

# Government lands 81bn/- budget support from European Union

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THE government and the European Commission have agreed on a two year 81bn/- third poverty reduction budget support programme.

Speaking during the signing ceremony in Dar es Salaam yesterday, Permanent Secretary in the Ministry of Finance Gray Mgonja said budget support would guarantee that the government has enough financial resources to undertake economic reforms without trimming budgetary

allocations to priority areas.

Mgonja said the purpose of budget support funding to Tanzania was to hedge the country against the ravages wrought by prolonged drought and retain the country on sound financial footing in the implementation of the Poverty Reduction Strategy Programmes (Mkukuta) without having to take resort to stop gap measures.

He disclosed that the budget support agreement was hammered out between the government and 14 development partners, which jointly contributed about

600bn/- in the 2005//06 financial year.

The Head of Delegation of the European Commission in Tanzania, Frans Baan, said the agreement symbolised the confidence donors have in the country's economy.

Baan said donors recognised the progress Tanzania has made in microeconomic management, public funds management and reforms undertaken in key economic sectors.

He said income disparities, abject poverty and economic exclusion still persist in the country despite the major

strides made in the microeconomic environment.

He called upon the government to make deliberate efforts to narrow the disparities.

He promised EU's continued support to the country to spur economic development and improve the living conditions across the economic strata.

The government should also appreciate the role of the private sector in invigorating economic growth and increasing exports as a means to improving the balance of trade.