

Joint Government
and Development Partners **Roadmap**
to Improve Development
Cooperation in Tanzania



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Text

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Graphic Design

Petra Sutilla Balenovic, Geomark Development Ltd.

Printing

Jamana Printers Ltd.

Preamble

Tanzania has been implementing aid management reforms as part of the broader economic reforms since 1990s. The aim is to make aid more effective and supportive of national development and poverty reduction efforts, as well as of country systems, structures and processes.

The Government of Tanzania (GoT) has made good progress in fostering closer relations between the government and its development partners through implementing the Tanzania Assistance Strategy (TAS) and Joint Assistance Strategy for Tanzania (JAST). This process of enhancing partnership relations was supported by the Independent Monitoring Group (IMG). Independent monitoring is at the heart of Tanzania's mutual accountability structures. Independent monitoring and evaluation have been undertaken since 1994, followed in 1997, 1999, 2000, 2002, 2005 and 2010.

Following the release of the 2010 IMG report on Overseas Development Assistance (ODA) and Aid Effectiveness, which outlined a number of challenges in the existing development cooperation, two Development Cooperation Forum (DCF) meetings were organized during September 2010 between a government delegation led by the Chief Secretary and a development partner delegation led by the co-chairs of the Development Partners Group (DPG). Key issues emerging from the IMG report were discussed:

- Development partnership in Tanzania is considered at a low point in terms of trust and confidence between the GoT and its development partners.
- Quality of dialogue is low and impacts negatively on development cooperation.
- Issues related to attitudes among government and development partners towards one another were noted.
- Slow progress and even a reversal in trend in some areas of the aid effectiveness agenda.

- The general budget support instrument is surrounded by areas of concern and lack of mutual understanding, which needs to be addressed in order to sustain the current levels of ODA.
- Strengthening aid management in Tanzania, which is one of the main recipients of external finance, should receive higher priority.

In order to analyze and find a way forward the DCF agreed that the JAST working group should prepare a roadmap outlining key activities needed to address the main concerns raised. To this end it was agreed that the roadmap should focus on the following:

- a. Key recommendations from the IMG report,
- b. Other discussion points from the DCF meetings,
- c. Re-assess validity of ToR for the dialogue structure, and
- d. Address areas where progress is slow but government and development partner attention high.

Mutual trust cannot be addressed squarely through a targeted roadmap but will need to receive dedicated attention at many levels over a period of time. The JAST working group has therefore, based on the approximately 40 recommendations of the IMG report, selected a few key recommendations and grouped them under three headings for improvement: ODA management and aid on budget; effectiveness of aid modalities; and quality of dialogue, mutual trust and aid architecture. Government and development partners agree that the actions identified represent a strong joint effort to improve the current status quo but that additional initiatives might be needed to further improve development cooperation. An important point of departure for the work has been to identify concrete, implementable and realistic proposals that the JAST working group has a mandate to deal with. Hence some of the IMG recommendations have not been addressed in the enclosed roadmap.

List of abbreviations

AfDB	African Development Bank	MKUZA	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Zanzibar	TSIP	Tanzania Sector Investment Programme
AMP	Aid Management Platform	MoF	Ministry of Finance	UNESCO	United Nations Educational, Scientific and Cultural Organization
CAG	Controller and Auditor General	MoFEA	Ministry of Finance and Economic Affairs	UNHCR	United Nations High Commission for Refugees
CD	Capacity Development	MOU	Memorandum of Understanding	UNICEF	United Nations Children's Fund
CDB	China Development Bank	MSD	Medical Stores Department	WFP	World Food Programme
CSO	Civil Society Organization	MTEF	Medium Term Expenditure Framework	WHO	World Health Organization
CWG	Cluster Working Group	NGOs	Non Governmental Organizations	ZSGPR	Zanzibar Strategy for Growth and Reduction of Poverty
DAC	Development Assistance Committee	NSGRP	National Strategy for Growth and Reduction of Poverty	ZPRP	Zanzibar Poverty Reduction Plan
DCF	Development Cooperation Forum	NTP	National Transport Policy		
DPG	Development Partners Group	ODA	Overseas Development Assistance		
EPA	External Payment Account	OECD	Organisation for Economic Co-operation and Development		
ESDP	Education Sector Development Programme	PAF	Performance Assessment Framework		
EU	European Union	PBAs	Programme Based Approaches		
FBOs	Faith Based Organizations	PCCB	Prevention of Corruption Bureau		
GBS	General Budget Support	PEDP	Primary Education Development Programme		
GDP	Gross Domestic Product	PEFAR	Public Expenditure and Financial Accountability Review		
GEF	Global Environment Facility	PEPFAR	The U.S. President's Emergence Plan for AIDS Response		
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria	PER	Public Expenditure Review		
GoT	Government of Tanzania	PFM	Public Financial Management		
IDA	International Development Assistance	PFMRP	Public Finance Management Reform Programme		
IDI	India Development Initiative	PMO–RALG	Prime Minister's Office Regional Administration and Local Government		
IFMS	Integrated Financial Management System	PMU	Project Management Unit		
IHP	Ifakara Health Project	PPRA	Public Procurement Regulatory Authority		
IMF	International Monetary Fund	REPOA	Research on Poverty Alleviation		
IMG	Independent Monitoring Group	RFE	Rapid Funding Envelop		
JAST	Joint Assistance Strategy for Tanzania	SWAp	Sector-Wide Approach		
JCG	Joint Coordination Group	TA	Technical Assistance		
LGAs	Local Government Authorities	TAS	Tanzania Assistance Strategy		
JISR	Joint Infrastructure Sector Review	TAZARA	Tanzania and Zambia Railway Authority		
JTC	Joint Technical Cooperation	TC	Technical Cooperation		
LGR	Local Government Reform	TGNP	Tanzania Gender Network Group		
MCA	Millennium Challenge Account	ToR	Terms of Reference		
MCC	Millennium Challenge Corporation				
MDAs	Ministries, Department and Agencies				
MDGs	Millennium Development Goals				
M&E	Monitoring and Evaluation				
MHSW	Ministry of Health and Social Welfare				
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania				

Executive summary

INTRODUCTION

This report has been prepared in the context of the overall objective of the JAST, which is to ensure external resources contribute to sustainable development and poverty reduction in line with the National Vision 2025 and the Zanzibar Vision 2020 and *Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania* (MKUKUTA) and *Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Zanzibar* (MKUZA). This is to be achieved by consolidating and coordinating government efforts and the support of development partners under a single government-led framework. The report has recognized the changing trends in international development cooperation.

OBJECTIVES AND METHODOLOGY

The key objective of the assessment is to determine how ODA supported the implementation of the ongoing MKUKUTA and MKUZA and how it can most appropriately continue doing so under MKUKUTA II and MKUZA II. In this context, the assessment has addressed two key sets of questions:

- The first set of questions concerns the size and anatomy of aid flows, including the evolution of aid and its impact over the 2005/6–2008/9 period.
- The second set of questions relates to aid effectiveness, including the performance of aid modalities, aid instruments, and the mix of instruments as well as the effectiveness of impact on transaction costs.

The methodology adopted started with the Inception Report, which basically focused on agreement of scope of the assignment milestones. The study proceeded to undertake an in-depth review of relevant national and international documents/literature and held interviews with a cross-section of stakeholders in government and development partner agencies, and with various types of non-state actors. The procedures for collecting this information were mainly through interviews with

individuals and roundtable discussions. With regards to the anatomy of aid flows, data on trends in overall ODA allocation and execution was collected mostly from the Ministry of Finance and Economic Affairs (MoFEA) – Mainland and Zanzibar, Bank of Tanzania, line ministries, departments and agencies (MDAs), development partners and the Organisation for Economic Co-operation and Development (OECD).

MAIN FINDINGS AND RECOMMENDATIONS

Volume and anatomy of aid flows

Completeness of data on aid flows

- **The volume and composition of ODA flows to Tanzania between 2006/07 and 2008/09 show an increasing trend in grants, with a fluctuating trend for loans funded through general budget support (GBS) (28.7 percent, 23.9 percent, and 28.3 percent respectively). Notable is the increase in loans funded through projects, which have increased 1.5 times in volume, but relative percentages show modest increases (12.6 percent, 10.9 percent and 18.0 percent respectively).**
- **The achievements made under the Aid Management Platform facility are commendable but improvement is needed.** The statistics on aid are still fragile with many sources not yet fully reconciled with each other. Yet there is need to build on the achievements of the AMP facility to develop a system of mutually agreed data on aid flows. The practice of development partners providing commitment data on an annual basis for the coming three-year period and disbursement data, including all kinds of support, is a positive development and should be encouraged. Pressure should be exerted on the relatively low performing development partners within the AMP information supply system.

- **Aid captured in the budget has not increased consistently and sufficiently: improvement is needed.** Some development partners, existing and new, still do not use the government budgetary system, a situation which has tended to aggravate the discrepancies between development partners' disbursements and what is captured in the government budget system. It is recommended that all development partners channel their assistance through the budget or at least disclose to the GoT all aid flows. For improved aid effectiveness, coordination and aid management, transparency, disclosure and accountability are critically important.
- **Capturing aid flows to civil society has been partial, an issue that should be squarely addressed.** Aid flows to civil society organizations (CSOs) have not been adequately captured in the statistics. This puts to question the transparency in their funding sources and whether use of these resources is consistent with the priorities in MKUKUTA and MKUZA. More transparency in CSO funding sources and uses of resources is needed to achieve Tanzania's national development goals. Annual publication of the Tanzania Development Corporation Report or the JAST Annual Report with approved AMP statistics will impose a deadline on updating the relevant aid information.
- **Aid dependency is high and a strategy to progressively reduce it should be put in place.** It has been found that external funding to Tanzania is substantial and is slated to continue to play a significant role in supporting government expenditure, with ODA averaging around 40 percent of the national budget and 80 percent of the development budget. The percentages of total expenditure and development expenditure financed by ODA show declining trends. The decline is an indication of increased internal resource mobilization as evidenced by a declined share of ODA in government resources and an increase in the GDP-to-tax ratio. A major concern here is that while

internal revenue has increased, the country's tax base is still too narrow to generate domestic revenue that is consistent with a firm trend to graduate from aid dependency. In this regard therefore:

- › Aid dependency should ultimately be reduced. This can be achieved by more vigorous efforts in domestic resources mobilization through taxation, which would involve widening the country's tax base in order to generate domestic revenue and reduce aid dependency.
- › In the draft MKUKUTA II considerations for reducing aid dependence have been made, for example, the option of borrowing on non-concessional terms, and domestic borrowing of around 2 percent of Gross Domestic Product (GDP) is projected in the medium term. The projected trend is consistent with the government's intention to scale up investment in basic infrastructure development.
- › The projected tentative indications from development partners shows that aid flows are slated to decline but this situation also depicts incompleteness in the data gathered from some development partners who have not given their indications. The data is expected to be revised during the preparation of the next Medium Term Expenditure Framework (MTEF). The actual volume of aid flows will be influenced by the level of trust and openness with which the status of performance of the economy and policy reforms will be discussed and agreed in the dialogue between GoT and development partners. Resuming the dialogue based on trust is critically important in this regard.
- **Allocation according to MKUKUTA and MKUZA priorities needs to be improved.** Tanzania mainland has been allocating more funds to Cluster II of MKUKUTA, while Zanzibar has been allocating more funds to Cluster I of MKUZA. The low funding of Cluster I (Growth and Reduction of Income Poverty)

is raising concern because Cluster I expenditures have inherently high potential to stimulate growth and reduce income poverty. Allocation of resources should continue to adhere to MKUKUTA and MKUZA priorities. The priorities themselves within MKUKUTA II and MKUZA II should be narrowed down and sequenced for annual implementation.

Relative merit of aid modalities

- GBS is clearly GoT's preferred modality of aid delivery to Tanzania as it is able to enhance government ownership and alignment of aid to government policies and priorities. It is also recognized that GBS has the potential to strengthen partnerships and minimize mistrust between the government and development partners. However, the trend in GBS in recent years shows that the share of GBS has reached a plateau and the current mood among most development partners indicates that the reversal of this trend is not in sight.

An increasing number of development partners are questioning the effectiveness of the GBS modality and ipso facto want to go back to a project modality, the modality which voices from MoFEA believe had failed after many years of implementation. The reasons for shifting from projects to GBS should be revisited first to see if they are still valid.

The GBS modality seems to be too new for its performance to be judged negatively. The pros and cons of project financing have to be discussed openly, including transaction costs to all parties involved. It is recommended that these questions be posed within the dialogue fora so that if there are downsides of GBS they should be addressed positively. For instance, a solution to the unpredictability of the governance conditionality should be found and agreement made on criteria and indicators of good governance. This would avoid or minimize incidences of unforeseen withholding of resources on the basis of events seen as depicting shortfalls in good governance.

- Although GBS continues to be the preferred modality of aid delivery, different sectors have been giving mixed signals to development partners. On the part of the development partners, some have reduced trust on government budget management systems and anchored their support to those government departments that are questioning the efficacy of GBS. It is to be understood, however, that MoFEA is

the government institution with a national mandate to mobilize and allocate public resources. Other institutions (and sectors) are contending for these resources so their views on how resources should be allocated and managed need not necessarily be taken as representing official government position on preferences.

- Our view is that GBS should continue to be the preferred aid delivery modality and it should continue to operate along with other aid delivery modalities in a complementary manner. GBS should be used to strengthen partnerships and minimize mistrust between the government and development partners. The doubts that are emerging against GBS should be presented and discussed openly and frankly in dialogue fora in order to find solutions agreeable to both development partners and GoT. Renewed dialogue should address what needs to be done to increase predictability of GBS and to allow it to function as the important tool for ownership it has potential to be.
- It has been observed that basket funding seems to stay in its own right and has not functioned as a transition to GBS. The envisaged transition from Sector-Wide Approaches (SWAs) to GBS has been inhibited by large funds from The World Bank and the global funds, which also operate outside the regular SWAs. It is proposed that efforts should be made to make all funds and dialogue go through SWAp so that the government can send the right signals to all development partners, emphasizing that SWAp and GBS are the preferred modalities of managing aid relationships at sector level.
- Implementation capacity of sector programmes was found to be taking many forms. These need to be addressed in every sector to allow for smoother implementation.
- The project financing aid modality was slated to decline over time in favour of SWAs and GBS. However, in practice, the prevalence of project financing has persisted. It was also found that some projects, which have been financed directly through project funding, have been implemented smoothly and efficiently. As a result, compared to projects funded under GBS, key actors in the respective sectors expressed opinion in favour of project financing modalities where project funds are specifically ring-fenced and channeled directly to those projects

through specific accounts. However, there are also cases of delays in executing projects under the project financing aid modality. The critical issue of ownership, sustainability and scale up is always a concern when the projects end and funders pull out.

- In our opinion, to enhance government ownership, sustainability and scale up of development projects, project financing should be maintained within GBS and ring-fenced as capacity for managing projects in GBS is being developed.
- The experience with the various aid modalities poses a challenge and begs for revisiting their merits and demerits from the point of view of their contribution to realization of the goals of MKUKUTA/MKUZA, as well as the issues of ownership and leadership and other principles of the Paris Declaration.

Managing relations with non-DAC development partners

Engagement of non-DAC development partners should be recognized explicitly; they should be brought into dialogue. Engagement of non-DAC development partners is becoming more and more important in Tanzania but their presence has not been felt in dialogue mechanisms. Where non-DAC development partners have local offices in Tanzania, they should be engaged at country-level annual discussion fora (e.g. DPG, GBS Review, Annual Poverty Policy Week, MKUKUTA and MKUZA working groups, etc.) or associated informally as much as is possible in the Development Partners Group framework. This will help in drawing them closer to alignment with country systems and policies. JAST-II should highlight the need to build up strategic cooperation and collaboration with non-DAC development partners.

Vertical funds should be understood more clearly and better ways of managing them should be devised. The role of global funds or vertical funds is growing and is likely to be expanding in the coming years as consequences of demands of climate change and other environmental hazards. However, there is limited knowledge and analysis of the potential benefits and distortions that could be created by these funds for Tanzania. An investigation should be made on the potential benefits and distortions that they might cause, with a view to developing a policy on how best to manage vertical funds.

Strategic partnership with selected non-DAC development partners should be initiated. The traditional ties between Tanzania and China and India inspire optimism that good trading and investment relations will continue to develop. This opportunity should be used to consolidate Tanzania as a top beneficiary of aid from these two countries, aid that is cost effective and supports transfer of appropriate technology in specific sectors. GoT should regard cooperation (and dialogue) with these development partners as essential in the upcoming MKUKUTA II. Strategizing the progress of relations with these two large countries, as typological examples, ironically motivates the need to work more systematically at reducing Tanzania's aid dependency and thus wrestle with the question of why Tanzania is still approaching inordinately too many emerging nations for official development aid¹.

Incorporate strategic cooperation with non-DAC development partners in the next JAST. It makes sense now to propose that in the next version of the JAST a separate theme on strategic cooperation with emerging market economies (or non-DAC development partners) is developed. This can be done by identifying the link between aid and investments, aid and trade, technology and knowledge transfers, and aid and strategic geopolitical considerations that Tanzania needs to prioritize in enhancing the effectiveness of foreign assistance. This will require a more comprehensive approach in MoFEA's planning of aid management, with diversified staffing and working tools. It will also need close cooperation among ministries, departments and agencies and non-state actors in Tanzania that promote foreign relations, industry, trade, foreign direct investment and non-official foreign borrowing. Such a strategic approach will be equally advisable to apply to relations with OECD's Development Assistance Committee (DAC) countries in the long run.

Technical assistance

The government has developed a National Technical Assistance Policy and development partners and the government have begun discussions on details of the policy. It appears that certain issues have so far not been clarified between the two parties and that further dialogue is therefore needed. There is therefore concern that the effect of such a policy is not likely to be felt as long

¹ This does not apply to trade or foreign direct investment, which should be promoted with the widest possible diversification.

as it is not supported by a clear position on the part of the government on where to go with technical assistance, what to include and what to leave aside, and how to proceed operationally. Also a number of important issues have to be dealt with in order to improve the utilization of national technical assistance.

Progress in aid effectiveness

Cultivating ownership and leadership in development

While the government has made progress in ownership and leadership there are signs of slippage in ownership, apparently undermined by both sides. Government articulation of the development agenda and policy dialogue have waned, development partners have often fallen into the temptation of feeling obliged to fill what they see as a vacuum, a situation which amounts to playing a role which the government is supposed to fill. Without a high level of ownership and leadership there cannot be meaningful harmonization, alignment, mutual accountability and results management, and hence there can be no sustainable results with regard to Tanzania's development. Government leadership is essential in improving the quality of dialogue among others. Strong government leadership is also needed to engage non-DAC development partners and to progressively bring their development cooperation into alignment with the principles of the JAST and the Paris Declaration.

Development cooperation and progress made in meeting the development agenda have to be sufficiently discussed within the big picture of the development framework. The government should show greater clarity in its development agenda from which it will derive its development results. These should in turn form the basis of Performance Assessment Framework (PAF) targets. Greater effort should be put into producing implementation reports within the agreed timeframe and with greater clarity. The reporting system for MKUKUTA – whereby one report is prepared for all constituencies – has been commended as a move in the right direction and should be consolidated.

A problem that has been raised by the government is the preponderance of bilateral agreements, that seem to take precedence over PAF. On this point the government should adhere to the Paris Declaration and JAST principles when they negotiate and sign bilateral agreements and development partners should use the

national development framework as a reference for setting targets and conditionalities. The key reference points should continue to be JAST and Paris Declaration with new insights from Accra in 2008.

GoT needs to improve the quality of preparation for policy dialogue. It has been observed that dialogue between the government and the International Monetary Fund (IMF) has been going well in recent years due to the high quality of input by GoT, which has resulted from excellent preparations. The same approach should be emulated when preparing for the national development agenda and sector policies. Clarity in these areas has important implications on JAST, PAF and development partners' dialogue with the government. Close collaboration between MoFEA and the Planning Commission is recommended. The Planning Commission and MoFEA should lead the process, supported by a team of senior officials assisted by experts, so that the quality of preparations and the profile of policy dialogue can be raised to new heights.

Alignment

Performance in alignment has been modest and challenges have emerged. At the Accra follow-up meeting, it was concluded that of the five principles of the Paris Agenda, the agenda on alignment was the most difficult to adhere to. Also the simplest steps such as aligning to the budget system in the host country have been difficult to live up to. The experience of Tanzania is similar to the observations made in Accra. Alignment should be given priority to make sure that development partner operations promote and develop rather than undermine country systems. The government and development partners should formulate a clear strategy of ensuring that development partners increasingly use country systems where these are of sufficient quality, and to work jointly with government to strengthen systems where they are perceived to be weak.

Capacity development to enhance ownership

Ownership and alignment seem to have stagnated or even eroded. One of the factors which has dampened development of ownership is capacity. Capacities of CSOs and the capacity of government, especially within MoFEA, are regarded as an essential ingredient in increasing country ownership. Deliberate effort should be made to enhance the capacity of the respective departments of MoFEA.

Mutual accountability

Accountability requirements are often applied more comprehensively on the government than on development partners. Aid is more effective when the government exercises strong and effective leadership over the development of policies and strategies while development partners fulfill their obligations without undue hesitations and new demands. Mutual accountability needs to be articulated for both partners in order for development results to be achieved.

Lessons from sector studies

The selected sector studies have provided several lessons:

1. It has been demonstrated that progress at national level in government and development partner coordination and other ideals enshrined in the JAST are not uniformly rolled down to sector levels, and that rates of achievement vary by sector. The composition of aid modalities varies by sector, with greater levels of project aid more likely to be preferred in infrastructure where large projects are dominant while GBS is more likely in governance reforms where projects are less tangible. A related lesson is that the project funding modality is likely to remain more suitable for funding certain sectors (e.g. transport investments) than others (e.g. health or governance), which can more readily be adapted to GBS and basket funding.
2. The notion that SWAPs are to be an intermediate stage in the transition to GBS has proven to be very challenging. The envisaged transition from SWAPs to GBS has been inhibited by large funds from The World Bank and global funds. They have become large players operating in parallel structures and are not integrated into the sector SWAP or basket fund. It is proposed that efforts should be made to make all funds and dialogue go through SWAP so that the government can send the right signals to all development partners that SWAP and GBS are the preferred modalities of managing aid relationships at sector level.
3. The relationship between the government and development partners can improve through persistent dialogue as the education sector has demonstrated. This case has shown that building capacity for effective leadership in policy dialogue, stepping up capacity building for policy discussions and enhancing clarity of the long-term strategy have paid off.

4. Weak implementation capacity takes many forms such as low absorption capacity, delays in the tendering process, different financial management procedures among development partners and delays in processing and warranting funds and payments contributed. While these need to be addressed in every sector to allow for smoother implementation of sector programmes, it is also noted that late development partner disbursements of basket funds also do have a negative impact.
5. Decentralization and the related process of devolution have to be guided by sufficient communication between ministries and the PMO-RALG. Phasing of the reforms and mobilizing participation of communities, the private sector and NGOs is essential for effective reform.
6. The manner in which governance and in particular political governance concerns have been practised in Tanzania has introduced an element of uncertainty, resulting in reduced predictability of resource flows. There is need to improve the manner in which governance concerns are expressed in the dialogue between GoT and development partners. There has been concern that the assessment of the cluster on governance and accountability has been constrained by data limitations for several indicators. The appropriateness of many of the indicators used has also been questioned. The need to improve indicators for measuring performance in the area of governance is being acknowledged. Sometimes both parties have been tempted to agree on performance criteria that do not take full account of the time it takes to change traditions and cultures and to build institutions of governance and democracy. In this regard, it is proposed that discussions on governance should be characterized by deeper dialogue in which agreement should be reached on indicators to which incentives may be tied.

Restoring dialogue and rebuilding trust

- While trust between JAST partners were at a peak at the time of the last IMG consultation, we have found that this is less so today. It seems that expectations on performance and the perceived speed at which certain targets could be achieved have been divergent. The question of trust needs to be revisited with a view to taking a longer-term perspective. The bottomline is to create a good and all-inclusive partnership.

- There is need to restore the dialogue at least to the level it was 5–6 years ago. The way out is not for GoT to decline to engage but to engage actively and tactfully. In fact, it will help greatly if more senior officials are engaged more regularly in the dialogue and if the quality of preparations for dialogue is improved. This requires a plan of how best to engage, raise the profile of policy dialogue and enhance the quality of preparations. Government representatives should exercise more explicit leadership in all meetings between the government and development partners. One implication of this is that government representatives should be of the right competence, authority and decision-making level.
- Voices from the government have expressed concern that the quality of staff and institutional memory on the part of development partners need to be improved so that past positive experiences are not forgotten. In our opinion, a renewed dialogue based on a higher level of trust is a more lasting solution. In this regard, development partners should engage more in bringing to bear good practices from elsewhere to enrich the policy dialogue.
- Development partners and the government should agree on boundaries of dialogue. This means respecting the right of government to have state secrets that cannot be subjected to dialogue. The government should come out clearly on what can or cannot be subject to discussion. In this regard, transparency and trust are of essence.
- There is need to find ways to improve discussions at cluster meetings. Contrary to some respondents' views, the current IMG team believes that the cluster framework is still an important category of dialogue processes particularly suitable for harmonizing issues that cut across sector-specific concerns. However, improvements need to be made so that the discussions become more constructive and substantive, as is the case with sector and thematic dialogue meetings. Sector and cluster fora will be more efficient if they operate under a MKUKUTA that hinges on a development and poverty reduction agenda with clear strategies for resources management and policy direction. In this context, a clear articulation of the role of the Planning Commission vis-à-vis MoFEA will be helpful.
- The difficulties that have been experienced in dialogue have made both parties inclined to appeal to higher levels. Development partners have been reported to be appealing to the level of Permanent Secretaries and Ministers while GoT officials have wanted to appeal to development partner capitals. All these efforts are symptomatic of the failure of dialogue and its resulting frustration. They should be addressed by reviving and improving dialogue along the following four lines:
 1. Consistent with the evolving global concern over development results, dialogue should formally shift from process to performance based on results and outcomes. Linking non-performance to the release of funds can work where the criteria for performance are jointly agreed.
 2. In order to get a better feel of the sensitivities in development partner capitals and their constituencies, GoT should engage their embassies abroad more effectively in sending feelers and engaging in dialogue with development partner capitals in the same way that ambassadors of development partners in Tanzania take up issues with GoT. Such a move would capitalize on the new foreign policy economic diplomacy.
 3. Politicians, notably Members of Parliament and Ministers, should be engaged more effectively in the dialogue. In particular the Minister of Finance should feature more prominently in the dialogue structure. In fact, an option that should be considered seriously is that of having the Minister of Finance chair the DCF instead of the Chief Secretary. This would enable the DCF to address difficult and sensitive issues in the relationship, including those that are political in nature. Parliament needs to be more closely involved and in a more systematic manner in the dialogue on aid relationships (with a view to enhancing oversight). The relevant parliamentary committee should be engaged more actively in this regard.
 4. The ultimate solution is for the government and development partners to enter into a more frank dialogue based on trust, and discuss problems more openly and agree on how best to do business together.
- In the dialogue between the government and development partners, public financial management (PFM) has become a nagging issue that deserves special attention in order to facilitate resumption of dialogue. The GoT believes that PFM is functioning well while development partners believe that it is not. This is an issue that has been tackled by an independent study whose results have formed the basis of an action plan, which is currently being implemented by both GoT and development partners. One lesson to be drawn from this experience is that where differences arise they can be resolved through honest dialogue facilitated by an independent and objective study.
- There is need to renew trust, which is currently at a very low ebb. Both sides need to act and show interest in going back to the negotiation table and in getting things back on track.

Joint roadmap to improve development cooperation

OBJECTIVES, RESULTS, KEY ACTIVITIES		TIMELINE	RESPONSIBLE	VERIFICATION
IMPROVING ODA MANAGEMENT AND AID ON BUDGET				
Result 1: Improved AMP and budget cycle performance through linking Exchequer System and MTEF cycle and enhancing AMP monitoring.				
Key Area 1.1	Capacity building of MDAs to use AMP and improve the link to Exchequer System for automated feeds of ODA disbursement information.	Jul–Oct 2011	MoF MDAs	AMP reporting
Key Area 1.2	Produce and distribute monthly monitoring reports to improve development partner and MDA performance and adherence to AMP guidelines (disbursement, MTEF, CSO).	May 2011 onwards	MoF MDAs	AMP reporting
Result 2: Budget planning process strengthened through enhanced predictability of aid				
Key Area 2.1	Analyze discrepancy between MTEF projections and aid disbursed for 2009/10. MoFEA and development partners to discuss findings, with an aim to improve the accuracy of aid flow information.	Apr–Sept 2011	MoF	Report
Key Area 2.2	Review and put in place actions to enhance disbursement of ODA through the Exchequer System.	Jul–Sept 2011	MoF	Report and Action Plan
IMPROVING EFFECTIVENESS OF AID MODALITIES				
Result 3: GBS instrument and effectiveness of other modalities strengthened				
Key Area 3.1	Evaluation of GBS	Feb 2011–Apr 2012	GBS Troika	Evaluation report.
Key Area 3.2	Prepare and agree on strategic PAF.	Mar 2011	GBS Troika	2011 PAF
Key Area 3.3	Improve efficiency and harmonization of basket standards and alternatives.	Oct 2011	Reform Coordination Unit	Common Basket Guidelines
Key Area 3.4	Assess and propose steps to improve alignment of project modality to national priorities.	Oct 2011	MoF	Assessment report
Result 4: JAST revised and MoU signed				
Key Area 4.1	Revise JAST and role of IMG in national MA framework.	Sept 2011–Jan 2012	JAST Working Group	JAST II

OBJECTIVES, RESULTS, KEY ACTIVITIES		TIMELINE	RESPONSIBLE	VERIFICATION
QUALITY OF DIALOGUE, MUTUAL TRUST AND AID ARCHITECTURE				
Result 5: Improved operationalisation of the dialogue structure				
Key Area 5.1	Develop ToRs for all working groups at all levels, together with annual working plans covering key discussion themes and clarifying level and principles of engagement of GoT, development partners and non-state actors.	Jun–Sept 2011	JAST Working Group	ToRs and Work Plans
Key Area 5.2	Strengthen domestic accountability measures.	Ongoing	MoF	Minutes
Key Area 5.2	Strengthen the PER process.	Jun 2011	MKUKUTA/PER Main	Minutes
Result 6: Improved and expanded development partner engagement in the dialogue structure				
Key Area 6.1	Include participation of non-DAC development partners in the dialogue structure.	Sept 2011	MoF	Invitation
Key Area 6.2	Update division of labour and review relevance of working groups.	Jun 2011	JAST Working Group	Division of Labour agreement

Action plan

		TIMELINE	RESPONSIBLE	VERIFICATION
RESULTS AREAS 1				
Activity 1.1.1	Training of Trainers on AMP new version	Jul 2011	DGF/MoF	Training conducted
Activity 1.1.2	Conduct study to establish possibilities of linking AMP to Exchequer System.	Aug 2011	DGF/MoF	Study in place
Activity 1.1.3	Develop ToRs to establish possibilities of linking AMP to Exchequer System.	Sept 2011	MoF	ToRs in place
Activity 1.1.4	Deepen AMP roll-out to key ministries (Health, Infrastructure, Agriculture, Education, Energy and Natural Resources) through three trainings to MDAs to use AMP (Training to DPPs, MDAs, AMP Focal points and development partners as well as sensitization of key MDAs and PSs)	Aug, Sept, Oct 2011	MoF MDAs	ODA quarterly reports produced
Activity 1.1.5	Monthly validation of data by development partners and MDA focal points on ODA.	May 2011 onwards	MoF MDAs	Validation undertaken
Activity 1.2.1	Produce monthly flash monitoring reports to improve development partner and MDA performance and adherence to AMP guidelines (disbursement, MTEF, CSO).	May 2011 onwards	MoF MDAs	ODA quarterly reports produced
RESULTS AREAS 2				
Activity 2.1.1	Pilot sector dialogue on MTEF projections to feed into the budget process for the 2011/12 financial year (Health, Education, Transport and Agriculture).	Apr 2011	MoF	Sector working group minutes
Activity 2.1.2	Analyze discrepancy between MTEF projections and aid disbursed for 2009/10.	Sept 2011	MoF	Report
Activity 2.2.1	Undertake a review of the use of the Exchequer System with a view to simplify and reduce the time taken for disbursements through the Exchequer to reach implementing agencies.	Jul 2011	MoF	Review report
Activity 2.2.2	Train development partners on the use of the Exchequer System as per review recommendations.	Aug–Sept 2011	MoF	Attendance sheet
Activity 2.2.3	Train MDAs on the use of Exchequer system and process as per review recommendations.	Aug–Sept 2011	MoF	Attendance sheet

RESULTS AREAS 3				
Activity 3.1.1	Review ToRs for evaluation of GBS.	Feb 2011	GBS Troika	ToRs in place
Activity 3.1.2	Undertake evaluation of GBS.	Apr 2012	GBS Troika	Evaluation report
Activity 3.2.1	Prepare criteria for strategic PAF.	Aug 2010	GBS Troika	Criteria in place
Activity 3.2.2	Prepare and agree on strategic PAF.	Mar 2011	GBS Troika	2011 PAF
Activity 3.3.1	Review basket funding standards with a view to harmonize and implement key recommendations.	Sept–Oct 2011	Reform Coordination Unit	Report
Activity 3.4.1	Review and formulate criteria for selection of projects in line with national priorities and update relevant documents such as ODA Manual JAST - II etc.	Sep 2011	MoF	Report
RESULTS AREAS 4				
Activity 4.1.1	Produce JAST implementation report.	Sep 2011	JAST working group	JAST implementation report
Activity 4.1.2	Develop JAST - II and Action Plan	Dec 2011	JAST working group	JAST - II and Action Plan in place
Activity 4.1.3	Launch JAST - II	Jan 2012	GoT, development partners	
RESULTS AREAS 5				
Activity 5.1.1	Finalize ToRs for all working groups at all levels together with annual working plans covering key discussion themes and clarifying level and principles of engagement for GoT, development partners and non-state actors.	Jun 2011	JAST working group and cluster working group leads and sector leads	ToRs and work plans
Activity 5.1.2	Conduct training sessions at cluster working group level incl. sector leads in duties as leads, issues of representation and information sharing, purpose of the dialogue structure, how to achieve better and more substantive dialogue etc.	Sept 2011	Cluster working group leads and sector leads	Minutes
Activity 5.2.1	Sensitize Members of Parliament and CSOs on national aid management priorities.	Sept 2011	MoF	Minutes
Activity 5.3.1	Discussion of plan and budget guidelines for the 2011/12 financial year	Apr 2011	Cluster working group 4	Minutes

Activity 5.3.2	Strengthen the PER process.	Jun 2011	MKUKUTA/PER Main	Minutes
RESULTS AREAS 6				
Activity 6.1.1	High-level dialogue with non-DAC partners to strengthen South-South cooperation and enhance information sharing.	Sept 2011	MoF	Minutes
Activity 6.2.1	Review sector classifications and relevance of working groups incl. updating of division of labour.	Jun 2011	JAST Working Group	GoT Sector Classification and Division of Labour agreement in place

**Ministry of Finance
United Republic of Tanzania**

Tel: +255 22 211 0336
email: aidcoordination@mof.go.tz
www.mof.go.tz