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**MINISTRY OF INDUSTRY, TRADE AND MARKETING**

**Tanzania Trade Integration Strategy, 2009-2013**

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## TABLE OF CONTENTS

LIST OF ABBREVIATIONS .....	4
1. TTIS 2009-2013: MAIN PURPOSE and FOCUS .....	6
2. NATIONAL AND SECTOR CONTEXT .....	8
Economic and Social Context .....	8
Tanzania Policy and Regulatory Framework .....	10
At the National Level .....	11
Institutional Framework for Trade Sector Development .....	12
3. TTIS 2009-2013 FORMULATION PROCESS.....	14
4. TTIS 2009-2013 LOG FRAME .....	16
MAIN COMPONENTS, PRINCIPAL BENEFICIARIES,.....	16
INDICATIVE BUDGET NEEDS, AND POSSIBLE AREAS OF FOCUS FOR THE TRADE SECTOR DEVELOPMENT PROGRAMME .....	16
AND MULTI-DONOR BASKET FUND .....	16
Development Objective and Supporting Objectives .....	16
Highlights From TTIS 2009-2013 Log Frame .....	18
5. TTIS IMPLEMENTATION MECHANISMS .....	20
6. TTIS 2009-2013 FUNDING SUPPORT .....	24
Direct Funding: The Trade Support Development Programme supported by the Multi-Donor Budget Support Fund and the Government’s Own Development and Recurrent Funds .....	24
Indirect Funding and Funding Coordination.....	25
7. TTIS MONITORING, REPORTING, .....	27
AND EVALUATION MECHANISMS .....	27
MKUKUTA Indicators .....	27
Cluster I Outcome .....	27
Cluster I Supporting Goals .....	27
TTIS Monitoring and Reporting Indicators .....	28
TTIS Progress Reports, Reviews and Evaluations.....	28
8. TTIS RISKS AND RISK MITIGATION STRATEGY .....	30

Table 3: TTIS Monitoring and Evaluation Framework (for first three-years of program).....	45
Component B: Tanzania’s Competitive Export Supply of Goods and Services Expanded .....	47

## LIST OF ABBREVIATIONS

AfT	Aid for Trade
BEST	Business Environment Strengthening Unit
BRELA	Business Registration and Licensing Authority
BSPS	Business Sector Programme Support
CIDA	Canadian International Development Agency
COSOTA	Copy Right Society of Tanzania
CSOs	Civil Society Organizations
Danida	Danish International Development Assistance
DFID	UK Department for International Development
DPs	Development Partners
DTIS	Diagnostic Trade Integration Study
EC	European Commission
EIF	Enhanced Integrated Framework
EPZ	Export Processing Zones
EU	European Union
FCC	Fair Competition Commission
FDI	Foreign Direct Investment
FSDT	Financial Sector Deepening Trust
GBS	General Budget Support
GDP	Gross Domestic Product
GOT	Government of Tanzania
HODECT	Horticulture Development Council of Tanzania
IF	Integrated Framework
IFAD	International Fund for Agricultural Development
IFAD-MOVI	International Fund for Agricultural Development
IFC	International Financing Corporation
IPRs	Intellectual Property Rights
JAST	Joint Assistance Strategy of Tanzania
LGAs	Local Government Authorities
MALC	Ministry of Agriculture, Food Security and Cooperatives
MDAs	Ministry's Departments and Agencies
MDGs	Millennium Development Goals
MDTBSF	Multi-Donor Trade Budget Support Fund
MFP	Ministry of Finance and Planning
MID	Ministry of Infrastructure
MITM	Ministry of Industry, Trade and Marketing
MKUKUTA	Mkakati wa Kukuza Uchumi na Kuonda Umaskini
MKUZA	Mkakati wa Kukuza Uchumi Zanzibar
MNRT	Ministry of Natural Resources and Tourism
MoFP	Ministry of Finance and Planning
MoH	Ministry of Health
MoU	Memorandum of Understanding
MoW	Ministry of Water
MTEF	Medium Term Expenditure Framework

MTTI	Ministry of Tourism, Trade and Investment - Zanzibar
NGOs	Non Governmental Organisations
NSC	National Steering Committee
NSGRP	National Strategy for Growth and Reduction Poverty
NTBs	Non Technical Barriers
PER	Public Expenditure Review
PMORALG	Prime Ministers Office Regional Administration and Local Government
PMUs	Project Management Units
RNE	Royal Netherlands Embassy
SCF	SME Competitive Facility
SECO	State Secretariat for Economic Affairs (Switzerland)
SEZs	Special Economic Zones
SIDA	Swedish International Development Cooperation Agency
SIDA TRAPCA	Swedish International Development Cooperation Agency-Trade Capacity Building Programme
SIDP	Sustainable Industrial Development Policy
SME	Small and Medium-Size Enterprise
SPS	Sanitary and Phyto-Sanitary Standards
TAHA	Tanzania Horticulture Association
TANEXA	Tanzania Export Association
TBS	Tanzania Bureau of Standards
TFDA	Tanzania Food and Drug Authority
TNBC	Tanzania National Business Council
TORs	Terms of References
TPRI	Tanzania Pesticides Research Institute
TPSF	Tanzania Private Sector Foundation
TTIS	Tanzania Trade Integration Strategy
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
WB	World Bank

## 1. TTIS 2009-2013: MAIN PURPOSE and FOCUS

The Tanzania Trade Integration Strategy (TTIS) 2009-2013 outlined in this document has two main purposes:

1. To provide a single framework for strengthening ownership of trade sector development and all current or planned Trade-Related Technical Assistance interventions by the Government of Tanzania. The strategy is based on a prioritisation and updating of the Action Matrix formulated in Tanzania's Diagnostic Trade Integration Study (DTIS.) The original DTIS was completed in November 2005 with support from the Integrated Framework of which Tanzania is a member. The updating was prepared during 2007 by a team of national consultants under the direction of the MTIM with support from Danida.

The notion of a Single Framework for trade sector development and trade-related technical assistance<sup>1</sup> (TRTA) is consistent with the *Paris Declaration on Aid Effectiveness* (2005) emphasizing the use of sector-wide approaches by Governments and Development Partners and with the *Memorandum of Understanding of the Joint Assistance Strategy for Tanzania* between the Government of Tanzania and its Development Partners;

2. To provide a mapping of current development needs and priorities within the Tanzanian trade sector, the role of current or planned bilateral development assistances within the sector, and possible areas of interventions for a *Trade Sector Development Programme* (TSDP) to be supported by a multi-donor basket fund to be created by several Development Partners and to operate within the Government budget planning process.

The TTIS 2009-2013 is organized into two main components:

1. **Component A** focuses on enhancing Tanzania's capacity to manage Trade Policy, Trade Strategy, and Aid –for-Trade formulation and implementation processes. As such, it focuses on strengthening the capacity of the Government of Tanzania to harmonize its sector policies with trade sector development policies and strategies with a view to consolidate trade sector development as a main driver of the MKUKUTA and MKUZA –

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<sup>1</sup> TTIS 2009-2013 provides the Government, the Private Sector and Development Partners with a strategic framework to organize and focus Trade-Related Technical Assistance (TRTA) deployed under Aid for Trade around two key areas identified in the *Recommendations of the Task Force on Aid for Trade*, namely:

1) Trade Policy and Regulation, including: Training of trade officials, analysis of trade policy proposals and positions and their impact, support for national stakeholders to articulate commercial interests and identify trade-offs, strengthening of trade negotiation capacity including global and regional negotiations, as well as institutional and technical support to the implementation of regional and global trade agreements and to compliance with rules and standards.

2) Trade Development, including: Strengthening of business trade support services and institutions, trade finance, trade promotion, analysis of market opportunities – including global and regional trade opportunities; Analysis and institutional support for expansion of trade in services, for public-Private Sector networking, for e-commerce; Promotion of trade-related investment.

especially fostering growth and poverty-reduction. Component A also focuses on strengthening the capacity of the private sector to participate effectively in trade policy and strategy formulation. Finally it focuses on strengthening Tanzania's capacity to negotiate in regional and international trade forums more effectively.

2. **Component B** focuses on expanding a competitive export supply of goods and services in Tanzania. At the core of this component is developing the capacity of support institutions assisting producers meet international competitiveness standards including Sanitary and Phyto-Sanitary Standards, Other Technical Standards, and Intellectual Property Rights and Protections. The component also seeks to provide direct support to producers and producer associations in priority export sectors again with a stress on standards. The emphasis on strengthening the capacity of Tanzanian exporters to meet international product and service standards emerge from the understanding that technical standards (Non-Tariff-Barriers or NTBs) increasingly shape the conditions of market access while the importance tariff preferences is being eroded, if not altogether eliminated. Component B also focuses on increasing competitiveness by lowering the costs of trade facilitation and increasing export-oriented investment through improved investment facilitation.

TTIS 2009-2013 assumes a "division of labor" between a multitude of financial resources and channels, including the TSDP and other current or planned Aid for Trade development assistance.

The assumption is that many of the new multilateral and bilateral assistances being programmed, such as the EU assistance under its Agricultural and Trade Support Program (\$35 million), the World Bank Competitiveness Program under its support to the Tanzania Private Sector Foundation (\$33 million), Danida's BPSIII through various supports to an Enterprise Development Program, to MSMEs and to SCF (\$30 million) by IFAD-MOVI (\$25 million), by USAID, Technoserve, and yet others will focus in major ways on direct support to many of the priority export sectors at the business or product association level or at the enterprise level.

Accordingly, the suggestion is for the TSDP to focus principally on developing institutional capacity at the central and local government level, at the parastatal level, and at the business and sector associations level. Such capacity is to focus (1) on strengthening the Government's ability to manage the trade sector agenda and TRTA to Tanzania, as defined in the TTIS Single Framework, and (2) on strengthening those public and private institutions that provide key trade support services to exporters – including in the areas of standards.

## **2. NATIONAL AND SECTOR CONTEXT**

### **Economic and Social Context**

Tanzania has recorded impressive macroeconomic performance over the past decade. Real GDP has increased substantially since 2000 to an annual average of around 6 percent. This progress has been supported by low and stable inflation averaging about 5 percent. Overall fiscal balance (including grants) has been a surplus of around 0.8 to 1.2 percent of GDP during the past three years. Foreign reserves have increased from 1.5 months of merchandise imports in 1995 to 4.5 months currently. The above performance is underpinned by comprehensive and structural reforms undertaken since the 1990s. Specific reforms include trade liberalization, easing foreign exchange restrictions, financial sector reforms, tax reforms and investment promotion. These reforms have transformed the economy into a more outward-looking and market oriented one. In addition the role of the private sector in the economy has expanded as it is now considered as the engine of economic growth. The private sector is expected to play a significant role in job creation, wealth generation and poverty reduction.

Agriculture is the mainstay of the economy accounting for almost 46.4 percent of GDP. The sector also accounts for two thirds of merchandise exports and employs 80 percent of the labor force. The manufacturing sector is still underdeveloped and accounts for 9.2 percent of GDP while services account for about 35 percent of Tanzania's GDP, and is characterized mainly by public administration, tourism and financial services. The international trade sector accounts for around 16 percent of GDP.

With a per capita income at constant 2000 prices of US\$402 in 2007, Tanzania remains one of the world's least developed countries. Tanzania ranked 152<sup>nd</sup> out of 179 countries in the UNDP Human Development Index in 2006. About 36 percent of its population lives below the basic needs poverty line. Poverty is more pronounced in the rural areas as compared to the urban areas.

### **International Trade Sector Context**

International trade performance has been characterized by a structural imbalance over the past decade. Export earnings for the past decade amounted to US\$ 927.9 million on average, while imports amounted to US\$ 1,887 million on average indicating a persistent deficit in trade balance.

Good exports from Tanzania have been dominated mainly by traditional agricultural commodity exports (coffee, tea, cashew nuts, cotton, others.) However, in the past decade, non-traditional good exports have grown to represent a significant share of total exports. Today, mining export stands out constitute about 42 percent of total good exports. Also, in recent years, there has been a certain degree of growth in exports of horticulture, cut flowers, and live animals. This suggests that the drive to diversify the export product basket is succeeding following the implementation of trade policy and other key reforms. It should be noted, that new export products have been accompanied also with new export destinations markets – including growing exports to the sub-region (EAC, SADC, COMESA countries) and to certain Gulf Countries.

But it is also important to note that further prospects for growth of competitive exports like horticulture, cut flowers, live animals or meat, gems or others is constrained by Tanzanian exporters inability to meet stringent quality and standards set by international markets. Standards have emerged as the key constraint to market entry, especially in view of shrinking tariff preferences that, otherwise, used to provide Tanzanian producers with a competitive advantage.

MITM, other Government institutions, as well as business and other private organizations that provide support in the areas of technical standards (SPS, other technical standards, IPRs) have limited capacity to offer such support required by exporters to take full advantage of emerging trade opportunities both in the region as well as in overseas markets. Accordingly, Tanzania is unable to fully diversify its exports markets and to grow the volume and value of its exports as fast as it needs or should, given the country's huge natural resources endowments and its strategic geographical location.

### **Cross Cutting Issues:**

Cross cutting issues including gender, HIV/AIDS, environment and good governance both impact and are impacted by trade. All major TTIS 2009-2013, ISP partners specifically from the Government are mandated through National Policies [The National Strategy for Gender Development (MCDGC, 2005,) The National HIV and AIDS Policy, 2001 and the New National Multi-Sector Framework for HIV and AIDS 2008-2012, and the National Environment Management Act 2004] to mainstream cross cutting issues of Gender, HIV and AIDS, and Environment into their sector policies, legislation, plans and procedures. It is anticipated that MDAs proposed annual plans to operationalize TTIS 2009-2013 will need to comply with national policies for mainstreaming Gender, HIV and AIDS, Environment and Governance.

TTIS 2009-2013 is specifically designed to promote national compliance to international standards that embed the principle of sustainable environmental management as well as equitable access to economic opportunities targeting most at risk groups including women and youth. Thus TTIS 2009-2013 will ensure women and youth are targeted as part of the beneficiaries in the various components of the programme.

### **Governance Issues and Corruption**

The effective functioning of Government and its institutions is central to trade development. Governments provide the environment for private sector development and hence growth and employment generation. Existence of corruption impedes flows of both exports and imports in turn reducing the free international trade. Likewise corruption increases the cost of doing business hence creating a disincentive in trade. Tanzania is ranked 142 out of 175 countries in the World Bank Doing Business Report (2007.) The essence of good governance relates to the efficiency with which the government performs a facilitative role including establishment and maintenance of an enabling environment, social infrastructure and services, and provision of key economic services in areas where private sector involvement is either weak or non- attractive (National Trade Policy 2003.) TTIS 2009-2013, through its different components, will focus on

complementing the existing initiatives in creating the enabling business/investment environment and development of the private sector.

## **Gender**

Historically, men dominate formal sector employment, while many women earn their income as workers or entrepreneurs in the informal sector. The ILO estimates that there are between 730,000 and 1.2 million female entrepreneurs of whom the majority owns micro-enterprises in the informal sector (BSPSIII, 2007.) Increased participation of women in trade will improve their income and contribute to addressing the gender imbalance. TTIS 2009-2013 will focus on creating an enabling environment for more women to participate in trade.

## **HIV and AIDS**

HIV/AIDS pandemic adds considerable cost to the economy in general. AIDS deaths lead directly to a reduction in labor supply. These deaths occur predominantly among workers in their most productive years. As younger, less experienced workers replace experienced workers; worker productivity is reduced, which in turn results in a decline in international competitiveness. Likewise HIV/AIDS affects group productive age with adverse effect on agriculture that constitutes a large percentage of Tanzania's exports.

Also growing evidence shows that increasing trade can also create unintended consequences. Conditions conducive for the spread of HIV/AIDS such as increases in economic and social inequality, contributes to urban migration of people, and problems of people flowing from the activities associated with the movement of goods. Thus, by improving trade performance of Tanzania, this programme will contribute to the fight against HIV and AIDS through addressing problems of economic and social inequality that are conditions conducive to the spread of HIV and AIDS.

Improved trade performance will also increase Governments capacity in terms of resources to fight and mitigate effects of HIV and AIDS in the country. Most, if not all, HIV/AIDS interventions in Tanzania are heavily dependent on foreign aid from the rich countries. If Tanzania could improve its trade performance, it could raise its own resources to pay for HIV/AIDS interventions.

## **Tanzania Policy and Regulatory Framework**

TTIS 2009-2013 is guided by international, national, and sector policy frameworks.

At the international level, TTIS 2009-2013 seeks to assist in the implementation of the Millennium Development Goals (MDGs) specifically goal 1 -- eradicating extreme poverty and hunger.

At national level, TTIS is guided by Vision 2025 and the National Strategy for Growth and Reduction of Poverty (MKUKUTA.) specifically the broad outcome for Cluster 1: Ensuring broad based and equitable growth is achieved and sustained

At the sector level, TTIS 2009-2013 is guided by the Trade Policy (2003), the Sustainable Industrial Development Policy (SIDP, 1996-2020), the Small and Medium Enterprise (SME) Policy (2003), and the Export Development Strategy (2007).

#### At the National Level

Tanzania's Vision 2025 is the blue print for sustained economic and social development. The vision postulates that, by 2025, Tanzania should have eradicated abject poverty and attained a level of development equivalent to that of a middle-income country. The vision envisages transforming the economy into a strong and diversified economy that is regional and globally competitive. TTIS 2009-2013 is aligned to Vision 2025 as its main objective is to increase Tanzania's export performance as a means to contribute to growth, poverty reduction, and improvement in social and economic well-being of Tanzanians.

The National Strategy for Growth and Reduction of Poverty (MKUKUTA, 2005-2010) is a medium term framework for implementing vision 2025. The strategy is output oriented providing more emphasis on the development of economic productive sectors and the private sector, in particular the agriculture and SME sectors, in order to accelerate economic growth (GDP growth target of 6-8% per annum). NGRP is organized around the three clusters:

Cluster 1: Growth and poverty-reduction

Cluster 2: Improved quality of life and social well-being and

Cluster 3: Governance and accountability

While TTIS 2009-2013 targets specifically the first cluster – achieving poverty-reduction through equitable, sustainable growth – the other two sectors also have a bearing on the effectiveness of trade.

#### At the Sector Level

**2003 Trade Policy:** The 2003 Trade Policy aims at enabling Tanzania to develop a competitive and export led economy through trade liberalization and investment promotion in order to reduce poverty.

TTIS 2009-2013 supports the development of capacity for effective management of trade policy and strategy. Interventions will include strengthening trade policy and strategy formulation and implementation; strengthening private sector capacity to participate in trade policy formulation; and strengthening trade negotiation capacity.

**Sustainable Industrial Development Policy (SIDP) 1996-2020:** The major objective of SIDP is to transform the economy from an agriculture economy to a vibrant semi-industrialized economy, thus making the industrial sector a real engine of growth. Specifically SIDP aims at facilitating

sustainable expansion of the total domestic productive base and enhancing efficiency and production.

TTIS 2009-2013 aims at facilitating export-oriented investments by developing a viable framework for export investment and effective trade facilitation, including in the industrial sector.

***Small and Medium Enterprise Policy (2003):*** The overall objective of the SME Development Policy is to foster job creation and income generation through promoting the creation of new SMEs and improving the performance and competitiveness of existing ones so as to increase their participation and contribution to the Tanzanian economy.

TTIS 2009-2013 will support SMEs with a focus on meeting SPS, other technical, and IPR standards.

***Export Development Strategy (2007):*** The Government has developed recently an Export Development Strategy alongside TTIS 2009-2013. The strategy confirms the importance of the priority export sectors identified in the DTIS 2005. The Export Development Strategy will not be a stand-alone strategy, but will be revised and incorporated under the TTIS 2009-2013 framework.

TTIS 2009-2013 will complement the Government's efforts to strengthen the development of a competitive supply capacity in those sectors, including by focusing on developing a supply capacity that can meet international standards, by improving the investment environment for export, and by improving trade facilitation.

### **Institutional Framework for Trade Sector Development**

The trade sector is a crosscutting issue involving a plethora of institutions including public and private agencies as well as individuals engaging in the various aspects of the value chain of export commodities. Each of the two main components brings together various stakeholders.

#### **Joint Assistance Strategy for Tanzania – JAST**

TTIS 2009-2013 is aligned with national development goals of Tanzania (as expressed e.g. in the MKUKUTA for the mainland and the MKUZA for Zanzibar). This alignment with MKUKUTA and MKUZA is based on the principles of Joint Assistance Strategy for Tanzania (JAST) of 2006. Consistent with the JAST, the TTIS 2009-2013 will be guided by an MoU that will strive to ensure coordination among the DPs and the Government in the delivery of Trade-Related Technical Assistance.

#### **International Support for Trade Sector**

The international community is committed to assisting Tanzania in utilizing trade to expand employment and reduce poverty. This is manifested by a number of bilateral and multilateral development partners that provide direct or indirect support to Tanzania for trade sector development.

The main direct trade support programmes for Tanzania include: the DANIDA-BSPS III (2008-2011, Sida's TRAPCA (2006-2010), SECO 2004-2008 support to TBS/standards through UNIDO; planned EC trade support to CSOs 2008-2011; IFAD-MOVI, Rural Financial Services Programme and marketing through its Agricultural Marketing Systems Development Programme; USAID-SHOP; DFID/World Bank/Trade Private Sector Competitiveness Programme (USD 95Million) 2001-2012; the World Bank Multi-Donor Trust Fund on Trade and Development.

Other supports that impact trade sector development include: BEST Programme 2005-2010; EU and USA-MCA; Tax Administration Reform Multi-Donor Fund (DFID,DANIDA, EC and World Bank), Financial Sector Reform Programme 2006-2011 (DFID and World Bank; Financial Sector Deepening Trust 2005-2010 (DFID, CIDA, DANIDA, RNE, Sida and WB/IFC); planned Infrastructure Policy Support Programme.

Coordination of support for trade development among the DPs and between the DPs and the Government has improved over time and is expected to further improve with the signing of the MoU between the Government and the DPs on the Implementation of TTIS 2009-2013.

### **3. TTIS 2009-2013 FORMULATION PROCESS**

The formulation of TTIS 2009-2013 commenced in April 2007 with the formation of an MITM's task team. This built on a process initiated in September 2006 following the DTIS prioritization workshop organized by MITM in which recommendations were made for appointment of a Transition Team to facilitate the formulation of a DTIS implementation Programme and the preparation of an Integrated Framework Window II. With the support of an International Process Consultant, a number of milestones were achieved between September 2006 and April 2007 at which point the Transition Team was recruited. This included Government-Cabinet approval of the DTIS recommendations. The recruitment of the Task Team was made possible through Danida support first and SIDA support second. Oversight of the process was provided by SIDA as IF Donor Coordinator, with other Development Partners – Danida, SECO and UNDP providing close support as well.

The TTIS 2009-2013 formulation process was an interactive, phased participatory process.

During Phase One (May 2007-December 2007), a Gap Analysis was completed. The Gap Analysis phase was intended to update the DTIS recommendations by assessing the progress made by the Government of Tanzania and other stakeholders in addressing trade sector development issues. The lapse of time between 2005 when the DTIS was finalized and 2007 when the DTIS Programme Implementation phase began justified updating the DTIS to avoid duplication and ensure effective programming of resources. A gap analysis report and an updated DTIS Matrix were produced and discussed through Focus Group Discussions involving more 100 participants from Public Institutions, Private Sector, NGOs, CSOs and Development Partners.

Through the Gap Analysis Phase, priority objectives and actions for DTIS Framework Programme and the Integrated Framework Window II project were identified as well as possible Implementation Mechanisms. The IF Window II project proposal was finalized, approved by the Government of Tanzania and submitted for funding to the IF-Coordinating Mechanism in Geneva in December 2007.

Phase Two started in November - December 2007 and focused on the elaboration of a Logical Framework for implementation of the DTIS (now TTIS 2009-2013.) A draft TTIS 2009-2013 Log Frame, a draft IF Window II project proposal, and a draft Note on Implementation Mechanisms were presented for discussion and approval to the Government of Tanzania through the Ministry of Industry, Trade and Marketing, and to the Development Partners in early December 2007.

During the January-February 2008 the Transition Team and the Process Consultant worked on elaborating the TTIS 2009-2013 that was presented in full to the Government and DPs in early March 2008 for approval. The implementation of TTIS 2009-2013 will be guided by a Single Framework MoU between the Government, Private Sector Organizations, and the DPs, also to be signed by May 2009.

Finally, to meet assessed gaps arising from the preparation of TTIS 2009-2013, a specific focused TRTA programme – the Trade Sector Development Programme or TSDP – is under preparation. The TSDP will be placed under the leadership of MITM and a multi-donor basket fund will be established to channel funds for this particular TRTA programme. The multi-donor basket fund will be managed by MITM and funds will be disbursed through the MoFEA exchequer system.

#### **4. TTIS 2009-2013 LOG FRAME**

##### **MAIN COMPONENTS, PRINCIPAL BENEFICIARIES, INDICATIVE BUDGET NEEDS, AND POSSIBLE AREAS OF FOCUS FOR THE TRADE SECTOR DEVELOPMENT PROGRAMME AND MULTI-DONOR BASKET FUND**

TTIS 2009-2013 main components, principal program beneficiaries, indicative budget needs by main components as well as possible areas of focus for the TSDP fund are summarized in the text table below.

A more detailed Log Frame is shown in Appendix Table 1.

##### **Development Objective and Supporting Objectives**

The development objective of the proposed TTIS 2009-2013 is to turn trade sector development as a true driver of economic development and poverty-reduction.

Achieving this development objective assumes achieving a number of supporting objectives.

First, the Government, together with other trade sector stakeholders, must fully mainstream trade sector development in the country's growth strategy – MKUKUTA and MKUZA. This assumes true ownership of the management and leadership of the sector by the Government, including a much better understanding of the milestones set out for the sector and developing the means to achieve those milestones.

Second it assumes recognizing the true nature of today's competitiveness challenge in the global economy for a country such as Tanzania – namely meeting international market standards, rather than competing on preferences alone.

Third it assumes recognizing that this challenge is to be met through both private sector development and the strengthening of government support capacity to exporters, including in the all important area of standards, IPRs and other NTBs.

Finally, for trade sector development to contribute not only to rapid growth and aggregate poverty reduction, but also to improve equity and assist in lifting the poorer segments of population out of poverty, there is a need to target for development export sectors that are likely to have the greatest positive impact on the poor.

Component A of TTIS 2009-2013 seeks to provide the Government and stakeholders the tools they need to achieve the first set of supporting objectives.

Component B of TTIS 2009-2013 seeks to address the second and third sets of supporting objectives.

The last set of supporting objectives is largely inscribed in TTIS 2009-2013 in the very selection of the ten or so trade sectors that are to receive particular attention under Component B. This list of priority sectors comes out of the analysis of the 2005 DTIS and has been re-confirmed in the Government's 2007 *Export Development Strategy*.

### **Indicative Costing of the TTIS 2009-2013 and Indicative Allocation of the Multi-Donor Basket Fund**

The summary Log Frame table below presents an estimated costing of the entire TTIS 2009-2013 possible areas of intervention for the planned TSDP, and possible resources allocation for a combined multi-donor basket fund and Enhanced Integrated Framework (EIF) funding in support of the TSDP. The latter two are combined because it is quite likely that the structure of the Enhanced Intergrated Framework might allow for a pooling of EIF funding into the planned multi-donor basket fund and might be used to enlarge the basket fund from early on.

Overall TTIS 2009-2013 costing is estimated at \$175 million for a five year period of which the planned multi-donor trade basket fund plus EIF funding might cover an estimated \$33-35 million in support of the TSDP – roughly \$25 million from the multi-donor basket fund as currently proposed and the remaining \$8-to-10 million from the combined IF and EIF resources. The IF Window II project (\$1 million) has been secured by MITM.

Areas not covered by the planned TSDP (multi-donor basket fund and/or (E)IF funding) would be covered by current or anticipated other TRTA. For example, the assumption is that most of the direct support to producers and product associations to strengthen export supply capacity would be provided through bilateral or multilateral projects that have greater flexibility in providing direct support to non-state actors. In contrast, most of the planned interventions under the TSDP would focus on building the capacity of state actors and parastatals that can more easily benefit from resources distributed through the normal Government budget channels and mechanisms.

A more detailed Log Frame is shown in Appendix Table 1. Appendix Table 2 summarizes current or anticipated funding (as of late 2007) for the following five years intended to cover the main issues captured under the TTIS Single Framework.

Appendix table 2, when compared to the text table shown in this section, suggests that, when all current and projected resources are taken into account, the projected supply of funding is roughly in line with the projected Framework Program needs for the five years.

### Highlights From TTIS 2009-2013 Log Frame

Component and sub component	Outputs	Lead Implementing Partner	Indicative 2009-2013 Overall TTIS Program Costing	Indicative 2009-2013 Allocation of Multi Donor Basket Fund + IF Funding	Areas of Priority for Basket Fund/ IF and EIF/Other Aid-for-Trade (AfT)
<b>A. Tanzania's Capacity to Manage Trade Policy and Strategy and TRTA as defined in the TTIS Single Framework Enhanced</b>					
1. GoT Formulation Capacity of Trade Sector Development Strategy including Mainstreaming of Trade in MKUKUTA Strengthened	1.1 Trade Sector included in PER and mainstreamed in MKUKUTA	MITM/MoFP	\$750,000	\$750,000	Basket Fund, EIF-Tier 1, Other AfT (WB)
	1.2 TTIS updated every two years	MITM	\$750,000	\$750,000	Basket Fund, EIF-Tier 1
	1.3 Cabinet and Parliament sensitization	MITM	\$350,000	\$350,000	Basket Fund, EIF-Tier 1
	1.4 Mainstream trade in MTEF	MITM, MoFP, Zanzibar MFP	\$250,000	\$250,000	Basket Fund, IF-Window II, EIF-Tier 1, Other AfT
2. GoT Implementation Capacity of Trade Sector Development Strategy Strengthened	2.1 MITM-TTIS Coordination. Unit established and operating. MTEF mechanisms in place. Monitoring and Evaluation framework implemented.	MITM	\$4,000,000	\$4,000,000	Basket Fund, IF-Window II, EIF-Tier 1
	2.2 Network of Sector Trade Specialists and Technical Committee established and operating	MALC, Livestock & Fisheries, MoH, MoT, Zanzibar MTI, other MDAs, selected CSOs	\$2,000,000	\$2,000,000	Basket Fund, IF-Window II, EIF-Tier 1
3. Private Sector Capacity to Participate in Trade Policy and Strategy Formulation Strengthened	3.1 Capacity of business organizations to participate effectively in a national public-private sector dialogue at all levels (national, regional, local)	TNBC, CSOs	\$2,000,000	\$1,000,000	Basket Fund, EIF-Tier 1, Other AfT (WB, Danida)
	3.2 Capacity of Export -oriented product associations to develop sector strategies strengthened	TAHA, TANEXA, HODECT, Spice Association, etc.	\$1,000,000	\$1,000,000	Basket Fund, EIF-Tier 1, Other AfT (Netherlands, EC, IFAD, USAID, Danida),

4. GoT Trade Negotiating Capacity Strengthened	4.1 Tanzania Trade Negotiating Capacity Strengthened	MITM, Other MDAs	\$20,000,000	\$2,000,000	Other AfT (Danida, SIDA, EC)
<b>B. Tanzania's Competitive Export Supply of Goods and Services Expanded</b>					
5. Exporters are able to meet international standards (support-institutions development)	5.1 Management of standards policy coordinated in GoT	MITM-TBS, MALC, MoH, others	\$1,000,000	\$1,000,000	Basket Fund
	5.2 Standards Regulatory Bodies, Accreditation and Certification Institutions strengthened	TBS, TFDA, TPRI, Govt Chemist, Tourism Department	\$15,000,000	\$10,000,000	Basket Fund, other AfT (SECO, Danida)
	5.3 Culture of Standards Implementation and Certification decentralized throughout Tanzania through new conformity bodies and improved extension services	PMORALG, Others TPSF - Private sector participation in certification, TPSF	\$2,500,000	\$2,500,000	Basket Fund, other AfT
	5.4 Use of IPR to increase competitiveness of Tanzanian exporters has been enhanced	BRELA, MALC, COSOTA, FCC	\$3,000,000	\$3,000,000	Basket Fund
6. Exporters supply capacity has been expanded (support to firms and product associations)	6.1 Support to Exporters or Export Product Associations to expand supply capacity that meet international standards in priority export sectors (approximately 10 sectors)	Exporters, Product Associations	\$100,000,000	\$3,000,000	Other AfT (EC, Netherlands, IFAD, USAID, Danida, Technoserve, SDC, DFID, others). Also possibly EIF-Tier 2
7. Increase Export-Oriented Investment through Improved Investment Facilitation including more Effective EPZs and SEZs	7.1 Review Investment Facilitation Environment and Prepare Action Plan	MITM-EPZ-A; MoFP-SEZ-A; MITM-NDC	\$300,000	\$300,000	World Bank, IFC, Bilaterals
	7.2 Implement action plan for improved export/trade investment facilitation climate	MITM, MoFP, MID	\$10,000,000	\$1,000,000	World Bank, IFC, Bilaterals
8. Lower Costs of International Trade for Tanzanian Exporters by Enhancing Trade Facilitation	8.1 Review Trade Facilitation Environment and Prepare Action Plan	MITM, MoFP, MoW, MID	\$300,000	\$300,000	Basket Fund
	8.2 Implement action plan for improved trade facilitation	MITM, MoFP, MID	\$10,000,000	\$1,000,000	Basket Fund
<b>INDICATIVE TOTALS</b>			<b>\$175,000,000</b>	<b>\$34,000,000</b>	

## 5. TTIS IMPLEMENTATION MECHANISMS

The Tanzania Trade Integration Strategy (TTIS) Single Framework will be implemented under the leadership of the Ministry of Industry, Trade and Marketing (MITM.)

TTIS Implementation Mechanisms have been put in place and will become part of the regular workings of MITM and the Government machinery. They will help establish Trade as one of the key pillars of MKUKUTA. They will maximize the use of existing Stakeholder resources. And, they will be robust but yet as simple and lean as possible.

The TTIS Implementation Mechanisms distinguish among four main levels:

- A **Trade Integration National Steering Committee** chaired by MITM's Permanent Secretary and responsible for providing overall *strategic guidance* to trade sector development and trade policy within the framework of the Tanzania Trade Integration Strategy (TTIS);
- A **TTIS Implementation Team** led by a Team Leader and placed within MITM's Department for Policy and Planning under the leadership of the Director for Policy and Planning is responsible for ensuring overall day-to-day coordination of the TTIS-implementation effort, providing substantive support to the National Steering Committee, and monitoring the efforts of the MITM, MDAs and other Stakeholders as they each implement issue-specific projects identified under the overall TTIS work plan;
- A **Network of Sector Trade Policy Analysts** located in concerned line Ministries, concerned Government Agencies, concerned Business Sector organizations, and other organizations. In addition to supporting the work of their own organization and supporting the work of the Technical Committee (see below) they will help form a permanent body of trade experts in pertinent MDAs that can be called upon when technical inputs are required for particular market access negotiations;
- Lastly, the TTIS Team Leader based in MITM will lead a **TTIS-Technical Committee** comprising himself/herself and the Sector Trade Policy Analysts. The Technical Committee will prepare annual work plans and will identify and design new projects *for direct implementation* by MITM and other MDAs and Stakeholders. The Technical Committee will report to the National Steering Committee.

The **TTIS National Steering Committee** (NSC) provides overall guidance to the implementation of the TTIS, monitor effective utilization of existing resources, mobilize new resources, and ensure linkage between TTIS 2009-2013 and the country's MKUKUTA and MKUZA.

The NSC is chaired by MITM's Permanent Secretary and includes a selected group of Permanent Secretaries of key line Ministries, representatives of Development Partners, CEOs of key parastatals and heads of Apex business organizations. Composition of the NSC may be review from time to time in the event it needs to be adjusted.

The TORs of the National Steering Committee include:

1. Scrutinizing Trade Policy and Strategy formulation with the view of promoting analytical work whenever required to ensure that Tanzania's objectives in these areas are in line with current needs and international developments;
2. Providing overall strategic guidance for the implementation, monitoring, evaluation, and updating of TTIS 2009-2013 as reflected in the DTIS and its Action Matrix;
3. Reviewing and endorsing overall Annual TRTA Plans prepared by the TTIS Implementation Team at the MITM cooperation with the TTIS Technical Committee and in coordination with concerned MDAs and consistent with the priorities identified in the TTIS 2009-2013 Single Framework.
4. Reviewing and approving annual work plans of the Trade Sector Development Programme (TSDP), the IF Window II, Enhanced IF resources (when those become available) and any other annual work plans of bilateral or multilateral interventions falling within the scope of the TTIS Single Framework that gradually come to use the TTIS Implementation Mechanisms for implementation, reporting, and monitoring purpose.
5. Coordinating efficient deployment of resources on a program-basis through development of a trade integration MTEF to be fully incorporated in the (PAF/PER). This would include coordination and deployment of resources provided under both the multi-donor Basket Fund as well as those provided under bilateral funding to prevent duplication and/or inconsistent use of resources;
6. Encouraging the strengthening of consultation between Government and the Business Sector, which is the engine of trade development;
7. Monitoring and evaluating overall progress in implementing the TTIS, including through an agreed-upon set of Monitoring Indicators;
8. Reviewing with DPs the progress in the implementation of the TTIS Single Framework through appropriate Government-Donor Aid Coordination Mechanisms as warranted;
9. Coordinating and linking implementation of the TTIS Single Framework to MKUKUTA through the General Budget Support (GBS)/Public Expenditure Review (PER) Growth Cluster Working Group
10. Avoiding redundancies and encouraging synergies with any other ongoing efforts of the GOT that might have a direct link with TTIS (e.g. BEST-BRU, BEST-AC, FSĐT, SME Competitiveness Facility (SCF) and other programs wherever relevant.)

*As Lead Ministry for the implementation of Tanzania Trade Integration Strategy, the Permanent Secretary of the MITM and her Deputy will be the "eyes and ears" of the NSC on a day-to-day basis and will supervise the work of the TTIS Coordination Unit.*

The **TTIS Implementation Team** is headed by a Team Leader and serves as the day-to-day operating arm of the TTIS National Steering Committee with the support of the TTIS Technical Committee. The TTIS Implementation Team and Team leader are part of MITM's Department of Policy and Planning.

Working together with the TTIS Technical Committee as needed, the functions of the TTIS Implementation Team include:

1. Developing Annual TRTA Plans for review and endorsement by the National Steering Committee;
2. Assisting MITM individual Departments, MDAs and other stakeholders in preparing project components in support of the TSDP, as part of TSDP annual work plans;
3. Preparing three-year trade sector development MTEF rolling plans for review and approval by the National Steering Committee;
4. Organizing the meetings of the National Steering Committee;
5. Preparing all necessary reporting documents and instruments required to report and monitor progress on TTIS Single Framework implementation, including tracking of the Monitoring Indicators and Annual TRTA Progress Reports based on the Annual TRTA Plans and the Strategic Objectives as outlined in TTIS 2009-2013.
6. Preparing all necessary reporting documents and instruments required to report and monitor progress on TPSD implementation and any other bilateral or multilateral TRTA that might be under its immediate implementation responsibility
7. Preparing pertinent annual reporting for the Government-Donor Aid Coordination Mechanisms as required;
8. Initiating and supporting preparation of any work needed to identify Trade Policy options that might be required to strengthen the implementation of the TTIS 2009-2013 including possible new objectives and directions (TTIS updating);
9. Supporting the analytical work that might be required for linking the TTIS Strategic Objectives with those of MKUKUTA, MKUZA and the Millenium Development Goals (MDGs);
10. Ensuring coordination of the TTIS Single Framework agenda with that of any other pertinent development program of the Government of Tanzania (MKUKUTA, MKUZA, BEST, FSDT, SCF and others);
11. Monitoring developments in the Enhanced IF in Geneva and key capitals, in the area of Aid for Trade, and any other pertinent areas and reporting to the NSC on those developments;
12. Maintaining a comprehensive Internet-based data base and information site to record all documents and monitoring tools pertinent to the implementation of the TTIS 2009-2013;
13. Conducting any other work that might be required to ensure effective implementation of the TTIS 2009-2013 and the work of the NSC;

The Team will draw on the support of part-time or full-time international advisors and experts as needed.

**The Network of Sector Trade Analysts:** The position of Sector Trade Policy Analyst – is not a new position in an MDA but rather trade related tasks included in a job description of an economist in the respective MDA. In other words, the sector trade policy analyst is an enlarged job description of an already employed officer. The formalization of the role of Sector Trade Policy Analysts is an important mechanism for ensuring that trade is mainstreamed and informs sector policies, strategies, plans, actions and practices within individual MDAs and for strengthening coordination in the area of trade between individual MDAs and MITM's Coordination Unit. The objective is to provide a permanent mechanism for integration of trade in sectors to replace the existing system that relies on focal persons with no clear accountability responsibility and at times designated on an ad-hoc basis. The Sector Trade Policy Analyst as an

enlarged job description builds in element of performance accountability in which trade tasks are liable for assessment like others in the incumbent job description.

The specific roles of the Sector Trade Policy Analyst includes:

1. Ensuring the respective sector plans and investments of their MDAs are aligned with the national trade/export agenda. For instance the Sector Trade Policy Analyst in the Ministry of Agriculture, Food Security and Cooperatives will ensure the Crop Development Department including the Plant Health Unit prioritizes its plans and budget on issues relevant to export crops agenda;
2. Ensuring enforcement and compliance of Tanzania's market access commitments and market access requirements for exporters, including meeting national and international standards;
3. Ensuring effective trade policy dialogue within the sector.
4. Representing sector interests in the National Negotiation Mechanism through the Negotiation Group coordinated by MITM;
5. Working closely with MITM's TTIS Implementation Team to identify project ideas, develop MDA specific projects, prepare TDSP annual work plans, assist in the reporting and monitoring of individual projects;
6. Providing technical support on trade issues including standards to all players in the sector including Government, NGOs, through the sector trade forum
7. Ensuring that TTIS projects are fully integrated into MDAs' MTEFs

The **TTIS-Technical Committee** is chaired by the TTIS Implementation Team Leader and includes the Sector Trade Policy Analysts as well as key technical representatives from selected CSOs and other development assistance. As mentioned earlier, it assists the TTIS Program Coordinator in ensuring:

1. Timely preparation of the documentation required by the NSC to provide strategic guidance to the program, including annual work plans, and monitoring and evaluation reports;
2. Timely formulation of new projects to be implemented by various MITM Departments and MDAs in order to carry out the objectives of the program;
3. Coordination of work plans and budget related to trade sector development, including coordination of work plans and budgets of the Government, the TPSD and other Aid-for-Trade supports;
4. Effective integration of the broad objectives and the day-to-day work of the program in the implementation of MKUKUTA and MKUZA.

## 6. TTIS 2009-2013 FUNDING SUPPORT

The TTIS Single Framework is supported through both *direct funding* provided to the Exchequer, including a multi-donor basket fund aimed at addressing a resource gap resulting from insufficient Government financial resources allocated to trade sector development and through *indirect funding* of bilateral or multilateral Development Partners supporting various TRTA programmes and projects. One goal of TTIS 2009-2013 is to provide a single mechanism for coordination, reporting and monitoring of these various resources to avoid duplication of interventions and reduce monitoring and reporting transaction costs.

### **Direct Funding: The Trade Support Development Programme supported by the multi-donor basket fund and the Government's Own Development and Recurrent Funds**

The *direct funding* mechanism for the TTIS Implementation Program will be as follows:

- A multi-donor basket fund is being created to pool support from several DPs and to focus on some of the gaps and needs identified in TTIS 2009-2013, especially those focusing on capacity strengthening in the Government and in Government institutions. They are meant to complement GoT's resource gaps in trade sector development. A specific *Trade Sector Development Programme (TSDP)* is being developed by MITM with the TTIS Technical Committee to mobilize those funds.
- Two Development Partners have made a commitment in "principle." It is expected that additional DPs would join the basket after its inception. At a later stage, the Government will also investigate the option of channelling EIF Trust Fund (Tier 1 and Tier 2) that might be available to Tanzania through the basket.
- The basket fund will be transferred by Development Partners in annual installments to the Ministry of Finance based on a jointly approved annual work plan and further transferred by the GoT to MITM, MDAs, and other pertinent stakeholders in quarterly installments corresponding to the annual work plan expenditure forecast. Contributing DPs will route their funds through the MoF Exchequer System, which enables funds to be recorded in the Integrated Financial Management System. The DPs will indicate their funding commitments in advance to ensure that budget preparation can take place based on predictable DP contributions and that MTEF budget targets are set realistically.
- Accordingly, two routes for funding will be applied to support the implementation of the Trade Sector Development Program through the direct, current GoT budget system:
  1. DP funds from the basket fund will be routed to a TSDP "satellite (or holding) account" held by Ministry of Finance (Treasury.) Funds will be released to the Exchequer based on MITM's requests and further transferred to the MDA and LGA budget holders as per their TSDP budget in their MTEF. In the event that MDAs and

LGAs under-spend their portion of the basket fund, the unused balance will be returned to the TSDP satellite account.

2. GoT own development and recurrent funds to implement the TSDP will be transferred from the Exchequer to the MDAs and LGAs as per their TSDP budget lines in their MTEF.

TSDP activities will be incorporated in the MDAs and LGAs annual planning and budgeting processes, which will be undertaken in accordance with GoT procedures and planning cycle. Following the first year of TSDP implementation, the MDA and LGA planning and budgeting will take into account the actual technical and financial performance of the first year. MDAs and LGAs financial officers will be responsible for bookkeeping. GoT procurement, accounting, auditing, and performance assessment principles will be applied for each MDA and LGA.

As noted earlier, MITM's TTIS Implementation Team together with the Sector Trade analysts and the TTIS Technical Committee will Annual TRTA plans and annual work plans and budgets for the TSDP, based on the MDAs and LGAs rolling three-year plans. The annual TSDP consolidated budget and work plan will be submitted to the TTIS Technical Committee for endorsement and, subsequently, to the National Steering Committee for approval.

The TTIS Implementation Team will issue aggregated quarterly and annual financial and performance reports to provide an overview of TSDP revenues by source and expenditures by MDAs and LGAs based on information from the Treasury.

An independent, chartered accountant will undertake an external financial audit of the TSDP financial reports on a yearly basis. The TSDP annual finance reports will be approved by the Auditor General and MoF and endorsed by the Technical Committee and National Steering Committee.

The quarterly and yearly financial reports will be disseminated to DPs for their individual monitoring purposes. The DPs will have access to information on all bank transactions, accounts and auditing reports related to the TSDP implementation. The DPs may wish to conduct comprehensive or partial audits and technical reviews to monitor financial management and implementation processes and outcomes. The GoT-DP Legal Agreement on the TSDP will include detailed specifications on fund transfers and the relations between GoT and DPs and procedures for financial monitoring, auditing, and reporting of the Fund.

Under the current Enhanced Integrated Framework arrangements, it will be *in principle* possible for EIF Tier 1 and Tier 2 resources to be incorporated in the Basket Fund and that avenue will be explored when time comes for MITM to apply for such resources.

### **Indirect Funding and Funding Coordination**

As noted earlier, the TTIS 2009-2013 Single Framework also recognizes the existence of other sizeable and ongoing interventions in support of Tanzania's trade sector development by DPs through development assistance that operate outside the formal General Budget Support system. The TTIS 2009-2013 Single Framework implies coordination of such resources – through the

use of joint coordination, reporting and monitoring mechanisms – to ensure stronger synergies and to avoid duplication among resources provided by Development Partners.

When preparing annual work plans and budgets to operationalize the TSDP and EIF resources, the TTIS Implementation Team and the TTIS Technical Committee will coordinate with the National Project Directors of the various other development programs funded by DPs in the area of trade sector development to minimize overlapping of activities and duplication of resources. To strengthen the process, those national project directors will be gradually associated with the work of the TTIS Technical Committee and invited to report on the progress of their own projects through annual reporting of their activities to the TTIS National Steering Committee.

## 7. TTIS MONITORING, REPORTING, AND EVALUATION MECHANISMS

### **MKUKUTA Indicators**

The TTIS Program falls broadly within the scope of MKUKUTA Cluster I. The outcome, goals, and indicators of MKUKUTA Cluster I are as follows:

#### Cluster I Outcome

- Broad-based, Equitable, Sustainable Growth

##### Indicators

1. GDP growth per annum
2. GDP growth per sector per annum (minerals, manufacturing, agriculture, wholesale, retail, hotels)
3. Gini coefficient
4. Basic needs poverty line, headcount ratio

#### Cluster I Supporting Goals

- Ensuring Sound Economic Management

##### Indicators

1. Annual rate of inflation
2. Central government revenues as percent of GDP
3. Fiscal deficit as percent of GDP
4. External debt service as percent of exports
5. Exports as percent of GDP

- Promoting Sustainable and Broad-Based Growth

##### Indicators

1. Domestic credit to private sector as percent of GDP
2. Percent increase in FDI
3. Interest rate spread on lending and deposits
4. Percent of trunk and regional roads in good and fair condition

- Improving Food Availability and Accessibility in Urban and Rural Areas

##### Indicators

1. Food self sufficiency ratio
2. Proportion of districts with food shortages
3. Percent change in production of key staples by smaller households (maize, rice sorghum)

- Reducing Income Poverty of both Men and Women in Rural and Urban Areas

##### Indicators

1. Percent smallholders participating in contract production and outgrower schemes
2. Smallholder land under irrigation as percent of total arable land
3. Percent smallholders with access to formal credit
4. Percent smallholders with one or more off-farm income generating activities

5. Percent households whose main income is derived from harvesting, processing and marketing of natural resource products
- Provision of Reliable and Affordable Energy to Consumers

Indicators

1. Annual percent increase in customers linked to national electricity grid
2. Total energy generating capacity and utilization

### **TTIS Monitoring and Reporting Indicators**

To track progress, the TTIS 2009-2013 Single Framework will utilize a series of measurable outcome and output/process indicators that will deepen a number of the indicators tracked under MKUKUTA Cluster I.

Possible indicators are shown in Appendix table 3: TTIS Monitoring and Evaluation Framework. Initial benchmarks will be identified. Milestones and Targets will need to be set. Some of the outcome indicators may need preparatory work and collection of new data and support for such will be part of the support towards Strategic Objective #2. Completing and refining the M&E Framework will be one of the very first tasks of the TTIS Implementation Team. The TTIS Implementation Team will look into how the planned Enhanced IF M&E Framework can feed into this process.

### **TTIS Progress Reports, Reviews and Evaluations**

Once a year, the TTIS Implementation Team will prepare an Annual TRTA Progress Reports on the overall progress of the implementation of the TTIS 2009-2013 Single Framework. Annual TRTA Progress Reports will be based on the Annual TRTA Plans and the Strategic Objectives as outlined in TTIS 2009-2013

Twice yearly, MITM's TTIS Implementation Team will progress reports on ongoing outputs and activities included in the TSDP Annual Work Plan based on the MDAs' and LGAs' MTEF reporting system and reporting. Progress will be recorded based on verifiable indicators for the annual work plans and budgets. Likewise, the TTIS Implementation Team will prepare progress reports for other TRTA that might come under its implementation responsibility as part of other multilateral or bilateral TRTA supports under TTIS 2009-2013.

The MKUKUTA Monitoring System includes some indicators of relevance for the TTIS Program. As indicated earlier, the proposed TTIS indicators are consistent with those and will expand on the MKUKUTA indicators. The TTIS indicators will provide a basis for annual reporting on implementation progress of both the overall TTIS Single Framework and individual programmes, including the TSDP. Efforts will be made to ensure that TTIS Program Indicators are fully reflected and blended into the indicators that may emerge from the comprehensive revision of MUKUKUTA at the end of 2009.

From time to time, GoT and DPs may agree to undertake joint reviews and evaluations of the TTIS Single Framework. When undertaken, the joint evaluations might focus on two issues: (1)

changes in the national development framework that might justify a program adjustment; or (2) lessons learned from early implementation that might justify a change in part of the approach followed in program implementation.

To the best extent possible, the timing of the joint reviews will coincide with GoT's planning cycle. In addition the Enhanced IF calls for and provides resources for an updating of the DTIS every two years. Again, timing of joint reviews will be such that they can provide inputs to the TTIS updating exercise. The National Steering Committee will endorse the recommendations of the joint review reports and of the updated TTIS.

## **8. TTIS RISKS AND RISK MITIGATION STRATEGY**

The main risks involved in this project are three-fold:

- Sustaining a Coordination Structure within MITM
- Mainstreaming Trade Sector Development Functions in the Government Machinery
- Managing and Coordinating Multiple Sources of Funding for TTIS

### **Sustainability of a Coordination Structure within MITM**

In its resolve to ensure strong integration of trade sector development in the Government, the GOT has decided to mainstream the Management and Coordination Functions of the TTIS into the organogram of the MITM. This is a departure from the traditional project management approach that has tended to rely on Project Management Units (PMUs) for Official Development Assistance projects. The new approach is intended to avoid creating parallel structures that are not fully integrated into government systems and is consistent with the principles of the Paris Declaration.

The TTIS Implementation Team is fully integrated in the Department of Policy and Planning at MITM. MITM recognizes that the functioning of the proposed management and coordination structure may require levels of capacity that are not currently available in the Ministry. To mitigate this risk, MITM anticipates the use of part-time or full-time external advisers or experts to support the team until capacity has been built. It is anticipated that funding for those advisers and experts might come from the current IF Window 2 project, the forthcoming TSDP, Enhanced IF resources when those become available.

An analysis of the MITM organogram shows that trade sector development functions are fragmented into numerous sections of various Departments within the MITM. This program will require good and well-crafted inter-departmental coordination within MITM to ensure the various Departments responsible for trade integration functions do indeed contribute to the overall objectives. To mitigate the above, clear ToRs will be set up for each actor and each structure that will be part of the TTIS implementation effort. In addition, from the beginning, the Implementation Team will pull together MITM staff from several MITM departments to insure up-front linkages to the various departments.

### **Mainstreaming Trade Sector Development Functions in the Government Machinery**

The TTIS 2009-2013 is a strategy for trade integration and trade sector development that is endorsed by the Government of Tanzania as the overarching guiding strategy for all trade-related development interventions and initiatives. MITM has been mandated to implement and execute the TTIS 2009-2013.

Trade sector development is an issue that cuts across multiple government institutions. Successful implementation of a trade sector development strategy by Tanzania will require the political buy-in from numerous other concerned Government institutions outside the MITM. To

mitigate the above, the project implementation structure will include a National Steering Committee at its apex with senior representatives from the key concerned government bodies as well as selected CSOs and Development Partners.

Mobilizing support for such buy-in at the technical and working level will require coordination of technical personnel across relevant Ministries and institutions as well as an effective sharing of Aid for Trade resources across multiple institutions. Resistance to change in such cases may be high and difficult to overcome. To mitigate the above, the TTIS Single Framework calls for the development of a network of Sector Trade Analysts and the creation of a TTIS Technical Committee including Sector Trade Analysts that will play a key role in shaping the work plan and budget allocation of the TSDP. In addition, the goal is to mainstream access to the TSDP by integrating through the multi-donor basket fund financing channel into the MTEF process and mechanisms, including the preparation of annual planning and budgeting guidelines by MPF.

### **Managing the Existence of Multiple Sources of Funding for the Implementation of TTIS**

As noted earlier, there are and will be many current or planned sources to support the full scale implementation of TTIS Single Framework in addition to the TSDP/multi-donor basket fund. The risk lies in weak coordination of work programs and budgets leading to duplication and ineffective allocation of resources and the need for each funding source to be driven by different controls or fiduciary obligations that might lead to parallel reporting systems increasing costs of transaction. To mitigate the above, the MITM will be guided by the Joint Assistance Strategy for Tanzania (JAST), will work to encourage all interested parties to sign the TTIS Single Framework MoU and to begin working within the Single Framework mechanisms.

On this aspect it is important to recall that many of the DPs providing TRTA to Tanzania are also partners of the Enhanced IF partnership. These DPs are therefore expected to subscribe to the principles of coordination and transparency at the country-level, as is enacted in the Enhanced IF partnership.

Understandably, getting all interested parties to buy into the MoU and the Single Framework mechanisms will require strong leadership by the Government, a common shared vision between the Government and Development Partners, and may take some time to put in place. Nevertheless, the preparation of an overall Annual TRTA Plan and annual reporting on its progress, as proposed earlier, are intended to assist all stakeholders in understanding better how different funding resources do “add up” to meeting the Strategic Objectives of the TTIS 2009-2013 Single Framework or where resources might be lagging.

In addition, managing the preparation and reporting of the annual work plans of the TSDP and other TRTA-channels through the work of the TTIS Implementation Team and the TTIS Technical Committee is intended to lower reporting costs on the Government side as well as provide an additional mechanism to improve coordination of assistance.

## **APPENDIX TABLES**

Table 1: TTIS Log Frame

Table 2: Current and Expected TRTA

Table 3: TTIS Monitoring and Evaluation Framework

**Table 3: TTIS Monitoring and Evaluation Framework (for first three-years of program)**

Intervention Area	Indicators	2009	2010	2011
<b>Component A: Tanzania's Capacity to Manage Trade Policy and Strategy and Aid-for-Trade as defined in the TTIS Single Framework Enhanced</b>				
<b>Objective 1:</b> GoT Capacity to Formulate Trade Sector Development Strategy including Mainstreaming of Trade in MKUKUTA Strengthened	Annual rate of growth of goods and service exports sustained at 15% (13% during period 2001-2006)	Annual Rate	Annual Rate	Annual Rate
	Increase in export-related income by geographical location (rural/urban) – Indicator to be developed. Benchmark and milestone to be identified	Indicator to be developed	Indicator to be developed	Indicator to be developed
1.1 Ensure that TTIS programme is mainstreamed into the GBS/PER and PAF processes	PER for Trade	Annual	Annual	Annual
	MDAs and LGAs with plans and budgets on trade development	2 Ministries, 2 LGAs	5 mainland MDAs, 2 Zbar MDAs, 5 LGAs	TBD
1.2 TTIS updated every two years + Zanzibar DTIS	DTIS studies update every two years	Zanzibar DTIS	TTIS update	none
1.3 Cabinet and Parliament sensitization	NSC meetings per year	NSC established 3 meetings	3 meetings	3 meetings
	Awareness raising sessions for MPs per year	2 sessions	2 sessions	2 sessions
	Awareness raising sessions for Cabinet per year	1 session	1 session	1 session
1.4 Mainstream trade in MTEF	Trade coordination Training sessions for trade policy analysts, and GoT officials per year	2 sessions	2 sessions	2 sessions
<b>Objective 2:</b> Sectors are aligned with the trade development strategy through a strong and functioning trade coordination institutional framework within GoT.	Increase in Government support to trade sector as reflected in MDAs' MTEFs – Indicator to be developed. Benchmark and milestones to be identified.	Indicator to be developed	Indicator to be developed	Indicator to be developed
2.1 Structures and Mechanisms for the Management of Implementation of TTIS have been established in the Trade Coordinating Ministry (MITM)	Program Coordination Unit , annual work plan preparation process organized, result indicators developed	Established		
	Training sessions for Trade Policy Analysts per year	4 sessions	4 sessions	2 sessions
	Trade planning guidelines for sectors (number of MDAs targeted)	2 MDAs	5 MDAs	To be Determined

	Strategy for full integration of trade function in MITM and MDAs defined	-	Institutionalization on strategy developed	-
2.2 Structures and mechanisms for coordination of TTIS established in MDAs	Sector/MDAs with trade action plans developed and implemented	2 MDAs, 2 LGAs	5 mainland MDAs, 2 Zbar MDAs, 5 LGAs	TBD
	Trade sector analyst network developed functioning, Technical Committee (TTIC-TC) established and meets regularly, prepares work plans and produces progress reports to MITM	2 MDAs, 2 LGAs TTIS TC established + meets	5 mainland MDAs, 2 Zanzibar MDAs, 5 LGAs	TBD
<b>Objective 3.</b> Private Sector Capacity to Participate Effectively in Trade Policy and Strategy Formulation Strengthened	Increase in Private Sector export-oriented investment – Indicator to be developed. Benchmark and milestones to be identified.	Indicator to be developed	Indicator to be developed	Indicator to be developed
3.1 Export/trade dialogue framework functioning and effectively integrated into national Public Private Dialogue Machinery at all levels national, regional and district	TNBC, RBC; and DBC Investment and trade committee meetings per year	8 meetings	8 meetings	8 meetings
	Policy studies of CSOs, and Private Sector per year	6 studies	6 studies	6 studies
	Trade Awareness Raising Sessions for Business Leaders/Owners per year	6 meetings	6 meetings	6 meetings
3.2 Capacity for trade strategic thinking in product and service sector associations strengthened	Value Chain studies per year	3 studies	3 studies	3 studies
<b>Objective 4.</b> Trade Negotiating Capacity in GoT Strengthened	Growth rate of Tz exports compared to growth rate of world trade, EAC, and EPA exports – Indicator to be developed. Data should exist to measure current situation (past five years) to measure benchmark and set milestones	Indicator to be developed	Indicator to be developed	Indicator to be developed
4.1 Effective participation in new issue negotiations				
4.2 Effective participation in WTO negotiations				
4.3 Effective participation in EAC negotiations				
4.4 Effective participation in EPA negotiations				

Intervention Area	Indicators	2009	2010	2011
<b>Component B: Tanzania's Competitive Export Supply of Goods and Services Expanded</b>				
<b>Objective 5:</b> Exporters and producers are able to meet International Standards through services provided by strengthened specialized institutions	Rate of Growth of Standards-Sensitive Exports (Basket of standards-sensitive exports to be defined and serve as basis for measurement). Basket to be defined. Current rate of growth (past five years) to be used as benchmark and to set milestones.	Annual Rate	Annual Rate	Annual Rate
4.1 Government institutional capacity to manage international Technical Standards and SPS Policy and Negotiations Improved	Review and Consolidation of SPS and TBT coordination and policy- making mechanism. Committees fully established. Work programs of Committees defined.	Committees with clear work program established	Indicator of Committee meetings and participation to international negotiations	Indicator of Committee meetings and participation to international negotiations
	WTO TBT, SPS and Service Enquiry Points strengthened	Indicator of Notifications to WTO	Indicator of Notifications to WTO	Indicator of Notifications to WTO
4.2 Accredited Facilities for Certification of Conformity for technical standards increased and functioning	Equipments to TBS, TFDA, Government Chemists and TPRI and personnel has been trained	Procurement of equipment; training of personnel	Procurement of equipment; training of personnel	Procurement of equipment; training of personnel
	Incentive package for Private Sector Participation in Accreditation Services			
	Functioning certification facilities in critical regions	3 new regional facilities	3 new regional facilities	3 new regional facilities
4.3 Increase capacity to deliver information and support on technical standards to producers through Government and NGO extension services strengthened	Training sessions on SPS and TBTs to LGAs per year	4 sessions	4 sessions	4 sessions
	SPS/TB training manuals for LGA extension services developed [Agric. Livestock, Minerals, Fish]	5 manuals	5 manuals	5 manuals
	SIDO, SCF and NGO capacity to deliver supported			
4.4 Tanzania's capacity for developing and using IPRs to increase exporters' competitiveness improved	Support BRELA in coordinating IPR issues	Equipment procured. Personnel trained		

	Geographical Indications (GIs) for 5 products (e.g. Coffee, Honey selected spices) per year	1 new GI	2 new GI	2 new GI
	Awareness raising sessions/campaigns on use of trade marks and patents among exporters and producers per year	4 sessions	3 sessions	3 sessions
	Technical and financial support for trade marks and patenting products to exporters and producers	10 products	10 products	5 products
	Anti piracy devices to 6 central monitoring agencies	2	3	1
	Training/sensitization on anti piracy to law enforcement agencies including media per year	4 sessions	4 sessions	4 sessions
	Public Education Program on anti-piracy and counterfeits /IPRs per year	2 sessions	2 sessions	2 sessions
<b>Objective 6:</b> Competitive export supply has been strengthened through direct support to exporters and producers associations	Diversification of Tanzanian export basket measured as share of top 5 exports as percent of total exports and top 10 exports as percent of total exports. Data exist to measure benchmark and set milestones.	Share of Top 5 and Top 10 exports as percent of Tz exports	Share of Top 5 and Top 10 exports as percent of Tz exports	Share of Top 5 and Top 10 exports as percent of Tz exports
6.1 Direct support to exporters and producers associations to expand their exports has been strengthened	Exporters/producers supported with Matching grants in priority TTIS sectors [tourism, agriculture, mining, livestock, fish/mariculture]	100	150	50
	Exporters/producers in priority TTIS sectors [tourism, agriculture, mining, Livestock, Fish/mariculture] supported to attend trade affairs	100	150	50
	Hotel Classification in tourism sector fully implemented in regions (already completed in 4 regions)	6 regions	8 regions	7 regions
	Dissemination and Implementation of New Tourism Law			
	Other outputs and measures of outputs to be identified as annual Work Plans are developed			

<b>Objective 7:</b> Export oriented investment increasing due to improved investment facilitation climate including more effective SEZ and EPZ	Annual rate of FDI growth. Data exist to measure benchmark and set milestones.	Annual Rate	Annual Rate	Annual Rate
7.1 Action plan for enhanced investment facilitation for export investment formulated	Review of Investment Facilitation Climate for Exports (EPZ, SEZ, TIC, NDC) and Action Plan formulated	Action Plan prepared	-	-
7.2 Action plan for enhanced investment facilitation for export investment implemented	Implement Action Plan	To be determined once Action Plan has been formulated		
<b>Objective 8:</b> Competitiveness of Tanzanian exporters improved through enhanced trade facilitation	Decrease in the cost of trade facilitation (select one of the indicators of trade facilitation developed by the World Bank in its Investment Country Assessment [ICA])	ICA indicator	ICA indicator	ICA indicator
8.1 Action plan for enhanced trade facilitation in Tanzania formulated	Analytical work for development of an action plan for enhancement of trade facilitation in Tanzania	Action Plan prepared	-	-
8.2 Action plan for improved trade facilitation implemented	Implement Action Plan	To be determined once Action Plan has been formulated		