

DAC Peer Review

TANZANIA

Development Assistance Committee



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Pursuant to Article 1 of the Convention signed in Paris on 14th December 1960, and which came into force on 30th September 1961, the Organisation for Economic Co-operation and Development (OECD) shall promote policies designed:

- To achieve the highest sustainable economic growth and employment and a rising standard of living in member countries, while maintaining financial stability, and thus to contribute to the development of the world economy.
- To contribute to sound economic expansion in member as well as non-member countries in the process of economic development.
- To contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.

The original Member countries of the OECD are Austria, Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The following countries became members subsequently through accession at the dates indicated hereafter: Japan (28th April 1964), Finland (28th January 1969), Australia (7th June 1971), New Zealand (29th May 1973), Mexico (18th May 1994), the Czech Republic (21st December 1995), Hungary (7th May 1996), Poland (22nd November 1996), Korea (12th December 1996) and the Slovak Republic (14th December 2000). The Commission of the European Communities takes part in the work of the OECD (Article 13 of the OECD Convention).

In order to achieve its aims the OECD has set up a number of specialised committees. One of these is the Development Assistance Committee, whose Members have agreed to secure an expansion of aggregate volume of resources made available to developing countries and to improve their effectiveness. To this end, members periodically review together both the amount and the nature of their contributions to aid programmes, bilateral and multilateral, and consult each other on all other relevant aspects of their development assistance policies.

The members of the Development Assistance Committee are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States and the Commission of the European Communities.

© OECD 2003

Permission to reproduce a portion of this work for non-commercial purposes or classroom use should be obtained through the Centre français d'exploitation du droit de copie (CFC), 20, rue des Grands-Augustins, 75006 Paris, France, Tel. (33-1) 44 07 47 70, Fax (33-1) 46 34 67 19, for every country except the United States. In the United States permission should be obtained through the Copyright Clearance Center, Customer Service, (508) 750-8400, 22 Rosewood Drive, Danvers, MA 01923 USA, or CCC Online: <http://www.copyright.com/>. All other applications for permission to reproduce or translate all or part of this book should be made to OECD Publications, 2, rue André-Pascal, 75775 Paris Cedex 16, France.

The Peer Review Process

The DAC conducts periodic reviews of the individual development co-operation efforts of DAC members. The policies and efforts of each member are critically examined approximately once every four years. Five or six programmes are examined annually. The OECD's Development Co-operation Directorate (DCD) provides analytical support and is responsible for developing and maintaining the conceptual framework within which the Peer Reviews are undertaken.

The Peer Review is prepared by a team, consisting of representatives of the Secretariat working with officials from two DAC members who are designated as "examiners". The country under review provides a memorandum setting out the main developments in its policies and programmes. Then the Secretariat and the examiners visit the capital to interview officials, parliamentarians, as well as civil society and NGO representatives of the donor country to obtain a first-hand insight into current issues surrounding the development co-operation efforts of the member concerned. Field visits assess how members are implementing the major DAC policies, principles and concerns, and review operations in recipient countries, particularly with regard to poverty reduction, sustainability, gender equality and other aspects of participatory development, and local aid co-ordination. A recent innovation is to organise "joint assessments", in which the activities of several members are reviewed in a single field mission.

The Secretariat then prepares a draft report on the member's development co-operation which is the basis for the DAC review meeting at the OECD. At this meeting senior officials from the member under review respond to questions posed by DAC members led by the examiners. These questions are formulated by the Secretariat in association with the examiners. The main discussion points and operational policy recommendations emerging from the review meeting are set out in the Main Findings and Recommendations section of the review.

ACRONYMS

CAS	Country Assistance Strategy
CG	Consultative Group
DAC	Development Assistance Committee
EC	European Community
EU	European Union
GDP	Gross national product
GNI	Gross national income
GoT	Government of Tanzania
HIPC	Highly Indebted Poor Countries
HQ	Headquarters
IMF	International Monetary Fund
IMG	Independent Monitoring Group
JICA	Japan International Co-operation Agency
LDC	Least developed countries
MOFA	Ministry of Foreign Affairs
MDG	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
DAC	Development Assistance Committee
PER	Public Expenditure Review
PRBS	Poverty Reduction Budget Support
PRSP	Poverty Reduction Strategy Paper
SLM	OECD Senior Level Meeting
SWAP	Sector Wide Approach
TA	Technical Assistance
TAS	Tanzanian Assistance Strategy
UK	United Kingdom
UNDP	United Nations Development Programme
USD	United States dollar

TABLE OF CONTENTS

CHAPTER 1 EXECUTIVE SUMMARY	7
CHAPTER 2 AID EFFECTIVENESS AND COUNTRY OWNERSHIP.....	9
CHAPTER 3 DEVELOPMENT SITUATION IN TANZANIA	12
CHAPTER 4 SOME CHALLENGES FOR DONORS IN TANZANIA.....	16
4.1. Promoting ownership	16
4.2. Effectiveness of development strategy	17
4.3. Donor co-ordination and harmonization	18
4.4. Improving results.....	19
4.5. Risk management	20
4.6. Transactions costs	21
CHAPTER 5 COMPARISON OF FOUR DONORS' APPROACHES IN TANZANIA .	22
Comparison 1: Country strategies.....	22
Comparison 2: Organisation and management	24
Comparison 3: Donors' partnerships and Tanzanian ownership	26
Comparison 4: Observations of operational activities	28
CHAPTER 6 STRENGTHS AND WEAKNESSES OF FOUR DONORS.....	30
6.1. Strengths.....	30
6.2. Weaknesses	31
CHAPTER 7 OBSERVATIONS ON FOUR DONORS IN TANZANIA.....	35
CHAPTER 8 FINDINGS AND LESSONS LEARNED FOR DAC DONORS.....	38
ANNEX A TOR FOR THE JOINT ASSESSMENT IN TANZANIA.....	44
ANNEX B PROGRAMME OF THE MISSION: 1-13 MARCH 2003	46
ANNEX C A NOTE ON METHODS USED IN TANZANIA	50
ANNEX D SOME BASIC DATA ON TANZANIA.....	55
ANNEX E GOVERNMENT AND DAC CONSULTATION MECHANISMS	57
DESCRIPTION OF KEY TERMS	59

Boxes

Box 1. How the DAC Expects Donor Partnerships to Facilitate Country Ownership.....	11
Box 2. The Tanzanian Situation in 1995.....	12
Box 3. Public Sector Reform in Tanzania.....	13
Box 4. What is TAS?	14
Box 5. New Basis for Government-Donor Relations.....	15
Box 6. Joint Assessment Method.....	30
Box 7. Outline of Issues to discuss with Reviewed Donors.....	52

CHAPTER 1

EXECUTIVE SUMMARY

The aim of the joint country assessment in 2003 was to understand **how the implementation of donors' partnership strategies contributes to country ownership**. Four DAC members (Denmark, Finland, Ireland, and Japan) agreed to participate in the Joint Country Assessment in Tanzania.

Recent economic data presents **a mixed picture in Tanzania** of improving economic growth (5.1% in 2000) while poverty persists and aid dependency is high. Some observers remain concerned about the lack of progress with poverty reduction despite improved economic growth. With poverty reduction as a key objective, the Tanzanian government has embarked on a set of ambitious reforms, dealing with the political and economic constraints on development. The government's poverty reduction strategy now provides the policy framework for all donors. Consequently, there have been some positive trends in economic growth and poverty reduction.

The Tanzanian government has also launched **new institutional arrangements** for interacting with the donor community, set out in the Tanzanian Assistance Strategy, which provides specific principles to enhance Tanzanian ownership of the development process. The priority areas in the TAS are: predictability of external resources including financial management issues; rationalization of consultation missions (use of Joint Reviews); capacity building for aid coordination and external resource management.

Responding effectively to the institutional arrangements in Tanzania poses **several challenges for donors**, including integration of country strategies and funding programmes with Tanzanian priorities, monitoring results, adapting to co-ordination requirements, and managing risks. The impression of the joint assessment team is that all donors are responding at varying speeds to these challenges, with different donors facing particular difficulties in specific areas.

In reviewing the donors, the joint assessment considered how the donors put their partnership approach into practice and how this promoted Tanzanian ownership of the development process. The review was done by **recording observations against four major aspects of the aid relationship**, namely country strategies, organisation and management, ownership and partnership, and observations of operational implementation. The team's observations then became the "agreed facts" about the four donors reviewed.

These observations provide the basis for the team's assessment of the specific **strengths and weaknesses of the four donors**. In summary, the joint assessment found that, while all the donors share the general perspective on the desirability of a partnership approach, nonetheless, the four donors faced challenges in integrating their strategies with Tanzanian policy. The partnership approaches could be broader and more effective. Effective co-ordination was often constrained by organisational factors, such as relations between the country mission and the donor head office, or shortage of staff in embassies. All these factors could constrain the effectiveness of aid programmes in supporting Tanzanian development.

Tanzania

The assessment of these four donors' programmes in Tanzania illustrates some challenges of development for the DAC. **Important lessons** for all donors include:

1. Donors' **country strategies** should be substantially aligned with a partner country's policy framework, when this establishes a shared policy vision for all partners and includes a focus on results and indicators for monitoring "ownership."
2. Donors need to review the **organisation and management** of their country mission to respond effectively to the needs of partnership. Donors should encourage some experimentation.
3. Donors could more effectively promote **country ownership** by encouraging the participation of all partners, including civil society and the private sector, in the development process and dialogue.
4. Effective **partnership operations** should also reduce transactions costs by respecting a government's need to have "quiet periods" to manage the country.

CHAPTER 2

AID EFFECTIVENESS AND COUNTRY OWNERSHIP

There is increased attention to aid effectiveness based on country ownership

In recent years, the international development community has given increasing attention to aid effectiveness. This international attention has included consideration of the results achieved by development activities, including the impact on economic growth and poverty reduction, the efficiency of aid delivery, and the harmonization of donor practices.¹ “*Shaping the 21st Century*” (OECD/DAC, 1996) stressed that, to ensure the effectiveness of aid, people in developing countries must be “owners” of their development policies and programmes. The basic principle is that there is an open and collaborative dialogue of local authorities with civil society and external partners about shared objectives and respective contributions to the common enterprise. Each donor’s programme should then operate within a framework that encourages strong local commitment, participation, capacity development and ownership. Strong partnerships will involve clear and specific commitments to the shared objectives.²

The DAC Peer Review is a means of promoting aid effectiveness.

The issue of aid effectiveness was considered at the DAC Senior Level Meeting in December 2002. In this context, the SLM discussed the role of the peer review as a core activity of the DAC. The DAC endorsed³ the recommendation of the Client Survey of Peer Reviews to strengthen collective learning in the peer reviews, including by undertaking a second Joint Country Assessment, following the success of the first in Mozambique.⁴

-
1. Harmonization, which is one element of the aid effectiveness agenda, does not imply standardization of aid instruments. The DAC recognizes the usefulness of a diverse range of instruments. Technical assistance, development projects, SWAps, and budget support remain valid instruments. Bilateral and multilateral loans and grants are still required. In the context of the joint country assessment, harmonization essentially means reducing the excessive transactions costs of the Tanzanian government in the use of these diverse channels.
 2. Strategy 21 sets out joint responsibilities, and respective responsibilities of developing countries and external partners.
 3. A draft of the Summary Record of the SLM 2002 was available on 16 December 2002. Under the theme of Aid Effectiveness, the SLM focused on harmonization of donor practices as well as on the discussion of peer reviews.
 4. The first joint country assessment was reported in the DAC Journal 2001, Vol. 2, No. 4.

Tanzania

A joint country assessment, in conjunction with four peer reviews ...

The joint country assessment looks at the collective challenges for donors in a country, though the perspective of the efforts of a small group of donors. Four DAC members (Denmark, Finland, Ireland, and Japan) to be reviewed in 2003 agreed to participate in a Joint Country Assessment. Each of these donors has important programmes in Tanzania so this country was selected as the location for the joint country assessment, in association with their peer reviews.⁵

focused on “partnership” and “ownership.”

The Terms of Reference for the joint assessment (see the detailed TOR in Annex A) set out the overall theme of the assessment: **The aim of the joint assessment is to understand the way in which the implementation of donors’ partnership strategies contributes to country ownership** (see Box 1). The overarching theme involves three specific sub-themes to facilitate the investigation in the field and the subsequent analysis of results, as follows:

- Country ownership.
- Donor co-ordination.
- Donor capacity for implementing effective partnerships.

The Review Team set out the method of investigation...

and found Tanzania had its own indicators relevant to the review.

The Review Teams for each country under review gathered information about each of the four aid programmes in Tanzania by reference to programme documents, interviews with donor personnel and with other stakeholders (government, other donors, and civil society representatives). A specific Joint Review Team also focused on understanding the highly developed systems of aid co-ordination in Tanzania by reference to documents and interviews. An important early finding of this team was that the Tanzanian authorities had developed their own local indicators of “ownership” and “partnership” that could be used in the joint assessment of the reviewed donors’ programmes. (Annex B has the programme for the Mission, and the methodology used is at Annex C).

5. For all four members it was also important that Tanzania should be used as the location for the individual peer review of their aid programmes. This was undertaken at the same time, and the information gathered in these individual reviews also contributed to the understandings in the joint country assessment.

Box 1. How the DAC Expects Donor Partnerships to Facilitate Country Ownership

Locally-owned country development strategies and targets should emerge from an open and collaborative dialogue by local authorities with civil society and with external partners, about their shared objectives and their respective contributions to the common enterprise. Each donor's programmes and activities should then operate within that local framework, and respect and encourage strong local commitment, participation, capacity development and ownership.

Working in partnership calls for fundamental changes in the ways that development agencies interact with other partners (government, civil society) and with each other (multilateral institutions, other bilateral agencies). Developing country responsibilities include adhering to appropriate macroeconomic policies; committing to basic objectives of social development; fostering accountable government and the rule of law; and carrying out sound financial management. External partner responsibilities include supporting strengthened capacities and increased participation in the developing country; supporting coherent policies in other aspects of relations; and working for better co-ordination of the international aid system, in support of developing countries' own strategies. Joint responsibilities include opening up wide scope for effective development contributions from throughout civil society.

Work at the country level includes being sensitive to government leadership, for example by using the partner country's poverty reduction strategy and the national budget as locally-owned development strategy and as the general framework for development co-operation. External partners may also invest in mechanisms for co-ordination; promote joint work (data collection, analyses, missions, evaluation, management and accountability of aid flows); simplify development agency administrative and financial requirements; and strengthen related partner government systems; and strengthen government co-ordination and consultative processes, while not undermining partner government authority or national democratic institutions.

Decentralization of policy development and decision-making to the field promotes better dialogue and partnership through close and continuous interaction with other local partners and it strengthens agency credibility as a partner. Decentralization means granting greater budgetary flexibility and decentralizing authority and capacity to negotiate with local partners. Decentralization creates new tasks and responsibilities for country managers and their staff, new roles for headquarters and new ways of working between headquarters and the field. These new work demands require rethinking the way work is currently organized, including formal and informal organizational arrangements. Staff deployment, information flow and accountability frameworks are commonly mentioned by agencies that have gone through this process. Experience has shown that while decentralization has high costs, it has high returns.

Focusing on the field brings to attention donors' multiple administrative requirements and poor co-ordination of policies. These deficiencies create heavy burdens for partner governments, particularly in those countries where numerous agencies are active. The emerging consensus on country ownership of strategies for reducing poverty increases the need to simplify and harmonize practices, procedures and reporting requirements in line with agency accountability requirements. Members should give consideration to reforming their administrative requirements and increasing their financial flexibility. For instance, programming aid over a multiyear timeframe is good practice.

Stronger local administrative capacity and probity will strengthen donors' confidence to align their systems and procedures with those of their developing country partners. Members often support partner country capacity-building efforts (for example in financial management, accounting, monitoring, etc.). These efforts should reach beyond the public sector to the private sector and civil society (such as professional associations) to ensure transparency and accountability to stakeholders.

Serious attention should be given to assessing agency performance against agreed responsibilities. For example, is the development agency's country strategy based on the partner country's own strategy? Has the agency supported and strengthened country-led planning, implementation and co-ordination processes? To what extent have the agency's co-operation activities been carried out jointly or in co-ordination with other bilateral and multilateral development agencies? Has the agency helped to facilitate civil society's participation in debating and deciding the contents of the country's poverty reduction strategy in ways that respect government efforts and concerns?

(Drawn from various DAC decisions and publications.)

CHAPTER 3

DEVELOPMENT SITUATION IN TANZANIA

There is a mixed picture of improving economic growth, persistent poverty, and aid dependency...

Recent economic data for Tanzania presents a mixed picture of improving economic growth (5.1% in 2000) while poverty persists. Tanzania is one of the poorest countries in Africa, with an HDI rank of 140 (19.9% of the population in absolute poverty). Per capita income is USD 270.⁶ At the same time, aid dependency is considerable (USD 1.23 billion in 2000/2001); aid has risen as a percentage of imported goods and services to 48.6%.⁷ There is also a burden of refugees from regional conflicts, and other regional constraints on Tanzania's development. (See Annex D for basic data on Tanzania.) Some observers remain concerned about the lack of progress with poverty reduction despite improved economic growth. There are imbalances in the distribution of economic growth, with service sectors improving while rural areas remain in poverty because of the lack of dynamism in the agricultural sector.

but there are some positive trends.

Nonetheless, there are some positive trends. Politically, while moving to multiparty elections in 1995, Tanzania has enjoyed a large degree of stability (except in Zanzibar). Although Tanzania was a frontline state against apartheid and is geographically part of a volatile region of Africa, it has remained largely outside the recent conflicts. Economic prospects also look relatively good. It has combined macroeconomic stability with an increasing poverty focus in public spending. GDP growth in 1999-2000 was 5.1%, better than other LDCs and SubSaharan Africa generally. Aid dependency is showing some signs of reduction (ODA was 17.1% of GNI in 1995, but 11.6% in 2000). Trade accounts for only 24.2% of GDP, which shows there is scope for an increase there. (See Box 2 for the situation in 1995.)

Nearly a decade ago the situation looked very difficult

Box 2. The Tanzanian Situation in 1995

Prospects in 1995 looked very different. At that time, relations with the donor community had deteriorated to a low level and there was a crisis in development co-operation. The Arusha Declaration, while remaining an important statement of principles of national unity, social cohesion, peace and stability, did not provide an effective operational framework for the development process. While progress was made in the fields of education and health, the strategy of state-control of the economy, a growing public sector, and Ujamaa principles of self-reliance did not provide a sufficient basis for economic growth and poverty reduction. Instead the approach led to over-reliance on the state, aid dependency, donor-driven development, weakness of civil society, and a descent of the public sector into corruption.

6. See the basic indicators in the Annex to this report.

7. World Bank 2002 World Development Indicators, Tables 1.1 Size of the Economy and 6.10 Aid Dependency.

Since 1995, the government set about some ambitious reforms.

Since 1995, the Tanzanian government has identified four main constraints on development: failures in governance; donor dependency; weak capacity for economic management; and ineffective implementation. The Tanzanian government has embarked on a set of ambitious reforms dealing with these political and economic constraints on development. Multiparty elections have taken place in 1997 and 2000. A Public Sector Reform Programme (Box 3) has been launched, including decentralization and a local government reform programme aimed at improving implementation of programmes at the local level. This major reform of the public administration includes several activities aimed at combating corruption, including an Integrated Financial Management System for the whole public sector.

Public sector reform is now a strong element in the Tanzanian strategy.

Box 3. Public Sector Reform in Tanzania

The Public Sector Reform Programme is part of a broader reform including local government, public financial management, legal sector reforms, and sectoral reforms to improve social and economic services. It aims to improve performance management systems, restructure public and private sector participation, improve management of information, strengthen personnel management, and develop leadership and good governance. The programme's operational focus is on the effective delivery of public services. This has involved the specification of expected outcomes at different levels, identification of enabling factors, and systems for monitoring the results of the reform programme. Donors have been supporting this programme during different stages. There is a Joint Consultative Forum. Some donors have also joined a Common Basket Fund with joint reporting and accounting requirements, and some support associated projects within the sector framework.

Source: Donor Working Group, September 2001

The government has defined its poverty reduction strategy, with awareness of the international context.

The government began a consultative process of developing a new economic and social development vision for the country in 1995. This has become the Tanzania Development Vision 2025, which sets the overall framework for development. The National Poverty Eradication Strategy (1998) became the basis for the poverty reduction strategy paper (PRSP 2000). This strategy shows great awareness of the international context, especially the Millennium Development Goals.

The poverty reduction strategy became the basis for external support.

Although there was some concern that civil society participation in the strategy process had not been adequate, the government made efforts to rectify this situation. The PRSP was subsequently recognised by the World Bank and IMF for the release of HIPC funding. The annual Public Expenditure Review process, begun in 1997/98, has evolved into a programme of improving budget management within the Medium Term Economic Framework (MTEF). This ensures that external assistance is consistent with budgetary priorities and increasingly integrated within the budget. There are joint efforts of government and donors to improve the PRSP framework by the identification of indicators.

Tanzania

Since 2002, there have been new donor co-ordination arrangements.

As well as these major political and economic reforms, in June 2002, the Tanzanian government launched new institutional arrangements for interacting with the donor community. The Tanzania Assistance Strategy (TAS) sets the framework for aid co-ordination and enhancing national ownership of the development process, and builds on various other arrangements (e.g. SWAs, quarterly sector consultations, PER/MTEF, poverty reducing budget support, and major civil service and local government reforms). (See Box 4.) The TAS indicates the various undertakings of government and development partners, and sets the basis for evaluation of progress using agreed indicators. Underlying the TAS is the idea that there should be transparency and trust between donors and the partner government, which has been built up over several years.

Tanzanian policy is inclusive of a diversity of approaches.

The Tanzania Assistance Strategy (TAS) includes a preference for donors to use programme aid, which can be integrated fully into the Tanzanian budget. Nonetheless, the Tanzanian authorities accept that there is a diversity of donor preferences on this issue. The authorities encourage alignment with their development priorities and accept funding activities in line with the strategy. An Independent Monitoring Group has been monitoring relations, but has just recently completed its work. (See Box 5.)

The TAS is a system for promoting local ownership and development partnerships.

Box 4. What is TAS?

The Tanzania Assistance Strategy (TAS) is a coherent national development framework for managing external resources to achieve the development strategies as stated in the Vision 2025, the National Poverty Eradication Strategy and the PRSP. It is a government initiative aimed at restoring local ownership and leadership by promoting partnership in the design and execution of development programmes. It seeks to promote good governance, transparency, accountability, capacity building and effectiveness in aid delivery. TAS is not a program or a project. TAS is about a process for change.

Source: Tanzania Assistance Strategy: A Medium Term Framework for Promoting Local Ownership and Development Partnerships.

Tanzania faces several potential constraints on realising the TAS.

There are several potential constraints on realising the TAS, some in the external environment and some within Tanzania. The continuing vulnerability to externalities includes oil prices, global markets for exports, shocks to tourism, uncertainties created by terrorism, and policy incoherence regarding trade and market access in other countries. There is also a possibility that donor funds may be diverted to higher political priorities, such as Iraq or Afghanistan. Within Tanzania, there are risks of adverse political change, corruption, and involvement in regional conflicts. There is also a risk of dualistic development of the economy, with growth at the centre but a lack of development in the districts and communities.

Criticisms of aid relationships in the mid-1990s led to reforms in this area too.

There is general agreement on the need to promote ownership and enhance partnership, which provide the basis for the Tanzanian Assistance Strategy.

Box 5. New Basis for Government-Donor Relations

The TAS initiative dates back to the mid-1990s when Tanzania/donor relations were strained mainly due to serious slippage in revenue collection and rising corruption. In 1994 the dialogue between Denmark and the Tanzanian government regarding the crisis in aid co-operation led to the appointment of a group of independent advisers, under the leadership of Professor Helleiner, to look into the aid relationships. The resultant report set out 22 recommendations for improvement on the basis of transparency and trust, and for reforms of internal systems to be undertaken by the Tanzanian government. Many of these became conditions for the balance of payments and budget support urgently needed from the World Bank and IMF. Work on implementing these reforms began in 1996.

At the Consultative Group meeting in 2000, government and donors agreed to subject themselves to collective performance monitoring by an independent group. Although donors did not accept detailed quantitative indicators, there was agreement on the need to promote ownership and enhance partnership with development partners. Other broadly agreed objectives were to reduce transactions costs, enhance predictability of aid flows, consolidate accountability and results orientation, and make technical assistance supportive of local capacity building. Donors also agreed to the establishment of an Independent Monitoring Group (IMG).

The principles set out in the Helleiner Report and at the CG have become the basis for the TAS in 2002. This also takes account of the OECD DAC work on harmonization, local DAC efforts, and the recent reports of the IMG. The TAS Action Plan sets out 13 performance indicators.

Sources: Helleiner 2001, OECD-DAC Study 2002, and TAS Action Plan 2002.

Despite progress there are still some problems.

An independent review in March 1999 confirmed that there had been significant progress. However, it was also noted that some areas still face problems:

- Separate/parallel donor systems/procedures on procurement, recruitment and staff remuneration, accounting, reporting formats, monitoring, and management of projects which tax heavily the limited Government capacity.
- Fragmented and uncoordinated project support which reduces efficiency and effectiveness.
- Management and disbursements of resources outside the government system (exchequer) undermining transparency and accountability.
- Heavy dependency on TA/consultants in executing projects which is very costly.
- Unsynchronised country assistance strategies (CAS).
- Inadequate Government capacity.

CHAPTER 4

SOME CHALLENGES FOR DONORS IN TANZANIA⁸

4.1. Promoting ownership

The TAS sets out principles to enhance Tanzanian ownership.

The TAS sets out specific principles to enhance Tanzanian ownership of the development process. The priority areas in the TAS are:

- Predictability of external resources including financial management issues.
- Rationalization of consultation missions (use of joint reviews).
- Capacity building for aid coordination and external resource management.

There is a Tanzanian preference for budget support, but diverse approaches to funding are welcomed...

In the context of financial management, the Tanzanian Ministry of Finance has expressed a preference for donors to make funding available through budget support or as basket funding in support of SWAps. This would increase co-ordination and reduce aid tying. At the same time the government has made it clear that such funding arrangements are not obligatory. In their portfolios, donors have different mixtures of budget support, sectoral basket funds, large projects and small projects. The government accepts that donors have different perspectives on the funding modalities, and therefore accepts a diversity of donor approaches. Those donors that favour budget support regard it as a fundamental mechanism for promoting ownership, which is in line with the Tanzanian government's preference. Other donors are increasingly aligning their projects with sectoral priorities, within the framework of the PRSP. Key points are that all donor funding should be recorded in the budget process, whether channeled through Tanzanian financial management systems or not, and that donors should help reduce the transactions cost of the government.

while respecting some key points.

Pressures remain for donors to promote initiatives out of line with Tanzanian needs.

Regarding consultation missions, all donors are committed to promoting ownership of development co-operation. Nonetheless, there is a constant challenge for all donor representatives in the field to restrain the number of missions to the field. There are often political pressures at the centre to develop *ad hoc* initiatives that reflect bilateral donor priorities rather than needs of the partner country. Such initiatives risk being unsustainable and often pull country-based staff away from their strategic priorities.

8. This section is only concerned with challenges of promoting country ownership through development partnerships with donors, not with all development challenges.

The pursuit of country ownership presents inherent challenges for donors where there is weak partner country capacity for aid management.

The promotion of country ownership assumes an adequate level of aid management capacity in partner countries. In the poorest countries, such as Tanzania, there is weak aid management capacity, even though there is a highly competent core of senior civil servants in ministries, particularly key ones such as the Ministry of Finance. The lack of capacity at the middle management levels adversely affects implementation of development programmes. This poses an inherent challenge for donors pursuing the concept of country ownership, as it implies a high level of donor involvement on the ground and a willingness to invest in local operations. Donors have to be willing to assume these costs, both to build local capacity and to cover their own administrative expenses. In the OECD DAC discussion, some DAC members pointed out the scepticism about ownership that sometimes arises in the field because of these operational constraints.

Technical assistance is changing...

All the donors formally recognize the need to change technical assistance approaches, to focus on capacity building in aid management and supporting the efficient implementation of public sector reforms by giving priority to the use of local expertise rather than mainly supplying international experts. The actual practice among donors differs, often as a result of donors' own institutional constraints rather than a specific policy stance.

but slowly.

4.2. Effectiveness of development strategy

There are concerns about an over-emphasis on supporting the State...

Some observers have expressed concern about capacity building that focuses in a technocratic way on government financial management. There is a risk of reinforcing those centralizing tendencies of the State that have been prominent in Tanzania in the past, and which are now subject to reform. This approach to partnership with the State also appears inconsistent for donors that generally favour decentralization of Tanzanian systems and are themselves moving in this direction. For this reason, some donors see the need in their aid programme for a broad range of strategic partnerships with civil society and the private sector, rather than focusing exclusively on the public sector. These donors use grass roots experience (from their association with NGOs or communities) as a reality check and feed the lessons into their policy dialogue.

and a perceived need for broader partnerships.

This also helps in the promotion of democracy and the fight against corruption.

This diversification of partnerships is also regarded by some donors as helpful for promoting democracy and good governance, including the fight against corruption. In this respect, donors collectively need to take up consistent and predictable positions to strengthen the dialogue and capacity building in the fight against corruption.

Sustainability of development may require more attention by Tanzania to economic growth and regional integration.

There are already some concerns among donors that the Tanzanian development strategy does not give enough attention to the sustainability of development activities. One argument is that there ought to be greater attention to economic growth as the fundamental underpinning of poverty reduction, as well as the attention in the PRSP and TAS to improvements in the social sectors. Another consideration is that Tanzania's economic growth could be improved by attention by improved co-operation within the East African region. There is a serious lack of attention by donors and government alike to an analysis of the potential benefits of regional integration for promoting economic growth and trade.

Tanzania

Lack of government capacity is a constraint on effectiveness, so donors seek other agents for implementation.

Development may be undermined by inconsistency and policy incoherence in the donor community.

Tanzania encourages donor co-ordination by various means.

Donors have responded by improving their arrangements.

There are different styles of co-ordination. There is still need for improvement in co-ordination.

Effectiveness of the development strategy in Tanzania is also constrained by the lack of government management capacity. While there is a concentration of highly competent people in key posts, Tanzania (like other poor countries) does not have sufficient management capacity throughout the government system from the national level to the districts. Donors therefore often seek to diversify their implementation agents, to involve civil society associations, communities, NGOs, and the private sector. This is both for reasons of efficiency as well as for the promotion of democracy.

At the same time, the Tanzanian authorities are concerned about issues of policy coherence among donors, and the lack of consistency between multilateral and bilateral donors, including the management of global funds. All of these can undermine the effectiveness of official development co-operation. Some donors emphasize the need to improve attention to policy coherence between development specialists and other Ministry representatives within the donor mission.

4.3. Donor co-ordination and harmonization

The Tanzanian government encourages better co-ordination among donors in alignment with the PRSP and TAS for the better implementation of these strategies. This also implies the harmonization of procedures and the reduction of transactions costs for Tanzanian officials in dealing with multiple demands. The government is trying to encourage donors to reduce transactions costs by various means. For instance, following the joint assessment mission, the government formally called on donors to respect “quiet periods” of four to five months during the budget preparation and approval process, when officials can focus on managing the Tanzanian economy rather than responding to donors.

In response to the desirability of this co-ordination effort, there is a great deal of attention on working within a sector-wide approach, with an emphasis on joint reviews. There is increased sharing of information and expertise within the co-ordination arrangements. Some donors are willing to rely on other donors for monitoring funds in “silent partnerships” though such arrangements may not be reciprocal. Some donors also favoured “quiet periods” in the year.

Underlying this increased repertoire of co-ordination styles are also institutional and cultural differences. Donors have different views of what the co-ordinator role entails and the obligations to the partner country. The Amsterdam Treaty formally outlines principles of “complementarity” for EU donors, which leads to increased co-ordination among those donors as well as with others. For other donors, OECD DAC partnership principles provide the formal reference. There may also be other cultural and political factors at play in the notion of co-ordination. What is clear is that donors adapt to the new requirements of co-ordination at different speeds.

There is a need to rationalize co-ordination and to reduce transactions costs.

There is a need to rationalize co-ordination mechanisms, as there are flaws despite the overall strength of the Tanzanian system. The arrangements need to integrate the multilateral donors more effectively, especially those which do not have country offices in Tanzania. The number of co-ordination mechanisms creates a burden in terms of transactions costs for both government and donors. (See Annex E for the local development assistance committee list of mechanisms.) At the same time, increased partnerships with civil society and private sector and decentralization are staff intensive and increase transactions costs for donors and government.

Local missions respond to these co-ordination requirements by management adjustments.

Taking a more equitable share of transactions costs puts pressure on local missions, which risk becoming overstretched if necessary adjustments are not made. Such adjustments include increasing donor staff or local contracts, changing the skills mix to emphasise analysis, negotiations and monitoring progress (rather than project administration), increasing autonomy of the local mission in decision-making, and focusing on areas of comparative advantage in the local context.

There has been a sustained process of improvements in development co-operation over the last decade.

In the DAC discussion, some members pointed out that there has been a significant improvement in development co-operation in Tanzania during the last decade. The reviewed donors emphasised that there had been a process of engagement between donors and the government in the first instance, which has potential to extend to other stakeholders, including civil society, the private sector, and international NGOs in time. The improved co-ordination measures have also led to significant improvements in the harmonization of procedures between donors, including joint work. Donors in Tanzania are presently working on a code of conduct for co-ordination activities, which will improve the situation further.

4.4. Improving results

Do development activities lead to improvements at different levels?

How do donors monitor the development effectiveness of their activities in supporting Tanzania's institutional reforms to produce a better delivery of services at different levels? Ideally country strategies indicate tangible results expected and show other indicators of progress and sustainability. Such tracking of results might consider the national, sectoral, regional, district level, municipal and community levels and encompass both immediate and longer-term results.

There are challenges for all donors in tracking results.

There are challenges for all donors in tracking the results of their aid programmes. Longer-term results (impact and outcomes) might be considered in terms of progress against the MDGs at the country level, but indicators of progress have not yet been integrated into the PRSP. For those donors that put emphasis on budget support and SWAps (with basket funding) within their programmes, the indicators of progress are more process-oriented than outcome-oriented. Some donors involved in the Poverty Reduction Budget Support (PRBS) believe that it will be at least two more years before it will be realistic to move from process indicators to an effective measure of outcomes. As for many other implementation issues, the effective tracking of results of government programmes suffers from the lack of government capacity.

Tanzania

It is easier to track results at lower levels, and use these as indicators of development effectiveness.

Donors find it easier to track results (outputs) at lower levels, and where impacts are also more apparent. Staff in the local mission might be expected to engage in monitoring the results of their programmes. There are also various arrangements among donors for undertaking evaluations, and these are increasingly organised on a joint basis for sector programmes. This is in line with donor concern to assess contribution to development efforts rather than attributing credit to specific donors. Some donors use their engagements in area-based programmes or in civil society programmes at community level as a reality check on the effectiveness of policy and institutional reforms at the centre or in specific sectors.

These approaches have implications for management.

These results oriented approaches linking global and local indicators, with an appropriate mix of process and outcome indicators have implications for donor organisation and management. There is a change in the nature of relations between the HQ and the country mission. In particular there is an emphasis on two-way information flows, rather than passing on instructions from HQ to the field.

The nature of risk has changed with different development co-operation arrangements,

4.5. Risk management

All bilateral donors are engaged in the co-ordination experiments in Tanzania, and are learning from the experience. One lesson is a change in the nature of risks as donors become more heavily engaged in partnerships and sector programme arrangements. The potential impact on government and donors is also changed by basket funding and budget support. For the government, risks may be that, for various technical or political reasons, donors delay their next payment thus increasing short term debt; or individually or collectively renege on their commitments, thus fundamentally disrupting the financial management of the economy. For the donors, risks could include political changes in Tanzania that may lead to policy changes and unacceptable allocation priorities; or corruption may increase, undermining the rationale for the partnership.

which implies greater attention to risk management strategies.

This change in the nature of risk requires greater attention by donors and government to risk management strategies, especially for those engaged in programme support, whether PRBS or baskets. Some donor country missions have found the need to use confidence building strategies within their own systems to help handle the political risks for senior management.

4.6. Transactions costs

Donors have to accept their fair share of transactions costs in capacity building...

The TAS points out the need to reduce the burden of transactions costs for the government of Tanzania. To reduce these transactions costs implies that donors have to be willing to assume a greater share of these costs. Some costs arise from the need to strengthen capacity at all levels in the Tanzanian government. The transactions costs associated with capacity building are integral to development, and donors need to assume these costs, at least in the short term.

while trying to reduce the costs associated with general co-ordination.

Some transactions costs are associated with co-ordination between donors and government, and among donors themselves. These costs arise from the policy dialogues that are ongoing in Tanzania at all levels, such as in the local development assistance committee. A particularly heavy burden is assumed by lead donors that take on the role of co-ordination in donor/donor sector discussions, and a sufficient number of skilled staff and flexible organizational structures are required to carry out this task. While these costs may be considered an essential element of being a lead donor, many donors wish to reduce the transactions costs associated with general co-ordination.

In particular, donors could try to streamline donor/donor co-ordination.

Many of the transactions costs of co-ordination in Tanzania arise from the need for donor/donor co-ordination. Annex E shows that the majority of consultation mechanisms are donor/donor; few that operate jointly with government. Some donors might prioritise more rigorously, withdrawing from some sectors and focusing where they have a greater comparative advantage. More attention could be given to joint work, possibly requiring some harmonization of procedures, and division of labour, making more efficient use of staff skills of the different donors. For instance Annex E shows that there are 10 donor representatives in the PRBS, meeting with Ministry of Finance officials, and this is a relatively small group compared with those for other themes or sectors.

CHAPTER 5

COMPARISON OF FOUR DONORS' APPROACHES IN TANZANIA

Comparison 1: Country strategies

The four donors have different ways to formulate their country strategies.

Denmark and Ireland each have single country strategy papers in English, discussed with local partners, and available on the Internet. In the case of Japan, the Ministry of Foreign Affairs prepares the country strategy. This has been discussed with the government, and a summary is being prepared in English for the Internet. JICA has an implementation programme document that is on the Internet in English. In the case of Finland, there is an internal document that sets out the overall framework for Finnish support for Tanzania, but Finland accepts the Tanzanian development strategy documents as its own strategy.

All country strategies are in broad alignment with PRSP and TAS.

Table 1, opposite, describes the four donors' country strategies for Tanzania. The country strategies were drafted at different times (some before the Tanzanian PRSP and TAS). Even so, all the country strategies are in broad alignment with PRSP and TAS. While broadly responding to Tanzania's needs in their country strategies, the four donors have each focused on certain priority sectors and cross-cutting issues that match their comparative advantages, and supported the Tanzanian government's anti-corruption strategy. Broad issues of governance underlie all the donors' country strategies.

Two donors have country-wide activities while two focus on specific areas.

Of the four donors, both Denmark and Japan have country-wide activities, though Denmark has some area concentration. While Denmark closed down its integrated rural development programmes some years ago, Finland and Ireland have retained the concept of area-based programmes, which provide them with a useful reality check on the national policy discussions. These area-based programmes are increasingly integrated into a sector approach.

There is convergence on the need for poverty reduction, but with a diversity of approaches.

Although there have been different trends for each donor, there has been some notable convergence. All four donors are clearly focusing on poverty reduction, and see good governance as supportive of this, but there is a diversity of approaches. Japan has raised the question about the extent to which the next iteration of Tanzania's poverty reduction strategy will address directly the issue of economic growth. Finland is also discussing how it might provide private sector support and employment creation. Ireland has been increasingly concerned with the institutional relationship with Tanzania, focusing on developing longer term commitments to the Tanzanian government and making greater use of basket funds and general budget support, which is a trend that Denmark is also strengthening. Finland and Ireland also have a direct approach to poverty reduction through their area-based programmes.

Table 1. Donors' Country Strategies for Tanzania

Aspects	Denmark	Finland	Ireland	Japan
1. Relationship with Tanzania.	1. There has been a close working relationship with Tanzania since Independence, and Denmark helped initiate the debate with Tanzania on aid relationships in 1996.	1. There has been a close working relationship with Tanzania since Independence, with good diplomatic relations at Presidential level.	1. Ireland's aid relations with Tanzania are relatively recent (1980s). Ireland's strategy is focused on partnership with the Tanzanian government and reducing poverty.	1. Japan's aid relations with Tanzania began immediately after Independence, and now Tanzania is the most significant partner (in ODA terms) in Africa.
2. Response to the TAS and PRSP.	2. Denmark's country strategy statement seeks to integrate Danish operations into Tanzania's own development programme. Denmark actively supported the PRSP, which is the starting point for the Danish strategy, with most components being aligned. The country strategy is a published document in English, and available on the Internet.	2. The Finnish country strategy is set out in an internal policy dialogue framework, including trade and political relations. Finland has actively supported the development of Tanzania's poverty strategy (PRSP & TAS), which is the basis for its own assistance. The policy dialogue framework is in English.	2. Ireland's country strategy statement is aligned to Tanzania's poverty strategy (PRSP & TAS). The country strategy is a published document in English, and available on the Internet.	2. Although the Ministry of Foreign Affairs' country strategy was drafted before the PRSP and TAS, Japan respects Tanzania's requests for aid. There is substantial alignment with the PRSP, but Japan gives more attention to economic growth. JICA's implementation programme, drafted based on the country strategy, has been annually updated. JICA's strategy is in English on the Internet; MoFA is preparing a summary in English for the Internet.
3. Priority sectors and cross-cutting issues, including support to anti-corruption activities.	3. Priority sectors are roads, health, agriculture, and business. Important cross-cutting issues are environment, gender and good governance, for which there are strong domestic lobbies in Denmark. There are specific anti-corruption activities in several sectors, and also activities integrated into most programmes through a focus on governance and transparency.	3. Priority development sectors are education, forestry, rural development, and good governance activities. Finland supports the Tanzanian anti-corruption programme with specific activities through the UNDP. Important cross-cutting issues are poverty reduction (pro-poor growth), environment, gender and civil society.	3. Ireland focuses on the social sectors and agriculture. Governance, HIV/AIDS, decentralization, and local government reform are important cross-cutting issues. Anti-corruption activities are integrated throughout its governance work.	3. Priority sectors are infrastructure, basic education and health, agriculture and forest conservation. Poverty reduction (including economic growth) is the main cross-cutting issue. JICA has started ethics training as part of its anti-corruption activities.
4. Priority regions, role of "area-based programmes", if applicable.	4. There is a concentration of Danish supported activity in Inga and Kagera, but Denmark has long closed down its integrated rural development programmes.	4. There is a concentration of Finnish supported activity in Southern Tanzania, Zanzibar and tropical forest areas, where there are area-based programmes, and are used as a reality check.	4. Four area-based programmes, increasingly linked to its local government activities, provide a reality check and feedback into sectoral policy discussions.	4. Japan's support for Tanzania is request-based, and tends to be country-wide, so there is no concentration on specific geographical areas.
5. Main trends in the country strategy.	5. Increased focus on poverty reduction, human rights, gender, good governance and host areas.	5. An increased focus on anti-corruption in policy dialogue, further thinking about private sector support and employment creation.	5. Long-term commitments with the Tanzanian government, with substantial funding through sector baskets or budget support.	5. Responsiveness to the Tanzanian government's requests, and to promote economic growth for the next generation of PRSP.

Comparison 2: Organisation and management

There are clear distinctions in mission composition.

In Table 2, opposite, the larger missions (Denmark and Japan) manage the larger programmes. The mission structures depend on the composition of activities. The personnel for Denmark and Ireland are mainly focused on development co-operation, while Finland's embassy staff deal with a mixture of issues. In the case of Japan, there is an important structural difference between the embassy and JICA: the former deals with a mixture of issues while JICA focuses on development co-operation, notably technical assistance.

Capacity for analysis also differs.

Given the importance of co-ordinating frameworks for government and donors in Tanzania, it is not surprising to find that all the development professionals are engaged in negotiations with other partners. There is a difference, however, in the capacity of the different missions for analytical work. The Danish mission undertakes its own analytical work, calling on headquarters and international consultants as necessary. The missions of Finland and Ireland are more constrained, requiring support from headquarters. The Irish mission makes a point of adapting the analyses of others (including the Tanzanian government's) rather than undertaking a specifically Irish analysis. In the Japanese case, JICA undertakes the analysis, drawing on local experts or headquarters as required.

The choice of approach differs, which influences other instruments, procurement and technical assistance...

Turning policy into operations also demonstrates a variety of instruments. The extent to which these instruments are used by each donor appears to depend on the prominence of programme or project approaches in the donor's portfolio. Budget support and programmes (such as basket funding in SWAs) are associated with a donor focus on policy dialogue with government and other donors; large projects in support of sector strategies are associated with grants and technical assistance; and local level projects are associated with participatory approaches. This mixture of instruments also appears to be related to the extent to which procurement has been untied and the way that technical assistance is recruited and used.

but does not influence decentralization...

Autonomy of the local mission does not follow the same pattern. Ireland's mission, heavily engaged in sector discussions, refers many spending decisions for approval to headquarters. This is similar to Japan's mission, primarily concerned with large projects, where decisions remain in the hands of Tokyo. Denmark, however, which deals with a mixture of large projects and programmes, has made major efforts to decentralize its decision making, which has highlighted the need to rethink the role of the headquarters in a decentralized system. The comparison of the donors also raises questions about the factors behind the decision to decentralize and the relationship with staff numbers in the field.

nor staffing numbers.

Staff to ODA ratio does not appear to be related to a project or programme approach. Ireland requires about five professionals in-country for each USD 10 million to manage its country programme through basket funding approaches, while Japan requires about four professionals for the same amount of ODA managed mainly through projects (excluding debt relief, which does not require country-level capacity), though contractors also play an important role in project management in the Japanese system. For the same amount of ODA in their mixed programmes, the missions of Denmark and Finland use only two to three professionals, and support may be drawn from headquarters as necessary.

Table 2: Donors' Organisation and Management

Aspects	Denmark	Finland	Ireland	Japan
1. Staff composition.	1. In the Danish embassy, there are twelve Danish civil servants (half generalists and half technical specialists) and five Tanzanian professionals. All are focused on development work.	1. Four Finnish diplomats and one Tanzanian professional in the embassy work on development, political relations, trade and administration. About 60% of time is on development co-operation activities.	1. In the Irish Embassy and IrelandAid office there are two Irish diplomats, two Irish technical specialists on contract, two Irish regional advisers, and four Tanzanian professionals. All are focused on development work.	1. The Japanese embassy has five diplomats (out of 17) working on development. The JICA mission has 15 Japanese and six Tanzanian professionals.
2. Capacity for analysis and negotiation.	2. All the personnel, including the ambassador and financial controller, are engaged in analysis and negotiations. The embassy calls in further support from Copenhagen or local expertise as necessary.	2. The personnel in the embassy focus on dialogue, negotiations and diplomacy (<i>e.g.</i> on Zanzibar). Further support is needed from Helsinki for analysis and research.	2. The Irish mission aims to adapt the analyses of other agencies and to focus on negotiations with others. Irish experts can be called from Dublin for specialist reviews.	2. The Japanese embassy and JICA carry out their own situation analyses, and staff attend sectoral negotiations. Japanese experts can be called from Tokyo for specialist reviews or local/foreign resources for sector analysis can be utilized.
3. Linking policy to implementation.	3. Denmark implements its policy by focusing on the dialogue with the government and other donors, especially in sectors, and by using sector implementation as a reality check.	3. Finland promotes its policy at different levels of government. At the national level, it focuses on policy dialogue on reforms; at local level, it focuses on participatory approaches to facilitate implementation.	3. For Ireland, the policy of promoting ownership underscores the use of basket-funding mechanisms and the use of Tanzanian systems.	3. Japan uses mainly grants and technical assistance. There is debt relief for past loans, of which part was allocated as budget support for the PRSP.
4. Approach to procurement and technical assistance/capacity building.	4. Denmark's procurement can take one of two channels. Basket-funded activities use the Tanzanian government system; the embassy uses the UK Crown Agents for projects. Danish technical assistants work on short-term tasks and on long-term capacity building.	4. There is a move towards international tendering in line with the objective of unifying aid. Finnish technical assistants facilitate local ownership at various levels through participatory methods.	4. All procurement has been untied in Tanzania as the programme is mainly through sector basket funds and budget support. There are no Irish technical assistants. Two TAs supported by Ireland were recruited by an untied process.	4. Procurement for major projects is tied and managed in Tokyo; for small projects, procurement is managed by JICA locally. JICA also provides technical assistance, sharing Japanese experience, which is basically tied to Japanese resources. However, local resources are also encouraged to be utilized more.
5. Programme concentration, decentralization, monitoring and evaluation.	5. Conscious efforts to focus Danish programmes to increase efficiency and effectiveness. Complete decentralization of authority to the embassy by September 2003. Monitoring and evaluation are local responsibilities.	5. Concentrates on three sectors per country. Multi-donor programmes to increase efficiency and effectiveness. Local mission lacks autonomy for many important decisions and formalities. Monitoring is local, but evaluations by HQ. Partners participate in both.	5. Concentration on basket funding mechanisms is expected to increase efficiency and effectiveness. Local mission lacks autonomy for many important decisions and refers to Dublin. Monitoring is undertaken locally, but evaluations are by HQ.	5. JICA is making efforts towards programme concentration. Grant/TA split is a constraint overall. Local mission lacks autonomy for many important decisions and refers to Tokyo. JICA undertakes monitoring locally, but HQ organizes evaluations.
6. Main trends.	6. Increased focus on results and decentralization.	6. Increased decentralization, though power remains in HQ.	6. Increased programme concentration and management review.	6. Improved co-ordination, additional staff postings, and JICA status change.

Comparison 3: Donors' partnerships and Tanzanian ownership

There is clear support for partnership but the details differ.

Table 3, opposite, shows that all four donors have a clear belief in partnership approaches. Nonetheless there are some obvious distinctions in their approaches to partnership.

Ownership underlies the country strategy.

Ownership is an explicit fundamental theme in the country strategy documents produced by Denmark and Ireland. The concept is implicit in Japan's responsiveness to Tanzania's requests and in Finland's participatory approach at national and local levels.

Programming is done in partnership.

Programming activities are carried out in consultation with local partners by all the donors, within the framework set out by the Tanzanian government's own strategy documents.

Co-ordination arrangements and efforts towards donor harmonization are important.

All four donors participate actively in the strong co-ordination arrangements in Tanzania, involving a local DAC and various SWAps. This is the case whatever the form of support a donor might give to SWAps. These arrangements are the basis for efforts at donor harmonization, where the local DAC takes up some of the issues set out by the OECD DAC. Capacity for leadership in these co-ordination arrangements is more constrained for smaller donors such as Finland and Ireland than for larger ones such as Denmark and Japan.

Promotion of ownership does not imply basket funding and budget support for all donors.

The most striking distinction between the donors is the difference in the support for basket-funding arrangements and budget support. Ireland has 80% of its funding in such arrangements, whether SWAp or budget support, while Japan remains the most cautious about these approaches. Denmark and Finland are located in the middle ground on this issue.

There are also differences in the emphasis on the government or the country as the main partner...

Donors also differ in their emphasis accorded to the Tanzanian government as a partner. For Ireland and Japan, the government, at national and local levels, is clearly the primary partner. Emphasis is given by Ireland to supporting the district government reform, building local government capacity, including regional secretariats. Finland gives emphasis to working directly with communities through its participatory approach. Denmark works with all the relevant country partners at different levels, including the local private sector.

and in the engagement in capacity building with civil society.

There is also capacity building with civil society, though the emphasis on this aspect differs between the donors. Denmark and Finland make their relationship with civil society and the local private sector a fundamental part of their approach to promoting country ownership. For Japan and Ireland these relationships are secondary to the relationship with the government. All four donors make use of local knowledge gained from working with civil society and from communities to inform their policy dialogue with government.

Table 3. How Donors' Partnership Approaches facilitate Tanzanian Ownership

Aspects	Denmark	Finland	Ireland	Japan
1. Ownership and partnership approach.	1. Ownership is a fundamental theme of the country strategy, with a major goal of integrating into Tanzanian systems. There are structured partnerships with the government, a country forum with NGOs, and capacity building with NGOs and private sector.	1. Finland promotes ownership at national and local levels with government, communities and NGOs. Government is the main partner, but Finland is looking to support capacity building for the private sector and civil society.	1. Ownership is a fundamental theme of the country strategy, with a major goal of integrating into Tanzanian systems. Government is the main partner, at national, regional and district levels. Ireland also creates links with donors and undertakes capacity building with local NGOs.	1. Japan responds to Tanzanian requests. Government is the main partner at national, regional and municipal levels. Japan also has some partnerships with Tanzanian academic institutions, NGOs and communities, mostly via "grassroots grant aid."
2. Programming framework.	2. Programming of activities is done by the local mission in conjunction with local partners. Larger funding activities are authorised by HQ. All programming in English.	2. The national frameworks of TAS and PRSP as well as Finnish development strategies are used as the basis for programming by Finland.	2. The national frameworks of TAS and PRSP are used as the basis for programming by Ireland. The local mission consults the government on the timing of the release of funds.	2. The country strategy is a guide to programming, but decisions also take account of demands and opportunities. JICA has its own programming document within the framework of the government of Japan's strategy.
3. Participation and leadership in co-ordination activities and policy dialogue.	3. Participates in local DAC and makes extensive use of SWAps (health, roads, agriculture, business, environment, budget support, institutional reforms and legal sector). In these, Denmark shows its strong sense of its mission, and is ready to take prominent positions.	3. Participates in the local DAC and in the EC and Nordic discussions. Also participates in Education SWAp, forestry and other sectoral dialogues and PRBS. Staff constraints apart from forestry sector limit leadership roles, but Finland chaired the sub-group on governance in the local DAC.	3. Participates in the local DAC, is a member of TAS Secretariat and is an active member of groups for budget support and the health, education and LGRP SWAps. Ireland aims to be an active team member, and is ready to take leadership roles in specific niches.	3. Participates in the local DAC, and is very active in policy discussions about Zanzibar. An active participant in discussions of several SWAps, and facilitates the co-ordination of the donor working group in the agriculture sector. In policy dialogue promotes economic growth in the PRSP.
4. Views of basket funding.	4. Concerned to ensure that Tanzania can take the lead and implement sector reforms. Gives support to sector basket funds and budget support, which form 25% of all funding.	4. Concerned with the need for strong anti-corruption measures. Finland participates in basket funds in the education sector, legal sector, local government reform, and Zanzibar Muafaka process.	4. Lessons from area based programmes are used in the policy dialogue, as Ireland sets out long term commitments for its basket funding and budget support, which form over 80% of all funding.	4. Cautious about basket-funding, but has used debt relief in support of the budget. Japan is questioning all partners about sustainability and exit strategy in basket arrangements.
5. Policy coherence and donor harmonization.	5. Working on all issues of donor harmonization, and takes the issue of policy coherence seriously.	5. Discussing harmonization in EC, the Nordic group, and the local DAC. The Finnish structure helps with coherence issues around trade and foreign policy.	5. Funding approach fully accepts the needs for common reporting, procurement, "quiet periods" etc. Takes the issue of policy coherence seriously in the EU context; there is little Irish trade or political history.	5. Takes part in discussions on harmonization in consideration of emerging aid co-ordination issues in Tanzania such as SWAps, PRSP etc. There is very little Japanese trade; there are no perceived issues of policy incoherence in Tanzania.
6. Main trends in partnership.	6. Decentralization, longer term commitments, use of English, and pragmatic use of TAS.	6. Identifying deficits in partnership with private sector and civil society.	6. Shift from projects to programmes to promote partnership with government and communities.	6. Intense focus on lesson learning from Tanzanian experience about co-ordination within sector programmes.

Comparison 4: Observations of operational activities

The operational observations confirm many of the points in tables 1 to 3.

Table 4, opposite, sets out the review team's key observations of the donors' operations in the field. Some of these confirmed the documentary evidence collected and the interviews with field staff, but there are some important considerations for further development.

There are professional appraisal systems

All four donors have professional appraisal systems. There are differences in the extent to which the donors make use of their own or local experts, the degree of discussion with partners, and the role of the Tanzanian government in the approval of activities. These differences are linked to the emphasis each donor gives to projects or sector programmes.

but there are differences in the extent to which the donors are results-oriented.

There are challenges for all donors to develop results-oriented systems, which would help to demonstrate aid effectiveness. JICA has a results based system and Denmark's is under construction. Ireland accepts the Tanzanian government's own results system. The emphasis in these systems is generally to track outputs or process, rather than longer-term results, outcomes or impact.

The programmes aim to reduce poverty, and to link with local systems...

All the programmes demonstrate links to the PRSP and other Tanzanian framework documents, and respond to local needs. There is also evidence in each of co-ordination with local administrative structures.

but donors require further development of the PRSP to show aid effectiveness clearly.

For all donors, it is a challenge to show clear evidence of aid effectiveness, impact, and sustainability. For some of the donors, the PRSP process is expected, eventually, to provide evidence of their contribution to the MDGs, though the system is still undeveloped. Denmark is helping Tanzania to construct a results-oriented tracking system for the PRSP. They lack such long-term evidence, but all the donors can point to short-term evidence of effectiveness and impact.

It is not clear that differences in efficiency are related to programme or project emphasis.

In the Japanese mission in Tanzania, the ratio of professional staff to disbursements is about four professionals to USD 10 million of aid, exclusive of debt relief (which is managed in Tokyo). This aid is delivered mainly through projects (see also Annex D, Table D-1). In the case of Ireland, about five professionals in Tanzania deliver the same amount of aid, including a substantial amount through basket-funding. In the Danish mission, 2.5 professionals deliver the same amount of aid, through a mixture of programmes and projects, tightly focused on relatively few sectors; however, the Danish mission considers it is understaffed. Finland requires about three professionals to deliver USD 10 million of ODA funds, taking account of the mixture of non-development activities the Finnish embassy has to manage. Comparison of donor field mission numbers also has to take into account the source of expertise for SWAps, budget support, infrastructure projects, area-based programmes, and capacity building, such as support from headquarters or a regional office.

Table 4. Observations of Donors' Operations

Aspects	Denmark	Finland	Ireland	Japan
1. Appraisal system and results focus.	1. The appraisal of activities except for sector programmes is now led by the field mission with participation by all partners. This will be tracked by a multi-layered results focused management system under construction.	1. Appraisal is undertaken by the ministry and consultants; approval of the work plan and financial reports is by the partner Ministry and Finnish representatives. The work plan specifies outputs.	1. Appraisals of programmes are in collaboration with other partners, and Ireland makes use of others' analyses. Targets are built into sector basket and budget support, where the debate about results is ongoing.	1. The appraisal system mainly relies on Japanese experts, for reasons of language and procedures, though local experts are increasingly hired. JICA has a results-oriented system.
2. Programme or project focus.	2. There is a major focus on programmes, where Denmark is entering into second or third phases. There are small projects in pilot areas of interest to the Danish Government, and there remain some large projects.	2. Finland uses a mixture of projects, sector programme aid, and has just started budget support.	2. Ireland is programme focused but there remain the area-based projects as a reality check.	2. There is a major focus on projects, some movement towards aligning projects with sector strategies, and some innovative programmes (school mapping and poverty monitoring).
3. Reference to MDGs, relevance to local needs, and links to local administration.	3. Currently, there is little specific reference to the MDGs, which will be tracked through the PRSP. Denmark is assisting the Government to develop the PRSP results tracking system, and will then use this for its own results reporting. The programme is needs-driven, and there is constant effort to integrate into the local administration. Operational changes are negotiated flexibly.	3. The relation of the programme to the MDGs and PRSP is not always stated formally. Participatory needs assessment is at local levels, and great efforts are made to make links to local, district and national administration.	3. The programme is linked to local needs as shown in the PRSP, with reference to the MDGs. The area based programmes work through the district administration and communities.	3. Japan generally responds to the needs of the Tanzanian government. In Tanzania, most MDG indicators overlap with those of the PRSP, and therefore Japanese assistance aimed at PRSP goals are meant to meet the MDGs. These may go beyond the PRSP (to promote economic growth) and Japan has strongly supported poverty monitoring. There is co-ordination with local administration in design and implementation of the health project and other projects. Some officials receive training in Japan.
4. Efficiency, effectiveness, sustainability and impact.	4. Denmark's modest staff manages a relatively large programme. Results orientation and decentralized organisation helps effectiveness. Long-term sustainability is considered at programme design, hence the efforts to integrate into Tanzanian systems. Impacts in basket funding are of a process nature.	4. Finland has a small staff and a relatively small programme. Effectiveness is sought through an emphasis on participatory approaches. Long-term sustainability relies on efforts to integrate the Finnish programme into Tanzanian systems. Micro level impacts in area-based programmes.	4. Increased reliance on basket funding in an effort to promote ownership, increase efficiency and effectiveness of its small staff, and improve sustainability. It also aims, and succeeds, to be an agile and flexible donor. Micro level impacts in area based programmes. Impacts in basket funding are of a process nature.	4. Japan has a small staff working on development relative to the size of the programme. Japan's approach to effectiveness emphasises technical excellence and the reliability of aid funding. The promotion of economic growth is a means to achieve sustainability. There is a focus on tracking short-term outputs.

CHAPTER 6

STRENGTHS AND WEAKNESSES OF FOUR DONORS

The joint assessment considered how partnerships promoted Tanzanian ownership.

In reviewing the four donors, the joint assessment considered how the donors put their partnership approach into practice and how this promoted Tanzanian ownership of the development process. In summary, the joint assessment found that, while all the donors share the general perspective on the desirability of the partnership approach, they all have particular strengths that add value to development co-operation efforts of all donors in Tanzania. (See Box 6 for a note on the joint assessment method, and also the more detailed Annex C on Methods.)

There was a specific method of assessment.

Box 6. Joint Assessment Method

Annex C provides a detailed note on the joint assessment methodology used in Tanzania. Annex D Tables D-1 and D- 2 set out basic DAC data on donor programmes and data on Tanzania. The joint assessment team recorded its observations, based on documents and a wide range of interviews, against four major aspects of the aid relationship, namely country strategies, organisation and management, ownership and partnership, and operational observations. These observations have been set out in Tables 1 to 4 above. These observations provide the basis for the team's assessment of strengths and challenges.

Donor strategies are aligned with Tanzanian government strategy.

6.1. Strengths

Table 5 shows that all the donors' country strategies are generally aligned with the Tanzanian government's strategy papers (PRSP and TAS), and have been discussed with local partners. This shows the donors' commitment at policy level to put Tanzania "in the driving seat." Early availability of country strategies in English for the Tanzanian public and on the Internet seems to the review team a "best practice."

There is evidence of donor commitment to ownership...

All the donors are clearly committed to a partnership approach that promotes ownership. This is either stated in the country strategy documents (Denmark and Ireland) and/or is inherent in the way the donor carries out its business (Finland's participatory approach and Japan's responsiveness to Tanzanian requests). All the donors are engaged in capacity building activities of various kinds.

with a diversity of organisation.

While all the donors differ in the organisation and management of their local missions, these are all professionally staffed, with a mixture of local and international personnel, with the requisite skills enabling them to fulfil their commitments in the country strategy.

Donors' operations reveal some distinctive strengths.

All the donors are concerned to learn from their experiences.

Denmark is trying to integrate all its activities into Tanzanian systems while setting up a results oriented system for the Danish system globally, and helping Tanzania to establish the PRSP results monitoring system. Finland has a distinctively participatory approach that will be adopted as the Tanzanian standard. Ireland's emphasis on funding through Tanzanian systems allows it to respond rapidly to Tanzanian needs. Japan is a substantial and reliable partner, making major efforts in Tanzania to experiment with its approach. All the donors show a desire to learn from their experiences. Finland and Ireland have retained area-based programmes, which provide them with a reality check on policy discussions. Denmark and Japan use their participation in sector programmes for monitoring progress.

6.2. Weaknesses

Donors face challenges in integrating their strategies with Tanzanian policy.

Table 6 shows the weaknesses of the four donors in these same aspects of the aid relationship. In formulating the country strategies, the donors sometimes find it difficult to integrate their vision of development into Tanzania's own vision. This comes out in different ways. Despite the attempts to align donor strategies with the PRSP and TAS, the link is not always evident. This may be because of deficiencies in discussing the donor's country strategy with local partners. The availability of a single strategy document in English for discussion is helpful for transparency and monitoring. Even where there is some success with integration, there are always temptations to promote donor interests or to respond to political pressures back in capitals.

Partnership approaches could be broader and more effective...

especially if the aim is to build better governance.

All the donors attempt to promote ownership, but there are several constraints on effective partnership. Some donors, notably Ireland and Japan, are mainly partnering the central and local government system and may have given insufficient attention to strategic alliances with civil society and the local private sector. They risk increasing the central power of the state at the potential expense of democratic countervailing powers. The Danish and Finnish approaches are broader but could be more effective in the way they interact with other partners. Not enough attention has been given to encouraging local civil society's own dialogue with government. At best, the donors' approach to partnering civil society and the private sector means that the donors learn from their local contacts to inform their own donor dialogue with government. At worst, the approach substitutes donor dialogue with government for democratic participation in governance. All donors need to consider how to build civil society capacity for dialogue not just the management capacity of the government.

Decision-making autonomy in the local mission is constrained by organisational factors.

Effective partnerships depend, to some extent, on the local mission having a level of decision-making autonomy that is currently lacking among most of the donors reviewed. Finland, Ireland, and Japan all refer back to their capital for many decisions, and Denmark has faced difficulties in completing its decentralization process. This organisational reform is hampered among donors by reliance on centralized procedures, lack of analytical capacity in the mission, understaffing, and a lack of clear responsibility between different entities in the donor system. All four donors suffer from variations of these constraints.

Tanzania

Donors are struggling to respond to the requirements of donor coordination arrangements.

The assessment team's observations of the donors' operations confirm that all the donors are struggling to respond to the requirements of the Tanzanian aid system and donor co-ordination arrangements. These arrangements have increased transactions costs for donors, while a reduction in the costs for Tanzanian officials is not immediately apparent. There remain difficulties with harmonization of procedures, adequate attention to longer-term results and sustainability. There is also an ongoing discussion (both within and between donors) about the appropriate mix of projects and sector programmes, and the extent to which these need to be supported by budget support and sector baskets.

Table 5. Comparing Donor Strengths in Tanzania

Aspects	Denmark	Finland	Ireland	Japan
1. Country strategy	<p>1. Denmark's country strategy is clearly co-ordinated with local partners, and linked to the PRSP and TAS documents. Publication in English to be widely available in Tanzania is an advantage for partners.</p>	<p>1. In its policy dialogue, Finland uses Tanzania's strategy documents as the basis for programming. The links between development, trade and political relations are important for Finland's co-operation.</p>	<p>1. Ireland's country strategy is aligned to the PRSP and TAS. Publication in English to be widely available in Tanzania is an advantage for partners. Ireland aims to add value to the poverty reduction process.</p>	<p>1. ODA volume makes Japan a very significant partner for Tanzania. The country strategy is generally in line with the PRSP, and Vision document. Japan adds important extra dimensions through its regional perspective and by strongly promoting economic growth.</p>
2. Organisation and management	<p>2. Denmark has a compact, professional and empowered local mission with capacity to take a prominent role in analysis, policy dialogue and sector negotiations.</p>	<p>2. Finland has committed professional staff in the mission and in field activities, facilitating implementation by partners.</p>	<p>2. Ireland has a compact and professional local mission, and puts emphasis on partnership and negotiation skills.</p>	<p>2. Hard-working and disciplined staff committed to excellence. Japan has posted extra staff to ensure the most effective lesson-learning from donor co-ordination in Tanzania.</p>
3. Promoting ownership through partnership approach	<p>3. Tanzanian ownership is the starting point for Danish approach, and this is made operational at all levels. Denmark's local mission has also sought to ensure that its HQ also accepts Tanzanian systems and realities. There is a strong emphasis on local capacity building to support local ownership.</p>	<p>3. Finland gives strong strategic support to ownership at local and regional levels. There is a strong emphasis on local capacity building to support local ownership.</p>	<p>3. Support for ownership underlies Ireland's strong support for basket funding, budget support, and harmonization of donor procedures. There is an emphasis on capacity building at all levels of government.</p>	<p>3. Japan is highly responsive to Tanzanian requests and has open, frank, and honest relations with the government. An important emphasis on capacity building in different sectors and in local government.</p>
4. Operations	<p>4. Denmark is making efforts to integrate all its activities into the Tanzanian systems. It is also trying to implement many of the DAC good practices and guidelines, and to construct an effective results oriented management system.</p>	<p>4. Finland promotes the sharing of information with others at all levels, and its participatory approach to development at the micro level has become the Tanzanian standard. Area based programmes are reality checks to inform policy discussions (e.g. in the education SWAp).</p>	<p>4. IrelandAid is able to respond quickly to the Tanzanian government's needs. Although over 80% of funding is in sector baskets and budget support, the area based programmes are reality checks to inform policy discussions in the SWAps and budget support.</p>	<p>4. Earns credit from its major efforts to participate effectively in all the Tanzanian aid co-ordination mechanisms and sector approaches, and to learn from the experience. Japan has effectively handled the co-ordinator's role in agriculture. Japan's follow-up of its commitments and reliability of funding is much appreciated by the government.</p>
5. In summary	<p>5. Regarded as an efficient and effective mission implementing sustainable approaches.</p>	<p>5. Regarded as a flexible donor and experienced partner with a highly participatory approach.</p>	<p>5. Regarded by partners as an agile and flexible donor, and able to leverage others' funds in support.</p>	<p>5. Substantial donor respected for its determination to follow through on its commitments.</p>

Table 6. Comparing the Weaknesses of Four Donors in Tanzania

Aspects	Denmark	Finland	Ireland	Japan
1. Country strategy	1. In responding to the Tanzanian vision of development, Denmark also needs to maintain the integrity of its own corporate vision in Partnership 2000. It sometimes has difficulty avoiding the temptation to promote Danish interests not aligned to the PRSP and TAS.	1. The lack of a single, easily accessible statement in English of country strategy inhibits dialogue with Tanzania. It is also difficult to see a formal link between the area-based programmes and the PRSP.	1. The resource situation is more constrained than envisaged. The high reliance on budget support and basket funding requires a focus on managing the political dimensions and risks in Dublin.	1. Duration of the present country strategy is not clear. Better integration into the PRSP and TAS requires more effective discussion with partners. Need for clearer statements on non-governmental actors and cross-cutting issues.
2. Organisation and management	2. Decentralization of responsibility to the embassy has been challenging, with few professional development staff. There is a need to define better the respective roles of the HQ and the field over time. The multilayered system of monitoring and evaluation also needs to be made simpler and more convincing.	2. Effective co-ordination with partners is undermined by centralized structures, unclear division of decision-making responsibility between HQ and the mission, and the understaffing of the mission. Some activities could be strengthened by increased linkage of field expertise with international experience.	2. Sustaining the Irish commitment to ownership and co-ordination will be increasingly hindered by the centralization of major decisions in Dublin. Giving further autonomy to the field mission is constrained by the need to deepen analytical capacity in key areas.	2. Effective co-ordination with partners constrained by centralized structures, the organisational split between JICA and the embassy, lack of decision-making authority in the mission, and the mission's relative understaffing. Response to government requests can also hinder programme concentration.
3. Promoting ownership through partnership approach	3. Tanzanian capacity to follow through often hinders the effectiveness of Danish partnership. In improving the effectiveness of its partnerships, the challenge for Denmark is not to go too far ahead of local capacities to manage.	3. Promoting Tanzanian ownership is hindered by different Finnish processes for interacting with government and civil society. More effective sharing of the country strategy at all levels, broader strategic partnerships, and more effective participation in donor co-ordination would also help promote ownership.	3. Approach to promoting ownership tends to increase the centralized power of the state. More attention could be given to broader strategic alliances with non-governmental actors and the local private sector to promote democracy and for effective risk management.	3. More attention to broader strategic alliances with non-governmental actors and the local private sector. Improving capacity building requires support to different levels of government, less reliance on training courses in Japan and less use of Japanese procedures.
4. Operations	4. It has proved difficult for the Embassy to relinquish certain Danish procedures in favour of using Tanzanian systems (<i>e.g.</i> procurement, audit). This hinders achieving a greater emphasis on programme approaches, increasing budget support, and reducing projects.	4. Lack of clear Finnish policy regarding basket funding. Need better link of area-based approach with other levels. Some activities need to be assessed for potential impact and sustainability.	4. Efficiency could be improved by channelling further funds through the Tanzania mission in a concentrated way so as not to further extend the programme. HQ agreements with multilaterals for projects in Tanzania can also disrupt the country strategy.	4. Effectiveness could be improved by further integration of projects into sectors. Better integration would help increase the systematic use of Tanzanian systems, further implement aid untying, and enhance the appraisal process for capacity building and sustainability.

CHAPTER 7

OBSERVATIONS ON FOUR DONORS IN TANZANIA

- 7.1. Country strategies**
- 7.1.1. Donors seek to align their country strategies with the partner government's own development strategy, where feasible. (Japan is encouraged to bring some projects into line with the development strategy.)
- 7.1.2. Donors could make their country strategies more results-oriented so that outputs and outcomes can be monitored and assessed more easily, taking account of any local results framework. (Denmark is helping to establish a results framework that all donors in Tanzania might wish to consider).
- 7.1.3. Donors could complement the analysis underlying the partner country's development strategy, rather than undertaking their own analysis. (Denmark and Ireland are encouraged to look at this issue in the next iteration of their strategies.)
- 7.1.4. Donors could review the size and number of their activities, focusing carefully on their comparative advantage, with a review to reducing the burden on the partner country. (Finland is encouraged to reduce the breadth of its sector coverage. Ireland is encouraged to consider deepening existing programmes, rather than launching new country programmes.)
- 7.1.5. Donors could discuss their proposed country strategy with a broad range of stakeholders in the partner country. (Ireland and Japan are encouraged to broaden their discussion of country strategies.)
- 7.1.6. Donors could publish their country strategy paper in an appropriate international language (English, French, Portuguese or Spanish) so that it can provide a basis for monitoring progress. (Finland should provide a country strategy paper and make it available in English in Tanzania.)
- 7.2. Organization and management in the country mission**
- 7.2.1. Donors' country offices should be provided with the capacity to engage in country level dialogue, to harmonize policy and procedures with other partners including the partner government, and to take appropriate decisions at the country level. "Capacity" includes sufficient numbers of staff and an appropriate mix of skills. (Denmark is encouraged to increase the number of staff in its Tanzania mission to engage more effectively in dialogue. Finland is encouraged to look both at staff numbers and the skill mix.)

Tanzania

7.2.2. Donors need to consider the best means of decentralization to the country level to suit their overall organization. Effective decentralization includes clearly delegated authority for country offices to make decisions on a range of issues relating to country strategy, programming and operations, financial management and administrative procedures. (Finland, Ireland and Japan should consider the scope for further decentralization in their systems.)

7.2.3. Donors should consider their staffing needs in relation to the availability of skills in the country, including with other partners. Currently, there appears to be many generalist economists among the donors, probably more than is necessary for dialogue with the ministry of finance. (All donors might consider within the local DAC the extent to which they could delegate responsibility for economic and other matters to partners.)

7.3 Partnership and Ownership

7.3.1. Promoting country ownership means more than being responsive to the requests of the government. (Japan should look again at the DAC principles of partnership in Annex C.)

7.3.2. Donors should seek to avoid the risk of increasing the centralizing tendencies of the Tanzanian bureaucracy, which may result from working mainly through government systems. (Ireland is encouraged to expand its dialogue with civil society and communities in the context of its sector approaches.)

7.3.3. Partnership includes engaging the government of the partner country in dialogue on key points in the partner's development strategy and the donor's country strategy. (Finland and Ireland should consider being more transparent in the raising of issues that concern them.)

7.3.4. The local DAC is a useful forum for partner dialogue. (All bilateral donors should consider electing one of their staff members as one of the co-chairs to represent their bilateral interests.)

7.3.5. Partner donors need to agree on their understandings of diverse issues such as the scope and limits of flexibility, formalising commitments, predictability of aid flows, and areas for legitimate dialogue. (DAC donors should establish a code of conduct on such issues, as advice for co-ordinating donors.)

7.4 Operations

7.4.1. Operational activities should also reflect the policy commitment of all donors to promote country ownership. (Japan should consider whether more procurement activities might be channelled through local mechanisms to ensure untying, rather than referring back to JBIC systems in Tokyo. Denmark and Finland should reconsider their entitlement to send in teams to audit the use of "their" funds, rather than using the government's own auditing machinery or working collaboration with other partners on auditing issues.)

- 7.4.2. More emphasis is needed on harmonization of administrative procedures at the country level. This will greatly help with the reduction of transactions costs for the government in managing development activities. (DAC donors might commission a study of this issue by the Independent Monitoring Group.)
- 7.4.3. There is no consensus among donors that harmonization necessarily implies a general move to budget support, while recognizing the government's expressed preference for that means of funding. (All donors should come to a consensus about the usefulness of a diversity of approaches.)
- 7.4.4. For those donors using budget support, there should be agreement on the rules for its most effective operation, including triggers for fund releases, sanctions etc. (Ireland should raise this issue with the other donors in the PRBS.)
- 7.4.5. The weakness in capacity at the regional, district, and local community levels undermines the impact of local government reforms, including major efforts at fiscal decentralization. Much more attention should be given by donors to capacity building at these levels. (Finland and Ireland should consider how the experiences of their area-based programmes might be shared with other partners.)
- 7.4.6. More attention should be given by all donors to joint work. There is scope in Tanzania for joint sector analysis, capacity building, monitoring and evaluation. (All donors should consider the potential scope of this work in specific sectors.)

CHAPTER 8

FINDINGS AND LESSONS LEARNED FOR DAC DONORS

What have we learned...

Following from this exploration of the challenges for all donors, and the analysis of performance of the four reviewed donors, what lessons have we learned about the questions posed during the Joint Country Assessment?

- about donor strategies and policy dialogue?

1. *Do the Tanzanian and donor strategies provide a good basis for policy dialogue between partners?* Is there a need to be more consistent regarding the objective of reducing poverty – by attending to economic growth, sustainability, and policy coherence? How do donors balance the need to respond to government requests and align with government strategies with recognition of the need to take up issues raised by international experience or civil society in Tanzania?

- about needed organisational changes?

2. *What further changes in organisation and management are required to address the challenges posed by the Tanzanian aid management arrangements?* How might donors take up the challenges of assessing longer-term development results, improving co-ordination efforts, and developing effective risk management strategies? Does the organisation and management of the local mission reflect the needs of the situation or the broader institutional and policy requirements of the donor?

- about partnerships and ownership?

3. *How do donors' partnerships promote ownership?* What are the good examples of partnership approaches that promote ownership? Whose ownership is being promoted? Does the speed of adaptation of donors to Tanzanian systems relate to the policy commitment of the donor set out in the country strategy? Or to the overall ODA volume of the donor? Or to decentralized organisation? Or to the length of the relationship with Tanzania and trust?

- about operations?

4. *What do donor operations reveal about their partnerships?* Is there attention to the means for implementing partnership? How do donors integrate their appraisal systems and results-based approaches with that of the government? Is there integration into local systems and institutions at different levels?

Development situation in Tanzania

8.1 *Government and donors have made considerable efforts at harmonization and building ownership over the last decade*

- 8.1.1. Over the last decade, the building of country ownership in Tanzania for the purpose of reducing poverty has led to a dynamic process of interaction between donors and government.
- 8.1.2. The process of building ownership in Tanzania through increasing co-ordination and harmonization, following the crisis of trust in the mid-1990s, yields lessons for other country situations.
- 8.1.3. These efforts started at the level of the national government. They are now being extended to the districts, and incorporate the private sector and civil society. This sequence recognises the lack of capacity in the Tanzanian systems.
- 8.1.4. Co-ordination has led to many donor-donor mechanisms, and the needs of capacity building increasingly require efforts to create joint co-ordination mechanisms.

Country strategies

8.2 *The government has defined the policy vision, shared by donors.*

- 8.2.1. Tanzania's own policy framework, openly discussed with donors, has established a shared vision for donors and the Tanzanian government, including indicators of "ownership."
- 8.2.2. There has been progress in aligning donors' country strategies with this vision. This comes from the convergence of all donors on the aim of reducing poverty.

8.3 *There are diverse approaches to realising this vision among the donors.*

- 8.3.1. Country strategies reveal that a diversity of implementation approaches among donors is important for producing tangible results in the short term and for managing risks.
- 8.3.2. While the government has a stated preference for budget support, there is a willing acceptance of a diversity of implementation approaches that remain in line with national priorities.
- 8.3.3. For instance, the government sees the benefit of retaining basket-funding in the context of SWAps, and of project activities.
- 8.3.4. Donors' country strategies should be complementary with each other, so efforts have to be made in a partner country to promote synergies.

Country ownership

8.4 *To promote country ownership, donors' approaches to partnership need to go beyond policy dialogue with the government, and encourage the participation of civil society in the development process.*

- 8.4.1. Country ownership is a broader concept than just the national government administrative system, and encompasses regional and district government, civil society and the private sector. Ownership is promoted by a continuous process of engagement in dialogue which requires effective institutional arrangements promoting participation by all partners.
- 8.4.2. Donors' implementation practice often emphasises relations with a narrow group of capable officials in the key ministries. This does not help to broaden aid management capacity and can undermine good governance in the long term. Donors' partnerships, therefore, need to facilitate the broader definition of country ownership rather than focusing exclusively on relations with the national government.
- 8.4.3. Capacity building at different levels of government (including region and district) can be consistent with the promotion of better governance, and is a requirement of fiscal decentralization.
- 8.4.4. Donors need to give attention to the capacity (including skills) of their own staff to build effective partnerships.

Partnerships

8.5 *Complementary partnerships can avoid some of the risks that come from single approaches.*

- 8.5.1. Ownership and partnership, in practice, have different interpretations for different stakeholders. This is irrespective of the work at various levels to clarify meanings, whether the work of the DAC in Paris (see Box 1) or the government of Tanzania's TAS (see Box 4). These interpretations have implications for methods of working by different donors.
- 8.5.2. Donors emphasise the importance of different modalities and priorities. Support to local government reform helps the promotion of good governance, and helps promote local accountability by building capacity for financial management. Promoting participation by civil society and the private sector helps build capacity building in the area of democracy and human rights. The Poverty Reducing Budget Support helps the government to address poverty and offers the opportunity for a major impact.
- 8.5.3. On their own, these approaches involve certain risks such as promoting the bureaucratic centralizing tendencies of the Tanzanian State, or promoting unrepresentative lobby groups which lack accountability.

8.5.4. Donors need to work in a complementary way with their partners in order to avoid the risks that may arise from following their own individual priorities. Overall the donor community needs to promote a balanced approach to support ownership.

8.6 *The government's concern with "effective implementation" should stimulate donors to look at the implementation of the partnership approach.*

8.6.1. Donors' partnership arrangements and implementation practice should recognise the need for the government to be able to focus on its priority aim of managing the economy rather than just responding to donor demands.

8.6.2. It is not clear to what extent harmonization of donor approaches and alignment with the PRSP and TAS are mutually consistent and guarantee effectiveness.

8.6.3. The complementary nature of donors' programmes is another important dimension of development co-operation, but needs to be developed systematically to promote synergies.

8.6.4. There is an ongoing policy dialogue on issues such as strengthening economic growth, supporting the Tanzanian reform process, fighting corruption, demonstrating results, and managing risks.

8.6.5. There remain significant challenges for country level co-ordination: linking donors' HQ policy and field approaches; and integrating the multilateral and bilateral channels.

Organisation and management

8.7 *Donors have to adapt their systems to strong co-ordination arrangements, based on a Tanzanian concept of ownership of the development process.*

8.7.1. The Tanzanian government and donors have established a strong system of institutional arrangements for dialogue and co-ordination. Consequently, Tanzania is regarded by many donors as a crucible of new aid co-ordination arrangements, which set out a practice of country ownership and partnership.

8.7.2. Co-ordination takes place both among donors and between donors and government.

8.7.3. The four donors under review are all engaged with the process and actively seek to support and to learn from the experience.

8.7.4. There have been substantial organisation and management efforts by donors to ensure effective co-ordination, including field staff increases, management reviews, and decentralization.

8.7.5. For donors to take a prominent role in sector co-ordination may also have implications for the headquarters. This may involve changing procedures, greater flexibility, and providing institutional back-up.

Tanzania

8.8 *Efficiency and effectiveness of a country mission depends on several features.*

- 8.8.1. There was no clear link between efficiency and effectiveness of the country mission with the management of different aid instruments. Budget support, basket funding, large infrastructure projects, community projects, and technical assistance all require adequate donor staff resources. Some DAC members observe that basket funding approaches are just as staff-intensive as projects.
- 8.8.2. Debt relief is managed by the authorities in headquarters, so does not come into a calculation of efficiency of the country mission.
- 8.8.3. Decentralised decision-making, flexible use of local capacities and/or headquarters' expertise, integration into local systems and an adequately resourced country mission, may all have an impact on programme effectiveness.

Operations

8.9 *There are inherent dilemmas for country ownership in contexts of weak aid management capacity and governance.*

- 8.9.1. Donors seeking to support country ownership face a dilemma in the context of weak aid-management capacity in government.
- 8.9.2. Public sector reforms in the partner country are one part of the solution to capacity constraints, but donors also need to consider reinforcing their approach to good governance with credible anti-corruption strategies and broader strategic partnerships with civil society and the private sector.
- 8.9.3. Donors find that having access to grass-roots experience is important for informing their policy dialogue with government. There is a risk that donors may make instrumental use of their civil society and private sector contacts to inform their dialogue rather than building capacity of partners to strengthen democratic governance.

8.10 *There is a need for both donors and the government to reduce associated transactions costs of co-ordination.*

- 8.10.1. The co-ordination and dialogue arrangements have high transactions costs for both donors and government.
- 8.10.2. The co-ordination arrangements should ensure that the donors assume their share of the transactions costs in aid management.
- 8.10.3. All donors find they have to adapt the organisation of their local missions to cope with the burden of transactions costs generated by the co-ordination arrangements.
- 8.10.4. While accepting a diversity of implementation approaches, harmonization of donor practices could help reduce transactions costs for the partner country.
- 8.10.5. It is not clear that increased reliance on programme approaches and budget support reduces transaction costs for donors.
- 8.10.6. The government of Tanzania is promoting the concept of "quiet periods" as a means to contain transactions costs.

8.11. Donors should support the use of Tanzania's results system.

- 8.11.1. The Tanzanian government is constructing a results system to track collective results for the PRSP. This will offer an opportunity to donors to harmonize and consolidate their monitoring efforts, but it will take time to move from a focus on process to outcomes.
- 8.11.2. Tanzania's Independent Monitoring Group has played a useful role in monitoring the effectiveness of aid relationships and suggesting where improvements can be made.
- 8.11.3. It is more credible for donors to show their contribution to joint efforts rather than trying to attribute overall outcomes to their bilateral activities.

ANNEX A

TOR FOR THE JOINT ASSESSMENT IN TANZANIA (Submitted to the Tanzanian Government before the mission)

The OECD DAC requests the assistance of the Tanzanian authorities in conducting bilateral peer reviews of Denmark, Finland, Ireland and Japan, plus a joint assessment of these donors' efforts.

The **Development Assistance Committee of the OECD (OECD DAC)** conducts periodic reviews of DAC members to improve their individual and collective development efforts. The policies and efforts of individual members are critically examined by other members approximately once every four years. The DAC examines the programmes of five members annually in a series of peer reviews.

Peer Reviews consist of a series of investigations, including assessment of members' policy documents and DAC statistics, interviews with officials in capitals, discussions with other informed observers of development in the country (such as parliamentarians, civil society organisations, and academics) and field visits to partner countries. These country visits help the examiners to assess the implementation of major DAC policies, principles and concerns, and to review the operations and field management of the reviewed DAC member. Examiners come from other member countries, supported by the DAC Secretariat.

In 2001, the DAC undertook a **joint assessment** of three DAC Members in one of their partner countries (Mozambique). That joint assessment highlighted a number of common challenges for Members and for partner countries. At the subsequent meeting to discuss the findings, the DAC recommended that further opportunities be taken to conduct joint assessments. The DAC further recommended that consideration be given to examining a specific theme.

In 2003, the OECD DAC will review **Denmark, Finland, Ireland and Japan**. It is proposed to conduct the bilateral reviews and the joint assessment in **Tanzania**, an important partner country for all four bilateral donors. The **examining countries** for each of the four peer reviews are as follows: Luxembourg and Portugal (Denmark); Denmark and New Zealand (Finland); Belgium and Switzerland (Ireland), and the European Community and the United States (Japan). These countries will appoint examiners for both the joint country assessment and the capital visit.⁹ These examiners will be accompanied by officials from the DAC Secretariat. (The composition of each review team is shown in the attached page).

The **bilateral reviews** will involve the following activities:

1. Discussing with the Tanzanian authorities the performance of the four donors.
2. Discussing with bilateral, multilateral and non-governmental partners their views of these four donors.
3. Field visits to the projects and programmes supported by the four donors.

9. Normally, examining countries appoint an official from their aid agency or their delegate to the DAC as examiner. In the case of Finland, the Finnish authorities have requested that a Tanzanian observer join the review team as an observer in their delegation. New Zealand has opted not to send an examiner for the country visit.

The aim of the joint assessment is to understand the way in which the implementation of donors' partnership strategies contributes to country ownership. The overarching theme involves three specific sub-themes to facilitate the investigation in the field and the subsequent analysis of results, as follows:

4. Country ownership.
5. Donor co-ordination.
6. Donor capacity for implementing effective partnerships.

To investigate these themes in the joint assessment, the review team will discuss with different partners (including the Tanzanian government and the Independent Monitoring Group) the common challenges of development co-operation, and the efforts of donors to improve co-ordination.

The **co-ordinating donor** will finalise a visit programme, with the other country representatives, to accommodate these requirements.

Composition of the review teams

Review team for Denmark

Mr Alain de Muysers, DAC Delegate for Luxembourg (not available for Tanzania)
Mr Paulo Nascimento, DAC Delegate for Portugal (not available for Tanzania)
Mr James Hradsky, Principal Administrator, Peer Review and Effectiveness Division of DCD

Review team for Finland

Mr Peter Hertel-Rasmussen, DAC Delegate for Denmark
Mr Brian Wilson, DAC Delegate for New Zealand (not available for Tanzania)
Ms Martina Kampmann, Principal Administrator, Peer Review and Effectiveness Division of DCD

Review team for Ireland

Mr Paul Frix, DAC Delegate for Belgium (available from 1 to 8 March)
Mr Paul Obrist, DAC Delegate for Switzerland
Mr Sean Conlin, Principal Administrator, Peer Review and Effectiveness Division of DCD

Review team for Japan

Mr Gilles Fontaine, DAC Delegate for the European Community
Mr Kelly Kammerer, DAC Delegate for United States (not available for Tanzania)
Mr Patrick Fine, Deputy Director of USAID in Cameroon, (available from 1 to 8 March)
Ms Kaori Miyamoto, Principal Administrator, Peer Review and Effectiveness Division of DCD (available from 1 to 8 March).

Review team for Joint Assessment

Mr Christoph Graf, Head of Evaluation and Control Division for Switzerland.
Mr Hunter McGill – Division Chief, Peer Review and Effectiveness Division of DCD.
A limited number of examiners and DAC staff will join this joint assessment team for different meetings.

Observer to join Finland's country representation

Prof. Haidari Kanji Ramadan Amani, Executive Director, Economic and Social Research Foundation.
The observer will attend those bilateral meetings and project visits where the Finnish field representatives are present, and selected joint meetings.

ANNEX B

PROGRAMME OF THE MISSION: 1-13 MARCH 2003

Date	Time	Institution/ Partner	Meeting with	Review Members	Remarks
Sun 2nd	16:00	Review meeting	Co-ordinators from each donor	All members	For clarification of aims and programme. Venue Hotel Poolside.
Mon 3rd	9:00	Programme missions	Bilateral staff	Respective review teams	The Joint Assessment team can opt to join one or other meeting, or move between meetings.
	14:30	Joint Assessment meeting	2/3 representatives from each country	All reviewers	Meeting to take place in the conference room of the Finland/Sweden embassy
Tues 4th	9:00	Ministry of Finance	Permanent Secretary, Mr. Lyimo; Director of External Financing, Mrs. Mapunjo; Vice-President's Office, Acc General, Deputy PS., Dr. Likwelle; and desk officers	One member from each review team including the Joint Assessment team.	This meeting will take place in the boardroom of the MoF. This will be a key meeting with government and is likely to last up to 2 hours. Whereas it might be desirable for dedicated meetings focusing on each country, this would not be practical for government.
	9:30	Local DAC	Local DAC members	One member from each review team including the Joint Assessment team.	This meeting will take place during an ordinary meeting of DAC. It will be an opportunity to get insight into the working of DAC members.
	13:00	Japan Review Lunch	Japanese Ambassador, mission and JICA staff	Japan Review Team	Venue Japanese Ambassador's residence
	13:00	TACAIDS	Executive Chairman, Major General Lupogo	One member from each review team for Ireland, Denmark, Finland and Japan.	
	14:00	Local Government Reform Programme (LGRP)	Programme Manager, Mr. Kabagire; CTA, Mr. O'Driscoll; Outcome Managers	Review teams for Denmark, Finland and Ireland and one from Joint Team	Though the LGRP operates under the PO-RALG it is important to focus specifically on our partnership with LGRP.
	14:00	Ministry of Natural Resources (Fisheries)	PS, Mr. Odunga; Dir. of Fisheries, Mr. Aembe	Review team for Japan	
	15:30	Commercial Court	Justice Mbwana	One review team member for Denmark	
	19:00	Reception	All Partners and Reviewers		Venue: Danish Ambassador's Residence

Date	Time	Institution/Partner	Meeting with	Review Members	Remarks
Wed 5th	8:00	Ministry of Education	Permanent Secretary, Mrs. Malale; Dir. Policy & Planning, Mr. Mwakalinga; Dir. Teacher Education, Chief Co-ordinator DBSPE, Mr. Kamwela; Dir. Adult Education Unit, Mr. Mnjagila	Review team for Finland and one review team member for Ireland and Japan and Joint Team	
	8:00	Ministry of Health	PS, Mrs. Mwaifisi; Health Economist, Max Mapunda; Head Health Sector Reform Secretariat, Dr. Njau; Dir. of Policy & Planning, Mr. Manumbu; Dir. Preventive Services, Dr. Mzige; PHC Secretariat, Dr. Hingora	Review team for Denmark, and one review team member for Ireland and Japan and Joint Team	
	9:15	Health Sector Programme Support	CTA, Dr. Peters,	Review team for Denmark and Joint Team	
	9:15	Forestry Donors	Mr. Nyawa, Health Reform Adviser	Review team for Finland and Joint Team	Bilateral partners
	11:00	Ministry of Labour and Youth Development	Danida, Ms. Lone Thorup; NORAD, Mr. Jan-Erik Stunsrod	One review team for Denmark	
	11:00	Agriculture donors	EU, Ria Ketting; DfID, Liz Ditchburn; FAO, Pierre Gence	Review teams for Ireland and Japan and Joint Team	Bilateral partner. Venue Embassy of Japan.
	11:00	Legal Sector reform donor	CIDA, Ken Neufield	Review team for Finland	Bilateral partner
	12:15	Health Donor	SDC, Jacqueline Mahon; Paul Smithson, DfID; Dia Timmermans, RNE	One review team member for Denmark and review team for Ireland	Bilateral partner. Venue Embassy of Denmark.
	12:15	Health donor (HIV/AIDS)	GTZ, Dr. Schmid-Ehry; USAID, John Dunlop	One review team member for Japan and Joint Team	
	12:15	PRBS Donor	DfID, Fiona Shera; Tone Tinne, NORAD	One review team member for Finland, Ireland and Japan and Joint Team	Bilateral partner. Venue DFID Umoja House. Note that Denmark is also involved in PRBS but there will be no reviewer for Denmark at the meeting.
	12:15	Governance donor (anti-corruption)	UNDP, Geir Sundet	One review team member for Finland and Joint Team	Bilateral partner
	13:45	Ministry of Works/Tanroads	Dir. Policy & Planning; Mr. Makundi; Acting CEO, Mr. Nyiti	Review team for Denmark	
	13:45	Education donors	DfID, Jonny Baxter; Victoria Mushi, CIDA	Review teams for Finland and Japan	CIDA Programme Support Unit (near Sea Cliff Hotel)

Tanzania

Date	Time	Institution/ Partner	Meeting with	Review Members	Remarks
	15:00	Ministry of Agriculture	PS, Mr. Ngirwa; Dir. Policy & Planning, Mrs. Bitegeku	One review team member for Denmark, Ireland and Japan and Joint Team	
	15:00	Ministry for Natural Resources (Forestry)	Dir. of Forestry, Mr. Iddi; Assistant Dir. Forestry, Mr. Mbonde; TFCMP Coordinator, Dr. Kilahama; NFP Coordinator, Mr. Mgoo	Review team for Finland and Joint Team	
	16:15	Ministry of Works	PS, Mr. Kijaji; Dir. Trunk Roads, Mr. Mujjungi	Review team for Japan	
	16:15	Ministry of Justice	PS, Mr. Mwanyika; QSP Coordinator, Ms. Mndundo; LSRP Coordinator, Ms. Munisi	Review team members for Finland	
	16:15	Agriculture Sector Programme Support	Head of Seed, Mr. Lumbia; CTA Mr. Olesen	One review team member for Denmark and Joint Team	
	16:15	USAID	Ms. Cunningham	Review team for Ireland	Bilateral partner
	Evening	Internal meeting	The mission will meet to discuss preliminary findings before the field trips.	All reviewers	Hotel Board Room.
Thurs 6th	8:30	Ministry of Water and Livestock Development	PS, Mr. Mahiza; Dir. of Rural Water Supply, Mr. Sayi	One review team member for Japan	Note the Review team will leave for the field trip immediately after the meeting.
	9:00	IMG	Representative in country	Joint Assessment team	Joint and cross-cutting issues will be discussed.
	14:00	EU	Ambassador William Hanna <i>et al.</i>	Joint Assessment team	Venue EU, Umoja House
	15:00	WB/IMF	Resident Representative of IMF, Mr. Ali Abdi; Chief Economist of WB, Professor Ndulu	Joint Assessment team	Venue IMF, International House
	7.30	Field Trips	Iringa	Review teams for Denmark, Finland, Ireland, Japan	Thursday 6 th to Sunday 9 th
	7.30		Mtwara,		Thursday 6 th to Saturday 8 th
	7.30		Muheza & Tanga,		Thursday 6 th to Saturday 8 th
	9.30		Morogoro.		Thursday 6 th to Friday 7 th .
Fri 7th	10.00	UNDP	Mr. John Hendra and other senior Representatives	Joint Assessment team	To be arranged by Denmark

Date	Time	Institution/Partner	Meeting with	Review Members	Remarks
Mon 10th	9:30	IrelandAid	IrelandAid team	Review team for Ireland	
	11:00	Regional Administration and Local Government (PO-RALG)	PS Mr. Mmari; Deputy PS Mr. Foka; Dir. Local Government Mrs. Tarishi; Dir. Regional Coordination Mr. Musingi; Dir. Institutional Development Mrs. Gondwe	Review teams for Denmark, Finland, Ireland and Japan and Joint Team	
	12:30	Ministry for Community Development	PS Mrs. Mushi	One review team member for Ireland	
	13:00	Forestry donors	Ms Lone Thorup, Danida <i>et al.</i>	Review team for Finland	Bilateral partners
	13:00	Civil Service Department (PO-CSD)	PS Mr. Rugumyambeto; Dir. Human Resources Mr. Fimbo; Dir. Ethics Mr. Nyondo	Review teams of Denmark and Japan	
	14:30	Governance donors (local government)	Bilateral partners	Review teams for Denmark, Finland, Ireland and Japan and Joint Team	Norwegian Embassy
	16:00	Internal Meeting	To discuss joint assessment	All reviewers	Hotel Board Room
Tue 11th	9:00	Joint Assessment Meeting	2/3 representatives from each country	All reviewers	Meeting to take place in the conference room of the Finland/Sweden embassy
	10:30	NGOs	Meet Non-Governmental Partners, various depending on each country	All reviewers	Meeting to take place in the conference room of the Finland/Sweden embassy
	11:30	President's Office	Chief secretary Mr. Lumbanga; Mr. Chitunchi	One review team member for Finland and one from Joint Team	
	12:30	Like minded group lunch	Like minded group within reviewed countries	All reviewers	Chargé d' Affaires of Ireland's invitation Venue Chargé's residence
	15:00	NGOs	Meet with each national NGOs working in Tanzania	All reviewers	Each embassy, Joint Team to join with some of the others.
Wed 12th	9:00	Internal meeting	Discuss feedback	All reviewers	Hotel Board Room
	14:00	Feed back	Bilateral staff	Respective review teams	Feed back session at each embassy
	16:00	Ministry of Finance	PS Mr. Lyimo <i>et al.</i>	All reviewers	Feed back session to Tanzania government partner.
	19:00	Reception	Bilateral staff	All reviewers	Ambassador of Japan's invitation At Ambassador's Resident
Thurs 13th	12:30	Internal meeting	Discuss outline of report	All reviewers	Hotel restaurant. Flight delay allowed time for this meeting.

ANNEX C

A NOTE ON METHODS USED IN TANZANIA

1. Previous experience of a joint country assessment

The conduct of the joint assessment in Mozambique in 2001 highlighted some methodological lessons, which were raised in the ensuing DAC discussion in Paris.¹⁰ DAC members have recommended that, in preparing joint assessments, more attention is paid to providing an assessment framework. In particular, members noted that the joint assessment methodology had evolved in the field from individual peer reviews to a concern with co-ordinating mechanisms. DAC members recommended that a joint assessment should be based on an analytical framework that informs the fieldwork investigation. This implies the need for an overall objective, several sub-themes to investigate, and clarity in specifying how to collect data to investigate the specific themes. The logistics of planning the joint assessment with several examining countries and Secretariat staff requires careful planning. In addition, DAC members noted that the requirements of individual peer reviews and the joint assessment were sometimes overlapping, while the timing may not be ideal for any of the examined countries. The Secretariat was therefore urged to look carefully at the planning of further joint assessments.

This note sets out the some possible purposes of Joint Country Assessments, some of the methodological considerations that arise for an effective investigation of these purposes, and then sets out the methods that were followed in Tanzania.

2. Joint country assessment and bilateral reviews

The Joint Country Assessment took place in the context of four bilateral peer reviews. Individual field visits normally involve two examining countries and one member of the Secretariat and the team also needs to address joint issues. In Tanzania, there were 11 reviewers and one independent observer. All the field representatives of the reviewed donors met several times to put together a programme of field activities and informed the Tanzanian authorities to discuss the rationale for the joint assessment, and the relationship with the individual assessments. The bilateral field visits and the joint assessment took place from 2 to 13 March, 2003. The length of the visit was longer than a bilateral field visit, in order to accommodate the joint assessment activities.

10. DAC members made this recommendation in the discussion of the joint assessment in Mozambique in 2001, and again in the course of the Client Survey of Peer Reviews during 2002. For further information on the Mozambique experience, see DCD/DAC(2001)24 of 14 November 2001, and the DAC Journal, 2001, Vol. 2, No. 4. Part III.

3. Tanzanian JCA Framework

3.1 Aim and themes for the joint country assessment

The joint country assessment in Tanzania aimed to investigate how each donor uses different means to implement their partnership approaches to support country ownership of Tanzania's development programme. While the four donors have endorsed the DAC's guidance that set out the basic principles of partnership and ownership,¹¹ they have different approaches to implementation. The extent to which these donor approaches are complementary and strengthen the donor community's ability to engage in policy dialogue with the Tanzanian government can only be assessed empirically. Such an assessment would provide important insights for the donors' partnership strategies and promotion of country ownership.

The overarching aim was divided into three specific themes to facilitate the investigation in the field and the subsequent analysis of results. Taking account of the four donors' activities in Tanzania and other DAC work on donor harmonisation, the JCA investigated the following specific aspects of the partnership relationship:

- Country ownership and policy dialogue.
- Donor co-ordination.
- Donor capacity for implementing effective partnerships.

3.2 Specific Issues and information sources

The Secretariat produced a framework for the Tanzania joint country assessment for further discussion with the examining countries on 27 November 2002.¹² (See Box 6.) These issues were communicated to the reviewed countries in the form of supplementary questions integrated into the questionnaires framing the four bilateral peer reviews. The Secretariat also provided TOR (Annex A of this report) to help the authorities to structure the meetings of the assessment team with Tanzanian officials.

This framework facilitated further planning of the programme for the field visit and for the interviews, by providing an outline of issues for the reviewed countries in advance of the visit. The joint assessment team gathered information from several sources, including the bilateral peer reviews that took place in parallel to the JCA. Details of the information sources used for addressing issues are in Table C-1.

-
11. *Shaping the 21st Century* (1996) set out the DAC's philosophy of partnership and locally-owned strategies. The DAC High Level Meeting in 2000 was more specific about the agenda for promoting ownership and partnership, such as common frameworks for implementation, partner-led co-ordination, etc. The DAC Guidelines on *Poverty Reduction* and *Strategies for Sustainable Development* (both 2001) develop these ideas of common frameworks, co-ordination, and partnership strategies etc. in more detail. Recent DAC work has further explored these ideas, for example *Poverty-Environment-Gender Linkages* (2001) and with the creation of the Task Force on Harmonisation of Donor Practices.
 12. At the time there were three donors being considered for the JCA, namely Denmark, Finland and Ireland. Subsequently, the peer review for Japan was brought forward to 2003, and Japan agreed to join the JCA in Tanzania.

Box 7. Outline of Issues to discuss with Reviewed Donors

1. Country ownership and policy dialogue

- a) Support to the Poverty Reduction Strategy. What involvement have the four donors had in helping the GoT to shape the PRS? How do their activities link to the PRS? To what extent did they work together and share information? What are their views about the sustainability of the PRS, its approach to gender issues, and the level of participation by civil society?
- b) Role of sub-national programmes in lesson learning for policy dialogue. To what extent have those donors that have sustained their involvement in area-based programmes or regional support projects learned important lessons about the implementation of activities at district levels that can be used effectively in policy dialogue at national level?
- c) Role of partner's governance efforts in facilitating dialogue. How has the donors' trust in the partner government been enhanced by visible efforts to promote better governance, and specifically to combat corruption at different levels? How do donors integrate their own cross-cutting concerns about gender or environment?
- d) Perceived role of budget support and programme funding. The four donors have different views about the benefits and risks regarding the role played by these modalities in facilitating country ownership. How do these different perceptions influence their implementation strategies and development of their institutional capacity for policy dialogue?

2. Donor co-ordination

- a) Priority areas for donor co-ordination. What progress have the four donors made in co-ordinating their procedures for appraisal, procurement, funding, accounting, audit, monitoring, and evaluation? To what extent have they reached common policies on issues such as project management units or supplementary remuneration to the civil servants?
- b) Donor partnerships in SWAps. It is understood that the four donors have become engaged in SWAps at varying speeds. Has their involvement followed a particular sequence; from sharing information to joint missions to basket funding for the Ministerial budget? If so, have donors moved along this path according to the confidence that donors have in the competence and effectiveness of the Ministry, both in technical issues and in financial management? What are the other factors?
- c) Donor support for building government capacity for sectoral co-ordination. Given the interest of the four donors in specific sectors, how have these donors increased their support for strengthening the partner government's institutional capacities in the priority areas for sector co-ordination? What other activities do the donors regard as crucial for strengthening partner government capacities?

3. Donor organisation and management

- a) Challenge of donors' institutional capacity. What do these four donors perceive to be the main organisational and management challenges for building capacity for strong co-ordination with like-minded partners?
- b) Role of sectoral concentration. To what extent do the reviewed donors believe that their effectiveness in policy dialogue depends on focusing their efforts in a small number of sectors within partner countries? What other organisational changes have they made to improve their effectiveness in this regard?
- c) Possibilities for decentralization. What benefits and risks do these donors perceive in decentralizing authority to their field offices? To what extent are the practical possibilities for decentralization facilitated or constrained by the scale of the four donor programmes?
- d) Exploring areas for potential sharing with other donors. To what extent do the four donors find existing co-ordinating frameworks (e.g. local DAC, within sectors, the like-minded group, the EU, the Nordic group) important for developing their country approaches? In which areas are such networks particularly helpful, and what are their limitations? Is there any sharing of expertise?
- e) Evaluation and learning. To what extent are donors able to make use of lessons from Tanzania to influence policy discussions with multilateral partners?

Table C-1. Key Issues and Data Sources for Joint Assessment

<i>Major themes</i>	<i>Subsidiary themes</i>	<i>Key issues</i>	<i>Main information sources used</i>
<i>Country ownership and policy dialogue</i>	<p>Role of Area Programmes in lesson learning for policy dialogue.</p> <p>The role of budget support for enhancing country ownership.</p> <p>The role of dialogue about governance.</p>	<p>Understandings of country ownership and how to promote it at all levels.</p> <p>Selection of partners, strategic alliances, long-term engagement and conditionality.</p> <p>Perceived donor roles in policy dialogue.</p> <p>District level programmes and mechanisms for learning lessons at district level for policy dialogue.</p> <p>Indicators of progress with public sector reforms, and donor anti-corruption programmes.</p> <p>Approaches to capacity building.</p> <p>Views and types of Basket funding, and views of PRBS.</p> <p>Risk management.</p>	<p>Documents: Donors' Country strategy papers; GoT strategy papers (TAS & PRSP), IMG reports; journalists' articles and civil society reports.</p> <p>Available statistics on the place of donor funding in relation to the budget.</p> <p>Interviews with:</p> <ul style="list-style-type: none"> - Donors' field staff on effectiveness of dialogue, area programmes, governance issues and progress. - Tanzanian government on donor conceptions and practices of "ownership" and government staff views on governance conditionalities. - NGO and civil society on the development process in Tanzania. <p>Observations of field operations.</p>
<i>Donor co-ordination</i>	<p>Donor partnerships in the context of SWAps.</p> <p>Donor support for building government capacity for sectoral co-ordination.</p> <p>Institutional arrangements for co-ordination.</p> <p>Reaching a common vision on key issues.</p> <p>Coherence of donor programming.</p> <p>Harmonisation of donor practices.</p>	<p>Types of co-ordination arrangements.</p> <p>Sectoral co-ordination arrangements and sharing of sectoral analyses.</p> <p>Harmonisation for monitoring and reporting, and progress on specific issues</p> <p>Transactions costs.</p>	<p>Documents: GoT's TAS, IMG history and reports, Progress Report on PRSP 2001/02, World Bank and IMF staff reports.</p> <p>Data on numbers of missions and transactions costs (in President's recent speeches).</p> <p>Interviews with</p> <ul style="list-style-type: none"> - Multilateral and bilateral donors on sectoral issues, and PRBS - GoT (especially Ministry of Finance) - Civil society on the PRSP process - Independent Monitoring Group.
<i>Donor organisation and management</i>	<p>Sectoral concentration.</p> <p>Decentralization.</p> <p>Institutional capacity.</p> <p>Potential for sharing.</p>	<p>Systems of managing for results.</p> <p>Co-ordination with other stakeholders.</p> <p>Decentralization of decision-making.</p> <p>Negotiation capacity at field level.</p> <p>Use and remuneration of local staff.</p>	<p>Information on organisation from the field visits for the individual peer reviews.</p> <p>Donor views on decentralization and staffing.</p> <p>Govt, donor and civil society views on remuneration of local staff, and the impact on government capacity.</p>

Tanzania

4. Analysis of results

4.1. Capturing the data in a consistent format

Table C-1 above was further developed for the analysis of the data. The four teams for the peer reviews filled in separate data sheets to capture the major information obtained against the key categories in the assessment framework, namely country strategies, organisation and management, partnership approaches. In addition, another sheet allowed the teams to record their observations of donor operations in the field. The observations of each team provide the basis for a description of each donor's programme. These observations provided the basis for feedback to the donors before leaving Dar es Salaam. A table form of the description was later agreed with the field representatives by e-mail exchange. These sheets provide the basic "agreed facts" about the aid programmes.

4.2. Filling a comparative matrix

The descriptive data on all four donors are gathered together into the comparative matrices. This allows for direct comparison of the donors in relation to the different themes, as shown in Chapter 5 of the main text.

4.3. Moving to an experienced and informed judgement

The JCA team met several times in the last days in Tanzania to discuss the overall findings of the mission. Each bilateral review team was required to set out their views of the main strengths and challenges for each reviewed donor, on the basis of their findings and observations. The "joint team" also set out its views on the strengths and challenges of the Tanzanian donor co-ordination system, on the basis of their interviews with multilateral agencies, government, and the independent monitoring group.

The final team meeting therefore brought together the insights of the individual peer review teams and the joint team, and suggested several findings and lessons. The report presented here is based on the discussions of that meeting, but has also been supplemented by the further comparative analysis of the donors and further reflections of the team.

5. Further Joint Country Assessments

Present development practice increasingly requires donors to collaborate with other partners in support of the developing country's own strategy. This puts emphasis on a joint country assessment of donor programmes to supplement the bilateral peer reviews. The Tanzanian exercise complemented the earlier one in Mozambique by looking at issues of donor co-ordination, and the challenges for all donors.

There are other possible themes for investigation that might be more effectively investigated through joint country assessments rather than bilateral peer reviews, such as effectiveness of sector approaches or donor harmonization. These could be investigated through other methods, and might be decoupled from bilateral peer reviews.

ANNEX D

SOME BASIC DATA ON TANZANIA

Table D-1 Some Basic DAC Data on Tanzania Programmes (Average of 2000/2001)

Aspects	Denmark	Finland	Ireland	Japan
Total Volume ODA (net)	USD 67.7 m	USD 12.7 m	USD 16.1 m	USD 238.8 m
ODA Loans (net)	USD -1.2 m	USD 1.7 m	USD 0.0 m	USD -10.5 m
Total ODA Grants	USD 68.8 m	USD 11.0 m	USD 16.1 m	USD 249.2 m
of which Debt Forgiveness	0.0	0.0	0.0	USD 181.7 m
ODA net of Debt Forgiveness	USD 68.8 m	USD 11.0 m	USD 16.1 m	USD 67.5 m
Partnership indicators				
- % of donor's total ODA	6.4%	5.6%	9.5%	2.3%
- % of all ODA in Tanzania	6.0%	1.0%	1.4%	21.2%
- % of GNI of Tanzania	0.7%	0.1%	0.2%	2.6%
Partnership rank	Tanzania is consistently the first partner for Denmark, which is the sixth partner for Tanzania in 2001.	Tanzania is the second partner for Finland, and it is consistently in the top five. Finland is the 14 th partner for Tanzania in 2001.	Tanzania is the fourth partner for Ireland, and it is consistently in the top five. Ireland is the 11 th partner for Tanzania in 2001.	Tanzania is the ninth partner for Japan, which is the second partner for Tanzania in 2001.
Commitments by sector (% of donor ODA for 2000/2001)				
Social Infrastructure	39.1%	41.7%	1.9%	5.1%
Economic Infrastructure	52.5%	0.1%	5.4%	4.9%
Production Sectors	1.6%	7.6%	9.0%	0.3%
Multisector Programmes	6.4%	20.3%	0%	1.1%
Programme Assistance	0%	27.0%	41.5%	48.3%
Actions related to Debt	0%	0%	1.0%	3.4%
Emergency Assistance	0%	3.4%	0.2%	0%
Support to NGOs	0%	0%	0.4%	34.9%
Unallocated	0.4%	0%		

Tanzania

Table D-2. Selected Basic Indicators for Tanzania and Other Low Income Countries in 2000

Item	Measure	Tanzania	All LDCs	Comment
<i>Demography</i>				
Population	millions	33.7		
Population density	thousand/sq km	38	76	
Urban population	% of total population	28	32	
<i>Macro-economy</i>				
GNI	USD billions	9		Mainland Tanzania only
GNI/capita	USD	270	410	Mainland Tanzania only
Growth GDP	%	5.1	4.2	1999-2000
Growth GDP/capita	%	2.7	2.2	1999-2000
<i>Trade, debt & investment</i>				
Exports and Imports	% of GDP	24.2	41.3	
Total external debt	USD billions	7.4		
Debt / exports	%	335		In present value terms
Foreign direct investment	% of capital formation	12.1	3.4	
FDI / GDP	%	2.1	1.6	
<i>Aid</i>				
Net ODA receipts	USD millions	1045		
Aid per capita	USD	31	9	
Aid / GNI	%	11.6	2.3	
Aid / imports	%	48.6	7.2	
<i>Income poverty</i>				
National poverty line	% below	51.1		Survey in 1991
International poverty line	% below \$1 per day	19.9		Survey in 1993
<i>Social indicators</i>				
Under 5 mortality	per thou live births	149	115	
Female HIV	% 15-24 years	8.1	2	1999 average of estimates
Tuberculosis	Incidence per 100,000	340	229	1995 data
Access to improved water	% population	54	76	
Health public spending	% of GDP	1.3	0.9	Most recent year 1995-99
Total health spend/cap	USD/capita	8	21	Most recent year 1995-99
Literacy	15-24 gender parity	0.9	0.8	
Primary completion	% of all children	59	69	Most recent year 1992-00
Malnutrition	% population	41	24	1996-1998
<i>Other indicators</i>				
Forest area	% of total land	43.9	27.1	
Deforestation	Annual % loss	0.2	0.8	1990-2000
Traditional fuel use	% total energy use	91.4	28.6	1997
Defence spending / GNI	%	1.4	2.5	1999
Defence / total spending	%	10.1	13.8	1999
Paved roads	% of network	4.2	16.5	Most recent year 1995-00

Note. All data from World Bank 2002 World Development Indicators. All data for 2000, unless otherwise stated.

ANNEX E

GOVERNMENT AND DAC CONSULTATION MECHANISMS

Sector / Issue	GOVERNMENT/DONOR MECHANISMS (INCL NGOs)		DONOR MECHANISMS (INCL. WITH NGOs)	
	Mechanism	Participating Members	Mechanism	Participating Members
Cross-Sectoral Coordination	1. Quarterly Sector Review Meetings	MoF, VPO, Sectoral Ministries, all DAC Donors	DAC Meeting	All donors
	2. Development Cooperation Forum	PO, DAC (rotating), Ministries (according to agenda)		
TAS and Harmonisation	Joint TAS and Harmonisation Group	MoF and all DAC Memebrs		
	Joint TAS and Harmonisation Secretariat	MoF, UNDP, World Bank, CIDA, Ireland Aid (Netherlands as alternate)		
Macro and Sector Issues	1. PER Working Group	GoT (MoF) and DAC donors (and consultants)		
	PER Macro Group	As above		
	3. PRBS	MoF, SIDA, NL, DFID, NOR, DEN, FIN, IRL, EC, CIDA, SDC		
Education	1. Sector Development Group	MoE, IRL, GTZ, NOR, DFID, SIDA, NL, CIDA, FIN, EC, UNICEF, JICA, UNESCO, UNFPA, WFP		
Health	1. Health SWAP Committee	MoH, ADB, BEL, DFID, CIDA, DEN, EC, FRA, GER, GTZ, KFW, IRL, ITL, JICA, RNE, NOR, SDC, UNDP, UNAIDS, UNFPA, WB, UNICEF, WHO, USAID, NGOs	1. DAC sub-committee	WHO, ADB, BEL, DFID, CIDA, DEN, FRA, GTZ, IRL, ITL, JPN, RNE, NOR, SDC, UNAIDS, UNDP, UNFPA, UNICEF, USAID, WB
	2. Basket Funding Committee	MoH, MRALG, MoF, DEN, DFID, IRL, NOR, SDC, WB, GER, NL	2. Bi / Multilateral Health Forum - DAC HIV/AIDS Health group	DEN, BEL, DFID, CIDA, GER, KFW, GTZ, IRL, ITL, JICA, NL, NOR, SDC, UNAIDS, UNDP, USAID, UNFPA, UNICEF, WHO, WB
HIV/AIDS	3. Consultative meetings (Partnership Forum on HIV/AIDS – to be established)	TACAIDS (PMO), PoRALG, MoH, MoF, MoSTHE, MoA, MoJ, USAID, DEN, DFID, Ireland Aid, GTZ, UNICEF, UNDP, UNAIDS, WHO, WB, UNFPA (+NGOs, Pte sector)	1. DAC HIV/AIDS Group	USAID, UNAIDS, UNDP, EC, DEN, FIN, UNICEF, DFID, SDC, GTZ, WFP, CIDA, IRL, BEL, FAO, ILO, JICA, NL, NOR, SIDA, UNFPA, WB, WHO
			2. UN Theme Group on HIV/AIDS	UNAIDS, UNDP, WHO, WB, UNICEF, UNFPA, UNESCO, FAO, ILO, WFP
Food & Agriculture	1.FASWOG	MAGR, PMO, FAO, USAID, EC, NL, DFID, WFP, JICA, IRL, DEN	1. Informal Group	DEN, WB, FAO, GTZ, EC, WFP
Forestry			1. Advisory Group	GTZ, BEL, JICA, FIN
Water and Sanitation			Informal Donor / NGO Meeting	UNICEF, UNDP, DFID, USAID, GTZ/KFW, Finland, Ireland, NGOs
Poverty Monitoring	Poverty Monitoring Steering Committee	VPO, MoF, MoH, MoEC, MoWLD, MoAFS, MoCM, PlanCom, MoLYDS, MCDWAC, PMO, RALG, MoW, TCDD, TGNP, TANGO, TACOSODE, PSF, UDSM, SUA, Bakwata, CCT, TEC, UNICEF, UNDP, DFID, JICA, JPN, NL, DEN	DAC members can subscribe to an emailed poverty monitoring bulletin by contacting Arthur.vandiesen@undp.org	
	Research / Analysis	PlanCom, REPOA, ESRF, NBS, WB, UNICEF, UNDP, DFID, NL, JICA, BoT, UDSM, TGNP, TCDD		
	Routine Data Systems	RALG, LGRP, MoWLD, MoH, MoEC, MoAFS, MoW, NBS, PlanCom, UNDP, UNICEF		

Tanzania

Sector / Issue	GOVERNMENT/DONOR MECHANISMS (INCL NGOs)		DONOR MECHANISMS (INCL. WITH NGOs)	
	Mechanism	Participating Members	Mechanism	Participating Members
	Census / Surveys	NBS, EASTC, BoT, PlanCom, UDSM, IRA, UCLAS, UNICEF, DFID, UNDP, UNFPA, WFP, JICA, USAID		
	Dissemination / Advocacy	VPO, RALG, LGRP, MoF, MoH, PlanCom, MoEC, NBS, TASAF, MCDWAC, JICA, UNDP, IRL, DFID, TGNP, Data Vision, CARE, Haki Kasi		
Private Sector Development			Private Sector Sub-committee	USAID, GTZ, NOR, UNDP, DFID, ITL, UNIDO, NL, DEN, ILO, SIDA
Microfinance			Micro-finance Donor Group	CIDA, USAID, SIDA
Employment & Income Generation	Coordination Group	ILO, GTZ, UNIDO, WB, UNDP, CIDA		
Governance	1. Local Government Reform Program Consultative Forum	MRLAG, MoH, MoF, MoEd, NL, DFID, EC, DEN, FIN, WB, UNDP, UNCDF, NOR, IRL, JICA, SIDA, SDC	1. DAC Governance Group	UNDP, EC, GER, NOR, FIN, USAID, DFID, DEN, SIDA, NL, WB, IRL, SDC, FR
	2. LGRP Basket Funding Committee	as above, but only contributing institutions have right to vote	2. Legal Sector Quick Start Programme	CIDA, SIDA, DEN, NL, FIN, NOR
	3. LGRP Thematic Group: Governance and Gender	as consultative forum	3. Informal Donor Group on Corruption	UNDP, DEN, NOR, SIDA, EC, WB, USAID, DFID, NL
	4. LGRP Thematic Group: M+E, Service Delivery	as consultative forum	4. Governance Working Group	DFID, EU, UNDP, WB, Denmark, Finland
	5. LGRP Thematic Group: Human res. Dev., finance, restructuring and legal issues	as consultative forum		
	6. Legal Sector Reform Co-ordination	MJCA, DEN, WB, FIN, NL, NOR, SIDA, GER, UNDP, EU, DFID		
Infrastructure			DAC Road Co-ordination Group	EC, DEN, WB, NOR, JPN, NL, SDC, ITL
Gender & Development	WID/GAD Interagency meeting	MCDWAC, WHO, CIDA, USAID, SDC, NORAD, NL, DFID, JICA, UNFPA, FIN, SIDA, UK, IRL, FAO, DEN, UNDP, WFP, GTZ, EC, ILO, TFTW		
Environment & Natural Resources			Informal Discussion Group on Environment (IDGE) - incl GoT/NGO	DEN, NL, UNDP, UNHCR, FIN, BEL, NOR, FAO, DFID, SIDA, GTZ, USAID
Forestry			DAC Forestry Group	Finland (currently being established as of March 2003)
Participatory Development	Coordination Group	MLDWAG, FIN, NL, IRL, SIDA, WFP, CIDA, UNDP, WB, FAO, VPO, UNICEF		
Information Communication Technology (ICT)	e-Secretariat		ICT Donor Working Group	UNDP, FIN, SIDA, DEN, JPN
Zanzibar			Zanzibar	UNDP, NOR, UNICEF, RNE, SIDA, EU, JPN, UNFPA, UNIDO, ITL, UK, FIN, DEN, SWISS

Suggested Groups: District Projects Coordination (Fin),

DESCRIPTION OF KEY TERMS

The following brief descriptions of the main development co-operation terms used in this publication are provided for general background information. Full definitions of these and other related terms can be found in the "Glossary of Key Terms and Concepts" published in the DAC's annual Development Co-operation Report.

ASSOCIATED FINANCING: The combination of official development assistance, whether grants or loans, with any other funding to form finance packages.

AVERAGE COUNTRY EFFORT: The unweighted average ODA/GNI ratio of DAC members, i.e. the average of the ratios themselves, not the ratio of total ODA GNI (cf. ODA/GNI ratio).

DAC (DEVELOPMENT ASSISTANCE COMMITTEE): The committee of the OECD which deals with development co-operation matters. A description of its aims and a list of its members are given at the front of this volume.

DAC LIST OF AID RECIPIENTS: The DAC uses a two-part List of Aid Recipients which is revised from time to time following decisions taken within the DAC. Part I of the List comprises developing countries (eligible to receive official development assistance). It is presented in the following categories (the word "countries" includes territories):

LDCs: Least Developed Countries. Group established by the United Nations. To be classified as an LDC, countries must fall below thresholds established for income, economic diversification and social development. The DAC List is updated immediately to reflect any change in the LDC group.

Other LICs: Other Low-Income Countries. Includes all non-LDC countries with per capita GNP less than USD 760 in 1998 (World Bank Atlas basis).

LMICs: Lower Middle-Income Countries, *i.e.* with GNP per capita (Atlas basis) between USD 761 and USD 3 030 in 1998. LDCs which are also LMICs are only shown as LDCs – not as LMICs.

UMICs: Upper Middle-Income Countries, *i.e.* with GNP per capita (Atlas basis) between USD 3 031 and USD 9 360 in 1998.

HICs: High-Income Countries, *i.e.* with GNP per capita (Atlas basis) more than USD 9 360 in 1998.

Tanzania

Part II of the List comprises "Countries in Transition"; assistance to these countries is counted separately as "official aid". These comprise (i) more advanced Central and Eastern European Countries and New Independent States of the former Soviet Union; and (ii) more advanced developing countries.

DEBT REORGANISATION: Any action officially agreed between creditor and debtor that alters the terms previously established for repayment. This may include forgiveness, rescheduling or refinancing.

DIRECT INVESTMENT: Investment made to acquire or add to a lasting interest in an enterprise in a country on the DAC List of Aid Recipients. In practice it is recorded as the change in the net worth of a subsidiary in a recipient country to the parent company, as shown in the books of the latter.

DISBURSEMENT: The release of funds to, or the purchase of goods or services for a recipient; by extension, the amount thus spent. They may be recorded **gross** (the total amount disbursed over a given accounting period) or **net** (less any repayments of loan principal or recoveries of grants received during the same period).

EXPORT CREDITS: Loans for the purpose of trade and which are not represented by a negotiable financial instrument. They may be extended by the official or the private sector. If extended by the private sector, they may be supported by official guarantees

GRANTS: Transfers made in cash, goods or services for which no repayment is required.

GRANT ELEMENT: Reflects the financial terms of a commitment: interest rate, maturity and grace period (interval to the first repayment of capital). The grant element is calculated against a fixed interest rate of 10%. Thus the grant element is nil for a loan carrying an interest rate of 10%; it is 100% for a grant; and it lies between these two limits for a loan at less than 10% interest.

LOANS: Transfers for which repayment is required. Data on net loans include deductions for repayments of principal (but not payment of interest) on earlier loans.

OFFICIAL AID (OA): Flows which meet the conditions of eligibility for inclusion in official development assistance, except that the recipients are on Part II of the DAC List of Aid Recipients.

OFFICIAL DEVELOPMENT ASSISTANCE (ODA): Grants or loans to countries and territories on Part I of the DAC List of Aid Recipients (developing countries) provided by the official sector with the promotion of economic development and welfare as the main objective and which are at concessional financial terms (if a loan, having a grant element of at least 25%).

ODA/GNI RATIO: To compare members' ODA efforts, it is useful to show them as a share of gross national income (GNI). "Total DAC" ODA/GNI is the sum of members' ODA divided by the sum of the GNI, *i.e.* the weighted ODA/GNI ratio of DAC members (*cf.* Average country effort).

OTHER OFFICIAL FLOWS (OOF): Transactions by the official sector with countries on the DAC List of Aid Recipients which do not meet the conditions for eligibility as official development assistance or official aid.

TECHNICAL CO-OPERATION: Includes both (i) grants to nationals of aid recipient countries receiving education or training at home or abroad, and (ii) payments to consultants, advisers and similar personnel as well as teachers and administrators serving in recipient countries.

TIED AID: Official grants or loans where procurement of the goods or services involved is limited to the donor country or to a group of countries which does not include substantially all aid recipient countries.

VOLUME (real terms): Unless otherwise stated, data are expressed in current United States dollars. Data in national currencies are converted into dollars using annual average exchange rates. To give a truer idea of the volume of flows over time, some data are presented in constant prices and exchange rates, with a reference year specified. These data show the value of aid in terms of the domestic purchasing power of a US dollar in the year specified.

THE DEVELOPMENT ASSISTANCE COMMITTEE



PEER REVIEW SERIES

HOW TO CONTACT US

The Development Assistance Committee welcomes your comments and suggestions.

Please contact us

by email at dac.contact@oecd.org, www.oecd.org/bookshop, by
telefax at 33 1 44 30 61 40
or by mail to:

Organisation for Economic Co-operation and Development
Development Co-operation Directorate
Communications and Management Support Unit
2, rue André-Pascal
75775 Paris Cedex 16
France

WORLD WIDE WEB SITE
<http://www.oecd.org/dac>