effectiveness and efficiency, as well as to clarify at home and abroad the basic approach and specific mechanisms of Japan's ODA.

In the new medium-term policy, announced in 1999, no numerical targets were given in light of Japan's straitened economic circumstances. During the formulation process, the government worked to incorporate public opinion to the greatest possible extent, engaging, for example, in exchanges of views with NGOs, and also paid full attention to views and recommendations on ODA reform put forward by the various sectors of society and Diet debate.

The medium-term policy comprises six sections: an introduction, basic approaches, priority issues and sectors, priority issues and sectors by region, methods of aid, and points to be followed in the implementation and management of ODA. In terms of priority issues and sectors, reflecting the DAC's Development Partnership Strategy, greater emphasis will be laid on "human-centered development" and "human security", while also considering the balance with assistance aimed at economic and social infrastructure development.

***14 Basic human needs (BHN)**

An aid concept which recognizes that traditional development aid has not necessarily led to improved standards of living for the poor in developing countries, and seeks to provide aid of direct benefit to those in low income brackets, such as daily necessities and basic social services.

(4) Aid guidelines for priority areas and challenges

***15 Kilimanjaro region agricultural development**

Launched in the 1970s. The Kilimanjaro Agricultural Training Center [ODA White Paper, p. 92], built through grant aid, has been used to establish irrigation systems and transfer rice and vegetable cultivation technology to local farmers, while efforts

have also been made through loan assistance to disseminate technology to migrant farmers working some 2,300 hectares in paddies and fields in Lower Moshi (JCHECK\$B!O (J in the same region. Results have been impressive in areas receiving cooperation, including greater harvest volume per 992m² [??square kilometer??] of rice plants and dissemination of agricultural technology and small-scale irrigation technology out as far as surrounding areas. Training is currently being provided to agricultural engineers in order to disseminate agricultural technology nationwide.

***16 Micro-credit**

Although there is no clear definition, "micro-credit" is generally used to indicate credit on small, unsecured sums of money (ranging between 1,000 and 100,000 yen) to the poor (particularly women), often considered by private-sector banks as ineligible for financing because of their lack of collateral, in order to boost production and income.

***17 Sector programs**

A development approach proposed in 1993 by Japan under the Special Program of Assistance for Low-income Debt-Distressed Countries in Sub-Saharan Africa (SPA). Japan asserted that a shift was needed from the traditional emphasis on support for structural adjustment to channel funds into the production sector. Led by recipient countries, sector programs also bring donors into the development project formulation process, and apply a sectoral emphasis as a means of overcoming issues such as duplication of donor country aid, inefficient use of developing country personnel and resources, and the lack of consistency with recipient countries' development plans. Originally called "sector investment programs", renamed "sector programs". Consistent with DAC Development Partnership Strategy concepts of ownership and partnership in that recipient countries are the main agents in sector program formation and coordination with donors, based=

on which support mechanisms such as donor coordination are built.

***18 Referral system**

System whereby examinations and medical care are passed on to progressively high-grade hospitals according to the patient's condition.

***19 Global Issues Initiative on Population and AIDS (GII)**

Recognizing that curbing population growth has come to stand alongside the global environment, food and energy resources as a global-scale challenge, in February 1994, Japan announced its Global Issues Initiative on Population and AIDS (GII), an independent undertaking designed to furnish a total of \$3 billion over the ensuing seven years (to FY2000) for active aid provision in these two fields. The GII is

rooted in a comprehensive approach, incorporating direct assistance targeting population, AIDS and family planning with a variety of indirect assistance to help curb population growth and the spread of AIDS, including basic maternal and child health care, primary education, and steps for the empowerment of women.

In pushing ahead the GII, by FY1998, Japan had dispatched project formulation missions to a total of 15 countries for project finding and formulation purposes. Japan has also been striving to work closely with various international organizations and is collaborating with NGOs from the early project study stages.

*20 Development welfare support projects (JICA Model welfare improvement projects implemented based on a participatory approach in which the government works together with local NGOs and regional organizations to promote welfare improvement activities in developing countries based on Japan's experiences in the social welfare sector. Local JICA offices guide local NGOs in the implementation of model projects with the assistance of local consultants, addressing, for example, health care and sanitation improvement, and assistance for socially vulnerable groups such as the elderly, the disabled and children, assistance for women's independence, and for the stimulation of local industry. Technical guidance is also provided to local NGOs through the short-term deployment of experts in the area in question.

*21 Green Promotion Project [CHECK]

Designed to prevent desertification and restore green areas through, for example, afforestation, linking in the deployment of experts and JOCVs and trainee intakes.

(5) Matters to note in aid implementation

*22 Environment and social development sector program grants

Funding is supplied for the import of commodities necessary in promoting economic structural adjustment plans agreed upon with the World Bank and the IMF. The recipient country is obliged to use these for environmental and social development, such as medical care, education and urban planning, forming proposals for agreement with the Japanese government as to how these counterpart funds should be applied. Thus, assistance is provided for the recipient country in line with the DAC Development Partnership Strategy.

*23 Poverty Reduction Strategy Paper (PRSP)

In response to the growing focus on promoting the self-help efforts of recipient countries in poverty alleviation and ensuring effective aid from donors, a meeting of

the World Bank-IMF Development Committee in September 1999 decided that countries falling within the HIPC Initiative should create poverty reduction strategy papers up until the point when they receive official Initiative designation as a means of strengthening the link between poverty alleviation and debt relief. PRSPs focus on the goal of poverty reduction based on developing countries' respective national development strategies, and serve as guidelines for all development partners in providing assistance to the country in question, encouraging the prioritization of national development strategies and the development implementation process.